



NOTICE OF COUNCIL MEETING

You are hereby summoned to a meeting of the **EPPING FOREST DISTRICT COUNCIL** to be held in the **COUNCIL CHAMBER, CIVIC OFFICES, HIGH STREET, EPPING** at 7.30 pm on **Thursday, 18 February 2016** for the purpose of transacting the business set out in the agenda.

A handwritten signature in black ink, appearing to read 'Glen Chipp'.

Glen Chipp
Chief Executive

**Democratic Services
Officer:**

Council Secretary: Simon Hill
Tel: 01992 564249 Email:
democraticservices@eppingforestdc.gov.uk

WEBCASTING/FILMING NOTICE

Please note: this meeting may be filmed for live or subsequent broadcast via the Council's internet site - at the start of the meeting the Chairman will confirm if all or part of the meeting is being filmed. The meeting may also be otherwise filmed by third parties with the Chairman's permission.

You should be aware that the Council is a Data Controller under the Data Protection Act. Data collected during this webcast will be retained in accordance with the Council's published policy.

Therefore by entering the Chamber and using the lower public seating area, you are consenting to being filmed and to the possible use of those images and sound recordings for web casting and/or training purposes. If members of the public do not wish to have their image captured they should sit in the upper council chamber public gallery area or otherwise indicate to the Chairman before the start of the meeting.

If you have any queries regarding this, please contact the Public Relations Officer on 01992 564039.

BUSINESS

1. WEBCASTING INTRODUCTION

1. This meeting is to be webcast. Members are reminded of the need to activate their microphones before speaking.

2. The Assistant Director of Governance and Performance Management will read the following announcement:

“I would like to remind everyone present that this meeting will be broadcast live to the internet (or filmed) and will be capable of repeated viewing (or another use by such third parties).

If you are seated in the lower public seating area it is likely that the recording cameras will capture your image and this will result in the possibility that your image will become part of the broadcast.

This may infringe your human and data protection rights and if you wish to avoid this you should move to the upper public gallery.”

2. MINUTES (Pages 7 - 20)

To approve as a correct record and sign the minutes of the meeting held on 15 December 2015 (attached).

3. DECLARATIONS OF INTEREST

(Chief Executive) To declare interests in any item on the agenda.

4. ANNOUNCEMENTS

(a) **Apologies for Absence**

(b) **Announcements**

(i) To consider any announcements by the Chairman of the Council.

5. PUBLIC QUESTIONS (IF ANY)

To answer questions asked after notice in accordance with the provisions contained in paragraph 11.3 of the Council Procedure Rules of the Constitution on any matter in relation to which the Council has powers or duties or which affects the District:

(a) to the Leader of the Council;

(b) to the Chairman of the Overview and Scrutiny Committee; or

(c) to any Portfolio Holder.

Questions, if any, will follow if not received in time to be incorporated into the agenda.

6. QUESTIONS BY MEMBERS UNDER NOTICE

To answer questions asked after notice in accordance with the provisions contained in paragraph 12.3 of the Council Procedure Rules of the Constitution on any matter in

relation to which the Council has powers or duties or which affects the District:

- (a) to the Chairman of the Council;
- (b) to the Leader of the Council;
- (c) to any Member of the Cabinet; or
- (d) the Chairman of any Committee or Sub-Committee.

Council Procedure rule 12.4 provides that answers to questions under notice may take the form of:

- (a) direct oral answer;
- (b) where the desired information is in a publication of the Council or other published work, a reference to that publication; or
- (c) where the reply cannot conveniently be given orally, a written answer circulated later to the questioner.

Answers to questions falling within (a) and (b) above will be made available to the member asking the question one hour before the meeting. Answers to questions falling within (c) above will be circulated to all councillors.

Questions, if any, will follow if not received in time to be incorporated into the agenda.

7. REPORTS FROM THE LEADER AND MEMBERS OF THE CABINET (Pages 21 - 52)

To receive reports and any announcements from the Leader and members of the Cabinet on matters falling within their area of responsibility:

- (a) Report of the Leader;
- (b) Report of the Assets and Economic Development Portfolio Holder;
- (c) Report of the Environment Portfolio Holder; (attached)
- (d) Report of the Finance Portfolio Holder; (attached)
- (e) Report of the Governance and Development Management Portfolio Holder; (attached)
- (f) Report of the Housing Portfolio Holder; (attached)
- (g) Report of the Leisure and Community Services Portfolio Holder; (attached)
- (h) Report of the Planning Policy Portfolio Holder; (attached)
- (i) Report of the Safer, Greener and Transport Portfolio Holder; (attached) and
- (j) Report of the Technology and Support Services Portfolio Holder (attached).

8. QUESTIONS BY MEMBERS WITHOUT NOTICE

Council Procedure Rule 12.6 provides for questions by any member of the Council to the Leader or any Portfolio Holder, without notice on:

- (i) reports under item 7 above; or
- (ii) any other matter of a non operational character in relation to the powers and duties of the Council or which affects all or part of the District or some or all of its inhabitants.

Council Procedure Rule 12.7 provides that answers to questions without notice may take the form of:

- (a) direct oral answer from the Leader or, at the request of the Leader, from another member of the Cabinet;
- (b) where the desired information is in a publication of the Council or other published work, a reference to that publication;
- (c) where the reply cannot conveniently be given orally, a written answer circulated later to the questioner; or
- (d) where the question relates to an operational matter, the Leader or a member of the Cabinet will request that a response be given direct to the questioner by the relevant Chief Officer.

In accordance with the Council Procedure Rule 12.8, a time limit of thirty minutes is set for questions. Any question not dealt with within the time available will receive a written reply. The Chairman may extend this period by up to a further 10 minutes at their discretion.

9. MOTIONS

To consider any motions, notice of which has been given under Council Procedure Rule 13.

Motions, if any, will follow if not received in time to be incorporated into the agenda.

Reports of the Cabinet

10. PAY POLICY STATEMENT 2016/17 (Pages 53 - 64)

(Technology & Support Services) To consider the attached report.

11. TREASURY MANAGEMENT STRATEGY STATEMENT AND INVESTMENT STRATEGY 2016/17 - 2018/19 (Pages 65 - 94)

(Finance Portfolio Holder) To consider the attached report.

12. COUNCIL BUDGET 2016/17 (Pages 95 - 144)

- (a) (Finance Portfolio Holder) To consider the attached report; and
- (b) To hold a recorded vote on the recommendations contained within the report, in accordance with the Council Procedure Rule 17.6 'Voting at Budget Decision

Meetings' which directs Members to comply with the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014, immediately after any vote is taken at a budget decision meeting there must be recorded in the minutes of the proceedings of that meeting the names of the persons who cast a vote for the decision or against the decision or who abstained from voting.

"Budget decision" means a meeting at which:

(a) a calculation is made (whether originally or by way of substitute) in accordance with any of the Sections 31A, 31B, 34 to 36A, 42A, 42B, 45 to 49, 52ZF, 52ZJ of the Local Government Finance Act 1992, as amended; or

(b) a precept is issued under Chapter 4 of Part 1 of that Act,

and includes a meeting where making the calculation or issuing the precept as the case may be was included as an item of business on the agenda for that meeting.

References to a vote are references to a vote not only on the substantive budget motions agreeing the budget, setting council taxes or issuing precepts, but also on any amendments proposed at the meeting.

13. OVERVIEW AND SCRUTINY (Pages 145 - 146)

(a) To receive the report of the Chairman of the Overview and Scrutiny Committee and to answer any questions without notice asked in accordance with Council procedure rule 12.7(b) and 12.9 (a).

14. PROPOSED TERMS OF REFERENCE - AUDIT & STANDARDS COMMITTEE (Pages 147 - 156)

(Chairman of Audit and Governance Committee) To consider the attached report.

15. CALL-IN AND URGENCY - LOCAL LAND CHARGES - APPLICATION OF VAT TO SEARCH ENQUIRIES (Pages 157 - 158)

To note the attached decision taken by the Chairman of the Council to waive the call-in provisions of the Overview and Scrutiny Rules.

16. JOINT ARRANGEMENTS AND EXTERNAL ORGANISATIONS

(a) To receive from Council representatives the reports (attached - if any) on the business of joint arrangements and external organisations and to receive answers to any questions on those bodies which may be put without notice; and

(b) To request written reports from representatives on joint arrangements and external organisations for future meetings.

17. EXCLUSION OF PUBLIC AND PRESS

Exclusion: To consider whether, under Section 100(A)(4) of the Local Government Act 1972, the public and press should be excluded from the meeting for the items of business set out below on grounds that they will involve the likely disclosure of exempt information as defined in the following paragraph(s) of Part 1 of Schedule 12A of the Act (as amended) or are confidential under Section 100(A)(2):

Agenda Item No	Subject	Exempt Information Paragraph Number
Nil	Nil	Nil

The Local Government (Access to Information) (Variation) Order 2006, which came into effect on 1 March 2006, requires the Council to consider whether maintaining the exemption listed above outweighs the potential public interest in disclosing the information. Any member who considers that this test should be applied to any currently exempted matter on this agenda should contact the proper officer at least 24 hours prior to the meeting.

Confidential Items Commencement: Paragraph 9 of the Council Procedure Rules contained in the Constitution require:

- (1) All business of the Council requiring to be transacted in the presence of the press and public to be completed by 10.00 p.m. at the latest.
- (2) At the time appointed under (1) above, the Chairman shall permit the completion of debate on any item still under consideration, and at his or her discretion, any other remaining business whereupon the Council shall proceed to exclude the public and press.
- (3) Any public business remaining to be dealt with shall be deferred until after the completion of the private part of the meeting, including items submitted for report rather than decision.

Background Papers: Paragraph 8 of the Access to Information Procedure Rules of the Constitution define background papers as being documents relating to the subject matter of the report which in the Proper Officer's opinion:

- (a) disclose any facts or matters on which the report or an important part of the report is based; and
- (b) have been relied on to a material extent in preparing the report and does not include published works or those which disclose exempt or confidential information (as defined in Rule 10) and in respect of executive reports, the advice of any political advisor.

Inspection of background papers may be arranged by contacting the officer responsible for the item.

EPHING FOREST DISTRICT COUNCIL COUNCIL MINUTES

- Committee:** Council **Date:** 15 December 2015
- Place:** Council Chamber, Civic Offices, High Street, Epping **Time:** 7.30 - 9.15 pm
- Members Present:** Councillors E Webster (Chairman), J Lea (Vice-Chairman), K Angold-Stephens, N Avey, R Bassett, A Boyce, H Brady, W Breare-Hall, G Chambers, K Chana, D Dorrell, R Gadsby, L Girling, A Grigg, L Hughes, R Jennings, S Jones, H Kane, S Kane, H Kauffman, P Keska, J Knapman, M McEwen, L Mead, A Mitchell, R Morgan, S Neville, J Philip, C P Pond, C C Pond, B Rolfe, B Sandler, M Sartin, G Shiell, D Stallan, S Stavrou, B Surtees, T Thomas, L Wagland, G Waller, S Watson, C Whitbread, J H Whitehouse, J M Whitehouse, D Wixley and N Wright
- Apologies:** Councillors N Bedford, R Butler, T Church, J Hart, Y Knight, A Lion, H Mann, G Mohindra, S Murray, A Patel, C Roberts and S Weston
- Officers Present:** G Chipp (Chief Executive), D Macnab (Deputy Chief Executive and Director of Neighbourhoods), C O'Boyle (Director of Governance), R Palmer (Director of Resources), A Hall (Director of Communities), S G Hill (Assistant Director (Governance & Performance Management)), T Carne (Public Relations and Marketing Officer), A Hendry (Senior Democratic Services Officer), P Seager (Chairman's Secretary) and R Perrin (Democratic Services Officer)
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73. WEBCASTING INTRODUCTION

The Assistant Director of Governance and Performance Management reminded everyone present that the meeting would be broadcast live to the Internet, and that the Council had adopted a protocol for the webcasting of its meetings.

74. FORMER DISTRICT COUNCILLOR DAPHNE BORTON

It was with much sadness that the Chairman informed the Council of the death of former Councillor Daphne Borton.

Members were informed that Daphne Borton had been an Independent District Councillor representing the Lower Nazeing Ward, from 2002 until 2007 and had been a historically figure of the Nazeing community, Councillor and Chairman of Nazeing Parish Council.

Members paid tribute to the memory of Daphne Borton.

The Council stood for a minute's silence in tribute to the memory of former District Councillor Daphne Borton.

75. MINUTES**RESOLVED:**

That the minutes of the meetings held on 3 November 2015 and 23 November 2015 be taken as read and signed by the Chairman as a correct record.

76. DECLARATIONS OF INTEREST

(a) Pursuant to the Council's Code of Member Conduct, Councillors A Grigg and D Stallan declared a non-pecuniary interest in agenda item 14, Repairs & Maintenance Hub – Blenheim Way, North Weald, by virtue of being Members of North Weald Parish Council that had been asked by EFDC to consider financially supporting a children's play area and open space at the proposed housing hub. The Councillors had determined that their interests were not prejudicial and would remain in the meeting for the consideration of the issue.

77. ANNOUNCEMENTS**(a) Announcements by the Chairman of the Council****(i) Civic Carol Concert**

The Chairman thanked Members for attending her Christmas carol concert at Waltham Abbey Church on 8 December 2015.

(ii) Councillor S Murray

The Chairman advised that Councillor S Murray had recently been in an accident and that she had sent her regards and best wishes to him on behalf of the Council.

(iii) Flowers

The Chairman advised that she intended for the flowers from this evening's meeting to be displayed in the Civic reception for the residents and staff.

78. PUBLIC QUESTIONS (IF ANY)

The Council noted that there were no public questions for this meeting.

79. QUESTIONS BY MEMBERS UNDER NOTICE**(a) Loans by the Councils**

By Councillor C C Pond to Finance Portfolio Holder, Councillor S Stavrou.

"Could she please itemise the loans that the Council have taken out over the last six months, and state for each:

- (a) the amount, and purpose for which it was taken out;
- (b) the name of the lender;
- (c) the rate of interest and whether fixed or variable, and the annual amount thus payable;
- (d) the term of the loan; and

(e) whether there are early redemption penalties attached, and if so what they are?”

Response by Finance Portfolio Holder, Councillor S Stavrou.

“I would like to thank Councillor C C Pond for the question as it gives me the opportunity to talk about the very important subject of Treasury Management. This is a key part of the Council’s overall financial management and so reports are made regularly to both the Finance and Performance Management Cabinet Committee and the Audit and Governance Committee. In fact the half year report was made to the Finance and Performance Management Cabinet Committee on 12 November 2015 and the Audit and Governance Committee on 30 November 2015. If Cllr Pond had attended either of these meetings or read either of the agendas he would know that the Council has not taken out any loans so far in this financial year.

As no loans have been taken out so far this year there is nothing to itemise or state in response to the question.

I am sure Cllr Pond is not the only Member who would benefit from some training on Treasury Management and I would like to invite all Members to the annual seminar being provided by our external treasury advisers on the evening of 14 January 2016. A reminder about this event has been included in the Member’s Bulletin but at the time of writing there is still plenty of space available.”

Additional question by Councillor C C Pond

Councillor C C Pond thanked Councillor Stavrou for her response and asked that when the Council was required to take out a loan for the required expenditure, that the information be made available in the Members Bulletin.

Response by Councillor S Stavrou

Councillor S Stavrou advised that the loans referred to were in relation to the capital programme for the Langston Road and St John’s Sites for £12.3m in 2016/15/16 and £12.6m in 2016/17 and that the figures would be revised and Members would be kept up to date.

(b) Investments by the Council

By Councillor S Neville to Finance Portfolio Holder, Councillor S Stavrou

“Can the Finance Portfolio Holder please advise:

- a) Epping Forest District Council’s (EFDC hereafter) current investments;
- b) Which of those investments are defined by EFDC as long term and which as short term;
- c) The criteria by which the investments were made; and
- d) The equality and environmental impact assessments which, if any, informed investment decisions.”

Response by Finance Portfolio Holder, Councillor S Stavrou.

“I would like to thank Councillor S Neville for the question as it gives me another opportunity to talk about the very important subject of Treasury Management. My response is as set out below –

a. The Council's investments as at Friday 11 December 2015–

Borrower	Amount £m	Rate %	Start Date	End Date
Northumberland Council	5	1.3	14/12/12	14/12/16
Santander UK plc	4	0.65	19/08/15	19/02/16
Lloyds	5	0.7	19/08/15	19/02/16
National Counties Building Society	1	0.53	04/09/15	11/12/15
Nationwide Building Society	5	0.66	18/09/15	18/03/16
Barclays	5	0.53	18/09/15	18/12/15
Nationwide Building Society	3	0.66	28/09/15	29/03/16
Lloyds	5	1.05	19/10/15	19/10/16
Santander UK plc	3	0.55	19/10/15	19/01/16
Cumberland Building Society	1	0.55	24/11/15	04/03/16
Standard Chartered	5	0.71	24/11/15	18/05/16
Prime Rate	5	0.49	n/a	n/a
Standard Life	5	0.49	n/a	n/a
Nat West	4.4	0.25	n/a	n/a
Total	56.4			

The items shown with no start or end date are instant access accounts.

b. An investment is normally defined as long term if the term is a year or more, so in the table above the investment with Northumberland Council and the second investment with Lloyds would be regarded as long term.

c. The criteria by which investments are made are set out in the Treasury Management Strategy Statement and Investment Strategy which goes to Council in February each year as part of the budget papers. The basic principle is that the security of the investment is more important than the return on the investment. As the Strategy runs to several pages it is not practical to include the whole document as part of this answer but if more detail is required you should refer to pages 121 to 144 of the Council agenda for 17 February 2015.

d. Decisions on investments are taken by the Director of Resources under delegated authority and equality and environmental impact assessments are not required for such decisions.

As I have already stated in my previous answer to Councillor Pond, I am sure there are many Members who would benefit from some training on Treasury Management. It is an interesting subject and I strongly recommend the annual seminar being provided by our external treasury advisers on the evening of 14 January 2016."

Additional question by Councillor S Neville.

Councillor S Neville thanked Councillor S Stavrou for her response and asked about the ethical nature of investments and what could be done, if anything.

Response by Councillor S Stavrou

Councillor S Stavrou advised that the main ethical provider at that time, were the Co-operative Bank and unfortunately their credit rating did not meet the Council's minimum requirements, although if Councillor S Neville was able suggest any other ethical providers, the Council would be happy investigate.

80. REPORTS FROM THE LEADER AND MEMBERS OF THE CABINET**(a) The Leader of the Council**

The Leader thanked the Chairman for her wonderful Civic Carol Concert held Waltham Abbey Church on Tuesday 8 December 2015.

The Leader advised that he had attended further meetings under the duty to co-operate with Harlow and Uttlesford Councils regarding infrastructure, if ever a combined authority went ahead. He had also attended the London Stansted Cambridge Corridor meeting, where key issues for the corridor had been identified and included the growth of Stansted, Cross Rail Two and other aspects of transport infrastructure, such as a new Junction at 7a and improvements at Junction 7 and 8 of the M11.

Other meetings attended were with the Essex Leaders regarding Devolution, where he had attended a workshop on the 3 December 2015. The Leader advised that the Council would be engaged in feasibility work, although he assured Members that before the Council committed formally to any devolution bid, it would be fully considered and debated by the Council.

Finally, he wished all Members an enjoyable festive break.

(b) Environment Portfolio Holder

Councillor W Breare-Hall advised that at the Council meeting in June 2015, he had reported on Emergency and Urgent Expenditure, which had been incurred by employing additional resources to assist in mitigating the significant problems that had occurred as a result of the revised four Day Waste and Recycling Arrangements, implemented by the Council's Contractor Biffa Municipal, on the 12 May 2015.

He advised that the Contract had now stabilised and that the total level of expenditure incurred remained at £13,274, which could be contained within the current budget.

(c) Planning Policy Portfolio Holder

Councillor R Bassett advised that on the 7 December 2015, the Government had published a consultation on the changes to the National Planning Policy Framework (NPPF), which was to be submitted by 25 January 2016. The changes included;

- Broadening the definition of affordable housing to expand the range of low cost housing opportunities;

- Increasing the density of development around commuter hubs, to make more efficient use of land in suitable locations;
- Supporting sustainable new settlements, development on brownfield land and small sites and delivery of housing agreed in Local Plans;
- Supporting delivery of starter homes; and
- Transitional arrangements.

The initial concerns were about the affordable homes, starter homes and the effect on greenbelt policies and responses would be submitted to the Neighbourhoods Select Committee on the 19 January 2016.

He advised that there was not yet any clarity on the effect this may have on the Local Plan and he would keep Members updated.

(d) Governance and Development Management Portfolio Holder

Councillor J Philip advised that the published Electoral register on 1 December 2015 had achieved returns of 98.1% and that residents had responded positively to the new online technology registration, with 43% of households using this method. A further 2800 people had used the system to confirm personal changes which had resulted in savings on postage and processing time and the register had gained 1287 people with less than 200 non-responders being removed from last year's canvass.

He advised that the grant received and prudent management had enable officers to repeat the process of sending a household notification letter (HNL) to residents in the New Year, to further improve the accuracy of the register because the figures were being used as a benchmark upon which the Boundary Commission would be asked to look at parliamentary constituency areas in the run up to the next General Election.

81. QUESTIONS BY MEMBERS WITHOUT NOTICE

(a) Parking Issues – Buckhurst Hill

Councillor S Watson asked the Safer, Greener & Transport Portfolio Holder, Councillor G Waller whether he would ask the North Essex Parking Partnership (NEPP) on 17 December 2016 the following;

1. Whether an urgent review could be made on the enforcement of the 50% policy (which related to enforcement action only taking place on cars that park blocking 50% of a dropped kerb);
2. Whether they would dedicated an Enforcement Officer to Buckhurst Hill, one day a week, if the Parish Council funded this; and
3. How much this would cost the Parish Council.

Councillor G Waller commented that he was aware of the parking problems within Buckhurst Hill and that he had been advised that the Enforcement Officers were currently operating in Buckhurst Hill, Monday to Saturday and some Sundays. However the NEPP would respond positively, to District Councillors requests regarding problems in particular roads and this could be either raised directly by Councillors or through himself to NEPP.

He advised that the West Essex Enforcement Office were willing to support a request for an additional Enforcement Officer funded by the Parish Council, although an

understanding of the expectations would be required before this was to take place and the costs were unknown at this moment.

Councillor G Waller advised that the NEPP website provided information on the 50% policy for dropped kerbs and although enforcement did not occur on cars parked less than 50%, where home owners accessing their off street parking were prevented by this, he would find out what could be done.

(b) Displaced parking at Springfield, Epping

Councillor J M Whithouse asked the Housing Portfolio Holder, Councillor D Stallan whether a deferred Council Housing building planning application in Springfield, Epping considered at Plans East on 9 December 2015, would;

1. Go to the next Council Housebuilding Cabinet Committee on the 19 January 2016; and
2. What options would be put before the Cabinet Committee.

Councillor D Stallan advised that he had been made aware of the decisions following the Plans East Sub-Committee on 9 December 2015 and it would be discussed at the Council Housebuilding Cabinet Committee on the 19 January 2016. The options for the site were;

- (i) That the site was sold off to a private developer;
- (ii) That the plots were offered to neighbouring residents; or
- (iii) That the garages were demolished and open parking was provided.

Councillor D Stallan advised that Ward Members were welcome to attend the Council Housebuilding Cabinet Committee to voice resident's opinions.

(c) Material Considerations to Retrospective Planning

Councillor L Wagland asked the Planning Policy Portfolio Holder, Councillor R Bassett whether the Government had made it any clearer with regard to applicants who had previously failed to comply with planning rules in the past, now being a material planning consideration and whether any advice could be given to Members on the planning committees?

Councillor R Bassett advised that he would look into this issue with Officers.

Councillor J Philip advised that he had taken this issue up with the Planning Department and it appeared that there were not yet any regulations to support the Government comments on this issue. Therefore the advice from the Planning Department had been that it would probably be tested in the Courts. It would also be raised at the Essex's Planning Forum and any findings would be published in the Members Bulletin.

(d) NEPP Reserves

Councillor D Wixley asked the Safer, Greener & Transport Portfolio Holder, Councillor G Waller about the £100,000 reserves that NEPP had received and holds from the County Council and whether the Portfolio Holder could persuade NEPP to

re-paint some of the yellow lines around the District or at least use a better quality paint with this money.

Councillor G Waller advised that when NEPP was set up in 2011, it was provided with this sum of money by Essex County Council (ECC) as a transition payment. This was provided to NEPP to prevent it going into deficit, which was what had happened to other authorities previously. It had been intended as a "float" and therefore could not be used as Councillor D Wixley had suggested.

(e) Communities Development Dementia Work

Councillor T Thomas asked the Leisure & Community Services Portfolio Holder, Councillor H Kane to pass on thanks to the Community Services Team for the work that they had been doing with the young and old residents of the District with such a minimal budget. In particular the ground breaking dementia work at Sherrell House Rest Home, Chigwell.

Councillor H Kane advised that it was appreciated that someone had seen this in action and she would pass on her thanks to the Community Services Team.

(f) Oakwood Hill industrial units

Councillor K Angold-Stephen asked the Asset and Economic Development Portfolio Holder, Councillor A Grigg whether the Council would consider investing further funding in the Council's Industrial Estates, in particular in Oakwood Hill; to smarten up the appearance and attract further leaseholds. Furthermore, a gateway sign had been promised and he asked whether this could be followed up?

Councillor A Grigg advised that she would look into the gateway signage and that the responsibility of planned maintenance on the industrial estates had been handed over to the Portfolio Holder Technology and Support Service, Councillor A Lion, who she would liaise with, for a progress report.

(g) Resuming Parking Responsibilities

Councillor C C Pond spoke of the concerns raised with regards to NEPP and a cross-party approach from County Councillors to the County Council Cabinet Member for Infrastructure, Councillor R Bass, about resuming the responsibilities for parking within the Epping Forest District for on and off street, which had been rejected previously and whether he would remind ECC that Epping Forest District Council (EFDC) had previously done the job better and at much less cost.

Councillor C Whitbread advised that EFDC had done a better job and he had spoken to the County Council Leader, Councillor D Finch about parking issues.

82. MOTIONS

The Chairman reported that there were no motions to be considered at this meeting.

83. HOUSING REPAIRS AND MAINTENANCE HUB

Mover: Councillor D Stallan, Housing Portfolio Holder

Councillor D Stallan submitted a report requesting a Capital supplementary estimate for 2015/16 from the Housing Revenue Account and that land at Blenheim Way,

North Weald be transferred from the General Fund to the Housing Revenue Account to facilitate the building of a new housing repairs and maintenance Hub

Report as first moved **ADOPTED**

RESOLVED:

(1) That a Capital supplementary of £300,000 for 2015/16 from the Housing Revenue Account be approved; and

(2) That the land at Blenheim Way in North Weald be transferred from the General Fund to the Housing Revenue Account, with an appropriate adjustment made in the balances due between the two funds.

84. LOCAL PLAN BUDGET UPDATE

Mover: Councillor R Bassett, Planning Policy Portfolio Holder

Councillor R Bassett submitted a report requesting a Continuing Services Budget supplementary estimate for 2015/16 for the Planning Policy team.

Report as first moved **ADOPTED**

RESOLVED:

That a Continuing Services Budget supplementary of £25,000 for 2015/16 be approved.

85. CALENDAR OF COUNCIL MEETINGS 2016/17

Mover: Councillor J Philip, Governance and Development Management Portfolio Holder.

Councillor J Philip submitted a report regarding the Calendar of Council meetings for 2016/17.

Report as first moved **ADOPTED**

RESOLVED:

That, as attached at Appendix 1, the draft Calendar of Council Meetings for 2016/17 be adopted.

86. CAPITAL REVIEW 2015/16 - 2019/20

Mover Councillor S Stavrou, Finance Portfolio Holder.

Councillor S Stavrou submitted a report for Capital supplementary funding for four areas including the Museum Redevelopment Project, Planned Maintenance Works at the Civic Offices, Private Sector Housing Grants and CCTV Equipment at Town Mead Depot.

Report as first moved **ADOPTED**

RESOLVED:

- (1) That a Capital supplementary of £88,000 in 2015/16 for the Museum Development Project be approved;
- (2) That a Capital supplementary of £49,000 in 2015/16 for planned maintenance works at the Civic offices be approved;
- (3) That a Capital supplementary of £12,000 in 2015/16 for two remaining Private Sector Housing Grants be approved; and
- (4) That a Capital supplementary of £7,000 in 2015/16 for CCTV equipment at Town Mead Depot be approved.

87. LOCAL COUNCIL TAX SUPPORT SCHEME 2016/17

Mover Councillor S Stavrou, Finance Portfolio Holder.

Councillor S Stavrou submitted a report on the Local Council Tax Support Scheme for 2016/17.

Report as first moved **ADOPTED**

RESOLVED:

That the revised Local Council Tax Support Scheme 2016/17 be approved.

88. MEMBERS' ALLOWANCES SCHEME - ANNUAL REVIEW 2016/17

Mr Stephen Lye, a member of the Remuneration Panel presented a report following a review by the Panel of the following aspects of the Members' Allowances Scheme:

- (a) Basic Allowance;
- (b) Special Responsibility Allowances;
- (c) Childcare and Dependent Carers Allowance; and
- (d) Revised Scheme and Guidance.

Amendment moved by Councillor C Whitbread and Seconded by Councillor R Gadsby

That recommendation (2) read;

"That the Council implements 100% of the recommended amount of Basic allowance of £4,300 per Member per annum and agrees a CSB growth bid item in the sum of £50,200 for the year 2016/17 onwards."

And recommendation (3) be removed.

Carried

Following the discussion and comments received from the Governance Select Committee on 1 December 2015, the following motion was proposed.

Amendment moved by Councillor J Philip and seconded by Councillor D Stallan**Members' Allowances – Chairman and Vice-Chairman of Council**

'That consideration of the amount of Special Responsibility Allowance applied to the positions of the Chairman and Vice-Chairman of the Council, be added to the responsibilities of the Member Remuneration Panel from the commencement of the 2016/17 municipal year; and

That the amount of Special Responsibility Allowance applied to the Chairman and Vice-Chairman of Council be reviewed on an annual basis from 2017/18, as part of the Panel's annual review of the Members' Allowances Scheme and its recommendations to the Council thereon'.

Carried

RESOLVED:

Basic Allowance

(1) That no change be made to the full amount of Basic Allowance of £4,300.00 per member per annum, currently included in the Members' Allowances Scheme;

(2) That the Council implements 100% of the recommended amount of Basic allowance of £4,300 per member per annum and agrees a CSB growth bid item in the sum of £50,200 for the year 2016/17 onwards.

Special Responsibility Allowance

(3) That, with effect from the commencement of the 2016/17 municipal year:

(a) a Special Responsibility Allowance of £500.00 be applied to the position of the Chairman of the Licensing Committee;

(b) the Special Responsibility Allowance currently applied to the position of the Chairmen of the six Licensing Sub-Committees be calculated on the basis of an allocation of the allowance according to the number of meetings chaired each year, as set out in Paragraph 17 of this report, so as to more accurately reflect the actual responsibilities involved in chairing meetings of the Sub-Committees; and

(c) the Special Responsibility Allowance currently applied to the position of the Chairman of the Constitution Working Group, be reduced to £500.00;

(4) That no other changes be made to the application of Special Responsibility Allowances currently included in the Members' Allowances Scheme;

Child Care and Dependent Carers Allowance

(5) That, with effect from the commencement of the 2016/17 municipal year, the Child Care and Dependents Carers' Allowance element of the Members'

Allowances Scheme be based on the prevailing rate of the National Living Wage; and

Revised Scheme and Guidance

(6) That, subject to the above recommendations, the Members' Allowances Scheme and Guidance for 2016/17 attached as an appendix to this report be adopted and implemented with effect from 26 May 2016.

