Supplementary Committee Agenda

Epping Forest District Council

Finance and Performance Management Cabinet Committee
Monday, 19th January, 2015

Place:	Council Chamber, Civic Offices, High Street, Epping
Time:	7.00 pm
Democratic Services:	Rebecca Perrin, The Office of the Chief Executive Tel: 01992 564532 Email: democraticservices@eppingforestdc.gov.uk

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9. DETAILED DIRECTORATE BUDGETS (Pages 3 - 22)

(Director of Resources) To consider the attached report (FPM-022-2014/15).

11.a Council Budgets 2015/16 (Pages 23 - 52)

(Director of Resources) To consider the attached report (FPM-024-2014/15).

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COMMUNITIES DIRECTORATE

HOUSING REVENUE ACCOUNT

ESTIMATES 2015/16

Recommendations – To be included within the Budget Report

That, in respect of the Council's Careline Service and the Scheme Management Service for sheltered housing and area schemes:

(a) The loss of £133,000 per annum Housing Related Support (HRS) funding from Essex County Council be noted;

(b) The charges for the Council's Careline Service be increased by £0.27 per week, for both Council tenants and private clients, with effect from 6th April 2015 and that the Cabinet's previous decision to increase the charge for private clients by £0.20 per week from 6th April 2015 be rescinded;

(c) Following a review of the duties undertaken by Scheme Managers, 10% of their time previously attributed to Housing Related Support be re-classified as Intensive Housing Management and charged as a Service Charge accordingly (which is eligible for housing benefit);

(d) The charges for the Council's Scheme Management Service (funded from Housing Related Support Charges and Intensive Housing Management Service Charges) be increased by 5% from 6th April 2015;

(e) The increased charges for the Careline and Scheme Management Services provided to Council tenants in receipt of housing benefit not be met through any increase in compensating Housing Related Support Credit and that, furthermore, the Housing Related Support Credit currently received by such tenants be reduced by 8% with effect from 6th April 2015;

(f) The intention;

(i) For the Careline Service to break-even; and

(ii) The loss in HRS funding for the Scheme Management Service to be fully recovered from April 2016;

be noted but, as a result of spreading the required increases in charges over two years, it also be noted that the HRA will be subsidising the Careline Service and Scheme Management Service by around £58,000 during 2015/16; and

(g) That the potential for further reductions in HRS by Essex County Council in 2015/16 and/or 2016/17 be noted.

HOUSING REVENUE ACCOUNT SUMMARY

SUBJECTIVE ANALYSIS 2015/16

Sum of Net Expenditure 2015/16 £'000	Employees	Premises	Transport	Supplies & Services	Contracted Services	Service Area Recharges	Support Services	Internal Print	Support Services	Asset Charges	Misc. Income	Other Contributions	Internal Recharges	Fees & Charges	Fees & Charges		
	Column Labels																
	Expense										**Expense Total**	**Income**				**Income Total**	**Grand Total**
	0010	**1000**	**2000**	**3000**	**4000**	**4006**	**5000**	**5420**	**5641**	**6000**		**9000**	**9005**	**9006**	**9007**		
Appropriations																	
Total Capital Charges										5,391	5,391						5,391
Interest																	
Interest												-422				-422	-422
Self Financing Interest										5,566	5,566						5,566
Repars Fund Expenditure																	
Contribution To Hra													-5,000			-5,000	-5,000
Other Items		45		26			4				75	0			-126	-126	-51
Planned & Cyclical Maintenance		2,232					49				2,281						2,281
Responsive & Void Repairs		4,052		47			48				4,147						4,147
Total Management & Maintenance																	
Contribution To Repairs Fund				5,000							5,000						5,000
Other Activities	6,688	89	308	488		0	2,319			34	9,926	0		-9,919	-3	-9,922	4
Rents, Rates Taxes & Insurance		358		111			57				526						526
Supervision/Management General	1,988	26	87	314		0	2,218	9			4,642			-26		-26	4,616
Supervision/Management Special	1,226	1,681	38	466	27	0	422		0	10	3,870				0	0	3,870
Total Other Expenditure																	
Other Expenditure				100						13,622	13,722						13,722
Total Property Related Income																	
Charges Services & Facilities												-49	0		-1,538	-1,587	-1,587
Estate Ground Maintenance													-356			-356	-356
Gross Rent Of Dwellings				0							0				-32,177	-32,177	-32,177
Non Dwelling Rents															-859	-859	-859
Grand Total	**9,902**	**8,483**	**433**	**6,552**	**27**	**0**	**5,117**	**9**	**0**	**24,623**	**55,146**	**-471**	**-5,356**	**-9,945**	**-34,703**	**-50,475**	**4,671**

HOUSING REVENUE ACCOUNT
ESTIMATES 2015/16

Introduction

The Housing Revenue Account (HRA) has been prepared in accordance with the Local Government and Housing Act 1989, as amended by the Leasehold Reform, Housing and Urban Development Act 1993 and the Local Government Act 2003. Under this legislation the Secretary of State for the Department of Communities and Local Government (CLG) has the power to issue directives in respect of appropriate income and expenditure items.

The balance at 31 March 2014 was £2.966m, after a deficit of £0.409m in 2013/14 and a deficit is expected in 2014/15 and a small surplus in 2015/16. The major influences on these figures have been in 2014/15 increasing the Revenue Contributions to Capital, as a consequence of New Build acceleration, which may now be delayed. Council rents income has increased by £0.4m year on year and the proposal to transfer a 10% average, annually of the variable rate loan taken out on the inception of HRA self financing to a debt repayment reserve draws £3.18m from the HRA a year. Falling from 2016/17 to rise again in 2019/20.

The HRA subsidy system ceased at the end of 2011/12 when this Council was required to pay to Whitehall their notional HRA surplus, as determined by the subsidy settlement. From April 2012 the new Self Financing system, where councils will keep all rents in exchange for an allocation of housing debt came into effect. The council borrowed £185.456m in 6 tranches, 5 long term fixed rate loans maturing in 2038 and annually thereafter, and 1 shorter term variable loan maturing in March 2022.

Thirty Year Forecast

The Council has for a number of years produced an HRA thirty year forecast, however with the advent of self financing this has taken on more prominence. The forecast is updated on a regular basis to check actual progress against the plan and where necessary make amendments. The updated forecast is presented to members twice annually.

Five Year Forecast

An updated HRA five year forecast to the year 2019/20 will be produced once the budget has been finalised and the 30 year forecast updated.

Management and Maintenance

Management and maintenance expenditure in 2014/15 has reduced by 4.1% (£597,000) in the probable outturn compared to the original estimates. In 2015/16 the costs have decreased by 2.4% (£341,000) compared to the original 2014/15. Please refer to the detailed page for Supervision and Management General for a detailed analysis. Increases of between 2.8% and 74% on most of the headings. The HRA will be subsidising the net loss income for 2015/16 by £58,000 associated with the loss of funding from ECC for .Housing Related Support.

Service Enhancements

The Service Enhancements in 2015/16 are estimated at Capital £1,286,000 and Revenue £248,000. This includes £367,000 set aside for major capital projects in future years.

Depreciation

Under IFRS, introduced for the financial year 2010/11 there is a requirement to value and depreciate significant components of assets separately. The life cycles used until 31 March 2012 were based on the decent homes standard, however from 1 April the Council's New Modern Home Standard has been used which has meant that generally components will be replaced sooner than before. The effect was to increase substantially the depreciation charge. Since then the Council has agreed with the External Auditor a revised method of calculating the depreciation charge lowering it to £13.2m in 2014/15 and £13.5m in 2015/16.

Housing Repairs Fund

The Housing Repairs Fund balance at the start of 2014/15 was £2.753m, and is estimated to be reduced down to £0.076m by the end of 2019/20. The contribution for 2014/15 and 2015/16 has been set at £5 m, but based on current expenditure this is not sufficient to meet the demands placed on the fund. The contribution has been increased to £5.5m after 2015/16.

Major Repairs Reserve

The Major Repairs Reserve balance as at the end of 2013/14 was £11.359m, and is predicted to reduce to £2.16m by the end of 2018/19.

Capital Expenditure

Capital expenditure charged to revenue is based on the latest predictions of availability of funds to finance the capital programme. The contribution in 2014/15 is forecast to be £5.2m. In 2015/16 this falls to £4.9m.

Housing Repairs Service

The Housing Repairs Service carries out a significant proportion of the repairs required to the Council's stock. The total cost of the Service is recharged to either the Housing Repairs Fund or (for capital projects) to the HRA Capital Programme. There is also a small amount of work carried out for the General Fund.

Proposed Rent Increase

From 2003/04 rents have been set with reference to a Government formula based on property values, number of bedrooms and local earnings. The scheme was referred to as rent restructuring, and its intention is to ensure that rents for broadly similar properties should be the same, regardless of whether the landlord is the local authority or a registered social landlord.

The proposed average rent increase for 2015/16 is 2.2% (£2.10), which gives an average weekly rent for 2015/16 of around £97.54 per week.

The Council has complied with the Government's previous rent restructuring regime . The Government now has a Social Rents Policy which includes formula rents. The end of rent restructuring resulted in an estimated £40m loss of rental income over the 30 year HRA Plan. Most Social Landlords re-let vacant property at the "target rent" for the property, which the Council has also done from 5th April 2014. Estimated additional income was £50,000 in 2014/15 and in subsequent years.

Interest on Receipts and Balances

The HRA interest income has remained relatively low during 2014/15 as the bank rate has remained at 0.5% since March 2009 and the further decline of the financial markets has meant that the Council can only invest with a limited number of counterparties and for shorter durations. All these have contributed to lower yields being achieved.

Interest Payable on Loans

This is a new charge to the HRA for the servicing of debts the Council has taken to fund the CLG's Self-Financing Debt Settlement.

Self-Financing Reserve

As part of the debt portfolio taken out toward the end of 2011/12 a variable loan of £31.8m for 10 years was included. The thirty year plan demonstrates that HRA balances will have increased sufficiently for this to be repaid in 2021/22. It is however felt that a sum equivalent to an average of 10% per annum should be set aside in a Self-Financing Reserve so that this money is seperately identified for this purpose. It may be necessary to amend the capital expenditure profile within the thirty year plan for this to be possible. A pattern of contributions has been agreed previously by Members, reducing to £1.25million from 2016/17 and starting to rise again from 2019/20.

Minimum HRA Balance

The agreed level of balance to be achieved is £2million, and this has been achieved in 2015/16.

The Council's Careline Service and Scheme Management Service for sheltered housing and area schemes - Reduction in Housing Related Support (HRS) funding by Essex County Council

The Council currently receives around £306,000 from Essex County Council's (ECC's) Housing Related Support (HRS) Budget towards the cost of providing the Councils Careline Service and its Scheme Management Service for older Council tenants in receipt of housing benefit living in sheltered housing or an area scheme. However, due to ECC reducing its HRS Budget by around 10% (£2 million) per annum across the County, ECC is reducing its HRS funding to this Council by £133,000 (43%) per annum from April 2015 (£52,000 for Careline and £81,000 for Scheme Management).
Since the HRA is unable to sustain such a large reduction in HRS funding in the long term, the Housing Portfolio Holder has asked the Director of Communities to undertake a review on how this lost income can be replaced, primarily through a combination of increased charges to users of the two services and, in particular, the introduction of charges for tenants in receipt of housing benefit (who do not currently pay anything for these services) - whilst spreading the impact of the required increased/new charges over a two-year period.

Careline Service

The Careline Service currently operates at a small annual deficit of around £16,000 per annum. In order for the Careline Service to break-even after accounting for this small deficit and, particularly, the loss in HRS funding, the charges made to Council tenants and private clients for Careline would need to increase by 54p per week from April 2015. However, in order to spread the required increases over a two-year period, it is proposed that Careline charges only be increased by 27p per week from April 2015, with an intention to increase charges by a similar amount in April 2016 (subject to no further reduction in HRS funding).

