



Public Document Pack

Uttlesford District Council

Chief Executive: Peter Holt

Cabinet

Date: Thursday, 9th February, 2023

Time: 7.00 pm

Venue: Council Chamber - Council Offices, London Road, Saffron Walden, CB11 4ER

Broadcast:

Leader and Chair: Councillor P Lees

Members: Councillors A Armstrong, A Coote, J Evans, R Freeman, N Hargreaves, L Pepper, N Reeve and M Sutton

Other Attendees: Councillors M Caton (Liberal Democrat and Green Alliance Group Leader), G Smith (Conservative Party Group Leader), N Gregory (Chair of Scrutiny Committee), E Oliver (Chair of Governance, Audit and Performance Committee) and R Pavitt (Uttlesford Independent Party Group Leader)

Public Speaking

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AGENDA

PART 1

Open to Public and Press

1 Apologies for Absence and Declarations of Interest

To receive any apologies for absence and declarations of interest.

2 Minutes of the Previous Meeting

5 - 15

To consider the minutes of the meeting held on 22 December 2022.

3 Questions or Statements from Non-Executive Members of the Council (standing item)

To receive questions or statements from non-executive members on matters included on the agenda.

4 Matters Referred to the Executive by the Scrutiny Committee or by the Council (standing item)

To consider matters referred to the Executive for reconsideration in accordance with the provisions of the Overview and Scrutiny Procedure Rules or the Budget and Policy Framework Rules.

5 Consideration of reports from overview and scrutiny committees (standing item)

To consider any reports from Scrutiny Committee.

6 Report of Delegated Decisions taken by Cabinet Members (standing item)

To receive for information any delegated decisions taken by Cabinet Members since the previous Cabinet meeting.

7 Report on assets of community value determined by the Assets of Community Value and Local Heritage List Committee (standing item)

To receive for information any decisions made by the Assets of Community Value committee since the previous Cabinet meeting.

8 Corporate Plan 2023-2027

16 - 25

To consider the Corporate Plan 2023-2027.

9 Medium Term Financial Strategy and 2023/24 Budget Proposals

26 - 261

To consider the Medium Term Financial Strategy and 2023/24 Budget Proposals.

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Agenda Item 2

CABINET held at COUNCIL CHAMBER - COUNCIL OFFICES, LONDON ROAD, SAFFRON WALDEN, CB11 4ER, on THURSDAY, 22 DECEMBER 2022 at 3.00 pm

Present: Councillor P Lees (Chair)
Councillors A Armstrong, A Coote, J Evans, R Freeman,
N Hargreaves, L Pepper, N Reeve and M Sutton

Officers in attendance: P Holt (Chief Executive), D Hermitage (Director of Planning),
A Lindsell (Democratic Services Officer) and A Webb (Director -
Finance and Corporate Services)

Also present: Councillor M Caton (Liberal Democrat and Green Alliance Group
Leader), Councillor N Gregory (Chair of Scrutiny Committee)
and Councillor G Smith (Conservative Party Group Leader).

CAB63 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillor Pavitt.

Councillor Caton declared a non-pecuniary interest relating to agenda item 10 as a trustee of Support For Sight, who were in receipt of a grant from the Council.

Councillor Coote declared a pecuniary interest relating to agenda item 8 as his employer, Bell Day Nursery CIC, hires four of the leisure centre rooms all year round.

CAB64 MINUTES OF THE PREVIOUS MEETING

Councillor Caton said that there were issues within the minutes and that although the statements were minuted correctly they were controversial and that he would pursue them outside of the meeting.

The Chair asked if Members believed that the minutes were a true record.

The minutes of the meeting on 1 December 2022 were approved as a correct record.

CAB65 QUESTIONS OR STATEMENTS FROM NON-EXECUTIVE MEMBERS OF THE COUNCIL

There were no questions or statements from Non-Executive Members of the Council.

CAB66 MATTERS REFERRED TO THE EXECUTIVE BY THE SCRUTINY COMMITTEE

OR BY THE COUNCIL

Councillor Gregory provided a report on the recent meeting he had attended under the new arrangements of the Director of Planning, Interim Local Plans and New Communities Manager and Chair of the Local Plan Leadership Group, the summary note from which had just been circulated.

He said that he was grateful to the Interim Local Plans and New Communities Manager in particular for the level of detail provided, the attention taken to highlight areas of concern and that he had been reassured and deeply heartened by the meeting.

Councillor Caton thanked Gregory for including opposition leaders in his circulation of the summary note and reminded him that he had agreed to circulate it to the whole of the Local Plan Leadership Group.

Councillor Gregory apologised for forgetting and resolved to circulate the summary note as agreed.

Councillor Evans said that the Director of Planning had already prepared a draft report to go to the third tiers which would contain a lot of information of use to Parish Councils in understanding and explaining the S62a process. He asked Members to share the final report with their parishes.

CAB67 CONSIDERATION OF REPORTS FROM OVERVIEW AND SCRUTINY COMMITTEES

There were no further reports from Overview and Scrutiny Committees.

CAB68 REPORT OF DELEGATED DECISIONS TAKEN BY CABINET MEMBERS AND EXECUTIVE COMMITTEES

Cabinet noted the following delegated decision taken by the Leader:

- Voluntary Support Grants Committee, 12 December 2022 – Allocation of grant funding.

CAB69 REPORT ON ASSETS OF COMMUNITY VALUE DETERMINED BY THE ASSETS OF COMMUNITY VALUE AND LOCAL HERITAGE LIST COMMITTEE (STANDING ITEM)

There were no decisions to report.

CAB70 LEISURE PFI

Councillor Coote left the meeting.

Councillor Armstrong presented the PFI report and acknowledged the struggles faced by leisure centres with the cost of living crisis causing serious problems now and moving forward. He said that this was an opportunity to support the leisure centres and help maintain the provision of their services for residents, whilst also protecting the Council.

He recommended that Cabinet:

- Agreed the additional support at a maximum of £261,900 per annum (plus annual RPI indexation), commencing 1 October 2022, and therefore backdated.
- Noted the positions in respect of centre usage, charges and Government utility support.

Members commended the report.

The Leader moved to a vote. The proposal was approved unanimously.

RESOLVED to:

- I. Agree the additional support at a maximum of £261,900 per annum (plus annual RPI indexation), commencing 1 October 2022, and therefore backdated.
- II. Note the positions in respect of centre usage, charges and Government utility support

Councillor Coote rejoined the meeting.

CAB71 **CORPORATE PLAN DELIVERY PLAN 2022/23 PROGRESS UPDATE**

Councillor Reeve provided an update summarising progress made against the Corporate Plan Delivery Plan as at mid-December 2022.

The update recommended that progress against the Corporate Plan Delivery Plan objectives was noted.

He said that:

- The financial situation of the council was robust
- The update demonstrated a considerable number of impressive activities championing the district
- Within the Economic Recovery Plan focus had been given to the tourism and retail sector, with the introduction of the Discover Uttlesford brand and associated app and website, which was proving successful as numbers accessing it were well above other sites around the country. He noted that the average return visitor to the app spent six minutes on it, which indicated active use rather than casual browsing
- Solid progress was being made with the Local Plan.

Councillor Pepper thanked Officers for their hard work and support, acknowledged that Climate Change was at the heart of the Corporate Plan and said that she was, very grateful for the grants and government funding that were being used to improve air quality and reduce CO2 emissions in the district.

Councillor Coote congratulated Officers past and present in social housing who had worked tirelessly.

He said that:

- The Corporate Plan aimed to achieve as much as possible with the limited resources available
- The weather was currently not helping with the delivery of housing repairs
- Funding remained an issue, with government contributions remaining insufficient
- Private rent presented concerns as resources were lacking to achieve the aspirations set out in the Corporate Plan.

Councillor Smith said that the insufficient government funds was not a new situation and that the administration should have built in more resilience in the Council's finances and that balancing the budget with a significant proportion of the reserves was deeply troubling.

He asked Councillor Reeve or Councillor Hargreave to advise what progress had been made in identifying how the £1m budget reduction for the 2022/23 period could be achieved.

Councillor Hargreaves said that council housing was not funded by government, but from the housing rent, although the government should have got rid of the right to buy years ago as it was bureaucratic and resulted in the loss of the best council houses.

He said that the commercial investment programme was established to improve robustness, but had now been blocked by the government, who had provided no substitute finance options.

In response to a question from Councillor Hargreaves, Councillor Coote said that the Empty Homes Policy would consider all homes, not just council houses.

Councillor Pepper said that the Warm Homes Grant focused on private rental properties and that she welcomed any suggestions of new applications.

Councillor Caton said that:

- The Empty Homes Policy provided low interest loans to people entering empty properties to refurbish them. He said that the policy was ineffective as it took five years before funding was available through the scheme. He asked if the budget could be addressed to improve the provision
- Comments had been submitted in response to the Cambridge Connection Consultation regarding the inclusion of Addenbrookes in the scheme. He was concerned that no comments had been submitted regarding the congestion zone and enhanced bus services, which were key Local Plan issues and had a deadline for responses of 23 December 2022. The Director of Planning had advised that a response would be submitted after the Christmas break
- Additional consideration should be given to nurturing relationships with neighbouring authorities.

The Leader said that:

- The Council website provided information about the Empty Homes Policy that answered Councillor Caton's questions succinctly

- It would be helpful if Members promptly shared time sensitive information they had acquired, as it arose, to be inclusive and collaborative, rather than raising it in a public meeting. Any issues could then be addressed in a timely fashion
- She would like everyone to be more collegiate and friendly.

Councillor Caton confirmed that he had discussed the matter with the Chief Executive and Director of Planning.

The Director of Planning said that as an authority they had not received the consultation directly, but were now drafting a response and had requested a short extension for submission of the response.

Councillor Hargreaves said that the Chief Executive had written the Council's objection in response to the biomedical campus but that individuals also had the opportunity to submit their personal comments in response to the consultation by midnight on 23 December 2022.

Councillor Evans said that the Director of Planning was working on the duty to cooperate at county level and was already in cooperation with Cambridge and East Herts within the work undertaken on the Local Plan.

The report was noted.

CAB72 GRANTS POLICY

The Portfolio Holder for Communities, Health, Youth, Public Safety, Emergency Planning and liaison with the Police and Fire & Rescue Service presented the Grants Policy report.

She thanked the Officers for their hard work.

In response to a question from Councillor Reeve, the Chief Executive said that the current Grants Policy was for a year cycle, but that proposals would be coming forward for consideration, to move grants over £50,000 from a one year to a four year cycle, subject to a service level agreement.

Councillor Sutton proposed that the Grants Policy be agreed by Cabinet for formal adoption.

This was seconded by Councillor Armstrong.

RESOLVED: That Cabinet formally adopts the Grants Policy.

CAB73 HOUSING UPDATE

The Chief Executive presented the Housing Update which updated Councillors on a range of operational housing issues, and detailed what actions were being taken to rectify each problem identified.

He recommended that Cabinet:

- Note the contents of this report
- Approve the additional expenditure of up to £500,000 from the Housing Revenue Account

He apologised for the lateness of the report, which was genuinely unavoidable and related to issues of damp and mould and the related return required by the government and requested at the end of November 2022. The response was submitted by the Council on 19 December 2022, following which, the report was written.

He said that:

- Appendix A contained the Draft Rent Setting Review which had arrived in the building on 21 December 2022, had been published within hours of receipt and would be taken in part 2 due to the proprietary information it contained
- He had not wanted to wait for the new year to report on the matter when he had the information available to bring it to this Cabinet meeting, which would mean that the important work that was necessary could commence 28 days earlier
- The key decision should have been published and notice of it been given 28 days in advance of the meeting. This was not possible so they were seeking to use the Genuine Urgency Procedure, rule 16 of the Constitution. He asked Members to note this, and said that had they known about the need for this decision 28 days ago then it would have been duly published as was routinely required and routinely carried out
- He thanked the Democratic Services Officer and her colleagues for their input and efforts to restore the audio to the meeting recording
- The public gallery was open, that there was currently no legal requirement to provide a live broadcast of the meeting and that there was no question of the validity of the meeting

The Chief Executive said that four issues had been identified, and that the first one related to rent. He said that:

- It was known that the rent issue had been caused by innocent Officer error, how and where the error was made and it had been confirmed that it only affected the current and previous financial years so the scale of the error was relatively modest and involved mainly pennies per week per property
- Refunds would be calculated with interest to all tenants, whether they were in arrears or not, and efforts would be made to contact former tenants and the estates of former tenants. Processing the refunds would be complex and take time to ensure that attention is paid to accommodating tenants who were on Universal Credit or Housing Benefit during the period or part of it
- An individual letter to tenants explaining and apologising had been signed off and despatched today
- It had been necessary to self-refer to the Housing Regulator as a result of this issue, and a meeting with them had been scheduled for the third week of January 2023 to look at the Council's action plan. It was not

anticipated that the Council would be put in Special Measures as a result of this issue.

The Chief Executive said that the second issue identified related to damp and mould. He said that:

- It had previously been reported that there were systems within the repairs and maintenance provision to ensure that each report was visited within three working days. This has not been the case, and of the 800 reports, 98 remain to be visited or acted on. 88 of the reports were received in November or December 2022 and 10 predate November back to February 2022. They were now urgently looking into the 98 cases and any additional cases that arose
- One final opportunity has been given to the provider to get qualified people through the doors to undertake the work. If it was not resolved by early January 2023 the Council will employ their own people to undertake the work as it cannot wait, and would then seek to recover the costs from the contract with the provider
- Following discussions with the Regulator of Social Housing Case Officer it was decided that it was not currently necessary to write to self refer on this issue as it was not a breach
- Many other landlords had hundreds of cases of category one mould, there were currently no known cases in Uttlesford and by the end of March 2023 there should be evidence available to prove that there were no cases
- The stock conditioning survey did not just consider damp and mould but was the foundation on which capital programmes were built to develop efficiencies and reduce any contribution to the climate crisis
- An extremely reputable supplier had been located, was available to start work in January 2023 and was charging 75% of the usual cost

The Chief Executive said that the third issue identified related to Reynolds Court. He said that:

- Conversations were underway with the original builder who planned to correct the faults in January 2023
- In the meantime proportionate interventions had been put in place to ensure the safety of residents. A Fire Warden was now in place overnight until the issue was resolved, as approved by the Essex Fire and Rescue Services

The Chief Executive said that the fourth issue was the update on repairs and maintenance. He said that:

- The five year domestic electrical compliance had stood at 75%, but was now up to 86%

The Leader asked that Members first considered the noting of the report and then the approval of the proposed expenditure.

Councillor Freeman said that the issue at Reynolds Court should never have happened, and it concerned him why it wasn't identified by the building inspectors and what other issues could be out there.

The Leader said that there were no concerns over any other shelter schemes and that residents should not be alarmed and that the Chief Executive had originally planned to not bring the matter to Members until it was resolved to avoid any unnecessary alarm or distress to residents.

The Director of Planning said that:

- Building control inspectors would observe a sample of the flats in such a scheme and if regulations were met, they would take it in good faith that the remainder of the flats had been executed to the same standard
- Local authority building control tended to be more observant and considered than other authority building control
- It was not reasonable to assess everything in every building and faith should be placed with contractors

Councillor Caton said that:

- He was not criticising any officer past or present but he felt that the Council needed to be learning from this experience
- Cabinet made the decision to enter the partnership with NORSE and had gone from being owner operator to being the client of a contractor and had failed to manage the consequences of that decision
- The contract had not been well managed and Uttlesford residents would pay the price in the long term as the Council paid for the remedial actions from the housing revenue accounts
- Council and Cabinet have failed on this matter and it would have immense impact on tenants and their perception of the competency of the Council

The Leader said that one of the main objectives given to the Chief Executive when he took up post, was to resolve the Uttlesford NORSE partnership. He had raised the issues to Cabinet, it hadn't gone as well as would be hoped, but it was not because we were not trying to resolve the issues.

Councillor Hargreaves said that:

- The building of Reynolds Court and the Council rent setting were both unrelated to NORSE
- Reynolds Court was a one off unique design which means the same issue would not be present elsewhere
- Officers and the Chief Executive should be complimented for the rapid and effective action they took to achieve the waking watch to get the matter resolved
- The Chief Executive had been very good at keeping the Leader, Ward Members and the Portfolio Holder for Housing informed and updated
- The over-payment in rent of £160,000 over the 2 year period was related to £28.5m rental income for the period

In response to questions from Councillor Gregory, the Chief Executive said that the waking watch cost £1500 per week and it was anticipated would be required until the end of January 2023.

In response to questions from Councillor Gregory, the Director of Planning said that there were options for prosecution under the Buildings Act.

The Chief Executive said that his order of priority was:

- To ensure safety for residents
- Protect the Council's interests
- Protect the wider interest of other owners who may have had buildings built with similar issues

He said that the builders who had built the building had very quickly agreed to a site meeting and were hoping to get the issue resolved in January 2023. He did not want to slow the process by taking legal action at this point.

Councillor Gregory thanked the Chief Executive and acknowledged the significant pushback that he had received relating to housing. He said that:

- The Chief Executive had been appointed to uncover every stone, and in doing so was identifying historical issues
- The issues being identified were not the Chief Executive's fault, but were a result of failure of supervision over several years
- The issue identified at Reynolds Court was shameful and a result of the previous administration's culture of complacency, an absence of supervision and wall to wall operational failure to do a basic job that put vulnerable residents lives at risk. The culture of undocumented meetings with Stansted Airport, the absence of gas and electricity safety checks, the three failed Local Plans all came about as a result of a failure of individuals to do their basic jobs over many, many years, whilst prioritising photo opportunities for the local newspapers over competence and basic safeguarding of our residents. These failures were appalling and the highlighting of them was personal not political, and should be investigated
- He would be writing to the Chief Executive asking for Officers to produce draft terms of reference for a Task and Finish Group to investigate the sequential failures in one of our most basic services over many years
- The 2000 Local Government Act removed the power of surcharge. He said that he would like to surcharge the previous Cabinet of this Council for the costs of the waking watch as they had failed to conduct the most basic of jobs

Councillor Smith said that Members could not be expected to conduct building safety checks.

In response to questions from Councillor Smith, the Chief Executive said:

- If any 1 of the 98 mould checks identified a category one case, that there was expert treatment available that included stripping out, ripping out, preventing recurrence and where immediate rectification wasn't possible, included rehousing residents. He said that it was high risk, but with low probability
- The asbestos checks had been started again from the beginning to provide confidence in the data. A number of further visits were scheduled before the end of the year

Councillor Smith said:

- That it was reassuring that NORSE had been proactive in executing the asbestos checks

- NORSE had also been very thorough and quick to react to the report of cooking smells travelling between flats at Reynolds Court, and it was this good practise that had uncovered the issues highlighted
- That there were corporate challenges to overcome within the partnership, and that the fact that the rolling stock checks had not restarted after Covid was a grave concern

Councillor Coote said that:

- He noted Councillor Smith`s response to the Chair of Scrutiny regarding reflection on previous administrations, and he felt that his response to Councillor Caton`s comments was almost hostile regarding the challenge of Cabinet. He said that following that theme, then surely the previous administration should also be challenged
- He had initially been opposed to the NORSE partnership, but had listened carefully and had been persuaded, along with his colleagues. He felt that he had been lied to when he had asked questions. He had argued with the Chief Executive that they didn`t need a check because he was being told that everything was okay
- He had asked awkward questions, as did the Leader in her previous role, but the answers were untrue. He said that he wouldn`t call anybody a liar, and suggested maybe they had believed that the answers they gave were true
- Looking to the future he did not believe that the Council couldn`t work with NORSE, not least due to the lack of alternatives. He said that individuals from NORSE respond quickly to achieve results
- He would always ask awkward questions when necessary and enjoyed being questioned to ensure he was doing his job properly

Councillor Gregory extended his thanks to the Interim Director of Housing who was changing the culture and attitude and had implemented significant change in a short period.

Councillor Pepper said that:

- The reputation of NORSE and the Reynolds Court builders mattered
- Once evidence was available it should be possible to get compensation for the issues that have arisen
- The Chief Executive had identified a number of issues. His leadership ensured that the detail was covered and was open and transparent and was dealt with quickly and efficiently

Councillor Evans said that:

- It was the function of the legal department to verify that at the end of the project contract period, that matters had been complied with contractually
- If this had not happened historically he asked the Chief Executive to verify whether there might be methods of tackling the risk management at sign off

The Chief Executive said that:

- A new property management structure had recently been posted to ensure greater consistency

- There was a need to increase contract management capacity and there were two new staff starting in new roles in January 2023 in performance and contract management as well as a new role that has been brought in on an interim basis to act as the Council's voice and landlord sitting in the Newport depot actively managing that interface on a day by day basis

Councillor Freeman said project and construction management was essential and that inspections needed to be properly conducted by Officers.

The Leader thanked the Chief Executive for the comprehensive report.

The report was noted.

Councillor Coote proposed approval of the recommendations.

This was seconded by Councillor Freeman.

RESOLVED:

- To note the contents of this report
- To approve the additional expenditure of up to £500,000 from the Housing Revenue Account.

The meeting ended at 5:27pm.

Agenda Item 8

Committee:	Cabinet	Date:	9 February 2023
Title:	Draft Corporate Plan 2023-27		
Portfolio Holder:	Cllr Neil Reeve, Portfolio Holder for the Economy, Investment and Corporate Strategy		
Report Author:	Richard Auty, Assistant Director – Corporate Services rauty@uttlesford.gov.uk	Key decision:	No

Summary

1. Council adopted a new Corporate Plan in February 2020. This has been reviewed annually and this latest iteration is presented alongside the budget, medium term financial strategy and other strategic reports.
2. The draft Corporate Plan 2023-27 was being considered by Scrutiny Committee on Tuesday, 31 January 2023 and feedback will be provided by the Committee's Chair at the Cabinet meeting.

Recommendations

3. That the Corporate Plan 2023-2027 is recommended to Council for adoption.

Financial Implications

4. There are none directly arising from the Corporate Plan but the draft budget reflects allocations for members' priorities.

Background Papers

5. None

Impact

- 6.

Communication/Consultation	There has been no specific consultation on the review but the changes proposed are minor.
Community Safety	Community safety continues to be featured in the Corporate Plan

Equalities	Equality continues to be featured in the Corporate Plan
Health and Safety	No issues arise from the Corporate plan
Human Rights/Legal Implications	None arising from the Corporate Plan
Sustainability	The corporate plan makes clear reference to sustainability
Ward-specific impacts	None
Workforce/Workplace	A strong vision that creates a sense of purpose is key to engaging staff effectively in their work situation

Situation

7. Council adopted a new Corporate Plan 2020-2024 at its meeting in February 2020; this had been proposed by the new administration elected in May 2019. The Corporate Plan sets out the vision for the next four years and the priority areas of work to deliver that vision.
8. The Corporate Plan is reviewed annually but the expectation is that having adopted a new one in 2020, the annual review will be light touch and result in no/little change.
9. This latest iteration of the Corporate Plan has some minor textual changes to aid clarity or add emphasis and the addition of a small number of new priorities covering the promotion of EV charging points for electric vehicles, the appropriateness of planning conditions, improving engagement in local democracy and public discourse, understanding and addressing long-term historic infrastructure deficits and seeking a reduction in overflying of conservation areas.
10. Although the Medium Term Financial Strategy sets out a challenging financial picture over the coming years, the Corporate Plan has not being altered as a result of this. This is to ensure that the scale of ambition for improving outcomes for local residents remains central to the work underway through the Blueprint Uttlesford programme, which will change the way the council works over those five years to live within its means.

Risk Analysis

11.

Risk	Likelihood	Impact	Mitigating actions
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The Council fails to deliver on its priorities	1	3	The Corporate Plan sets out a clear set of priorities which are then translated into deliverable actions through the council's performance management and service planning processes.
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1 = Little or no risk or impact

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

3 = Significant risk or impact – action required

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



Our vision:

Making Uttlesford the best place to live, work and play



Putting residents first

We will: be a council that listens and acts for residents; delivers outstanding levels of transparency and accountability; be responsible with residents' money and mitigate the impact of government cuts

Active place-maker for our towns and villages

We will: masterplan new communities for and with residents; support neighbourhood planning; work with the airport on issues of concern to communities; support employment and retail areas; deliver more affordable homes; promote healthy lifestyles

Progressive custodian

We will: take action on climate change; conserve our natural resources; protect and enhance our rural character and heritage; take strong action on dealing with pollution

Champion for our district

We will: improve Uttlesford's connectivity; support our students, schools and libraries; work with partners to keep the district safe; work to create a better local health service for residents

<https://www.uttlesford.gov.uk/corporate-plan>

Uttlesford District Council's four-year Corporate Plan was first published in this form in 2020, reflecting the priorities of the council administration elected in May 2019, and setting out the ambitious programme of improved outcomes for local communities on which the council was to focus over coming years. This Corporate Plan was subsequently reviewed and reaffirmed each year.

The priorities and the scale of ambition remain consistent – detailed actions behind this high-level plan will be set out in a separate Corporate Plan Delivery Plan document which will be published in the 2023/24 council year.

Both Corporate Plan documents, in turn, are supported by a series of Service Plans, prepared at an operational level by each council service area.

This suite of documents sits alongside a range of others, which help keep the whole council focused on achieving these ambitions. These include the authority's rolling five year Medium Term Financial Strategy, and its annual Budget. Major initiatives and projects also have their own strategy and delivery documents, such as the Climate Crisis Strategy and Climate Crisis Action Plan.

There is a 'golden thread' through all these strategy documents, aligning all of the council's work towards achieving the positive outcomes for local people set out in this Corporate Plan.

Uttlesford District Council will be facing a substantial financial challenge over the coming five years and the details of this are laid out in the parallel Medium Term Financial Strategy. The council has a change programme – Blueprint Uttlesford – which will transform the way the council operates, ensuring it does so within an affordable financial envelope. This work will ensure the council can deliver its ambitious priorities as set out in this Corporate Plan.

A district council has the ability to both lead and serve its community in work to improve lives – this Corporate Plan sets out a substantial breadth and great height of ambition, both for the services directly within its control, and for those of other partner agencies with whom it partners and over whom it has influence.

Our Vision: Making Uttlesford the best place to live, work and play

Theme: Putting Residents First	
<p>Why this is important:</p> <p>We are elected by residents. Their needs and welfare are our first and highest priority.</p> <p>They expect us to be open, honest and responsible. They deserve high standards of governance and trustworthiness.</p> <p>They want good levels of service and expect their council taxes to be used efficiently and wisely.</p> <p>The result will be:</p> <p>Residents will know their views have been listened to; they will feel they have the opportunity to influence the decision making; they will understand why decisions have been made even if they disagree with them. There will be high levels of trust and confidence in the way the council conducts its business and manages its resources.</p>	<p>We will:</p> <ol style="list-style-type: none"> 1) Be a council that listens to and acts for residents <ol style="list-style-type: none"> a. Increase the voice and contribution of residents in planning and other council matters b. Lead and administer public consultations that are effective, accessible, timely and high quality c. Provide opportunities for young people d. Use the council’s web services and social media to increase communication with residents e. Actively and positively engage with and listen to our town and parish councils f. Support town and parish councils to better represent their communities 2) Deliver local government with outstanding levels of transparency and accountability <ol style="list-style-type: none"> a. Implement a corporate change programme to increase accountability, transparency and democracy at the council b. Seek external review of and recognition for positive change achieved by the council c. Deliver a comprehensive continuing member development programme d. Promote wider engagement in local democracy, including by seeking to improve the quality of public discourse 3) Be responsible with your money and mitigate the impact of government cuts. <ol style="list-style-type: none"> a. Be a self-sufficient council that generates its own resources from local taxation (Business Rates and Council Tax) and commercial investments thereby reducing the reliance on central government grants b. Deliver cost-effective and efficient services that live within the council’s means c. Constantly seek to improve the quality of our services whether provided in-house, in partnership or contracted out d. Apply for all relevant grants e. Set a Medium Term Financial Strategy (MTFS) to fund council services by a prudent mix of investment, services and tax income, while maintaining adequate reserves f. Follow best practice for investment risk management and board composition

Theme: Active Place-Maker For Our Towns And Villages	
<p>Why this is important:</p> <p>A focus on strategic master-planning in partnership with towns and villages will create better resident-centred places to live.</p> <p>Our unique connectivity, location, and character can be used to drive a local economy that creates local jobs and prosperity.</p> <p>Taking an active role in providing homes and services for those in need will safeguard the health and welfare of all our residents.</p> <p>The result will be:</p> <p>District, town and parish councillors will have participated in decision making that positively shapes the communities they represent.</p> <p>New policies and plans will be implemented that give our towns and villages a strong sense of purpose and place.</p>	<p>We will:</p> <ol style="list-style-type: none"> 1) Masterplan new communities for and with residents <ol style="list-style-type: none"> a. Continue to develop our 20 year Local Plan, reflecting the unique character of our area as best as possible within central government constraints and statutory requirements b. Provide the greatest level of influence and protection for communities adjacent to any new settlements c. Explore locally-led development corporations to deliver sustainably any new settlements 2) Support our towns and villages to plan their neighbourhoods <ol style="list-style-type: none"> a. Deliver an outstanding planning and place-making capability with the right capacity to create quality outcomes with and for all our communities b. Facilitate neighbourhood planning across the district through strong engagement with and support of all town and parish councils c. Implement policies which create better homes and neighbourhoods that meet or exceed national standards d. Work with partners and stakeholders to deliver new sports, play and community facilities 3) Secure greater benefits for our community from new development <ol style="list-style-type: none"> a. Explore the Community Infrastructure Levy alongside s106 to deliver strategic community projects and greater local benefit from development b. Increase the transparency of the Section-106 Agreement process and councillor engagement in it c. Ensure that strong Planning Enforcement holds developers to account d. Require developers to be considerate of the communities in which they build e. Ensure that planning conditions are appropriate and met 4) Work with Stansted Airport on issues of concern to communities <ol style="list-style-type: none"> a. Seek a reduction in night flights b. Implement programmes to reduce airport-related fly-parking c. Work to secure investment in sustainable transport to and from airport, including for local workers d. Seek a reduction in overflying of conservation areas 5) Nurture employment and retail areas to create jobs and retain businesses <ol style="list-style-type: none"> a. Protect and grow our town centres as economic hubs b. Increase tourist spend

Residents will see that their council is working hard for them and their families to create great places for them to live, work and play.

- c. Support the creation of amenities that stimulate and facilitate local businesses, such as enterprise zones, business parks, offices, industrial areas, and start-up hubs
- d. Support the expansion and promotion of key relevant employment sectors for the district
- e. Work with partners to promote the economic opportunities of the London - Cambridge Innovation Corridor, Stansted Airport and our main transport corridors
- f. Work with Stansted Airport to increase local airport-based employment opportunities
- g. Provide targeted support to help business through the cost-of-living crisis
- 6) Enforce good business standards in our district**
 - a. Make sure that businesses and trades in our district meet the national standards and licensing required of them
- 7) Deliver more affordable homes and protect those in need in our district**
 - a. Increase the number of affordable homes delivered and different tenure options including social renting
 - b. Refurbish our existing council homes to sustainable standards and ensure that quality and safety standards in our council houses are fully met
 - c. Reduce the number of empty homes
 - d. Ensure that landlords maintain high quality private sector housing conditions
 - e. Ensure that services to protect vulnerable residents are accessible and appropriate and that violence against women and girls is acted on as an ongoing priority, alongside any instances of gang related violence (including 'county lines') and substance abuse
- 8) Promote healthy lifestyles in diverse and inclusive communities**
 - a. Work with partners, including the voluntary sector, to improve the general quality of life for residents, including for residents that experience social isolation, poor mental health, obesity, addiction and dementia
 - b. Continue to be an active partner of the Health and Wellbeing Partnership, to promote healthy lifestyles

Theme: Progressive Custodian of Our Rural and Historic Environment	
<p>Why this is important:</p> <p>Residents live here because of our beautiful and historic rural character. We need to protect it for those that live here now and in the future.</p> <p>We must act quickly and responsibly to reduce the chances of a climate catastrophe. We have a clear obligation to ensure a clean, healthy and safe future.</p> <p>The result will be:</p> <p>Residents will see that their council is a strong protector of our physical and historic environment. They will feel that the council is taking affirmative action on combating the effects of climate change at a local level.</p>	<p>We will:</p> <ol style="list-style-type: none"> 1) Take action on Climate Change <ol style="list-style-type: none"> a. Adopt policies to meet new environmental national guidelines/standards as they emerge b. Drive policies to deliver low carbon homes c. Improve average energy efficiency of council housing stock and council buildings d. Increase the number of trees in the district e. Set a net zero carbon goal for the council and implement supporting policies f. Increase facilities for walking, cycling and sustainable transport g. Recognise the district’s ‘greenest’ business and developers h. Oppose a second runway at Stansted Airport 2) Conserve our natural resources <ol style="list-style-type: none"> a. Implement and enforce policies that protect water and reduce energy consumption b. Drive programmes that increase biodiversity c. Support local energy production initiatives d. Implement programmes to reduce single-use plastics e. Work to reduce residual waste generated per household f. Seek to understand and address long-term historic infrastructure deficits in the district 3) Protect and enhance our rural character and heritage <ol style="list-style-type: none"> a. Meet or exceed national standards for open and green spaces b. Encourage positive planning that values and protects our heritage and landscape c. Work with others to increase access to the heritage and history of our district d. Work with our rural partners and developers to protect and maintain habitat and wildlife corridors e. Target littering and fly-tipping 4) Take strong action on dealing with pollution <ol style="list-style-type: none"> a. Increase air quality monitoring across the district b. Deliver reductions in pollution at identified problem areas c. Promote the provision of EV charging points to support the transition to electric vehicles

Theme: Champion For Our District	
<p>Why this is important:</p> <p>Residents deserve clear accountability, but they would like us to step in to help solve problems even when others are responsible.</p> <p>In our role as a place-maker we must work with other authorities and organisations to influence, prioritise and coordinate actions to collectively deliver the best for our district and its residents. This will include, when necessary, holding others to account.</p> <p>The result will be:</p> <p>Residents will feel that the council is proactively working on their behalf for the good of the district with other authorities and organisations.</p>	<p>We will:</p> <ol style="list-style-type: none"> 1) Improve Uttlesford’s connectivity <ol style="list-style-type: none"> a. Work to set the agenda for ECC highway maintenance and pothole fixing b. Work with ECC and communities to develop the highway improvement schemes we need c. Hold Essex Highways to account to deliver what they promise d. Promote and support sustainable transport initiatives, such as bus, rapid transport and rail upgrades e. Lobby Highways England to improve the capacity and safety of the M11, including junction 8 f. Work with ECC and hold them to account to deliver rural superfast broadband in our district 2) Support our students, schools and libraries <ol style="list-style-type: none"> a. Ensure that developer contributions are collected for ECC to provide our local school and Early Years places 3) Work with partners to keep the district safe <ol style="list-style-type: none"> a. Work with the Police, Fire and Crime Commissioner and the Chief Constable to reduce crime on our area b. Continue to be an active partner of the Community Safety Partnership 4) Work to create a better local Health Service for residents <ol style="list-style-type: none"> a. Work with NHS on in-district local healthcare provision b. Work to secure Addenbrookes, The Princess Alexandra Harlow, and Mid-Essex hospitals as our recognised local hospital providers c. Deliver programmes to support our ageing population

Agenda Item 9

Committee:	Cabinet	Date:	9 February 2023
Title:	Medium Term Financial Strategy and 2023/24 Budget Proposals		
Portfolio Holder:	Cllr Neil Hargreaves, Portfolio Holder for Finance and the Budget		
Report Author:	Jody Etherington, Assistant Director – Finance	Key decision:	N

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 (HRA), and the Capital Programme to be set.
2. The Section 151 Officer is 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 on an annual basis:
 - Commercial Strategy
 - Medium Term Financial Strategy
 - Treasury Management Strategy
 - Capital Strategy

Scrutiny

4. The Scrutiny Committee will review all of the reports at its meeting on 31 January 2023, and the Chair of the Committee will update Cabinet with a verbal statement at the meeting on 9 February 2023.
5. The Commercial Strategy was presented to the Investment Board at its meeting on 19 January 2023, and recommended for Cabinet approval.
6. Proposed changes to housing rents and service charges in the HRA were presented to the Tenants and Leaseholders' Panel on 17 January 2023, and the Housing Board on 19 January 2023, and endorsed by both.

Recommendations

7. The recommendations to Cabinet are set out in the following table:

Report Title	Purpose of Report	Recommendations
Appendix A - Section 25 Report - Robustness of Estimates and Adequacy of Reserves	A statutory report provided by the Section 151 Officer to provide members with advice and assurance on reserves, safe levels of contingency, assumptions used for budget estimates and any significant associated risks.	Cabinet is requested to: (i) review and have regard to the Section 25 report when considering the budgets for 2023/24; (ii) review the risk assessment relating to the robustness of estimates as set out at paragraph 9 of the Section 25 report; (iii) recommend to Council that the working balances for 2023/24 be set at £1.782 million for the General Fund and £581,000 for the Housing Revenue Account;
Appendix B - Commercial Strategy 2023-2028	Sets the Council's strategy with regards to its commercial investments.	(iv) recommend to Council the approval of the Commercial Strategy 2023-28;
Appendix C - Medium Term Financial Strategy 2023-2028	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 medium term planning.	(v) review the key risks and assumptions set out at paragraph 29 of the Medium Term Financial Strategy 2023-2028; (vi) recommend to Council the approval of the Medium Term Financial Strategy 2023-2028;
Appendix D - Treasury Management Strategy 2023/24	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 advisers and risk appetite.	(vii) recommend to Council the approval of the changes to investment counterparty limits set out at paragraphs 52-54 of the Treasury Management Strategy, to apply with immediate effect; (viii) recommend to Council the setting of the treasury management prudential indicators as set out at paragraphs 66-74 of the Treasury Management Strategy 2023/24; (ix) recommend to Council the approval of the Treasury Management Strategy 2023/24;
Appendix E - Capital Strategy 2023/24	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	(x) recommend to Council the setting of the capital prudential indicators as summarised at Annexe E2; (xi) recommend to Council the approval of the Minimum Revenue Provision Statement 2023/24 as set out at Annexe E1; (xii) recommend to Council the approval of the Capital Strategy 2023/24;
Appendix F - Capital Programme 2023/24 - 2027/28	Sets out capital expenditure and the associated financing sources over a 5 year period.	(xiii) recommend to Council the approval of the Capital Programme 2023/24 - 2027/28, including the planned application of capital financing set out at Annexe F4;

Report Title	Purpose of Report	Recommendations
<p>Appendix G - Housing Revenue Account Budget 2023/24</p>	<p>Sets the detailed budget for the Housing Revenue Account for 2023/24, including the setting of rent and service charges.</p>	<p>(xiv) recommend to Council the approval of increases in HRA rents as follows:-</p> <ul style="list-style-type: none"> - General needs and supported accommodation – a 7% increase for existing tenants in accordance with the cap set by government, with formula rents to increase by the maximum permitted amount of 11.1% (to be applied only when properties are relet). - Temporary accommodation – rents to be increased in line with formula rents as in previous years (11.1%). - Garage rents – to be increased in line with September 2022 CPI (10.1%) <p>(xv) recommend to Council the approval of increases in HRA support and service charges as set out at paragraphs 21-27 of the Housing Revenue Account budget report;</p> <p>(xvi) recommend to Council approval of the Housing Revenue Account Budget 2023/24;</p>
<p>Appendix H - General Fund Budget and Council Tax 2023/24</p>	<p>Sets the detailed budget for the General Fund for 2023/24, including the proposals for the council tax precept and fees and charges.</p>	<p>(xvii) recommend to Council the approval of the Council Tax Requirement for 2023/24 of £6,694,027, equivalent to £171.61 for a band D property, representing a £5.00 increase on the 2022/23 amount;</p> <p>(xviii) recommend to Council the approval of placing £195,036 (the equivalent of the 2023/24 band D council tax increase) into a Cost of Living Support Fund to support households in hardship through additional council tax discounts, as proposed by officers;</p> <p>(xix) recommend to Council the approval of the planned use of General Fund reserves during 2023/24 as set out at paragraph 47 of the General Fund budget report, including the use of £2.667 million from the Medium Term Financial Strategy reserve to balance the General Fund budget;</p> <p>(xx) recommend to Council the approval of the reprofiling of spend on the Local Plan, and associated drawdown of reserves, as set out at paragraphs 29-34 of the General Fund budget report;</p> <p>(xxi) recommend to Council the approval of the schedule of fees and charges for 2023/24 as set out at Annex H5;</p>

Report Title	Purpose of Report	Recommendations
Appendix I - Budget Consultation Report 2023/24	Sets out the results of the budget consultation exercise undertaken to inform the budget setting process.	<p>(xxii) recommend to Council the delegation of authority to the Director of Finance and Corporate Services (Section 151 Officer) to set and/or amend fees and charges in relation to services which are operating in competition with commercial providers, for example trade waste;</p> <p>(xxiii) recommend to Council approval of the General Fund budget for 2023/24; and</p> <p>(xxiv) note the contents of the Budget Consultation Report 2023/24.</p>

Financial Implications

8. All financial implications are included in the individual reports and strategies

Impact

Communication/Consultation	Tenant and Leaseholders' Panel, Members, CMT and budget managers
Community Safety	No specific implications
Equalities	See EqHIAs at Annexe G4 and Annex H6
Health and Safety	Failure to recover the full costs of the HRA through rent and service charges may threaten the Council's ability to undertake safety critical work in the future
Human Rights/Legal Implications	The recommendations fulfil the legal requirement to set a balanced budget
Sustainability	Affordable rent levels and appropriate housing supply are an important factor in the sustainability of local communities and in particular rural communities
Ward-specific impacts	No specific implications
Workforce/Workplace	As detailed in the reports

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
As set out in the individual appendices. The most significant risks are summarised at paragraph 9 of the Section 25 report (Appendix A) and paragraph 29 of the Medium Term Financial Strategy (Appendix C).			

Section 25 Report – Robustness of Estimates and Adequacy of Reserves

Introduction

1. Section 25 of the Local Government Act 2003 requires that, when the Council is setting its annual budget and council tax requirement, the Director of Finance and Corporate Services (Section 151 Officer) must report on the robustness of estimates made, and the adequacy of the Council's financial reserves.
2. The Council is required by statute to have regard to this report when setting the annual budget.
3. In preparing this report, the Director of Finance and Corporate Services (Section 151 Officer) has considered the financial management and control frameworks that are in place, the budget assumptions used, the financial risks facing the Council, and the level of type of Council reserves.
4. Taking the above into account, it is the opinion of the Director of Finance and Corporate Services (Section 151 Officer) that the budget estimates are robust and the level of reserves adequate and satisfactory, as required by the Local Government Act 2003.

Financial Management and Control Frameworks

5. The Director of Finance and Corporate Services has responsibility for ensuring that an effective system of internal control is maintained to provide an assessment of the current position across the whole council, and for identifying areas for improvement where appropriate. Areas for improvement are reported to the Governance, Audit and Performance Committee on a regular basis.

Robustness of Estimates

6. In setting the budget for 2023/24, it has been necessary to make a number of key assumptions and estimates about future events, for example future inflation rates and the outcome of future local government finance settlements. The most significant assumptions made for 2023/24 and beyond are set out within the Medium Term Financial Strategy (Appendix C).
7. In order to arrive at realistic estimates, a comprehensive process of scrutiny, review and challenge of budgets by managers, finance officers and the Corporate Management Team has taken place. This included, for example, checking 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.
8. Where significant estimates are based upon external factors outside of the Council's control, external inputs and/or consultants have been used wherever possible in order to have the greatest possible confidence over the estimates applied. For example, the estimate for borrowing costs is based upon interest rate forecasts prepared by the Council's external treasury advisers.
9. However, despite the above safeguards no budget can ever be completely free from risk. The most significant risks as they relate to the 2023/24 budget are set out in the following table:

Risk	Probability of Variance Arising	Potential Impact	Overall Risk
<p>Staff costs Staff cost budgets are based upon assumptions made in respect of the 2023/24 pay settlement. Should the actual settlement (negotiated nationally) differ from these assumptions, this could have a significant impact on the Council's budget.</p>	High	High adverse / high favourable	High
<p>Agency costs Whilst significant provision has been made in the budget for the cost of employing agency staff to cover hard to recruit posts, this may not prove sufficient if further vacancies arise during the year. Conversely, should recruitment be successful the actual cost may be lower.</p>	High	High adverse / high favourable	High
<p>Business rates appeals All business ratepayers will be subject to a business rates revaluation effective from 1 April 2023. Whilst provision has been made in the budget for some degree of successful rate appeals, if the volume or value of appeals differs from the assumptions made this could have a significant impact on the Council's income from business rates in 2023/24 and beyond.</p>	High	High adverse / high favourable	High
<p>Council dwelling depreciation The budgeted depreciation charge for council dwellings is based upon estimated valuation movements since 1 April 2022. The dwelling stock will be subject to formal external valuation at 1 April 2023 - should the value be higher or lower than anticipated, this will result in a higher or lower depreciation charge to the Housing Revenue Account.</p>	High	High adverse / high favourable	High
<p>Waste and recycling services This is an area which is particularly susceptible to market volatility. Fuel costs and disposal costs are highly variable, as is the income derived from recycling credits.</p>	High	High adverse / medium favourable	High
<p>Housing benefit subsidy The Council has identified that it has overcharged a large number of council tenants when calculating HRA rents for 2021/22 and 2022/23, as reported to Cabinet in December 2022. It is not yet known how this may impact on housing benefit subsidy income - for example if any resulting overpayments are deemed 'LA error' the Council may lose subsidy for these. In addition, housing benefit subsidy claims have not yet been fully certified and closed from 2020/21 onwards due to delays in the local audit market. There is a risk that the certification process may uncover other issues which may result in an increase or decrease to the subsidy which can be claimed.</p>	High	High adverse / low favourable	High
<p>Sales, fees and charges Many of the Council's sales, fees and charges are highly sensitive to external factors such as economic conditions, changes in behaviour, and changes to government regulation or legislation. In particular, with the cost of living rising, there could be a reduction in demand for services such as planning and building control.</p> <p>The specific services with a higher risk of variable income levels include border inspection, food imports, licensing, planning, building control and waste services.</p>	Medium	High adverse / high favourable	Medium

Risk	Probability of Variance Arising	Potential Impact	Overall Risk
<p>General cost inflation</p> <p>Inflationary increases have been applied to the budget where contractual provisions exist, or else the service has been able to demonstrate a strong likelihood of unavoidable inflation.</p> <p>Whilst service managers have been heavily involved in the budget setting process, there remains a risk of unforeseen and unavoidable inflation in areas where no provision has been made in the budget, leading to service overspend.</p>	Medium	High adverse	Medium
<p>Housing regulatory issues</p> <p>After identifying potential breaches of the Home Standard, the Council has self-referred to the Regulator of Social Housing, and commissioned an external review of the issues raised. In addition, significant changes are expected to the Regulatory Framework for Social Housing following the passage of the Social Housing Regulation Bill. At present, it is assumed that any new burdens placed upon the Council by either of these factors can be met from existing resources (except where specific issues have already been identified and costed). However, there remains a risk that further resource will be needed, which could have significant cost implications for the HRA.</p>	Medium	High adverse	Medium
<p>Borrowing costs</p> <p>Approximately one third of the Council's borrowing is on the short-term local authority market, and will fall due for refinancing during 2023/24. If interest rates are higher or lower than assumed at the point of refinancing, the Council's cost of borrowing could go up or down.</p>	Low	High adverse / high favourable	Medium
<p>Planning appeals</p> <p>The fact that the Council does not currently have an adopted local plan increases the risk around planning appeals, which can be costly to defend and result in costs being awarded against the Council.</p>	Low	High adverse	Medium
<p>Housing rents income</p> <p>There is an inherent risk of non-collection of housing rents, which increases at times of economic pressure. Should collection rates fall below those assumed when setting the budget, this could have a significant impact on the financial performance of the Housing Revenue Account.</p>	Low	High adverse	Medium

10. Further details of other risks arising from budget assumptions are set out in the Medium Term Financial Strategy (Appendix C), whilst individual service level risks can be found at Annexe H4 to the 2023/24 General Fund budget (Appendix H) and Annexe G3 to the 2023/24 Housing Revenue Account (HRA) budget (Appendix G).

Adequacy of Reserves

11. The Council holds a minimum level of reserves in both the General Fund and HRA, called the Working Balance, to allow for unexpected impacts in line with the risk assessment above. This is set at 2% of gross variable income and costs. The working balances for the 2023/24 have been set as follows:-

Working Balance Calculation 2023/24	General Fund £'000	Housing Revenue Account (HRA) £'000
Gross budgeted variable expenditure	53,853	10,715
Gross budgeted variable income	35,225	18,328
Working balance (2% of total)	1,782	581

12. The 2023/24 budget shows that the above working balances will be maintained throughout the financial year. In addition, other reserves have been set aside for general and specific purposes as set out in the General Fund budget (Appendix H) and the HRA budget (Appendix G). It is therefore confirmed that the Council holds adequate reserves to support the proposed budget for 2023/24, with sufficient amounts to cover any risks which can reasonably be expected to crystallise during the year.

Conclusion

13. It is the opinion of the Director of Finance and Corporate Services (Section 151 Officer) that the budget estimates are robust and the level of reserves adequate, as required by the Local Government Act 2003.
14. Whilst the budget is balanced for 2023/24, there are funding deficits within the General Fund from 2024/25 which will need to be addressed in the medium term. A proposed savings plan has been put into place to deal with this, as set out in the Medium Term Financial Strategy (Appendix C). It is important that the Council maintains focus on the delivery of this savings plan in order to secure its long-term financial sustainability.



Uttlesford District Council

Commercial Strategy 2023 to 2028

Prepared by:
Commercial Team
Uttlesford District Council
December 2022

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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. Traditional ways of generating additional income such as through Council Tax and fees and charges will not be able to absorb the reduction in government funding. By way of illustration, a 1% rise in Council Tax is equivalent to about £60,000 in additional income.
2. When the 2020-2024 Commercial Strategy was approved in February 2020, the Administration indicated that they proposed to address the significant shortfalls identified in the Medium Term Financial Strategy (MTFS) primarily through investments. To achieve that the Council agreed to set an investment fund approved limit of £300 million.
3. Changes in both the CIPFA Prudential Code (the Code) and Government legislation on Minimum Revenue Provision (MRP) now mean that the 2023-2028 MTFS has significant and rising shortfalls in funding despite the commercial portfolio that has been acquired. It is likely that in 2023/24 an asset will need to be sold with the profit being used to remove the need for future short term borrowing and thereby reducing the annual shortfalls to a lower but still significant level.
4. 2022 was a turbulent year as the country emerged from the pandemic. The first six months saw continued growth within the sector. The change of Prime Minister and Chancellor in September saw a mini-budget that sent shock waves through the whole country and resulted in significant valuation reductions for commercial assets, although some sectors such as Life Sciences continued to outperform the market. It is expected that 2023 will still be a challenging year in terms of asset valuations although better than 2022.
5. The Council has a commercial asset portfolio for revenue generation purposes, not capital growth. Whilst asset values have declined, the rental income has increased through rent reviews. The quality of the tenants has meant that the Council has not had any default on rental payments, since the assets were acquired. However, the Council has established an investment reserve, with one aim being to mitigate the risk of tenant rent default.
6. This strategy has been developed alongside several corporate strategies including an [Ethical Investment Policy](#).

Vision

7. The previous strategy had a vision of the Council undertaking the investments in order to become self-sufficient and thereby not reliant on Government funding. The changes introduced by Government and CIPFA now makes that vision unachievable. The new vision below sets out what is achievable given the constraints under which the Council is working

To generate income to maximise the number and quality of services provided by the Council, whilst acknowledging the difficult financial position local government as a whole is experiencing.

CIPFA Prudential Code 2021 (the Code) and Minimum Revenue Provision (MRP)

8. The Code was revised and published in December 2021. There are a number of changes but two in particular have a negative impact on future commercial investments
 - a) The Code previously said commercial activity should not be undertaken for yield. The Code now says ‘an authority must not borrow to invest primarily for financial return’.
 - b) It further strengthens the statement by ‘It is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the authority and where any financial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose.’
9. There are useful points of clarification which enable the Council to continue to invest in Chesterford Research Park and retain the existing commercial assets, subject to regular review.
 - a) ‘Authorities with existing commercial investments (including property) are not required by this Code to sell these investments. Such authorities may carry out prudent active management and rebalancing of their portfolios. However, authorities that have an expected need to borrow should review options for exiting their financial investments for commercial purposes and summarise the review in their annual treasury management or investment strategies. The reviews should evaluate whether to meet expected borrowing needs by taking new borrowing or by repaying investments, based on a financial appraisal that takes account of financial implications and risk reduction benefits. Authorities with commercial land and property may also invest in maximising its value, including repair, renewal and updating of the properties.’
 - b) ‘the risks associated with investments for service and commercial purposes are proportionate to their financial capacity – ie that plausible losses could be absorbed in budgets or reserves without unmanageable detriment to

local services.’

10. The Government has also strengthened the position with regards to MRP. Councils are now required to set aside annually monies, so as to ensure that, at the end of the borrowing term, there is sufficient funds available to pay off the amount borrowed. This Council had always applied MRP at 0% as the approach now mandated takes no account of inflation and future values.

Aims of the Strategy

11. Given the changes in the Code and MRP the following seven principles guide the new strategy
- (a) There will be no new commercial investments.
 - (b) Subject to (d) and (e) below, The portfolio, as set out in this document is therefore complete. Of the £300 million allocated in 2020 to building the fund, £275,565,000 (£275 million) has been used.
 - (c) MRP will be applied on an annuity basis over the life of each asset.
 - (d) As the Council already owns, through Aspire (CRP) Ltd, the land at Chesterford Research Park it will continue to develop the asset to maximise its value.
 - (e) As the Council already owns 48% of Stane Retail Park, which includes all of the public car parking, link roads and other shared elements for the entire site, it will evaluate the option of acquiring the rest of the asset to maximise the value of the already owned part. This would be done on the basis that the sum of the whole is worth more than the sum of the constituent parts.
 - (f) The portfolio will be reviewed on a regular basis, by the Investment Board to determine the requirements of the Council and the appropriateness of retaining or selling each asset.
 - (g) The Council will look to maintain the commercial asset portfolio at an investment level of no more than £275 million. However, it should be noted that investments may need to take place ahead of sales which could temporarily increase that number.

Purpose of the Investments

12. The investments are to generate income to enable the council to provide its core services. This income requirement has arisen because of reductions in the Council’s financing from central government. Government also restricts the ability of councils to raise income from council tax increases.
13. The Council seeks to operate in the most cost effective ways and will continuously look for improvements in operations that will reduce costs or avoid increased costs. However, the scale of reduction in external finance was such that other income sources had to be found.
14. For 2023/24 the income target for the Board is guided by the MTFS. The MTFS forecasts the income and expenditure over a five year period and includes all

known factors. It shows the predicted annual net surpluses or deficits. The investment income sought to cover the forecast significant deficits in each of the years of the MTFs, so as to ensure that existing services can continue to be provided. The investments acquired achieved this between 2017 and 2022, however changes to the Code and MRP now mean that the assets are required to support budgets as the Council seeks efficiencies whilst minimising inevitable service impacts.

Current Portfolio

Chesterford Research Park

15. In May 2017 the Council, through its wholly owned subsidiary Aspire (CRP) Ltd, acquired a 50% share in Chesterford Research Park and formed a joint venture with Aviva Investors. As part of the Cambridge Life Science cluster the Park is world renowned, having been in existence for 19 years, with available space to significantly increase the commercial floor space, plus expand the Park into other areas of research to diversify and reduce the risk.
16. The Council gave a loan to Aspire (CRP) Ltd for the purchase of 50% of Chesterford Research Park (£47.25m). The loan was funded by
 - a) Phoenix Life – borrowing of £37m for 40 years on a repayment basis @ 2.86% fixed. The first £10m drawdown was 5 July 2017 with the remainder as follows
 - 5 July 2020 - £12m
 - 5 July 2021 - £15m
 - b) Use of reserves and balances (£10.25m) funds the balance.
17. Since the initial purchase the Council has made additional ongoing loans to Aspire (CRP) Ltd for further development totaling £13,346,000 taking the current investment to £60,596,000.
18. For 2023/24 the income from Chesterford Research Park is expected to be £2,796,057. There is also repayment to the Council of staff time whilst undertaking company work on Aspire (CRP) Ltd.
19. Further investment is planned during 2023/24 and future years as a new building (Building 800) is delivered. This will be a multi-let, near 60,000 sq ft building, a mix of office and laboratory space. Plans are also being developed for a similar sized building (Building 1100/1200). This will mean that construction will run in parallel of two new buildings which will be the 2nd and 3rd biggest on the Park. They both aim to be completed in 2025/26.

Skyway House, Takeley

20. On 30 June 2020 the Council completed the purchase of Skyway House at Takeley. The tenant is Weston Homes Plc who have signed a long lease.



Stane Retail Park, Colchester

21. On 4 August 2020 the Council completed on the forward funding opportunity at Stane Retail Park on the outskirts of Colchester adjacent to the A12. This will see the construction of two buildings, one for Aldi and the other for B&Q located on an extension to the existing site. Both tenants have agreed long leases. Completion took place in December 2021.





1 Deer Park Road, Livingston

22. On 21 August 2020 the Council completed on the acquisition of 1 Deer Park Road, Livingston. The tenant, Veterinary Specialist (Scotland) Ltd had recently taken occupation and final fit out was taking place.



23. At the time of purchase Veterinary Specialist (Scotland) Limited was a partnership between Pets At Home (Guarantors) and Dick White Referrals. Pets At Home have remained the guarantor but they have sold their interest to Linnaeus Group. Dick White Referrals have also joined Linnaeus Group which is part of the Mars Veterinary Health Group.
24. The tenant is currently going through a Board approval process to develop the second and third floors of the building into a training facility for both vets and veterinary nurses. The level of investment they will make will be in the region of £8 million to £10 million.

Matrix Park, Chorley

25. On 16 September 2020 the Council completed the purchase of a large logistics building on Matrix Park, Chorley adjacent to the M6. The tenant, on a long lease, is Waitrose Limited. Waitrose have fully sub-let to GXO a worldwide distribution company. [GXO Logistics](#)



Amazon, Gloucester

26. The Council completed the forward funding acquisition in March 2021 for a large scale distribution centre. The tenant is Amazon and they will use it as a 'final mile' van based distribution centre. Occupation by the tenant is delayed and it is likely they will look to sublet the facility for a number of years before they themselves take occupation.



Moog, Tewkesbury

27. In March 2021 the Council acquired a site in Tewkesbury for a new build head office and warehouse. The tenant will be Moog Controls Ltd. It is expected that the tenant will take occupation in the final quarter of 2022/23.



Little Canfield Business Park

28. In November 2020 the Council acquired the former Winfresh Factory at Little Canfield, primarily as a new single waste depot. The site has a significant area of both building and land that will be let to tenant(s) once the conversion is complete. The site is planned to be ready for occupation in the first quarter of 2022/23. The agreement for lease for the commercial element of the site is due to be signed in the final quarter of 2022/23. The prospective tenant is already in occupation under a temporary licence to operate arrangement.



Loans to wholly owned subsidiaries

29. The Council recognises that, to further 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 will be necessary. To date, the following loans to Aspire (CRP) Ltd have 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	
20/08/2019	£3,000,000	20 years	4.5%	Interest and principal	£230,628.43	
09/06/2020	£1,250,000	20 years	4.5%	Interest and principal	£96,095.18	
01/07/2020	£2,600,000	20 years	4.5%	Interest and principal	£199,877.98	
15/03/2021	£2,975,000	20 years	4.5%	Interest and principal	£228,744.97	
26/08/2021	£780,000	20 years	4.5%	Interest and principal	£41,070.82	

30. Interest only loans relate to refurbishment of a building and thereby extending its useful life. Interest and principal loans are where it is for fit out works which have a 20-year life expectancy.

31. In 2020 the Council allocated a further £20 million of funding, from the £300 million, for further expansion at CRP, of which £12.62 million remains to be allocated.

The Investment Fund

32. The original 2020 Commercial Strategy set out an investment fund requirement of £300 million with a portfolio yield target (before borrowing costs) of 4%. As set out earlier completion of that portfolio sum is not now an option. The following table shows the current portfolio position and is split into two parts

- a) Completed investments – those already in the portfolio
- b) Future committed investments – forward funding approved yet to complete

£'000	Capital Investment (exc. Fees)
Completed Investments	
Chesterford Research Park	60,596
Weston Homes	20,000
Veterinary Hospital	5,925
Stane Retail Park	30,424
Waitrose Retail Distribution Centre	55,000
Amazon Distribution Centre	43,000
Little Canfield Business Park	7,500
	222,445
Future Committed Investments	
Chesterford Research Park	12,620
Moog Circuits Ltd	40,500
	53,120
Investment Total	275,565

33. With the change in the Code and MRP the Portfolio is now complete, and no further assets will be added.

34. In a full year the portfolio yield, once all outstanding acquisitions are completed, will be 5.21%. The rental income for the next five years is shown in the following table.

£'000	Capital Investment (exc. Fees)	Annual Rental Income				
		2023/24	2024/25	2025/26	2026/27	2027/28
Completed Investments						
Chesterford Research Park	60,596	2,796	2,796	2,796	2,796	2,796
Weston Homes	20,000	1,128	1,128	1,128	1,239	1,276
Veterinary Hospital	5,925	205	411	411	411	411
Stane Retail Park	30,424	1,714	1,784	1,784	1,870	1,991
Waitrose Retail Distribution Centre	55,000	2,840	2,840	2,840	2,840	3,537
Amazon Distribution Centre	43,000	2,293	2,293	2,293	2,293	2,664
Little Canfield Business Park	7,500	233	400	400	400	400
	222,445	11,209	11,652	11,652	11,849	13,075
Future Committed Investments						
Chesterford Research Park	12,620	-	-	603	603	603
Moog Circuits Ltd	40,500	1,667	1,667	1,667	1,667	1,743
	53,120	1,667	1,667	2,270	2,270	2,346
Investment Total	275,565	12,876	13,319	13,922	14,119	15,421

* Little Canfield Business Park – Income is not shown in the investment income line in the MTFS it is shown within the General Fund budget as is other rental income of UDC occupied buildings (i.e.London Road)

The Portfolio Moving Forward

35. The original plan had been to acquire assets, hold them for a period of time to generate income, but then to sell them at the appropriate time to realise a sum at least the level of which was paid for the asset. The monies received would then be reinvested in a new asset and the process repeated. By doing this the need to refurbish buildings, find new tenants etc. would be avoided and the portfolio kept 'current'.
36. The changes introduced by Government and CIPFA have resulted in the need to revise the plan for the portfolio moving forward. It will not now be possible to sell assets and buy new, the council will need to retain the assets for the longer term.
37. In line with the need to retain the asset for a longer period of time it will now be necessary, from 2023/24, to set aside some of the income raised each year into a reserve to cover increased risk of business failure and future costs of refurbishment at the end of lease.
38. The Council is committed to investing in Chesterford Research Park and changes to the Prudential Code do not stop it from doing so. 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. The Park is within the district

boundary and investing helps to sustain existing employment, introduce new employment opportunities, and generate additional Business Rates.

39. Regular reviews of all assets in the portfolio will be undertaken to determine the most appropriate point in time for sale, and to highlight timescales for refurbishments. The reviews will not only look at the asset itself but also the financial position of the Council and the opportunities that could be addressed if an asset is sold for a profit.
40. It is likely that in the final quarter of 2022/23 or first quarter of 2023/24 the Council will need to sell an asset or assets to enable future balanced budgets to be set.

Funding and Reserves

41. With the uncertainty over changes to the Code and MRP resolved, the Council during 2022/23 secured long term borrowing with the Public Works Loans Board. These loans coincided with the end dates for short term financing and followed lengthy discussion with Government departments around the plans for ongoing development at Chesterford Research Park and the possible acquisition of Stane Retail Park 2.
42. With monies being set aside to repay the principal annually through MRP the main loan was secured on a repayment basis over 35 years. The reason for moving to a repayment loan is that the new Code requires the Council to demonstrate that its debt levels are reducing.
43. The new strategy requires a Commercial Asset Reserve to be established to cover costs at the end of the tenancy for each asset (except CRP). This reserve will pay for any refurbishment, void period and rent free period for new tenants. The lease terms and approximate costs of refurbishment over the period 2022 – 2070 have been mapped and timings of costs established. The resulting position is that a sum of £1,000,000 per annum, from the investment income, will be placed in the reserve.
44. This reserve will grow without being drawn upon for a number of years but will then be heavily used between years 15 and 25 as most of the assets have lease expiry at that point in time.

Success and Performance Reporting

45. Success will be primarily measured in the financial return to the Council. In addition, projects that have only been enabled through the commercial investment income will also be identified. To date these are
 - a) £1million fund established for Business recovery following the pandemic
 - b) £1million fund established to help the district with the climate change emergency
 - c) £450,000 fund established for major sports projects

46. A quarterly report is produced for the portfolio. This includes a

- a) professional valuation undertaken by a market leading specialist for each asset
- b) commercial market trading update to help inform investment decisions
- c) report on each asset by professional asset managers who are responsible for tenant liaison, rent collection, rent reviews etc.

