



# Uttlesford District Council

Chief Executive: Dawn French

## Scrutiny Committee

**Date:** Thursday, 31st January, 2019

**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, J Davey,  
P Davies, 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. A time limit of 3 minutes is allowed for each speaker. Please refer to further information overleaf.

## 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(s)**

5 - 10

To consider the minutes of the previous meetings on 20 November 2018 (attached) and 15 January 2019 (to follow), and scrutiny status report.

- 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 Cabinet Forward Plan.
- 7 Scrutiny Work Programme** 17 - 24
- To receive the Scrutiny Work Programme.
- 8 Budget Report 2019/20** 25 - 178
- To consider the budget reports and associated appendices for 2019/20.

## **MEETINGS AND THE PUBLIC**

Members of the public are welcome to attend any of the Council's Cabinet or Committee meetings and listen to the debate. All agendas, reports and minutes can be viewed on the Council's website [www.uttlesford.gov.uk](http://www.uttlesford.gov.uk). For background papers in relation to this meeting please contact [committee@uttlesford.gov.uk](mailto:committee@uttlesford.gov.uk) or phone 01799 510548/369.

Members of the public and representatives of parish and town councils are permitted to speak or ask questions at any of these meetings. You will need to register with the Democratic Services Officer by midday two working days before the meeting.

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

Agenda and Minutes are available in alternative formats and/or languages. For more information please call 01799 510510.

### **Facilities for people with disabilities**

The Council Offices has facilities for wheelchair users, including lifts and toilets. The Council Chamber has an induction loop so that those who have hearing difficulties can hear the debate.

If you are deaf or have impaired hearing and would like a signer available at a meeting, please contact [committee@uttlesford.gov.uk](mailto:committee@uttlesford.gov.uk) or phone 01799 510548/369 as soon as possible prior to the meeting.

### **Fire/emergency evacuation procedure**

If the fire alarm sounds continuously, or if you are instructed to do so, you must leave the building by the nearest designated fire exit. You will be directed to the nearest exit by a designated officer. It is vital you follow their instructions.

#### **For information about this meeting please contact Democratic Services**

Telephone: 01799 510369 or 510548

Email: [Committee@uttlesford.gov.uk](mailto:Committee@uttlesford.gov.uk)

#### **General Enquiries**

Council Offices, London Road, Saffron Walden, CB11 4ER

Telephone: 01799 510510

Fax: 01799 510550

Email: [uconnect@uttlesford.gov.uk](mailto:uconnect@uttlesford.gov.uk)

Website: [www.uttlesford.gov.uk](http://www.uttlesford.gov.uk)

This page is intentionally left blank



# Agenda Item 2

**SCRUTINY COMMITTEE held at COUNCIL CHAMBER - COUNCIL OFFICES,  
LONDON ROAD, SAFFRON WALDEN, CB11 4ER, on TUESDAY, 20  
NOVEMBER 2018 at 7.30 pm**

Present: Councillor A Dean (Chairman)  
Councillors G Barker, R Chambers, J Davey, P Davies, A Gerard  
(substituting for H Asker), M Lemon, B Light and E Oliver.

Officers in  
attendance: R Auty (Assistant Director – Corporate Services), B Ferguson  
(Democratic Services Officer), G Glenday (Assistant Director –  
Planning), A Knight (Assistant Director – Resources), J Pine  
(Planning Policy Officer) and A Webb (Director of Finance and  
Corporate Services).

Also Present: S Howell (Cabinet Member for Finance and Administration)

## SC16 **APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

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

## SC17 **MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 25 September were signed and approved as  
a correct record.

The Chairman referred to the Investment Strategy as described on the Scrutiny  
status report. He said he was in dialogue with the directors of Aspire regarding  
the risks of the Council's investment in Chesterford Research Park and would  
report back at a future meeting.

Members requested that this email correspondence was also shared with the  
Committee.

The Chairman said a report on the Council's Investment Strategy would be  
brought to the Committee in due course.

## SC18 **CABINET FORWARD PLAN**

The Committee considered the Cabinet Forward Plan.

In response to a Member question relating to the Walden Place item, the Cabinet  
Member for Finance and Administration said further details would be available  
when the report was published with the Cabinet agenda later this week (21  
November).

## SC19 **SCRUTINY WORK PROGRAMME**

The Committee considered the Scrutiny Work Programme for 2018-19.

The Chairman said he had agreed with officers to defer scrutiny of Section 106 agreements, which had previously been placed on the work programme, as it could place the Council at a commercial disadvantage in relation to the development of the proposed garden communities. He said this topic would be revisited once the negotiations had progressed.

Councillor Gerard asked whether due process had been followed in relation to the vote taken on an application determined at Planning Committee in October. He said this should be looked at by Scrutiny.

The Chairman said voting matters were a governance issue and therefore should be referred to the GAP Committee.

Councillor Light requested that the processes of the Local Plan and the Stansted Airport planning application be added to the work programme.

Members discussed the merits and purposes of scrutinising these processes.

The Chairman said the Committee had previously declined to scrutinise the overall Local Plan process, as the Planning Policy Working Group was fulfilling this role. There was no agreement that the Local Plan process should be added to the work programme.

With reference to the Stansted Airport application, the Director – Finance and Corporate Services said individual decisions of regulatory committees of the Council, such as those of the Planning Committee, could not be brought to Scrutiny. He said it was within Scrutiny's remit to look at the overall processes behind such decisions.

The Chairman said Councillors Lemon and Light should work on this request outside of the meeting and to contact the Assistant Director – Corporate Services with their findings before the item could be formally added to the work programme.

## SC20 **LOCAL COUNCIL TAX SUPPORT SCHEME AND CONSULTATION RESPONSES 2019-20**

The Cabinet Member for Finance and Administration introduced the report to the Committee, which outlined the LCTS scheme and the responses received to the public consultation.

Members discussed the main elements of the scheme, specifically the protection afforded to vulnerable people in the District, as well as the proposed 100% premium applied to properties that had remained empty and unfurnished for two

years or more. The Committee noted the results of those who responded to the questionnaire.

In response to a member question, the Cabinet Member for Finance and Administration said there would come a point when finances dictated that the Council would have to consider raising the 12.5% contribution cap of working aged people in receipt of LCTS, but he hoped this would not occur whilst he was still a councillor.

Councillor Barker said there were two separate issues to address in this scheme. Whilst he supported the protection afforded to the most vulnerable people in the District, he felt conflicted regarding the 100% premium applied to empty properties as it was, in effect, a double taxation of people's private property.

The Chairman took two separate votes on the scheme, the first relating to the 12.5% contribution cap; the second relating to the 100% empty home premium. Both motions were approved.

RESOLVED to recommend the final 2019/20 LCTS Scheme proposal to be presented to Cabinet.

## SC21 **BUDGET UPDATE AND CONSULTATION RESPONSES 2019-20**

The Cabinet Member for Finance and Administration presented the report to the Committee, which provided an overview of the budget setting process and results of the budget consultation. Members commended the high response rate to the questionnaire, which was higher than in previous years. For residents, the highest ranked priority for the Council was the 'emptying of bins and running the recycling service'. For businesses, the highest ranked priority related to 'planning how the district will develop in the coming decades, including where new houses and businesses will be located'.

In response to a Member question relating to Business Rates retention, the Assistant Director – Resources said she would circulate a summary note and accompanying graphic to help explain the complexities of the system.

The Chairman asked how responses to the consultation would affect policy.

Councillor Howell said this was a consultation, not a referendum, but the priorities expressed by residents were normally in line with those of the Council.

Members discussed the Council's projected finances and current funding levels. There was agreement that Uttlesford's investment strategy would be crucial if the Council intended to provide its current level of services in future.

The Committee noted the report.

## SC22 **AIRPORT CAR PARKING**

The Cabinet Member for Finance and Administration presented the report to the Committee, which set out the position relating to passenger car parking issues associated with Stansted Airport.

Members discussed the various elements that contributed to car parking problems in the area surrounding Stansted Airport. In particular, lawful on-street “fly-parking” where residential loss of amenity was an issue, and unlawful changes of use of private land in breach of planning control. There was a discussion about planning enforcement and the introduction of parking controls.

The Chairman asked whether the Council had sufficient resources to fully investigate this issue.

The Planning Policy Officer said that money to deal with fly-parking had been made available by the airport operator under the 2003 S106 agreement and the 2008 unilateral undertaking that related to previous airport expansion. Furthermore the proposed Local Network Fund that was part of the draft S106 agreement for expansion to 43 million passengers per annum was a resource that could be allocated to alleviate parking issues around the airport.

The Chairman said research and evidence were required to identify parking hotspots around the airport. He asked officers to report back in six months’ time with an update on how the airport car parking strategy was moving forward.

The meeting ended at 9.10pm.

## Scrutiny Items – January 2019 Status Report

Item	Status with Scrutiny	Latest note	Status
Affordable Housing	Report presented to September 2018 committee meeting	Committee considers this to be a work in progress. Discussions are continuing between relevant officers and members.	Open
CfPS review	Draft high level action plan presented to September 2018 committee meeting	Draft Memorandum of Understanding and draft self-assessment document have been developed by officers. These and other actions will be discussed at meeting with officers and Cllr Dean and Cllr Howell (appointed Cabinet representative) in February.	Open
Investment Strategy	Report presented at September 2018 committee meeting	Chairman agreed to circulate to committee members the email correspondence with the Aspire board. Investment Strategy is part of the budget papers on tonight's agenda	Open
Process of dealing with major planning applications	Meeting held on 15 January 2019	Centre for Public Scrutiny has been engaged to facilitate development of scoping document	Open

This page is intentionally left blank

## UTTLESFORD DISTRICT COUNCIL CABINET 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
Budget Covering Report 2019/20	Cabinet	12 Feb	This provides details of all the reports and their purpose that will be presented to members as part of the budget setting process.  Appendix: Equalities Impact Assessment	No	Open	Portfolio Holder for Finance and Administration	Angela Knight, Assistant Director - Resources aknight@uttlesford.gov.uk
Business Rates Relief Policy	Cabinet	12 Feb	update on BRR policy for new retail relief	No	Open	Portfolio Holder for Finance and Administration	Angela Knight, Assistant Director - Resources aknight@uttlesford.gov.uk
Capital Strategy	Cabinet	12 Feb	Sets out the council plans for managing the 5 year plan for expenditure and financing of capital assets/projects.  Appendices - 5 Year Capital Programme and Capital Financing	No	Open	Portfolio Holder for Finance and Administration	Angela Knight, Assistant Director - Resources aknight@uttlesford.gov.uk

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
General Fund Revenue and Council Tax - 2019/20 Budget	Cabinet	12 Feb	<p>Budget details for all services except Council Housing, incorporating funding and council tax.</p> <p>Schedule of Fees and Charges</p> <p>The Full Council version of the report will include the formal Council Tax Resolution 2019/20</p>	No	Open	Portfolio Holder for Finance and Administration	Angela Knight, Assistant Director - Resources aknight@uttlesford.gov.uk
Investment Strategy - 2019/20	Cabinet	12 Feb	The council's plan for external investment and commercialisation	No	Open	Portfolio Holder for Finance and Administration	Angela Knight, Assistant Director - Resources aknight@uttlesford.gov.uk



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
Medium Term Financial Strategy (MTFS)	Cabinet	12 Feb	<p>A five year financial strategy, including indicative levels of Council Tax.</p> <p>The strategy provides a forward looking financial position based on current information and includes narrative on issues, pressures and savings.</p>	No	Open	Portfolio Holder for Finance and Administration	Angela Knight, Assistant Director - Resources aknight@uttlesford.gov.uk
Section 25 - Robustness of Estimates & Adequacy of Reserves	Cabinet	12 Feb	<p>A statutory report which sets out the key risks in the General Fund budget, and provides the S151 Officers recommendations of the safe levels of contingency reserves.</p> <p>Appendix - Reserves Strategy, details the reserves held and the purpose/criteria of the reserves.</p>	No	Open	Portfolio Holder for Finance and Administration	Angela Knight, Assistant Director - Resources aknight@uttlesford.gov.uk

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
Thaxted Neighbourhood Plan	Cabinet	12 Feb	Recommend to Council that the Thaxted Neighbourhood Plan is formally made	No	Open		Demetria Macdonald, Planning Policy Officer dmacdonald@uttlesford.gov.uk
Treasury Management Strategy - 2019/20	Cabinet	12 Feb	Cash flow management, and a strategy for prudent borrowing and investment.	No	Open	Portfolio Holder for Finance and Administration	Angela Knight, Assistant Director - Resources aknight@uttlesford.gov.uk
Budget Monitoring Qtr 3 - Forecast Outturn 2018/19	Cabinet	28 Feb	To present actual spend for qtr. 3 (Oct - Dec) and provide a predicted outturn forecast.	No	Open	Portfolio Holder for Finance and Administration	Angela Knight, Assistant Director - Resources aknight@uttlesford.gov.uk
Land at the Rear of 3 Holloway Crescent, Leaden Roding	Cabinet	28 Feb	Grant of right of way/easement over Council owned strip of land to the land at the rear of 3 Holloway Crescent Dunmow Road, Leaden Roding	No	Open	Portfolio Holder for Housing	Roz Millership, Assistant Director - Housing, Health and Communities rmillership@uttlesford.gov.uk

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
Procurement Strategy 2019/20	Cabinet	28 Feb	To set the strategy for procurement for the financial year 2019/20	No	Open	Portfolio Holder for Finance and Administration	Angela Knight, Assistant Director - Resources aknight@uttlesford.gov.uk
Uttlesford Health & Wellbeing Strategy 2019-2022	Cabinet	28 Feb	To consider the Uttlesford Health & Wellbeing Strategy 2019-22	Yes	Open	Portfolio Holder for Communities and Partnerships	Faye Marriage, Senior Health Improvement Officer fmarriage@uttlesford.gov.uk



**Work Programme 2018/19**

Date	31 January 2019	21 March 2019
Standard agenda items	Responses of the Executive to reports of the Committee	Responses of the Executive to reports of the Committee
	Consideration of any matter referred to the Committee in relation to call in of a decision	Consideration of any matter referred to the Committee in relation to call in of a decision
	Invited reports from the Executive	Invited reports from the Executive
	Cabinet Forward Plan	Cabinet Forward Plan
	Scrutiny Work Programme	Scrutiny Work Programme
Agenda items	2019/20 Budget	2018/19 Scrutiny Annual Report
		Day Centre Report
		Waste Education action plan update
Page 17		Update on handling of major planning applications
		CfPS Scrutiny review final recommendations

Note: Scrutiny Committee dates for 2019/20 will be agreed at the Full Council meeting on 21 February so are not included on this document. Officers are recommending an increased number of meetings.

This page is intentionally left blank

SCRUTINY COMMITTEE WORK PROGRAMME 2018/19 SUGGESTED TOPICS

Topic		Reason for review	Scrutiny Action(s):	Notes
1.	<b>Recycling</b>	<p>Understanding reasons for failing rates and impact on the MTFS</p> <p>Inform Council when making decisions about future recycling</p>	<p><b>Consider:</b> What the performance is today What the market situation is</p> <p><b>Required:</b> Status report from Street Services.</p> <p>To include the current service performance, costs, market situation and risks (financial and otherwise). Report to determine state of service – what is the contamination situation, what’s the potential for improving the service compared to where we are now. Solutions to problems should not be identified at this stage, just details of the issues. If remedial work is underway in some areas then this should be identified and progress determined.</p> <p><b>Further action:</b> Update report</p>	<p>Initial report considered at 1/5/18 Scrutiny Committee.</p> <p>Further report covering proposed education programme considered at 25/9/18 meeting.</p> <p>Update report timetabled for 21/3/19 meeting</p>
2.	<b>Investment Strategy</b>	<p>To understand the Council’s approach to large scale investment projects</p>	<p><b>Consider:</b> The criteria in place for making investments to secure the Council’s long term economic stability</p> <p><b>Required:</b> Status Report from Commercial Team</p> <p>To include an overview of the Strategy and the decision-making process and an update on the investments made or proposed over the last two or three years, e.g. CRP and commercial opportunities. Return for UDC Is there sufficient audit and governance in place to ensure minimisation of loss and waste</p> <p><b>Further action:</b> TBC</p>	<p>Strategy discussed at 25/9/18 meeting</p> <p>Updated Investment Strategy going to Scrutiny 31/1/19 as part of budget papers</p>
3.	<b>Large Scale Grants</b>	<p>To understand the Council’s approach to the allocation of large scale grants</p>	<p><b>Consider:</b> The process for the allocation of large scale grants</p> <p><b>Required:</b> Status Report from Lead Officers of projects</p> <p>To include an overview of the allocation process and an update on the grants that have been made or proposed e.g. Carver Barracks, Broadband, Stansted College etc.</p> <p><b>Further action:</b> TBC</p>	

SCRUTINY COMMITTEE WORK PROGRAMME 2018/19 SUGGESTED TOPICS

Topic		Reason for review	Scrutiny Action(s):	Notes
4.	<b>Section 106</b>	To understand if s106 process is being applied effectively	<p><b>Consider:</b> Effectiveness of S.106 agreements. Is now the time for the council to adopt CIL?</p> <p><b>Requirement:</b> Informally ask whoever is recruiting 106 Officer what are the terms of reference. A full review of the process is required.</p> <p><b>Further Action:</b> TBC</p>	<p>CIL legislation is changing and new regulations will be put in place. Therefore this item has for now been removed from the forward plan.</p>
5.	<b>Social/Affordable Housing</b>	What can/can't we deliver with regards to the allocation of Social/Affordable Housing in new developments	<p><b>Consider:</b> Council in a situation now where it isn't able to meet the needs of everyone who wants a home. That will change over a period of time due to local plan, the rate of house building increasing, more people moving to district etc.</p> <p>Need to identify what groups of people we are expecting to move into District? Are we developing new housing for them e.g. people who work at the airport can live closer to their work-place. Is there going to be a rebalancing of the demographics? Have to know what the need is and work out if we are providing for that need or continuing with 40% affordable policy. Should we be considering alternatives to Right to Buy such as housing associations/local housing companies? How is percentage allocation calculated? What are others doing? A clear definition is needed to inform Housing policies.</p> <p><b>Requirement:</b> Scoping Report from Housing</p> <p><b>Further Action:</b> TBC</p>	<p>Scoping document taken to 1/5/18 Scrutiny Committee.</p> <p>Update on meetings reported at 18/6/18 meeting.</p> <p>Report was presented at 25/9/18 meeting</p> <p>Further discussion required as to how this work can usefully be taken forward</p>
6.	<b>Airport Parking</b>	Understand the limitations/ opportunities for the council in addressing airport related parking issues	<p><b>Consider:</b> Enforcement capability under legislation Planning controls How is it managed beyond the council? Contract to agency?</p> <p><b>Required:</b> Status Report from Environmental Health</p> <p>Report to include council's enforcement responsibilities and capability and details of</p>	<p>Report was considered at 20/11/18 meeting</p> <p>Committee requested officers report back in six</p>



**SCRUTINY COMMITTEE WORK PROGRAMME 2018/19 SUGGESTED TOPICS**

			any new byelaws which could impact. <b>Further Action:</b> TBC	months with an update on how the airport car parking strategy was progressing
--	--	--	--	---

Topic		Reason for review	Scrutiny Action(s):	Notes
7.	<b>Review of Cabinet system</b>	Understand its effectiveness in UDC	<b>Consider:</b> Is the Cabinet system the right system for UDC? If not, why not? <b>Requirement:</b> Scoping Report from Democratic Services? Ask LGA about trends at other authorities. Completion by end 2018/19 before new council. <b>Further Action:</b> TBC	At its meeting on 25/9/18 the committee voted against a motion to add this topic to the work programme for 2019
8.	<b>Street cleaning/ littering</b>	Area of concern for public - Pride in Place initiative	<b>Consider:</b> Will the Council's Pride in Place initiative achieve meaningful outcomes? What is being done at the moment? Cleanliness of public spaces, how clean are our streets? How often are they cleaned? How do we compare with other districts? How are resources allocated? <b>Requirement:</b> TBC <b>Further Action:</b> TBC	It was commented at Scrutiny Committee on 27/3/18 that this had already been the subject of a Scrutiny review
9.	<b>Energy efficiency of council homes</b>	Has the council reached the limits of what it can achieve in making council housing energy efficient?	<b>Consider:</b> What energy efficiency schemes/projects does/has the council run? Why is budget now zero? What have been the CO2 reductions over time? Do we educate our Tenants? What more could be done? <b>Requirement:</b> Status Report <b>Further Action:</b> TBC	
10.	<b>Economic Development Strategy</b>	Mid-year review of progress against action plan	<b>Consider:</b> Progress against actions Constraints in progressing actions (where relevant). Priorities. <b>Requirement:</b> TBC	

**SCRUTINY COMMITTEE WORK PROGRAMME 2018/19 SUGGESTED TOPICS**

			<b>Further Action:</b> TBC	
--	--	--	-------------------------------	--

Topic		Reason for review	Scrutiny Action(s):	Notes
11.	<b>Corporate Plan Delivery Plan</b>	Review progress of actions	<p><b>Consider:</b> Review of 2018/19 CPDP Q2 actions status at November meeting</p> <p><b>Requirement:</b> TBC</p> <p><b>Further Action:</b> TBC</p>	
12.	<b>Day Centres</b>	Review of plans for new operating models to deliver best possible service	<p><b>Consider:</b> How the Council aims to maintain and improve day centre service provision.</p> <p><b>Requirement:</b> End of year status report for March 2019 meeting</p> <p><b>Further Action:</b> TBC</p>	<p>It was commented at Scrutiny Committee on 27/3/18 that this had already been the subject of a Scrutiny review</p> <p>Annual summary report timetabled for 21/3/19 meeting</p>
13.	<b>Email</b>	Member of staff said he received 200+emails a day	<p><b>Consider:</b> Time wasted? Right to disconnect Increase staff efficiency and well being</p> <p><b>Requirement:</b> TBC</p> <p><b>Further Action:</b> TBC</p>	
14.	<b>'Charitable' giving</b>	How much do we give to charity/voluntary sector/professional bodies	<p><b>Consider:</b> Process Service level agreement Aligns with corporate plan Governance Ensure taxpayers money is equitable and give good value for money</p>	

**SCRUTINY COMMITTEE WORK PROGRAMME 2018/19 SUGGESTED TOPICS**

			<p><b>Requirement:</b> TBC</p> <p><b>Further Action:</b> TBC</p>	
15.	<b>Budget Role of Scrutiny</b>	Scrutiny and GAP review the 'Budget'	<p><b>Consider:</b> Why duplicate? Scrutiny could be critical friend, GAP could take on 'corporate scrutiny'</p> <p><b>Requirement:</b> TBC</p> <p><b>Further Action:</b> TBC</p>	Budget papers being discussed at 31/1/19 Scrutiny meeting. Pre-meet was offered but did not proceed due to lack of take-up
16.	<b>Business development</b>	How the council helps businesses in the district	<p><b>Consider:</b> Value for money Audit trail Evidence of impact Audit and Governance can ensure minimisation of loss and waste</p> <p><b>Requirement:</b> TBC</p> <p><b>Further Action:</b> TBC</p>	
17.	<b>Statutory/ Non-statutory service review.</b>	Understanding of which services provided by the council are statutory	<p><b>Consider:</b> Awareness when Council is judging service provision</p> <p><b>Requirement:</b> TBC</p> <p><b>Further Action:</b> TBC</p>	
18.	<b>Relevant and relative responsibilities of Scrutiny and GAP</b>	Clarity around roles of both committees – when does one committee refer an item to the other?	<p><b>Consider:</b> Both committees working effectively for the benefit of the community.</p> <p><b>Requirement:</b> TBC</p> <p><b>Further Action:</b> TBC</p>	

This page is intentionally left blank

# Agenda Item 8

<b>Committee:</b>	Scrutiny	<b>Date:</b>	31 January 2019
<b>Title:</b>	Budget Reports – 2019/20		
<b>Portfolio Holder:</b>	Councillor Simon Howell, Portfolio Holder for Finance and Administration		
<b>Report Author:</b>	Angela Knight, Assistant Director – Resources aknight@uttlesford.gov.uk	<b>Key decision:</b>	No

---

## Summary

1. The council is required to prepare detailed budget reports to enable the annual budgets for the General Fund and Council Tax, Housing Revenue Account and the Capital Programme to be set.
2. The Section 151 Officer is also required to provide members with a Section 25 report giving advice and assurance on the reserves position, including the minimum safe level of contingency funds that need to be held and the robustness of any estimates used in the calculation of the proposed budgets. The report also provides commentary on the assumptions in the Medium Term Financial Strategy and any associated plans and strategies.
3. In addition the council is required to prepare a number of supporting strategies:
  - Medium Term Financial Strategy
  - Reserves Strategy
  - Treasury Management Strategy
  - Investment Strategy
  - Capital Strategy
4. An Equality Impact Assessment is attached with this report as Appendix I.

## Recommendations

5. That Scrutiny reviews the 8 budget reports for 2019/20 as attached in Appendices A to H and the associated Annexes and provides comment prior to their submission to Cabinet on the 12 February and Council on 21 February 2019. The Equalities Impact Assessment is attached as Appendix I.

## Financial Implications

6. All financial implications are included in the individual reports as listed in the table in paragraph 9.

## Background Papers

7. None

## Impact

8.

Communication/Consultation	Full consultation carried out with Residents and Businesses
Community Safety	N/A
Equalities	EQIA attached as Appendix I
Health and Safety	N/A
Human Rights/Legal Implications	N/A
Sustainability	N/A
Ward-specific impacts	All Wards
Workforce/Workplace	N/A

9. All the budget reports and associated strategies are attached as Appendices A to I and a brief outline of each report is detailed below,

10. In all cases, numbers 1 to 19, The Cabinet is requested to recommend that Council:

Report Title	Purpose of report	Recommendations
Appendix A Section 25 Report - Robustness of Estimates and Adequacy of Reserves	This is a statutory report provided by the S151 Officer, this report provides members with advice and assurances on reserves, safe levels of contingency, assumptions used for estimates and any associated risks. The Reserves Strategy is included as Annexe A1 and details the purpose and lifespan of all the reserves the council holds	<ol style="list-style-type: none"> <li>1) Takes account of the advice in the report when determining the 2019/20 General Fund budget and Council Tax</li> <li>2) Approves the risk assessment relating to the robustness of estimates as detailed in the report</li> <li>3) Sets the minimum safe contingency level for 2019/20 at £1.308 million for the General Fund and £0.499 million for the Housing Revenue Account</li> <li>4) Adopt the Reserves Strategy set out in Annexe A1</li> <li>5) Agrees that no transfers to or from the Working Balance should be built into the 2019/20 budget</li> </ol>
Appendix B Investment Strategy	Sets out good practice as per MHCLG guidance relating to Local Authorities commercialisation and investment activity. The strategy also details our current investment and future aspirations	<ol style="list-style-type: none"> <li>6) Adopt the Investment Strategy 2019/20</li> <li>7) Agrees to the principle of up to £20m of additional borrowing across the 2019/20, 2020/21 and 2021/22 financial years for loans to Aspire</li> </ol>

Report Title	Purpose of report	Recommendations
		<p>(CRP) Ltd for future development at Chesterford Research Park; and</p> <p>8) Agrees to the principle of up to £80m of additional borrowing across the 2019/20, 2020/21 and 2021/22 financial years for investment outside of Chesterford Research Park</p>
Appendix C Medium Term Financial Strategy	Details all known factors affecting the financial position of the council over a 5 year period, providing a clear and concise view of future sustainability and resilience, allowing for effective longer term planning	<p>9) Approves The Medium Term Financial Strategy</p> <p>10) Approves the amended maximum level of investment with other Local Authorities from £6m to £3m per authority</p>
Appendix D Treasury Management Strategy	Sets out the strategy and governance relating to the council's cash-flow management, use of banks, investments and borrowing, taking into account guidance from our independent advisors and risk appetite	<p>11) Approves the Treasury Management Strategy</p> <p>12) Approves the amended maximum level of investment with other Local Authorities from £6m to £3m per Local Authority as set out in the counterparties table within the Treasury Management Strategy</p>
Appendix E Capital Strategy	An overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability	<p>13) Approves the Capital Strategy</p> <p>14) Approves the Minimum Revenue Provision as set out in Annexe E1</p>



Report Title	Purpose of report	Recommendations
Appendix F Capital Programme	Sets out capital expenditure and the associated financing over a 5 year period for the council's assets, including buildings, vehicles and ICT infrastructure.	15) Approves the 5 year Capital Programme
Appendix G Housing Revenue Account (HRA)	Details the spending plans for council housing for 2019/20 and includes the action plan for the 30 year business plan developed as part of the self-financing arrangements	16) Approves the Housing Revenue Account
Appendix H General Fund Revenue and Council Tax	Details all the income, expenditure and use of reserves during the financial year 2019/20, sets out the proposals for the council's council tax precept	17) Approves the General Fund Council Tax requirement of £5,657,106 18) Approves the schedule of fees and charges as set out in Annexe G6
Appendix I Equalities Impact Assessment	This is to show that when making decisions on setting the budget and strategies we have ensured that no person and/or persons with protected characteristics have been disadvantaged	19) Note the outcome of the EQIA

### Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Included in the individual appendices			

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.