(7) That consideration of the amount of Special Responsibility Allowance applied to the positions of the Chairman and Vice-Chairman of the Council, be added to the responsibilities of the Member Remuneration Panel from the commencement of the 2016/17 municipal year; and

(8) That the amount of Special Responsibility Allowance applied to the Chairman and Vice-Chairman of Council be reviewed on an annual basis from 2017/18, as part of the Panel's annual review of the Members' Allowances Scheme and its recommendations to the Council thereon.

89. JOINT ARRANGEMENTS AND EXTERNAL ORGANISATIONS

(a) Members noted the report by Councillor R Morgan regarding the Stansted Airport Community Trust.

(b) No further updates from Council representatives on any other business of joint arrangements and external organisations were advised; and

(c) No requests were made for written reports to be made by representatives on joint arrangements and external organisations at the next meeting.

CHAIRMAN

Epping Forest District Council Calendar of Meetings 2016/17

		2016								2017					
Meeting		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	
Executive															
Council		26th		26th		27th		1st	15th	14th(16th)			25th	25th	
Cabinet			9th	21st		1st	6th	3rd	1st		2nd	9th	6th		
FPM Cab Comm			16th	28th		15th		10th		19th		30th			
AM & ED Cab Comm				14th			27th			26th			13th		
Scrutiny															
OS Committee			7th	19th			25th		19th		28th		18th		
Housing Select Comm			20th			6th		8th		17th		14th			
Governance Select Comm				5th		29th		29th		31st			4th		
Nghbrhds/CS Select Comm			28th			13th		15th		24th		21st			
Resources Selct Comm				12th			10th		6th		7th	28th			
Constitution Working Grp						20th					21st				
Planning															
District Development			8th		3rd	28th		30th			8th		5th		
Plans East		11th	15th	13th	10th	7th	5th	9th	7th	18th	15th	15th	12th	10th	
Plans West		18th	22nd	20th	17th	14th	19th	16th	14th	25th	22nd	22nd	19th	17th	
Plans South			1st-29th	27th	24th	21st	26th	23rd		4th	1st	1st-29th	26th	31st	
Licensing															
Licensing Committee							19th						19th		
Licensing Sub-Comm			7th	5th	2nd	6th	4th	8th	6th	10th	7th	7th	4th		
Miscellaneous															
Member Briefings			13th	25th	16th	12th	18th	24th	15th	11th	9th	13th	3rd		
Audit & Governance I			27th			19th		28th			6th	27th			
Audit & Governance II			27th			19th			12th			27th			
Housing Appeals Panel			6th	4th	1st	5th	3rd	7th	5th	9th	6th	6th	10th		
Joint Consultative Comm				18th			17th			16th			24th		
Local Councils Liaison				4th				7th				6th			
Appointments Panel		12th-19th												11th-18th	
Standards Committee				11th			24th			23rd			20th		
Dev Control Chairs/Officers						26th						20th			
Webcast meeting:			Easter 2017			Fri 14-Apr-17 to Mon 17-Apr-17									
			Rosh Hashanah			Mon 3-Oct-16 to Tue 4-Oct-16 (Sundown Sun 2-Oct-16)									
			Yom Kippur			Wed 12-Oct-16 (Sundown Tue 11-Oct-16)									
			Pesach			Tue 11-Apr-17 (Sundown Mon 10-Apr-17)									
			County Council Elections			Thu 4-May-17									

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Report to the Council

Committee: Cabinet

Date: 18 February 2016

Subject: Environment

Portfolio Holder: Councillor W Breare-Hall

Recommending:

That the report of the Environment Portfolio Holder be noted.

Waste Management

As Members will be aware, a special meeting of the Neighbourhoods and Communities Select Committee was held on 17 December to review the performance of the new waste management contract, particularly the period following the switch to a four day collection service in May 2015.

The meeting was open to the public, two of whom were present, and attended by senior management from Biffa as well as WYG, the consultants who advised us during the procurement process. Members took the opportunity to ask probing questions with a view to better understanding the circumstances surrounding the difficulties experienced following the switch, and what lessons could be learnt. The outcome of the review will be presented to the Overview and Scrutiny Committee.

Essex County Council, through the Waste Partnership Board on which I represent the Council, continue to seek ways of reducing the cost of waste collection and disposal across the county. Whilst some of the ideas suggested would be neither applicable to nor in the best interests of Epping Forest, others, such as better education aimed at reducing the amount of waste generated, are welcomed. I will keep Members updated as these discussions progress.

Clean for The Queen

Clean for The Queen is a campaign launched by Country Life magazine in partnership with Keep Britain Tidy to clean up Britain in time for HM The Queen's 90th birthday. It aims to attract volunteers across the country to clean up their local areas, with a special clean-up weekend on March 4-6 2016.

We will be sending a letter to Parish and Town Councils informing them of the campaign and inviting them to join the District Council and organise a litter pick in an area of their choice, under their own supervision.

EDFC will offer support such as:

- * Provide litterpickers and sacks,
- * Provide fluorescent jackets.
- * Collect all waste/recycling at the end of the planned activity.
- * Provide posters tailored to their event with their logo as well as ours.

* Provide advice on working on the highway.

I intend to lead a litter pick made up of volunteers drawn from amongst both Members and senior management at the Council, so I encourage anyone interested to contact me for further information.

Fly tipping

Evidence gathered by the Council's Environment and Neighbourhood team led to a prosecution in Chelmsford Magistrates Court on 10th December 2015. Mr Terence Sullivan, of Morris Court, Waltham Abbey, was fined £120 and ordered to pay a contribution towards the prosecution costs of £200 after pleading guilty to an offence of depositing fly-tipped waste on 16 March 2015 in a bin store at Springfields, Waltham Abbey.

The fly tipping of waste in the bin store serving properties in Springfields was witnessed by a member of the public and subsequently reported to the Council. Environment and Neighbourhood officers were able to trace the vehicle used in the fly tipping back to Terence Sullivan, who, when interviewed under caution, admitted being responsible for its deposit.

CO levels tested

The Public Health team have been testing Carbon Monoxide levels to help protect residents from exposure. Carbon Monoxide (CO) is a colourless, odourless, gas which is lethal and can cause asphyxiation. There have been a number of well publicised deaths from CO exposure in recent years which were attributed to faulty gas heaters, boilers and, somewhat surprisingly, the use of barbeque charcoal in restaurants.

When charcoal cools, CO gasses are produced. These gasses can potentially permeate neighbouring accommodation as well as remain within the restaurant itself, which could have tragic consequences for neighbouring residents and the restaurant's employees.

There has been an increase in the use of open barbeque equipment in restaurants around the district and, if CO levels are not monitored, this could pose a significant risk to residents and employees. Accordingly, the Public Health Team have undertaken CO sampling in 12 of the districts barbeque restaurants. CO data loggers were fitted in each business over a weekend to establish exposure levels. Of the 12, most were found to be below the legal workplace exposure limit. 5 were identified as having CO levels with room for improvement, but these were swiftly and easily dealt with using simple and cost effective solutions.

A further project is planned to establish whether restaurants in the district that use Tandoor ovens are operating with safe levels of CO. Tandoor ovens traditionally use charcoal and even though many are now gas fired, officers have found that the current trend is for charcoal fired tandoor ovens.

Report to the Council

Committee: Cabinet

Date: 18 February 2016

Subject: Finance

Portfolio Holder: Councillor S Stavrou

Recommending:

That the report of the Finance Portfolio Holder be noted

Accountancy

This is always a very busy time of year for the Accountancy Service with the work to compile the budget and produce a variety of reports to the many meetings that consider the budget. As there is a separate report on the budget I will not say anything more about it here.

I am pleased to be able to pass on a piece of good news that covers an aspect of the work done by Accountancy that I expect most Members are not familiar with. When a company we are dealing with goes into administration Accountancy will deal with the Administrator and make whatever claims are possible to protect the Council's position. Several years ago South Herts Waste Management went into administration and the long process of the liquidation has now been concluded. When we make a claim in an administration we do not include the amount in the accounts as quite often there is no return. However, I am pleased to report that we have now received a cheque for £115,000 from the Liquidator of South Herts Waste Management.

Benefits

The quarter three position on the key performance indicators will be considered at the March meeting of the Finance and Performance Management Cabinet Committee, but I will take this opportunity to give a brief update. New claim processing shows an improvement for the third quarter running. The current average time taken on a new claim is now 21.78 days, which is ahead of the target of 22 days. The other processing indicator is for changes of circumstance. These are also doing well and are currently being processed in 7.29 days, compared to a target of 10 days.

On 9 February the Resources Select Committee received an update on the work done on housing benefit fraud and compliance. Members may recall that our Benefit Fraud Investigators were required to transfer to the Department for Work and Pensions to join the new Single Fraud Investigation Service. This necessitated a restructure of the Benefits Division to create a Compliance Team and a change in the way suspected frauds are dealt with. The report confirms the difficulties that we had anticipated in dealing with the Single Fraud Investigation Service have materialised. However, the steps taken with the creation of the Compliance Team and the changes in working practices have provided some mitigation.

Revenues

The key performance indicators at the end of quarter three are also positive for Council Tax and Non-Domestic Rates. At the end of December the in-year collection rate for Council Tax was 77.91% which was ahead of the target of 77%. Non-Domestic Rates is also ahead of the target of 78.09% with 78.78% having been collected. As well as being ahead of target both of the collection rates are showing an improvement on last year.

Report to the Council

Committee: Cabinet

Date: 18 February 2016

Subject: Governance and Development Management

Portfolio Holder: Councillor J Philip

Recommending:

That the report of the Governance and Development Management Portfolio Holder be noted.

Legal Services

Early in December the Council was successful in respect of two prosecutions relating to unauthorised works carried out to Grade 2 Listed Buildings in The Street, Willingale. One prosecution related to the removal of two bay windows and the construction of an extension which resulted in a fine of £8,000 for the owner together with an order to pay the Council's prosecution costs. The other related to the removal and replacement of windows resulting in total fines against the owners of £5,000 again with payment of the Council's costs. The prosecutions were as a result of coordinated work between this Council's planning enforcement officers, its Legal team and the Conservation officers employed by Essex County Council. They will continue to work towards the properties being reinstated into the best condition possible but in the case of the window replacement the historical glazing and original window fittings have it seems been lost forever.

The Council was also successful in its prosecution of the owner of Blunts Farm and his contractor for carrying out unauthorised work to a willow tree protected by a Tree Preservation Order.

These prosecutions show the Council's determination to maintain and protect the heritage and visual amenity of the District which we know is important both our residents and visitors.

Development Management

The income figures continue to show positive signs of steady growth despite the Income for both being revised upwards from the 1st December 2015 as shown in the table below.

	ORIGINAL BUDGET 2015/16	REVISED BUDGET 2015/16
DEVELOPMENT CONTROL	£595 000	£850 000
BUILDING CONTROL	£386 000	£470 000

Building Control

Building Control's income for December 2015 (period 9) was £27,227 and is 28% above the revised budget figure for December 2015.

Due to seasonal fluctuations December has always been a low income month for Building Control and the average December income for three years prior to 2015/16 has been just over £17 500.

Despite the upwards revision of their Budget, BC income to date is £360 564 and comprises 77% of the years upwardly revised budget £470 000. It is also two percentage points above the revised budget for the year April – December 2015.

To finish the 2015/16 year at or above budget BC requires an average income of £36 500 per month for January/February and March 2015.

Development Control

Income for Development Control for December 2015 (period 9) was £94,439 which is just over £20,000 above the revised budget figure for the month.

Development Control's income from April to December 2015 of £642,536 constitutes 76% of the revised budget of £850,000 for 2015/16.

Projecting the budget forward DC need an average of just over £80,000 per month to match the revised budget 2015/16 of £850,000.

Overall there are grounds for cautious optimism as it is likely that both BC and DC will be able to match or come close to the upwardly revised budget figures and bring in income for the year in the region of £1.3 million.

Report to the Council

Committee: Cabinet

Date: 18 February 2016

Subject: Housing

Portfolio Holder: Councillor D Stallan

Recommending:

That the report of the Housing Portfolio Holder be noted.

Letter to Brandon Lewis MP, Minister of State for Housing and Planning – Sale of high value empty Council properties

As members would expect, I have been closely following the progression of the Housing and Planning Bill through the House of Commons.

In so doing, I noted discussions that have recently taken place relating to the proposed requirement that councils must pay an annual levy to the Government (on the expectation that they will sell high value empty properties over the course of the year) and a clause within the Bill that would allow the Secretary of State to reduce the payment by agreement with individual local authorities.

Prior to the Bill being passed to the House of Lords, the Minister of State for Housing and Planning informed the House of Commons of his willingness to consider the circumstances of each local authority and its housing need when he came to consider which local authorities he would be prepared to discuss the possibility of entering into agreements with, to reduce the amount that they would be required to pay – on the basis that the local authority would agree to use some or all of the payment that would otherwise have been made to the Secretary of State, to provide additional affordable housing in their area.

I have therefore written to the Minister, asking if he could give early consideration to the possibility of the Secretary of State entering into such an agreement with our Council, in advance of the Secretary of State making his determination of the amount of payment to be made by the Council.

I have also written to the three Members of Parliament whose constituencies cover the Epping Forest District asking for their support with this request. I will, of course, advise members of the response to my letter

Housing Repairs and Maintenance Hub

In order to enable the proposed re-development for the St Johns Road area of Epping to proceed, the Council needs to re-locate its Housing Repairs Service from the Epping Depot. Having searched for alternative vacant buildings around the district and other potential development sites to which the Service could re-locate, with none found to be suitable, the Cabinet has decided (subject to planning permission) to build a new Housing Repairs and Maintenance Hub in Blenheim Way, North Weald. This will also create the opportunity for the Housing Repairs Team to be co-located with the Housing Assets Team, currently based at the Civic Offices. This would not only result in operational benefits, but would also free-up accommodation at the Civic Offices to assist with the Council's Accommodation Strategy.

For the time being, the Cabinet has agreed to progress the development up to and including the submission of a planning application only - with progress beyond the planning approval stage being subject to exchange of contracts on the St Johns Road development.

Pellings LLP, who are the Architects and Employers Agent on the Council's Housebuilding Programme, have been appointed as Architects for the scheme. A detailed planning application is due to be submitted in March 2016, and will incorporate a small piece of land on which the Parish Council has indicated they may wish to provide a children's play area.



Marden Close and Faversham Hall, Chigwell Row

The first of the Council's developments under the new Housebuilding Programme has seen the Council take possession of 12 new 1-bed flats at Marden Close and Faversham Hall in December 2015, through a conversion scheme.

The two-storey building has secure individual entrances to each flat, a small communal garden, energy efficient heating, insulation and new windows. They are being let to tenants from the Council's Housing Register. The former Faversham Hall on the same site has also undergone a high quality refurbishment including new landscaping. It now provides 2 new general needs flats out of a previously underused community facility.

Cllr Sandler, as Ward Councillor and myself visited the scheme and met with the first tenant to move into the new homes, who commented on how happy she was with the quality of her home and how it was a real pleasure to live there.



Council Housebuilding Programme

Phase 1

The contractor for Phase 1 of the Council's Housebuilding Programme, Broadway Construction Ltd, commenced works on site on 27 October 2014, with completion due on 13 November 2015. However, they have not maintained the delivery programme and, on 13 November 2015, the Certificate of Non-Completion was served on Broadway Construction Ltd. Therefore, Liquidated & Ascertained Damages (LAD's) are now being deducted, in accordance with the terms of the contract.

The Council has since received a claim from Broadway Construction Ltd for an extension of time and loss and expense. Once each aspect of the claim is considered for entitlement by Pellings LLP, the Council's Employer's Agent, the costs associated with any entitlement will be calculated in accordance with the contract.

Broadway Construction Ltd have indicated they are committed to completing the works and are projecting a completion date for Harveyfields around July 2016, with other sites being completed by the end of March 2016. Progress on site and the quality of the work is being closely monitored by East Thames and Pellings LLP.

Phase 2

Having achieved planning permission in September 2015 for 51 new affordable homes at Burton Road, Loughton, making up Phase 2 of the Council's Housebuilding Programme, the Cabinet Committee has agreed to appoint Mullalley & Co Ltd as the Design and Build Contractor, in the sum of £9,847,179, being the second lowest tender received.

It is planned that Mullalley & Co Ltd will take possession of the site in February 2016, with work commencing on site around June 2016 once the planning conditions are discharged and the detailed designs prepared and approved. Completion is expected within 24 months - around March 2018.

Phase 3

Planning permission has also been achieved for eight sites making up Phase 3 of the Council's Housebuilding programme, which will deliver 34 new affordable homes. These sites are located in Epping, Coopersale and North Weald.

Following a soft market testing exercise, the Cabinet Committee agreed to break down the 8 sites into 7 separate contracts, with a mixture of design and build contracts and traditional fully designed contracts, using small local contractors. It is anticipated that work will commence on site in August 2016 and completed around March 2018.

Future Phases

The Cabinet Committee has agreed feasibility studies at 13 sites across Loughton, making up Phase 4, which will deliver 40 new affordable homes. Planning applications have been submitted and, subject to planning permission, works will start on site in around April 2017 and completed around 20 months later in November 2018.

The Cabinet Committee has agreed feasibility studies at 10 sites across Buckhurst Hill and Ongar, making up Phase 5, which will deliver 33 new affordable homes. Pre-application planning discussions have taken place and planning applications are due to be submitted by March 2016. Subject to planning permission, works will start on site in around October 2017 with completion due around 20 months later in May 2019.

In order to avoid returning unspent 1-4-1 receipts to the Government, the Cabinet Committee agreed to the purchase of 11 new affordable homes on a Section 106

development site at Barnfields in Roydon. A joint bid was accepted by Linden Homes from the Council and B3Living, who are one of the Council's Preferred Housing Association Partners, with the Council purchasing the 8 x affordable rented homes and B3Living purchasing the 3 x shared ownership homes.

The Cabinet Committee has been closely monitoring the Council's financial position with regard to 1-4-1 replacement capital receipts. However, it was recognised that there will still be an underspend of around £2.3m in Quarter 4 of 2016/17. This is due to delays on the construction of Phase 1, delays in securing planning permission on Phase 2, delays in Barnfield commencing on site, together with a higher than expected rate of Right to Buy sales. The Cabinet Committee therefore agreed that it will be necessary to purchase a small number of street properties off the open market to avoid this underspend.

Home Truths – Annual report by National Housing Federation house prices and affordability

Each year, the National Housing Federation (NHF – effectively, the national “trade body” for housing associations) - produces a report on housing costs and related data in the East of England. This year's report has just been published.

The report gives the following useful information and comparisons of average house prices, incomes and ratios of incomes to house prices in 2014:

- The average property price in the District was around £410,000 (5th highest in the Region and the highest in Essex) – compared to the average for Essex of around £268,000 and around £260,000 for the East of England average
- The ratio of average house prices to average incomes for the District was 12.7 (4th highest in the Region and the highest in Essex) – compared to the average for Essex of 9.4 and 9.6 for the East of England average

New Housing Strategy Key Action Plan – 2016

Following detailed consideration by the Housing Select Committee at its last meeting, for which I am very grateful, I have agreed a new Key Action Plan for the Council's Housing Strategy for the forthcoming year. Interested members can find a copy of the Action Plan on the Council's Committee Management System (under Decisions)

Flexible (fixed-term) tenancies – Housing and Planning Bill

The Localism Act 2011 provided for a new type of discretionary fixed-term tenancy to new council tenants – the “Flexible Tenancy”. Housing associations were also allowed to provide a similar form of fixed-term tenancy. Existing secure or assured tenants wishing to transfer, whose tenancies commenced prior to the Localism Act 2011, are exempt from this provision.

Currently, local authorities and housing associations are given the flexibility to grant fixed-term tenancies. As a result, the Cabinet previously agreed to undertake a pilot scheme, from September 2013, whereby all new tenancies granted on any property comprising 3 bedrooms or more would be let with Flexible (fixed-term) Tenancies - for a fixed-term of 10 years, including an Introductory Tenancy period.

Following a review of the pilot scheme, the Cabinet then agreed that, from July 2015, the scheme should be extended to include all council properties - other than sheltered accommodation and any tenancies granted to existing tenants who downsize accommodation.

However, under an amendment inserted into the Housing and Planning Bill during the House of Commons stages, the Government is proposing to require all social landlords to

provide fixed-term tenancies – and for no longer than 5 years, except in very restrictive circumstances. The Government originally proposed that transferring secure tenants would also have to be given fixed-term tenancies (unless the transfer is required by the landlord), but it has more recently indicated that it intends to allow existing secure tenants to retain their “lifetime” tenancy on transfer.

When these proposals are enacted, the impact on our Council will be far less than most other social landlords, since we have already introduced fixed-term tenancies. However, we will, of course, have to reduce the period of our fixed term tenancies from 10 to 5 years.

Review of Housing Service Strategies

At its last meeting, the Housing Select Committee reviewed the approach adopted to the Council’s Housing Service Strategies. These set-out the detailed approach taken by the Council and its officers to various housing activities. They are produced to a common format and are reviewed and updated by officers every three years and reported to the Housing Select Committee for consideration. Around the same time, those Service Strategies relating to landlord services are also reported for the Tenants and Leaseholders Federation for their view as well, prior to formal adoption by me.

As a result of the review, the Housing Select Committee agreed that, in future, the number of Housing Service Strategies should be reduced from 16 to just 7 (with some of the coverage amalgamated in some cases) – and that the content of the remaining should be significantly reduced. It was also agreed that, with one exception, they should be reviewed every five years, instead of every three years – and that following consideration by the Housing Select Committee, the remaining Housing Service Strategies should no longer be reported to me for adoption through formal Portfolio Holder Decisions.

I agree with the view of the Housing Select Committee that the outcome of this review results in an appropriate balance between reducing the workload of officers and the Select Committee, whilst continuing to exercise appropriate scrutiny by members of the approach to key housing activities.

Heating charges to tenants of sheltered housing and those with communal heating systems

From April 2016 there will be a change in the way that residents in the Council’s sheltered schemes are charged for their heating. Since sheltered housing schemes have communal heating systems, it is not possible to meter the amount of energy individual flats use. Therefore, tenants cannot be charged for the actual fuel they have used. Because of this, in the past, the Council has charged tenants for their heating by pooling all the heating costs of sheltered housing schemes across the Council’s housing stock and dividing this between the residents (around 440 in all). In 2015/16 the charge for heating for residents in sheltered schemes is £5.30 a week.

Owing to variations in the construction and heating systems of the individual schemes, heating costs vary from scheme to scheme. As it was considered unfair for residents in one scheme to have to pay more than in another due to circumstances that were outside their control, this charging regime was considered to be the fairest way of apportioning costs.

However, new regulations, ‘*The Heat Network (Metering and Billing) Regulations 2014*’ now require local authorities to charge each user for their actual heat consumption. The effect of this will be that residents in one scheme will now pay more than in another.

The new arrangements will be implemented with effect from 4th April 2016. We will be writing to the affected tenants at the appropriate time, to let them know about the increase.

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Report to the Council

Subject: Leisure & Community Services

Date: 18 February 2016

Portfolio Holder: Councillor H Kane

Recommending: That the report of the Leisure and Community Services Portfolio Holder be noted.

Community Services

Youth Council: I would like to update Council, on the recommendations from the Youth Engagement Task and Finish Review Panel that was undertaken between April and September 2015, and were agreed Cabinet Committee in December 2015.

The Cabinet supported the Panel's recommendation to continue to support and develop the Youth Council at the current level, in light of the excellent role that the Youth Council plays in engagement with their peer group, which extends across their respective school community and the local area where they live. They also agreed that representatives from the Youth Council should present reports on their work to all Members of Council twice per year and be afforded the opportunity to act as a consultee at meetings of Overview and Scrutiny Committee, when guest speakers are present.

Indeed, within the Budget detail this evening, members may have noted that a further recommendation was agreed, for a District Development Fund growth bid of £8,000 to provide an 'enabling fund' that the Youth Council can access for projects, subject to acquiring formal approval from the Cabinet.

I would finally ask Members to note, that, due to the uncertain future of the Youth Council prior to completion of the Task and Finish Review and subsequent presentation to Cabinet & Council, it has not been possible to carry out Elections for the new cohort of Youth Councillors in the first part of this year as would be normal practice. Therefore, Youth Council Elections will be held in local secondary schools during the Autumn 2016 and the current members of the Youth Council will have the opportunity to extend their participation in Youth Council activities during this time.

Museum, Heritage and Culture: We were recently delighted to take Practical Completion of the Museum redevelopment, following a main building period of around 10 months. Snagging was however, still taking place at the time of writing this report, but the Council now has an excellent flagship community facility to be very proud of.

Apart from providing a much greater visitor experience due to the expansion into new premises, the museum has some very exciting features that are unique in Essex and one of few in the East of England. The main one of these being the 'Core Gallery', where visitors will be able to see displays of clothing, artwork and hundreds of other historical artefacts that are displayed in 'storage' through large floor to ceiling windows. Items are displayed on a range of movable racking and other interchangeable storage features, which allow displays to be changed regularly, allowing access to much more of the museum reserve collection,

which was previously held in permanent storage at Langston Road Depot. This means that regular visitors will be able to see new items each time that they visit the museum and they will also be able to see into a work and research room, where staff and volunteers tend to items of the collection and undertake data base work.

Previously, the average visitor time to the Museum would have been up to about 1.5 hours, but with the new displays and features, it is anticipated that visitors would be able to spend up to 3 hours on the site and therefore, be able to split their visit by having lunch in Sun Street and returning in the afternoon to complete their tour of the other galleries. A new buggy storage area, coat racks and lockers are also available and it is hoped that this will encourage shoppers to access the building without needing to worry about carrying items with them.

The installation of a lift to all floors of the museum and full disabled access toilets, means that people of all physical abilities will be able to take advantage of what is on offer, and the complete re- design of the new and old areas of the buildings provides a fresh, but also familiar facility for previous users.

I am delighted to announce, that as planned, the Museum will be re-opened in mid-March and a series of launch events are being held, including a private view for Members of Council. All Members should have received a 'save the date' for 17th March.

Ongoing Fundraising: Although a significant amount of officer time has been ploughed into the redevelopment of the Council's Museum in Waltham Abbey over the last year, our MHC team has continued to pursue new funding streams throughout this period and has been successful in obtaining funding for the district museum and Lowewood. One of the latest successes has been in securing a grant of £86,900 to undertake works in partnership with Broxbourne Borough Council and B3Living, to develop our work programme at Lowewood Museum. The funding will allow for the appointment of a temporary Exhibitions Officer and the creation of a Touring Exhibition, on the story of the Pulham family of Broxbourne, who were leading landscape / garden designers and manufacturers of the Victorian and Edwardian era. The touring exhibition will provide a small income stream through hire to a range of other local authority museums.

Officers were also recently successful in securing a grant of £20,386 from SHARE East of England, to allow us to undertake further security and environmental control improvements to the district museum and Lowewood, to support applications for 'display loans' from National and major partner museums, as part of our developing programme.

Community, Health and Wellbeing (CHWB): Our officers in CHWB have had a very busy few months and have also found time early in the New Year to support the Museum Team in transferring the museum collections from Oakwood Hill to the Waltham Abbey site.

A key piece of work that has been undertaken within our local secondary schools over the last few months' has been to coordinate and arrange the delivery of an educational presentation, to raise awareness of the issues around extremism and radicalisation. Over 6000 young people in the District have received the presentation, which has been funded through 'PREVENT Funding from the Home Office.

Specialist speaker, Irfan Chishit MBE and his colleague Dave Allport, were engaged to speak in school assemblies, and provided some counter narrative to extremist views,

including far-right ideologies. I am pleased to say that we have received resoundingly positive feedback from this initiative, from both pupils and teaching staff. Evaluation indicates that 99% of participating local pupils now appreciate the dangers of extremist propaganda and 87% understand how the issue of race can be used to divide people in communities.

Active Essex Apprentice: Our CHWB Team is currently hosting an apprentice placement in partnership with Active Essex, which is an Essex-wide organisation, driving an increase in sport and physical activity in Essex. Supported by colleagues, the apprentice, Said Hamed, has secured £788 Sportivate external funding to enhance the youth boxing programme that the team delivers at The Limes Centre in Chigwell. The funding will allow for the purchase of key equipment and further growth of the project.

Other funding successes: I have recently heard that our CHWB are in line to receive a further six months' funding from 'ForChildren', for our Inclusion Project, which works with children with additional needs and their families. This will see a further investment of around £30,000 to the district. The Team has also received, on behalf of the Primal Health Tennis Academy, £935 of new funding from Active Essex, to enable the delivery of free tennis sessions for teenage girls at Buckhurst Hill Tennis Club, as part of a drive to encourage more teenage girls into sport.

Limes Centre, Chigwell: For those Members who have attended events at the Limes Centre in Chigwell and are aware of the problems that we have had with the acoustics, I am pleased to report, that work is currently being completed on installation of acoustic panelling to both the main hall and the smaller activities hall. It is already evident that the problems with poor sound quality in the hall have now been resolved, thanks to work undertaken by Hall Stage, who are a specialist company providing such services to the entertainments industry. We are now looking forward to welcoming more wedding receptions and events to these excellent community facilities.

Leisure Contract: In response to the publication of the notice inviting perspective tenderers to express an interest in the new Leisure Management Contract, we received five Pre-Qualification Questionnaires from companies that we know have a good track record in leisure management.

I can report that following a full evaluation by the Officer Project Team and the Council's external consultants, my Portfolio Advisory Group at their last meeting agreed that all five companies should proceed to the next stage. This was by virtue of their experience and financial standing and as such, I am pleased to report that we have a strong shortlist. The first stage of the Competitive Dialogue (Contractors' Clarifications) is due to take place on the 8 February. Finally, the contract with the current contractor SLM, has been formally extended by up to one year from the 3 January 2016".

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Report to the Council

Committee: Cabinet

Date: 18 February 2016

Subject: Planning Policy

Portfolio Holder: Councillor R Bassett

Recommending:

That the report of the Planning Policy Portfolio Holder be noted

1) Local Plan Member Workshops

Many of the issues that our Local Plan needs to address are complex. To assist understanding and obtain Members' views in order for the planning policy team to develop policy options for the Draft Local Plan Preferred Approach consultation later this year, Local Plan workshops continue to be held.

District and Town and Parish Council representatives attended three workshops during November 2015 that considered in turn: the Historic Environment, the Natural Environment and Green Networks, the economic strategy (including food production, glasshouse industry, tourism and live/work) and affordable housing / housing for an ageing population. All three workshops were very well attended and afforded an opportunity to advise Members of emerging key issues on these matters. Members provided valuable information and opinions on the matters presented.

Feedback received indicates that most Members found that the format worked well having officers first explain the issues, national policy and what the evidence says before then having the opportunity to debate possible policy options. Following on from the three successful and well attended all Member workshops run last November, on 28th January a further workshop was held that looked at high quality design. Members will of course continue to be notified of arrangements and topics to be considered at future workshops run over the next few months. This will include a workshop focussing on the Green Belt Stage 2 work as explained further below.