47. As at 30 September 2022 the value of the completed acquisitions is set out below

	Amount paid as at 30 September 2022 £	Valuation as at 30 September 2022 £
Colchester, Stane RP	27,004,322	29,100,000
Chorley, Waitrose RDC	54,608,773	5,000,000
Livingston, 1 Deer Park Road	4,758,374	61,150,000
Takeley, Skyway House	19,500,000	18,350,000
Gloucester, Amazon	42,278,237	43,900,000
Tewkesbury, MOOG HQ	16,196,817	24,000,000
	164,346,523	181,500,000
Aspire (CRP) Ltd	60,596,000	108,576,802
Total Portfolio	224,942,523	290,076,802

Security, Liquidity and Yield

48. As the Council only has a small amount of money of its own to invest, any further expansion at CRP 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 an average portfolio yield target of 5% (before cost of borrowing).

49. Investments at Chesterford Research Park will be made by way of loans to Aspire (CRP) Ltd the Council's wholly owned subsidiary. All commercial investments outside of Chesterford Research Park will be undertaken by the Council.

50. The option to liquidate funds is either by selling the investment (or part thereof) or by refinancing the debt.

Risks

51. 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

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

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

52. There are five main risks with regard to the wider portfolio and the new strategy of asset retention.

Risk	Probability (L, M, H)	Favourable Impact (L, M, H)	Adverse Impact (L, M, H)	Mitigation
Tenant default rent payments	M	L	H	The Council has established a Commercial Asset Reserve, one role of which is to mitigate the budget impact of this risk occurring.
Cost of borrowing increases beyond yield	L	L	H	The Council will enter in to long term funding during 2022/23 in a number of tranches.
Refurbishment costs at end of lease are materially different to budget	M	M	M	Estimates for refurbishment have been made based on experiences at CRP, Moog and Amazon. As this element of the Commercial Asset Reserve is unlikely to be used for the next 15 years there will be sufficient funds to cover any shortfall.
Unable to find new tenants resulting in void periods being longer and/or new tenants want longer rent free periods than budgeted	M	L	H	Estimates for reasonable periods for void and rent free periods based on advice from agents. As this element of the Commercial Asset Reserve is unlikely to be used for the next 15 years there will be sufficient funds to cover any shortfall in income.

The joint venture partner at CRP wants to sell their 50% share	L	H	H	<p>The Council would have three options and would choose the most applicable at the time</p> <ol style="list-style-type: none"> 1. Buy the JV partner's share 2. Sell the Aspire share at the same time 3. Accept whoever the new JV partner is
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Proportionality

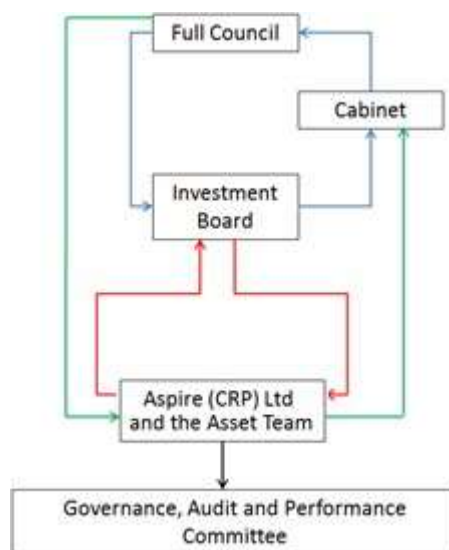
53. The income requirement has arisen as a result of reductions in the Council's finance from central government. Government also restricts the ability of councils to raise income from council tax increases.
54. The Council has established a Commercial Asset Reserve (see para 40) which will be established with the sum of £3 million to cover the risk of investment failure. In addition, the Reserve will increase by £500,000 per annum to cover the cost of future refurbishment, void and rent free periods for each of the assets, except CRP.
55. As part of the regular review of the portfolio the Council will look to, at the right points in time, reduce the level of borrowing in place by selling one or more of the assets.

Capacity, Skills and Culture

Investment Board (IB)

56. The IB will operate in accordance with the Commercial Strategy which is adopted annually by Full Council. Cabinet will delegate to the Leader; Portfolio Holder for Finance and Budget, Portfolio Holder for the Economy, Investment and Corporate Strategy and the S151 Officer (or Assistant Director of Finance for Aspire investments) to conclude investments or disposals where authorisation has been given by Full Council.
57. Training will be provided to Members of the Investment Board at the start of each new Administration term and in the interim as deemed necessary.
58. Constitution of the IB
- a) The IB is a Working Group of Cabinet and membership will be determined by the Leader of the Council
 - b) In addition, there will be two independent members to supplement the skills of the elected Members.

59. The investment decision making and monitoring process is as set out below



60. Democratic Process (blue line)

- a) As part of the annual budget setting process, Cabinet develops the Commercial Strategy in consultation with the IB. Cabinet recommends to Council the adoption of the Commercial Strategy.
- b) Council adopts the Commercial Strategy.
- c) The Cabinet will receive from the IB quarterly updates, including KPIs, on the performance of the portfolio.
- d) For new investments or disposal of existing, the IB reviews the business case and if appropriate supports a recommendation to Cabinet for the acquisition or disposal.
- e) Cabinet reviews the business case and recommendation for either an acquisition or disposal, and if satisfied recommends to Council that either funding is made available, or the disposal is approved.

61. Internal Process (red line)

- d) Aspire (CRP) Ltd looks after developments at Chesterford Research Park. The Council's Asset Team will manage all other non-CRP commercial investments.
- e) Depending on the category of investment or disposal sought, Aspire (CRP) Ltd or the Asset Team, working with professional advisors, will identify assets which meet the requirements set out by the IB. They will prepare business cases for consideration by the IB. The IB will review and consider the cases in detail and if suitable will make the recommendation to the Cabinet to proceed. Approval by the Board of Aspire (CRP) Ltd is also

required prior to submission to the IB.

- f) Aspire (CRP) Ltd, along with the Asset Team, prepare the quarterly KPI and other information for submission to the IB.

62. New investments or disposal of existing assets (green line)

- a) At an Extraordinary Meeting of Council a decision is taken on whether or not to allocate the funding for a new investment or agree to the disposal of an existing asset.
- b) If an investment is agreed, funding will be made available to Aspire (CRP) Ltd or to the Asset Team to enable the purchase to be made in accordance with paragraph 53.
- c) If the authority is for a sale the disposal will be undertaken in accordance with paragraph 53.

63. A report on annual performance of Aspire (CRP) Ltd will be presented to Cabinet



Uttlesford District Council

Medium Term Financial Strategy 2023 – 2028



February 2023



Introduction

1. This Medium Term Financial Strategy (MTFS) sets out how the Council plans to manage its finances over the next five years, aligning its resources closely to the priorities set out in the Corporate Plan and its commitment to providing services that meet the needs of local people.

Corporate Plan

2. The Corporate Plan sets out the Council's priorities and is a key document in establishing the way in which resources should be allocated when setting this MTFS and annual council budgets.
3. The Corporate Plan sets out the Council's overall vision, namely:

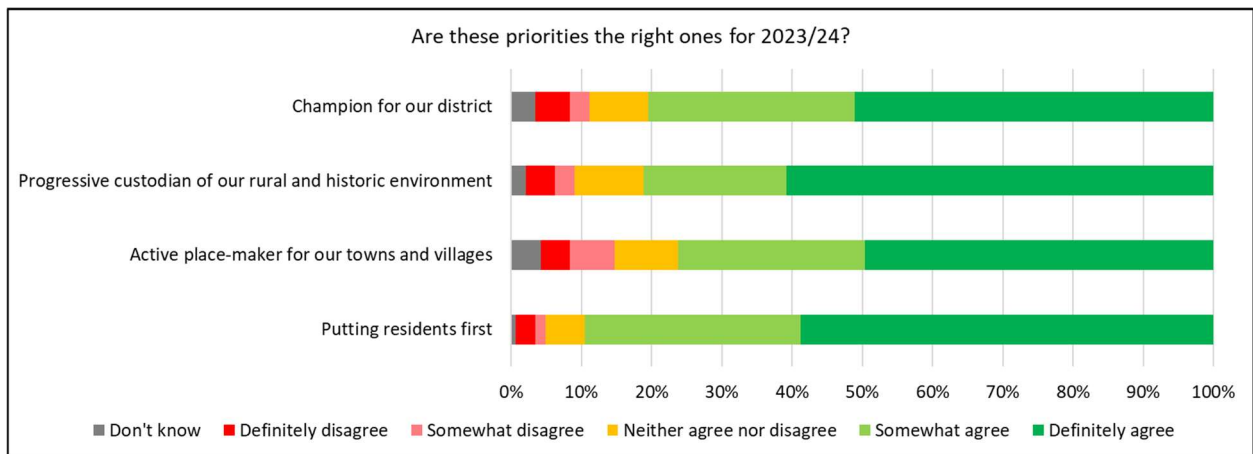
“Making Uttlesford the best place to live, work and play”

4. Under this overarching vision there are four priorities, each with a set of delivery plan actions, as follows:-

Putting residents first	Active place-maker for our towns and villages
<p>We will:-</p> <ul style="list-style-type: none"> - be a council that listens to and acts for residents. - deliver local government with outstanding levels of transparency and accountability. - be responsible with your money and mitigate the impact of government cuts. 	<p>We will:-</p> <ul style="list-style-type: none"> - masterplan our new communities for and with residents. - support own towns and villages to plan their neighbourhoods. - secure greater benefits for our community from new development. - work with Stansted Airport on issues of concern to communities. - nurture employment and retail areas to create jobs and retain businesses. - enforce good business standards in our district. - deliver more affordable homes and protect those in need in our district. - promote healthy lifestyles in diverse and inclusive communities.
Progressive custodian of our rural and historic environment	Champion for our district
<p>We will:-</p> <ul style="list-style-type: none"> - take action on climate change. - conserve our natural resources. - protect and enhance our rural character and heritage. - take strong action on dealing with pollution. 	<p>We will:-</p> <ul style="list-style-type: none"> - improve Uttlesford's connectivity. - support our students, schools and libraries. - work with partners to keep the district safe. - work to create a better local health service for residents.

Budget Consultation

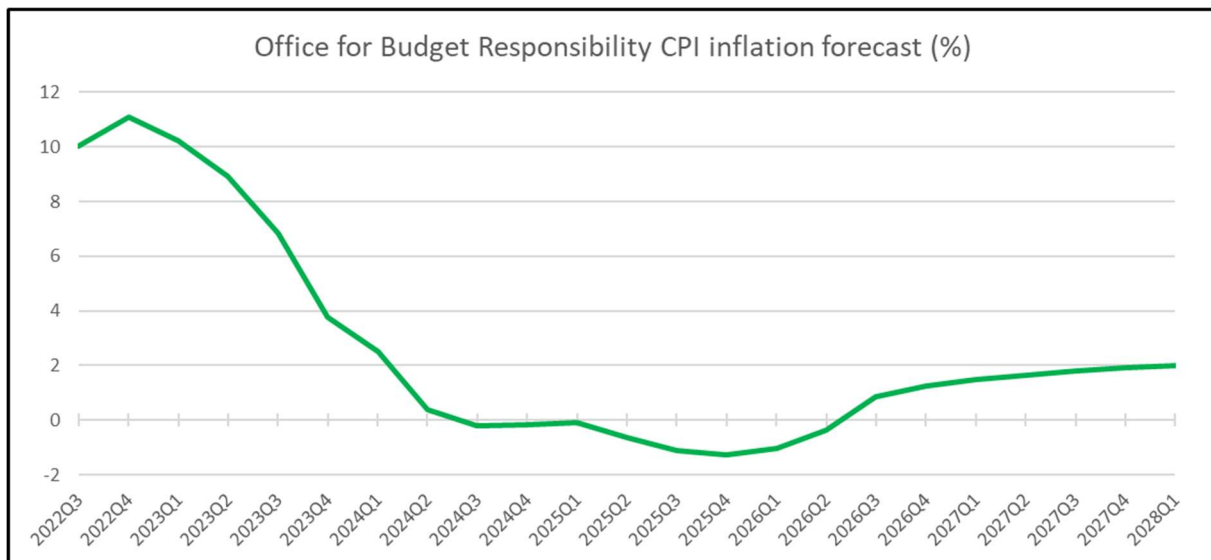
5. A budget consultation was carried out between 21 September and 31 October 2022, seeking views on the Council's priorities for service delivery over the next financial year. The Council received a total of 145 responses, of which the vast majority (at least 89%) were from local residents and council taxpayers.
6. As part of the consultation, respondents were asked whether the Corporate Plan priorities were the right ones for 2023/24. The responses received were as follows:-



7. As shown above, overall the Corporate Plan priorities are supported by the consultation. For each individual priority, somewhere between 76% and 90% of respondents indicated that they 'definitely agree' or 'somewhat agree' that the priority is right. This supports the use of the Corporate Plan priorities to underpin the 2023/24 budget setting process, and by extension this MTFS.
8. The full results of the consultation are set out at Appendix I, including the view of respondents on individual services and their priorities.

Economic Context

9. The UK, in common with many developed nations, is experiencing a period of economic slowdown characterised by falling gross domestic product (GDP), high inflation, and rising interest rates. Following Russia's invasion of Ukraine in early 2022, restrictions on Russian imports saw European wholesale gas prices rise ten-fold from pre-pandemic levels, with an expectation that prices will remain four times higher in the medium term. This, alongside other supply side pressures, has seen sharp inflation rises worldwide, followed by increased interest rates as central banks work to keep inflation under control.
10. In the UK, worldwide factors have been further exacerbated by the impact of Brexit (which the Office for Budget Responsibility estimates will reduce the UK's trade intensity by 15% in the long term). Furthermore, the government's 'mini-budget' of 23 September 2022 saw a sharp rise in the cost of government borrowing, prompting the Bank of England to undertake targeted interventions to restore market functioning and avoid what it termed 'a material risk to UK financial stability'.
11. The Office for Budget Responsibility (OBR) published its latest Economic and Fiscal Outlook in November 2022, which forecast that the UK would enter into a recession lasting just over a year from the third quarter of 2022, with a peak-to-trough fall in GDP of 2%.
12. Meanwhile, CPI inflation reached a 40-year high of 11.1% in October 2022, before falling back slightly to 10.7% in November. The OBR forecasts that inflation will drop sharply over the course of the next year and will fall below zero in the middle of the decade due to falling energy and food prices, before returning to its 2% target in 2027, as seen in the following chart:



13. In response to rising inflation, the Bank of England has increased the official bank interest rate (base rate) at the last 9 consecutive meetings of its Monetary Policy Committee, from 0.10% in December 2021 to 3.50% just a year later.
14. The Council's external treasury management consultants, Arlingclose, are now forecasting that the base rate will rise further to 4.25% by May 2023, before reducing slowly from mid-2024, settling at around 3.25% by early 2025.
15. All of the above has contributed to a squeeze on UK households, with the OBR estimating that real wages and living standards will be eroded by 7% over the 2022/23 and 2023/24 financial years, effectively wiping out the previous 8 years' growth.

Local Government Finance Settlement

16. The provisional local government finance settlement was published on 19 December 2022. The key feature of the settlement is a commitment from government that all local authorities will see at least a 3% increase in their core spending power in cash terms (excluding any council tax increase applied). This is worth approximately £68,000 to the Council in 2023/24.
17. Whilst more generous than the settlements of the previous two years, this needs to be seen in the context of the economic situation described above. With inflation currently in excess of 10%, this represents a real terms cut in the Council's core spending power for the third consecutive year.
18. Other features of the provisional settlement are as follows:-
 - The business rates multiplier (i.e. the cost to businesses) has been frozen for the third consecutive year, with councils once again receiving government compensation for the income lost. All businesses will see a rates revaluation effective from 1 April 2023 which could see their business rates go up or down depending upon changes to property values – this is designed to be revenue-neutral for local authorities (with any excess funds generated being repaid to central government), although this does depend on several assumptions made by government including the level of successful business rate appeals.
 - District councils are permitted to increase band D council tax by the higher of 2.99% or £5.00 without a local referendum – this represents an increase of 1% from the previous year, but this Council will not benefit from any additional flexibility as the £5.00 limit will continue to apply as it previously did (as a £5.00 increase would be equivalent to 3.00%).

- New Homes Bonus has been extended for one further year to cover 2023/24 under the same terms as 2022/23, with a commitment from government to set out the future position of the scheme in advance of the 2024/25 settlement.
- Rural Services Delivery Grant will continue for another year at the same level as 2022/23.
- Local Council Tax Support (LCTS) Administration Subsidy and the Council Tax Family Annexe Discount Grant have now been rolled into the main finance settlement, i.e. these amounts will no longer be specifically identified (but will form part of the Council's funding baseline going forwards).

19. The final local government finance settlement is due to be published in February 2023. The MTFs and 2023/24 budget will be updated for any significant changes and represented to members, although this is considered to be unlikely based upon past experience.

Funding Reform and Business Rates Reset

20. The current method for allocating government funding to local authorities is based upon data about spending needs which has not been updated since 2013/14. Since then, the government has announced its intention to review the position a number of times, but this review has been repeatedly delayed. The provisional local government finance settlement now confirms that no funding reform will occur before 2025/26 at the earliest.
21. Alongside this, the business rates retention system also relies upon baseline income figures dating back to 2012/13. When the system was first implemented, it was intended that business rates would be 're-baselined' every few years, but this has also been delayed by government many times. Again, this will now not occur until at least 2025/26.
22. The Council engages external consultants who are experts in the sector to assist with forecasting future funding allocations. The latest forecast shows that the combined effect of funding reforms and the business rates reset could see the Council lose approximately £4.7 million of external funding annually, if and when these occur.
23. In this context, having the reforms and reset delayed for a further two years clearly helps the Council's financial position in the short-term. However, it leaves huge uncertainty for the future. This Medium Term Financial Strategy has been set using the best available assumptions as provided by external consultants – however should these assumptions be incorrect in respect of either the timing or nature of any funding reforms, this could have a material impact on the Council's finances in future years.
24. In addition, the government has not yet made any firm commitment on the future of the New Homes Bonus scheme after 2023/24. The Council will receive £432,000 of New Homes Bonus payments in 2023/24, so any changes to the scheme could have a significant impact.

Commercial Strategy

25. Over the past few years, the Council has acquired a substantial portfolio of commercial investment properties, the income from which has been used to support general Council services. All investments have been undertaken in line with the Council's Commercial Strategy (Appendix B), which is reviewed annually.
26. When undertaking any form of capital expenditure, including commercial investments, local authorities are required to have regard to the Prudential Code for Capital Finance in Local Authorities ('the Prudential Code'), published by CIPFA.
27. In 2021 the Prudential Code was revised, partly in response to government concerns about the level of commercial investments undertaken by some local authorities. The revised Prudential Code is explicit that an authority must not borrow to invest primarily for financial return. However, authorities with existing commercial investments may carry out prudent active management and rebalancing of their portfolios, and authorities with commercial land and

property may also invest in maximising its value, including repair, renewal and updating of the properties.

28. Following these changes, the Commercial Strategy has been updated and its main aims are now as follows:-

- a. There will be no new commercial investments.
- b. Subject to (d) and (e) below, the portfolio is therefore complete. Of the £300 million allocated in 2020 to building the fund, approximately £275 million has been used.
- c. Minimum revenue provision (MRP) will be applied on an annuity basis over the life of each asset.
- d. As the Council already owns, through Aspire (CRP) Ltd, the land at Chesterford Research Park, it will continue to develop the asset to maximise its value.
- e. As the Council already owns 48% of Stane Retail Park, which includes all of the public car parking, link roads and other shared elements for the entire site, it will evaluate the option of acquiring the rest of the asset to maximise the value of the already owned part. This would be done on the basis that the sum of the whole is worth more than the sum of the constituent parts.
- f. The portfolio will be reviewed on a regular basis by the Investment Board to determine the requirements of the Council and the appropriateness of retaining or selling each asset.
- g. The Council will look to maintain the commercial asset portfolio at an investment level of no more than £275 million. However, it should be noted that investments may need to take place ahead of sales which could temporarily increase that number.

Key Risks and Assumptions

29. The key assumptions which have been applied in preparing this MTFS, and the most significant risks arising, are set out in the following table:

Area of Estimate	Assumptions Used - 2023/24	Assumptions Used - Future Years	Risks and Sensitivities
General cost inflation	Only applied where there is contractual provision, or other demonstrable unavoidable cost increases, at the levels specified in the relevant contracts. Where no amount is specified, 4% has been used.	Applied to all service costs using CPI as forecasted by the OBR, with a 1% collar applied, specifically: - 2024/25: 1.0% - 2025/26: 1.0% - 2026/27: 1.0% - 2027/28: 1.8%	The decision to apply inflationary increases in 2023/24 only where specific pressures are identified was taken to encourage services to seek out efficiencies at a time of intense budgetary pressure, but does increase the risk of service overspends during the year. Between 2024/25 and 2026/27 inclusive, the OBR is forecasting inflation below 1% (including negative inflation in 2024/25 and 2025/26). However, given that many contractual arrangements include upwards only price reviews, and in light of growing demand for council services, inflation assumptions have been collared at 1% for the purposes of this MTFS.

Area of Estimate	Assumptions Used - 2023/24	Assumptions Used - Future Years	Risks and Sensitivities
Pay inflation	Based upon a best estimate of the likely pay settlement and historic experience.	General cost inflation (as set out above) +0.9% to represent contractual pay progression for those staff not yet at the top of their band.	The current economic situation and rising cost of living is likely to result in a significant pay claim from unions in 2023/24, and potentially again in future years. Since staff costs form a significant proportion of the Council's gross expenditure, any variations from the assumptions used could have a significant impact on the Council's finances.
Utility costs	Set using forecasts provided by the Council's external energy consultants.	General cost inflation as set out above.	Energy prices are extremely volatile. Should they fall from their current peaks, there may be an opportunity for savings in future years; conversely world events could cause further hikes leading to increased budgetary pressure.
Agency costs	Corporate Management budget includes £516k of agency (or external consultancy) costs in respect of current vacancies in hard to recruit areas (Planning, Legal and Finance), based upon current spend.	Assumed that costs are inflated in line with general cost inflation (as above), but with adjustments to reflect some recruitment to vacant posts and/or changes to service needs:- - 2024/25: £488k - 2025/26: £493k - 2026/27: £498k - 2027/28: £129k	Should the Council be successful in recruiting to some of the vacant posts earlier than assumed, then actual spend could be significantly lower. However, should additional vacancies arise which prove hard to recruit then additional costs could be incurred.
Demand growth	None - service costs are based upon current best estimates.	Net service costs to increase by £250k per year across the Council to represent as yet unidentified demand growth, for example from an increasing population, changing demographics, or changes to statutory service requirements which are not fully funded by government.	There is a significant degree of estimation involved in this area, and actual results could be higher or lower than anticipated due to future unforeseen events (as seen during the Covid-19 pandemic, for example).
Fees and charges income	Based upon best estimates as provided by services.	Increased using general cost inflation figures (as set out above), unless better information is available from the service.	Fees and charges income is sensitive to both the price charged and volume of demand. In terms of demand, this is often governed by external market forces and can be difficult to predict (e.g. planning applications often fall in times of economic downturn).

Area of Estimate	Assumptions Used - 2023/24	Assumptions Used - Future Years	Risks and Sensitivities
Preceptor shareback arrangement	Income of £413k based upon provisional forecast provided by Essex County Council in October 2022, assuming collection rates remain as they currently are.	Assumed an additional 2 years of shareback contributions (inflated to take into account projected council tax growth), as Essex County Council have indicated that the 2023/24 arrangement is likely to be extended until 2025/26 (pending evaluation). No further contributions have been assumed beyond this date at present.	The actual amount received in 2023/24 will depend upon council tax collection rates which may be higher or lower than assumed. In particular, if cost of living pressures result in a fall in collection rates, this will lead to a drop in preceptor shareback income as well as a fall in the Council's share of council tax. For future years, the income is contingent upon Essex County Council and the other major preceptors continuing to support the arrangement.
Investment property income	Based upon known rental amounts.	Based upon known current rental amounts and future contractual rent reviews.	The amount of any future rent increases will depend upon the contractual terms of the relevant lease, many of which refer to external factors such as inflation rates and market rents. There is a risk that the actual rent achieved will be higher or lower than currently assumed.
Borrowing costs	Based upon fixed interest rates on current borrowing, with an assumption that any refinancing will take place at the following rates:- - Less than 6 months: 4.00-4.50% (depending upon timing) - Greater than 6 months: 5.00% These rates are based upon those currently available on the local authority market, adjusted for future changes to the base rate as forecast by the Council's treasury advisors.	Assumed an average cost of borrowing on the local authority market as follows:- - 2024/25: 4.25% - 2025/26-2027/28: 3.75% These rates are based upon those currently available on the local authority market, adjusted for future changes to the base rate as forecast by the Council's treasury advisors.	The Council is forecast to have £103m of borrowing on the short-term local authority market at 31 March 2023, which represents 35% of total borrowing. Whilst all borrowing is at fixed interest rates, there remains a refinancing risk if interest rates are higher than anticipated when short-term loans are due for renewal. For example, a rate increase of 0.25% on £103 million represents an additional cost of £258k. The risk of variance (both adverse and favourable) increases in later years as it becomes harder to predict future interest rate movements - indeed the Council's treasury management advisers only forecast rate movements until December 2025, after which point it has been assumed for the purpose of this MTFS that rates remain constant.

Area of Estimate	Assumptions Used - 2023/24	Assumptions Used - Future Years	Risks and Sensitivities
Capital financing and minimum revenue provision (MRP)	Based upon latest capital programme and expenditure forecasts, and average cost of Public Works Loan Board (PWLB) borrowing for the 2022/23 financial year up until December 2022. The Capital Programme is set out in full at Appendix F.	Based upon latest capital programme, and average cost of PWLB borrowing forecast from the 2022/23 average adjusted for future base rate movements as forecast by the Council's treasury advisers.	Capital financing cost is dependent upon the level of capital expenditure, and availability of capital resources (such as capital receipts and grants) to finance this. Any additional expenditure (e.g. capital overspends) which can not be financed from capital resources will need to be financed from revenue, either by way of an upfront charge, or through increasing the annual MRP charge. MRP is also sensitive to the average cost of borrowing (as it is calculated on an annuity basis). If the cost of borrowing increases, MRP will decrease in the early years of an asset's life, but increase in the later years (so that the same total amount is payable over the life of the asset).
Corporate pension costs - deficit repair contribution	Total cost of £490k (split between the General Fund and Housing Revenue Account) based upon the latest triennial valuation prepared by the scheme actuary, assuming an upfront prepayment of the amount to cover the financial years from 2023/24 to 2025/26 (as there is a substantial discount for paying in this way).	No further costs in 2024/25 and 2025/26 as the amount for these years will have been paid upfront. For 2026/27, assume again that a 3-year prepayment will be made at the same level as 2023/24.	The Pension Fund is highly sensitive to a number of actuarial assumptions such as interest and inflation rates, and member life expectancy. Small changes to these actuarial assumptions can result in large changes to the overall pension deficit, which means that the actual amount to be paid in 2026/27 could vary significantly from that currently assumed.
Business rates income	Based upon current ratings list, taking into account the effect of the business rates revaluation on 1 April 2023. Assuming a benefit of remaining in the Essex business rates pool of approximately 45% of the levy which would otherwise be payable to central government.	As for 2023/24, but assuming further growth in gross business rates in the district of 0.3% per annum (in real terms), based upon historic experience. Also assuming a full business rates reset in 2025/26, at which point all historic growth will be lost.	Should the business rates reset be further delayed (or cancelled), this would have a significant beneficial effect on the Council from 2025/26 onwards, as the current model forecasts that the Council's share of business rate income will fall by £3.047m in the year the reset is applied.
New Homes Bonus	Based upon published provisional local government finance settlement.	Assuming that the Council receives the same amount in 2024/25 as 2023/24, either through a further extension to the existing scheme, or through an equivalent replacement, as advised by the Council's external funding consultants. No further income assumed from 2025/26 onwards.	The government are yet to confirm their intentions in respect of New Homes Bonus beyond 2023/24. In 2023/24 the Council will receive £432k, which may be at risk if the scheme is discontinued or materially changed.

Area of Estimate	Assumptions Used - 2023/24	Assumptions Used - Future Years	Risks and Sensitivities
Core government grant funding	Based upon published provisional local government finance settlement.	For 2024/25, based upon the published provisional settlement for 2023/24 with CPI inflation applied (and assuming that the 3% funding guarantee is rolled forward for a further year). From 2025/26, assuming that funding reform is implemented as predicted by the Council's external funding consultants.	Since the finance settlement only covers 1 year, there is significant risk (both upside and downside) from 2024/25 onwards. Any funding reform will now not take place until after the next general election, and an incoming government may take a different approach from that currently being forecast.
Council tax	Set using most recent taxbase forecast and assuming a £5.00 increase in band D council tax.	Gross taxbase continues to increase in line with average for the past 3 years. Band D council tax increases will be 2.99% in 2024/25, then £5.00 in each subsequent year (assuming the government returns to a 1.99% or £5.00 referendum limit from 2025/26 onwards). Collection rate will improve by 0.8 percentage points from 2025/26 onwards as the UK exits recession.	Taxbase may grow faster or slower than anticipated, resulting in higher or lower income from council tax. The government referendum limits on raising band D council tax may be higher or lower than assumed, and/or members may opt not to apply the maximum permitted increase in any given year, which would result in a permanent loss of council tax income which could not be 'caught up' in future years.
Dwelling rents	Set using information about current rents and a proposed 7% increase for 2023/24, with an allowance made for sales under the right-to-buy scheme, and voids.	Assuming an annual rent increase of CPI + 1% for 2024/25, then CPI thereafter. The forecast also takes into account planned levels of housebuilding.	Rental income may be affected by variations in stock levels (for example a higher than expected number of right-to-buy sales or delays to new developments). Rent per property will also be influenced by the CPI inflation rate, and government policy (for example, for 2023/24 the government has chosen to cap rent increases at 3.1% below CPI).
Housing Revenue Account depreciation	Estimated using the 2022/23 depreciation charge adjusted for expected changes to stock levels (e.g. right-to-buy sales), and assuming an average increase in property values of 3%. This is based upon the UK House Price Index movement for Uttlesford from April to November 2022 (+5.26%), adjusted downwards to reflect market expectations for the first quarter of 2023.	Estimated based upon anticipated stock movements (new dwellings and right-to-buy sales), together with the following anticipated movements in the valuation of council housing stock at 1 April each year: - 2024: -5.0% - 2025 onwards: +3.5%	The depreciation charge is highly sensitive to property values, which are difficult to predict. Also, the number of right-to-buy sales and new dwelling completions in each year may vary, or the Council's external valuer could recommend changes to the estimated useful life of the stock, or the proportion of the stock value which relates to land (and is not therefore subject to depreciation).

General Fund 5 Year Budget Model

30. The proposed General Fund budget for 2023/24 is set out at Appendix H. Using the assumptions in the section above, a 5 year budget model has been developed to inform the Council's medium term financial management.

31. The following table sets out a summary of this model, assuming that no further actions are taken by the Council to reduce the budget deficit:

General Fund 5 Year Budget Model	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Current	Original	Forecast	Forecast	Forecast	Forecast
	Budget	Budget	£'000	£'000	£'000	£'000
Net service expenditure						
Gross service expenditure	37,662	40,198	39,276	38,616	39,096	39,674
Gross service income	(20,139)	(20,947)	(21,037)	(21,230)	(20,976)	(21,384)
Demand growth	-	-	250	500	750	1,000
Subtotal - Net service expenditure	17,523	19,251	18,489	17,886	18,870	19,290
Investment property	(5,658)	(760)	(622)	(1,108)	(1,304)	(2,602)
Corporate items						
Capital financing	4,136	2,441	1,462	1,429	1,453	1,477
Net recharges to Housing Revenue Account (HRA)	(1,747)	(1,967)	(1,993)	(2,020)	(2,048)	(2,092)
Other corporate items	426	542	72	96	538	58
Subtotal - Corporate items	2,815	1,016	(459)	(495)	(57)	(557)
External funding						
Retained business rates (including S31 grants)	(3,774)	(5,272)	(5,401)	(2,354)	(2,430)	(2,525)
Collection fund (surplus)/deficit	(559)	249	-	-	-	-
Government grants	(3,217)	(3,333)	(3,495)	(1,817)	(932)	(101)
Subtotal - External funding	(7,550)	(8,356)	(8,896)	(4,171)	(3,362)	(2,626)
Subtotal - Net operating expenditure	7,130	11,151	8,512	12,112	14,147	13,505
Transfers to/(from) earmarked reserves	(726)	(4,457)	101	121	622	976
Total - Council tax requirement	6,404	6,694	8,613	12,233	14,769	14,481
Council tax	(6,404)	(6,694)	(6,973)	(7,309)	(7,594)	(7,883)
(Surplus)/deficit	-	-	1,640	4,924	7,175	6,598

32. The table above shows a forecast unfunded deficit in the General Fund of £1.640 million in 2024/25, rising to £6.598 million by 2027/28. Whilst the Council holds an MTFs reserve to help support any future deficits, the total forecast balance on this reserve as at 31 March 2024 is £3.051 million. On current forecasts, therefore, this reserve will be exhausted during 2025/26 without any further intervention to reduce the deficit going forwards.

33. It should be noted that the 2023/24 budget shows a balanced position as this is required by statute – however in order to achieve this a drawdown of £2.867 million is required from the MTFs reserve (which is taken into account when calculating the estimated balance at 31 March 2024 in the paragraph above). For further details, see the 2023/24 General Fund budget (Appendix H).

34. A more detailed 5 year model for the General Fund is set out at Annexe C1.

Scenario Planning

35. Whilst the 5 year budget model has been prepared on the basis of the best information available at the time, it is prudent to consider the potential impact should external factors differ significantly from the assumptions which are currently being made.

36. With this in mind, two alternative scenarios have been presented below. Note that these are not intended to represent any particular 'worst case' or 'best case', but simply to demonstrate the sensitivity of the MTFs to the assumptions used, and to present a range of reasonably possible

outcomes covering the next 5 years.

Scenario 1 – Changes to Funding Reforms

37. This scenario demonstrates the impact on the Council's finances of removing the assumption of local government funding reforms and a business rates reset with effect from 2025/26. This could represent, for example, a scenario where the reforms are further delayed beyond 2027/28. Alternatively, following the general election a new government could elect to cancel the reforms entirely, or to take a different approach which more closely aligns with current funding allocations.
38. The assumption made for this scenario is that business rates income continues to increase in line with inflation from 2025/26 onwards, with an additional allowance for growth in the business rates baseline of 0.3%, of which the Council retains half. Meanwhile, other core government grants (including New Homes Bonus) are assumed to remain at their 2024/25 levels for the remainder of the 5 year period.
39. The impact of this on the 5 year budget model would be as follows:-

Scenario 1 - Changes to Funding Reforms	2023/24 Forecast £'000	2024/25 Forecast £'000	2025/26 Forecast £'000	2026/27 Forecast £'000	2027/28 Forecast £'000
(Surplus)/deficit per base 5 year budget model	-	1,640	4,924	7,175	6,598
Increase to retained business rates income	-	-	(3,110)	(3,097)	(3,109)
Increase to core government grants	-	-	(1,678)	(2,563)	(3,394)
Revised (surplus)/deficit under scenario 1	-	1,640	136	1,515	95

Scenario 2 – Sustained Higher Inflation and Interest Rates

40. Under this scenario, worldwide supply side pressures and the ongoing conflict in Ukraine lead to higher inflation persisting for longer than the current OBR forecasts, taking the full five years of the MTFS period to return to the target 2% level. As a result, the Bank of England responds by raising interest rates higher and for longer than currently forecast.
41. The assumptions used in developing this scenario are as follows:-

Scenario 2 Assumptions	2023/24	2024/25	2025/26	2026/27	2027/28
CPI inflation	8.0%	4.5%	3.5%	2.5%	2.0%
Cost of borrowing from other local authorities	5.00-6.00%	5.75%	5.00%	4.50%	4.00%
Council tax % increase referendum limit	2.99%	2.99%	2.99%	2.99%	2.99%

42. The impact this would have on the 5 year budget model is as follows:-

Scenario 2 - Sustained Higher Inflation and Interest Rates	2023/24 Forecast £'000	2024/25 Forecast £'000	2025/26 Forecast £'000	2026/27 Forecast £'000	2027/28 Forecast £'000
(Surplus)/deficit per base 5 year budget model	-	1,640	4,924	7,175	6,598
Impact of increased inflation on gross service expenditure	-	1,319	2,307	2,939	3,068
Impact of increased inflation on gross service income	-	(626)	(1,101)	(1,401)	(1,472)
Impact of higher interest rates on borrowing costs	515	1,446	1,180	692	226
Impact of higher interest rates on treasury investment income	(80)	(117)	(98)	(59)	(19)
Impact of increased inflation on recharges to the HRA	-	(67)	(119)	(152)	(160)
Changes to external funding (where index linked)	-	(143)	(161)	(221)	(94)
Impact of higher council tax referendum limits	-	-	(11)	(29)	(55)
Other impacts of assumption changes	-	55	48	26	5
Revised (surplus)/deficit under scenario 2	435	3,507	6,969	8,970	8,097

43. Note that in the above table the additional deficit of £435,000 in 2023/24 is shown for illustrative purposes only – in reality this would need to be funded from the MTFs reserve due to the statutory requirement to set a balanced budget for the forthcoming financial year.

44. The above scenarios both serve to demonstrate the great extent to which the Council's finances are sensitive to external factors which are often outside of the Council's control. However, the base case as presented at paragraph 31 above remains the most likely estimate of the Council's financial performance over the medium term.

Managing the Deficit

45. As set out in paragraph 32 above, without further intervention it is likely that the Council's unallocated General Fund reserves will run out during 2025/26. It is therefore vital that the Council takes action now to reduce the General Fund deficit going forwards, in order to ensure its financial stability in the medium- to long-term. There are two main ways in which this will be achieved.

46. Firstly, the Council will investigate opportunities to divest of a proportion of its commercial investment portfolio. Whilst the portfolio continues to make a net positive contribution to the General Fund, current market conditions (in particular the high cost of borrowing) has created an unusual situation where the sale of certain assets may result in a higher net contribution in the short-term. This is particularly the case for assets which have seen their value increase since acquisition, as any excess funds generated through sale could be applied to reduce borrowing and minimum revenue provision (MRP) costs across the remainder of the portfolio.

47. It should be noted that this process is still at an early stage. No decisions have yet been taken around which (if any) investments to sell, and no detailed market testing has been carried out. Should it not prove possible (or beneficial) to sell any assets at this time, then alternative means will need to be found to deliver the required savings.

48. The second initiative is an organisation-wide transformation programme known as Blueprint Uttlesford. This programme will include a fundamental review of all Council services (both frontline and back office), with the detailed terms of reference and approach to be agreed following the district elections in May 2023.

49. The potential impact of these interventions on the Council's MTFs is set out in the table below. Note that the assumptions around the level and speed of savings which could be achieved by Blueprint Uttlesford are currently set at a very high level which will be subject to further refinement in summer 2023 – however the below provides a starting point which demonstrates

medium term financial stability whilst setting savings targets of a size and pace which should be achievable.

General Fund Savings Delivery Model	2024/25	2025/26	2026/27	2027/28
	Forecast	Forecast	Forecast	Forecast
	£'000	£'000	£'000	£'000
Forecast deficit per 5 year budget model (before interventions)	1,640	4,924	7,175	6,598
Cumulative impact of Blueprint Uttlesford savings delivered in previous years	-	(500)	(1,500)	(2,600)
Estimated impact of sale of commercial asset(s)	(3,317)	(2,820)	(2,816)	(2,812)
Contributions to/(from) MTFS reserve to smooth savings requirement	2,177	(604)	(1,759)	-
In-year ongoing savings requirement from Blueprint Uttlesford	500	1,000	1,100	1,186

50. There is no column for 2023/24 in the table above as the Council is required by statute to set a balanced budget for the forthcoming year. Therefore, the deficit in 2023/24 will be funded from the MTFS reserve as set out in the 2023/24 General Fund budget at Appendix H.
51. Note that, in order to be fully effective, the savings requirements above need to apply to the whole of the financial year to which they relate. This means that savings need to be identified in advance of each financial year – for example the £500,000 of savings needed for 2024/25 will need to be identified and actioned during 2023/24, so that any changes to services can apply from 1 April 2024.
52. The savings targets set out above are net of any additional costs which may be incurred as a result of the Blueprint Uttlesford programme (such as one-off transformation costs). However, should the above targets be achieved, this would leave £2.865 million in the MTFS reserve which could be used to support these short-term costs if required.
53. The detailed 5 year outlook for the General Fund, including the impact of the savings initiatives set out above, can be found at Annexe C1.

General Fund Reserves

54. The Council holds General Fund revenue reserves which have been put aside in previous years to fund future expenditure. The purpose of each of these reserves is set out in the following table:

Reserve	Purpose
Ringfenced reserves	
Business rates	To support future deficits in the business rates collection fund (for example because collection rates were lower than forecast), and to provide some protection from the impacts of future business rates reform or reset.
Capital slippage	To hold committed revenue contributions to capital projects where expenditure has 'slipped' into a later year.
Licensing	To hold surpluses generated by licensing services which are ringfenced under statute for supporting these services in the future.
Leisure / Private Finance Initiative	To meet increased Private Finance Initiative (PFI) costs in future years arising from inflation and utility bills. The bulk of this reserve will be used over a 3 year period commencing in 2023/24 to cover increased utility bill support for the PFI operator.
Working balance	The prudent minimum balance to be held by the General Fund to manage unexpected financial impacts during the year. The amount held is determined by the Section 151 Officer based on a percentage of variable income and expenditure amounts.

Reserve	Purpose
Core reserves	
Commercial assets	To cover the cost of refurbishment or reinstatement of commercial investment assets at lease expiry to ensure that they remain in a lettable or saleable condition, also to cover any loss of income in the unlikely event of unexpected voids or tenant arrears.
Medium Term Financial Strategy (MTFS)	To fund any one-off deficits in the General Fund, and to fund any transitional costs in support of the Blueprint Uttlesford transformation programme (e.g. 'spend to save' initiatives).
Strategic initiatives	To support specific strategic initiatives - this reserve is forecast to have a nil balance as at 31 March 2023 and will therefore be closed.
Member priorities	
Economic development	Following the Covid-19 pandemic and its effects on the local economy and businesses, £1 million was allocated to this reserve over 3 years to support businesses and local High Streets to recover, in line with the Economic Recovery Action Plan.
Planning	To support planning appeals and additional costs relating to the delivery of the Planning service and neighbourhood plans.
Sustainable communities	To support the delivery of the new Local Plan.
Major sports facilities	To hold funds allocated to the Major Sports Facilities grant programme (£450k over 3 years). As 2022/23 was the last year of the programme, the reserve will be closed at 31 March 2023.
Climate change	Following the declaration of a climate emergency by the Council, £1 million was allocated to this reserve over 3 years to support specific climate change actions.
Voluntary sector	To hold funds earmarked by the Council for specific grant programmes.
Grants	
Homelessness; Health and wellbeing; Air quality; Public health	To hold any unspent balances from external grants which are ringfenced for specific activities (for example Homelessness Prevention Grants).

55. Over the course of the 5 year MTFS, General Fund reserves are anticipated to decrease by £2.823 million, from a forecast balance of £22.813 million at 1 April 2023, to £19.990 million by 31 March 2028. Within this, the MTFS reserve is forecast to decrease by £3.053 million, from £5.918 million at 1 April 2023, to £2.865 million by 31 March 2028 (disregarding the impact of any one-off transformation costs to be funded from this reserve).
56. The table below shows all forecast reserve movements over the 5 year MTFS period. Note that this assumes the use of the MTFS reserve in line with the savings plan set out at paragraph 49 above. Should these savings not be delivered at the right time, the draw on the MTFS reserve may be greater and the balance lower at the end of the 5 year period.

General Fund Revenue Reserves	Balance at 1 April 2022	Forecast Additions to Reserves 2022/23	Forecast Use of Reserves 2022/23	Forecast Transfers 2022/23	Forecast Balance at 31 March 2023	Budgeted Additions to Reserves 2023/24	Budgeted Use of Reserves 2023/24	Forecast Balance at 31 March 2024	Forecast Additions to Reserves 2024/25	Forecast Use of Reserves 2024/25	Forecast Balance at 31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Ringfenced reserves											
Business rates	4,571	808	-	-	5,379	-	(220)	5,159	-	-	5,159
Capital slippage	2,350	-	(463)	(1,105)	782	-	(782)	-	-	-	-
Licensing	66	-	(20)	-	46	-	(29)	17	-	-	17
Leisure/Private Finance Initiative	1,102	-	-	-	1,102	-	(295)	807	-	(346)	461
Working balance	1,517	171	-	-	1,688	94	-	1,782	-	(30)	1,752
Total - Ringfenced reserves	9,606	979	(483)	(1,105)	8,997	94	(1,326)	7,765	-	(376)	7,389
Core reserves											
Commercial assets	1,060	2,200	-	740	4,000	1,000	-	5,000	1,000	-	6,000
Medium Term Financial Strategy	6,432	25	(1,519)	980	5,918	-	(2,867)	3,051	2,202	-	5,253
Strategic initiatives	1,663	-	(1,663)	-	-	-	-	-	-	-	-
Total - Core reserves	9,155	2,225	(3,182)	1,720	9,918	1,000	(2,867)	8,051	3,202	-	11,253
Member priorities											
Economic development	1,484	-	(266)	(615)	603	-	(330)	273	-	(273)	-
Planning	794	24	(18)	-	800	-	-	800	-	-	800
Sustainable communities	1,470	-	(221)	-	1,249	-	(417)	832	-	-	832
Major sports facilities	105	-	(105)	-	-	-	-	-	-	-	-
Climate change	625	320	(376)	-	569	-	(390)	179	-	(138)	41
Voluntary sector	41	-	(6)	-	35	-	-	35	-	-	35
Total - Member priorities	4,519	344	(992)	(615)	3,256	-	(1,137)	2,119	-	(411)	1,708
Grants											
Homelessness	357	-	(79)	-	278	-	(99)	179	-	(96)	83
Health and wellbeing	186	-	(29)	-	157	-	(24)	133	-	-	133
Air quality	-	121	-	-	121	-	(80)	41	-	(41)	-
Public health	-	86	-	-	86	-	(18)	68	-	-	68
Total - Grants	543	207	(108)	-	642	-	(221)	421	-	(137)	284
Total reserves	23,823	3,755	(4,765)	-	22,813	1,094	(5,551)	18,356	3,202	(924)	20,634

General Fund Revenue Reserves	Forecast Balance at 31 March 2025 £'000	Forecast Additions to Reserves 2025/26 £'000	Forecast Use of Reserves 2025/26 £'000	Forecast Balance at 31 March 2026 £'000	Forecast Additions to Reserves 2026/27 £'000	Forecast Use of Reserves 2026/27 £'000	Forecast Balance at 31 March 2027 £'000	Forecast Additions to Reserves 2027/28 £'000	Forecast Use of Reserves 2027/28 £'000	Forecast Balance at 31 March 2028 £'000
Ringfenced reserves										
Business rates	5,159	-	-	5,159	-	-	5,159	-	-	5,159
Capital slippage	-	-	-	-	-	-	-	-	-	-
Licensing	17	-	-	17	-	-	17	-	-	17
Leisure/Private Finance Initiative	461	-	(349)	112	-	-	112	-	-	112
Working balance	1,752	-	(15)	1,737	13	-	1,750	51	-	1,801
Total - Ringfenced reserves	7,389	-	(364)	7,025	13	-	7,038	51	-	7,089
Core reserves										
Commercial assets	6,000	1,000	-	7,000	1,000	-	8,000	1,000	-	9,000
Medium Term Financial Strategy	5,253	25	(604)	4,674	25	(1,759)	2,940	25	(100)	2,865
Strategic initiatives	-	-	-	-	-	-	-	-	-	-
Total - Core reserves	11,253	1,025	(604)	11,674	1,025	(1,759)	10,940	1,025	(100)	11,865
Member priorities										
Economic development	-	-	-	-	-	-	-	-	-	-
Planning	800	-	-	800	-	-	800	-	-	800
Sustainable communities	832	-	(416)	416	-	(416)	-	-	-	-
Major sports facilities	-	-	-	-	-	-	-	-	-	-
Climate change	41	-	(41)	-	-	-	-	-	-	-
Voluntary sector	35	-	-	35	-	-	35	-	-	35
Total - Member priorities	1,708	-	(457)	1,251	-	(416)	835	-	-	835
Grants										
Homelessness	83	-	(83)	-	-	-	-	-	-	-
Health and wellbeing	133	-	-	133	-	-	133	-	-	133
Air quality	-	-	-	-	-	-	-	-	-	-
Public health	68	-	-	68	-	-	68	-	-	68
Total - Grants	284	-	(83)	201	-	-	201	-	-	201
Total reserves	20,634	1,025	(1,508)	20,151	1,038	(2,175)	19,014	1,076	(100)	19,990

Housing Revenue Account 5 Year Budget Model

57. The proposed Housing Revenue Account (HRA) budget for 2023/24 is set out at Appendix G. Using the assumptions above, a 5 year budget model has been developed to inform the Council's medium term financial management. This is summarised in the following table:

Housing Revenue Account 5 Year Budget Model	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Current Budget £'000	Original Budget £'000	Forecast £'000	Forecast £'000	Forecast £'000	Forecast £'000
Service income						
Dwelling rents	(15,553)	(16,506)	(16,887)	(17,073)	(17,226)	(17,554)
Non-dwelling rents	(226)	(279)	(282)	(284)	(287)	(291)
Service charges and other income	(1,053)	(1,448)	(1,464)	(1,481)	(1,498)	(1,527)
Subtotal - Service income	(16,832)	(18,233)	(18,633)	(18,838)	(19,011)	(19,372)
Service expenditure						
Finance and business management	78	114	115	116	88	89
Maintenance and repairs service	4,071	4,822	4,864	4,913	4,963	5,052
Management and homelessness expenditure	977	1,054	1,073	1,092	1,111	1,140
Subtotal - Service expenditure	5,126	5,990	6,052	6,121	6,162	6,281
Other operating income and expenditure						
Depreciation	3,957	4,768	4,528	4,679	4,841	5,005
Borrowing costs	2,570	2,618	2,688	2,872	3,003	2,988
Net recharges from General Fund	1,747	1,967	1,993	2,019	2,047	2,092
Other	80	24	(1)	11	41	13
Subtotal - Other operating income and expenditure	8,354	9,377	9,208	9,581	9,932	10,098
Subtotal - Operating (surplus)/deficit	(3,352)	(2,866)	(3,373)	(3,136)	(2,917)	(2,993)
Capital financing	3,590	2,758	2,739	3,122	3,050	3,050
Transfers to/(from) earmarked reserves	(238)	108	634	14	(133)	(57)
(Surplus)/Deficit	-	-	-	-	-	-

58. The full 5 year budget model for the HRA is set out at Annexe C2.

Regulatory Impacts

59. In August 2022, the Council notified the Regulator of Social Housing of a potential breach of the Home Standard, in respect of its obligations under health and safety legislation and regulations.

60. As a result, the Council has engaged external consultants through the East of England Local Government Association (EELGA), to assist in putting into place a comprehensive remedial action plan. This work is ongoing.

61. In addition, significant changes to the Regulatory Framework for Social Housing are anticipated over the coming years, for example the introduction of mandatory reporting of Tenant Satisfaction Measures from 1 April 2023.

62. Currently, it is assumed that any new regulatory burdens which fall upon the Council as a result of either of these factors can be met from existing resources, except where specific new requirements have already been identified and costed at the time of preparing this budget. However, there is a risk that the actual cost to the HRA in 2023/24 and beyond could potentially be much higher than anticipated.

Housing Revenue Account Reserves

63. Over the course of the 5 year MTF5, HRA revenue reserves are anticipated to increase by £566,000, from a forecast balance of £1.652 million at 1 April 2023, to £2.218 million by 31 March 2028. Within this, usable reserves are forecast to increase by £559,000, from £1.091 million at 1 April 2023, to £1.650 million by 31 March 2028.

64. The table below sets out the forecast movements in HRA revenue reserves over the next 5 years:

HRA Revenue Reserves	Balance at 1 April 2022	Forecast Additions to Reserves 2022/23	Forecast Use of Reserves 2022/23	Forecast Balance at 31 March 2023	Budgeted Additions to Reserves 2023/24	Budgeted Use of Reserves 2023/24	Forecast Balance at 31 March 2024	Forecast Additions to Reserves 2024/25	Forecast Use of Reserves 2024/25	Forecast Balance at 31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Ringfenced reserves										
Working balance	471	80	-	551	30	-	581	9	-	590
Subtotal - Ringfenced reserves	471	80	-	551	30	-	581	9	-	590
Usable reserves										
Revenue reserves	292	639	-	931	78	-	1,009	625	-	1,634
Revenue projects	160	-	-	160	-	-	160	-	-	160
Subtotal - Usable reserves	452	639	-	1,091	78	-	1,169	625	-	1,794
Earmarked for capital purposes										
Capital projects	884	-	(884)	-	-	-	-	-	-	-
Potential projects reserve	10	-	-	10	-	-	10	-	-	10
HRA capital slippage reserve	1,484	-	(1,484)	-	-	-	-	-	-	-
Subtotal - Earmarked for capital purposes	2,378	-	(2,368)	10	-	-	10	-	-	10
Total - HRA revenue reserves	3,301	719	(2,368)	1,652	108	-	1,760	634	-	2,394

HRA Revenue Reserves	Forecast Balance at 31 March 2025 £'000	Forecast Additions to Reserves 2025/26 £'000	Forecast Use of Reserves 2025/26 £'000	Forecast Balance at 31 March 2026 £'000	Forecast Additions to Reserves 2026/27 £'000	Forecast Use of Reserves 2026/27 £'000	Forecast Balance at 31 March 2027 £'000	Forecast Additions to Reserves 2027/28 £'000	Forecast Use of Reserves 2027/28 £'000	Forecast Balance at 31 March 2028 £'000
Ringfenced reserves										
Working balance	590	14	-	604	-	(57)	547	11	-	558
Subtotal - Ringfenced reserves	590	14	-	604	-	(57)	547	11	-	558
Usable reserves										
Revenue reserves	1,634	-	-	1,634	-	(76)	1,558	-	(68)	1,490
Revenue projects	160	-	-	160	-	-	160	-	-	160
Subtotal - Usable reserves	1,794	-	-	1,794	-	(76)	1,718	-	(68)	1,650
Earmarked for capital purposes										
Capital projects	-	-	-	-	-	-	-	-	-	-
Potential projects reserve	10	-	-	10	-	-	10	-	-	10
HRA capital slippage reserve	-	-	-	-	-	-	-	-	-	-
Subtotal - Earmarked for capital purposes	10	-	-	10	-	-	10	-	-	10
Total - HRA revenue reserves	2,394	14	-	2,408	-	(133)	2,275	11	(68)	2,218

65. Note that the above table assumes that any surpluses not required for the financing of capital expenditure are added to revenue reserves for use in future years, whilst any deficit in the HRA in any given year can be met from the same reserve. The movement on the 'Revenue reserves' line above, therefore, indicates the net overall surplus or deficit arising on the HRA in any given year, after capital financing and statutory reserve movements.
66. In particular, it can be seen above that there are relatively small net deficits arising in 2026/27 and 2027/28 of £76,000 and £68,000 respectively. Since for each year this represents less than 5% of the available revenue reserves at the start of the year, this is not considered to present a significant risk to the financial sustainability of the HRA at present. Following the update to the 30 Year Business Plan which is currently underway, this MTFS will be reviewed in February 2024 (or sooner should material changes be indicated), and an action plan put into place to address this budget gap should it be deemed necessary.

Capital Reserves

67. The Council holds a number of reserves which can only be used for capital purposes, due to statutory restrictions or grant conditions. These are set out in the table below:

Usable Capital Reserves	Balance at 1 April 2022	Forecast Additions to Reserves 2022/23	Forecast Use of Reserves 2022/23	Forecast Balance at 31 March 2023	Budgeted Additions to Reserves 2023/24	Budgeted Use of Reserves 2023/24	Forecast Balance at 31 March 2024	Forecast Additions to Reserves 2024/25	Forecast Use of Reserves 2024/25	Forecast Balance at 31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund capital reserves										
Capital grants unapplied	1,193	200	(218)	1,175	200	(560)	815	200	(365)	650
Capital receipts	294	69	(363)	-	165	(165)	-	280	-	280
Subtotal - General Fund capital reserves	1,487	269	(581)	1,175	365	(725)	815	480	(365)	930
HRA capital reserves										
Major repairs reserve	1,031	4,624	(4,807)	848	4,768	(5,101)	515	4,528	(5,043)	-
Capital grants unapplied	-	-	-	-	-	-	-	900	(900)	-
Capital receipts	3,311	1,765	(1,537)	3,539	1,034	(1,052)	3,521	2,034	(110)	5,445
Subtotal - HRA capital reserves	4,342	6,389	(6,344)	4,387	5,802	(6,153)	4,036	7,462	(6,053)	5,445
Total - Capital reserves	5,829	6,658	(6,925)	5,562	6,167	(6,878)	4,851	7,942	(6,418)	6,375

Usable Capital Reserves	Forecast Balance at 31 March 2025 £'000	Forecast Additions to Reserves 2025/26 £'000	Forecast Use of Reserves 2025/26 £'000	Forecast Balance at 31 March 2026 £'000	Forecast Additions to Reserves 2026/27 £'000	Forecast Use of Reserves 2026/27 £'000	Forecast Balance at 31 March 2027 £'000	Forecast Additions to Reserves 2027/28 £'000	Forecast Use of Reserves 2027/28 £'000	Forecast Balance at 31 March 2028 £'000
General Fund capital reserves										
Capital grants unapplied	650	200	(200)	650	200	(200)	650	200	(200)	650
Capital receipts	280	-	-	280	-	-	280	-	-	280
Subtotal - General Fund capital reserves	930	200	(200)	930	200	(200)	930	200	(200)	930
HRA capital reserves										
Major repairs reserve	-	4,679	(4,679)	-	4,841	(4,841)	-	5,005	(5,005)	-
Capital grants unapplied	-	2,100	(2,100)	-	-	-	-	-	-	-
Capital receipts	5,445	1,034	(750)	5,729	1,034	(750)	6,013	1,034	(750)	6,297
Subtotal - HRA capital reserves	5,445	7,813	(7,529)	5,729	5,875	(5,591)	6,013	6,039	(5,755)	6,297
Total - Capital reserves	6,375	8,013	(7,729)	6,659	6,075	(5,791)	6,943	6,239	(5,955)	7,227

Longer Term Financial Planning

68. In addition to the medium term factors set out in this report, the Council has also identified the following risks which may have a significant impact on its finances beyond 5 years:-

- Following adoption of the Local Plan there will be costs relating to implementing and reviewing the Plan. There is currently no provision within the Council's reserves for these costs.
- In 2031, the Council's leisure PFI will come to an end, and the leisure facilities will return to the Council. At this point they will be relatively old and potentially in need of refurbishment. In addition, the Council will need to decide whether to take over the running of the facilities itself, or to outsource to a third party provider. Either course of action may result in additional ongoing costs and risks.

List of Annexes

- Annex C1 – General Fund Medium Term Financial Strategy 2023/24 – 2027/28
- Annex C2 – Housing Revenue Account Medium Term Financial Strategy 2023/24 – 2027/28

General Fund Medium Term Financial Strategy 2023/24 - 2027/28	2022/23 Current Budget £'000	2023/24 Original Budget £'000	2024/25 Forecast £'000	2025/26 Forecast £'000	2026/27 Forecast £'000	2027/28 Forecast £'000
Net service expenditure						
Gross service expenditure	37,662	40,198	39,276	38,616	39,096	39,674
Gross service income	(20,139)	(20,947)	(21,037)	(21,230)	(20,976)	(21,384)
Demand growth	-	-	250	500	750	1,000
Cumulative Blueprint Uttlesford savings delivered in previous years	-	-	-	(500)	(1,500)	(2,600)
In-year net ongoing savings requirement	-	-	(500)	(1,000)	(1,100)	(1,186)
Subtotal - Net service expenditure	17,523	19,251	17,989	16,386	16,270	15,504
Investment property (based upon current portfolio)						
Investment property income (net of management costs)	(11,774)	(11,974)	(11,947)	(11,927)	(12,099)	(13,372)
Borrowing costs	2,835	8,410	8,439	7,854	7,747	7,638
Minimum revenue provision (MRP)	3,281	2,804	2,886	2,965	3,048	3,132
Subtotal - Investment property (based upon current portfolio)	(5,658)	(760)	(622)	(1,108)	(1,304)	(2,602)
Estimated impact of sale of commercial asset(s)	-	-	(3,317)	(2,820)	(2,816)	(2,812)
Corporate items						
Capital financing	4,136	2,441	1,462	1,429	1,453	1,477
Leisure PFI interest	348	334	319	303	285	266
Corporate pension costs (added years and deficit repair)	85	545	85	85	545	85
Treasury investment income	(7)	(337)	(332)	(293)	(293)	(293)
Net recharges to Housing Revenue Account (HRA)	(1,747)	(1,967)	(1,993)	(2,019)	(2,047)	(2,092)
Subtotal - Corporate items	2,815	1,016	(459)	(495)	(57)	(557)
External funding						
Retained business rates (including S31 grants)	(3,774)	(5,272)	(5,401)	(2,354)	(2,430)	(2,525)
Collection fund (surplus)/deficit	(559)	249	-	-	-	-
New Homes Bonus	(1,343)	(432)	(432)	-	-	-
Other government grants	(1,874)	(2,901)	(3,063)	(1,817)	(932)	(101)
Subtotal - External funding	(7,550)	(8,356)	(8,896)	(4,171)	(3,362)	(2,626)
Subtotal - Net operating expenditure	7,130	11,151	4,695	7,792	8,731	6,907
Transfers to/(from) earmarked reserves						
Ringfenced reserves	(1,308)	(1,232)	(376)	(364)	13	51
Core reserves	1,657	(1,867)	3,202	421	(734)	925
Member priority reserves	(1,075)	(1,137)	(411)	(457)	(416)	-
Grant reserves	-	(221)	(137)	(83)	-	-
Subtotal - Transfers to/(from) earmarked reserves	(726)	(4,457)	2,278	(483)	(1,137)	976
Total - Council tax requirement	6,404	6,694	6,973	7,309	7,594	7,883
Council tax	(6,404)	(6,694)	(6,973)	(7,309)	(7,594)	(7,883)
(Surplus)/deficit	-	-	-	-	-	-

HRA Medium Term Financial Strategy 2023/24 - 2027/28	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Current	Original	Forecast	Forecast	Forecast	Forecast
	Budget	Budget				
	£'000	£'000	£'000	£'000	£'000	£'000
Service income						
Dwelling rents	(15,553)	(16,506)	(16,887)	(17,073)	(17,226)	(17,554)
Garage rents	(225)	(245)	(247)	(250)	(252)	(257)
Other rents	(1)	(34)	(35)	(34)	(35)	(34)
Charges for services and facilities	(987)	(1,448)	(1,464)	(1,481)	(1,498)	(1,527)
Contributions towards expenditure	(66)	-	-	-	-	-
Subtotal - Service income	(16,832)	(18,233)	(18,633)	(18,838)	(19,011)	(19,372)
Finance and business management expenditure						
Rents, rates and other property charges	78	114	115	116	88	89
Subtotal - Finance and business management	78	114	115	116	88	89
Maintenance and repairs service expenditure						
Common service flats	256	574	580	586	592	602
Estate maintenance	2	2	2	2	2	2
Housing sewerage	16	20	20	20	21	21
Newport Depot	5	10	10	10	10	10
Property services	49	256	252	255	258	263
Housing repairs (Norse)	3,743	3,960	4,000	4,040	4,080	4,154
Subtotal - Maintenance and repairs service expenditure	4,071	4,822	4,864	4,913	4,963	5,052
Management and homelessness expenditure						
Housing services	516	572	583	593	603	619
Sheltered housing services	461	482	490	499	508	521
Subtotal - Management and homelessness expenditure	977	1,054	1,073	1,092	1,111	1,140
Subtotal - Service expenditure	5,126	5,990	6,052	6,121	6,162	6,281
Other operating income and expenditure						
Bad debts	100	100	102	103	104	106
Depreciation	3,957	4,768	4,528	4,679	4,841	5,005
Borrowing costs	2,570	2,618	2,688	2,872	3,003	2,988
Treasury investment income	(10)	(95)	(93)	(82)	(82)	(83)
Corporate pension costs (added years and deficit repair)	-	29	-	-	29	-
Share of corporate and democratic core costs	360	403	408	413	419	428
Other recharges from General Fund	1,387	1,564	1,585	1,606	1,628	1,664
Right to buy administration allowance	(10)	(10)	(10)	(10)	(10)	(10)
Subtotal - Other operating income and expenditure	8,354	9,377	9,208	9,581	9,932	10,098
Subtotal - Operating (surplus)/deficit	(3,352)	(2,866)	(3,373)	(3,136)	(2,917)	(2,993)
Capital financing						
Financing of capital expenditure in year	3,590	2,758	2,739	3,122	50	50
Repayment of historic capital debt	-	-	-	-	3,000	3,000
Subtotal - Capital financing	3,590	2,758	2,739	3,122	3,050	3,050
Transfers to/(from) earmarked reserves						
Working balance	32	30	9	14	(57)	11
Revenue reserves	-	78	625	-	(76)	(68)
Capital projects	(270)	-	-	-	-	-
Subtotal - Transfers to/(from) earmarked reserves	(238)	108	634	14	(133)	(57)
(Surplus)/Deficit	-	-	-	-	-	-



Uttlesford District Council

Treasury Management Strategy 2023/24



February 2023



Introduction

1. Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.
2. Treasury risk management at the Council is conducted within the framework of CIPFA's Treasury Management in the Public Services: Code of Practice (the 'TM Code'), which was last updated in 2021. This requires the Council to approve a Treasury Management Strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the TM Code.
3. Investments held for service purposes or for commercial profit are considered in a different report, the Commercial Strategy (Appendix B).
4. As set out in the Medium Term Financial Strategy (Appendix C), the Council is currently investigating opportunities to divest of a proportion of its commercial investment portfolio. However, this process is still at an early stage, and no decisions have yet been taken around which (if any) investments to sell. As such, this Treasury Management Strategy has been prepared on the basis of the Council's existing commercial property portfolio. Should one or more asset sales be realised, this will result in a reduction in the Council's long-term need to borrow, along with a requirement to invest any excess cash received in the short-term (while the Council waits for fixed-term borrowing to mature). Any such change will be reported to Cabinet in the mid-year and final treasury management outturn reports.
5. This Treasury Management Strategy has been prepared with the support and advice of the Council's external treasury management advisers, Arlingclose.

