

# Council Agenda



## Epping Forest District Council

### NOTICE OF COUNCIL MEETING

You are hereby summoned to a meeting of the **EPPING FOREST DISTRICT COUNCIL** to be held in the **COUNCIL CHAMBER, CIVIC OFFICES, HIGH STREET, EPPING** at 7.00 pm on **Thursday, 24 February 2022** for the purpose of transacting the business set out in the agenda.

A handwritten signature in blue ink that reads 'G. Blakemore'.

**Georgina Blakemore**  
Chief Executive

**Democratic Services** Gary Woodhall / Jackie Leither Tel: (01992) 564243  
**Officer:** Email: [democraticservices@eppingforestdc.gov.uk](mailto:democraticservices@eppingforestdc.gov.uk)

#### WEBCASTING/FILMING NOTICE

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

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

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

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

**BUSINESS****1. WEBCASTING INTRODUCTION**

This meeting is to be webcast. Members are reminded of the need to activate their microphones before speaking. The Democratic and Electoral Services Team Manager will read the following announcement:

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

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

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

**2. APOLOGIES FOR ABSENCE**

To be announced at the meeting.

**3. DECLARATIONS OF INTEREST**

To declare interests in any item on the agenda.

**4. MINUTES (Pages 7 - 10)**

To approve as a correct record and sign the minutes of the meeting held on 16 December 2021, as attached.

**5. ANNOUNCEMENTS**

(a) Chairman's Announcements

**6. PUBLIC QUESTIONS (IF ANY)**

To answer questions asked after notice in accordance with the provisions contained within Part 4 of the Council Rules of the Constitution on any matter in relation to which the Council has powers or duties or which affects the District:

(a) to the Leader of the Council;

(b) to any Portfolio Holder; or

(c) to the Chairman of the Overview and Scrutiny Committee.

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

**7. QUESTIONS BY MEMBERS UNDER NOTICE**

To answer questions asked after notice in accordance with the provisions contained within the Council's rules in Part 4 of the Constitution on any matter in relation to which the Council has powers or duties or which affects the District:

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

The Council's rules provide that answers to questions under notice may take the form of:

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

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

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

## **8. REPORTS FROM THE LEADER & MEMBERS OF THE CABINET (Pages 11 - 56)**

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

- (a) Report of the Leader;
- (b) Report of the Community and Regulatory Services Portfolio Holder (attached);
- (c) Report of the Corporate Services Portfolio Holder (attached);
- (d) Report of the Customer and Partnerships Portfolio Holder (attached);
- (e) Report of the Environmental and Technical Services Portfolio Holder (attached);
- (f) Report of the Finance, Qualis Client and Economic Development Portfolio Holder (attached);
- (g) Report of the Housing Services Portfolio Holder (attached); and
- (h) Report of the Planning and Sustainability Portfolio Holder (attached).

## **9. QUESTIONS BY MEMBERS WITHOUT NOTICE**

The Council's rules provide for questions by any member of the Council to the Leader or any Portfolio Holder, without notice on:

- (i) reports under the previous item; or
- (ii) any other matter of a non operational character in relation to the powers and

duties of the Council or which affects all or part of the District or some or all of its inhabitants.

The Council's rules provide that answers to questions without notice may take the form of:

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

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

## **10. MOTIONS**

To consider any motions, notice of which has been given under the Council's rules.

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

## **Reports of the Cabinet**

### **11. MEMBERS' ALLOWANCES SCHEME - ANNUAL REVIEW 2022/23 (Pages 57 - 82)**

Stephen Lye, Chairman of the Independent Remuneration Panel, presents a report to Council recommending the Members' Allowance Scheme for 2022/23.

### **12. COUNCIL BUDGET 2022/23 (Pages 83 - 230)**

(Finance, Qualis Client and Economic Development Portfolio Holder) To consider the attached report.

## **Notes**

That a recorded vote is held on the recommendations contained within the report, in accordance with the Council Procedure Rule V3 'Voting at Budget Decision Council 18 February 2016 Meetings' which directs Members to comply with the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014, immediately after any vote is taken at a budget decision meeting there must be recorded in the minutes of the proceedings of that meeting the names of the persons who cast a vote for the decision or against the decision or who abstained from voting.

"Budget decision" means a meeting at which:

- (a) a calculation is made (whether originally or by way of substitute) in accordance with any of the Sections 31A, 31B, 34 to 36A, 42A, 42B, 45 to 49,

52ZF, 52ZJ of the Local Government Finance Act 1992, as amended; or

(b) a precept is issued under Chapter 4 of Part 1 of that Act and includes a meeting where making the calculation or issuing the precept as the case may be was included as an item of business on the agenda for that meeting.

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

**13. LOCAL COUNCIL TAX SUPPORT SCHEME 2021/22 (Pages 231 - 232)**

(Customer and Partnerships Portfolio Holder) The Cabinet recommend that Council note that the Local Council Tax Support scheme for 2021/22 will continue unchanged for 2022/23.

**14. COUNCIL TAX SETTING 2022/23 (Pages 233 - 240)**

(Finance, Qualis Client & Economic Development Portfolio Holder) To consider the attached report.

**15. LOCAL GOVERNMENT COUNCIL SIZE AND WARD BOUNDARY REVIEW (Pages 241 - 272)**

(Leader) To consider the attached report regarding the report and that the recommendation be agreed for submission to the Local Government Boundary Commission for England.

**16. PAY POLICY STATEMENT 2022/23 (Pages 273 - 280)**

(Corporate Services Portfolio Holder) To consider the attached report from Cabinet recommending the Pay Policy Statement to Council.

**17. QUALIS QUARTERLY MONITORING REPORT Q4 2020/21 AND Q1 2021/22 (Pages 281 - 312)**

(Finance, Qualis Client & Economic Development Portfolio Holder) To consider the attached report and discuss any actions required.

**18. CALENDAR OF COUNCIL MEETINGS 2022/23 (Pages 313 - 316)**

(Customer and Partnerships Portfolio Holder) Cabinet recommends to Council to adopt the Calendar of Meetings for 2022/23.

**19. OVERVIEW AND SCRUTINY COMMITTEE (Pages 317 - 320)**

To receive the report of the Chairman of the Overview and Scrutiny Committee and to answer any questions without notice asked in accordance with Council Rules.

**20. JOINT ARRANGEMENTS & EXTERNAL ORGANISATIONS**

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

(b) To request written reports from representatives on joint arrangements and

external organisations for future meetings.

## 21. EXCLUSION OF PUBLIC AND PRESS

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

Agenda Item No	Subject	Exempt Information Paragraph Number
Nil	Nil	Nil

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

**Background Papers:** Article 17 of the Constitution (Access to Information) define background papers as being documents relating to the subject matter of the report which in the Proper Officer's opinion:

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

The Council will make available for public inspection for four years after the date of the meeting one copy of each of the documents on the list of background papers.

## EPPING FOREST DISTRICT COUNCIL COUNCIL MINUTES

<b>Committee:</b>	Council	<b>Date:</b>	16 December 2021
<b>Place:</b>	Conference Suite - Civic Offices	<b>Time:</b>	7.00 - 7.40 pm
<b>Members Present:</b>	Councillors H Kane (Chairman), N Avey, R Bassett, P Bhanot, P Bolton, H Brady, R Brookes, L Burrows, D Dorrell, S Heather, S Kane, P Keska, J Leppert, A Lion, T Matthews, C McCredie, J McIvor, R Morgan, S Murray, J Philip, K Rizvi, M Sartin, P Stalker, D Sunger, B Vaz, C Whitbread, J H Whitehouse, J M Whitehouse, K Williamson and D Wixley		
<b>Members Virtual Attendance:</b>	Councillors R Balcombe, R Baldwin, S Heap, B Jennings, J Jennings, S Jones, H Kauffman, L Mead, S Neville, C Nweke, C C Pond, C P Pond, J Share-Bernia and H Whitbread		
<b>Apologies:</b>	Councillors N Bedford, J Jogia, A Mitchell, M Owen, A Patel, S Rackham, C Roberts and B Rolfe		
<b>Officers Present:</b>	G Blakemore (Chief Executive), A Small (Strategic Director Corporate and 151 Officer), G Woodhall (Team Manager - Democratic & Electoral Services), J Leither (Democratic Services Officer), T Carne (Corporate Communications Team Manager), S Mitchell (PR Website Editor), A Kang (Consultant) and R Perrin (Democratic and Electoral Services Officer)		

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### 54. WEBCASTING INTRODUCTION

The Chairman advised Members that with the new variant of Covid, Omicron, which was spreading really fast, this meeting of Council will deal with the urgent business on the agenda which could not be delayed, Agenda item 11, Local Government Council Size and Boundary Review on pages 117-126 and Agenda item 14, Appointment of External Auditor. The Council needed to vote on these items and therefore it was not appropriate for this meeting to take place virtually due to the current Government legislation, Members had to be present to vote.

The Chairman greeted the Members that had attended by Zoom and informed them that they were welcome to participate in the meeting but they would not be able to vote.

The Democratic and Electoral Services Manager reminded everyone present that the meeting would be broadcast live to the Internet, and that the Council had adopted a protocol for the webcasting of its meetings.

### 55. DECLARATIONS OF INTEREST

There were no declarations of interest made pursuant to the Council's Code of Member Conduct.

**56. MINUTES****RESOLVED:**

That the minutes of the Council meeting held on 28 October 2021 be taken as read and signed by the Chairman as a correct record subject to comments from Councillor D Wixley.

- Page 12, (c) Corporate Services Portfolio Holder, there was a spelling mistake 'covert' should read 'cohort'.
- Page 23, (b) Premier Nature Reserve should read 'Roding Valley Meadows Nature Reserve'.

Councillor C McCredie advised that on page 7 of the agenda under 'Members Virtual Attendance:' Councillor McCredie was listed as S McCredie and this should have been C McCredie.

**57. APPOINTMENT OF EXTERNAL AUDITOR****Mover: Councillor J Philip, Finance, Qualis Client and Economic Development Portfolio Holder**

Councillor J Philip advised that at the last meeting of the Audit and Governance Committee they considered the options for appointing an external Auditor and decided that the Council should remain with the national procurement process and asked the Council for delegated authority to the Council's Section 151 officer to formally give notice of the Council's intention to opt into the Public Sector Audit Appointments (PSAA).

Councillor S Heap agreed that the Council should opt into the PSAA but wanted to make members aware that the cost would go up as they were previously undercharging.

Councillor J Philip thanked Councillor Heap for highlighting this and advised that the Council knew that the audit team needed to be paid adequately for the amount of work they needed to do and the original procurement process probably didn't adequately work out how much work needed to be done. The Council believe that they will still spend less with this process than going out on their own, therefore this was the best way to keep the costs down.

**Report as first moved ADOPTED****RESOLVED:**

- (1) That the Council continued to participate in the national procurement process led by Public Sector Audit Appointments (PSAA) for the appointment of external auditors.
- (2) Subject to recommendation (1) above, delegated authority be granted to the Section 151 officer to formally give notice of the Council's intention to opt into the PSAA procurement agreement.



**58. LOCAL GOVERNMENT COUNCIL SIZE AND BOUNDARY WARD REVIEW**

**Mover: Councillor C Whitbread, Leader of the Council.**

Councillor C Whitbread stated that this was the first time since 1998 that the Council had undertaken a boundary review. The last time the Council ended up losing one seat and remained with elections by thirds. Most members would have taken the opportunity to read the report before them this evening and many were at the presentation recently received on the potential for boundary reviews.

The option before the Council this evening was to continue with “thirds”, which had produced stable local government for Epping Forest over many years or to commence to a public consultation on moving to a “4 yearly” all out election cycle. He advised that he had looked at the pros and cons for both options and preferred to stay with “thirds” even though it meant going to the Boundary Commission with a three seat warding arrangement. The Boundary Commission had made it clear to the Council that they could make arguments for areas such as the Rodings and High Ongar in order to make variations to that. Over the years “thirds” have worked successfully from the point of view of engaging with the public in the election process and was much more successful than “4 year” all out elections.

All-out elections meant that you could have a very flexible make-up of the Council's warding arrangements however, whichever system that was chosen to proceed with, it had to be said, that no change was not an option. Warding arrangements will change and we have to bear in mind that this was a boundary review that would take the Council up to 2028, by which time there will be adjustments in some communities, some areas will see growth, some areas will see no growth and that meant there would be a shift of warding and a shift of where members would be sitting. He stated that he was personally recommending that Epping Forest District Council remained as “thirds” and would amend the recommendations accordingly.

**Amendment moved by Councillor C Whitbread and seconded by Councillor J Philip**

Recommendation 2. be amended to read ‘That the Council resolved to continue with elections by “thirds” as it's election cycle’.

**Carried**

**Report as amended Adopted**

**RESOLVED:**

1. That the report of the Leader be noted; and
2. That the Council resolved to continue with elections by “thirds” as it's election cycle.

**59. CHAIRMAN'S ANNOUNCEMENT**

The Chairman wished everyone Happy Holidays and closed the meeting.

**CHAIRMAN**

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## ***Report to the Council***

**Committee: Council**

**Date: December 2021**

**Subject: Community and Regulatory services Portfolio Holder**

**Portfolio Holder: Councillor Aniket Patel**

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**Recommending:**

**That the report of the Community and Regulatory services Portfolio Holder be noted.**

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**Regulatory services:**

**Environmental Health: Private Sector Housing and Grants**

**First Tier Tribunal**

I am pleased to update Members, following my previous report to Council, that our Environmental Health Officers in the Private Sector Housing Team successfully defended an appeal about enforcement action taken against a rogue landlord in a recent First Tier Tribunal Property Chamber Hearing.

Officers had issued a total of 9 Civil penalty notices relating to 3 separate properties for the offences of operating an unlicensed house in multiple occupation (known as an HMO) and for the failure to comply with HMO management regulations relating to fire safety. The Housing and Planning Act 2016 allows Local Authorities to issue Civil penalties as an alternative to prosecution.

The Judge agreed with the Council that the appellant was guilty and upheld the decision. The penalties were reduced to reflect the Tribunal's view that the offences were a joint enterprise.

The case centred around two individuals who, masquerading as tenants, rented 3 large family houses in Buckhurst Hill and Chigwell. They then advertised the rooms on spareroom.co.uk and sub-let the rooms creating large unlicensed HMOs, using the "rent-to-rent" business model; resulting in minimum outlay and maximum profit.

Extensive investigation work by EHOs along with the collaboration of property owners, managing agents and sub-tenants, resulted in a significant amount of evidence sufficient to prove the offences to the criminal burden of proof, beyond a reasonable doubt. The criminal activity would have netted them approximately £112k per annum had the operation been allowed to continue. The good work of officers meant that once it was discovered, the illegal activity was quickly stopped.

Our enforcement policy takes a zero tolerance to this type of offending. Landlords are offered every opportunity to access free and comprehensive advice from our experienced EHOs and we welcome engagement with landlords to help them secure compliance with Housing standards legislation to provide good quality accommodation for tenants.

It was clear in this case that these individuals had identified EFDC as rich pickings and they thought they could continue undetected. It was due to the positive working relationships officers have with our reputable managing agents and landlords that helped identify and crack down on these offences.

Our financial penalty charging matrix (approved in June 2018 Decision Ref: HSG-003-2018/19) calculates the amount of penalty, taking into account the seriousness of the offences, and the amount of Local Housing allowance, along with the size of the property. The Council's policy allows a 50% early payment discount, much like a parking ticket. Meaning the original £30,000 maximum fine would be reduced to £15,000.

As these offences were committed jointly, the Tribunal's decision was to firstly apply the 50% early payment discount, and then reduce the penalty by a further 50% to reflect the joint liability.

The fines were set at £31,500.00 - £7,500 per unlicensed property (total £22,500) and £9000 in total for the HMO management regulation offences.

So whilst at first glance it would appear disappointing that the Tribunal didn't fully uphold the penalties issued – they tried to apportion a level of fairness to acknowledge it was a joint enterprise, where one of the parties has vanished behind a limited company.

#### Empowering private renting tenants living in inadequate accommodation

I am pleased to report on an initiative to help empower private renting tenants who are living in substandard conditions.