It should be noted that this is a higher increase for private clients than agreed by the Cabinet in December 2014, following the review of housing-related fees and charges by the Finance and Performance Management Cabinet Committee. However, it should also be noted that this Council currently makes the lowest charges for Careline / telecare services in Essex, which will continue to be the case even after this proposed increase. Moreover, if this Council increases its charges by a further 27p per week in April 2016, it is expected that this Council's charges will still be the second lowest in Essex - even if other councils do not increase their charges over the next two years, which is considered likely.

In the past, any increase in Careline charges to Council tenants in receipt of housing benefit has been met by a corresponding increase in the Housing Related Support Credit made to tenants' rent account. However, due to the reduction in HRS funding from ECC, this is no longer possible. Therefore, such tenants will need to meet the cost of this increase themselves for the first time.

Scheme Management Service at Sheltered and Area Schemes for Older People

In order for ECC's £81,000 per annum cut in HRS funding for Scheme Management to be met from increased charges to tenants, the current Housing Related Support Charge made to older tenants in sheltered housing and area schemes would need to increase by around 30%.

However, following consideration of a number of alternative options put forward by the Director of Communities, the Housing Portfolio Holder is proposing a range of measures to mitigate the effect of increasing charges to tenants, whilst ensuring that the loss in HRS funding is fully-funded from increased charges by April 2016.

Firstly, a review has been undertaken of the amount of time that the Council's Scheme Managers spend on activities relating to "Housing Related Support" and, separately, to "Intensive Housing Management". As a result, it has been established that around 10% of their time is spent on the latter, instead of the former. Therefore, it is proposed that a new service charge be introduced to cover the costs of providing Intensive Housing Management and that the Housing Related Support Charge be reduced by an equivalent amount. Apart from a more appropriate categorisation of duties, which has no effect on tenants who are not in receipt of housing benefit and who therefore pay the charge themselves, an advantage of introducing such a change is that older tenants in receipt of housing benefit are eligible to receive housing benefit towards the cost of receiving Intensive Housing Management, but not Housing Related Support.

Secondly, it is proposed that both the Housing Related Support Charge and the Intensive Housing Management Service Charge are increased by 5% from April 2015, with an intention to increase charges by a similar amount in April 2016 (subject to no further reduction in HRS funding). Furthermore, it is proposed that tenants in receipt of housing benefit be required to meet the cost of the increase in the Housing Related Support Charge (only) themselves - by no corresponding increase being made to their Housing Related Support Credit.

Thirdly, it is proposed that the current Housing Related Support Credit received by tenants in receipt of housing benefit to meet their Housing Related Support Charge be reduced by 8% from April 2015, with an intention to reduce the Credit by a similar amount in April 2016 (subject to no further reduction in HRS funding).

Effect of these changes on tenants and the HRA

The effect on all tenants in sheltered housing and area schemes, and private Careline clients, of all the above proposals are summarised in the following table:

Sheltered Tenants (Scheme Management & Careline):					
	(£)	**Increase (£)**	**Increase (%)**	**Increase (£)**	**Increase (%)**
Not on HB	£12.15 p/w	£0.71 p/w	5.80%	£0.71 p/w	5.50%
On HB	Nil	£1.27 p/w	N/A	£1.27 p/w	100.00%
Area Tenants (Scheme Management & Careline):					
Not on HB	£5.54 p/w	£0.39 p/w	7.00%	£0.39 p/w	6.60%
On HB	Nil	£0.52 p/w	N/A	£0.52 p/w	100.00%
Private Careline Users	£95.30 p/a	£13 p/a	13.60%	£13 p/a	12.00%
New Annual Cost		**£108.30 p/a**		**£121.30 p/a**	
(*) – Subject to no further reduction in HRS funding in 2016/17					

As a result of spreading the required increases in charges over two years, the HRA will need to subsidise the Careline Service and Scheme Management Service by around £58,000 during 2015/16.

Potential for further HRS funding reductions by Essex County Council

All of the above proposals have been formulated to enable the Careline Service to break-even, and the loss in HRS funding for the Scheme Management Service to be fully recovered, from April 2016 – based on the current reduction in HRS funding by ECC.

However, it is quite possible that further reductions in HRS funding will be made by ECC in April 2016. If this is the case, a further review of charges will need to be made for the HRA Budget in 2016/17, which is likely to result in higher charges from April 2016 than those set out above.

Moreover, it has been muted that ECC may be seeking to reduce its County-wide HRS Budget by more than the currently-proposed £2 million per annum from April 2015, which may have a further effect on this Council's HRS funding. However, no details have been received on such a possibility at the time of preparing this HRA Budget and have therefore not been incorporated.

HOUSING DIRECTORATE
HOUSING REVENUE ACCOUNT SUMMARY

2013/14	*2014/15*			2015/16
Actual	*Original Estimate*	*Probable Outturn*		Original Estimate
£000's	*£000's*	*£000's*		£000's
			EXPENDITURE	
4,768	4,468	4,561	Supervision & Management General	4,616
3,691	3,844	3,693	Supervision & Management Special	3,870
542	521	525	Rents, Rates Taxes & Insurances	526
5,200	5,000	5,000	Contribution to Repairs Fund	5,000
0	570	27	Improvements / Service Enhancements	50
14,201	***14,403***	***13,806***	**MANAGEMENT & MAINTENANCE**	**14,062**
13,110	13,231	12,480	Depreciation	13,539
50	52	74	Treasury Management Expenses	83
16	250	129	Provision for Bad/Doubtful Debts	100
27,377	**27,936**	**26,489**		**27,784**
			INCOME	
(30,885)	(31,765)	(31,631)	Gross Rent of Dwellings	(32,177)
(870)	(858)	(843)	Non Dwellings Rent	(859)
(1,980)	(1,574)	(1,614)	Charges for Services & Facilities	(1,587)
(336)	(383)	(343)	Contribution from General Fund	(356)
(34,071)	**(34,580)**	**(34,431)**		**(34,979)**
(6,694)	**(6,644)**	**(7,942)**	**NET COST OF SERVICES**	**(7,195)**

HOUSING DIRECTORATE
HOUSING REVENUE ACCOUNT SUMMARY

2013/14	2014/15			2015/16
Actual £000's	*Original Estimate £000's*	*Probable Outturn £000's*		**Original Estimate £000's**
(6,694)	*(6,644)*	*(7,942)*	NET COST OF SERVICES	(7,195)
(375)	*(402)*	*(395)*	Interest on Receipts and Balances	(422)
5,526	*5,532*	*5,529*	Interest Payable on Loans	5,566
(5,349)	*(6,186)*	*(4,958)*	Transfer from MRR	(6,014)
(33)	*(29)*	*(34)*	Reversal of DLO depreciation	(34)
963	*973*	*794*	Pensions Interest Payable/Return on Assets	794
(5,962)	*(6,756)*	*(7,006)*	**NET OPERATING INCOME**	(7,305)
			APPROPRIATIONS	
4,200	*5,700*	*5,200*	Capital Exp. Charged to Revenue	4,900
(865)	*(945)*	*(722)*	FRS 17 Adjustment	(722)
3,180	*3,180*	*3,180*	Transfer to Self Financing Reserve	3,180
(84)	*0*	*0*	Transfer to Insurance Fund	0
(58)	*(442)*	*360*	Transfer to Enhancement Fund	(105)
(4)	*0*	*0*	Leave Accruals	0
6,369	*7,493*	*8,018*		7,253
407	*736*	*1,012*	**(SURPLUS)/DEFICIT FOR YEAR**	(52)
3,375	*3,482*	*2,968*	BALANCE BROUGHT FORWARD	1,956
407	*736*	*1,012*	(SURPLUS)/DEFICIT FOR YEAR	(52)
2,968	***2,746***	***1,956***	**BALANCE CARRIED FORWARD**	**2,008**

HOUSING DIRECTORATE
HOUSING REPAIRS FUND SUMMARY

2013/14	2014/15			2015/16
Actual	*Original Estimate*	*Probable Outturn*		**Original Estimate**
£000's	*£000's*	*£000's*		**£000's**
			EXPENDITURE	
3,885	*3,492*	*3,976*	Responsive and Void Repairs	4,147
2,095	*2,238*	*2,053*	Planned & Cyclical Maintenance	2,281
(25)	*(37)*	*(19)*	Other items	(51)
5,955	***5,693***	***6,010***	**TOTAL EXPENDITURE**	**6,377**
(5,200)	***(5,000)***	***(5,000)***	**CONTRIBUTION FROM HRA**	**(5,000)**
755	***693***	***1,010***	**(SURPLUS)/DEFICIT FOR YEAR**	**1,377**
3,508	*2,986*	*2,753*	BALANCE BROUGHT FORWARD	1,743
755	*693*	*1,010*	(SURPLUS)/DEFICIT FOR YEAR	1,377
2,753	***2,293***	***1,743***	**BALANCE CARRIED FORWARD**	**366**

HOUSING DIRECTORATE
MAJOR REPAIRS RESERVE SUMMARY

2013/14	*2014/15*			**2015/16**
Actual £000's	*Original Estimate £000's*	*Probable Outturn £000's*		**Original Estimate £000's**
			EXPENDITURE	
6,145	*9,528*	*8,754*	CAPITAL EXPENDITURE	11,969
5,349	*6,186*	*4,958*	TRANSFERRED TO HRA	6,014
11,494	***15,714***	***13,712***	**TOTAL EXPENDITURE**	**17,983**
(13,098)	***(13,231)***	***(12,480)***	**DEPRECIATION**	**(13,539)**
(1,604)	***2,483***	***1,232***	**(SURPLUS)/DEFICIT FOR YEAR**	**4,444**
9,755	*8,473*	*11,359*	BALANCE BROUGHT FORWARD	10,127
(1,604)	*2,483*	*1,232*	(SURPLUS)/DEFICIT FOR YEAR	4,444
11,359	***5,990***	***10,127***	**BALANCE CARRIED FORWARD**	**5,683**

HOUSING REVENUE ACCOUNT
Supervision/Management General

	Sum of Actual 2013/14 £'000	Sum of Original Estimate 2014/15 £'000	Sum of Probable Outturn 2014/15 £'000	Sum of Gross Expenditure 2015/16 £'000	Sum of Gross Income 2015/16 £'000	Sum of Net Expenditure 2015/16 £'000	
Capital Monitoring	60	61	103	106	0	106	Changes are mainly due to the Council's restructure and freshly calculated recharges, this does not affect the Council's bottom line. 74% increase.
Comp.Costs New Hsg.System	3	17	3	14	0	14	Comprises residual Consultancy costs.
Contribution To General Fund	615	693	649	617	0	617	This is mainly a contribution to the Corporate and Democratic Core, the HRA paying its share towards Democratic Representation and Management, and such Corporate Costs as the head of the paid service (Chief Executive), direct management of services and the provision of advice and support to Members.
Hsg. Man. Support Servs.	150	155	159	165	0	165	3.1% Year on Year increase due to change in support recharges
Managing Tenancies	1,006	990	1,074	1,088	0	1,088	The Council's restructure has changed many of the recharges, this does not affect the Council's bottom line. But does affect service headings. 9.9% Year on Year increase.
New House Builds	351	237	311	309	0	309	A new heading for any Costs that cannot be charged to Capital. That is to say these costs relate to abortive work or work that does not comply with the strict definitions necessary for recognition as an asset.
Policy & Management	375	402	391	414	0	414	Contains the Director and Senior Management. 3% Year on Year increase.
Rent Accounting & Collection	628	642	610	667	0	667	The changes in the budgets reflect the additional effort now required to collect rents as a consequence of the welfare reforms. 3.9% Year on year increase, £16,000 Banking & Cash cost in 2015/16.
Repairs Management	647	680	673	699	0	699	The Council's restructure has changed many of the recharges, this does not affect the Council's bottom line. But does affect service headings. 2.8% increase year on year, Housing Assets recharge up.
Sale Of Council Houses	88	135	51	117	-26	91	Right to Buy Sales in 2013/14 and 2014/15 have been at an increased level.
Tenant Participation	85	90	87	79	0	79	Housing Staff support the Epping Forest Tenants and Leaseholders Federation, the Sheltered Housing Forum, a Leaseholders Association and a Repairs and Maintenance Focus Group.
Waiting Lists & Allocations	368	366	450	367	0	367	The 2014/15 Probable includes £76,000 for Legal expenses in connection with a legal challenge made to the council's allocation policy. The Council has won the case but is unlikely to receive any money back for the costs incurred defending the challenge.
Grand Total	**4,376**	**4,468**	**4,561**	**4,642**	**-26**	**4,616**	