External Context

Economic Background

6. The ongoing impact on the UK from the war in Ukraine, together with higher inflation, higher interest rates, uncertain government policy, and a deteriorating economic outlook, will be major influences on the Council's treasury management strategy for 2023/24.
7. The Bank of England (BoE) increased the official bank rate by 0.50% to 3.50% in December 2022. This followed a 0.75% rise in November which was the largest single rate hike since 1989 and the ninth successive rise since December 2021. The December decision was voted for by a 6-3 majority of the Monetary Policy Committee (MPC), with two dissenters voting for no change at 3.00%, and one for a larger rise of 0.75% to 3.75%.
8. The November quarterly Monetary Policy Report (MPR) forecast a prolonged but shallow recession in the UK with Consumer Price Index (CPI) inflation remaining elevated at over 10% in the near-term. While the projected peak of inflation is lower than in the August report, due in part to the government's support package for household energy costs, inflation is expected to remain higher for longer over the forecast horizon and the economic outlook remains weak, with unemployment projected to start rising.
9. The UK economy contracted by 0.3% between July and September 2022 according to the Office for National Statistics, and the BoE forecasts gross domestic product (GDP) will decline 0.75% in the second half of the calendar year due to the squeeze on household income from higher energy costs and goods prices. Growth is then expected to continue to fall throughout 2023 and the first half of 2024.
10. CPI inflation is expected to have peaked at around 11% in the last calendar quarter of 2022 and then fall sharply to 1.4%, below the 2% target, in two years' time and to 0% in three years' time if the official bank rate follows the path implied by financial markets at the time of the November

MPR (a peak of 5.25%). However, the BoE stated it considered this path to be too high, suggesting that the peak in interest rates will be lower, reducing the risk of inflation falling too far below target. Market rates have fallen since the time of the November MPR.

11. The labour market remains tight for now, with the most recent statistics showing the unemployment rate was 3.7%. Earnings were up strongly in nominal terms by 6.1% for both total pay and for regular pay, but factoring in inflation means real pay for both measures was -2.7%. Looking forward, the November MPR shows the labour market weakening in response to the deteriorating outlook for growth, leading to the unemployment rate rising to around 6.5% in 2025.
12. Interest rates have also been rising sharply in the US, with the Federal Reserve increasing the range on its key interest rate by 0.50% in December 2022 to 4.25%-4.50%. This rise follows four successive 0.75% rises in a pace of tightening that has seen rates increase from 0.25%-0.50% in March 2022. Annual inflation has been slowing in the US but remains above 7%. GDP grew at an annualised rate of 3.2% (revised up from 2.9%) between July and September 2022, but with official interest rates expected to rise even further in the coming months, a recession in the region is widely expected at some point during 2023.
13. Inflation rose consistently in the Euro Zone since the start of the year, hitting a peak annual rate of 10.6% in October 2022, before declining to 10.1% in November. Economic growth has been weakening with an upwardly revised expansion of 0.3% (from 0.2%) in the three months to September 2022. As with the UK and US, the European Central Bank has been on an interest rate tightening cycle, pushing up its three key interest rates by 0.50% in December, following two consecutive 0.75% rises, taking its main refinancing rate to 2.50% and deposit facility rate to 2.00%.

Credit Outlook

14. Credit default swap (CDS) prices have generally followed an upward trend throughout 2022, indicating higher credit risk. They have been boosted by the war in Ukraine, increasing economic and political uncertainty and a weaker global and UK outlook, but remain well below the levels seen at the beginning of the Covid-19 pandemic.
15. CDS price volatility was higher in 2022 compared to 2021 and the divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities has emerged once again.
16. The weakening economic picture during 2022 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several local authorities and financial institutions, revising them from stable to negative.
17. There are competing tensions in the banking sector which could impact bank balance sheet strength going forward. The weakening economic outlook and likely recessions in many regions increase the possibility of a deterioration in the quality of banks' assets, while higher interest rates provide a boost to net income and profitability.
18. However, the institutions on Arlingclose's counterparty list (as adopted by the Council) remain well capitalised. Arlingclose's advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

Interest Rate Forecast

19. Arlingclose forecasts that the official bank rate will continue to rise in 2023 as the BoE attempts to subdue inflation which is significantly above its 2% target.
20. While interest rate expectations reduced during October and November 2022, multiple interest rate rises are still expected over the forecast horizon despite looming recession. Arlingclose expects the official bank rate to rise to 4.25% by June 2023 under its central case, with the risks

in the near- and medium-term to the upside should inflation not evolve as the BoE forecasts and remains persistently higher.

21. Yields are expected to remain broadly at current levels over the medium-term, with 5 year, 10 year and 20 year gilt yields expected to average around 3.50%, 3.50%, and 3.85% respectively over the three year period to December 2025. The risks for short-, medium- and longer-term yields are judged to be broadly balanced over the forecast horizon. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.
22. A more detailed economic and interest rate forecast provided by Arlingclose is attached at Annexe D1.
23. For the purpose of setting the budget for 2023/24, it has been assumed that new fixed term treasury investments will be made at an average rate/yield of 4.25%, and that new long-term loans will be borrowed at an average rate of 5.00%.

Local Context

24. On 31 December 2022, the Council held £280 million of borrowing and £13 million of treasury investments. These are set out in further detail at Annexe D2. Forecast changes in these sums are shown in the balance sheet analysis in the table below:

Balance Sheet Summary and Forecast	31 March 2022 Actual £m	31 March 2023 Forecast £m	31 March 2024 Forecast £m	31 March 2025 Forecast £m	31 March 2026 Forecast £m
Capital financing requirement (CFR)					
General Fund	16	18	18	17	16
Commercial investments	227	248	245	242	240
Housing Revenue Account	81	81	81	81	84
Total - Capital financing requirement (CFR)	324	347	344	340	340
Less: Other debt liabilities*	(4)	(4)	(4)	(4)	(4)
Loans CFR	320	343	340	336	336
Less: External borrowing**	(286)	(278)	(194)	(185)	(181)
Internal borrowing	34	65	146	151	155
Less: Usable reserves	(33)	(30)	(25)	(29)	(29)
Less: Working capital	(19)	(19)	(19)	(19)	(19)
New borrowing / (investments)	(18)	16	102	103	107
* PFI liabilities that form part of the Council's total debt					
** Includes only loans to which the Council is committed and excludes optional refinancing					

25. The underlying need to borrow for capital purposes is measured by the capital financing requirement (CFR), while balance sheet resources are the underlying sums available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.
26. The Council has an increasing CFR due to its capital programme, but minimal investments, and will therefore be required to hold net borrowing of up to £296 million over the forecast period.

27. CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. The table above shows that the Council expects to comply with this recommendation during 2023/24.

Liability Benchmark

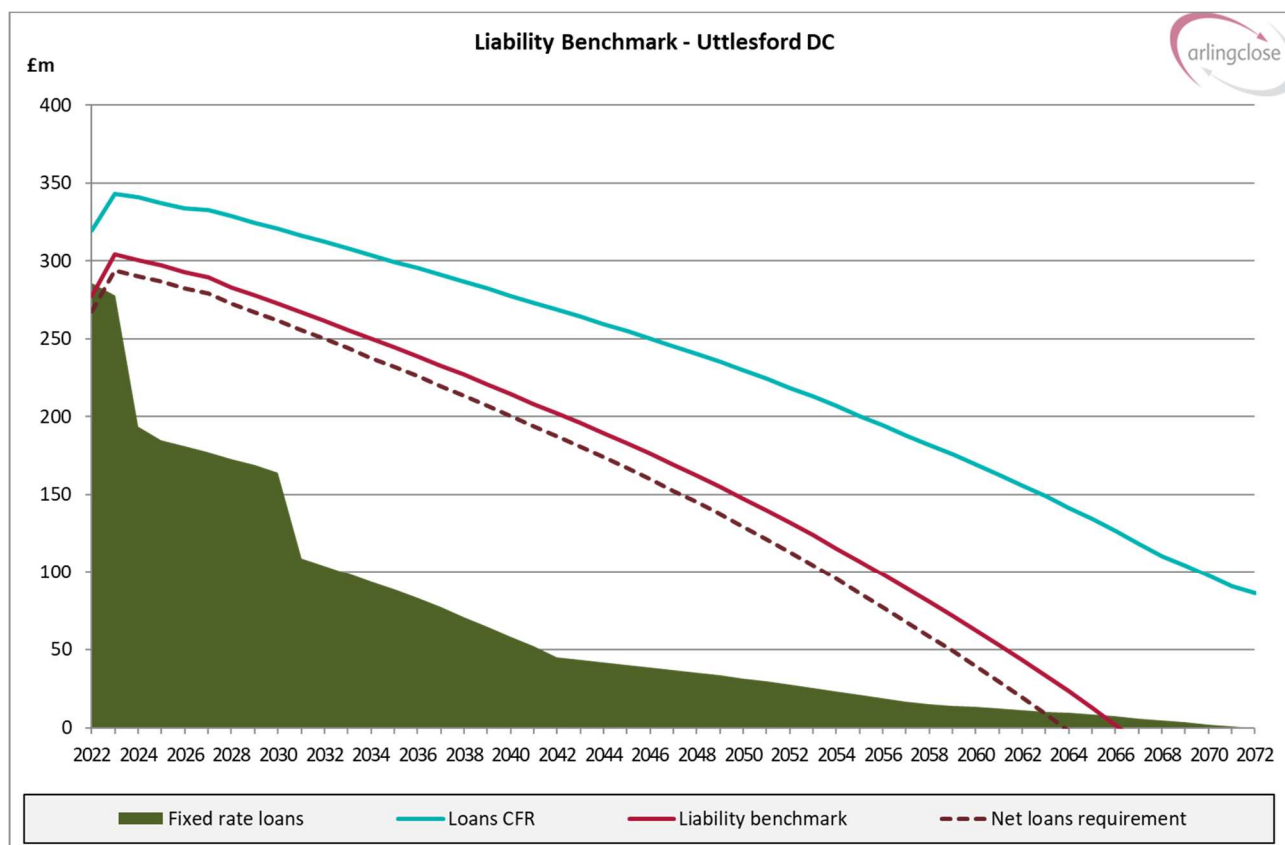
28. To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the minimum debt required at the end of each year. This assumes the same forecasts as the table at paragraph 24 above, but that cash and investment balances are kept to a minimum level of £10 million at each year end to maintain sufficient liquidity but minimise credit risk.

29. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

30. The forecast liability benchmark over the next 3 years is as follows:-

Liability Benchmark	31 March 2022 Actual £m	31 March 2023 Forecast £m	31 March 2024 Forecast £m	31 March 2025 Forecast £m	31 March 2026 Forecast £m
Loans CFR	320	343	340	336	336
Less: Usable reserves	(33)	(30)	(25)	(29)	(29)
Less: Working capital	(19)	(19)	(19)	(19)	(19)
Add: Minimum investments	10	10	10	10	10
Liability benchmark	278	304	306	298	298

31. Following on from the medium-term forecasts in the table, the long-term liability benchmark is shown in the chart below together with the maturity profile of the Council's existing borrowing:-



32. In the chart above, the loans CFR (blue line) represents the need to finance capital expenditure through borrowing. The net loans requirement (dotted line) represents the minimum level of borrowing required once reserves and working capital have been taken into account. The liability benchmark (solid red line) represents the minimum level of borrowing required once reserves and working capital have been taken into account but allowing for investment balances being maintained at a minimum level of £10 million. Where the liability benchmark exceeds the Council's current borrowing levels (green area), this indicates a future borrowing need.

Borrowing Strategy

33. As at 31 December 2022, the Council held £280 million of loans as part of its strategy for funding previous years' capital programmes. The liability benchmark forecast at paragraph 30 shows that the Council expects to hold borrowing of up to £306 million in 2023/24. The Council may also borrow additional sums to pre-fund future years' requirements, or to meet short-term operational cashflow needs, providing this does not exceed the authorised limit for borrowing of £415 million (as set out in the Capital Strategy at Appendix E).

34. The Council'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 Council's long-term plans change is a secondary objective.

35. Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates

currently 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.

36. By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal and 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 Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2023/24 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
37. Alternatively the Council may arrange forward starting loans, 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.

Sources of Finance

38. The approved sources of long- and short-term borrowing are as follows:-

- HM Treasury's Public Works Loan Board (PWLB) lending facility
- Any institution approved for investments (see paragraph 51 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

39. The Council has previously raised the majority of its long-term borrowing from the PWLB, but will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the TM Code.

40. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield. Since the Council's Commercial Strategy (Appendix B) includes planned further development at Chesterford Research Park, the Council is currently unable to access the PWLB for new borrowing – however it is permitted to use PWLB loans to refinance existing borrowing as and when it falls due for repayment. This restriction has been taken into account in setting both this Treasury Management Strategy, and the Medium Term Financial Strategy (Appendix C).

41. UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a 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 for approval.

42. In addition to the above sources of borrowing, 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 (PFI)
- Sale and leaseback

Short-term and Variable Rate Loans

43. Short-term and variable rate loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits set out at paragraph 69 below. Financial derivatives may be used to manage this interest rate risk (see 'Financial Derivatives' below).

Debt Rescheduling

44. The PWLB allows councils 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 Council 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. The recent rise in interest rates means that more favourable debt rescheduling opportunities may arise than in previous years.

Treasury Investment Strategy

45. The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's treasury investment balance has ranged between £10 million and £91 million. The latter figure is higher than usual as a result of decisions taken in September 2022 to refinance £80 million of short-term borrowing to the PWLB. Due to the rising interest rate environment, PWLB borrowing was undertaken in September in respect of short-term borrowing maturing up until December 2022, with excess cash invested in the meantime. As a general rule, the Council aims to keep its investment levels as close as possible to (but not below) £10 million, in order to minimise the cost of external borrowing.

46. The TM Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield.

47. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal to or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

48. As demonstrated by the liability benchmark above, the Council expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income.

Environmental, Social and Governance (ESG) Policy

49. Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship

Code.

Business Model and Accounting for Investments

50. Under International Financial Reporting Standard (IFRS) 9, the accounting for certain investments depends on the Council's 'business model' for managing them. The Authority aims to achieve value from its 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

51. The Council may invest its surplus funds with any of the counterparty types in the table below, subject to the limits shown:

Counterparty	Time Limit	Counterparty Limit	Sector Limit
UK central government	50 years	Unlimited	N/A
UK local authorities including police and fire (irrespective of credit rating) - per authority	25 years	£5 million	Unlimited
Secured investments*	25 years	£5 million	Unlimited
Banks (unsecured)*	13 months	£3 million	Unlimited
UK building societies (unsecured)*	13 months	£3 million	£4 million
Saffron Building Society	100 days	£0.5 million	£4 million
Registered providers (unsecured)*	5 years	£3 million	£5 million
Money market funds*	N/A	£5 million	Unlimited
Strategic pooled funds	N/A	£3 million	£10 million
Real estate investment trusts	N/A	£3 million	£5 million
Other investments	5 years	£3 million	£2 million

* Investments will only be made with entities whose lowest published long-term credit rating is no lower than A-. 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.

52. Note that many of the above counterparty limits have been increased from previous years following a review of the risk involved and in consultation with Arlingclose. Specifically:

- the counterparty limit for UK local authorities and secured investments has been increased from £3 million to £5 million;
- the counterparty limit for money market funds has been increased from £2 million to £5 million; and
- the counterparty limit for banks, UK building societies, registered providers, strategic pooled funds, real estate investment trusts and other investments has been increased from £2 million to £3 million.

53. Sector limits are unchanged from the previous year, as are time limits, with the exception of banks and UK building societies whose time limits have increased from 12 months to 13 months.
54. It is proposed that the changes to limits set out at paragraphs 52 and 53 above apply from the date that this Treasury Management Strategy is approved by Council.
55. The limits above should be read in conjunction with the following notes:-

Counterparty Type	Notes
Government	Loans to, and 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 Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.
Secured investments	Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies 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. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.
Banks and building societies (unsecured)	Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See paragraph 56 below for arrangements relating to operational bank accounts.
Registered providers (unsecured)	Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.
Money market funds	Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
Strategic pooled funds	Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council 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 Council's investment objectives will be monitored regularly.
Real estate investment trusts (REITs)	Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Counterparty Type	Notes
Other investments	This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.

56. In addition to the above investment limits, the Council 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 £3 million per bank. The BoE 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 Council maintaining operational continuity.

Risk Assessment and Credit Ratings

57. Credit ratings are obtained and monitored by Arlingclose, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. 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.

58. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “negative watch”) 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.

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

60. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council’s cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

Investment Limits

61. The Council’s revenue reserves (both General Fund and Housing Revenue Account) available to cover investment losses are forecast to be £24 million on 31 March 2023 and £20 million on

31 March 2024. In order that no more than 15% 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, local authorities and money market funds) will be £3 million. A group of non-government entities under the same ownership will be treated as a single organisation for limit purposes.

- 62. Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than £3 million in operational bank accounts count against the relevant investment limits.
- 63. In addition, an investment limit of £5 million is placed on any group of pooled funds under the same management.

Liquidity Management

- 64. The Council uses cash flow forecasting 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 Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council’s Medium Term Financial Strategy (Appendix C) and cash flow forecast.
- 65. The Council will spread its liquid cash over at least three providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

Treasury Management Prudential Indicators

- 66. The Council measures and manages its exposures to treasury management risks using a number of prudential indicators as set out below.

Security

- 67. The Council 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.

Credit Risk Indicator	Target
Portfolio average credit rating	A

Liquidity

- 68. The Council 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 three month period, without additional borrowing.

Liquidity Risk Indicator	Target
Total cash available within 3 months	£2 million

Interest Rate Exposure

69. This indicator is set to control the Council'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	£1.5 million
Upper limit on one-year revenue impact of a 1% fall in interest rates	£1.5 million

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

Maturity Structure of Borrowing

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

Refinancing Rate Risk Indicator	Upper Limit
Proportion of borrowing maturing in:	
Under 1 year	50%
At least 1 year and under 2 years	50%
At least 2 years and under 5 years	50%
At least 5 years and under 10 years	80%
At least 10 years and under 20 years	80%
At least 20 years	100%

72. 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.

Long-term Treasury Management Investments

73. The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management investments will be:

Price Risk Indicator	Limit
Limit on principal invested beyond year-end	£10 million

74. Long-term investments with no fixed maturity date include strategic pooled funds and real estate investment trusts, but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

Other Matters

75. The TM Code requires the Council to include the following other matters in this Treasury Management Strategy.

Financial Derivatives

76. 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).

77. The Council 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 Council 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.

78. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit.

79. In line with the TM Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Housing Revenue Account

80. On 1 April 2012, the Council notionally split each of its existing long-term loans into General Fund and Housing Revenue Account (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 and income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged or 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 Council's average interest rate on investments, adjusted for credit risk.

Markets in Financial Instruments Directive

81. The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, 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 Council's treasury management activities, the Director of Finance and Corporate Services (Section 151 Officer) believes this to be the most appropriate status.

Financial Implications

82. The implications of this Treasury Management Strategy for the General Fund and HRA budgets for 2023/24 are set out below. These are based upon a number of assumptions, such as the

level and type of investments and borrowing held, and future interest rate movements. Should actual events differ from the assumptions made, performance against the budget may vary.

83. The full 2023/24 General Fund budget is set out at Appendix H, while the full 2023/24 HRA budget is at Appendix G. The key risks and assumptions as they relate to these budgets are included in the Medium Term Financial Strategy (Appendix C).

General Fund

84. The budget for interest payable on long-term borrowing is £4.4 million, based upon an average long-term debt portfolio of £115 million at an average interest rate of 3.80%.
85. The budget for interest payable on short-term borrowing is £4.0 million, based upon an average short-term debt portfolio of £102 million at an average interest rate of 3.95%.
86. The budget for treasury investment income in 2023/24 is £0.3 million, based upon the General Fund share of the average investment portfolio of £10 million at an average interest rate of 4.32%.

Housing Revenue Account

87. The budget for interest payable on long-term borrowing is £2.6 million, based upon an average long-term debt portfolio of £78 million at an average interest rate of 3.34%. There is no short-term borrowing in the HRA.
88. The budget for treasury investment income in 2023/24 is £0.1 million, based upon the HRA share of the average investment portfolio of £10 million at an average interest rate of 4.32%.

Other Options Considered

89. The TM Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Director of Finance and Corporate Services (Section 151 Officer), having consulted the Portfolio Holder for Finance and the Budget, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness.
90. Some alternative strategies, with their financial and risk management implications, are listed below:

Alternative Strategy	Impact on Income and Expenditure	Impact on Risk Management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower.	Lower chance of losses from credit related defaults, but any such losses may be greater.
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher.	Increased risk of losses from credit related defaults, but any such losses may be smaller.
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income.	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain.

Alternative Strategy	Impact on Income and Expenditure	Impact on Risk Management
Borrow short-term or variable loans instead of at 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.

List of Annexes

- Annexe D1 – Arlingclose Economic and Interest Rate Forecast – December 2022
- Annexe D2 – Existing Investment and Debt Portfolio Position – December 2022

Underlying assumptions:

- The influence of the mini-budget on rates and yields continues to wane following the more responsible approach shown by the new incumbents of Downing Street.
- Volatility in global markets continues, however, as investors seek the extent to which central banks are willing to tighten policy, as evidence of recessionary conditions builds. Investors have been more willing to price in the downturn in growth, easing financial conditions, to the displeasure of policymakers. This raises the risk that central banks will incur a policy error by tightening too much.
- The UK economy is already experiencing recessionary conditions and recent GDP and PMI data suggests the economy entered a technical recession in Q3 2022. The resilience shown by the economy has been surprising, despite the downturn in business activity and household spending. Lower demand should bear down on business pricing power - recent data suggests the UK has passed peak inflation.
- The lagged effect of the sharp tightening of monetary policy, and the lingering effects of the mini-budget on the housing market, widespread strike action, alongside high inflation, will continue to put pressure on household disposable income and wealth. The short- to medium-term outlook for the UK economy remains bleak.
- Demand for labour appears to be ebbing, but not quickly enough in the official data for most MPC policymakers. The labour market remains the bright spot in the economy and persisting employment strength may support activity, although there is a feeling of borrowed time. The MPC focus is on nominal wage growth, despite the huge real term pay cuts being experienced by the vast majority. Bank Rate will remain relatively high(er) until both inflation and wage growth declines.
- Global bond yields remain volatile as investors price in recessions even as central bankers push back on expectations for rate cuts in 2023. The US labour market remains tight and the Fed wants to see persistently higher policy rates, but the lagged effects of past hikes will depress activity more significantly to test the Fed's resolve.
- While the BoE appears to be somewhat more dovish given the weak outlook for the UK economy, the ECB seems to harbour (worryingly) few doubts about the short term direction of policy. Gilt yields will be broadly supported by both significant new bond supply and global rates expectations due to hawkish central bankers, offsetting the effects of declining inflation and growth.

Forecast:

- The MPC raised Bank Rate by 50bps to 3.5% in December as expected, with signs that some members believe that 3% is restrictive enough. However, a majority of members think further increases in Bank Rate might be required. Arlingclose continues to expect Bank Rate to peak at 4.25%, with further 25bps rises February, March and May 2023.
- The MPC will cut rates in the medium term to stimulate a stuttering UK economy, but will be reluctant to do so until wage growth eases. We see rate cuts in the first half of 2024.
- Arlingclose expects gilt yields to remain broadly steady over the medium term, although with continued volatility across shorter time periods.
- Gilt yields face pressures to both sides from hawkish US/EZ central bank policy on one hand to the weak global economic outlook on the other. BoE bond sales and high government borrowing will provide further underlying support for yields.

	Current	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Official Bank Rate													
Upside risk	0.00	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25	1.25
Arlingclose Central Case	3.50	4.00	4.25	4.25	4.25	4.25	4.00	3.75	3.50	3.25	3.25	3.25	3.25
Downside risk	0.00	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00
3-month money market rate													
Upside risk	0.00	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25	1.25
Arlingclose Central Case	3.00	4.40	4.40	4.40	4.35	4.30	4.25	4.00	3.75	3.50	3.40	3.40	3.40
Downside risk	0.00	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00
5yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.43	3.60	3.80	3.80	3.80	3.70	3.60	3.50	3.40	3.30	3.30	3.30	3.30
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
10yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.47	3.50	3.60	3.60	3.60	3.60	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
20yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.86	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
50yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.46	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%

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

UKIB Rate (Maturity Loans) = Gilt yield + 0.60%

Investment and Debt Portfolio	31 December 2022 Actual £m	31 December 2022 Average Rate %
External borrowing		
PWLB - General Fund	80	4.21
PWLB - Housing Revenue Account	78	3.28
Phoenix Life Ltd	36	2.86
Other local authorities	86	2.35
Subtotal - External borrowing	280	3.20
Other long-term liabilities		
Private Finance Initiative	4	8.29
Subtotal - Other long-term liabilities	4	8.29
Subtotal - Gross external debt	284	3.28
Treasury investments		
Government (including other local authorities)	6	3.80
Money market funds	7	3.24
Subtotal - Treasury investments	13	3.50
Net debt	271	3.27

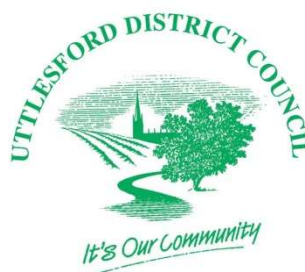


Uttlesford District Council

Capital Strategy 2023/24



February 2023



Introduction

1. This Capital Strategy sets out how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services, together with how associated risks are managed and the implications for the future financial sustainability of the Council.
2. Decisions made in respect of capital and treasury management can have financial consequences for the Council for many years into the future. As such, there are strict legislative requirements governing how capital expenditure is accounted for and financed, which are explained in further detail throughout this report.
3. In setting this Capital Strategy, the Council is required to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (2021 Edition) (the 'Prudential Code'). This requires a number of prudential indicators to be set before the start of each financial year, and to be monitored throughout the year. These are highlighted within this Capital Strategy.
4. As set out in the Medium Term Financial Strategy (Appendix C), the Council is currently investigating opportunities to divest of a proportion of its commercial investment portfolio. However, this process is still at an early stage, and no decisions have yet been taken around which (if any) investments to sell. As such, this Capital Strategy has been prepared on the basis of the Council's existing commercial property portfolio. Should one or more asset sales be realised, this will result in a reduction in the Council's long-term need to borrow, along with a requirement to invest any excess cash received in the short-term (while the Council waits for fixed-term borrowing to mature).

Capital Expenditure

5. Capital expenditure is any expenditure on the purchase or improvement of assets, such as property or vehicles, which will be used for more than one year. This includes spending on assets owned by other bodies, and loans and grants to other bodies or individuals enabling them to buy or improve their own assets (for example Disabled Facilities Grants). As a general rule, a de minimis level of £10,000 is applied, with any assets costing less than this charged to a revenue account in the year the spend is incurred.
6. Before any capital expenditure can be incurred, a budget must be agreed within the Council's Capital Programme. This sets out the Council's planned capital expenditure over the next 5 years, and is reviewed and approved by Council on a rolling annual basis.
7. The full Capital Programme setting out each individual project can be seen in detail at Appendix F. Note that, since the figures in this Capital Strategy are rounded to the nearest £1 million, small rounding differences may occur.

Prudential Indicator – Estimate of Capital Expenditure

8. The table below sets out the Council's planned capital expenditure totals for the next 3 years:

Estimate of Capital Expenditure	2021/22	2022/23	2023/24	2024/25	2025/26
	Actual	Forecast	Budget	Forecast	Forecast
	£m	£m	£m	£m	£m
General Fund services	7	4	3	1	1
Commercial investments	63	24	1	-	-
Housing Revenue Account	7	10	9	9	14
Total - Estimate of capital expenditure	77	38	13	10	15

9. Of the £9 million of capital expenditure planned on Housing Revenue Account (HRA) assets in 2023/24, approximately £5 million relates to improvements to the existing housing stock (for example cyclical replacement of kitchens, bathrooms and boilers), whilst the remainder relates to the development of new build housing and the refurbishment of sheltered accommodation units at Walden Place.

Capital Financing

10. All capital expenditure must be financed from one of the following sources:

Financing Source	Description
External sources	Includes government grants and contributions from others (for example S106 contributions from developers). These may be restricted for use on particular projects by the terms of the relevant grant agreement.
Capital resources	Includes capital receipts from the sale of Council assets, and other reserves which are legally restricted for capital use. Many of these resources are restricted in terms of the capital projects they can support, for example the proceeds from the sale of Council homes under the right-to-buy scheme can only be used to provide replacement housing, whilst the Major Repairs Reserve can only be used to fund capital expenditure on the Council's housing stock.
Revenue resources	The use of revenue reserves in either the General Fund or Housing Revenue Account to finance capital expenditure. This can be by way of a direct allocation in the year of spend, or through the use of previously earmarked reserves (such as the capital slippage reserve).
Debt	If capital financing is not applied in the year of expenditure, this will result in an increase in the Council's need to borrow (also known as the capital financing requirement or CFR). This need can be met through either external borrowing, or internal borrowing (which is where the Council uses excess cash balances to pay for capital expenditure rather than investing these elsewhere).

11. The planned financing sources to support the Council's capital programme over the next 3 years are as follows:-

Capital Financing	2021/22 Actual £m	2022/23 Forecast £m	2023/24 Budget £m	2024/25 Forecast £m	2025/26 Forecast £m
External sources	1	-	1	2	2
Capital resources	5	7	7	5	5
Revenue resources	4	5	4	3	4
Debt	67	26	1	-	4
Total - Capital Financing	77	38	13	10	15

12. Debt is only considered a temporary source of finance, since loans and leases must be repaid in time. This is therefore replaced by other financing sources over time, usually by way of a charge to revenue resources known as the minimum revenue provision (MRP). This is calculated in line with the Council's Minimum Revenue Provision Statement which is set out at Annexe E1. Alternatively, eligible capital resources (such as capital receipts) can be used to reduce the Council's debt and the need to make future MRP charges.
13. Statutory requirements relating to MRP do not apply to HRA assets. However, there is still a requirement to ensure that borrowing is at an affordable level to support future financial

sustainability, and this is covered by the production of a 30 Year Business Plan. Further information is set out in the HRA budget at Appendix G.

14. Over the next 3 years, it is planned that debt financing will be replaced by the following amounts:-

Debt Financing Replacement	2021/22	2022/23	2023/24	2024/25	2025/26
	Actual	Forecast	Budget	Forecast	Forecast
	£m	£m	£m	£m	£m
General Fund MRP charge	1	3	4	4	4
Use of HRA revenue resources	2	-	-	-	-
Total - Debt financing replaced	3	3	4	4	4

Prudential Indicator – Estimate of Capital Financing Requirement

15. The Council's total level of outstanding debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces as debt is replaced with other financing sources as above. Based on the above figures for capital expenditure and financing, the Council's estimated CFR for the next 3 years will be as follows:-

Estimate of Capital Financing Requirement (CFR)	31 March	31 March	31 March	31 March	31 March
	2022	2023	2024	2025	2026
	Actual	Forecast	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m
General Fund services	16	18	18	17	16
Commercial investments	227	248	245	242	240
Housing Revenue Account	81	81	81	81	84
Total - Estimate of capital financing requirement (CFR)	324	347	344	340	340

Asset Management

16. The Council has an asset management strategy in place to ensure that it can maximise the value of its capital assets.
17. When an asset is no longer required, it may be sold so that the proceeds (capital receipts) can be used to finance new assets or repay debt. Where capital loans are repaid to the Council, these also constitute capital receipts.
18. The table below sets out the total amount of capital receipts the Council expects to receive over the next 3 years, which has been taken into account in setting the capital financing strategy. Clearly there is some inherent uncertainty around these (for example it is not known how many right-to-buy applications will be made on council homes), and should the actual amount received be higher or lower, then the amounts available to finance new capital spend may differ:-

Capital Receipts Forecast	2021/22	2022/23	2023/24	2024/25	2025/26
	Actual	Forecast	Budget	Forecast	Forecast
	£m	£m	£m	£m	£m
Sale of assets	1	2	1	2	1
Total - Capital receipts	1	2	1	2	1

Treasury Management

19. 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.
20. This section includes a summary of the Council's approach to treasury management, and sets the prudential indicators required by the Prudential Code. More detailed information is set out in the Treasury Management Strategy (Appendix D).

Borrowing Strategy

21. As explained under 'Capital Financing' above, the Council has a long-term need to borrow in respect of capital expenditure which has not yet been financed. However, in terms of revenue accounts, income is often received in advance of expenditure. Any surplus revenue cash is offset against capital cash shortfalls to reduce the Council's need to borrow externally – this is known as internal borrowing.
22. As at 31 December 2022, the Council had £280 million of external borrowing at an average rate of 3.20%.
23. The Council's main objectives when borrowing are to achieve a low but certain cost of finance, and to retain flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheaper short-term loans, and long-term fixed rate loans where the future cost is known but higher.

Prudential Indicators – Authorised Limit and Operational Boundary

24. The Council is required to set an authorised limit for external debt, which represents the maximum amount it is permitted to hold at any given time. In addition, a lower operational boundary should be set based upon current spending and financing plans, which acts as an early warning should it be breached. The limits set for the next 3 years are as follows:-

Authorised Limit and Operational Boundary	2021/22	2022/23	2023/24	2024/25	2025/26
	Limit	Limit	Limit	Limit	Limit
	£m	£m	£m	£m	£m
Authorised limit					
Authorised limit for borrowing	415	415	415	415	415
Authorised limit for other long-term liabilities*	5	5	5	5	5
Total - Authorised limit for external debt	420	420	420	420	420
Operational boundary					
Operational boundary for borrowing	395	395	395	395	395
Operational boundary for other long-term liabilities*	5	5	5	5	5
Total - Operational boundary for external debt	400	400	400	400	400
* Includes Private Finance Initiative (PFI) and lease liabilities					

Prudential Indicator – Gross Debt and the Capital Financing Requirement

25. The Prudential Code requires that the Council's gross debt remains below its CFR, except in the short-term. This provides assurance that the Council is not borrowing in excess of its needs. The table below demonstrates that the Council expects to comply with this requirement for at least the next 3 years:

Gross Debt and the Capital Financing Requirement (CFR)	31 March	31 March	31 March	31 March	31 March
	2022	2023	2024	2025	2026
	Actual	Forecast	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m
Gross debt*	290	308	310	302	302
Capital financing requirement (CFR)	324	347	344	340	340
* Includes Private Finance Initiative (PFI) and lease liabilities					

Treasury Investment Strategy

26. Treasury investments are those which arise from receiving cash before it needs to be paid out again. Investments made for service reasons, or primarily for financial return (such as commercial properties), are not considered to form part of the Council's treasury management activities.
27. In making treasury investments, the Council is required to have regard to CIPFA's Treasury Management in the Public Services: Code of Practice (the 'TM Code'). This requires the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield.
28. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
29. The Council also aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.
30. As at 31 December 2022, the Council held £13 million of treasury investments at an average rate of 3.50%. Planned investment balances for the next 3 years are as follows:-

Treasury Investment Forecast	31 March	31 March	31 March	31 March	31 March
	2022	2023	2024	2025	2026
	Actual	Forecast	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m
Short-term investments	18	10	10	10	10
Total - Treasury investments	18	10	10	10	10

Risk and Governance

31. The effective management and control of risk are prime objectives of the Council's treasury management activities. The Treasury Management Strategy (Appendix D) therefore sets out various indicators and limits to constrain the risk of unexpected losses, and details the extent to which financial derivatives may be used to manage treasury risks.
32. Decisions on treasury management investment and borrowing are made on a daily basis and are therefore delegated to the Director of Finance and Corporate Services (Section 151 Officer) and Financial Services officers, who must act in line with the Treasury Management Strategy and the Council's Treasury Management Practices. Reports on actual treasury management activity are presented to Cabinet at least twice per year, in line with the requirements of the TM Code.

Commercial Investments

33. The Council holds a number of investments primarily for the purpose of generating income to support wider Council services. These have been acquired and are managed in accordance with the Council's Commercial Strategy (Appendix B), which is approved by Council on an annual basis.
34. In line with the Commercial Strategy, a total allocation of approximately £275 million has been made for building up this portfolio, which consists of the following:-
- Investment properties owned directly by the Council (7 in total, including commercial space at the Council depot site in Little Canfield)
 - Loans to a Council subsidiary, Aspire (CRP) Ltd, which enabled it to acquire a 50% stake in Chesterford Research Park

Risks and Governance

35. Since the main objective of commercial investments is financial return, the Council is prepared to accept a higher level of risk than with treasury investments. The principal risks to which the Council is exposed are tenant defaults and unanticipated voids. This risk is managed through the use of a commercial asset reserve, where amounts are set aside to cover any temporary shortfall in income. Further details of the risks and mitigations in relation to the commercial investment portfolio are set out in the Commercial Strategy (Appendix B).
36. Decisions on commercial investments are made by the Director of Finance and Corporate Services (Section 151 Officer) in line with the criteria and limits approved by Council in the Commercial Strategy.

Other Liabilities

37. In addition to the capital debt set out under 'Borrowing Strategy' above, the Council is committed to making future payments to cover its share of the deficit of the Essex Pension Fund. This was valued at £2 million as at 31 March 2022.
38. Decisions on incurring new discretionary liabilities are taken by service managers in consultation with the Director of Finance and Corporate Services (Section 151 Officer). The risk of liabilities crystallising and requiring payment is monitored by Financial Services and reported quarterly to Cabinet where these are significant.

Revenue Budget Implications

39. 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 received. These factors have been taken into account in setting the Council's Medium Term Financial Strategy (Appendix C).

Prudential Indicator – Financing Costs to Net Revenue Stream

40. The Prudential Code requires the Council to estimate the proportion of its General Fund financing costs to its net revenue stream (taxation and non-specific government grant income) over the next 3 years, as an indicator of the affordability of borrowing and the Council's exposure to risk. This is set out in the following table:-

Estimate of Financing Costs to Net Revenue Stream	2021/22 Actual	2022/23 Forecast	2023/24 Budget	2024/25 Forecast	2025/26 Forecast
Proportion of financing costs to net revenue stream	31%	57%	84%	80%	106%

41. There are significant increases to this indicator in 2022/23 and 2023/24, as a result of rising interest rates and a resultant increased cost of borrowing. The Council has mitigated against this to some extent by fixing a greater proportion of its borrowing for the longer-term. For example in September 2022, £80 million of fixed rate long-term borrowing was taken out with the Public Works Loan Board (PWLB), to replace short-term borrowing on the local authority market. Whilst this comes at an increased cost, it provides more certainty and reduces the Council's exposure to further interest rate movements in the future.
42. There is another large increase in the indicator forecast in 2025/26. This is related not to any planned significant change in the Council's Capital Strategy, but rather due to a significant drop in the forecast net revenue stream following local government funding reform. Further information on this is set out in the Medium Term Financial Strategy (Appendix C). The timing and effect of any funding reform remains highly uncertain, and the impact on the prudential indicators will be closely monitored as and when announcements are made, so that any required action can be taken.

Prudential Indicator – Net Income from Commercial Investments to Net Revenue Stream

43. The Prudential Code also requires the Council to estimate the proportion of its commercial investment income to its net revenue stream, as an indicator of the Council's exposure to risk in relation to the potential loss of commercial investment income. This is set out in the following table:-

Estimate of Net Income from Commercial Investments to Net Revenue Stream	2021/22 Actual	2022/23 Forecast	2023/24 Budget	2024/25 Forecast	2025/26 Forecast
Proportion of net income from commercial investments to net revenue stream	87%	58%	54%	52%	71%

44. Again, the increase forecast for 2025/26 is related to anticipated local government funding reform, rather than a change to the Council's Commercial Strategy.

Risk and Sustainability

45. The two prudential indicators above are calculated in line with the strict definitions set out in the Prudential Code. Whilst these show a relatively high degree of inherent risk exposure, they do not take into account the specific measures taken by the Council to mitigate these risks. As set out at paragraph 35, the Council holds a significant commercial assets reserve (forecast to stand at £4 million as at 31 March 2023), which can be used to cover any short-term shortfall in commercial property income. In the longer-term, the Council retains the option to sell some or all of its commercial properties should market conditions dictate, which would reduce both borrowing and MRP costs (although would clearly also result in an associated loss of income). Further information on the risks associated with the commercial property portfolio, and the ways in which these are mitigated, is included within the Commercial Strategy (Appendix B).
46. Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years could extend for up to 50 years into the future. Overall, the Director of Finance and Corporate Services (Section 151 Officer) is

satisfied that the proposed capital programme is prudent, affordable and sustainable.

Knowledge and Skills

47. 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 (Section 151 Officer) and Assistant Director – Finance (Deputy Section 151 Officer) are both qualified accountants. The Council also provides appropriate professional development opportunities to more junior officers within Financial Services, including opportunities to study towards relevant professional qualifications such as the CIPFA Professional Qualification.
48. Where Council officers do not have the requisite knowledge or skills to take important decisions alone, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose as its treasury management adviser, and other specialists may also be engaged depending on the expertise required. This approach is more cost effective than employing highly specialised staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

List of Annexes

- Annexe E1 – Minimum Revenue Provision Statement 2023/24
- Annexe E2 – Summary of Prudential Indicators 2023/24 – 2025/26

- I. Where the Council finances capital expenditure using debt, it must put aside resources to repay that debt in later years. The amount charged annually to the revenue budget for the repayment of debt is known as minimum revenue provision (MRP), although there has been no statutory minimum since 2008, and it is now up to individual authorities to determine an appropriate amount of MRP which is prudent.
- II. In determining the MRP to be charged, the Local Government Act 2003 requires the Council to have regard to the Department for Levelling Up, Housing and Communities' Guidance on Minimum Revenue Provision (the 'DLUHC Guidance') effective from 1 April 2019.
- III. The DLUHC Guidance requires the Council to approve an annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP.
- IV. This MRP Statement sets out the policy which will be applied in calculating the MRP charge for 2023/24. The methods set out below are in accordance with the DLUHC Guidance.

Annuity Method

- V. Under the annuity method, MRP is charged over the expected life of each asset. However, rather than charging on a straight line basis, an adjustment is made to reflect the time value of money, so that a lower charge is made in earlier years, with the charge increasing as time goes on.
- VI. The annuity method recognises the fact that the flow of benefits from an asset often increases with time, as income streams increase. This is particularly apparent in the case of commercial properties with regular rent reviews, however operational assets usually exhibit similar characteristics. For example, many of the Council's ICT assets support Council services whose fees and charges to the public increase on an annual basis.
- VII. As such, the annuity method is the default method which will be applied to all unfinanced capital expenditure, with the exception of the specific alternative cases set out in this statement.
- VIII. The annuity rate to be used for each asset will be calculated as the average interest rate applicable to new annuity loans from the Public Works Loan Board (PWLB) with a duration equal to the expected asset life, during the year the expenditure was incurred. For capital projects spanning multiple years, the rate used will be that for the final year of the project (excluding any snagging or retention payments made in the years following the asset being brought into use).

Finance Leases and Private Finance Initiative (PFI)

- IX. For assets held under finance leases or Private Finance Initiative (PFI) arrangements, the MRP charge will match the portion of the annual lease or PFI payment used to write down the liability on the Balance Sheet. This is effectively the same as the annuity method, but using the actual annuity rate implicit in the relevant contract.

Loans to Subsidiaries

- X. For capital loans, MRP will be charged on an annuity basis over the shorter of the life of the loan (assuming no early repayment), or the life of the underlying asset for which the loan has been given.
- XI. This is a change from the policy set out in the 2022/23 MRP Statement, which stated that MRP would only be charged on infrastructure loans where the projected residual value falls below the original expenditure. This change has been put into place as it represents a

more prudent approach, which better aligns with the DLUHC Guidance. As such, this will be backdated to apply with effect from 1 April 2022.

- XII. In addition, MRP on all loans will now be charged on an annuity basis. Previously, MRP on loans to support fixtures and fittings was charged on a straight-line basis. The annuity basis is deemed to better reflect the flow of benefits from the holding of investment assets, as explained at paragraph VI above. Again, this change will be backdated to apply with effect from 1 April 2022.

Commencement and Asset Lives

- XIII. MRP charges will commence in the year following the year in which an asset is brought into use. As such, MRP is only charged on assets which are already in use by 1 April of the financial year in question.
- XIV. Where subsequent unfinanced expenditure takes place on an asset already in use, this will either be treated as a separate capital project with its own associated MRP charge (if significant), or (where smaller) be added to the total unfinanced balance for the asset and future years' MRP charges adjusted accordingly.
- XV. MRP will be charged over the asset life as estimated at the point of completion. Should the estimated asset life subsequently be extended or shortened, no change will be made to the MRP charge in future years. Similarly, should an asset be sold or otherwise disposed of before the end of its original useful life, MRP will continue to be charged in line with the original estimate (unless receipts from the sale of the asset are used to repay some or all of the associated debt in which case future MRP charges will reduce or cease).
- XVI. For assets which are deemed to have an infinite useful economic life for accounting purposes (such as land and investment properties), MRP will be charged over a maximum of 50 years, unless it is deemed prudent to use a shorter life given the nature of the asset.

Consultation and Review

- XVII. In late 2021, a consultation took place on changes to the DLUHC Guidance. Work is still ongoing in this area. Whilst there will be no formal changes for 2023/24, the Council will continue to monitor this area closely. Should any changes be announced, the Council will consider whether or not it would be prudent (or beneficial) to review this policy mid-year. Any changes to this policy during the year will require Council approval.

Prudential Indicators 2023/24 - 2025/26	2021/22	2022/23	2023/24	2024/25	2025/26
	Actual	Forecast	Budget	Forecast	Forecast
	£m	£m	£m	£m	£m
Estimate of capital expenditure					
General Fund services	7	4	3	1	1
Commercial investments	63	24	1	-	-
Housing Revenue Account	7	10	9	9	14
Total - Estimate of capital expenditure	77	38	13	10	15
Estimate of capital financing requirement (CFR) at 31 March					
General Fund services	16	18	18	17	16
Commercial investments	227	248	245	242	240
Housing Revenue Account	81	81	81	81	84
Total - Estimate of capital financing requirement (CFR) at 31 March	324	347	344	340	340
Gross debt at 31 March*	290	308	310	302	302
Authorised limit					
Authorised limit for borrowing	415	415	415	415	415
Authorised limit for other long-term liabilities*	5	5	5	5	5
Total - Authorised limit for external debt	420	420	420	420	420
Operational boundary					
Operational boundary for borrowing	395	395	395	395	395
Operational boundary for other long-term liabilities*	5	5	5	5	5
Total - Operational boundary for external debt	400	400	400	400	400
Proportion of financing costs to net revenue stream	31%	57%	84%	80%	106%
Proportion of net income from commercial investments to net revenue stream	87%	58%	54%	52%	71%
* Includes Private Finance Initiative (PFI) and lease liabilities					

Capital Programme 2023/24 – 2027/28

Summary

1. This report sets the Council's capital programme for the 5 years from 2023/24 to 2027/28. The capital programme should be considered alongside the Commercial Strategy (Appendix B) and the Medium Term Financial Strategy (Appendix C).
2. Total planned capital expenditure over the 5 year period (including slippage from previous years) is £55.8 million, including £9.1 million for the General Fund and £46.7 million for the Housing Revenue Account (HRA).
3. The report also sets out how capital expenditure will be financed, which involves a mixture of ringfenced capital resources, contributions from revenue budgets, and borrowing. Borrowing is undertaken in line with the CIPFA Prudential Code, alongside the Council's Treasury Management Strategy (Appendix D) and Capital Strategy (Appendix E), to ensure that it is affordable in the longer term.
4. The revenue costs of financing the capital programme have been built into the 2023/24 General Fund budget (Appendix H), 2023/24 HRA budget (Appendix G), and Medium Term Financial Strategy (Appendix C).

Capital Expenditure

5. A summary of planned capital expenditure over the next 5 years is set out at Annexe F1, whilst the detailed capital programme by portfolio and project is at Annexe F2 (General Fund) and Annexe F3 (HRA).
6. The capital programme is reviewed on a rolling annual basis. It consists of both ongoing budgets for regular expenditure (for example recurring capital grant programmes, bins for new developments, minor IT projects, and cyclical works on the Council's estate), and one-off projects.
7. Changes to the capital programme from that which was approved in the previous year are set out in the table below:-

Capital Programme Changes	2023/24	2024/25	2025/26	2026/27	2027/28
	Original	Forecast	Forecast	Forecast	Forecast
	Budget				
	£'000	£'000	£'000	£'000	£'000
Capital programme approved in February 2022	10,830	6,345	6,345	8,925	6,345
Changes to recurring capital budgets					
Empty dwellings	(5)	(5)	(5)	(5)	(5)
Private sector renewal grants	(35)	(35)	(35)	(35)	(35)
Council offices improvements (general)	50	50	50	50	50
Subtotal - Changes to recurring capital budgets	10	10	10	10	10
New recurring capital bids					
Museum buildings	30	30	30	30	30
Subtotal - New recurring capital bids	30	30	30	30	30
New one-off capital bids					
E-form completion and e-signatures	1	-	-	-	-
Members' IT equipment	21	-	-	-	-
Move to servers Azure/AWS	50	-	-	-	-
Corporate mobile phone replacement	-	-	35	-	-
Corporate laptop/device replacement	-	-	-	-	75
Guildhall exterior works	50	-	-	-	-
Asset management system	22	-	-	-	-
Subtotal - New one-off capital bids	144	-	35	-	75
Changes to HRA development projects					
Great Chesterford	31	-	-	-	-
Takeley	(500)	1,080	400	-	-
Woodlands, Great Dunmow	1,652	-	-	-	-
Garden sites	489	275	-	-	-
Unidentified required builds	(1,500)	(2,000)	-	-	-
Walden Place	526	50	-	-	-
Alexia House	(2,100)	1,100	2,900	-	-
Parkside	(2,220)	1,250	3,200	50	-
Subtotal - Changes to HRA development projects	(3,622)	1,755	6,500	50	-
Changes to HRA existing stock maintenance budget	1,236	1,607	1,659	1,711	1,806
Revised capital programme for approval	8,628	9,747	14,579	10,726	8,266

8. Note that the above figures do not include the slippage of budgets approved in previous years. These will be reported in the 2023/24 final outturn report for approval by Cabinet. The capital programme at Annexe F1 includes an estimate of the amounts to be carried forwards, however these figures will be updated with actual slippage amounts after year-end.
9. Changes to the budgets for HRA development projects incorporate both changes to total project budgets, and rephasing of expenditure to future years. Resource constraints in the HRA have led to difficult decisions to defer some capital projects to future years. In particular:
- The redevelopment of sheltered accommodation units at Alexia House and Parkside has been deferred to commence in 2024/25. It should be noted that the delayed start will lead to a forecast underspend of £2.730 million on these projects in 2022/23, therefore the total lifetime budget for these projects has increased by £1.450 million (not £4.180 million as suggested by the table above).
 - The development of new build housing at Takeley has also been deferred to commence in 2024/25. Again, the delayed start will lead to a forecast underspend of

£450,000 in 2022/23, therefore the total lifetime budget of the project has increased by £530,000.

10. The budget for unidentified new builds in the HRA has been removed for 2023/24 and 2024/25, as it has been replaced by specific budgets for the projects which have now been identified (namely Woodlands, Takeley and Garden sites). There remains a rolling £2 million budget for unidentified new builds from 2025/26 onwards – this will be reviewed and replaced with specific projects as and when they are identified.
11. Changes to the budget for existing HRA stock maintenance relate to the impact of inflation and extra works carried out under the Norse contract. Previously the maintenance budget was allocated as a flat amount per annum, whereas the programme now builds in an allowance for future inflation which will be reviewed annually.
12. In line with the Commercial Strategy (Appendix B), there is no further new spend planned on commercial investments. The £914,000 of forecast capital slippage from 2022/23 relates to final retention payments in respect of properties already completed.

Capital Financing

13. Whenever the Council incurs capital expenditure, it can choose either to finance this upfront (from capital resources or revenue contributions), or to use borrowing. Where borrowing is used, there is a requirement to finance the expenditure over the life of the asset by way of an annual charge to the General Fund known as the minimum revenue provision (MRP).
14. The MRP charge does not apply to HRA assets – however there is still a requirement to ensure that any new borrowing is affordable in the long-term.
15. Where possible, the Council seeks to apply specific capital resources to the financing of capital expenditure. These are amounts which are legally ringfenced for capital spend, and include capital grants, the proceeds from the sale of other assets (capital receipts), and the Major Repairs Reserve which is used to fund maintenance of the Council's housing stock.
16. Where specific capital resources can not be found, financing is by way of a direct contribution from revenue (the General Fund or HRA), or through borrowing.
17. In previous years, the General Fund capital programme has included £340,000 per year of expenditure to be financed from capital receipts. However, with few recent asset sales the availability of this source of finance is dwindling. As such, going forwards it is assumed that these projects will be financed from borrowing (for Council assets) or direct revenue contributions (for other capital expenditure such as capital grants to individuals and organisations). Capital receipts will continue to be used first where available.
18. In the HRA, an exercise has been carried out this year to review the whole capital financing plan and refine this to ensure best use of the Council's resources. Without undertaking new borrowing, the HRA capital programme is currently constrained by a lack of available resources, and some projects have had to be deferred as set out above.
19. There is currently a review underway of the HRA 30 Year Business Plan, and when complete this will be used to inform decisions around the affordability of future HRA borrowing. This will be taken into account when setting next year's capital programme.
20. In addition, on 21 December 2022 the government announced an allocation of up to £2.317 million from the new Local Authority Housing Fund to cover 2022/23 and 2023/24. There are a number of eligibility criteria attached to this funding, alongside a requirement for part-funding of schemes by the Council. Work is ongoing to ascertain how the Council may best be able to make use of this opportunity, for example whether it can be used to bring some of the deferred schemes back into 2023/24. Any changes to the approved capital programme will be subject to the Council's usual Financial Regulations and governance processes.
21. There is a full breakdown of all planned capital financing sources to support the capital programme at Annexe F4.

Risks and Assumptions

22. The key risks associated with the capital programme are set out in the table below:

Risk	Key Assumptions and/or Variable Outcomes
Capital slippage	There is a risk that projects may not be completed on time due to internal or external factors, for example a lack of available staff or contractor resource, or technical issues during the project. Where this occurs, this usually causes an underspend in the year the delay occurs, followed by overspends in future years. This can make it difficult for the Council to plan the best use of its resources, and also generally results in an overall overspend due to longer construction periods and cost inflation.
Availability of capital resources	The capital programme makes assumptions about the level of capital resources (capital grants and capital receipts) which will be received by the Council in future years. For example, it is assumed that government grant funding will be received to part-support new housing developments. Should this funding not be forthcoming, alternative sources of financing will be required, which will have a significant impact on the Council's revenue accounts (General Fund and HRA).

List of Annexes

- Annexe F1 – Capital Programme Summary 2023/24 – 2027/28
- Annexe F2 – General Fund Capital Programme Detail 2023/24 – 2027/28
- Annexe F3 – Housing Revenue Account Capital Programme Detail 2023/24 – 2027/28
- Annexe F4 – Capital Financing 2023/24 – 2027/28

Capital Programme Summary 2023/24 – 2027/28

Annexe F1

Capital Programme Summary 2023/24 - 2027/28	2022/23 Current Budget £'000	2022/23 Forecast Outturn £'000	2022/23 Forecast Slippage to 2023/24 £'000	2023/24 Original Budget £'000	2024/25 Forecast £'000	2025/26 Forecast £'000	2026/27 Forecast £'000	2027/28 Forecast £'000
General Fund								
Communities & Partnerships	181	144	-	110	110	110	110	110
Housing & Economic Development	893	220	600	240	240	240	240	240
Environmental Services	1,521	1,206	340	290	125	125	2,705	125
Finance & Administration	1,460	3,025	327	437	315	350	315	390
Investment property	27,890	23,776	914	-	-	-	-	-
Subtotal - General Fund	31,945	28,371	2,181	1,077	790	825	3,370	865
Housing Revenue Account								
Existing stock maintenance	4,336	4,807	320	4,781	5,152	5,204	5,256	5,351
New builds	4,807	4,027	459	2,172	1,355	2,400	2,000	2,000
Sheltered accommodation redevelopment	4,521	885	941	526	2,400	6,100	50	-
Other	91	50	-	72	50	50	50	50
Subtotal - Housing Revenue Account	13,755	9,769	1,720	7,551	8,957	13,754	7,356	7,401
Total - Capital Programme	45,700	38,140	3,901	8,628	9,747	14,579	10,726	8,266

General Fund Capital Programme Detail 2023/24 – 2027/28

Annexe F2

Communities & Partnerships	2022/23 Current Budget	2022/23 Forecast Outturn	2022/23 Forecast Slippage to 2023/24	2023/24 Original Budget	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Community project grants	181	141	-	110	110	110	110	110
Tree planting	-	3	-	-	-	-	-	-
Total - Communities & Partnerships	181	144	-	110	110	110	110	110

Housing & Economic Development	2022/23 Current Budget	2022/23 Forecast Outturn	2022/23 Forecast Slippage to 2023/24	2023/24 Original Budget	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Disabled Facilities Grants	200	200	-	200	200	200	200	200
Empty dwellings	23	-	-	5	5	5	5	5
Private sector renewal grants	70	20	-	35	35	35	35	35
Superfast broadband	600	-	600	-	-	-	-	-
Total - Housing & Economic Development	893	220	600	240	240	240	240	240

Environmental Services	2022/23	2022/23	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Current	Forecast	Forecast	Original	Forecast	Forecast	Forecast	Forecast
	Budget	Outturn	Slippage to	Budget				
	£'000	£'000	2023/24	£'000	£'000	£'000	£'000	£'000
		£'000						
Vehicle replacement programme	1,306	1,055	251	165	-	-	2,580	-
Household bins	70	72	-	70	70	70	70	70
Kitchen caddies	10	8	-	10	10	10	10	10
Garden waste bins	20	18	-	20	20	20	20	20
Trade waste bins	10	38	-	10	10	10	10	10
Car parking machine replacement	65	-	64	-	-	-	-	-
Electric car chargers	15	15	-	15	15	15	15	15
White Street car park	25	-	25	-	-	-	-	-
Total - Environmental Services	1,521	1,206	340	290	125	125	2,705	125

Finance & Administration	2022/23	2022/23	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Current	Forecast	Forecast	Original	Forecast	Forecast	Forecast	Forecast
	Budget	Outturn	Slippage to	Budget				
	£'000	£'000	2023/24	£'000	£'000	£'000	£'000	£'000
ICT								
Minor items IT	20	38	-	20	20	20	20	20
PCI compliance	60	20	-	20	20	20	20	20
PSN CoCo	30	82	-	30	30	30	30	30
Asset management system	30	30	-	-	-	-	-	-
Cyber security	92	92	-	20	20	20	20	20
Grounds maintenance and vehicle systems	43	-	43	-	-	-	-	-
Licensing - Lalpac to Idox Uni	-	9	-	-	-	-	-	-
Scanner replacement	30	30	-	-	-	-	-	-
Sharepoint	18	18	-	-	-	-	-	-
WiFi	36	25	11	-	-	-	-	-
Northgate housing assets	20	-	-	-	-	-	-	-
Corporate mobile refresh	37	37	-	-	-	-	-	-
ICT - new sites	326	300	26	-	-	-	-	-
Cloud telephone system	49	49	-	-	-	-	-	-
Web-to-print solutions	9	7	-	-	-	-	-	-
E-form completion and e-signatures	-	-	-	1	-	-	-	-
Members' IT equipment	-	-	-	21	-	-	-	-
Move to servers Azure/AWS	-	-	-	50	-	-	-	-
Corporate mobile phone replacement	-	-	-	-	-	35	-	-
Corporate laptop/device replacement	-	-	-	-	-	-	-	75
Subtotal - ICT	800	737	80	162	90	125	90	165
Subtotal - Finance & Administration carried forward to next page	800	737	80	162	90	125	90	165

Finance & Administration	2022/23	2022/23	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Current	Forecast	Forecast	Original	Forecast	Forecast	Forecast	Forecast
	Budget	Outturn	Slippage to 2023/24	Budget				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Subtotal - Finance & Administration brought forward from previous page	800	737	80	162	90	125	90	165
Council asset works								
Council offices improvements (general)	285	285	-	170	170	170	170	170
New depot site	-	1,800	-	-	-	-	-	-
Day centre cyclical improvements	25	25	-	25	25	25	25	25
Guildhall exterior works	-	-	-	50	-	-	-	-
Museum buildings	-	-	-	30	30	30	30	30
Swan Meadow car park resurface	240	20	220	-	-	-	-	-
Museum boiler	33	90	-	-	-	-	-	-
London Road - fire alarm upgrade	50	50	-	-	-	-	-	-
Subtotal - Council asset works	633	2,270	220	275	225	225	225	225
Other								
Postal software	27	-	27	-	-	-	-	-
S106 agreements	-	18	-	-	-	-	-	-
Subtotal - Other	27	18	27	-	-	-	-	-
Total - Finance & Administration	1,460	3,025	327	437	315	350	315	390

Housing Revenue Account Capital Programme Detail 2023/24 – 2027/28

Annexe F3

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Housing Revenue Account Capital Programme 2023/24 - 2027/28	2022/23 Current Budget £'000	2022/23 Forecast Outturn £'000	2022/23 Forecast Slippage to 2023/24 £'000	2023/24 Original Budget £'000	2024/25 Forecast £'000	2025/26 Forecast £'000	2026/27 Forecast £'000	2027/28 Forecast £'000
Existing stock maintenance	4,336	4,807	320	4,781	5,152	5,204	5,256	5,351
New builds								
The Moors	75	34	-	-	-	-	-	-
Thaxted Road	1,861	1,400	48	-	-	-	-	-
Great Chesterford	371	950	-	31	-	-	-	-
Gold Close	-	4	-	-	-	-	-	-
Takeley	500	50	-	-	1,080	400	-	-
Woodlands, Great Dunmow	1,789	1,489	300	1,652	-	-	-	-
Garden sites	111	-	111	489	275	-	-	-
Unidentified required builds	100	100	-	-	-	2,000	2,000	2,000
Subtotal - New builds	4,807	4,027	459	2,172	1,355	2,400	2,000	2,000
Sheltered accommodation redevelopment								
Hatherley Court	-	35	-	-	-	-	-	-
Walden Place	1,641	700	941	526	50	-	-	-
Alexia House	1,400	75	-	-	1,100	2,900	-	-
Parkside	1,480	75	-	-	1,250	3,200	50	-
Subtotal - Sheltered accommodation redevelopment	4,521	885	941	526	2,400	6,100	50	-
Other								
Cash incentive scheme grants	91	50	-	50	50	50	50	50
Asset management system	-	-	-	22	-	-	-	-
Subtotal - Other	91	50	-	72	50	50	50	50
Total - Housing Revenue Account	13,755	9,769	1,720	7,551	8,957	13,754	7,356	7,401

Capital Financing 2023/24 – 2027/28

Annexe F4

Capital Financing 2023/24 - 2027/28	2022/23 Current Budget £'000	2022/23 Forecast Outturn £'000	2022/23 Forecast Slippage to 2023/24 £'000	2023/24 Original Budget £'000	2024/25 Forecast £'000	2025/26 Forecast £'000	2026/27 Forecast £'000	2027/28 Forecast £'000
General Fund								
Grants and external contributions	200	218	-	200	200	200	200	200
Direct revenue contributions	499	556	-	515	350	350	350	350
Earmarked reserves	2,287	465	782	-	-	-	-	-
Capital receipts	552	363	165	-	-	-	-	-
Borrowing	28,407	26,769	1,234	362	240	275	2,820	315
Subtotal - General Fund	31,945	28,371	2,181	1,077	790	825	3,370	865
Housing Revenue Account								
Grants and external contributions	1,040	-	67	293	1,065	2,100	-	-
Direct revenue contributions	4,588	1,057	1,150	1,608	2,739	3,122	50	50
Earmarked reserves	2,098	2,368	-	-	-	-	-	-
Major Repairs Reserve	4,336	4,807	320	4,781	5,043	4,679	4,841	5,005
Capital receipts	1,693	1,537	183	869	110	750	750	750
Borrowing	-	-	-	-	-	3,103	1,715	1,596
Subtotal - Housing Revenue Account	13,755	9,769	1,720	7,551	8,957	13,754	7,356	7,401
Total - Capital programme	45,700	38,140	3,901	8,628	9,747	14,579	10,726	8,266

Housing Revenue Account Budget 2023/24

Summary

1. This report sets the revenue budget for the Housing Revenue Account (HRA) for 2023/24. This budget must be considered alongside the Medium Term Financial Strategy (Appendix C), and the report by the Director of Finance and Corporate Services (Section 151 Officer) on the robustness of estimates and adequacy of reserves, made under section 25 of the Local Government Act 2003 (Appendix A).
2. This budget makes the following proposals in respect of rents and service charges:-
 - Housing rents for existing tenants will increase by 7% in line with central government policy. The underlying formula rent, which is applied when a property is relet, will increase by 11.1% in line with the September 2022 Consumer Price Index (CPI) + 1%.
 - Garage rents will increase by 10.1% in line with the September 2022 CPI.
 - Service charges will increase in line with estimated costs.
3. The above proposals were reviewed by the Tenant and Leaseholders' Panel on 17 January 2023, and by the Housing Board on 19 January 2023, and were supported by both.
4. The budget for 2023/24 results in a planned operating surplus of £2.866 million. The majority of this surplus will be applied to the financing of capital expenditure on new build housing schemes and the Walden Place sheltered accommodation redevelopment. After this, and other statutory reserve movements, there is a small planned residual surplus of £78,000 which it is proposed is transferred to revenue reserves to be used in future years.
5. The estimates in this report are based on the recommended Medium Term Financial Strategy (Appendix C), Treasury Management Strategy (Appendix D), Capital Strategy (Appendix E), Capital Programme (Appendix F), and 2023/24 General Fund budget (Appendix H).