2) Update on key evidence work

Work continues on finalising the evidence base reports which will be used to inform the policies included in the Draft Plan Preferred Approach for consultation. In particular work has been completed on key pieces of technical evidence relating to potential housing and jobs numbers and can be viewed via the Local Plan evidence base page of the Council's website.

Green Belt Review:

Government guidance and emerging Inspectors' reports make clear the need to undertake a comprehensive Green Belt Review of the entire District before the release of any Green Belt land through the local plan process is considered. It is important to remember that the outcome of the Green Belt Review is only one, albeit an extremely important, piece of the evidence base that will inform the Council's

future plan-making decisions.

Following completion of the Stage 1 work reported to Cabinet last September, work on the Green Belt Review Stage 2 is progressing. This work is being undertaken by external consultants, Land Use Consultants (LUC), appointed in the autumn. The fieldwork and analysis are nearing completion. The work will provide an assessment against the five green belt purposes set out in paragraph 80 of the National Planning Policy Framework 2012 of the broad locations identified in stage 1. This in turn will assist the Council in deciding:

- The areas where the Green Belt policy designation should remain;
- Any historic anomalies in the existing boundaries or locations where development has taken place, which may therefore suggest minor amendments to the Green Belt boundaries are required;
- Areas that may be least harmful in Green Belt terms if released from the Green Belt.

It therefore follows that, simply because a parcel, or part of the parcel, is being appraised as part of the more detailed work, this does not necessarily mean that it should / will be allocated for development in the emerging Local Plan, or that the Council would look favourably on a planning application.

The consultants' brief includes provision for workshops with officers, District Council members and Parish/Town Council representatives to feed into the work. Once the Stage 2 study has been completed, together with the other evidence, the findings of the Green Belt Review will be used to inform the Draft Plan Preferred Approach for consultation later this year.

Settlement Capacity Work

The Council is also undertaking a settlement capacity analysis of the 10 largest settlements in the District, namely Epping, Theydon Bois, Buckhurst Hill, Chigwell, Loughton/Debden, Waltham Abbey, North Weald Bassett, Chipping Ongar, Lower Nazeing and Roydon. The purpose of the work is to ensure that the District can address as much of its housing requirement as possible within our existing settlements, and so minimise the potential need to utilise Green Belt land for development. All District Members were invited to a meeting held on 4th February 2016 where the consultants presented how the models work and examples of their emerging findings. Like Stage 2 of the Green Belt Review, the results of this work will be used to inform, and be published alongside, the consultation Draft Plan Preferred Approach.

Transport

To help inform the best way to meet the objectively assessed housing need identified in the work by ORS for the Strategic Housing Market Area, and reported to Cabinet in October 2015, further transport modelling work is being undertaken by Essex County Council. This will look at the implications for the transport network of growth and how it can be distributed across the Housing Market Area. The outputs will then be considered by the districts and jointly by the four authorities at the Cooperation for Sustainable Development Board. This work is being progressed using support from ATLAS and facilitated by AECOM to undertake a sustainability appraisal on the

impact of strategic growth options in the four authorities to meet the overall housing and employment figures for the SHMA area. Officers have met with Natural England to consider the impact on air quality in particular for Epping Forest.

Officers have also been involved in transport work being undertaken by the London Borough of Enfield and continue to keep a watching brief on wider transport work being undertaken as part of Enfield's Northern Gateway Access Package (NGAP).

Historic Environment Characterisation Study

This piece of work is being undertaken for EFDC by Essex County Council. The principal aim of the study is to provide an assessment of the historic environment character of the District.

Characterisation is a well-established approach to landscape analysis and management and is specifically identified in the NPPF. The characterisation will inform the Local Plan and provide guidance to planning officers about the varied and important historic environment of the District. The results of the characterisation study could also be used as an integral part of any future Green Infrastructure Strategy for the District. In addition, it can provide a foundation from which to develop other opportunities, including as a source of evidence for Neighbourhood Plans, for using the Historic Environment as the cultural heart/root of new and existing communities.

It is anticipated that study will be complete towards the end of March.

3) Duty to Cooperate:

Officers and Members continue to meet regularly with appropriate authorities, principally through the Cooperation for Sustainable Development officer group and Member Board, to consider a wide range of cross boundary issues. In addition to the post SHMA, Employment and Green Belt Review work reported above, the Lea Valley Food Taskforce continues to develop a programme for growth around one of the District's historic and still important sectors.

The four SHMA authorities have recently jointly appointed a Strategic Sites Coordinator whose role is to technically assess and appraise all the sites which have been put forward through the SLAAs around Harlow on a consistent basis.

We have also responded in January to the latest consultation for Enfield which is similar to issues and options for a new plan. We ensured that the Loughton and Waltham Abbey Town councils were aware and had a chance to respond.

We also received a copy of Stevenage Local Plan Consultation. Although we obviously do not have a common boundary with Stevenage Borough Council, we are linked by virtue of both being part of the Rye Meads Sewage Treatment Works catchment – hence the above consultation which requires a response by 17th February. We have had a quick look through the document and are satisfied with the references being made to co-operation between authorities and utilities providers regarding the current and future capacity of the Works. We therefore propose therefore to send an officer-level response to the consultation indicating satisfaction with the references to Rye Meads, and advising that there are no other comments.

4) Lea Valley Food Taskforce

The taskforce has just completed the second in a series of workshops to examine the potential for agreeing a joint planning framework to support the sustainability and expansion of the industry in the Lea valley, which would help inform the relevant sections of the EFDC local Plan. This was again attended by representatives from the industry, education and councils from a number of neighbouring local authorities. The Judicial Review with LVRP over the Valley grown Nurseries expansion was heard at the end of January and we are expecting a verdict in March. This will have a major impact on how we view glasshouse applications for expansion and also will impact the LVRP and their future response to planning applications from the industry.

One of the main issues identified was to ensure that plans and proposals were fully integrated and supported by the London Plan. The following meeting of the Taskforce received a presentation from the GLA including a message of support from Mayor's Food advisor Rosie Boycott. The taskforce has now requested a formal meeting with the GLA to represent the views of the organisations/councils from within and outside London who have been supporting the work of the Taskforce.

The Chairman will be meeting owners of the major pack houses over the next month to discuss their thoughts on opportunities for expansion, land availability and cost.

Proposals are being discussed with a college around opportunities to develop a bespoke degree level qualification around glasshouse work, this would enable a progression from introductory qualification to level four.

The taskforce has again been contacted by European partners around potential resubmission of the Interreg Bioboost project and we are talking with contacts in industry and education on whether this is viable.

A programme of strategic work has been proposed by the taskforce to SELEP, unfortunately the Chief executive of SELEP who was very supportive and had spent a day at local glasshouses, has now left. Officers are now in discussion with the interim Chief Executive to see if this programme can be pushed forward.

5) Neighbourhood Planning:

The neighbourhood plan for Moreton, Bobbingworth and the Lavers is currently being advertised for the requisite 6 weeks prior to going forward to independent examination in March.

There are seven other Parish and Town Councils that have applied to designate neighbourhood planning areas for their areas which have been approved (Chigwell, Epping, Buckhurst Hill, Theydon Bois, Loughton, North Weald Bassett and Epping Upland). In addition, Waltham Abbey has recently applied for neighbourhood area designation which is currently under consideration.

6) Housing & Planning Bill and CLG NPPF Consultation

The Housing & Planning Bill published in October last year makes clear that the Government is serious about increasing housing supply. Measures have been included to streamline the planning process; to facilitate starter homes, self builds and building on brownfield land. It is proposed that more powers are given to the Secretary of State to take over plan making, decision taking and effectively impose financial penalties on local authorities with high-value vacant buildings.

As reported in a recent Members bulletin, the Government is currently consulting on proposed changes to the National Planning Policy Framework (NPPF) published in 2012. The consultation document can be viewed on the CLG website. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/488276/151207_Consultation_document.pdf. There will shortly be a second consultation on the criteria for intervention in local plan making.

The changes in the Bill, if introduced in the form currently proposed, would be likely to have significant implications for Epping Forest District and the drafting of our Local Plan - particularly proposed changes in respect of Starter Homes and Green Belt policy. The absence of detail to explain some of the proposed changes, particularly those around Starter Homes, makes it difficult at this stage to give a definitive view on some of the matters raised in the consultation. As ever, in terms of implementation, 'the devil will be in the detail'. In this case it is likely to come in the form of draft Regulations to support the introduction of the Housing and Planning Bill which has now completed its Third Reading in the House of Commons.

A response was drafted addressing each of the 23 questions which were considered at the Neighbourhood and Communities Select Committee on 19th January 2016. As CLG extended the consultation period until 22nd February 2016 Members of the Select Committee requested that all District Councillors be afforded an opportunity to consider and comment on the proposed consultation response. Accordingly, the final response that I sent was able to take account of a few additional points and concerns raised by Members.

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Report to the Council

Subject: Safer, Greener and Transport

Date: 18 February 2016

Portfolio Holder: Councillor G Waller

Recommending:

That the report of the Safer, Greener and Transport Portfolio Holder be noted.

Police precept

At the meeting of the Essex Police and Crime Panel which I attended on 29 January, Nick Alston, the Essex Police and Crime Commissioner (PCC) proposed an increase in the Council Tax precept of 3.36 per cent for 2016/17 - the maximum permitted by the Government before a referendum is triggered. This is equivalent to an increase of £4.95 a year from £147.15 to £152.10 for a Band D property, thus raising £3m of additional Council Tax receipts. After the PCC had been fully questioned about his proposal and its impact, the Panel gave its formal agreement following a vote, in accordance with statute.

The percentage increase agreed by the Home Secretary is greater than that for most police forces in the country, taking account of the fact that Essex Police has been historically underfunded, both in comparison with other forces and to meet the increasing levels of demand across the county. Essex currently has the second lowest policing precept across the shire counties but has been assessed by Her Majesty's Inspectorate of Constabulary as one of the most efficient forces.

Community Safety

Policing and Anti-Social Behaviour

In November 2015, the PCC and the Chief Constable of Essex Police announced proposals to make significant changes to local policing across the county, in order to meet a reduction of £63 million in the police budget by 2019/20. The proposals include a complete review of the police estate and the development of new IT infrastructure for the police, and the main impacts on our district will be the closure and sale of Epping, Waltham Abbey and Ongar police stations (as well as the closure of the public counter at Loughton) and a significant reduction in the number of officers and PCSOs within the Community Policing team.

These reductions will have a range of implications for the Council and Community Safety team in terms of their impact on our statutory obligations to prevent crime and disorder in the area and responsibility to deal with anti-social behaviour.

We currently have two dedicated full time ASB Investigators working in the Community Safety team who deal with ASB complaints across the entire district, involving council and non-council tenants. These officers deal with an average of 350 complaints per year. Currently, they have seen an increase in workload of 12 per cent compared with the previous year. The Council's Housing Management Officers also deal with tenant related ASB. However, due to the complex nature of many cases, the ASB Investigators are often

asked to assist, and in some cases, take the lead on cases for Housing, due to their specialist knowledge and skills.

In addition, the Council's Environment & Neighbourhoods Officers (ENOs) are a team of one manager and seven uniform Community Safety Accredited Officers (CSAS), who deal with environmental crime issues such as noise and fly tipping.

With the reduction in policing, it can reasonably be expected that demand for additional Council intervention will increase. However with the expected local government grant reductions over the next four years, maintaining the current level of service may become increasingly difficult. It may therefore be necessary to adopt a new Community Safety approach which does not raise public expectations to an unachievable level. As Essex Police move to a more desktop based investigation process, there may also be greater demand for CCTV footage, together with increased requests for use of Council re-deployable cameras to cover for the likely reduction in high-visibility police patrols.

It is anticipated that the Council could also experience increased demand on public reception areas and the switchboard, for incident reporting and advice. Levels of public frustration at a lack of response from public services may also manifest itself in more aggression being experienced by front line officers, including those at public reception areas. Therefore it is very likely that customer facing staff will need additional training, as more diverse enquiries are received from the public.

Indeed, reductions in police services may also lead to increased complaints to elected members from discontented constituents. This could generate increased workload for Community Safety staff as members try to resolve complaints on behalf of their ward areas.

It is therefore suggested that the Council will need to develop a new Community Safety policy that sets out clear guidelines as to the scope of work that can realistically be undertaken within existing staff resources. This will include work undertaken by Community Safety and other directorates involved in dealing with ASB, licensing and crime and disorder. With a reduction in policing for lower level anti-social behaviour complaints and a lack of police presence, the Council may need to address public confidence and fear of crime. Consideration therefore might need to be given to potentially extending the role of the uniform Environment and Neighbourhoods Officers in order to provide a tasked response to crime, disorder and ASB. Alternatively, additional resources may need to be made available to employ private sector Community Safety accredited services, to provide this type of activity.

If the Council does not have the ability to provide a tasked uniform response to developing hotspot areas at an early stage, this could allow problems to escalate, thus resulting in the need for higher level intervention and resources and increased fear of crime in the district. There is also a significant risk that where the Council and Community Safety Partnership have successfully managed to reduce crime and ASB in key areas of the district, the additional pressures on the local authority will lead to the emergence of new issues and an increase in local crime statistics.

Modern slavery awareness

Following on from the Child Sexual Exploitation conference organised in November, a Modern Slavery conference is being held in the Council Chamber on 10 March, providing attendees with the awareness to identify signs of modern slavery in our communities, and ways to address it. Members are invited to attend.

Reducing gang activity

The Community Safety Team is participating in a West Local Policing Area initiative for reducing gang activity. The group consists of representatives from Essex Police, Community Safety teams from across West Essex, the Community Safety Partnership Analyst and co-opted social landlords. The group has had an initial meeting and will continue to look at strategic gang management themes across West Essex on a regular basis. Work is also under way to identify vulnerable residents in hot-spot areas, who may be vulnerable to the gang tactic of 'cuckooing'.

Local ASB issues

The ASB Investigators are working with Essex Police to reduce a long-term ASB problem of youths accessing balcony areas in Debden Broadway. They have identified a specific location and, together with Housing Services, are in the process of commissioning the erection of an anti-climb barrier to restrict the ability for youths to climb in this area. The council's investigators are additionally working on implementing a Public Spaces Protection Order in Debden Broadway which would give police and accredited officers more powers to deal with persistent ASB issues.

The cross border ASB meeting chaired by EFDC ASB Investigators is working well and is particularly effective in the south of the district. Cooperation between EFDC, Essex Police and the Metropolitan Police has been particularly effective, and an example of this is the current work with the Metropolitan Police Safer Neighbourhoods Team, in an application for a Criminal Behaviour Order against a Hainault male who is persistently involved in crime and disorder in both Hainault and Chigwell. A court date has been set for April to hear the full application and investigators will represent EFDC to give evidence at this hearing.

Work with Safer Places

Links are being strengthened with Safer Places, Harlow through the provision of Domestic Abuse Risk Management training by the Community Safety team and a new agreement to work jointly on risk management plans and physical security additions for higher level, 'medium risk' victims of domestic abuse in the District. To assist with this initiative, Community Safety have secured the services of a retired police crime prevention officer, who is providing his support in a voluntary capacity.

CCTV

The CCTV operational programme for 2016 is very busy, with major schemes planned for Birch View, Epping, Limes Farm, Epping High Street and all EFDC owned public car parks. A recent new installation in Springfields, Waltham Abbey, has already proved successful in identifying fly-tippers as well as drug dealing and usage.

CCTV officers are in the process of carrying out additional training of the Council's Neighbourhoods Officers in the deployment of CCTV in rural areas that experience regular fly-tipping. This will allow the Neighbourhoods team to carry out and manage CCTV based investigations without disproportionately impacting on the already limited capacity of our CCTV officers. BT Infinity is about to be adopted into the CCTV office at the Civic Offices, allowing faster upload times and saving officer hours at many locations across the district.

Safeguarding

The following safeguarding cases have been dealt with by our Safeguarding team during January, with several cases once again requiring intensive staff time:

Total no. of concerns received by the Safeguarding Team for this period:	13
No. of children-only concerns (where children were victims):	6
No. of adult-only concerns (where adults were victims):	5
No. of concerns that involved both (adult and children were victims):	2
Total no. of children involved:	14
Total no. of adults involved:	9
No. of new cases referred to Essex Social Care:	8
No. of new cases referred to Police	3
No. of multi-agency referrals made (eg. to Police and Essex Social Care):	0
Referred to MARAC only:	0
Referred to MARAC and Essex Social Care (where child involved):	0
Referred to MARAC and Essex Social Care (where adult involved):	0
Referrals to other external agencies (eg. Family Mosaic; CQC; GP, MHT):	0
Updates sent to agencies where victim/perpetrator already known/on-going: ...	0
Not referred (doesn't meet threshold/not Safeguarding):	3

Categories:

Welfare concerns:	5	Physical Abuse:	0
Domestic Abuse:	1	Self Neglect/Hoarding:	0
Mental Health/Mental Capacity:	0	Homeless:	4
Neglect:	0	Substance Misuse:	0
Emotional/Psychological Abuse:	0	Exploitation:	3
Financial Abuse:	1	CSE:	0
Sexual Abuse:	0	Care Meetings (on-going):	0

Countrycare

Since my last Report Countrycare has continued with its well attended regular volunteer days. These took place at Weald Common, Chigwell, Roughtalley's Wood, Thornwood Nature Area and Home Mead. Hedge laying has also taken place at Church Lane.

On 16 December a member of the team attended the Buckhurst Hill Residents Association's AGM to give a talk on Linder's Field Local Nature Reserve. The event was well attended, with approximately 25 people present.

Since Christmas Countrycare has been looking into taking on two new sites. One is in Epping, and one in Waltham Abbey is currently the responsibility of Housing.

Work on two more parishes has been completed in the Veteran Tree Hunt - Chigwell and Stanford Rivers.

In January two days of paid work were done in Belhus Chase in Aveley for the Woodland Trust. This work included coppicing hazel wood and chipping the brash.

Parking

Car parks strategy

The project to instal LED lighting and CCTV systems in all Council car parks is progressing well. This is a complex project with input required from various external agencies. Work is currently in the design phase with physical installation planned for later this year.

Parking Reviews

Now that the Buckhurst Hill Parking Review scheme has been completed, officers are able to commence work on the Loughton Broadway Parking Review. I have had two meetings with local ward members to discuss the implementation strategy for the scheme. This project will need some careful planning and coordination with other projects such as the redevelopment of the Langston Road depot.

Off street parking arrangements

Members are aware that Cabinet agreed to take back the off street parking enforcement and cash collection arrangements from the North Essex Parking Partnership. I have called a meeting of the Portfolio Holder Advisory Group, which provided valuable support during the preparation and implementation of the Car Parking Strategy, and shall rely on their advice in taking this project forward.

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Report to the Council

Committee: Cabinet

Date: 18 February 2016

Subject: Technology and Support Services

Portfolio Holder: Councillor A Lion

Recommending:

That the report of the Technology and Support Services Portfolio Holder be noted.

Support Services

Apprentice Programme Update

Apprentice reviews have taken place and I am pleased to report they are all doing really well. We will be looking at moving the Apprentices to other placement within the Council, which will take place in March. As part of their individual development one of the Apprentices will have a placement at Higgins Homes in a part-time Marketing role for 3 months. When we are looking at placing Apprentices we look at several aspects, which include the person, their skills, interests and business needs.

Change100

The Council will be participating in a scheme run by Leonard Cheshire Disability and Vanilla Ventures called Change 100. The scheme secures paid summer work placements for undergraduates and recent graduates with disabilities. We are hoping to provide a placement for one student with the recruitment campaign being undertaken by the scheme providers through January to April 2016, with the placement starting in June 2016.

As a Council our crucial role is in helping more disabled people in the District to progress their careers, whilst supporting the growth of local business and making the most of the disability talent pool.

Disability Confident

In addition to the Change 100 scheme the Council is also signing up to Disability Confident which will support our existing efforts in attracting recruiting, retaining and developing disabled talent. We can tailor support for disabled people and making connections between employers, providers and disabled people in the local area, promoting good practices and innovation. Being a Disability Confident employer means that the Council will be recognised by the DWP as an employer who uses a range of government employment initiatives to employ disabled people.

Facilities

Civic Offices - Roof Repairs and Solar Panels

The PV Solar Panels have been fitted to the Civic Offices, covering approximately 302 square metres over two roofs. A total of 184 solar panels have been fitted to the roof to save the Council money on its energy bills and reduce carbon emissions. Press coverage was received last week from the Epping Forest Guardian, Council's website and social media. The life expectancy of the panels is 25 years and to pay back the initial costs will take just over 6 years. We are estimating an annual saving of £10,000 per annum something we can all be proud of and reducing the carbon footprint at the same time.

Upgrading of office lighting to LED is continuing in the ground floor rear extension of the Civic Offices and so far 6 offices have been completed. The work in the Accountancy office alone has reduced the number of lights from 37 lights at 72W each (a total of 2.66 kWh) to 27 lights at 9W each (a total of 0.24 kWh), which is approximately a 90% saving.

Office Moves

The Economic Development office move has been completed with an approximate cost of £1,000. The Neighbourhood's Waste Management's team move from Langston Road Depot to the Civic Offices has now also been completed at a cost of £1,900. Office moves have to be justified and costs looked at very closely.

Technology

Northgate Mobile working solution - Planning System

Following a recent demonstration of the Northgate Mobile working solution for Food Hygiene Inspections and Building Control, ICT approached the supplier (Northgate) regarding the potential for a similar solution for Development Management and Planning Enforcement. The solution is an upgrade to our existing back office system and is capable of transforming the way Development Management officers can work when out of the office, with or without mobile connectivity.

Northgate were planning to launch this product during this year, but required business input into the design process. ICT and Development Management are working in partnership to provide this business input. The system will enable officers to work on site and to remotely update back office systems, for Officer's with casework. It also offers the potential to change their work patterns as case load and visit details can be picked up from home, this will remove the need to attend the office to collect work first thing in the morning.

A joint ICT and Planning Development Management Project team approach means that the Development Management mobile working applications will be designed to ensure it meets the needs of the teams in that area. The application will be Android based and as part of the testing we will be trialling a range of different hardware solutions.

Funding for this project is in place, as it forms part of the Mobile/Flexible working project ICT have previously allocated funding. Budgetary costs estimates at this time will be around £1,000 per Officer for the software and between £200 and £500 per Officer for hardware. A range of hardware is required, to ensure that the needs of different teams to view different plans or documents are met. Costs will be firmed up as we move forward with our development into prototyping and testing.

This opportunity to simultaneously transform the way that Development Management works and being a key stakeholder in the design of the new application is a major opportunity for the Council. Once the Development Management project is complete or substantially underway, it is proposed to introduce the systems into the Building Control team.

GIS & Gazetteer

Following a report to Cabinet the Council has agreed to purchase an UAV (Unmanned Aerial Vehicle) under the 'Invest-to-Save' scheme. The report highlighted many areas where cost savings can be achieved through innovative technical solutions. Such items as various aerial surveys, 3D modelling and surveillance uses. There will be a saving to Officers time, along with potential for income generation by selling services, photos and videos.

GIS staff will fly the drone and will receive CAA approved training and accreditation. The Council will obtain CAA 'Permission for Aerial Work' approval. Technology in this field is evolving extremely quickly, with technology costs falling and benefits rising. Purchasing this

solution the Council has positioned itself to be at the forefront of these developments, taking advantage of the income generation and cost saving benefits this will bring.

Superfast Broadband High Speed Internet

The build phase of the Superfast Essex Rural Challenge Project continues to make progress in the Bobbingworth and Moreton areas of the district. A second fibre cabinet has been built just outside Fyfield and works to connect up this cabinet to the wider network have also begun. The first customer of the Gigaclear ultrafast network was connected and went live at the end of December, with the event being marked by a visit to Bobbingworth by Ed Vaizey, MP, Minister of State for Culture and the Digital Economy. The next cabinet planned for the network will be located in the Norton Heath area.

As part of the drive to generate more business take-up of the wider Superfast Essex offer, Superfast Essex will shortly be running a series of digital workshops, one of which 'How to stay ahead of competitors online' will be hosted in Ongar on the 3 March at Essex Technology & Innovation Centre. It is planned to promote these workshops and a digital toolkit, also developed by Superfast Essex, in the next edition of our 'One Business Briefing' magazine for businesses.

Transformation Programme

The Head of Transformation has continued to work with colleagues across the Council to have a better understanding of 'what we do and who we are'.

Two workshops have taken place with the Leadership Team, in which they have considered the factors from the impacts on the services we deliver. Together with our strengths and weaknesses, opportunities and threats from change. These workshops provided a useful opportunity for Managers to share ideas about the things we would like to change to improve our services to customers.

At the Joint Cabinet and Management Board Meeting on Wednesday 27 January Members received a presentation on the emerging Transformation Programme. This included the initial findings on the proposed workstreams, including the Customer Contact Review report.

A formal report to Cabinet will follow in March.

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Report to the Council

Committee: Cabinet

Date: 18 February 2016

Subject: Pay Policy Statement

Portfolio Holder: Councillor A Lion (Technology & Support Services)

Recommending:

(1) That the Pay Policy Statement for 2016/17 be approved.

1. Section 38 (1) of the Localism Act 2011 requires the Council to produce a Pay Policy Statement for each financial year setting out details of its remuneration policy. Specifically it should include the Council's approach to its highest and lowest paid employees. It draws on the Review of Fair Pay in the Public Sector (Will Hutton 2011) and concerns over low pay.

2. The Council's Pay Policy Statement was first published on the Council's website in March 2012. This is updated on an annual basis. The matters which must be included in the statutory Pay Policy Statement are as follows:

- The Council's policy on the level and elements of remuneration for each Chief Officer;
- The Council's policy on the remuneration of its lowest paid employee (together with its definition of 'lowest paid employees' and its reasons for adopting that definition);
- The Council's policy on the relationship between the remuneration of its Chief Officers and other Officers; and
- The Council's policy on specific aspects of Chief Officers' remuneration: remuneration on recruitment, increases and additions to remuneration, use of performance-related pay and bonuses, termination payments and transparency.

3. The Act defines remuneration in broad terms and guidance suggests that it is to include not just pay but also charges, fees, allowances, benefits in kind, increases in/enhancements of pension entitlements and termination payments.

4. The Council's Pay Policy Statement for 2016/17 has also been amended to reflect the Returning Officer fees paid in 2015/16.

5. The draft Pay Policy Statement for 2016/2017 sets out the Council's current practices and policies and is attached at Appendix 1 for approval. The amendments are highlighted bold.

6. Changes to the Policy Statement can be made through the year subject to full Council's agreement. Changes to the various policies and guidelines will continue to be agreed in accordance with current practices.

7. We recommend as set out at the commencement of this report.

EPPING FOREST DISTRICT COUNCIL

PAY POLICY STATEMENT 2016/17

Introduction

Epping Forest District Council is located adjacent to three outer London boroughs and on the Central Line into the City of London. Also residents have easy access to major motorway routes as both the M11 and M25 run through the district. There is a high incidence of commuting from the district which impacts on the local labour market and levels of pay, particularly for jobs that require skills that are in relatively short supply. Whilst the economic downturn has eased some long standing recruitment difficulties and improved retention rates in key skill areas, the situation is not static and is capable of changing very rapidly.

This Statement reflects the Council's current pay, pension and leave policies and strategies which will be amended over time to deal with changing circumstances. These documents play an important role in attracting and retaining the best people to the Council.

All decisions on pay and reward for Chief Officers will comply with the Council's current Pay Policy Statement. Salaries for Chief Officers will be considered by Full Council.

Glossary. ([Hyperlink to Glossary 1](#))

Hutton Review 2011 ([Hyperlink to Review 2](#))

The Hutton Review looked at the rise in executive pay in the private and public sectors. It suggested that the 'public overestimates how much public sector executives are paid' and that 'chief executive officers of companies with a turnover of between £101 million and £300 million earn more than twice their public sector counterparts'. It also suggested that pay multiples (between the highest and lowest paid employees) were much wider in the private than public sector.

The Review proposed that public bodies should publish information on senior managers pay and pay multiples between the highest and lowest paid employees and to that end some of these recommendations have been taken forward by the Localism Act 2011.

Legislation

Section 38 (1) of the Localism Act 2011 requires English and Welsh Councils to produce a Pay Policy Statement for 2012/2013 and for each financial year thereafter.

The Council's Pay Policy Statement;

- Must be approved formally by the Council;
- Must be approved each year;
- May be amended during the course of the financial year; and
- Must be published on the Council's website.

The Pay Policy Statement must include;

- The level and elements of remuneration for each of the Chief Officers;
- The remuneration of its lowest paid employees (together with its definition of 'lowest paid employees' and the Council's reasons for adopting that definition);
- The relationship between the remuneration of its Chief Officers and other Officers; and

- Other aspects of Chief Officers' remuneration; remuneration on recruitment, increases and additions to remuneration, use of performance-related pay and bonuses, termination payments and transparency.

Remuneration is defined widely, to include not just pay but also charges, fees, allowances, benefits in kind, increases/enhancements of pension entitlements and termination payments.

All salaries and calculations are based on full time equivalent (fte) figures and where applicable includes Inner Fringe Allowance.

Publication of the Pay Policy Statement

The Policy has been made available on the Council's website and contains hyperlinks to associated documents.

Effect of this Policy Statement

Nothing in this Policy Statement enables unilateral changes to employee's terms and conditions. Changes to terms and conditions of employment must follow consultation and negotiation with individuals and recognised trade unions as set out in other agreements and in line with legislation.

Single Status Agreement

In 1997, the National Joint Council (NJC) for Local Government Services (a body that brings together public sector employers and trade unions) came to an agreement to introduce a new pay and grading structure covering all employees whose terms and conditions are governed by the 'Green Book'. In 2004 the NJC set a timetable that required all pay and grading reviews to be completed by 31 March 2007. Epping Forest District Council met this timetable and implemented Single Status in July 2003.

As a result of this process a new salary structure (*hyperlink to structure 3*) and a Job Evaluation Maintenance Procedure (*hyperlink to procedure 4*) were agreed between the trade unions and the Council. Collective Agreements, which set out a number of terms and conditions and pay arrangements, were also agreed with the trade unions (*hyperlink 5, 6 & 7 to agreements*). The Agreements are applied consistently to all employees.

Pay Awards

Major decisions on pay, such as annual pay awards, are determined for most local authorities in England and Wales by the National Agreement on Pay, arrived at through a system of central collective bargaining mechanisms between representatives of Local Government Employers and representatives of the relevant trades unions on the National Joint Council. It is the Council's policy to implement national agreements.

Overtime and Evening Meeting Allowances

Payments for working outside normal working hours are set out in the Council's Collective Agreements. (*hyperlink to Agreements 5, 6, & 7*).

Annual Leave

The Council's Annual Leave Policy sets out leave entitlements for employees. (*Hyperlink to Policy 8*).

Flexi-Time Scheme

The Council's Scheme applies to all employees with some exemptions due to service delivery needs. The arrangements are set out in the Council's guidance. (*Hyperlink to Policy 9*).

Subsistence Policy

Subsistence Allowances are paid in accordance with the Council's Subsistence Policy. The policy sets out when employees are able to claim, what to claim and how. ([Hyperlink to Policy 10](#)).

Car and Cycle Allowance Policy

The Council pays Essential and Casual Car User allowances in appropriate circumstances which are in accordance with 'Green Book' rates. The Car and Cycle Allowance Policy sets out when employees are able to claim, what to claim and how. ([Hyperlink to Policy 11](#)).