HOUSING REVENUE ACCOUNT
Supervision/Management Special

	Sum of Actual 2013/14 £'000	Sum of Original Estimate 2014/15 £'000	Sum of Probable Outturn 2014/15 £'000	Sum of Gross Expenditure 2015/16 £'000	Sum of Gross Income 2015/16 £'000	Sum of Net Expenditure 2015/16 £'000	
Aged Persons Management	697	729	717	737	0	737	There has been an increase in 2015/16 to employee costs as a result of the pay award.
Aged Persons Support	371	388	370	384	0	384	There has been a minor increase in 2015/16 due to inflation on employee related costs.
Homelessness Management	278	279	255	263	0	263	Management costs have remained quite stable apart from an inflationary increase in 2015/16.
Homelessness Support Services	24	23	19	19	0	19	This budget relates to support given to those occupying the homeless hostel. Costs have reduced slightly from those originally estimated in 2014/15.
Special Items	2,321	2,425	2,332	2,467	0	2,467	In 2014/15 and 2015/16 Employee costs have increased as a result of the Pay Award. Heating up due to gas inflation. £68,000 more Removal Expenses and Compensation for 2015/16. Staircase lighting lower budgets for electricity and lower Support Service Recharge.
Grand Total	**3,691**	**3,844**	**3,693**	**3,870**	**0**	**3,870**	

HOUSING REVENUE ACCOUNT
Rents Rates Taxes Insurance and Other Expenditure

	Sum of Actual 2013/14 £'000	Sum of Original Estimate 2014/15 £'000	Sum of Probable Outturn 2014/15 £'000	Sum of Gross Expenditure 2015/16 £'000	Sum of Gross Income 2015/16 £'000	Sum of Net Expenditure 2015/16 £'000	
Rents/ Rates/Taxes/Insurance	542	521	525	526	0	526	Public Liability Insurance £40,000 less in Original to Original. However this is compensated for by additional Managerial and professional recharge in the sum of £56,000. This budget includes building insurance on the Council's dwellings. Void properties where Rates and Council Tax are payable. Also includes Water charges and Public Liability Insurance.
Grand Total	**542**	**521**	**525**	**526**	**0**	**526**	

Debt Management	50	52	74	83	0	83	Central Services support has increased.
Increase Bad & Doubtful Debts	16	250	129	100	0	100	Decrease in Bad Debt Provision due to delayed effect of Welfare Reforms.
Grand Total	**66**	**302**	**203**	**183**	**0**	**183**	

Capital Exp Charged To Revenue	0	5,700	5,200	4,900	0	4,900	This has remained at a high level to support the House Building Programme and that cannot be funded from the Major Repairs Reserve.
Grand Total	**0**	**5,700**	**5,200**	**4,900**	**0**	**4,900**	

HOUSING REVENUE ACCOUNT

	Sum of Actual 2013/14 £'000	Sum of Original Estimate 2014/15 £'000	Sum of Probable Outturn 2014/15 £'000	Sum of Gross Expenditure 2015/16 £'000	Sum of Gross Income 2015/16 £'000	Sum of Net Expenditure 2015/16 £'000	
Depreciation	13,110	13,231	12,480	13,539	0	13,539	Under IFRS, introduced for the financial year 2010/11 there is a requirement to value and depreciate significant components of assets separately. The life cycles used until 31 March 2012 were based on the Decent Homes Standard, however from 1 April the Council's Modern Home Standard has been used which has meant that generally components will be replaced sooner than before. The effect was to increase substantially the depreciation charge - the Original Estimate rose to £18.4m. Since then the Council has agreed with the External Auditor a revised method of calculating the depreciation charge lowering it to £13.2m in 2014/15, and £13.5m in 2015.
Grand Total	**13,110**	**13,231**	**12,480**	**13,539**	**0**	**13,539**	

In order to allow the transfer to full depreciation accounting and allow time for proper implementation, the draft determination published by CLG allows a transitional period of up to five years with authorities able to move across to full depreciation accounting beforehand should they wish. During this period, authorities would be allowed to continue to reverse out depreciation and impairment and allow the equivalent to the major repair costs in the self-financing valuation to hit the bottom line. This transitional period will also deal with any issues about short term affordability due to the way the HRA model operates. Once the transitional period is over, more depreciation will be locked in the Major Repairs Reserve, and not be available for Council House Building. However, the intention would be to adjust the Revenue Contribution to capital to maintain the current position.

HOUSING REVENUE ACCOUNT
PROPERTY RELATED INCOME

	Sum of Actual 2013/14 £'000	Sum of Original Estimate 2014/15 £'000	Sum of Probable Outturn 2014/15 £'000	Sum of Gross Expenditure 2015/16 £'000	Sum of Gross Income 2015/16 £'000	Sum of Net Expenditure 2015/16 £'000	
Business Premises	-18	-16	-24	0	-19	-19	Income here relates to a few non dwelling rents that did not form part of the transfer to the General Fund in 2010/11
Charges for Services & Facilities	-1,980	-1,574	-1,614	0	-1,587	-1,587	Year on year income is quite stable but some variances are concealed. OAP Units Service Charge Income is down £40,000 but most of the other charges have increased.
Contribution from General Fund	-336	-383	-343	0	-356	-356	This is the contribution made towards grounds maintenance costs of housing land in relation to properties that have been sold under the Housing Right to Buy legislation. The year on year allocation from grounds maintenance has decreased.
Garages	-842	-832	-809	0	-830	-830	Garage rents are proposed to increase from £7-90 a week to £8-10 in 2015/16.
Gross Rent Of Dwellings	-30,702	-31,765	-31,631	0	-32,177	-32,177	The rental income estimate for 2014/15 is based on a slightly reduced stock of houses (53 RTB sales assumed in 2014/15, 37 in 2015/16). An average increase in rents of 2.2% (increase by £2.10 to £97.54 in 2015/16 average weekly rent) is proposed. Most Social Landlords re-let vacant property at the
Ground Rents	-10	-10	-10	0	-10	-10	This relates to the ground rents for leaseholders.
Grand Total	**-33,888**	**-34,580**	**-34,431**	**0**	**-34,979**	**-34,979**	

HOUSING REVENUE ACCOUNT
INTEREST INCOME

	Sum of Actual 2013/14 £'000	Sum of Original Estimate 2014/15 £'000	Sum of Probable Outturn 2014/15 £'000	Sum of Gross Expenditure 2015/16 £'000	Sum of Gross Income 2015/16 £'000	Sum of Net Expenditure 2015/16 £'000	
Interest On Capital Balances	-245	-269	-265	0	-283	-283	The interest on capital balances is based on the mid year HRA Capital Financing Requirement (CFR). The CFR represents the authority's underlying need to borrow for capital purposes. The interest income relates to the charge made to the General Fund for its positive credit ceiling which in effect is due to internal borrowing from the HRA. The rate applied is the average rate on investments as above.
Interest On Revenue Balances	-130	-132	-130	0	-139	-139	The income here represents the interest earned from ongoing revenue balances on the HRA, Repairs Fund and Major Repairs Reserve accounts. This is based on an interest rate of 0.7% for probable outturn 2014/15 and 0.7% for 2015/16. It is anticipated that rates will rise in Q3 of 2015/16.
Mortgage Interest	-1	-1	0	0	0	0	The governing legislation states that the interest rate charged on Council mortgages must be the higher of the local average rate (calculated as the average rate payable on its external debt) or the standard national rate. Whilst the Council has now taken on debt related to HRA self financing the average rate on this is below the national rate at 3%. The charge on all mortgages is therefore the national rate. The standard national rate has remained the same at 3.13% since April 2009. No new notification has been received. There are now only three mortgages remaining.
Grand Total	**-376**	**-402**	**-395**	**0**	**-422**	**-422**	

HOUSING REVENUE ACCOUNT
INTEREST PAYABLE

	Sum of Actual 2013/14 £'000	Sum of Original Estimate 2014/15 £'000	Sum of Probable Outturn 2014/15 £'000	Sum of Gross Expenditure 2015/16 £'000	Sum of Gross Income 2015/16 £'000	Sum of Net Expenditure 2015/16 £'000
Self Financing Interest	5,526	5,532	5,529	5,566	0	5,566
Grand Total	**5,526**	**5,532**	**5,529**	**5,566**	**0**	**5,566**

The debt portfolio was agreed as £154m fixed rate between 3.45% and 3.5% and variable rate of £32m (currently at 0.57%) was taken out. The Interest on this debt is expected to be a little over £5.5m per annum compared to £6.3m assumed previously.

HOUSING REVENUE ACCOUNT
SUPPORT AND TRADING SERVICES

	Sum of Actual 2013/14 £'000	Sum of Original Estimate 2014/15 £'000	Sum of Probable Outturn 2014/15 £'000	Sum of Gross Expenditure 2015/16 £'000	Sum of Gross Income 2015/16 £'000	Sum of Net Expenditure 2015/16 £'000	
Building Maintenance - O'Heads	0	0	0	2,547	-2,547	0	
Communities Policy Group	0	0	0	827	-827	0	This budget relates to the Director and Assistant Directors of Communities. The majority of costs are recharged to the HRA which is why this is reported here.
Housing Resources	0	0	0	640	-640	0	
Housing Services Admin	0	0	0	520	-520	0	
Grand Total	**0**	**0**	**0**	**4,534**	**-4,534**	**0**	

HOUSING DIRECTORATE

HOUSING REPAIRS FUND FIVE YEAR PROGRAMME

ACTUAL 2013/14	DETAIL	ORIGINAL ESTIMATE 2014/15	PROBABLE OUTTURN 2014/15	ORIGINAL ESTIMATE 2015/16	FORECAST SPENDING 2016/17	FORECAST SPENDING 2017/18	FORECAST SPENDING 2018/19	FORECAST SPENDING 2019/20	
£000's		£000's	£000's	£000's	£000's	£000's	£000's	£000's	
2,534	Responsive Repairs	2,591	2,709	2,879	2,600	2,500	2,500	2,500	This budget is categorised into responsive repairs, special works expenses, decorating allowances, asbestos removal, door entry maintenance, windows maintenance, Norway House maintenance and drainage (rodding). Because these works are not planned, the budgets can fluctuate significantly from year to year. The probable outturn is expected to be more or less in line with that originally forecasted, with a slight decrease in 2015/16 and subsequent years.
1,351	Voids Refurbishment	901	1,267	1,268	1,250	1,000	1,000	1,000	Voids expenditure has been significantly increasing over the last few years. However in 2013/14 the changes in Housing Benefit regulations concerning Spare Rooms has caused more movement amongst tenants and a consequent increase in Void spend. This should reduce as tenants who wish to downsize achieve their objective.
2,095	Planned Maintenance/ Improvements	2,238	2,053	2,281	2,000	2,000	2,000	2,000	This budget is categorised into Gas servicing to council houses, Gas soundness checks and Sheltered housing heating. The longer term budget requirement is expected to be in the order of £2m.
63	Miscellaneous Projects	55	98	68	100	100	100	100	This budget is categorised into external lighting, disabled adaptations, compensation for improvements, sheltered scheme redecorations, estate enhancement fund, lift maintenance and digital TV repair.
12	Feasibilities	5	5	5	5	5	5	5	Little expenditure is expected in 2015/16 and there was only £12,000 spent in 2013/14. There are generally a few feasibilities each year and the amount included reflects this.
(100)	Less Income	(97)	(122)	(124)	(120)	(120)	(120)	(120)	These figures represent the expected contribution from leaseholders.
5,955	**TOTAL EXPENDITURE**	**5,693**	**6,010**	**6,377**	**5,835**	**5,485**	**5,485**	**5,485**	
(3,508)	**Balance brought forward**	**(4,375)**	**(2,753)**	**(1,743)**	**(366)**	**(31)**	**(46)**	**(61)**	
(5,200)	Contribution from H.R.A.	(5,000)	(5,000)	(5,000)	(5,500)	(5,500)	(5,500)	(5,500)	
5,955	**Less Expenditure above**	**5,693**	**6,010**	**6,377**	**5,835**	**5,485**	**5,485**	**5,485**	
(2,753)	**BALANCE CARRIED FORWARD (SURPLUS) / DEFICIT**	**(3,682)**	**(1,743)**	**(366)**	**(31)**	**(46)**	**(61)**	**(76)**	

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Report to the Finance and Performance Management Cabinet Committee
Report reference: FPM-02014-15
Date of meeting: 19 January 2015

Epping Forest District Council

Portfolio: **Finance**

Subject: **Council Budgets 2015/16**

Officer contacts for further information: **Bob Palmer (01992 564279)**

Democratic Services Officer: **Rebecca Perrin (01992 564532)**

Recommendations/Decisions Required:

(1) That the Committee considers the Council's 2015/16 General Fund budgets and makes recommendations to the Cabinet meeting on 2 February 2015 on adopting the following:

(a) the revised revenue estimates for 2014/15, which are anticipated to increase the General Fund balance by £112,000;

(b) confirmation of an increase in the target for the 2015/16 CSB budget from £13.15m to £13.29m (including growth items);

(c) an increase in the target for the 2015/16 DDF net spend from £0.204m to £0.976m;

(d) no change in the District Council Tax for a Band 'D' property to keep the charge at £148.77;

(e) the estimated increase in General Fund balances in 2015/16 of £30,000;

(f) the four year capital programme 2015/16 – 18/19;

(g) the Medium Term Financial Strategy 2014/15 – 18/19;

(h) the Council's policy on General Fund Revenue Balances to remain that they are allowed to fall no lower than 25% of the Net Budget Requirement.