Housing Revenue Account Business Plan

6. The HRA budget is set in the context of a 30 year Business Plan as approved by Cabinet. The current plan covers the period from 2016-2046 and is available on the Council's website. The Business Plan sets out four key priorities:-
 - i. Operate a sound and viable housing business in a professional and cost effective manner.
 - ii. 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.
 - iii. Help tenants and leaseholders get involved with decisions about their housing.
 - iv. Regenerate the stock/estates and build new affordable rented council housing in an efficient and effective manner.
7. Work is currently underway to refresh this Business Plan, and should any changes be required to the 2023/24 HRA budget as a result these will be subject to the Council's usual Financial Regulations and governance processes.

National Social Rent Policy

8. Since 2002, rents for properties let at 'social rent' have been set based on a formula set by government. This creates a 'formula rent' for each property, which is calculated based on the relative value of the property, relative local income levels, and the size of the property. An aim of this formula-based approach is to ensure that similar rents are charged for similar social rent properties, bringing local authority and housing association rents into alignment. Formula rents were increased by the Retail Price Index (RPI) + 0.5%.
9. In 2011, the government introduced 'affordable rent' alongside social/formula rent, which permits rents to be set at up to 80% of market rent. The policy allows the Council to let new build properties at affordable rent where certain conditions apply. The government requires that any new homes built through its Affordable Homes Grant system are let at 'affordable rent'.
10. Most of the Council's new build properties are let at affordable rent and the additional income this generates makes it possible to build more homes.
11. In 2016, as part of the Welfare Reform and Work Act, the government introduced a new policy whereby social rents would reduce by 1% every year for four years. The main aim of this was to reduce the national housing benefit bill.
12. In October 2017, the government announced a long-term rent deal for social housing landlords in England. The new policy was to permit annual rent increases for both social rent and affordable rent properties of up to the Consumer Price Index (CPI) plus one percentage point from 2020 onwards, for a period of at least five years. Increases are based upon the CPI figure for September in the preceding financial year.
13. In September 2022, CPI stood at 10.1%, indicating a maximum rent increase of 11.1%. However, in recognition of the ongoing high inflation and cost of living pressures, the government has capped 2023/24 rent increases for existing tenants at 7%.
14. It should be emphasised that the 7% cap applies only to existing tenancies. Where current rent for a property sits below the formula rent (e.g. due to the operation of rent caps in the past), the Council has a longstanding policy whereby the formula rent is applied in full when the property is relet. This is allowable under the government's rent setting policy. It is proposed that this policy continues, and that 2023/24 formula rents increase by the maximum 11.1% permitted. This model serves to limit the impact of rent increases on existing tenants, whilst also ensuring that rents can be restored to the correct (formula) level for the type of property upon reletting.

Housing Rents

15. In common with all organisations, the HRA is currently experiencing significant financial pressure as a result of high inflation and increased utility costs. The 7% rent cap imposed by government will limit the ability of the Council to pass these additional costs on to tenants. Since the rent cap is applied annually there is likely to be no option to recoup these costs through higher rent increases in future years, so this represents a permanent loss of income to the HRA.
16. Furthermore, the HRA business model relies upon the operating surplus generated to fund the development of new council homes, including both general needs and sheltered accommodation.
17. As such, it is proposed that the Council applies the maximum permitted rent increase of 7%, recognising that this has already been capped by government at a level which is 3.1% below CPI, to support tenants who are facing rising costs of living. The full proposed increase will be within the scope of housing benefit, for our tenants who are in receipt thereof (approximately 33%).

18. The average weekly rent as at September 2022 was £106.94. However, the Council has identified that many of its general needs tenants are being overcharged by approximately 1% as a result of administrative errors in calculating the rent increases for 2021/22 and 2022/23. Work is ongoing to recalculate and correct each individual tenant's rent, and the 7% increase will be applied to the corrected rent in each case.
19. The proposed rent increase will generate additional income of £953,000 as compared to the 2022/23 HRA budget. Nevertheless, with additional costs arising from inflationary pressures and increased depreciation charges, the net operating surplus of the HRA is budgeted to reduce by £486,000.

Garage Rents

20. The Council manages a total of 450 garages, of which 293 are rented by private residents. Garage rents are excluded from the government's rent setting policy. It is proposed to increase the garage rents by CPI of 10.1% (as at September 2022). The current weekly rent is £11.53, and this will increase to £12.69 (excluding VAT) for 2023/24.

Service Charges

21. The Council manages a number of leasehold and freehold properties where service and sewerage charges are payable. These are calculated and set in line with estimated actual costs. As a result, the current high levels of inflation will result in significant increases to these charges in 2023/24. Heating charges will be particularly affected by the rising cost of energy.
22. Whilst large increases are never welcome, it is important that these costs are passed on to the tenants who use the relevant services. To do otherwise would mean that one group of council tenants would end up subsidising another. There is no mechanism to recover any shortfall of income from council tenants in future years.
23. Service charges are calculated individually for each property depending upon the estimated cost of services used. The average charges for 2023/24 are set out in the following table:

Average HRA Service Charges	2022/23	2023/24	Includes VAT?
	Average Charge £ per week	Average Charge £ per week	
General service charge	2.76	3.29	No
General service charge - Sheltered accommodation	16.40	17.97	No
General service charge - Temporary accommodation (General Fund and HRA)	22.46	24.73	No
Water charges	2.29	3.47	No
Sewerage charges	8.23	11.63	No
Heating charges	8.17	28.83	No

24. Recognising the significant increase in heating charges this year, the Council will monitor this during the year and may consider reducing the charge should an opportunity arise (for example if there is a significant fall in the Council's energy costs). However, the likelihood of this is anticipated to be low.
25. Service charges for lessees are legally required to be set to meet the cost of services provided. If the estimated charges do not meet the cost of services in a year then there is a retrospective charge in the following year to meet the difference.

26. In addition, it is proposed that the following fixed service charges are increased as below:

Service Charges 2023/24	2022/23 Charge £	2023/24 Charge £	Includes VAT?
Sheltered housing scheme management service			
Intensive Housing Management (IHM) - per week	16.86	18.53	No
Housing Related Support (HRS) - per week	6.26	7.21	No
Total charge - Sheltered housing scheme management service	23.12	25.74	
Garden welfare service			
One-off clearance	60.00	66.00	Yes
One-off substantial clearance (where the majority of the garden is higher than 1m; this includes bramble, grass and weeds)	96.00	105.60	Yes
Grass cutting (throughout the growing season and up to 2 hedge cuts per year) - weekly charge*	4.50	4.96	Yes
* This charge is payable throughout the year and is not covered by housing benefit			

27. The Intensive Housing Management (IHM) charge may be covered by housing benefit for those tenants who are eligible. The Housing Related Support (HRS) charge, however, must be paid by all sheltered housing tenants and is not eligible for housing benefit support.

Self-referral to the Regulator of Social Housing

28. On 23 August 2022, the Council notified the Regulator of Social Housing of a potential breach of the Home Standard, in respect of its obligations under health and safety legislation and regulations.
29. As a result, the Council has engaged external consultants through the East of England Local Government Association (EELGA), to assist in putting into place a comprehensive remedial action plan.
30. The Council is currently on track to complete the required actions before the end of March 2023, therefore for the purposes of setting this budget there are no additional consultancy costs anticipated in respect of 2023/24. However, where the review has identified actions which will result in ongoing costs (for example the need to procure and maintain a new asset management system to keep track of stock condition), these have been included within the budget as service investment.
31. The review is still ongoing, and clearly should additional issues be identified this may have further financial implications for the HRA going forwards.

Regulatory Framework for Social Housing

32. With the Social Housing Regulation Bill currently passing through Parliament, significant changes are anticipated in the coming years to the Regulatory Framework for Social Housing. For example, from 1 April 2023, social landlords will be required to report under a number of Tenant Satisfaction Measures, which will require a statutory annual tenant survey and, where required, an improvement plan.
33. This budget anticipates that any new requirements can be met from existing resources – however should this not prove the case this may have financial implications in the future.

Housing Revenue Account Budget

34. A summary of the 2023/24 HRA budget is shown in the table below. A more detailed summary is set out at Annexe G1.

Housing Revenue Account Budget	2022/23 Original Budget £'000	2022/23 Current Budget £'000	2023/24 Original Budget £'000	Increase/ (Decrease) £'000
Service income				
Dwelling rents	(15,553)	(15,553)	(16,506)	(953)
Non-dwelling rents	(226)	(226)	(279)	(53)
Service charges and other income	(1,053)	(1,053)	(1,448)	(395)
Subtotal - Service income	(16,832)	(16,832)	(18,233)	(1,401)
Service expenditure				
Finance and business management	78	78	114	36
Maintenance and repairs service	4,071	4,071	4,822	751
Management and homelessness	977	977	1,054	77
Subtotal - Service expenditure	5,126	5,126	5,990	864
Other operating income and expenditure				
Depreciation	3,957	3,957	4,768	811
Borrowing costs	2,570	2,570	2,618	48
Net recharges from General Fund	1,747	1,747	1,967	220
Other	80	80	24	(56)
Subtotal - Other operating income and expenditure	8,354	8,354	9,377	1,023
Subtotal - Operating (surplus)/deficit	(3,352)	(3,352)	(2,866)	486
Capital financing	3,590	3,590	2,758	(832)
Transfers to/(from) earmarked reserves	(238)	(238)	108	346
(Surplus)/deficit	-	-	-	-

35. After allowing for the financing of capital expenditure and statutory reserve movements, the HRA is forecast to deliver a small surplus of £78,000 in 2023/24. It is proposed that this is transferred to revenue reserves to fund expenditure in future years, and this assumption has been built into the table above in order to set a balanced budget.

Service Income and Expenditure

36. The increase to service income of £1.401 million can be explained by the increases to rent and service charges as set out in paragraphs 15 to 26. It should be noted again that the increased income will not fully cover the increased anticipated costs, resulting in a reduction in budgeted net operating surplus of £486,000.

37. The movement in the service expenditure budget can be summarised as follows:-

Service Expenditure	£'000
2022/23 current budget	5,126
Inescapable growth (e.g. inflation, utility costs, staff pay awards)	725
Service investment	122
Efficiency savings	(3)
Other adjustments	20
2023/24 proposed budget	5,990

38. As shown above, the Council is facing significant budgetary pressure from factors outside of its control, such as high general inflation, increased utility costs, and the impact of nationally negotiated staff pay awards. These factors form the bulk of the increase to the service expenditure budget for 2023/24.

39. Some service investment will be required in 2023/24 to address specific urgent needs, although this has been kept to a minimum.

40. A full list of all service expenditure budget changes greater than £10,000 is set out at Annex G2.

Other Operating Income and Expenditure

41. The budget for depreciation charges will increase by £811,000 to £4.768 million. This charge is dependent upon the annual valuation of the Council's housing stock, which can not be carried out until after 31 March, therefore there is a risk that the actual charge will be higher or lower than budgeted. The main reason for the significant increase this year is that there was a significant upwards revaluation as at 31 March 2022 which came too late to be reflected in the 2022/23 budget.

42. The depreciation amount to be charged in any given year must be transferred to the ringfenced Major Repairs Reserve, which is used to fund capital improvements of the Council's existing housing stock.

43. Recharges from the General Fund are made in respect of General Fund services which are also used by the HRA, for example Financial Services, ICT, HR, and office accommodation. These are calculated on the basis of estimated costs, therefore the increase of £220,000 (or 13%) broadly reflects the increases to General Fund service budgets across the Council. At the year-end, an exercise is carried out to ensure that the HRA is charged the correct amount based upon actual costs incurred.

Capital Financing

44. The budget for capital financing reflects the required contribution from the HRA towards the current Capital Programme. This will vary from year to year depending upon the programme agreed, and availability of other resources to support this (such as capital grants, and receipts from the sale of right-to-buy properties). The full Capital Programme, including planned financing sources, is set out in detail at Appendix F.

Risks and Assumptions

45. The key areas of risk to the achievement of the 2023/24 budget (both adverse and favourable) are detailed in the Section 25 Report – Robustness of Estimates and Adequacy of Reserves

(Appendix A), together with the Section 151 Officer's assessment of the main assumptions used. A full analysis of key financial risks and assumptions specific to the HRA has also been included at Annexe G3.

Reserves

46. The forecast total revenue reserves balance at 1 April 2023 will be £1.652 million. The 2023/24 budget assumes a net contribution to reserves of £108,000, leaving a forecast balance as at 31 March 2024 of £1.760 million. Forecast revenue reserve movements are set out in detail below:

Housing Revenue Account Revenue Reserves	Balance at 1 April 2022	Forecast Additions to Reserves 2022/23	Forecast Use of Reserves 2022/23	Forecast Balance at 31 March 2023	Budgeted Additions to Reserves 2023/24	Budgeted Use of Reserves 2023/24	Forecast Balance at 31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Ringfenced reserves							
Working balance	471	80	-	551	30	-	581
Subtotal - Ringfenced reserves	471	80	-	551	30	-	581
Usable reserves							
Revenue reserves	292	639	-	931	78	-	1,009
Revenue projects	160	-	-	160	-	-	160
Subtotal - Usable reserves	452	639	-	1,091	78	-	1,169
Earmarked for capital purposes							
Capital projects	884	-	(884)	-	-	-	-
Potential projects reserve	10	-	-	10	-	-	10
HRA capital slippage reserve	1,484	-	(1,484)	-	-	-	-
Subtotal - Earmarked for capital purposes	2,378	-	(2,368)	10	-	-	10
Total - HRA revenue reserves	3,301	719	(2,368)	1,652	108	-	1,760

47. The Council sets a prudent minimum level of reserves known as the working balance, to manage unexpected financial impacts during the year. This amount is determined by the Section 151 Officer and is calculated by reference to variable gross income plus expenditure. The minimum working balance for 2023/24 will be £581,000.
48. Usable reserves are available to support future one-off deficits in the HRA, or to fund future revenue projects or service transformation. The forecast balance on the usable reserves as at 31 March 2024 will be £1.169 million, equivalent to just over 40% of the budgeted operating surplus for 2023/24.
49. Reserves earmarked for capital purposes will be used almost in their entirety to support capital expenditure in 2022/23. The full Capital Programme is set out at Appendix F.

List of Annexes

- Annexe G1 – Housing Revenue Account Budget 2023/24
- Annexe G2 – HRA Service Expenditure Budget Movements 2023/24
- Annexe G3 – Housing Revenue Account Service Budget Risks and Assumptions
- Annexe G4 – Equality and Health Impact Assessment

Housing Revenue Account Budget 2023/24	2022/23 Original Budget £'000	2022/23 Current Budget £'000	2023/24 Original Budget £'000	Increase/ (Decrease) £'000
Service income				
Dwelling rents	(15,553)	(15,553)	(16,506)	(953)
Garage rents	(225)	(225)	(245)	(20)
Other rents	(1)	(1)	(34)	(33)
Charges for services and facilities	(987)	(987)	(1,448)	(461)
Contributions towards expenditure	(66)	(66)	-	66
Subtotal - Service income	(16,832)	(16,832)	(18,233)	(1,401)
Finance and business management expenditure				
Rents, rates and other property charges	78	78	114	36
Subtotal - Finance and business management expenditure	78	78	114	36
Maintenance and repairs service expenditure				
Common service flats	256	256	574	318
Estate maintenance	2	2	2	-
Housing sewerage	16	16	20	4
Newport Depot	5	5	10	5
Property services	49	49	256	207
Housing repairs (Norse)	3,743	3,743	3,960	217
Subtotal - Maintenance and repairs service expenditure	4,071	4,071	4,822	751
Management and homelessness expenditure				
Housing services	516	516	572	56
Sheltered housing services	461	461	482	21
Subtotal - Management and homelessness expenditure	977	977	1,054	77
Subtotal - Service expenditure	5,126	5,126	5,990	864
Other operating income and expenditure				
Bad debts	100	100	100	-
Depreciation	3,957	3,957	4,768	811
Borrowing costs	2,570	2,570	2,618	48
Treasury investment income	(10)	(10)	(95)	(85)
Corporate pension costs (added years and deficit repair)	-	-	29	29
Share of corporate and democratic core costs	360	360	403	43
Other recharges from General Fund	1,387	1,387	1,564	177
Right to buy administration allowance	(10)	(10)	(10)	-
Subtotal - Other operating income and expenditure	8,354	8,354	9,377	1,023
Subtotal - Operating (surplus)/deficit	(3,352)	(3,352)	(2,866)	486
Capital financing				
Financing of capital expenditure in year	3,590	3,590	2,758	(832)
Subtotal - Capital financing	3,590	3,590	2,758	(832)
Transfers to/(from) earmarked reserves				
Working balance	32	32	30	(2)
Revenue reserves	-	-	78	78
Capital projects	(270)	(270)	-	270
Subtotal - Transfers to/(from) earmarked reserves	(238)	(238)	108	346
(Surplus)/deficit	-	-	-	-

Service Budget Line	Description	Movement £'000
Inescapable growth		
Various	Estimated impact of increased utility costs across the HRA estate - note that most of this is recovered through increased service charges to tenants and leaseholders	334 Ongoing
Various	Estimated impact of staff pay awards and pay increment progression on staff directly employed by the HRA (including on-costs) - includes 2% increase to employer pension contributions as determined by scheme actuary	96 Ongoing
Rents, rates and other property charges	Increase in empty property council tax charges due to vacant sheltered housing units awaiting redevelopment	29 One-off - 3 years
Housing repairs (Norse)	Inflationary increase to revenue cost of Norse contract in the HRA	261 Ongoing
Various	Other items individually <£10,000	5
	Subtotal - Inescapable growth	725
Service investment		
Property services	Investment in improved contract management of Norse contract (currently external consultancy but will review in year and may look to create a permanent post)	50 Ongoing
Property services	New budget to support feasibility studies in respect of future potential new developments	50 Ongoing
Property services	Ongoing revenue cost of licensing and maintaining an in-house asset management system to monitor stock condition, as recommended by the EELGA review	15 Ongoing
Various	Other items individually <£10,000	7
	Subtotal - Service investment	122
Efficiency savings		
Various	Items individually <£10,000	(3)
	Subtotal - Efficiency savings	(3)
Other adjustments		
Property services	Align budget with actual current spend in respect of legal and compensation costs relating to disrepair claims	60 Ongoing
Property services	Align budget with actual current spend in respect of legal costs relating to obtaining injunctions for access for electrical testing	20 Ongoing
Housing repairs (Norse)	Reduction to Norse revenue budget (prior to inflation) to align with 2022/23 actual spend	(44) Ongoing
Housing services	Increase to subscriptions budget to align with current actual spend	13 Ongoing
Various	Other items individually <£10,000	(29)
	Subtotal - Other adjustments	20
	Total - Changes to service expenditure budgets	864

Introduction

The tables below set out the key financial risks (both favourable and adverse) identified by budget managers in relation to the service income and expenditure budgets set for 2023/24. This is not intended to be an exhaustive list of all potential financial risks which could be faced by the HRA, rather it highlights the areas where it is considered most likely that outturn could differ from the budget, primarily for reasons outside of the Council’s control.

Key

Each risk is assessed using the following framework:-

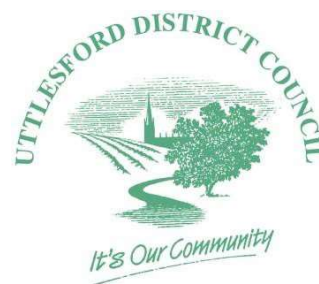
Risk Framework	Low	Medium	High
Probability of variance arising	Possible, but unlikely	Probable	Almost certain
Impact (adverse and/or favourable)	£5,000 - £20,000	£20,001 - £50,000	> £50,000

Note that risks with an anticipated impact of less than £5,000 are not reported here.

Risks

Budget Line	Budget Item	Key Assumptions and/or Variable Outcomes	Probability of Variance Arising	Favourable Impact	Adverse Impact
All service income	All service income	Whilst there is a prudent provision made within the budget for some non-collection of rents and other income, there is a risk that the collection rate could fall, particularly in light of current cost of living pressures. This is mitigated to some extent by the fact that approximately 33% of Council tenants are in receipt of housing benefit which covers some or all of their rent.	Low	N/A	High
All service expenditure	All service expenditure	Following its self-referral to the Regulator of Social Housing, the Council has engaged external consultants through EELGA to undertake a review of the issues raised. It is intended that this review concludes in 2022/23 - however should any unexpected issues arise there is a risk that the work may need to continue into 2023/24 at additional cost. In addition, there is a risk that some of the review's recommendations may require additional resources (either on a one-off or ongoing basis) for implementation.	High	N/A	High
All service expenditure	All service expenditure	Forthcoming changes to the Regulatory Framework for Social Housing may place new burdens upon the Council which can not be met from existing resources.	Medium	N/A	High
Common service flats	Utility costs	Budgeted electricity and gas costs have been based upon forecasts provided by an external consultant. Fluctuations in energy costs and/or consumption may result in a charge which is higher or lower than budgeted. However, any significant movements (up or down) will be passed on to tenants and leaseholders, so the residual impact on the HRA should be minimal.	Medium	Low	Low
Housing services; Sheltered housing services	Employee costs	The actual pay award agreed nationally for 2023/24 may vary from the assumptions made when setting the budget.	High	Medium	Medium

Budget Line	Budget Item	Key Assumptions and/or Variable Outcomes	Probability of Variance Arising	Favourable Impact	Adverse Impact
Other recharges from General Fund	Employee costs	The HRA is recharged for its share of General Fund employee costs. This includes the post of Assistant Director - Housing, Health and Communities, which is currently vacant. Should the post prove difficult to recruit, additional agency costs may be incurred.	Medium	N/A	Medium
Other recharges from General Fund	Employee costs	The Council has identified that it is currently overcharging rent to its general needs tenants by approximately 1%. Work is ongoing to recalculate the correct rent in each case so that refunds can be issued. It is currently assumed that this work can be undertaken by existing resources - however should additional resource be required this may come at additional cost which would need to be recharged to the HRA.	Low	N/A	High



Uttlesford District Council

Equality & Health Impact Assessment (EqHIA)

Document control

Title of activity:	<i>Rent and Service Charge Setting 2023-24</i>
Lead officer:	<i>Adrian Webb, Director of Finance and Corporate Services</i>
Approved by:	<i>Judith Snares, Housing Strategy & Operations Manager</i>
Date completed:	<i>13 January 2023</i>
Scheduled date for review:	<i>11 October 2023</i>

Does the EqHIA contain any confidential or exempt information that would prevent you publishing it on the Council's website?	No
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Please note that EqHIAs are **public** documents and must be made available on the Council's [EqHIA webpage](#).

When completed, a copy of this form should be saved with the activity a policy, strategy, procedure, project, new or change in service, initiative or other's file for audit purposes and in case it is requested under the Freedom of Information Act.

When the EqHIA is completed send a copy to the following email address - EqHIA@Uttlesford.gov.uk

1. Equality & Health Impact Assessment Checklist

Please complete the following checklist to determine whether or not you will need to complete an EqHIA and ensure you keep this section for your audit trail. If you have any questions, please contact your Divisional Equality Lead. Please refer to the Guidance in Appendix 1 on how to complete this form. **When EqHIA is completed send a copy to the following email address EqHIA@Uttlesford.gov.uk**

About your activity

1	Title of activity	Rent and Service Charge Setting 2022-2023		
2	Type of activity	To establish the rent and service charge levels for 2022-2023		
3	Scope of activity	To identify the changes in dwelling rents, garage rents, housing related support (HRS) charges and service charges required for the new financial year		
4a	Are you changing, introducing a new, or removing a service, policy, strategy or function?	No	If the answer to <u>any</u> of these questions is 'YES', please continue to question 5.	If the answer to <u>all</u> of the questions (4a, 4b & 4c) is 'NO', please go to question 6.
4b	Does this activity have the potential to impact (either positively or negatively) upon people (9 protected characteristics)?	Yes		
4c	Does the activity have the potential to impact (either positively or negatively) upon any factors which determine people's health and wellbeing?	Yes		
5	If you answered YES:	Please complete the EqHIA in Section 2 of this document. Please see Appendix 1 for Guidance.		
6	If you answered NO:	Please provide a clear and robust explanation on why your activity does not require an EqHIA. This is essential in case the activity is challenged under the Equality Act 2010. <i>Please keep this checklist for your audit trail.</i>		

Completed by:	Adrian Webb, Director of Finance and Corporate Services
Date:	13/01/2023

2. The EqHIA – How will the strategy, policy, plan, procedure and/or service impact on people?

Background/context:

Rent and service charge setting is carried out annually. Rents are set in line with Government policy and to that end the council's social and affordable rents have been modelled at the 7% cap for 2023/24

All other Housing related support charges and service charges are increased in line with estimated costs.

**Expand box as required*

Who will be affected by the activity?

An increase in rents and service charges will affect all tenants in council owned properties. Rents are kept within the housing allowances for the areas and will therefore be covered for those on benefits.

A significant increase in service charges, in particular the heating element, which is not eligible for housing benefit support will impact on people's finances, although this is mitigated in part by various Government grants.

An increase in services charges will also affect owners of ex Council owned properties, purchased through the RTB, which benefit from any continuing services provided by the Council, as stipulated in the lease or transfer deed

Protected Characteristic - Age: Consider the full range of age groups

Please tick (✓) the relevant box:

Positive

Neutral

Negative

Overall impact:

Increasing rents and service charges will enable the Council to continue to provide safe affordable housing for rent

Negative impact on those living in sheltered accommodation.

**Expand box as required*

Evidence:

The increase in the heating element of the service charge for 2023-24 will have an adverse impact on those people living in sheltered accommodation.

Protected Characteristic - Disability: Consider the full range of disabilities; including physical mental, sensory and progressive conditions	
<i>Please tick (✓) the relevant box:</i>	
Positive	<input type="checkbox"/>
Neutral	<input checked="" type="checkbox"/>
Negative	<input type="checkbox"/>
<p>Overall impact:</p> <p>Increasing rents and service charges will enable the Council to continue to provide safe affordable housing for rent</p> <p>The predicted impact of the rent and service charge setting for 2023-24 on people with disabilities is neutral as there is no identified direct, positive or indirect discrimination</p> <p style="text-align: right;"><i>*Expand box as required</i></p>	
<p>Evidence:</p> <p>The tenant satisfaction survey sent to all tenants gives the opportunity to express if tenants feel that they get value for money. People are free to make their comments and concerns known by returning the survey</p>	
<p>Sources used:</p> <p>Tenant and Leaseholder Panel Tenant Satisfaction Survey Census 2021 data Office for National Statistics (ONS) data CORE data</p> <p style="text-align: right;"><i>*Expand box as required</i></p>	

Protected Characteristic - Sex/gender: Consider both men and women	
<i>Please tick (✓) the relevant box:</i>	
Positive	<input type="checkbox"/>
Neutral	<input checked="" type="checkbox"/>
Negative	<input type="checkbox"/>
<p>Overall impact:</p> <p>Increasing rents and service charges will enable the Council to continue to provide safe affordable housing for rent</p> <p>The predicted impact of the rent and service charge setting for 2023-24 on all genders is neutral as there is no identified direct, positive or indirect discrimination.</p> <p style="text-align: right;"><i>*Expand box as required</i></p>	
<p>Evidence:</p> <p>The tenant satisfaction survey sent to all tenants gives the opportunity to express if tenants feel that they get value for money. People are free to make their comments and concerns known by returning the survey</p> <p style="text-align: right;"><i>*Expand box as required</i></p>	
<p>Sources used:</p> <p>Tenant and Leaseholder Panel Tenant Satisfaction Survey Census 2021 data Office for National Statistics (ONS) data CORE data</p> <p style="text-align: right;"><i>*Expand box as required</i></p>	

Protected Characteristic - Ethnicity/race: Consider the impact on different ethnic groups and nationalities	
<i>Please tick (✓) the relevant box:</i>	
Positive	Overall impact: Increasing rents and service charges will enable the Council to continue to provide safe affordable housing for rent The predicted impact of the rent and service charge setting for 2023-24 on ethnicity/race is neutral as there is no identified direct, positive or indirect discrimination <i>*Expand box as required</i>
Neutral ✓	
Negative	
Evidence: The tenant satisfaction survey sent to all tenants gives the opportunity to express if tenants feel that they get value for money. People are free to make their comments and concerns known by returning the survey <i>*Expand box as required</i>	
Sources used: Tenant and Leaseholder Panel Tenant Satisfaction Survey Census 2021 data Office for National Statistics (ONS) data CORE data <i>*Expand box as required</i>	

Protected Characteristic - Religion/faith: Consider people from different religions or beliefs including those with no religion or belief	
<i>Please tick (✓) the relevant box:</i>	
Positive	Overall impact: Increasing rents and service charges will enable the Council to continue to provide safe affordable housing for rent
Neutral ✓	

Negative		<p>The predicted impact of the rent and service charge setting for 2023-24 on religion/faith is neutral as there is no identified direct, positive or indirect discrimination</p> <p style="text-align: right;"><i>*Expand box as required</i></p>
<p>Evidence:</p> <p>The tenant satisfaction survey sent to all tenants gives the opportunity to express if tenants feel that they get value for money. People are free to make their comments and concerns known by returning the survey</p> <p style="text-align: right;"><i>Expand box as required</i></p>		
<p>Sources used:</p> <p>Tenant and Leaseholder Panel Tenant Satisfaction Survey Census 2021 data Office for National Statistics (ONS) data CORE data</p> <p style="text-align: right;"><i>*Expand box as required</i></p>		

<p>Protected Characteristic - Sexual orientation: Consider people who are heterosexual, lesbian, gay or bisexual</p>		
<p><i>Please tick (✓) the relevant box:</i></p>		<p>Overall impact:</p>
<p>Positive</p>		<p>Increasing rents and service charges will enable the Council to continue to provide safe affordable housing for rent</p>
<p>Neutral</p>	<p>✓</p>	<p>The predicted impact of the rent and service charge setting for 2023-24 on sexual orientation is neutral as there is no identified direct, positive or indirect discrimination</p>
<p>Negative</p>		<p style="text-align: right;"><i>*Expand box as required</i></p>
<p>Evidence:</p> <p>The tenant satisfaction survey sent to all tenants gives the opportunity to express if tenants feel that they get value for money. People are free to make their comments and concerns known by returning the survey</p> <p style="text-align: right;"><i>*Expand box as required</i></p>		
<p>Sources used:</p> <p>Tenant and Leaseholder Panel Tenant Satisfaction Survey Census 2021 data Office for National Statistics (ONS) data CORE data</p> <p style="text-align: right;"><i>*Expand box as required</i></p>		

Protected Characteristic - Gender reassignment: Consider people who are seeking, undergoing or have received gender reassignment surgery, as well as people whose gender identity is different from their gender at birth		
<i>Please tick (✓) the relevant box:</i>		Overall impact:
Positive		Increasing rents and service charges will enable the Council to continue to provide safe affordable housing for rent The predicted impact of the rent and service charge setting for 2023-24 on people who are seeking, undergoing or have received gender reassignment surgery is neutral as there is no identified direct, positive or indirect discrimination <i>*Expand box as required</i>
Neutral	✓	
Negative		
Evidence: The tenant satisfaction survey sent to all tenants gives the opportunity to express if tenants feel that they get value for money. People are free to make their comments and concerns known by returning the survey <i>*Expand box as required</i>		
Sources used: Tenant and Leaseholder Panel Tenant Satisfaction Survey Census 2021 data Office for National Statistics (ONS) data CORE data <i>*Expand box as required</i>		

Protected Characteristic - Marriage/civil partnership: Consider people in a marriage or civil partnership	
<i>Please tick (✓) the relevant box:</i>	
Positive	<input type="checkbox"/>
Neutral	<input checked="" type="checkbox"/>
Negative	<input type="checkbox"/>
<p>Overall impact:</p> <p>Increasing rents and service charges will enable the Council to continue to provide safe affordable housing for rent</p> <p>The predicted impact of the rent and service charge setting for 2023-24 for marriage/civil partnership is neutral as there is no identified direct, positive or indirect discrimination</p> <p><i>*Expand box as required</i></p>	
<p>Evidence:</p> <p>The tenant satisfaction survey sent to all tenants gives the opportunity to express if tenants feel that they get value for money. People are free to make their comments and concerns known by returning the survey</p> <p><i>*Expand box as required</i></p>	
<p>Sources used:</p> <p>Tenant and Leaseholder Panel Tenant Satisfaction Survey Census 2021 data Office for National Statistics (ONS) data CORE data</p>	

Protected Characteristic - Pregnancy, maternity and paternity: Consider those who are pregnant and those who are undertaking maternity or paternity leave

<i>Please tick (✓) the relevant box:</i>		Overall impact:
Positive		Increasing rents and service charges will enable the Council to continue to provide safe affordable housing for rent
Neutral	✓	The predicted impact of the rent and service charge setting for 2023-24 for pregnancy, maternity and paternity is neutral as there is no identified direct, positive or indirect discrimination
Negative		

**Expand box as required*

Evidence:

The tenant satisfaction survey sent to all tenants gives the opportunity to express if tenants feel that they get value for money. People are free to make their comments and concerns known by returning the survey

**Expand box as required*

Sources used:

Tenant and Leaseholder Panel
 Tenant Satisfaction Survey
 Census 2021 data
 Office for National Statistics (ONS) data
 CORE data

**Expand box as required*

Socio-economic status: Consider those who are from low income or financially excluded backgrounds

<i>Please tick (✓) the relevant box:</i>		Overall impact:
Positive		For most people, who are from low income or financially excluded backgrounds, social housing is the only available option. Increasing rents and service charges will enable the Council to continue to provide safe affordable housing for rent.
Neutral		
Negative	✓	The predicted impact of the rent setting for 2023-24 for those who are from low income or financially excluded backgrounds, living in general needs accommodation, is neutral as there is no identified direct, positive or indirect discrimination.

	<p>Rents are kept within the housing allowances for the areas and will therefore be covered for those on benefits</p> <p>Guidance and support will be given to those tenants who have problems managing their finances</p> <p>Negative impact for those living in sheltered accommodation facing the higher heating element of the service charge. This is however offset by various Government grants.</p> <p style="text-align: right;"><i>*Expand box as required</i></p>
<p>Evidence:</p> <p>The increase in the heating element of the service charge for 2023-24 will have an adverse impact on those people living in sheltered accommodation.</p> <p>The tenant satisfaction survey sent to all tenants gives the opportunity to express if tenants feel that they get value for money. People are free to make their comments and concerns known by returning the survey</p> <p style="text-align: right;"><i>*Expand box as required</i></p>	
<p>Sources used:</p> <p>Tenant and Leaseholder Panel Tenant Satisfaction Survey Census 2021 data Office for National Statistics (ONS) data CORE data</p> <p style="text-align: right;"><i>*Expand box as required</i></p>	

<p>Health & Wellbeing Impact: Consider both short and long-term impacts of the activity on a person's physical and mental health, particularly for disadvantaged, vulnerable or at-risk groups. Can health and wellbeing be positively promoted through this activity? Please use the Health and Wellbeing Impact Tool in Appendix 2 to help you answer this question.</p>	
<p><i>Please tick (✓) all the relevant boxes that apply:</i></p>	<p>Overall impact:</p> <p>Increasing rents and service charges will enable the Council to continue to provide safe affordable housing for rent.</p> <p>Negative impact for those living in sheltered accommodation facing the higher heating element of the service charge. This is however offset by various Government grants.</p> <p style="text-align: right;"><i>*Expand box as required</i></p> <p>Do you consider that a more in-depth HIA is required as a result of this brief assessment?</p> <p style="text-align: right;">No</p>
<p>Positive</p>	<input type="checkbox"/>
<p>Neutral</p>	<input checked="" type="checkbox"/>
<p>Negative</p>	<input type="checkbox"/>

Evidence:

There should be a positive health & wellbeing impact on people's personal circumstances, access to services and social factors relating to housing.

**Expand box as required*

Sources used:




Health & wellbeing impact tool

**Expand box as required*

3. Outcome of the Assessment

The EqHIA assessment is intended to be used as an improvement tool to make sure the activity maximises the positive impacts and eliminates or minimises the negative impacts. The possible outcomes of the assessment are listed below and what the next steps to take are:

Please tick (✓) what the overall outcome of your assessment was:

	1. The EqHIA identified <u>no significant concerns</u> OR the identified <u>negative concerns</u> have already been <u>addressed</u>		Proceed with implementation of your activity
	2. The EqHIA identified some <u>negative impact</u> which still needs to be <u>addressed</u>		COMPLETE SECTION 4: Complete action plan and finalise the EqHIA
	3. The EqHIA identified some <u>major concerns</u> and showed that it is <u>impossible to diminish negative impacts</u> from the activity to an acceptable or even lawful level		Stop and remove the activity or revise the activity thoroughly. Complete an EqHIA on the revised proposal.

4. Action Plan

The real value of completing an EqHIA comes from the identifying the actions that can be taken to eliminate/minimise negative impacts and enhance/optimize positive impacts. In this section you should list the specific actions that set out how you will address any negative equality and health & wellbeing impacts you have identified in this assessment. Please ensure that your action plan is: more than just a list of proposals and good intentions; sets ambitious yet achievable outcomes and timescales; and is clear about resource implications.

Protected characteristic / health & wellbeing impact	Identified Negative or Positive impact	Recommended actions to mitigate Negative impact* or further promote Positive impact	Outcomes and monitoring**	Timescale	Lead officer
Age	Heating element of the service charge for those living in sheltered accommodation	Proactive engagement with the Housing Team to identify and support those most affected	Those at risk identified through rent arrears monitoring, tenant meetings and general interaction with sheltered unit residents	12 months	Judith Snares

Add further rows as necessary

* You should include details of any future consultations and any actions to be undertaken to mitigate negative impacts

** Monitoring: You should state how the impact (positive or negative) will be monitored; what outcome measures will be used; the known (or likely) data source for outcome measurements; how regularly it will be monitored; and who will be monitoring it (if this is different from the lead officer).

5. Review

Review:

Annual review

Scheduled date of review: 11/10/23

Lead Officer conducting the review: Assistant Director Housing Health and Communities

**Expand box as required*

In this section you should identify how frequently the EqHIA will be reviewed; the date for next review; and who will be reviewing it.

General Fund Budget and Council Tax – 2023/24

Summary

1. This report sets the revenue budget for the General Fund and the Council Tax Requirement for 2023/24. This budget must be considered alongside the Medium Term Financial Strategy (Appendix C), and the report by the Director of Finance and Corporate Services (Section 151 Officer) on the robustness of estimates and adequacy of reserves, made under section 25 of the Local Government Act 2003 (Appendix A).
2. The budget is based on the provisional local government finance settlement which was published by the government on 19 December 2022, and direction from the Cabinet on their priorities and council tax increases.
3. The proposed budget shows a Council Tax Requirement of £6,694,027, which is equivalent to £171.61 for a band D property, representing a £5.00 increase on the 2022/23 amount.
4. The Council is required by statute to set a balanced budget in advance of each financial year. This will be achieved for 2023/24 by the use of £4.457 million of reserves. This includes a net drawdown of £1.790 million for planned specific purposes, and a further £2.667 million to cover a general deficit in the General Fund. Whilst the Council has sufficient reserves to fund this deficit for at least the next two years, action will be required to identify ongoing savings and reduce this structural deficit in the medium term. This is dealt with in more detail within the Council's Medium Term Financial Strategy (Appendix C).
5. The estimates in this report are based on the recommended Commercial Strategy (Appendix B), Medium Term Financial Strategy (Appendix C), Treasury Management Strategy (Appendix D), Capital Strategy (Appendix E), Capital Programme (Appendix F), and Housing Revenue Account budget (Appendix G).

Council Tax

6. In calculating council tax, the Council is required to estimate the average number of households contributing to the council tax requirement over the coming year (known as the taxbase). This calculation takes into account those in receipt of discounts and exemptions, including under the Local Council Tax Support (LCTS) scheme. The taxbase calculation for 2023/24 is set out in the following table:

Council Taxbase	2023/24	2022/23	% Change
Band D equivalent properties before LCTS discounts	40,963.33	40,477.10	1.20%
Band D equivalent discounts under LCTS scheme	(1,956.12)	(2,041.40)	-4.18%
Net taxbase	39,007.21	38,435.70	1.49%
Band D council tax (£)	171.61	166.61	3.00%
Council tax yield (£)	6,694,027	6,403,772	4.53%

7. In 2022/23, the Uttlesford District Council (UDC) element of council tax for a band D property was set at £166.61. In accordance with the Cabinet's guidance, an increase of £5.00 has been assumed for the purpose of preparing this report, giving a UDC band D council tax figure for

2023/24 of £171.61. Multiplied by the taxbase, this produces a council tax yield of £6,694,027, which balances against the Council Tax Requirement as required by statute.

8. The increase in council tax yield results from a combination of an increased taxbase and the £5.00 increase to band D council tax, as follows:

Council Tax Yield		£
2021/22 council tax yield		6,403,772
Additional income arising from taxbase increases		95,219
Additional income arising from £5.00 increase in band D council tax		195,036
2022/23 council tax yield		6,694,027

9. The Council is required to set council tax for other property bands by reference to the band D amount, as set out in the following table:

Council Tax Band	Proportion of Band D Charge	UDC Council Tax		Increase
		2023/24 £	2022/23 £	£
A	6/9	114.41	111.07	3.34
B	7/9	133.47	129.59	3.88
C	8/9	152.54	148.10	4.44
D	9/9	171.61	166.61	5.00
E	11/9	209.75	203.63	6.12
F	13/9	247.88	240.66	7.22
G	15/9	286.02	277.68	8.34
H	18/9	343.22	333.22	10.00

10. For 2023/24, it is proposed by officers that the additional income of £195,036 generated by the £5.00 increase in band D council tax will be put into a Cost of Living Support Fund. This will be used to provide council tax discounts to households who may be experiencing hardship, with a particular focus on those who are not eligible for other forms of support. Work is ongoing to establish the eligibility criteria for the fund, and a report will be taken to Cabinet for approval in due course.

Budget Consultation

11. A budget consultation was undertaken between 21 September and 31 October 2022. The Council sought the views of residents, partners and those who work within the district as it began the process of setting the budget for the 2023/24 financial year. A total of 145 responses were received.
12. The consultation asked for views on the Council's corporate priorities, and the future resourcing of specific service areas. An open text box was provided for respondents to express their views if they felt a different priority should be set by the Council. Feedback was also sought from residents regarding whether the UDC share of council tax represents value for money.
13. Key findings are set out below and the full report can be found at Appendix I:

- i. Corporate plan priorities – the percentage of respondents who ‘somewhat agree’ or ‘definitely agree’ that these priorities are the right ones for 2023/24:
 - Putting residents first – 90%
 - Active place-maker for our towns and villages – 76%
 - Progressive custodian of our rural environment – 81%
 - Champion for our district – 80%
- ii. Value for money – 56% of respondents ‘strongly agree’ or ‘tend to agree’ that the council provides value for money, whilst 27% ‘strongly disagree’ or ‘tend to disagree’ (with the remainder answering ‘neither agree nor disagree’ or ‘don’t know’).
- iii. Council services – the services which ranked highest in terms of respondents classifying them as ‘very important’ or ‘fairly important’ were as follows:-
 - Refuse and recycling collection – 96%
 - Action to develop cleaner neighbourhoods and to tackle environmental crime such as fly tipping – 92%
 - Pollution control – 90%

General Fund Budget

14. A summary of the 2023/24 General Fund budget is shown in the table below. A more detailed summary is set out at Annexe H1, and each portfolio budget is shown at Annexe H2.

General Fund Budget	2022/23 Original Budget £'000	2022/23 Current Budget £'000	2023/24 Original Budget £'000	Increase/ (Decrease) £'000
Service portfolios				
Communities & Partnerships	1,066	1,066	1,317	251
Housing & Economic Development	2,699	2,699	2,815	116
Environmental Services	5,812	5,812	5,846	34
Finance & Administration	7,765	7,946	9,273	1,327
Subtotal - Service portfolios	17,342	17,523	19,251	1,728
Investment property	(5,658)	(5,658)	(760)	4,898
Corporate items				
Capital financing	1,849	4,136	2,441	(1,695)
Net recharges to Housing Revenue Account (HRA)	(1,747)	(1,747)	(1,967)	(220)
Other corporate items	426	426	542	116
Subtotal - Corporate items	528	2,815	1,016	(1,799)
External funding				
Retained business rates (including S31 grants)	(3,774)	(3,774)	(5,272)	(1,498)
Collection fund (surplus)/deficit	(559)	(559)	249	808
Government grants	(3,217)	(3,217)	(3,333)	(116)
Subtotal - External funding	(7,550)	(7,550)	(8,356)	(806)
Subtotal - Net operating expenditure	4,662	7,130	11,151	4,021
Transfers to/(from) earmarked reserves	1,742	(726)	(4,457)	(3,731)
Total - Council tax requirement	6,404	6,404	6,694	290
Council tax	(6,404)	(6,404)	(6,694)	(290)
(Surplus)/deficit	-	-	-	-

15. The budget for 2023/24 has been balanced through the use of £4.457 million of revenue reserves, including a net drawdown on £1.790 million for planned specific purposes, and a further £2.667 million to cover a general deficit in the General Fund. It is proposed that this general deficit is funded from the Medium Term Financial Strategy reserve, and the budget has been prepared on this basis. Further work will be required to reduce this deficit over the coming years, as set out in the Medium Term Financial Strategy (Appendix C).

Service Portfolios

16. The following table summarises movements in direct service portfolio budgets from the previous year:

Service Portfolio Budget Movements	£'000
2022/23 current budget	17,523
Remove one-off items	(1,496)
2022/23 base budget	16,027
Inescapable growth (e.g. inflation, utility costs, staff pay awards)	2,754
Service investment	949
Efficiency savings	(219)
Changes to income	(1,002)
Other adjustments	742
2023/24 proposed budget	19,251

17. As shown above, the Council is facing significant budgetary pressure from factors outside of its control, such as high general inflation, increased utility costs, and the impact of nationally negotiated staff pay awards. These factors form the bulk of the increase to service budgets for 2023/24.
18. Due to the extent of the external pressures the Council is facing, the opportunities for service investment in 2023/24 are extremely limited. In setting the budget, such investment has only been permitted if it relates to decisions already taken (e.g. staff restructures already effected in 2022/23), or if it can be demonstrated that there is no net cost to the Council (e.g. because it can be funded from existing earmarked reserves, or generates its own external income stream).
19. Whilst there was no formal programme for efficiency savings during the current budget setting round, services have been encouraged to identify opportunities both for reducing costs and increasing income where possible. Going forwards, the Blueprint Uttlesford programme will be the primary vehicle through which efficiency savings are delivered over the medium term, as set out in more detail in the Medium Term Financial Strategy (Appendix C).
20. In light of the current budgetary pressure, the Council has also taken the opportunity to review existing service budgets to ensure that these are aligned with current spend, in order to ensure the most accurate baseline as the Blueprint Uttlesford process commences. Where service budgets have been increased or decreased as a result of this review, without changes to the underlying service or the way in which it operates, these changes have been recorded within the 'other adjustments' line in the table above.

21. The service centres with the largest year-on-year movements are set out in the following table:

Service Centres with Budget Movement >£100k	2022/23 Current Budget £'000	2023/24 Original Budget £'000	Increase/ (Decrease) £'000	Main Reasons for Budget Movement
Communities & Partnerships				
Grants & Contributions	518	369	(149)	Ending of 3 year Sports Provision - Major Projects grant programme
Private Finance Initiative	34	451	417	Contractual increases to net Private Finance Initiative (PFI) charge payable to operator in respect of general inflation and significant additional utility costs
Environmental Services				
Development Control	591	194	(397)	Includes a £360k forecast increase in planning fees - in 2022/23 the income budget was reduced by £560k following designation, but fee income has held up better than expected so some of this budget can now be reinstated
Depots	65	(50)	(115)	Reflects new income stream and cost savings (rates and utilities) from letting out the old depot site at Shire Hill
Licensing	(206)	(48)	158	Includes a £124k forecast reduction in income from taxi licensing due mainly to a fall in demand
Planning Policy	1,931	1,696	(235)	Reduction in budgeted spend on Local Plan - see 'Local Plan' section below
Waste Management	428	543	115	Includes increase of £369k in budgeted staff costs due mainly to high number of staff in the service, but also as a result of restructure and regrading of posts which has taken place during 2022/23 - partially offset by £217k forecast increase in income from garden waste, trade waste, food waste and recycling
Finance & Administration				
Benefits Admin	343	467	124	Includes reductions in grant income totalling £63k from the removal of one-off funding in 2022/23 and the ending of specific Local Council Tax Support (LCTS) administration grant from 2023/24 (which will now be rolled into the main finance settlement) - the remaining difference primarily relates to staff pay award
Contract, Performance and Risk Management	-	181	181	New service centre following reorganisation - funded through virements from other service centres
Corporate Management	1,724	2,418	694	Includes £516k budget to reflect current expenditure on agency staff across the Council in hard to recruit areas (Planning, Legal and Finance) - also £98k virement from Financial Services following 2022/23 restructure which created new post of Assistant Director - Finance
Conducting Elections	-	100	100	Net cost (after part funding from parish councils and central government) of running elections in May 2023
Information Technology	1,710	1,823	113	Includes £61k of inflationary pressure on software licenses and support costs - most of the remaining difference relates to staff pay award and net cost of restructure which took place in 2022/23
Offices	406	603	197	Includes a forecast £136k increase in utility costs across the Council's 3 main office buildings - also £114k net cost of service restructure in 2022/23, offset by £111k additional rental income
Council Tax Discounts	127	(16)	(143)	Includes forecast increased income from the Essex preceptor shareback scheme of £158k reflecting our ongoing high collection rates and proposed changes to the scheme

22. Direct service budgets are fully broken down by portfolio at Annexe H2, and a detailed list of all changes greater than £10,000 is set out at Annexe H3.
23. A subjective analysis of net service expenditure is detailed below:

Service Portfolio Budget by Subjective	2022/23 Original Budget £'000	2022/23 Current Budget £'000	2023/24 Original Budget £'000	Increase/ (Decrease) £'000
Service portfolio expenditure				
Employees	14,464	14,464	16,927	2,463
Premises	1,227	1,227	1,503	276
Transport	572	572	611	39
Supplies and services	9,267	9,267	9,134	(133)
Third party payments	343	343	351	8
Transfer payments	11,608	11,789	11,672	(117)
Subtotal - Service portfolio expenditure	37,481	37,662	40,198	2,536
Service portfolio income				
External funding	(1,738)	(1,738)	(1,936)	(198)
Fees and charges	(5,747)	(5,747)	(6,448)	(701)
Specific government grants	(12,295)	(12,295)	(12,132)	163
Other income	(359)	(359)	(431)	(72)
Subtotal - Service portfolio income	(20,139)	(20,139)	(20,947)	(808)
Net service portfolio expenditure	17,342	17,523	19,251	1,728

24. Employee budgets have increased significantly due mainly to the impact of staff pay awards and contractual incremental increases. Staff pay awards are negotiated nationally by the National Joint Council for Local Government Services (NJC), and given the current high levels of inflation the pay increase agreed for 2022/23 was substantially above the assumption made when setting the 2022/23 budget. As a result, the 2023/24 budget needs to include an element of 'catch up', meaning that the figures above effectively include almost 2 years' worth of pay increases.
25. The employee budget also include an increase of £516,000 in respect of the cost of employing agency staff in hard to recruit areas (particularly Planning, Legal and Finance). This is based upon current spend – although clearly should it prove possible to recruit to some of the vacant posts during the year then there is an opportunity for savings to be realised against this budget.
26. Employee costs have also been affected by the latest triennial revaluation of the Essex Pension Fund, which has determined that the Council's primary contribution rate should increase from 20.2% to 22.2% of pensionable pay with effect from 1 April 2023.
27. The increase in premises costs is driven largely by higher utility bills across the Council's estate.
28. The increase in fees and charges income includes £360,000 relating to planning fees. In February 2022, the Council was 'designated' under Section 62A of the Town and Country Planning Act 1990 in regard to the consideration of major planning applications. This means that applicants for major development have the option of applying directly to the Planning Inspectorate, for which the Council receives no fee. As a result, the planning fee income budget was reduced by £560,000 in 2022/23. However, in the event the number of

applications made directly to the Planning Inspectorate has been relatively low, and fee income has held up better than expected. As a result, the budget is being increased by £360,000 in 2023/24. Other changes to fees and charges income are included within Annexe H3.

Local Plan

29. The Council is currently in the process of developing a new Local Plan. This is a substantial piece of work which has been underway for a number of years, and further information on the process and timetable is available on the Council's website.
30. Development of a Local Plan requires significant financial investment over a number of years, therefore a multi-year budget has been set for this work which is reviewed on an annual basis.
31. The table below sets out the Local Plan budget as last reviewed in February 2022, together with an updated proposal which forms part of this General Fund budget and the Medium Term Financial Strategy (Appendix C):

Local Plan Expenditure and Financing	2022/23 Forecast £'000	2023/24 Budget £'000	2024/25 Forecast £'000	2025/26 Forecast £'000	2026/27 Forecast £'000	Total £'000
Approved as part of Medium Term Financial Strategy in February 2022						
Total net expenditure	1,867	1,217	783	611	636	5,114
Funding from sustainable communities reserve	(720)	(148)	-	-	-	(868)
Net impact on unallocated reserves	1,147	1,069	783	611	636	4,246
Updated proposal						
Total net expenditure	1,368	1,681	1,321	569	568	5,507
Funding from sustainable communities reserve	(221)	(417)	-	(416)	(416)	(1,470)
Net impact on unallocated reserves	1,147	1,264	1,321	153	152	4,037

32. The table above shows a significant forecast underspend of £499,000 in 2022/23, which has arisen as a result of delays to the Local Plan process. As a result, expenditure in future years has been reprofiled, and total costs over the 5 years from 2022/23 to 2026/27 increased by £393,000.
33. The costs of the Local Plan are partly funded by the Sustainable Communities reserve which has been set aside for this purpose. The underspend in 2022/23 will be returned to this reserve, which, together with a further underspend in 2021/22, means that there is now £602,000 more available in this reserve than was assumed when setting last year's budget. This means that the additional costs will be more than covered by the specific reserves set aside.
34. Given the financial pressures which the Council is likely to face in the later years of the plan (as set out in the Medium Term Financial Strategy), the use of the Sustainable Communities reserve will now be spread over the life of the work, rather than being utilised in the first two years as proposed last year. There will be no drawdown from reserves in 2024/25, where projections currently show the Council's budget gap to be lowest.

Investment Property

35. Over the past few years, in line with its Commercial Strategy (Appendix B), the Council has acquired a substantial portfolio of investment property, valued at £226 million as at 31 March 2022. The income generated through this portfolio is used to support General Fund services to a significant extent, with a net contribution (after associated borrowing costs) of £4.582 million currently forecast for 2022/23.
36. The investments continue to perform well, and budgeted income (net of management costs) will increase by £200,000 to £11.974 million in 2023/24. This is due to a number of factors,

including a recent rent review and the anticipated completion of construction on the one remaining unfinished property before the start of the year.

37. However, the current economic conditions and rising interest rates in the UK have led to a significant increase in the cost of borrowing required to support this portfolio. During 2022/23, the Council took action to mitigate future risk by converting a total of £80 million of short-term borrowing with other local authorities into longer term borrowing from the Public Works Loan Board (PWLB) at fixed interest rates. Nevertheless, the budgeted borrowing costs associated with the investments will increase by £5.575 million in 2023/24, to a total of £8.410 million.
38. The Council is also required by statute to make an annual charge to revenue in respect of capital expenditure financed through borrowing, known as the minimum revenue provision (MRP). For 2023/24 this will be £2.804 million, which represents a reduction of £477,000 on the 2022/23 budget. This is primarily because MRP is calculated on an annuity basis, meaning that higher initial borrowing costs lead to a lower charge to MRP in the earlier years of an asset's life. This serves to partially mitigate the increased borrowing costs in the short term, albeit to a small degree.
39. The impact of all of the above is that the investment property portfolio is budgeted to make a net contribution to the General Fund of £760,000 in 2023/24. Whilst substantially less than in previous years, some comfort can be drawn from the fact that the investments continue to deliver a positive contribution even in a year of relative economic adversity. This contribution is expected to grow again in future years as rental income increases and interest rates start to fall – this can be seen in detail in the Medium Term Financial Strategy (Appendix C).
40. Further information on the Council's investment properties can be found in the Commercial Strategy (Appendix B), and full details of the Council's approach to borrowing are set out in the Treasury Management Strategy (Appendix D).

Corporate Costs

41. The capital financing budget covers both the MRP charge on existing Council assets (excluding investment properties), and also the cost of any new capital expenditure to be financed from revenue resources during the year. Such expenditure by its nature will fluctuate year-on-year depending on the Capital Programme. The Capital Programme for 2023/24 shows capital expenditure of £1.297 million to be funded from revenue resources (including slippage from earlier years), which is a reduction of £1.489 million on the 2022/23 budget. Full details of the Council's Capital Programme are set out at Appendix F.
42. Recharges to the Housing Revenue Account (HRA) are calculated on the basis of estimated costs, therefore the increase in these of £220,000 (or 13%) broadly reflects the increases to service budgets across the Council. At the year-end, an exercise is carried out to ensure that the HRA is charged the correct amount based upon actual costs incurred.

External Funding

43. Retained business rates income is forecast to increase by £1.498 million to £5.272 million in 2023/24, following the business rates revaluation which will take place on 1 April 2023. However, there is a high degree of risk in relation to the level of business rate appeals which may be received, and the extent to which these are successful. The budget is currently based upon information provided to the Council by its external consultants, and this will be monitored continuously in case any adjustments are required.
44. The government have committed within the provisional local government finance settlement to ensuring that each Council sees at least a 3% increase in its core spending power, in cash terms. This has resulted in an increase of £116,000 to the budget for core government grants – although after taking into account the loss of other service grants such as the Local Council Tax Support scheme administration grant, the actual like-for-like increase is only £68,000.

45. The final local government finance settlement will be published in February 2023. Should there be any significant changes from the provisional settlement then members will be informed and the budget updated accordingly – however this is considered to be unlikely.

Risks and Assumptions

46. The key areas of risk to the achievement of the 2023/24 budget (both adverse and favourable) are detailed in the Section 25 Report – Robustness of Estimates and Adequacy of Reserves (Appendix A), together with the Section 151 Officer's assessment of the main assumptions used. A full analysis of key service portfolio financial risks and assumptions has also been included at Annexe H4.

Reserves

47. The forecast total reserves balance at 1 April 2023 will be £22.813 million. The 2023/24 budget assumes a net use of reserves of £4.457 million, leaving a forecast balance as at 31 March 2024 of £18.356 million. Forecast reserve movements are set out in detail below:

General Fund Revenue Reserves	Balance at 1 April 2022	Forecast Additions to Reserves 2022/23	Forecast Use of Reserves 2022/23	Forecast Transfers 2022/23	Forecast Balance at 31 March 2023	Budgeted Additions to Reserves 2023/24	Budgeted Use of Reserves 2023/24	Forecast Balance at 31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Ringfenced reserves								
Business rates	4,571	808	-	-	5,379	-	(220)	5,159
Capital slippage	2,350	-	(463)	(1,105)	782	-	(782)	-
Licensing	66	-	(20)	-	46	-	(29)	17
Leisure/Private Finance Initiative	1,102	-	-	-	1,102	-	(295)	807
Working balance	1,517	171	-	-	1,688	94	-	1,782
Total - Ringfenced reserves	9,606	979	(483)	(1,105)	8,997	94	(1,326)	7,765
Core reserves								
Commercial assets	1,060	2,200	-	740	4,000	1,000	-	5,000
Medium Term Financial Strategy	6,432	25	(1,519)	980	5,918	-	(2,867)	3,051
Strategic initiatives	1,663	-	(1,663)	-	-	-	-	-
Total - Core reserves	9,155	2,225	(3,182)	1,720	9,918	1,000	(2,867)	8,051
Member priorities								
Economic development	1,484	-	(266)	(615)	603	-	(330)	273
Planning	794	24	(18)	-	800	-	-	800
Sustainable communities	1,470	-	(221)	-	1,249	-	(417)	832
Major sports facilities	105	-	(105)	-	-	-	-	-
Climate change	625	320	(376)	-	569	-	(390)	179
Voluntary sector	41	-	(6)	-	35	-	-	35
Total - Member priorities	4,519	344	(992)	(615)	3,256	-	(1,137)	2,119
Grants								
Homelessness	357	-	(79)	-	278	-	(99)	179
Health and wellbeing	186	-	(29)	-	157	-	(24)	133
Air quality	-	121	-	-	121	-	(80)	41
Public health	-	86	-	-	86	-	(18)	68
Total - Grants	543	207	(108)	-	642	-	(221)	421
Total reserves	23,823	3,755	(4,765)	-	22,813	1,094	(5,551)	18,356

48. The Council sets a prudent minimum level of reserves known as the working balance, to manage unexpected financial impacts during the year. This amount is determined by the Section 151 Officer and is calculated by reference to variable gross income plus expenditure. The minimum working balance for 2023/24 will be £1.782 million.