The Housing and Planning Act 2016 introduced the ability to the First Tier Tribunal to issue a Rent Repayment order where a landlord has committed a housing related offence.

A Rent Repayment Order (RRO) requires the landlord to repay rent paid by a tenant or to repay the Local Housing Authority any universal credit paid for a property where an offence has been committed.

There are 6 relevant Housing offences; including illegal eviction or harassment, failure to comply with an improvement notice or prohibition order, operating an unlicensed HMO and renting in breach of a banning order.

A RRO must be applied for within 12 months of the relevant offence, but the First Tier Tribunal must be satisfied of the offence beyond reasonable doubt, which is the criminal burden of proof. It is unlikely that most tenants would have the time, knowledge or confidence to make a successful application for an RRO.

Officers are looking to empower tenants to apply for RROs in appropriate cases, and it is also a further penalty to rogue landlords who exploit vulnerable people for their own financial gain, by failing to comply with Housing law.

I am pleased to advise that we are entering into a Service Level Agreement with a non profit organisation called Justice for Tenants which allows tenants to be fully supported during the RRO application process by expertly trained staff. They are very skilled in this area and currently have a 98% success rate. This service is at no cost to the Council and it allows tenants to apply for an RRO immediately, without having to rely on EHOs to prove their prosecution case before they can start the claims process. In addition, where all or part of the rent is included as part of Universal Credit, any reward will be proportionally directed to

the Council. Justice for Tenants receive 30% of the amount awarded. This work encourages an information sharing partnership providing a strong deterrent for offending landlords.

## **Environmental Health: Public Health and Air Quality**

### **Covid**

I am pleased to advise that our Covid Marshals continue to be active across the district, distributing Lateral Flow Tests and giving positive messaging and information about vaccination. They also continue checks that residents that have tested positive and have been notified by the NHS, are self-isolating as required. Following the recently introduced requirements for wearing face masks in certain establishments, the marshals will be providing information to the businesses concerned, distributing face mask posters on request and supporting business where possible. The direction from Government is to support business in compliance and use enforcement as the last sanction.

The Environmental Health Team have engaged the Health and Safety Executives 'Spot Check' scheme. Funded by Govt Covid money the HSE set up a Spot Check scheme to check on the controls businesses had for covid. The scheme for EFDC is targeting businesses on trading estates who would not have received as much focus as those businesses on the High Street. Using a variety of data sources 161 businesses were identified for intervention. The businesses initially receive a phone call, if not satisfactory it escalates to a site visit and if still not resolved refers back to EFDC Env health team to visit and where necessary a more formal approach is taken.

I am pleased to report that to date 56 businesses have been completed with a satisfactory outcome.

### **Licensing**

#### **Market Policy**

Members will be aware of the Consultation on the Councils proposed Market Policy ending on the 6<sup>th</sup> December.

The purpose of the policy is to create a market trading environment that compliments the surrounding area and retail offer, is sensitive to the needs of all users of or town centres and provides a diversity of choice for consumers. It seeks to encourage and stimulate investment from local traders and to create a quality and sustainable offer to our residents and visitors.

The policy has been written with a view to supporting the following objectives:

- Recognise the importance and contribution of markets to the wellbeing of the local economy;
- Enhance the economic diversity of the area;
- Protect and, where possible, enhance the amenity and character of the District and local communities within it;
- Offer opportunity for local traders and businesses;
- Provide traders with guidance and clarity;
- Encourage residents to spend locally on their High Streets and support their local business community;
- Ensure coherence with Council policies and relevant legislation; and
- Promote fairness, transparency and consistency.

A number of responses have been received and certain modifications to the policy are being proposed, particularly in relation to charity and community-based markets, to ensure that they will not be subjected to unnecessary financial and administrative burden, and these have been positively received.

During the consultation, conversation has taken place with Epping Town Council regarding the powers given to those with Charter Market status. These conversations are ongoing and legal opinion is being sought regarding this position, before proposed report submission to Overview and Scrutiny Committee and the April 2022 Cabinet.

### **Building Control:**

The Local Authority Building Control (LABC) conference was attended by two members of the Building Control team where they learnt more about the changes coming to the competency and licensing requirements for Building Control Surveyors as they transition to a new titled role of Building Control Inspectors. LABC has secured government funding to provide structured training to all Local Authority Building Control Inspectors in key areas such as fire safety, enforcement and public safety at sports grounds, however challenges exist in resourcing the service while upskilling the team. Registrations of interest have been presented by the team in training pathways which are currently being assessed. I am pleased to report that Epping Forest Council has two members of the team who have undertaken competency assessments and validation in fire safety in High Risk Residential Buildings which will remain valid through this transitional phase.

Income through fees and charges dropped in October to approximately 80% of the equivalent pre-pandemic level seen in October 2019 but remained an improvement of approximately £4000 on October 2020. November 2021 income of £44,580 inclusive of Partnership working was roughly aligned to performance in 2020 and is not back to pre-pandemic levels expected at around £50,000 for the month. December 21 income of £28,502 is broadly comparable with a pre-pandemic December.

Building Control attended a dangerous structure reported by Essex Police following a vehicle impact into one of the Council's own housing assets in Waltham Abbey on the 30<sup>th</sup> November. The building was assessed to be at imminent risk of partial collapse with residents unable to access or egress until made safe. Building Control's emergency works contractor attended and worked through the evening to implement shoring and removal of debris. Further assessment by Building Control confirmed the building was suitable for occupation by residents by 9PM that evening. I am pleased to report that this was an excellent example of collaborative working between Building Control and Housing colleagues that resulted in our tenants not being overly inconvenienced.

Work to implement the new digital Planning and Building Control software system is currently at the data migration planning stage. The current forecast date to go live is expected in May 2022.

# ***Report to the Council***

**Committee:** Cabinet  
**Date:** 24 February 2022  
**Subject:** Community and Regulatory Services Portfolio Holder  
**Portfolio Holder:** Councillor A Patel

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## **Recommending:**

**That the report of the Community and Regulatory Services Portfolio Holder be noted.**

## **Community, Culture & Wellbeing**

### Funding secured for the WorkSpace Health Programme

The Health, Wellbeing & Grants Team has secured £2,150 from Active Essex to support the further development and implementation of a programme of wellbeing activities for employees. Three local businesses have been recruited to pilot a Working Well Accreditation scheme in partnership with the Essex Wellbeing Service.

### Active Epping Forest given a cash injection

Active Essex has awarded the CCW service £10,000 towards development of the Epping Forest Active Network, with funds earmarked to support local delivery partners to encourage physical activity as a response to Covid recovery. The funding can also be used as a lever to secure wider resources.

### Crucial Crew

The Crucial Crew Project reached 1,002 Year 6 pupils from 23 primary schools across Epping Forest district this year. Partnering with other councils across Essex, a multi-award-winning theatre production company Hyperfusion (TickTok productions) was jointly commissioned to develop a bespoke piece inspired by a true story focussing on child exploitation and personal safety. The film produced was called 'Lines' and dramatically unravels the story of a young boy who was groomed and criminally exploited by a gang. The aim was to raise awareness of crucial personal safety issues, empowering pupils as they transition into secondary school and helping them to recognise potentially exploitative friendship or relationships via the powerful theatrical performance and associated interactive workshop. Evaluation of the new style Crucial Crew Project has been extremely positive with pupils and schools reporting excellent interaction, and powerful and engaging discussions as a result of participating.

### Project You

Project You, the six-week programme co-facilitated by the Council's Community, Culture & Wellbeing service and the Essex Partnership University NHS Foundation Trust (EPUT) has been awarded £3,240 external funding from the "Find Your Active" fund. The funding will enable the combined physical activity and mental health workshops to be further rolled out across the district.

### Epping Forest Inclusion Programme

Following the success of the summer programme this year, the Council's Disability Inclusion Programme, continues to go from strength to strength. The programme of activities on offer

includes; tennis, trampolining, boxing, football and horse-riding sessions, to name a few. Since resuming face-to-face delivery, Disability Inclusion staff have actively engaged with 22 new families as part of the term time and holiday activity programmes. The new participants and their families have all reported being made to feel welcome and comfortable attending sessions. The October half term programme included an exciting “sleep over” at the Epping Forest District Museum, when great fun was had by all!

Further funding was secured from Essex County Council to support the multi-agency “Holiday Activity Food” (HAF) initiative and facilitate 15 spaces for the holiday activities and food for those most in need.

Disability Inclusion Programme participants continue to develop their social and communication skills with many becoming confident enough to attend CCW’s mainstream sports sessions, particularly the Saturday morning tennis and athletics sessions. These are huge success stories and demonstrates how the programme supports children and families to develop key skills and increases their social interaction with the wider community.

#### Falls Prevention funding success

The CCW team has secured further funding totalling £110,685 from the Clinical Commissioning Group (CCG) for the continuation of the “Social Active Strong” falls prevention programme across West Essex. The programme in Epping Forest will be led by Council’s new Falls Prevention Officer, Lucinda Harvey, and will aim to engage even more residents who have been referred for support to build their strength and confident in order to improve their health and wellbeing.

#### Epping Forest Youth Conference

On 19<sup>th</sup> November the Epping Forest Youth Council hosted its bi-annual Youth Conference. The full day event saw 100 local teenagers from the district’s secondary schools attend the Civic Offices for a day focussed on climate change issues and youth democracy. A fabulous array of guest speakers, including past Youth Councillors Cllr Holly Whitbread and Cllr Jaymey Mclvor, delivered informative presentations to the delegates, with the highlight of the day being a heated debate on the topic of climate change protest. Captivating films were shown to spark ideas, interactive voting tools were employed, and awareness was raised in respect of climate action projects for local secondary schools to participate in.

The day, which was webcast live, was a huge success with the energy and passion of the young people shining through. It was noted that the Epping Forest Youth Council was a model of good practice across Essex and beyond in terms of youth voice and enabling local youth democracy.

#### Limes Farm community initiatives

Continuing to utilise funding totalling £8,966 from the BBC, the Community & Culture Team has organised a programme of festive activities for residents living on the Limes Farm Estate in Chigwell. Lights have been purchased for a community Christmas tree and a Christmas Craft Camp has been organised for local school children and families. Plans to progress the community football programme, in partnership with Colebrook Royals FC, are well underway and support will be given to build capacity through offering training and qualifications to local volunteers.

#### Community Champions and Limes Farm Community Cafe

Community Engagement Officers, supported by Ward Members, have recruited two new Community Champions from the Limes Farm estate in Chigwell bringing the current total to 22 across the district. The Community & Culture Team supported the Residents Association and Community Champions to set up a Community Café in The Limes Centre on a Monday which is going from strength to strength.



### Ongar Puzzle and Games Club

Since the opening on 16 September, the Ongar Puzzle and Games Club established by the Community & Culture Team has attracted 68 visitors. Participants and volunteers have worked hard to raise £63.95 to re-invest in the club. The group is developing a growing loyal fan base and has the support of the local Church. The relationship with Epping Forest Foodbank is excellent with volunteers helping at sessions.

### Community Gardening Initiatives

With support from local residents and the Ninefields Residents Association, the lavender from the sensory gardens in Ninefields Square, Waltham Abbey was harvested for the Grand Lavender Harvest in October. The event was well attended by 66 residents who came along to make lavender wreaths, figurines and lavender bags in the Leisure Centre.

The Wheelers Farm allotment now has enough volunteers working on the plot to make the project sustainable and able to run without direct support from staff.

The most recent work with the Council's Sheltered Housing Schemes has been at Leonard Davis House & Buckhurst Court where new hexagonal raised beds have been installed for the residents.

### Dementia Friends Awareness Training

Dementia Friends Awareness Training has been organised for all staff in the Community & Wellbeing Directorate, the People Team and the Council's Mental Health First Aiders, to raise corporate awareness and support the concept behind the forthcoming Georgie Meadows Exhibition at Epping Forest District Museum. Members will shortly also be invited participate in a training session during the period the exhibition is open between January – April 2022.

### October Half Term

To celebrate the opening of the Game Plan Exhibition at Epping Forest District Museum, a range of activities inspired by "the games we know and love", alongside CCW's usual spooky offering, took place over October half-term. 155 children took part in activities such as Play in the Forest, a Games Galore Craft Camp and Cup Cake decorating. 150 lantern-making kits were also put together ahead of the Waltham Abbey Festival and Cavalcade of Light. Resources were also made available on the Museum website. In addition, CCW facilitated pupils from Hill House Primary School, Upshire Primary School and High Beech Primary School to take part in the lantern-making event.

### Creativity & Sports Awards and Young Citizen of the Year

Applications for the Creativity and Sports Awards closed on 12th December and those for the Young Citizen of the Year closed on 26<sup>th</sup> November. Some fantastic nominations have been received and winners will be announced at the Civic Awards event in the New Year.

### Arts Award Bronze

Arts Award graduates received their certificates from the Chairman of Council at the Museum in October. Arts Award is a nationally recognised qualification in the arts for young people age 7 – 25 years and all participants passed with flying colours.

### Takeover Day at Epping Forest District Museum

Friday 12 November saw Epping Forest District Museum participate in the national "Kids in Museums Takeover Day" initiative. The atmosphere in the Museum was fantastic as secondary school pupils from King Harold Academy in Waltham Abbey took over the running of the Museum for the whole day. Pupils facilitated tours for members of the public, 60 pupils from Upshire Primary School and special guests. Museum education staff and members of the Community & Culture Team worked with pupils in advance of the day to plan interactive activities and informative presentations which were all well received, with a real buzz in every gallery! Takeover Day is a national initiative encouraging engagement in museums for children

and young people of all ages. A representative from the national Kids in Museums team visited on the day and highlighted Epping Forest as an exemplar in this work.

The Museum also hosted a separate virtual takeover with students from Cardiff University and Essex University facilitating career sessions, Q&A's and practical training on collections care as part of this initiative.

#### Museum Education and Outreach

The Museum's education service has been in high demand with schools. In person sessions at the Museum have been taking place every Thursday as well as sessions also taking place in schools. In total, since April 2021, the service has engaged with over 6000 pupils.

#### Collections Rationalisation Project

To date the Rationalisation Project Team has reviewed all items at the Museum in Store 1 and Store 2, the North Weald store and the Crate offsite store. This means these items have all been photographed, condition checked and assessed as part of the first phase of the project. The Museum currently has agreement from other museums to take approximately 30 items which are more relevant to their collections from the selection of items that have been through the Council's Portfolio Holder decision process to date. The Museum has secured an additional £2,000 to support this project from SHARE Museums East focusing on the photography collection. A pilot will be undertaken to digitize, review and gather more information on 700 photographs in the collection.

#### Exhibitions

The Museum is delighted to have opened the 'Game Plan' exhibition, which is on loan from the Victoria and Albert Museum of Childhood and explores the history of boardgames in a highly interactive display. Following this the Museum will host the Wellcome Collections exhibition 'Georgie Meadows: Stitched Drawings' which brings together 24 textile artworks exploring personal experiences of ageing and dementia. The exhibition will be accompanied by a full programme of public engagement as well as professional development and training. The Museum itself has been recognised by the Epping Forest Dementia Action Alliance as working toward being a Dementia Friendly venue with a clear action plan to support this work. Part of this will include Dementia Friends information session for partners, local businesses and other colleagues in the Council as well as ensuring all staff at the Museum are Dementia Friends Awareness trained.

#### Interfaith Week

To mark Interfaith Week, the community display case based in the Museum's Core Gallery is showcasing a display of objects selected by religious denominations in the district which groups feel reflect key attributes of their religious practice and community. The display aims to celebrate, increase awareness, promote discourse and build relationships between multiple faith groups, the Museum and visitors. Interfaith week ran from 14<sup>th</sup> to 21<sup>st</sup> November but the display will remain on view to the public until February 2022.

#### Holocaust Memorial Day

To commemorate Holocaust Memorial Day, the Museum took part in a special virtual event on 31 January 2022 organised by South West Essex Reform Synagogue commemorating the Loughton Boys, the Holocaust survivors who came to the district as part of their journey to recovery. The Museum's highly acclaimed 2021 exhibition and associated projects were highlighted and participants heard from the daughter of Harry Spiro, one of the Loughton Boys, about her father's experiences and from Dr Chris Pond on the history of Holmehurst, the house in Loughton where the boys stayed.