(2) That the Committee recommends to the Cabinet that the 2015/16 HRA budget including the revised revenue estimates for 2014/15 be agreed;

(3) That the Cabinet be requested to note that rent increases proposed for 2015/16 will give an average overall increase of 2.2%;

(4) That the Committee notes the Chief Financial Officer's report to the Council on the robustness of the estimates for the purposes of the Council's 2015/16 budgets and the adequacy of the reserves.

Executive Summary:

This report sets out the detailed recommendations for the Council's budget for 2015/16. The budget adds £30,000 to reserves and the Council's policy on the level of reserves can be maintained throughout the period of the Medium Term Financial Strategy (MTFS). Over the course of the MTFS the use of reserves to support spending peaks at £304,000 in 2016/17 and reduces to £127,000 in 2018/19.

The budget is based on the assumption that Council Tax will be frozen and that average Housing Revenue Account rents will increase by 2.2% in 2015/16.

Reasons for Proposed Decisions:

The decisions are necessary to assist Cabinet in determining the budget that will be placed before Council on 17 February 2015.

Other Options for Action:

Members could decide not to approve the recommended figures and instead specify which growth items they would like removed from the lists, or Members could ask for further items to be added.

Report:

1. On 2 February 2015 the Cabinet will receive the minutes and recommendations contained therein of this meeting and will then make recommendations to Council for the setting of the Council Tax and budget on 17 February 2015.

2. The annual budget process commenced with the Financial Issues Paper (FIP) being presented to this Committee on 28 July 2014. The paper was prepared two months earlier than usual because of concern over the cumulative effect 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
   h) Organisational Review

3. There is now greater clarity on some of these issues, but several of them will not be resolved for some time. The key areas are revisited in subsequent paragraphs.

4. In setting the budget for the current year Members had anticipated using £243,000 from the General Fund reserves. This was possible as the MTFS approved in February 2014 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 2014/15 was not significant as the MTFS at that time was predicting the use of just over £1.7 million of reserves to support spending in the following three years.

5. 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 £500,000 on both the 2015/16 and 2016/17 estimates, followed by £300,000 in 2017/18 and £200,000 in 2018/19 to keep revenue balances comfortably above the target level at the end of 2018/19.

6. Members adopted this measured approach to reduce expenditure in a progressive and controlled manner. The budget guidelines for 2015/16 were therefore established

as:

- i. The ceiling for CSB net expenditure be no more than £13.15m including net growth/savings.
- ii. The ceiling for DDF net expenditure be no more than £0.204m.
- iii. The District Council Tax to be frozen.

The Current Position

7. The draft General Fund budget summaries are included elsewhere on the agenda. The main year on year resource movements are highlighted in the CSB and DDF lists, which are attached as Annexes 2 and 3. 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

8. The 2013/14 financial year took us into the new world of locally retained business rates, vastly reduced Revenue Support Grant and Local Council Tax Support. Rather unhelpfully the DCLG did not provide a separate figure for Local Council Tax Support Grant for 2014/15 and this has been maintained with the draft figures supplied immediately before Christmas. This means it is necessary to provide two comparative tables below to illustrate the reductions in funding. The first table is based on Formula Grant but this is only possible up to 2013/14.

	2009/10 £m	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m
Formula Grant (adjusted)	9.368	9.415 (8.710)	7.590 (7.543)	6.656	6.050
Increase/(Decrease) £	0.046	0.047	(1.120)	(0.887)	(0.606)
Increase/(Decrease) %	0.5%	0.5%	(12.9%)	(11.8%)	(9.1%)

9. The figures shown above illustrate the substantial annual reductions that began in 2011/12. Even using the adjusted figure of £8.710m for 2010/11, Formula Grant reduced by £2.66m or 31% over three years. From 2014/15 Formula Grant has not been separately identified so a different comparison is needed.

	2013/14 £m	2014/15 £m	2015/16 £m
Formula Grant	6.050	Not known	Not known
Homelessness Grant	0.113	Not known	Not known
Local Council Tax Support Grant	1.119	Not known	Not known
Funding Assessment	**7.282**	**6.375**	**5.467**
Increase/(Decrease) £	n/a	(0.907)	(0.908)
Increase/(Decrease) %	n/a	(12.5%)	(14.2%)

10. By not providing a full analysis for 2014/15 and 2015/16 the DCLG has prevented a detailed comparison with earlier periods. The draft figure for 2015/16 of £5.467m is slightly higher than the figure of £5.393m provided this time last year. It can still be seen that in three years under this new system funding reduces by £1.815m or by 24.9%. Using the two tables to make a crude comparison it can be seen that over 5 years funding has fallen by nearly 60%. The funding position in 2015/16 is £74,000 better than had been anticipated in the February 2014 MTFS. In updating the MTFS the changes have been allowed for but the lack of figures beyond 2015/16 requires a larger element of educated guesswork than usual.

11. 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.

12. 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 reductions of 12.5% and 14.2% are common to each element of the Funding Assessment. Funding to parish councils was reduced on that basis in 2014/15 and a consistent approach is proposed to reduce this by 14.2% for 2015/16 (£39,793). These amounts need to be seen in the light of the total parish precepts for 2014/15 being over £3m. There is a separate report elsewhere on the agenda setting out the amounts for individual parishes and this information was circulated to parish colleagues before Christmas.

b) Business Rates Retention

13. We have only had one full year of business rates retention and it is a complex system of funding. Given this complexity and the increasing importance of business rate retention relative to revenue support grant it is worth repeating a brief explanation of the system below.

14. For this district the predicted total amount of non-domestic rates for 2013/14 was set as £31,888,336, which is shared out as shown in the table below.

Authority & Percentage Share	Amount £
Central Government (50%)	15,944,168
EFDC (40%)	12,755,334
Essex County Council (9%)	2,869,950
Essex Fire Authority (1%)	318,884

15. As the billing authority we are responsible for collecting the money and then paying it over as set out above. However, as our share (£12,755,334) exceeds the amount of our funding deemed to come from retained business rates (£2,909,311) the excess (£9,846,023) is also paid to Central Government as a “Tariff”. The tariffs are used to provide “Top Ups” to those authorities whose non-domestic rate income is lower than their deemed funding from business rates. Overall this means we will be collecting nearly £32m but retaining less than £3m, or just over 9%.

16. The basic amounts within the system are now fixed for an extended period, DCLG have stated that the system will not be re-set until 2020. Although this does not apply to the tariff payments that will be increased annually by inflation, we have been given indicative tariff figures of £10.038m and £10.230m for 2014/15 and 2015/16 respectively.

17. Overall the predicted total level of non-domestic rates was broadly in line with the current position and it was felt unlikely that the Council would have either a large initial shortfall or any windfall gain from the new system. There was a major concern here though due to the way appeals and refunds are treated within the system. Even though DCLG have already had the benefit of non-domestic rates paid in respect of periods prior to 1 April 2013, all appeals regardless of start date are accounted for within the new system. This means billing authorities will be refunding money that they have not benefited from in the first place. It also means that in getting to a predicted level of

non-domestic rates for 2013/14, allowance had to be made for the amount of money we anticipated having to pay out in appeals and refunds.

18. Calculating an appropriate provision for appeals was extremely difficult as there are several hundred appeals 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 at the moment 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. 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.

19. Having had that reminder of the structure of the system we can reflect on how the first year went and what the future prospects are. The 2013/14 figures have been audited and the total amount of non-domestic rate income fell approximately £1m short of the £31.9m target. This translated to a shortfall of just under £400,000 in the Council's funding. However, part of the reason for the overall shortfall was the late changes made to the system to extend small business rate relief, cap increases in bills and introduce retail rate relief. These changes were not part of the original system design and as they were reducing business rate income for local authorities a compensation system of grants was constructed. The DCLG were very late confirming the amounts and dates of payments for the compensatory grants and this complicated the budgeting process. Ultimately though the compensatory grants meant the combined income from the various sources under business rates retention for 2013/14 was £56,852 higher than the baseline funding level. This meant in addition to the £9.85m of tariff already paid a levy of £28,426 also had to be paid on this excess income.

20. The other aspect of the system to reflect on is cash collection and thankfully we have far more control over that than we do over appeals. Cash collection is important as the Council is required to make payments to the Government and other authorities based on their share of the rating list. These payments are fixed and have to be made even if no money is collected. Therefore, effective collection is important as this can generate a cash flow advantage to the Council. If collection rates are low the Council is left to finance these payments from working capital and so has to reduce investment balances.

21. Members recognised the increasing importance of cash collection in the new system and increased the CSB budget by £25,000 to fund legal action in difficult, high value cases. This proved a sound investment as the collection rate was boosted from 96.85% to 98.09%. This exceeded the target of 97.5% and was the highest collection rate for several years. This meant that, even allowing for the appeal refunds, it was possible to fund all of the payments required by the system without reducing the Council's investment balances.

22. Having reflected on the mechanics of the system and the first year of operation we now need to consider the future. Firstly, is that excess funding likely to continue? This would seem likely as the 2013/14 figures suffered from old appeals being settled and a substantial provision based on external professional advice has been included at the year end. As the next updating of the rates list has been postponed to 2017 another fresh batch of appeals should not be received for some time. Historically we have seen growth in the rating list each year and with the sites covered in the section on development opportunities there are good prospects for future growth.

23. It is difficult to predict what the outcome of the general election will be and so the role of retained business rates within the system of local government funding may change. The current Secretary of State has indicated that he would like to see an increase in

the percentage retained. If this was to happen and the various development opportunities were to be taken forward it is possible to contemplate a position within 5 years when the Council could be self-sufficient and not rely at all on revenue support grant. As we cannot yet accurately predict completion dates or rateable values for the developments the MTFS has not assumed any growth in retained business rates from these projects. This is a prudent position as the Council seems likely to benefit from the change to local retention of business rates.

24. One other aspect of the new scheme worth mentioning is the ability to pool with other authorities to share risk and reduce levy payments. As we were not in a pool for 2013/14 half of the growth above the baseline funding level had to be paid over as levy. Thankfully this year's Autumn Statement contained less of the shocks that caused pooling to be abandoned for 2014/15. Although the work done in relation to 2014/15 has provided a useful basis and through the Essex Leaders Strategic Finance Group it should be possible to have a pool in place for 2015/16.

c) Welfare Reform

25. This phrase is used to capture a number of initiatives that are radically changing the way many benefits are paid and the amounts of those benefits. The single largest change from 1 April 2013 was the abolition of Council Tax Benefit and its replacement with Local Council Tax Support (LCTS). Much effort has gone in across the county to develop, consult on and implement schemes aimed at being self financing. Because of the requirement to protect people of pension age and the different demographics across the county it was not possible to agree a single uniform scheme but a number of common principles were agreed that all of the schemes were based on.