## **Section 25 Report – Robustness of Estimates and Adequacy of Reserves**

---

### **Summary**

1. As part of the annual budget setting process, the Section 151 Officer is required to give the Council formal advice on the robustness of estimates and the adequacy of reserves. This is so Members can set a budget in full awareness of the risks and uncertainties, and ensure that adequate contingency reserves exist.
2. The advice, known as the “Section 25 report”, is being considered by Cabinet on the 12 February and then by Full Council on 21 February as part of the budget approval process.
3. The Scrutiny Committee reviewed the budget reports on 31 January. Comments from the Committee are in a separate item on the agenda.

### **Section 25 report**

4. Section 25 of the Local Government Act 2003 requires each local authority, when setting its annual General Fund budget and level of Council Tax, to take account of a report from its Section 151 Officer on the robustness of estimates and adequacy of reserves. This document is the report made under Section 25 by the Director of Finance and Corporate Services, as UDC’s Section 151 Officer, applicable to the setting of the General Fund budget and Council Tax for 2019/20.
5. 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.
6. The Director of Finance and Corporate Services has assessed that the minimum safe contingency level for the Working Balances are;
  - a) General Fund - £1.308 million
  - b) Housing Revenue Account - £0.499 million

7. The working balance is calculated using the following formula:

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

General Fund 2019/20 working balance reserve equates to;

$£35.931 + £22.983 + £1.892 + £2.119 + £0.495 + £1.693 + £0.366 = £65.479$  x 2% = £1.309 million (this calculation uses rounded figures, the actual working balance is £1.308 million)

Housing Revenue Account 2019/20 working balance reserve equates to;

$£4.491 + £15.351 + £3.005 + £0.042 + £1.693 + £0.366 = £24.948$  million x 2% = £0.499 million

8. Section 26 of the Act empowers the Secretary of State to set a minimum level of reserves for which a local authority must provide in setting its budget. Section 26 would only be invoked as a fallback in circumstances in which a local authority does not act prudently, disregards the advice of its Section 151 Officer, and is heading for financial difficulty.

**Basis of advice for the Section 25 report**

9. In forming the advice for this report, the Director of Finance and Corporate Services has considered the following:
- The requirement established in the Council’s Medium Term Financial Strategy to ensure that a safe level of contingency is maintained.
  - The degree to which the Council’s financial plans are aligned to the Council’s statutory obligations, local priorities and policy objectives.
  - The adequacy of the information systems underpinning the Council’s financial management processes.
  - Risks associated with the Council’s activities, as identified within the risk register.
  - The level of earmarked and unearmarked reserves within the General Fund.
  - The degree to which uncertainties exist within the draft 2019/20 budget.

**Robustness of Estimates**

10. There has been detailed scrutiny, review and challenge of budgets by managers, finance officers and Corporate Management Team. 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.

11. No budget can ever be completely free from risk. Necessarily, assumptions are made which means that the budget will always have an amount of uncertainty. The analysis below sets out the major risks applicable to 2019/20 and an indication of the possible impact.

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

Probability	Low Medium High	Possible, but unlikely Probable Almost certain
Impact	Low Medium High	Possible variance of £5,000 to £20,000 Possible variance of £21,000 to £50,000 Possible variance of over £50,000

Risk item	Probability	Impact	Overall Risk of budget variance
<p><b>Government Funding</b></p> <p>Government is consulting on the future funding for Local Authorities to be implemented in 2020/21; <b>Fair Funding Review</b>, which will assess the level of funding required based on an assessment of need and resources. This will coincide with the introduction of <b>75% Business Rates Retention</b> and it is expected that all our external funding will be delivered through an adjustment to our Baseline funding level, tariffs/top ups and levies. It has also been announced that <b>New Homes Bonus</b> will cease in its current form, but it is expected that legacy payments will continue.</p>	High	High (adverse)	High
<p><b>Waste &amp; Recycling.</b> This is a complex area financially and at greatest risk of volatility. Fuel costs and disposal costs, particularly around cost of dry recycling disposal are variable. Other budget risks have been identified regarding trade waste and green waste, all of which have income budgets that depend upon accuracy of forecasting activity levels. The Council maintains a Waste Management reserve to mitigate the risk</p>	Medium	High (adverse or favourable)	Medium
<p><b>Local Plan.</b> Additional consultancy spends or resources may be needed in order to take forward the Local Plan process; however the Planning Reserve exists to meet additional costs. Due to recruitment issues the need for agency staff has increased and these are at a higher cost than substantive posts</p>	Medium	High (adverse)	Medium
<p><b>Planning appeals.</b> The current position of the Local Plan process raises the risk levels in the cost of defending appeals and any awards that may be made against the planning authority.</p>	Medium	Low (adverse)	Medium
<p><b>Efficiency Savings.</b> 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 2019/20. It is still possible that unbudgeted costs will arise. Where budgets have already been reduced because of identified savings, the revised budget level is untested so there is an inherent risk of adverse variances</p>	Medium	Medium (adverse or favourable)	Medium
<p><b>Fees &amp; Charges income.</b> If economic conditions deteriorate or demand fluctuates there may be unbudgeted loss of income. Building Control, Planning, Land Charges, Licensing, Lifeline and Food Imports are all income streams where risk of volatility has been noted</p>	Medium	Low (adverse)	Medium

Risk item	Probability	Impact	Overall Risk of budget variance
<b>Treasury management.</b> Investment risks are spread between public and private sector counterparties including UK banks systemically important to the UK economy. In the unlikely event of a banking failure, there could be a serious impact on the Council	Low	High (adverse)	Medium
<b>Reforms to Housing &amp; Council Tax Benefit.</b> Housing benefit reforms and benefit caps may have 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	Medium	Medium (adverse)	Medium
<b>Universal Credit.</b> There is still debate on the date for the full rollout of the 'one benefit' and implications of delay are primarily around the Working Balance level	Medium	Low (adverse or favourable)	Medium
<b>Supplies &amp; Services contracts.</b> Where contracts have indexation clauses, estimates have been made of the inflationary increase that will be applied. In addition some contracts are due to be re-tendered during the year which could affect the base price. Accordingly there is an inherent risk of price volatility	Medium	Low (adverse or favourable)	Low
<b>Capital Financing costs.</b> These are influenced by variable factors such as cash flow, variations in the Capital Programme and availability of capital receipts. In some circumstances greater revenue financing of capital expenditure may make economical sense over the longer term	Medium	Low (adverse or favourable)	Low

13. The Medium Term Financial Strategy (MTFS, Appendix C) shows a cumulative deficit over the next 5 years and to support the Council. In addressing this deficit the Investment Strategy (Appendix B) recommends that the Council approves up to £100 million of borrowing for investment to generate additional income over the next 3 years. Any use of this borrowing will be subject to approval by Council.

14. Taking all of the above issues into consideration, the Director of Finance and Corporate Services is unable to provide a full assurance that there will be no unforeseen variances. This is an expected and acceptable situation for any organisation that has to deal with a large number of variables. any variations arising in the estimates should be manageable

15. Provided that the minimum safe level of balances is maintained (as set out in the attached Reserves Strategy, Annexe A1) and it is advisable that no new drawdowns on the Strategic Initiative fund should be made until the 2020/21 funding position is confirmed.

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

### Adequacy of reserves

17. The Reserves Strategy which sets out the purpose, risks and calculation for each reserve held by the council is detailed in Annexe A1.

18. 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.

### Risks – Future Years

19. In previous years there has been commentary around the uncertainty of future funding. However, the current level of uncertainty is unprecedented with major funding streams ending whilst others are being reformed. The funding position for future years means that we need to look for other avenues of income and/or efficiencies in the next 12 months and continuing thereafter.

20. The Investment Strategy is a key part of addressing this challenge; this is evidenced in the Medium Term Financial Strategy (Appendix C). If the recommendations contained within the Investment Strategy are not approved by members this will have a greater impact on how the council operates in the future.

### Impact

Communication/Consultation	A comprehensive budget consultation exercise was undertaken with in excess of 2,400 responses
Community Safety	None
Equalities	None
Health and Safety	None
Human Rights	None
Legal implications	The report is prepared in order to comply with Section 25 Local Government Act 2003
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

### Risk Analysis

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

This page is intentionally left blank



# Uttlesford District Council

## Reserves Strategy

### 2019/20



Prepared by:  
Angela Knight  
Uttlesford District Council  
January 2019



## Background

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, Appendix C) and setting the annual budget.
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.
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.
4. There is no available guidance on the minimum level of reserves that should be maintained with the exception of the working balance. In 2003 CIPFA stated that each authority should determine what a prudent level of reserves is based upon their own circumstances, risks and uncertainties.
5. Councils are therefore free to determine the level of reserves they hold, although our External Auditors will include an opinion on what is a reasonable level as part of their Annual Audit Report. 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.
6. Councils face significant financial challenges. The unprecedented reduction in government funding from 2010/11 to date 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.
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.
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:
  - Offset funding reductions and protect services – although this can only be a short-term strategy as reserves are a one-off funding resource
  - Invest to save projects, making changes that reduce the cost of providing services in the longer-term
  - Increasing reserves to strengthen resilience against future, uncertain cost pressures.

## Reserves Strategy

9. 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
10. 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.

### Why the Council holds reserves

11. 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:
  - Working balances (unallocated reserves) to manage cash flows, funds to protect annual budgets against multiple, less predictable, costs and uncommitted accumulated surpluses
  - Ring Fenced Reserves – funds held for specific purposes which are subject to set criteria on how they are used
  - Usable earmarked reserves – funds we choose to set aside to meet known or predicted future spending or allocated by previous Council decisions
  - 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
12. Usable 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.
13. Reserves are distinct from provisions. Provisions are funds set aside for probable future liabilities where the timing and amounts are uncertain.
14. 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

15. The Council, in common with other organisations, needs financial reserves to help manage unforeseen circumstances and to smooth the impact of known spending requirements over time. The Council will use reserves for such purposes to enable it to manage variations between its planned and actual budgets that result from unpredictable spending and income. Reserves will also be used by the Council to plan its finances strategically to support activities over the medium and long term.
16. 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.
17. 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 are limited options 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.

## Reserves and the management of risks

18. 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.
19. The Council also manages unforeseen financial shocks by maintaining a Working Balance for both the General Fund and the Housing Revenue Account. 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/from HRA + HRA share of corporate costs) x 2%*

## Increasing Financial Risks

20. This strategy identifies the following issues, full details of the changes to the way Local Authorities are funded can be found in the MTFs:
  - Government is carrying out a consultation on the basis of the formula used for allocating Local Authority funding, 'Fair Funding Review', which will be introduced in 2020/21
  - The partial retention of locally collected business rates, currently 50% will be increased to 75% in 2020/21. The Council also has responsibility for the settlement of any outstanding Business Rates appeals
  - The New Homes Bonus scheme was amended in 2017/18 and this has had significant reductions in the level of grant received. The changes to the scheme were moving from a 6 year to 4 year scheme and the introduction of a deadweight factor of 0.4%. In 2020/21 the scheme in its current form will end, although it is expected that legacy payments will continue

- 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
21. In addition to the risks identified above, there are still the operational 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
22. The prospect of further changes to the way councils are funded beyond 2019/20 means that it is prudent to retain sufficient reserves so that any future spending reductions can be implemented in a planned and efficient programme of change.

## General Fund Reserves

23. The 2019/20 budget identifies a surplus of £2.200 million, this is due to a reduction in Business Rate appeals both actual and expected, this subsequently releases funds held in the provision. The surplus is recommended to be allocated to the following reserves:
- Funding Reserve - £1.059 million
  - EU Exit Reserve - £0.200 million
  - Business Rates Reserve £0.941million (this is the element related to prior years Business Rates surplus)
24. The forecast value of the General Fund Reserves as at 31 March 2019 is estimated at £12.984 million increasing by a net £2.022 to £15.006 million by 31 March 2020, this includes the above surplus as detailed in paragraph 23. The balances of the Usable and Ring-Fenced reserves are:
- i. Usable Reserves as at 31 March 2019 is estimated at £9.902 million increasing by a net £1.029 to £10.931 million by 31 March 2020.
  - ii. Ring-Fenced Reserves as at 31 March 2019 is estimated at £3.082 million increasing by a net £0.993 million to £4.075 million by 31 March 2020.
25. The following tables summarises the General Fund Reserves at the end of the last financial year and the forecast end position for 2019/20.

## General Fund Usable Reserves

£'000	2018/19					2019/20			
	01 April 2018 Actuals	Transfer from General Fund	Transfer to General Fund	Transfer btw reserves	31 March 2019 Est'd balance	Transfer from General Fund	Transfer to General Fund	Transfer btw reserves	31 March 2020 Est'd balance
<b>USABLE RESERVES</b>									
<b>Financial management Reserves</b>									
MTFS Reserve	1,000		(450)		550	450	(450)		550
Transformation Reserve	1,728		(80)	(550)	1,098				1,098
EU Exit Reserve					0	200			200
Funding Reserve					0	1,059			1,059
<b>Contingency Reserves</b>									
Emergency Response	40				40				40
<b>Service Reserves</b>									
Depot new site	4,383	350	(250)		4,483				4,483
Development Control	27				27				27
Development Projects		105			105				105
Economic Development	15				15				15
Elections	75	25			100	25	(80)		45
Health and Wellbeing	46		(5)		41				41
Homelessness	126		(8)		118		(20)		98
Housing Strategy	54				54				54
New Homes Bonus Ward Members	16				16		(16)		0
Planning	960		(889)	550	621		(309)		312
Neighbourhood Planning	93				93				93
Private Finance Initiative	180				180				180
Strategic Initiatives Fund	2,660		(500)		2,160				2,160
Waste Management	201				201	170			371
<b>TOTAL USABLE RESERVES</b>	<b>11,604</b>	<b>480</b>	<b>(2,182)</b>	<b>0</b>	<b>9,902</b>	<b>1,904</b>	<b>(875)</b>	<b>0</b>	<b>10,931</b>

## General Fund Ring Fenced Reserves

£'000	2018/19					2019/20			
	01 April 2018 Actuals	Transfer from General Fund	Transfer to General Fund	Transfer btw reserves	31 March 2019 Est'd balance	Transfer from General Fund	Transfer to General Fund	Transfer btw reserves	31 March 2020 Est'd balance
<b>RING-FENCED RESERVES</b>									
Working Balance	1,321		(41)		1,280	28			1,308
Capital Slippage	466		(299)		167				167
Pension Reserve					0				0
Business Rates Review	1,501	250	(384)		1,367	941			2,308
Licensing Reserve		217	(20)		197	57	(33)		221
DWP Reserve	71				71				71
<b>TOTAL RING-FENCED RESERVES</b>	<b>3,359</b>	<b>467</b>	<b>(744)</b>	<b>0</b>	<b>3,082</b>	<b>1,026</b>	<b>(33)</b>	<b>0</b>	<b>4,075</b>
<b>TOTAL RESERVES</b>	<b>14,963</b>	<b>947</b>	<b>(2,926)</b>	<b>0</b>	<b>12,984</b>	<b>2,930</b>	<b>(908)</b>	<b>0</b>	<b>15,006</b>

## Housing Revenue Account (HRA) Reserves

26. The forecast value of total HRA Reserves as at 31 March 2019 is estimated at £5.634 million decreasing by a net £3.174 to £2.460 million by 31 March 2020. The balances of the Usable and Ring-Fenced reserves are:

- i. Usable Reserves as at 31 March 2019 is estimated at £1.136 million decreasing by £0.508 to £0.628 million by 31 March 2020.
- ii. Ring-Fenced Reserves as at 31 March 2019 is estimated at £4.498 million decreasing by a net £2.666 million to £1.832 million by 31 March 2020.

27. The following tables summarises the HRA Reserves at the end of the last financial year and the forecast end position for 2019/20.

### HRA Usable Reserves

£'000	2018/19				2019/20				
	31 March 2018 Actual Balance	Transfer from HRA	Transfer to HRA	Transfer btw Reserve	31 March 2019 Est'd Balance	Transfer from HRA	Transfer to HRA	Transfer btw Reserve	31 March 2020 Est'd Balance
<b>USABLE RESERVES</b>									
<b>Revenue Reserves</b>									
Revenue Projects	180				180				180
Transformation Reserve	60				60				60
<b>Capital Reserves</b>									
Capital Projects	0	228	0		228		(153)		75
Potential Projects	849		(494)		355		(355)		0
Sheltered Housing Projects	0				0				0
HRA Slippage Reserve	3,764	131	(3,582)		313		0		313
<b>TOTAL USABLE RESERVES</b>	<b>4,853</b>	<b>359</b>	<b>(4,076)</b>	<b>0</b>	<b>1,136</b>	<b>0</b>	<b>(508)</b>	<b>0</b>	<b>628</b>

### HRA Ring-Fenced Reserve

£'000	2018/19				2019/20				
	31 March 2018 Actual Balance	Transfer from HRA	Transfer to HRA	Transfer btw Reserve	31 March 2019 Est'd Balance	Transfer from HRA	Transfer to HRA	Transfer btw Reserve	31 March 2020 Est'd Balance
<b>RINGFENCED RESERVES</b>									
Working Balance	524	6			530		(31)		499
Capital Receipts - Right to Buy	2,859	1,600	(1,497)		2,962	1,600	(3,623)		939
Capital Receipts - Other	40	465			505		(500)		5
Major Repairs Reserve	146	3,770	(3,415)		501	3,979	(4,090)		390
<b>TOTAL RING-FENCED RESERVES</b>	<b>3,569</b>	<b>5,841</b>	<b>(4,912)</b>	<b>0</b>	<b>4,498</b>	<b>5,579</b>	<b>(8,244)</b>	<b>0</b>	<b>1,832</b>

28. The above Ring-Fenced reserves include the capital receipts, which can only be used as per the criteria set out under the Right to Buy 1-4-1 agreement. For each sale of a council dwelling 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 spend the capital receipt to replenish housing within 13 quarters of receipt they are required to repay these funds to Central Government.

29. The Major Repairs Reserve is used solely for the upkeep and maintenance of the council owned housing; this is replenished on an annual basis and is equivalent to the value of depreciation applied to the housing stock.



Reserves Strategy

General Fund Reserves 5 year plan

£'000	2018/19	2019/20			31 March 2020	2020/21			31 March 2021	2021/22			31 March 2022	2022/23			31 March 2023	2023/24			31 March 2024
	Forecast	Transfer from	Transfer to	Transfer btw		Forecast	Transfer from	Transfer to		Transfer btw	Forecast	Transfer from		Transfer to	Transfer btw	Forecast		Transfer from	Transfer to	Transfer btw	
<b>USABLE RESERVES</b>																					
<i>Financial management Reserves</i>																					
MTFS Reserve	550	450	(450)		550				550				550				550				550
Transformation Reserve	1,098				1,098				1,098				1,098				1,098				1,098
EU Exit Reserve	0	200			200				200				200				200				200
Funding Reserve	0	1,059			1,059		(250)		809		(250)		559		(250)		309		(309)		0
<i>Contingency Reserves</i>																					
Emergency Response	40				40				40				40				40				40
<i>Service Reserves</i>																					
Depot new site	4,483				4,483				4,483				4,483				4,483				4,483
Development Control	27				27				27				27				27				27
Development Projects	105				105				105				105				105				105
Economic Development	15				15				15				15				15				15
Elections	100	25	(80)		45	25			70	25			95	25			120	25	(100)		45
Health and Wellbeing	41				41				41				41				41				41
Homelessness	118		(20)		98				98				98				98				98
Housing Strategy	54				54				54				54				54				54
Homes Bonus Ward Members	16		(16)		0				0				0				0				0
Planning	621		(309)		312				312				312				312				312
Neighbourhood Planning	93				93				93				93				93				93
Private Finance Initiative	180				180				180				180				180				180
Strategic Initiatives Fund	2,160				2,160				2,160				2,160				2,160				2,160
Waste Management	201	170			371				371				371				371				371
<b>TOTAL USABLE RESERVES</b>	<b>9,902</b>	<b>1,904</b>	<b>(875)</b>	<b>0</b>	<b>10,931</b>	<b>25</b>	<b>(250)</b>	<b>0</b>	<b>10,706</b>	<b>25</b>	<b>(250)</b>	<b>0</b>	<b>10,481</b>	<b>25</b>	<b>(250)</b>	<b>0</b>	<b>10,256</b>	<b>25</b>	<b>(409)</b>	<b>0</b>	<b>9,872</b>
<b>RING-FENCED RESERVES</b>																					
Working Balance	1,280	28			1,308				1,308				1,308				1,308				1,308
Capital Slippage	167				167				167				167				167				167
Pension Reserve	0				0				0				0				0				0
Business Rates Review	1,367	941			2,308		(250)		2,058		(550)		1,508		(550)		958		(550)		408
Licensing Reserve	197	57	(33)		221				221				221				221				221
DWP Reserve	71				71				71				71				71				71
<b>TOTAL RING-FENCED RESERVES</b>	<b>3,082</b>	<b>1,026</b>	<b>(33)</b>	<b>0</b>	<b>4,075</b>	<b>0</b>	<b>(250)</b>	<b>0</b>	<b>3,825</b>	<b>0</b>	<b>(550)</b>	<b>0</b>	<b>3,275</b>	<b>0</b>	<b>(550)</b>	<b>0</b>	<b>2,725</b>	<b>0</b>	<b>(550)</b>	<b>0</b>	<b>2,175</b>
<b>TOTAL RESERVES</b>	<b>12,984</b>	<b>2,930</b>	<b>(908)</b>	<b>0</b>	<b>15,006</b>	<b>25</b>	<b>(500)</b>	<b>0</b>	<b>14,531</b>	<b>25</b>	<b>(800)</b>	<b>0</b>	<b>13,756</b>	<b>25</b>	<b>(800)</b>	<b>0</b>	<b>12,981</b>	<b>25</b>	<b>(959)</b>	<b>0</b>	<b>12,047</b>



Reserves Strategy

Housing Revenue Account Reserves 5 year plan

£'000	2019/20			2020/21			2021/22			2022/23			2023/24			
	31 March 2019 Forecast	Transfer from HRA	Transfer to HRA	31 March 2020 Forecast	Transfer from HRA	Transfer to HRA	31 March 2021 Forecast	Transfer from HRA	Transfer to HRA	31 March 2022 Forecast	Transfer from HRA	Transfer to HRA	31 March 2023 Forecast	Transfer from HRA	Transfer to HRA	31 March 2024 Forecast
<b>USABLE RESERVES</b>																
<i>Revenue Reserves</i>																
Revenue Projects	180			180			180			180			180			180
Transformation Reserve	60			60			60			60			60			60
<i>Capital Reserves</i>																
Capital Projects	228		(153)	75		(75)	0		0	0	353		353		(118)	235
Potential Projects	355		(355)	0			0		0	0			0			0
Sheltered Housing Projects	0			0			0		0	0			0			0
HRA Slippage Reserve	313		0	313		0	313		0	313		0	313		0	313
<b>TOTAL USABLE RESERVES</b>	<b>1,136</b>	<b>0</b>	<b>(508)</b>	<b>628</b>	<b>0</b>	<b>(75)</b>	<b>553</b>	<b>0</b>	<b>0</b>	<b>553</b>	<b>353</b>	<b>0</b>	<b>906</b>	<b>0</b>	<b>(118)</b>	<b>788</b>
<b>RINGFENCED RESERVES</b>																
Working Balance	530		(31)	499			499			499			499			499
Capital Receipts - Right to Buy	2,962	1,600	(3,623)	939	1,600	(1,969)	570	1,600	(2,058)	112	1,600	(1,141)	571	1,600	(1,141)	1,030
Capital Receipts - Other	505		(500)	5			5		5	5			5			5
Major Repairs Reserve	501	3,979	(4,090)	390	3,979	(4,274)	95	3,979	(4,074)	0	3,979	(3,979)	0	3,979	(3,979)	0
<b>TOTAL RING-FENCED RESERVES</b>	<b>4,498</b>	<b>5,579</b>	<b>(8,244)</b>	<b>1,832</b>	<b>5,579</b>	<b>(6,243)</b>	<b>1,168</b>	<b>5,579</b>	<b>(6,132)</b>	<b>616</b>	<b>5,579</b>	<b>(5,120)</b>	<b>1,075</b>	<b>5,579</b>	<b>(5,120)</b>	<b>1,534</b>
<b>TOTAL RING-FENCED RESERVES</b>	<b>5,634</b>	<b>5,579</b>	<b>(8,752)</b>	<b>2,460</b>	<b>5,579</b>	<b>(6,318)</b>	<b>1,721</b>	<b>5,579</b>	<b>(6,132)</b>	<b>1,169</b>	<b>5,932</b>	<b>(5,120)</b>	<b>1,981</b>	<b>5,579</b>	<b>(5,238)</b>	<b>2,322</b>

Reserves Strategy

Reserve	Purpose	Risks	Mitigation
MTFS Reserve	Provide a contingency fund to support payments for the investments should there be an in year income shortfall	Income received from investments do not meet the amount of the annual loan repayment	Each investment has a business case which is verified by external consultants which is approved by council as part of the decision making process. Officers undertake continuous evaluation of the actual performance of the investment against the forecast position.
Transformation Reserve	To enable the council to change the way it operates in order to meet the financial challenges ahead	1. Programme of change – it is essential the council adapts to new ways of working, more automated processes with improved functionality. Failure to adopt new ways of working will seriously affect the future functioning of the council 2. 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 payments	This is to support and enable changes to service delivery, efficiency programmes and improvements to enhance customer interactions with the council
EU Exit Reserve	To manage any risks relating to EU Exit 'Deal or No Deal'	Possible issues particularly with regard to the airport	To provide funds to support any extra work/staffing required for supporting the outcomes of EU Exit. It is possible that the Council will receive new burdens funding for any expenditure incurred, but the level of reimbursement is unknown. If these funds are not required they will be released back into the General Fund
Funding Reserve	To manage the effects of the reduction in government funding in future years	The Fair Funding Review will change the way government funding is allocated and plans to remove New Homes Bonus will have significant financial impacts on the Council budget	This will help to smooth the impact of significant funding reductions, providing a buffer over 4 years to support a programme of change and/or increased income generation
Emergency Response	To support any resource requirement to a local emergency	The emergency exceeds the scale anticipated and funds are inadequate	Any large scale emergency would involve other agencies and Essex County  In case of larger emergencies it is likely that Central Government will reimburse the council

Reserves Strategy

Reserve	Purpose	Risks	Mitigation
Depot – new 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>The process has advanced and there is now a preferred option and a reserved site</p> <p>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>
Development Control	S106 monitoring income	To support costs of resources relating to S106 agreements, risk that resources will exceed the amount of funds received	Monitoring carried out throughout the year
Development Projects	To provide funds for future 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	Project identified, £80,000 of these funds have been allocated to the Self-Serve (Citizen Access) project
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 to ensure that these do not overspend
Elections	Each year £25,000 is allocated to the reserve to fund future election costs. The reserve is used in UDC election years	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
Health and Wellbeing	To support the Health and Wellbeing strategy	Specific funding provided for the Health and Wellbeing agenda	This is monitored and included in the Health and Wellbeing agenda/strategy
Homelessness	To assist with the fluctuating demand for homelessness support.	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

Reserves Strategy

Reserve	Purpose	Risks	Mitigation
Housing Strategy	Enable local community groups to support delivery of affordable housing units	These funds are a government grant and if we are unable to identify suitable schemes the funds may have to be repaid	The use of the funds has a broad scope and can be used for collaboration, skills and supply chains at a local level to promote the sustainability of this approach to housebuilding. Funds allocated to Parish in 2017/18
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 and the criteria as listed below:</p> <ol style="list-style-type: none"> <li>1. It has to be spent in the Member's Ward</li> <li>2. 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</li> <li>3. It has to be for the good of the community</li> <li>4. It must not commit the Council to expenditure in future years</li> <li>5. The Member should be mindful of the financial status of the recipients</li> <li>6. The Member should have no personal interest in the organisation receiving the award</li> <li>7. In election year the money only becomes available from 1 June (i.e. to the newly elected Member)</li> </ol>	Members are provided with an annual report of remaining funds. The reserve has a balance of £16,000 relating to prior year underspends, as 2019/20 is an election year these will be released back to the revenue account
Planning	<p>For four primary purposes</p> <ol style="list-style-type: none"> <li>1. Stansted Airport studies</li> <li>2. Planning Appeals</li> <li>3. Local Plan</li> </ol>	<p>The reserve is insufficient to meet the total costs specifically that all monies have been allocated to the Local Plan.</p> <p>There are no funds remaining for any appeals or to support actions relating to</p>	<p>The reserve has two elements Planning as per points 1 to 3 in the column Purpose and Lifespan. There is also a second element of specific funding included for Neighbourhood Plans and these are accounted for separately</p> <p>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</p>

Reserves Strategy

Reserve	Purpose	Risks	Mitigation
	4. Neighbourhood Plans	Stansted Airport	Stansted Airport
Neighbourhood Planning	This is to support the costs of producing Neighbourhood plans	The number of plans required to be produced will exceed the amount of funding available	The Planning Policy team monitor the expected requirement to allow for an annual review of the level of funds required
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 in future years	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
Strategic Initiatives Fund (SIF)	<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"> <li>a. Support for the local economy</li> <li>b. Partnership working with voluntary sector organisations</li> <li>c. Community initiatives and services in rural locations</li> <li>d. "Spend to save" projects to make the Council more efficient and more resilient to funding changes in future years</li> </ul>	<p>The Local Plan exceeds the current allocations set aside</p> <p>Insufficient projects that meet the criteria are identified</p> <p>The uncertain/unknown funding situation from 2020/21 means that the Council may rely on reserve balances to support future years</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"> <li>1. The initiative demonstrably supports the Council's corporate priorities, as set out in the Corporate Plan</li> <li>2. The initiative fulfils at least one of the five suggested uses for the Fund, as set out above</li> <li>3. The initiative results in tangible financial benefit to the Council, either by reducing future cost pressures, efficiency savings, or income generation</li> <li>4. The initiative does not give the Council any additional ongoing revenue budget commitments beyond the 2019/20 financial year</li> </ol> <p>No new drawdowns should be made on this reserve until the finance settlement for 2020/21 and future years is announced/confirmed</p>

Reserves Strategy

Reserve	Purpose	Risks	Mitigation
	e. Putting some Council services onto a more commercial footing.		
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.	Disposal costs increase due to a change in the recyclable market	The budget is based on current cost with any increase in disposal costs being met from this reserve
Working Balance	Maintained to protect the Council's budget from unexpected risks	Calculation as set out in 20	MTFS and Transformation reserves are available to support the Council in absorbing any significant reductions in funding and/or income
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 associated projects within the capital programme and monitored on a regular basis
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	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.