# ***Report to the Council***

**Committee:** Cabinet  
**Date:** 24 February 2022  
**Subject:** Corporate Services Portfolio  
**Portfolio Holder:** Cllr Darshan Sunger

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## **Recommending:**

**That the report of the Corporate Services Portfolio Holder be noted**

## **People Team**

### **Common Operating Model**

Consultation and recruitment are still underway for the remaining teams/positions to finalise the restructure process;

- Legal Team – proposals for a new structure - consultation in February 2022
- Housing Asset and Property Team - service review - progressing to consultation
- Housing Strategy Team restructure - on hold pending further review

### **People Strategy 2020 – 2022**

#### **Attracting, On-Boarding and Retaining Talent**

- iTrent - iRecruit Phase 2 – Letter templates for provisional offers of employment and reference requests are now “live” and being issued through the system. Contract templates will shortly follow and will be in the test environment in 2022.
- iTrent - iRecruit Phase 3 – Onboarding through iRecruit - the required upgrade was applied to the test system in December and normal system testing and user acceptance tests are underway. The build of the onboarding portal will begin in test in mid February with a launch expected mid-2022.
- Itrent have redesigned the Employee Self Service (ESS) module and this will be available to employees when the current upgrade is migrated to the “live” system
- Our exit interview questionnaire has been launched, the Register of Interests questionnaire has been delayed, the new launch date will be the 1<sup>st</sup> December (original date was the 1<sup>st</sup> October).
- Onboarding/Induction documentation is currently being reviewed to include any learnings through Covid and links to member induction documents. It will also be recommended that Democratic Services work with members to add more insight into role of a councillor, via video on Litmos LMS system.
- Onboarding Guide is being re-launched and re-communicated. New starters are contacted directly to be invited to HRBP Power Hours.

#### **Developing our skills and behaviours**

- Our eLearning system Litmos continues to be built. The team are investigating the use of features such as gamification, and links to Social media. We are working with Subject Matter Experts (SMEs) in the organisation to ensure compliance training is fully completed in essential areas i.e., Safeguarding, Health & Safety, Cyber Security. Customer Services are being trained to use Litmos to build tailored customer services key skills training to their team.
- Skill Pills & MS Teams sessions - A new series of Skill Pills is being run for all employees between Sept 21– Mar 22. These are 60–90 minute sessions accessible by all employees. They will cover a variety of topics to support hybrid working skills, wellbeing, resilience and mental health.
- A series of MS Teams training is being rolled out. These are 60-minute sessions, helping employees use all different elements of Teams. These are provided free by Microsoft.
- Excel skills is still our top requested training, so more courses are to be provided.
- In total we now have 32 Apprentices in the workforce. Our Public Sector target is 14. Aiming to support LGA National Apprenticeship Week (Feb 22) by creating videos of our apprentices in situ.

### **Engagement and Wellbeing project**

- A Mental Health First Aid (MHFA) networking meeting will take place in November. MHFA's are being asked to refresh their role and support colleagues through the darker winter months, and emphasise the huge amount of support available via Perkbox
- Perkbox sign up is constant at 90.7% of the organisation, we have a total of 546 activated employees logged into the site to access the fantastic employee benefits and tools with over 7203 perk redemptions so far. The free monthly treat is the most popular downloaded perk with 823 redemptions followed by Tesco's 464 redemptions.
- Perkbox Celebration is going strong, and we are continuing to have overwhelming engagement on this platform with employees and managers thanking employees and teams for their hard work and significant achievements, and service delivery for our community.
- Our second Workbuzz survey opened in early December and closed on 24 December 2021, employees got the opportunity to tell us what's working well and make suggestions for improvements. Managers have now been sent the data from the survey which include engagement dashboards which filter through to you said, we did engagement for the future. We encourage our employees to complete the surveys and be an important part of organisational change at EFDC. We also encourage managers to check out their dashboards and raise awareness of the surveys in team meetings and 1-1's with employees.

### **Our Ways of Working (OWOW) – Creating Our Tomorrow**

- Our employees are moving away from traditional styles of management and approaches, to more agile, creative ways of working, thinking and leadership. Embedding the changes that OWOW and the Accommodation Project started, empowering employees to evolve the culture of the organisation, ensuring we embed the changes and achieve the desired outcomes:
  - Embedding the Change - Assessing & Monitoring Adoption
  - Continued Employee Engagement and Wellbeing, including a Beyond the Pandemic Phase 2 survey for early 2022.
  - Enhancing skills and flexibility of our workforce – including Inspiring Great Performance and a refresh of EFDC Values & Behaviours
  - Inspiring Great Performance was presented to SLT in November. The option for a digital solution 'Clear Review' was chosen. This will be new project starting January 2022.

- Review of Collective Agreement, Terms and Conditions and Employee Consultation is ongoing. Will be drafting a Hybrid Working Policy

### **Internal Communications Strategy 2021 – 2023**

- An internal communications strategy has been developed to enable effective engagement and communication with our employees so that they can flourish. The Strategy will help us take a fresh approach to internal communications and employee engagement, one that is flexible, intuitive and interactive.
- There are six key areas for development over the 3-year period, including content creation, corporate information platform, channels, engagement and insights, content management and recognising and celebrating success. Further details on the first 4 areas include;

#### **1. Content creation and the introduction of Communication Ambassadors**

- Internal communications has a good understanding of current content contributors and areas that need some development and plan to evolve those relationships over the coming months
- Officers are currently working on bringing together materials needed (publicity, protocols, video content/graphics) to launch the opportunity to become a Communication Ambassador to the organisation in March 2022

#### **2. Supporting the development of a new corporate information platform**

- The discovery phase for the organisation's new intranet/information platform, initial desk-based research into different solutions available was carried out in July
- The team have had meetings and initial conversations with potential providers to discuss platform functionality, price point and options
- The work to collate the information into an overview for the project sponsor and ICT will happen in January/February

#### **3. Channels**

- As part of the Civic Offices refit, five digital screens were installed (2 customers facing and 3 internal), Our brand-new digital signage is now LIVE with up-to-date content and employee news, graphics, video, meeting information, messaging, and BBC news updates
- A schedule of content for the digital signage has been developed and continues to be updated regularly

#### **4. Employee engagement and insights**

- A second WorkBuzz survey successfully launched in December 2021, with a significantly higher engagement rate than the first (50% of employees completed the survey)
- Engagement scores and high-level statistics for our wider management team was communicated in January. Managers have been encouraged to share the results with their employees. High level engagement score statistics will be communicated to the whole organisation in January
- Investigations are taking place to see how we the internal distribution of email newsletters can be improved - using an email marketing tool we already have access to internally called Mailchimp

## **Business Support**

### **Local Land Charges (LLC)**

- All LLC data has been successfully migrated to Northgate's Cloud environment.
- Data cleansing is ongoing, with data sets either being issued to HMLR or being updated by EFDC.
- HMLR have an internal meeting on 26<sup>th</sup> January to discuss the EFDC delivery plan and will meet with us shortly after.
- Once the delivery plan is issued to us, we will receive the first part of the transition payment. This payment is there to be used to resource the project to ensure we meet the delivery deadline, although there is nothing to say that we need to use the income in that way if we do not need to. The second part of the transition payment is issued when we go live; providing that we have met the delivery deadline.
- Once the Register is live, we will be responsible for maintaining our records which will migrate onto the HMLR Register. The LLC team will continue to be responsible for providing the responses to CON29 searches, which based on previous data, is estimated to be around 1720 requests per annum.

## **Projects**

### **Purchase cards**

- Business Support are currently responsible for managing purchase orders, invoices and payment runs across the Council and an opportunity has arisen to pilot the use of purchase cards for low value orders of up to £1000. Our data for the financial year 2019/20 tells us that around 63% of our purchases are low value.
- There are several benefits to using purchase cards; they will reduce the amount of time the overall ordering process takes, resulting in increased capacity for employees within Business Support and across the Council. Our suppliers will also get paid at the time of the order, rather than waiting for their invoices to be paid.

### **Print to Post**

- The Council continues to migrate service areas over to the PSL print to post solution. Currently, multiple online training sessions are taking place to encourage more users to take up the solution.
- Overlapping with the portfolios for Customer & ICT and Democratic Services, work which aims to reduce the costs associated with printing/posting agendas, is underway. Currently the cost is approximately £25,000 per annum. Support and training are being put in place so that members can confidently opt out of receiving paper agendas/documents, using electronic means instead.

### **Accommodation - Concierge Project**

- We have had multiple enquiries and bookings for the Conference Suite over the past few weeks, with bookings being made by the NHS, Citizens Advice Bureau and local community groups.

### **Soft Facilities Management**

- The Corporate Cleaning contract for the Civic and Corporate estate tender has closed and a winning bidder has been identified. A Portfolio Holder Decision has agreed the outcome of the procurement process. The new contract will start February 2022.

### **Storage and Archiving**

- Since Iron Mountain were awarded the contract to provide a storage, archiving and retrieval service for EFDC, transferring data inventory and boxes has successfully started. Epping Depot and a Housing property have been emptied, and work has started to empty NWA and the North Weald storage unit.

### **Multi-Functional Devices (MFD) replacement programme**

- A project brief has been submitted to review the Council's current and future in-house printing requirements, undertake a procurement exercise and set out the ongoing contract management activities. The project proposes the following timeline;
  - By end November a high-level printer/scanning requirements list produced
  - Tender document and procurement approach – mid December
  - Competition – January 2022
  - Award and implementation of new solution – February 2022
  - Hand over to Business as usual – February/March 2022

### **Corporate Health and Safety**

- All manager Risk Assessment training is nearing a successful end this March (slight delay due to COVID restrictions) launch of all new template and guidance will automatically follow and new Teams Group established for uploading and storage of service Risk Assessments. This programme will meet legislative compliance for the Council, safe systems of work, training and monitoring.
- Specific teams have undergone manual handling and first aid training with identified budget allocated for 2022/23. A new trainer has proved very successful and can deliver a multitude of courses required for H&S. This has enabled dates to be pre-booked at discounted costs for First Aid, Manual Handling, Conflict Management, Lone Working and Fire Safety.
- The Civic Office Incident Management Team is under review. As a result of the recent incident at Southend and concerns raised by some employees, a full security risk assessment of the Civic has taken place the outcome of which will be considered alongside any improvements for employee, Member, tenant and visitor safety.
- H&S policy is nearing completion with one or two supporting documents and/or policies. This will then be submitted to the Strategic Safety Group for sign off and placed on the Staff Intranet and a Teams Group to enable efficient and easy review in future
- Safety Advisory Groups (SAG) are already in progress for the EE & MV music festival at Lea Valley Showground in August. There are several events in the pipeline for the Epping District and lines of communications have been established between some parishes and other partners ahead of summer events that may have moderate to significant impacts for various areas. E.g. Queens Jubilee Weekend road closures and other events etc.

### **Contingency Planning**

- There are overlaps with the last point above regarding the SAG's. Good relationships with all emergency services and partner agencies have been established to enable progressive planning and resilience for Epping Forest district. This includes the Corporation of London for cross border events and those on their property within the district.
- All Directors are now on the GOLD rota for the Council to deal with and initiate a response for emergencies whether internal or external. Further training for our GOLD and SILVER managers will be conducted this year.

- Recruitment for Emergency Shelter (Rest Centre) management to be carried out internally with training to follow, including tabletop exercises and live play as opportunities and resource allows. (Stansted airport has invited all LA's to take part in their AAIB renewal exercise later this year).

## **Business Continuity**

- A small 'task and finish' group will be brought together in January 2022 to begin to look at the updates required for the Corporate Business Continuity Plan and individual service plans. Once plans are in place a timetable of annual tabletop exercises will be put into place which will test at least two services at a time on regular intervals.

## **Insurance**

- Work continues to collate information required for the procurement of the insurance policies which will be in place for 1 July 2022.
- A new Motor Risk Group will be established to review our policies and procedures.



# ***Report to the Council***

**Committee:** Cabinet  
**Date:** 24 February 2021  
**Subject:** Customer and Partnerships Portfolio  
**Portfolio Holder:** Councillor Sam Kane

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## **Recommending:**

**That the report of the Customer Portfolio Holder be noted.**

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## **1 Revenues and Benefits**

- The Revenues & Benefits team continue to provide a daily frontline presence at the Civic Offices, as they have done since re-opening in June of this year. In addition, the team provide expert advice as part of the work being carried out by the Civic Office Community Hub.
- The Revs & Bens team continue to process and support local businesses through the latest phase of support grants and reliefs announced by Central Government in December. Further information on all business support schemes, reliefs and reductions, as well as the application forms, is available on the council website:  
<https://www.eppingforestdc.gov.uk/business/business-support-grants/>
- The Revs & Bens team continue to provide support for families through the Government's Test & Trace Support Payment scheme, which has now been in place since October 2020. In addition, the team also administers the County Council scheme, which is less prescriptive than that of Central Government. The team experienced a significant spike in applications in December and January as a result of the Omicron variant of Covid-19, processing over 150 support payments. Further information on these schemes, as well as the application forms, is available on the council website:  
<https://www.eppingforestdc.gov.uk/benefits/test-and-trace-support-payment/>
- In the calendar year 2021, the Revs & Bens team received over 69,000 phone calls from customers, with a loss of just 3% due to abandoned calls, whilst answering over 90% within the call answer target.
- Housing Benefit and Local Council Tax Support caseload numbers continue to remain stable. The Q3 claim assessment times were:
  - New Claims – 10.5 days (down from 12 days in Q2)
  - Changes in circumstance – 8.5 days (down from 9 days in Q2)
- The increased level of performance is, in part due to the digital transformation and automation of DWP's ATLAS files and Universal Credit Data Share

(UCDS) files, which were reported on in the October Portfolio Holder report. As part of the Service Plan requirements, we intend to look at further automation in Q1 of 2022-23.

- During the third quarter the Revs & Bens team have issued over 2,000 reminders and final notices, which has further resulted in the issuing of approximately 1,000 summonses in respect of unpaid Business Rates and Council Tax. The continuing program of recovery is helping to increase revenue collection, but it should also be noted the Business Rates figures for the current year are skewed as a result of the Government's relief granted for the months of April, May and June 2021. There are signs however that we are reducing the gap each month between the current year and 2019/20, which is a more realistic yardstick against which to measure performance than last year. The current Business Rates collectable debit is £30,110,000. The current Council Tax collectable debit is £102,800,000
  - Business Rates collection end of Q3 2021/22 - 74.1%
  - Business Rates collection end of Q3 2020/21 - 71.4%
  - Business Rates collection end of Q3 2019/20 - 77.5%
  
  - Council Tax collection end of Q3 2021/22 - 76.6%
  - Council Tax collection end of Q3 2020/21 - 75.0%
  - Council Tax collection end of Q3 2019/20 - 77.6%

Bearing in mind the current economic climate and the effects of Covid-19, to be 1% down on the Council Tax collection rate from 2019/20 is testament to the work of the team and other support services.

## 2 Customer Services

- **Welcome Lounge**

The new branding for the Civic Hub was installed early December, as a reminder the branding guides our visitors to the four customer areas which are namely, the Community Hub, the Payment Kiosks, the Customer Lounge (waiting area/informal meetings) and the Customer Terminals. Visits to the Civic Hub remain mainly for face to face meetings with Housing and Revenue & Benefits.

Now that Regis are in place on the second floor, we are looking at external signage to guide both EFDC and Regis visitors from the carpark and into the building.

- **Community Hub Launch**

The Hub now has 19 different organisations (including Epping Forest District Council) offering their support and advice. Since opening in September, the hub has welcomed three new partner organisations. Employ-Ability who provide a number of services to help people with mental health issues find and maintain employment. Papworth Trust supporting those furthest from the employment market to gain employability skills including job searching, employment and education and training. The Alzheimer's Society who

provide support for people living with Dementia. The Hub has received great feedback and helped many people with various issues.

From September to December, we had a total of 206 visitors using the Hub partner services. Those receiving double-figure numbers of visitors were EFDC Homeless (82), Citizens Advice (35), DWP (30), Peabody (23), EFDC Revs & Bens (23) and Epping Forest Food Bank (22). To find out when each organisation is at the hub visit the [Epping Community Hub webpage](#)

We have seen a reduction in footfall from December onwards mainly due to Omnicron. An operational review is underway with partners to look at further ways of promoting the Hub to their customers.