49. The Medium Term Financial Strategy (MTFS) reserve is the only reserve available to support general expenditure. It has been built up using surpluses from previous financial years which have not yet been earmarked for a particular purpose, and can therefore be used to fund budget deficits which are one-off in nature, or over the medium-term whilst the Council transitions to a lower cost base. The forecast balance on the MTFS reserve as at 31 March 2024 is £3.051 million, which represents less than 2 years' worth of forecast General Fund deficits using current assumptions. Action will need to be taken to reduce costs before this reserve is fully utilised, and further detail is set out in the Medium Term Financial Strategy (Appendix C).
50. All other reserves are either legally ringfenced, or else otherwise earmarked by members for specific purposes. The main other reserves with movements during 2023/24 are as follows:-
- i. Business rates – collects unbudgeted surpluses from the business rates retention system and funds unbudgeted deficits – the planned use of £220,000 in 2023/24 represents the Council's share of the forecast deficit on the collection fund as at 31 March 2023, which will need to be repaid during 2023/24.
 - ii. Capital slippage – used to put aside budgeted revenue contributions to capital expenditure which is delayed beyond the year in which it was originally budgeted – the planned use of £782,000 in 2023/24 represents the latest forecast of the amount which will slip into 2023/24, but this will be updated as part of the 2022/23 year-end outturn report.
 - iii. Leisure/Private Finance Initiative – includes funds set aside to meet increased Private Finance Initiative (PFI) costs in future years arising from inflation and utility bills – the bulk of this reserve will be used over a 3 year period commencing in 2023/24 to cover increased utility bill support for the operator.
 - iv. Commercial assets – amounts set aside to cover the cost of refurbishment or reinstatement of commercial assets at the point of lease expiry, to ensure that they remain in a lettable or saleable condition such that the Council can continue to realise the value in its investments.
 - v. Economic development – currently used to finance the 3 year Economic Development Recovery Plan which commenced in 2022/23 (with a commitment of £1 million over the 3 years).
 - vi. Sustainable communities – used to smooth the costs of the new Local Plan – see 'Local Plan' section above.
 - vii. Climate change – used for the £1 million allocated by members over a 3 year period to support climate crisis projects.

Fees and Charges Review

51. Fees and charges have been reviewed in line with the Council's Pricing and Concessions Policy and Cabinet decisions where relevant. A schedule of proposed fees and charges is included at Annexe H5.
52. Where charges are statutory and outside the jurisdiction of the Council these have not been included but are available to view on the Council website.
53. It is requested that the Director of Finance and Corporate Services (Section 151 Officer) is given delegated authority to set and/or amend the fees and charges in relation to services which are operating in competition with commercial providers, for example trade waste. This is to ensure that appropriate fees can be negotiated in the Council's best interests, particularly where there is a change in market conditions.

List of Annexes

- Annexe H1 – General Fund Budget 2023/24

- Annexe H2 – General Fund Service Portfolio Budgets 2023/24
- Annexe H3 – General Fund Service Portfolio Budget Movements 2023/24
- Annexe H4 – General Fund Service Portfolio Risks and Assumptions
- Annexe H5 – General Fund Fees and Charges 2023/24
- Annexe H6 – Equality and Health Impact Assessment

General Fund Budget 2023/24	2022/23 Original Budget £'000	2022/23 Current Budget £'000	2023/24 Original Budget £'000	Increase/ (Decrease) £'000
Service portfolios				
Communities & Partnerships	1,066	1,066	1,317	251
Housing & Economic Development	2,699	2,699	2,815	116
Environmental Services	5,812	5,812	5,846	34
Finance & Administration	7,765	7,946	9,273	1,327
Subtotal - Service portfolios	17,342	17,523	19,251	1,728
Investment property				
Investment property income (net of management costs)	(11,774)	(11,774)	(11,974)	(200)
Borrowing costs	2,835	2,835	8,410	5,575
Minimum revenue provision (MRP)	3,281	3,281	2,804	(477)
Subtotal - Investment property	(5,658)	(5,658)	(760)	4,898
Corporate items				
Capital financing	1,849	4,136	2,441	(1,695)
Leisure PFI interest	348	348	334	(14)
Corporate pension costs (added years and deficit repair)	85	85	545	460
Treasury investment income	(7)	(7)	(337)	(330)
Net recharges to Housing Revenue Account (HRA)	(1,747)	(1,747)	(1,967)	(220)
Subtotal - Corporate items	528	2,815	1,016	(1,799)
External funding				
Retained business rates (including S31 grants)	(3,774)	(3,774)	(5,272)	(1,498)
Collection fund (surplus)/deficit	(559)	(559)	249	808
New Homes Bonus	(1,343)	(1,343)	(432)	911
Other government grants	(1,874)	(1,874)	(2,901)	(1,027)
Subtotal - External funding	(7,550)	(7,550)	(8,356)	(806)
Subtotal - Net operating expenditure	4,662	7,130	11,151	4,021
Transfers to/(from) earmarked reserves				
Ringfenced reserves	979	(1,308)	(1,232)	76
Core reserves	1,838	1,657	(1,867)	(3,524)
Member priority reserves	(1,075)	(1,075)	(1,137)	(62)
Grant reserves	-	-	(221)	(221)
Subtotal - Transfers to/(from) earmarked reserves	1,742	(726)	(4,457)	(3,731)
Total - Council tax requirement	6,404	6,404	6,694	290
Council tax	(6,404)	(6,404)	(6,694)	(290)
(Surplus)/deficit	-	-	-	-

Communities & Partnerships	2022/23 Original Budget £'000	2022/23 Current Budget £'000	2023/24 Original Budget £'000	Increase/ (Decrease) £'000
Community Information	21	21	23	2
Day Centres	95	95	95	-
Emergency Planning	34	34	35	1
Grants & Contributions	518	518	369	(149)
Leisure & Performance	48	48	-	(48)
Saffron Walden Museum	238	238	266	28
New Homes Bonus	78	78	78	-
Private Finance Initiative	34	34	451	417
Total - Communities & Partnerships	1,066	1,066	1,317	251

Housing & Economic Development	2022/23 Original Budget £'000	2022/23 Current Budget £'000	2023/24 Original Budget £'000	Increase/ (Decrease) £'000
Building Surveying	(40)	(40)	(97)	(57)
Committee Admin	311	311	345	34
Customer Services Centre	612	612	603	(9)
Democratic Representation	351	351	355	4
Economic Development	504	504	478	(26)
Climate Change	381	381	450	69
Health Improvement	193	193	228	35
Homelessness	138	138	190	52
Communications	249	249	263	14
Total - Housing & Economic Development	2,699	2,699	2,815	116

Environmental Services	2022/23 Original Budget £'000	2022/23 Current Budget £'000	2023/24 Original Budget £'000	Increase/ (Decrease) £'000
Animal Warden	7	7	4	(3)
Grounds Maintenance	373	373	445	72
Car Park	(458)	(458)	(432)	26
Development Control	591	591	194	(397)
Depots	65	65	(50)	(115)
Street Cleansing	425	425	466	41
Housing Strategy	60	60	72	12
Highways	7	7	80	73
Local Amenities	(12)	(12)	(13)	(1)
Licensing	(206)	(206)	(48)	158
Vehicle Management	477	477	560	83
Public Health	758	758	833	75
Planning Management	467	467	512	45
Planning Policy	1,931	1,931	1,696	(235)
Planning Specialists	218	218	265	47
Waste Management	428	428	543	115
Community Safety	383	383	393	10
Street Services	298	298	326	28
Total - Environmental Services	5,812	5,812	5,846	34

Finance & Administration	2022/23 Original Budget £'000	2022/23 Current Budget £'000	2023/24 Original Budget £'000	Increase/ (Decrease) £'000
Asset Management	95	95	136	41
Benefits Admin	343	343	467	124
Contract, Performance and Risk Management	-	-	181	181
Corporate Management	1,724	1,724	2,418	694
Central Services	432	432	454	22
Conducting Elections	-	-	100	100
Electoral Registration	35	35	34	(1)
Financial Services	1,210	1,210	1,116	(94)
Housing Benefits	149	149	143	(6)
Human Resources	383	383	408	25
Internal Audit	162	162	165	3
Information Technology	1,710	1,710	1,823	113
Land Charges	(57)	(57)	(53)	4
Legal Services	325	325	393	68
Local Taxation	(100)	(100)	(100)	-
Norse Partnership	409	409	437	28
Non Domestic Rates	(146)	(146)	(146)	-
Offices	406	406	603	197
Revenues Admin	739	739	710	(29)
Council Tax Discounts	(54)	127	(16)	(143)
Total - Finance & Administration	7,765	7,946	9,273	1,327

Remove One-off Items

Portfolio	Service	Description	Movement £'000
Communities & Partnerships	Grants & Contributions	Ending of 3 year Sports Provision - Major Projects grant programme	(150)
Environmental Services	Development Control	Remove budget for 1 year fixed term Enforcement Officer approved in 2022/23 - this post has not yet been filled but new funding has been requested assuming that the post is recruited in February 2023 - see 'Service Investment'	(29)
Environmental Services	Development Control	Remove one-off budget approved for 2022/23 in relation to S106 system implementation work	(24)
Environmental Services	Planning Policy	Planned reduction in Local Plan spend as part of 5-year plan set out in 2022/23 Medium Term Financial Strategy	(650)
Environmental Services	Planning Policy	Ending of 3 year member priority budget for neighbourhood planning	(50)
Finance & Administration	Benefits Admin	Remove one-off additional grant support budgeted in 2022/23	13
Finance & Administration	Corporate Management	Remove transformation costs originally approved for 5 years from 2022/23 - superceded by Blueprint Uttlesford programme	(250)
Finance & Administration	Corporate Management	Remove one-off Highways Panel funding - this amount is to be funded from reserves but will not be spent in 2022/23 so will be put forward again in 2023/24 - see 'Service Investment'	(100)
Finance & Administration	Housing Benefits	Remove one-off additional grant support budgeted in 2022/23	27
Finance & Administration	Legal Services	Remove one-off budget approved for additional agency staff in 2022/23	(11)
Finance & Administration	Revenues Admin	Remove one-off budget for fixed term administration support in 2022/23 (3 posts) - note that this is funded from the preceptor shareback scheme which is continuing for 2023/24, therefore some new funding has been requested to continue one of these posts - see 'Service Investment'	(82)
Finance & Administration	Council Tax Discounts	Remove one-off budget for hardship support in 2022/23 - a replacement scheme is being proposed for 2023/24 as set out under 'Service Investment'	(181)
Various	Various	Other items individually <£10,000	(9)
Total - Remove one-off items			(1,496)

Inescapable Growth

Portfolio	Service	Description	Movement	Duration
			£'000	
Various	Various	Estimated impact of staff pay awards and pay increment progression across the Council (including on-costs) - includes 2% increase to employer pension contributions as determined by scheme actuary	1,762	Ongoing
Various	Various	Estimated impact of increased utility costs across the Council's estate (excluding leisure PFI)	188	Ongoing
Communities & Partnerships	Private Finance Initiative	Contractual support to PFI operator in respect of increased utility costs	260	Ongoing
Communities & Partnerships	Private Finance Initiative	Inflationary increase to net PFI payments	158	Ongoing
Environmental Services	Vehicle Management	Estimated inflationary impact on vehicle maintenance costs	12	Ongoing
Environmental Services	Waste Management	Estimated inflationary impact on agency staff costs in waste service (to cover sickness and catch-up work)	12	Ongoing
Finance & Administration	Corporate Management	Estimated increase in external audit fees due to increased regulatory requirements	15	Ongoing
Finance & Administration	Conducting Elections	Gross budget required for District Council elections in May 2023	171	One-off - 1 year
Finance & Administration	Financial Services	Inflationary increase to insurance costs across the Council	32	Ongoing
Finance & Administration	Information Technology	Increase to software licence and support budgets based upon current actual spend and anticipated inflationary pressure	61	Ongoing
Finance & Administration	Norse Partnership	Inflationary increase to General Fund asset management and cleaning costs	28	Ongoing
Various	Various	Other items individually <£10,000	55	
Total - Inescapable growth			2,754	

Service Investment

Portfolio	Service	Description	Movement	Duration
			£'000	
Environmental Services	Grounds Maintenance	Specialist arborial services to continue programme of tree surveys in 2023/24	15	One-off - 1 year
Environmental Services	Development Control	Cost of providing pre-planning advice - will be reimbursed (see 'Changes to Income')	75	Ongoing
Environmental Services	Development Control	Funding for a fixed term Enforcement Officer - 10 months' funding in 2023/24 (post will be for 1 year commencing February 2023) - this is a rollover of funding agreed in 2022/23 for a post which has proven difficult to recruit to	36	One-off - 1 year
Environmental Services	Development Control	Additional consultancy costs - will be reimbursed (see 'Changes to Income')	15	Ongoing
Environmental Services	Planning Specialists	Fixed term Principal Ecologist agreed for 2 years as part of wider service restructure which will deliver savings to the ongoing budget in the longer term - see 'Efficiency Savings'	59	One-off - 2 years
Environmental Services	Waste Management	Net cost of waste restructure already actioned in 2022/23	66	Ongoing
Finance & Administration	Corporate Management	Reinstatement of Highways Panel funding for one year - to be funded from reserves not forecast to be spent in 2022/23	100	One-off - 1 year
Finance & Administration	Central Services	Increase to stationery budget due to increased volumes of external work and inflation - will generate additional net income (see 'Changes to Income')	10	Ongoing
Finance & Administration	Information Technology	Net cost of restructure already actioned in 2022/23	16	Ongoing
Finance & Administration	Legal Services	Net cost of restructure already actioned in 2022/23 - one new solicitor post created and two existing posts regraded	69	Ongoing
Finance & Administration	Offices	Net cost of restructure already actioned in 2022/23 - 3 new posts created and regrading of Asset Manager post	114	Ongoing
Finance & Administration	Revenues Admin	Fixed term Revenues Officer post to be funded from the preceptor shareback scheme	40	One-off - 1 year
Finance & Administration	Council Tax Discounts	Additional council tax support for households in exceptional hardship - funded through increase to Band D council tax	195	One-off - 1 year
Finance & Administration	Council Tax Discounts	Council tax discounts awarded to residents under new Council Tax Support Fund - grant funded by central government (see 'Changes to Income')	85	One-off - 1 year
Various	Various	Other items individually <£10,000	54	
Total - Service investment			949	

Efficiency Savings

Portfolio	Service	Description	Movement Duration £'000
Various	Various	Savings from renegotiation of Council mobile phone contract	(27) Ongoing
Housing & Economic Development	Committee Admin	Net saving from staff restructure in 2022-23	(13) Ongoing
Housing & Economic Development	Economic Development	Removal of budget allocation relating to previous Economic Development Strategy which has now been superceded by the 3 year Economic Development Recovery Plan	(35) Ongoing
Environmental Services	Development Control	Saving from bringing some ecology work in-house following restructure	(18) Ongoing
Environmental Services	Street Cleansing	Deletion of chargehand post as part of 2022-23 waste restructure	(34) Ongoing
Environmental Services	Public Health	Restructuring of Environmental Protection team in 2022-23	(11) Ongoing
Environmental Services	Planning Specialists	Net saving to permanent establishment budget from restructure already actioned in 2022/23 - note as part of this restructure an additional fixed term post has been agreed for a 2 year period as set out under 'Service Investment'	(31) Ongoing
Various	Various	Other items individually <£10,000	(50)
		Total - Efficiency savings	<u>(219)</u>

Changes to Income

Portfolio	Service	Description	Movement Duration £'000
Increases in income >£10,000			
Housing & Economic Development	Building Surveying	Reflects 15% increase in fees and greater volume of work expected	(95) Ongoing
Housing & Economic Development	Homelessness	Additional income from increased provision of temporary accommodation - associated costs of £52k included under 'Other Adjustments'	(40) Ongoing
Housing & Economic Development	Homelessness	Increase to Homelessness Prevention Grant allocation	(12) Ongoing
Environmental Services	Car Park	Net forecast increase in car park income across all car parks	(10) Ongoing
Environmental Services	Development Control	Forecast increase in planning application fees - budget was reduced substantially following designation, but fee income has held up better than expected so budget can now be increased (although still £200k lower than 2021/22 budget)	(360) Ongoing
Environmental Services	Development Control	Reimbursement of costs in relation to pre-planning advice - see 'Service Investment'	(75) Ongoing
Environmental Services	Development Control	Reimbursement of consultancy costs - see 'Service Investment'	(20) Ongoing
Environmental Services	Depots	New rental income stream from former depot at Shire Hill	(70) Ongoing
Environmental Services	Public Health	Increased income from food inspections	(23) Ongoing
Environmental Services	Planning Management	Street naming - increase to fees and introduction of new fees	(20) Ongoing
Environmental Services	Waste Management	Increase to garden waste income based upon planned fee increases and updated volume information (latest forecast is for £58k overachievement against budget in 2022/23 due to higher than budgeted volumes which are assumed to continue)	(110) Ongoing
Environmental Services	Waste Management	Increase to trade waste income based upon planned 8% fee increase and updated volume information	(66) Ongoing
Environmental Services	Waste Management	Forecast inflationary increases in recycling credit and food waste bulking income	(41) Ongoing
Finance & Administration	Central Services	Increased print room income from external contracts - increased volume of work and 8% fee increase (associated additional costs of £10k included within 'Service Investment')	(22) Ongoing
Finance & Administration	Conducting Elections	Estimated funding from parishes towards cost of elections in May 2023	(36) One-off - 1 year
Subtotal - Increases in income >£10,000 carried forward to next page			(1,000)

Portfolio	Service	Description	Movement Duration £'000
		Subtotal - Increases in income >£10,000 brought forward from previous page	(1,000)
Finance & Administration	Conducting Elections	New burdens funding from government towards additional costs related to Elections Act (e.g. voter identification)	(35) One-off - 1 year
Finance & Administration	Legal Services	Forecast increase in section 106 income	(28) Ongoing
Finance & Administration	Offices	Additional rental income in relation to office buildings at London Rd, Little Canfield and Walpole Meadow	(111) Ongoing
Finance & Administration	Revenues Admin	Forecast increased income from new council tax preceptor shareback arrangement for Essex	(58) One-off - 3 years
Finance & Administration	Council Tax Discounts	Forecast increased income from new council tax preceptor shareback arrangement for Essex	(158) One-off - 3 years
Finance & Administration	Council Tax Discounts	New Council Tax Support Fund grant funding from central government - to be used to provide council tax discounts to those in hardship (see 'Service Investment')	(85) One-off - 1 year
		Subtotal - Increases in income >£10,000	<u>(1,475)</u>
		Decreases in income >£10,000	
Environmental Services	Highways	Essex County Council funding of Highway Ranger Service will cease from 2023-24	65 Ongoing
Environmental Services	Licensing	Forecast net reduction in taxi licensing income due to reduced volume of work	124 Ongoing
Environmental Services	Waste Management	Reduction in budget for bin sales income to reflect actual current performance and future expectations	28 Ongoing
Finance & Administration	Benefits Admin	Local Council Tax Support administration subsidy has ended - this is rolled into the Council's core settlement from 2023/24	50 Ongoing
Finance & Administration	Conducting Elections	Removal of funding for Neighbourhood Plan Referendums as none expected in 2023/24 - associated cost saving included under 'Other Adjustments'	23 Ongoing
Finance & Administration	Housing Benefits	Forecast reduction in housing benefit subsidy income as a result of lower forecast expenditure - see 'Other Adjustments'	177 Ongoing
		Subtotal - Decreases in income >£10,000	<u>467</u>
Various	Various	Other items individually <£10,000	6
		Total - Changes to income	<u><u>(1,002)</u></u>

Other Adjustments

Portfolio	Service	Description	Movement	Duration
			£'000	
Communities & Partnerships	Day Centres	Reduction in budget for grants to be awarded in order to balance service budget in light of increases to premises costs	(29)	Ongoing
Communities & Partnerships	Day Centres	Reinstatement of premises costs removed from budget in anticipation of service outsourcing - the Council will now be supporting these costs going forwards, to be financed through a reduction in grants awarded	20	Ongoing
Housing & Economic Development	Climate Change	Reprofiling of spend from Climate Change Reserve	56	One-off - 1 year
Housing & Economic Development	Health Improvement	Reprofiling of spend from reserves	25	One-off - 1 year
Housing & Economic Development	Homelessness	Additional accommodation and furniture costs arising from increased demand for services, partially offset by additional income of £40k - see 'Changes to Income'	52	Ongoing
Environmental Services	Development Control	Reduced legal and consultancy budget for appeals due to lower anticipated volumes and more work undertaken in-house	(45)	Ongoing
Environmental Services	Development Control	Reduction to unallocated service investment budget as a result of changes to planning income and expenditure assumptions	(27)	Ongoing
Environmental Services	Development Control	Reduction in advertising budget to align with current actual spend	(20)	Ongoing
Environmental Services	Depots	Removal of budget for utility and premises costs at former depot at Shire Hill, as tenant is now responsible for these costs	(53)	Ongoing
Environmental Services	Street Cleansing	Increased budget for disposal costs to align with current actual spend	13	Ongoing
Environmental Services	Licensing	Historic correction to staffing budget due to incorrect rates used in base budget	23	Ongoing
Environmental Services	Vehicle Management	Increased vehicle maintenance budget to align with current actual spend	48	Ongoing
Environmental Services	Public Health	Increased budget for veterinary fees to align with current actual spend - to be funded from reserves for 2023/24	15	Ongoing
Environmental Services	Planning Policy	Rephasing of Local Plan spend due to delays in 2022/23 - there is a substantial underspend forecast for 2022/23 which will be added to the sustainable communities reserve being used to partially fund Local Plan expenditure over the next 4 years	463	One-off - 1 year
Subtotal - Other adjustments carried forward to next page			541	

Portfolio	Service	Description	Movement Duration £'000
		Subtotal - Other adjustments brought forward from previous page	541
Environmental Services	Waste Management	Estimated saving on waste disposal costs due to reductions in gate fee	(69) Ongoing
Environmental Services	Waste Management	Increased diesel budgets to align with current actual spend (with slight reduction to reflect fall in price per litre now bunkered fuel is available)	26 Ongoing
Environmental Services	Waste Management	Reduction to consultancy budget to align with current actual spend and future expectations	(10) Ongoing
Environmental Services	Community Safety	Removal of specific grant budgets from Community Safety service as these will now be funded from existing grant programmes under Grants & Contributions service	(11) Ongoing
Finance & Administration	Asset Management	Increased budget for planned repairs to align with current actual expenditure - this has increased over the past few years due to the age of the London Road offices and increase to the number of General Fund properties	91 Ongoing
Finance & Administration	Corporate Management	Budget to reflect current excess expenditure on agency staff in hard to recruit areas (Planning, Legal and Finance)	516 Ongoing
Finance & Administration	Conducting Elections	Removal of expenditure budgets for Neighbourhood Plan Referendums as none expected in 2023/24 - corresponding reduction in income included under 'Changes to Income'	(23) Ongoing
Finance & Administration	Financial Services	Reduction to budget for treasury management brokerage fees, as conversion of short-term borrowing to long-term borrowing in 2022/23 means a lower volume of refinancing transactions is anticipated in the future	(30) Ongoing
Finance & Administration	Housing Benefits	Reduction to housing benefit expenditure budget based upon latest forecast of actual expenditure - partially offset by a reduction to subsidy income included in 'Changes to Income'	(239) Ongoing
Finance & Administration	Housing Benefits	Increased budget for Discretionary Housing Payments to align with expected grant income to be received	23 Ongoing
Finance & Administration	Information Technology	Increased budgets for telephone and broadband costs based upon current actual spend and anticipated future inflation	11 Ongoing
		Subtotal - Other adjustments carried forward to next page	826

Portfolio	Service	Description	Movement Duration £'000
		Subtotal - Other adjustments brought forward from previous page	826
Finance & Administration	Legal Services	Increased budget for consulting solicitor fees to align more closely with current actual spend - although budget remains lower than 2022/23 forecast as more work is now being done in-house	10 Ongoing
Finance & Administration	Offices	Reduction in budget for premises costs and cleaning at Little Canfield offices based upon current actual spend and anticipated inflation	(16) Ongoing
Various	Various	Other items individually <£10,000	(78)
		Total - Other adjustments	742

Introduction

The tables below set out the key financial risks (both favourable and adverse) identified by budget managers in relation to the service portfolio budgets set for 2023/24. This is not intended to be an exhaustive list of all potential financial risks which could be faced by the Council, rather it highlights the areas in each service where it is considered most likely that outturn could differ from the budget, primarily for reasons outside of the Council’s control.

Key

Each risk is assessed using the following framework:-

Risk Framework	Low	Medium	High
Probability of variance arising	Possible, but unlikely	Probable	Almost certain
Impact (adverse and/or favourable)	£5,000 - £20,000	£20,001 - £50,000	> £50,000

Note that risks with an anticipated impact of less than £5,000 are not reported here.

Risks

Service Centre	Budget Item	Key Assumptions and/or Variable Outcomes	Probability of Variance Arising	Favourable Impact	Adverse Impact
All	Employee costs	The actual pay award agreed nationally for 2023/24 may vary from the assumptions made when setting the budget. Since employee costs represent a significant proportion of the Council's overall expenditure, even small variances to individual pay awards can have a significant impact over the Council as a whole.	High	High	High
All	Utility costs	Budgeted electricity and gas costs have been based upon forecasts provided by an external consultant. Fluctuations in energy costs and/or consumption may result in a charge which is higher or lower than budgeted.	Medium	Medium	Medium
Grants & Contributions	Grant expenditure	Possibility that budgeted amounts can not be fully paid out due to a lack of eligible grant applications.	Low	Medium	N/A
Saffron Walden Museum	Rental income	It has been assumed that the School House at the museum (which is currently void) will be rented out at the advertised rate of £16k per annum. If a tenant cannot be found, this income will be lost.	Medium	N/A	Low
New Homes Bonus	Ward Member Initiative grants	Possibility that budgeted amounts are not fully allocated by members.	Low	Low	N/A
Private Finance Initiative	Contract costs	If the PFI leisure contract does not provide value for money due to ineffective contract management then the Council may incur additional costs, or miss out on opportunities to identify cost savings or generate income.	Low	Medium	High
Building Surveying	Building control fees	There is a risk that the volume of building control work undertaken by the Council may be higher or lower than budgeted as this depends upon demand and general economic conditions for the construction industry.	Low	Medium	Medium

Service Centre	Budget Item	Key Assumptions and/or Variable Outcomes	Probability of Variance Arising	Favourable Impact	Adverse Impact
Building Surveying	Out of hours service	It is assumed that the current contract with Harlow District Council for the provision of an out of hours service continues. The contract requires 6 months' notice, so there is a risk that they will cancel during the year resulting in a loss of income.	Low	N/A	Low
Customer Services Centre	All budget lines	With the new ways of working in the provision of customer services, it is not yet known what format the Customer Services Centre will operate in and from which locations. There is a risk that there could be variances to the budget set due to required investment in remote technology and support and the provision of additional 'self-serve' technology.	High	Medium	Medium
Democratic Representation	Members' allowances	The budget for members' allowances is based upon current expenditure with a 3% increase as proposed by the independent panel. Currently, there are 8 portfolio holders who take a voluntary 45% reduction to their allowance, which is factored into the current budget. Following elections in May, it is possible that the new members may not take this voluntary cut, which would lead to increased costs of up to £24,000.	Medium	N/A	Medium
Climate Change	Climate Change Action Plan	There is a risk that projects within the Climate Change Action Plan are not progressed and as a result expenditure will be lower than anticipated.	Medium	Medium	N/A
Health Improvement	Grant income	Risk that grant from Essex County Council may be reduced or removed due to budgetary pressures - this could be mitigated by reducing associated expenditure.	Low	N/A	Low
Homelessness	Accommodation costs and income	Risk of higher than anticipated take up of temporary accommodation due to cost of living crisis, refugees and other external factors. Should be mitigated to a large extent by increased income.	Medium	N/A	Low
Homelessness	Accommodation income	Risk of higher than anticipated levels of non-payment for temporary accommodation.	Medium	N/A	Low
Car Park	Bank charges	Bank charges have been based on all machines being cashless from 1 April 2023 as planned, and 56,000 transactions per month. However this may not actually be the case (there are currently only 19 cashless machines) in which case the costs will be lower than budgeted. It is also difficult to predict the level of transactions - this will also affect the level of bank charges incurred if transactions are higher than anticipated.	Medium	Medium	High
Car Park	Management fee	The management fee payable to the North Essex Parking Partnership has not yet been confirmed. A 5% increase has been allowed but the actual increase could be higher or lower.	Medium	Low	Low
Car Park	Penalty charge income	Penalty charge income has significantly reduced during 2022/23 due to a reduction in the number of PCNs issued. This has been raised with the Parking Partnership and the issues are anticipated to be resolved for 2023/24. However, if less PCNs continue to be issued the income will be reduced from the £80k which is in the budget.	Medium	N/A	Medium
Car Park	Catons Lane car park	The Council are currently still paying the electricity and rates charges for Catons Lane car park. However, it is understood that this should now be the responsibility of Saffron Walden Town Council and this will be raised with them in an effort to reduce costs.	Medium	Low	N/A
Development Control; Employee costs Planning Management; Planning Policy; Building Surveying; Planning Specialists		Recruitment and retention is a significant challenge across the planning service. If more vacancies arise which can not be recruited to then there may be a need to use agency staff which will come at increased cost.	Medium	N/A	High

Service Centre	Budget Item	Key Assumptions and/or Variable Outcomes	Probability of Variance Arising	Favourable Impact	Adverse Impact
Development Control	Planning appeals - legal costs	There is a risk that the level of planning appeals may be higher than assumed based upon historic experience, which would lead to higher legal costs.	Low	N/A	High
Development Control	Planning appeals - consultants	There is a risk that the level of appeals may be higher than assumed based upon historic experience, which would lead to higher consultancy costs.	Low	N/A	Medium
Development Control	Planning application fees	A recent white paper indicated that there will be a consultation with regard to increasing planning application fees (which are set nationally). Currently it is unknown when the consultation will be or for how long, and when any increase would be implemented. No increase has been assumed in the current budget, therefore if any increase is agreed this would lead to increased income.	High	High	N/A
Development Control	Planning application fees	It is assumed that planning applications will continue to come in at the current rate. There is a risk that activity will slow down due to the cost of living crisis and/or more applicants deciding to apply directly to the Planning Inspectorate.	Low	N/A	High
Development Control	S106 monitoring fees	It is assumed that s106 monitoring will bring in £70k of income, however the risk is that the cost of living crisis will mean a slow down in commencement/completion of work and therefore the income could be significantly reduced.	Low	N/A	Medium
Development Control	Pre-application fees	It is assumed that pre-applications will continue to come in at the current rate and fees have been increased in line with the time taken to complete these. There is a risk that activity will slow down due to the cost of living crisis or requests being submitted directly to the Planning Inspectorate.	Low	N/A	Medium
Development Control	Planning Performance Agreement income	It is assumed that planning applications will continue to come in at the current rate and there will be some strategic sites coming forward. There is a risk that activity will slow down due to the cost of living crisis or applications being submitted directly to the Planning Inspectorate.	Low	N/A	Medium
Licensing	Licensing	Possibility that an operator responsible for the majority of licensing application income will move their applications to another licensing authority.	Medium	N/A	High
Licensing	Licensing	Possibility that an operator responsible for the majority of licensing application income will substantially increase their applications to the Council.	Medium	Low	N/A
Public Health	Border inspection; Food inspection	Unpredictability of the number and types of consignments coming into Stansted Airport or any changes to work governed by legislative requirements (i.e. what needs to be sampled and at what % and frequency), and the implications and remaining uncertainty of revised border controls leading to change.	Medium	Low	High
Public Health	Border inspection; Food inspection	The land upon which the Border Control Post (BCP) facility is located has been sold to a developer. Its future is therefore uncertain. While discussions are ongoing, if the facility is not maintained or replaced it will no longer be possible to bring products of animal origin into the UK via Stansted. The lease for the current BCP has been extended until December 2023. The BCP is forecast to generate £153k net income which would be lost. As there is no dedicated BCP team (only one post is fully funded via cost recovery), with all officers having a degree of input, the loss of the income would significantly impact the wider service.	Medium	N/A	High

Service Centre	Budget Item	Key Assumptions and/or Variable Outcomes	Probability of Variance Arising	Favourable Impact	Adverse Impact
Public Health	Environmental health / licensing	Advice provided during the Covid-19 lockdown period is being challenged by an individual who interpreted it as authority to hold a gathering under the provision of a TENS. The gathering was held legally but in a modified form under police direction. The individual has indicated his intention to claim compensation. The Council will defend its actions and is confident of success but there remains a small risk of a successful claim and costs.	Low	N/A	Low
Public Health	ECC Better Care Fund allocation for Disabled Facilities Grants	There is a risk that the Better Care Fund allocation will reduce in 2023/24, although this is not currently anticipated. This could be mitigated to some extent by a reduction in expenditure.	Low	N/A	Medium
Public Health	Environmental protection / enforcement - Works in default	The Council has a statutory duty to carry out works in default to abate nuisance and harm. There is no specific provision in the budget for this, as cases are relatively rare - however if one did happen there is a risk that the Council would incur costs which it may not be able to recover in full.	Low	N/A	Low
Public Health	Contaminated land	The Council has a statutory duty to identify contaminated land. There is no specific provision in the budget for this, as cases are relatively rare - however such matters if they do occur can be complex and involve specialist consultants to test and provide advice.	Low	N/A	Low
Public Health	Planning consultation advice	Incorrect advice could prevent the adoption of mitigation measures to protect residential amenity. There is a risk of potential claims against the Council should this occur.	Low	N/A	Low
Planning Policy	Local Plan	An assumption has been made of what evidence and consultation work is still required to continue the Local Plan on the path to adoption. Regulation 18 consultation is due to take place in the middle of the financial year and this could identify areas of weakness which have not previously been identified, which could mean that further work is required at additional cost.	Low	N/A	High
Planning Specialists	Ecology	Following a service restructure in 2022/23, the budget assumes a reduction in the level of ecology work which needs to be outsourced to external specialists. There is a risk that there is too much work and the Council needs to rely on external ecologist support to a greater extent.	Low	N/A	Medium
Planning Specialists	Conservation	Following a service restructure in 2022/23, the budget assumes a reduction in the level of conservation work which needs to be outsourced to external specialists. There is a risk that there is too much work and the Council needs to rely on external conservation support to a greater extent.	Low	N/A	Medium
Waste Management	Waste and recycling gate fees	Market rates for recyclable materials remain fairly volatile. Uncertainty around European markets is mitigated to an extent by the Council's contractor spreading risks, however it could impact on costs / income.	Medium	Medium	Medium
Waste Management	Garden waste income	Budget assumes sales are higher than previous years due to an increased customer base, however the chargeable garden waste service may not reach expected levels.	Low	N/A	Low
Waste Management	Trade waste income	Income from trade waste customers may not continue at predicted levels or may be higher than anticipated	Medium	Medium	Medium
Waste Management	Agency costs	Agency budgets have been increased by inflation, however spend is dependant on sickness levels and the Council's ability to appoint to vacancies. Suppliers have increased their charges for LGV drivers due to the national shortage. Spend is therefore difficult to predict with certainty.	Medium	High	High
Waste Management	Agency costs	Agency costs could increase if there is another Covid-19 lockdown and staff have to shield.	Low	N/A	Medium
Waste Management	Container supply and delivery (new developments)	Budget has been set using estimated volumes based on anticipated new developments - may go up or down.	Medium	Low	Low

Service Centre	Budget Item	Key Assumptions and/or Variable Outcomes	Probability of Variance Arising	Favourable Impact	Adverse Impact
Waste Management; Street Cleansing; Grounds Maintenance; Highways; Vehicle Management	Diesel	Diesel costs have been budgeted at an average of £1.68 per litre (including VAT) - however fuel costs are volatile and can go up or down.	Medium	Low	Medium
Community Safety	External funding	Risk that external funding may be reduced or removed due to budgetary pressures.	Low	N/A	Low
Asset Management	Repair costs	The budget for repair costs has been increased substantially for 2023/24 to reflect several years of overspends as the Council's estate has grown and aged. Nevertheless, there remains a risk that the level of urgent and ad hoc repairs may be higher (or lower) than anticipated, particularly in light of the Council looking to lease out areas of unused office space.	Low	Medium	Medium
Benefits Admin	Overtime	Assumption made that no overtime will be required during 2023/24. Staff sickness, turnover, unfunded new burdens and/or external influences to workload might necessitate this.	Medium	N/A	Low
Benefits Admin	Housing benefit administration subsidy	It is assumed that housing benefit administration subsidy will be paid at similar levels to 2022/23. The final allocation will not be known until early 2023. There is therefore a risk that the amount awarded may vary from the budget.	High	Low	Medium
Corporate Management	Agency costs	The budget includes £516k in relation to agency costs for hard to recruit areas across the Council, such as Planning, Legal and Finance. The budget has been set based upon current spend - however if the Council is successful in recruiting to some of its vacancies then not all of this budget will be required. Conversely, should more vacancies arise which the Council is unable to fill, costs could be higher.	Medium	High	Medium
Corporate Management	Highways Panel expenditure	There is a total of £200k budgeted for Highways Panel expenditure, including £100k brought forward from previous years. There is a risk of a significant underspend against this budget if appropriate schemes can not be identified.	High	High	N/A
Corporate Management	External audit fees	The fee for undertaking the Council's external audit is set by Public Sector Audit Appointments Ltd (PSAA) as the appointing body. PSAA have indicated that additional fees are likely to be required in 2023/24 as a result of increased regulatory requirements on auditors. The budget has been set by reference to PSAA expectations for similar authorities, but the actual amount may be higher or lower than anticipated. There is also a risk of additional fees relating to earlier years where audits have not yet been concluded (2019/20 onwards), should issues arise during the course of the audits, and in respect of other certification work undertaken by the external auditors (such as housing benefit subsidy claims).	Medium	Low	Medium
Financial Services	Insurance costs	The Council's insurance premiums increased significantly during 2022/23 due to high inflation in building reinstatement costs. In setting the budget it is assumed that premiums will increase again by 4% in October, although the actual increase could be higher or lower than this amount.	Medium	Low	Low
Financial Services	Brokerage costs	Brokerage costs have been estimated based upon expected transaction volumes for borrowing, however exact amounts will depend upon the Council's short-term cash flow requirements and the brokers used, so could be higher or lower than budgeted.	Medium	Low	Low

Service Centre	Budget Item	Key Assumptions and/or Variable Outcomes	Probability of Variance Arising	Favourable Impact	Adverse Impact
Financial Services	Bank charges	The Council has recently negotiated a new scale of charges with its bankers which should see charges fall in 2023/24 - however the actual amount will depend upon the volume and mix of transactions, so could be higher or lower than budgeted.	Medium	Low	Low
Housing Benefits	Rent rebate expenditure	It is assumed that rent rebate expenditure will remain stable. There are no current plans to significantly increase the level of HRA stock. Natural migration to Universal Credit is anticipated to gradually reduce the number of active working age claims. However, actual caseloads may differ from the assumptions used, particularly in light of the current economic situation in the UK.	Medium	Low	High
Housing Benefits	Rent allowance expenditure	It is assumed that rent allowance expenditure will remain stable. Natural migration to Universal Credit is anticipated to gradually reduce the number of active working age claims. However, actual caseloads may differ from the assumptions used, particularly in light of the current economic situation in the UK. There is an additional risk that the cost of private rents could increase significantly in the Uttlesford area.	Medium	Low	High
Housing Benefits	Housing benefit subsidy	It is assumed that subsidy can continue to be claimed in line with levels reflected in previous years. There is however a continued risk that an increase in new burdens and DWP incentives could incur subsidy implications due to limitations on what can be claimed.	Medium	Low	High
Housing Benefits	Housing benefit subsidy and administration costs	The Council has identified that it has overcharged a large number of council tenants when calculating HRA rents for 2021/22 and 2022/23, as reported to Cabinet in December 2022. Whilst work is ongoing to resolve this, there is a risk that subsidy may be impacted where tenants were on housing benefit for all or part of the overcharge period. In addition, there may be significant additional resources needed in order to resolve these issues.	Medium	N/A	High
Housing Benefits	Housing benefit subsidy	Due to delays in the local audit market, housing benefit subsidy claims have not yet been fully certified and closed from 2020/21 onwards. As a result, there is a risk that the subsidy claimed may have been too high (or too low), and adjustments may be required when the claims are closed.	High	Low	High
Housing Benefits	Discretionary Housing Payments	It is assumed the the government's Discretionary Housing Payment funding will remain relatively stable for the 2023/24 financial year. There is a risk however that the amount granted will not meet local requirements. The Council could choose to increase the expenditure budget by up 2.5 times the government funded amount.	Low	Low	Medium
Human Resources	Training costs	Most of the spending on the training budget is as a result of corporate priorities and ad hoc training requirements. In 2022/23 there will be an underspend if the Council is unable to identify training requirements arising from Blueprint Uttlesford. There is a risk of both under or overspending against this budget in 2023/24. There is a particular risk as the Council will need to support staff through the Blueprint Uttlesford process and train them in new skills to either stay or exit the organisation.	Medium	Low	Medium
Human Resources	Consultancy costs	There is a risk of overspends if external consultants are needed to help shape and implement Blueprint Uttlesford, or if there is a legal case to defend such as an employment tribunal.	Medium	Low	Medium
Human Resources	Employee costs	There is a review of the HR service currently planned which may lead to cost savings in staff budgets.	Medium	High	N/A

Service Centre	Budget Item	Key Assumptions and/or Variable Outcomes	Probability of Variance Arising	Favourable Impact	Adverse Impact
Internal Audit	Agency and consultancy costs	During 2022/23 the Council has exited the shared service arrangement with Chelmsford City Council and is now looking to recruit a full time Internal Audit Manager. Should this recruitment be unsuccessful then additional costs may be incurred through the use of agency staff or other external consultancy.	Low	N/A	Medium
Information Technology	Contract costs	Aside from the normal possible fluctuations the Council may experience with licence costs there are a couple of large software contracts due to expire in 2023/24. Renewal or replacement costs will likely result in increased annual charges, which may be significant in some cases.	High	Low	High
Legal Services	Section 106 income	It is assumed that planning applications will continue to come in at the current rate. There is a risk however that activity will slow down due to the current economic conditions.	Medium	N/A	Medium
Offices	Rental income	There is a risk that rental income may be reduced by unexpected voids and/or an inability to find new tenants for commercial space.	Low	N/A	High
Revenues Admin	Overtime and new burdens funding	It is assumed that the Revenues team will be able to manage any further economic support initiatives put in place by the government. Any such initiatives should come with new burdens funding - however the level of funding provided may not match the actual cost of administering new initiatives.	Medium	Medium	Low
Revenues Admin	Preceptor shareback incentive	Essex County Council have proposed changes to the preceptor shareback incentive scheme for 2023/24 which will see a greater proportion of the funding provided as a fixed sum, although a significant element will remain variable depending upon council tax collection rates. The budget has been set using draft figures from Essex County Council assuming that collection rates remain the same across the county - however any changes to collection rates may impact the amount received.	High	N/A	Medium
Revenues Admin	Legal costs	The budget for legal costs related to recovery action has been reduced based upon current expectations - however there remains a risk that actual costs may be higher if the level of non-payment increases and/or complex cases are identified.	Medium	N/A	Low

General Fund Fees and Charges 2023/24

Annexe H5

Street Naming and Numbering	2022/23 Charge £	2023/24 Charge £	Includes VAT?
Charge per dwelling/unit			
Add a name to a numbered property	35.00	85.00	No
Name change/renumber	75.00	85.00	No
New dwelling/unit	110.00	120.00	No
2-5 dwellings/units	75.00	85.00	No
6-25 dwellings/units	55.00	65.00	No
26-75 dwellings/units	45.00	55.00	No
76 plus dwellings/units	35.00	40.00	No
New street name	200.00	220.00	No
Name of block of flats or industrial estate	175.00	195.00	No
Confirmation of plot or postal address for utility company (charged to utility companies only)	35.00	45.00	No
Issuing a new address following demolition and reconstruction	35.00	40.00	No
Change to new addresses due to the development changing after the schedule has been issued (applies to all amended plots)	55.00	65.00	No
Pre-app/query for general street naming and numbering enquiries prior to submission (applicable for 26 plus dwellings/ units)	N/A	66.00	Yes
Follow-up pre-app	N/A	42.00	Yes
What is held on our system - address check	N/A	25.00	No

Building Control Standard Charges Schedule 1 - New Dwellings Dwelling Houses and Flats			Plan Charge £	Inspection Charge* £	Building Notice Charge* £	Regularisation Charge* £
New build houses or bungalows not exceeding 250m²						
HO1	1 Plot	Fee	390.00	580.00	1,030.00	1,287.50
		VAT	78.00	116.00	206.00	
		Total	468.00	696.00	1,236.00	
HO2	2 Plots	Fee	495.00	890.00	1,450.00	1,812.50
		VAT	99.00	178.00	290.00	
		Total	594.00	1,068.00	1,740.00	
HO3	3 Plots	Fee	590.00	1,210.00	1,920.00	2,400.00
		VAT	118.00	242.00	384.00	
		Total	708.00	1,452.00	2,304.00	
HO4	4 Plots	Fee	655.00	1,370.00	2,150.00	2,687.50
		VAT	131.00	274.00	430.00	
		Total	786.00	1,644.00	2,580.00	
HO5	5 Plots	Fee	730.00	1,530.00	2,390.00	2,987.50
		VAT	146.00	306.00	478.00	
		Total	876.00	1,836.00	2,868.00	
New build flats not exceeding 250m² and not more than 3 storeys						
FL1	1 Plot	Fee	390.00	580.00	1,030.00	1,287.50
		VAT	78.00	116.00	206.00	
		Total	468.00	696.00	1,236.00	
FL2	2 Plots	Fee	495.00	890.00	1,450.00	1,812.50
		VAT	99.00	178.00	290.00	
		Total	594.00	1,068.00	1,740.00	
FL3	3 Plots	Fee	590.00	1,210.00	1,920.00	2,400.00
		VAT	118.00	242.00	384.00	
		Total	708.00	1,452.00	2,304.00	
FL4	4 Plots	Fee	655.00	1,370.00	2,150.00	2,687.50
		VAT	131.00	274.00	430.00	
		Total	786.00	1,644.00	2,580.00	
FL5	5 Plots	Fee	730.00	1,530.00	2,390.00	2,987.50
		VAT	146.00	306.00	478.00	
		Total	876.00	1,836.00	2,868.00	
Conversion to						
COH	Single dwelling house/annex (where total floor area does not exceed 150m ²)	Fee	360.00	510.00	840.00	1,050.00
		VAT	72.00	102.00	168.00	
		Total	432.00	612.00	1,008.00	
COF	Single flat/annex (where total floor area does not exceed 150m ²)	Fee	360.00	510.00	840.00	1,050.00
		VAT	72.00	102.00	168.00	
		Total	432.00	612.00	1,008.00	
Notifiable electrical work (in addition to the above, where applicable)						
DNE	(Where a satisfactory certificate will not be issued by a Part P registered electrician)**	Fee	410.00			
		VAT	82.00			
		Total	492.00			
* These charges 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 above).						
** This charge relates to a first fix pre-plaster inspection of the wiring and final testing on completion. Revisits/testing will be subject to further charges. For regularisation applications a full appraisal and testing will be carried out.						
Where Standard Charges are not applicable please contact Building Control on 01799 510543.						

Building Control Standard Charges Schedule 2 - Work to a Single Dwelling Limited to Work Not More Than 3 Storeys Above Ground Level			Full Plans		Building Notice Charge*	Regularisation Charge*
			Plan Charge	Inspection Charge*		
			£	£	£	£
Extension and new build						
DX1	Separate single storey extension with floor area not exceeding 40m ²	Fee	190.00	390.00	600.00	750.00
		VAT	38.00	78.00	120.00	
		Total	228.00	468.00	720.00	
DX2	Separate single storey extension with floor area exceeding 40m ² but not exceeding 100m ²	Fee	220.00	505.00	760.00	950.00
		VAT	44.00	101.00	152.00	
		Total	264.00	606.00	912.00	
DX3	Separate extension with some part 2 or 3 storeys in height and a total floor area not exceeding 40m ²	Fee	205.00	460.00	690.00	862.50
		VAT	41.00	92.00	138.00	
		Total	246.00	552.00	828.00	
DX4	Separate extension with some part 2 or 3 storeys in height and a total floor area exceeding 40m ² but not exceeding 100m ²	Fee	305.00	575.00	920.00	1,150.00
		VAT	61.00	115.00	184.00	
		Total	366.00	690.00	1,104.00	
DG0	A building or extension comprising solely of a garage, carport or store not exceeding 100m ²	Fee	140.00	305.00	450.00	562.50
		VAT	28.00	61.00	90.00	
		Total	168.00	366.00	540.00	
DNH	Detached non-habitable domestic building with total floor area not exceeding 50m ²	Fee	140.00	305.00	450.00	562.50
		VAT	28.00	61.00	90.00	
		Total	168.00	366.00	540.00	
Conversions						
DLC	First and second floor loft conversions	Fee	205.00	465.00	740.00	925.00
		VAT	41.00	93.00	148.00	
		Total	246.00	558.00	888.00	
DOC	Other work (eg. single garage conversions)	Fee	130.00	315.00	450.00	562.50
		VAT	26.00	63.00	90.00	
		Total	156.00	378.00	540.00	
Alterations (including underpinning)						
DTH	Renovation of a thermal element	Fee	85.00	160.00	250.00	312.50
		VAT	17.00	32.00	50.00	
		Total	102.00	192.00	300.00	
DRW	Replacement windows, rooflights, roof windows or external glazed doors	Fee	85.00	160.00	250.00	312.50
		VAT	17.00	32.00	50.00	
		Total	102.00	192.00	300.00	
DA1	Cost of work not exceeding £5,000 (including renewable energy systems)	Fee	85.00	160.00	250.00	312.50
		VAT	17.00	32.00	50.00	
		Total	102.00	192.00	300.00	
DA2	Cost of work exceeding £5,000 but not exceeding £25,000	Fee	195.00	380.00	580.00	725.00
		VAT	39.00	76.00	116.00	
		Total	234.00	456.00	696.00	
DA3	Cost of work exceeding £25,000 but not exceeding £100,000	Fee	230.00	525.00	820.00	1,025.00
		VAT	46.00	105.00	164.00	
		Total	276.00	630.00	984.00	
DA4	Cost of work exceeding £100,000 but not exceeding £250,000	Fee	345.00	805.00	1,195.00	1,493.75
		VAT	69.00	161.00	239.00	
		Total	414.00	966.00	1,434.00	
Notifiable electrical work (in addition to the above, where applicable)						
DNE	(Where a satisfactory certificate will not be issued by a Part P registered electrician)**	Fee	410.00			
		VAT	82.00			
		Total	492.00			
* These charges 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 above)						
** This charge relates to a first fix pre-plaster inspection of the wiring and final testing on completion. Revisits/testing will be subject to further charges. For regularisation applications a full appraisal and testing will be carried out.						
Where Standard Charges are not applicable please contact Building Control on 01799 510543.						

Building Control Standard Charges Schedule 3 - All Other Non-Domestic Work Limited to Work Not More Than 3 Storeys Above Ground Level			Plan Charge £	Inspection Charge £	Regularisation Charge £
Extensions and new build					
NX1	Single storey with floor area not exceeding 40m ²	Fee	210.00	445.00	818.75
		VAT	42.00	89.00	
		Total	252.00	534.00	
NX2	Single storey with floor area exceeding 40m ² but not exceeding 100m ²	Fee	245.00	565.00	1,012.50
		VAT	49.00	113.00	
		Total	294.00	678.00	
NX3	With some part 2 or 3 storey in height and a total floor area not exceeding 40m ²	Fee	370.00	705.00	1,343.75
		VAT	74.00	141.00	
		Total	444.00	846.00	
NX4	With some part 2 or 3 storey in height and a total floor area exceeding 40m ² but not exceeding 100m ²	Fee	410.00	920.00	1,662.50
		VAT	82.00	184.00	
		Total	492.00	1,104.00	
Alterations					
NO1	Cost of work not exceeding £5,000	Fee	100.00	230.00	412.50
		VAT	20.00	46.00	
		Total	120.00	276.00	
NO2	Replacement windows, rooflights, roof windows or external glazed doors (not exceeding 20 units)	Fee	100.00	230.00	412.50
		VAT	20.00	46.00	
		Total	120.00	276.00	
NO3	Renewable energy systems (not covered by an appropriate competent persons scheme)	Fee	100.00	230.00	412.50
		VAT	20.00	46.00	
		Total	120.00	276.00	
NO4	Installation of new shop front	Fee	100.00	230.00	412.50
		VAT	20.00	46.00	
		Total	120.00	276.00	
NO5	Cost of work exceeding £5,000 but not exceeding £25,000	Fee	205.00	390.00	743.75
		VAT	41.00	78.00	
		Total	246.00	468.00	
NO6	Replacement windows, rooflights, roof windows or external glazed doors (exceeding 20 units)	Fee	205.00	390.00	743.75
		VAT	41.00	78.00	
		Total	246.00	468.00	
NO7	Renovation of thermal elements	Fee	205.00	390.00	743.75
		VAT	41.00	78.00	
		Total	246.00	468.00	
NO8	Installation of raised storage platform within an existing building	Fee	205.00	390.00	743.75
		VAT	41.00	78.00	
		Total	246.00	468.00	
NO9	Cost of works exceeding £25,000 but not exceeding £100,000	Fee	265.00	635.00	1,125.00
		VAT	53.00	127.00	
		Total	318.00	762.00	
N10	Fit out of building up to 100m ²	Fee	245.00	610.00	1,068.75
		VAT	49.00	122.00	
		Total	294.00	732.00	
N11	Cost of works exceeding £100,000 but not exceeding £250,000	Fee	480.00	960.00	1,800.00
		VAT	96.00	192.00	
		Total	576.00	1,152.00	
Where Standard Charges are not applicable or for complex multiple project applications please contact Building Control on 01799 510539.					

Car Parking - Saffron Walden	2022/23 Charge	2023/24 Charge	Includes
	£	£	VAT?
Faircroft			
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
Common			
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
Rose and Crown			
30 minutes	0.50	0.50	Yes
1 hour	0.70	0.70	Yes
2 hours	1.20	1.20	Yes
Swan Meadow			
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 ticket (1 month) - private individuals only	30.00	30.00	Yes
Season ticket (6 months)	175.00	175.00	Yes
Season ticket (1 year)	300.00	300.00	Yes
Coaches - 5 hours	3.00	3.00	Yes
Coaches - 9 hours	6.00	6.00	Yes

Car Parking - Great Dunmow	2022/23 Charge	2023/24 Charge	Includes
	£	£	VAT?
White Street			
30 minutes	0.40	0.40	Yes
1 hour	0.60	0.60	Yes
3 hours	1.20	1.20	Yes
4 hours	2.00	2.00	Yes
5 hours	2.40	2.40	Yes
9 hours	3.50	3.50	Yes
Season ticket (1 month)	30.00	30.00	Yes
Season ticket (6 months)	175.00	175.00	Yes
Season ticket (1 year)	300.00	300.00	Yes
New Street, Chequers Lane and Angel Lane			
30 minutes	0.40	0.40	Yes
1 hour	0.60	0.60	Yes
3 hours	1.20	1.20	Yes
Chequers Lane			
Season ticket (6 months) - renewals only	175.00	175.00	Yes
Season ticket (1 year) - renewals only	300.00	300.00	Yes

Car Parking - Stansted Mountfitchet	2022/23 Charge	2023/24 Charge	Includes
	£	£	VAT?
Lower Street			
30 minutes	0.40	0.40	Yes
1 hour	0.60	0.60	Yes
2 hours	1.00	1.00	Yes
3 hours	1.20	1.20	Yes
4 hours	2.00	2.00	Yes
6 hours	2.40	2.40	Yes
9 hours	4.70	4.70	Yes
Coaches	6.00	6.00	Yes
Season ticket - commuter employed locally (1 month)	30.00	30.00	Yes
Season ticket - commuter employed locally (6 months)	130.00	130.00	Yes
Season ticket - commuter employed locally (1 year)	250.00	250.00	Yes
Season ticket - commuter employed elsewhere (6 months)	320.00	320.00	Yes
Season ticket - commuter employed elsewhere (1 year)	620.00	620.00	Yes
Crafton Green			
30 minutes	0.40	0.40	Yes
1 hour	0.60	0.60	Yes
3 hours	1.20	1.20	Yes
9 hours	3.00	3.00	Yes
Season ticket - commuter employed locally (6 months)*	130.00	130.00	Yes
Season ticket - commuter employed locally (1 year)*	250.00	250.00	Yes
Season ticket - commuter employed elsewhere (6 months)*	220.00	220.00	Yes
Season ticket - commuter employed elsewhere (1 year)*	420.00	420.00	Yes
* Due to capacity pressures new season tickets are not currently available for this car park.			

Environmental Health	2022/23 Charge £	2023/24 Charge £	Includes VAT?
Food and water safety			
Health Certificate for Export	94.00	101.00	No
Food disposal if required	Charged at cost	Charged at cost	Yes
Voluntary Surrender Certificate	94.00	101.00	No
Water samples (airport)	26.50	28.00	Yes
Private water supply sampling and analysis under Regulation 10 (small supplies) - per visit (plus laboratory fee)	49.00	52.00	Yes
Group A parameter sampling and analysis (large supplies) - per visit (plus laboratory fee)	49.00	52.00	Yes
Group B parameter sampling and analysis (large supplies) - per visit (plus laboratory fee)	99.00	106.00	Yes
Investigation (per hour)	62.00	66.00	No
Risk assessment (per hour)	62.00	66.00	No
Analysis under Regulation 10	28.00	30.00	No
EIR information	122.00	131.00	No
Contaminated land	122.00	131.00	No
Officer charges for works in default - per hour	59.00	63.00	No
Chemical water samples on request	Charged at cost	Charged at cost	Yes
Imported food inspection charges			
POAO per CHEDP (products of animal origin) (per consignment)	188.50	164.50	No
POAO per additional CHEDP on same AWB	52.50	97.50	No
POAO per CHEDP out of hours additional fee (products of animal origin)	78.50	263.00	No
High Risk NAO per CHEDD (non animal origin)	57.50	31.00	No
High Risk NAO sampling fee + laboratory charges	68.00	105.00	No
High Risk NAO per CHEDD out of hours	68.00	49.50	No
High Risk NAO out of hours sampling fee + laboratory charges	99.50	242.50	No
High Risk destruction charge + disposal costs - 10 kilos	63.00	84.50	No
IUU Catch Certificate EEA	26.50	22.00	No
IUU Catch Certificate non EEA	52.50	50.50	No
Consignment abandon fee	63.00	25.00	No
ID check - weekdays	52.50	68.50	No
ID check - weekends	89.00	276.50	No
Organics check - weekdays	41.50	34.50	No
Organics check - weekends	63.00	50.00	No
Melamine check	78.50	48.00	No
Imported consignment exemption fee	N/A	19.00	No
Non presentation of appropriate documentation (requires examination)	N/A	19.00	No
Late prior notification fee FNAO - CHEDD	N/A	35.00	No
Fee for late cancellation of veterinary cover due to non-presentation of shipments	250.00	250.00	No
Destruction supervision	78.50	83.00	No
Animals			
Stray dog - administrative costs (plus kennel and vet fees if applicable)	54.00	58.00	No
Stray dog - statutory fee	27.00	29.00	No

Environmental Health	2022/23 Charge £	2023/24 Charge £	Includes VAT?
Homes of Multiple Occupancy (HMO) licensing fees			
HMO licence fee for up to 5 bedrooms - part 1 fee*	549.50	588.00	No
HMO licence fee for up to 5 bedrooms - part 2 fee*	615.00	658.00	No
HMO licence fee for 5 letting rooms or more - charge per additional room	32.50	35.00	No
HMO licence fee for up to 5 bedrooms - renewal charge	615.00	658.00	No
HMO licence fee - incomplete application	32.50	35.00	No
Reminder letter on failure to apply for a licence	32.50	35.00	No
Variation of licence (i.e. change in address or new appointed manager)	10.00	11.00	No
Missed appointment	138.00	148.00	No
Any other correspondence such as sending out a final reminder letter	32.50	35.00	No
<p>* The total cost of licensing an HMO in 2023/24 will be £1,246.00 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 2023/24 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 5 years from the date the application was made.</p> <p>HMO licensing fee charges will be subject to an annual review from 1 April each year.</p>			
Other charges			
Housing Immigration Inspection	181.00	194.00	No
Housing improvement notice - fixed price	265.00	284.00	No
Suspended improvement notice - fixed price	265.00	284.00	No
Prohibition order - fixed price	265.00	284.00	No
Suspended prohibition order - fixed price	265.00	284.00	No
Emergency prohibition order - fixed price	265.00	284.00	No
Emergency remedial action notice - fixed price	265.00	284.00	No
Mobile homes - fit and proper person test fee	276.50	296.00	No
Dog waste bags (per 50)	1.00	1.10	Yes

Land Charges	2022/23 Charge £	2023/24 Charge £	Includes VAT?
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 and CON29 - residential	111.00	111.00	Yes (part)
LLC1 and CON29 - commercial	134.00	134.00	Yes (part)
CON290*	18.00	18.00	Yes

* The following CON290 questions are free of charge: 6, 7, 10, 11, 12, 13 and 14

Legal Services	2022/23 Charge £	2023/24 Charge £	Includes VAT?
Solicitors and legal executives with over 8 years' experience (hourly rate)	261.00	261.00	No
Solicitors and legal executives with over 4 years' experience (hourly rate)	217.00	217.00	No
Letter of postponement	50.00	50.00	No
Deed of postponement	90.00	90.00	Yes
Licence fees for garden use	120.00	120.00	No
Lease for garden use	500.00	500.00	No
Selling a strip of land	500.00	500.00	No
Grant a right of way	600.00	600.00	No
Release of covenant	500.00	500.00	No

Democratic Services	2022/23 Charge £	2023/24 Charge £	Includes VAT?
Road closure order	36.00	36.00	Yes

Saffron Walden Museum	2022/23 Charge £	2023/24 Charge £	Includes VAT?
Admission charges			
Admission - full adult	2.50	2.50	Yes
Admission - discounted adult (over 60 or disabled)	1.25	1.25	Yes
Admission - child (under 18)	Free	Free	N/A
Season ticket - full adult	8.00	8.00	Yes
Season ticket - discounted adult (over 60 or disabled)	4.00	4.00	Yes
Learning services			
Taught session for schools per pupil	3.00	3.60	Yes
Taught session for schools minimum group charge	48.00	57.60	Yes
Taught session in schools half-day	120.00	120.00	Yes
Taught session in schools whole day	210.00	210.00	Yes
Online session for one school class	60.00	60.00	Yes
School loan of Reminiscence Box - half term	18.00	30.00	Yes
School loan of Reminiscence Box - 1 week	12.00	18.00	Yes
Charge for craft activities per child	1.50	2.40	Yes
Adult group minimum charge for craft activities (max 12 per group)*	-	96.00	Yes
* Charge may vary depending upon cost of materials for craft activity requested			
Group visits			
Daytime group introductory talk / tour (max 20 people)	24.00	30.00	Yes
Evening opening with talk / activity and viewing of galleries	78.00	96.00	Yes
Refreshments for groups of up to 20 people	24.00	30.00	Yes
Shirehill Store group visits and workshops			
Daytime group introductory talk / tour (max 20 people)	24.00	30.00	Yes
Evening talk / tour (max 20 people)	78.00	96.00	Yes
Saturday half-day workshop with collections (max 20 people)	90.00	180.00	Yes
Museum staff talks and lectures at other venues			
Talks to local groups in Uttesford or within 20 mile radius of Saffron Walden	72.00	84.00	Yes
Talks to groups outside Uttlesford or 20 mile radius of Saffron Walden	84.00	96.00	Yes
Online talk to local groups (any location)	60.00	60.00	Yes
Image reproduction charges			
Non-commercial local community use, educational, academic, private study, not-for-profit or charity	Free	Free	N/A
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
Hire of museum premises (corporate and private)			
Museum - hire for first hour	75.00	75.00	No
Museum - hire per hour after first hour	50.00	50.00	No
Hire of castle and museum grounds			
Private outdoor events for up to 50 people during museum opening hours, including access to museum galleries and WCs - hire per hour	25.00	25.00	No
Private outdoor events for up to 50 people outside museum opening hours, no museum access - hire per hour	20.00	20.00	No
Private outdoor events for 51 to 100 people during museum opening hours, including access to Museum galleries and WCs - hire per hour	50.00	50.00	No
Private outdoor events for 51 to 100 people outside museum opening hours, no Museum access - hire per hour	40.00	40.00	No

Licensing	2022/23 Charge £	2023/24 Charge £	Includes VAT?
Taxi licensing			
Drivers - licence valid for 3 years (new application or renewal)	213.00	228.50	No
Operators - licence valid for 5 years (new application or renewal)	508.00	549.50	No
Vehicles - licence valid for 1 year (new application or renewal)	149.00	145.00	No
Vehicle licence transfer fee	108.00	116.50	No
DBS check	Charged at cost	Charged at cost	No
Caravan site licence fees - new applications			
1-5 pitches	429.50	460.00	No
6-10 pitches	429.50	460.00	No
11-20 pitches	515.50	552.00	No
21-50 pitches	603.50	646.00	No
51-100 pitches	792.50	848.00	No
>100 pitches	859.50	920.00	No
Other licences			
Skin piercing premises and 1 person	194.00	208.00	No
Skin piercing additional person	11.00	12.00	No
Skin piercing additional treatment (at same time)	37.50	40.00	No
Additional ear piercing operator added at a later date	42.50	45.00	No
Additional operator added at a later date (other)	65.00	70.00	No
Additional treatment added at a later date	75.00	80.00	No
Table and chairs on the highway	100.00	100.00	No
Scrap Metal			
Grant of a site or collectors licence	395.00	423.00	No
- each additional site after first site	207.00	221.00	No
Renewal of a site or collectors licence	346.50	371.00	No
- each additional site after first site	207.00	221.00	No
Variation of a site or collectors licence	140.00	150.00	No
- each additional site being added to the licence	346.50	371.00	No
Alcohol Licensing Act 2003			
For the current schedule of statutory fees, please visit the Uttlesford District Council website:			
https://www.uttlesford.gov.uk/article/5519/Licensing-Act-2003-personal-licence			
https://www.uttlesford.gov.uk/article/5518/Licensing-Act-2003-premises-licence			
Gambling Act 2005			
For the current schedule of fees, please visit the Uttlesford District Council website:			
https://www.uttlesford.gov.uk/article/6353/Gambling-Act-2005-fees-and-charges			

Licensing	2022/23 Charge £	2023/24 Charge £	Includes VAT?
Animal licences			
Animal boarding establishment (cattery, kennel, dog day care)*			
- Part A fee	287.50	307.50	No
- Part B fee	187.00	200.00	No
- Re-inspection	137.00	146.50	No
- Variation	21.00	22.50	No
Riding establishments*			
- Part A fee	354.50	379.50	No
- Part B fee	199.50	213.50	No
- Re-inspection	192.00	205.50	No
- Variation	21.00	22.50	No
Home boarding*			
- Part A fee	196.00	209.50	No
- Part B fee	204.00	218.50	No
- Re-inspection	137.00	146.50	No
- Variation	21.00	22.50	No
Dog breeding establishment*			
- Part A fee	265.00	283.50	No
- Part B fee	187.00	200.00	No
- Re-inspection	137.00	146.50	No
- Variation	21.00	22.50	No
Pet shop*			
- Part A fee	287.50	307.50	No
- Part B fee	190.00	203.50	No
- Re-inspection	137.00	146.50	No
- Variation	21.00	22.50	No
Dangerous wild animals (based on a 2 year licence)*	POA	POA	No
Zoo licence (based on a 5 year licence)*	POA	POA	No
Keeping or training animals for exhibition (based on a 5 year licence)*	POA	POA	No
* Part A fees need to be paid on application. Part B fees are paid on issuing report and confirmation of the licence and rating. The issuing of the license will occur following payment of Part B fees.			
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.			
Additional charges will be applied for secondary activities as outlined below.			
Additional costs			
Cattery, kennel, dog day care	64.00	68.50	No
Riding establishments	129.00	138.00	No
Home boarders	64.00	68.50	No
Breeders	64.00	68.50	No
Pet shop	64.00	68.50	No
Keeping or training animals for exhibition	POA	POA	No
Vets fees to be recharged to the operator + administration costs of £8.00 for Horse Riding Establishments and new breeders only .			