Reserves Strategy

Reserve	Purpose	Risks	Mitigation
	by appropriate S106 monies as they become available		
Pension Reserve	This reserve is used to support the Pension Fund Deficit and where possible support a triannual payment	That the cost of the 3 year payment is higher than expected or there is insufficient revenue funds available to take up the option of a triannual payment	This reserve currently has a zero balance as there are insufficient funds to allocate to the reserve in the life of this MTFS
Business Rates Retention	To manage any Collection Fund deficit and/or shortfall in income.	Fund is insufficient to meet demand	In the financial years where a surplus is identified this is added to the reserve. An estimated balance of £2.308 million will be available by 31 March 2020. To mitigate the impact of the BR element of the spending review, a total of £1.90 million has been allocated to support the revenue budget from 2020/21 to 2023/24
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	Any excess income is held in the reserve to support service provision in the intermediate years
DWP	To support any financial implications of a negative Benefits Audit and repayment of subsidy to DWP	DWP seek to recover more money than in the reserve	There is a zero balance in the reserve as this is the second year that we have had no repayment required due to a positive audit opinion

This page is intentionally left blank

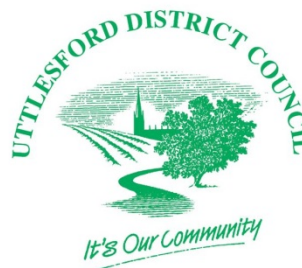


# Uttlesford District Council

## General Fund Investment Strategy 2019/20



Prepared by:  
Finance  
Uttlesford District Council  
January 2019



## Introduction

1. 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 approximately £50,000 in additional income.
2. The Medium Term Financial Strategy sets out the forecast deficit position for the Council for the period 2020/21 through to 2023/24. The 2019/20 budget has generated an increase in reserves of £2.200 m, in future years there is a forecast deficit of £1.5m per annum in 2020/21 rising to £3.5m per annum in 2023/24.
3. In 2016/17 the Council received £7.652m in government funding made up of Business Rates Retention, New Homes Bonus, Rural Services Grants and Revenue Services Grant. In 2020/21 this sum is forecast to reduce to £5.087m and by 2023/24 to £3.1m
4. In 2016 the Council took the decision to make strategic investments. It is likely that, to support the Council budget beyond 2019/20 a mix of additional investment and significant cost cutting will be required. It is anticipated that there will be the need to borrow circa £80m for investments, plus £20m for loans to Aspire (CRP) Ltd during the next three years. Prior to 2019/20 the Council only looked for strategic investments that were within the district boundary. This has severely restricted the opportunities for future investment. The emerging funding gap means that the Council now needs to consider opportunities outside of its geographical boundary. Therefore the new criteria for areas of search are as follows
  - a) Preference will be given to in-area investment as for commercial acquisitions this helps to sustain jobs and generate business rates. If however suitable opportunities do not arise;
  - b) The Council will look within the region for investment opportunities. For clarity this means the following counties
    - Essex
    - Hertfordshire
    - Cambridgeshire
    - Suffolk
5. If suitable opportunities do not arise the Council will look outside of the region but staying within the United Kingdom.
6. Any investment, be it in or out of the district, requires significant due diligence. However for any out of district investment in the absence of local knowledge there will be heightened due diligence to ensure that all risks and opportunities are identified and understood. This work will be undertaken by our retained legal advisers and land agents.

7. There are four main types of investment that the Council could make:

- a) Commercial Property - acquisition of existing commercial properties  
(This is the preferred investment route for the Council)

Chesterford Research Park (CRP)

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.

The Council is committed to investing in the Park and now needs to maximise on the initial investment. The Council is keen to see existing tenants expand and grow on the Park and for the Park to attract new tenants from a diverse range of research activities.

It is likely that the Council will be taking on a 10 year lease of four office units at the new housing development at Walpole Farm, Stansted.

To balance the portfolio, new investments are likely to be for existing commercial properties that enable an earlier return on investment, which will help to meet the immediate funding gap and to provide the opportunity for diversity in sector and location.

- b) Commercial Property - build on land owned by the Council

The Council currently has no land suitable for commercial development. Purchase of land would be considered should opportunities arise.

- c) 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. Land would be transferred/leased to Aspire Rentals Limited, one of the Council's wholly owned subsidiaries, for it to build and let properties at market rates.

- d) Residential Property - acquisition of existing properties or purchase of land on which to build

This would be non-HRA properties let at market rents. Due to property prices in the District it is likely that this opportunity would be limited.

8. The option to purchase land for either commercial or residential development may arise in the medium-term as the Garden Communities proposed in the Local Plan develop.

## Contribution

9. It is expected that for 2019/20 the net contribution to the Council budget from the investments at Chesterford Research Park will be circa £1.7m
10. 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, to maximise the investment potential, and additional large scale investment, including some out of area, will be necessary.

## Indicators

11. Loan to Aspire (CRP) Ltd for the purchase of 50% of Chesterford Research Park (£47.25m) funded by
  - a) 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
  - b) Use of reserves and balances (£10.25m) funds the balance.

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 0.7%

- b) Use of reserves and balances (£10.25m) funds the balance.

For 2019/20 the income from Chesterford Research Park is expected to be £2m with the cost of borrowing being £0.3m.

For Chesterford Research Park, in addition to loan income received there is also repayment of staff time and potential for dividends.

## Security, Liquidity and Yield

12. 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%.
13. Asset investments will, where possible, be based on a 40 year life span which is in accordance with current MHCLG 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.
14. 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.

15. Where the investment vehicle is Council only, for example the purchase of existing commercial units, the options to liquidate funds are either by selling the investment (or part thereof) or by refinancing the debt.

## Loans to wholly owned subsidiaries

16. In May 2017 the Council acquired a 50% share of Chesterford Research Park (CRP). The loan to Aspire (CRP) Ltd was for 50 years on an interest only basis. Future loans are on the following basis:

- a) Infrastructure loans, such as new buildings or refurbishment of existing buildings, will be on an interest only basis ending on 2 May 2067 to align with all other infrastructure loans.
- b) Refit loans will be on an interest and principal basis for 20 years from the date of the loan. This reflects the length of time a refit lasts, and also that a refit does not increase the overall value of the asset and therefore should be repaid during the useful life.

17. The following loans to Aspire (CRP) Ltd have so far been made

Date	Amount	Term	Rate	Basis	Annual Repayment	Repaid
03/05/2017	£47,250,000	50 years	4%	Interest only	£1,890,000.00	
27/06/2017	£60,000	10 months	4%	Interest and principal	£61,827.95	✓
26/03/2018	£223,000	49 years 1 months	4%	Interest only	£8,920.00	
02/01/2019	£2,518,000	48 years 4 months	4%	Interest only	£100,720.00	

18. In addition there is approval for a further loan of £4.25m on an interest and principal basis over 20 years at an interest rate of 4.5%. This will be drawn down during 2019/20 as the Newnham Building refit continues.

19. The Council will continue to support Aspire (CRP) Ltd with additional loans as new buildings are required or existing ones refurbished.

20. It is the Council's expectation that over the next 10 years the Council will invest a further £50m in building out more of Chesterford Research Park with the funding required being obtained through borrowing from PWLB or commercial lenders. Of this sum £20m is expected to be loaned to Aspire (CRP) Ltd over the next 3 years.

## Risks

21. 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.
22. 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
23. For Aspire (CRP) Ltd the Council has appointed two non-executive directors to serve on the Board and bring independent challenge and support.
24. Use of specialists will vary between investments which will ensure the continued professionalism and sector knowledge.
25. The net income achievable by an investment will depend upon the risk appetite of the Council. This strategy sets out that commercial investments will be funded over 40 years which is in line with good accounting practice. At the time of assessing each investment the Council will need to decide whether:
  - a) To pay the entire principal back over the life of the investment. This is the lowest risk option but has the smallest profit.
  - b) To pay interest only for the 40 years with the intention of realising the asset at the end of the loan period to cover the principal debt. This is the highest risk option and relies on the asset retaining its market value even though potential lease periods remaining may be short or expired. The asset would need to be sold to cover the loan and the timing of sale would be important so as to ensure best returns are achieved.
  - c) A mix of 1 and 2. The precise mix would depend on the expected value of the asset at the end of the loan period.
26. It is likely that the precise repayment mechanism will vary by investment.

## Proportionality

27. The aim of the Investment Strategy is to generate income to underpin the Council's core budget. The Medium Term Financial Strategy Reserve will provide a contingency fund to support payments for the investments should there be an in year income shortfall. 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.
28. 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.

29. 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

30. 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.
31. 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.
32. The Treasury Management Strategy sets out the Council's borrowing limits and these are reported as part of investment opportunity evaluations.
33. 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 use the Council's external auditors as auditors. The companies also use one of the other major audit firms as tax advisors.

This page is intentionally left blank



# Uttlesford District Council

## Medium Term Financial Strategy 2019/20 – 2023/24



Prepared by:  
Finance  
Uttlesford District Council  
January 2019



### Financial Outlook

1. The Council is facing ever decreasing funding allocations; we have already seen the withdrawal of the Revenue Support Grant and Rural Services Transition grant in 2018/19 and significant reductions in the New Homes Bonus scheme such that Councils' funding depends directly on growth and prosperity in their local economies.
2. The Medium Term Financial Strategy (MTFS) was prepared based on the provisional settlement announced on 13 December 2018 and this was consistent with what we were expecting for 2019/20, with no amendments to the 4 year settlement or New Homes Bonus. There were no indications on what future years settlements might look like, but we do know that the mechanism for how funding is distributed to Local Authorities is facing major changes from 2020/21.
3. The key items announced in the 2019/20 settlement were:
  - Council Tax threshold – an increase of up to 3% or £5
  - Rural Services Delivery Grant - retained at the same level as 2018/19
  - New Homes Bonus – no changes, 4 year legacy payments and baseline maintained at 0.4%. It is unlikely that this scheme will continue in future years.
  - Business Rates Retention – local share to be 75% from 2020/21, and will include transfer of some other grants yet to be confirmed
  - Negative Revenue Support Grant – this will be removed and funded by Central Government using foregone business rates income
  - Consultations on the Fair Funding Review and reform of business rates were released alongside the settlement although it is not expected that any details on the final methodology will be released until autumn 2019
4. Uttlesford are now reliant on the following sources of income and funding in 2019/20:
  - New Homes Bonus (NHB)
  - Business Rates Retention Income (BRR)
  - Council Tax
  - Rural Services Delivery Grant (RSDG)
  - Fees and charges
  - Investment income mainly from wholly owned subsidiaries

### Funding Reductions

5. The Fair Funding Review (FFR) 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 and is expected to have significant financial implications on our level of funding in future years.
6. The basis of the FFR is to provide a simpler and more transparent formula with a fairer allocation of funds which are based on spending need. It is viewed that a flatter formula will benefit rural district councils, although there is also a lot of focus in the review to address the issues faced by counties.

## Medium Term Financial Strategy

7. The FFR will incorporate the reform of business rates and there is expected to be a full baseline reset in 2020. This will mean that all the growth prior to 2019/20 that has been generated since the introduction of the BRR scheme in 2013 will be incorporated into the baseline funding level.
8. It is not expected that the NHB scheme will continue. Indications are that remaining legacy payments due will be received.
9. Taking all of the above factors into account and advice from our external advisors, Pixel, we can expect to see reductions in funding of approximately 20% over a period of 4 to 5 years (this does not include the loss of prior years' BRR growth). There is expected to be 'damping' applied to smooth any in year reductions greater than 5% of current allocations, this includes the complete loss/reducing New Homes Bonus.
10. To support these reductions Government are expecting local authorities to 'rebuild' their budgets by supporting local economic growth.
11. The table below shows how this translates in actual figures. This emphasises the need for new, more efficient ways of working and to look for innovative income generating opportunities.

	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
Business Rates Retention*	3,353**	2,800	2,900	3,000	3,100
New Homes Bonus	2,969	2,287	1,550	826	0
Rural Services Grant	279	0	0	0	0
<b>Total Funding</b>	<b>6,601</b>	<b>5,087</b>	<b>4,450</b>	<b>3,826</b>	<b>3,100</b>

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

\*\* level of income due to reduction in appeals provision

## Universal Credit

12. The transfer of all working age claimants from Housing Benefit to Universal Credit is now expected to be completed by April 2022. If there are any delays in the rollout timetable this will have an impact on the Council's budget. The forecast Working Balance Reserve will be directly affected by delays in the rollout of Universal Credit.
13. 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

14. 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.

	2019/20	2020/21	2021/22	2022/23	2023/24
	£ '000	£ '000	£ '000	£ '000	£ '000
Gross Service Expenditure	35,931	35,697	34,583	32,689	29,380
Gross Service Income	(22,983)	(22,348)	(21,103)	(18,803)	(15,078)
Demand Growth	0	50	100	150	300
<b>Service Expenditure</b>	<b>12,948</b>	<b>13,399</b>	<b>13,580</b>	<b>14,036</b>	<b>14,602</b>

The following key inflationary assumptions are used in the model.

- Gross service expenditure and income:** Takes the 2018/19 base budget as a starting point and any 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** – Assumes that Housing Benefits expenditure and associated subsidy income will continue to reduce as the rollout of Universal Credit continues. 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 2020/21.
- Specific grants:** Housing Benefits subsidy at 98% of expenditure. Benefits admin subsidy being reduced to reflect rollout of Universal Credit.

15. Corporate items:

	2019/20	2020/21	2021/22	2022/23	2023/24
	£ '000	£ '000	£ '000	£ '000	£ '000
Capital Financing Costs	1,892	1,759	1,795	1,792	1,881
Pension Fund - Deficit	0	450	450	450	450
Pension Fund - Added Years	85	85	85	85	85
Recharge to HRA/Corporate Core	(2,059)	(2,059)	(2,059)	(2,059)	(2,059)
Investment Income	(2,119)	(2,200)	(2,300)	(2,400)	(4,200)
Investment Cost	495	897	1,243	1,243	2,500
<b>Corporate Costs</b>	<b>(1,706)</b>	<b>(1,068)</b>	<b>(786)</b>	<b>(889)</b>	<b>(1,343)</b>

## Medium Term Financial Strategy

- a) Capital Financing Costs – are in line with the projected capital programme’s financing requirements.
- b) Pension Fund deficit payment – an annual payment to the pension fund, this differs from previous years where we paid a triannual payment and received a discount.
- c) Recharges to HRA – based on the apportionment of actual costs of central services and corporate core applied to the Housing Revenue Account.
- d) 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.

### 16. Funding

	2019/20	2020/21	2021/22	2022/23	2023/24
	£ '000	£ '000	£ '000	£ '000	£ '000
Business Rates Retention	(3,353)	(2,800)	(2,900)	(3,000)	(3,100)
Business Rates prior year Balance	(941)	0	0	0	0
New Homes Bonus	(2,969)	(2,287)	(1,550)	(826)	0
Rural Services Grant	(279)	0	0	0	0
Council Tax prior year Balance	(67)	0	0	0	0
<b>Funding</b>	<b>(7,609)</b>	<b>(5,087)</b>	<b>(4,450)</b>	<b>(3,826)</b>	<b>(3,100)</b>

- a) 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. The amount allocated for years 2020/21 to 2023/24 includes the transfer of the Rural Services Grant.
- b) New Homes Bonus: The model shows the announced figure for 2019/20. Future year’s allocations are based on legacy payments only and no payment from 2023/24.

### 17. Council Tax

	2019/20	2020/21	2021/22	2022/23	2023/24
Tax base	39,186	39,957	40,766	41,493	42,086
LCTS Discounts	(1,873)	(1,873)	(1,873)	(1,873)	(1,873)
<b>Net Tax Base</b>	<b>37,313</b>	<b>38,084</b>	<b>38,893</b>	<b>39,620</b>	<b>40,213</b>
Band D equivalent	151.61	154.63	157.71	160.84	164.04
Percentage Increase	2.99%	1.99%	1.99%	1.99%	1.99%
<b>Council Tax income</b>	<b>(5,657,106)</b>	<b>(5,888,901)</b>	<b>(6,133,674)</b>	<b>(6,372,668)</b>	<b>(6,596,762)</b>

## Medium Term Financial Strategy

- a) The MTFFS has been prepared on the assumption that Council Tax will be increased by 2.99% in 2019/20, with future years based on 1.99% which is the current announced limit of increase.
- b) Tax base assumptions are in line with housing growth forecasts and an estimate of Local Council Tax Support Scheme discounts has been made.

### 18. Deficit Management

	2019/20	2020/21	2021/22	2022/23	2023/24
	£ '000	£ '000	£ '000	£ '000	£ '000
<b>True (Surplus) / Deficit</b>	<b>0</b>	<b>1,380</b>	<b>2,235</b>	<b>2,974</b>	<b>3,487</b>
Business Rates Reserve	0	(250)	(550)	(550)	(550)
Funding Reserve	0	(250)	(250)	(250)	(309)
Spending Review Damping	0	(475)	(475)	(475)	(475)
<b>Adjusted (Surplus) / Deficit</b>	<b>0</b>	<b>405</b>	<b>960</b>	<b>1,699</b>	<b>2,153</b>

- a) The MTFFS shows a balanced budget for 2019/20, projections indicate that during the life of the strategy the deficit position by 2023/24 will be £3.487 million.
- b) To support the Council in managing the deficit and implement a programme of change the following amounts have been allocated from reserves:
  - i. Funding Reserve – a total of £1.059 million over 4 years to support the reduction in funding
  - ii. Business Rates Reserve - £1.900 million over 4 years to support the loss of income/growth from the retained income
- c) A further amount of £0.475 million per year has also been allocated and this is the amount of 'damping' it is estimated that government will provide to support the Council in the period of transition.

## General Fund – 5 year summary

	2019/20	2020/21	2021/22	2022/23	2023/24
	£ '000	£ '000	£ '000	£ '000	£ '000
Gross Service Expenditure	35,931	35,697	34,583	32,689	29,380
Gross Service Income	(22,983)	(22,348)	(21,103)	(18,803)	(15,078)
Demand Growth	0	50	100	150	300
<b>Service Expenditure</b>	<b>12,948</b>	<b>13,399</b>	<b>13,580</b>	<b>14,036</b>	<b>14,602</b>
Capital Financing Costs	1,892	1,759	1,795	1,792	1,881
Pension Fund - Deficit	0	450	450	450	450
Pension Fund - Added Years	85	85	85	85	85
Recharge to HRA/Corporate Core	(2,059)	(2,059)	(2,059)	(2,059)	(2,059)
Investment Income	(2,119)	(2,200)	(2,300)	(2,400)	(4,200)
Investment Cost	495	897	1,243	1,243	2,500
<b>Corporate Costs</b>	<b>(1,706)</b>	<b>(1,068)</b>	<b>(786)</b>	<b>(889)</b>	<b>(1,343)</b>
<b>Total Net Expenditure</b>	<b>11,242</b>	<b>12,331</b>	<b>12,794</b>	<b>13,147</b>	<b>13,258</b>
Business Rates Retention	(3,353)	(2,800)	(2,900)	(3,000)	(3,100)
Business Rates prior year Balance	(941)	0	0	0	0
New Homes Bonus	(2,969)	(2,287)	(1,550)	(826)	0
Rural Services Grant	(279)	0	0	0	0
Council Tax prior year Balance	(67)	0	0	0	0
<b>Funding</b>	<b>(7,609)</b>	<b>(5,087)</b>	<b>(4,450)</b>	<b>(3,826)</b>	<b>(3,100)</b>
<b>Total Net Operating Costs</b>	<b>3,635</b>	<b>7,244</b>	<b>8,344</b>	<b>9,322</b>	<b>10,158</b>
Movement in Reserves	2,022	25	25	25	(75)
<b>Council Tax Requirement</b>	<b>5,657</b>	<b>7,269</b>	<b>8,369</b>	<b>9,347</b>	<b>10,083</b>
Council Tax Income	(5,657)	(5,889)	(6,133)	(6,372)	(6,596)
<b>True (Surplus) / Deficit</b>	<b>0</b>	<b>1,380</b>	<b>2,235</b>	<b>2,974</b>	<b>3,487</b>
Business Rates Reserve	0	(250)	(550)	(550)	(550)
Funding Reserve	0	(250)	(250)	(250)	(309)
Spending Review Damping	0	(475)	(475)	(475)	(475)
<b>Adjusted (Surplus) / Deficit</b>	<b>0</b>	<b>405</b>	<b>960</b>	<b>1,699</b>	<b>2,153</b>



## Medium Term Financial Strategy

20. Investment Income (recommended as per Investment Strategy, Appendix B)

	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
<b>True (Surplus) / Deficit</b>	<b>0</b>	<b>1,380</b>	<b>2,235</b>	<b>2,974</b>	<b>3,487</b>
Net additional investment income (non-CRP)	0	(350)	(750)	(1,500)	(2,300)
Net additional investment income (CRP)	0	0	0	0	(100)
Business Rates Reserve	0	(250)	(550)	(550)	(400)
Funding Reserve	0	(250)	(350)	(350)	(133)
Spending Review Damping	0	(475)	(475)	(475)	(475)
<b>Adjusted (Surplus) / Deficit</b>	<b>0</b>	<b>55</b>	<b>110</b>	<b>99</b>	<b>79</b>

- a) The Investment Strategy identifies a programme of commercial investment; £20 million for further development at Chesterford Research Park (CRP) and £80 million for other opportunities.
- b) The above table sets out the revised adjusted deficit position when taking into account the likely net additional income from the investments. CRP will require development of new buildings which take time to deliver a return. As this plan covers 5 years the main returns are not shown as they only start to be realised in 2024/25. The other income starts earlier as it is likely that the commercial acquisitions will be of existing buildings with in-situ tenants.

21. Sufficient reserves should be maintained to cover the eventualities that may arise from 2019/20. The Council should proactively look for service efficiencies and income generating projects.
22. 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.
23. 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

24. Total General Fund reserves during this five year model are estimated to decrease from £12.984 million to £12.047 million, a reduction of £0.937 million.
25. A schedule of forecasted reserves balances is set out on the following page; this includes the surplus of £2.200 million from 2019/20.



## General Fund Reserves – 5 year summary

	2018/19	2019/20		2020/21		2021/22		2022/23		2023/24	
£'000	31 March 2019	Net	31 March 2020	Net	31 March 2021	Net	31 March 2022	Net	31 March 2023	Net	31 March 2024
	Forecast	Movemen	Forecast	Movemen	Forecast	Movemen	Forecast	Movemen	Forecast	Movemen	Forecast
<b>USABLE RESERVES</b>											
<i>Financial management Reserves</i>											
MTFS Reserve	550		550		550		550		550		550
Transformation Reserve	1,098		1,098		1,098		1,098		1,098		1,098
EU Exit Reserve	0	200	200		200		200		200		200
Funding Reserve	0	1,059	1,059	(250)	809	(250)	559	(250)	309	(311)	0
<i>Contingency Reserves</i>	0		0		0		0		0		0
Emergency Response	40		40		40		40		40		40
<i>Service Reserves</i>	0		0		0		0		0		0
Depot new site	4,483		4,483		4,483		4,483		4,483		4,483
Development Control	27		27		27		27		27		27
Development Projects	105		105		105		105		105		105
Economic Development	15		15		15		15		15		15
Elections	100	(55)	45	25	70	25	95	25	120	(75)	45
Health and Wellbeing	41		41		41		41		41		41
Homelessness	118	(20)	98		98		98		98		98
Housing Strategy	54		54		54		54		54		54
New Homes Bonus Ward Members	16	(16)	0		0		0		0		0
Planning	621	(309)	312		312		312		312		312
Neighbourhood Planning	93		93		93		93		93		93
Private Finance Initiative	180		180		180		180		180		180
Strategic Initiatives Fund	2,160		2,160		2,160		2,160		2,160		2,160
Waste Management	201	170	371		371		371		371		371
<b>TOTAL USABLE RESERVES</b>	<b>9,902</b>	<b>1,029</b>	<b>10,931</b>	<b>(225)</b>	<b>10,706</b>	<b>(225)</b>	<b>10,481</b>	<b>(225)</b>	<b>10,256</b>	<b>(386)</b>	<b>9,872</b>
<b>RING-FENCED RESERVES</b>											
Working Balance	1,280	28	1,308		1,308		1,308		1,308		1,308
Capital Slippage	167	0	167		167		167		167		167
Pension Reserve	0	0	0		0		0		0		0
Business Rates Review	1,367	941	2,308	(250)	2,058	(550)	1,508	(550)	958	(550)	408
Licensing Reserve	197	24	221		221		221		221		221
DWP Reserve	71		71		71		71		71		71
<b>TOTAL RING-FENCED RESERVES</b>	<b>3,082</b>	<b>993</b>	<b>4,075</b>	<b>(250)</b>	<b>3,825</b>	<b>(550)</b>	<b>3,275</b>	<b>(550)</b>	<b>2,725</b>	<b>(550)</b>	<b>2,175</b>
<b>TOTAL RESERVES</b>	<b>12,984</b>	<b>2,022</b>	<b>15,006</b>	<b>(475)</b>	<b>14,531</b>	<b>(775)</b>	<b>13,756</b>	<b>(775)</b>	<b>12,981</b>	<b>(936)</b>	<b>12,047</b>

## Housing Revenue Account (HRA)

26. Under the self-financing reform the Council took out a loan for housing stock of £88.4m and the debt has been structured so that it is repaid in years 6 to 30 i.e. from 2017/18 to 2041/42. 2019/20 is the third year of the principal repayment and the eighth year of self-financing.
27. The HRA has completed an extensive programme of new builds and redevelopments of both social and sheltered housing units. As expected the repayment of the loan principal has impacted significantly on the business plan, HRA reserves and future year's capital programme.
28. 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.
29. 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.
30. Government announced in October 2018 that the HRA borrowing cap had been removed. The removal of the cap is welcomed as it takes away one of the restrictions faced by local authorities looking to invest in their housing stock and build homes.
31. The decision to increase HRA borrowing is not just dependent on whether it is permitted; it also needs to be affordable. There is currently a balanced HRA business plan and therefore costs arising from additional borrowing would need to be funded either through additional income or a reduction in costs. The Government policy of 1% rent reductions over 4 years, with 2019/20 being the final year of this policy, has had a significant impact on income levels and limits the affordability of additional borrowing. Any increase in financing costs can only be met from finding savings elsewhere in the HRA.
32. Officers will be looking at the new financing rules and options for additional borrowing to support the Council's development of new homes and investment in its current stock. The Council is already committed to building homes for local people and since the introduction of self-financing the Council has been able to build over 100 homes despite the previous borrowing cap.
33. 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 2019/20.
34. The table on the next page shows the predicted 5 year financial position for the HRA. The reserve balances and proposed use of these reserves in the Reserves Strategy.