26. In constructing our own scheme we were always conscious that some of the assumptions being used by the DCLG and the Department for Work & Pensions (DWP) meant that talk of a 10% saving would in reality mean a funding gap closer to 15%. This meant many variables were modeled and considered before a draft scheme was agreed by Cabinet for consultation and finally adoption by Council in December 2012. The outturn shows that the 2013/14 scheme did its job and even returned a small surplus. As in-year monitoring had indicated that the scheme was working well no significant changes were made to the scheme for 2014/15.

27. In the section above on central government funding I explained that DCLG no longer tell us how much of the funding we get is for LCTS. On the basis that overall funding is reducing and without any other facts it is reasonable to assume that LCTS funding is reducing to the same extent as the overall funding. If caseload was constant, this would present us with a choice of either reducing the amount of money allocated for LCTS and consequently increase the size of the bills for those receiving support or we could subsidise LCTS by making reductions in other General Fund areas to pay for it. This would have been a difficult decision but thankfully the significant reduction in caseload means the existing scheme can continue largely unchanged into 2015/16 and this was confirmed at Council on 16 December 2014.

28. It is worth taking this opportunity to briefly update on some of the other welfare reforms. Both the Benefits Cap and the Spare Room Subsidy (also known as the "Bedroom Tax") have now been with us for a little while. Indications are that the impact of these changes has not caused major problems for many residents. There has been some demand amongst those deemed to be under-occupying to downsize but many have decided to stay where they are and pay a higher proportion of their rent themselves. Both the Conservatives and Labour have talked about further reductions in welfare after the election and so some residents may find their current situations are not sustainable in the long term.

29. A change that is currently being implemented is the Single Fraud Investigation Service (SFIS). This will see staff who investigate housing benefit fraud transfer to the DWP.

To prepare for this transfer in 2015/16 both the Internal Audit and Housing Benefit functions had restructures approved by Cabinet on 1 December 2014.

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. Unfortunately this scheme has been subjected to delays, confusion and critical reports from the National Audit Office. There is still no clarity over the time period and process for the migration of our existing housing benefit claims to Universal Credit. The DWP is still to decide on the role it wants local authorities to perform under the new system. Whilst there seems general agreement about the need to bring the welfare bill for the country under control there remains room for improvement in the delivery mechanisms and it would not be a surprise if whoever wins the election drops Universal Credit.

d) New Homes Bonus

31. 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.

32. The update to the MTFS in July had included an additional £130,000 for NHB. Now the full amount of new properties and empty properties brought back in to use is known this amount has nearly doubled to £252,000. 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. The DCLG has published a review of NHB that concluded the scheme was working well and largely achieving it's objectives. This view is not shared universally as many areas of the country are unhappy with the re-distributional effect of NHB and the future shape and possibly existence of NHB may depend on who wins the general election. It should be remembered though that the funding for NHB was top sliced from the overall local government funding pot. If a worst case scenario happens and the scheme is entirely scrapped it will take at least a year for an alternative allocation system to be devised. An alternative allocation system may not be as generous to this Council but the funding would not be completely lost as any new allocation system normally has floors and ceilings to prevent large fluctuations in funding in any one year.

34. NHB for future years is not anticipated in the MTFS and given the uncertainty beyond the general election this is still a prudent assumption. The inclusion of the additional £252,000 in 2015/16 takes the NHB income in the CSB to just over £2m.

e) Development Opportunities

35. Significant progress has been made since July on some of the Council's development sites. It is worth touching briefly on some of the opportunities that currently exist in the district and their likely benefits. This is particularly important given the potential changes mentioned above to retained business rates.

36. The Heads of Terms for the re-development of the Winston Churchill public house site has been re-negotiated. Originally the Council was entitled to a capital receipt which could have increased depending on the sale values achieved for the flats. Under the revised agreement the Council takes less risk and changes the income from one-off capital to ongoing revenue.

37. Agreement has been reached to buy Essex County Council's land in the St Johns area of Epping. This should make it easier to take forward the exciting mixed use re-

development of that area. This is a substantial scheme and it is likely to bring considerable benefits to the district. The largest single scheme is the Langston Road shopping park development. On 16 December Cabinet agreed an appropriate legal structure and associated documents to progress the scheme. To assist in freeing up this site approval has been provided for a new depot at Oakwood Hill. Other possibilities for Waltham Abbey and North Weald are further off but should not be forgotten.

38. Even though there has been good progress there remains a lack of certainty at this time about the completion dates and composition of the schemes. In 2015/16 the management of these schemes will revert from a temporary home in the Governance Directorate to the Neighbourhoods Directorate. If the Council is to achieve the stated objective of reducing reliance on revenue support grant it is crucial that the momentum that has been achieved in 2014/15 is continued by those taking charge of the schemes in 2015/16. The revenue benefits of the schemes have not been anticipated in the MTFS but some development budgets have been approved by Members and these are included in the capital and DDF programmes as appropriate.

f) Income Streams

39. As you would expect, several of the Council's income streams reflect the position in the wider economy. Having suffered reductions during the downturn many of these areas are doing better now as the economy is improving The FIP reported on the income position as at the end of June, which showed a combined potential surplus of £60,000. In every area the income position has improved in the subsequent six months. This is particularly evident for Development Control which is likely to see £80,000 of CSB growth and an additional £40,000 coming from pre-application charges.

40. Last year saw the first change to parking fees for many years and a detailed study is underway to consider how the charging scheme might be amended in future to ensure short term spaces are available for shoppers. Detailed recommendations from this work are likely to be presented to Cabinet in February. As part of the consideration of various business cases earlier in the budget cycle, Members agreed that a modest increase in income of £100,000 should be targeted for this area for 2015/16.

41. The other key income stream worth commenting on is the market at North Weald. As the operator was experiencing financial difficulties the Council agreed to move away from a fixed rent to an income share. This should place the market on a more sustainable basis going forward but has meant that the estimate for CSB income from the market has been reduced by £310,000.

g) Waste and Leisure Contract Renewals

42. Two of the Council's high profile and high cost services are provided by external contractors, Biffa for waste and SLM for leisure. The new waste contract commenced in November 2014 following a competitive dialogue procedure to achieve innovation and efficiency in the provision of this service. It was possible to procure the service at a lower cost than the previous contract and Biffa have made an encouraging start. Effective monitoring of the contract will be necessary to ensure it delivers the service improvements and cost savings that were included in the winning tender.

43. 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 was approved by Cabinet in December 2014 to provide a vision for a new contract. The Director of Neighbourhoods is confident that a new contract based on this vision will achieve significant efficiencies and CSB reductions of £250,000 have been included in the later years of the MTFS.

h) Organisational Review

44. The 2014/15 budget included the effects of the first stage of the organisational restructure. This involved a reduction in the numbers of Directors and Assistant Directors and saw services consolidated into four new directorates. As phase two of the restructure, each directorate has now evaluated both opportunities to improve efficiency and areas that have been historically under resourced. This process has yielded some savings but also highlighted some additional funding requirements, such as economic development. The MTFS has been adjusted for the changes to the organisation from this second phase. Although it is likely that the further amendments will continue during 2015/16.

45. A budget of £150,000 was included in the DDF for 2014/15 to allow the Chief Executive to take forward Transformational Projects. None of this money has been spent to date, although the Chief Executive is taking forward a flexible working and accommodation review. Early in the budget cycle he presented a business case and the projected saving of £100,000 has been included in the MTFS in 2016/17.

The ceiling for CSB net expenditure be no more than £13.15m including net growth

46. Annex 2 lists all the CSB changes for next year. The MTFS in July included CSB savings of £785,000 for 2015/16 and the revised 2014/15 budget had an additional £75,000 of savings. The most significant item not already covered above is a change in the allocation of work done in relation to anti-social behaviour. These costs have previously been borne entirely by the General Fund but now the Housing Revenue Account will pay for the work done on its behalf. It is anticipated that this will move over £100,000 of costs out of the General Fund.

47. Given the earlier start to the budget process this year and the large net cost increases from the loss of income from the market at North Weald and the investment in economic development, the November meeting of this committee considered whether the CSB target set in July should be amended. The Committee decided not to increase the savings targets by the full £430,000 necessary to maintain the July CSB target but to limit the increase to £250,000, thus allowing an increase in the CSB target of £180,000 to £13.33m.

48. The greater savings in 2014/15 and inflation being less than had been allowed for mean that the opening CSB in 2015/16 is £58,000 lower than anticipated in the previous MTFS. This means that although CSB savings are lower than the July target, the closing CSB is still £40,000 lower than adjusted November target.

49. The General Fund summary at Annex 1 shows that the CSB total is £140,000 above the July CSB target of £13.15m and it is therefore proposed to increase the CSB target to £13.29m.

The ceiling for DDF net expenditure be no more than £0.204m

50. The DDF net movement for 2015/16 is £0.976m, Annex 3 lists all the DDF items in detail. The largest cost item is £250,000 for work on the Local Plan. The Local Plan is a substantial and unavoidable project and in 2014/15 and the subsequent two years DDF funding of £0.76m 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 £129,000 for the planned building maintenance programme and £188,000 for the work on asset rationalisation.

51. The DDF lists include £150,000 (£75,000 in 2014/15 and £75,000 in 2015/16) for the Chief Executive's Transformation Programme. As mentioned above, the full amount was originally included in the budget for 2014/15 but none of the money has yet been

spent. As the flexible working and accommodation review is taken forward external assistance will be necessary to transform the Council's operations. Whether all of this funding is needed will depend on the scale and nature of the projects pursued but it is prudent to leave the original budget intact at this time.

52. At £0.976m the DDF programme is £0.772m above the target for 2015/16. However, this needs to be balanced with the reduction in 2014/15 as the predicted spend in the previous MTFS of £2.269m has been reduced by £1.116m to £1.153m. Taking the two years together there is a net decrease in DDF spending of £0.344m. Therefore, it is proposed to increase the DDF ceiling for 2015/16 from £0.204m to £0.976m. The DDF is predicted to continue to have funds available through to the end of the period covered by the MTFS.

<u>The District Council Tax be frozen</u>

53. Members have indicated that they want to benefit from the Council Tax freeze grant for 2015/16 and so the Council Tax will not be increased for 2015/16.

<u>That longer term guidelines covering the period to March 2018 provide for</u>

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;

54. Current projections show this rule will not be breached by 2018/19, by which time reserves will have reduced to £9.332m and 25% of net budget requirement will be £3.139m.

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.

55. The outturn for 2013/14 added £214,000 to reserves and the revised estimates for 2014/15 anticipate a further increase of £112,000. This would leave the opening revenue reserve for 2015/16 at £9.99m and with the estimates for 2015/16 showing an increase of £30,000, reserves at the end of 2015/16 would be just over £10m. The Medium Term Financial Strategy at Annex 4 shows deficit budgets for the period from 2016/17 to 2018/19. The level of deficit peaks at £304,000 in 2016/17 and reduces to £127,000 in 2018/19, although this is achieved through additional CSB savings of £250,000 in 2016/17, £400,000 in 2017/18 and a further saving of £250,000 in 2018/19.

<u>The Local Government Finance Settlement</u>

56. 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. Beyond 2015/16 the figures may fluctuate following the General Election and the next Comprehensive Spending Review and cannot be predicted with any certainty, further reductions of 10% each year have been allowed for in both 2016/17 and 2017/18 with a 5% reduction in 2018/19.