- **Customer Contact Centre**

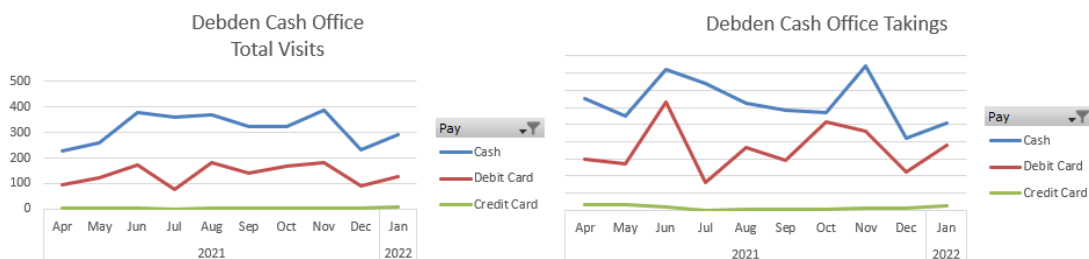
Lisa Bannister-Wood joined us on the 8<sup>th</sup> November, to manage half the contact centre as well as Members and Digital Inclusion. Lisa has a strong background in contact centre operations as well as service improvements. In addition, to alleviate the pressure of the Contact Centre Officers covering reception duties we appointed a temporary receptionist for the Welcome Lounge.

As previously advised, to align with our corporate reporting process, KPI's are reported to Stronger Council in line with quarterly timelines.

We are currently conducting a benchmarking exercise for our contact centre operating model in terms of resourcing, performance, systems and KPI's with other Local Authorities of a comparable size. Key messages from this exercise will be communicated in due course.

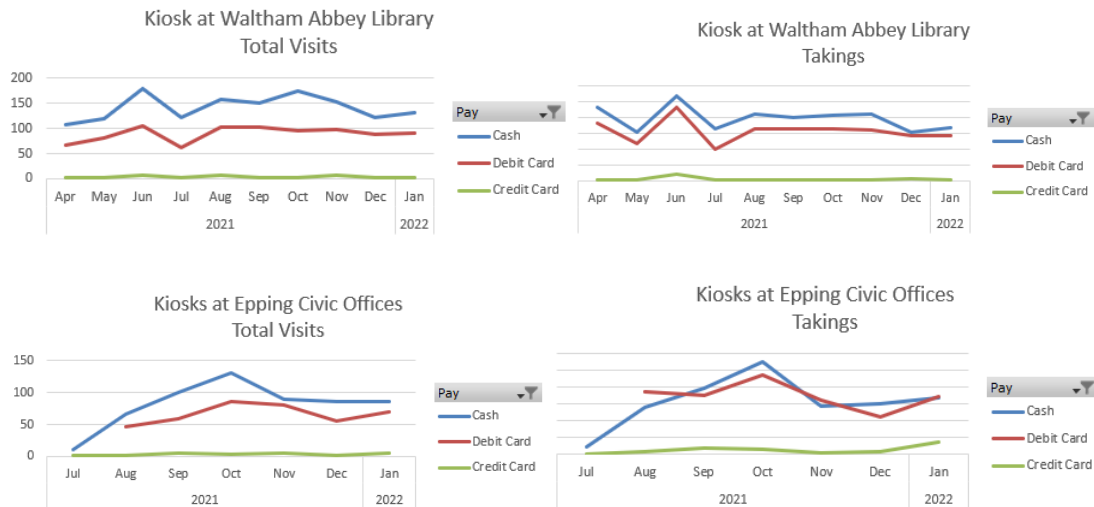
- **Cash Payments**

In November, the Debden Cash Office saw the highest customer visits (up 14.5%) and takings (up 19.5%) since reopening in April. This was likely due to increased debt collection, concerns about the possibility of a further Covid lockdown and the upcoming holiday season. Usage dropped considerably during December (partially related to closure over the Christmas period) and recovered slightly in January. Overall, for the 3-month period from Nov-Jan takings were down 3.3% and visits down 12.6% on the previous 3-month period.



Takings at Waltham Abbey Library kiosk remained consistent, with a slight fall of 2.2% over the 3-month period, though visitors were down 13%. Takings at the kiosks at Epping dropped sharply from a high in October by 23% for the 3-

month period, with visitors down 4%. Both sites are likely affected by the holiday season and Christmas closures.



Recommendations for alternative solutions for cash payers have now been finalised and the report will be presented at the Stronger Communities select committee in March

- **Customer Service Strategy - 2022/23 overview**

**Digital customer experience**

Our strategy for 2022/23 will focus on improving our online digital customer experience, with improvements to our website and online forms. We need digital to be the preferred choice for those customers who can interact in this way. This will enable us to free up Officer time for those vulnerable customers who do need to communicate with us via a phone call.

**The barriers to transacting by digital**

To help us identify the key barriers to communicating with us via digital we have been carrying out a manual call causation analysis exercise. Early stage key messages (using December 21 data) show that 26% of residents called us as they couldn't find the information on the website, with 23% chasing up non response to calls/emails, 19% didn't know they could self-serve, 17% had no access to the internet, 10% no digital skills and 5% found the online form too complicated. This data will inform and drive our improvements plans throughout 2022.

**Customer engagement**

Throughout February and March we are consulting with customers, Members and colleagues on our digital strategy via press releases, online surveys and focus groups. We are keen to understand how customers currently communicate with us, sharing with them the above barriers we have identified along with our plans to improve and hear their feedback which will help us to shape and finalise the strategy proposal.

## **Members digital journey**

For Members we are working on a one to one basis to identify and resolve any barriers to working in a digital manner with the May elections deadline to achieve this. Lisa is in contact with each Councillor to arrange sessions, if you do not yet have time booked in with Lisa please contact her via email to [L.BannisterWood@eppingforestdc.gov.uk](mailto:L.BannisterWood@eppingforestdc.gov.uk)

Please continue to raise tickets for any ICT issues so that we can address these as quickly as possible cc via [Membercontact@eppingforestdc.gov.uk](mailto:Membercontact@eppingforestdc.gov.uk)

## **Digital inclusion**

There is a strong appetite amongst partners and voluntary organisations to adopt a collaborative approach to digital inclusion and our role is to facilitate this working group. The group met in January to resume discussions, following the initial meeting last August, it was placed on hold due to lack of a Team Manager.

Clive Emmett from the West Essex Community Action Network (WECAN) described the challenge of how to reach those groups who struggle to access digital, kit, data, internet and training such as BAME groups and those with mental health issues.

The groups purpose will be to

- Connect, collaborate and identify how they can help each other
- Facilitate access to training, venues, hardware/devices
- Promote via our communication tools the support available to our residents
- Enable digitally excluded residents to access the support they need

WECAN have a programme of projects to support the use and uptake of digital technology. There are some great examples of how their projects can support our residents and we will be providing the team with nominations for the following;

- Access to six months Vodafone data for residents in need of data
- Wristbands for rough sleepers which will send alerts to their care worker if, for example, their temperature drops

The working group are meeting on a monthly basis to share updates and continue this work.

## **Corporate Communications including Digital News Platforms**

We soft-launched a new news platform branded District Matters towards the end of the last calendar year. Local users can subscribe to this news service which provides a mixture of council, stakeholder, partner and communities news items. Items are sourced from other content providers with a degree of automation, overseen by Corporate Comms. The system has stood up well technically as officers have developed experience. Initial subscription levels are low in comparison to other Council communications platforms. Having demonstrated the principle and technical delivery, Corporate Communications

is now developing promotional marketing materials to build the subscription base. Usage will be kept under review as marketing plans are implemented.

Our corporate communications team will be delivering the digital strategy customer engagement over February and March supported by the Customer Service Manager.

### 3 Parking

- The Car Parking Team are continuing to monitor current income levels against pre-pandemic income levels and income levels remain on average 75% of pre-pandemic income figures since restrictions have been lifted. Short stay car parks income levels are recovering well whereas long stay commuter car parks income levels remain affected as people are predominantly working from home.
- The annual North Essex Parking Partnership Traffic Regulation Order Application decision report was presented at the JCP meeting on 28 October 2021. The Epping on-street traffic regulation order schemes were all approved and are listed as follows:

<b>Name of Scheme</b>	<b>Type of Restriction</b>
Ormond Rise, Buckhurst Hill	Resident permit area/s
The Elms, Ongar	Waiting restriction/s
Brooklyn Avenue/Priory Road, Loughton	Waiting restriction/s
Lower Queens Road/Alfred Road/Cascade Road, Buckhurst Hill	Resident permit area/s
New Nazeing & associated roads, Nazeing	Waiting restriction/s
Mayflower Way, Ongar	Waiting restriction/s
Ravensmere, Epping	Resident Permit area
Baldwins Hill, Loughton	Resident permit area/s
The Drive, Loughton	Waiting restriction/s
St Nicholas Place & Borders Lane, Loughton	Waiting restriction/s
Badburgham Court/Ninefields, Waltham Abbey	Waiting restriction/s
The Lindens, Loughton	Waiting restriction/s

Epping Forest District Council have had 12 Traffic Regulation Order schemes approved last year, which includes 6 bonus schemes above our quota of 6 schemes per year.

More information on Traffic Regulation Orders and the list of TRO schemes can be found on the North Essex Parking Partnership website [www1.parkingpartnership.org](http://www1.parkingpartnership.org).

- InstaVolt and EFDC are partnering to install 2 x rapid chargers in Oakwood Hill East Car Park. The terms of the lease have been agreed between EFDC and InstaVolt and installation of the chargers is anticipated in March 2022.
- The Off-Street Car Parks Tariff Review Recommendation report was presented to Stronger Place Select Committee on 4<sup>th</sup> November 2021 and the recommendations approved by Cabinet at its meeting on 6<sup>th</sup> December 2021. These recommendations will be implemented on 1<sup>st</sup> April 2022.

## 4 ICT

### Service Management

- The overall ICT service has improved though 2021. In 2021 the team dealt with 10,996 tickets. 70% of these were logged via the self service feature in the ticketing system and the intranet. Tickets (6304 in 2021) that can be fixed by the service desk are typically simpler and quicker to fix. More complex tickets need third line support from the application, mobile and infrastructure teams. Standard SLAs are in place for all incidents and requests. The delivery against SLA for the team in 2021 ranged from 94% to 100%.
- More work is coming to the service desk function as the other teams in ICT are able to simplify task and train up the service desk to deliver the fix at first contact point. This also improves the customer experience in terms of faster time to resolution.
- Work is ongoing tom improve the starters and leavers process. This includes improving the build process and automating the set up where possible. There were 16 new starters in Jan 2022.
- Ongoing production issues still occur. A major incident is declared for any full system outage or 4 or more customers raising the same issue. These are then dealt with using the teams Major Incident Management process to get a speedy resolution. Although the number of MIMs for 2021 was relevantly high, the fix speed was good. There is currently on average 4 MIMs per month. Problem management work is looking to address the underlying causes of the operational issues.
- Old ICT equipment is repurposed within the council if possible, otherwise it is professionally cleansed and components are recycled and donated.
- The average ticket age shows how long it takes to resolve each ticket. Some tickets are more complex than other and make take a long time to fix. The average ticket age over 2021 has reduced which is a good sign that even complex tickets are being resolved more quickly.

## Customer Feedback 2021

Response	Customer service	Technical Skill	Ticket Handling	Time taken
Very Satisfied	88%	86%	85%	79%
Satisfied	9%	12%	12%	18%
Dissatisfied	2%	2%	3%	3%

### Customer Feedback Dec 21

215 customers took time out of their day to write a comment (a sample)

- Got the job done; Very professional Team; Excellent job as usual; Great support from a very helpful team; Amazing service - thank you; The problem was sorted in record time - Absolutely Brilliant Service; Big massive thanks; I was kept informed of the progress of the problem; Thanks for dealing with my urgent request immediately; Dealt with my problem immediately and was extremely helpful, thank you so much

### **Strategy**

- Work to deliver the ICT strategy is ongoing and a series of infrastructure projects are being planned to underpin the overall move to the cloud.
- Business applications have been assessed and working with service areas a draft plan has been created that lays out the order of application migration to Software as a Service.
- The ICT strategy is now being integrated with the Digital Strategy (currently being created) to ensure the true customer value of projects is understood and the right projects are being worked on. There are a series of deliverables from the ICT strategy that will be required to facilitate the Digital strategy.

### **Projects**

- The large business projects such as digital planning, and housing continue to consume time from the team. In addition, several other large projects have been started in revs and bens, licensing and document management. ICT is working with the business areas to resource these projects in the best way.
- The team have delivered 3 key infrastructure projects :- implementation of secondary internet connection, back up to cloud and exchange server shutdown. All 3 of these help to deliver the ICT strategy to remove the resilience on the current on premise data centre and improve service reliability.
- In addition, the team worked on many business projects to deliver ICT solutions including :- implementation of debt recovery system (Ash), moving payments to cloud (PTX), upgrading income management system, implementing a new training system (Litmos) and an upgraded grounds maintenance system that facilitates in the field working.

### **ICT Team**

- Maryvonne Hassall has remained in the role of ICT service manager to allow Christine Ferrigi to concentrate on the Business support re focus work
- The newer members of the team are now up to speed. Work is being done on the skills matrix to ensure there is resilience of skills and to focus training needs for individuals. Team members are being cross trained and, where possible, tasks are being moved to the service desk to free up time to deliver other work.



- There are currently 3 vacancies in the team due to individuals leaving due to personal circumstances. These were temporarily filled by contract resource but are now being actively recruited. It is essential to get these resources on board to support the service plans and strategy for 2022/23 and beyond.

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# **Report to the Council**

**Committee:** Cabinet  
**Date:** 24 February 2022  
**Subject:** Environmental and Technical Services  
**Portfolio Holder:** Councillor Nigel Avey

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## **Recommending:**

**The report of the Environmental and Technical Services Portfolio Holder be noted.**

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**COVID-19 – Response of Contracts and Technical Services:** All services continue to perform well during the Covid-19 period. Office based staff are continuing to work remotely by using Microsoft TEAMS or ZOOM. Those who need to come to office for operational reasons are taking precautions to avoid the risk of infection.

## **Waste Management:**

- WEEE (Waste of Electrical and Electronic Equipment)

The WEEE (Waste of Electrical and Electronic Equipment) wheeled bin for flats has been extended and we are monitoring the effect and the tonnage.

- Resource Issues

The Waste Contract continues to face resourcing issues and challenges due to both a shortage in drivers and road sweepers/loaders. Recruitment is very difficult, and drivers are leaving Biffa each week. The situation is not helped by other companies/industries offering higher rates of pay. Officers continue to liaise closely with Biffa and work to resolve the issues and ensure there is no detrimental impact upon service delivery.

December and January were particularly challenging due to the large number of staff absences due to Covid. However, both the waste management team and Biffa have worked extremely hard to minimise service disruption and keep on top of collections. As a result, crews from street cleansing have been used to help with collections rounds to ensure that residents waste was collected.

- Environment Bill

Parliament passed the Environment Bill on 10th November 2021, meaning the legislation is now UK law.

Defra explained that the Environment Act will help the “transition to a more circular economy, incentivising people to recycle more, encouraging businesses to create sustainable packaging, making household recycling easier and stopping the export of polluting plastic waste to developing countries”.

These changes will be driven by new legally binding environmental targets, and enforced by a new, independent Office for Environmental Protection (OEP) which will hold government and public bodies to account on their environmental obligations.

The Environment Act will give ministers the power to introduce a range of waste reforms such as extended producer responsibility, consistent collections and a deposit return scheme.

Defra is currently working on consultation responses, which are due out early next year. EFDC Officers will continue to keep up to date with any new proposals and legislation and keep members informed.

### **Leisure Management:**

We have seen positive growth in leisure centre usage trends in January 2022. There has been a slight decrease of usage trends over the last quarter, however this is normal for the time of the year across the leisure industry. EFDC are closely monitoring usage trends and revenue (currently calculated by an open book examination of Places Leisure operating transactions and financial records).