## Housing Revenue Account – 5 year Summary

£'000	2019/20 Original Budget	2020/21 Original Budget	2021/22 Original Budget	2022/23 Original Budget	2023/24 Original Budget
<b>Housing Revenue Income</b>					
Dwelling Rents	(14,147)	(14,586)	(15,037)	(15,502)	(15,982)
Garage Rents	(224)	(232)	(239)	(247)	(255)
Other Rents etc	(3)	(3)	(3)	(3)	(3)
Charges for Services & Facilities	(977)	(977)	(977)	(977)	(977)
Contributions towards Expenditure	0	0	0	0	0
<b>TOTAL INCOME</b>	<b>(15,352)</b>	<b>(15,797)</b>	<b>(16,256)</b>	<b>(16,730)</b>	<b>(17,217)</b>
<b>Housing Finance &amp; Business Management</b>					
Rents, Rates & Other Property Charges	75	75	75	75	75
	75	75	75	75	75
<b>Housing Maintenance &amp; Repairs Service</b>					
Common Service Flats	204	204	204	204	204
Estate Maintenance	152	152	152	152	152
Housing Repairs	2,561	2,484	2,484	2,484	2,484
Housing Sewerage	58	58	58	58	58
Newport Depot	24	24	24	24	24
Property Services	318	318	318	318	318
	3,317	3,240	3,240	3,240	3,240
<b>Housing Management &amp; Homelessness</b>					
Housing Services	470	470	470	470	470
Sheltered Housing Services	629	629	629	629	629
	1,099	1,099	1,099	1,099	1,099
<b>Total Service Expenditure</b>	<b>4,491</b>	<b>4,414</b>	<b>4,414</b>	<b>4,414</b>	<b>4,414</b>
<b>Other Costs</b>					
Bad Debt Provision	100	100	100	100	100
Depreciation - Dwellings (to MRR)	3,888	3,888	3,888	3,888	3,888
Depreciation - Non- Dwellings (to MRR)	91	91	91	91	91
Interest/Costs re HRA Loan	2,604	2,613	2,601	2,570	2,519
Repayment of HRA Loan	2,000	2,000	2,000	2,000	3,000
Investment Income	(42)	(15)	(15)	(15)	(15)
Pension Costs - Added Years	19	19	19	19	19
Pension Deficit - Triennial payment	0	0	0	0	0
Recharge from General Fund	1,693	1,693	1,693	1,693	1,693
HRA Share of Corporate Core	366	366	366	366	366
Right to Buy Admin Allowance	(10)	(10)	(10)	(10)	(10)
<b>Total Non-Service Expenditure</b>	<b>10,708</b>	<b>10,745</b>	<b>10,733</b>	<b>10,702</b>	<b>11,651</b>
<b>TOTAL EXPENDITURE</b>	<b>15,199</b>	<b>15,159</b>	<b>15,147</b>	<b>15,116</b>	<b>16,065</b>
<b>OPERATING (SURPLUS)/DEFICIT</b>	<b>(152)</b>	<b>(639)</b>	<b>(1,110)</b>	<b>(1,614)</b>	<b>(1,153)</b>
Funding from Cap Rec Res for HRA Loan	(2,000)	(678)	(664)	0	0
<b>Funding of Capital Programme from HRA</b>					
Capital Schemes Funded from Revenue	2,692	1,416	1,758	1,261	1,261
	2,692	1,416	1,758	1,261	1,261
<b>Transfers to/(from) Reserves</b>					
Capital Projects	(153)	(75)	0	353	(118)
Change Management Reserve	0	0	0	0	0
Potential Developments	(355)	0	0	0	0
HRA Slippage Reserve	0	0	0	0	0
HRA Slippage Reserve	0	0	0	0	0
Sheltered Housing Reserve	0	0	0	0	0
Transformation Reserve	0	0	0	0	0
Working Balance	(31)	(25)	16	(0)	10
	(539)	(100)	16	353	(108)
<b>(SURPLUS)/DEFICIT</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Housing Revenue Reserves – 5 year Summary

£'000	2019/20			2020/21			2021/22			2022/23			2023/24			
	31 March 2019 Forecast	Transfer from HRA	Transfer to HRA	31 March 2020 Forecast	Transfer from HRA	Transfer to HRA	31 March 2021 Forecast	Transfer from HRA	Transfer to HRA	31 March 2022 Forecast	Transfer from HRA	Transfer to HRA	31 March 2023 Forecast	Transfer from HRA	Transfer to HRA	31 March 2024 Forecast
<b>USABLE RESERVES</b>																
<i>Revenue Reserves</i>																
Revenue Projects	180			180			180			180			180			180
Transformation Reserve	60			60			60			60			60			60
<i>Capital Reserves</i>																
Capital Projects	228		(153)	75		(75)	0			0	353		0			0
Potential Projects	355		(355)	0			0			0			0		(118)	235
Sheltered Housing Projects	0			0			0			0			0			0
HRA Slippage Reserve	313		0	313		0	313		0	313		0	313		0	313
<b>TOTAL USABLE RESERVES</b>	<b>1,136</b>	<b>0</b>	<b>(508)</b>	<b>628</b>	<b>0</b>	<b>(75)</b>	<b>553</b>	<b>0</b>	<b>0</b>	<b>553</b>	<b>353</b>	<b>0</b>	<b>906</b>	<b>0</b>	<b>(118)</b>	<b>788</b>
<b>RINGFENCED RESERVES</b>																
Working Balance	530		(31)	499			499			499			499			499
Capital Receipts - Right to Buy	2,962	1,600	(3,623)	939	1,600	(1,969)	570	1,600	(2,058)	112	1,600	(1,141)	571	1,600	(1,141)	1,030
Capital Receipts - Other	505		(500)	5			5			5			5			5
Major Repairs Reserve	501	3,979	(4,090)	390	3,979	(4,274)	95	3,979	(4,074)	0	3,979	(3,979)	0	3,979	(3,979)	0
<b>TOTAL RING-FENCED RESERVES</b>	<b>4,498</b>	<b>5,579</b>	<b>(8,244)</b>	<b>1,832</b>	<b>5,579</b>	<b>(6,243)</b>	<b>1,168</b>	<b>5,579</b>	<b>(6,132)</b>	<b>616</b>	<b>5,579</b>	<b>(5,120)</b>	<b>1,075</b>	<b>5,579</b>	<b>(5,120)</b>	<b>1,534</b>
<b>TOTAL RING-FENCED RESERVE</b>	<b>5,634</b>	<b>5,579</b>	<b>(8,752)</b>	<b>2,460</b>	<b>5,579</b>	<b>(6,318)</b>	<b>1,721</b>	<b>5,579</b>	<b>(6,132)</b>	<b>1,169</b>	<b>5,932</b>	<b>(5,120)</b>	<b>1,981</b>	<b>5,579</b>	<b>(5,238)</b>	<b>2,322</b>



# Uttlesford District Council Treasury Management Strategy 2019/20



Prepared by:  
Finance  
Uttlesford District Council  
January 2019



## Introduction

1. Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. 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 financial risk are therefore central to the Authority's prudent financial management.
2. Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management 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 the CIPFA Code.
3. Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy which is included in the agenda as Annexe D2.

## External Context

### Economic background

4. The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Authority's treasury management strategy for 2019/20.
5. UK Consumer Price Inflation (CPI) for October was up 2.4% year/year, slightly below the consensus forecast and broadly in line with the Bank of England's November Inflation Report. The most recent labour market data for October 2018 showed the unemployment rate edged up slightly to 4.1% while the employment rate of 75.7% was the joint highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.3% as wages continue to rise steadily and provide some pull on general inflation. Adjusted for inflation, real wages grew by 1.0%, a level still likely to have little effect on consumer spending.
6. The rise in quarterly GDP growth to 0.6% in Q3 from 0.4% in the previous quarter was due to weather-related factors boosting overall household consumption and construction activity over the summer following the weather-related weakness in Q1. At 1.5%, annual GDP growth continues to remain below trend. Looking ahead, the BoE, in its November Inflation Report, expects GDP growth to average around 1.75% over the forecast horizon, providing the UK's exit from the EU is relatively smooth.
7. Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy have been made since. However, the Bank expects that should the economy continue to evolve in line with its November forecast, further increases in Bank Rate will be required to return inflation to the 2% target. The

Monetary Policy Committee continues to reiterate that any further increases will be at a gradual pace and limited in extent.

8. While US growth has slowed over 2018, the economy continues to perform robustly. The US Federal Reserve continued its tightening bias throughout 2018, pushing rates to the current 2%-2.25% in September. Markets continue to expect one more rate rise in December, but expectations are fading that the further hikes previously expected in 2019 will materialise as concerns over trade wars drag on economic activity.

### **Credit outlook**

9. The big four UK banking groups have now divided their retail and investment banking divisions into separate legal entities under ringfencing legislation. Bank of Scotland, Barclays Bank UK, HSBC UK Bank, Lloyds Bank, National Westminster Bank, Royal Bank of Scotland and Ulster Bank are the ringfenced banks that now only conduct lower risk retail banking activities. Barclays Bank, HSBC Bank, Lloyds Bank Corporate Markets and NatWest Markets are the investment banks. Credit rating agencies have adjusted the ratings of some of these banks with the ringfenced banks generally being better rated than their non-ringfenced counterparts.
10. The Bank of England released its latest report on bank stress testing, illustrating that all entities included in the analysis were deemed to have passed the test once the levels of capital and potential mitigating actions presumed to be taken by management were factored in. The BoE did not require any bank to raise additional capital.
11. European banks are considering their approach to EU Exit, with some looking to create new UK subsidiaries to ensure they can continue trading here. The credit strength of these new banks remains unknown, although the chance of parental support is assumed to be very high if ever needed. The uncertainty caused by protracted negotiations between the UK and EU is weighing on the creditworthiness of both UK and European banks with substantial operations in both jurisdictions.

### **Interest rate forecast**

12. Following the increase in Bank Rate to 0.75% in August 2018, the Authority's treasury management adviser Arlingclose is forecasting two more 0.25% hikes during 2019 to take official UK interest rates to 1.25%. The Bank of England's MPC has maintained expectations for slow and steady rate rises over the forecast horizon. The MPC continues to have a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. Arlingclose believes that MPC members consider both that ultra-low interest rates result in other economic problems, and that higher Bank Rate will be a more effective policy weapon should downside EU Exit risks crystallise when rate cuts will be required.
13. The UK economic environment remains relatively soft, despite seemingly strong labour market data. Arlingclose's view is that the economy still faces a challenging outlook as it exits the European Union and Eurozone growth softens. While assumptions are that a EU Exit deal is struck and some agreement reached on transition and future trading



arrangements before the UK leaves the EU, the possibility of a “no deal” EU Exit still hangs over economic activity. As such, the risks to the interest rate forecast are considered firmly to the downside.

14. Gilt yields and hence long-term borrowing rates have remained at low levels but some upward movement from current levels is expected based on Arlingclose’s interest rate projections, due to the strength of the US economy and the ECB’s forward guidance on higher rates. 10-year and 20-year gilt yields are forecast to remain around 1.7% and 2.2% respectively over the interest rate forecast horizon, however volatility arising from both economic and political events are likely to continue to offer borrowing opportunities.
15. A more detailed economic and interest rate forecast provided by Arlingclose is attached as Annexe D1.
16. For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 1.08%, and that new long-term loans will be borrowed at an average rate of 2.5%.

## Local Context

17. On 30<sup>th</sup> November 2018, the Authority held £104 million of borrowing and £13 million of investments. This is set out in further detail at Annexe D2. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance sheet summary and forecast

	31.3.18 Actual £m	31.3.19 Estimate £m	31.3.20 Forecast £m	31.3.21 Forecast £m	31.3.22 Forecast £m
General Fund CFR	55	58	58	63	62
HRA CFR	86	85	84	81	79
<b>Total CFR</b>	<b>141</b>	<b>143</b>	<b>142</b>	<b>144</b>	<b>141</b>
Less: Other debt liabilities *	(5)	(5)	(4)	(4)	(4)
<b>Loans CFR</b>	<b>136</b>	<b>138</b>	<b>138</b>	<b>140</b>	<b>137</b>
Less: External borrowing **	(121)	(101)	(95)	(105)	(117)
<b>Internal borrowing</b>	<b>16</b>	<b>37</b>	<b>43</b>	<b>35</b>	<b>20</b>
Less: Usable reserves	(25)	(20)	(17)	(16)	(16)
Less: Working capital	(4)	(3)	(3)	(3)	(3)
<b>Investments/(new borrowing)</b>	<b>14</b>	<b>(14)</b>	<b>(23)</b>	<b>(16)</b>	<b>(1)</b>

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

18. 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’s current strategy is to



maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

19. 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 2019/20.

### Liability benchmark

20. To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity but minimise credit risk.

Table 2: Liability benchmark

	31.3.18 Actual £m	31.3.19 Estimate £m	31.3.20 Forecast £m	31.3.21 Forecast £m	31.3.22 Forecast £m
Loans CFR	136	138	138	140	137
Less: Usable reserves	(25)	(20)	(17)	(16)	(16)
Less: Working capital	(4)	(3)	(3)	(3)	(3)
Plus: Minimum investments	10	10	10	10	10
<b>Liability Benchmark</b>	<b>117</b>	<b>125</b>	<b>128</b>	<b>131</b>	<b>128</b>

21. Following on from the medium-term forecasts in table 2 above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £125 million a year and minimum revenue provision on new capital expenditure based on a 5-7 year asset life. This is shown in more detail in the Capital Strategy (Appendix E, table 7) and the Minimum Revenue Provision Policy is attached as Annexe E1 of the Capital Strategy.

### Borrowing Strategy

22. The Authority currently holds £104 million of loans, a decrease of £4 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 borrow up to £116m in 2019/20. 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

23. 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**

24. 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.
25. By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal/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 2019/20 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
26. Alternatively, the Authority may arrange forward starting loans during 2019/20, 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.
27. The Authority arranged forward starting loans for the investment in Aspire (CRP) Ltd; these are profiled over 4 years with 3 drawdowns:
- £10,000,000 on the 3<sup>rd</sup> July 2017
  - £12,000,000 on the 3<sup>rd</sup> July 2020
  - £15,000,000 on the 3<sup>rd</sup> July 2021
- Fixed rate of interest @ 2.86% for all 3 drawdowns with no principal repayments made until 5<sup>th</sup> January 2022.
28. In addition, the Authority may borrow further short-term loans to cover unplanned cash flow shortages.

## **Sources of borrowing**

29. 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
  - any other UK public sector body
  - 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

### **Other sources of debt finance**

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

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

31. 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**

32. 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**

33. These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below.

### **Debt rescheduling**

34. 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.

## Investment Strategy

35. The Authority holds significant 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 £8 and £22 million.

### Objectives

36. The CIPFA Code requires 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

37. If the UK enters into a recession in 2019/20, 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

38. The Authority aims to further diversify into more secure and higher yielding asset classes over the next 3 years. This is especially the case for the estimated £100 million that is available for longer-term investment. A reducing proportion of the Authority's surplus cash (which is not currently committed to long term investment) will remain invested in short-term unsecured deposits and money market funds.

### Business models

39. Under the new IFRS 9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

### Approved counterparties

40. The Authority may invest its surplus funds with any of the counterparty types in table 3 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 3: 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 external credit rating agencies 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 the fixed term deposit account		£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	£3m	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

This table must be read in conjunction with the notes below

### Credit rating

41. Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. 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

42. 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**

43. 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**

44. 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 generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

### **Pooled funds**

45. Shares or units in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. 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.
46. 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**

47. 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 £3m per bank. 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**

48. 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
  - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
49. 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 on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

## **Other information on the security of investments**

50. 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, reports in the quality financial press and analysis and advice from the Authority's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
51. 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.

## **Investment limits**

52. The Authority's revenue reserves available to cover investment losses are forecast to be £20 million on 31<sup>st</sup> March 2019. In order that no more than 5% 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) 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**

	<b>Cash limit</b>
Any single organisation, except the UK Central Government	£1m each
UK Central Government	Unlimited
UK Local Authorities	£50m in total
Any group of organisations under the same ownership	£1m per group
Any group of pooled funds under the same management	£1m per manager
Unsecured investments with building societies	£1m in total
Money market funds	£5m in total

### **Liquidity management**

53. The Authority uses purpose-built 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.

### **Treasury Management Indicators**

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

### **Security**

55. The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

<b>Credit risk indicator</b>	<b>Target</b>
Portfolio average credit rating	A



## Liquidity

56. The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling 3 month period, without additional borrowing.

Liquidity risk indicator	Target
Total cash available within 3 months	£2m

## Interest rate exposures

57. This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% rise in interest rates	£250,000
Upper limit on one-year revenue impact of a 1% fall in interest rates	£250,000

58. The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates.

## Maturity structure of borrowing

59. This indicator is set to control the Authority's exposure to refinancing risk. The upper limit on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper Limit
Under 12 months	25%
12 months and within 24 months	25%
24 months and within 5 years	50%
5 years and within 10 years	75%
10 years and within 20 years	75%
20 years and above	100%

60. 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 a year

61. 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:

Price risk indicator	2019/20	2020/21	2021/22
Limit on principal invested beyond year end	£10m	£10m	£10m

## Related Matters

62. The CIPFA Code requires the Authority to include the following in its treasury management strategy.

### Financial Derivatives

63. 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).

64. 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 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.

65. 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.

### Housing Revenue Account

66. 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 month and interest transferred between the General Fund and HRA at the Authority's average interest rate on investments, adjusted for credit risk.

### Markets in Financial Instruments Directive

67. The Authority has opted up to professional client status with its providers of financial services, including advisers, banks and brokers, allowing it access to a greater range of

services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Director of Finance and Corporate Services believes this to be the most appropriate status.

## Financial Implications

### General Fund

68. The budget for the General Fund short term investment income in 2019/20 is £0.78 million based on its share of the average investment portfolio of £11 million at an average interest rate of 1.09%. The budget for general fund loan income is £2 million from the loans to Aspire at an interest rate of 4%. The budget for general fund short term debt interest paid in 2019/20 is £0.147 million, based on an average short-term debt portfolio of £25 million at an average interest rate of 1.07% plus long term debt interest of £0.349 million based on long-term borrowing of £12.5 million at an average rate of 2.68%.

### HRA

69. The budget for HRA investment income in 2019/20 is £0.42 million, based on its share of an average investment portfolio of £11 million at an average interest rate of 1.08%. The budget for long term debt interest paid in 2019/20 is £2.6 million based on an average debt portfolio of 84.4 million at an average rate of 2.87%

70. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

### Other Options Considered

71. The CIPFA Code does 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.

<b>Alternative</b>	<b>Impact on income and expenditure</b>	<b>Impact on risk management</b>
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	Debt interest costs will rise;	Higher investment balance

long-term fixed interest rates	this is unlikely to be offset by higher investment income	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

## Arlingclose Economic & Interest Rate Forecast December 2018

### Underlying assumptions:

- Our central interest rate forecasts are predicated on there being a transitional period following the UK's official exit from the EU.
- The MPC has a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. We believe that MPC members consider that: 1) tight labour markets will prompt inflationary pressure in the future, 2) ultra-low interest rates result in other economic problems, and 3) higher Bank Rate will be a more effective policy weapon if downside risks to growth crystallise.
- Both our projected outlook and the increase in the magnitude of political and economic risks facing the UK economy means we maintain the significant downside risks to our forecasts, despite the potential for slightly stronger growth next year as business investment rebounds should the EU Withdrawal Agreement be approved. The potential for severe economic outcomes has increased following the poor reception of the Withdrawal Agreement by MPs. We expect the Bank of England to hold at or reduce interest rates from current levels if EU Exit risks materialise.
- The UK economic environment is relatively soft, despite seemingly strong labour market data. GDP growth recovered somewhat in the middle quarters of 2018, but more recent data suggests the economy slowed markedly in Q4. Our view is that the UK economy still faces a challenging outlook as the country exits the European Union and Eurozone economic growth softens.
- Cost pressures are easing but inflation is forecast to remain above the Bank's 2% target through most of the forecast period. Lower oil prices have reduced inflationary pressure, but the tight labour market and decline in the value of sterling means inflation may remain above target for longer than expected.
- Global economic growth is slowing. Despite slower growth, the European Central Bank is conditioning markets for the end of QE, the timing of the first rate hike (2019) and their path thereafter. More recent US data has placed pressure on the Federal Reserve to reduce the pace of monetary tightening – previous hikes and heightened expectations will, however, slow economic growth.
- Central bank actions and geopolitical risks have and will continue to produce significant volatility in financial markets, including bond markets.

### Forecast:

- The MPC has maintained expectations of a slow rise in interest rates over the forecast horizon, but recent events around EU Exit have dampened interest rate expectations. Our central case is for Bank Rate to rise twice in 2019, after the UK exits the EU. The risks are weighted to the downside.

- Gilt yields have remained at low levels. We expect some upward movement from current levels based on our central case that the UK will enter a transitional period following its EU exit in March 2019. However, our projected weak economic outlook and volatility arising from both economic and political events will continue to offer borrowing opportunities.

	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Average
<b>Official Bank Rate</b>														
Upside risk	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.17
<b>Arlingclose Central Case</b>	<b>0.75</b>	<b>0.75</b>	<b>1.00</b>	<b>1.00</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.13</b>
Downside risk	0.00	-0.50	-0.75	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-0.85
<b>3-mth money market rate</b>														
Upside risk	0.10	0.10	0.10	0.10	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.17
<b>Arlingclose Central Case</b>	<b>0.90</b>	<b>0.95</b>	<b>1.10</b>	<b>1.30</b>	<b>1.40</b>	<b>1.40</b>	<b>1.40</b>	<b>1.35</b>	<b>1.35</b>	<b>1.35</b>	<b>1.35</b>	<b>1.35</b>	<b>1.35</b>	<b>1.27</b>
Downside risk	-0.20	-0.45	-0.60	-0.80	-0.90	-0.90	-0.90	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.76
<b>1-yr money market rate</b>														
Upside risk	0.20	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.33
<b>Arlingclose Central Case</b>	<b>1.15</b>	<b>1.25</b>	<b>1.35</b>	<b>1.50</b>	<b>1.70</b>	<b>1.60</b>	<b>1.50</b>	<b>1.40</b>	<b>1.35</b>	<b>1.35</b>	<b>1.35</b>	<b>1.35</b>	<b>1.35</b>	<b>1.40</b>
Downside risk	-0.35	-0.50	-0.60	-0.80	-0.90	-0.90	-0.90	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.77
<b>5-yr gilt yield</b>														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.37
<b>Arlingclose Central Case</b>	<b>1.15</b>	<b>1.25</b>	<b>1.35</b>	<b>1.50</b>	<b>1.50</b>	<b>1.40</b>	<b>1.35</b>	<b>1.35</b>	<b>1.30</b>	<b>1.30</b>	<b>1.30</b>	<b>1.30</b>	<b>1.30</b>	<b>1.33</b>
Downside risk	-0.50	-0.60	-0.65	-0.80	-0.80	-0.70	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.66
<b>10-yr gilt yield</b>														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.37
<b>Arlingclose Central Case</b>	<b>1.50</b>	<b>1.65</b>	<b>1.70</b>	<b>1.80</b>	<b>1.80</b>	<b>1.75</b>	<b>1.75</b>	<b>1.70</b>	<b>1.70</b>	<b>1.70</b>	<b>1.70</b>	<b>1.70</b>	<b>1.70</b>	<b>1.70</b>
Downside risk	-0.55	-0.70	-0.70	-0.80	-0.80	-0.75	-0.75	-0.70	-0.70	-0.70	-0.70	-0.70	-0.70	-0.71
<b>20-yr gilt yield</b>														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.37
<b>Arlingclose Central Case</b>	<b>2.00</b>	<b>2.10</b>	<b>2.20</b>	<b>2.20</b>	<b>2.20</b>	<b>2.20</b>	<b>2.20</b>	<b>2.20</b>	<b>2.20</b>	<b>2.20</b>	<b>2.20</b>	<b>2.20</b>	<b>2.20</b>	<b>2.18</b>
Downside risk	-0.60	-0.70	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73
<b>50-yr gilt yield</b>														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.37
<b>Arlingclose Central Case</b>	<b>1.90</b>	<b>1.95</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>1.99</b>
Downside risk	-0.60	-0.70	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

## Existing Investment & Debt Portfolio Position

	30/11/2018 Actual Portfolio £m	30/11/2018 Average Rate %
<b>External Borrowing:</b>		
Public Works Loans Board	86	2.79
Local Authorities	7.5	0.83
Phoenix Life Ltd	10	2.86
<b>Total External Borrowing</b>	<b>103.5</b>	
<b>Other Long term Liabilities:</b>		
Private Finance Initiative	4.7	8.29
<b>Total gross external debt</b>	<b>108.2</b>	
<b>Treasury Investments:</b>		
Banks and Building Societies (unsecured)	2.6	0.55
Government (incl. local authorities)	9	0.67
Money Market Funds	1	0.72
<b>Total Treasury Investments</b>	<b>12.6</b>	
<b>Net Debt</b>	<b>95.6</b>	

This page is intentionally left blank

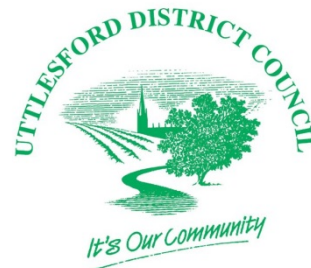




# Uttlesford District Council Capital Strategy 2019/20



Prepared by:  
Finance  
Uttlesford District Council  
January 2019



## Introduction

1. This capital strategy is a new report for 2019/20, giving a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these sometimes technical areas.

## Capital Expenditure and Financing

2. Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in year.
3. Details of the Council's policy on capitalisation can be found in the Statement of Accounts 2017/18
4. In 2019/20, the Council is planning capital expenditure of £17m as summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions

	2017/18 actual	2018/19 forecast	2019/20 budget	2020/21 budget	2021/22 budget
General Fund services	2	6	7	6	1
Council housing (HRA)	9	10	10	7	7
Capital investments	47	0	0	0	0
<b>TOTAL</b>	<b>58</b>	<b>16</b>	<b>17</b>	<b>13</b>	<b>8</b>

5. The main General Fund capital projects include vehicle replacement programme, asset maintenance programme and ICT development. The Council also plans to increase capital expenditure on investments, details of this can be found in the investments strategy.
6. The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately, and includes the building of 16 new homes over the forecast period.

## Governance

7. Service managers bid annually in September to include projects in the Council's capital programme. Bids are collated by Financial Services who calculate the financing cost (which can be nil if the project is fully externally financed). Capital Officers appraise all bids based on a comparison of service priorities against financing costs and makes recommendations to Corporate Management Team. The final capital programme is then presented to Cabinet and then to Council in February each year. Full details of the Council's Capital Programme can be viewed in Appendix F.
8. All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

*Table 2: Capital financing in £ millions*

	2017/18 actual	2018/19 forecast	2019/20 budget	2020/21 budget	2021/22 budget
External sources	1	1	1	0	0
Own resources	10	11	14	8	8
Debt	47	4	2	5	0
<b>TOTAL</b>	<b>58</b>	<b>16</b>	<b>17</b>	<b>13</b>	<b>8</b>

9. Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and use of capital receipts are as follows:

*Table 3: Replacement of debt finance in £ millions*

	2017/18 actual	2018/19 forecast	2019/20 budget	2020/21 budget	2021/22 budget
Own resources	2	3	3	4	3

10. The Council's full Minimum Revenue Provision statement is attached as Appendix E1.
11. The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The

CFR is expected to increase by £2m during 2019/20. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

*Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions*

	<b>31.3.2018 actual</b>	<b>31.3.2019 forecast</b>	<b>31.3.2020 budget</b>	<b>31.3.2021 budget</b>	<b>31.3.2022 budget</b>
General Fund services	7	8	9	9	8
Council housing (HRA)	87	85	84	81	79
Capital investments	47	50	50	54	54
<b>TOTAL CFR</b>	<b>141</b>	<b>143</b>	<b>143</b>	<b>144</b>	<b>141</b>

### **Asset management**

12. To ensure that capital assets continue to be of long-term use, the Council has an asset management strategy in place.