The general principles of both policies are to ensure that employees only claim for additional expenses when undertaking work for the Council.

These policies are applied consistently to all employees.

Car Leasing

Cabinet, at its meeting on 3 December 2012 agreed the following changes to the Council's Car Lease Scheme, following a lengthy review and robust consultation process;

- Employees on the current scheme will be allowed one further lease of 3 years, after which the scheme will close
- The Council will make its contribution based on a maximum of £4,000 per annum including insurance with all costs over the maximum to be met in full by the employee
- The Council's contributions are capped as follows:
 - Year 1 – 70%
 - Year 2 - 60%
 - Year 3 – 50%
- These reducing contribution rates are the upper limits. Employees who currently qualify for the lower rates of Council contribution will retain their current rate and will be unaffected until the cap falls below their current rate.

Currently there 28 employees on the Scheme; 2 Chief Officers; 6 Assistant Directors and 20 employees, a decrease of 3.

As a comparison at 2014/2015 there were 31 employees on the Scheme; 2 Chief Officers; 6 Assistant Directors and 23 employees.

As a comparison at 2013/14 there were 43 employees on the Scheme; 4 Chief Officers; 7 Assistant Directors and 32 employees on the Scheme. At 2012/13 there were 60 employees on the Scheme; 4 Chief Officers; 13 Assistant Directors and 43 employees.

The Cabinet also agreed to implement a Green Car Salary Sacrifice Scheme for all eligible staff to access with no Council contribution towards the cost of an employee's lease payments. **Currently there are 16 employees on this Scheme an increase of 4 employees on last year.**

Professional Fees and Subscriptions

The Council will meet the cost of a legal practising certificate for all those employees where it is a requirement of their employment, in addition the professional fees for the statutory roles of the s151 Officer and Deputy

s151 Officer. No other professional fee or subscription is paid. The Council does not differentiate between Chief Officers and other staff.

Pensions and Termination Payments

On ceasing to be employed by the Council, individuals will only receive compensation:

- in circumstances that are relevant (e.g. redundancy), and
- that is in accordance with our published Pension Policy on how we exercise the various employer discretions provided by the Local Government Pension Scheme (LGPS), and/or
- that complies with the specific term(s) of a compromise agreement.

All employees with contracts of 3 months or more are automatically enrolled into the Local Government Pension Scheme (LGPS), which is administered by Essex County Council. Details of the contribution rates are set out below. In addition, the Council will automatically enrol employees into the LGPS if they meet the relevant criteria in accordance with the automatic enrolment provisions.

The Council has the option to adopt a number of statutory discretions under the;

- The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006.
- The Local Government Pension Scheme (Administration) Regulations 2008.
- The Local Government (Discretionary Payments) Regulations 1996 (as amended).
- The Local Government Pension Scheme (LGPS) April 2014.

In general the Council has chosen not to exercise a range of discretions relating to the LGPS due to additional costs. The Council's Pension Policy ([hyperlink to Policy 12](#)) contains information regarding all its discretions and includes information regarding Flexible Retirement arrangements.

Payments on grounds of Redundancy are covered by the Council's Redundancy and Efficiency Payments Policy. ([hyperlink to policy 13](#))

All employees are treated in the same way with regard to the calculation of severance payments in situations of redundancy.

Pension Contributions

Employee contribution rates wef 1 April **2015**;

Salary	Contribution
Up to £13,600	5.5%
£13,601 to £21,200	5.8%
£21,201 to £34,400	6.5%
£34,401 to £43,500	6.8%
£43,501 to £60,700	8.5%
£60,701 to £86,000	9.9%
£86,001 TO £101,200	10.5%
£100,201 to £151,800	11.4%
£150,801 and above	12.5%

Election Fees

Council employees engaged by the Returning Officer for election duties received payments under the relevant schedule of fees (i.e. polling and counting duties).

Remuneration of Employees, Grades 2-12

Pay Scale

For employees subject to the 'National Agreement on Pay and Conditions of Service of the National Joint Council (NJC) for Local Government Services' (commonly known as the 'Green Book'), the Council uses a pay spine that commences at national Spinal Column Point (SCP) **6** and ends at local SCP 58. This pay spine is divided into **11** pay grades; **2** – 10 contain five incremental points and grades 11 and 12 contain 4 incremental points. Grade **2** is the lowest and grade 12 is the highest of these pay grades. Posts are allocated to a pay band through a process of job evaluation.

As part of the latest national pay award, with effect from 1 October 2015 scp 5 **was deleted from the pay spine, therefore grade 1 was deleted.**

The Council uses the NJC Job Evaluation Scheme to evaluate all posts on grades **2** – 12. This also includes Craft Workers who are subject to the Joint Negotiating Committee (JNC) for Local Authority Craft and Associated Employees National Agreement on Pay and Conditions (commonly known as the 'Red Book').

The Council does not operate overlapping pay grades therefore, the minimum point of a pay grade is not lower than the maximum point of the preceding pay grade. ([Hyperlink to pay scale 3](#)).

Individuals will normally receive an annual increment, subject to the top of their grade not being exceeded. For grades **2** – 10 the 5th point each grade will only be awarded if the employee has at least 5 years continuous service with the Council.

An Inner Fringe Allowance of £824 per annum is paid to employees (this does not apply to Apprentices).

Assistant Directors

Assistant Directors are paid on grades 11 or 12 and are also subject to the NJC Job Evaluation Scheme. The salary ranges for these grades wef 1 January 2015 are;

Grade	Scale Column Points	Salary Range
Grade 11	SCP 51 – 54	£47,393 - £51,050
Grade 12	SCP 55 - 58	£53,102 - £57,225

The salary shown is inclusive of the Inner Fringe Allowance of £824 per annum.

Definition of Lowest Paid Employees

For the purpose of this Policy Statement, employees on grade 2 are defined as our lowest-paid employees. This is because no employee of the Council is paid lower than SCP **6** which is contained in grade **2**. With effect from 1 October 2015 SCP 5 and grade **1 was** deleted from the pay spine.

Employees on scp 5 automatically progressed to SCP 6, which is currently the bottom of grade 2. These employees will not be subject to incremental progression and will remain on scp 6. At 1 January 2016, the fte annual value of this SCP **6** will be **£14,438** which includes an Inner Fringe Allowance of £824 per annum.

The exceptions to the lowest grade are Apprentices who are paid £120.00 per week.

General

The values of the SCPs in grades 2 – 12 are increased by pay awards notified from time to time by the National Joint Council for Local Government Services. A national pay award was implemented to these grades effective from 1 January 2015 covering the period 1 April 2014 to 2016 of 2.2%. There was no back pay awarded but a sliding scale of 'non-consolidated' payments was agreed.

An Inner Fringe Allowance of £824 per annum is paid to employees (this does not apply to Apprentices).

Annual salaries are paid pro-rata to part-time employees based on the hours contracted to work.

Remuneration of Chief Officers

The Council will not agree any pay arrangement which does not reflect the correct employment and/or tax/NI status of a Chief Officer or employee.

It will be the responsibility of Council to agree the initial salaries for Chief Officers following external advice/evaluation/benchmarking.

Chief Executive

The Chief Executive role was recruited to on a permanent and full-time basis in 2012. During the recruitment process the Council took external advice to set the appropriate salary for the role which took account of current economic circumstances and the recruitment market.

As at 1 April 2016 the salary for the Chief Executive role will be a spot salary of £112,000 per annum which includes the Inner Fringe Allowance of £824 per annum and evening meeting allowances. The postholder is entitled to claim essential car allowance in accordance with the Council's policy. The salary and pay arrangements for the Chief Executive were agreed at Full Council on 18 June 2012.

The Chief Executive is also the Council's Head of Paid Service and from 16 June 2014 the Chief Executive took on the responsibility of the Returning Officer.

Returning Officer

The Returning Officer role attracts payment of fees and expenses, depending on the elections held in any year. The amount for such payments varies according to the particular elections held from year to year. These fees are taxable and subject to National Insurance and pension deductions.

The amount for such payments varies according to the particular elections held from year to year. These fees are taxable and subject to National Insurance and pension deductions.

Only a proportion of the fees were retained by the Returning Officer. The remainder were paid to employees who provide specific support in the organisation of elections which are outside the scope of the ordinary scale of election fees.

Returning Officer – Chief Executive

May 2015

Parliamentary election £3939

District and Parish local elections: £7779.37

October 2015

Town Council by-election £435.15

Directors

The pay scale for Directors consists of 3 incremental points. The level of pay is locally determined following benchmarking with other public sector organisations and agreement by Council.

All Directors report to the Chief Executive. As at **1 January 2016**, the annual FTE salary range for the four Director posts will be £84,121 - £90,130 which includes the Inner Fringe Allowance of £824 per annum. The postholders are entitled to claim essential car allowance in accordance with the Council's Policy and can claim evening meeting allowances. There are three incremental points in this grade.

Any pay awards to Directors' salaries will be agreed at a national level as notified from time to time by the JNC for Chief Officers of Local Authorities. A recent pay award has been agreed for the period 2014 to end of March 2016 whereby Directors' salaries increased by 2% from 1 January 2015. There was no back pay. This is the first pay award applied to Directors since 1 April 2008.

The statutory roles of Monitoring Officer and 'Section 151' Officer will be carried out by the Director of Governance and the Director of Resources respectively. The postholders do not receive additional payments for these duties.

Assistant to the Chief Executive

From 16 June 2014 this role no longer exists in the Council's structure.

General Principles Applying to Remuneration of All Employees

On recruitment, individuals will be placed on the appropriate SCP within the pay grade for the post that they are appointed to. Usually new starters will be placed on the bottom of the pay grade unless their current salary is higher. In these circumstances their starting scale point will match their previous salary at least.

Access to appropriate elements of the Council's Relocation Scheme may also be granted in certain cases, when new starters need to move to the area.

The Council does not apply performance-related pay or bonuses.

Market Supplements will be paid in accordance with the Council's Policy for Payment of Market Supplements. (*Hyperlink to Policy 14*)

Honorarium or ex-gratia payments will be paid in accordance with our Additional Payments Policy. (*Hyperlink to Policy 15*)

These policies are applied consistently to all employees.

Pay Multiples

The Hutton Review raised concerns about multiples in the order of 20 or higher between the lowest and the highest paid employees in local authorities. However the Interim Report noted that the most top to bottom pay multiples in the public sector are in the region of 8:1 to 12:1. The Council is therefore content that having due regard for the level of responsibilities and personal accountability between the lowest and highest paid roles, the current multiple of 7.8 seems to be both justifiable and equitable.

The council does not set the remuneration of any individual or group of posts by reference to a multiple. However, as suggest by the Hutton Review the Council will monitor multiples over time to ensure they are appropriate and fair and will explain significant changes in pay multiples. The multiples are as following;

Role	2013/14		2014/2015		2015/2016		2016/2017	
	Multiple	Salary	Multiple	Salary	Multiple	Salary	Multiple	Salary
Chief Executive compared to lowest salary	x 8.6	£112,000	x8.5	£112,000	x7.8	£112,000	x7.8	£112,000
Directors compared to lowest salary	x 6	£76,838	x6.8	£88,363	x6.3	£90,130	x6.3	£90,130
Assistant Directors compared to lowest salary	x 4	£52,837	x4.2	£55,993	x4	£57,225	x4	£57,225
Average salary compared to Chief Executive	x4.3	£26,300	x4.2	£27,000	x4.1	£27,500	x4.1	£27,500
Average salary compared to lowest salary	x2	£26,300	x2	£27,000	x1.9	£27,500	x1.9	£27,500

- The Director salary used is the top point of the Director range
- The Assistant Director used is the top point of grade 12
- The average salary is based on fte and has not been pro rata'd for part-time employees
- The lowest fte salary in the Council is **£14,438**

Remuneration Panel

The Council is not at this time considering forming a separate Remuneration Panel to set pay rates for Council employees. The Council will continue to use an external body to evaluate Chief Officer roles when required and/or to provide benchmark pay information for these roles. It will also continue to use an internal job evaluation panel to evaluate those posts graded **2 – 12**.

Annual pay awards will continue to be determined at a national level and implemented by the Council.

It will be the responsibility of Council to agree the initial salaries for Chief Officers following external advice/evaluation/benchmarking.

Review

The Localism Act 2011 requires relevant authorities to prepare a Pay Policy Statement for each subsequent financial year. Our next Statement is scheduled to be for **2017/18** and will be submitted to Council for approval as reasonably practical before 31 March **2017**.

If it should be necessary to amend this **2016/17** Statement during the year that it applies, an appropriate decision will be made by the relevant Committee, however, Council will agree the Pay Policy Statement.

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Report to the Council

Committee: Cabinet **Date:** 18 February 2016

Subject: Treasury Management Strategy Statement and Investment Policy 2016/17 – 2018/19

Portfolio Holder: Councillor S Stavrou (Finance)

Recommending:

(1) That, after amendment where necessary, the Council approves and adopts the following:

- (a) the Treasury Management Strategy Statement and Annual Investment Strategy 2016/17 to 2018/19;**
 - (b) the Minimum Revenue Provision (MRP) Strategy;**
 - (c) the Treasury Management Prudential Indicators for 2016/17 to 2018/19;**
 - (d) the average interest earned for the year on the Council's investments as the rate of interest to be applied to any inter-fund balances; and**
 - (e) the Treasury Management Policy Statement.**
-

Introduction

1. The Council's Treasury activities are strictly regulated by statutory requirements and a professional code of practice (the CIPFA Code of Practice on Treasury Management – revised November 2011). There is a requirement for the Council to approve its Treasury Management and Investment Strategies, Prudential Indicators, and the Minimum Revenue Provision Strategy before the start of each financial year.

2. The Strategy was prepared in line with advice from our treasury advisors Arlingclose. The attached report at Appendix 1 shows the Treasury Management Strategy Statement and Annual Investment Strategy for the period 2016/17 to 2018/19.

3. There has been a major change to the Strategy from that approved in February 2015; namely, that the Cash Limits on pages 5 and 8 have been reduced in response to advice. However, Members should be aware of the following:

Minimum Revenue Provision

4. Each year the Council has to approve at Full Council its statement on the Minimum Revenue Provision (MRP). In previous years the Council has been debt free and therefore, we did not have to provide MRP in our accounts. However, the

Council took on debt of £185.5million for the self-financing of the Housing Revenue Account and this would normally require the local authority to charge MRP to the General Fund. The Department of Communities & Local Government (DCLG) have produced regulations to mitigate this impact, whereby the Council can ignore the borrowing incurred in relation to the Housing Self-financing initiative when calculating MRP and therefore, (for MRP purposes only) the Council is classed as debt free and do not have to make provision for MRP. However, the Council may undertake additional borrowing before or after additional capital spending. This will likely require a Minimum Revenue Provision in the year following, 2017/18.

Inter-fund Balances

5. The Council has inter-fund borrowed for many years between the General Fund and Housing Revenue Account and the interest charge made between the funds has been based on the average interest earned on investment for the year. Under draft regulations issued by CIPFA, it is now proposed that the interest rate applicable to any inter-fund borrowing should be approved by Full Council before the start of the financial year. As the Council has been undertaking inter-fund borrowing for many years, it is proposed to continue to use the average interest earned for the year on investments as the rate for any inter-fund borrowing.

Policy Statement

6. The Treasury Management Policy Statement is a high level statement setting out how the Council Treasury function will be undertaken. The Policy Statement was last updated as part of the 2015/16 Treasury Strategy. The Policy is attached at Appendix G for the Council to consider, but no amendments are currently proposed.

Current Investments

7. The Council's investments are all denominated in UK sterling and the treasury officers receive regular information from our treasury advisors on the latest position on the use of Counterparties.

8. The latest information supplied is as follows:

(a) UK Banks and Building Societies:

- A maximum maturity limit of between 35 days and 13 months is now applicable;
- A maximum maturity limit of 13 months to Bank of Scotland, Lloyds TSB, HSBC Bank plc;
- A maximum maturity limit of 6 months to Santander UK, Nationwide Building Society and Standard Chartered;
- A maximum maturity limit of 100 days applies to Barclays plc; and
- A maximum maturity limit of 35 days applies to RBS and NatWest.

(b) European Banks:

- A maximum maturity limit of 100 days applies to Credit Suisse and ING Bank; and
- A maximum maturity limit of 13 months applies to Nordea, Rabobank, Nederlandse Gemeenten and Handelsbanken.

(c) Non European Banks:

- A maximum maturity limit of 6 months applies to Australian, 13 months to Canadian and US and other banks that are on our list.

(d) Money Market Funds:

- A maximum exposure limit of £5m of our total investment per MMF.

9. The Council currently has an investment portfolio of £54.6million; this will vary from day to day, depending on the cash flow of the authority. A breakdown of this portfolio by Country and length of time remaining on investments are shown in the two tables below.

Country of counterparty	£m
United Kingdom	54.6
Channel Islands	0.0
Canada and United States of America	0.0
Australia	0.0
Ireland	0.0
Sweden	0.0
Total	54.6

Current maturity profile of investments	£m
Overnight (Call / Money Market Fund)	13.6
Up to 7 days	0.0
7 days to 1 month	8.0
1 month to 3 months	17.0
3 months to 6 months	6.0
6 months to 9 months	0.0
9 months to 1 year	10.0
Greater than 1 year	0.0
Total	54.6

The Views of the Audit & Governance Committee

10. The Audit & Governance Committee considered the Treasury Management Strategy Statement and Investment Strategy at its meeting on 1 February 2016. The Committee noted the Council's arrangements for the management of risks associated with its Treasury Management activity, as set out within the proposed Treasury Management Strategy Statement and Investment Policy for the period 2016/17 to 2018/19. The Committee also felt that the Council was maintaining a

relatively low risk strategy, which had been a consistent theme for a number of years for the Council's Treasury Management function. In addition, the Committee recognised that the Council was currently aiming to:

- (i) diversify from solely investing with banks;
- (ii) maintain liquidity; and
- (iii) improve the return from capital investments.

Conclusion

11. We recommend as set out at the commencement of this report.

Treasury Management Strategy Statement and Investment Strategy 2016/17 to 2018/19

Introduction

In April 2002 the Council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice (now the 2011 Edition)* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year.

In addition, the Department for Communities and Local Government (CLG) issued revised *Guidance on Local Authority Investments* in March 2010 that requires the Council to approve an investment 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 both the CIPFA Code and the CLG Guidance.

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

External Context

Economic background: Domestic demand has grown robustly, supported by sustained real income growth and a gradual decline in private sector savings. Low oil and commodity prices were a notable feature of 2015, and contributed to annual CPI inflation falling to 0.1% in October. Wages are growing at 3% a year, and the unemployment rate has dropped to 5.4%. Mortgage approvals have risen to over 70,000 a month and annual house price growth is around 3.5%. These factors have boosted consumer confidence, helping to underpin retail spending and hence GDP growth, which was an encouraging 2.3% a year in the third quarter of 2015. Although speeches by the Bank of England's Monetary Policy Committee (MPC) members sent signals that some were willing to countenance higher interest rates, the MPC held policy rates at 0.5% at its meeting on 14th January 2016. Quantitative easing (QE) has been maintained at £375bn since July 2012.

The outcome of the UK general election, which was largely fought over the parties' approach to dealing with the deficit in the public finances, saw some big shifts in the political landscape and put the key issue of the UK's relationship with the EU at the heart of future politics. Uncertainty over the outcome of the forthcoming referendum could put downward pressure on UK GDP growth and interest rates.

China's growth has slowed and its economy is performing below expectations, reducing global demand for commodities and contributing to emerging market weakness. US domestic growth has accelerated but the globally sensitive sectors of the US economy have slowed. Strong US labour market data and other economic indicators however suggest recent global turbulence has not knocked the American recovery off course. The Federal Reserve did raise rates at its meetings in December. In contrast, the European Central Bank finally embarked on QE in 2015 to counter the perils of deflation.

Credit outlook: The varying fortunes of different parts of the global economy are reflected in market indicators of credit risk. UK Banks operating in the Far East and parts of mainland Europe have seen their perceived risk increase, while those with a more domestic focus continue to show improvement. The sale of most of the government's stake in Lloyds and the first sale of its shares in RBS have generally been seen as credit positive.

Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the UK, USA and Germany. The rest of the European Union will follow suit in January 2016, while Australia, Canada and Switzerland are well advanced with their own plans. Meanwhile, changes to the UK Financial Services Compensation Scheme and similar European schemes in July 2015 mean that most private sector investors are now partially or fully exempt from contributing to a bail-in. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Council; returns from cash deposits however remain stubbornly low.

Interest rate forecast: The Council's treasury advisor Arlingclose projects the first 0.25% increase in UK Bank Rate in the third quarter of 2016, rising by 0.5% a year thereafter, finally settling between 2% and 3% in several years' time. Persistently low inflation, subdued global growth and potential concerns over the UK's position in Europe mean that the risks to this forecast are weighted towards the downside.

A shallow upward path for medium term gilt yields is forecast, as are continuing concerns about the Eurozone, emerging markets and other geo-political events weigh on the risk appetite, while inflation expectations remain subdued. Arlingclose projects the 10 year gilt yield to rise from its current 2.0% level by around 0.3% a year. The uncertainties surrounding the timing of UK and US interest rate rises are likely to prompt short-term volatility in gilt yields.

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

For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 0.89%, and that new long-term loans will be borrowed at an average rate of 2%.

Local Context

The Council currently has £185m of borrowing and £54m of investments. This is set out in further detail at **Appendix B**. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance Sheet Summary and Forecast

	31.3.15 Actual £m	31.3.16 Estimate £m	31.3.17 Forecast £m	31.3.18 Forecast £m	31.3.19 Forecast £m
General Fund CFR	29.6	43.5	55.0	63.9	62.2
HRA CFR	155.1	155.1	155.1	155.1	155.1
Total CFR	184.7	198.6	210.1	219.0	217.3
Less: Other debt liabilities *	0	0	0	0	0
Borrowing CFR	184.7	198.6	210.1	219.0	217.3
Less: External borrowing **	-185.5	-185.5	-185.5	-185.5	-185.5
Internal (Over) borrowing	-0.8	13.1	24.6	33.5	31.8
Less: Usable reserves	-59.9	-45.1	-36.4	-22.8	-21.1
Less: Working capital surplus	-9.2	-5.0	-5.0	-5.0	-5.0
Resources available for Investment	68.3	37.0	16.8	-5.7	-5.7

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

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

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing, subject to holding a minimum investment balance of £10m.

The Council has an increasing CFR due to the capital programme, but reducing investments and will therefore be required to borrow up to £16m over the forecast period. It is proposed to source this from other Local Authorities for the approximately 10 year period required.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this recommendation during 2016/17.

Borrowing Strategy

The Council currently holds £185 million of loans, the same as the previous year, as part of its strategy for funding Housing Self-Financing. The balance sheet forecast in table 1 shows that the Council expects to borrow up to £16m in 2017/18 but does not expect to need to borrow in 2016/17. The Council may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £230 million.

Due to the availability of capital receipts, it has previously been possible to undertake some capital schemes which did not have positive revenue consequences. Going forward, borrowing will not be undertaken for any capital schemes that do not have positive revenue consequences.

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

Strategy: Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income - which is at very low levels) 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. 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 2016/17 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

Alternatively, the Council may arrange forward starting loans during 2016/17, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

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

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

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

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

- operating and finance leases
- hire purchase
- Private Finance Initiative
- sale and leaseback

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

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

Debt Rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The 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.

Investment Strategy

The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's investment balance has fallen from £65.5 to £54.4 million, and reduced levels are expected in the forthcoming year.

Objectives: Both the CIPFA Code and the CLG Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

Strategy: Given the increasing risk and continued low returns from short-term unsecured bank investments, the Council aims to further diversify into more secure and/or higher yielding asset classes during 2016/17. We do not anticipate funds will be available for longer-term investment. The majority of the Council's surplus cash remains invested in short-term unsecured bank deposits, certificates of deposit and money market funds. This diversification will represent a continuation of the strategy adopted in 2015/16.

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

Table 2: Approved Investment Counterparties and Limits

Credit Rating	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£5m 5 years	£5m 20 years	£5m 50 years	£5m 20 years	£1m 20 years
AA+	£5m 5 years	£5m 10 years	£5m 25 years	£5m 10 years	£1m 10 years
AA	£5m 4 years	£5m 5 years	£5m 15 years	£5m 5 years	£1m 10 years
AA-	£5m 3 years	£5m 4 years	£5m 10 years	£5m 4 years	£1m 10 years
A+	£2.5m 2 years	£5m 3 years	£5m 5 years	£2.5m 3 years	£1m 5 years
A	£2.5m 13 months	£5m 2 years	£5m 5 years	£2.5m 2 years	£1m 5 years
A-	£2.5m 6 months	£5m 13 months	£2.5m 5 years	£2.5m 13 months	£1m 5 years
BBB+	£2.5m 100 days	£2.5m 6 months	£1m 2 years	£1m 6 months	£1m 2 years
BBB	£1m next day only	£2.5m 100 days	n/a	n/a	n/a
None	n/a	n/a	n/a	n/a	n/a
Pooled funds	£5m per fund				

This table must be read in conjunction with the notes below

Credit Rating: Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used.

Banks Unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Unsecured investment with banks rated BBB are restricted to overnight deposits at the Council's current account bank, NatWest PLC.

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

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

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

Registered Providers: Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain a high likelihood of receiving government support if needed.

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

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the 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.

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

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

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

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

Other Information on the Security of Investments: 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 and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

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

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

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

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

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

Table 3: Non-Specified Investment Limits

	Cash limit
Total long-term investments	£15m
Total investments without credit ratings or rated below A-	£5m
Total investments (except pooled funds) with institutions domiciled in foreign countries rated below AA+	£5m
Total non-specified investments	£30m

Balances held overnight in the Council's bank are not included in these limits.

Investment Limits: The Council's revenue reserves available to cover investment losses are forecast to be £15million on 31st March 2016. In order that no more than 33% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £5million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Investment Limits

	Cash limit
Any single organisation, except the UK Central Government	£5m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£5m per group
Any group of pooled funds under the same management	£5m per manager
Negotiable instruments held in a broker's nominee account	£15m per broker
Foreign countries	£5m per country
Registered Providers	£5m in total
Unsecured investments with Building Societies	£5m in total
Loans to unrated corporates	£5m in total
Money Market Funds	£15m in total

Liquidity Management: The Council uses its own cash flow forecasting techniques 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 plan and cash flow forecast.

Treasury Management Indicators

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

Security: 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.

	Target	Q2 Rating
Portfolio average credit rating	A-	A+

Liquidity: 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.

	Target
Total cash available within 3 months	£15m

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

	2016/17	2017/18	2018/19
Upper limit on fixed interest rate exposure	100%	100%	100%
Upper limit on variable interest rate exposure	75%	75%	75%

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

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

	Lower	Upper
Under 12 months	0%	100%
12 months and within 24 months	0%	100%
24 months and within 5 years	0%	100%
5 years and within 10 years	0%	100%
10 years and within 20 years	0%	100%
20 years and within 30 years	0%	100%
30 years and within 40 years	0%	100%
40 years and within 50 years	0%	100%
50 years and above	0%	100%

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

Principal Sums Invested for Periods Longer than 364 days: The purpose of this indicator is to control the Council’s exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

	2016/17	2017/18	2018/19
Limit on principal invested beyond year end	£15m	£5m	£5m

Other Items

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

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

The 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 Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

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

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

Investment Training: The needs of the Council’s treasury management staff for training in investment management are assessed every month on average as part of the staff appraisal and Treasury Meetings process, and additionally when the responsibilities of individual members of staff change.

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

Investment Advisers: The Council has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues. The quality of this service is controlled by Officers experienced in these matters.

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

The total amount borrowed will not exceed the authorised borrowing limit of £230 million. The maximum period between borrowing and expenditure is expected to be two years, although the Council is not required to link particular loans with particular items of expenditure.

Financial Implications

The budget for investment income in 2016/17 is £587,000, based on an average investment portfolio of £41million at an interest rate of 1.43%. The budget for debt interest paid in 2016/17 is £5.6million, based on an average debt portfolio of £185million at an average interest rate of 3%. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

Other Options Considered

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

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

Appendix A - Arlingclose Economic & Interest Rate Forecast November 2015

Underlying assumptions:

- UK economic growth softened in Q3 2015 but remained reasonably robust; the first estimate for the quarter was 0.5% and year-on-year growth fell slightly to 2.3%. Negative construction output growth offset fairly strong services output, however survey estimates suggest upwards revisions to construction may be in the pipeline.
- Household spending has been the main driver of GDP growth through 2014 and 2015 and remains key to growth. Consumption will continue to be supported by real wage and disposable income growth.
- Annual average earnings growth was 3.0% (including bonuses) in the three months to August. Given low inflation, real earnings and income growth continue to run at relatively strong levels and could feed directly into unit labour costs and households' disposable income. Improving productivity growth should support pay growth in the medium term. The development of wage growth is one of the factors being closely monitored by the MPC.
- Business investment indicators continue to signal strong growth. However the outlook for business investment may be tempered by the looming EU referendum, increasing uncertainties surrounding global growth and recent financial market shocks.
- Inflation is currently very low and, with a further fall in commodity prices, will likely remain so over the next 12 months. The CPI rate is likely to rise towards the end of 2016.
- China's growth has slowed and its economy is performing below expectations, which in turn will dampen activity in countries with which it has close economic ties; its slowdown and emerging market weakness will reduce demand for commodities. Other possible currency interventions following China's recent devaluation will keep sterling strong against many global currencies and depress imported inflation.
- Strong US labour market data and other economic indicators suggest recent global turbulence has not knocked the American recovery off course. Although the timing of the first rise in official interest rates remains uncertain, a rate rise by the Federal Reserve seems significantly more likely in December given recent data and rhetoric by committee members.
- Longer term rates will be tempered by international uncertainties and weaker global inflation pressure.

Forecast:

- **Arlingclose forecasts the first rise in UK Bank Rate in Q3 2016.** Further weakness in inflation, and the MPC's expectations for its path, suggest policy tightening will be pushed back into the second half of the year. Risks remain weighted to the downside. Arlingclose projects a slow rise in Bank Rate, the appropriate level of which will be lower than the previous norm and will be between 2 and 3%.
- The projection is for a shallow upward path for medium term gilt yields, with continuing concerns about the Eurozone, emerging markets and other geo-political events, weighing on risk appetite, while inflation expectations remain subdued.
- The uncertainties surrounding the timing of UK and US monetary policy tightening, and global growth weakness, are likely to prompt short term volatility in gilt yields.