Places Leisure are implementing the Kickstart Scheme in Waltham Abbey and Loughton centres, which is a scheme providing funding to employers to create jobs for 16 to 24-year olds on Universal Credit. Places Leisure will be providing young people employability skills and work experience for a 6-month programme with funding for support, learning and development of the Kickstarter.

We are delighted to announce that Archie Allen, who has swimming lessons at Ongar Leisure Centre, was the national winner of the "Swimmer of the Year" competition. From a young age, Archie was diagnosed with neuronal migration disorder which caused Archie to suffer with epileptic seizures. When Archie was in the Stage 1 class, he could only kick with one leg and struggled to hold a float. Archie has made exceptional progress and after all his efforts, he is now in the Stage 3 class and can swim 10m kicking both legs and using both arms.

### **Environmental Protection and Land Drainage:**

Following heavy rainfall events in July and August the team have provided input to assist the Essex County Council Flood Team in completing their Section 19 Flood investigations to determine the mechanisms of flooding. The reports are currently in draft format for areas such as Roydon.

Private water supply sampling is a Statutory Duty EFDC undertake. Charging for this service has now begun to bring the council in line with most other authorities. The charging regime is being phased in over the next year with reduced analysis costs and free risk assessments for year one.

The two larger contracts that the team manage have been re-tendered and awarded. These include the Annual Watercourse Maintenance Contract for ditch works, flood response and maintenance of the Council Flood Storage Areas. The second contract is the management of the Council house legacy Sewage Treatment Plants on behalf of Housing as the plants are still owned and serve former and current Council houses.

### **Highway Rangers:**

The rangers continue to work on reported issues from both Essex County Council and those reported by Members and residents. Recent jobs completed include historic gates replaced in Sun Street Waltham Abbey and the renovation and full replacement of seven benches. The team have been working with the ASB Team and have been removing graffiti on council property, pavements as well as fly posting and banners on highway railings that are installed without permission.

Quite a number of reports that are made to the team are rejected as they are works that the rangers cannot work on such as defective streetlights, potholes or private hedges which remain the responsibility of Essex Highways. <https://www.eppingforestdc.gov.uk/environment/highway-rangers-service/>

### **Grounds Maintenance:**

This season's mowing operations have now come to an end, although the mild autumn meant the grass cutting teams have continued to work well into November last year. The mowing machinery will now receive its essential winter maintenance to ensure it is ready for the coming spring when the cutting cycle commences once again.

The grounds teams will be moving on to their extensive winter-works programme, which includes bed maintenance, hedge trimming and shrub & rose pruning. The nursery team have completed the replanting of the many seasonal bedding displays located across the district. The winter flowering pansies and spring flowering bulbs will provide a welcome splash of colour to our towns and villages over the coming months.

The grounds staff were pleased to attend a meeting with Loughton Town Council and receive recognition for its contribution in helping them achieve the Certificate of Merit Class 1 award presented by the Essex Playing Fields Association for maintaining the Roding Valley Recreation Ground “to the highest standards”.

Assistance has been provided to the Countrycare and Land Drainage services with the autumn cutting of the Councils various floodplains. These valuable nature reserves include Thornhill, Thornwood, Bobbingworth and Church Lane in North Weald. Much of the grass at these sites is cut and collected to provide extensive flood water storage should the need arise, whilst some areas of vegetation are deliberately left for wildlife habitat and to encourage greater biodiversity

### **Fleet Operations:**

Fleet ops have been very busy, the numbers of public MOTS being booked has increased to 90% of capacity. increasing the workshop capacity, that is bringing in vital income to EFDC as well as income from servicing and repairs for internal and external customers.

Recruitment under way to replace our 3<sup>rd</sup> year vehicle apprentice, Leona has now left EFDC and has found full time employment at a local Loughton based garage business.

A new vehicle ramp and tyre equipment are currently being installed in the vehicle workshops, this will support the growth of vehicle servicing for external companies and assist in reducing expenditure with external tie companies.

12 New electric vehicles have now been delivered and will enter service within the next two weeks.

A new safer greener driving training programme has now been rolled out and 12 EFDC staff have now completed the training.

### **Countryside and Landscape**

20 people came to a Mad About Moths event at Bobbingworth Nature Reserve on an evening in September last year. The evening was a great success and included a well-received Bat Walk around the reserve.

An article written by Countrycare highlighting the importance of smaller wetland sites to winter migrating waders, using Thornwood Common LNR as an example, was published in the annual Wetland Bird Survey newsletter, WeBS News and received really good feedback.

We have recruited some new volunteers who are settling in well to our Thursday group. Countrycare has put on volunteer days at all but one site in 2021, which is a testament to the team's drive and determination to manage these sites.

As a result of a successful funding application Countrycare have received approximately £47,000 from the Nature ECC COVID Safe Tourism and Public Spaces Fund. This funding is being used to create an 833m path around Bobbingworth Nature Reserve to complete a circular path of the site. At Roughtalley's Wood Local Nature Reserve the funding is being used to replace a boundary fence that has been badly damaged by antisocial behaviour.

Linder's Field Local Nature Reserve is currently having enhancement works funded by Qualis to accommodate a population of Slow-Worms which are being translocated from a Qualis site in Loughton. The works include hibernacula, which is needed to increase the carrying capacity of the reserve following a previous translocation of Slow-worms and Grass Snakes.

Countrycare delivered a talk at the Epping Forest Youth Council Climate Change Conference in the Civic Offices on 12<sup>th</sup> November 2021, which explained the impact of climate change on wildlife and the important role certain habitats have in tackling climate change such as carbon sinks and wildlife refuges.

### **Tree Team**

The team continue to respond to enquiries throughout the district, from Members, Councillors, Essex County council, Housing and members of the public.

The team has now implemented a new tree management system, which is still in the testing phase, and being used to undertake Housing tree surveys, with regards to zoning trees in influencing distances to buildings, and for health and safety in areas of high occupation.

With this in mind, the Tree team will now endeavour to inspect all of Epping Forest district council's tree stock, in Housing, Parks and Openspaces, and where possible, will manage the trees more proactively, in an attempt to reduce insurance claims and unexpected tree failures, and reactive callouts.

## ***Report to the Council***

**Committee:** Cabinet  
**Date:** 24 February 2022  
**Subject:** Finance and Economic Development Portfolio Holder  
**Portfolio Holder:** Councillor J Philip

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### **Recommending:**

**That the report of the Finance and Economic Development Portfolio Holder be noted.**

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### **Finance**

The Budget papers on tonight's agenda represent the culmination of months of work across the Council to pull together a balanced budget for 2022/23 and a Medium-Term Financial Plan.

This year's budget has been exceptionally challenging and proved a difficult exercise that has required many uncertain factors to be accommodated. These have included financial pressures caused by COVID-19 and higher inflationary factors. There has also been pressure on income targets within those services still affected by Covid19. Combined, these factors produced a real and significant gap between the Council's predicted income and expenditure.

My thanks to Portfolio holders and officers for their work to close this budget gap.

The announcement of the Government Settlement, after the draft budget had been presented, has provided some respite with additional one-year support from the Government ahead of a proposed full reset of the funding system for 2023/24. The Government has been at pains to stress that councils should not rely on this additional funding beyond 2022/23 and so whilst welcome, the one-year nature creates a funding 'cliff-edge' in 2023/24.

As reported to Cabinet in February, the Council's Quarter 3 budgetary position in 2021/22 has deteriorated from that forecast at the end of Quarter 2. This will put pressure on the Council's depleted balances and so now, more than ever, the Council will need to proceed with financial caution.

The Budget presented here tonight exemplifies this approach, recognising key risks and making adequate provision in line with prudent estimates.

The Budget has been through multiple democratic processes and has been recognised as being sound by each of these bodies. Again, my thanks to all involved in the preparation and scrutiny of these budget proposals.

As I reported to the last meeting of Council, the Audit of the Council's financial accounts for 2020/21 was not completed by the 30th September 2021 deadline. We continue to work with Council's External Auditors (Deloitte), but it has become clear that they do not have the resource to carry out the work. We fear this will mean an extended delay in their conclusion of the Audit. Our officers have now escalated these concerns to the Public Sector Audit Appointments (PSAA), being the body who originally let the Audit contract. Together with the Chair of Audit and Governance Committee, (Cllr Hadley), I will continue to keep members updated on progress.

## **Qualis**

The financial performance of Qualis is being regularly reported to the Council and the results from their second year of trading and the 1<sup>st</sup> Quarter of their 3<sup>rd</sup> year are both presented on the agenda here tonight. The date that Planning consent was achieved for their Epping development sites, (being just after their year-end), has had a major impact on the reported outturn, (as it was predicted it would). For this reason, it is important that the two reports are considered together. Overall, Qualis continues to make good progress and remains on target.



# ***Report to the Council***

**Committee: Council**

**Date: February 2022**

**Subject: Finance, Economic Development and Qualis Customer (Asset Management )**

**Portfolio Holder: Councillor John Philip**

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**Recommending:**

**That the report of the Asset Management services Portfolio Holder be noted.**

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**Epping Forest Shopping Park:** Shortly before Christmas the Council was advised of a serious breach of Health & Safety protocol concerning the roofing subcontractors, who were found to be working at height without wearing the required safety harnesses. The site was immediately shut down and that team was dismissed. The works will not recommence until a new subcontractor is appointed by the main contractor, McLoughlin & Harvey, and subject to the Council approving its Health & Safety protocol and method statement for completion of the works. EFDC's consultants are due to be meet with McLoughlin & Harvey (MCLH), on site imminently to agree a programme of works for the Spring in order to complete the repairs required to the roof, gutters and downpipes.

## **Brooker Road Industrial Estate Waltham Abbey**

I am pleased to report that 100 Brooker Road, a cleared site of approx. 1.15 acres, has been let to Sainsbury's Supermarkets for vehicle parking. The Tenant has taken a new 9 year FRI Lease at a commencing rental of £145,000pa, subject to annual uplifts geared to RPI. There is a Tenant only break option in the Lease, operable at the expiry of the 5<sup>th</sup> year of the term.

168c Brooker Road has completed at a rent of £35k per annum rising to £45k over the next 4 years. Combined with the letting in place on the first floor this asset will initially earn £75k rising to £85k over the same period.

New lease completions are due on 141/142 & 144 Brooker Road with an annual value of £36,000 pa an increase of £5,000 on the previous agreements.

## **Tertiary Retail Units**

17 Market Square is now under offer at asking price £14k per annum for use as a nail bar. Other uses were considered however these either conflicted with existing uses on the parade or prospective tenants were not able to offer the same security for the Council.

15 Market Square - Recently completed for use as a convenience store at a rent of £15,000 pa. This is a £3000 uplift from the former tenant pa.

220 High Road, Loughton – Have recently agreed terms with a franchisee of a bubble-tea operator, with over 40 stores. 10-year lease at £31,000 p.a. (previous rent was £27,250 p.a.)

46 Pyrles Lane – Previously agreed terms with South Indian food take-away but Tenant has not performed in respect of obtaining planning permission for extract system, so re-marketed and now proceeding with Café/Bistro Juice bar. Terms agreed for new 5-year lease (no breaks) at £13,250.00 p.a. (Previous rent £9,108 p.a.).

### **The Broadway, Debden, Loughton**

I am pleased to report that all 68 units on The Broadway are now fully let.

70 The Broadway (vets) has submitted a break notice and ended their lease on 24 December 2021. Marketed property already and have had 6 viewings. Awaiting offers.

### **Civic Offices 2<sup>nd</sup> floor**

I am pleased to report that the lease completed on Friday 3<sup>rd</sup> December 2021 and that the tenant has now taken possession. They are currently undertaking their fit out.

### **North Weald Airfield:**

**Aviation:** General aviation continues to be very busy with the flight training schools and landing fees bringing in good levels of income (approximately £6k per month).

NPAS are now operating just the one helicopter from its NW base since Lippitts Hill reopened which has resulted in the number of movements reducing significantly.

**Market:** I am pleased to report that a new 2 year market lease has been completed. The Commercial Assets team have negotiated a increase in the rent. The market is trading well in January which is traditionally the quietest time of the year.

**HMRC site:** I am pleased to report that the HMRC site continues to operate without disruption to any of the local road networks as the number of vehicles attending the site remains low. Vehicle numbers from January 1<sup>st</sup> 2021 to December 31<sup>st</sup> 2021 totalled 22766, an average of approximately 62 per day.

**General:** I am pleased to report that the Airfield hosted the National Street Road Association Auto Jumble in October that attracted several thousand visitors. They have another event booked at the beginning of March. At the end of March the Airfield is due to host “The Essex Carp Show” for the first time. For many years this has been hosted by the Brentwood Centre. This event is still subject to contract.

**NWA Master Plan:** I am pleased to report that the statutory public consultation period concluded on January 30<sup>th</sup>. The consultation included 2 public attended Zoom meetings plus a drop in event at Thornwood Village Hall that was well attended. All comments will be considered after which a report will be considered at an upcoming Cabinet meeting.

# ***Report to the Council***

**Committee: Council**

**Date: 8 February 2022**

**Subject: Finance, Qualis Client & Economic Development Portfolio Holder**

**Portfolio Holder: Councillor John Philip**

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## **Recommending:**

**That the report of the Finance, Qualis Client and Economic Development Portfolio Holder be noted**

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## **Covid Economic Development Programme:**

The economic development team have been working on various projects to support the local economy which has been delivered through external funding sources. These are the economic resilience fund (support accessed via the UK Government's Additional Restrictions Grant funding) and the Welcome Back Fund (support accessed through the EU and UK Governments). This funding support will end in March 2022.

This funding helped to support the following programmes in the run-up to Christmas 2021.

- Radio advertisement campaign encouraging residents to shop locally at Christmas.
- A hanging Banner campaign encouraging residents to shop locally at Christmas.
- Purchase of a footfall monitoring toolkit that can enable the council to measure and interpret footfall trends in its key town centres.
- Subsidised FSB business membership scheme to enable local small businesses to take advantage of tax, insurance advice and many other means of support.
- Contributions to town and parish councils for Christmas Light Displays and window competitions.
- Hiring the Epping Forest Brass Band for performances in the lead up to Christmas along Loughton High Road and Loughton Broadway.

Moving forward plans are being made for further use of this funding to carry out the

- Instalment of a parklet to be situated in the site of the old 'Moot Hall' in Waltham Abbey market square.
- Purchase and distribution of planters across various town centres in the district.
- A new investment prospectus website for the district will go live with its purpose being to attract new businesses and investment to the area.

To find out more about these above schemes and all the projects that the team have enacted since the beginning of 2021 with this funding, please speak to John Houston at [jhouston@eppingforestdc.gov.uk](mailto:jhouston@eppingforestdc.gov.uk) or call 01992564094.

As part of town centre regeneration work, a new market's policy is being progressed.

## **Business E-Newsletter/Database:**

The Economic Development Team are set to release the February edition of the 'Business

Matters' e-newsletter with topics focusing on, the increasing take-up of LoyalFree, Click It Local, the Omicron Hospitality and Leisure Grant (OHLG), and an overview of the Christmas trading period.

### **General Economic Briefing:**

According to NOMIS, unemployment in Epping Forest District stood at 3,005 in December 2021. This means that as a proportion of the total working population, 3.7% are unemployed. This is slightly up from November 2021 when the number of those unemployed was counted as 2,970. Unemployment as a whole has been falling since the height of lockdown. In February 2021, unemployment reached a high of 4,915 local residents or 6.1 percent of the total working population. The rate in the district is now in line with that in the region.

### **Visitor Economy:**

The District-wide shop local Christmas Campaign launched with double-sided high street banners at 67 locations and a radio and DAB campaign on Heart. For its duration, from 24th November to 24th December, the tourism website had 24,000 page views from 16,000 users. As well as attracting footfall to our town centres, the campaign highlighted festive events, typified by the 3,000 people who visited the page for the Epping Christmas Market. As is to be expected during January, website figures have diminished but remain at a healthy 3,000 weekly users making 5,500 page-views as people search for things to do, markets to visit and outdoor walks and pursuits. In support of our hospitality sector, towns and villages plus places to eat and drink are being promoted and page-views here are also encouraging.