### **Asset disposals**

13. When a capital asset is no longer considered necessary, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Council is currently also permitted to spend capital receipts on service transformation projects until 2021/22. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive £2m of capital receipts in the coming financial year as follows:

*Table 5: Capital receipts in £ millions*

	<b>2017/18 actual</b>	<b>2018/19 forecast</b>	<b>2019/20 budget</b>	<b>2020/21 budget</b>	<b>2021/22 budget</b>
Asset sales	2	2	2	2	2
Loans repaid	0	0	0	0	0
<b>TOTAL</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>

14. The Council's Use of Capital Receipts can be found in the Statement of Accounts 2017/18.

## Treasury Management

15. Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account.
16. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. Cash balances being used can be repaid/financed through MRP this is referred to as internal borrowing, this is only applied to short-term assets or long-term assets over the short-term see policy in Statement of Accounts. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.
17. Due to decisions taken in the past, the Council currently has £104m borrowing and £13m of investments.

### Borrowing strategy

18. The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.75%) and long-term fixed rate loans where the future cost is known but higher (currently 2.0 to 3.0%).
19. Projected levels of the Council's total outstanding debt (which comprises borrowing, PFI liabilities, leases) are shown below, compared with the capital financing requirement (see above).

*Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement £ millions*

	31.3.2018 actual	31.3.2019 forecast	31.3.2020 budget	31.3.2021 budget	31.3.2022 budget
Debt (incl. PFI & leases)	112	102	104	114	126
Capital Financing Requirement	141	140	140	137	134

20. Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Council expects to comply with this in the medium term.

## Liability benchmark

21. To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This benchmark is currently £117m and is forecast to rise to £128m over the next three years.

*Table 7: Borrowing and the Liability Benchmark in £ millions*

	31.3.2018 actual	31.3.2019 forecast	31.3.2020 budget	31.3.2021 budget	31.3.2022 budget
Outstanding borrowing	126	122	121	119	119
Liability benchmark	117	125	128	131	128

22. The table shows that the Council expects to remain borrowed above its liability benchmark. This is because a deliberate decision has been made to borrow additional sums for further investment in the Council's subsidiaries in the current year.

### Affordable borrowing limit:

23. The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

*Table 8: Prudential Indicators: Authorised limit and operational boundary for external debt in £m*

	2018/19 limit	2019/20 limit	2020/21 limit	2021/22 limit
Authorised limit – borrowing	245	245	246	246
Authorised limit – PFI and leases	5	5	4	4
Authorised limit – total external debt	250	250	250	250
Operational boundary – borrowing	245	245	246	246
Operational boundary – PFI and leases	5	5	4	4
Operational boundary – total external debt	250	250	250	250

Further details on borrowing are in the Treasury Management Strategy (Appendix D)

## **Investment strategy**

24. Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.
25. The Council's policy on treasury investments is to prioritise security and liquidity over yield that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss.
26. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation.
27. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Further details on treasury investments are in the Treasury Management Strategy.

## **Governance**

28. Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Director of Finance and staff, who must act in line with the treasury management strategy approved by Council. Quarterly reports and a mid-year review on treasury management activity are presented to Cabinet.

## **Investments for Service Purposes**

29. The Council makes investments to assist local public services, including making loans to the Council's subsidiaries. In light of the public service objective, the Council is willing to take more risk than with treasury investments; however it still plans for such investments to generate a positive return after all costs.

## **Governance**

30. Decisions on service investments are made by the relevant service manager in consultation with the Director of Finance and Corporate Services and must meet the criteria and limits laid down in the Investment Strategy. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.

Further details on service investments are in the Investment Strategy



## Commercial Activities

31. With central government financial support for local public services declining, the Council invests in commercial property purely or mainly for financial gain and lends to its subsidiaries trading under the Aspire name for the same reason. Total commercial investments are currently valued at £47.4m providing a net return after all costs of 4%.
32. With financial return being the main objective, the Council accepts higher risk on commercial investment than with treasury investments. The principal risk exposures include tenants defaulting on their tenancy agreements resulting in income to be below the interest repayment. These risks are managed by continuously attractive different types of research business to the Park and regularly monitoring of forecasted income.

### Governance

33. Decisions on commercial investments are made by Director of Finance and Corporate Services in line with the criteria and limits approved by Full Council in the Investment Strategy. Property and most other commercial investments are also capital expenditure and purchases will therefore also be approved as part of the capital programme.

## Liabilities

34. In addition to debt of £47.4m detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £34.7m).

### Governance

35. Decisions on incurring new discretionary liabilities are taken by service managers in consultation with the Director of Finance and Corporate Services. The risk of liabilities crystallising and requiring payment is monitored by Financial Services and reported quarterly to Cabinet.



## Revenue Budget Implications

36. Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

*Table 9: Prudential Indicator: Proportion of financing costs to net revenue stream*

	<b>2017/18 actual</b>	<b>2018/19 forecast</b>	<b>2019/20 budget</b>	<b>2020/21 budget</b>	<b>2021/22 budget</b>
Financing costs (£m)	6	6	6	7	7
Proportion of net revenue stream	23.59%	25.62%	26.17%	28.10%	28.84%

### Sustainability

37. Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Director of Finance and Corporate Services is satisfied that the proposed capital programme is prudent, affordable and sustainable.

## Knowledge and Skills

38. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Director of Finance and Corporate Services is a qualified accountant. The Council pays for junior staff to study towards relevant professional qualifications including CIPFA, AAT and ILM.
39. Where Council staff does not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers, other specialists will differ depending on the expertise required. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.



### Minimum Revenue Provision Statement – 2019/20

This report covers the requirements of the latest Guidance on Minimum Revenue Provision for an annual MRP statement. The Statement should be approved by the full Council before the start of the new financial year which is a legislative requirement.

Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum charge since 2008. The Local Government Act 2003 requires the Council to have regard to the Department for Communities and Local Government's / Department of Environment's *Guidance on Minimum Revenue Provision* (the DCLG/DOE Guidance) most recently issued in 2011/2012.

The broad aim of the DCLG/DOE Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits. DCLG is currently compiling responses to a consultation on MRP any changes to the code will be updated within a new MRP policy.

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

For unsupported capital expenditure incurred after 31<sup>st</sup> March 2008, MRP will be determined by either charging the expenditure over the useful economic life of the relevant assets in equal instalments or as the principal repayment on an annuity with a specifically determined annual interest rate, starting in the year after the asset becomes operational. If additional financing capacity permits, the authority reserves the right to charge MRP over shorter periods to help with minimising the level of the capital financing requirement burden in subsequent years.

Where MRP is charged over the useful economic life of the asset it will be consistent with the write down period adopted for the same assets in the Council's accounting policy for depreciation.

For assets acquired by finance leases or the Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

MRP in respect of the £88.407m payment made in 2012 to exit the Housing Revenue Account subsidy system and any other external borrowing required by the Council is currently determined as being equal to the principal amount repaid on the loan/s borrowed to finance that payment.

The Housing Revenue Account MRP charge in line with the loan principal is currently subject to review under the refinancing report by Arlingclose found within the HRA 2019-20 Budget setting report.

Expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged to revenue in the year the expenditure is incurred. Examples of this expenditure include Community Grants, Disabled Facilities Grants and Private Sector Renewal Grants.

Expenditure related to capital contracts which is classified as work in progress at year-end, will be fully financed in the year the expenditure is incurred.

	<b>Estimated CFR 31.03.2019 £'000</b>	<b>2019/20 Estimated MRP £'000</b>
Capital Expenditure before 01.04.2008	0	0
Supported Capital Expenditure after 31.03.2008	0	0
Unsupported Capital Expenditure after 31.03.2008	51,113	669
Finance Leases and Private Finance Initiative	4,619	131
Transferred Debt	0	0
Loans to other bodies	0	0
<b>Total General Fund</b>	<b>55,732</b>	<b>800</b>
Assets in the Housing Revenue Account	0	0
HRA Subsidy Reform Payment	84,622	2,000
<b>Total Housing Revenue Account</b>	<b>84,622</b>	<b>2,000</b>
<b>Total CFR</b>	<b>140,354</b>	<b>2,800</b>

---

**Capital Programme – 2019/20 – 2023/24**

---

**Summary**

1. The Capital programme is for the 5 year period, 2019/20 to 2023/24.
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.

**Financial Implications**

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

**Capital Programme 2019/20 – 2023/24**

7. Annex F1 shows a summary table of all the capital projects and their costs for each year.
8. Annex F2 details all the capital programmes by Portfolio and gives details of the type of expenditure and the scheduled programme of works for each year.
9. Annex F3 details how the Capital Programme is being financed.
10. The Capital Programme is an evolving and rolling programme year on year.
11. 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
12. No external borrowing is required to finance the 5 year Capital Programme for General Fund projects detailed in this report.
13. 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.
14. 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.

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

16. 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.

17. The total predicted cost of the capital programme for 2019/20 is £41.579 million. The breakdown of the expenditure between accounts is;

- General Fund - £ 6.585 million
- Housing Revenue - £34.994 million

18. There are no new General Fund schemes and the HRA has 2 new schemes in 2019/20; the redesign of Walden Place and the redevelopment of The Moores.

### 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

### 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

ANNEX F1 – 5 YEAR CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME SUMMARY 2018/19 to 2023/24	2018/19	2018/19	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2018-2024
	Current Budget	Forecast Spend P6	Proposed Slippage to 2019/20	Original	Forecast	Forecast	Forecast	Forecast	Total
	£	£	£		£	£	£	£	£
<b>General Fund Capital Schemes</b>									
Communities and Partnerships	155	155	0	110	110	110	110	110	550
Environmental Services	2,740	1,925	343	952	1,010	155	837	110	3,064
Finance & Administration	5,564	1,181	4,383	586	235	235	235	235	1,526
Housing and Economic Development	1,280	770	100	355	272	272	272	272	1,445
<b>Sub Total</b>	<b>9,739</b>	<b>4,031</b>	<b>4,826</b>	<b>2,003</b>	<b>1,628</b>	<b>772</b>	<b>1,454</b>	<b>727</b>	<b>6,585</b>
<b>Housing Revenue Account Capital Schemes</b>									
HRA Capital	10,352	9,949	313	9,769	6,545	6,790	5,945	5,945	34,994
<b>Sub Total</b>	<b>10,352</b>	<b>9,949</b>	<b>313</b>	<b>9,769</b>	<b>6,545</b>	<b>6,790</b>	<b>5,945</b>	<b>5,945</b>	<b>34,994</b>
<b>TOTAL CAPITAL PROGRAMME</b>	<b>20,091</b>	<b>13,980</b>	<b>5,139</b>	<b>11,772</b>	<b>8,173</b>	<b>7,562</b>	<b>7,399</b>	<b>6,672</b>	<b>41,579</b>



**ANNEX F2 – 5 YEAR CAPITAL PROGRAMME BY PORTFOLIO**

<b>COMMUNITIES &amp; PARTNERSHIPS 2018/19 to 2023/24</b>	<b>2018/19 Current Budget</b>	<b>2018/19 Forecast Spend P6</b>	<b>2018/19 Proposed Slippage to 2019/20</b>	<b>2019/20 Original</b>	<b>2020/21 Forecast</b>	<b>2021/22 Forecast</b>	<b>2022/23 Forecast</b>	<b>2023/24 Forecast</b>	<b>2018-2024 Total</b>
	£	£	£		£	£	£	£	£
S/W Castle - Motte & Bailey	30	30	0	0	0	0	0	0	0
Community Project Grants	125	125	0	110	110	110	110	110	550
<b>Sub Total</b>	<b>155</b>	<b>155</b>	<b>0</b>	<b>110</b>	<b>110</b>	<b>110</b>	<b>110</b>	<b>110</b>	<b>550</b>
<b>PORTFOLIO TOTAL</b>	<b>155</b>	<b>155</b>	<b>0</b>	<b>110</b>	<b>110</b>	<b>110</b>	<b>110</b>	<b>110</b>	<b>550</b>

<b>ENVIRONMENTAL SERVICES 2018/19 to 2023/24</b>	<b>2018/19 Current Budget</b>	<b>2018/19 Forecast Spend P6</b>	<b>2018/19 Proposed Slippage to 2019/20</b>	<b>2019/20 Original</b>	<b>2020/21 Forecast</b>	<b>2021/22 Forecast</b>	<b>2022/23 Forecast</b>	<b>2023/24 Forecast</b>	<b>2018-2024 Total</b>
	£	£	£		£	£	£	£	£
Vehicle Replacement Programme	2,396	1,683	241	822	880	45	727	0	2,474
Household Bins	70	70	0	70	70	70	70	70	350
Kitchen Caddies	10	10	0	10	10	10	10	10	50
Garden Waste Bins	20	20	0	20	20	20	20	20	100
Trade Waste Bins	10	10	0	30	30	10	10	10	90
Lower Street Car Park Extension	102	0	102	0	0	0	0	0	0
Car Parking Machine Replacement	92	92	0	0	0	0	0	0	0
Electric Car Charges	15	15	0	0	0	0	0	0	0
White Street Car Park	25	25	0	0	0	0	0	0	0
<b>Sub Total</b>	<b>2,740</b>	<b>1,925</b>	<b>343</b>	<b>952</b>	<b>1,010</b>	<b>155</b>	<b>837</b>	<b>110</b>	<b>3,064</b>
<b>PORTFOLIO TOTAL</b>	<b>2,740</b>	<b>1,925</b>	<b>343</b>	<b>952</b>	<b>1,010</b>	<b>155</b>	<b>837</b>	<b>110</b>	<b>3,064</b>

**ANNEX F2 – 5 YEAR CAPITAL PROGRAMME BY PORTFOLIO**

FINANCE & ADMINISTRATION 2018/19 to 2023/24	2018/19 Current Budget	2018/19 Forecast Spend P6	2018/19 Proposed Slippage to 2019/20	2019/20 Original	2020/21 Forecast	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2018-2024 Total
	£	£	£		£	£	£	£	£
ICT									
Minor Items IT	25	10	0	20	20	20	20	20	100
PCI Compliance	38	38	0	20	20	20	20	20	100
PSN CoCo	30	30	0	30	30	30	30	30	150
Core switches - Replacement	40	40	0	0	0	0	0	0	0
Replacement Electoral System	60	60	0	0	0	0	0	0	0
Hot Desking/Mobile working	90	105	0	90	0	0	0	0	90
Asset Management System	30	30	0	0	0	0	0	0	0
Cyber Security	20	20	0	20	20	20	20	20	100
Grounds Maintenance & Vehicle Systems	100	100	0	0	0	0	0	0	0
Iclipse to Information at Work	50	50	0	0	0	0	0	0	0
Idox Additional Modules	32	32	0	0	0	0	0	0	0
Licensing - Lalpac to Idox Uniform	30	30	0	0	0	0	0	0	0
ArcGIS Upgrade	21	21	0	0	0	0	0	0	0
Members IT Equipment	0	0	0	30	0	0	0	0	30
Mobile / Web Payments	0	0	0	40	0	0	0	0	40
Network Monitoring & Threat Protection	0	0	0	30	0	0	0	0	30
<b>Sub Total</b>	<b>566</b>	<b>566</b>	<b>0</b>	<b>280</b>	<b>90</b>	<b>90</b>	<b>90</b>	<b>90</b>	<b>640</b>
<b>Council Asset Works</b>									
Council Offices Improvements (General)	54	54	0	173	120	120	120	120	653
Single Depot	4,633	250	4,383	0	0	0	0	0	0
Day Centre Cyclical Improvements	56	56	0	46	25	25	25	25	146
Guildhall Buildings Works	40	40	0	0	0	0	0	0	0
Museum Buildings	48	48	0	45	0	0	0	0	45
London Road Heating	36	36	0	0	0	0	0	0	0
London Road Electrical	78	78	0	15	0	0	0	0	15
<b>Sub Total</b>	<b>4,945</b>	<b>562</b>	<b>4,383</b>	<b>279</b>	<b>145</b>	<b>145</b>	<b>145</b>	<b>145</b>	<b>859</b>
<b>Other</b>									
Election Equipment	10	10	0	0	0	0	0	0	0
Cash Deposit Machine	13	13	0	0	0	0	0	0	0
Stansted Conveniences - Grant	30	30	0	0	0	0	0	0	0
Postal Software	0	0	0	27	0	0	0	0	27
<b>Sub Total</b>	<b>53</b>	<b>53</b>	<b>0</b>	<b>27</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PORTFOLIO TOTAL</b>	<b>5,564</b>	<b>1,181</b>	<b>4,383</b>	<b>586</b>	<b>235</b>	<b>235</b>	<b>235</b>	<b>235</b>	<b>1,499</b>

**ANNEX F2 – 5 YEAR CAPITAL PROGRAMME BY PORTFOLIO**

HOUSING & ECONOMIC DEVELOPMENT 2018/19 to 2023/24	2018/19	2018/19	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2018-2024
	Current Budget	Forecast Spend P6	Proposed Slippage to 2019/20	Original	Forecast	Forecast	Forecast	Forecast	Total
	£	£	£		£	£	£	£	£
Disabled Facilities Grants	260	260	0	260	192	192	192	192	1,030
Empty Dwellings	50	0	0	10	10	10	10	10	50
Private Sector Renewal Grants	70	10	0	70	70	70	70	70	350
Compulsory Purchase Order	300	0	0	0	0	0	0	0	0
Superfast Broadband	600	500	100	0	0	0	0	0	0
Air Quality Monitoring	0	0	0	15	0	0	0	0	15
<b>Sub Total</b>	<b>1,280</b>	<b>770</b>	<b>100</b>	<b>355</b>	<b>272</b>	<b>272</b>	<b>272</b>	<b>272</b>	<b>1,445</b>
<b>PORTFOLIO TOTAL</b>	<b>1,280</b>	<b>770</b>	<b>100</b>	<b>355</b>	<b>272</b>	<b>272</b>	<b>272</b>	<b>272</b>	<b>1,445</b>

**ANNEX F2 – 5 YEAR CAPITAL PROGRAMME BY PORTFOLIO**

HOUSING REVENUE ACCOUNT 2018/19 to 2023/24	2018/19	2018/19	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2018-2024
	Current Budget	Forecast Spend P6	Proposed Slippage to 2019/20	Original	Forecast	Forecast	Forecast	Forecast	Total
	£	£	£		£	£	£	£	£
<b>Annual Programme of Works</b>									
Annual maintaining of the housing stock	3,445	3,415	0	3,445	3,445	3,445	3,445	3,445	17,225
<b>Sub Total</b>	<b>3,445</b>	<b>3,415</b>	<b>0</b>	<b>3,445</b>	<b>3,445</b>	<b>3,445</b>	<b>3,445</b>	<b>3,445</b>	<b>17,225</b>
<b>Other</b>									
UPVC Fascia's and Guttering	100	100	0	100	100	100	100	100	500
Cash Incentive Scheme Grant	50	50	0	50	50	50	50	50	250
HRA IT - Contingency	20	0	20	0	0	0	0	0	0
Light Vans Replacement Programme	183	0	183	0	0	0	0	0	0
<b>Sub Total</b>	<b>353</b>	<b>150</b>	<b>203</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>750</b>
<b>HRA Business Plan</b>									
<b>New Builds</b>									
Unidentified Required Builds	0	0	0	2,000	2,750	3,195	2,350	2,350	12,645
Developer Sites / Market Properties	0	525	0	425	0	0	0	0	425
Sheds Lane	225	238	0	15	0	0	0	0	15
Newton Grove	575	634	0	134	0	0	0	0	134
Frambury Lane	771	728	0	168	0	0	0	0	168
The Moors (RTB)	787	36	0	1,216	100	0	0	0	1,316
The Moors (non-RTB)	0	0	0	1,216	100	0	0	0	1,316
<b>Sheltered Redevelopments</b>									
Reynolds Court	2,298	2,165	110	0	0	0	0	0	0
Hatherley Court	962	962	0	0	0	0	0	0	0
Walden Place	803	803	0	1,000	0	0	0	0	1,000
<b>Other Schemes</b>									
Market Properties (non-RTB)	0	160	0	0	0	0	0	0	0
Resurfacing Trunk Roads	133	133	0	0	0	0	0	0	0
<b>Sub Total</b>	<b>6,554</b>	<b>6,384</b>	<b>110</b>	<b>6,174</b>	<b>2,950</b>	<b>3,195</b>	<b>2,350</b>	<b>2,350</b>	<b>17,019</b>
<b>PORTFOLIO TOTAL</b>	<b>10,352</b>	<b>9,949</b>	<b>313</b>	<b>9,769</b>	<b>6,545</b>	<b>6,790</b>	<b>5,945</b>	<b>5,945</b>	<b>34,994</b>

**ANNEX F3 – CAPITAL FINANCING**

CAPITAL PROGRAMME 2018/19 to 2023/24	2018/19	2018/19	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2018-2024
	Current Budget	Forecast Spend P6	Proposed Slippage to 2019/20	Original	Forecast	Forecast	Forecast	Forecast	Total
	£	£	£	£	£	£	£	£	£
<b>General Fund</b>									
Disabled Facilities Grant	192	192	0	192	192	192	192	192	962
PLACE Scheme funding	300	0	0	0	0	0	0	0	0
General Fund Capital Receipts	165	71	34	0	0	0	0	0	0
Third Party Contributions	31	31	0	0	0	0	0	0	0
<b>Revenue Funding</b>									
Communities and Partnerships	125	125	0	110	110	110	110	110	550
Environmental Services	809	741	68	130	130	110	110	110	590
Finance & Administration	5,042	615	4,383	306	145	145	145	145	886
Housing and Economic Development	657	507	100	163	80	80	80	80	483
Internal Borrowing	2,418	1,749	241	1,102	970	135	817	90	3,114
<b>Sub Total - General Fund</b>	<b>9,739</b>	<b>4,031</b>	<b>4,826</b>	<b>2,003</b>	<b>1,628</b>	<b>772</b>	<b>1,454</b>	<b>727</b>	<b>6,585</b>
<b>Housing Revenue Account</b>									
<b>Business Plan Schemes</b>									
Funded from reserves	4,633	3,670	110	664	0	0	0	0	664
Major Repairs Contribution	0	0	0	464	534	534	534	534	2,599
HRA Revenue Funding - RCCO	1,214	979	0	2,059	1,561	1,703	1,111	1,111	7,545
HCA Grant Funding	0	145	0	300	0	0	0	0	300
S106 Contribution	0	942	0	0	0	0	0	0	0
Capital Receipts - RTB	707	648	0	1,187	855	959	705	705	4,411
Capital Receipts - Other	0	0	0	500	0	0	0	0	500
Borrowing requirement	0	0	0	1,000	0	0	0	0	1,000
<b>Sub Total - Business Plan Schemes</b>	<b>6,554</b>	<b>6,384</b>	<b>110</b>	<b>6,174</b>	<b>2,950</b>	<b>3,195</b>	<b>2,350</b>	<b>2,350</b>	<b>17,019</b>
<b>Other Schemes</b>									
Funded from reserves	0	0	203	0	0	0	0	0	0
Major Repairs Contribution	3,445	3,415	0	3,545	3,445	3,445	3,445	3,445	17,325
Other Major Repairs Contribution	0	0	0	0	0	0	0	0	0
HRA Revenue Funding - RCCO	353	150	0	50	150	150	150	150	650
Borrowing requirement	0	0	0	0	0	0	0	0	0
<b>Sub Total - Other Schemes</b>	<b>3,798</b>	<b>3,565</b>	<b>203</b>	<b>3,595</b>	<b>3,595</b>	<b>3,595</b>	<b>3,595</b>	<b>3,595</b>	<b>17,975</b>
<b>Sub Total - Housing Revenue Account</b>	<b>10,352</b>	<b>9,949</b>	<b>313</b>	<b>9,769</b>	<b>6,545</b>	<b>6,790</b>	<b>5,945</b>	<b>5,945</b>	<b>34,994</b>
<b>TOTAL SOURCES OF FINANCING</b>	<b>20,091</b>	<b>13,980</b>	<b>5,139</b>	<b>11,772</b>	<b>8,173</b>	<b>7,562</b>	<b>7,399</b>	<b>6,672</b>	<b>41,579</b>

This page is intentionally left blank

## Housing Revenue Account – Budget 2019/20

---

### Summary

1. This report sets out the following:
  - Housing Revenue Account (HRA) budget and the reserves position for 2019/20
  - 5 year financial forecast for the period from 2019/20 to 2023/24
2. 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.
3. Other income and service charges for 2019/20 have been set on the following basis:
  - Garage rents are increased by RPI of 3.3%
  - Housing related support charges are increased in line with actual costs
  - Intensive housing management charges are increased in line with actual costs
  - Lifeline charges remain the same as 2018/19
  - Heating, Service and Sewerage charges are increased in line with actual costs
4. The Housing Board have reviewed the Housing Revenue Budget for 2019/20 and the five year financial strategy. The Housing Board and the Tenants Forum also reviewed the housing rent and service charge proposals and recommend these for approval by Cabinet and Full Council.

### Background

5. The HRA budget for 2019/20 reflects the service arrangements and investments in relation to the Council's housing services for the eighth year under 'Self Financing'.
6. The new financial arrangements enable the service to stand alone financially and take 'local' decisions for housing services.
7. Decisions about the level of expenditure in the Housing Revenue Account continue to be made in the context of a 30 year Business Plan. The current version was updated and approved at Cabinet in January 2016.
8. The Business Plan sets the financial strategy for Housing and the budget proposals are reflected in this report.
9. 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 and service improvements
  - One for one replacement of Right to Buy sales
  - Servicing and repaying debt so that new borrowing is available for future maintenance works and/or investment in further new build schemes
  - Remodelling and modernising sheltered housing schemes

10. 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 fourth and final year of rent decreases to general needs properties and the third 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
11. This change, alongside other national changes in housing policy, significantly reduces the Council's flexibility over longer-term decision making.
12. Income and expenditure is budgeted on an incremental and inflationary basis to reflect the financial and operational needs of the housing service.

### **Debt Cap Removal**

13. In August 2018 Uttlesford were one of the ambitious councils who submitted a bid for funds to build more homes. It was the popularity of that bidding process amongst local authorities that led to the Government's unexpected announcement in October 2018 that the Housing Revenue Account (HRA) borrowing cap had been removed.
14. The removal of the cap is welcomed as it takes away one of the restrictions faced by local authorities looking to invest in their housing stock and build homes. Although the details are yet to be announced it should make it easier for the Council to access additional funds. However, the decision to increase HRA borrowing is not just dependent on whether it is permitted; it also needs to be affordable.
15. There is currently a balanced HRA business plan and therefore costs arising from additional borrowing would need to be funded either through additional income or a reduction in costs. The Government policy of rent reductions over 4 years has had a significant impact on income levels and limits the affordability of additional borrowing. Any increase in financing costs can only be met from finding savings elsewhere in the HRA.
16. The Council is already committed to building homes for local people and since the introduction of self-financing the Council has been able to build over 100 homes despite the previous borrowing cap.
17. Officers will be looking at the new financing rules and options for additional borrowing to support the Council's development of new homes and investment in its current stock.

### **Housing Revenue Account Budget 2019/20**

18. The budget identifies a net operating surplus of £152,000 made up of total income of £15,352,000 and total expenditure of £15,200,000. The surplus has been allocated to fund agreed projects as detailed in the Business Plan.
19. This is the third year of the principal repayment of the Self Financing loan, a sum of £2,000,000 is payable annually. The capital receipts reserve was used to fund the total repayment in 2017/18 and contributed £413,000 in 2018/19, with the remainder



funded from revenue. The 2019/20 repayment will be made in total from the capital receipts reserve.