<u>The 2014/15 General Fund Budget</u>

57. Whilst the position on some issues is clearer now than it was when the FIP was written there are still significant risks and uncertainties. There has been an improvement in the economy but a lot of the jobs that have been created are part time or low paid. This has created an unusual situation whereby unemployment is low but tax revenues have not increased and so the deficit is still with us and there is no end in sight to the age of austerity. In the paragraphs above I have highlighted several key policy areas that

could be affected by the General Election. There is increasing political uncertainty and with the impact of the Scottish National Party and the UK Independence Party another coalition government is a realistic possibility. Whatever the make up is of the new government they will have to urgently conduct a Comprehensive Spending Review as there are no spending plans beyond 2015/16. It is hard to imagine any incoming government allocating additional funds to local government, although there are a range of possibilities in terms of the size of future spending reductions and where they will hit hardest.

58. Retention of non-domestic rates was already a complex system that another layer of complexity was added to with the very late changes in the 2013 Autumn Statement. The first full year has now washed through and the combined income from non-domestic rates and the compensatory grants was nearly £60,000 more than the formulae said we should receive. A levy of 50% has to be paid on income above the baseline funding level so we had to give half of it back. This is disappointing but under the previous system we would have not been able to retain any benefit at all.

59. 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.

60. The Government has incentivised authorities to pursue residential development and economic development and so far this authority has done relatively well from the New Homes Bonus and the local retention of non-domestic rates. That we would continue to benefit in the future is more certain than whether the policies themselves will still be in place this time next year.

61. The other area worth touching on again is welfare reform. All we can really be certain of is that any incoming government will seek to reduce the overall welfare bill and that the current payment mechanisms will change. The extent, and effectiveness, of any targeted reductions and the future of Universal Credit can only be speculated about at the moment as can the role of local authorities.

62. The starting point for the budget is the attached Medium Term Financial Strategy, Annex 4. Annexes 4a and 4b are based on the current draft budget, no Council Tax increase (£148.77 Band D) for 2015/16 and subsequent increases of 2.5% per annum for the following years.

63. Members are reminded that this strategy is based on a number of important assumptions, including the following:

- Future Government funding will reduce by 10% for both 2016/17 and 2017/18, with a smaller reduction of 5% for 2018/19.
- CSB growth has been restricted and the adjusted CSB target for 2015/16 of £13.33m has been achieved. Known changes beyond 2015/16 have been included but if the new leisure contract and the accommodation review do not yield the predicted savings other efficiencies will be necessary.
- All known DDF items are budgeted for, and because of the size of the Local Plan programme the closing balance at the end of 2018/19 is anticipated to reduce to £1.5m.
- 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 2018/19 to £9.3m or 74% of NBR for 2018/19, although this can only be done with further savings in 2016/17 and subsequent years.

The Housing Revenue Account

64. The balance on the HRA at 31 March 2016 is expected to be £2.01m, after a deficit of £1.01m in 2014/15 and a surplus of £0.05m in 2015/16. The estimates for 2015/16 have been compiled on the self-financing basis and so the negative subsidy payments have been replaced with borrowing costs.

65. The process of Rent Restructuring to bring Council rents and Housing Association rents more in line with each other is no longer with us. This process may return in the future but for the moment it is possible to set a lower increase than the Council has been forced to do in recent years. The average rent increase is 2.2% for Council dwellings, substantially lower than the 4.91% in 2014/15, the 4.36% in 2013/14 and the 6% in 2012/13.

66. Both the Housing Repairs Fund and the Major Repairs Reserve are expected to have positive balances throughout the medium term. Members are recommended to agree the budgets for 2015/16 and 2014/15 revised and to note that although there is a deficit in 2014/15 the HRA has substantial ongoing balances.

The Capital Programme

67. The Capital Programme at Annex 5 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. This position has been stated in previous Capital Strategies and has been reinforced by the increasing awareness that capital spending reduces investment balances and thus impacts on the general fund revenue balance through lower interest earnings.

68. Annex 5d 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 £113m over five years, it is anticipated that the Authority will still have nearly £2m of usable capital receipt balances at the end of the period. However, it should be noted that a number of sites are currently under review and that this could involve either receipts through disposals or additional expenditure to fund developments.

Risk Assessment and the Level of Balances

69. 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 2015/16. Where this advice is not accepted, this should be formally recorded within the minutes of the Council meeting. The Council at its meeting on the 17 February will consider the recommendations of the Cabinet on the budget for 2015/16 and will determine the planned level of the Council's balances. Members will consider the report of the CFO at that meeting.

The Prudential Indicators and Treasury Management Strategy 2015/16

70. 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 will be set out in a separate report to Cabinet on 2 February.

71. 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.

Resource Implications:
The report details proposed growth items and potential savings, the implications are set out above and will vary depending on the course of action decided by Members.

Legal and Governance Implications:
None.

Safer, Cleaner, Greener Implications:
Items related to the Safer, Cleaner, Greener initiative are included in the report.

Consultation Undertaken:
This Committee previously considered the business cases for various net saving suggestions.

Background Papers:
Financial Issues Paper – see agenda of 28 July 2014
Draft Growth List – see agenda of 13 November 2014

Impact Assessments:
The Directorate proposing the growth or savings will have considered the equalities impacts for each budget proposal.

The report sets out some of the key areas of financial risk to the authority. At this time the Council is well placed to meet such challenges, although if the necessary savings highlighted are not actively pursued problems could arise in the medium term.

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GENERAL FUND ESTIMATE SUMMARY

ANNEX 1

2013/14 Actual £000	2014/15 Original Estimate £000	2014/15 Probable Outturn £000		2015/16 Budget Gross Expenditure £000	2015/16 Budget Gross Income £000	2015/16 Budget Net Expenditure £000
1,016	1,171	1,211	Chief Executive	1,819	648	1,171
3,029	3,545	3,463	Communities	5,083	1,640	3,443
1,096	1,579	864	Governance	5,760	5,008	752
10,963	11,084	11,375	Neighbourhoods	15,482	4,708	10,774
2,166	2,414	2,334	Resources	42,550	40,085	2,465
(1,878)	(1,637)	(1,937)	Other Items		2,176	(2,176)
16,392	**18,156**	**17,310**	**Net Cost of Services**	**70,694**	**54,265**	**16,429**
(431)	(399)	(420)	Interest and Investment Income		470	(470)
406	451	430	Interest Payable (Inc. HRA)	457		457
(169)	0	0	Return of Heritable funds			0
2,046	2,069	1,688	Pensions Interest/Admin	1,688		1,688
23	0	213	Revenue Contributions to Capital	12		12
18,267	**20,277**	**19,221**	**Net Operating Expenditure**	**72,851**	**54,735**	**18,116**
(2,399)	(2,633)	(2,788)	Depreciation Reversals & Other adj		2,320	(2,320)
213	(243)	112	Contribution to/(from) General Fund	30		30
180	10	(27)	Contribution to/(from) Other Reserves	7	5	2
202	(1,863)	(1,153)	Contribution to/(from) DDF		976	(976)
(2,023)	(2,007)	(1,534)	IAS 19 Adjustment	(1,534)		(1,534)
14,440	**13,541**	**13,831**	**To be met from Government Grants and Local Taxpayers**	**71,354**	**58,036**	**13,318**
14,528	**14,644**	**14,808**	**Continuing Services Budget**			**13,873**
940	379	752	CSB - Growth			302
(1,537)	(1,249)	(1,841)	CSB - Savings			(887)
(597)	**(870)**	**(1,089)**	**Total Growth (Net)**			**(585)**
13,931	**13,774**	**13,719**	**Total Continuing Services Budget**			**13,288**
1,904	2,458	2,530	DDF - Expenditure			1,621
(2,106)	(595)	(1,377)	DDF - One Off Savings			(645)
(202)	**1,863**	**1,153**	**Total District Development Fund**			**976**
711	(2,096)	(1,041)	Appropriations to/(from) other Reserves			(946)
14,440	**13,541**	**13,831**				**13,318**

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CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST

Directorate	Service		Original 2014/15 £000's	Revised 2014/15 £000's	Estimate 2015/16 £000's	Estimate 2016/17 £000's	Estimate 2017/18 £000's	Estimate 2018/19 £000's
Chief Executive	Directorate Restructure	Savings	(70)	(70)	(20)			
	Subscriptions			10				
	Corporate Policy Making	Flexible Working and Accomodation Review				(100)		
	Directorate	Savings		(4)				
	Total Chief Executive		**(70)**	**(64)**	**(20)**	**(100)**	**0**	**0**
Communitites	All Weather Pitch	Townmead Project	(23)	(35)	(5)			
	Safer Communities	Recharged to HRA for Anti Social Behaviour Work		(119)	(5)			
	Directorate Restructure	Savings/Increase	5	5				
	Affordable Housing	Senior Housing Development Officer - Additional Hours			5			
	Private Sector Housing	Leaseholder Accreditation Scheme		(3)				
	Community Arts Programme	Additional Income			(10)			
	Grants to Vol. Organisations	Budget Reduction		(7)	(17)			
	Total Communities		**(18)**	**(159)**	**(32)**	**0**	**0**	**0**
Governance	Directorate Restructure	Savings	(73)	(73)	(19)			
	Internal Audit	Corporate Fraud Team			66			
	Conservation Policy	Conservation Advice SLA	2	2				
	Democratic Services	Democratic Services Assistant (Premises Licences)	22					
	Governance & Performance Management	Restructure			(10)			
	Estates & Economic Development	Estates & Economic Development Restructure	54	64	92			
	Land and Property	Rental Income 2-18 Torrington Drive	(224)	(209)	(13)			
	Land and Property	Bridgeman House Income	(20)					
	Land and Property	Rental Income Shops		(68)	(21)			
	Land and Property	Oakwood Hill Units		(5)	(24)			
	Land and Property	Greenyards			(3)			
	Legal Services	Restructure		(4)	(10)			
	Public Relations	Discontinuance of the Forester			(39)			
	Development Control	Operational Savings		(6)				
	Development Control	Publicity Savings			(6)			
	Development Control	Increased Development Control Income		(80)				
	Development Control	Senior Planning Officer			1	6		
	Development Control	Increased pre-application Income		(40)				
	Total Governance		**(239)**	**(419)**	**14**	**6**	**0**	**0**

CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST

Directorate	Service		Original 2014/15 £000's	Revised 2014/15 £000's	Estimate 2015/16 £000's	Estimate 2016/17 £000's	Estimate 2017/18 £000's	Estimate 2018/19 £000's
Neighbourhoods	Land Drainage & Flood Defence	Flood Defence Income from ECC	(6)	(3)				
	Licensing	Licencing Officer (Premises Licences)	26	26	6			
	North Weald Airfield	Reduction in Market Rent		310				
	Leisure Management	Savings from New Contract				(125)	(125)	
	Off Street Parking	HRA car parks transferred to General Fund	(10)	(27)				
	Off Street Parking	Parking Fee Increases	(107)	(107)	(100)			
	Off Street Parking	Cleansing Contract		6	8			
	Waste Management	Inter Authority Agreement, reduced ECC Income	40	40	8	19		
	Waste Management	New contract		(144)	(88)	(159)		
	Fleet Operations	Vehicle parts		4				
	Fleet Operations	Removal of Deficit			(29)			
	Emergency Planning	Leased vehicle		3	4			
	Industrial Activities	Loss of income		3				
	Animal Welfare	Cleansing Contract		(5)	(7)			
	Animal Welfare	Budget Savings				(30)		
	Countrycare	Additional Income			(15)			
	Directorate Restructure	Savings	(150)	(150)	(24)			
	Total Neighbourhoods		**(207)**	**(44)**	**(237)**	**(295)**	**(125)**	**0**
Resources	Civic Offices	Out of Hours Service	(13)	(21)	(36)			
	Civic Offices	Solar Panel Energy Saving			(10)			
	Civic Offices	Planned Maintenance Programme			(28)			
	Civic Offices	NDR re-assessment			22			
	Facilities Management	Casual Staff budget		(4)	(8)			
	Finance Miscellaneous	Car Leasing (excluding HRA)	(15)	(19)		(7)		
	Finance Miscellaneous	Employers Superannuation on Non-Contracted Overtime	38	38				
	Finance Miscellaneous	Additional Employers Pension re Auto Enrolement	57	57				
	Housing Benefits	Admin subsidy settlement reductions	26	56	22	50		
	Housing Benefits	Postage		9				
	Housing Benefits	Benefits restructure/SFIS transfer			(67)	(67)		
	Accountancy	VAT helpline		2				
	Directorate Restructure	Savings	(3)	(3)				
	Directorate	Efficiency savings		(21)				
	Car Leasing	Employers NI		(10)				
	Corporate Training	Consultant Fees			(11)			
	Corporate Improvement	Improvement budget savings			(20)			
	Cashiers	Closure of Epping Cash Desk				(22)		
	Bank and Audit charges	BDO reduction in fees		(35)				
	Bank and Audit charges	Increased bank charges		8				
	ICT	Essex on line Partnership Subscription			6			
	Total Resources		**90**	**57**	**(130)**	**(46)**	**0**	**0**
	Investment Interest	Reduction due to shops transfer	109	109	45			
Other Items	New Homes Bonus		(535)	(569)	(242)			
	Pensions	Deficit Payments			17	43		
	Total CSB		**(870)**	**(1,089)**	**(585)**	**(392)**	**(125)**	**0**