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>

Planning Pre-application Advice	2022/23 Charge £	2023/24 Charge £	Includes VAT?
Householder			
Written advice only	100.00	108.00	Yes
Meeting - 1 hour (virtual) and written advice	150.00	180.00	Yes
Meeting - 1 hour (on-site) and written advice	N/A	270.00	Yes
Follow up written advice	75.00	108.00	Yes
Householder including heritage*/listed building			
Written advice only	300.00	360.00	Yes
Meeting - 1 hour (virtual) and written advice	450.00	510.00	Yes
Meeting - 1 hour (on-site) and written advice	N/A	600.00	Yes
Follow up written advice	225.00	234.00	Yes
Minor development			
Written advice only	225.00	210.00	Yes
Meeting - 1 hour (virtual) and written advice	390.00	420.00	Yes
Meeting - 1 hour (on-site) and written advice	N/A	510.00	Yes
Follow up written advice	175.00	275.00	Yes
5-9 units including up to 2 virtual meetings	N/A	2,500.00	Yes
Minor development including heritage*/listed building			
Written advice only	450.00	462.00	Yes
Meeting - 1 hour (virtual) and written advice	550.00	762.00	Yes
Meeting - 1 hour (on-site) and written advice	N/A	900.00	Yes
Follow up written advice	275.00	462.00	Yes
Major development			
10-25 dwellings - to include 1 Planning Officer at up to 2 x 1 hour virtual meetings and written response (any additional officers/ specialists will incur an additional fee)**	N/A	7,500.00	Yes
26-99 dwellings - to include 1 Planning Officer at up to 3 x 1 hour virtual meetings and written response (any additional officers/ specialists will incur an additional fee)**	N/A	13,000.00	Yes
100-199 dwellings - to include 1 Planning Officer at up to 4 x 1 hour virtual meetings and written response (any additional officers/ specialists will incur an additional fee)**	N/A	24,000.00	Yes
200+ dwellings - bespoke fee where the applicant does not want to enter into a PPA with the Council	N/A	POA	Yes
*Heritage advice includes locally listed buildings, ancient monuments, works or development in a conservation area.			

Planning Performance Agreements (PPA)

Charges depend on the complexity of the site and individual needs of the application, therefore will be determined on an individual basis.

Other Planning	2022/23 Charge £	2023/24 Charge £	Includes VAT?
Planning conditions - variation / removal discussion	200.00	220.00	Yes
Change of use to house in multiple occupation	150.00	220.00	Yes
Requests seeking confirmation as to whether planning permission is required for development			
- Householder	100.00	100.00	Yes
- All other development	175.00	186.00	Yes
Confirmation that Permitted Development Rights have not been removed			
- Householder	55.00	70.00	Yes
- All other development	150.00	180.00	Yes
Confirmation of Designated Area - in response to customer requests we can provide confirmation of designated areas (self service is available), however we can provide a list of constraints on a property within 3 working days	75.00	75.00	Yes
Copy of history	25.00	25.00	Yes
Advice for variation or deletion of s106 Agreements - per 1 hour meeting)	240.00	288.00	Yes
Other (not listed above) - per 30 minutes	110.00	110.00	Yes

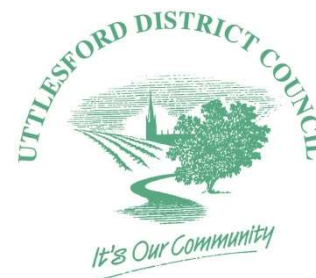
Other Planning	2022/23 Charge £	2023/24 Charge £	Includes VAT?
To retain a % of fee paid if an application is withdrawn			
- Planning applications	15%	15%	No
- Pre-applications	15%	15%	Yes
15 minute telephone conversation / discussion with a duty officer	N/A	90.00	Yes
Fast Track CLE - aimed at those needing speedy clarification as to whether planning permission would have been required for development which has taken place - sometimes needed when trying to sell a property (certificate issue within 5 working days of valid application being submitted or money refunded)	N/A	800.00	Yes
High hedge complaint	500.00	650.00	No
Documents provided under Local Government Access to Information Act 1985 - TPO, BPN, LB, Planning & Building Regulation Decision Notices	10p per sheet plus £25 per hour if job exceeds 1 hour	10p per sheet plus £25 per hour if job exceeds 1 hour	Yes
Uttlesford Local Plan Adopted 2005	25.00	25.00	Yes
Emerging Local Plan	POA	POA	Yes
Confirmation regarding agricultural ties	42.00	48.00	Yes
Parish and town councils - neighbourhood planning mapping	Charged at appropriate officer hourly rate	Charged at appropriate officer hourly rate	No
Listed Building Authorisation Check (Vendor/Purchaser)			
Solicitor's queries regarding compliance with Enforcement Notices - per 30 minutes	110.00	110.00	No
Solicitor's queries regarding compliance with Enforcement Notices - additional charge if site visit required	276.00	276.00	No

Planning - Section 106 Monitoring Fee	2022/23 Charge £	2023/24 Charge £	Includes VAT?
Monitoring charge schedule*			
Scheme (residential units)			
<10	488.80	1,996.80	Yes
10-40	1,996.80	1,996.80	Yes
41-80	6,196.80	6,196.80	Yes
81-120	9,295.20	9,295.20	Yes
121-160	18,220.80	18,220.80	Yes
161-200	22,776.00	22,776.00	Yes
201-240	27,331.20	27,331.20	Yes
241-280	31,886.40	31,886.40	Yes
281-320	36,441.60	36,441.60	Yes
321-360	40,996.80	40,996.80	Yes
361-400	45,552.00	45,552.00	Yes
401-440	50,107.20	50,107.20	Yes
441-480	54,662.40	54,662.40	Yes
481-520	59,217.60	59,217.60	Yes
521-560	63,772.80	63,772.80	Yes
561-600	68,328.00	68,328.00	Yes
601-640	72,883.20	72,883.20	Yes
641-680	77,438.40	77,438.40	Yes
681-720	81,993.60	81,993.60	Yes
721-760	86,548.80	86,548.80	Yes
761-800	91,104.00	91,104.00	Yes
Strategic site (>800) and mixed schemes	POA	POA	Yes
* Additional fee could be sought regarding any non-standard clauses requiring specific bespoke monitoring.			
The Council will seek a charge to fulfil its role to monitor all the required clauses for Section 106 obligations - this charge does not include any charges sought by partner organisations such as Essex County Council.			

Saffron Walden Offices	2022/23 Charge	2023/24 Charge	Includes
	£	£	VAT?
Room charges - non-wedding (minimum 2 hour charge applies)			
Room hire - Flitch (Chairman's room) (per hour)	38.00	40.00	Yes
Room hire - Flitch (Chairman's room) (per hour) - charity rate	33.00	34.00	Yes
Room hire - Cutlers (Committee room) (per hour)	68.00	71.00	Yes
Room hire - Cutlers (Committee room) (per hour) - charity rate	43.00	45.00	Yes
Room hire - Gibson (Council Chamber) (per hour)	91.00	95.00	Yes
Room hire - Gibson (Council Chamber) (per hour) - charity rate	58.00	60.00	Yes
Refreshments - per 10 people	18.00	19.00	Yes
Tenants - Flitch (Chairman's room) (per hour)	28.00	29.00	Yes
Tenants - Cutlers (Committee room) (per hour)	33.00	34.00	Yes
Tenants - Gibson (Council Chamber) (per hour)	53.00	55.00	Yes
Room charges - wedding			
Flitch (Chairman's Room) - Monday-Thursday	114.00	119.00	Yes
Flitch (Chairman's Room) - Friday	165.00	172.00	Yes

Print Room	2022/23 Charge	2023/24 Charge	Includes
	£	£	VAT?
Printing services for town and parish councils, voluntary organisations, clubs and societies - hourly charge (materials charged on top)	41.50	41.50	No*
* Addition of VAT varies depending upon what is being printed.			

Refuse Collection and Recycling	2022/23 Charge £	2023/24 Charge £	Includes VAT?
Bulky Waste Collection Service			
Minimum charge for 2 items	30.00	32.50	No
Each additional item	5.00	5.40	No
Waste Electrical Equipment collection service (1 item)	30.00	32.50	No
Each additional item	5.00	5.40	No
Garden Waste Bags	1.26	1.36	No
Garden Waste Collection Service			
240 litre wheeled bin	46.00	50.00	N/A
Bin delivery charge	23.63	25.50	No
Waste container supply and delivery (new developments)			
Full set of containers - green lidded bin, grey lidded bin, food caddy	78.75	85.00	No
Town and parish council garden waste weekend collection			
Charge per hour	73.50	79.50	No
Trade Waste Collection and Disposal Charges			
Trade sacks (85 litres)	3.15	3.40	No
Bins - 180 litres	6.45	6.95	No
Bins - 240 litres	8.60	9.30	No
Bins - 660 litres	14.22	15.40	No
Bins - 1,100 litres	21.92	23.70	No
Skip - 12 cubic yards (light materials)	165.63	179.00	No
Skip - 12 cubic yards (heavy materials)	259.55	280.50	No



Uttlesford District Council

Equality & Health Impact Assessment (EqHIA)

Document control

Title of activity:	<i>General Fund Budget and Council Tax 2023/24</i>
Lead officer:	<i>Jody Etherington, Assistant Director – Finance</i>
Approved by:	<i>Adrian Webb, Director of Finance and Corporate Services</i>
Date completed:	<i>22/01/2023</i>
Scheduled date for review:	<i>N/A – This budget covers a 1 year period and a new EqHIA will be carried out for next year's budget</i>

Does the EqHIA contain any confidential or exempt information that would prevent you publishing it on the Council's website?	No
---	----

Please note that EqHIAs are **public** documents and must be made available on the Council's [EqHIA webpage](#).

When completed, a copy of this form should be saved with the activity a policy, strategy, procedure, project, new or change in service, initiative or other's file for audit purposes and in case it is requested under the Freedom of Information Act.

When the EqHIA is completed send a copy to the following email address - EqHIA@Uttlesford.gov.uk

1. Equality & Health Impact Assessment Checklist

Please complete the following checklist to determine whether or not you will need to complete an EqHIA and ensure you keep this section for your audit trail. If you have any questions, please contact your Divisional Equality Lead. Please refer to the Guidance in Appendix 1 on how to complete this form. **When EqHIA is completed send a copy to the following email address EqHIA@Uttlesford.gov.uk**

About your activity

1	Title of activity	<i>General Fund Budget and Council Tax 2023/24</i>		
2	Type of activity	<i>To set the income and expenditure for the financial year for the General Fund to enable the delivery of quality services to residents.</i> <i>To set the council tax precept for 2023/24.</i>		
3	Scope of activity	<i>To identify the costs and income associated with delivering council services during 2023/24.</i> <i>To set the council tax precept in line with member priorities and government limits.</i>		
4a	Are you changing, introducing a new, or removing a service, policy, strategy or function?	Yes	If the answer to <u>any</u> of these questions is 'YES', please continue to question 5.	If the answer to <u>all</u> of the questions (4a, 4b & 4c) is 'NO', please go to question 6.
4b	Does this activity have the potential to impact (either positively or negatively) upon people (9 protected characteristics)?	Yes		
4c	Does the activity have the potential to impact (either positively or negatively) upon any factors which determine people's health and wellbeing?	Yes		
5	If you answered YES:	Please complete the EqHIA in Section 2 of this document. Please see Appendix 1 for Guidance.		
6	If you answered NO:	<i>Please provide a clear and robust explanation on why your activity does not require an EqHIA. This is essential in case the activity is challenged under the Equality Act 2010.</i> <i>Please keep this checklist for your audit trail.</i>		

Completed by:	<i>Jody Etherington, Assistant Director – Finance</i>
Date:	<i>22/01/2023</i>

2. The EqHIA – How will the strategy, policy, plan, procedure and/or service impact on people?

Background/context:

The General Fund budget is set annually, and this is based on the delivery of both statutory and discretionary services. The budget incorporates the Council's priorities, and this is supported by the budget consultation with residents and other stakeholders and the responses received.

The council tax increase is set in accordance with the allowable increase set by government as part of the annual financial settlement – for 2023/24 district councils are permitted to increase their council tax precept by the higher of 2.99% or £5 per band D property.

**Expand box as required*

Who will be affected by the activity?

This affects all residents in the districts. The budget sets the finances available for the delivery of all services to residents and businesses.

The council tax is a charge levied on all residential properties, an increase in council tax affects all residents including those on Benefits and low incomes.

**Expand box as required*

Protected Characteristic - Age: Consider the full range of age groups

Please tick (✓)
the relevant box:

Positive

Overall impact:

Increasing council tax will enable the Council to continue to provide quality services to all its residents.

Neutral

The predicted impact of the increase in council tax for 2023/24 for people of all ages is neutral as there is no identified direct, positive or indirect discrimination.

Negative

**Expand box as required*

Evidence:

The budget consultation provides the opportunity for residents to express their views on the proposed services' importance and whether the council provides value for money. This was available to all residents.

An earlier consultation was carried out on the Local Council Tax Support scheme, providing residents with the opportunity to express their views on the level of contribution for residents who are on a low income.

**Expand box as required*

Sources used:

Budget consultation
Local Council Tax Support scheme consultation

**Expand box as required*

Protected Characteristic - Disability: Consider the full range of disabilities; including physical mental, sensory and progressive conditions

<i>Please tick (✓) the relevant box:</i>		Overall impact: <i>Increasing council tax will enable the Council to continue to provide quality services to all its residents.</i> <i>The predicted impact of the increase in council tax for 2023/24 for people with disabilities is neutral as there is no identified direct, positive or indirect discrimination.</i>
Positive		
Neutral	✓	
Negative		

**Expand box as required*

Evidence:

The budget consultation provides the opportunity for residents to express their views on the proposed services' importance and whether the council provides value for money. This was available to all residents.

An earlier consultation was carried out on the Local Council Tax Support scheme, providing residents with the opportunity to express their views on the level of contribution for residents who are on a low income.

**Expand box as required*

Sources used:

Budget consultation
Local Council Tax Support scheme consultation

**Expand box as required*

Protected Characteristic - Sex/gender: Consider both men and women

<i>Please tick (✓) the relevant box:</i>		Overall impact: <i>Increasing council tax will enable the Council to continue to provide quality services to all its residents.</i> <i>The predicted impact of the increase in council tax for 2023/24 on all genders is neutral as there is no identified direct, positive or indirect discrimination.</i>
Positive		
Neutral	✓	
Negative		

**Expand box as required*

Evidence:

The budget consultation provides the opportunity for residents to express their views on the proposed services' importance and whether the council provides value for money. This was available to all residents.

An earlier consultation was carried out on the Local Council Tax Support scheme, providing residents with the opportunity to express their views on the level of contribution for residents who are on a low income.

**Expand box as required*

Sources used:

Budget consultation
Local Council Tax Support scheme consultation

**Expand box as required*

Protected Characteristic - Ethnicity/race: Consider the impact on different ethnic groups and nationalities

<i>Please tick (✓) the relevant box:</i>		<p>Overall impact:</p> <p><i>Increasing council tax will enable the Council to continue to provide quality services to all its residents.</i></p> <p><i>The predicted impact of the increase in council tax for 2023/24 on ethnicity and race is neutral as there is no identified direct, positive or indirect discrimination.</i></p> <p style="text-align: right;"><i>*Expand box as required</i></p>
Positive		
Neutral	✓	
Negative		

Evidence:

The budget consultation provides the opportunity for residents to express their views on the proposed services' importance and whether the council provides value for money. This was available to all residents.

An earlier consultation was carried out on the Local Council Tax Support scheme, providing residents with the opportunity to express their views on the level of contribution for residents who are on a low income.

**Expand box as required*

Sources used:

Budget consultation
Local Council Tax Support scheme consultation

**Expand box as required*

Protected Characteristic - Religion/faith: Consider people from different religions or beliefs including those with no religion or belief	
<i>Please tick (✓) the relevant box:</i>	
Positive	Overall impact: <i>Increasing council tax will enable the Council to continue to provide quality services to all its residents.</i>
Neutral	<input checked="" type="checkbox"/>
Negative	<input type="checkbox"/> <i>The predicted impact of the increase in council tax for 2023/24 on religion and faith is neutral as there is no identified direct, positive or indirect discrimination.</i>
<i>*Expand box as required</i>	
Evidence: The budget consultation provides the opportunity for residents to express their views on the proposed services' importance and whether the council provides value for money. This was available to all residents. An earlier consultation was carried out on the Local Council Tax Support scheme, providing residents with the opportunity to express their views on the level of contribution for residents who are on a low income.	
<i>*Expand box as required</i>	
Sources used: Budget consultation Local Council Tax Support scheme consultation	
<i>*Expand box as required</i>	

Protected Characteristic - Sexual orientation: Consider people who are heterosexual, lesbian, gay or bisexual	
<i>Please tick (✓) the relevant box:</i>	
Positive	Overall impact: <i>Increasing council tax will enable the Council to continue to provide quality services to all its residents.</i>
Neutral	<input checked="" type="checkbox"/>
Negative	<input type="checkbox"/> <i>The predicted impact of the increase in council tax for 2023/24 on sexual orientation is neutral as there is no identified direct, positive or indirect discrimination.</i>
<i>*Expand box as required</i>	
Evidence: The budget consultation provides the opportunity for residents to express their views on the proposed services' importance and whether the council provides value for money. This was available to all residents. An earlier consultation was carried out on the Local Council Tax Support scheme, providing residents with the opportunity to express their views on the level of contribution for residents who are on a low income.	
<i>*Expand box as required</i>	

Sources used:

Budget consultation
Local Council Tax Support scheme consultation

**Expand box as required*

Protected Characteristic - Gender reassignment: Consider people who are seeking, undergoing or have received gender reassignment surgery, as well as people whose gender identity is different from their gender at birth

<i>Please tick (✓) the relevant box:</i>		Overall impact: <i>Increasing council tax will enable the Council to continue to provide quality services to all its residents.</i> <i>The predicted impact of the increase in council tax for 2023/24 on gender reassignment is neutral as there is no identified direct, positive or indirect discrimination.</i>
Positive	<input type="checkbox"/>	
Neutral	<input checked="" type="checkbox"/>	
Negative	<input type="checkbox"/>	

**Expand box as required*

Evidence:

The budget consultation provides the opportunity for residents to express their views on the proposed services' importance and whether the council provides value for money. This was available to all residents.

An earlier consultation was carried out on the Local Council Tax Support scheme, providing residents with the opportunity to express their views on the level of contribution for residents who are on a low income.

**Expand box as required*

Sources used:

Budget consultation
Local Council Tax Support scheme consultation

**Expand box as required*

Protected Characteristic - Marriage/civil partnership: Consider people in a marriage or civil partnership

<i>Please tick (✓) the relevant box:</i>		Overall impact: <i>Increasing council tax will enable the Council to continue to provide quality services to all its residents.</i> <i>The predicted impact of the increase in council tax for 2023/24 for marriage and civil partnership is neutral as there is no identified direct, positive or indirect discrimination.</i>
Positive	<input type="checkbox"/>	
Neutral	<input checked="" type="checkbox"/>	
Negative	<input type="checkbox"/>	

**Expand box as required*

Evidence:

The budget consultation provides the opportunity for residents to express their views on the proposed services' importance and whether the council provides value for money. This was available to all residents.

An earlier consultation was carried out on the Local Council Tax Support scheme, providing residents with the opportunity to express their views on the level of contribution for residents who are on a low income.

**Expand box as required*

Sources used:

Budget consultation
Local Council Tax Support scheme consultation

**Expand box as required*

Protected Characteristic - Pregnancy, maternity and paternity: Consider those who are pregnant and those who are undertaking maternity or paternity leave

<i>Please tick (✓) the relevant box:</i>		<p>Overall impact:</p> <p><i>Increasing council tax will enable the Council to continue to provide quality services to all its residents.</i></p> <p><i>The predicted impact of the increase in council tax for 2023/24 for pregnancy, maternity and paternity is neutral as there is no identified direct, positive or indirect discrimination.</i></p>
Positive		
Neutral	✓	
Negative		

**Expand box as required*

Evidence:

The budget consultation provides the opportunity for residents to express their views on the proposed services' importance and whether the council provides value for money. This was available to all residents.

An earlier consultation was carried out on the Local Council Tax Support scheme, providing residents with the opportunity to express their views on the level of contribution for residents who are on a low income.

**Expand box as required*

Sources used:

Budget consultation
Local Council Tax Support scheme consultation

**Expand box as required*

Socio-economic status: Consider those who are from low income or financially excluded backgrounds

<i>Please tick (✓) the relevant box:</i>		Overall impact:
Positive	✓	<i>For residents who are from low income or financially excluded backgrounds, the Council has a number of schemes in place to provide support.</i>
Neutral		
Negative		<p><i>The Local Council Tax Support scheme is available to all residents and is means tested with the maximum benefit of 87.5% discount on their annual council tax bill. The scheme includes protection for pensioners and the vulnerable and their carers, with those on the lowest incomes receiving 100% discount.</i></p> <p><i>The Council has the most generous Council Tax Support Scheme in Essex.</i></p> <p><i>The Council also maintains an Extreme Hardship Fund which is available to all residents who find themselves in financial hardship. In addition to this there is a dedicated officer in post to provide support and advice on managing their finances and any arrears. The officer is also in contact with other support agencies who they can signpost to residents for additional help and support.</i></p> <p><i>All Council services are available to all residents and some of our fee charging services offer discounted rates for people on a low income.</i></p>

**Expand box as required*

Evidence:

Local Council Tax Support scheme sets out all the available support.

**Expand box as required*

Sources used:

Local Council Tax Support scheme

**Expand box as required*

Health & Wellbeing Impact: Consider both short and long-term impacts of the activity on a person's physical and mental health, particularly for disadvantaged, vulnerable or at-risk groups. Can health and wellbeing be positively promoted through this activity? Please use the Health and Wellbeing Impact Tool in Appendix 2 to help you answer this question.

Please tick (✓) all the relevant boxes that apply:

Positive	✓
Neutral	
Negative	

Overall impact:

Increasing council tax enables the Council to continue to provide a range of quality services, including a Health and Wellbeing service.

**Expand box as required*

Do you consider that a more in-depth HIA is required as a result of this brief assessment? Please tick (✓) the relevant box

Yes No

Evidence:

There will be a positive health and wellbeing impact due to continuing access to specific health and wellbeing services for residents.

**Expand box as required*

Sources used:

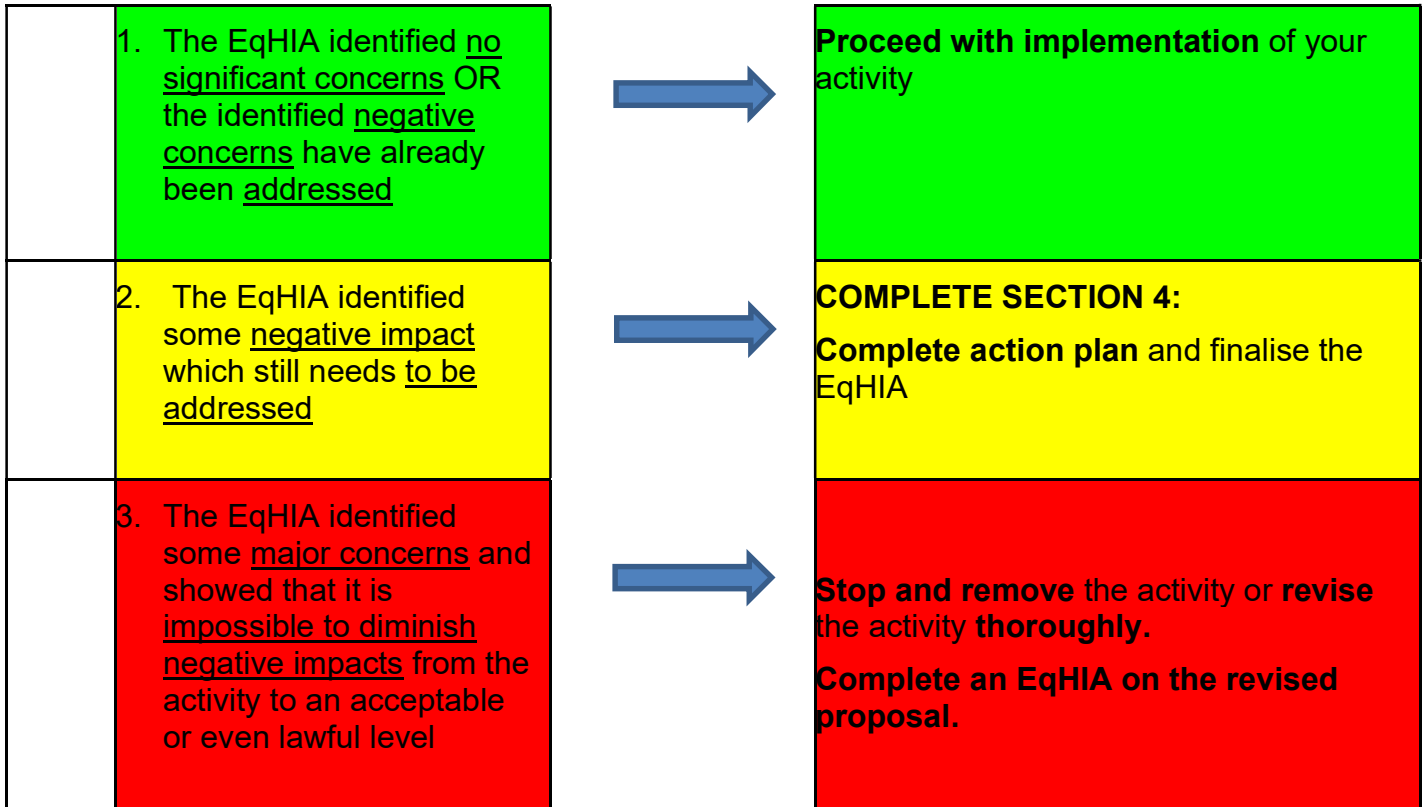
Budget consultation

**Expand box as required*

3. Outcome of the Assessment

The EqHIA assessment is intended to be used as an improvement tool to make sure the activity maximises the positive impacts and eliminates or minimises the negative impacts. The possible outcomes of the assessment are listed below and what the next steps to take are:

Please tick (✓) what the overall outcome of your assessment was:



4. Action Plan

The real value of completing an EqHIA comes from the identifying the actions that can be taken to eliminate/minimise negative impacts and enhance/optimize positive impacts. In this section you should list the specific actions that set out how you will address any negative equality and health & wellbeing impacts you have identified in this assessment. Please ensure that your action plan is: more than just a list of proposals and good intentions; sets ambitious yet achievable outcomes and timescales; and is clear about resource implications.

Protected characteristic / health & wellbeing impact	Identified Negative or Positive impact	Recommended actions to mitigate Negative impact* or further promote Positive impact	Outcomes and monitoring**	Timescale	Lead officer

Add further rows as necessary

* You should include details of any future consultations and any actions to be undertaken to mitigate negative impacts

** Monitoring: You should state how the impact (positive or negative) will be monitored; what outcome measures will be used; the known (or likely) data source for outcome measurements; how regularly it will be monitored; and who will be monitoring it (if this is different from the lead officer).

5. Review

In this section you should identify how frequently the EqHIA will be reviewed; the date for next review; and who will be reviewing it.

Review:

This budget is for a one year period only and a new EqHIA will be carried out for next year's budget.

Scheduled date of review: January 2024 (as part of setting the 2024/25 budget and council tax).

Lead Officer conducting the review: Jody Etherington, Assistant Director – Finance

**Expand box as required*

Appendix 1. Guidance on Undertaking an EqHIA

This Guidance can be deleted prior to publication.

What is it?

The Equality & Health Impact Assessment (EqHIA) is a tool to ensure that your activity meets the needs of individuals and groups that use your service, whilst at the same time ensuring a person's chance of leading a healthy life is the same wherever they live and whoever they are. We want to ensure that the activities of the Council are 'fit for purpose' and meet the needs of Uttlesford's increasingly diverse communities and employees. This robust and systematic EqHIA process ensures that any potential detrimental effects or discrimination is identified, removed, or mitigated and positive impacts are enhanced.

When to Assess:

An EqHIA should be carried out when you are changing, removing or introducing a new service, policy, strategy or function; for simplicity, these are referred to as an "activity" throughout this document. It is best to conduct the assessment as early as possible in the decision-making process.

Guidance: Equality & Health Impact Assessment Checklist

The Checklist in Section 1 asks the key questions,

4a) Are you changing, introducing a new, or removing a service, policy, strategy or function?

4b) Does this activity (policy/strategy/service/decision) have the potential to impact (either positively or negatively) upon people (9 protected characteristics)?

4c) Does this activity (policy/strategy/service/decision) have the potential to impact (either positively or negatively) upon any factors which determine people's health and wellbeing?

- If the answer to ANY of the questions 4a, 4b or 4c of the Checklist is 'YES' then you must carry out an assessment. e.g. Proposed changes to Contact Centre Opening Hours
'YES' = you need to carry out an EqHIA
- If the answer to ALL of the questions, 4a or 4b of the Checklist is NO, then you do not need to carry out an EqHIA assessment. e.g. Quarterly Performance Report
'NO' = you DO NOT need to carry out an EqHIA. Please provide a clear explanation as to why you consider an EqHIA is not required for your activity.

Using the Checklist

The assessment should take into account all the potential impacts of the proposed activity, be it a major financial decision, or a seemingly simple policy change. Considering and completing this EqHIA will ensure that all Council plans, strategies, policies, procedures, services or other activity comply with relevant statutory obligations and responsibilities. In particular it helps the Council to meet its legal obligation under the [Equality Act 2010 and the Public Sector Equality Duty](#) and its public health duties under the [Health and Social Care Act 2012](#).

Having Due Regard

To have due regard means that in making decisions and in its other day-to-day activities, the Council must consciously consider the need to:

- Eliminate unlawful discrimination, harassment and victimisation
- Advance equality of opportunity between different groups
- Foster good relations between different groups
- Reduce inequalities in health outcomes

Combining Equality and Health Impact Assessment:

[Equality Impact Assessments \(EIAs\)](#) provide a systematic way of ensuring that legal obligations are met. They assess whether a proposed policy, procedure, service change or plan will affect people different on the basis of their 'protected characteristics' and if it will affect their human rights. Currently there are **nine protected characteristics** (previously known as 'equality groups' or 'equality strands'): age, disability, sex/gender, ethnicity/race, religion/faith, sexual orientation, gender reassignment, marriage/civil partnership, and pregnancy/ maternity/paternity.

An activity does not need to impact on all 9 protected characteristics – impacting on just one is sufficient justification to complete an EqHIA.

This [Equality and Health Impact Assessment \(EqHIA\)](#) brings together a single tool which will result in a set of recommendations to eliminate discrimination and inequality; enhance potential positive impacts and mitigate where possible for negative impacts.

In conducting this EqHIA you will need to assess the impact (positive, neutral or negative) of your activity on individuals and groups with **protected characteristics** (this includes staff delivering your activity), **socio-economic status** and **health & wellbeing**. Guidance on what to include in each section is given on the next pages.

Guidance: What to include in background/context

In this section you will need to add the background/context of your activity, i.e. what is the activity intending to do, and why?

Make sure you include the scope and intended outcomes of the activity being assessed; and highlight any proposed changes. Please include a brief rationale for your activity and any supporting evidence for the proposal. Some questions to consider:

- What is the aim, objectives and intended outcomes?
- How does this activity meet the needs of the local population?
- Has this activity been implemented in another area? What were the outcomes?
- Is this activity being implemented as per best practice guidelines?
- Who were the key stakeholders in this activity?

required

*Note that the boxes will expand as

Guidance: Who will be affected by the activity?

The people who will be affected may be

Residents: pay particular attention to vulnerable groups in the population who may be affected by this activity

Businesses/ manufacturing / developers / small, medium or large enterprises

Employees: e.g. Council staff for an internal activity, other statutory or voluntary sector employees, local businesses and services

*Note that the boxes will expand as required

Guidance: What to include in assessing a Protected Characteristic e.g. AGE

Please tick (✓) the relevant box:

Positive

Neutral

Negative

Overall impact: In this section you will need to consider and note what impact your activity will have on individuals and groups (including staff) with protected characteristics based on the data and information you have. You should note whether this is a positive, neutral or negative impact.

It is essential that you note all negative impacts. This will demonstrate that you have paid ‘due regard’ to the Public Sector Equality Duty (<https://www.gov.uk/government/publications/public-sector-equality-duty>) if your activity is challenged under the Equality Act.

*Note that the boxes will expand as required

Evidence: In this section you will need to document the evidence that you have used to assess the impact of your activity.

When assessing the impact, please consider and note how your activity contributes to the three aims of the Public Sector Equality Duty (PSED) as stated in the section above.

It is essential that you note the full impact of your activity, so you can demonstrate that you have fully considered the equality implications and have paid ‘due regard’ to the PSED should the Council be challenged.

- If you have identified a **positive impact**, please note this.
- If you think there is a **neutral impact** or the impact is not known, please provide a full reason why this is the case.
- If you have identified a **negative impact**, please note what steps you will take to mitigate this impact. If you are unable to take any mitigating steps, please provide a full reason why. All negative impacts that have mitigating actions must be recorded in the **Action Plan**.
- **Please ensure that appropriate consultation with affected parties has been undertaken and evidenced**

Sources used: In this section you should list all sources of the evidence you used to assess the impact of your activity. This can include:

- Service specific data, benchmarking with other organisations, national best practice
- Population, demographic and socio-economic data. Suggested sources include:
 - o Service user monitoring data that your service collects
 - o www.essexinsight.org.uk
 - o [Office for National Statistics \(ONS\)](http://Office for National Statistics (ONS))

If you do not have any relevant data, please provide the reason why.

*Note that the boxes will expand as required

Guidance: What to include in assessing Health & Wellbeing Impact:

Please tick (✓) all the relevant boxes that apply:

Overall impact: In this section you will need to consider and note whether the proposal could have an overall impact on, or implications for, people’s health and wellbeing or any factors which determine people’s health.

Positive

How will the activity help address inequalities in health?

Neutral

Include here a brief outline of what could be done to enhance the positive impacts and, where possible, mitigate for the negative impacts.

Negative

*Note that the boxes will expand as required

Do you consider that a more in-depth HIA is required as a result of this brief assessment? Please tick (✓) the relevant box

Yes No

Evidence: In this section you will need to outline in more detail how you came to your conclusions above:

- What is the nature of the impact?
- Is the impact **positive** or **negative**? It is possible for an activity to have **both positive and negative impacts**. Consider here whether people will be able to access the service being offered; improve or maintain healthy lifestyles; improve their opportunities for employment/income; whether and how it will affect the environment in which they live (housing, access to parks & green space); what the impact on the family, social support and community networks might be
- What can be done to mitigate the negative impacts and/or enhance the positive impacts?
- If you think there is a **neutral impact**, or the impact is not known, please provide a brief reason why this is the case.
- What is the likelihood of the impact? Will the impact(s) be in weeks, months or years? In some cases the short-term risks to health may be worth the longer term benefits.
- Will the proposal affect different groups of people in different ways? A proposal that is likely to benefit one section of the community may not benefit others and could lead to inequalities in health.

Please use the Health & Wellbeing Impact Tool in Appendix 2 as a guide/checklist to assess the potential wider determinants of health impacts.

This tool will help guide your thinking as to what factors affect people's health and wellbeing, such as social support, their housing conditions, access to transport, employment, education, crime and disorder and environmental factors. It is not an exhaustive list, merely a tool to guide your assessment; there may be other factors specific to your activity.

Some questions you may wish to ask include:

- Will the activity impact on people's ability to socialise, potentially leading to social isolation?
- Will the activity affect a person's income and/or have an effect on their housing status?
- Is the activity likely to cause the recipient of a service more or less stress?
- Will any change in the service take into account different needs, such as those with learning difficulties?
- Will the activity affect the health and wellbeing of persons not directly related to the service/activity, such as carers, family members, other residents living nearby?
- If there is a short-term negative effect, what will be done to minimise the impact as much as possible?
- Are the longer-term impacts positive or negative? What will be done to either promote the positive effects or minimise the negative effects?
- Do the longer term positive outcomes outweigh the short term impacts?

*Note that the boxes will expand as required

Sources used: In this section you should list all sources of the evidence you used to assess the impact of your activity. This could include, e.g.:

Information on the population affected

- Routinely collected local statistics (e.g. quality of life, health status, unemployment, crime, air quality, educational attainment, transport etc.)
- Local research/ Surveys of local conditions
- Community profiles i.e. Uttlesford JSNA

Wider Evidence

- Published Research, including evidence about similar proposals implemented elsewhere (e.g. Case Studies).
- Predictions from local or national models
- Locally commissioned research by statutory/voluntary/private organisations

Expert Opinion

- Views of residents and professionals with local knowledge and insight

*Note that the boxes will expand as required

Guidance: Outcome of the Assessment

On reflection, what is your overall assessment of the activity?

The purpose of conducting this assessment is to offer an opportunity to think, reflect and **improve** the proposed activity. It will make sure that the Council can evidence that it has considered its due regard to equality and health & wellbeing to its best ability.

It is not expected that all proposals will be immediately without negative impacts! However, where these arise, what actions can be taken to mitigate against potential negative effects, or further promote the positive impacts?

Please tick one of the 3 boxes in this section to indicate whether you think:

1. all equality and health impacts are adequately addressed in the activity – proceed with your activity pending all other relevant approval processes
2. The assessment identified some negative impacts which could be addressed – please complete the Action Plan in Section 4.
3. If the assessment reveals some significant concerns, this is the time to stop and re-think, making sure that we spend our Council resources wisely and fairly. There is no shame in stopping a proposal.

*Note that the boxes will expand as required

Guidance: Action Plan

For each protected characteristic/health & wellbeing impact where an impact on people or their lives has been identified, complete one row of the action plan. You can add as many further rows as required.

State whether the impact is Positive or Negative

Briefly outline the actions that can be taken to mitigate against the negative impact or further enhance a positive impact. These actions could be to make changes to the activity itself (service, proposal, strategy etc.) or to make contingencies/alterations in the setting/environment where the activity will take place.

For example, might staff need additional training in communicating effectively with people with learning difficulties, if a new service is opened specifically targeting those people? Is access to the service fair and equitable? What will the impact on other service users be? How can we ensure equity of access to the service by all users? Will any signage need changing? Does the building where the service being delivered comply with disability regulations?

Guidance: Review

Changes happen all the time. A service/strategy/policy/activity that is appropriate at one time, may no longer be appropriate as the environment around us changes. This may be changes in our population, growth and makeup, legislative changes, environmental changes or socio-political changes.

Although we can't predict what's going to happen in the future, a review is recommended to ensure that what we are delivering as a Council is still the best use of our limited resources. The timescale for review will be dependent on the scale of the activity.

A major financial investment may require a review every 2-3 years for a large scale regeneration project over 10-15 years.

A small policy change may require a review in 6 months to assess whether there are any unintended outcomes of such a change.

Please indicate here how frequently it is expected to review your activity and a brief justification as to why this timescale is recommended.

Guidance: Key Contacts

For further advice or information contact your Divisional Equality Lead Officer

Division/Services	Head of Division/Services	Tel.No.

Appendix 2. Health & Wellbeing Impact Tool

Will the activity/service/policy/procedure affect any of the following characteristics? Please tick/check the boxes below

The following are a range of considerations that might help you to complete the assessment.

Lifestyle YES <input type="checkbox"/> NO <input type="checkbox"/>	Personal circumstances YES <input type="checkbox"/> NO <input type="checkbox"/>	Access to services/facilities/amenities YES <input type="checkbox"/> NO <input type="checkbox"/>
<input type="checkbox"/> Diet <input type="checkbox"/> Exercise and physical activity <input type="checkbox"/> Smoking <input type="checkbox"/> Exposure to passive smoking <input type="checkbox"/> Alcohol intake <input type="checkbox"/> Dependency on prescription drugs <input type="checkbox"/> Illicit drug and substance use <input type="checkbox"/> Risky Sexual behaviour <input type="checkbox"/> Other health-related behaviours, such as tooth-brushing, bathing, and wound care	<input type="checkbox"/> Structure and cohesion of family unit <input type="checkbox"/> Parenting <input type="checkbox"/> Childhood development <input type="checkbox"/> Life skills <input type="checkbox"/> Personal safety <input type="checkbox"/> Employment status <input type="checkbox"/> Working conditions <input type="checkbox"/> Level of income, including benefits <input type="checkbox"/> Level of disposable income <input type="checkbox"/> Housing tenure <input type="checkbox"/> Housing conditions <input type="checkbox"/> Educational attainment <input type="checkbox"/> Skills levels including literacy and numeracy	<input type="checkbox"/> to Employment opportunities <input type="checkbox"/> to Workplaces <input type="checkbox"/> to Housing <input type="checkbox"/> to Shops (to supply basic needs) <input type="checkbox"/> to Community facilities <input type="checkbox"/> to Public transport <input type="checkbox"/> to Education <input type="checkbox"/> to Training and skills development <input type="checkbox"/> to Healthcare <input type="checkbox"/> to Social services <input type="checkbox"/> to Childcare <input type="checkbox"/> to Respite care <input type="checkbox"/> to Leisure and recreation services and facilities
Social Factors YES <input type="checkbox"/> NO <input type="checkbox"/>	Economic Factors YES <input type="checkbox"/> NO <input type="checkbox"/>	Environmental Factors YES <input type="checkbox"/> NO <input type="checkbox"/>
<input type="checkbox"/> Social contact <input type="checkbox"/> Social support <input type="checkbox"/> Neighbourliness <input type="checkbox"/> Participation in the community <input type="checkbox"/> Membership of community groups <input type="checkbox"/> Reputation of community/area <input type="checkbox"/> Participation in public affairs <input type="checkbox"/> Level of crime and disorder <input type="checkbox"/> Fear of crime and disorder <input type="checkbox"/> Level of antisocial behaviour <input type="checkbox"/> Fear of antisocial behaviour <input type="checkbox"/> Discrimination <input type="checkbox"/> Fear of discrimination <input type="checkbox"/> Public safety measures <input type="checkbox"/> Road safety measures	<input type="checkbox"/> Creation of wealth <input type="checkbox"/> Distribution of wealth <input type="checkbox"/> Retention of wealth in local area/economy <input type="checkbox"/> Distribution of income <input type="checkbox"/> Business activity <input type="checkbox"/> Job creation <input type="checkbox"/> Availability of employment opportunities <input type="checkbox"/> Quality of employment opportunities <input type="checkbox"/> Availability of education opportunities <input type="checkbox"/> Quality of education opportunities <input type="checkbox"/> Availability of training and skills development opportunities <input type="checkbox"/> Quality of training and skills development opportunities <input type="checkbox"/> Technological development <input type="checkbox"/> Amount of traffic congestion	<input type="checkbox"/> Air quality <input type="checkbox"/> Water quality <input type="checkbox"/> Soil quality/Level of contamination/Odour <input type="checkbox"/> Noise levels <input type="checkbox"/> Vibration <input type="checkbox"/> Hazards <input type="checkbox"/> Land use <input type="checkbox"/> Natural habitats <input type="checkbox"/> Biodiversity <input type="checkbox"/> Landscape, including green and open spaces <input type="checkbox"/> Townscape, including civic areas and public realm <input type="checkbox"/> Use/consumption of natural resources <input type="checkbox"/> Energy use: CO2/other greenhouse gas emissions <input type="checkbox"/> Solid waste management <input type="checkbox"/> Public transport infrastructure

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Council spending - have your say

Survey response report

21 September 2022 - 31 October 2022

Uttlesford District Council budget 2023/24



CONTENTS

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Profiling: 36

Additional comments received: 41

Summary

Each year we have to prepare our budget and decide how much should be spent on the services we provide to the community.

Before we do that we ask for feedback in the form of a public survey on what our spending priorities should be in the financial year from April 2023 to March 2024.

Background

Central government funding used to be the biggest single source of money for many councils, including Uttlesford.

For the current financial year 2022/23 the council's total funding requirement is budgeted at £17,341,000. This figure is the net funding requirement after taking in to account fees for services such as Planning, Licensing, and car park income.

Government funding has reduced significantly over the years, a trend that is expected to continue. As a result, we faced significant challenges in balancing our budget. We decided to increase our revenue through a commercial investment programme – buying a portfolio of commercial property and then using the rent we receive to fund council services.

In the current year, this portfolio will generate additional net income of £5,658,000 to help us run the council. This compares with Council Tax of £6,404,000. The rest of the funding is a mixture of business rates, central government funding and use of council reserves, including those set aside in earlier years for specific purposes.

This has been successful, but even so there are continued financial pressures on us. This means that we need to ensure we remain efficient while continuing to provide the same high quality services.

The results of this consultation will help us to decide on the priorities for the budget for April 2023 to March 2024.

Consultation

The questions and format of the consultation followed a very similar format to that we used in 2021 (to inform the budget set for the year 2022-23).

The consultation concentrated on asking for respondents' views on:

- the priorities for council spending in relation to the Corporate Plan visions
- whether the Council Tax precept for Uttlesford District Council represents 'Value for money'
- the prerogatives for the future resourcing of specific service areas

To help respondents form an opinion on the future resourcing of specific service areas the survey provided them with the net cost per household of providing each service, after taking into account any income from fees and charges.

The survey also invited (but did not require) participants to provide some brief profiling details (age, gender, ethnicity disability). Participants were also asked to identify if their response was as a resident, business or on behalf of an organisation (such as major preceptors).

The online survey was run as a web form on the Uttlesford District Council “Lets talk” consultation platform. This could be accessed via a direct link or from the main website home page, directly from the platform itself or from links sent out in various promotions, publicity and newsletters.

Promotion

The survey ran from 21 September to 31 October 2022.

At the start of the consultation period emails inviting participation in the survey were sent directly to:

- Essex County Council
- Essex Police, Fire and Crime Commissioner Fire and Rescue Authority
- Police, Fire & Crime Commissioner for Essex - Policing and Community Safety
- all Uttlesford members
- all town and parish councils in the district
- businesses on the Uttlesford Economic Development team’s distribution list

The survey was widely publicised to the citizens of Uttlesford who were encouraged to take part.

A press release was distributed to all local media and newspapers on 3 October.

It was included in the *District News* e-newsletters on 30 September with a reminder on 28 October to all 9,703 subscribers.

It was also included in *Business News* e-newsletters on 26 September and 12 October to 2,269 business subscribers.

Social media promotion went on throughout the consultation period:

- Facebook - total post impressions 4,696, reach 4,208, engagement 230, shares 25
- Twitter - total impressions 1,782, retweets 15, link clicks 21
- Additionally on Instagram and LinkedIn

A reminder letter, promotional materials and paper forms were sent to all town and parish councils in early October.

Those people who do not use digital services were offered the option of requesting a paper copy of the survey and proposals to be sent out by post (details were provided on the website, in the press releases and in all publicity).

SURVEY QUESTIONS

Verified responses: 145

Summary

Response type

Online: 143

Paper: 2

Additional comments received: 2

Headline responses

Q1 Corporate priorities: Putting residents first ranked as the first priority

Q2 Council Tax value for money: Tend to agree by 36%

Service priorities

Where more than one activity was given under a service area, the priority is that identified by the largest number of respondents who rated it as very or fairly important.

For services with only one priority area the dominant view of respondents is given.

Q3 Environmental Health and Licensing

Service priority 2023-24: Action to develop cleaner neighbourhoods

Q4 Housing and homelessness

Service priority 2023-24: Housing advice

Q5 Planning and Building Control

Service priority 2023-24: Planning Policy including the New Local Plan

Q6 Refuse and recycling

Service priority 2023-24: Refuse and recycling collections

Q7 Street cleansing

Service priority 2023-24: Street cleansing rated as 'very important' by 60% of respondents

Q8 Revenues and Benefits

Service priority 2023-24: Administering Council Tax and business rates

Q9 Maintaining amenity areas

Service priority 2023-24: Maintaining amenities rated as 'very important' by 46% of respondents

Q10 Community safety activities

Service priority 23-24: Community safety rated as 'very important' by 40% of respondents

Q11 Economic development

Service priority 23-24: Support for local businesses

Q12 Partnerships and communities

Service priority 23-24: Supporting community groups to deliver projects

Q13 Running Saffron Walden Museum

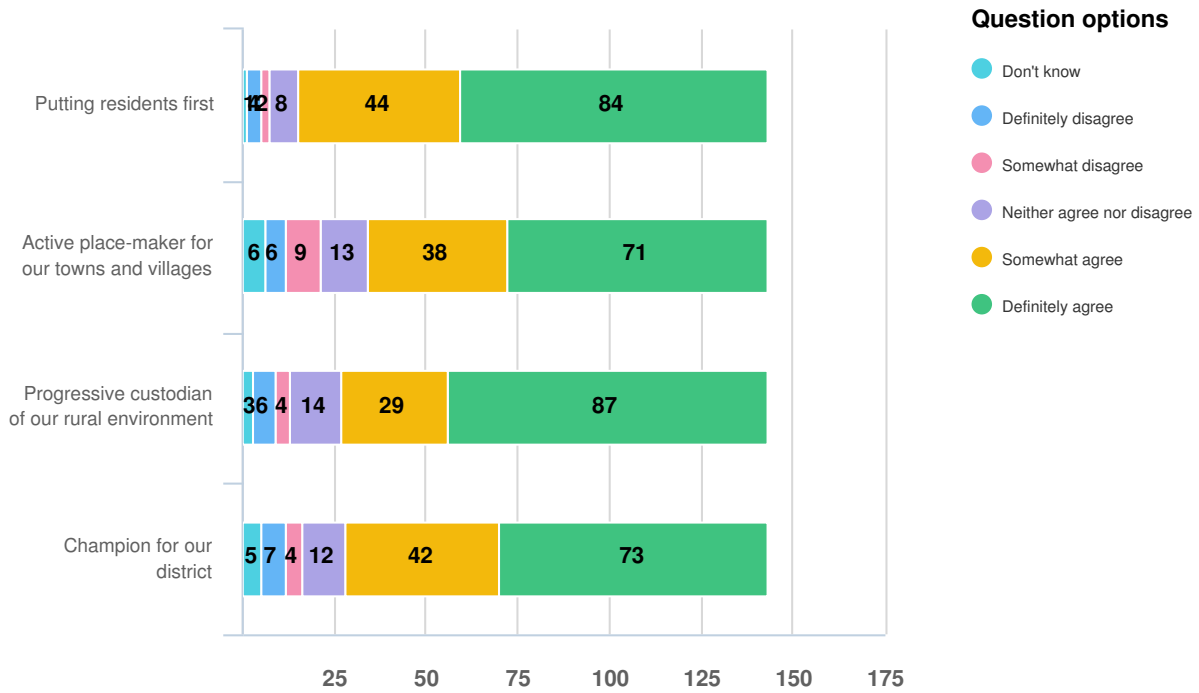
Service priority 23-24: The museum is rated as 'not so important' by 35% of respondents

Q14 Climate change activities

Service priority 23-24: Climate change activities are rated as 'very important' by 41% of respondents

Response detailed results

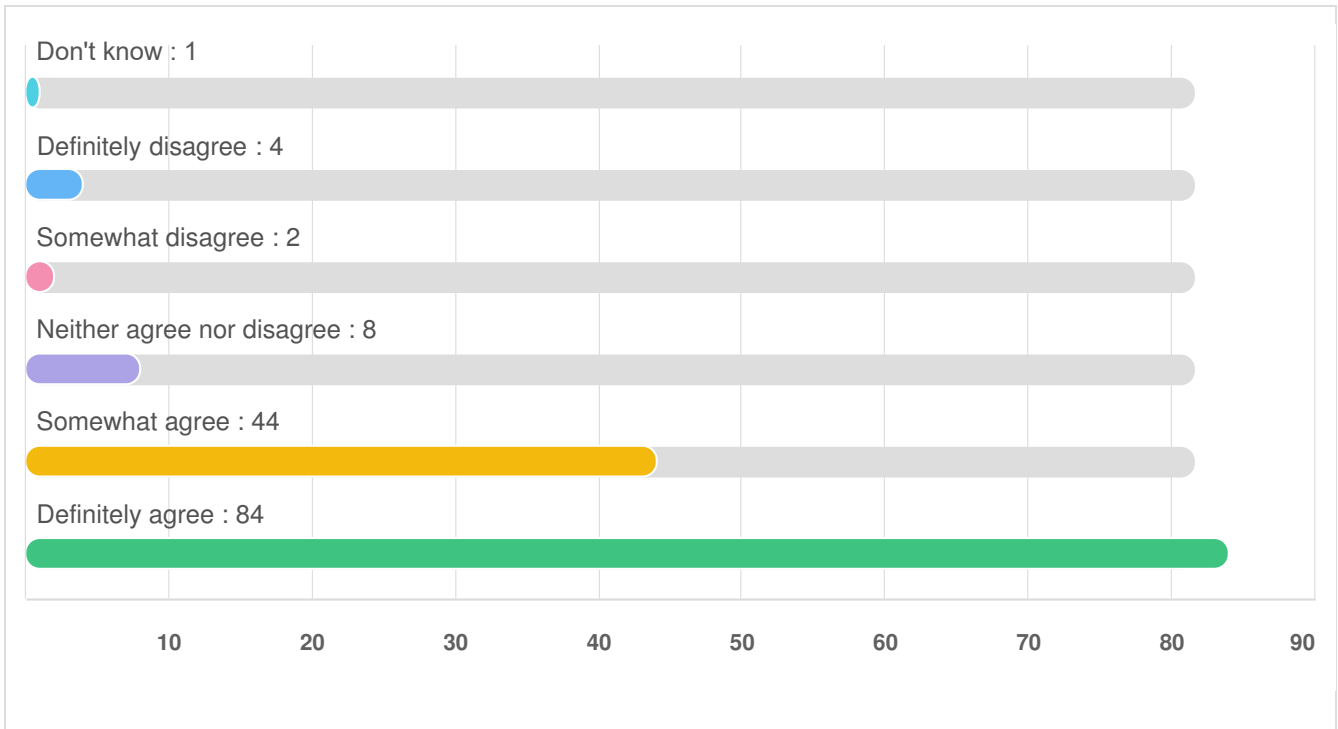
Q1 Are these priorities the right ones for 2023/24?

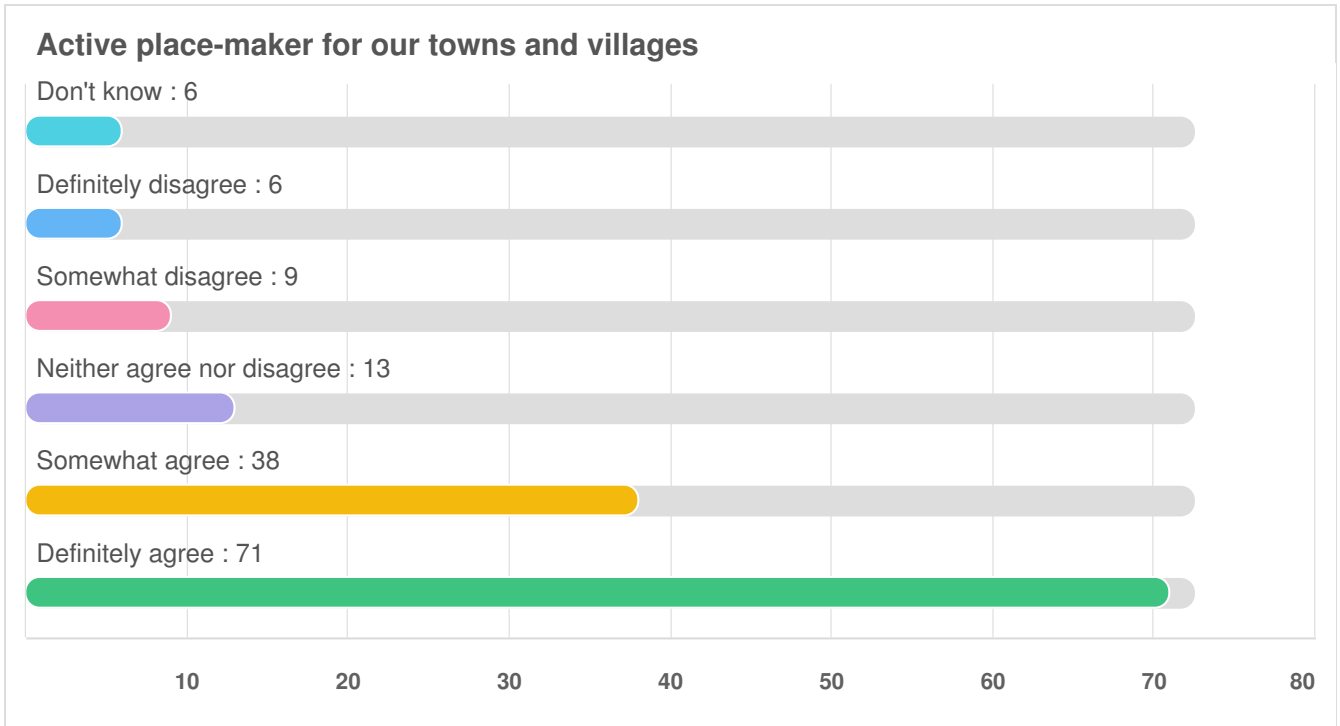


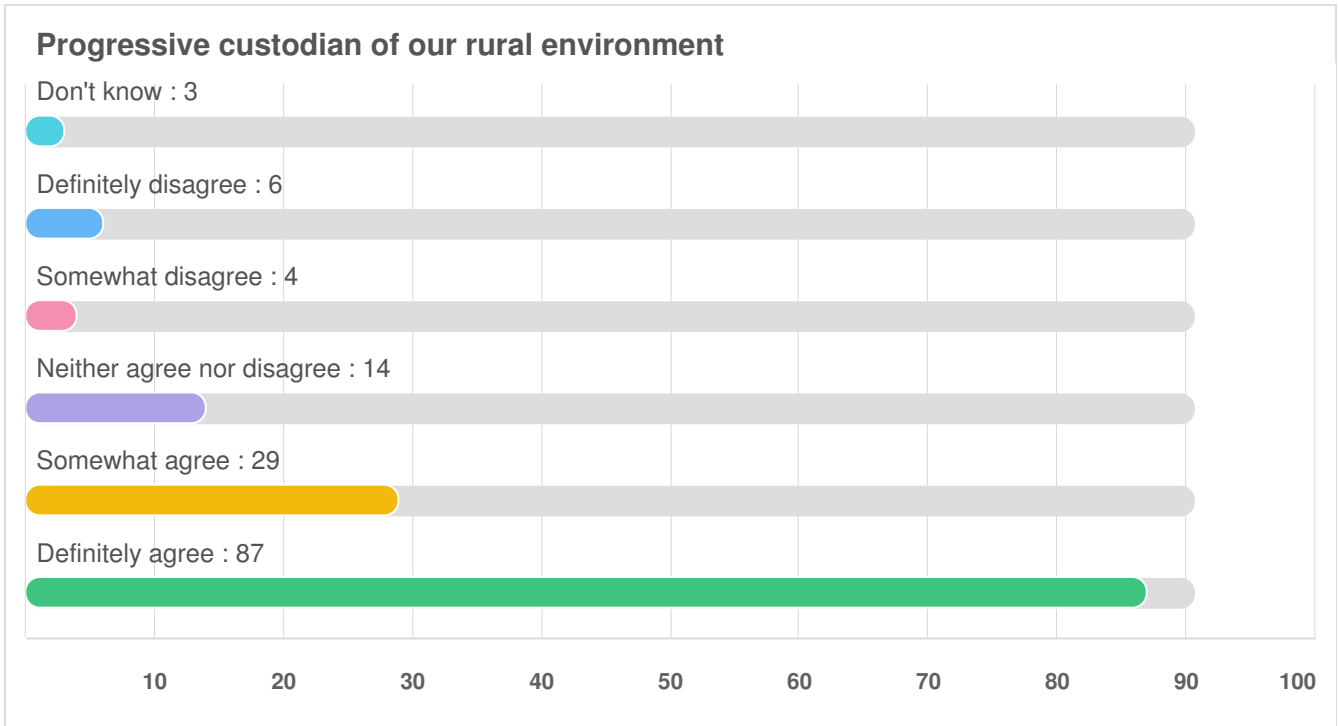
Optional question (143 response(s), 2 skipped)

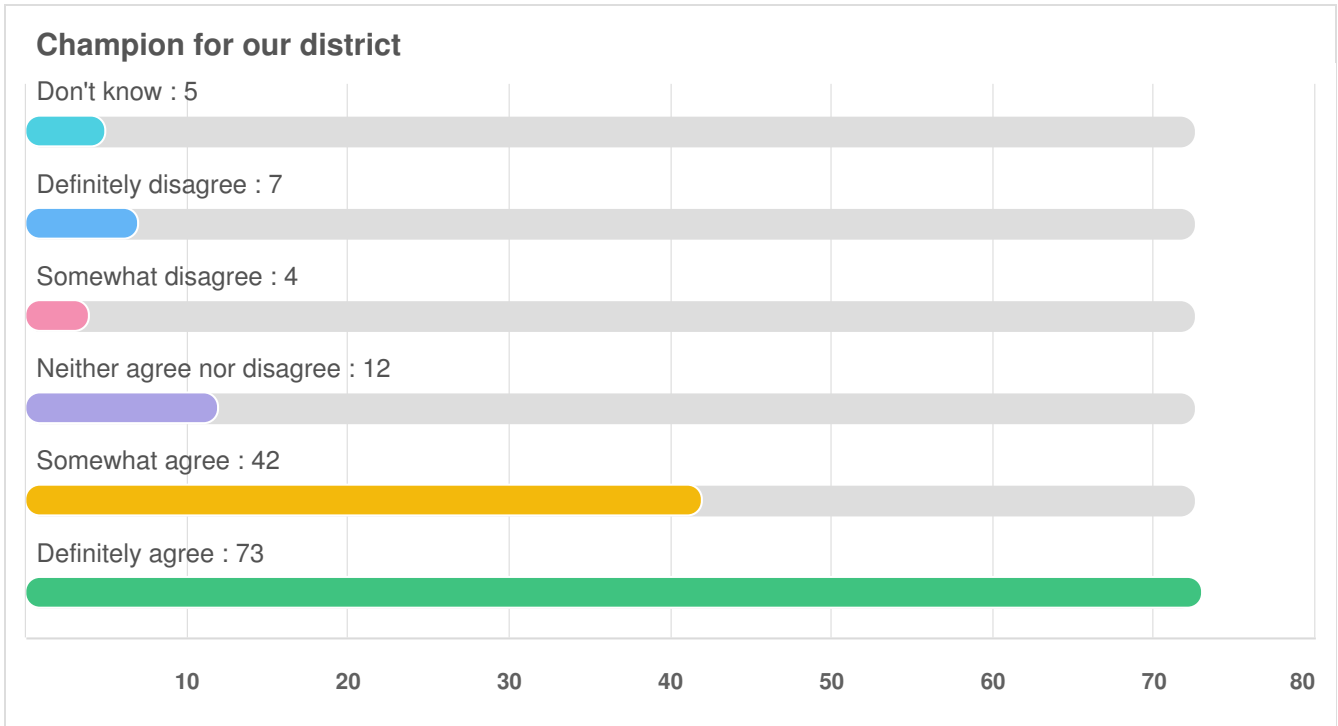
Q1 | Are these priorities the right ones for 2023/24?