20. The table below summarises the HRA budget for 2019/20, a more detailed breakdown is shown in Annexe G1.

	2018/19 Original Budget £'000	2018/19 Restated Budget £'000	2019/20 Original Budget £'000	Increase / (Decrease) £'000
Dwelling Rents	(14,333)	(14,333)	(14,147)	186
Rents and Charges (other)	(1,068)	(1,068)	(1,204)	(136)
<b>Service Income</b>	<b>(15,401)</b>	<b>(15,402)</b>	<b>(15,352)</b>	<b>50</b>
Housing Finance & Business Management	75	75	75	0
Housing Maintenance and Repairs Service	3,117	3,127	3,317	190
Housing Management and Homlessness	996	1,002	1,099	97
<b>Service Expenditure</b>	<b>4,188</b>	<b>4,204</b>	<b>4,491</b>	<b>287</b>
Recharge from General Fund	2,073	1,675	1,693	18
Depreciation and Impairment	3,769	3,770	3,979	209
Interest/Costs re HRA Loan	4,615	4,615	4,604	(11)
Other (net)	94	492	433	(59)
<b>Non-Service Expenditure</b>	<b>10,551</b>	<b>10,552</b>	<b>10,708</b>	<b>157</b>
<b>Operating Surplus</b>	<b>(662)</b>	<b>(646)</b>	<b>(152)</b>	<b>494</b>
Capital Receipt Reserve (for HRA Loan)	(413)	(413)	(2,000)	(1,587)
Funding of Capital Programme from HRA	1,047	5,779	2,692	(3,087)
Transfer to/from (-) Reserves	28	(4,720)	(539)	4,181
<b>HRA (Surplus) / Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

21. The operating surplus for 2019/20 has reduced by £494,000 when compared to 2018/19, details of the movements in the budget are shown in the following table;

Description of variance	Amount £'000
Rent reduction (1%)	186,000
Inflationary increases (salaries)	193,000
Housing Repairs increased cost due to stock condition survey	74,000
Depreciation - change of accounting policy	209,000
Service charges (based on actual 2018/19 costs)	(127,000)
Minor variances	(41,000)
<b>Total net variances</b>	<b>494,000</b>

22. The 1% rent reduction has been applied in 2019/20 but this will revert to an increase of CPI plus 1% on general needs properties from 2020/21, in line with national policy.
23. It is proposed that the Council continue with the policy of where rent is still not at the formula rent level that the rent be revised to the formula rent level when the property is re-let.
24. In 2019/20 individual rents for tenants will be reduced by 1% decreasing the average rent to £97.78.
25. The Council manages a total of 414 garages, of these 299 are rented by private residents. It is proposed to increase the garage rents by RPI of 3.3% (as at

September 2018). The current weekly rent is £10.28 and this will increase to £10.62 (excluding VAT) per week for 2019/20.

26. Three 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).
27. 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.
28. 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.
29. 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): | £15.38 per week               |
| ii) Housing Related Support (HRS):     | <u>£6.26 per week</u>         |
| <b>Total Charge:</b>                   | <b><u>£21.64 per week</u></b> |
30. It is proposed that charges for the Council's Lifeline service are not raised by inflation this year. This is because any increase in charges may result in further losses of service users to more competitively priced providers who now operate in the district. It should be noted that many of the competitors springing up in the district do not offer the same levels of service that the Council provides however for some service users price is the influencing factor in choosing a telecare service.
- |  |                           |
|--|---------------------------|
| i) Lifeline service:                     | £4.45 (exc. VAT) per week |
| ii) Lifeline service plus extra sensors: | £5.45 (exc. VAT) per week |
31. 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.
32. General needs and sheltered housing service and sewerage charges are calculated on the same basis as charges for Leasehold/Freehold properties.
33. Heating charges will be calculated and charged in line with actual costs.

## Reserves

34. The reserves position for 2019/20 is shown in the table below and this is based on the estimated position at quarter 2 of 2018/19.

HRA Reserves	2018/19 P6 Forecast			Estimated Balance	2019-20 Estimates			
	Actual Balance	Transfer from HRA	Transfer to HRA		Transfer from HRA	Transfer to HRA	Transfer between Reserve	Balance
Reserve £'000	1st April 2018			1st April 2019				1st April 2020
<b>RINGFENCED RESERVES</b>								
Working Balance	524	6		530		(31)		499
	524	6	0	530	0	(31)	0	499
<b>USABLE RESERVES</b>								
Revenue Projects	180			180				180
Transformation Reserve	60			60				60
	240	0	0	240	0	0	0	240
<b>Capital Reserves</b>								
Capital Projects	0	228	0	228		(153)		75
Potential Projects	849		(494)	355		(355)		0
HRA Slippage	3,764	131	(3,582)	313				313
	4,613	359	(4,076)	896	0	(508)	0	388
<b>TOTAL USABLE RESERVES</b>	<b>4,853</b>	<b>359</b>	<b>(4,076)</b>	<b>1,136</b>	<b>0</b>	<b>(508)</b>	<b>0</b>	<b>628</b>
<b>TOTAL RESERVES</b>	<b>5,377</b>	<b>365</b>	<b>(4,076)</b>	<b>1,666</b>	<b>0</b>	<b>(539)</b>	<b>0</b>	<b>1,127</b>

35. The following table details the Capital Receipts and the Maintenance Repair Reserves.

Capital Receipts Reserve	Actual Balance	Transfer from HRA	Transfer to HRA	Estimated Balance	Transfer from HRA	Transfer to HRA	Balance
£'000	1st April 2018			1st April 2019			1st April 2020
Right to Buy	2,859	1,600	(1,497)	2,962	1,600	(3,623)	939
Other	40	465		505		(500)	5
<b>Capital Receipt Reserve - Total</b>	<b>2,899</b>	<b>2,065</b>	<b>(1,497)</b>	<b>3,467</b>	<b>1,600</b>	<b>(4,123)</b>	<b>944</b>
MRR	146	3,770	(3,415)	501	3,979	(4,090)	390

## 5 Year Budget forecast

36. The 5 year financial forecast for the HRA revenue and reserves position are detailed in the Medium Term Financial Strategy, Appendix C, and the capital programme and associated financing are detailed in the Capital Programme, Appendix F.

## Impact

37.

Communication/Consultation	Tenants Forum and Housing Board reviewed the rent, heating, service and sewerage charges Corporate Management Team have reviewed the report
Community Safety	None
Equalities	EQIA submitted with the agenda to cover all budget reports

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
None Ward-specific impacts	None
Workforce/Workplace	None

## Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Changes in legislation may alter the assumptions contained in the proposed 2019/20 Budget and HRA Business Plan	2	2	Prudent budget mgt. and assumptions built into the budget, supported by 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 increased benefit claims and/or hardship grants	Increased officer support for tenants affected - will need help with their finances. Residents on HB can claim for supported services.
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	2 – not anticipated that rates will increase in the next year	3 – increase in loan repayment	Prudent budget management. Monitor the situation with 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	2 – Sales are already higher	2 – Repayment of capital receipt	Continuous review of the Business Plan

replace stock at the same rate as sales	than estimated in the business plan	to government	and possible options for new build housing
---	-------------------------------------	---------------	--

Housing Revenue Account – 2019/20 Budget

£'000	2018/19 Current Budget	2019/20 Original Budget	Increase / (Decrease)
<b>Housing Revenue Income</b>			
Dwelling Rents	(14,333)	(14,147)	186
Garage Rents	(214)	(224)	(10)
Other Rents etc	(3)	(3)	0
Charges for Services & Facilities	(850)	(977)	(127)
Contributions towards Expenditure	(2)	0	2
<b>TOTAL INCOME</b>	<b>(15,402)</b>	<b>(15,352)</b>	<b>50</b>
<b>Housing Finance &amp; Business Management</b>			
Rents, Rates & Other Property Charges	75	75	0
	75	75	0
<b>Housing Maintenance &amp; Repairs Service</b>			
Common Service Flats	201	204	3
Estate Maintenance	148	152	4
Housing Repairs	2,387	2,561	174
Housing Sewerage	55	58	3
Newport Depot	19	24	6
Property Services	318	318	0
	3,127	3,317	190
<b>Housing Management &amp; Homelessness</b>			
Housing Services	416	470	54
Sheltered Housing Services	586	629	43
	1,002	1,099	97
<b>Total Service Expenditure</b>	<b>4,204</b>	<b>4,491</b>	<b>287</b>
<b>Other Costs</b>			
Bad Debt Provision	100	100	0
Depreciation - Dwellings (to MRR)	3,568	3,888	320
Depreciation - Non- Dwellings (to MRR)	202	91	(111)
Interest/Costs re HRA Loan	2,615	2,604	(11)
Repayment of HRA Loan	2,000	2,000	0
Investment Income	(15)	(42)	(27)
Pension Costs - Added Years	19	19	0
Pension Deficit - Triennial payment	0	0	0
Recharge from General Fund	1,675	1,693	18
HRA Share of Corporate Core	398	366	(32)
Right to Buy Admin Allowance	(10)	(10)	0
<b>Total Non-Service Expenditure</b>	<b>10,552</b>	<b>10,708</b>	<b>157</b>
<b>TOTAL EXPENDITURE</b>	<b>14,756</b>	<b>15,199</b>	<b>444</b>
<b>OPERATING (SURPLUS)/DEFICIT</b>	<b>(646)</b>	<b>(152)</b>	<b>494</b>
Funding from Cap Rec Res for HRA Loan	(413)	(2,000)	(1,587)
<b>Funding of Capital Programme from HRA</b>			
Capital Schemes Funded from Revenue	5,779	2,692	(3,087)
	5,779	2,692	(3,087)
<b>Transfers to/(from) Reserves</b>			
Capital Projects	(849)	(153)	696
Change Management Reserve	0	0	0
Potential Developments	0	(355)	(355)
HRA Slippage Reserve	(3,779)	0	3,779
HRA Slippage Reserve	0	0	0
Sheltered Housing Reserve	0	0	0
Transformation Reserve	0	0	0
Working Balance	(92)	(31)	61
	(4,720)	(539)	4,181
<b>(SURPLUS)/DEFICIT</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Housing Revenue Account Business Plan Priorities for Action**  
**2016 - 2021**

Action	Timescale	Resources	Outcome	Update January 2019
<b>1. Operate a sound and viable housing business in a professional and cost effective manner</b>				
Continue to develop business plan financial model to inform investment and service planning	Ongoing	Within existing resources	HRA that continues to be managed on sound business principles	<p>The imposition of a 1% annual rent cut for four years from 1st April 2016 continues to have a significant effect on available resources over the life of the HRA Business Plan, limiting the affordability of additional borrowing.</p> <p>The HRA Business plan and financial model has been updated and shows that there will be pressures on the HRA in 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 gap in the financial plan</p> <p>The Government announced in October 2018 the removal of the HRA borrowing cap. Officers will be looking at how the new financing rules will work to help the council</p>

Action	Timescale	Resources	Outcome	Update January 2019
				continue to invest in its stock and build new homes. The potential for additional HRA borrowing will be considered as part of that work
Prepare for supporting people funding reductions	Mar-17	Within existing resources	Options identified to enable key services to continue to be delivered	<p>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</p> <p>A new Intensive Housing Management (IHM) charge has been introduced – this can be included in Housing Benefit claim to reduce impact on residents receiving this service</p>
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 (PIs) to monitor services against its own targets, and to provide customers with information on how our services are performing. These PIs 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 charges, sewage charges, garage rents and miscellaneous invoices	Ongoing	Within existing resources	Rent arrears action taken at an earlier stage to prevent arrears from escalating. Providing debt support and signposting to tenants/leaseholders who are struggling. Corporate approach to rent collection to ensure join-up with individual cases	Income collection has been separated from the debt support work resulting in a significant reduction in rent arrears



Action	Timescale	Resources	Outcome	Update January 2019
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	<p>Options for expanding the repairs service currently provided to UDC tenants to other housing providers through Aspire Property Services have been evaluated but not found to be cost effective to pursue</p> <p>Alternative options for the delivery of housing repairs and void works are currently being evaluated</p>
Review the arrangements for the management of non-housing assets	Oct-16	Within existing resources	Rationalisation of management responsibilities and clarification of development potential	Complete. Asset Management and Development Strategy in place
Ensure the void turnaround figures do not exceed targets to minimise rent losses	Ongoing	Within existing resources	Rent loss through voids minimalised	Further review of the void processes carried out in August 2017 following recommendations from the Tenant Regulatory Panel (TRP). Review shows that new processes that have been implemented are working well

Action	Timescale	Resources	Outcome	Update January 2019
<b>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</b>				
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 service was 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 and a temporary surveyor will be employed to carry out survey work in the first year - it is anticipated that thereafter a 100% stock condition survey will be achieved on a rolling 5 year basis.
Continue to manage and maintain the housing stock	Ongoing	Within identified resources -	Well maintained homes and assets to minimum decent homes standard	Planned works programmes are progressing well. The authority is continuing

Action	Timescale	Resources	Outcome	Update January 2019
effectively and efficiently ensuring that properties meet, as a minimum, the decent homes standard		approximately £5.3m pa		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; 2. Electronic van stocking of operatives' vehicles 3. Online reporting of repairs	Aug-16	£120k	Homes well maintained Improved tenant satisfaction More efficient and responsive deployment of personnel	Complete. Project plan to deliver IT improvements implemented 1. Mobile technology has been rolled out to all Surveyors and Operatives who can now raise and receive works orders/job tickets electronically 2. Decision made not to implement new electronic stock system following unsuccessful trials 3. 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 2019/20
Continue to fund disabled adaptations for tenants and improve the delivery	Ongoing	£260k pa	Reduction in the time people have to wait for adaptations	New Disabled Adaptation Policy in place. Disabled adaptations continue at a high demand – currently able to meet all

Action	Timescale	Resources	Outcome	Update January 2019
process				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
<b>3. Help tenants and leaseholders get involved with decisions about their housing</b>				
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 repairs and the sheltered housing service following their successful review of the Void process. Reports have been presented to officers and progress with implementing the recommendations will be reported to the TRP and Housing Board
Review the approach to gathering tenant feedback and satisfaction	Mar-17	Within existing resources	Refreshed approach to assessing tenant satisfaction to inform service improvement planning	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	Annual training programme in place
Publish annual tenants	Ongoing	£3k pa	Annual report published	Annual report published

Action	Timescale	Resources	Outcome	Update January 2019
report				
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 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</p>

Action	Timescale	Resources	Outcome	Update January 2019
				<p>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>
<b>4. Regenerate the stock/estates and build new affordable rented council housing in an efficient and effective manner</b>				
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 - completed sites to date include:</p> <p>Holloway Crescent, Leaden Roding Phase I &amp; II: <b>13 properties</b>  Mead Court, Stansted Phase I &amp; II: <b>29 properties</b>  Catons Lane, Saffron Walden: <b>6 properties</b>  Walden Road, Radwinter: <b>8 properties</b>  Sheds Lane, Saffron Walden: <b>3 properties</b></p> <p>Construction has started on site at:</p> <p>Newton Grove, Great Dunmow: <b>4</b></p>

Action	Timescale	Resources	Outcome	Update January 2019
				<p><b>properties</b> Frambury Lane, Newport: <b>5 properties</b></p> <p>Continuing to investigate 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 – completed sites to date include:</p> <p>Reynolds Court Phase I: <b>15 properties</b></p> <p>Reynolds Court Phase II: <b>26 properties</b></p> <p>Construction has started on site at:</p> <p>Hatherley Court Phase I: <b>15 properties (due to complete January 2019)</b> Hatherley Court Phase II: <b>11 properties plus new 1 new build property (due to complete April 2020)</b></p> <p>Members have approved plans to progress redevelopment of Walden Place – project due to commence in 2019/20</p>
Review housing asset management strategy	Apr-18	Within existing resources	Established a clear policy on the use of HRA assets, regeneration and development	<p>Complete - Strategy has been reviewed. 3 small single plot development sites have been sold on the open market and income has been ring fenced to HRA development programme reserve</p>

Action	Timescale	Resources	Outcome	Update January 2019
Develop and implement initiatives for improving estates	Ongoing	Within existing resources	Delivery of 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 develop	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: <b>16 properties</b>  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: <b>20 properties</b>



## General Fund and Council Tax – 2019/20

---

### Summary

1. This report sets out detailed revenue estimates for the General Fund and Council Tax for 2019/20, for consideration by the Scrutiny Committee, Cabinet on 12 February ahead of final determination by Full Council on 21 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, included as an item earlier in the agenda. The budget is consistent with the Medium Term Financial Strategy also presented earlier on the agenda.
3. The estimates, as summarised in Annexe H1, show a Council Tax Requirement of £5,657,106 which balances to the level of Council Tax yield, assuming an increase of 2.99% in Council Tax.
4. The estimates in this report are based on the recommended Capital Programme, Treasury Management Strategy, Investment Strategy and Housing Revenue Account budget for 2019/20 considered earlier in this agenda.

### Budget Strategy and Consultations - 2019/20

5. During the summer 2018, a consultation on the Council's budget priorities was completed using multiple methods in order to obtain a wider body of opinion from Residents and Local Businesses.
6. The outcomes of the consultations were presented to the Scrutiny Committee and Cabinet in November 2018, full details of the reports can be found using the following link:

[Cabinet Budget Consultation 2019.20](#)

7. When setting the budget for 2019/20 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 and running the recycling service	Service restructured and appointment of Assistant Director to lead a programme of effective and efficient service delivery improvements
Working with the police and other organisations to keep Uttlesford Safe	Funding of 2 PCSO's and match funding of PCSO's in 2 parishes Police located in the Lodge House and in the main reception area
Sweeping the streets, Litter picking, fly tipping and dog bins	In 2018/19 additional resources of 4 new team members were added to the service and this resource has been maintained in the 2019/20 budget

<b>Respondents Priorities</b>	<b>Consistency with Budget</b>
Planning district development, new housing and business locations	Funding allocated to support the delivery of Garden Communities
Ensuring planning applications adhere to approved plans and comply with Building Regulations	Substantive posts are now filled with a reduction in the requirement for agency resources. Investment in an apprenticeship to support service resilience within building control
Providing Council homes and sheltered accommodation for the elderly	A full programme of development is included in the Housing Revenue business plan and this can be seen in the earlier agenda item for the Housing Revenue Account budget setting report
Educating young people on the dangers of drugs and alcohol	Continued provision of a Health and Wellbeing team working in partnership with other organisations within the district

### **Council Tax – 2019/20**

8. By law the budget (Council Tax Requirement) has to balance to the expected Council Tax income receivable.
9. The Director of Finance and Corporate Services (s151 Officer), under delegated authority, has approved the gross Council Tax base of 39,185.91 to be used for setting the 2019/20 draft Council Tax, an increase of 2.69% on the 2018/19 figure of 38,159.09.
10. The Tax base for the purposes of budget setting is calculated by deducting the Local Council Tax Support Discounts from the gross Council Tax base of 39,185.91. The estimate of these discounts in Band D equivalent terms is 1,872.76 and this produces a Tax base for budget setting purposes of 37,313.15.
11. The 2018/19 UDC Band D Council Tax was £147.21. In accordance with the Cabinet's guidance, an increase of 2.99% has been assumed for the purpose of preparing this report; this gives a Band D figure for 2019/20 of £151.61. Multiplied by the taxbase, this would produce a Council Tax yield of £5,657,106.
12. The Council is therefore required to balance its net budget to a Council Tax Requirement of £5,657,106; this is illustrated in the table below.

	<b>2018/19</b>	<b>2019/20</b>	<b>% Change</b>
Taxbase (gross)	38,159.09	39,185.91	2.69%
LCTS Discounts	(1,948.20)	(1,872.76)	-3.87%
Taxbase (net)	36,210.89	37,313.15	3.04%
Band D	£147.21	£151.61	2.99%
<b>Council Tax Yield</b>	<b>£5,330,605</b>	<b>£5,657,106</b>	<b>6.03%</b>

13. The Council Tax Yield is higher than the equivalent sum for 2018/19, this is explained below:

<b>2018/19 Council Tax Requirement</b>	<b>£5,330,605</b>
Additional income arising from Taxbase increases	£167,115
Additional income arising from UDC 2.99% increase	£159,386
<b>2019/20 Council Tax Requirement</b>	<b><u>£5,657,106</u></b>

14. The £5,657,106 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 due to in year changes in Local Council Tax Support, reliefs, empty properties and level of collection. This will give rise to either a surplus or deficit on the Collection Fund which will be taken into account as part of next year’s budget setting.

15. Assuming an increase of 2.99% in Council Tax, the amount of Uttlesford Council Tax, by each Council Tax band, is shown below.

Band	Chargeable Dwellings		Proportion of Band D	2018/19 UDC Council Tax	2019/20 UDC Council Tax	Increase 2.99% £/year
	No.	%		£	£	
A	1,031	2.98%	6/9ths	98.14	101.07	2.93
B	3,244	9.39%	7/9ths	114.50	117.92	3.42
C	7,692	22.25%	8/9ths	130.85	134.76	3.91
D	6,776	19.60%	9/9ths	147.21	151.61	4.40
E	6,490	18.77%	11/9ths	179.92	185.30	5.38
F	4,623	13.37%	13/9ths	212.64	218.99	6.36
G	4,289	12.41%	15/9ths	245.35	252.68	7.33
H	424	1.23%	18/9ths	294.42	303.22	8.80
<b>Total</b>	<b>34,567</b>	<b>100%</b>				

**General Fund Budget**

16. The 2019/20 budget has a surplus of £2.200 million (more details in paragraph 22); this surplus is due to a change in the Business Rates appeal provision. The level of provision held is based on advice from our independent advisors, Analyse Local, who specialise in this area. The revaluation of Hereditaments in 2017 and change to the appeals process has significantly reduced the financial risk in the level of appeals expected.

17. A summary of the 2019/20 General Fund budget is shown in the table on the following page. A more detailed summary is set out in Annexe H1 and each portfolio budgets are set out in Annexe H2.

£'000	2018/19	2018/19	2019/20	
	Original Budget	Current Budget	Original Budget	Increase / (Decrease)
<b>Portfolio Budgets</b>				
Net service expenditure	12,982	12,965	12,948	(17)
<b>Corporate Items</b>				
Capital Financing	3,572	6,892	1,892	(5,000)
Recharge to HRA	(2,073)	(2,057)	(2,059)	(2)
Other Corporate Items	(1,559)	(1,559)	(1,539)	20
<b>Net Expenditure</b>	<b>12,921</b>	<b>16,242</b>	<b>11,243</b>	<b>(4,999)</b>
<b>Funding</b>				
New Homes Bonus Grant	(2,864)	(2,864)	(2,969)	(105)
Business Rates Retention	(2,042)	(2,042)	(4,294)	(2,251)
Rural Services Grant	(225)	(225)	(279)	(54)
Council Tax - Collection Fund Balance	(14)	(14)	(67)	(53)
	<b>(5,145)</b>	<b>(5,145)</b>	<b>(7,609)</b>	<b>(2,464)</b>
<b>Net Operating Expenditure</b>	<b>7,776</b>	<b>11,097</b>	<b>3,634</b>	<b>(7,462)</b>
Net transfers to/(from) other earmarked reserves	(2,446)	(5,767)	2,022	7,789
	<b>(2,446)</b>	<b>(5,767)</b>	<b>2,022</b>	<b>7,789</b>
Council Tax Requirement	5,330	5,330	5,657	326
Council Tax (precept levied on Collection Fund)	(5,330)	(5,330)	(5,657)	(326)
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

£'000	2018/19	2018/19	2019/20	
	Original Budget	Current Budget	Original Budget	Increase / (Decrease)
Employees	11,845	11,825	12,339	514
Premises	765	765	811	46
Transport	654	654	708	54
Supplies & Services	7,398	7,402	7,521	119
Third Party Payments	218	218	195	(23)
Transfer Payments	16,694	16,694	14,359	(2,335)
<b>Expenditure</b>	<b>37,573</b>	<b>37,557</b>	<b>35,931</b>	<b>(1,625)</b>
External Funding	(1,586)	(1,586)	(1,562)	24
Fees & Charges	(5,398)	(5,398)	(5,967)	(569)
Specific Government Grants	(16,855)	(16,855)	(14,831)	2,024
Other Income	(752)	(752)	(623)	129
<b>Income</b>	<b>(24,591)</b>	<b>(24,591)</b>	<b>(22,983)</b>	<b>1,608</b>
<b>Net portfolio expenditure</b>	<b>12,982</b>	<b>12,965</b>	<b>12,948</b>	<b>(17)</b>

19. The following table is a reconciliation of the movement from the 2018/19 budget to the 2019/20 estimates. A full analysis of all budget changes, savings, growth and adjustments are detailed in Annexe H3.

	£'000	£'000
<b>Council Tax Requirement - 2018/19</b>		<b>5,330</b>
<u>Portfolio Budget Changes</u>		
Budget movements to restated base 18/19	(558)	
Inescapable growth	778	
Service growth	1,053	
Efficiency savings	(543)	
Changes to Income	(861)	
Other adjustments	113	
<u>Corporate Items</u>		
Capital financing costs decrease	(5,000)	
Increase in HRA share of costs	(2)	
Net treasury investment increase	20	
<u>Funding Items</u>		
Change in New Homes Bonus	(105)	
Net impact of Collection Fund	(2,305)	
Net change in draw on reserves	7,789	
Other net adjustments	(54)	
<b>Total net changes to base budget</b>		<b>326</b>
<b>Council Tax Requirement - 2019/20</b>		<b>5,657</b>

20. The direct service budget shows a net budget reduction of £17,000, the key elements of the changes are explained in the following points:

- The budget movements to restated base are items of expenditure which were approved for 2018/19 only and have now been removed from the budget
- Inescapable growth relates to inflationary and incremental increases for salaries and other service expenditure inflation
- The service growth of £1,053,000 is partly supported by £309,000 drawdown on the planning reserve and £145,000 of the growth is directly matched by new income. This gives a net service growth of £599,000
- The increase in income is related to changes to fees, introduction of new charges for services, inflationary increases in services provided and increases in demand
- Efficiency Savings are related mainly to a reduction in the gate fee charged for disposal of waste, service restructures and reduction in posts where more efficient ways of working have been identified

21. The capital financing decrease is due to expected funding of the New Depot Site and is matched by a reduction in the use of reserves. As the timeline for this project is currently not defined this has not been included in the 2019/20 budget, but the funds will be held in the reserve and released as necessary to cover the cost of the project.

22. The collection fund amount of £2,305,000 is the increased income released from the Business Rates appeals provision and the prior year surplus for both Council Tax and Business Rates. The element relating to the release of the provision of £2,202,000 has been allocated to reserves in the following amounts, included in the Section 25 and Reserves Strategy presented earlier in tonight's agenda;

- Funding Reserve - £1,059,000
- EU Exit Reserve - £200,000
- Business Rates Reserve - £941,000

### Risks and Assumptions

23. 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 operational service risks and assumptions have been included in Annexe H4.

### Local Government Finance Settlement

24. On the 13 December the Council received the provisional notification of the settlement for 2019/20. Final figures are expected to be confirmed in early February.

25. 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.

### General Fund Reserves

26. The forecast on the Working Balance as at 31 March 2019 is set to ensure that we meet the minimum contingency requirement.

27. 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 £1,308,000, this is included in the 2019/20 Budget.

28. Annexe H5 shows a summary of the current reserves, a detailed breakdown of the reserves transfers and the working balance calculation is shown within the Section 25 report and the Reserves Strategy.

29. The table below shows how the reserves have been allocated in the 2019/20 budget.

Use of Reserves - to/(from)	£'000	Details of reserve allocations
Working balance	28	To meet the minimum contingency level
Business Rates	941	In year surplus to meet potential future year deficits
EU Exit	200	In year surplus to support impacts of EU Exit
Funding	1,059	In year surplus to support reduction in funding from 2020/21
Waste Management	170	To support the potential fluctuations in the costs of disposal
Licensing	24	Surplus relating to 3/5 year licensing fee schedules
Planning	(309)	To support the production of the Development Plan Document
Elections	(55)	Drawdown for Local Elections
Homelessness	(20)	Drawdown of Government Grant funding
New Homes Bonus Ward Members	(16)	Release of prior year underspends as per criteria for election year
	<u>2,022</u>	

## Fees and Charges review

30. 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 Annexe H6.
31. Where charges are statutory and outside the jurisdiction of Council these have not been included, but are available to view on the Councils website.
32. 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 in the Council's best interests to do so.

## Outstanding Issues

33. 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 2019/20
  - Final notifications of the formal precept figures from Essex County Council, Essex Police and Essex Fire.