The district's attractions are now making plans for opening and looking forward to a more stable situation although individual events are not yet showing signs of returning to pre-pandemic levels. Data presented by Visit Essex suggests that our county had a good Christmas and is currently faring better than nationally. There are also indications that the benefits we have seen from staycations during the pandemic, are set to continue as people express concerns around affordability, replacing those of regulation and uncertainty, when it comes to holidaying abroad. There are big events to capitalise on this year including the Queen's Jubilee. Essex County Council is looking to make this celebration a major county-wide event. Essex as a visitor destination is being advertised on Sky TV, launching in March, and additional marketing is promoting the area's food and drink offer. Marketing for Essex as a destination is targeting three audiences – Core (local and borders), Short Breaks (London, Herts and E Midlands) and Longer Stayers (Birmingham, Leeds and Merseyside). Web evidence and visitor data have shown interest in Essex as a holiday destination from these locations. The overall push is to widen our current success with day-trippers to the more lucrative overnight stayers.

### **Essex + Herts Digital Innovation Zone (DIZ):**

Towards the end of 2021, the DIZ made a submission to the DCMS Digital Connectivity Infrastructure Accelerator, a project that will explore how public sector assets might be better utilised to support the expansion and densification of Mobile Network Operators' (MNOs) 5G connectivity networks. Following that submission, the DIZ has been invited to join the DCIA Early Adopters Group. This will provide practical support to the project and benefit from knowledge sharing and opportunities to pool resources and collaborate on shared solutions. In addition it will give access to evolving specifications for digital asset management

platforms and the supporting supplier ecosystem, including considerations for public sector procurement.

The DIZ High Street Special Interest Group, which supported all of the DIZ constituent local authority partners in their decisions to procure town centre footfall systems and has compiled a database of key town centre attributes to inform future workstreams, will be holding a strategic planning session in February to determine its future work programme and explore further opportunities for digital to support our high streets.

WECAN (West Essex Community Action Network) continues to deliver a number of key digital inclusion projects. In particular, Digital Share, which the DIZ helped WECAN to develop prior to securing NHS Charities funding has made great strides. This project which has built a digital platform to provide access to digital equipment, training and, crucially, connectivity has secured 2,000 Vodafone SIM cards that will provide essential mobile and data connectivity to the most digitally excluded groups and secured a large donation of Samsung Galaxy tablets from Essex CC. They continue to seek further donations to support the progress they are making via their website <https://digitalshare.org/>

Sustainability is a key theme for the DIZ work programme over the next year and plans have begun for a sustainability-themed Smart Place Seminar. With a working title of 'How Can Digital Help To Save The Planet?' the outline timing for the event is currently around Easter, avoiding the school holiday period. We will report further details as they are confirmed.

The DIZ produces a weekly weblinks newsletter capturing links to 'digital-related articles from the previous seven days. If any member wishes to be added to the distribution list for this please email Mike Warr, DIZ Programme Manager at [mwarr@eppingforestdc.gov.uk](mailto:mwarr@eppingforestdc.gov.uk)

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# ***Report to the Council***

**Committee:** Cabinet  
**Date:** 16 December 2021  
**Subject:** Housing Services Portfolio  
**Portfolio Holder:** Councillor H Whitbread

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## **Recommending:**

**That the report of the Housing and Property Services Portfolio Holder be noted.**

## **Executive Summary**

The following report provides an update on progress in the following areas:

### **Housing Strategy**

The Public Consultation opened on Monday 15<sup>th</sup> November 2021 for two of the Big 4 Housing Reviews

- The draft Allocations Scheme 2022-2027; and
- The draft Homelessness and Rough Sleeping Strategy 2022 – 2027

The week began with publishing both draft documents on the Housing Consultation page of the EFDC website.

This was followed by two very well attended and extremely successful professional stakeholder workshops on Wednesday 17<sup>th</sup> November 2021 to consider the in principal proposals.

The morning session focussed on The Homelessness and Rough Sleeping Strategy and all who attended - including representatives from statutory services, housing related organisations, community and voluntary groups - were keen to be actively involved with the strategy and the associated delivery plan.

The afternoon session concentrated on the Allocations Scheme. Staff and partners were able to draw on their professional knowledge and experience to debate the benefits and mitigate risks associated with each of the recommended changes.

The discussions were captured and will be evaluated along with the outcome of the other planned events with Members of the Council, Town and Parish Councillors, resident groups and the online consultation which closes on 17 December 2021.

### Dates for your Diary

Audience	Strategy/Scheme/Policy	Date	Time	Location
Members	Allocations Scheme (draft)	29 November 2021	7pm-8:30pm	Zoom
Town and Parish Cllrs	Homelessness and Rough Sleeping Strategy (draft) & Allocations Scheme (draft)	2 December 2021	7pm-8:30pm	Zoom
Members	Homelessness and Rough Sleeping Strategy (draft)	14 December 2021	7pm-8:30pm	Zoom
Portfolio Holder	Homelessness and Rough Sleeping Strategy & Allocations Scheme (outcome of consultation)	11 January 2022	3pm – 4:30pm	Microsoft Teams
Members	Overarching Housing Strategy	19 January 2022	7pm – 8:30pm	TBC
Portfolio Holder	Overarching Housing Strategy (outcome of consultation)	8 February 2022	TBC	Microsoft Teams
Members	Homelessness and Rough Sleeping Strategy & Allocations Policy (pre-scrutiny)	10 February 2022	7pm-8:30pm	TBC
Members	Overarching Housing Strategy (pre scrutiny)	22 February 2022	7pm-8:30pm	TBC

### Homelessness

#### **Severe Weather Emergency Protocol (SWEP)**

With the cold weather creeping in, we are carefully triggering our Severe Weather Emergency Protocol (SWEP) in order to ensure that those rough sleeping, or at risk of, aren't doing so in dangerously low temperatures. Due to ongoing Covid-19 restrictions, there won't be many night shelters operating this year and therefore, our winter provision will be either within our own Council stock (most likely the pods at Norway House) or in the event that our own stock is full or is inappropriate for some reason, bed & breakfast, albeit we are not anticipating high numbers given the sustained work we have been doing over the last 18 months preventing and relieving rough sleeping across the District. We continue to work in collaboration with CHSS to verify and engage any new identified rough sleeping.

#### **Additional Homelessness Prevention Grant**

The Government recently announced an additional £65m Homelessness Prevention Grant (HPG) to local authorities and EFDC's allocation from this is £117,000, which can be used to fund interventions to prevent evictions and homelessness due to loss of a tenancy.

We are currently mapping out exactly how we intend to ensure this funding is made available readily to those that need it and the priority will be to upstream our prevention activity by identifying tenants with arrears at the earliest opportunity, negotiations with landlords and tenants and promoting contact with our service as early as possible.

#### **Norway House (Temporary Accommodation)**

Our Christmas plans are well underway at Norway House! The residents have the following festive events to look forward to:

**2<sup>nd</sup> December, 4:30pm** – Santa will be visiting our Christmas Grotto at Norway House, to meet all the children and hand out some treats. There will also be refreshments and Christmas music in the Dining Room until approx. 6pm. This event has been funded by Kelsey Taverner's fantastic fundraising efforts, via her Just Giving page.



**7<sup>th</sup> December** – All children will receive a brand-new Christmas jumper, in time for Christmas Jumper day. This has been kindly funded by St Mary's Church.

**12<sup>th</sup> December** – All families have been given tickets to the Robin Hood panto at the Harlow Playhouse, courtesy of Epping Upper Clacton Rugby Club. We will also be providing sweets to take along to the panto, which have been funded by the Befrienders Club at Voluntary Action Epping Forest.

**14<sup>th</sup> December, 4pm** – We will be visited again by Santa, this time driving through the grounds of Norway House on his sleigh. This event has been planned by Epping Rotary Club. We will also be providing food and hot chocolate for all attendees.

**16<sup>th</sup> December** – All residents will be receiving a Christmas food hamper, which has been kindly donated by Epping Forest Food Bank. Our Housing Apprentices will be handing these hampers out.

**21<sup>st</sup> December** – All children at Norway House will receive a Christmas present to the value of £25, funded by Epping Upper Clacton Rugby Club. Our Apprentices have already wrapped these presents and will be handing these out for us and spreading some Christmas cheer!

Our Senior Officer Sarah Smith has been working tirelessly to make this all happen for our residents.

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## ***Report to the Council***

**Committee:** Cabinet  
**Date:** 24 February 2022  
**Subject:** Housing Services Portfolio  
**Portfolio Holder:** Councillor H Whitbread

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### **Recommending:**

**That the report of the Housing and Property Services Portfolio Holder be noted.**

## **Executive Summary**

The following report provides an update on progress in the following areas:

### **Housing Strategy**

The draft reviews of the Allocations Scheme, the Homelessness and Rough Sleeping Strategy, and the Tenancy Policy (and associated recommendations for 2022-2027) were considered by APG on 1 February 2022 and approved to be included on the Executive Briefing scheduled for 15 February 2022.

Stage 2 of the public consultation on the proposals for the Overarching Housing Strategy 2022 -2027 is planned for May 2022, subject to Portfolio Holder approval.

The Regulator for Social Housing has published a consultation paper on the Tenant Satisfaction Measures that they are proposing to introduce as part of the Tenants Charter.

The Housing Strategy Team is co-ordinating the Councils response and together with the Resident Involvement Team have arranged a public consultation meeting for residents on 7 September 2022, and another for the Tenant and Leaseholder Panel on 9 September 2022.

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## ***Report to the Council***

**Committee:** Cabinet

**Date:** 24 February 2022

**Subject:** Planning and Sustainability Portfolio

**Portfolio Holder:** Councillor Nigel Bedford

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### **Recommending:**

**That the report of the Planning and Sustainability Portfolio Holder be noted.**

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#### **1. Local Plan progress update**

Following the hearing sessions for the Independent Examination of the Local Plan, the Inspector released her Advice on 2 August 2019. Within her advice the Inspector set out a number of actions which needed to be addressed in the form of Main Modifications (MMs) to the Local Plan.

The MMs consultation commenced on 15<sup>th</sup> July 2021 and closed at 5pm on 23<sup>rd</sup> September 2021.

The Inspectors have received copies of all the representations submitted in response to the consultation on the proposed Main Modifications to the Local Plan together with summary reports which help navigate through the documentation and collate representations by Main Modification. The representations and the summary reports are available on the EFDC website.

The Inspectors will determine whether the Local Plan is 'sound' and produce a written report outlining their final recommendations. This Final report is expected in the first quarter of 2022. Following receipt of the Inspectors' report and providing it is determined the Plan is 'sound', it will be considered by the Council and can be adopted if it makes the Main Modifications recommended.

Planning Policy is undertaking consultation until 22<sup>nd</sup> February on Volume 3 of its Sustainability Guidance covering refurbishments and extensions. This document provides practical and technical guidance on how relevant sustainability indicators and policies in the Local Plan will be applied to residential extensions and refurbishments across the District. Once approved, the Guidance will sit alongside the already published Volumes 1 and 2 relating to major and minor developments respectively.

North Weald Airfield draft Strategic Masterplan Framework was endorsed by Cabinet on 8<sup>th</sup> November for public consultation. The consultants Soundings will run and manage the public consultation on behalf of the Council. This will be held between Wednesday 8<sup>th</sup> December 2021 and Sundays 30<sup>th</sup> January 2022. Two virtual sessions were held on 11<sup>th</sup> and 19<sup>th</sup> January with consultation material available online from 8<sup>th</sup> December. A drop-in consultation is also planned for 29<sup>th</sup> January between 11am and 3pm in North Weald. The Council is also meeting and engaging with North Weald Parish Council. Statutory consultees such as ECC Highways

will also be consulted on the details of the masterplan framework. Following the close of the consultation, the Masterplan will be reviewed and subject to any amendments, referred back to Cabinet for its endorsement.

## **2 Neighbourhood Planning**

Neighbourhood Planning gives communities direct power to develop a shared vision for their neighbourhood and deliver the sustainable development they need. Local Planning Authorities are required to facilitate Neighbourhood Planning and constructively engage with communities throughout the process.

Ongar Parish Council has submitted the Ongar Neighbourhood Plan to Epping Forest District Council. The Planning Policy Team has checked that the submitted Neighbourhood Plan has followed the proper legal process and that the legal requirements for consultation and publicity have been followed. The Council has undertaken a 6 week consultation (known as a Regulation 16 consultation) on the Plan (ending on Thursday 23 December 2021) and is preparing for the Plan's examination.

## **3 Harlow and Gilston Garden Town (HGGT)**

A Stage 1 Governance report setting out new arrangements for the governance of the Garden Town is being prepared following ongoing discussions with the Task and Finish group of Lead Members and Officers, with a view to go to HGGT partner authorities' Cabinets and Executives in January/ February 2022.

A Memorandum of Understanding (MoU) for the Rolling Infrastructure Fund (RIF) is recommended to be agreed by Cabinet in December, alongside agreement to set up and operate the RIF 'in principle' subject to further detailed work on appropriate governance and operational arrangements. It has been agreed to govern the RIF initially in accordance with the approved MoU, as required by Homes England as a condition of the £171m Housing Infrastructure Grant funding.

The HGGT Transport Strategy was approved by the Garden Town Board in October and is now going through the process of endorsement by the HGGT partner authorities in order for it to have material planning weight and was approved by EFDC Cabinet on 25 January 2022, having been reviewed by Overview and Scrutiny Committee in November 2021, with a recommendation for endorsement.

A Capacity Fund Bid is being prepared by the HGGT team, with the expectation that Homes England will announce the Capacity Fund Bid Round for 2021-22 by December.

## **4 Development Management**

### **Planning Applications**

The Special Area of Conservation (SAC) backlog consisted of about 260 planning applications where decisions had not been issued, which were split into three separate tranches to reflect the agreed sequence for release in the approved protocol of the Interim Air Pollution Mitigation Strategy (APMS). The agreed sequence was firstly, cases that had been previously reported to Planning Committees, secondly the Local Plan allocated/designated sites and thirdly, all remaining applications in date order of their validation.

To date, 124 planning permissions have been successfully released equating to 173 dwellings (which includes dwellings for nursery workers). 14 applications have been withdrawn and 5 have been refused planning permission. It is anticipated that the Planning permission for residential development of the St Thomas More site in Debden (allocated site LOU.R16) will be issued at the end of January or the beginning of February, which will add a further 26 dwellings to the housing stock – the development includes a new community centre.

Where delays in releasing decisions have occurred, or continue to occur, it may be largely attributed to the following factors:

1. Officer review of cases (now complete);
2. Having to regularly explain the process to applicant's agents, despite clear and consistent messaging from the Project Officer and updating on releasing decisions on the Council website;
3. Incorrectly completed S106 Agreements or requested information being returned by Applicants/Agents;
4. Some of the third tranche cases require planning committee's determination before progressing S106s and decisions (50 in total). Additional planning committee meetings will be required to those timetabled and it is planned that this process will be completed in April 2022.

The Authority is now working with an external legal service provider to ensure sufficient resources are available to secure the expedited signing and completion of legal obligations.

### **Planning Enforcement**

The Planning Enforcement Team continues to secure successful prosecutions in instances where transgressors do not comply with the requirements of Enforcement Notices.

Most recent successes are:

- A transgressor was convicted and fined £30,800 (and £6,477 awarded in costs) for failure to remove a hard standing at a property in Ripley View, Loughton. The transgressor was previously fined £22,000 (reduced on appeal). The offending development has now been removed.
- The Enforcement Team has recently secured guilty pleas for failure to cease unauthorised changes of use in breach of Planning Enforcement Notices at Sarnia and Providence Nurseries in Avey Lane, Waltham Abbey. Sentencing and Proceeds of Crime confiscation proceedings will take place in January 2022 and members will be updated on the matter at the appropriate time.
- Enforcement action was taken against an unauthorised traveller encampment and associated operational development at the Old Foresters site in Theydon Bois during October 2021. The site has now been vacated and the Authority is pursuing the removal of an unauthorised hard standing and an earth bund.

## **5 Climate Change**

A report on the outcomes of the Climate Change Action Plan Consultation, which took place between 12<sup>th</sup> October and 26<sup>th</sup> November 2021, has been agreed to go to Overview and Scrutiny on 31st March with the updated Action Plan then going to Cabinet on 11th April.