	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
Official Bank Rate													
Upside risk		0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.25	1.25	1.50	1.50	1.75	1.75
Downside risk				-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-1.00	-1.00	-1.25	-1.25
3-month LIBID rate													
Upside risk	0.20	0.30	0.30	0.30	0.35	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	0.55	0.60	0.70	0.80	0.95	1.05	1.15	1.30	1.40	1.55	1.65	1.80	1.85
Downside risk		-0.20	-0.30	-0.45	-0.55	-0.65	-0.80	-0.90	-1.05	-1.10	-1.20	-1.20	-1.20
1-yr LIBID rate													
Upside risk	0.25	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.45	0.45	0.45	0.45	0.45
Arlingclose Central Case	1.10	1.20	1.35	1.45	1.55	1.70	1.80	1.95	2.00	2.10	2.15	2.15	2.15
Downside risk	-0.15	-0.25	-0.35	-0.50	-0.60	-0.70	-0.85	-0.95	-1.10	-1.15	-1.25	-1.25	-1.25
5-yr gilt yield													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
Arlingclose Central Case	1.50	1.55	1.60	1.70	1.80	1.90	2.00	2.10	2.20	2.25	2.30	2.35	2.35
Downside risk	-0.35	-0.45	-0.55	-0.60	-0.70	-0.80	-0.90	-1.00	-1.10	-1.15	-1.20	-1.25	-1.25
10-yr gilt yield													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
Arlingclose Central Case	2.00	2.05	2.10	2.20	2.30	2.40	2.50	2.60	2.65	2.70	2.75	2.80	2.80
Downside risk	-0.35	-0.45	-0.55	-0.60	-0.70	-0.80	-0.90	-1.00	-1.10	-1.15	-1.20	-1.25	-1.25
20-yr gilt yield													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
Arlingclose Central Case	2.45	2.50	2.55	2.55	2.60	2.65	2.70	2.75	2.80	2.85	2.90	2.95	2.95
Downside risk	-0.30	-0.40	-0.50	-0.55	-0.65	-0.75	-0.85	-0.95	-1.05	-1.10	-1.15	-1.20	-1.20
50-yr gilt yield													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
Arlingclose Central Case	2.45	2.50	2.55	2.60	2.65	2.70	2.75	2.80	2.85	2.90	2.95	3.00	3.00
Downside risk	-0.25	-0.35	-0.45	-0.50	-0.60	-0.70	-0.80	-0.90	-1.00	-1.05	-1.10	-1.15	-1.15

Appendix B - Existing Investment & Debt Portfolio Position

	31.12.15 Actual Portfolio £m	31.12.15 Average Rate %
External Borrowing:		
PWLB - Fixed Rate	153.656	3.000
PWLB - Variable Rate	31.800	0.78
Local Authorities	0	0
LOBO Loans	0	0
Total External Borrowing	185.456	
Other Long Term Liabilities:		
PFI	0	
Finance Leases	0	
Total Gross External Debt	185.456	
Investments:		
<i>Managed in-house</i>		
Short-term investments	39.6	0.62
Long-term investments	5.0	1.30
<i>Managed externally</i>		
Fund Managers	0	
Pooled Funds	10	0.49
Total Investments	54.6	
Net Debt	130.856	

Appendix C -

Prudential Indicators 2016/17 to 2018/19

1. Background:

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators.

2. Gross Debt and the Capital Financing Requirement:

This is a key indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

If in any of these years there is a reduction in the capital financing requirement, this reduction is ignored in estimating the cumulative increase in the capital financing requirement which is used for comparison with gross external debt.

The Director of Resources reports that the Council had no difficulty meeting this requirement in 2015/16, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

3. Estimates of Capital Expenditure:

3.1 This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax and in the case of the HRA, housing rent levels.

Capital Expenditure	2015/16 Revised £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Non-HRA	32.012	19.470	1.591	0.963	1.000
HRA*	17.905	28.127	26.561	25.436	17.942
Total	49.917	47.597	28.152	26.399	18.942

3.2 Capital expenditure will be financed or funded as follows:

Capital Financing	2015/16 Revised	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
	£m	£m	£m	£m	£m
Capital receipts	16.373	8.192	5.048	4.492	2.294
Grants	3.393	1.015	0.565	0.565	0.565
Borrowing	12.454	12.621	0	0	0
Revenue contributions	17.597	25.769	22.539	21.342	16.083
Total Financing	49.917	47.597	28.152	26.399	18.942

Table 1 shows that the capital expenditure plans of the Authority can be funded from a variety of sources, including external borrowing.

4. Ratio of Financing Costs to Net Revenue Stream:

4.1 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The definition of financing costs is set out in the Prudential Code.

4.2 The ratio is based on costs net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
	%	%	%	%	%
Non-HRA	0.08	-0.06	-0.83	-1.22	-4.00
HRA	15.16	15.81	15.03	14.47	14.15

5. Capital Financing Requirement:

5.1 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and financing.

Capital Financing Requirement	2014/15 Actual £m	2015/16 Revised £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m
HRA	155.1	155.1	155.1	155.1	155.1
Non-HRA	29.6	43.5	55.0	63.9	62.2
Total CFR	184.7	198.6	210.1	219.0	217.3

5.2 The Council has embarked on a house building programme. The preliminary work started during 2012/13 with the works themselves starting in 2013/14. Given the need to borrow for any additional house building the Council took advantage of the competitive borrowing rates whilst it could, rather than borrowing in a few years' time when rates were predicted to increase. In the meantime this has allowed the General Fund to continue (as it has done for a number of years) to internally borrow from the Housing Revenue Account at an appropriate rate. This results in no detrimental impact on the General Fund from self-financing and is fair to the HRA as it will still broadly receive the same level of income that it would have had if it had invested the money, rather than loaned internally to the GF.

6. Incremental Impact of Capital Investment Decisions:

6.1 This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and Housing Rent levels. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

Incremental Impact of Capital Investment Decisions	2015/16 Estimate £	2016/17 Estimate £	2017/18 Estimate £	2018/19 Estimate £
Increase in Band D Council Tax	-0.28	0.15	-0.06	-1.01
Increase in Average Weekly Housing Rents	0.02	0.01	-16.80	-25.91

7. Authorised Limit and Operational Boundary for External Debt:

7.1 The Council has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.

- 7.2 The **Authorised Limit** sets the maximum level of external debt on a gross basis (i.e. excluding investments) for the Council. It is measured on a daily basis against all external debt items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities). This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.
- 7.3 The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).
- 7.4 The Operational Boundary has been set on the estimate of the most likely, i.e. prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.
- 7.5 The Operational Boundary links directly to the Council's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

	2015/16 Approved £m	2015/16 Revised £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m
Authorised Limit for Borrowing	230.00	230.00	240.00	250.00	250.00
Authorised Limit for External Debt	230.00	230.00	240.00	250.00	250.00
Operational Boundary for Borrowing	204.00	218.00	230.00	239.00	237.00
Operational Boundary for External Debt	204.00	218.00	230.00	239.00	237.00

8. Adoption of the CIPFA Treasury Management Code:

8.1 This indicator demonstrates that the Council has adopted the principles of best practice.

Adoption of the CIPFA Code of Practice in Treasury Management
The Council approved the adoption of the CIPFA Treasury Management Code at its meeting on 22 April 2002.

The Council has incorporated the changes from the revised CIPFA Code of Practice into its treasury policies, procedures and practices.

9. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure:

9.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates.

9.2 The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments.

	2015/16 Approved %	2015/16 Revised %	2016/17 Estimate %	2017/18 Estimate %	2018/19 Estimate %
<u>Fixed</u>					
Upper Limit for Fixed Interest Rate Exposure on Debt	100	100	100	100	100
Upper limit for Fixed Interest Rate Exposure on Investments	(100)	(100)	(100)	(100)	(100)
<u>Variable</u>					
Upper Limit for Variable Interest Rate Exposure on Debt	25	25	25	25	25
Upper Limit for Variable Interest Rate Exposure on Investments	(75)	(75)	(75)	(75)	(75)

9.3 The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Council's treasury management strategy.

10. Credit Risk:

10.1 The Council considers security, liquidity and yield, in that order, when making investment decisions.

10.2 Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Council's assessment of counterparty credit risk.

10.3 The Council also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:

- Published credit ratings of the financial institution (minimum A- or equivalent) and its sovereign (minimum AA+ or equivalent for non-UK sovereigns);
- Sovereign support mechanisms;
- Credit default swaps (where quoted);
- Share prices (where available);
- Economic fundamentals, such as a country's net debt as a percentage of its GDP);
- Corporate developments, news, articles, markets sentiment and momentum;
- Subjective overlay.

10.4 The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

Appendix D -

Appendix D - Current Recommended Sovereign and Counterparty List as at 30/10/2015
(Section 8)

Country/ Domicile	Counterparty	Maximum Counterparty Limit £m	Maximum Group Limit (if applicable) £m	Maximum Maturity Limit
UK	Santander UK Plc (Banco Santander Group)	5.0		6 months
UK	Bank of Scotland (Lloyds Banking Group)	5.0	5.0	13 months
UK	Lloyds TSB (Lloyds Banking Group)	5.0		13 months
UK	Barclays Bank Plc	5.0		100 days
UK	HSBC Bank Plc	5.0		13 months
UK	Nationwide Building Society	5.0		6 months
UK	NatWest (RBS Group)	2.5	2.5	35 days
UK	Royal Bank of Scotland (RBS Group)	2.5		35 days
UK	Standard Chartered Bank	5.0		6 months
Australia	Australia and NZ Banking Group	5.0		6 months
Australia	Commonwealth Bank of Australia	5.0		6 months
Australia	National Australia Bank Ltd (National Australia Bank Group)	5.0		6 months
Australia	Westpac Banking Corp	5.0		6 months
Canada	Bank of Montreal	5.0		13 months
Canada	Bank of Nova Scotia	5.0		13 months
Canada	Canadian Imperial Bank of Commerce	5.0		13 months
Canada	Royal Bank of Canada	5.0		13 months
Canada	Toronto-Dominion Bank	5.0		13 months
Finland	Nordea Bank Finland	5.0		13 months
France	BNP Paribas	Suspended		Suspended
France	Credit Agricole CIB (Credit Agricole Group)	Suspended		Suspended
France	Credit Agricole SA (Credit Agricole Group)	Suspended		Suspended

France	Société Générale	Suspended		Suspended
Germany	Deutsche Bank AG	2.5		35 days
Netherlands	ING Bank NV	5.0		100 days
Netherlands	Rabobank	5.0		13 months
Netherlands	Bank Nederlandse Gemeenten	5.0		13 months
Sweden	Svenska Handelsbanken	5.0		13 months
Switzerland	Credit Suisse	5.0		100 days
US	JP Morgan	5.0		13 months

***Please note this list could change if, for example, a counterparty/country is upgraded, and meets our other creditworthiness tools or a new suitable counterparty comes into the market. Alternatively, if a counterparty is downgraded, this list may be shortened.*

Group Limits - For institutions within a banking group, the authority executes a limit of that of an individual limit of a single bank within that group.

Appendix E - Non-Specified Investments

Instrument	Maximum maturity	Maximum £M	Capital expenditure?	Example
Call accounts, term deposits & CDs with banks, building societies & local authorities which do not meet the specified investment criteria (on advice from TM Adviser)	5 years	10	No	
Deposits with registered providers	5 years	1	No	
Gilts	5 years	10	No	
Bonds issued by multilateral development banks	5 years	5	No	<i>EIB Bonds, Council of Europe Bonds etc.</i>
Sterling denominated bonds by non-UK sovereign governments	5 years	5	No	
Money Market Funds and Collective Investment Schemes	5 years	15	No	<i>Investec Target Return Fund; Elite Charteris Premium Income Fund; LAMIT; M&G Global Dividend Growth Fund</i>
Corporate loans and debt instruments issued by corporate bodies	5 years	10	No	
Collective Investment Schemes (pooled funds) which do not meet the definition of collective investment schemes in SI 2004 No 534 or SI 2007 No 573	These funds do not have a defined maturity date	10	Yes	<i>Way Charteris Gold Portfolio Fund; Lime Fund</i>

Appendix F - MRP Statement 2016/17

CLG's Guidance on Minimum Revenue Provision (issued in 2010) places a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.

The four MRP options available are:

- Option 1: Regulatory Method
- Option 2: CFR Method
- Option 3: Asset Life Method
- Option 4: Depreciation Method

NB This does not preclude other prudent methods.

MRP in 2016/17: Options 1 and 2 may be used only for supported (i.e. financing costs deemed to be supported through Revenue Support Grant from Central Government) Non-HRA capital expenditure funded from borrowing. Methods of making prudent provision for unsupported Non-HRA capital expenditure include Options 3 and 4 (which may also be used for supported Non-HRA capital expenditure if the Authority chooses). There is no requirement to charge MRP in respect of HRA capital expenditure funded from borrowing.

The MRP Statement will be submitted to Council before the start of the 2016/17 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to the Council at that time.

The Council's CFR at 31st March 2012 became positive as a result of the Housing Subsidy reform settlement. This would normally require the Council to charge MRP to the General Fund in respect of Non-HRA capital expenditure funded from borrowing. CLG has produced regulations which mitigate this impact, and as such under Option 2 (the CFR method) there is no requirement to charge MRP in 2013/14 and subsequently for HRA Self-Financing.

If, as is likely, the Council undertakes General Fund borrowing in 2016/17 then in the following financial year, 2017/18, there will be a requirement to charge MRP.

TREASURY MANAGEMENT POLICY STATEMENT

1. INTRODUCTION AND BACKGROUND

1.1 The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 5 of the Code.

1.2 Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management:-

- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
- Suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

1.3 The Council will receive reports on its treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

1.4 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Finance & Performance Cabinet Committee and for the execution and administration of treasury management decisions to the Director of Resources who will act in accordance with the organisation's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

1.5 The Council nominates the Audit & Governance Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

2. POLICIES AND OBJECTIVES OF TREASURY MANAGEMENT ACTIVITIES

2.1 The Council defines its treasury management activities as:

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

2.2 This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

2.3 This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the

principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.”

2.4 The Council’s borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.

2.5 The Council’s primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Council’s investments followed by the yield earned on investments remain important but are secondary considerations.

Report to the Council

Committee: Cabinet

Date: 18 February 2016

Subject: Budgets and Council Tax Declaration 2016/17

Portfolio Holder: Councillor S Stavrou (Finance)

Recommending:

(1) That the list of CSB growth and savings for the 2016/17 budget (set out in Annex 1) be approved;

(2) That the list of District Development Fund items for the 2016/17 budget (set out in Annex 2) be approved;

(3) That the revenue estimates for 2016/17 and the draft Capital Programme for 2016/17 be approved as set out in Annexes 4, 5 (a-g) and 6 including all contributions to and from reserves as set out in the attached Annexes;

(4) That the medium term financial forecast be approved as set out in Annexes 9 a and 9 b;

(5) That the 2016/17 HRA budget be approved on the basis that the contribution to the self-financing reserve has been suspended, and that the application of rent decreases resulting in an average decrease of 1% from £97.54 to £96.56, be approved;

(6) That the Council's policy of retaining revenue balances at no lower than £4.0M or 25% of the net budget requirement whichever is the higher for the four year period to 2018/19 be amended to no lower than £4.0M or 25% of the net budget requirement whichever is the higher during the four year period up to and including 2019/20;

(7) That the report of the Chief Financial Officer on the robustness of the estimates for the purposes of the Council's 2016/17 budgets and the adequacy of the reserves (see Annex 10) be noted.

Declaration of Council Tax

(8) That it be noted that under delegated authority the Director of Resources, in consultation with the Finance Portfolio Holder, calculated the Council Tax Base 2016/17:

(a) for the whole Council area as 52,257.8 (Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended); and

(b) for dwellings in those parts of its area to which a Parish precept relates as set out below and in Annex 7.

	Tax Base
Abbess, Beauchamp & Berners Roding	213.9
Buckhurst Hill	5,108.0
Chigwell	5,981.8
Epping Town	5,107.2
Epping Upland	393.2
Fyfield	414.8
High Ongar	544.2
Lambourne	858.3
Loughton Town	12,090.4
Matching	426.3
Moreton, Bobbingworth and The Lavers	571.8
Nazeing	2,024.4
North Weald Bassett	2,484.5
Ongar	2,674.0
Roydon	1,292.4
Sheering	1,309.9
Stanford Rivers	349.6
Stapleford Abbotts	512.0
Stapleford Tawney	73.6
Theydon Bois	1,976.0
Theydon Garnon	76.9
Theydon Mount	114.2
Waltham Abbey Town	7,431.1
Willingale	229.3

(9) That the following amounts be calculated for the year 2016/17 in accordance with sections 31 to 36 of the Local Government Finance Act 1992:

- (a) £130,231,701 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils;
- (b) £119,183,219 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act;
- (c) £11,048,482 being the amount by which the aggregate at 9 (a) above exceeds the aggregate at 9 (b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act);
- (d) £211.42 being the amount at 9 (c) above (Item R), all divided by Item T (the amount at 8 (a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts);
- (e) £3,274,089 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (as per the attached Annex 7);
- (f) £148.77 being the amount at 9 (d) above less the result given by dividing the amount at 9 (e) above by Item T (8 (a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.

(11) That it be noted that the County Council, the Police Authority and the Fire Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each of the category of dwellings in the Council's area as shown in Annex 8 (to be tabled);

(12) That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts in Annex 8 Part B (tabled) as the amounts of Council Tax for 2016/17 for each part of its area and for each of the categories of dwellings.

(13) That in accordance with section 52ZB of the Local Government Finance Act 1992, Council determines that the amount of Council Tax shown at (9) (f) of £148.77 for 2016/17, being unchanged from 2015/16 is not excessive and therefore there is no need to hold a local referendum.

General Fund Budget Guidelines

1. The annual budget process commenced with the Financial Issues Paper (FIP) being presented to the Finance & Performance Management Cabinet Committee on 20 July 2015. The paper was prepared against the background of the cumulative effects of reductions in public expenditure and highlighted the uncertainties associated with:
 - a) Central Government Funding
 - b) Business Rates Retention
 - c) Welfare Reform
 - d) New Homes Bonus
 - e) Development Opportunities
 - f) Income Streams
 - g) Waste and Leisure Contract Renewals; and
 - h) Transformation
2. There is now greater clarity on some of these issues, but several are subject to consultations and will not be resolved for some time. The key areas are revisited in subsequent paragraphs.
3. In setting the budget for the current year Members had anticipated using £42,000 from the General Fund reserves. This was possible as the MTFs approved in February 2015 showed a combination of net savings targets and limited use of reserves which still adhered to the policy on reserves over the medium term. The limited use of reserves in 2015/16 was not significant as the MTFs at that time was predicting the use of just over £0.84 million of reserves to support spending in the following three years.
4. The revised MTFs presented with the FIP took into account all the changes known at that point and highlighted the additional reductions in support grant. This projection showed a need to achieve net savings of £150,000 on both the 2016/17 and 2017/18 estimates, followed by £350,000 in both 2018/19 and 2018/20 to keep revenue balances comfortably above the target level at the end of 2019/20.
5. Members adopted this measured approach to reduce expenditure in a progressive and controlled manner. The budget guidelines for 2016/17 were therefore established as:
 - i. The ceiling for CSB net expenditure be no more than £13m including net growth/savings.
 - ii. The ceiling for DDF net expenditure be no more than £0.55m.
 - iii. The District Council Tax to increase by 2.5%.

The Current Position

6. The overall revenue budget summary is included as Annex 4. The main year on year resource movements are highlighted in the CSB and DDF lists, which are attached as Annexes 1 and 2. In terms of the guidelines, the position is set out below, after an update on each of the key areas highlighted in the FIP.

a) Central Government Funding

7. The draft figures supplied immediately before Christmas set out the now familiar Settlement Funding Assessment (SFA) and also introduced the new concept of Core Spending Power. This means it is necessary to provide two comparative tables below to illustrate the reductions in funding. The first table deals with the SFA.

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Revenue Support Grant	2.45	1.53	0.74	0.26	-0.28
Retained Business Rates	3.02	3.05	3.11	3.20	3.30
SFA	5.47	4.58	3.85	3.46	3.02
Decrease £		0.89	0.73	0.39	0.44
Decrease %		16.3%	15.9%	10.1%	12.7%

8. This paints a rather bleak picture for the next four years with the SFA reducing over the period by £2.45m or nearly 45%. There has been a lot of talk about full retention of business rates but the reality in the draft figures is disappointing. The table above shows our retained business rate funding increasing from £3.02m in 2015/16 to £3.30m in 2019/20, an increase of £0.28m or 9.3%. During this time the tariff we pay to the Treasury increases by a similar percentage from £10.23m to £11.17m. This lack of any relative improvement in the balance between retention and tariff is disappointing. However, on top of this because our retained business rates exceeds our SFA in 2019/20 we are penalised with an additional tariff that I have shown in the table above as negative Revenue Support Grant. This is a worrying new addition and a disincentive to local authorities to devote resources to economic development.
9. The concept of Core Spending Power is another addition to the draft settlement and is useful in setting out Government thinking on Council Tax and the New Homes Bonus.

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
SFA	5.47	4.58	3.85	3.46	3.02
Council Tax	7.6	7.8	8.0	8.3	8.5
New Homes Bonus	2.1	2.7	2.7	1.7	1.6
Core Spending Power	15.17	15.08	14.55	13.46	13.12
Decrease £		0.09	0.53	1.09	0.34
Decrease %		0.6%	3.5%	7.5%	2.5%

10. The overall funding reductions across the period using Core Spending Power (CSP) are much lower, with a fall of £2.05m or 13.5%. This seems far more palatable but there are questions on how realistic the assumptions are that support the Council Tax and New Homes Bonus figures. There is a separate section later on the New Homes Bonus but at this point it is worth looking at the Council Tax as the draft settlement marked a significant change in Government policy on the Council Tax.
11. In recent years we have included an assumed increase in the Council Tax when updating the MTFS that is presented with the Financial Issues Paper. Later in the process when the Government has offered a freeze grant it has been possible to drop the Council Tax increase and replace it with the freeze grant. The policy of providing

additional grant to limit increases in Council Tax is now over. As we have already seen above with our Revenue Support Grant turning negative the Government now wants to remove grants from the funding system and wants local authorities to fund themselves from Council Tax and retained business rates. The draft settlement states that the figures shown above for Council Tax are increased by 1.75% per annum throughout the period, although it is evident that significant increases have been assumed in the taxbase as well to get to the overall increases.

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Starting Council Tax	7.6	7.6	7.8	8.0	8.3
Increase of 1.75%	n/a	0.133	0.1365	0.140	0.145
Increase in Taxbase	n/a	0.067	0.0635	0.160	0.055
Assumed Council Tax	7.6	7.8	8.0	8.3	8.5
Increase £		0.2	0.2	0.3	0.2
Increase %		2.6%	2.6%	3.75%	2.4%

12. As we have not increased the Council Tax since 2010/11, the increases we have seen in overall income from the Council Tax have come from increases in the taxbase. For 2016/17 if we assume no change in Council Tax charge the overall income would increase by £157,919, for 2015/16 the amount was £76,900 and for 2014/15 £75,902. Alternatively this can be looked at in percentage terms and this shows an increase in the taxbase for 2016/17 of just over 2% and for 2015/16 and 2014/15 of just over 1%. In view of this pattern of growth in the taxbase the assumptions used look reasonable.
13. In constructing the updated MTFS it has been assumed that Members will not want to increase the Council Tax while the General Fund balance remains comfortably above the minimum requirement. There is limited flexibility to increase Council Tax by more than the assumed 1.75% as the draft settlement maintains the referendum limit at 2%.
14. The draft settlement includes a consultation with 17 detailed questions. However, as there are few exemplifications to inform responses and the consultation closed on 15 January it was decided not to make a response.
15. As part of abolishing Council Tax Benefit and introducing Local Council Tax Support the DCLG had to determine whether parish councils would be affected by the reduction in council tax base or left outside the calculations. Despite the consultation responses on the scheme being massively in favour of tax base adjustments only at district level the DCLG decided that parish councils should also be affected. One of the problems with that decision was that DCLG does not have a legal power to make grant payments direct to parish councils. This meant the funding for these councils had to be included in the grants to districts and it was then for districts to determine how much of the grant was passed on. Members determined for 2013/14 that parish councils should be fully protected, a decision not shared by many authorities across the country. This meant that the figure notionally relating to parishes of £312,812 was topped up with an additional £7,460 to £320,272.
16. We do not have separate figures now for Local Council Tax Support, let alone a detailed split between the district and the parishes. In the absence of this information it is fair to assume the overall reduction in SFA of 16.3% is common to each element of the Funding Assessment. Funding to parish councils has been reduced on that basis in previous years and a consistent approach is proposed to reduce this by 16.3% for 2016/17 (£39,192). These amounts need to be seen in the light of the total parish precepts for 2015/16 being over £3m. A separate report was considered by Cabinet which set out the amounts for individual parishes and this information was circulated to parish colleagues before Christmas.

b) Business Rates Retention

17. We are now coming towards the end of the third year of business rates retention and it is evident that DCLG have under estimated the Council's income from business rates. This is illustrated in the table below.

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m	£m	£m	£m
DCLG	2.91	2.97	3.02	3.05	3.11	3.20	3.30
Actual/Est.	2.97	3.64	4.32	4.38	4.30	4.35	4.45
Surplus	0.06	0.67	1.30	1.33	1.19	1.15	1.15
Levy	0.03	0.34	tbc	tbc	tbc	tbc	tbc

18. For both 2013/14 and 2014/15 as the Council was not in a business rates pool we had to pay over half of the income above the DCLG estimate as a levy, in addition to the tariff that had already been paid. This meant payments for these years of £28,000 and £335,000 in addition to payments £9.85m and £10.04m. As the Council is in a business rates pool for 2015/16 and likely to be in a pool again for 2016/17 no levy should be payable to the Treasury but some of the growth will be shared with Essex County Council and Essex Fire Authority.
19. The table above illustrates that the rate of growth in business rate income has been far higher than DCLG estimated. Part of this divergence may have been caused by the number of adjustments to the scheme after it was constructed. These include the extension of small business rate relief, the capping of increases and the introduction of retail rate relief. As all of these adjustments reduce the bills that Councils would have issued compensation is paid under what is known as Section 31 grant. This has become so significant now that for 2015/16 revised and 2016/17 it has been shown separately in the MTFs. In 2014/15 the Council received over £0.75m in Section 31 grant, this is anticipated to reduce to £0.7m in 2015/16 and £0.4m in 2016/17 due to retail relief coming to an end.
20. Whilst the amounts included in the MTFs exceed those calculated by DCLG they are still felt to be prudent. There is very little growth anticipated after 2015/16 despite the building of the retail park and other known likely developments within the district.
21. One of the theories for why many authorities have seen income in excess of the DCLG estimates is that the DCLG allowed amounts in their calculations for losses on appeal. This is plausible but seems strangely generous and out of character. Calculating an appropriate provision for appeals remains extremely difficult as there are over 450 appeals still outstanding with the Valuation Office. Each appeal will have arisen from different circumstances and it is difficult to produce a uniform percentage to apply. This is a particular concern as there is one property in the south of the district which has a rateable value approaching £6 million and is currently being appealed. If a full provision was included in our calculations for the owners of this property being completely successful in their appeal there would be a significant shortfall.
22. Based on previous experience and discussions with the Valuation Office a provision has been calculated that is felt to be prudent, but given the size of the financial risk here it is worth mentioning the potential problem. The total provision against appeals is currently close to £4m.
23. Where losses arise on the Collection Fund due to appeals being settled they are accounted for in the General Fund in subsequent periods. In the MTFs this is shown together with any loss or surplus on the Council Tax in the Collection Fund Adjustment line. The revised 2015/16 figure includes losses on business rates of £253,000 and a surplus on Council Tax of £211,000. The 2016/17 figure includes losses on business rates of £544,000 and a surplus on Council Tax of £275,000.

24. It is unlikely that we will now get any more fresh appeals on the current rating list so no further losses are anticipated beyond 2016/17. No surpluses are anticipated on the Council Tax going forward as the taxbase calculations have allowed for growth and it would not be prudent to anticipate surpluses on top of growth in the taxbase. As neither business rate deficits nor Council Tax surpluses are anticipated beyond 2016/17 the Collection Fund Adjustment line has no amount included from 2017/18 to the end of the MTFS.
25. It has been mentioned above that the Council is in a business rates pool for 2015/16. Monitoring so far indicates that this should still prove beneficial but we are reliant on the outcomes from the other pool members. Some of these authorities have indicated they want to leave the pool for 2016/17 and some others are joining. If it becomes evident either through the subsequent outturns for 2015/16 or monitoring for 2016/17 that this Council will not benefit financially from pooling a recommendation will be made not to pool in 2017/18.

c) Welfare Reform

26. At the time of the Financial Issues Paper there was considerable concern about the Chancellor's plans to reduce welfare spending through large reductions in tax credits. However, by the time of the Spending Review the Office for Budget Responsibility had managed to find another £27 billion and the Chancellor decided that with these additional funds the changes to tax credits were no longer required.
27. It had been feared that reductions in tax credits would increase demand for local council tax support (LCTS). This was a particular concern as it was already predicted that the LCTS scheme would fall short of being self-financing in 2016/17. In order to try and limit the shortfall the scheme was changed for the first time since its introduction with the maximum level of support being reduced from 80% to 75%. Now with no significant reduction in tax credits and the introduction of the National Living Wage the trend of reductions in the LCTS caseload may continue and bring the scheme back closer to self-financing.
28. It is worth taking this opportunity to mention one of the other welfare reforms. The Benefits Cap was introduced to limit the total amount of benefits a household could receive in a year to £26,000. The introduction of this cap did not have a dramatic impact across the district. However, the reduction by £6,000 to £20,000 is likely to cause greater changes in people's behavior and working patterns. The lower cap will be phased in across the country during 2016/17 and we have not yet been advised by the DWP when it will be applied to this district. As this will be a part year implementation, depending on the exact date, the effects of this change may be more evident in 2017/18 than 2016/17.
29. A change that has now been implemented is the Single Fraud Investigation Service (SFIS). This saw the staff that investigated housing benefit fraud transfer to the DWP. To prepare for this transfer both the Internal Audit and Housing Benefit functions were restructured and these changes have proved positive with both areas continuing to provide good services.
30. The other major change that has received considerable media coverage is the replacement of a collection of different benefits with a single Universal Credit. Despite delays, confusion and critical reports from the National Audit Office the scheme still continues to progress (slowly). This district is in the fourth tranche of the roll out and so will start dealing with UC cases in February 2016 for new single claimants. However, UC will not cover couples, families or the disabled and so we will be operating the current housing benefit system in parallel with UC. The latest estimate from the Major Projects Authority is that UC will not be fully operational until April 2020. There is still no clarity over the time period and process for the migration of our

existing housing benefit claims to UC. The DWP is still to decide on the role it wants local authorities to perform under the new system.