## 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

## Risk Analysis

34. 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**

- Annexe H1 – General Fund Budget Summary
- Annexe H2 – Portfolio Budgets
- Annexe H3 – Schedule of Budget Adjustments
- Annexe H4 – Risks and Assumptions
- Annexe H5 – General Fund Reserves Summary
- Annexe H6 – Fees and Charges



**General Fund Budget – 2019/20**

£000	2018/19 Original Budget	2018/19 Current Budget	2019/20 Original Budget	Increase/ (Decrease)
<b>Portfolio Budgets</b>				
Communities & Partnerships	863	843	895	52
Environmental Services	3,878	3,925	3,481	(444)
Finance & Administration	6,609	6,527	6,781	254
Housing & Economic Development	1,632	1,671	1,792	121
<b>Subtotal - Portfolio Budgets</b>	<b>12,982</b>	<b>12,965</b>	<b>12,948</b>	<b>(17)</b>
<b>Corporate Items</b>				
Capital Financing Costs	3,572	6,892	1,892	(5,000)
Interest charge	456	456	495	39
Investment Income	(2,100)	(2,100)	(2,119)	(19)
Pension Fund - Added years	85	85	85	0
Recharge to HRA	(1,675)	(1,675)	(1,693)	(18)
HRA share of Corporate Core	(398)	(382)	(366)	16
<b>Subtotal - Corporate Items</b>	<b>(60)</b>	<b>3,276</b>	<b>(1,705)</b>	<b>(4,982)</b>
<b>Funding</b>				
Council Tax Collection Fund Balance	(14)	(14)	(67)	(53)
Business Rates - Collection Fund Balance	534	534	(941)	(1,475)
Business Rates - UDC Share (net of tariff)	(2,263)	(2,263)	(2,577)	(314)
Business Rates - Levy Payment (safety net reimbursement)	492	492	566	74
Business Rates - Section 31 Funding	(663)	(663)	(1,212)	(548)
Business Rates - Renewable Energy Scheme	(141)	(141)	(129)	12
Rural Services Grant	(225)	(225)	(279)	(54)
New Homes Bonus	(2,864)	(2,864)	(2,969)	(105)
<b>Subtotal - Funding</b>	<b>(5,145)</b>	<b>(5,145)</b>	<b>(7,609)</b>	<b>(2,464)</b>
<b>Subtotal - Net Operating Expenditure</b>	<b>7,776</b>	<b>11,097</b>	<b>3,634</b>	<b>(7,462)</b>
<b>Net Transfers to/(from) Reserves</b>				
Business Rates	(534)	(534)	941	1,475
Licensing	198	198	24	(174)
Working balance	16	16	28	12
Medium Term Financial Strategy	(450)	(450)	0	450
Transformation	(80)	(80)	0	80
Brexit	0	0	200	200
Funding	0	0	1,059	1,059
Elections	25	25	(55)	(80)
Homelessness	0	0	(20)	(20)
Health & Wellbeing	(5)	(5)	0	5
Planning	(814)	(814)	(309)	505
Strategic Initiatives	(500)	(500)	0	500
Capital Slippage	0	(426)	0	426
Developments	105	105	0	(105)
New Homes Bonus Ward Members	0	0	(16)	(16)
Waste Depot Relocation Project	(488)	(3,382)	0	3,382
Waste Management	0	0	170	170
Private Finance Initiative	80	80	0	(80)
<b>Subtotal - Movement in Earmarked Reserves</b>	<b>(2,446)</b>	<b>(5,767)</b>	<b>2,022</b>	<b>7,789</b>
<b>Council Tax Requirement</b>	<b>5,330</b>	<b>5,330</b>	<b>5,657</b>	<b>326</b>
<b>Council Tax (Precept levied on Collection Fund)</b>	<b>(5,330)</b>	<b>(5,330)</b>	<b>(5,657)</b>	<b>(327)</b>
<b>(Surplus) / Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Communities and Partnerships**

£000	2017/18 Outturn	2018/19 Original Budget	2018/19 Current Budget	2019/20 Original Budget	Increase / (Decrease)
Community Information	48	51	51	47	(4)
Day Centres	48	80	80	73	(7)
Emergency Planning	43	48	48	26	(23)
Grants & Contributions	333	335	335	358	23
Leisure & Performance	130	146	124	83	(41)
Saffron Walden Museum	178	205	206	215	8
New Homes Bonus	84	78	78	78	0
Private Finance Init	(43)	(80)	(80)	15	95
Communities Partnership	42	0	0	0	0
<b>Portfolio Total</b>	<b>862</b>	<b>863</b>	<b>843</b>	<b>895</b>	<b>52</b>

**Finance and Administration**

£000	2017/18 Outturn	2018/19 Original Budget	2018/19 Current Budget	2019/20 Original Budget	Increase / (Decrease)
Enforcement	0	0	0	0	0
Benefits Admin	221	303	307	301	(6)
Business Improvement	0	0	0	0	0
Corporate Management	697	1,319	1,209	1,291	83
Conveniences	21	20	20	20	0
Central Services	401	441	443	444	1
Corporate Team	647	643	643	682	38
Conducting Elections	17	1	1	101	100
Electoral Registration	58	58	59	55	(4)
Financial Services	1,125	1,075	1,077	1,111	34
Housing Benefits	58	238	238	72	(166)
Human Resources	308	295	296	280	(16)
Internal Audit	134	131	135	139	4
Information Technology	1,280	1,381	1,384	1,402	18
Land Charges	(107)	(88)	(87)	(88)	(1)
Legal Services	287	122	123	179	56
Local Taxation	(107)	(90)	(90)	(90)	0
Non Domestic Rates	(145)	(146)	(146)	(144)	2
Office Cleaning	186	183	184	208	24
Offices	487	354	354	377	22
Revenues Admin	507	563	569	582	13
Council Tax Discounts	(119)	(192)	(192)	(141)	51
<b>Portfolio Total</b>	<b>5,957</b>	<b>6,609</b>	<b>6,527</b>	<b>6,781</b>	<b>254</b>

**Environmental Services**

£000	2017/18 Outturn	2018/19 Original Budget	2018/19 Current Budget	2019/20 Original Budget	Increase / (Decrease)
Animal Warden	36	35	35	16	(18)
Grounds Maintenance	263	314	317	333	17
Car Park	(689)	(624)	(624)	(661)	(37)
Development Control	(27)	(206)	(200)	(241)	(42)
Depots	45	47	47	51	4
Env Management & Admin	0	0	0	0	0
Street Cleansing	321	384	387	403	16
Housing Strategy	61	47	48	54	7
Highways	(3)	(1)	(0)	4	4
Local Amenities	6	8	8	(12)	(21)
Licensing	(132)	(272)	(271)	(375)	(104)
Vehicle Management	588	461	463	477	15
Public Health	611	700	708	669	(39)
Planning Management	404	344	348	385	37
Planning Policy	845	1,372	1,375	1,334	(41)
Planning Specialists	175	197	198	151	(48)
Waste Management	383	509	521	363	(158)
Community Safety	159	269	270	286	16
Street Services	258	293	296	244	(52)
<b>Portfolio Total</b>	<b>3,304</b>	<b>3,878</b>	<b>3,925</b>	<b>3,481</b>	<b>(444)</b>

**Housing and Economic Development**

£000	2017/18 Outturn	2018/19 Original Budget	2018/19 Current Budget	2019/20 Original Budget	Increase / (Decrease)
Building Surveying	(114)	(112)	(109)	(126)	(17)
Committee Admin	198	241	267	346	79
Customer Services Centre	391	405	408	451	43
Democratic Represent	328	327	327	361	35
Economic Development	271	268	269	265	(4)
Energy Efficiency	33	35	35	34	(1)
Housing Grants	0	0	0	0	0
Health Improvement	123	143	144	155	11
Homelessness	97	177	179	234	55
Lifeline	(161)	(158)	(158)	(159)	(1)
Communications	273	306	308	229	(79)
<b>Portfolio Total</b>	<b>1,439</b>	<b>1,632</b>	<b>1,671</b>	<b>1,792</b>	<b>121</b>

**Budget movements - 2018/19 to 2019/20**

<b>CURRENT BUDGET 2018/19 to RESTATED BASE 2018/19</b>			
<b>Portfolio</b>	<b>Service</b>	<b>Description</b>	<b>£'000</b>
Environmental Services	Planning Policy	GPP Local plan fixed term budget removal	(433)
Finance & Administration	Corporate management	GDPR one-off compliance cost	(102)
Environmental Services	Development Control	Temporary ldox support post removed	(15)
Finance & Administration	Benefits Administration	Welfare Liaison temporary post removed	(11)
Housing & Economic Development	Economic Development	Fixed term contract ended	(8)
	Various	Other immaterial adjustments	10
			<u>(558)</u>

<b>INESCAPABLE GROWTH (£10K MINIMUM)</b>			
<b>Portfolio</b>	<b>Service</b>	<b>Description</b>	<b>£'000</b>
Various	Staffing	Inflationary and incremental increases in salaries	513 On-going
Environmental Services	Waste management	Diesel costs 4% inflationary increase	53 On-going
Environmental Services	Development Control	Consultant for work on overturned appeals	45 On-going
Communities & Partnerships	Private Finance Initiative	Contractual inflationary increase in the PFI payment for the service	30 On-going
Environmental Services	Waste management	Processing fee increase for various waste services	26 On-going
Environmental Services	Development Control	Increase in appeals capacity	20 On-going
Finance & Administration	Financial Services	Insurance premiums inflationary increase	17 On-going
Communities & Partnerships	Day centres	Cost of meals at Thaxted full cost recovery	12 On-going
	Various	Other immaterial adjustments	64
			<u>778</u>

SERVICE GROWTH (£10K MINIMUM)				
Portfolio	Service	Description	£'000	
Environmental Services	Planning Policy	Net budget increase to support the Local Plan	386	One-off
Finance & Administration	Corporate Management	Highways panel match funding	100	On-going
Environmental Services	Licensing	Staffing increase to cover additional work met with additional income	92	One-off
Housing & Economic Development	Committee Administration	Agency staff to cover part year vacancy	74	One-off
Finance & Administration	Corporate Team - Assets	Consultants for Garden Communities programme	50	Fixed term
Finance & Administration	Legal Services	Additional post for data Protection Officer and associated costs	44	On-going
Housing & Economic Development	Homelessness	Temporary post funded from grant for the introduction of the Homelessness Reduction	35	Fixed term
Finance & Administration	Corporate Management	Net cost increase for new Assistant Director Environment post	27	On-going
Finance & Administration	Offices	Increase in the demand for unplanned and urgent repairs work on assets	21	On-going
Communities & Partnerships	Grants & Contributions	Grant to saffron Hall rental of London Road Offices	20	Fixed term
Housing & Economic Development	Democratic Representation	External training for elected members	20	On-going
Environmental Services	Development Control	Consultants for Planning Performance Agreements met fully by additional income	20	On-going
Finance & Administration	Financial Services	Credit/Debit cards usage resulting in an increase in merchant processing charges	19	On-going
Finance & Administration	Revenues Administration	Temporary post for new property and tax base work	18	One-off
Environmental Services	Car Parks	Rose and Crown sharing agreement, lease arrangements undertaken	16	On-going
Finance & Administration	Revenues Administration	Rateable Value Finder subscription investment in service to support future efficiencies	13	One-off
Environmental Services	Public Health	Focussed work on untaxed and abandoned vehicles cost neutral with fees levied	12	On-going
Environmental Services	Public Health	Extra staffing hours for additional inspections met by fees	11	One-off
Housing & Economic Development	Customer Service Centre	Restructure of management and increase in staff time and temporary cover	11	On-going
Communities & Partnerships	Day centres	Day Centre transfer of service to UDC met by income	10	On-going
Finance & Administration	Legal Services	Fees for the introduction of independent investigations for standards complaints	10	On-going
	Various	Other immaterial adjustments	45	
			<b>1,053</b>	

SAVING/SERVICE REDUCTION (£10K MINIMUM)			
Portfolio	Service	Description	£'000
<b>Budget efficiencies</b>			
Environmental Services	Waste management	Processing gate fee reduction	(100) On-going
Housing & Economic Development	Communications	Delayed implementation in Citizens access project	(80) On-going
Communities & Partnerships	Leisure and Performance	Net effect of restructured team and management	(58) On-going
Environmental Services	Planning Specialists	Deletion of conservation post	(48) On-going
Finance & Administration	Information Technology	Reduction in the estimated growth for software license costs	(47) On-going
Finance & Administration	Corporate Management	Restructured Assistant Chief Executive - Legal post	(26) On-going
Environmental Services	Emergency Planning	Establishment reduction offset by additional cost of Essex County Council commissioned to undertake Emergency Planning work	(20) On-going
Environmental Services	Public Health	Health and Safety post reduced to 2.5 days	(18) On-going
Environmental Services	Public Health	Restructured posts and staffing hours	(16) On-going
Finance & Administration	Corporate Management	Audit Fees reduction	(13) On-going
Finance & Administration	Benefits Administration	Reduction in staffing hours	(13) On-going
Finance & Administration	Corporate Team	Regrading of Asset Surveyor post	(10) On-going
Environmental Services	Animal Warden	Reduction in staffing hours	(18) On-going
	Various	Other immaterial adjustments	(29)
			<b>(496)</b>
<b>Programmed efficiencies</b>			
Finance & Administration	Revenues Administration	Service reviews staff savings	(16) On-going
Finance & Administration	Financial Services	In-house post-box insurance service	(10) On-going
Finance & Administration	Central Services	Net reduction in various print or postal costs due to process changes	(10) On-going
	Various	Other immaterial savings	(11)
			<b>(48)</b>
		<b>Net total</b>	<b>(543)</b>



CHANGES TO INCOME (£10K MINIMUM)			
Portfolio	Service	Description	£'000
<b>Increases</b>			
Environmental Services	Licensing	Cost of service increasing therefore full cost recovery in line with this	(244) On-going
Environmental Services	Waste Management	Increase in trade waste take-up	(97) On-going
Environmental Services	Development Control	Charging for Planning Performance Agreements	(75) On-going
Environmental Services	Waste Management	Recycling credits inflationary and tonnage increase	(52) On-going
Environmental Services	Building Surveying	New fee structures	(50) On-going
Environmental Services	Waste Management	Green waste service increase take up and payment administration fee	(40) On-going
Communities & Partnerships	Day Centres	Rents and reimbursements for Day centres transferring back to UDC	(34) On-going
Environmental Services	Public Health	Various increases in work creating fees from food inspections	(20) On-going
Environmental Services	Car Parks	End of exemption period for rented spaces in Lower Street car park	(20) On-going
Environmental Services	Public Health	Fees levied for tow away costs on untaxed and abandoned vehicles cost neutral	(13) On-going
Finance & Administration	Central Services - Printroom	Additional income from tenants at London Road using UDC in-house service	(10) On-going
Environmental Services	Planning management	Street naming and numbering increasing in line with new developments	(10) On-going
	Various	Other immaterial adjustments	(47)
			<b>(711)</b>
<b>Decreases</b>			
Finance & Administration	Council Tax Discounts	Reduction in share back of income from Preceptors for sharing agreement	77 On-going
Environmental Services	Public Health	Reduction in fees for environmental protection work based on a reduction in units of work	18 On-going
Environmental Services	Building Surveying	Reduction in service provision for energy performance	10 On-going
	Various	Other immaterial adjustments	6
			<b>111</b>
<b>Uncontrollable changes</b>			
Finance & Administration	Revenues Administration	Business Rates New Burdens Grant	(12) One-off
Finance & Administration	Housing Benefits	Net affect of universal credit estimated impact and a reduction in DWP funding based on historical trends and estimated claimants	(166) On-going
			<b>(178)</b>
<b>Income Generation &amp; Commercialisation</b>			
Environmental Services	Waste Management	Introduction of bin delivery charges	(39) On-going
Environmental Services	Development Control	Introduction of new fees for heritage checks and pre application service	(35) On-going
Finance & Administration	Financial Services	Reimbursement for accountancy work undertaken on behalf of Aspire	(10) On-going
			<b>(83)</b>
		<b>Net total</b>	<b>(861)</b>

**Risks and Assumptions****Definitions****Probability**

Low - Possible, but unlikely

Medium - Probable

High - Almost certain

**Impact**

Low - possible variance of £5,000 to £20,000

Medium - possible variance of £20,001 to £50,000

High - possible variance of over £50,000

**Favourable** - expenditure lower than budget, or income higher than budget**Adverse** - expenditure higher than budget, or income lower than budget

Service	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)
Benefits Admin	MHCLG - LCTS Admin Grant	It is assumed that the LCTS Admin Grant will be paid at similar or slightly reduced levels to 2018/19. The notification of grant amounts are unlikely to be made available until early 2019.	L	L	M
	DWP HB Admin Grant	It is assumed that the HB Admin Grant will be paid at similar or slightly reduced levels to 2018/19. The notification of grant amounts are unlikely to be made available until early 2019.	M	L	M
Building Control	Income from applications	There is a risk that the service will receive fewer applications than expected and would therefore see a reduction in income.	L		M
	Inspection fee income - airport	Stansted Airport's anticipated expansion project will generate an inspection fee in the region of £70k which will cover possibly 2 or 3 years of inspections. There will be some increased staffing costs associated with this work.	M	H	
	Under resourcing	Under resourcing of the service could lead to a reduced service and number of inspections carried out and subsequent loss of income. Possible risk of not meeting statutory requirements and adverse publicity for the council. Due to the nature of some of the work could result in public safety issues.	L		H
Car Parks	Lower St Car Park	There is a risk to the residential spaces agreement not achieving the estimated budget	L		H
	Rose & Crown Car Park	There is a risk that the new agreement does not deliver what we anticipated	M	L	L
	Maintenance costs	It is assumed that maintenance costs will not be accrued in 2019-20 due to new machines being installed, there is a risk that unforeseen maintenance costs could occur	L		L

Service	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)
Conducting Elections	Election costs	It is highly likely that election costs will vary from the forecast as the preparation of the budget for an election depends on and element of unknown variables.	H		M
Corporate Team	Asset Management Consultants	There is a risk that more work on assets is required than estimated, leading to additional costs.	M	L	M
Council Tax Discounts	Government grant	This is based on a calculation of discounts awarded to family annexes, this estimate is based on last years calculation there is a small risk this may change.	L	L	L
	Penalty and legal fees	These may decrease if less compliance and legal action is undertaken	L	L	L
Development Control	Planning fees	It is assumed that planning applications should increase going into 2019-20. There is a risk that the economy could slow down due to general economic uncertainty.	L		H
	Pre-Application fees	Potential slight reduction in pre-application fees as low grade matters covered by paid duty. Impact and level still low.	M		L
	Section 106 Monitoring	It is assumed that Section 106 Monitoring will continue to be received at its current rate, spirit of monitoring charges maintained through PPA relationships.	L		L
Day Centres	Day centres not under direct UDC management	If the council does not continue to have reassurance that insurance responsibilities are being met then this could lead to potential financial costs associated with any liabilities	L	L	M
	Day centres under direct UDC management	Income estimates for day centres under direct council management have been estimated based on available data. However, there is a risk that these estimates may not prove to be precise as some financial processes prior to the council taking on the centres may not have been robust.	M	L	L

Service	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)
Financial Services	In-house post box insurance service	It is assumed finance has the resources and capacity to deliver the post-box service at the current levels, there is a risk that claims increase and the capacity to deliver could be at risk	L		L
	Merchant charges	If levels of payments made by credit or debit cards increases over the anticipated level then the merchant charges will increase	M		M
	Treasury Fees	Broker Fees - if cash flow levels are impacted due to higher capital spend; increased borrowing could occur, incurring additional broker fees and interest costs corporately	L		L
Local Council Tax	Council Tax Court Costs	It is assumed that the level of Council Tax recovery will increase or stay the same. The amount of costs awarded are by way of Magistrates Court there is a low probability of our application for costs being refused	L	L	L
New Homes Bonus	Grants	Possibility that budgeted amounts are not realised. 2019/20 is an election year so Members will not be allowed to carry over any unspent grant to the next financial year	M	M	L
Non-Domestic Rates	Court Costs	It is assumed that the level of Business Rate recovery will increase or stay the same. The amount of costs awarded are by way of Magistrates Court there is a low probability of our application for costs being refused	L	L	L
Offices	Office Repairs	There is a risk that the budget estimate could be under or over due to unpredicted repairs that arise during the year.	M	L	M
Private Finance Initiative	Contract costs	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, the opposite effect could be achieved if capacity allows for full management of the contract	L	M	H

Service	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)
Public Health	ECC Better Care Fund allocation for Disabled Facilities Grants	There is a risk that redistribution of funding may occur leading to an increased requirement for revenue funding for grants paid out, or a favourable decrease in revenue funding required	M	L	L
	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
	Proactive Enforcement	Should growth be permitted, enforcement activities are likely to increase. This is likely to result in more Fixed Penalty Notices being issued and greater income.	M	L	L
	Environmental Protection/ Enforcement - Works in default	The budget does not have provision for works in default to abate nuisance and harm	L	L	L
	Contaminated Land	The Council has a statutory duty to identify contaminated land. Such matters can be complex and involve specialist consultants to test and provide advice	L	L	L
	Border inspection Food inspection	Unpredictability of the numbers and types of consignments coming into Stansted or control any changes to work governed by legislative requirements, i.e. what needs to be sampled and at what % and frequency and the implications and uncertainty of EU Exit	M	L	H
Planning Policy	Local Plan timetable extending	If the local plan is delayed / extended we will need to keep agency staff for longer. Further evidence base work may also need to be carried out which hasn't been budgeted for.	M	H	H
	Local Plan examination	If the Local Plan examination carries on longer than anticipated then there will be a need for additional staff resources and funding to cover additional evidence base asked for by the Inspector	M	H	H

## General Fund Reserves 2019/20

Reserve £000	2018/19 P6 Forecast				Estimated Balance 1st April 2019	2019/20 Estimates			Estimated Balance 1st April 2020
	Actual Balance 1st April 2018	Forecast Transfer from General Fund	Forecast Transfer To General Fund	Forecast Transfer between Reserves		Forecast Transfer from General Fund	Forecast Transfer To General Fund	Forecast Transfer between Reserves	
<b>RINGFENCED RESERVES</b>									
Business Rates	1,501	250	(384)		1,367	941			2,308
Department for Work and Pensions	71				71				71
Licensing	0	217	(20)		198	57	(33)		221
Capital Slippage	466		(299)		168				168
Working balance	1,321		(41)		1,280	28			1,308
<b>TOTAL RINGFENCED RESERVES</b>	<b>3,360</b>	<b>467</b>	<b>(744)</b>	<b>0</b>	<b>3,083</b>	<b>1,026</b>	<b>(33)</b>	<b>0</b>	<b>4,076</b>
<b>USABLE RESERVES</b>									
<u>Financial Management Reserves</u>									
Medium Term Financial Strategy	1,000		(450)		550	450	(450)		550
Transformation	1,728		(80)	(550)	1,098				1,098
EU Exit	0				0	200			200
Funding	0				0	1,059			1,059
	2,728	0	(530)	(550)	1,648	1,709	(450)	0	2,907
<u>Contingency Reserves</u>									
Emergency Response	40				40				40
	40	0	0	0	40	0	0	0	40
<u>Service Reserves</u>									
Economic Development	15				15				15
Elections	75	25			100	25	(80)		45
Homelessness	126		(8)		118		(20)		98
Health & Wellbeing	46		(5)		41				41
Neighbourhood Planning	93				93				93
Planning	960		(889)	550	621		(309)		312
Housing Strategy	54				54				54
Development Control	27				27				27
Strategic Initiatives	2,660		(500)		2,160				2,160
Developments	0	105			105				105
New Homes Bonus Ward Members	16				16		(16)		0
Waste Depot Relocation Project	4,383	350	(250)		4,482				4,482
Waste Management	201				201	170			371
Private Finance Initiative	180				180				180
	8,836	480	(1,652)	550	8,214	195	(425)	0	7,984
<b>TOTAL USABLE RESERVES</b>	<b>11,603</b>	<b>480</b>	<b>(2,182)</b>	<b>0</b>	<b>9,902</b>	<b>1,904</b>	<b>(875)</b>	<b>0</b>	<b>10,931</b>
<b>TOTAL RESERVES</b>	<b>14,963</b>	<b>947</b>	<b>(2,925)</b>	<b>0</b>	<b>12,985</b>	<b>2,931</b>	<b>(908)</b>	<b>0</b>	<b>15,007</b>

**Fees and Charges – 2019/20**

<b>Building surveying other charges</b>	<b>2018/19 charge £</b>	<b>2019/20 charge £</b>	<b>Does the charge include VAT?</b>	<b>Note</b>
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

<b>Street Naming and Numbering</b>	<b>2018/19 charge £</b>	<b>2019/20 charge £</b>	<b>Does the charge include VAT?</b>	<b>Note</b>
<u>Charge per dwelling/unit</u>				
Add a name to a numbered property	N/A	35.00	No	
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	



STANDARD CHARGES SCHEDULE 1- NEW DWELLINGS Dwelling houses and Flats						
<u>Code</u>	<u>New Build Houses or Bungalows Not Exceeding 250m<sup>2</sup></u>		<u>Plan Charge</u>	<u>Inspection Charge*</u>	<u>Building Notice*</u>	<u>Regularisation Charge*</u>
HO1	1 Plot	Fee	£310.00	£460.00	£820.00	<b>£1,025.00</b>
		VAT	£62.00	£92.00	£164.00	
		<b>Total</b>	<b>£372.00</b>	<b>£552.00</b>	<b>£984.00</b>	
HO2	2 Plots	Fee	£395.00	£705.00	£1,150.00	<b>£1,437.50</b>
		VAT	£79.00	£141.00	£230.00	
		<b>Total</b>	<b>£474.00</b>	<b>£846.00</b>	<b>£1,380.00</b>	
HO3	3 Plots	Fee	£465.00	£960.00	£1,525.00	<b>£1,906.25</b>
		VAT	£93.00	£192.00	£305.00	
		<b>Total</b>	<b>£558.00</b>	<b>£1,152.00</b>	<b>£1,830.00</b>	
HO4	4 Plots	Fee	£520.00	£1,085.00	£1,705.00	<b>£2,131.25</b>
		VAT	£104.00	£217.00	£341.00	
		<b>Total</b>	<b>£624.00</b>	<b>£1,302.00</b>	<b>£2,046.00</b>	
HO5	5 Plots	Fee	£580.00	£1,215.00	£1,895.00	<b>£2,368.75</b>
		VAT	£116.00	£243.00	£379.00	
		<b>Total</b>	<b>£696.00</b>	<b>£1,458.00</b>	<b>£2,274.00</b>	
<b><u>New Build Flats Not Exceeding 250m<sup>2</sup> and Not More Than 3 Storeys</u></b>						
FL1	1 Plot	Fee	£310.00	£460.00	£820.00	<b>£1,025.00</b>
		VAT	£62.00	£92.00	£164.00	
		<b>Total</b>	<b>£372.00</b>	<b>£552.00</b>	<b>£984.00</b>	
FL2	2 Plots	Fee	£395.00	£705.00	£1,150.00	<b>£1,437.50</b>
		VAT	£79.00	£141.00	£230.00	
		<b>Total</b>	<b>£474.00</b>	<b>£846.00</b>	<b>£1,380.00</b>	
FL3	3 Plots	Fee	£465.00	£960.00	£1,525.00	<b>£1,906.25</b>
		VAT	£93.00	£192.00	£305.00	
		<b>Total</b>	<b>£558.00</b>	<b>£1,152.00</b>	<b>£1,830.00</b>	
FL4	4 Plots	Fee	£520.00	£1,085.00	£1,705.00	<b>£2,131.25</b>
		VAT	£104.00	£217.00	£341.00	
		<b>Total</b>	<b>£624.00</b>	<b>£1,302.00</b>	<b>£2,046.00</b>	
FL5	5 Plots	Fee	£580.00	£1,215.00	£1,895.00	<b>£2,368.75</b>
		VAT	£116.00	£243.00	£379.00	
		<b>Total</b>	<b>£696.00</b>	<b>£1,458.00</b>	<b>£2,274.00</b>	
<b><u>Conversion to</u></b>						
COH	Single dwelling house (Where total floor area does not exceed 150m <sup>2</sup> )	Fee	£265.00	£385.00	£650.00	<b>£812.50</b>
		VAT	£53.00	£77.00	£130.00	
		<b>Total</b>	<b>£318.00</b>	<b>£462.00</b>	<b>£780.00</b>	
COF	Single Flat (Where total floor area does not exceed 150m <sup>2</sup> )	Fee	£265.00	£385.00	£650.00	<b>£812.50</b>
		VAT	£53.00	£77.00	£130.00	
		<b>Total</b>	<b>£318.00</b>	<b>£462.00</b>	<b>£780.00</b>	
<b><u>Notifiable Electrical work (in addition to the above, where applicable.)</u></b>						
DNE	(Where a satisfactory certificate will not be issued by a Part P registered electrician)	Fee	£250.00	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	£50.00			
		<b>Total</b>	<b>£300.00</b>			

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)