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## ***Report to the Council***

***Date: 24 February 2022***

**Report of:** The Independent Remuneration Panel

**Subject:** Members' Allowances Scheme 2022/23

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### **RECOMMENDING:**

#### **Members' Allowances Scheme**

##### **Basic Allowance**

(1) That, for the 2022/23 municipal year, no change be made to the level of Basic Allowance of £4,300 per member per annum, currently included in the Council's Members' Allowances Scheme;

(2) That for 2023/24 and future municipal years, the Council be encouraged to increase the Basic Allowance to bring the Council up to the level of the Basic Allowance paid by other Councils;

##### **Special Responsibility Allowance**

(3) That for the 2022/23 municipal year, no changes be made to the level of the Special Responsibility Allowances currently included in the Members' Allowances Scheme;

(4) That for the 2022/23 municipal year, the implementation level of Special Responsibility Allowance applied to the responsibilities identified in the Members' Allowances Scheme be increased to achieve the full amount of each allowance;

##### **Revised Scheme and Guidance**

(5) That, subject to the above recommendations and other matters set out in this report, the Members' Allowances Scheme and Guidance for 2022/23, attached at Appendix 2 to this report, be adopted and implemented with effect from 26 May 2022;

(6) That, in the absence of agreement on (4) above, the Statement of Implementation of the Special Responsibility Allowances set out in the Members' Allowances Scheme for 2022/23, attached at Appendix 3 to this report, be agreed; and

(7) That the Panel continue to be kept apprised of the Council's intentions regarding any future restructure or governance review proposals arising from the electoral review of the Council being undertaken by the Local Government Boundary Commission for England that directly affect the application of Special Responsibility Allowance for the specific member roles and responsibilities currently reflected in the Members' Allowances Scheme.

## Report:

1. The Remuneration Panel (the Panel) undertakes a review of Epping Forest District Council's Members' Allowances Scheme each year in order that any recommendations for revision to elements of the Scheme can be considered alongside the preparation of the Council's budget for the next financial year. This annual report of the Panel sets out the findings of our recent review of the Members' Allowances Scheme and our conclusions and recommendations regarding the application of members' allowances for the 2022/23 municipal year.

2. The Remuneration Panel was established in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003. These regulations, which arose from the relevant provisions of the Local Government Act 2000, require all local authorities to set up and maintain an advisory independent Remuneration Panel to review and provide advice on members' allowances. All Councils are required to convene their Panel and seek its advice before making any changes or amendments to allowances schemes and must 'pay regard' to the Panel's recommendations before setting a new or amended Members' Allowances Scheme.

3. The Panel is required to gather information, to hear and consider evidence and to make recommendations to the Council on:

- the amount of Basic Allowance to be paid to members;
- those positions that should receive a Special Responsibility Allowance and the level of such allowance; and
- travel, subsistence and certain other allowances.

4. The current members of the Remuneration Panel are Mrs. T. Finn, Mr. D. Jackman and Mr. S. Lye. This report will be presented to the Council by Stephen Lye on behalf of the Panel.

### Members' Allowances Scheme

5. The last review of the Members' Allowances Scheme was undertaken by the Panel on 27 January 2021 and our recommendations regarding members' allowances for the 2021/22 municipal year were considered by the Council at its meeting on 25 February 2021. We have recently undertaken the annual review of the Scheme for 2022/23, in order that any proposals for changes to members' allowances can be considered by the Council as part of the budget-setting process for the next financial year.

6. As in previous years, we have been keen to understand the views of Councillors in connection with the operation of the scheme in practice and specific matters that Members would like the Panel to consider. As part of our current review, we requested the Team Manager for Democratic & Electoral Services to invite Councillors to raise issues or concerns about the current scheme that they wished us to consider.

7. Two representations were received from Members:

- (i) *"Given that the standard remuneration has been in effect since 2016, and members seem to be happy with that state of affairs, I would hope that there is no increase this year. However, I think that all other remunerations should remain at the reduced level from 2020. There is no need to put these back up and it would be a strong message to send to all residents that any monies are being channelled to the benefit of residents and not councillors. I can see the Chair and leader of the council have extra duties and time taken from their daily lives and even the cabinet can*

*justify their allowances but Chairpersons of planning committees are not so overly burdened that they need the extra funds. We should take this opportunity to lower the overall cost of members.”; and*

(ii) *“I don't have any specific proposals to make, but I think it is worth making the panel aware that Select Committees (and many other committees and working groups) meet less frequently than they did at the time the current allowances were set. Select Committee agenda are also thinner and less substantive than they used to be.”*

8. We noted the comments made by the two Councillors and took them into account during our discussions. We would like to thank the two Councillors concerned for taking the time to proffer their opinions.

### Basic Allowance

9. All local authorities must make provision for a flat-rate allowance to be payable to all Members. This ‘Basic Allowance’ is payable equally to all Councillors and is designed to cover activities such as constituency casework, preparation for and attendance at meetings of the Council’s committees and service as a representative of the authority on outside bodies for which no separate remuneration is made.

10. In considering the recommendations of the Panel in February 2021, the Council agreed that no change be made to the payment of the full amount of Basic Allowance of £4,300 per member per annum to be included in the Members’ Allowances Scheme for 2020/21. An increase in the implementation rate of the Basic Allowance was introduced from 2016/17 in line with the recommendations of the Panel over several years, that the authority should implement 100% of the amount of Basic Allowance for each member, rather than the level of 80% previously applied.

11. The Panel has undertaken a further comprehensive benchmarking exercise amongst twenty-five comparable and neighbouring local authorities as part of its review of the Members’ Allowances Scheme, to assess whether an inflationary increase in the level of Basic Allowance should be considered. Included at Appendix 1 of the report is the comparator tables that we used to assess recent increases in inflation and earnings since the current level of Basic Allowance was set in 2016. Although we have noted that the Council is currently the lowest of the comparator authorities and the second lowest in Essex in terms of Basic Allowance, and serious consideration was given to proposing an increase in the Basic Allowance of 2-3% to account for inflation, the Panel do not consider it necessary to recommend any changes to the application of Basic Allowance for 2022/23.

12. We acknowledged that there were a considerable number of local businesses and residents who were suffering in the current economic climate engendered by the ongoing pandemic and the expected rise in living costs, and that this was not the time to recommend increases in the basic allowance. In addition, we also noted that there was no request for an increase from Councillors.

13. However, we are still concerned that the work undertaken by members of this Council could be perceived as being of lower value than the work undertaken by members of other Councils. This has been a concern of the Panel for a number of years now. Therefore, we consider that it is appropriate for the Panel to continue to revisit the application of Basic Allowance as part of its annual review of the Members’ Allowances Scheme on an ongoing basis.

14. We are aware that the Council is currently the subject of an electoral review

undertaken by the Local Government Boundary Commission for England (LGBCE), and the Panel feel that this represents an opportunity to undertake a full review of the Basic Allowance once this process is complete. We would expect the Council to give serious consideration to an increase in the Basic Allowance when we report back either next year or the year after. Although we recognise that implementation of any increase would be a matter for the Council to determine and that there remains a continued need for restraint in the setting of the authority's annual budget.

#### Special Responsibility Allowance

15. Each local authority may make provision in its Members' Allowances Scheme for the payment of Special Responsibility Allowances (SRA), for those Councillors who have been allocated significant responsibilities. The current Scheme provides that Members may receive more than one SRA if they hold more than one relevant position. It should be noted that each Special Responsibility Allowance is calculated as a multiplier of the Basic Allowance, therefore if the Basic Allowance is not increased then neither will be the Special Responsibility Allowances. However, as previously with the Basic Allowance, the Council has traditionally decided not to implement payment of full SRA amounts for a number of positions and to restrict these to a percentage of the amount set out in the Members' Allowances Scheme.

16. This percentage application of certain SRA is reflected in a Statement of Implementation that forms part of the Members' Allowances Scheme. The Statement of Implementation illustrates the operation of the Scheme in terms of the application of SRA as proportions of the amounts provided in the Scheme. However, we feel that this approach is not always fully understood and that members may not appreciate that the Council has decided not to implement payment of full SRA amounts recommended by the Panel, for certain positions.

17. As was the case with the Basic Allowance, serious consideration was given to applying an inflationary increase to the Special Responsibility Allowances listed within the Scheme. However, we decided that as the majority of the SRA's had not been implemented at 100%, the recommendation of the Panel would be to increase the implementation levels of all the SRA's to 100% in 2022/23.

18. It should be noted that the Panel has encouraged the Council to increase the implementation level of the relevant SRA identified in the Members' Allowances Scheme, in order to achieve the full amount of each allowance as soon as possible for a number of years now. If the Council is not prepared to fully implement the SRA's for 2022/23 then we would strongly urge the Council to at least commit to increase the implementation levels in future budgets with a view to achieving implementation levels of 100% for all SRA's. Again, we recognise that the implementation of any future increases would be a matter for the Council to determine and that there remains a continued need for restraint in the setting of the authority's annual budget, but we will continue to revisit the application of SRA's as part of our annual review of the Members' Allowances Scheme.

#### Chairman and Vice-Chairman of the Council

19. The Council agreed in December 2015 that, from the 2016/17 municipal year, consideration of the amount of SRA applied to the positions of the Chairman and Vice-Chairman of the Council be added to the responsibilities of the Panel.

20. We undertook a thorough review of the application of such SRA in 2018 and therefore make no recommendations in this regard for consideration as part of the Panel's review of the Members' Allowances Scheme for 2022/23. However, the Panel reserve the

right to review this SRA in the future as we noted that the allowance paid by this Council is higher than that paid by other comparable Councils.

### Recommendations

21. The draft revised Members' Allowances Scheme for the 2022/23 municipal year, incorporating the recommendations contained within this report is attached at Appendix 2. The Scheme has been subject to minor drafting amendments, to reflect the Council's current management structure arrangements.

22. The Panel has also prepared a Statement of Implementation (based on the assumption that the Council will not increase the Basic Allowance nor the level of implementation of Special Responsibility Allowances) for publication on the Council's website. The format of the statement illustrates the operation of the Members' Allowances Scheme, in terms of the implementation of Special Responsibility Allowances as proportions of the amounts provided in the Scheme. The Statement of Implementation of the Special Responsibility Allowances set out in the Members' Allowances Scheme, is attached at Appendix 3 to this report.

23. We have not considered changes to any other elements of the Members' Allowances Scheme, such as travel and subsistence allowances etc. These are generally remunerated at levels that also apply to officers of the Council and are subject to national application.

24. The Panel would like to acknowledge the support and assistance that we received in undertaking our annual review of the Members' Allowances Scheme, and we recommend as set out at the commencement of this report.

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## **Further Information for Member Remuneration Panel – January 2022**

- The Basic Allowance was set to its current level of £4,300 for the 2016/17 municipal Year, which began in May.

- **CPI Increases**

<u>Month</u>	<u>Rate of CPI</u>	<u>Adjusted BA</u>
May 2016	Year Zero	£4,300.00
May 2017	2.7%	£4,416.10
May 2018	2.3%	£4,517.67
May 2019	1.9%	£4,603.51
May 2020	0.7%	£4,635.73
May 2021	2.1%	£4,733.08

Current CPI = 4.8% (December 2021) (Office of National Statistics (ONS))

- **RPI Increases**

<u>Month</u>	<u>Rate of RPI</u>	<u>Adjusted BA</u>
May 2016	Year Zero	£4,300.00
May 2017	1.4%	£4,360.20
May 2018	3.3%	£4,504.09
May 2019	3.0%	£4,639.21
May 2020	1.0%	£4,685.60
May 2021	3.3%	£4,840.22

Current RPI = 7.5% (December 2021) (ONS)

- **Earnings**

<u>Month</u>	<u>Rate of Earnings</u>	<u>Adjusted BA</u>
May 2016	Year Zero	£4,300.00
May 2017	2.0%	£4,386.00
May 2018	2.8%	£4,508.81
May 2019	3.6%	£4,671.13
May 2020	0.7%	£4,703.82
May 2021	6.6%	£5,014.27

Current rate of Earnings = 3.8% (November 2021) (ONS – Whole economy year on year three month average growth: seasonally adjusted regular pay excluding arrears)

- **Minimum/Living Wage**

<u>Month</u>	<u>Natl Min Wage</u>	<u>% Increase</u>
April 2016	£7.20	Year Zero
April 2017	£7.50	4.2%
April 2018	£7.83	4.4%

April 2019	£8.21	4.9%
April 2020	£8.72	6.2%
April 2021	£8.91	2.2%
April 2022	£9.50	6.6%

(Gov.UK)

- **Local Government Earnings**

<u>Month</u>	<u>Rate of Earnings</u>	<u>Adjusted BA</u>
April 2016	Year Zero	£4,300.00
April 2017	1.0%	£4,343.00
April 2018	2.0%	£4,429.86
April 2019	2.0%	£4,518.46
April 2020	2.75%	£4,642.71
April 2021	1.75%	£4,723.96

April 2022 increase currently under negotiation (UNISON).



# **MEMBERS' ALLOWANCES SCHEME**

## **EPHING FOREST DISTRICT COUNCIL - REMUNERATION AND EXPENSES SCHEME**

The Epping Forest District Council, in exercise of the powers conferred by the Local Authorities (Members' Allowances) Regulations 1990 and the Local Authorities (Members' Allowances) (England) Regulations 2001, hereby makes the following scheme:

### **1. Scheme**

- 1.1 This scheme may be cited as the Epping Forest District Council Members' Allowance Scheme and shall have effect for the period from 26 May 2022 to 25 May 2023.

### **2. Definition**

- 2.1 In this scheme:

**"business mileage"** means mileage incurred for journeys by Councillors between their homes and business venues or between the Civic Offices, Epping and business venues;

**"Councillor"** means a member of the Epping Forest District Council who is a Councillor;

**"home to office mileage"** means mileage incurred for journey by Councillors between their homes and the Civic Offices in Epping;

**"independent person"** means: (a) a member of the Standards Committee or the Remuneration Panel who is not an elected councillor; or (b) a co-opted member of an Overview and Scrutiny Committee or the Audit and Governance Committee who is not an elected councillor; and

**"year"** means the period ending with 25 May 2023.

### **3. Basic Allowance**

- 3.1 Subject to Paragraph 7, £4,300 shall be paid to each Councillor. Payments are subject to deductions for tax and national insurance dependant on the circumstances of individual councillors.

### **4. Special Responsibility Allowances**

- 4.1 For each year a special responsibility allowance shall be paid to those councillors who hold the special responsibilities in relation to the allowances specified in Schedule 1 to this scheme. Special responsibility allowances shall be calculated as multipliers of the Basic Allowance. There is no restriction on the number of separate SRA's which are payable to an individual member.
- 4.2 Subject to Paragraph 7, the amount of each allowance shall be the amount specified against that special responsibility in Schedule 1 for the year.
- 4.3 The Council has decided not to implement payment of the full Special Responsibility Allowance amounts and to restrict these to a percentage of each allowance as set out in an annual statement of implementation.

## **5. Travelling and Subsistence (including Cycle Allowance)**

- 5.1 These expenses may be claimed by members of the Council in connection with the carrying out of approved duties specified in Schedules 2, 3 and 4 of this scheme.
- 5.2 Payments may be claimed up to the maximum casual user rate set for officers of the Council as adjusted annually by the National Joint Council for Local Government Services (travel expenses) and the East of England Regional Assembly (subsistence expenses).
- 5.3 Payment of home to office car mileage will be subject to deduction of tax and national insurance contributions, dependant on the circumstances of individual councillors. Business mileage incurred by councillors will not be subject to such deductions if the mileage rate claimed does not exceed 45 pence per mile.
- 5.4 Claims for the payment of business and/or home to office mileage may be made by members that have been driven to the approved duty giving rise to the claim, other than by way of taxi or other form of public transport, subject to the Council's usual checks and controls and the provision of appropriate VAT receipts.