31. One other aspect of welfare reform that continues is the DWP achieving their savings through reducing the grant paid to local authorities to administer housing benefit. Following a relatively modest reduction of £22,000 in 2015/16 we have been advised that the reduction for 2016/17 will be £73,000, which is a cut of over 16%.

d) New Homes Bonus

32. The amount of NHB payable for a year is determined by the annual change in the total number of properties on the council tax list in October. This means that the bonus is payable on both new housing and empty properties brought back in to use. The increase in the tax base is multiplied by a notional average council tax figure of £1,439, with an additional premium for social housing. The calculated figure is then shared with 20% going to the county council and 80% to the district, with the amount being payable for six years. This Council has done relatively well from NHB and the amount the Council will receive for the first 5 years of NHB in 2015/16 is nearly £2.1 million.
33. In the Financial Issues Paper I suggested that in view of possible changes to the scheme the amount taken to the CSB should be capped at £2.2m. As part of the draft settlement the Government issued a technical consultation on NHB which is entitled "New Homes Bonus: Sharpening the Incentive". Whilst sharpening the incentive the various proposals are also aimed at reducing the cost by £800m, this is approximately 55% of the projected cost for 2016/17. In the paragraphs below I will set out each of the proposals in the consultation and state what assumption I have made in coming to the figures for NHB that are included in the MTFS.
34. The first proposal is to reduce the number of years that the bonus is payable for from 6 to 4. In what could be seen as an attempt to head off any protests about this the consultation also says another option would be to reduce the number of years to 3 or 2. In moving from 6 to 4 years alternative scenarios are provided of either an immediate reduction or a phased change with a reduction to 5 years in 2017/18 followed by the full reduction to 4 years in 2018/19. The figures provided for Core Spending Power (see para 9 above) indicate that the funding change is most likely to be phased so that is the assumption used for the MTFS and it has been assumed that payments will not reduce below 4 years.
35. The second proposal is to withhold NHB from authorities that have not got a Local Plan in place. Under this proposal authorities would not get any new NHB but would continue to get NHB relating to earlier years. A possible refinement mentioned is to give credit for progress made. This could mean that an authority that has published a Local Plan but not yet submitted it to the Secretary of State would receive 50% of any new NHB. For the purpose of the MTFS I have assumed that some credit will be given for progress made and that is the position we will be in for 2017/18 before reverting to full entitlement in 2018/19.
36. The next proposal is to reduce the amount of NHB payable where planning permission has only been granted on appeal. Two alternative proposals are suggested with the size of the reduction being either 50% or 100%. This would appear to be what the Government means by sharpening the incentive, although it does not sit well with the concept that planning decisions should be made purely on planning issues. As there is a time lag between planning approval and homes being built it would be quite difficult to try and analyse how much of the NHB that we have received could be lost and in any case it is questionable how reliable such past data would be as a guide to new developments coming forward and whether they will get planning permission with or without appeal. Given this level of uncertainty I have made no adjustments to the MTFS for this possible change.

37. Another proposal aimed at improving the incentive is to remove the deadweight. This is an interesting turn of phrase that means building some baseline into the calculation so NHB is only payable on growth above what would normally happen anyway. This could be achieved through a general baseline of 0.25% or a more complex formula could be applied to each authority individually based on their previous growth. However, the Government does acknowledge the concern that in introducing a baseline it could reduce the significance of NHB for some authorities and have the perverse impact of eroding the incentive effect. Given the uncertainty about the implementation of this measure and the form it might take I have made no adjustments to the MTFS for it.
38. The final proposal is to protect authorities that are particularly adversely impacted by changes to NHB. No indication is given of an amount or percentage reduction that would qualify for help or how long such help might be phased over. Even though we may well qualify for some assistance, given the likely reduction of over £1m, to be prudent no additional support has been anticipated in the MTFS.
39. Having gone through the potential changes it is now appropriate to set out the cumulative effect below by comparing the MTFS projections with the Government's Core Spending Power figures.

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
NHB in Core Spending Power	2.7	2.7	1.7	1.6
NHB in MTFS	2.7	2.2	1.4	1.6

40. The amounts are lower in 2017/18 and 2018/19 due to the assumed reduction of 50% for new NHB in 2017/18 due to the Local Plan still being work in progress. By 2019/20 the figure has improved as the relatively poor year of NHB due to lower than average growth in 2014/15 drops out of the calculation and is replaced by a year assumed to be closer to the average. The amounts that will be included in the CSB and DDF in the MTFS are set out below.

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
CSB	2.1	2.1	1.6	1.6
DDF	0.6	0.1	-0.2	0
NHB in MTFS	2.7	2.2	1.4	1.6
Change in CSB	0	0	0.5	0

41. The consultation on the proposed changes to NHB closes on 10 March and a draft response is on the agenda for consideration by the Resources Select Committee on 9 February. It will be necessary to adjust future versions of the MTFS once the exact nature of the changes is known but I believe what is set out above is sufficiently prudent at this time.

e) Development Opportunities

42. Previous budget reports have mentioned the various development sites but amounts have only ever been included in the MTFS for a particular site when there is sufficient certainty around its delivery. As the Council now has sole ownership of the Langston Road site and has awarded the contract for highways works it is appropriate to start building approximate amounts into the MTFS. There has been very high levels of interest from retailers as this is the only retail park currently being constructed inside the M25 and so demand for retail space exceeds supply. In this climate our professional advisers have stated that an annual rental income of £2.5m is achievable. I have taken a prudent view and reduced this to £2m to allow for any shortfall,

management costs and interest. As the first attempt to let the main construction contract was unsuccessful the projected opening date for the park has moved back from Christmas 2016 to Easter 2017. As some leases will have initial rent free periods I have structured the net rental income in the MTFS so that £0.26m is included in 2017/18, increasing to £1.65m in 2018/19 and then the full £2m in 2019/20. As the project progresses the amounts in the MTFS will be refined but it is now unrealistic to not include some income for this project, particularly as the cost of construction is in the capital programme.

43. Unfortunately progress on the site in the St Johns area of Epping has been much less encouraging. It appears that not all of the parties involved in the project have the same desire as this Council to take forward this exciting mixed use development. An amount has been included in the capital programme to allow the land purchase to proceed but no other amounts have been allowed for in the MTFS.

f) Income Streams

44. The Council generates significant revenues from its various chargeable activities and these are closely monitored throughout the year. The position on the key income streams at the end of December is –

Activity	Original Estimate	Estimate for 9 months	Actual for 9 months	Possible Shortfall/(Surplus)
Off Street Parking	£1,200,790	£851,896	£889,099	(£50,000)
Building Control	£386,000	£290,360	£360,564	(£75,000)
Dev. Control	£595,000	£425,620	£642,536	(£200,000)
Land Charges	£215,000	£164,640	£143,353	£50,000
Licensing	£295,060	£242,930	£246,918	on target
Fleet Ops.	£230,340	£175,250	£173,403	on target

45. Overall this is a very positive position, particularly for off street parking and development control. Whilst it is pleasing that Building Control is performing so well it does need to be remembered that this is a ring fenced account that cannot contribute more widely to the General Fund.
46. The other key income stream worth commenting on is the market at North Weald. After many years of declining income the decision was taken to re-let this contract. The tender exercise was successful and has stopped the decline. The new operator has made a positive start and the contract includes an income share, so our revenue may grow again in subsequent periods.

g) Waste and Leisure Contract Renewals

47. Two of the Council's high profile and high cost services are provided by external contractors, Biffa for waste and SLM for leisure. Following an extensive competitive dialogue procedure Biffa took over the waste contract in November 2014. The contract hand over and the first six months of the new service went well. However, in May the service was re-organised on a four day week basis and considerable difficulties were encountered. The service has now been stabilised with Biffa committing significant additional resources. The service was procured at a lower cost and the savings were included in the MTFS. Biffa are confident that they will be able to fulfil their obligations at the price they tendered and have indicated that the additional resources will stay in place until the transition is completed.

48. The leisure management contract was due to expire in January 2013 but an option was exercised that extended the contract for three years. A Leisure Strategy has been prepared and this included the intention to follow a similar route to the waste procurement with the use of competitive dialogue. The new contract will not be let before the old contract has expired so a negotiation has been undertaken to further extend the current contract. The MTFS anticipates that the new contract will commence during 2016/17 and includes CSB savings of £75,000 in 2016/17 and a further £175,000 in 2017/18. The size and timing of these savings will be kept under review as the competitive dialogue procedure progresses.

h) Transformation

49. A budget of £150,000 was included in the DDF for 2014/15 to allow the Chief Executive to take forward Transformational Projects. This funding has now been re-phased with £33,000 in 2015/16 and £77,000 in 2016/17. The bulk of the money, approximately £110,000, is being spent on a fixed term 18 month contract for the Head of Transformation. The remaining £40,000 is being used by Legal Services for electronic records and document management.
50. During 2015 a recruitment exercise was conducted for a Head of Transformation and the successful candidate has now been in post for a couple of months. The MTFS includes a saving of £100,000 from transformation in 2016/17 and the Head of Transformation is working on a number of ideas to deliver efficiencies.
51. As part of the revised estimates for 2014/15 Members created an Invest to Save budget of £0.5m. This fund is intended to finance schemes which can produce reductions to the net CSB requirement in future years. There have been a number of schemes coming forward including the use of LED lighting in the car parks and investing in additional equipment for the Grounds Maintenance Service. Just over half of the fund has been allocated so far and the balance will remain available for other projects coming forward during 2016/17.

The ceiling for CSB net expenditure be no more than £13m including net growth

52. Annex 1 lists all the CSB changes for next year. The MTFS in July included net CSB savings of £660,000 for 2016/17 and the revised 2015/16 budget had net savings of £573,000. The most significant item not already covered above is a change in the rate at which local authorities have to pay National Insurance contributions. Currently to reflect the provision of an occupational pension scheme local authorities pay contributions at a discounted rate of 10.4%. From 2016/17 the discount is removed and contributions increase to 13.8%, which adds £450,000 to the CSB. No adjustment had been made to the MTFS in July for this change as the Local Government Association had been campaigning for funding for this change in accordance with the New Burdens Doctrine. This doctrine requires the Government to match new costs imposed on local authorities with new funding. However the Government has determined that the doctrine does not apply in this case.
53. As greater savings have been achieved than had been allowed for in July, the inclusion of the additional £450,000 for the change in national insurance payments has only pushed the projected CSB £250,000 above the target. The updating of the estimates for business rate income has meant that despite this increase in the CSB the projected use of the General Fund in 2016/17 has reduced by £115,000 and so the higher level of CSB is clearly affordable.
54. The MTFS at Annex 9 (a) shows that the CSB total is £250,000 above the CSB target of £13m and it is therefore proposed to increase the CSB target to £13.25m.

The ceiling for DDF net expenditure be no more than £0.55m

55. The DDF net movement for 2016/17 is £0.752m, Annex 2 lists all the DDF items in detail. The largest cost item is £552,000 for work on the Local Plan. The Local Plan is a substantial and unavoidable project and from 2015/16 to 2018/19 DDF funding of £1.47m is allocated to it. The Director of Neighbourhoods has been asked to provide regular updates to Cabinet to monitor this project and the expenditure incurred on it. Other significant items of expenditure include £110,000 for the planned building maintenance programme and £68,000 for document scanning in Development Management.
56. At £0.752m the DDF programme is £202,000 above the target for 2016/17. However, this needs to be balanced with the reduction in 2015/16 as the predicted spend in the previous MTFS of £1.844m has been reduced by £0.895m to £0.949m. Taking the two years together there is a net decrease in DDF spending of £0.693m. Therefore, it is proposed to increase the DDF ceiling for 2016/17 from £0.55m to £0.752m. The DDF is predicted to continue to have funds available through to the end of the period covered by the MTFS.

The District Council Tax be frozen

57. Members have indicated that they want to continue to freeze the Council Tax over the life of the MTFS.

That longer term guidelines covering the period to March 2020 provide for

The level of General Fund revenue balances to be maintained within a range of approximately £4.0m to £4.5m but at no lower level than 25% of net budget requirement whichever is the higher;

58. Current projections show this rule will not be breached by 2019/20, by which time reserves will have reduced to £7.33m and 25% of net budget requirement will be £3.11m.

Future levels of CSB net expenditure being financed predominately from External Funding from Government and Council Tax and that support from revenue balances be gradually phased out.

59. The outturn for 2014/15 used £591,000 (including a transfer of £0.5m to the Invest to Save Reserve) from reserves and the revised estimates for 2015/16 anticipate a further reduction of £1.55m (including the use of £3m to fund capital projects). This would leave the opening revenue reserve for 2016/17 at £7.74m and with the estimates for 2016/17 showing a use of £36,000, reserves at the end of 2016/17 would be just over £7.7m. The Medium Term Financial Strategy at Annex 9 shows deficit budgets throughout the period. The level of deficit peaks at £345,000 in 2017/18 and reduces to £3,000 in 2019/20, although this is achieved through additional CSB savings of £250,000 in 2017/18, £150,000 in 2018/19 and a further saving of £100,000 in 2019/20.

The Local Government Finance Settlement

60. This has already been covered in some detail above and whilst the figures are currently subject to consultation it is not anticipated that they will change significantly.

The 2016/17 General Fund Budget

61. Whilst the position on some issues is clearer now than it was when the FIP was written there are still significant risks and uncertainties. The consultation on New Homes Bonus sets out a range of possible changes to the scheme and a wider consultation is likely to follow on the future funding and responsibilities of local authorities. It is clear whatever the changes are to New Homes Bonus our income will reduce the question is by how much.
62. An area of concern highlighted in the section on Business Rates Retention is the transfer of financial risk to billing authorities. The key risk here is the large number of appeals that are still outstanding against previous rating assessments and the difficulty in calculating an appropriate provision. The backlog of appeals with the Valuation Office is reducing but the single largest appeal against us, on the property with the £6m rateable value, is still to be settled and so remains a significant financial risk.
63. It is clear that the Government now wants local authorities to be reliant on income from their activities and local taxation rather than central grants. This is a direction that we had seen coming and the work done to move the Council towards self-sufficiency means we are in a better position now than many other authorities.
64. The starting point for the budget is the attached Medium Term Financial Strategy, Annex 9. Annexes 9a and 9b are based on the current draft budget with no Council Tax increase (£148.77 Band D) throughout the period of the strategy.
65. Members are reminded that this strategy is based on a number of important assumptions, including the following:
 - Future Government funding will reduce as set out in the draft settlement, with Revenue Support Grant turning negative in 2019/20.
 - CSB growth has been restricted with an adjusted CSB target for 2016/17 of £13.25m achieved. Known changes beyond 2016/17 have been included but if the new leisure contract and the accommodation review do not yield the predicted savings other efficiencies will be necessary.
 - It has been assumed that the retail park will achieve its revised opening date of Easter 2017 and that income will be in line with the consultant's projections.
 - It has been assumed that 50% of new homes bonus will be payable to authorities who can demonstrate substantial progress and that our progress will be deemed substantial.
 - All known DDF items are budgeted for, and because of the size of the Local Plan programme the closing balance at the end of 2019/20 is anticipated to reduce to £0.87m.
 - Maintaining revenue balances of at least 25% of NBR. The forecast shows that the deficit budgets during the period will reduce the closing balances at the end of 2019/20 to £7.3m or 59% of NBR for 2019/20, although this can only be done with further savings in 2017/18 and subsequent years.

The Housing Revenue Account

66. The balance on the HRA at 31 March 2017 is expected to be £2m, after deficits of £83,000 in 2015/16 and £450,000 in 2016/17. The estimates for 2016/17 have been

compiled on the self-financing basis and so the negative subsidy payments have been replaced with borrowing costs.

67. The process of Rent Restructuring to bring Council rents and Housing Association rents more in line with each other is no longer with us. What we have for the next four years is a requirement to reduce rents by 1%. This change was one of several that have impacted on the HRA Business Plan and a review will be undertaken during 2016/17 to determine the necessary measures to respond to these changes.
68. Members are recommended to agree the budgets for 2016/17 and 2015/16 revised. Noting that in 2016/17 the contribution to the Self-Financing Reserve has been suspended and that although there are deficits in both years the HRA has adequate ongoing balances.

The Capital Programme

69. The Capital Programme at Annex 6 shows the expenditure previously agreed by Cabinet. Members have stated that priority will be given to capital schemes that will generate revenue in subsequent periods and this has been strengthened by stating that new borrowing should only be taken out to finance schemes with positive revenue consequences. This position has been included in previous Capital Strategies and has been reinforced by the new position that capital spending will require borrowing and thus impacts on the general fund revenue balance through interest payments.
70. Annex 9b sets out the estimated position on capital receipts for the next four years. Members will note that even with a substantial capital programme, which exceeds £171m over five years, it is anticipated that the Council will still have £3.5m of capital receipt balances at the end of the period (although these are one-four-one amounts to be used in the house building programme). It should be noted that a number of schemes are currently being considered and that these could involve additional expenditure to fund developments.

Risk Assessment and the Level of Balances

71. The Local Government Act 2003 (s 25) introduced a specific personal duty on the "Chief Financial Officer" (CFO) to report to the Authority on the robustness of the estimates for the purposes of the budget and the adequacy of reserves. The Act requires Members to have regard to the report when determining the Council's budget requirement for 2016/17. If this advice is not accepted, this should be formally recorded within the minutes of the Council meeting. The report of the CFO is attached as Annex 10, Members will note the following conclusions:
 - (i) the estimates as presented to the Council are sufficiently robust for the purposes of the Council's overall budget for 2016/17; and
 - (ii) the reserves of the Council are adequate to cope with the financial risks the Council faces in 2016/17 but that savings will be needed in subsequent years to bring the budget back into balance in the medium term.

The Prudential Indicators and Treasury Management Strategy 2016/17

72. Since 2004/05 it has been necessary to set affordable borrowing limits, limits for the prudential indicators and a Treasury Management Strategy. These elements of the budget requirements were set out in a separate report to Cabinet on 4 February.
73. Due to the £190m of debt for the HRA self-financing the Council is no longer debt free and the Prudential Indicators and Treasury Management Strategy have been amended for this. Ongoing difficulties persist in financial markets but higher capital

requirements have eased concerns about some banks, Arlingclose still advise a very restricted counter party list but have allowed some increase in suggested investment periods.

74. The size of the Capital Programme means additional borrowing will be required during 2016/17. Members have indicated that borrowing should only be undertaken to finance schemes that produce net savings overall and this principle will be included in the updated Treasury Management Strategy.

Council Tax

75. The revenue and capital budgets of the various spending portfolios are set out in Annexes 5(a)-(g). Annex 4 summarises the overall budget for the Council for the General Fund and the HRA and is grossed up for the effects of local parish and town council precepts. Annex 6 summarises the Council's Capital Programme. The budget as submitted produces a District Council Tax (Band D) of £148.77 for 2016/17 (£148.77 for 2015/16), which represents a 0% increase. The average (Band D) Council Tax including local Parish/Town Council precepts will be £211.42 (£210.49 in 2015/16), which represents an increase of less than 1%.

Council Tax Declaration

76. Under Recommendations (1) – (4) which include Annexes 1, 2, 3, 4, 5(a)-(g) the Council will agree its budget for the next year. The Authority must then proceed to declare a Council Tax. The appropriate technical recommendations are set out in Recommendations (8) onwards. These have been revised following changes to the Local Government Finance Act 1992 brought in as part of the Localism Act 2011. Under these changes the billing authority is now required to calculate a Council Tax requirement for the year, not its budget requirement as previously. The standard form of declaration recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) has been used as it is designed to avoid the possibility of legal challenge to the declaration of the Council Tax.
77. The Council Tax bases for each band in each area of the District were calculated by the Director of Resources in consultation with the Finance Portfolio Holder. These are reproduced in Recommendations (8) (a) and (b) and form part of the ensuing calculations. The amounts to be levied within the District in respect of Essex County Council, Essex Police Authority, Essex Fire Authority and Parish and Town Councils are notified to this Authority and are matters on which the District Council has no discretion.
78. However, the precepts of Parish and Town Councils are levied on the District Council and then taken into account in the General Fund. Details relating to the District Council precept together with the precepts in respect of Parish and Town Councils are set out in the recommendations and analysis in Annex 7.

Guide to the Council Tax Calculation

79. The figures in Recommendation (9) draw on calculations contained within the report as follows:

9(a) is the total of the revenue expenditure items shown in Annex 4 summary of revenue including the total of the Parish/Town Council precepts;

9(b) is the total of the revenue income items shown in Annex 4;

9(c) is the difference between the revenue expenditure and income as shown in Annex 4 (in simple terms it represents the net budget requirement of the District Council plus Parish and Town Council precepts);

9(d) is obtained by dividing 9(c) by the Council Tax Base; this represents the average Band 'D' Council Tax for the District and Parish/Town Councils only;

9(e) as shown in Annex 4 is the total of Parish/Town Council precepts; and

9(f) represents the equivalent of dividing 9(e) by the Council Tax Base, the resulting figure being deducted from the figure shown in 9(d); this provides the average Band 'D' Council Tax for the District Council only.

80. This process culminates in the figures shown in Annex 7, which are the Council Tax amounts for the District Council and the Parish/Town Councils for each valuation band for 2016/17. To these amounts are added Council Tax figures supplied by the major precepting authorities and which are further summarised as the total Council Tax due for each valuation band in Part B of Annex 8.
81. Annex 8 relating to the precepts of various parts of the District will be tabled at the meeting.

Council : 18 February 2016

List of Annexes:

Annex 1 CSB Growth/Savings List

Annex 2 DDF List

Annex 3 Invest to Save List

Annex 4 Revenue Expenditure, Income and Financing Summary

Annex 5 Directorate Budgets (a – g)

Annex 6 Capital Budgets and Financing

Annex 7 District & Parish Council Tax Rates

Annex 8 Major Precepting Authorities Analysis (Tabled)

Annex 9 Medium Term Financial Strategy (a & b)

Annex 10 Chief Finance Officers Report on the Robustness of the Estimates within the 2016/17 Budget

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CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST

Directorate	Service		Estimate 2015/16 £000's	Revised 2015/16 £000's	Estimate 2016/17 £000's	Estimate 2017/18 £000's	Estimate 2018/19 £000's	Estimate 2019/20 £000's
Chief Executive	Corporate Policy Making	Flexible Working and Accomodation Review			(100)			
	Corporate Policy Making	Supplies & Services - Other Misc		(5)				
	Directorate Restructure	Savings	(20)	(20)				
	Total Chief Executive		(20)	(25)	(100)	0	0	0
Communitites	Affordable Housing	Senior Housing Development Officer - Additional Hours	5	5				
	Affordable Housing	Legal fees B3Living		(10)	(5)			
	All Weather Pitch	Townmead Project	(5)	8				
	Community Arts Programme	Additional Income	(10)	(6)	(4)			
	Grants to Vol. Organisations	Budget Reduction	(17)	(12)				
	Safer Communities	Recharged to HRA for Anti Social Behaviour Work	(5)	(5)				
	Safeguarding	Safeguarding Officers			50			
	Safeguarding	Recharge to HRA			(31)			
	Total Communities		(32)	(20)	10	0	0	0
Governance	Building Control	Fees & Charges		(39)				
	Building Control	Ring Fenced Account		39				
	Development Control	Publicity Savings	(6)	(6)				
	Development Control	Fees & Charges		(55)	(75)			
	Development Control	Pre Application Consultation Fees			(10)			
	Development Control Group	Senior Planning Officer	1	15				
	Directorate Restructure	Savings	(19)	(19)				
	Governance Admin	Training			9			
	Governance & Performance Management	Restructure	(10)	(10)				
	Internal Audit	Corporate Fraud Team	66	46	10			
	Legal Services	Restructure	(10)	(10)				
	Legal Services	Fees & Charges		(5)				
	Local Land Charges	Professional Fees - ECC Highways		(4)				
	Local Land Charges	Reduction Re Fees & Charges		39				
	Members Allowances	Increase in Basic Allowances			50			
	Public Relations & Information	Discontinuance of the Forester	(39)	(44)				
Total Governance		(17)	(53)	(16)	0	0	0	

Neighbourhoods	Animal Welfare	Cleansing Contract	(7)	(7)			
	Animal Welfare	Budget Savings		(15)	(16)		
	Countrycare	Additional Income	(15)	(3)	(12)		
	Economic Development	Increased staff time		30			
	Emergency Planning	Leased vehicle	4	4			
	Emergency Planning	Essex Fire contribution		(15)			
	Engineering, Drainage & Water	New Post		10	27		
	Estates & Economic Development	Estates & Economic Development Restructure	92	92			
	Fleet Operations	Removal of Deficit	(29)	(24)			
	Land and Property	Rental Income - Shops	(13)	6			
	Land and Property	Industrial Estates	(21)	(16)			
	Land and Property	Oakwood Hill Units	(24)	(31)	(8)		
	Land and Property	Greenyards	(3)	(3)	(2)		
	Land and Property	Epping Forest Shopping Park				(260)	(1,390)
	Leisure Management	Savings from New Contract			(75)	(175)	(360)
	Licensing	Licencing Officer (Premises Licences)	6	6			
	Off Street Parking	Parking Fee Increases	(95)	(189)	(31)		
	Off Street Parking	Cleansing Contract	8	8			
	Off Street Parking	Machine Maintenance and collections	27	27	5	8	
	Planning Policy Group	Increase in Staffing		25	75		
Waste Management	Inter Authority Agreement, reduced ECC Income	8	8	19			
Waste Management	New contract	(88)	(66)				
Waste Management	Additional Staffing			31			
Directorate Restructure	Savings	(24)	(24)				
	Total Neighbourhoods		(174)	(177)	13	(427)	(1,390)
						(360)	

Resources	Bank & Audit Charges	Audit Fees	(12)				
	Building Maintenance - Non HRA	Planned Maintenance Programme	(28)	(28)			
	Cashiers	Closure of Epping Cash Desk			(15)	(5)	
	Cashiers	Electronic Payments		35			
	Cashiers	Income		(5)			
	Civic Offices	Solar Panel Energy Saving	(10)	(9)	(3)		
	Civic Offices	NDR re-assessment	22	(17)			
	Corporate Training	Consultant Fees	(11)	(11)			
	Corporate Improvement	Improvement budget savings	(20)	(20)			
	Council Tax Collection	Court Costs		(25)			
	Duty Officers	Out of Hours Service	(36)	(36)			
	Facilities Management	Casual Staff	(8)	(8)			
	Finance Miscellaneous	Car Leasing (excluding HRA)	(20)	(26)	(15)	(24)	
	Housing Benefits Administration	Admin Reductions	22	23	73		
	Housing Benefits	Benefits restructure/SFIS transfer	(67)	(67)			
	Housing Benefits	Docs On Line		(19)			
	Housing Benefits	Non Hra Rent Rebates		29	7		
	ICT	Essex on line Partnership Subscription	6	6			
	Insurance Services	Savings from new contract (GF element)		(26)			
	Procurement	Essex Procurement Hub		(8)			
	Revenues	Restructure			(9)		
	Total Resources		(150)	(224)	38	(29)	0
							0
	Other Items						
	Investment Interest	Reduction due to shops transfer/use of balances	45	100	100		
	New Homes Bonus		(242)	(252)			515
	All Directorates	Additional Employers National Insurance			450		
	Pensions	Deficit Payments	17	17	43		
	Total CSB		(573)	(634)	538	(456)	(875)
							(360)

DISTRICT DEVELOPMENT FUND

Directorate	Service	Description	Estimate	B/F from 2014/15	Revised	Estimate	Estimate	Estimate	Estimate
			2015/16 £000's	2015/16 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's	2019/20 £000's
Chief Executive	Chief Executive Policy Group	Transformation Programme	75	75	33	77			
	Corporate Policy Making	LLPG staffing	16		17				
	Corporate Policy Making	LLPG staffing HRA Contribution	(4)		(4)				
	Total Chief Executive		87	75	46	77	0	0	0
Communitites	Communities	Externally Funded Projects	153		197	86			
	Communities	Externally Funded Projects	(153)		(197)	(86)			
	Communities	Get Active Epping Forest			10				
	Communities	Museum Store License (Lease)			52	17			
	Grants to Voluntary Orgs	VAEF transport scheme		5	5				
	Homelessness	Legal Fees	20	7	27	20	20		
	Private Sector Housing	Landlord Accreditation Scheme	3	3	1	1			
	Private Sector Housing	Energy Efficiency Works		3	3				
	Private Sector Housing	Works in default	5		5				
	Private Sector Housing	Works in default	(5)		(5)				
	Safeguarding	Safeguarding audit	47		47				
	Safeguarding	Recharge to the HRA	(27)		(31)				
	Safer Communities	Analysts post	27		26	34	4		
	Safer Communities	Analysts post				(30)			
	Safer Communities	CCTV Trainee Assistant post				19	19	19	
	Youth Council	Enabling Fund				8			
	Total Communitites			70	18	140	69	43	19
Governance	Building Control	Fees & Charges			(45)				
	Building Control	Ringfenced Account			34				
	Building Control Group	Salary saving re vacant posts (net of Consultants)	(57)						
	Building Control Group	Salary saving re vacant posts Ring Fenced Element	41						
	Development Control	Pre Application Consultation Fees			(20)	(10)			
	Development Control	Fees & Charges			(200)	(75)			
	Development Control Group	Trainee Contaminated Land Officer				22	26		
	Development Control Group	Trainee Planning Officer				45	51		
	Development Management	Administrative Assistant		10	8	10	12		
	Development Management	Additional Temporary staffing	25		25	27	23		
	Development Management	Document Scanning		23	34	68			
	Development Management	Savings to fund document scanning project		19	19				
	Electoral Registration	Individual Registration Costs	49	27	72				
	Electoral Registration	Individual Registration Costs	(49)		(37)				
	Enforcement & Planning Appeals	Income			(27)				
	Legal Services	Transformation Programme			13	27			
	Legal Services	Additional Income			(10)				
	Local Land Charges	Additional Income	(20)						
	Local Land Charges	New Burdens Grant			(103)				
Planning Appeals	Professional Fees			(5)					
Planning Appeals	Contingency for Appeals	35	1	36	45	45			
Tree Preservation & Lanscape	Technical Assistant - Conservation	10		2	11	12			
Total Governance			34	80	(204)	170	169	0	0

Neighbourhoods	Contaminated Land & Water Quality	Contaminated land investigations	64			64		
	Countrycare	Protected species/habitat related consultation	10		10			
	Countrycare	Staffing	7		7			
	Countrycare	BRIE - SLA	4		4	4		4
	Economic Development	Economic Development Strategy	5	4	1	4		4
	Economic Development	Tourism Task Force	15		18	35		
	Economic Development	Town Centres Support	0	28	48	50		
	Economic Development	Portas Funding	9			9		
	Estates & Valuations	Property Valuations			20			
	Asset Rationalisation	Council Asset Rationalisation	188	111	273	27		
	Asset Rationalisation	New Development Project Officer	90	(8)	82	16		
	Food Safety	Inspections	3	1	4			
	Forward Planning	Local Plan	250	(34)	435	552	232	254
	Forward Planning	Neighbourhood Planning		9	9			
	Highways General Fund	Roundabout maintenance		7				
	Highways General Fund	Contribution to ECC				50		
	Land and Property	Rental Income - Shops				10		
	Leisure Management	Contract set up costs	46		46			
	Leisure Management	Contribution from SLM	(23)		(23)			
	Licensing	Additional Staff Premises Licences	4		4			
	North Weald Airfield	Safety of Bund	3	1	4			
	North Weald Airfield	Consultancy Exercise		20	20			
	North Weald Airfield	Loss of Market rent				73		
	Off street parking	Payment to NEPP for redundancies		31	31			
	Off street parking	Traffic orders and information boards	15		15			
	Off street parking	Sale of old pay and display machines			(6)			
	Parks & Grounds	Roding Valley Lake - Disabled Projects		5	5			
	Parks & Grounds	Open Spaces - Tree Planting		10		10		
	Parks & Grounds	Survey of River Roding erosion	15		15			
	Town Centre Regeneration	Waltham Abbey Regeneration Projects	45		45			
	Waste Management	Replacement Bins			53	53		
	Waste Management	Waste Contract mobilisation		5				
	Waste Managemet	SHWM Ltd Dividend			(100)			
	Total Neighbourhoods		750	190	1,103	874	240	254
							0	