## Annexe H6 continued...

<b>STANDARD CHARGES</b>					
<b>SCHEDULE 3- ALL OTHER NON-DOMESTIC WORK</b>					
<b>Limited to work not more than 3 storeys above ground level</b>					
<b>Code</b>	<b>Extensions and New Build</b>		<b>Plan Charge £</b>	<b>Inspection Charge £</b>	<b>Regularisation Charge £</b>
<b>NX1</b>	Single storey with floor area not exceeding 40m <sup>2</sup>	Fee	£165.00	£350.00	<b>£643.75</b>
		VAT	£33.00	£70.00	
		<b>Total</b>	<b>£198.00</b>	<b>£420.00</b>	
<b>NX2</b>	Single storey with floor area exceeding 40m <sup>2</sup> but not exceeding 100m <sup>2</sup>	Fee	£185.00	£425.00	<b>£762.50</b>
		VAT	£37.00	£85.00	
		<b>Total</b>	<b>£222.00</b>	<b>£510.00</b>	
<b>NX3</b>	With some part 2 or 3 storey in height and a total floor area not exceeding 40m <sup>2</sup>	Fee	£280.00	£535.00	<b>£1,018.75</b>
		VAT	£56.00	£107.00	
		<b>Total</b>	<b>£336.00</b>	<b>£642.00</b>	
<b>NX4</b>	With some part 2 or 3 storey in height and a total floor area exceeding 40m <sup>2</sup> but not exceeding 100m <sup>2</sup>	Fee	£310.00	£695.00	<b>£1,256.25</b>
		VAT	£62.00	£139.00	
		<b>Total</b>	<b>£372.00</b>	<b>£834.00</b>	
<b><u>Alterations</u></b>					
<b>NO1</b>	Cost of work not exceeding £5000	Fee	£65.00	£145.00	<b>£262.50</b>
		VAT	£13.00	£29.00	
		<b>Total</b>	<b>£78.00</b>	<b>£174.00</b>	
<b>NO2</b>	Replacement windows, rooflights, roof windows or external glazed doors (not exceeding 20 units)	Fee	£65.00	£145.00	<b>£262.50</b>
		VAT	£13.00	£29.00	
		<b>Total</b>	<b>£78.00</b>	<b>£174.00</b>	
<b>NO3</b>	Renewable energy systems (not covered by an appropriate Competent Persons scheme)	Fee	£65.00	£145.00	<b>£262.50</b>
		VAT	£13.00	£29.00	
		<b>Total</b>	<b>£78.00</b>	<b>£174.00</b>	
<b>NO4</b>	Installation of new shop front	Fee	£65.00	£145.00	<b>£262.50</b>
		VAT	£13.00	£29.00	
		<b>Total</b>	<b>£78.00</b>	<b>£174.00</b>	
<b>NO5</b>	Cost of work exceeding £5,000 but not exceeding £2,5000	Fee	£140.00	£270.00	<b>£512.50</b>
		VAT	£28.00	£54.00	
		<b>Total</b>	<b>£168.00</b>	<b>£324.00</b>	
<b>NO6</b>	Replacement windows, rooflights, roof windows or external glazed doors (exceeding 20 units)	Fee	£140.00	£270.00	<b>£512.50</b>
		VAT	£28.00	£54.00	
		<b>Total</b>	<b>£168.00</b>	<b>£324.00</b>	
<b>NO7</b>	Renovation of thermal elements	Fee	£140.00	£270.00	<b>£512.50</b>
		VAT	£28.00	£54.00	
		<b>Total</b>	<b>£168.00</b>	<b>£324.00</b>	
<b>NO8</b>	Installation of Raised Storage Platform within an existing building	Fee	£140.00	£270.00	<b>£512.50</b>
		VAT	£28.00	£54.00	
		<b>Total</b>	<b>£168.00</b>	<b>£324.00</b>	
<b>NO9</b>	Cost of works exceeding £25,000 but not exceeding £10,0000	Fee	£200.00	£480.00	<b>£850.00</b>
		VAT	£40.00	£96.00	
		<b>Total</b>	<b>£240.00</b>	<b>£576.00</b>	
<b>N10</b>	Fit out of building up to 100m <sup>2</sup>	Fee	£170.00	£425.00	<b>£743.75</b>
		VAT	£34.00	£85.00	
		<b>Total</b>	<b>£204.00</b>	<b>£510.00</b>	
<b>N11</b>	Cost of works exceeding £100,000 but not exceeding £250,000	Fee	£280.00	£665.00	<b>£1,181.25</b>
		VAT	£56.00	£133.00	
		<b>Total</b>	<b>£336.00</b>	<b>£798.00</b>	

Annexe H6 continued...

Planning Pre-application advice	2018/19 charge £	2019/20 charge £	Does the charge include VAT?
<b>* New Charging Structure for 2019/20</b>			
Householder - Written Advice only	N/A*	100	Yes
- Meeting 1 hr and written advice	N/A*	150	Yes
- Follow up advice	N/A*	75	Yes
Householder/Heritage/ Listed building Consent			
- Meeting 1 hr and written advice	N/A*	300	Yes
- Follow up advice	N/A*	150	Yes
MINOR development			
- Written Advice only	N/A*	150	Yes
- Meeting 1 hr and written advice	N/A*	350	Yes
- Follow up advice	N/A*	150	Yes
MINOR development and Heritage advice			
- Written Advice only	N/A*	250	Yes
- Meeting 1 hr and written advice	N/A*	450	Yes
- Follow up advice	N/A*	200	Yes
Strategic MAJOR (Residential development of 100+ and commercial developments of 5,000+ square metres of floor space or on sites over 3 hectares)			
- Meeting 1 hr and written advice	N/A*	2,400	Yes
- Follow up advice	N/A*	865	Yes
Strategic MAJOR (Residential development of 100+ and commercial developments of 5,000+ square metres of floor space or on sites over 3 hectares) including Heritage Advice			
- Meeting 1 hr and written advice	N/A*	2,700	Yes
- Follow up advice	N/A*	1,015	Yes
Large Scale MAJOR (Residential development of 50-99 dwellings and commercial developments of 2,000-4,999 square metres of floor space or on sites of 2-3 hectares)			
- Written Advice only	N/A*	860	Yes
- Meeting 1 hr and written advice	N/A*	1,360	Yes
- Follow up advice	N/A*	680	Yes
Large Scale MAJOR (Residential development of 50-99 dwellings and commercial developments of 2,000-4,999 square metres of floor space or on sites of 2-3 hectares) including Heritage Advice			
- Written Advice only	N/A*	1,010	Yes
- Meeting 1 hr and written advice	N/A*	1,660	Yes
- Follow up advice	N/A*	830	Yes
Small Scale MAJOR (Residential development of 10 - 49 dwellings and commercial developments of 1,000-1,999 square metres of floor space or on sites of 1 - 2 hectares)			
- Written Advice only	N/A*	540	Yes
- Meeting 1 hr and written advice	N/A*	990	Yes
- Follow up advice	N/A*	495	Yes
Small Scale MAJOR (Residential development of 10 - 49 dwellings and commercial developments of 1,000-1,999 square metres of floor space or on sites of 1 - 2 hectares) and Heritage Advice			
- Written Advice only	N/A*	690	Yes
- Meeting 1 hr and written advice	N/A*	1,290	Yes
- Follow up advice	N/A*	645	Yes
Planning Performance Agreements (PPAs)	POA	POA	
High Hedge Complaints	265.00	500	Yes

## Annexe H6 continued...

Other Planning fees and charges	2018/19 charge £	2019/20 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 Planning & Building Regulation Decision Notices	hour if job exceeds 1 hour	hour if job exceeds 1 hour	
Uttlesford Local Plan Adopted 2005	25.00	25.00	Yes
Emerging Local Plan	N/A	75.00	Yes
Confirmation regarding Agricultural Ties	24.00	42.00	Yes
An administrative pre application submission check for householder applications	N/A	35.00	No

### Planning Applications

For the current schedule of planning application fees, please visit the Uttlesford District Council website:  
<http://www.uttlesford.gov.uk/article/4864/Planning-Application-Fees>

Land Charges	2018/19 charge £	2019/20 charge £	Does the charge include VAT 2018/19
Note: Since March 2017 VAT has been payable on all charged searches aside from LLC1 enquiries.			
LLC1 Residential/Commercial	22.00	22.00	No
LLC1 Residential/Commercial extra parcels of land	4.50	4.50	No
CON29 - Residential	89.00	89.00	Yes
CON29 - Residential extra parcels of land	12.60	12.60	Yes
CON29 - Commercial	112.00	112.00	Yes
CON29 - Commercial extra parcels of land	12.60	12.60	Yes
LLC1 & CON29 - Residential	111.00	111.00	Yes
LLC1 & CON29 - Commercial	134.00	134.00	Yes
CON290*	18.00	18.00	Yes
* The following CON290 questions are free of charge: 6,7,10,11,12,13 & 14 The current schedule of land charges can also be found at the Uttlesford District Council website: <a href="https://www.uttlesford.gov.uk/article/4913/Local-Land-Charges-and-Searches-fees">https://www.uttlesford.gov.uk/article/4913/Local-Land-Charges-and-Searches-fees</a>			

## Annexe H6 continued...

<b>Car Parking</b>	<b>2018/19 charge £</b>	<b>2019/20 charge £</b>	<b>Does the charge include VAT?</b>
<b><u>Saffron Walden</u></b>			
<b><i>Fairycroft</i></b>			
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
<b><i>Common</i></b>			
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
<b><i>Rose &amp; Crown</i></b>			
30 Minutes	0.50	0.50	Yes
1 Hour	0.70	0.70	Yes
2 Hours	1.20	1.20	Yes
<b><i>Swan Meadow</i></b>			
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
<b><u>Coaches</u></b>			
5 Hours	3.00	3.00	Yes
9 Hours	6.00	6.00	Yes

Annexe H6 continued...

Environmental Health	2018/19 charge £	2019/20 charge £	Does the charge include VAT?
<b>Food and Water Safety</b>			
Food Safety course - level 2 certificate	80.00	80.00	No
Health Certificate for Export	90.00	90.00	No
Food disposal if required		At cost	Yes
Copy of Food Register - Whole - (hourly charge or part thereof)	70.00	N/A	No
Copy of Food Register - Single premises	25.00	N/A	No
Voluntary Surrender Certificate	80.00	90.00	No
Water Samples (Airport)	25.00	25.00	Yes
Private water supply sample collection fee (plus laboratory charges)	43.00	N/A*	Yes
Private water supply carrying out of Risk Assessment - per hour	54.00	N/A*	No
Investigation (each visit)	54.00	N/A*	No
<b>* New Charging Structure for 2019/20</b>			
Private water supply sampling and analysis under Regulation 10 (small supplies) - per visit (plus laboratory fee)	N/A*	46.00	Yes
Group A parameter sampling and analysis (large supplies) - per visit (plus laboratory fee)	N/A*	46.00	Yes
Group B parameter sampling and analysis (large supplies) - per visit (plus laboratory fee)	N/A*	92.00	Yes
Investigation (per hour)	N/A*	58.00	No
Risk Assessment (per hour)	N/A*	58.00	No
Analysis under reg 10	25.00	26.00	No
EIR information	111.00	113.00	No
Contaminated land	111.00	113.00	No
Officer charges for works in default - per hour	54.00	55.00	No
Chemical Water Samples on request	Charged at Cost	Charged at Cost	Yes
<b>Imported Food Inspection Charges</b>			
POAO per CVED (Products of animal origin) (per consignment)	180.00	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
Organic product certificate office hours	70.00	70.00	No
Organic product certificate out of office hours	250.00	250.00	No
High Risk NAO per CED (Non animal origin)	55.00	55.00	No
High Risk NAO sampling fee + laboratory charges	65.00	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	75.00	75.00	No
Consignment abandon fee	60.00	60.00	No
ID check - Weekdays	50.00	50.00	No
ID check - Weekends	85.00	85.00	No
Organics check - Weekdays	40.00	40.00	No
Organics check - Weekends	60.00	60.00	No
Melamine check	75.00	75.00	No
Destruction Supervision	55.00	55.00	No

## Annexe H6 continued...

Environmental Health	2018/19 charge £	2019/20 charge £	Does the charge include VAT?
<b>Animals</b>			
Micro chipping - Pets - Microchip event	18.00	18.00	Yes
Stray dog - administrative costs (plus kennel and vet fees if applicable)	50.00	51.00	No
Stray dog - statutory fee	25.00	25.00	No
<b>HMO (Homes of Multiple Occupancy) Licensing Fees</b>			
HMO licence fee for up to 5 bedrooms *	717.00	N/A	No
HMO licence fee for up to 5 bedrooms * part 1 fee	N/A	510.00	No
HMO licence fee for up to 5 bedrooms * part 2 fee	N/A	571.00	No
HMO licence fee for 5 letting rooms or more - charge per additional room	27.50	30.00	No
HMO licence fee for up to 5 bedrooms - Renewal charge	N/A	571.00	No
HMO licence fee - Incomplete Application	N/A	30.00	No
Reminder letter on failure to apply for a licence	N/A	30.00	No
Variation of licence (i.e. change in address or new appointed manager)	N/A	9.00	No
Missed appointment	N/A	128.00	No
Any other correspondence such as sending out a final reminder letter	N/A	30.00	No
<p>* The total cost of licensing an HMO in 2019/20 with Uttlesford District Council is £1,081.00 and is payable in 2 parts. Part 1 fees are to be paid at the time of application to cover the costs of processing the application and inspecting the property. Part 2 fees are levied upon completion of the application process to cover the costs of running and enforcing the scheme. Applicants will need to ensure that Part 2 fees have been paid to the Council prior to the licence being issued.</p> <p>For 2019/20 a discount of 5% will be applied for valid applications that are received without a request from the Council. This will also apply to valid renewal applications received within the time specified by the Council.</p> <p>The licensing period is for 5 years from the date the application was made</p> <p>HMO Licensing fee charges will be subject to annual review from the 1st April each year</p>			
Housing Immigration Inspection	165.00	168.00	No
Housing improvement notice - fixed price	241.00	246.00	No
Suspended improvement notice - fixed price	241.00	246.00	No
Prohibition order - fixed price	241.00	246.00	No
Suspended prohibition order - fixed price	241.00	246.00	No
Emergency prohibition order - fixed price	241.00	246.00	No
Emergency remedial action notice - fixed price	241.00	246.00	No

Licensing	2018/19 charge £	2019/20 charge £	£	£	£	Does the charge include VAT?
			Re-			
			Part A* fee	Part B* fee	inspection	Variation
<b>Licences</b>						
Animal boarding establishment (cattery, kennel, dog day care)*	174.00	271.00	176.00	129.00	20.00	No
Riding Establishments *	245.00	334.00	188.00	181.00	20.00	No
Home boarding *	141.00	185.00	192.00	129.00	20.00	No
Dog breeding establishment *	141.00	250.00	176.00	129.00	20.00	No
Pet shop *	141.00	271.00	179.00	129.00	20.00	No
Dangerous wild animals *	276.00	Quote on application (based on a 2 year licence)				No
Zoo licence (5 years) *	717.00	Quote on application (based on a 5 year licence)				No
Keeping or Training Animals for Exhibition *	N/A	Quote on application (based on a 5 year licence)				No
<p>* Part A fees need to be paid on application. Part B fees are paid on issuing report &amp; confirmation of the licence and rating.</p> <p>The issuing of the license will occur following payment of Part B fees.</p> <p>For licenses where there is more than one activity, the fee will be based on the applicant's main business activity as judged by the inspecting officer.</p> <p>Additional charges will be applied for secondary activities as outlined below.</p>						
<b>Additional Costs</b>						
Cattery, Kennel, Dog Day Care	N/A	61.00				No
Riding Establishments	N/A	123.00				No
Home Boarders	N/A	61.00				No
Breeders	N/A	61.00				No
Pet Shop	N/A	61.00				No
Keeping or Training Animals for Exhibition	N/A	Quote on application				No
Vets fees to be recharged to the operator + Administration costs of £7.50 for Horse Riding Establishments and new breeders only						

## Annexe H6 continued...

Licensing	2018/19 charge £	2019/20 charge £	Does the charge include include VAT?
<b><u>Taxi Licensing</u></b>			
Drivers (licence valid for 3 years)			
- New Application	173.00	216.00	No
- Renewal	160.00	215.00	No
Drivers (licence valid for 2 years)			
- New Application	127.00	199.00	No
- Renewal	114.00	198.00	No
Drivers (licence valid for 1 years)			
- New Application	91.00	182.00	No
- Renewal	77.00	181.00	No
Operators (licence valid for 5 years)			
- New Application	427.00	477.00	No
- Renewal	420.00	476.00	No
Vehicles (licence valid for 1 year)			
- New Application	58.00	108.00	No
- Renewal	47.00	96.00	No
Vehicle Licence Transfer Fee	40.00	100.00	No
CRB checks	Charged at cost	Charged at cost	No
<b><u>Caravan Site Licence Fees</u></b>			
<b><u>New Applications</u></b>			
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
<b><u>Other Licences</u></b>			
Skin piercing premises & 1 person	180.00	180.00	No
Skin piercing additional person	10.00	10.00	No
Skin piercing additional Treatment (at same time)	N/A	35.00	No
Additional ear piercing operator added at a later date	40.00	40.00	No
Additional operator added at a later date (other)	60.00	60.00	No
Additional treatment added at a later date	70.00	70.00	No
<b><u>Scrap Metal</u></b>			
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
<b><u>Alcohol Licensing Act 2003</u></b>			
For the current schedule of statutory fees, please visit the Uttlesford District Council website:			
<a href="https://www.uttlesford.gov.uk/article/5519/Licensing-Act-2003-personal-licence">https://www.uttlesford.gov.uk/article/5519/Licensing-Act-2003-personal-licence</a>			
<a href="https://www.uttlesford.gov.uk/article/5518/Licensing-Act-2003-premises-licence">https://www.uttlesford.gov.uk/article/5518/Licensing-Act-2003-premises-licence</a>			
<b><u>Gambling Act 2005</u></b>			
For the current schedule of fees, please visit the Uttlesford District Council website:			
<a href="https://www.uttlesford.gov.uk/media/2834/Gambling-Act-2005-Fees/pdf/Gambling_Act_2005_Fees.pdf">https://www.uttlesford.gov.uk/media/2834/Gambling-Act-2005-Fees/pdf/Gambling_Act_2005_Fees.pdf</a>			



## Annexe H6 continued...

Refuse Collection & Recycling	2018/19 charge £	2019/20 charge £	Does the charge include VAT?
Bulky waste	17.50	N/A*	No
Kerbside Garden Collection	40.00	N/A*	No
<b>* New Charging Structure for 2019/20</b>			
<b><u>Bulky Waste Collection Service</u></b>			
Minimum charge for 2 items	N/A*	17.50	No
Each additional item	N/A*	8.75	No
Waste Electrical Equipment Collection Services (1 item)	N/A*	17.50	No
Each additional item	N/A*	8.75	No
<b><u>Garden Waste Collection Service</u></b>			
240 litre wheeled bin (online payment or DD)	40.00	35.00	No
240 litre wheeled bin (Cheque or telephone payment)	N/A*	45.00	No
Bin delivery charge	20.00	22.00	No
Waste container supply and delivery (new developments)			
Full set of containers, Green lidded bin, Grey lidded bin, Food Caddy	N/A*	50.00	No
Town/Parish Council Garden Waste weekend collection (per hour)	66.00	68.00	No
<b><u>Trade Waste Collection and Disposal Charges</u></b>			
Trade sacks (3 cubic feet)	2.07	3.00	No
Bins 180 litres	3.22	6.00	No
Bins 240 litres	5.71	8.00	No
Bins 660 litres	13.22	13.22	No
Eurobins 1100 litres	20.39	20.39	No
6 cu yd	124.56	N/A	No
8 cu yd	146.70	154.04	No
Light Containers - 12 cubic yard	146.70	154.04	No
Heavy Containers - 12 cubic yard	229.90	241.40	No

Annexe H6 continued...

Museum	2018/19 charge £	2019/20 charge £	Does the charge include VAT?
<b><u>Museum Admission Charges</u></b>			
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
<b><u>Museum Learning Services</u></b>			
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	18.00	18.00	Yes
School Loan, Reminiscence and Reference Boxes for max. of 1 week	12.00	12.00	Yes
Charge for craft activities per child	1.50	1.50	Yes
<b><u>Reproduction Charges</u></b>			
<b><u>Fee for providing images of collections for commercial publications</u></b>			
Printed image (books etc) on cover, East of England region	96.00	96.00	Yes
Printed image (books etc) inside, East of England region	45.00	45.00	Yes
Printed image (books etc) on cover, UK and international	126.00	126.00	Yes
Printed image (books etc) inside, UK and International	64.80	64.80	Yes
Website image, corporate / commercial use	72.00	72.00	Yes
Television, East of England region	60.00	60.00	Yes
Television, UK	78.00	78.00	Yes
Television, International	120.00	120.00	Yes
Supply of new image (in-house photography)	5.00	5.00	Yes
<b><u>Hire of premises (corporate and private)</u></b>			
Museum - Hire for first hour	75.00	75.00	No
Museum - Hire per hour after first hour	50.00	50.00	No
<b><u>Museum Evening Group Visits with talk or activity</u></b>			
Evening talk/ activity and viewing of galleries	78.00	78.00	Yes
<b><u>Museum Shirehill Store Group Visits and Workshops</u></b>			
Weekday daytime min charge (1 hr session + set-up/clear-up)	24.00	24.00	Yes
Weekday daytime charge per additional hour	18.00	18.00	Yes
Evening visit (per hour for 2017-18)	78.00	78.00	Yes
Saturday half-day	90.00	90.00	Yes
Saturday whole day	174.00	174.00	Yes
<b><u>Museum Staff lectures and talks at other venues</u></b>			
Talks for local groups, in Uttlesford or 20-mile radius of Saffron Walden	72.00	72.00	Yes
Talks for local groups, outside Uttlesford or 20 mile radius of Saffron Walden	84.00	84.00	Yes

## Annexe H6 continued...

<b>Lifeline (Council Tenants and Private Residents)</b>	<b>2018/19 charge</b>	<b>2019/20 charge</b>	<b>Does the charge include VAT</b>
	£	£	2018/19
Lifeline units - Level 1 - Weekly charge - including evening and weekend emergency response visits	5.34	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)	6.61	6.54	Yes*
<i>*a zero rating for VAT will apply if the customer can provide evidence that they have a disability</i>			

<b>Day Centres</b>	<b>2018/19 charge</b>	<b>2019/20 charge</b>	<b>Does the charge include VAT?</b>
	£	£	VAT?
<b><u>Thaxted</u></b>			
Meal	5.00	5.00	Yes
Hall hire per hour	8.00	8.00	Yes
Kitchen Hire per hire	10.00	10.00	Yes
Kitchen and hall hire together - per hire and the charge per hour	15.00	15.00	Yes
	8.00	8.00	Yes
<b><u>Takeley</u></b>			
Hall hire per hour	7.50	7.50	Yes
Kitchen Hire per hour	10.00	10.00	Yes
Kitchen and hall hire together - per hire and the charge per hour	10.00	10.00	Yes
	7.50	7.50	Yes

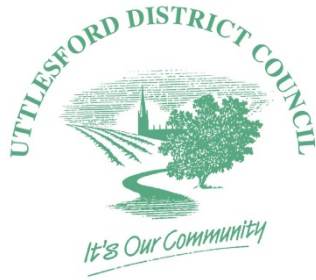
Housing	2018/19 charge £	2019/20 charge £	Does the charge include VAT?
<b><u>Garage Rents</u></b>			
Private (per week)	12.34	12.74	Yes
Tenants (per week)	10.28	10.62	No
<b><u>Sheltered Housing Scheme</u></b>			
Intensive Housing Management (IHM) (per week)	12.73	13.83	Yes
Housing Related Support (HRS) (per week)	4.61	4.67	Yes
<b><u>Allotments</u></b>			
Allotment per Rod (annually)	3.00	3.00	No
<b><u>Garden Welfare Services for Tenants</u></b>			
Regular Grass and Hedge Service (weekly charge)	3.60	3.60	Yes
Small one off Clearance	24.00	24.00	Yes
Large one off Clearance	54.00	54.00	Yes
<b><u>Guest Rooms - Sheltered Accommodation</u></b>			
Guest Room (per night)	18.00	18.00	Yes

Annexe H6 continued...

Print Room	2018/19 charge £	2019/20 charge £	Does the charge include VAT?
Printing services for town & parish councils, voluntary organisations, clubs & societies. Charge per hour, excludes any materials * Addition of VAT varies depending on type of printing	41.50	41.50	No*

Saffron Walden Offices	2018/19 charge £	2019/20 charge £	Does the charge include VAT?
<b><u>Room charges - non wedding - minimum 2 hour charge applies</u></b>			
Room hire - Flitch (Chairman's room) (per hour)	30.00	35.00	Yes
Room hire - Flitch (Chairman's room) (per hour) Charity Rate	24.00	30.00	Yes
Room hire - Cutlers (Committee room) (per hour)	60.00	65.00	Yes
Room hire - Cutlers (Committee room) (per hour) Charity Rate	24.00	40.00	Yes
Room hire - Gibson (Council Chamber) (per hour)	78.00	85.00	Yes
Room hire - Gibson (Council Chamber) (per hour) Charity Rate	48.00	55.00	Yes
Refreshments - per 10 people	13.20	18.00	Yes
Tenants (Flitch Room) (per hour)	24.00	25.00	Yes
Tenants (Cutlers Room) (per hour)	24.00	30.00	Yes
Tenants (Gibson Room) (per hour)	48.00	50.00	Yes
<b><u>Room charges - wedding</u></b>			
Chairman's Room Mon-Thur	74.00	108.00	Yes
Chairman's Room Friday	114.00	156.00	Yes

This page is intentionally left blank



# 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 2019/20
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 2019/20, in line with the Corporate Priorities and taking into account the budget consultation responses from Local Residents and Businesses and preceptors
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> ?	<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?	<input checked="" type="checkbox"/> Performance indicators or targets <input type="checkbox"/> User satisfaction <input type="checkbox"/> Uptake <input type="checkbox"/> Consultation or involvement <input type="checkbox"/> Workforce monitoring data <input checked="" type="checkbox"/> Complaints <input type="checkbox"/> External verification <input 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 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 <a href="#">premises</a> for delivery are accessible to all.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<a href="#">Consultation</a> mechanisms are inclusive of all.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<a href="#">Participation</a> mechanisms are inclusive of all.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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

## Checking information and communication arrangements

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

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



	Yes	No 	N/A
<a href="#">Customer contact</a> mechanisms are accessible to all.	<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"/>
Publicity campaigns are inclusive of all.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Images and text in documentation are representative and inclusive of all.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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


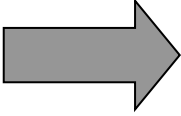
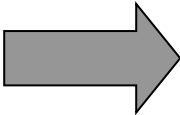
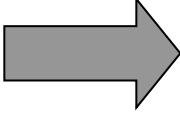
## Future Impact

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

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

- No
- Yes \* 
- Insufficient evidence 

\*Please state any potential issues Identified.

Improvement actions	
13	<p>If your assessment has highlighted any potential issues or red flags, can these be easily addressed?</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No* </p> <p><input checked="" type="checkbox"/> Not applicable</p> <p><i>*If Yes, please describe your proposed action/s, intended impact, monitoring arrangements implementation date and lead officer:</i></p>
Making a judgement – conclusions and next steps	
14	<p>Following this fast-track assessment, please confirm the following:</p> <p><input checked="" type="checkbox"/> There are no inequalities identified that cannot be easily addressed or legally justified  No further action required. Complete this form and implement any actions you identified in Q13 above</p> <p><input type="checkbox"/> There is insufficient evidence to make a robust judgement.  Additional evidence gathering required (go to Q17 on Page 7 below).</p> <p><input type="checkbox"/> Inequalities have been identified which cannot be easily addressed.  Action planning required (go to Q18 on Page 8 below).</p>
15	<p>If you have any additional comments to make, please include here.</p> <p><input type="checkbox"/> None</p>
Completion	
16	<p>Name and job title</p> <p>Angela Knight Assistant Director, Resources</p> <p>Name/s of any assisting officers and people consulted during assessment:</p> <p>Corporate Management Team, Cabinet Members, Local residents and Businesses and all the preceptors consulted</p> <p>Date:</p> <p>23 January 2019</p> <p>Date of next review:</p> <p>January 2020</p> <p><i>For new strategies, policies, projects, contracts or decisions this should be one year from implementation.</i></p>

This page is intentionally left blank