DISTRICT DEVELOPMENT FUND

Directorate	Service	Description	Original 2014/15 £000's	B/F from 2013/14 2014/15 £000's	Revised 2014/15 £000's	Estimate 2015/16 £000's	Estimate 2016/17 £000's	Estimate 2017/18 £000's	Estimate 2018/19 £000's
Chief Executive	Corporate Policy Making	Transformation Programme	150		75	75			
	Corporate Policy Making	Efficiency Challenge Programme (RIEP)		3	3				
	Corporate Policy Making	LLPG staffing	22	46	42	16			
	Corporate Policy Making	LLPG staffing HRA Contribution	(5)	(10)	(9)	(4)			
	Corporate Policy Making	Restructure - Severance Pay	48		53				
	Total Chief Executive		**215**	**39**	**164**	**87**	**0**	**0**	**0**
Communitites	Grants to Voluntary Orgs	Furniture Exchange Scheme	20		20				
	Grants to Voluntary Orgs	VAEF transport scheme	32		32				
	Safer Communities	Analysts post	14		16				
	Safeguarding	Safeguarding audit	44		42	47			
	Safeguarding	Rechargeable to HRA			(21)	(27)			
	Homelessness	Legal Fees			52	20	20	20	
	Housing General Fund	Landlord Accreditation Scheme			3	3			
	Housing General Fund	ECC re. Mobile Homes/Sites Improvements		2	2				
	Housing General Fund	Safe and Well Scheme		12	12				
	Housing General Fund	Energy Efficiency Works			4				
	Housing General Fund	Energy Efficiency Works - Hertsmere DC			(4)				
	Housing General Fund	Works in default			7	5			
	Housing General Fund	Works in default			(7)	(5)			
	Communities	Externally Funded Projects	137		184	153			
	Communities	Externally Funded Projects	(137)		(184)	(153)			
	Total Communitites		**110**	**14**	**158**	**43**	**0**	**0**	**0**

DISTRICT DEVELOPMENT FUND

Directorate	Service	Description	Original 2014/15 £000's	B/F from 2013/14 2014/15 £000's	Revised 2014/15 £000's	Estimate 2015/16 £000's	Estimate 2016/17 £000's	Estimate 2017/18 £000's	Estimate 2018/19 £000's
Governance	Building Control Group	Salary saving re vacant posts (net of Consultants)	(89)		(64)	(57)			
	Building Control Group	Salary saving re vacant posts Ring Fenced Element	69		45	41			
	Development Management	Additional temporary staffing				25	25	25	
	Development Management	Document Scanning	55	9	33				
	Development Control	Additional Income			(120)				
	Development Control / Building Control	Consultants			(8)				
	Economic Development	Business Promotion & Support	10		0				
	Economic Development	Economic Development Strategy	30		25	5			
	Economic Development	Project Assistant		10	0				
	Economic Development	Tourism Task Force	25		10	15			
	Economic Development	Town Centres Support/Portas Funding	39	23	53	9			
	Elections	Combined Elections May 2014			(80)				
	Electoral Registration	Individual Registration Costs	53	5	77	49			
	Electoral Registration	Individual Registration Grant	(53)		(72)	(49)			
	Estates & Valuation	Additional Staff Surveyor	33	0					
	Estates & Valuation	Council Asset Rationalisation	130	9	255	188			
	Legal	Fees & Charges			(15)				
	Governance	Severance	46		47				
	Governance Policy	Temporary Assistant Director Post (Economic Development)	69		19				
	Land and Property	Reduced Rental Income Brooker Road		10	16				
	Land and Property	Rental Income Shops			(58)				
	Local Land Charges	Removal of Personal Search charges(Claims) (LLC Amendment Rules 2010)	88	(88)	0				
	Local Land Charges	Additional Income			(20)	(20)			
	Planning Appeals	Contingency for Appeals		46	11	35			
	Planning Appeals	Professional Fees			(6)				
	Planning Services	Technical Assistant - Conservation	7			10	15		
	Public Conveniences	Relocation of Superloo		21	21				
	Public Relations & Information	Website Officer	11		0	0			
	Public Relations & Information	Uttlesford PR support			(14)				
	Town Centre Regeneration	Waltham Abbey Regeneration Projects		45		45			
	Total Governance		**523**	**90**	**155**	**296**	**40**	**25**	**0**

DISTRICT DEVELOPMENT FUND

Directorate	Service	Description	Original 2014/15 £000's	B/F from 2013/14 2014/15 £000's	Revised 2014/15 £000's	Estimate 2015/16 £000's	Estimate 2016/17 £000's	Estimate 2017/18 £000's	Estimate 2018/19 £000's
Neighbourhoods	Food Safety	Inspections	4	1	2	3			
	Inspection of Workplaces	Expenditure of government grant		15	15				
	Inspection of Workplaces	Awarded Prosecution Costs - Queensthorpe			(5)				
	Neighbourhoods	Restructure - Severance Pay	66		66				
	Licensing	Additional Staff Premises Licences	4		4				
	Forward Planning	Maternity Cover	13	2	15				
	Countrycare	Conservation staffing			7	7			
	Local Strategic Partnership	Food Task Force	30		30				
	Forward Planning	Local Plan	321	103	230	250	280		
	Forward Planning	Neighbourhood Planning		5	10				
	Forward Planning	Neighbourhood Planning Grant			(5)	(5)			
	Contaminated Land & Water Quality	Contaminated land investigations	25			64			
	Off Street Parking	Payment to NEPP for Redundancies			31				
	Off Street Parking	Reduction in PCN income			40				
	Leisure Management	Lesiure Management Contract (Loughton)				46			
	Leisure Management	Lesiure Management Contract (Loughton)			(23)	(23)			
	Leisure Management	Abortive feasibility costs re Waltham Abbey Pool			27				
	Leisure Management	Equipment/Signage		3	3				
	NWA Strategy Action Plan	NWA Consultancy exercise		20	20				
	North Weald Airfield	Safety of Bund	3	2	5	3			
	North Weald Airfield	Loss of Income - Hangar 5	4		4				
	Countrycare	BRIE - SLA	4		4				
	Countrycare	Protected species/habitat related consultation	9	1	10	8			
	Parks & Grounds	Roding Valley Lake - Disabled Projects		5	5				
	Parks & Grounds	Roding Valley Lake - Disabled Projects			(5)				
	Parks & Grounds	Open Spaces - Tree Planting			10				
	Parks & Grounds	Open Spaces - Tree Planting			(10)				
	Parks & Grounds	Survey of River Roding errosion				15			
	Street Cleansing	Surplus on recycling of street cleansing arisings	(18)						
	Waste Management	Waste contract procurement consultants	40	(27)	13				
	Waste Management	Wheeled bin replacements		1					
	Waste Management	Publicity		10	10				
	Abandoned Vehicles	Abandoned vehicles contract	4						
	Waste Management	Waste Contract Mobilisation			5				
	Total Neighbourhoods		**509**	**141**	**518**	**368**	**280**	**0**	**0**

DISTRICT DEVELOPMENT FUND

Directorate	Service	Description	Original 2014/15 £000's	B/F from 2013/14 2014/15 £000's	Revised 2014/15 £000's	Estimate 2015/16 £000's	Estimate 2016/17 £000's	Estimate 2017/18 £000's	Estimate 2018/19 £000's
Resources	Accounts Payable	Implementation of E-Invoicing		7	4	3			
	Council Tax Collection	Temporary Additional Staffing	49		119	120			
	Council Tax Collection	Technical Agreement Contributions	(157)		(127)	(127)			
	Council Tax Collection	Collection Investment	(47)		(47)	(47)			
	Council Tax Collection	Local Council Tax Support Expenditure	47	14	20	32			
	Council Tax Collection	Local Council Tax New Burdens Grant			(79)				
	Council Tax Collection	Local Council Tax New Burdens Expenditure					79		
	Housing Benefits	Local Council Tax Support		15					
	Housing Benefits	Hardship Fund	(5)		(5)	(5)			
	Housing Benefits	Data Sharing Programme		7	7				
	Housing Benefits	Transitional Funding	31			31			
	Housing Benefits	Welfare Reform Expenditure	37	5	37	24			
	Housing Benefits	Welfare Reform Grant			(24)				
	Housing Benefits	Overpayments			(150)				
	Council Tax Benefits	Clawback of benefit previously granted			(80)	(35)			
	Civic Offices	Out of Hours Service - Severance Payments	32	7	24				
	Civic Offices	Committee Room Tables	10		10				
	Civic Offices	NNDR re-assessment			25				
	Civic Offices	Vending machine rentals saving				(5)			
	Non HRA Building Maintenance	Planned Building Maintenance Programme	199	77	153	129	30	66	
	Procurement	Subscription saving/Hub rebate			(18)				
	Non Distributable Costs	Emergency Premises Works			2	18			
	Total Resources		**196**	**132**	**(129)**	**138**	**109**	**66**	**0**
	Total Service Specific District Development Fund		**1,553**	**416**	**866**	**932**	**19**	**(23)**	**0**
	Lost Investment Interest		151		191	115	78	78	
	Council Tax Freeze		(80)		(83)	(83)			
	Right to Challenge Expenditure		13						
	New Homes Bonus				(10)				
	Revenue Contributions to Capital	Records Scanner			26				
	Revenue Contributions to Capital	Enveloping Machine/Franking Machine			40	12			
	Revenue Contributions to Capital	Langston Road Development		147	147				
	NDR Income	Reduction due to appeals	250						
	Pensions	Deficit Payments	(24)		(24)				
	Reimbursement of Principal re Heritable								
	Total District Development Fund		**1,863**	**563**	**1,153**	**976**	**97**	**55**	**0**

Annex 4

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 2015/16 it appears there will be a mixed picture across Essex, with some authorities increasing charges to just below the referendum limit and some considering token reductions.

4. At its 28 July 2014 meeting the Finance and Performance Management Cabinet Committee decided to recommend a continued freeze in the Council Tax. This recommendation was adopted by cabinet on 8 September 2014.

Previous Medium Term Financial Strategy

5. The July meeting of this 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 Organisational Review.

6. Against this background of risk and uncertainty a forecast was constructed that set a target of £13.15m for CSB expenditure for 2015/16 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 2019 of £8.29m represented 65% of the anticipated Net Budget Requirement (NBR) for 2018/19 and was therefore somewhat higher than the guideline of 25%. It was also predicted at that time that there would be £1.4m left in the DDF at 1 April 2019.

Updated Medium Term Financial Strategy

8. In the period since the Financial Issues Paper the Government has provided the draft settlement figures for next year and this Committee increased the CSB target to £13.33m. The reductions in funding were somewhat smaller than had been anticipated, which was helpful given the increasing cost pressures. 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 2015/16 have been found, but budgets will be re-visited during the course of 2015/16 to seek further reductions. In common with the earlier version of the strategy, target CSB savings are included for the period 2016/17 to 2018/19. The organisational restructure, savings on waste management, additional rental income and additional development control income have helped achieve the savings required for 2015/16. However, on top of known predicted savings, net savings targets of £0.25m for 2016/17 and £400,000 for 2017/18 may prove challenging.