Resources	Accounts Payable	Implementation of E-Invoicing	3	4	5	2			
	Building Maintenance - Non HRA	Planned Building Maintenance Programme	129	58	74	110	74	156	76
	Civic Offices	Vending Machine Rental saving	(5)						
	Council Tax Benefits	Previous Year Clawback	(35)		(50)	(15)			
	Council Tax Collection	Professional Fees			4				
	Council Tax Collection	Collection Investment	(47)		(47)	(47)	(47)		
	Council Tax Collection	Local Council Tax New Burdens Expenditure	32	13					
	Council Tax Collection	Local Council Tax New Burdens Expenditure - Mobile Working			20				
	Council Tax Collection	Local Council Tax New Burdens Expenditure - E-Services			15	108			
	Council Tax Collection	Local Council Tax New Burdens Expenditure - Single Persons Discount Review			4				
	Council Tax Collection	Technical Agreement Contributions	(197)		(316)	(316)	(316)		
	Council Tax Collection	New Burdens Grant			(23)				
	Housing Benefits Administration	Hardship & Compliance	(5)		(82)	(82)	(82)		
	Housing Benefits Administration	Benefits Grants	55	43					
	Housing Benefits Administration	Benefits Specific Grants - Online Forms			30				
	Housing Benefits Administration	Benefits Specific Grants - Data Matching				60			
	Housing Benefits Administration	Benefits Specific Grants - Unallocated				18	20		
	Housing Benefits Administration	Benefits Specific Grants			(20)				
	Housing Benefits	Hardship & Compliance - Benefits Officers				62	62	62	
	Housing Benefits	Benefits Specific Grants - Furniture			5				
	Human Resources	Savings to fund redundancy		14	14				
	ICT	Savings to fund Social Media Management Application (PR)		10	10				
	Revenues	Temporary Additional Staffing	190	1	125	234	211		
	Sundry Non Distributable Costs	Emergency Premises Works	18	(1)	9	8			
	Total Resources		138	142	(223)	143	(78)	218	76
	Total Service Specific District Development Fund		1,079	505	862	1,333	374	491	76
	Capital Expenditure Charged to Revenue		12	50	49				
	Council Tax Freeze		(83)		(83)				
	Lost Investment Interest		115		115				
	New Homes Bonus					(581)	(62)	148	
	Parish Council's	Support Grants	6		6				
			1,129	555	949	752	312	639	76

INVEST TO SAVE

			<i>Estimate</i>	<i>Revised</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
			2015/16	2015/16	2016/17	2017/18	2018/19	2019/20
			£000's	£000's	£000's	£000's	£000's	£000's
Communities	Homelessness	Rental Loans Scheme (R)			30	30	30	
			0	0	30	30	30	0
Neighbourhoods	Car Parking	Replacement LED lighting (C)			50	50		
	Car Parking	Termination of contract with NEPP (R)		15				
	Grounds Maintenance	New Tractor & Flails (C)		67				
	Grounds Maintenance	Training (R)			2			
			0	82	52	50	0	0
Resources	Civic Offices	Alterations to cashiers hall (R)			10			
	Cashiers	Two payment kiosks (C)			20			
	ICT	Ariel Camera System (R)		5				
			0	5	30	0	0	0
			0	87	112	80	30	0

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REVENUE EXPENDITURE, INCOME AND FINANCING

2015/16 ORIGINAL ALL REVENUE ITEMS £	2015/16 REVISED ALL REVENUE ITEMS £		GENERAL FUND ACCOUNT £	2016/17 ORIGINAL HOUSING REVENUE ACCOUNT £	ALL REVENUE ITEMS £
Gross Expenditure					
1,171,590	1,123,650	Office of the Chief Executive	5(a) 1,174,360	0	1,174,360
5,850,130	4,783,720	Governance	5(b) 4,858,260	0	4,858,260
15,231,810	17,213,070	Neighbourhoods	5(c) 17,300,450	0	17,300,450
42,704,410	41,510,490	Resources	5(d) 41,136,250	0	41,136,250
32,567,550	32,625,820	Communities	5(e) 5,214,250	28,065,650	33,279,900
233,550	242,640	Internal Trading Organisations	5(f) 240,990	0	240,990
97,759,040	97,499,390	Total Expenditure on Services	69,924,560	28,065,650	97,990,210
5,601,000	5,630,750	Interest Payable (Inc HRA)	204,000	5,452,150	5,656,150
16,881,000	17,597,000	Revenue Contribution to Capital	70,000	23,040,000	23,110,000
245,984	245,984	Parish Support Grants	201,252		201,252
3,159,675	3,159,675	Precepts Paid to Parish Councils	3,274,089	0	3,274,089
123,646,699	124,132,799	Total Gross Expenditure	73,673,901	56,557,800	130,231,701
Gross Income					
39,902,390	38,109,540	Government Subsidies	37,491,180	0	37,491,180
32,177,460	32,291,420	Rents from Dwellings	0	32,031,530	32,031,530
5,150,260	5,047,140	Miscellaneous Rents, Trading Operations etc.	4,576,680	886,250	5,462,930
5,018,950	6,617,600	Fees and Charges	4,406,800	1,661,290	6,068,090
470,250	528,200	Interest on Mortgages and Investments	378,000	250	378,250
6,023,050	6,093,060	Grants and Reimbursements by other Bodies	6,279,710	0	6,279,710
88,742,360	88,686,960	Total Operational Income	53,132,370	34,579,320	87,711,690
(10,512)	1,757,105	Contribution from/(to) Revenue Reserves	35,708	450,480	486,188
(154,000)	291,000	FRS 17 Adjustment	291,000	0	291,000
1,129,000	949,000	Contribution from/(to) District Development Fund	752,000	0	752,000
(3,102,000)	(2,818,000)	Contribution from/(to) Other Reserves	171,000	0	171,000
50,000	(41,561)	Contribution from/(to) Collection Fund	(269,336)		(269,336)
20,337,000	17,772,000	Contribution from/(to) Capital Reserves	2,599,000	21,528,000	24,127,000
5,878,702	6,760,146	Exchequer Support	5,913,677		5,913,677
112,870,550	113,356,650	Total Gross Income	62,625,419	56,557,800	119,183,219
10,776,149	10,776,149	To be met from Local Taxation	11,048,482	0	11,048,482
Financed by:					
7,616,474	7,616,474	District Precept			7,774,393
3,159,675	3,159,675	Parish Council Precepts	9e		3,274,089
10,776,149	10,776,149	Total Financing			11,048,482

Office of the Chief Executive

Programme 2016/17

2015/16 Original		2015/16 Probable		Revenue Expenditure	2016/17 Original	
£	£	£	£		£	£
1,819,170		1,797,620		Corporate Activities	1,899,750	
	1,819,170		1,797,620	Total Expenditure		1,899,750
	647,580		673,970	Income from Internal Charges		725,390
	1,171,590		1,123,650	Net Expenditure (see Annex 4)		1,174,360
	1,171,590		1,123,650	To be met from Government Grant and Local Taxation		1,174,360
	-		-	Capital Expenditure (see Annex 6)		-

Governance

Programme 2016/17

2015/16 Original		2015/16 Probable		Revenue Expenditure	2016/17 Original	
£	£	£	£		£	£
563,670		597,690		Elections	570,570	
1,159,440		1,336,880		Member Activities	1,391,020	
2,699,960		2,786,520		Planning Services	2,847,020	
848,200		-		Land & Property	-	
309,190		-		Economic Development	-	
439,140		255,730		Land Charges	266,590	
4,354,630		3,647,340		Support Services	3,813,570	
	10,374,230		8,624,160	Total Expenditure		8,888,770
	4,524,100		3,840,440	Income from Internal Charges		4,030,510
	5,850,130		4,783,720	Net Expenditure (see Annex 4)		4,858,260
				Service Generated Income		
3,460,200		-		Miscellaneous Rents, Trading Operations etc		
1,353,440		1,789,540		Fees and Charges	1,597,750	
194,100		183,560		Grants and Reimbursements by other Bodies	145,000	
	5,007,740		1,973,100	Total Income		1,742,750
	842,390		2,810,620	To be met from Government Grant and Local Taxation		3,115,510
	3,496,000		-	Capital Expenditure (see Annex 6)		-

Neighbourhoods

Programme 2016/17

2015/16 Original		2015/16 Probable		Revenue Expenditure	2016/17 Original	
£	£	£	£		£	£
1,257,500		1,375,940		Environmental Health	1,379,990	
408,990		373,250		Licensing	390,830	
2,021,650		1,988,280		Leisure Management	1,918,520	
978,120		1,072,040		North Weald	1,072,690	
154,720		123,830		Emergency Planning	124,660	
6,067,380		6,275,000		Waste Management	6,325,040	
774,330		733,650		Land Drainage & Sewerage	818,780	
		1,000,590		Land and Property	740,200	
1,091,960		1,045,570		Parks and Grounds	1,078,350	
1,381,550		1,389,780		Technical Services	1,432,820	
943,780		1,717,170		Forward Planning & Economic Development	1,908,000	
4,408,740		4,341,280		Support Services	4,486,340	
	19,488,720		21,436,380	Total Expenditure		21,676,220
	4,256,910		4,223,310	Income from Internal Charges		4,375,770
	15,231,810		17,213,070	Net Expenditure (see Annex 4)		17,300,450
Service Generated Income						
797,890		4,143,620		Miscellaneous Rents, Trading Operations etc	4,533,220	
1,619,620		1,863,540		Fees and Charges	1,465,040	
1,993,510		2,053,690		Grants and Reimbursements by other Bodies	2,032,040	
	4,411,020		8,060,850	Total Income		8,030,300
	10,820,790		9,152,220	To be met from Government Grant and Local Taxation		9,270,150
	512,000		23,460,000	Capital Expenditure (see Annex 6)		16,511,000

Resources

Programme 2016/17

2015/16 Original		2015/16 Probable		Revenue Expenditure	2016/17 Original	
£	£	£	£		£	£
40,253,920		39,115,150		Housing Benefits	38,772,290	
1,950,370		1,929,110		Local Taxation	2,041,290	
584,040		294,580		Other Activities	177,750	
2,798,660		2,850,960		Accommodation Services	2,942,730	
2,868,570		2,908,370		ICT Services	2,916,110	
2,810,610		2,895,360		Financial Services	2,875,790	
1,441,560		1,549,530		Other Support Services	1,592,150	
	52,707,730		51,543,060	Total Expenditure		51,318,110
	10,003,320		10,032,570	Income from Internal Charges		10,181,860
	42,704,410		41,510,490	Net Expenditure (see Annex 4)		41,136,250
				Service Generated Income		
39,522,390		38,109,540		Government Subsidies	37,491,180	
34,000		42,270		Miscellaneous Rents, Trading Operations etc	43,460	
23,710		339,700		Fees and Charges	322,750	
617,620		650,270		Grants and Reimbursements by other Bodies	629,750	
	40,197,720		39,141,780	Total Income		38,487,140
	2,506,690		2,368,710	To be met from Government Grant and Local Taxation		2,649,110
	933,000		1,628,000	Capital Expenditure (see Annex 6)		1,024,000

Communities

Programme 2016/17

General Fund £	2015/16 Original		General Fund £	2015/16 Probable		Revenue Expenditure	2016/17 Original		
	Housing Revenue £	Total £		Housing Revenue £	Total £		General Fund £	Housing Revenue £	Total £
		0			0				
	27,474,860	27,474,860		27,320,640	27,320,640	Council Housing		28,065,650	28,065,650
1,302,280		1,302,280	1,352,630		1,352,630	Private Sector Housing	1,340,340		1,340,340
532,580		532,580	595,300		595,300	Homelessness	595,510		595,510
400,430		400,430	407,390		407,390	Voluntary Sector Support	414,420		414,420
1,067,150		1,067,150	1,142,620		1,142,620	Community services	1,097,070		1,097,070
1,509,100		1,509,100	1,606,830		1,606,830	Sports Development	1,564,070		1,564,070
447,680	1,034,300	1,481,980	545,460	1,310,600	1,856,060	Support Services	563,980	1,352,380	1,916,360
5,259,220	28,509,160	33,768,380	5,650,230	28,631,240	34,281,470	Total Expenditure	5,575,390	29,418,030	34,993,420
166,530	1,034,300	1,200,830	345,050	1,310,600	1,655,650	Income from Internal Charges	361,140	1,352,380	1,713,520
5,092,690	27,474,860	32,567,550	5,305,180	27,320,640	32,625,820	Net Expenditure (see Annex 4)	5,214,250	28,065,650	33,279,900
Service Generated Income									
380,000		380,000	0		0	Government Subsidies			0
	32,177,460	32,177,460		32,291,420	32,291,420	Rents from Dwellings	32,031,530		32,031,530
	858,170	858,170		861,250	861,250	Miscellaneous Rents, Trading Operations etc	886,250		886,250
201,090	1,587,540	1,788,630	748,500	1,639,330	2,387,830	Fees and Charges	784,420	1,661,290	2,445,710
	250	250		200	200	Interest on Mortgages and Investments		250	250
1,041,820		1,041,820	1,026,540		1,026,540	Grants and Reimbursements by other Bodies	795,920		795,920
	(7,096,000)	(7,096,000)		(7,554,750)	(7,554,750)	HRA Interest & Reversal of Depn		(6,964,150)	(6,964,150)
	(52,560)	(52,560)		83,190	83,190	Use of Balances		450,480	450,480
1,622,910	27,474,860	29,097,770	1,775,040	27,320,640	29,095,680	Total Income	1,580,340	28,065,650	29,645,990
3,469,780	-	3,469,780	3,530,140	0	3,530,140	To be met from Government Grant and Local Taxation	3,633,910	0	3,633,910
2,535,000	18,902,000	21,437,000	1,623,000	17,905,000	19,528,000	Capital Expenditure (see Annex 6)	865,000	28,019,000	28,884,000

Internal Trading Organisations

Programme 2016/17

2015/16 Original		2015/16 Probable			2016/17 Original	
£	£	£	£	Revenue Expenditure	£	£
2,545,570		2,589,480		Housing Maintenance	2,706,240	
444,110		464,450		Fleet Operations	465,310	
	2,989,680		3,053,930	Total Expenditure		3,171,550
	2,756,130		2,811,290	Income from Internal Charges		2,930,560
	233,550		242,640	Net Expenditure (see Annex 4)		240,990
				Service Generated Income		
233,550		236,990		Fees and Charges	236,840	
	233,550		236,990	Total Income		236,840
	-		5,650	To be met from Government Grant and Local Taxation		4,150
	50,000		-	Capital Expenditure (see Annex 6)		108,000

Non Service Budgets

Programme 2016/17

General Fund £	2015/16 Original Housing Revenue £	Total £	General Fund £	2015/16 Probable Housing Revenue £	Total £	Revenue Expenditure	General Fund £	2016/17 Original Housing Revenue £	Total £
(470,000)		(470,000)	(528,000)		(528,000)	Interest & Investment Income	(378,000)		(378,000)
12,000	16,869,000	16,881,000	3,123,000	14,474,000	17,597,000	Revenue Contribution to Capital	70,000	23,040,000	23,110,000
(2,176,000)		(2,176,000)	(2,179,000)		(2,179,000)	Other Items	(2,677,000)		(2,677,000)
457,000	5,144,000	5,601,000	330,000	5,300,750	5,630,750	Interest Payable (Inc HRA)	204,000	5,452,150	5,656,150
(2,320,000)	(34,000)	(2,354,000)	(2,551,000)	(28,000)	(2,579,000)	Depreciation Reversals & Other Adjs.	(2,599,000)	(25,000)	(2,624,000)
(4,497,000)	21,979,000	17,482,000	(1,805,000)	19,746,750	17,941,750		(5,380,000)	28,467,150	23,087,150
-	18,017,000	18,017,000	-	15,221,000	15,221,000	Transferred to Housing Summary	-	21,528,000	21,528,000
(4,497,000)	39,996,000	35,499,000	(1,805,000)	34,967,750	33,162,750		(5,380,000)	49,995,150	44,615,150
		(42,048)			(1,673,915)	Contribution (from)/to Revenue Reserves			(35,708)
		154,000			(291,000)	FRS 17 Adjustment			(291,000)
		2,000			(183,000)	Contribution (from)/to Other Reserves			(171,000)
		(3,100,000)			(3,001,000)	Transfer (from)/to Housing Revenue Account			-
		(50,000)			41,561	Contribution (from)/to the Collection Fund			269,336
		(1,129,000)			(949,000)	Contribution from District Development Fund			(752,000)
		31,333,952			27,106,396	Reduction in Amount to be met from Government Grant and Local Taxation & other Housing Revenue Account items			43,634,778

Capital Programme

Programme 2016/17

General Fund £	Housing Revenue £	2015/16 Original	General Fund £	Housing Revenue £	2015/16 Probable	Gross Expenditure	General Fund £	2016/17 Original	Total £
		Total £			Total £			Housing Revenue £	
3,496,000		3,496,000	-		-	Governance	-		-
512,000		512,000	23,460,000		23,460,000	Neighbourhoods	16,511,000		16,511,000
933,000		933,000	1,628,000		1,628,000	Resources	1,024,000		1,024,000
2,535,000	18,902,000	21,437,000	1,623,000	17,905,000	19,528,000	Communities	865,000	28,019,000	28,884,000
-	50,000	50,000	-	-	-	Internal Trading Organisations	-	108,000	108,000
7,476,000	18,952,000	26,428,000	26,711,000	17,905,000	44,616,000	Total Capital Expenditure	18,400,000	28,127,000	46,527,000
12,000	16,869,000	16,881,000	3,123,000	14,474,000	17,597,000	Less: Revenue Contributions to Capital	70,000	25,699,000	25,769,000
7,464,000	2,083,000	9,547,000	23,588,000	3,431,000	27,019,000	To be met from Capital Resources	18,330,000	2,428,000	20,758,000
Financed by:									
6,514,000	1,488,000	8,002,000	10,071,000	1,638,000	11,709,000	Capital Receipts	5,709,000	1,933,000	7,642,000
			12,454,000		12,454,000	Borrowing	12,621,000		12,621,000
858,000		858,000	1,038,000	50,000	1,088,000	Government Grants		450,000	450,000
92,000	595,000	687,000	25,000	1,743,000	1,768,000	Other Grants		45,000	45,000
7,464,000	2,083,000	9,547,000	23,588,000	3,431,000	27,019,000	Total Financing	18,330,000	2,428,000	20,758,000

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COUNCIL TAX RATES FOR DISTRICT & PARISH/TOWN COUNCILS 2016/17

Authorities	Tax Base No.'s	Precept 2016/17	Council Tax Band D	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
		£	£	£	£	£	£	£	£	£	£
District Expenses	52,257.8	7,774,393	148.77	99.18	115.71	132.24	148.77	181.83	214.89	247.95	297.54
Abness, Berners and Beauchamp Roding	213.9	5,200	24.31	115.39	134.62	153.85	173.08	211.54	250.00	288.47	346.16
Buckhurst Hill	5,108.0	351,867	68.89	145.11	169.29	193.48	217.66	266.03	314.40	362.77	435.32
Chigwell	5,981.8	285,126	47.67	130.96	152.79	174.61	196.44	240.09	283.75	327.40	392.88
Epping Town	5,107.2	436,751	85.52	156.19	182.23	208.26	234.29	286.35	338.42	390.48	468.58
Epping Upland	393.2	14,487	36.84	123.74	144.36	164.99	185.61	226.86	268.10	309.35	371.22
Fyfield	414.8	11,067	26.68	116.97	136.46	155.96	175.45	214.44	253.43	292.42	350.90
High Ongar	544.2	12,686	23.31	114.72	133.84	152.96	172.08	210.32	248.56	286.80	344.16
Lambourne	858.3	32,695	38.09	124.57	145.34	166.10	186.86	228.38	269.91	311.43	373.72
Loughton Town	12,090.4	594,600	49.18	131.97	153.96	175.96	197.95	241.94	285.93	329.92	395.90
Matching	426.3	14,196	33.30	121.38	141.61	161.84	182.07	222.53	262.99	303.45	364.14
Moreton, Bobbingworth and the Lavers	571.8	14,059	24.59	115.57	134.84	154.10	173.36	211.88	250.41	288.93	346.72
Nazeing	2,024.4	70,613	34.88	122.43	142.84	163.24	183.65	224.46	265.27	306.08	367.30
North Weald Bassett	2,484.5	172,034	69.24	145.34	169.56	193.79	218.01	266.46	314.90	363.35	436.02
Ongar Town	2,674.0	279,604	104.56	168.89	197.03	225.18	253.33	309.63	365.92	422.22	506.66
Roydon	1,292.4	29,327	22.69	114.31	133.36	152.41	171.46	209.56	247.66	285.77	342.92
Sheering	1,309.9	33,958	25.92	116.46	135.87	155.28	174.69	213.51	252.33	291.15	349.38
Stanford Rivers	349.6	20,298	58.06	137.89	160.87	183.85	206.83	252.79	298.75	344.72	413.66
Stapleford Abbotts	512.0	9,447	18.45	111.48	130.06	148.64	167.22	204.38	241.54	278.70	334.44
Stapleford Tawney	73.6	1,537	20.88	113.10	131.95	150.80	169.65	207.35	245.05	282.75	339.30
Theydon Bois	1,976.0	106,190	53.74	135.01	157.51	180.01	202.51	247.51	292.51	337.52	405.02
Theydon Garnon	76.9	1,000	13.00	107.85	125.82	143.80	161.77	197.72	233.67	269.62	323.54
Theydon Mount	114.2	1,400	12.26	107.35	125.25	143.14	161.03	196.81	232.60	268.38	322.06
Waltham Abbey Town	7,431.1	771,765	103.86	168.42	196.49	224.56	252.63	308.77	364.91	421.05	505.26
Willingale	229.3	4,182	18.24	111.34	129.90	148.45	167.01	204.12	241.24	278.35	334.02
Town and Parish Total	52,257.8	3,274,089	62.65	41.77	48.73	55.69	62.65	76.57	90.49	104.42	125.30
District, Town and Parish Total	52,257.8	11,048,482	211.42	140.95	164.44	187.93	211.42	258.40	305.38	352.37	422.84

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Medium Term Financial Strategy

Introduction

1. For a number of years as part of the Council's sound financial planning arrangements a four-year financial strategy has been prepared. This document allows a considered view to be taken of spending and resources. Without a medium term financial strategy finances would be managed on an annual basis leading to sudden expansions and contractions in services. Clearly such volatility would lead to waste and be confusing for stakeholders.
2. Managing this Council's finances has been made easier by isolating one off fluctuations (District Development Fund or DDF) from the ongoing core services (Continuing Service Budgets or CSB). This distinction highlights the differing effects in the medium term of approving different types of initiative.
3. A key part of the strategy is future rises in Council Tax and the Council has a stated ambition to remain a low tax authority in the long term. To achieve this over the long term it is important to avoid the gimmick of one-off reductions. For 2016/17 it appears that most authorities across Essex will be increasing charges to just below the referendum limit.
4. At its 20 July 2015 meeting this Committee decided to recommend a 2.5% increase in the Council Tax. This recommendation was adopted by Cabinet on 3 September 2015.

Previous Medium Term Financial Strategy

5. The July meeting of the Cabinet Committee considered the annual Financial Issues Paper and an updated medium term financial strategy. At that time Members attention was drawn to a number of areas of significant uncertainty. Key amongst those were the structural reforms to the financing of local authorities through the local retention of NNDR and the Government's programme of welfare reform. The general state of domestic and world economies remained a concern although most of the key income streams were now showing improvement. There were also questions over the New Homes Bonus, Development Opportunities and the Transformation Programme.
6. Against this background of risk and uncertainty a forecast was constructed that set a target of £13m for CSB expenditure for 2016/17 and maintained the requirement for annual CSB savings over the forecast period. At this time deficit budgets were anticipated for each year of the forecast, although these were reducing at the end of the forecast.
7. At that time the predicted General Fund balance at 1 April 2020 of £8.95m represented 64% of the anticipated Net Budget Requirement (NBR) for 2019/20 and was therefore somewhat higher than the guideline of 25%. It was also predicted at that time that there would be £1m left in the DDF at 1 April 2020.

Updated Medium Term Financial Strategy

8. In the period since the Financial Issues Paper the Government has provided the draft settlement figures for the period up to and including 2019/20. The reductions in funding were somewhat larger than had been anticipated, with Revenue Support Grant going negative by the end of the period. In constructing the forecast it has been necessary to make certain assumptions, these are set out below:
 - a) CSB Growth – the net savings required for 2016/17 had been found but an increase in the target was needed to allow for the increase in National Insurance contributions. Budgets will be re-visited during the course of 2016/17 to seek further reductions. In common with the earlier version of the strategy, target CSB savings are included for the period 2017/18 to 2019/20. Additional development control income, savings from transformation and the new leisure management contract have helped achieve the savings required for 2016/17. However, on top of known predicted savings, net savings targets of £250,000 for 2017/18 and £150,000 for 2018/19 are needed.
 - b) DDF – all of the known items for the four-year period have been included and at the end of the period a balance of £0.8m is still available. This is consistent with the position in the current year's budget, where the MTFs adopted in February 2015 showed a closing balance at the end of the period of £0.9m.
 - c) Grant Funding – the amounts included are those from the draft settlement, including the negative amount in 2019/20.
 - d) Other Funding – the amounts included for New Homes Bonus will need to be reviewed when the changes to the scheme are known, but current assumptions are based on the consultation and are felt to be prudent. Only limited growth in funding has been anticipated from growth in the non-domestic rating list. It has been assumed that the allowance for losses on appeals will be adequate but there are hundreds of appeals still outstanding, including one against the largest item on our rating list. It has been assumed that the revised opening date for the retail park will be achieved.
 - e) Council Tax Increase – Members have indicated that they wish to freeze the charge for the length of the strategy.
9. This revised medium term financial strategy has deficits throughout the period, although these are reducing and the use of reserves in 2019/20 is only £3,000. The predicted revenue balance at the end of the period is £7.3m, which represents 59% of the NBR for 2019/20 and thus comfortably exceeds the target of 25%.
10. It is worth repeating that savings of £0.5m are still to be identified for the last three years of the strategy and that identified savings of £1.85m in 2017/18 and 2018/19 will have to be delivered. In approving the medium term financial strategy Members are asked to note these targets. The strategy will be monitored during the year and updated for the July 2016 meeting of the Finance and Performance Management Cabinet Committee.

GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY 2015/16 - 2019/20

ORIGINAL 2015/16	REVISED FORECAST 2015/16	FORECAST 2016/17	FORECAST 2017/18	FORECAST 2018/19	FORECAST 2019/20
£'000 NET REVENUE EXPENDITURE	£'000	£'000	£'000	£'000	£'000
13,921 Continuing Services Budget	13,280	12,714	13,813	13,523	12,910
329 CSB - Growth	578	949	8	515	0
-902 CSB - Savings	-1,212	-411	-464	-1,390	-360
0 Additional Savings Target	0	0	-250	-150	-100
13,348 Total C.S.B	12,646	13,252	13,107	12,498	12,450
1,129 One - off Expenditure	1,132	923	312	639	76
14,477 Total Net Operating Expenditure	13,778	14,175	13,419	13,137	12,526
-2 Contribution to/from (-) Other Res	-183	-171	0	0	0
-1,129 Contribution to/from (-) DDF Balances	-949	-752	-312	-639	-76
-42 Contribution to/from (-) Balances	1,449	-36	-345	-31	-3
13,304 Net Budget Requirement	14,095	13,216	12,762	12,467	12,447
FINANCING					
2,204 RSG-Parish Support Grant	2,205	1,329	571	108	-133
3,434 District Non-Domestic Rates Precept	3,616	3,982	4,300	4,350	4,450
0 Section 31 Grant	700	400	0	0	0
7,616 District Council Tax Precept	7,616	7,774	7,891	8,009	8,130
50 Collection Fund Adjustment	-42	-269	0	0	0
To be met from Government 13,304 Grants and Local Tax Payers	14,095	13,216	12,762	12,467	12,447
Band D Council Tax	148.77	148.77	148.77	148.77	148.77
Percentage Increase %		0	0	0	0

GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY 2015/16 - 2019/20

	REVISED FORECAST 2015/16	FORECAST 2016/17	FORECAST 2017/18	FORECAST 2018/19	FORECAST 2019/20
REVENUE BALANCES	£'000	£'000	£'000	£'000	£'000
Balance B/forward	9,293	7,742	7,706	7,361	7,330
RCCO	-3,000	0	0	0	0
Surplus/Deficit(-) for year	1,449	-36	-345	-31	-3
Balance C/Forward	7,742	7,706	7,361	7,330	7,327
DISTRICT DEVELOPMENT FUND					
Balance B/forward	3,599	2,650	1,898	1,586	947
Transfer Out	-949	-752	-312	-639	-76
Balance C/Forward	2,650	1,898	1,586	947	871
CAPITAL FUND (inc Cap Receipts)					
Balance B/forward	19,534	7,520	7,023	4,708	2,985
New Usable Receipts	4,359	7,695	2,733	2,769	2,806
Use of Capital Receipts	-16,373	-8,192	-5,048	-4,492	-2,294
Balance C/Forward	7,520	7,023	4,708	2,985	3,497
TOTAL BALANCES	17,912	16,627	13,655	11,262	11,695

The Chief Financial Officer's report to the Council on the robustness of the estimates for the purposes of the Council's 2016/17 budgets and the adequacy of the reserves.

Introduction

1. The Local Government Act 2003 section 25 introduced a specific personal duty on the "Chief Financial Officer" (CFO) to report to the Authority on the robustness of the estimates for the purposes of the budget and the adequacy of reserves. The Act requires Members to have regard to the report when determining the Council's budget requirement for 2016/17. If this advice is not accepted, the reasons must be formally recorded within the minutes of the Council meeting. Council will consider the recommendations of Cabinet on the budget for 2016/17 and determine the planned level of the Council's balances.
2. Sections 32 and 43 of the Local Government Finance Act 1992 also require billing and precepting authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the net budget requirement.
3. There are a range of safeguards, which exist to ensure local authorities do not over-commit themselves financially. These include:
 - The CFO's s.114 powers, which require a report to the Cabinet and to all Members of the local authority if there is or is likely to be unlawful expenditure or an unbalanced budget
 - The Prudential Code, which applied to capital financing from 2004/05.

The Robustness of the Recommended Budget

4. A number of reports to the Cabinet in recent years have highlighted the difficulties inherent in setting budgets, not least because of significant changes in the level and complexity of Government funding and continuing pressure to protect and develop services. At the same time major changes have been introduced to the way the Council is structured and managed and the way services like waste and leisure are delivered. These changes and the extended period of low economic growth are still ongoing and represent significant risks to the Council's ability to evaluate all the financial pressures it faces.
5. However the Council's budget process, developed over a number of years, has many features that promote an assurance in its reliability:
 - The rolling four year forecast provides a yardstick against which annual budgets can be measured
 - The early commencement of the budget process and the clear annual timetable for both Members and officers including full integration with the business planning process promotes considered and reasoned decision making
 - The establishment of budget parameters in the summer is designed to create a clear focus before the budget process commences

- The analysis of the budget between the continuing services and one off District Development Fund items smoothes out peaks and troughs and enables CSB trends to be monitored
 - The adoption of a prudent view on the recognition of revenue income and capital receipts
 - The annual bid process whereby new or increased budgets should be reported to Cabinet before inclusion in the draft budget
 - Clear and reasoned assumptions made about unknowns, uncertainties or anticipated changes
6. With a Cabinet system the onus is on Portfolio Holders to work closely with Directors to deliver acceptable and accurate budgets. This role has been taken seriously and has helped enhance the detailed knowledge of the Cabinet. There is an established process that allows the Resources Select Committee to challenge and debate the detailed budgets with the Finance and Performance Management Cabinet Committee.
7. The budget is therefore based on strong and well-developed procedures and an integrated and systematic approach to the preparation of soundly based capital and revenue plans and accurate income and expenditure estimates. The risks or uncertainties inherent in the budget have been identified and managed, as far as is practicable, and assumptions about their impact have been made.
8. **The conclusion is that the estimates as presented to the Council are sufficiently robust for the purposes of the Council's overall budget for 2016/17.**

Factors to be taken into account when undertaking a Risk Assessment into the overall Level of Reserves and Balances

9. Guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) states that the following factors should be taken into account when the CFO considers the overall level of reserves and balances:
- Assumptions regarding inflation;
 - Estimates of the level and timing of capital receipts;
 - Treatment of demand led pressures;
 - Treatment of savings;
 - Risks inherent in any new partnerships etc;
 - Financial standing of the authority i.e. level of borrowing, debt outstanding etc;
 - The authority's track record in budget management;
 - The authority's capacity to manage in-year budget pressures;
 - The authority's virements and year-end procedures in relation to under and overspends;
 - The adequacy of insurance arrangements.
10. These issues have formed the basis for budget reports in the past and they remain relevant for the current budget.