Putting residents first

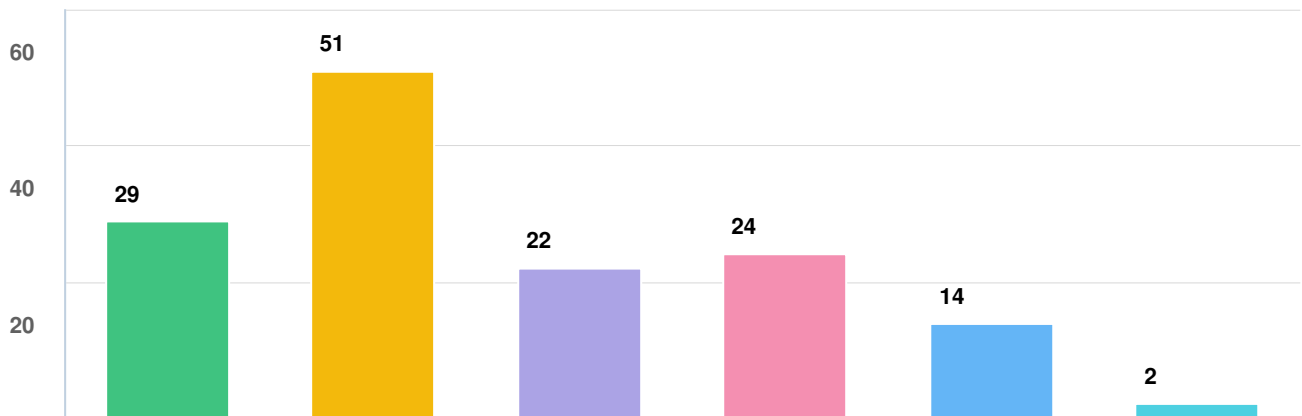








Q2 Bearing in mind Uttlesford householders only pay £166.61 per year for services provided by the council (based on average Band D Council Tax 2022/23), to what extent do you disagree that Uttlesford District Council provides value for money?

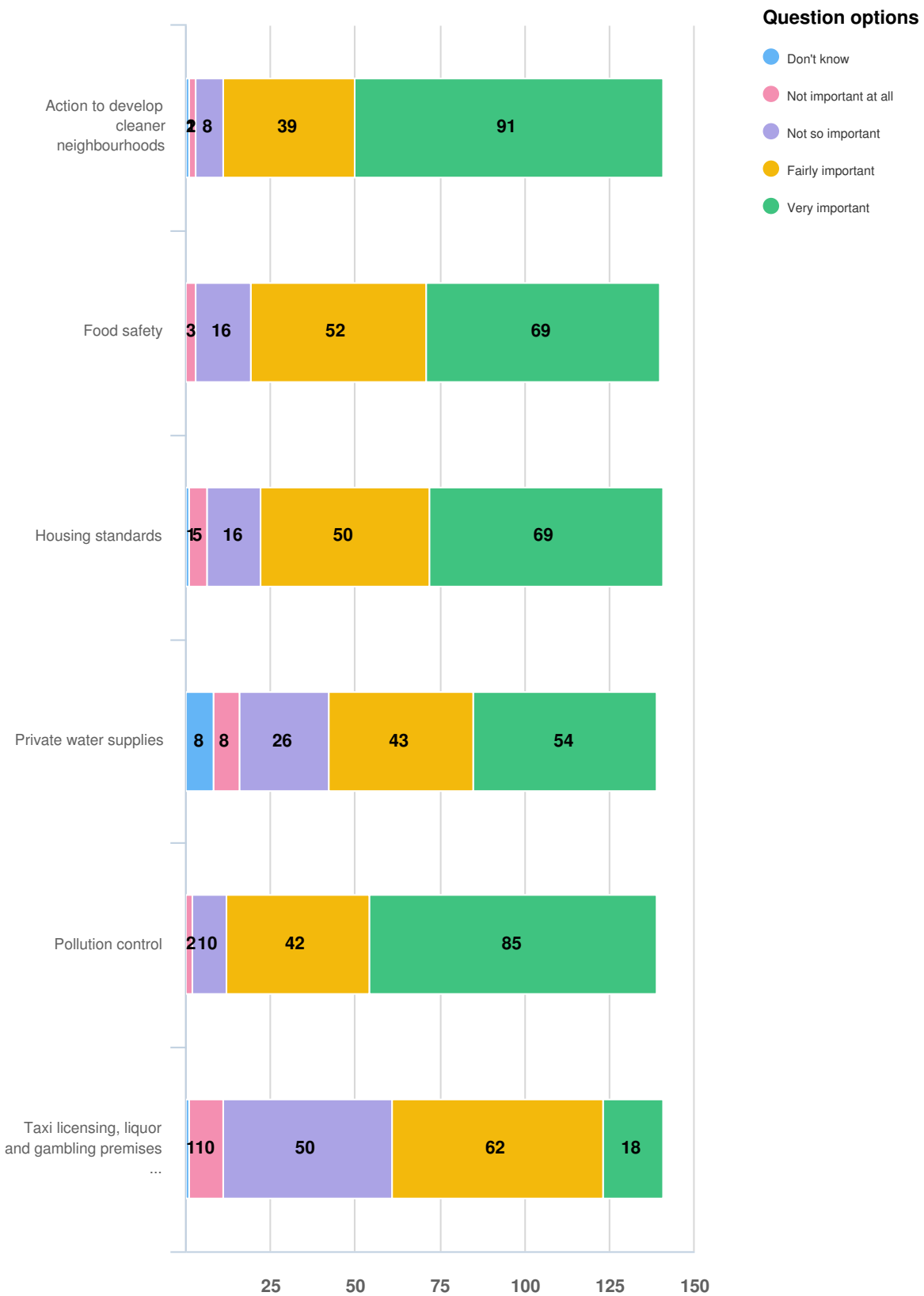


Question options

- Don't know
- Strongly disagree
- Tend to disagree
- Neither agree nor disagree
- Tend to agree
- Strongly agree

Optional question (142 response(s), 3 skipped)

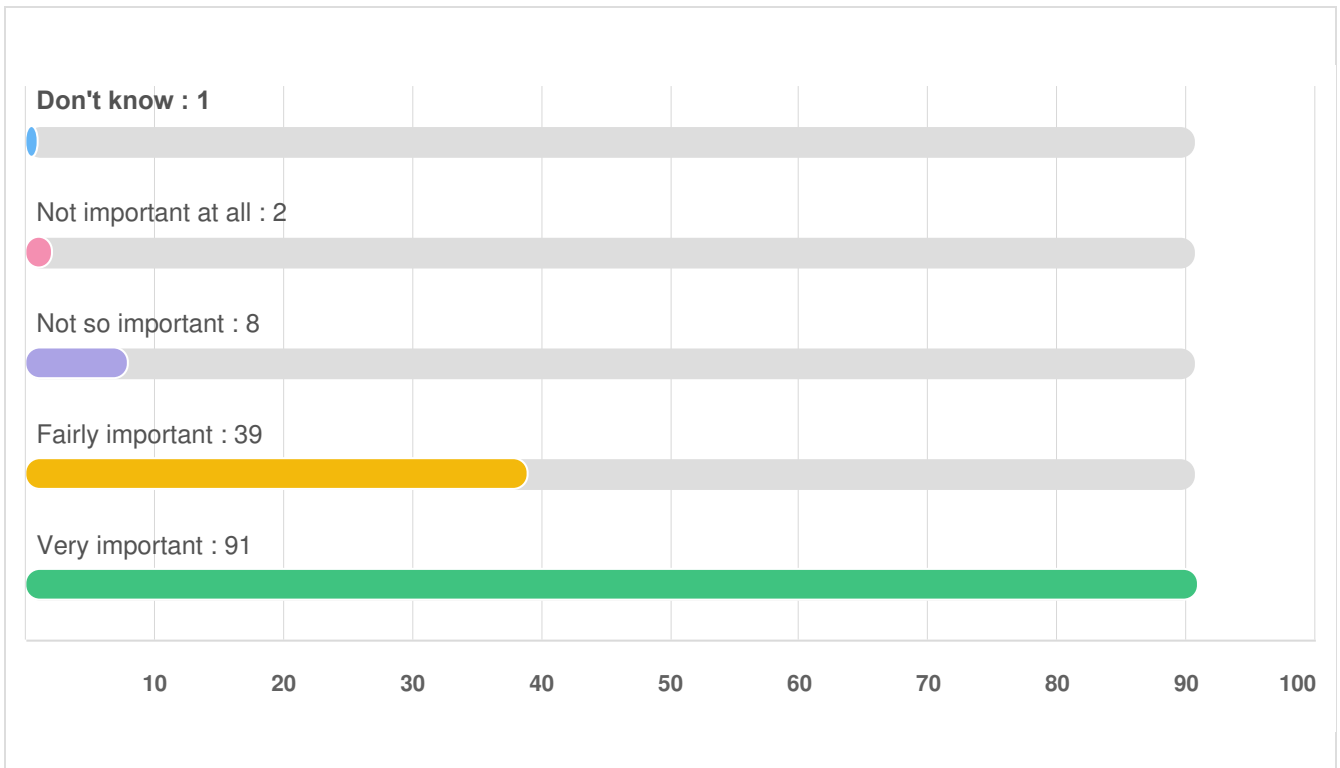
Q3 Environmental Health and Licensing costs about £25.74 per household per year and includes:

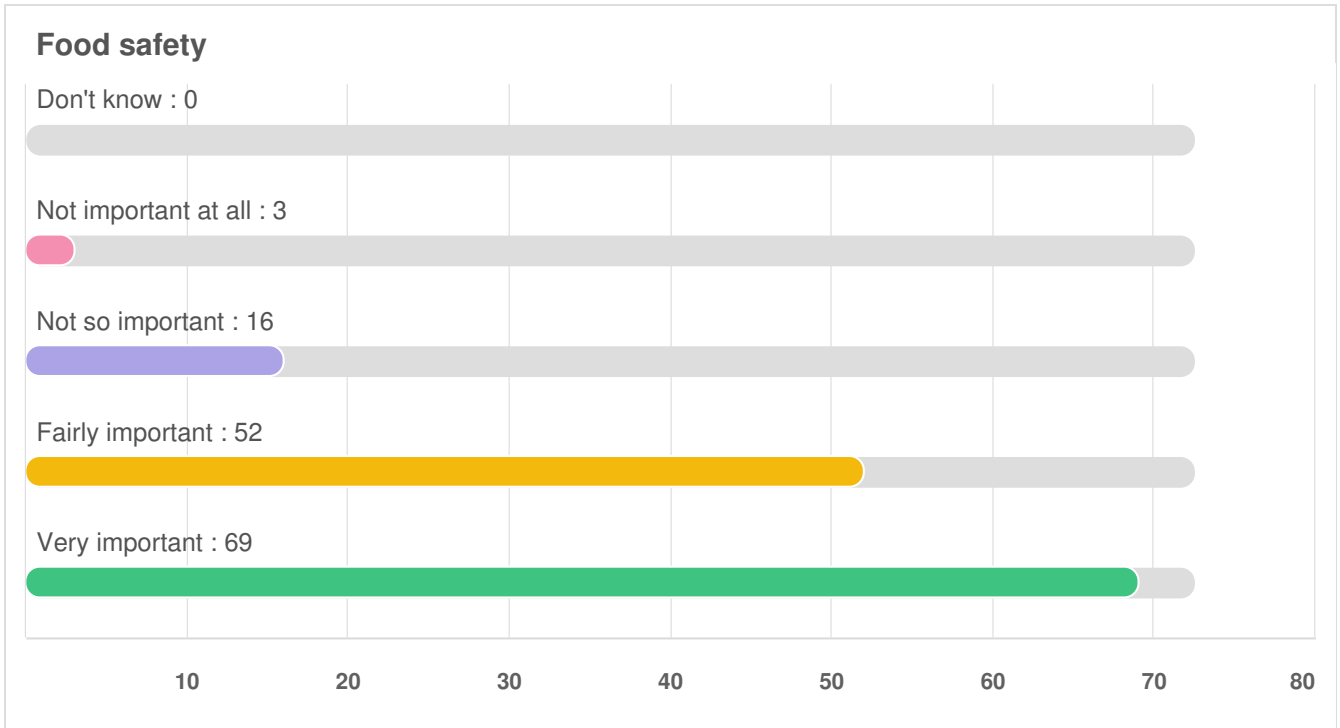


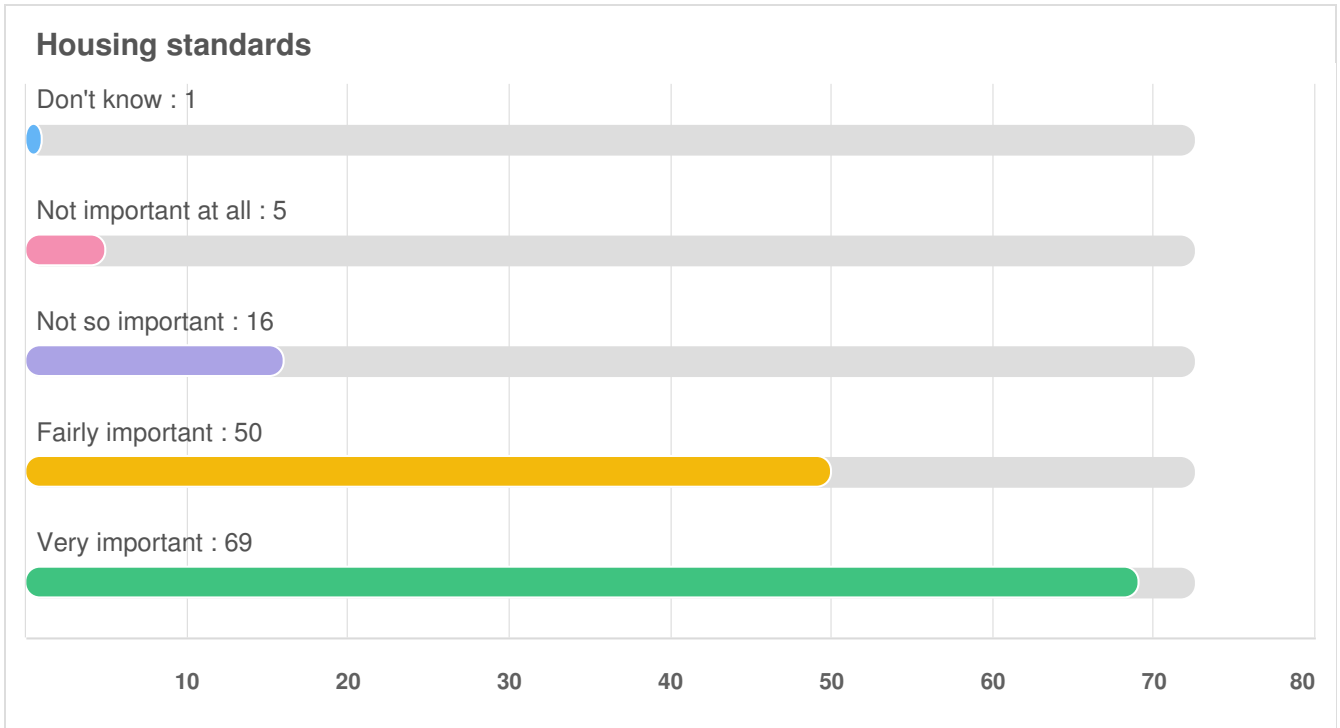
Optional question (141 response(s), 4 skipped)

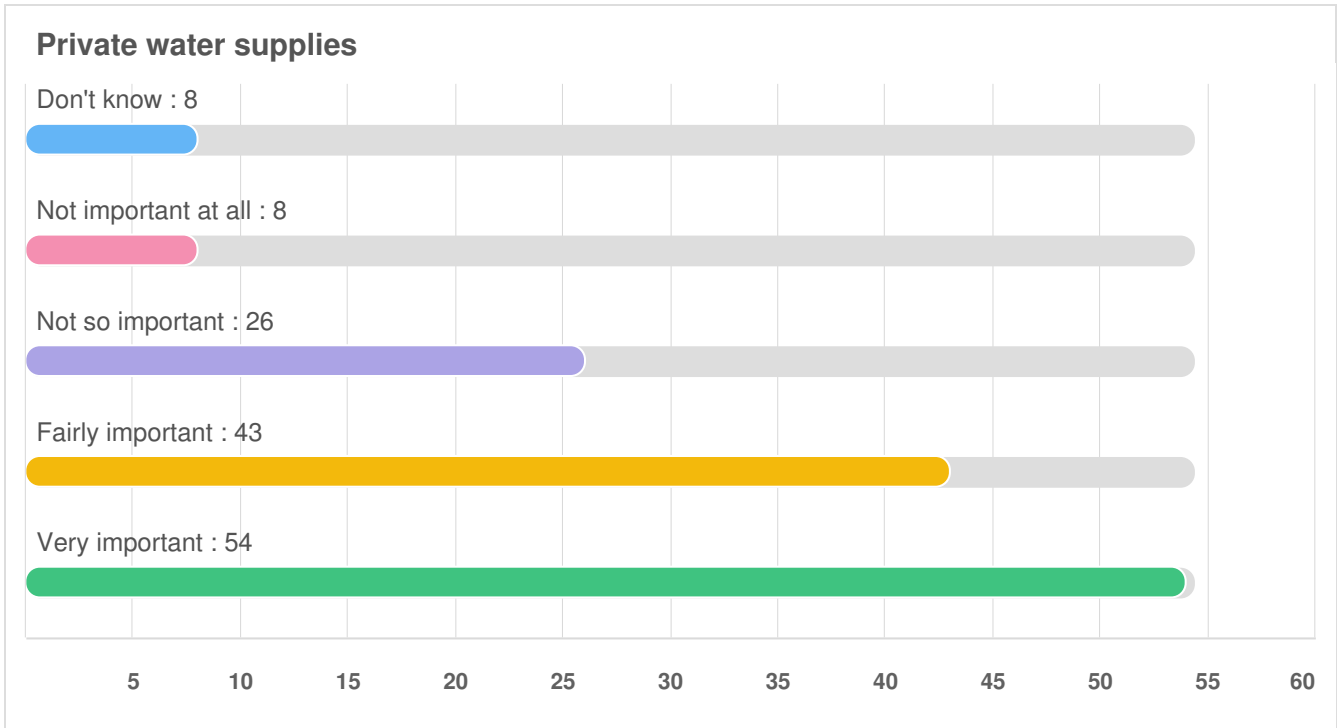
Q3 Environmental Health and Licensing costs about £25.74 per household per year and includes:

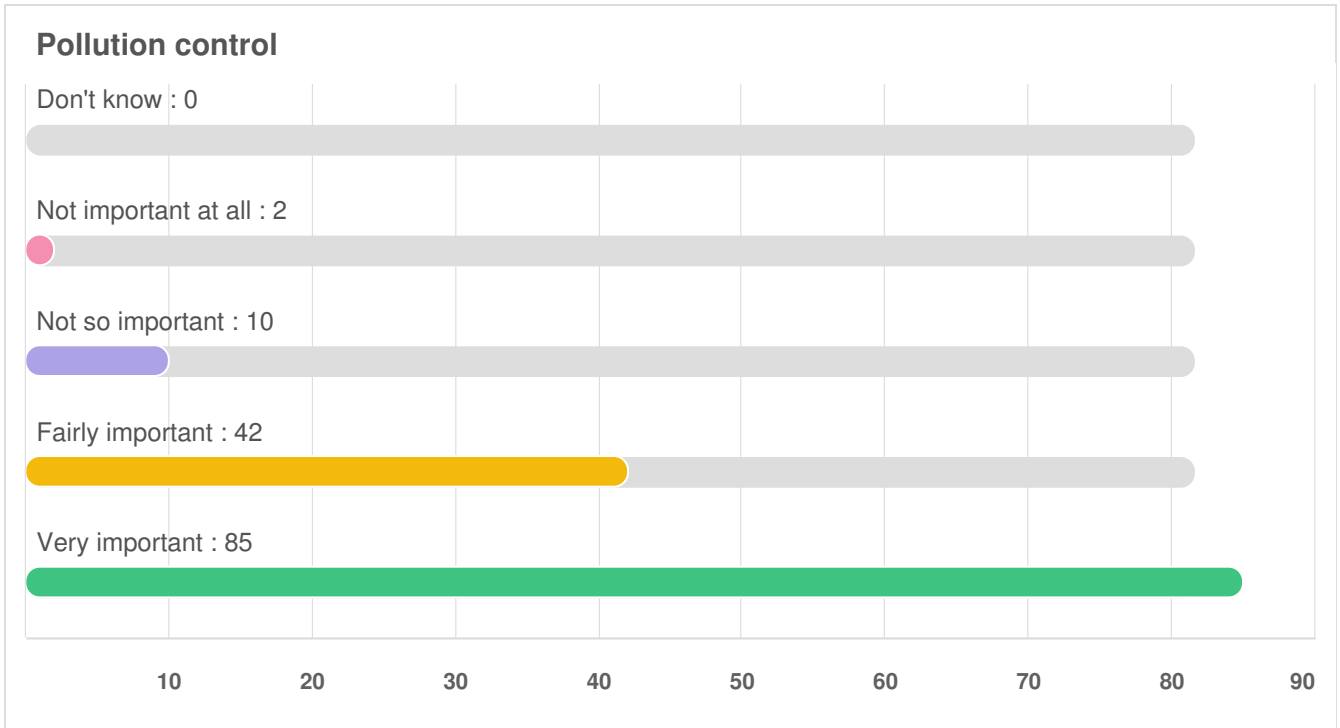
Action to develop cleaner neighbourhoods and to tackle environmental crime such as fly tipping

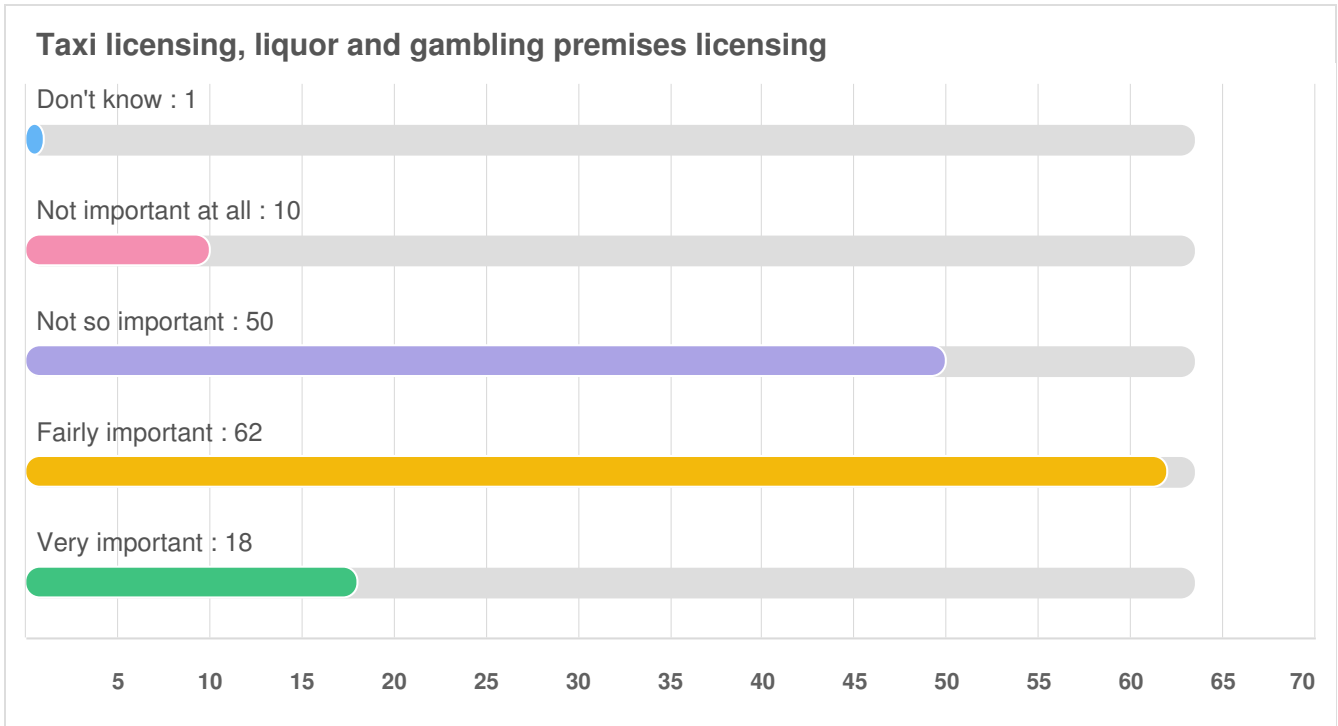




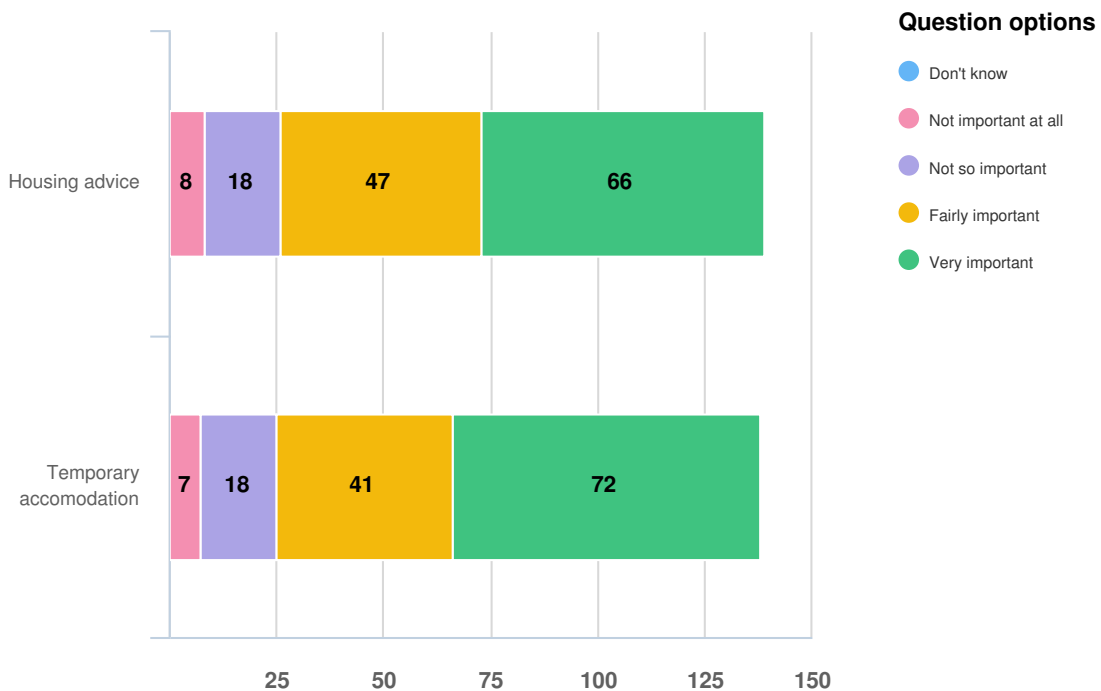








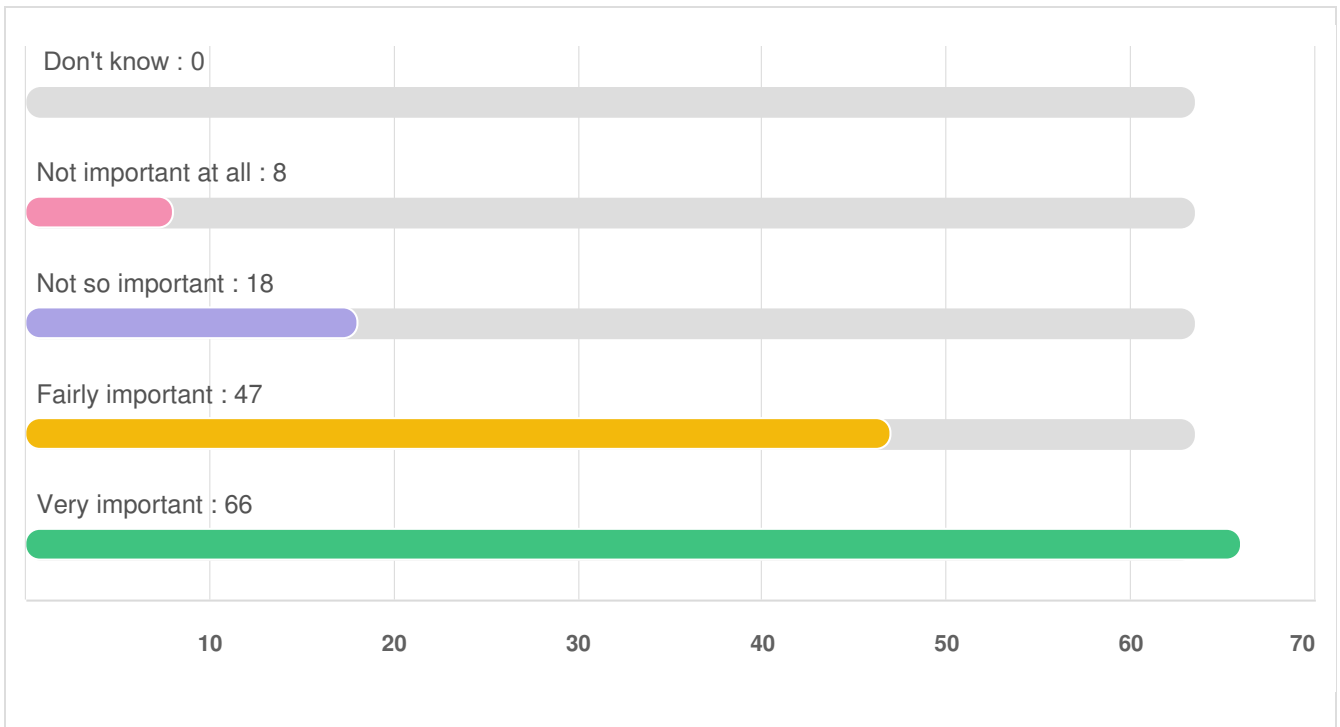
Q4 Housing and Homelessness costs about £11.85 per household per year and includes:

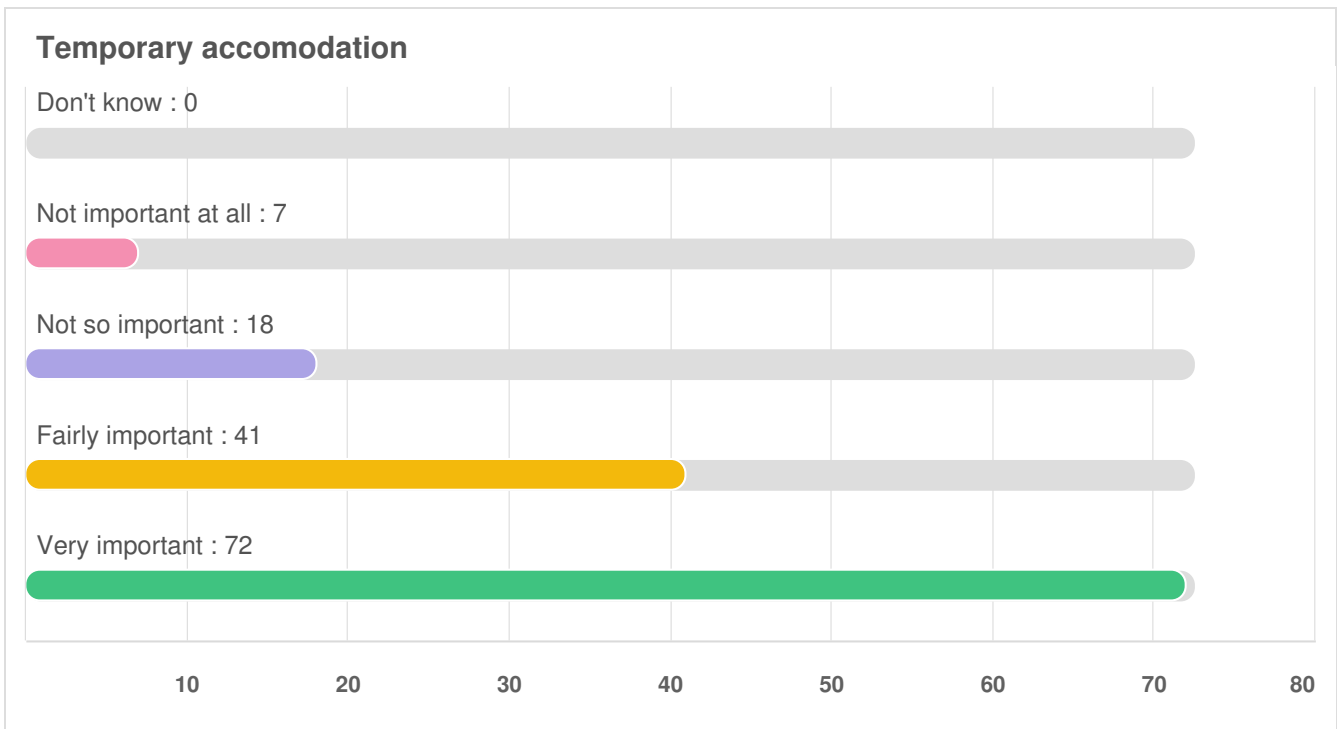


Optional question (139 response(s), 6 skipped)

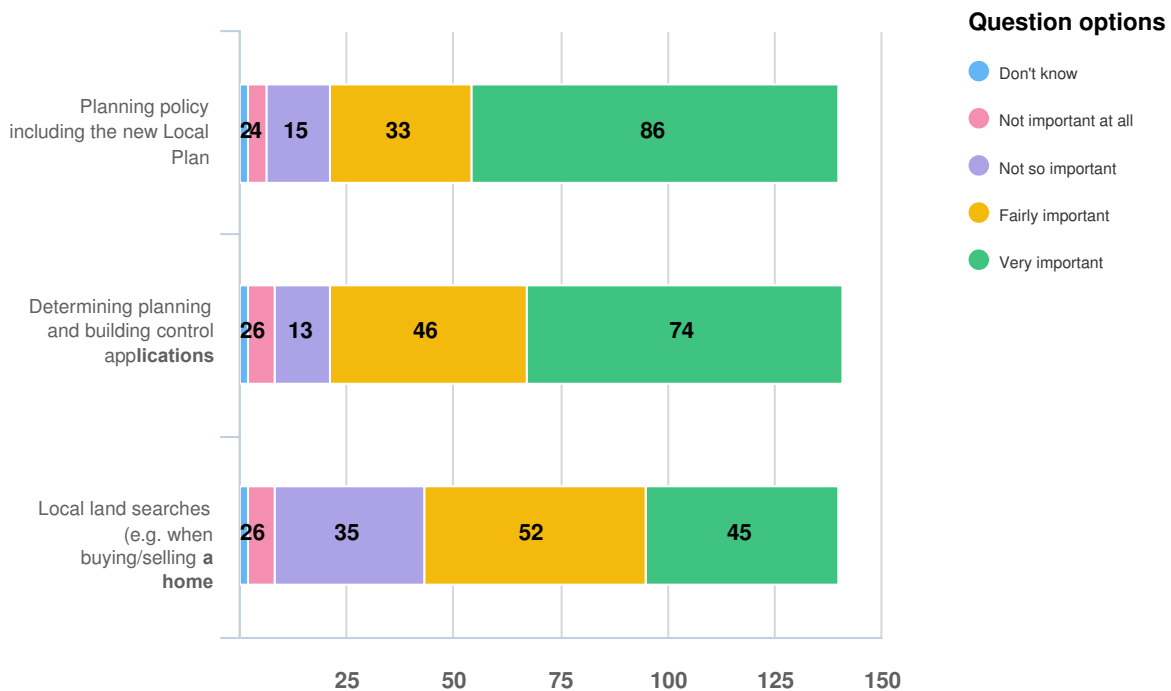
Q4 Housing and Homelessness costs about £11.85 per household per year and includes:

Housing advice





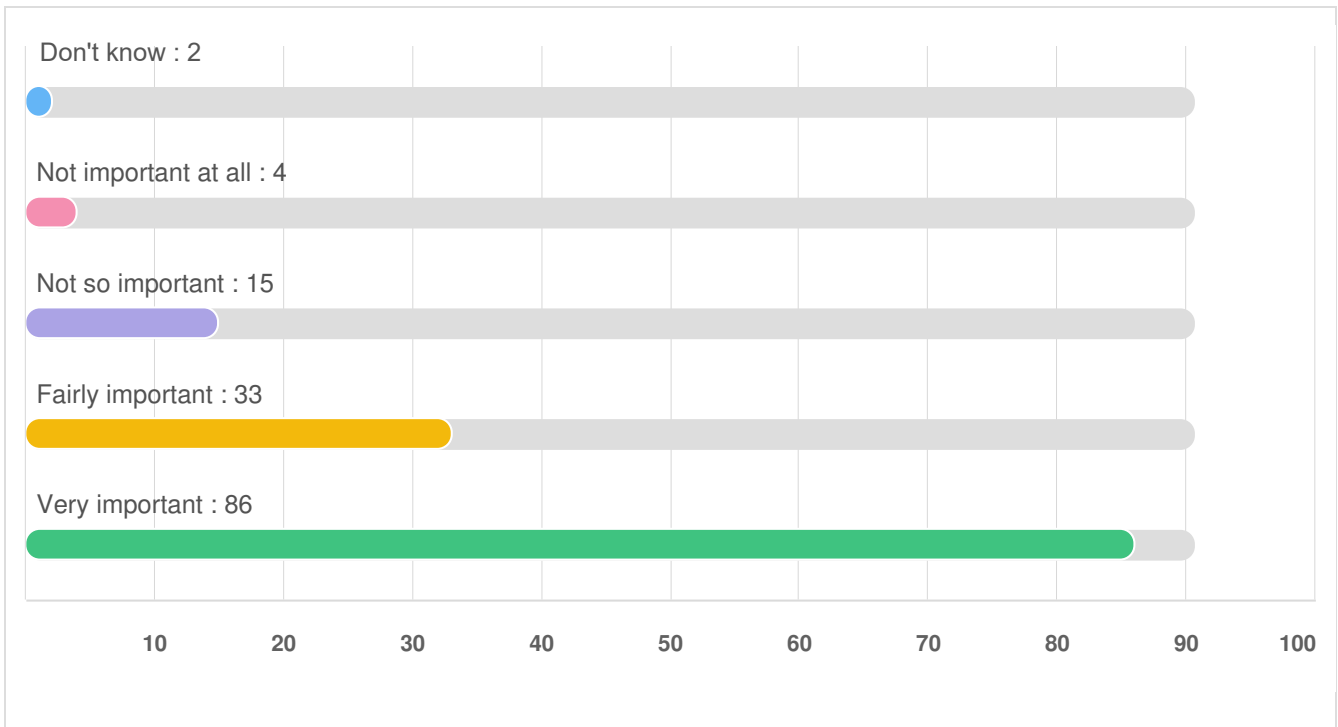
Q5 Planning and Building Control costs about £110.83 per household per year and includes:

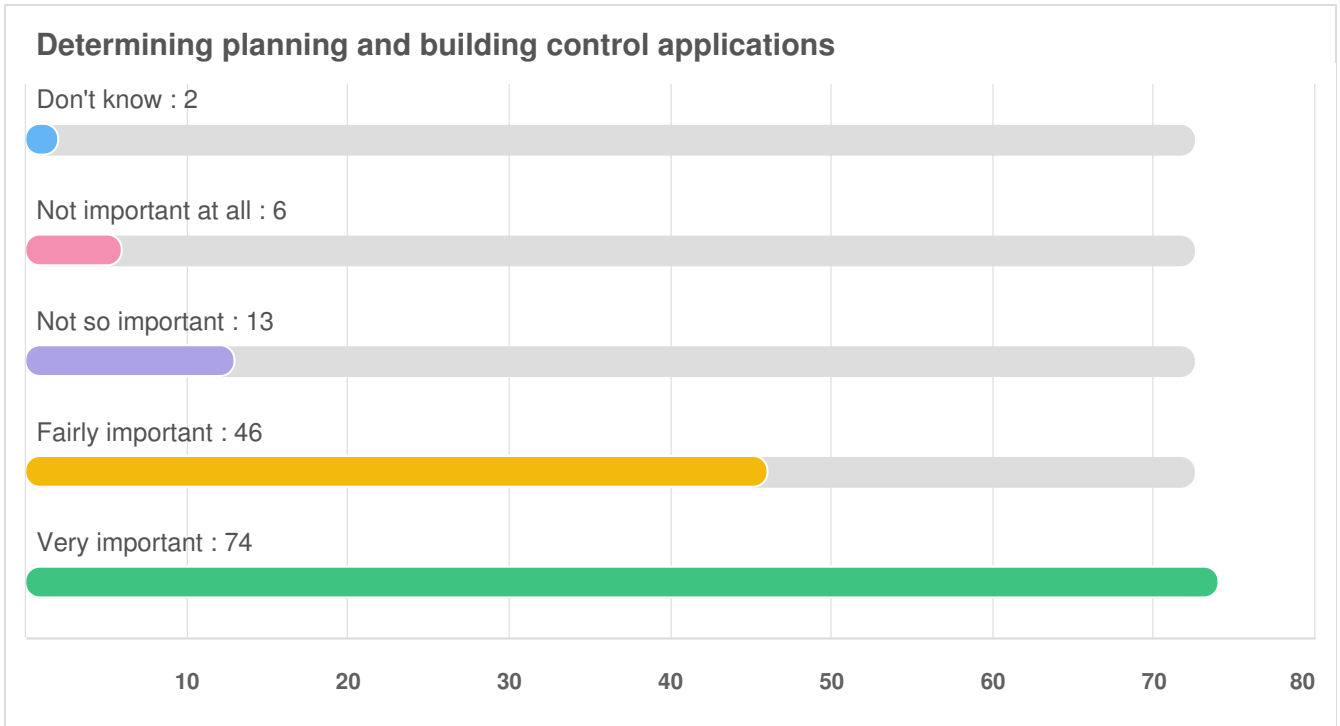


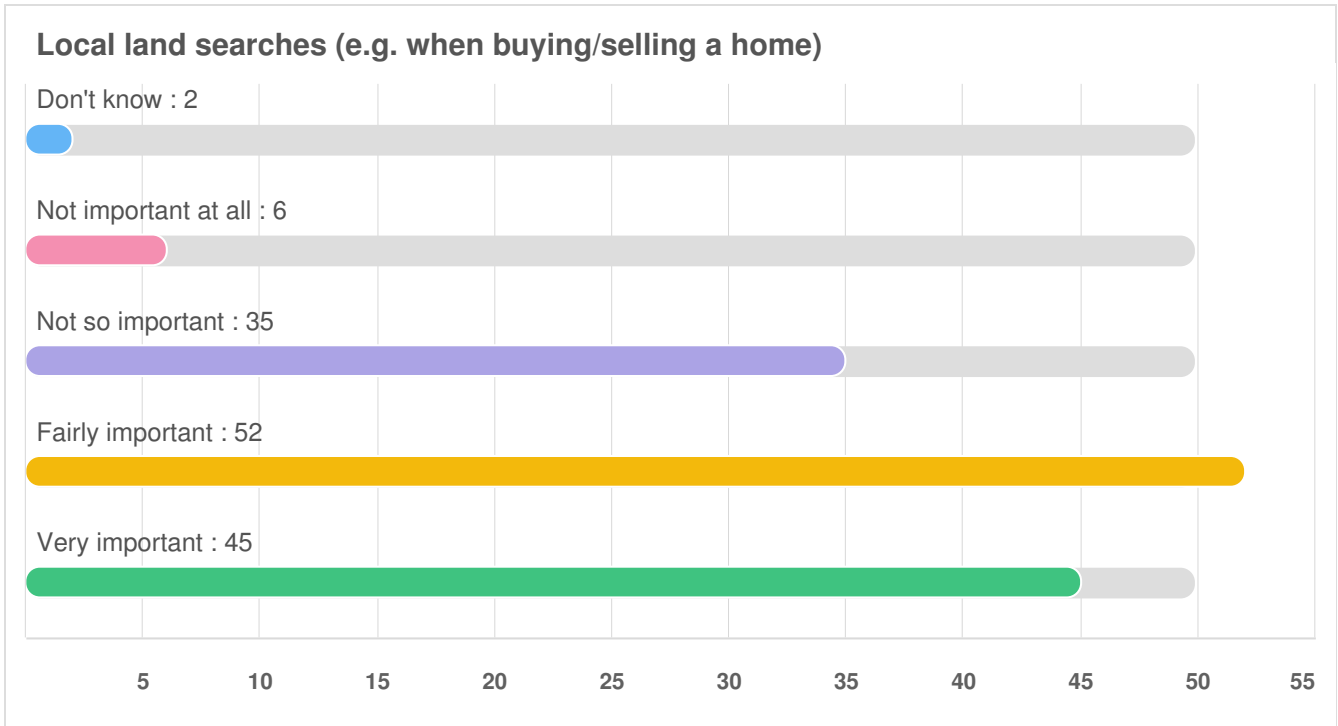
Optional question (141 response(s), 4 skipped)

Q5 | Planning and Building Control costs about £110.83 per household per year and includes:

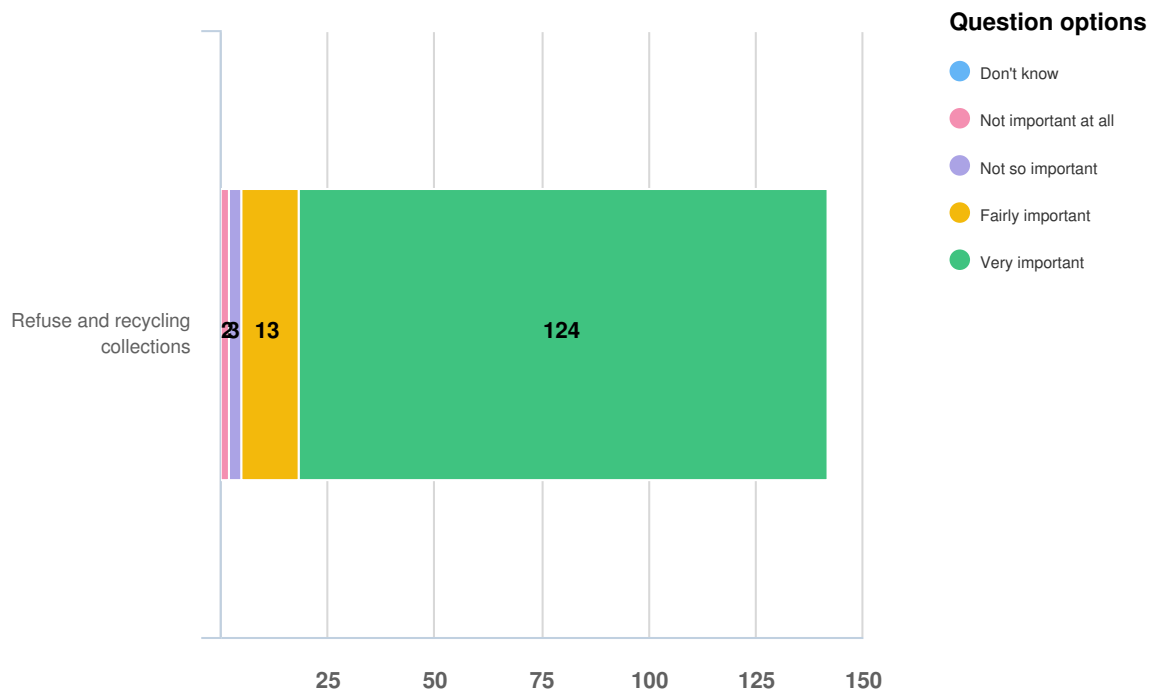
Planning policy including the new Local Plan







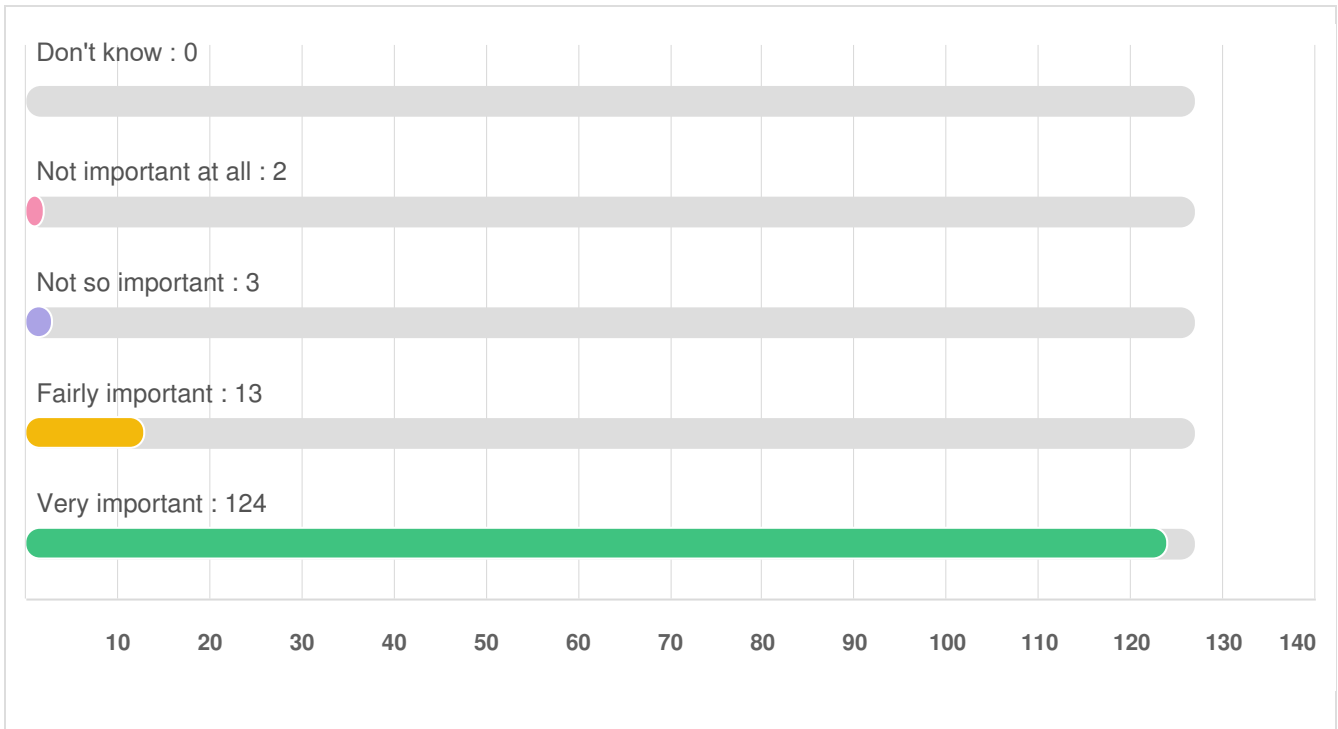
Q6 Refuse and recycling collection costs about £49.47 per household per year



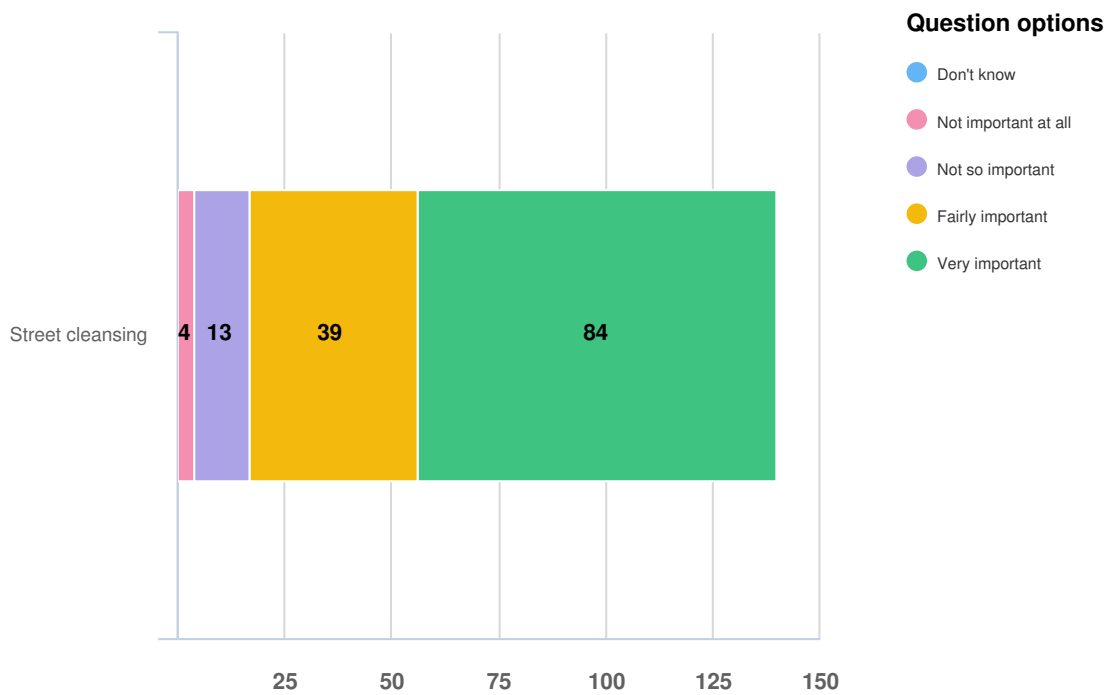
Optional question (142 response(s), 3 skipped)

Q6 Refuse and recycling collection costs about £49.47 per household per year

Refuse and recycling collections



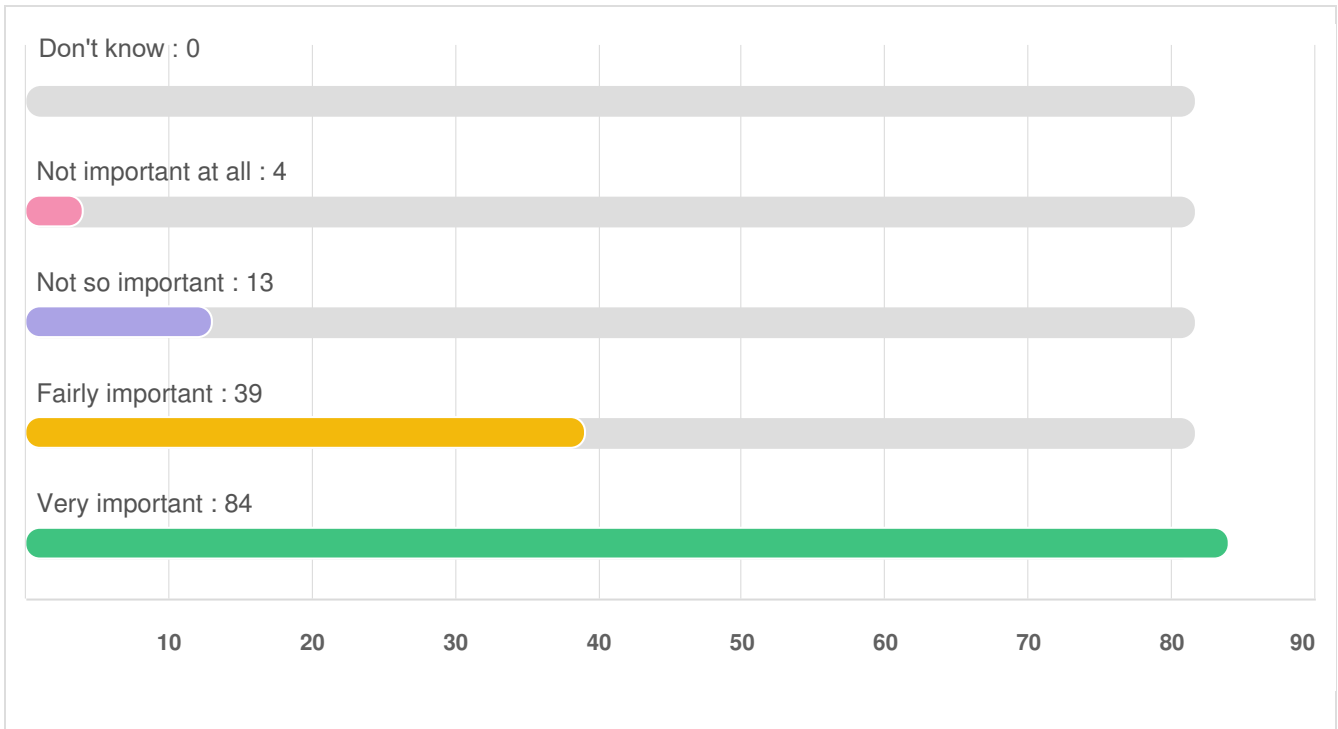
Q7 Street cleansing costs about £14.91 per household per year



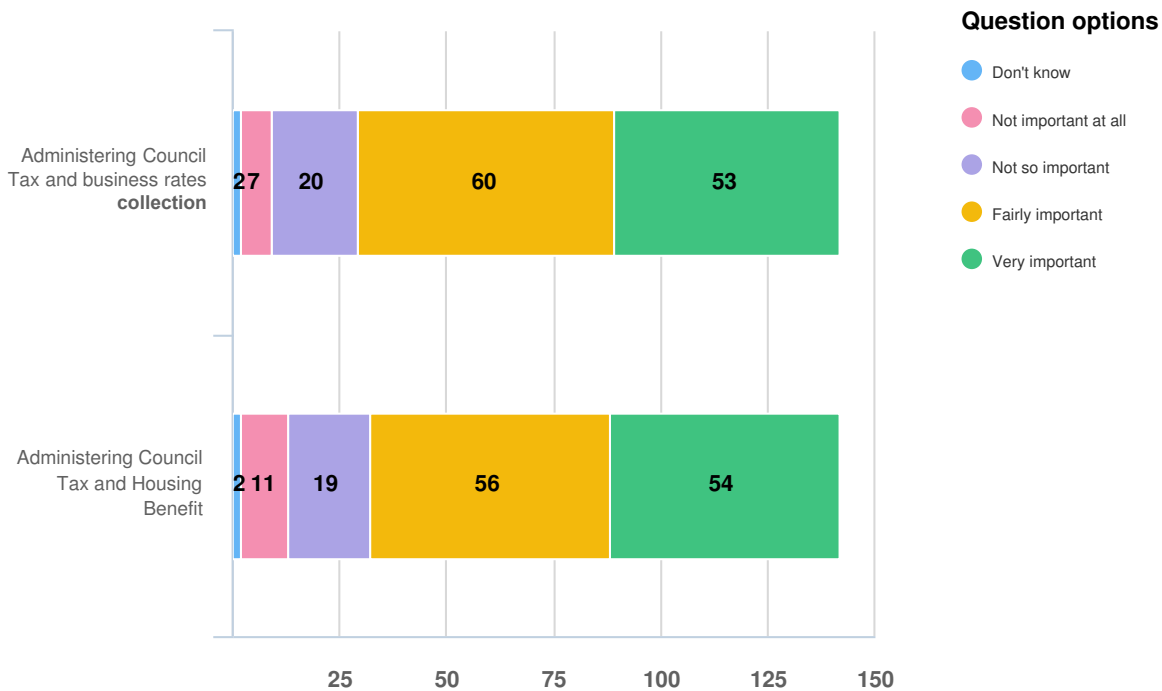
Optional question (140 response(s), 5 skipped)

Q7 Street cleansing costs about £14.91 per household per year

Street cleansing



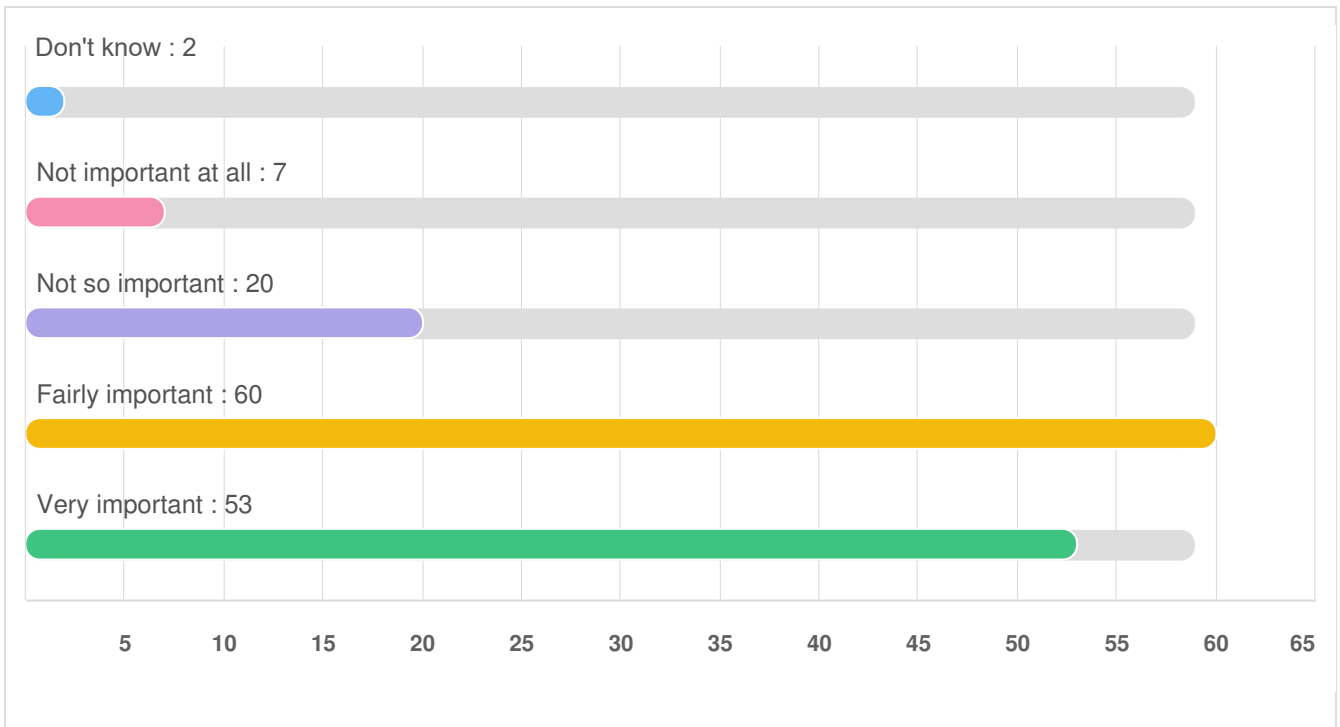
Q8 Revenues and Benefits costs about £48.18 per household per year and includes:

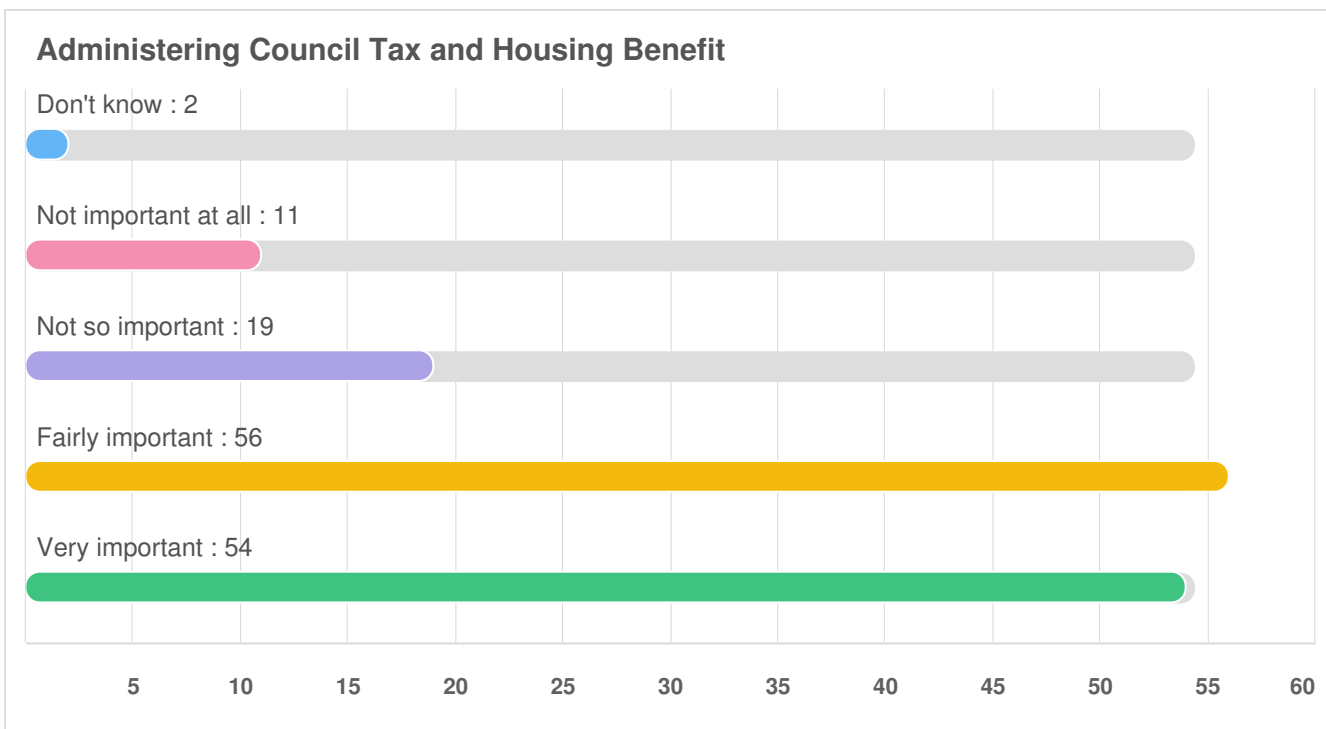


Optional question (142 response(s), 3 skipped)

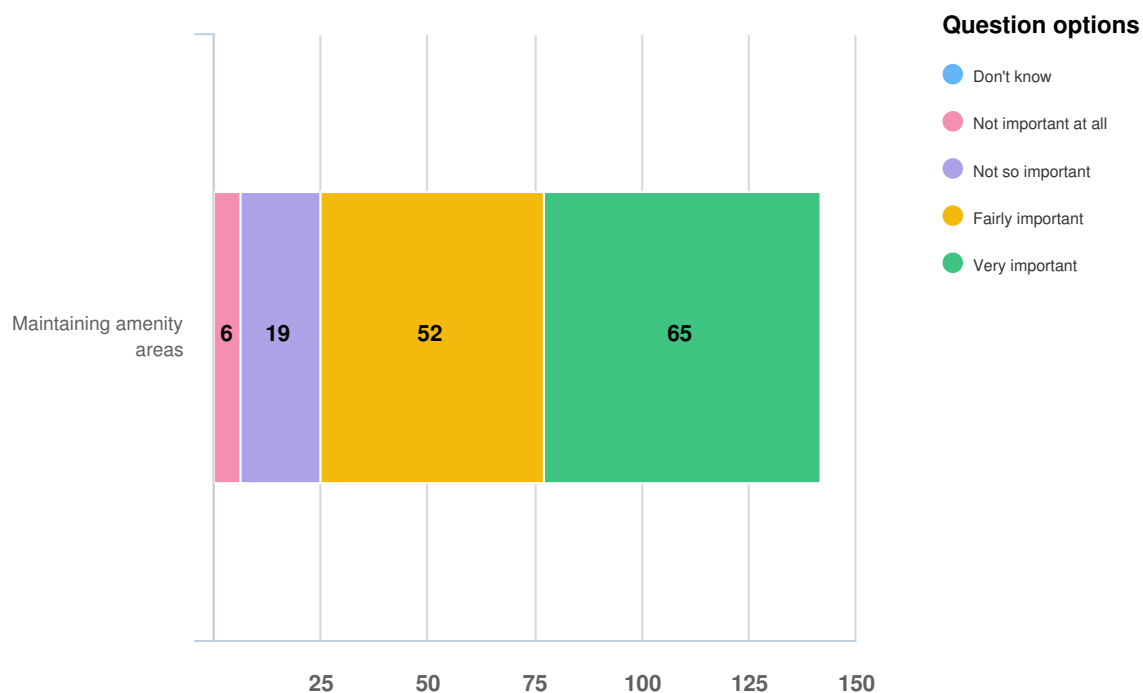
Q8 Revenues and Benefits costs about £48.18 per household per year and includes:

Administering Council Tax and business rates collection





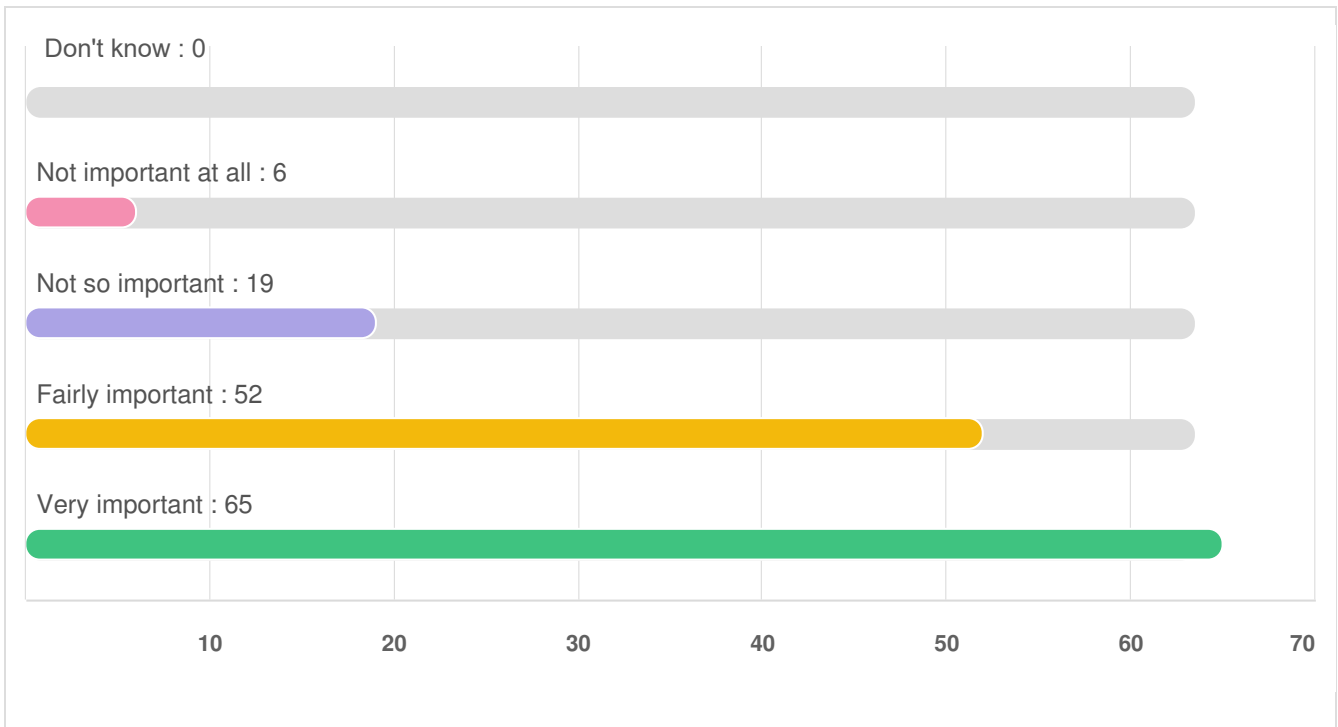
Q9 Maintaining amenity areas, such as grass cutting and general maintenance of various areas of council-owned land costs about £6.04 per household per year.