   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 £1.6m is still available. This is an improvement on the position in the current year's budget, where the MTFS adopted in February 2014 showed a closing balance at the end of the period of under £1m.

   c) Grant Funding – beyond 2015/16 it has been assumed that there will be a 10% reduction in grant in each of the following years. These figures will be subject to change as a Comprehensive Spending Review will have to be conducted during 2015/16.

   d) Other Funding – no amounts have been included for any additional New Homes Bonus that may arise for subsequent years. No 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.

   e) Council Tax Increase – Members have confirmed they wish to freeze the charge for 2015/16. Increases of 2.5% have been allowed for subsequent years. These assumptions have been built into the strategy.

9. This revised medium term financial strategy has deficits from 2016/17 to 2018/19, although these are reducing and the use of reserves in 2018/19 is £177,000 lower than in 2016/17. The predicted revenue balance at the end of the period is £9.3m, which represents 74% of the NBR for 2018/19 and thus comfortably exceeds the target of 25%.

10. It is worth repeating that savings of £0.9m are still to be identified for the last three years of the strategy and that identified savings of £0.5m in 2016/17 and 2017/18 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 2015 meeting of the Finance and Performance Management Cabinet Committee.

GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY 2014/15 - 2018/19

ORIGINAL 2014/15		REVISED FORECAST 2014/15	FORECAST 2015/16	FORECAST 2016/17	FORECAST 2017/18	FORECAST 2018/19
£'000	**NET REVENUE EXPENDITURE**	£'000	£'000	£'000	£'000	£'000
14,644	Continuing Services Budget	14,808	13,873	13,839	13,372	12,933
-870	CSB - Growth Items	-1,089	-585	-392	-125	0
0	Net saving	0	0	-250	-400	-250
13,774	Total C.S.B	13,719	13,288	13,197	12,847	12,683
1,863	One - off Expenditure	1,153	976	97	55	0
15,637	Total Net Operating Expenditure	14,872	14,264	13,294	12,902	12,683
10	Contribution to/from (-) Insurance Res	0	0	0	0	0
-1,863	Contribution to/from (-) DDF Balances	-1,153	-976	-97	-55	0
-243	Contribution to/from (-) Balances	112	30	-304	-263	-127
13,541	Net Budget Requirement	13,831	13,318	12,893	12,584	12,556
	FINANCING					
6,095	Government Support (NNDR+RSG)	6,248	5,638	5,074	4,567	4,338
0	RSG Floor Gains/(-Losses)	0	0	0	0	0
6,095	Total External Funding	6,248	5,638	5,074	4,567	4,338
7,540	District Precept	7,540	7,630	7,819	8,017	8,218
-94	Collection Fund Adjustment	43	50	0	0	0
13,541	To be met from Government Grants and Local Tax Payers	13,831	13,318	12,893	12,584	12,556
	Band D Council Tax	148.77	148.77	152.46	156.33	160.24
	Percentage Increase %		0	2.5	2.5	2.5

GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY 2014/15 - 2018/19

	REVISED FORECAST 2014/15	FORECAST 2015/16	FORECAST 2016/17	FORECAST 2017/18	FORECAST 2018/19
REVENUE BALANCES	£'000	£'000	£'000	£'000	£'000
Balance B/forward	9,884	9,996	10,026	9,722	9,459
Surplus/Deficit(-) for year	112	30	-304	-263	-127
Balance C/Forward	9,996	10,026	9,722	9,459	9,332
DISTRICT DEVELOPMENT FUND					
Balance B/forward	3,848	2,695	1,719	1,622	1,567
Transfer Out	-1,153	-976	-97	-55	0
Balance C/Forward	2,695	1,719	1,622	1,567	1,567
CAPITAL FUND (inc Cap Receipts)					
Balance B/forward	17,467	14,104	7,861	4,879	3,222
New Usable Receipts	4,215	1,559	1,555	1,555	1,555
Use of Capital Receipts	-7,578	-7,802	-4,537	-3,212	-2,811
Balance C/Forward	14,104	7,861	4,879	3,222	1,966
TOTAL BALANCES	26,795	19,606	16,223	14,248	12,865

CAPITAL PROGRAMME
2014/15 to 2018/19 FORECAST

	2014/15 Revised £000	2015/16 Forecast £000	2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000	5 Year Total £000
EXPENDITURE						
Resources	1,351	933	497	131	0	2,912
Governance	4,924	3,496	0	0	0	8,420
Neighbourhoods	466	312	60	60	60	958
Communities	1,368	1,418	398	80	80	3,344
Total General Fund	8,109	6,159	955	271	140	15,634
Total HRA	15,250	18,952	22,003	20,176	19,400	95,781
Total Capital Expenditure on Council Assets	**23,359**	**25,111**	**22,958**	**20,447**	**19,540**	**111,415**
Total Capital Loans	240	587	586	350	350	2,113
Total Revenue Expenditure Financed From Capital under Statute	493	530	530	530	530	2,613
TOTAL CAPITAL PROGRAMME	**24,092**	**26,228**	**24,074**	**21,327**	**20,420**	**116,141**
FUNDING						
Government Grant for DFGs	372	380	380	343	310	1,785
Grants for New Housebuilding	90	537	0	0	0	627
Other Government Capital Grants	1,176	478	10	12	14	1,690
Private Funding	710	150	150	150	150	1,310
Total Grants	**2,348**	**1,545**	**540**	**505**	**474**	**5,412**
General Fund	6,732	5,727	955	271	140	13,825
HRA	607	1,488	2,996	2,554	2,251	9,896
REFCuS & Loans	239	587	586	387	420	2,219
Total Capital Receipts	**7,578**	**7,802**	**4,537**	**3,212**	**2,811**	**25,940**
GF - RCCO	212	12	0	0	0	224
HRA - RCCO	5,200	4,900	7,762	10,155	9,728	37,745
HRA - MRR	8,754	11,969	11,235	7,455	7,407	46,820
Total Revenue Contributions	**14,166**	**16,881**	**18,997**	**17,610**	**17,135**	**84,789**
TOTAL	**24,092**	**26,228**	**24,074**	**21,327**	**20,420**	**116,141**

CAPITAL PROGRAMME
2014/15 to 2018/19 FORECAST

	2014/15 Revised £000	2015/16 Forecast £000	2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000	5 Year Total £000
Resources						
Planned Maintenance Programme	778	626	497	131	0	2,032
General IT	533	295	0	0	0	828
Equipment	40	12	0	0	0	52
Total	**1,351**	**933**	**497**	**131**	**0**	**2,912**
Governance						
Purchase of Bridgeman House, W Abbey	0	309	0	0	0	309
Purchase of Lease re Torrington Drive	3,511	0	0	0	0	3,511
Upgrade of Industrial Units	15	296	0	0	0	311
Oakwood Hill Depot	75	2,584	0	0	0	2,659
New Developments	263	223	0	0	0	486
Property Management System	35	0	0	0	0	35
St John's Road Epping Development	1,000	0	0	0	0	1,000
Superfast Broadband Programme	0	84	0	0	0	84
Scanner	25	0	0	0	0	25
Total	**4,924**	**3,496**	**0**	**0**	**0**	**8,420**
Neighbourhoods						
Waste Management Equipment	84	53	30	30	30	227
Parking Schemes	155	190	0	0	0	345
Pay & Display Machines	90	0	0	0	0	90
Flood Alleviation Schemes	58	39	0	0	0	97
Grounds Maint Plant & Equipt	35	30	30	30	30	155
N W Airfield Market Improvements	44	0	0	0	0	44
Total	**466**	**312**	**60**	**60**	**60**	**958**
Communities						
Museum Development	1,080	1,015	0	0	0	2,095
Housing Estate Parking	175	358	358	40	40	971
CCTV Systems	107	45	40	40	40	272
Limes Farm Hall Development	6	0	0	0	0	6
Total	**1,368**	**1,418**	**398**	**80**	**80**	**3,344**
TOTAL GENERAL FUND	**8,109**	**6,159**	**955**	**271**	**140**	**15,634**

CAPITAL PROGRAMME
2014/15 to 2018/19 FORECAST

Housing Revenue Account	2014/15 Revised £000	2015/16 Forecast £000	2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000	5 Year Total £000
New House Building & Conversions	1,347	5,337	9,986	8,512	7,504	32,686
Property Acquisition	336	0	0	0	0	336
Heating/Rewiring/Water Tanks	2,831	2,525	2,469	2,253	2,525	12,603
Windows/Doors	1,323	1,091	1,177	1,074	1,041	5,706
Roofing	1,420	1,128	1,500	1,190	1,232	6,470
Other Planned Maintenance	621	594	408	386	371	2,380
Structural Schemes	494	400	400	400	400	2,094
Small Capital Repairs/Voids	1,962	1,556	1,138	1,138	1,138	6,932
Kitchen & Bathroom Replacements	3,285	4,031	4,088	4,352	4,412	20,168
Garages & Environmental Improvements	741	1,455	272	306	312	3,086
Disabled Adaptations	402	450	450	450	450	2,202
Other Repairs and Maintenance	221	115	115	115	115	681
Capital Service Enhancements	299	370	100	100	0	869
Housing DLO Vehicles	68	50	50	50	50	268
Less Work on Leasehold Properties	(100)	(150)	(150)	(150)	(150)	(700)
TOTAL HRA	**15,250**	**18,952**	**22,003**	**20,176**	**19,400**	**95,781**

CAPITAL LOANS FOR PRIVATE HOUSING ASSISTANCE
2014/15 to 2018/19 FORECAST

Capital Loans	2014/15 Revised £000	2015/16 Forecast £000	2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000	5 Year Total £000
Open Market Shared Ownership Scheme	120	237	236	0	0	593
Private Sector Housing Loans	120	350	350	350	350	1,520
TOTAL CAPITAL LOANS	**240**	**587**	**586**	**350**	**350**	**2,113**

REVENUE EXPENDITURE FINANCED FROM CAPITAL UNDER STATUTE
2014/15 to 2018/19 FORECAST

REFCuS	2014/15 Revised £000	2015/16 Forecast £000	2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000	5 Year Total £000
Disabled Facilities Grants	380	380	380	380	380	1,900
Other Private Sector Grants	13	0	0	0	0	13
HRA Leaseholders	100	150	150	150	150	700
TOTAL REFCuS	**493**	**530**	**530**	**530**	**530**	**2,613**

CAPITAL PROGRAMME
2014/15 to 2018/19 FORECAST

	2014/15 Revised £000	2015/16 Forecast £000	2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000	5 Year Total £000
Receipts Generation						
Housing Revenue Account	4,291	2,178	2,174	2,174	2,174	12,991
General Fund	898	0	0	0	0	898
Total Receipts	**5,189**	**2,178**	**2,174**	**2,174**	**2,174**	**13,889**
Receipts Analysis						
Usable Receipts	1,884	339	335	335	335	3,230
Available for Replacement Homes	2,331	1,220	1,220	1,220	1,220	7,211
Payment to Govt Pool	974	620	619	619	619	3,451
Total Receipts	**5,189**	**2,179**	**2,174**	**2,174**	**2,174**	**13,890**
Usable Capital Receipt Balances						
Opening Balance	17,467	14,104	7,861	4,879	3,222	17,467
Usable Receipts Arising	4,215	1,559	1,555	1,555	1,555	10,439
Use of Capital Receipts	(7,578)	(7,802)	(4,537)	(3,212)	(2,811)	(25,940)
Closing Balance	**14,104**	**7,861**	**4,879**	**3,222**	**1,966**	**1,966**

MAJOR REPAIRS RESERVE
2014/15 to 2018/19 FORECAST

	2014/15 Revised £000	2015/16 Forecast £000	2016/17 Forecast £000	2017/18 Forecast £001	2018/19 Forecast £000	5 Year Total £000
Opening Balance	11,359	10,127	5,683	1,973	2,043	11,359
Contribution to Reserve	7,522	7,525	7,525	7,525	7,525	37,622
Use of MRR	(8,754)	(11,969)	(11,235)	(7,455)	(7,407)	(46,820)
Closing Balance	**10,127**	**5,683**	**1,973**	**2,043**	**2,161**	**2,161**