Factor Assessment

a. Inflationary pressures

11. Every year base budget estimates are produced and then different inflation factors are applied to the resultant figures to take budgets to out-turn prices. It is inevitable that there will be either over or under provision for the full cost of inflation, as prices will vary against the estimates made. Efforts have been made to predict the level of inflation in the coming year, although the difficulty in making these predictions is highlighted by inflation remaining low and below the target for, and predictions of, the Monetary Policy Committee. The most recent figures for the year to December 2015, released on 19 January, have shown inflation at 0.2%. The last time inflation was at the target level of 2% was December 2013 and it has been below that level on a generally declining path since. As it is more than 1% below the target the Governor of the Bank of England will be required to write another letter of explanation to the Chancellor of the Exchequer. This ongoing low inflation makes any increase in the rate of interest unlikely in the near future.
12. The trend of low inflation and even lower increases in pay has been reversed, with the 2% increase in earnings for the year to November 2015 comfortably exceeding the rate of inflation. This means people are now seeing the real value of their earnings increase. Higher pay increases are being driven by labour shortages as the employment rate of 74% is the highest since records began in 1971. Pay rises in the public sector will not match those in the private sector so the Medium Term Financial Strategy (MTFS) includes an allowance of 1% for pay awards for 2016/17 and 2017/18. In the budgets the centrally held vacancy allowance has been increased from 1% to 1.5%. This reflects the higher level of salary underspend currently being seen in 2015/16.

b. Estimates on the level and timing of capital receipts

13. The Council has always adopted a prudent view on the level and timing of capital receipts. Capital receipts are not recognised for budgetary purposes unless they have been received or their receipt is contractually confirmed prior to the budget being ratified. Currently, no significant disposals are anticipated in 2016/17.
14. The exception to this relates to receipts from council house sales. In this instance because sales occur throughout the year assumptions are made about their generation. Following the increase in Right to Buy discounts the number of sales increased significantly. During 2012/13 there were 13 sales but 2013/14 saw the number increase to 53, with a further 46 in 2014/15. Although the first 9 months of 2015/16 have seen only 15 sales so the surge in sales during the last two years now seems to be slowing.
15. Even with the Authority's substantial capital programme, which exceeds £171m over five years, it is anticipated that the balance of usable capital receipts at 31 March 2020 will be just under £3.5m. By this stage the amount in the reserve will consist entirely of one four one receipts to be re-invested in new housing stock. Priority will be given to capital schemes that create future revenue benefit, either through increased income or reduced costs. The Treasury Management Strategy has been amended to state that new borrowing will only be undertaken for capital schemes with positive revenue consequences.

c. Treatment of demand led pressures and savings

16. Demand led pressures are increasing on the benefits and homelessness services and additional resources have been allocated to address this. Locally the economy is improving, with increases in key income streams like development control and parking. The income from both these areas will be greater in 2015/16 than 2014/15.
17. The net savings for the budget have been achieved from three main areas. Firstly, the new leisure management contract is predicted to generate CSB savings of £75,000 in 2016/17 and £175,000 in 2017/18. Secondly, increases in income for Development Control contributing £55,000 in 2015/16 and £75,000 in 2016/17 to the CSB. The third significant item is changing pay and display parking fees, which should provide £189,000 in 2015/16 and £31,000 in 2016/17. A number of other smaller savings have also been identified and together these provide a sound base for the 2016/17 budget. However, there is still a need for further savings in 2017/18 and 2018/19 and work is ongoing on a number of ideas to reduce net costs.

d. Risks inherent in partnership arrangements etc

18. There are several partnership arrangements, some of which carry risks of varying degrees in monetary terms. The risks have not been specifically identified in the budget but are underwritten through the Authority's balances.

e. Financial standing of the authority (i.e. level of borrowing, debt outstanding etc)

19. The only borrowing is due to self-financing for the Housing Revenue Account (HRA). This had not been a significant concern as the 30 year business plan for the HRA demonstrated that the Council would be considerably better off in the long term. However, the requirement to reduce rents and to contribute to the funding for the introduction of right to buy for housing association tenants mean the HRA business plan will need to be re-examined in 2016/17.
20. It is evident from the draft settlement that the future for local authorities is financial self-sufficiency, based on income from local taxation and service generated revenues. This Council has already moved a long way in that direction and the loss of Revenue Support Grant is not a major concern. The most worrying aspect of the draft settlement is what might happen to New Homes Bonus. The consultation on sharpening the incentive sets out a variety of different possibilities and whilst the MTFs is based on prudent assumptions if each aspect of the consultation followed a worst case then an additional £1m of income could be lost very quickly.
21. Local retention of non-domestic rates has been helpful and has resulted in far higher levels of income to the Council than DCLG had predicted. The most significant concern here is still the number of outstanding appeals. There remain several hundred appeals outstanding, including one against the largest item on our rating list, and it is difficult to robustly predict what the combined outcomes will be. It is also difficult to predict the outcome from pooling and whilst this reduces the levy the Council pays there is additional risk in how other members of the pool perform.

f. The authority's track record in budget management, including its ability to manage in-year budget pressures

22. The Authority has a proven track record in financial management as borne out by the Annual Audit Letters from the Authority's external auditors. A comparison of actual net expenditure with estimates over a number of year's shows that the Council rarely experiences over spends of any significance.
23. Most managers have received training on budget management. A course involving an external trainer, the CFO and the Chief Internal Auditor has now been supplemented with additional detailed training on a directorate basis being provided by accountancy staff.
24. The quarterly budget monitoring reports on key budgets to both the Finance and Performance Management Cabinet Committee and the Resources Select Committee will continue throughout 2016/17. The production of these reports during the year is essential in identifying emerging problems at the earliest opportunity. This allows maximum benefit to be accrued from any corrective action taken.

g. The authority's virement and year-end procedures in relation to under and overspends

25. The Council has recognised and embedded virement procedures that allow funds to be moved to areas of pressure. Although underspends and overspends are not automatically carried forward, the Council does have an approved carry forward scheme for capital and DDF which is actioned through the formal provisional outturn report to the Finance & Performance Management Cabinet Committee in the summer of each year.

h. The adequacy of insurance arrangements

26. The Council has now entered into a new five year agreement following an OJEU procurement exercise. This exercise attracted interest from several insurance companies but the best overall package of cover was offered by the Council's existing insurer, Zurich Municipal. Despite the general increases seen in the market for insurance, the new long term agreement was procured at a lower cost with some increases in indemnities. The Council still maintains an insurance fund, which as at 31 March 2015 had a balance of £1.07m.

i. Pension liabilities

27. The latest triennial valuation as at 31 March 2013 showed an increase in the funding level of the scheme to 77% (the value of the scheme's assets cover 77% of the liabilities). This has allowed the actuaries to reduce both the deficit payments and the projected recovery period. However, ongoing contributions have increased from 13% to 15.9% and this left the combined payment figure for 2014/15 and the two subsequent years similar to pre-valuation level. It is not anticipated that any applications will be made to DCLG for capitalisation directions and the full amounts of the deficit payments have been included in the CSB.

Statement on the adequacy of the reserves and balances

28. The Use of Resources assessment previously conducted by the external auditors moved on from the formulaic approach of CPA to achieve the 'good' ranking for reserves. The old formula had suggested that the Council should maintain a General Fund balance of at least £0.89m but no more than £17.86m. The Council's current best estimate of the General Fund balance at 31 March 2017 is £7.7m as shown in the Annex 6 b. This is clearly within the range specified but as a benchmark is not particularly useful. Therefore a risk assessment related to the Authority's individual circumstances is provided as a more meaningful benchmark against which the adequacy of the balances can be determined.
29. The following table lists those developments and cost pressures within the four-year forecast that offer the greatest risk to financial stability.

Item of risk	Estimated value of financial risk £000	Level of risk %	Adjusted level of risk £000
Basic 5% of Net Operating Expenditure			700
Negative RSG earlier and larger than draft settlement	500	50	250
Loss of New Homes Bonus more quickly than anticipated	2,000	50	1,000
Pay award being settled 1% in excess of estimate for 17/18 and future years	800	25	200
Inflationary pressures between 1-4% higher than budget	600	20	120
Loss of North Weald Market Income	2,800	20	560
Unintended consequences of HRA reform impacting on General Fund	2,000	10	200
Localisation of Council Tax Benefit - Increase in caseload not covered by funding	1,000	20	200
Retention of non-domestic rates – losses on appeals	2,000	40	800
Failure to build retail park	4,000	10	400
Renegotiating External contracts and partnership arrangements	4,000	25	1,000
Emergency Contingency	800	20	160
Total	20,500		5,590

30. A number of contracts have been granted to outside bodies for the provision of Council services. The failure of any of these contracts would lead to the Council incurring costs, which may not be reimbursed. Other than certain bond arrangements there is no specific provision made in the estimates for this type of expenditure, which therefore would have to be covered by revenue balances.
31. The presentation in this table is not a scientific approach, but a crude attempt to put a broad order of scale on the main financial risks potentially facing the Council. It is meant to be thought provoking rather than definitive. It is certainly

not a complete list of all the financial risks the Council faces but it shows the potential scale of some of the risks and uncertainties and the impact they may have on the Council's balances if they were to come to fruition.

32. Based on the old CPA formula there is an expectation that an authority should carry a level of balance that equates to at least 5% of the net operating expenditure (NOE) of the Authority. During the period of the four-year plan NOE is expected to average out at £13.3m, which suggests a figure of £665,000.
33. The Council has always been conscious of its balances position as can be demonstrated by budget reports over many years. Fortunately for the Council the question had not been whether it had a sufficient level of balance but rather that it had too much. The General Fund balance reduced by £591,000 in 2014/15 (after a transfer of £0.5m to the Invest to Save Reserve) to leave a balance of £9.29m at 31 March 2015.
34. Policies have been determined previously to bring about reductions and the current policy reflects that deficit budgets are necessary to support the structured reduction in spending. The current policy allows for balances to fall to no lower than 25% of Net Budget Requirement (NBR). This is slightly different from the NOE stated above, the average NBR figure for the next four years is expected to be £12.7m therefore 25% of that figure equates to £3.2m. The current four-year forecast shows balances still at £7.3m at the end of 2019/20.
35. The risk assessment undertaken above suggests that 20-25% of NBR is about the range that this authority should be maintaining its balances within. By 31 March 2020 balances will represent 59% of NBR, which is more than adequate. However, Members are aware that this situation can only be achieved with CSB savings and have stated a clear target of reducing expenditure throughout the period of the medium term financial strategy.
36. The only balances in the capital fund going forward will be receipts from the sale of Council houses that will need to be re-invested in the new build programme. Additional borrowing will be required to fund the capital programme in 2016/17. Further borrowing is affordable but Members have stated that new borrowing should only be for capital schemes with positive revenue consequences.
40. The main earmarked reserve is the District Development Fund (DDF) which is used to keep one off items separate from the base budget. At 31 March 2015 the balance on the DDF was £3.6m, which was a decrease of £0.25m in the year. The DDF is predicted to have a balance of £0.9m at the end of 2019/20, although this is likely to be reduced by the Local Plan and any further organisational changes. The only other earmarked reserve with a significant balance is the Insurance Reserve, which stood at £1.07m at the end of 2014/15. There were no significant movements in the year on this fund.
41. The HRA revenue balance of £2.57m at 31 March 2015 is expected to decrease, by £83,000 in 2015/16 and then by £450,000 in 2016/17 to remain above £2m. The balance on the Housing Repairs Fund is expected to reduce over the next year, from £436,000 to £189,000. Similarly the Housing Major Repairs Reserve is predicted to decrease from £9.1m to £514,000. The HRA business plan will be reviewed during 2016/17 to assess the steps necessary to respond to new Government policies such as the requirement to reduce rent and dispose of high value voids.

42. **The conclusion is that the reserves of the Council are adequate to cope with the financial risks the Council faces in 2016/17 but that savings will be needed in subsequent years to bring the budget back into balance in the medium term. Given the current consultation there are particular concerns about New Homes Bonus and until all of the old business rates appeals are resolved these will continue to represent a significant risk.**

Report to Council

Date of meeting: 18 February 2016

Subject: Overview and Scrutiny Report to Council

**Contact for further information: Councillor R Morgan
(Chairman, Overview and Scrutiny Committee)**

Committee Secretary: Adrian Hendry, ext.4246



Recommendations/Decisions Required:

That the Overview and Scrutiny progress report for January 2016 to the present be noted.

Report:

1. At our meeting on Tuesday 5th January we considered the call-in made by 5 members on the Cabinet's decision (report C-018-2015/16) taken on 5 November 2015 regarding the release of restrictive covenants on land at Epping Forest College, Loughton.

2. The Committee heard the argument from both parties; the Councillors calling-in the decision and from the relevant Portfolio Holder, Councillor Philip. Also in attendance to give their expert opinions were Brian Page, the interim Principal of Epping Forest College; County Councillor Ray Gooding, the ECC Cabinet Member for Education and Lifelong Learning and Mark Pincombe the ECC School Organisation Officer.

3. The lead member of the call-in, Councillor Chris Pond was asked to open the discussion. He noted that the covenants were originally applied by the London County Council (LCC) on completion of the Debden Housing Estate to provide educational facilities. Later the land was transferred to the further education college. He asked that the Cabinet's decision be referred back to the Portfolio Holder for further consideration. The Portfolio Holder then set out his case, after which the committee went on to discuss the merits of the call-in. After a robust discussion it was finally resolved that the Committee confirm the original decision of the Cabinet.

4. The Committee then went on to review the Corporate Plan - Key Action Plan for 2016/17; with which we were satisfied.

5. We then considered a report on the on Chelmsford City Local Plan consultation issues. Chelmsford's current local plan runs until 2021 and the next local plan was intended to roll forward to 2036. This consultation on the issues and options was the first of three such public consultation exercises. We agreed with the officers responses to the consultation questions but wanted to change the last comment made just to say that EFDC noted "with interest" the idea in principle of a potential western bypass to Chelmsford and not that we were in full agreement with this.

6. We then went on to consider another consultation, this time on Crossrail 2. Given that 2030 was the very earliest date that the line could become operational, assessment of likely impacts on Epping Forest District were very difficult to gauge at this stage. We noted that once Crossrail 1 begins service in 2019 / 2020 the potential impacts in terms of

customer travel behaviour patterns may become clearer. By this stage the Council will also have an adopted Local Plan in place outlining the quantum and locations of growth that will need to be planned across the District up until 2033. Again, we agreed with the officer's response to the consultation document.

7. Finally, we reviewed our Work Programme and the Cabinet's Forward Plan but had no specific items that we wanted to consider.

Report to the Council

Committee: Audit & Governance Standards **Date:** 18 February 2016

Subject: Proposed Terms of Reference – Audit & Standards Committee

Portfolio Holder: Councillor J Knapman (Chairman of Audit and Governance)

Recommending:

- (1) That the proposed merger of the Audit & Governance Committee and the Standards Committee be considered and approved in principle;**
 - (2) That, if approved, the proposed Terms of Reference for the new Audit & Standards Committee be considered, amended if necessary and approved; and**
 - (3) That, if approved, the Constitution Working Group be requested to consider the necessary constitutional amendments at its meeting scheduled for 22 March 2016 and report to the Council at its meeting scheduled for 26 April 2016 accordingly.**
-

Report:

Merging the Audit & Governance and Standards Committees

1. The main role of the Standards Committee is to promote and maintain high standards of conduct by Members. Matters around Member conduct at committee level are relatively light and three of the six scheduled meetings have been cancelled in the last 18 months (9 October 2014, 8 January 2015 & 7 April 2015).
2. The Council's Audit and Governance Committee is responsible for providing independent assurance of the adequacy of the Council's risk management framework and provides independent scrutiny of the authority's financial and non-financial performance. The Committee approves the financial statements and Annual Governance Statement and enhances public trust and confidence in the governance of the authority.
3. A number of other councils have combined Audit and Standards Committees successfully, including Broxbourne and Harlow Councils, the main drivers for this being:
 - low complaint activity especially as the Monitoring Officer has delegated authority to seek to resolve a complaint informally where a formal investigation is not merited; and
 - similarities and synergies – both Committees deal with governance, probity and transparency of processes.
4. There is by law an independent person appointed by the Council who advises on

standards issues but is not permitted to be a member of the Committee. This requirement has been incorporated into the proposed Terms of Reference which states '*...the Council is required to appoint at least one Independent Person to advise on Standards relating to complaints who shall be invited to meetings in a non-voting capacity*'.

5. There is no requirement to have independent members although the Council can appoint independent members to committees and the current Audit and Governance Committee has two co-opted independent members, and this arrangement should continue as it is in line with good practice. It should be noted that Harlow District Council does not have any independent members on their Audit and Standards Committee but Broxbourne Council has an independent Chairman.

6. It is important the new Committee considers Standards issues at each meeting so it is proposed to have Standards as a standing item on its agenda

Proposed Terms of Reference

7. The newly merged Audit and Standards Committee would have the objective of making a positive contribution to the Council's governance and control environment. The proposed Terms of Reference articulate the Committee's wide remit including advising and reviewing the Council's arrangements for internal audit, internal control, risk management, financial management, standards and corporate governance. The Committee also has an important role in ensuring public money is spent wisely and providing assurance to the public that the Council is complying with the law, has an effective control framework in place and provides quality services in line with corporate priorities.

8. The proposed Terms of Reference for the Audit and Standards Committee, attached at Appendix 1, draws on the experience of merging the Audit and Standards Committee at Broxbourne and Harlow Councils and is based on model Terms of Reference for local authorities as detailed in the Chartered Institute of Public Finance and Accountancy publication: *Audit Committees - Practical Guidance for Local Authorities and Police 2013 Edition*.

The View of the Audit & Governance Committee

9. The Audit & Governance Committee considered these proposals at its meeting held on 30 November 2015. The Committee welcomed the proposals and were in general agreement that the two Committees should merge as it would be more efficient and lead to a (albeit small) reduction in the number of Member meetings each year. It was also felt that oversight of the Council's Treasury Management function should remain with the new Committee, rather than transferring to the Resource Select Committee.

10. The Committee resolved to approve the merger of the two Committees in principle, along with the proposed Terms of Reference, and requested that the views of the Standards Committee be sought on the matter.

The View of the Standards Committee

11. The Standards Committee considered these proposals at its meeting held on 25 January 2016. The Committee accepted that the implementation of the new arrangements for dealing with allegations of Member misconduct under the Localism Act 2011 had dramatically reduced its workload. However, after a full and frank discussion, the Committee was not minded to support the proposals and expressed a number of concerns regarding the proposed merger:

(i) there were currently 9 Members available to consider Standards issues, which would reduce to 3 under the proposals and it was felt by the Committee that this was not enough;

(ii) there was a perceived lack of involvement of Parish Councils under the proposals as currently there were three representatives from the Local Councils affiliated to the District Council's Standards Committee formally invited to each meeting; and

(iii) there was a perceived risk that a smaller Committee would be less objective when considering Standards issues.

12. Members of the Committee acknowledged there was a certain synergy between the two Committees, but highlighted that the two Committees actually considered two separate types of issues. It was also pointed out that a number of other Committees also have meetings cancelled due to a lack of business, or only met on an ad hoc basis, but that was not a sufficient reason to consider disbanding the Committee and amalgamating it with another.

Conclusion

13. As the two Committees failed to reach agreement on the proposed merger, it is now for the Council to decide whether this should proceed for 2016/17. If the Council feels that the merger should go ahead then the proposed Terms of Reference for the new Committee has also been attached at Appendix 1 for the Council to consider and amend if necessary.

14. If the merger proceeds then the Constitution Working Group would be asked to review the necessary Constitutional amendments at its meeting scheduled for 22 March 2016 and report to the Council accordingly on 26 April 2016.

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Proposed Terms of Reference for Epping Forest District Council Audit and Standards Committee

Statement of Purpose

1. The role of the Audit and Standards Committee is a key component of the council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial statements and provides a forum for considering ethical issues and ensuring high standards of conduct. The role of the committee is two-fold:
 - Audit - the purpose of the Committee is to provide independent assurance to the members of the adequacy of the risk management framework and internal control environment. It provides independent review of the council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal and external audit arrangements, helping to ensure efficient and effective assurance arrangements are in place.
 - Standards – The Committee deals with a range of matters including issues concerning Councillor's conduct, provides advice and guidance to the Council, the Cabinet and individual Councillors and advises on the application and review of the Members' Code of Conduct.

Governance, risk and control

2. To review the council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances
3. To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account the internal audit opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.
4. To note the council's overall approach to value for money in ensuring the council is making best use of its resources.
5. To consider the council's framework of assurance and ensure it is adequately addresses the risk and priorities of the council.
6. To monitor the effective development and operation of risk management in the council.
7. To monitor progress in addressing risk-related issues reported to the committee
8. To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions
9. To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
10. To monitor the anti-fraud strategy, actions and resources.

Internal Audit

11. To approve the Internal Audit Charter
12. To approve the internal audit strategy and plan, including internal audit resource requirements, the approach to using other sources of assurances and any work required to place reliance upon these other sources. To approve any significant interim changes to the plan and resource requirements and make appropriate enquires of both management and the Chief Internal Auditor to determine if there any inappropriate scope or resource limitations.
13. To consider regular reports from the Chief Internal Auditor which:
 - Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work
 - Highlighting where there are concerns about progress with the implementation of agreed actions or where management has accepted a level of risk that the Chief internal Audit considers is unacceptable to the council.
 - Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards, considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement
14. To consider the Chief Internal Auditor's annual report:
 - The statement of the level of conformance with the Public Sector Internal Audit Standards and results of the Quality Assurance and Improvement Programme that supports the statement – these will indicate the reliability of the conclusions of internal audit
 - The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the Annual Governance Statement.
15. To support the development of effective communication with the Chief Internal Auditor.

External Audit and Financial Reporting

16. To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
17. To review the annual statement of accounts. Specifically to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
18. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

19. To be responsible for the appointment of the Council's external auditors and ensure it is in line with the requirements of the Local Audit and Accountability Act 2014.

Treasury Management

20. To be responsible for the scrutiny of the Council's Treasury Management Strategy, including receiving regular reports on activities, issues and trends to support the committee's understanding of treasury management activities, risks and associated assurances.

Accountability arrangements

21. To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements and internal and external audit functions.
22. To report to the full Council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.

Membership

23. The committee shall comprise 5 members, including 3 Councillors and 2 co-opted members. Additionally the Council is required to appoint at least 1 Independent Person to advise on Standards relating to complaints who shall be invited to meetings in a non-voting capacity.
24. Councillors serving as members of the Committee shall be appointed at the Annual Council meeting of Epping Forest District Council for a term of office of one year and shall be eligible for re-appointment for further terms of office.
25. That the seats should be allocated so they are not all drawn from one political group and are also open to councillors who are not affiliated to any political group.
26. Co-opted members shall serve for a period of 3 years from appointment. Such three year appointments shall be overlapping in terms of their expiry dates. A co-opted member may serve for a total of two such terms as of right but may be considered for two further three year terms, provided he or she is successful after open competition following public advertisement. Re-appointment for further terms shall be subject to satisfactory attendance.
27. Casual vacancies for members of the Committee who are Councillors which occur shall be filled at the next ordinary Council meeting (but not an extraordinary meeting) with a term of office expiring on the date of the next Annual Council meeting.

Standards Committee

28. Promoting and maintaining high standards of conduct by Councillors and Co-Opted Members.
29. Assisting Councillors and Co-Opted Members to observe the Members' Code of Conduct.
30. Advising the Council on the adoption or revision of the Members' Code of Conduct

31. Monitoring the operation of the Members' Code of Conduct.
32. Advising, and/or censuring and/or imposing a sanction on a Councillor or Co-Opted person of a Committee (or former Councillor or Co-Opted person) of the Council.
33. To advise the Council to ensure that all members of the Council have access to training in all aspects of the Member Code of Conduct.
34. Considering dispensations to Councillors and Co-Opted Members (including Parish and Town Councillors) from requirements relating to interests set out in the Members' Code of Conduct.
35. Dealing with reports referred from or on behalf of the Monitoring Officer on any matter, including investigations relating to Councillor conduct.
36. The exercise of (29) to (35) above shall apply to parish councils and their members either directly or through a joint standards arrangement
37. Adjudication on complaints regarding the operation of District Council protocols annexed to the Constitution.
38. The Committee may appoint a Complaints Sub Committee to conduct any hearing into an allegation that a Member or Co-opted Member has breached the Council's Code of Conduct. The Audit and Standards Committee shall decide the membership of the subcommittee, ensuring where possible there is a minimum of three members of the Audit and Standards Committee.
39. The Complaints Sub Committee will undertake the following functions:
 - To conduct any Hearing into an allegation that a Member or Co-opted Member has breached the Council's Code of Conduct.
 - Following a hearing, make one of the following findings:
 - That the Member has not failed to comply with the Code of Conduct and no further action needs to be taken in respect of the matters considered at the hearing: or
 - That the Member has failed to comply with the Code of Conduct but that no further action needs to be taken in respect of the matters considered at the hearing: or
 - That the Member has failed to comply with the Code of Conduct and that a sanction and/or informal resolution should be imposed. The subcommittee may impose any action or combination of actions available to it, or impose any informal resolution or combination of informal resolutions as are available to it by law or policy.
 - After making a finding, providing written notice of its findings and the reasons for its decision to the Member and complainant.

Eligibility for membership

Councillor members

40. Councillors appointed to the Audit and Standards Committee may not also be members of the Cabinet or any select committee appointed by the Overview and Scrutiny Committee with responsibility for reviewing the Council's finances or financial procedures.
41. A Portfolio Holder Assistant (other than any Assistant involved in any portfolio dealing primarily with the Council's finances) appointed by the Leader of the Council shall be eligible for appointment to the Committee.
42. Appointment of Councillors shall be made on the basis of evidence of the aptitude, experience or interest and for this purpose the normal rules for pro rata appointments shall not apply.
43. Formal attendance standards be operated in respect of the three councillor members when reappointment is under consideration by the Council's Appointments Panel and the Chairman and co-opted members of the Audit and Standards Committee be consulted informally about the appointment or reappointment of councillors at the appropriate time.

Co-opted members

44. Co-opted members, independent of the Council, shall be appointed by the Council on the basis of their professional expertise, experience and background as relevant to the role and responsibilities of the Audit and Standards Committee. Initial appointments of co-opted members and the filling of casual vacancies shall be made following public advertisement and interviews, the latter conducted in accordance with arrangements agreed by the Council. If the number of suitable applicants exceeds the number of co-opted places on the Committee, the Council shall keep a waiting list of suitable applicants should casual vacancies occur.

Chairman and Vice Chairman

45. The Chairman and Vice Chairman of the Audit and Standards Committee shall be appointed at the first meeting of the Committee in each Council year for a term of one year expiring on the date of the first meeting of the Committee of the next Council year.
46. Casual vacancies in the position of Chairman and Vice Chairman shall be filled in the same way as required in respect of members of the Committee (see paragraph 28 above).
47. Both Councillors and co-opted members serving on the Committee shall be eligible for appointment to the office of Chairman and Vice Chairman.
48. Where the Chairman of the Committee is a Councillor, the Vice Chairman will be appointed from among the Co-opted members. Where the Chairman is one of the Co-opted members, the Vice Chairman shall be a Councillor.
49. The Chairman and Vice Chairman shall be eligible for re-appointment.

Parish/Town Councils

50. Parish/Town Councils affiliated to the Standards Committee will be sent meeting agendas and invited to attend where appropriate.

Meetings of the Committee

51. The Committee shall meet at least three times each financial year.
52. The Committee shall be entitled to require any Member, Director, their representatives or any other officer to attend their meetings in order to discuss any matters under discussion including the annual audit programme.

Decision Making

53. Only the Councillors and co-opted members serving on the Committee shall be entitled to vote.
54. All members of the Committee shall be entitled to all documents advice and facilities relevant to their membership of the Committee, regardless of their status as either a Councillor or Co-opted member.

Other Requirements

55. All members of the Committee shall respect the confidentiality of Council information and proceedings where appropriate, particularly where exempt or confidential business is involved.
56. All co-opted members of the Committee shall be required to make a statutory registration of interests in the same form as those required of serving councillors and to be aware at all times of the requirement to clear any interest relating to their work on the Committee.
57. Members of the Committee should seek to attend all meetings of the Committee unless there are exceptional circumstances which prevent this.
58. All members of the Committee should ensure that they participate fully in any training designed to assist them in their responsibilities as members of the Committee. Similarly all members should act on appropriate advice and other information supplied by the Council to improve their effectiveness.

Report to the Council

Portfolio: Governance & Development Management

Date: 18 February 2016

Subject: Overview and Scrutiny Rule 21 (Special Urgency)

1. LOCAL LAND CHARGES - APPLICATION OF VAT TO SEARCH ENQUIRIES

Recommending:

To note that the Chairman of Council agreed that the following decision of the Governance and Development Management Portfolio Holder (21 January 2016) be treated as a matter of urgency and not be subject to the call-in provisions in accordance with Overview and Scrutiny Rule 21 (Call-In and Urgency):

(a) That from 1 February 2016, in line with new requirements of HM Revenue & Customs, the standard rate of VAT be added to the Council's fee for Local Land Charges Search Standard Enquiries (Form CON29R) and Optional Enquiries (Form CON29O).

- 1.1 The Local Authorities (England) (Charges for Property Searches) Regulations 2008 came into force on 23 December 2008, setting out a cost recovery method for calculating property search fees. With effect from 1 April 2015, the Council's fee for a basic Local Land Charge search was £85.00, although Value Added Tax (VAT) had not previously been applied to search fees.
- 1.2 The Council had recently been advised that HM Revenue & Customs (HMRC) had determined that VAT at the standard rate of 20% must be applied to all Standard and Optional Search Enquiries contained on Form CON29R and CON29O with effect from 1 February 2016.
- 1.3 In response to the new HMRC requirements, it was proposed that VAT be added to the Council's fees for all CON29R and CON29O enquiries. This approach ensured that Local Land Charges services continued to be provided on a cost recovery basis and avoided a situation where a net loss of income from searches would accrue to the Council. This was also the approach being taken to the new VAT requirements by a majority of local authorities.
- 1.4 The Chairman of the Council agreed to waive the call-in procedure set out in Overview and Scrutiny Rule 21 of the Constitution, as any delay likely to be caused by the call-in process would seriously prejudice the Council's interests, as result of the inability to apply the standard rate of VAT to search enquiries from 1 February 2016 in accordance with the requirements of HMRC.

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