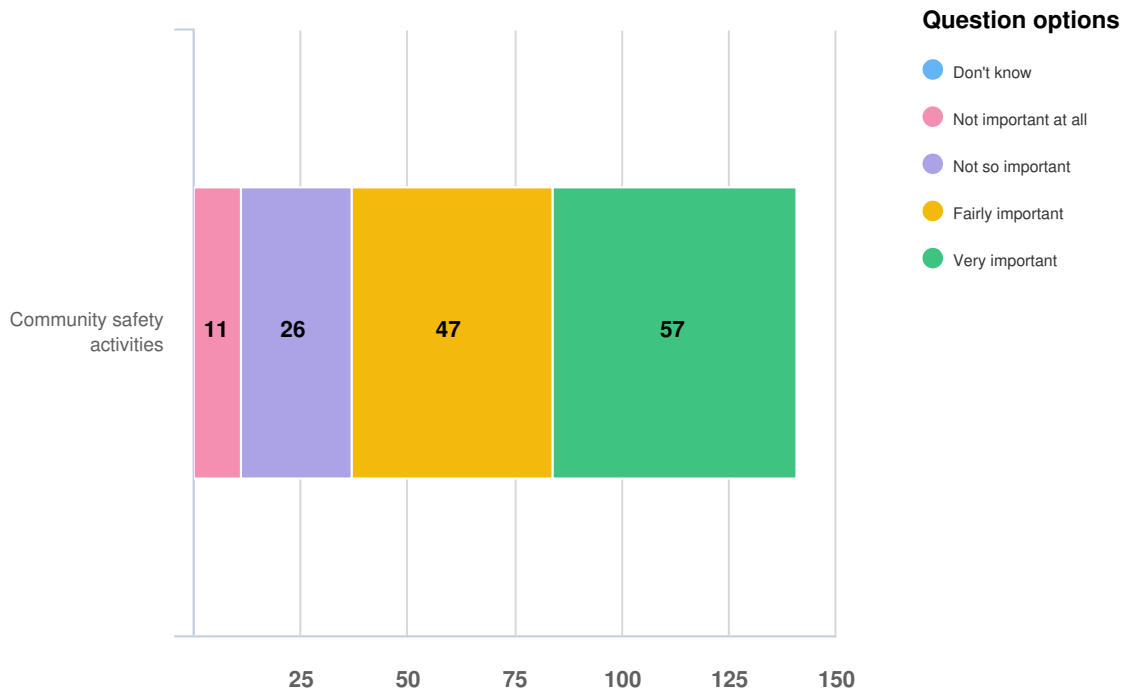
Optional question (142 response(s), 3 skipped)

Q9 Maintaining amenity areas, such as grass cutting and general maintenance of various areas of council-owned land costs about £6.04 per household per year

Maintaining amenity areas



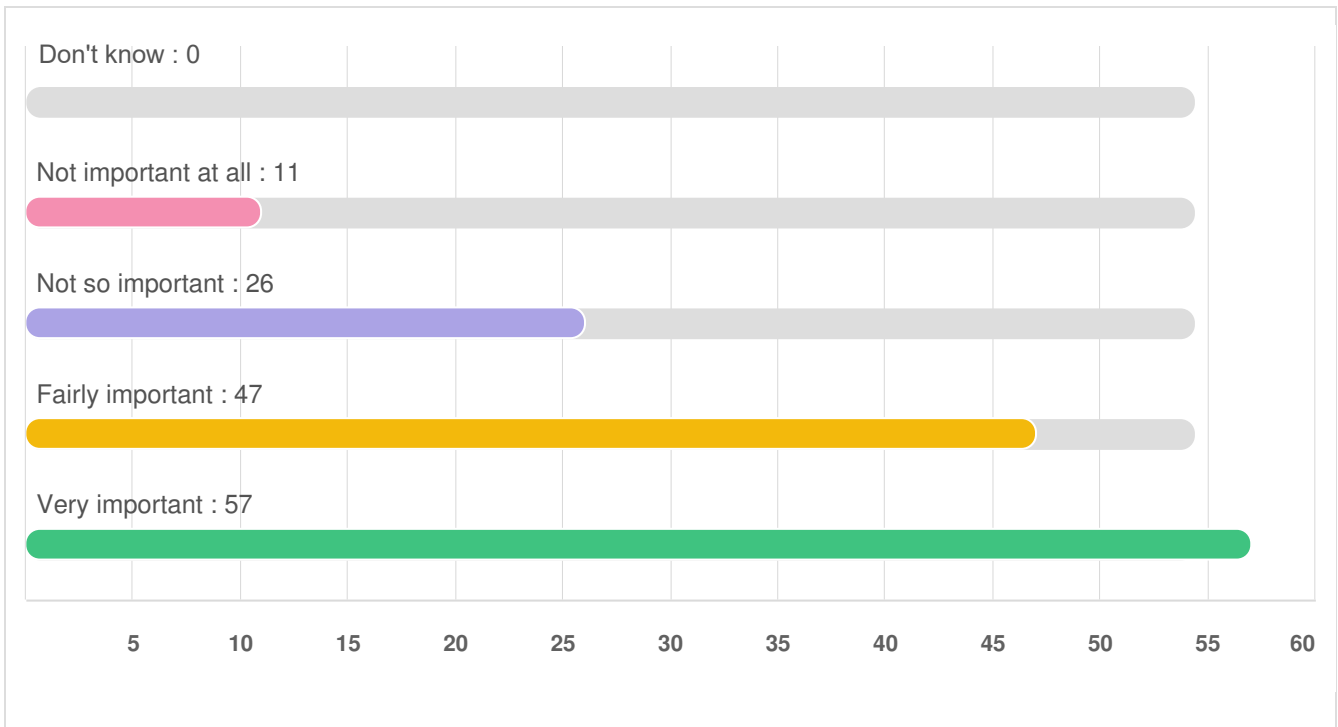
Q10 Community safety activities to support the work of the Community Safety Partnership with the police and others costs about £10.59 per household per year



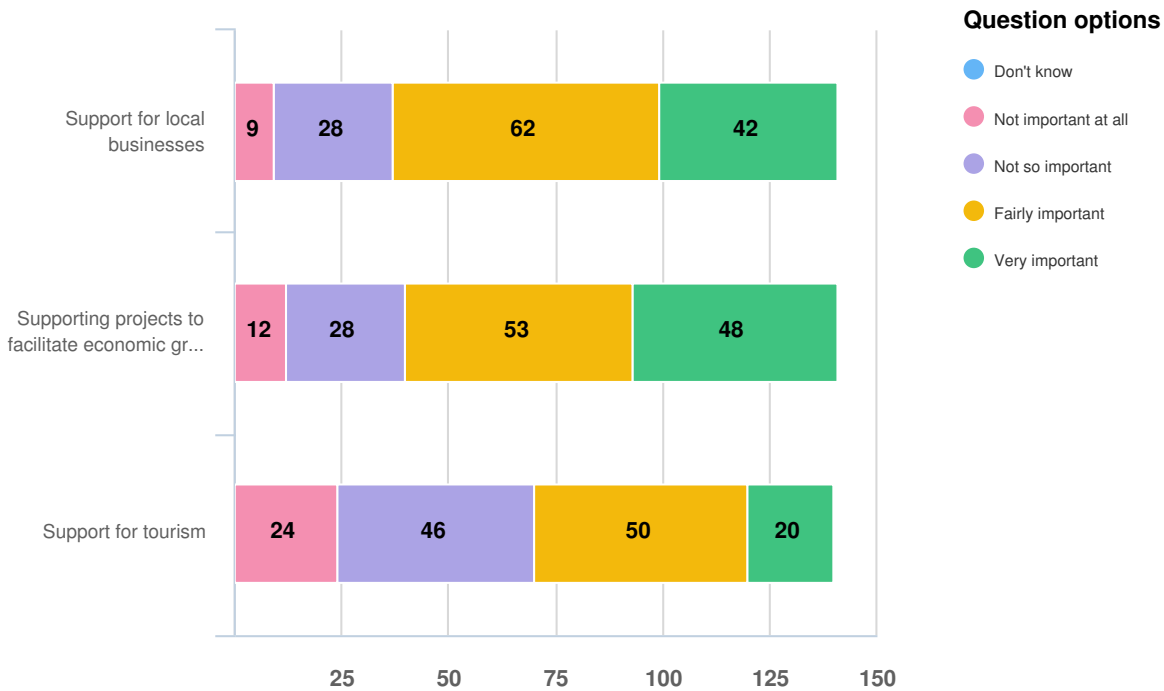
Optional question (141 response(s), 4 skipped)

Q10 Community safety activities to support the work of the Community Safety Partnership with the police and others costs about £10.59 per household per year

Community safety activities



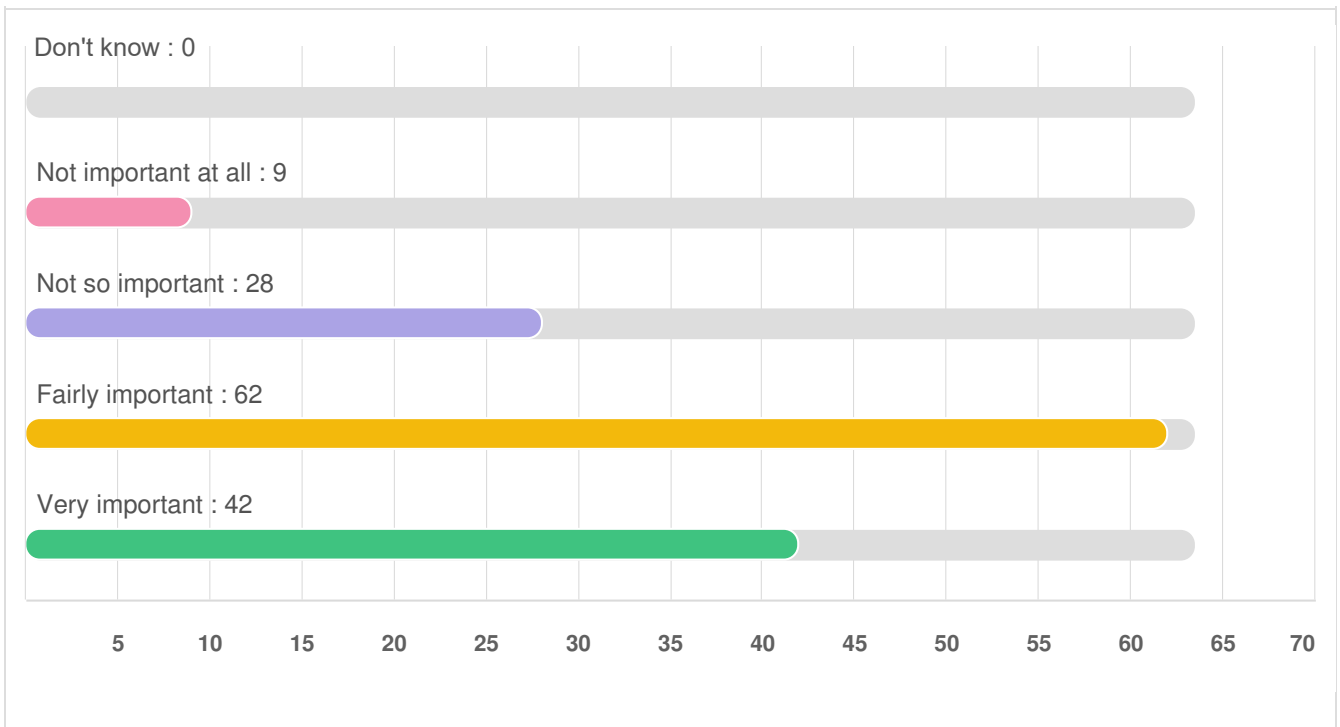
Q11 Economic development costs about £13.78 per household per year and includes:

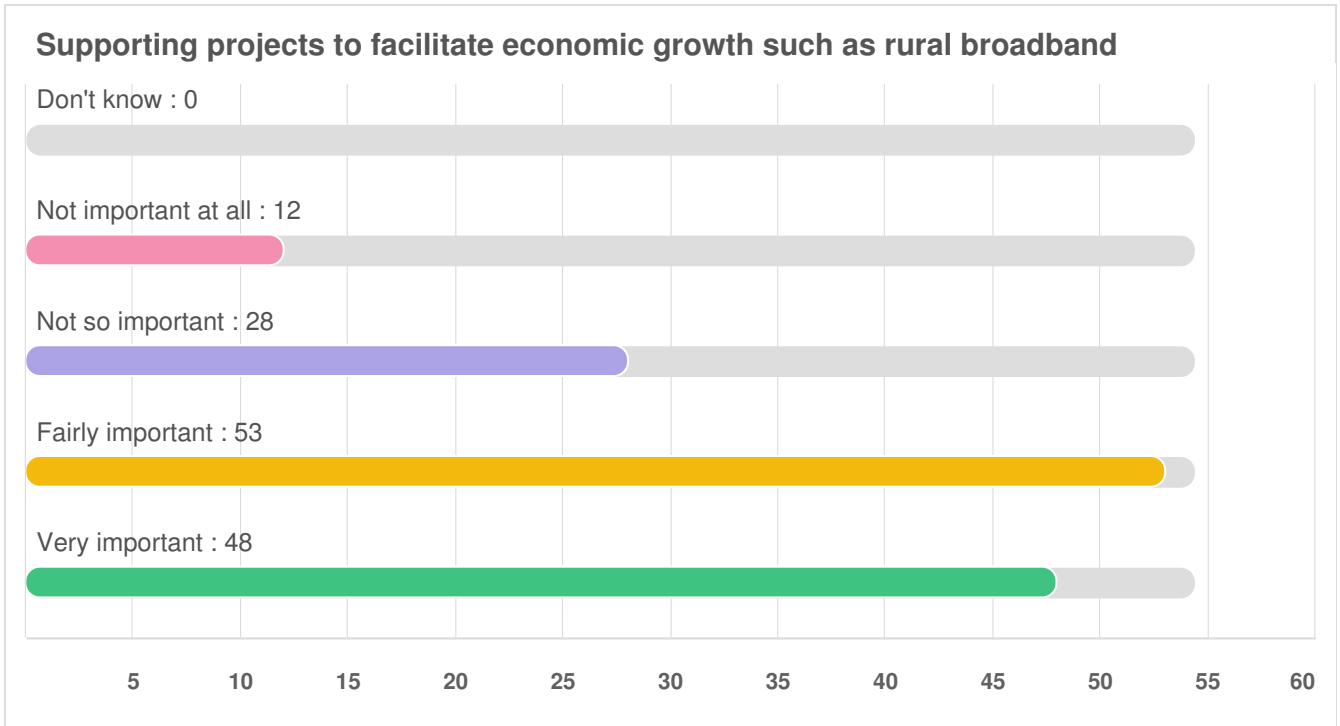


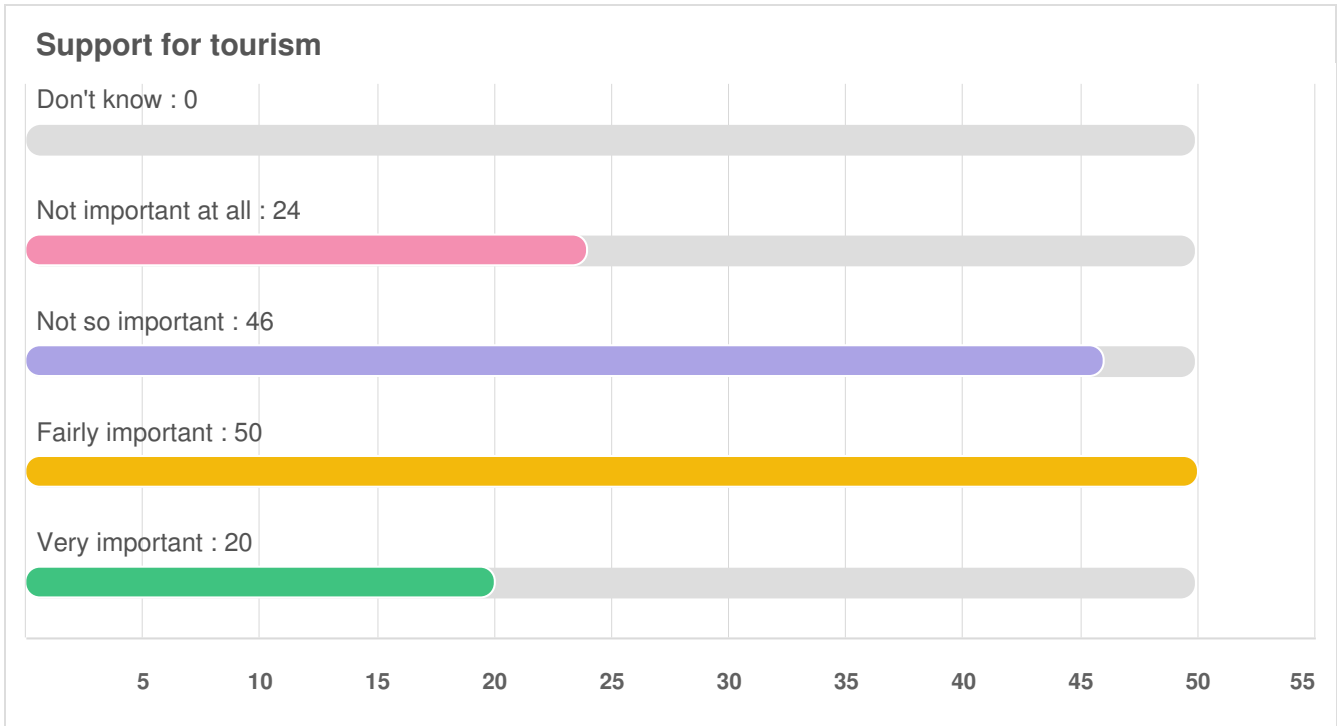
Optional question (142 response(s), 3 skipped)

Q11 Economic development costs about £13.78 per household per year and includes:

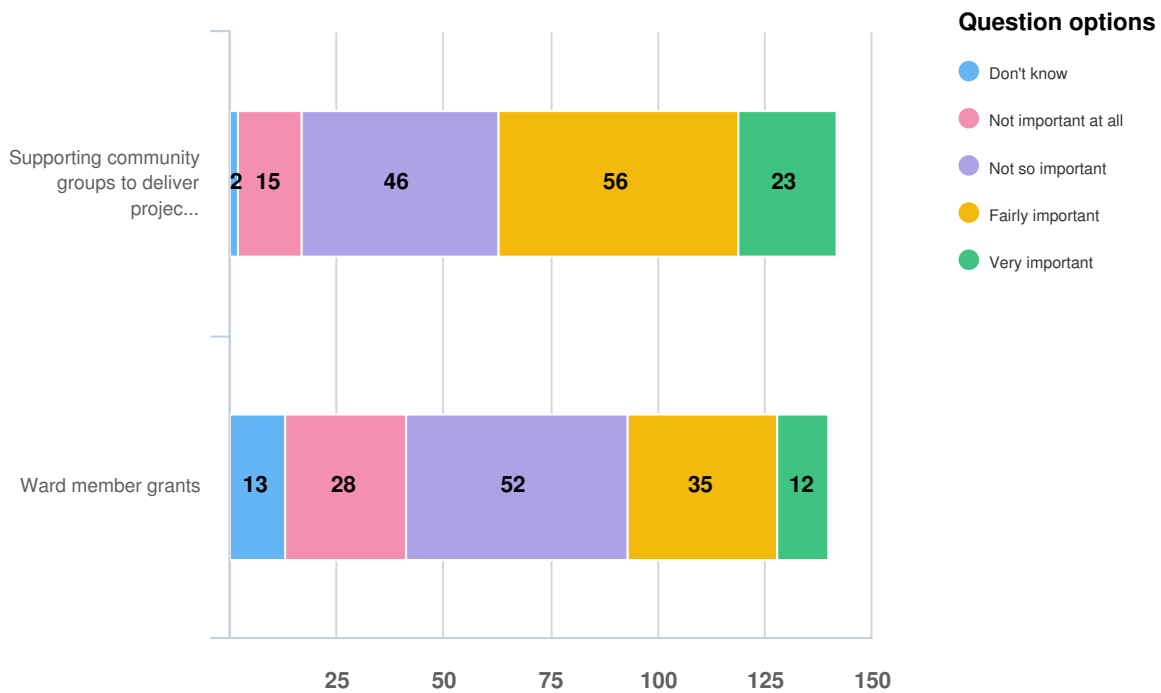
Support for local businesses







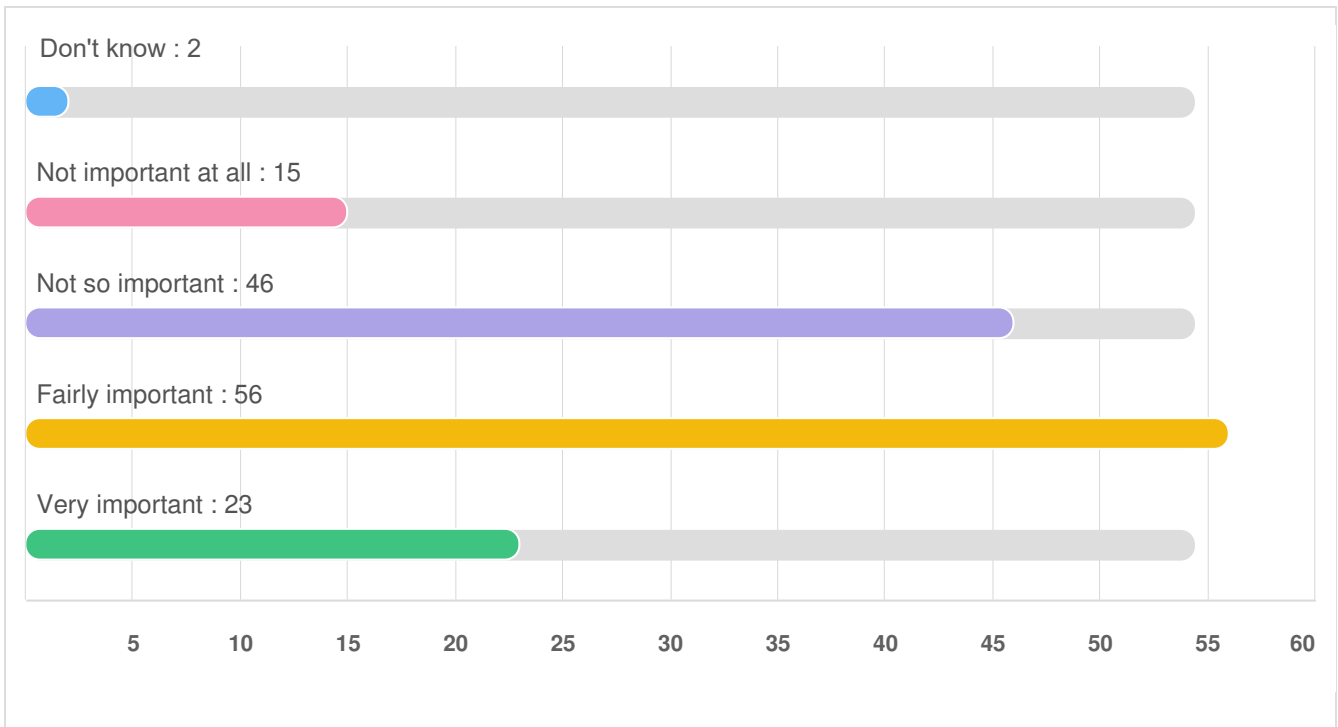
Q12 Partnerships and communities costs about £16.70 per household per year and includes:

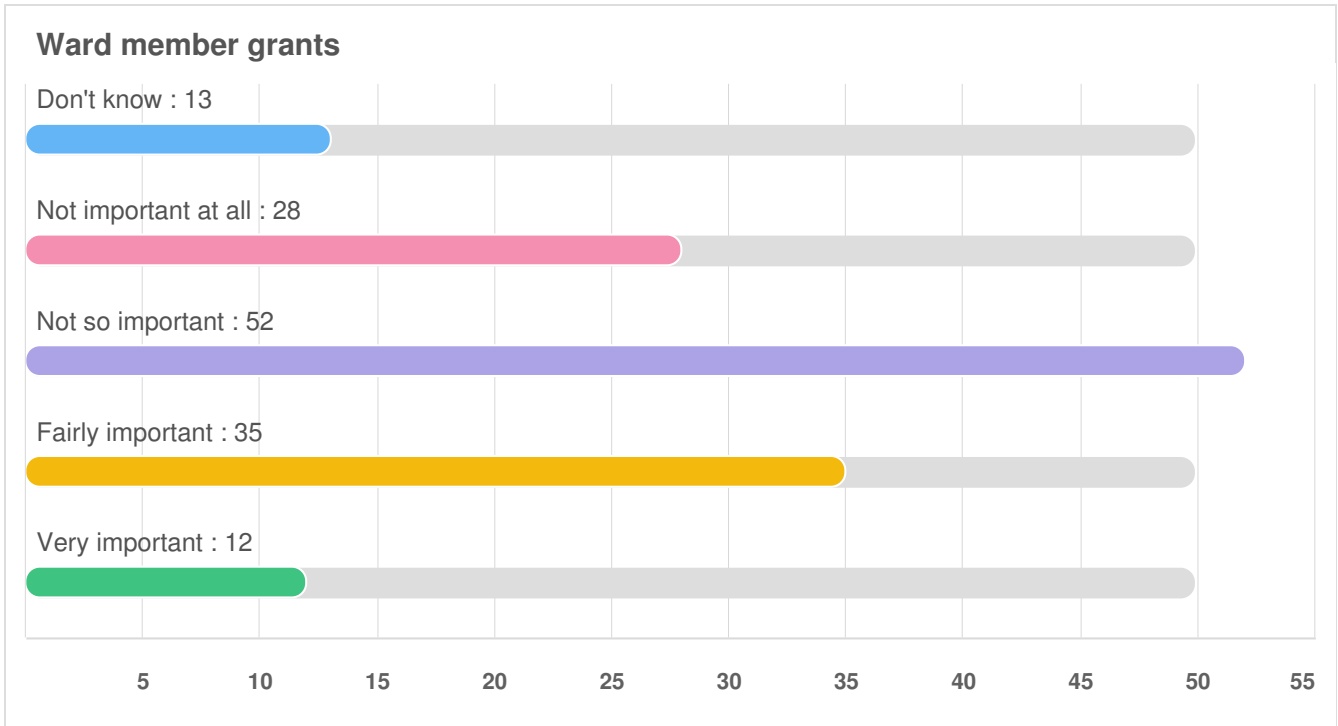


Optional question (142 response(s), 3 skipped)

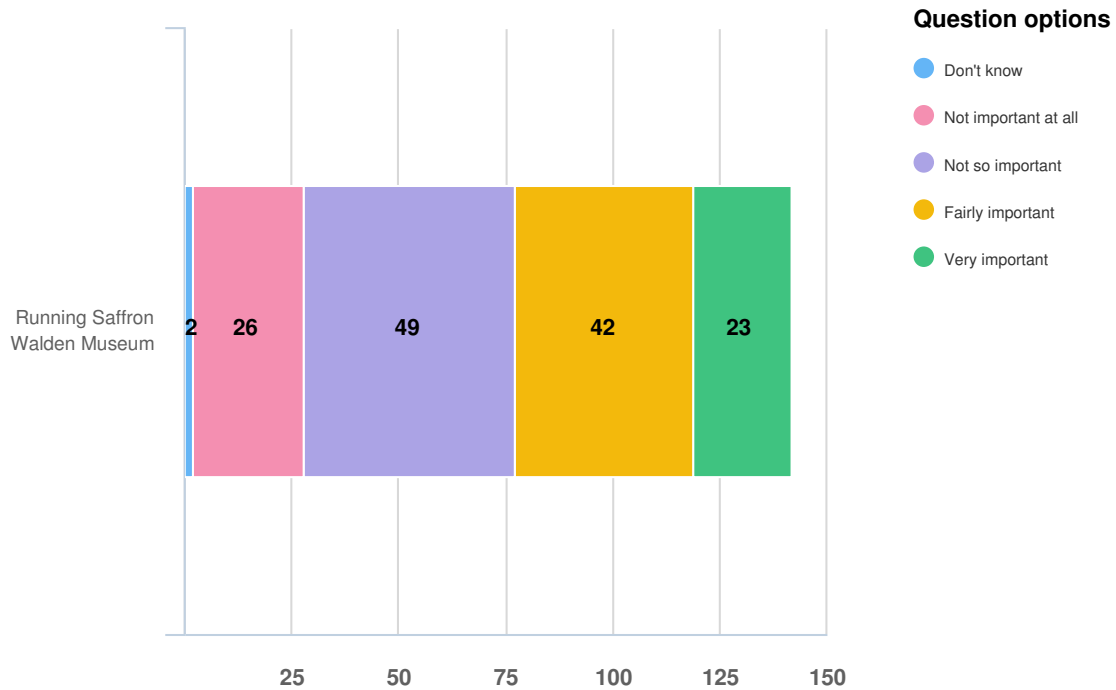
Q12 Partnerships and communities costs about £16.70 per household per year and includes:

Supporting community groups to deliver projects





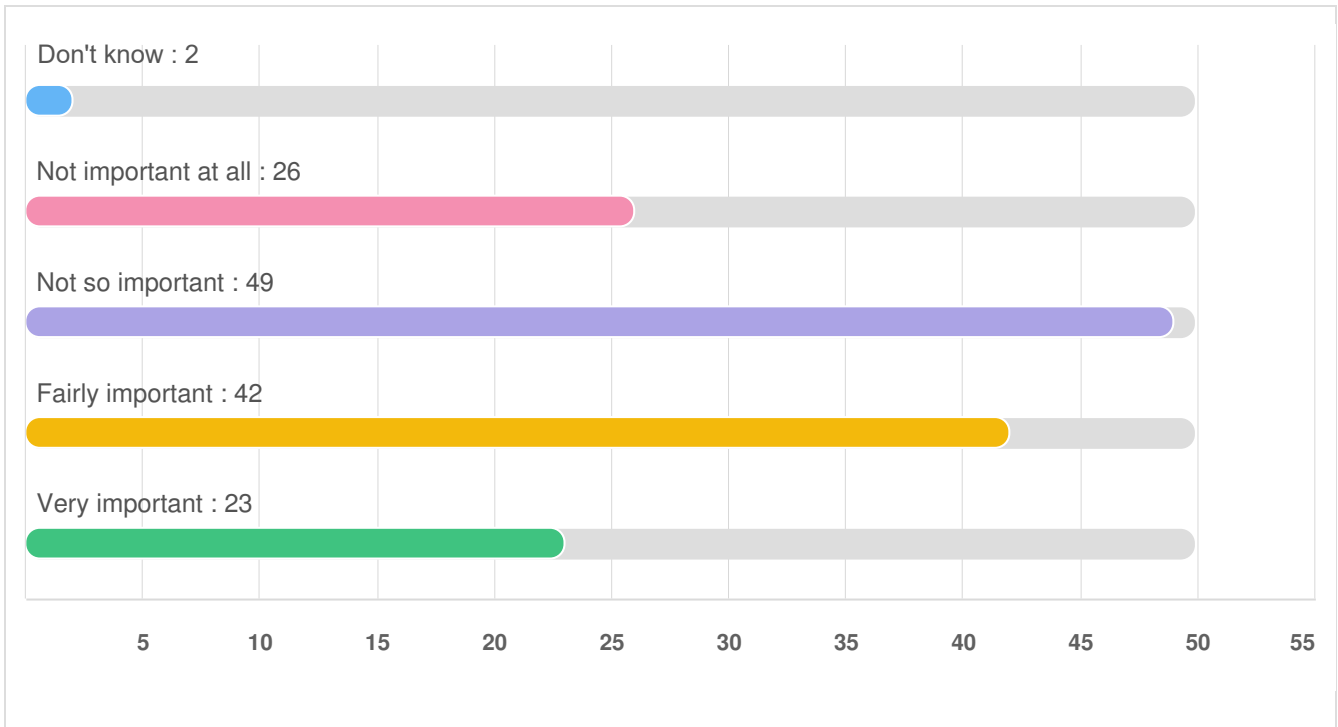
Q13 Running Saffron Walden Museum costs about £9.44 per year



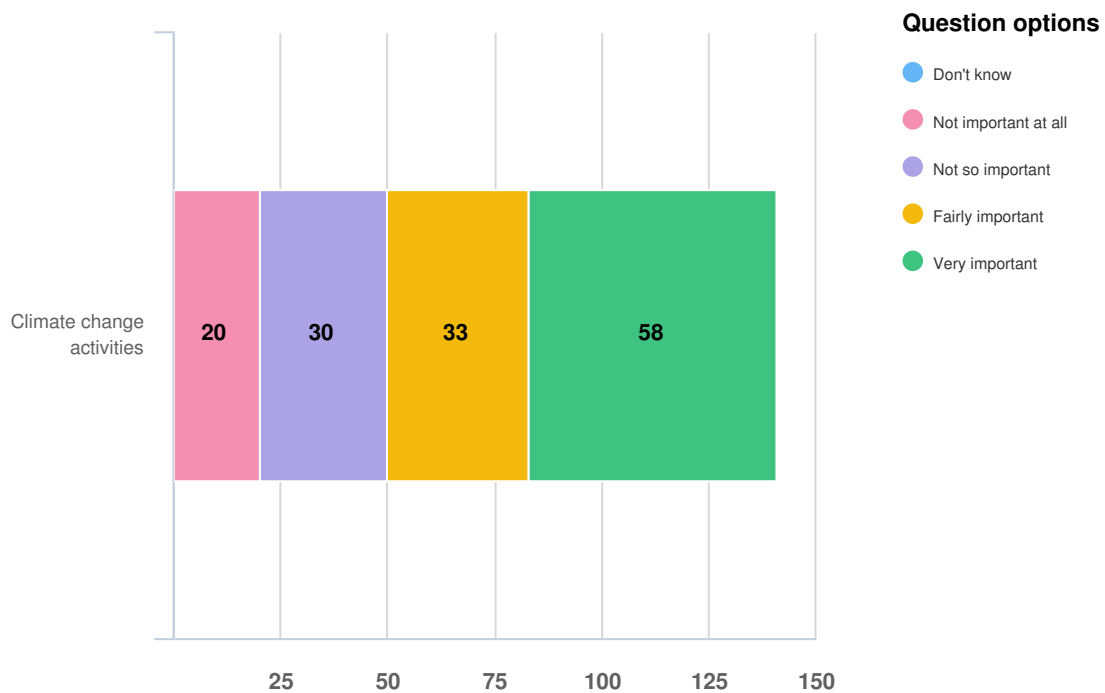
Optional question (142 response(s), 3 skipped)

Q13 Running Saffron Walden Museum costs about £9.44 per year

Running Saffron Walden Museum



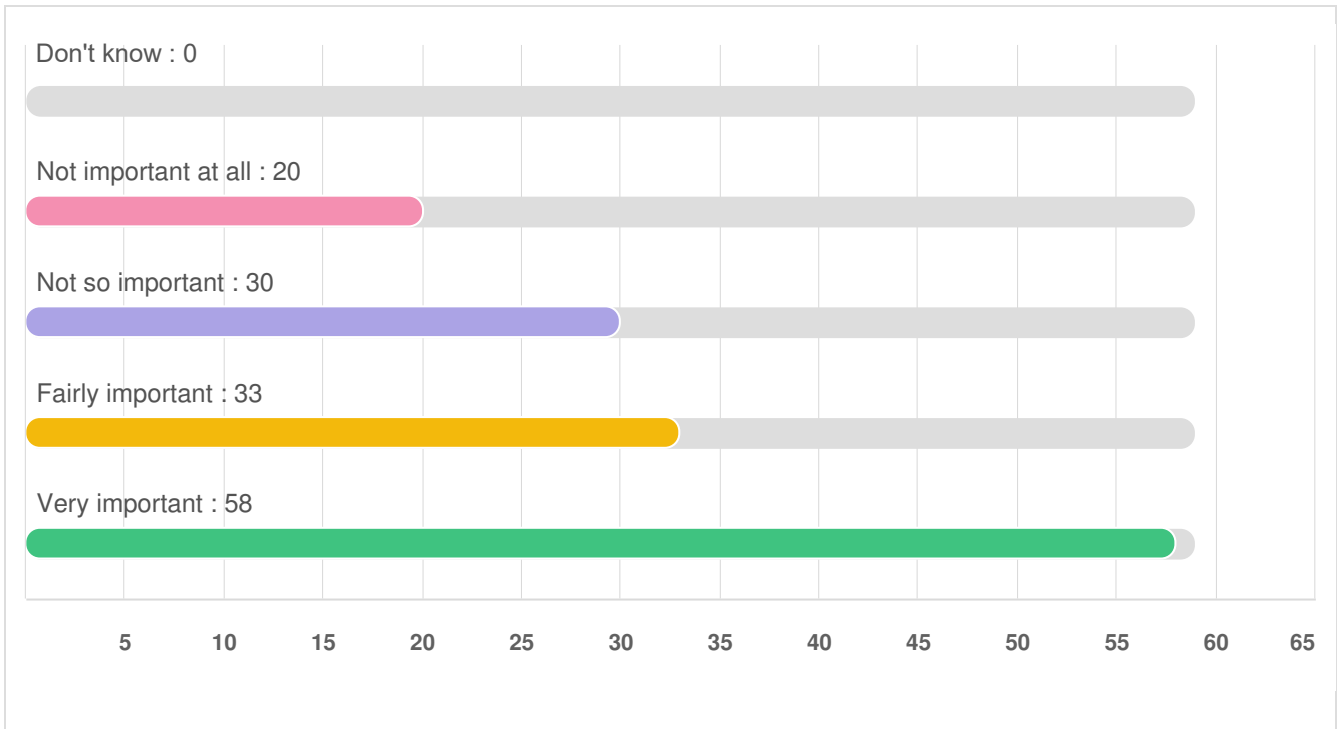
Q14 Climate change activities cost about £9.87 a year



Optional question (141 response(s), 4 skipped)

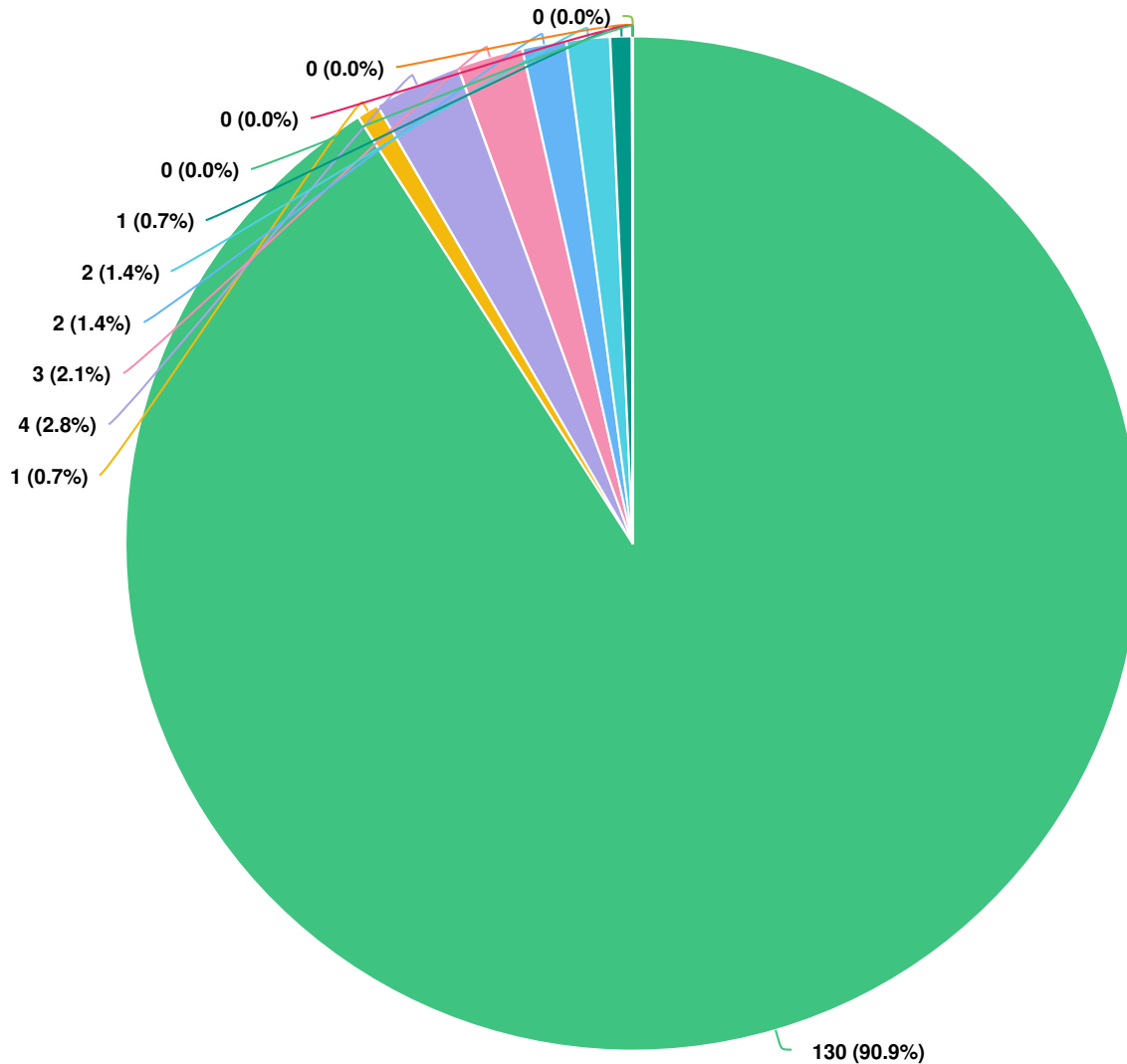
Q14 | **Climate change activities cost about £9.87 a year**

Climate change activities



Profiling

Q15 I am responding to this survey as:

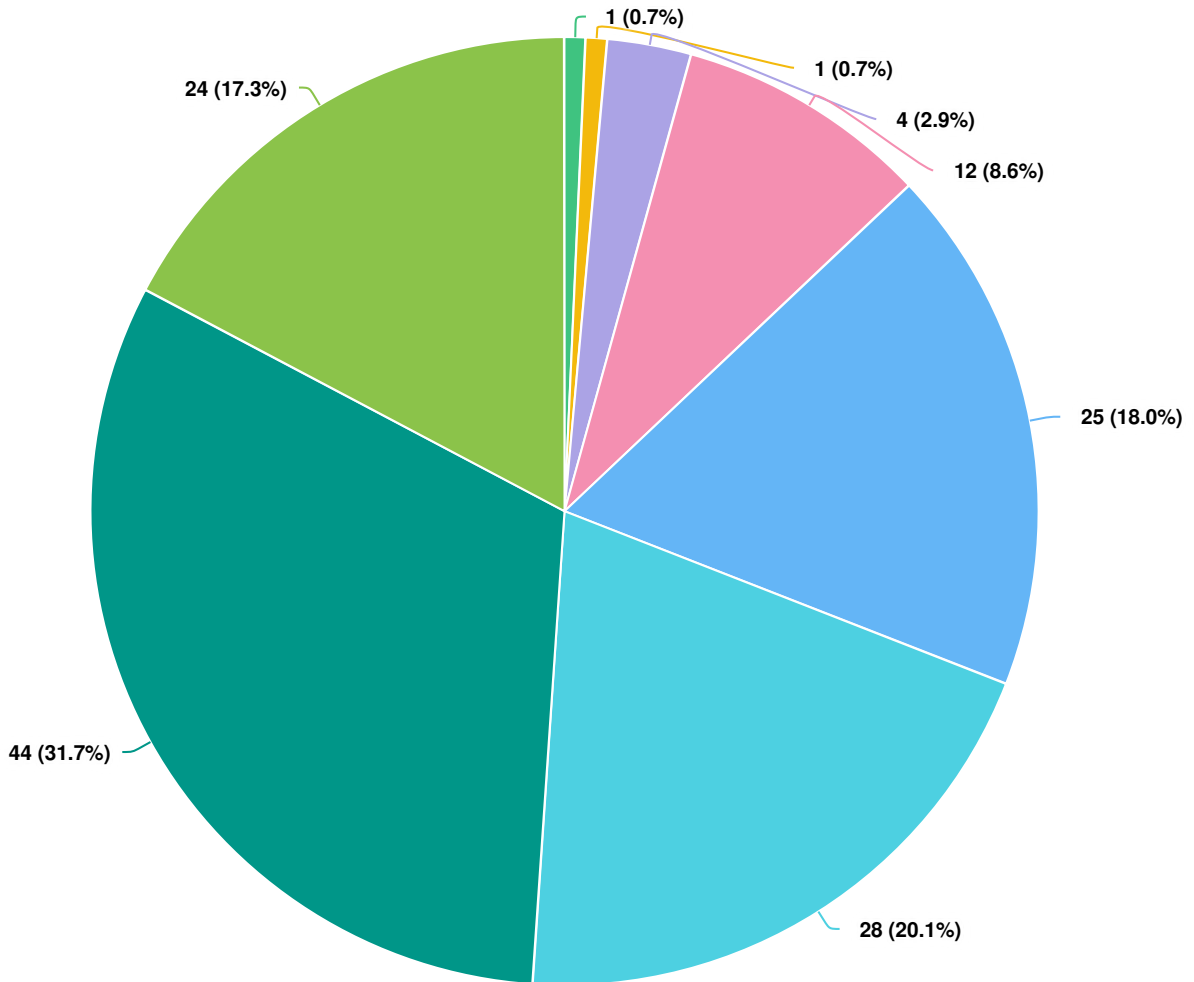


Question options

- Other (please specify)
- a local community organisation representative
- a local business representative
- an Uttlesford district resident - but not a Council Tax payer
- a person who works in the Uttlesford district
- a visitor to the Uttlesford district
- an Uttlesford District Council employee
- an Uttlesford District Council member
- a local town or parish councillor
- a neighbouring local authority or partner organisation representative
- an Uttlesford district resident - Council Tax payer

Optional question (143 response(s), 2 skipped)

Q16 Which age category do you belong to?

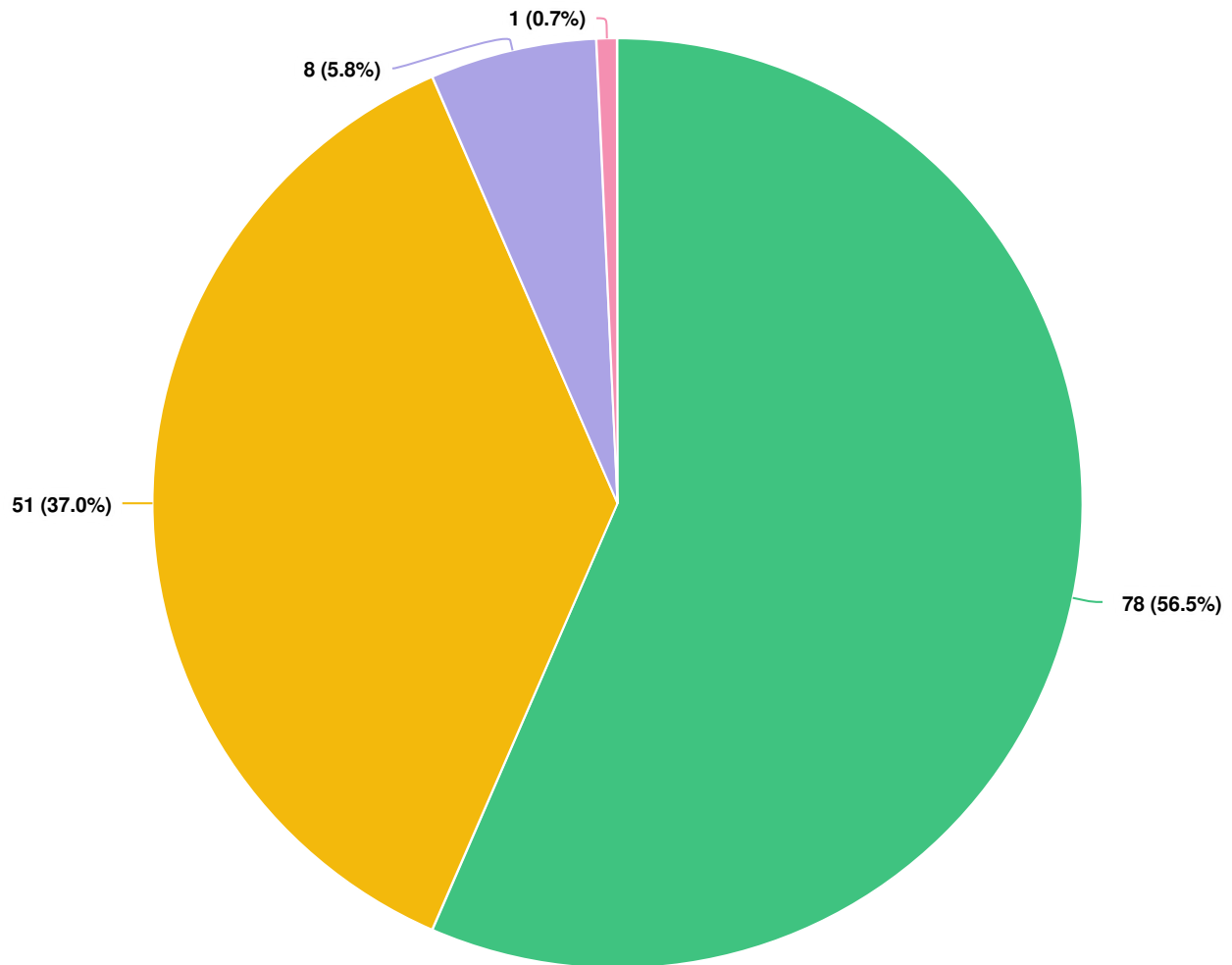


Question options

- 75+
- 65-74
- 55-64
- 45-54
- 35-44
- 25-34
- 20-24
- 16-19

Optional question (139 response(s), 6 skipped)

Q17 What is your gender?

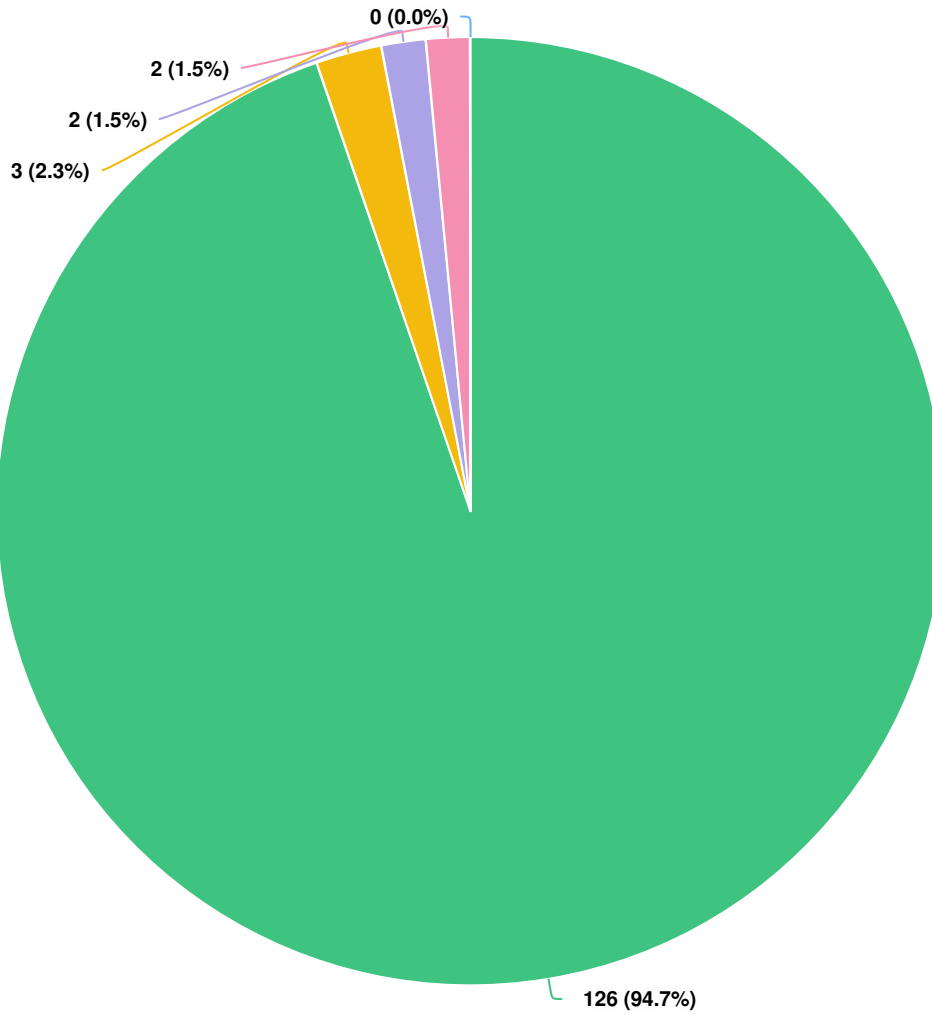


Question options

- Other (please specify)
- Prefer not to say
- Female
- Male

Optional question (138 response(s), 7 skipped)

Q18 What is your ethnicity?

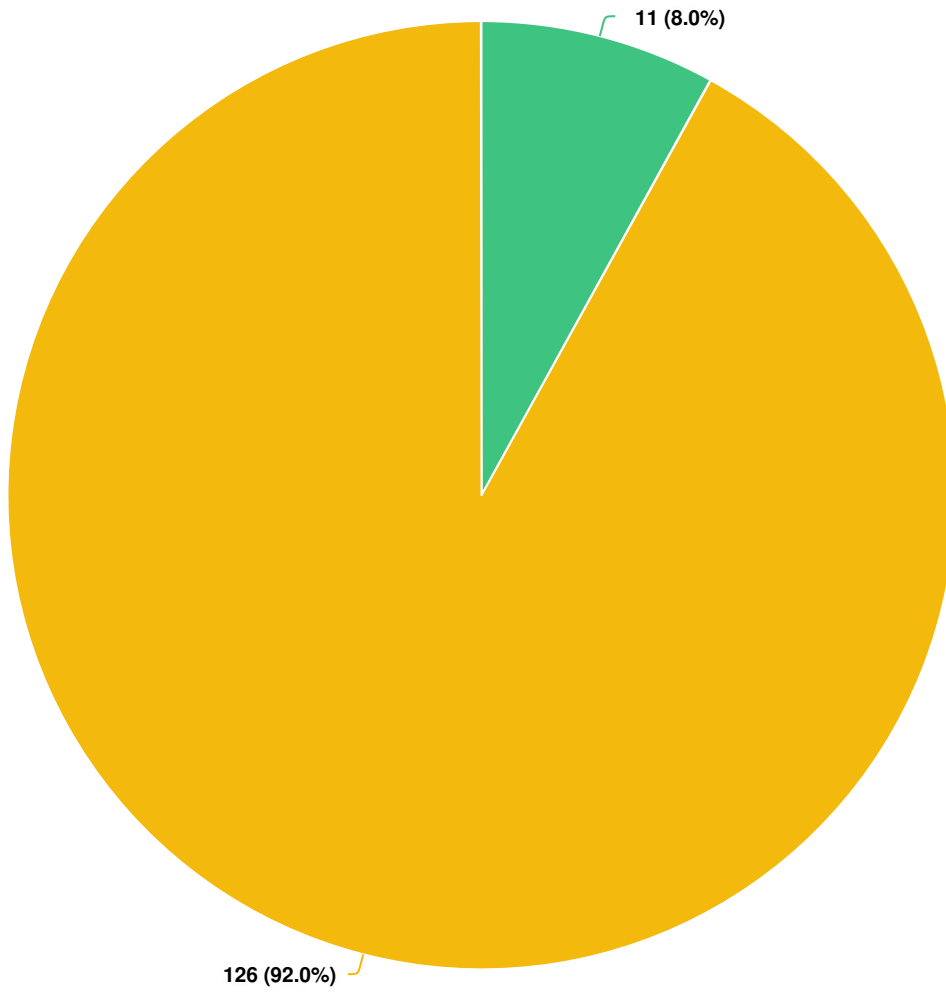


Question options

- Asian or Asian British
- Other (please specify)
- Mixed heritage
- Black or Black British
- White

Optional question (133 response(s), 12 skipped)

Q19 Do you consider yourself to have a disability?



Question options

- No
- Yes

Optional question (137 response(s), 8 skipped)

Additional comments received

We received 2 additional comments relating to the consultation.

Stansted Parish Council

I am writing in response to your request for input from Town and Parish Councils into the

UDC Budget for 2023-24. Please find below comments from Stansted Mountfitchet Parish Council:

- 1 We believe that support for lower-tier authorities to promote the needs of their own communities should focus on devolved funding. It is noted that the Communities and Partnerships proposed expenditure for joint working and non-statutory responsibilities, ie voluntary orgs, community safety, youth work support, is estimated at 5% of expenditure. We believe this should be increased in line with the above principles outlined.
- 2 If you consider the devolution of services, such as Day Centres, there is an automatic reduction in staffing levels as already experienced. With home-working etc and any further staff reviews, what impact will this have on administrative costs?
- 3 Economic Development is linked to housing at a proposed expenditure of 10% but for the locality of Stansted, with very few on-street businesses in comparison to Saffron Walden and Great Dunmow, is this a fair allocation?
- 4 Under Capital Financing, interest on borrowings has risen. Previously, the borrowing triggered 1% interest. What impact will the 4% rise incur on savings that also need to be made elsewhere in the budget over the next 4 years? How does this compare with the income on the Council's investments? Is the Council now considering the sale of any assets to bridge the gap?
- 5 Environmental Services - we believe that Climate Change must become a high priority.

Ruth Clifford

Parish Clerk

Member of the public

[Comment in relation to Corporate Plan priority 'Active place-maker for our towns and villages'].

We have too many new houses & developments.

These points should have separate questions. You cannot answer them all with the same answer.