## **6. Child Care and Dependant Carers' Allowances**

- 6.1 The maximum rate for this allowance shall be set at a rate equivalent to the current National Living Wage.
- 6.2 A member of the Council or an independent person shall be eligible to claim up to four hours of the allowance for the performance of approved duties under this scheme and for the purpose of contributing to the cost of providing personal care to immediate dependants who are in need of care and supervision.
- 6.3 The rate applicable shall be subject to automatic increases on an annual basis in line with uprating of the National Living Wage.
- 6.4 The allowance is not payable in respect of carers who are members of the member's immediate and close family i.e. parents, children, spouses, co-habitees or members of the same household as the member.
- 6.5 All claims shall be subject to Audit checks and no claim in excess of the maximum level will be payable, whatever the circumstances.

## **7. Renunciation**

- 7.1 A councillor or independent person may by notice in writing given to the Team Manager for Democratic & Electoral Services elect to forego any part of his/her entitlement to an allowance under this scheme.

## **8. Part-year Entitlements**

- 8.1 The provisions of this paragraph shall have the effect of regulating the entitlements of a councillor to basic and special responsibility allowances where, in the course of a year, this scheme is amended or that councillor becomes, or ceases to be, a councillor, or accepts or relinquishes a special responsibility in respect of which a special responsibility allowance is payable.

- 8.2 If an amendment to this scheme changes and the amount to which a councillor is entitled by way of a basic allowance or a special responsibility allowance, then in relation to each of the periods:
- (a) beginning with the year and ending with the day before that on which the first amendment in that year takes effect; or
  - (b) beginning with the day on which an amendment takes effect and ending with the day before that on which the next amendment takes effect, or (if none) with the end of the year; and
  - (c) the entitlement to such an allowance shall be to the payment of such part of the amount of the allowance under this scheme as it has effect during the relevant period as bears to the whole the same proportion as the number of the days in the period bears to the number of days in the year.
- 8.3 Where the term of office of a councillor begins or ends otherwise than at the beginning or end of a year, the entitlement of that councillor to a basic allowance shall be to the payment to such part of the basic allowance as bears to the whole the same proportion as the number of days during which his term of office subsists bears to the number of days in that year.
- 8.4 Where this scheme is amended as mentioned in sub-paragraph (2), and the term of office of a councillor does not subsist throughout the period mentioned in such-paragraph (2)(a), the entitlement of any such councillor to a basic allowance shall be to the payment of such part of the basic allowance referable to each such period (ascertained in accordance with that sub-paragraph) as bears to the whole of the same proportion as the number of days during which his term of office as a councillor subsists bears to the number of days in that period.
- 8.5 Where a councillor has during part of, but not throughout a year such special responsibilities as entitle him or her to a special responsibility allowance, that councillor's entitlement shall be to payment of such part of that allowance as bears to the whole of the same proportion as the number of days during which he/she has such special responsibilities, bears to the number of days in that year.
- 8.6 Where this scheme is amended as mentioned in sub-paragraph (2), and a councillor has during part, but does not have throughout the whole, of any period mentioned in sub-paragraph (2)(a) of that paragraph any such special responsibilities as entitle him or her to a special responsibility allowance, that councillor's entitlement shall be to payment of such part of the allowance referable to each such period (ascertained in accordance with that sub-paragraph) as bears to the whole the same proportion as the number of days in that period during which he or she has such special responsibilities bears to the number of days in that period.

## **9. Claims and Payments**

- 9.1 Payments shall be made in respect of basic and special responsibility allowances, subject to sub-paragraph (2), in instalments of one quarter of the amount specified in this scheme.
- 9.2 Where a payment of one-quarter of the amount specified in this scheme in respect of a basic allowance or a special responsibility allowance would result in the councillor receiving more than the amount to which by virtue of paragraph 8(1), he or she is

entitled, the payment shall be restricted to such amount as will ensure that no more is paid than the amount to which he or she is entitled.

- 9.3 Claims must be made within a period of one year of the duty being carried out. Payments after that period will only be made in exceptional circumstances.

## **10. Uprating for Inflation**

- 10.1 There will be no inflationary adjustment to the allowances set out in this scheme, except those relating to travel and subsistence.

## **11. Co-optees' Allowance**

- 11.1 Co-optees' allowance will be payable to independent persons as set out in Schedule 5 to this scheme.

## **12. Withholding/Recovery of Payments**

- 12.1 Where any councillor or independent member has already received a payment in respect of any period during which they have been:

- (a) ceased to be a member of the Authority; or
- (b) not entitled in any other way to receive the allowance in respect of that period,

the Council may require that such part of the allowance as relates to the period in question shall be repaid to the Authority.

## **13. Pensionable Status**

- 13.1 Remuneration payable to councillors of Epping Forest District Council under this scheme shall only be entitled to pensionable status in accordance with a scheme made under Section 7 of the Superannuation Act 1972, if the member opted into the Essex Superannuation Scheme before 1 April 2014.

- 13.2 For the purposes of a Paragraph 13.1 above basic allowance and special responsibility allowance will be treated as amounts in respect of which such pensions are payable in accordance with a scheme under that Act.

- 13.3 The Local Government Pension Scheme (LGPS) (Transitional Provisions, Savings and Amendment) Regulations 2014 removed access to the LGPS for Councillors from 1 April 2014, with the exception of those who were members of the Scheme on 31 March 2014, who retain access to the LGPS up to the end of their current term of office only (or to age 75 if earlier).

## **14. Further Guidance**

- 14.1 Further guidance on this scheme can be found in Appendix 1.

**SCHEDULE 1**

**SPECIAL RESPONSIBILITY ALLOWANCES**

1. The following are specified as the special responsibilities in respect of which special responsibility allowances are payable and the amounts of those allowances.

<b>DUTY</b>	<b>ANNUAL TOTAL AMOUNT OF SRA</b>
Chairman of the Council	£10,750.00
Vice-Chairman of the Council	
Leader of the Council	£10,750.00
Cabinet Members	£6,450.00 (each)
Chairman of the District Development Management Committee	£3,225.00
Chairmen of the Area Plans Sub-Committees	£3,225.00 (each)
Chairman of the Overview and Scrutiny Committee	£4,300.00
Chairman of the Licensing Committee	£500.00
Chairmen of the Licensing Sub-Committees	£2,225.00 (allocated according to the number of meetings chaired each year)
Chairman of the Audit and Governance Committee	£2,150.00
Chairmen of the Overview and Scrutiny Select Committees	£2,150.00 (each)
Chairman of the Standards Committee	£110.00 per meeting held each year
Chairman of the Constitution Working Group	£500.00

## **SCHEDULE 2**

### **APPROVED DUTIES**

1. The following are specified as an approved duty for the purpose of the payment of travelling and subsistence expenses, attendance at any of the following:
  - (a) a meeting of the authority, the Cabinet, a Cabinet Committee, the Overview and Scrutiny Committee and its Panels, the Standards Committee and its Sub-Committees, or as a member of any other Committee or sub-committee, panel, working group, special committee or board of the authority;
  - (b) any other meeting held by the authority provided that:
    - where the authority is divided into two or more political groups, it is a meeting to which members of at least two such groups have been invited; or
    - if the authority is not so divided, it is a meeting to which at least two members of the authority have been invited;

- (c) duties relating to the supervision of tender opening as required by the Council's Procurement Rules;
  - (d) attendance as representative of the Council at any approved conference or meeting of the outside organisations set out in Schedules 3 and 4;
  - (e) attendance at any meeting or other official function at the request of the Chief Executive, the Strategic Directors or a Service Director, including meetings between group representatives for a particular Committee and officers;
  - (f) any other duty approved by the Council or the Cabinet or any other committee, sub-committee, special committee or Board or Panel or any duty of a class so approved, for the purpose of, or in connection with, the discharge of functions or the body, or of any of its committees or sub-committees;
  - (g) attendance by a councillor at a meeting of which he or she is not a member for the purpose of explaining a motion referred from the Council;
  - (h) attendance as a councillor at the invitation of the Local Government Ombudsman for the purpose of investigating a complaint against this Council of maladministration;
  - (i) attendance as an appointed representative of Epping Forest District Council at any meeting of Essex County Council or any of its committees or sub-committees for the purpose of formal consultations on any matter affecting the powers or duties of this Council or the district or any part thereof;
  - (j) attendance on behalf of the Council or the Cabinet or as a Chairman on behalf of a Committee at an official function;
  - (k) attendance at seminars and training courses arranged by the authority;
  - (l) consultation meetings arranged by the authority where the member's attendance is required or where the business directly affects the member's ward;
  - (m) site visits arranged by Area Plans Sub-Committees or the District Development Management Committee;
  - (n) informal site visits by individual councillors in respect of their duties as members of an Area Plans Sub-Committee;
  - (o) attendance at a meeting concerning joint working or partnership arrangements to represent the Council's interests; and
  - (p) attendance at any civic event to which the Chairman or Vice-Chairman is attending in that capacity (or representative) for which Council funded transport is not provided.
2. There is specified as an approved duty for the purpose of paying travelling and subsistence expenses attendance at any of the outside organisations shown in Schedule 4.
  3. Attendance by members of the Council at meetings of outside organisations not shown in Schedule 4 shall NOT qualify for payment of travelling and subsistence expenses.



### SCHEDULE 3

#### CONFERENCE AND MEETINGS

Conference and meetings organised by any person or body who is not doing so by way of trade nor whose objects are wholly or partly political, attendance at which is authorised by or on behalf of the authority and which does not involve an absence overnight from the councillor's normal place of residence.	Appropriate subsistence and travelling expenses (second class return rail fare or car mileage at the appropriate rates whichever is the less if travel outside the Epping Forest District is required).
Conferences and meetings organised by any person or body who is not doing so by way of trade, nor whose objects are wholly or partly political, attendance at which is authorised by or on behalf of the authority and which involves an absence from the councillor's normal place of residence of one or more nights.	Appropriate subsistence and travelling expenses (second class return rail fare or car mileage at the appropriate rate whichever is the less if travelling outside the Epping Forest District is required).

### SCHEDULE 4

#### OUTSIDE ORGANISATIONS

Attendance as appointed representative of the Council on any outside organisations, such attendances being deemed approved duty for the purpose of paying subsistence and travelling expenses.

### SCHEDULE 5

#### CO-OPTEE'S ALLOWANCE

Independent Persons affiliated to the Standards Committee	£500.00 per annum
Independent Members of the Remuneration Panel and Parish Remuneration Panel	£250.00 per annum
Co-opted members of the Audit and Governance Committee	£500.00 per annum
Co-opted independent members of an Overview and Scrutiny Committee	£500.00 per annum

**MEMBER REMUNERATION SCHEME**

**EPPING FOREST DISTRICT COUNCIL  
GUIDANCE NOTE ON ALLOWANCES AND EXPENSES FOR MEMBERS**

**1. INTRODUCTION**

- 1.1 A Councillor is eligible for the payment of attendance allowances and for reimbursement of travel and subsistence expenses in respect of approved duties carried out on behalf of the Council. An approved duty is one which has been authorised by or on behalf of the Council in advance.
- 1.2 The Council has a formal scheme for allowances which is updated from time to time. A copy of the scheme is set out in the Constitution. This note is of a more informal nature and is designed to assist members in dealing with their claims and explaining the arrangements to the public.

**2. BASIC ALLOWANCE**

- 2.1 This is a flat rate allowance payable to all members of the Council. This annual amount is paid in quarterly instalments. Members do not have to claim this amount. The full amount of the Basic Allowance is £4,300.00 per member, per annum.
- 2.2 The Council requires each of its elected councillors to be registered as a data controller in accordance with the provisions of the Data Protection Act 2018. Although members are responsible for their individual compliance with the data protection principles of the General Data Protection Regulation, the Council coordinates the registration (and annual renewal) process on behalf of members and an amount of £40.00 is therefore withheld from the Basic Allowance each year to meet the registration fee imposed by the Information Commissioner.

**3. SPECIAL RESPONSIBILITY ALLOWANCE**

- 3.1 This is a special allowance payable to the Leader, Cabinet members and certain Chairmen. It is designed to reflect the additional responsibilities of these office holders. This amount is paid in quarterly instalments during the year and does not have to be claimed.
- 3.2 The Special Responsibility Allowance applicable to the chairmen of the Standards Committee and the Licensing Sub-Committees is applied on a 'per-meeting' basis and is paid in a single instalment at year-end.
- 3.3 The Council has decided not to implement payment of the full Special Responsibility Allowance amounts and to restrict these to a percentage of each allowance set out in the Scheme.

**4. TRAVEL EXPENSES**

- 4.1 Members may re-claim reasonable travel expenses (including public transport tickets, taxi fares, parking costs where appropriate subject to submission of evidence of expenditure) in respect of approved duties as defined in the scheme (Schedule 2).

### **Car Travel**

- 4.2 The normal rates for car travel are the same as the higher rates paid to officers classed as casual users. Claims must be fixed on the rates applicable at the time of the journey. These rates are set out on the claim form and are reviewed annually.

### **Shortest Distance**

- 4.3 Claims for car travel should be by reference to the shortest distance from home to the Council offices or other venue for the approved duty concerned. No claim for additional expenses will be entertained unless there is a valid reason for incurring the additional mileage.

### **Travel Direct from Place of Employment etc**

- 4.4 For claims involving direct travel from a Councillor's place of employment (or other departure point) for an approved duty, the distance claims shall be limited to the home to meeting venue element of the journey. All such claims must be endorsed "CLAIM LIMITED" on the form.

### **Travel outside the District – Limit on Amount Claimable**

- 4.5 For journeys to approved meetings outside the District or by members resident outside the district, claims irrespective of mode of travel must not exceed the lower of:
- (a) second class return rail fare plus underground and other fares from station to destination at each end of the journey; or
  - (b) the appropriate car mileage.
- 4.6 This is subject to consideration of any special circumstances as set out in 4.7 below.

### **Travel over Long Distances – Special Circumstances**

- 4.7 If, for any reason, a councillor undertakes travel over long distances or from outside the District, members are advised to contact the Service Manager (Governance) in advance for advice on what would constitute a reasonable claim in the circumstances.

### **Use of Public Transport within Epping Forest District**

- 4.8 The rate for travel by public transport must not exceed the ordinary fare (or any available cheap fare). A member may not claim travelling expenses in respect of a single duty from more than one body. In all such claims evidence of expenditure (i.e. tickets or other receipts) MUST be provided. No claim will be allowed without such evidence.

### **Cycle Allowance**

- 4.9 This allowance is payable at the highest of the higher casual rates paid to officers classed as casual users.

### **Child and Dependant Carer's Allowance**

- 4.10 This allowance may be claimed at a rate equivalent to the current rate for the National Living Wage. Certain conditions are set out in the Scheme.

## **5. SUBSISTENCE EXPENSES**

- 5.1 Subsistence expenses (covering refreshments and meals etc paid for by a member) are claimable by councillor in respect of making attendances connected with approved duties on behalf of the Council. The rates for such expenses are set out (by reference to meal time and periods of absence) on the reverse of the form which is supplied to members on a quarterly basis. These rates may not be exceeded. Periods of absence will be calculated on the basis of departure from home or place of work if it is not possible to return home in the time available.
- 5.2 All claims for subsistence must be accompanied by receipts in respect of meals etc as evidence of expenditure actually having been incurred. No claims will be allowed in the absence of such evidence.
- 5.3 Special arrangements exist in respect of subsistence expenses in respect of duties involving an absence overnight from a councillor's normal place of residence. These are outlined under Section 7 relating to conferences.
- 5.4 A councillor may not claim subsistence expenses in respect of a single duty from more than one body.

## **6. CONFERENCES**

- 6.1 Attendance at conferences and the payment of allowances and expenses are subject to prior approval by the Council, Cabinet, appropriate committee, Leader or Deputy Leader in all cases. **Attendance at conferences and the payment of allowances and expenses may also be subject to prior approval by the chairman of the appropriate committee.**
- 6.2 All conferences deemed to be approved duties shall, in accordance with statutory requirements, be relevant to the District and not wholly or partly commercial or political in their objectives.

### **Allowances for Attendance at Conferences (Involving an Absence from Home)**

#### **(a) Subsistence - Nights Away from Home**

- 6.3 For conferences involving one or more night's absence, claims can be made for reasonable day or overnight expenses that are necessarily and exclusively incurred in the attendance as an authorised representative of the Council at a meeting, conference or seminar that it held outside of the Epping Forest District.

#### **(b) Claims for Subsistence**

- 6.4 These claims should cover such items as hotel bills, refreshments, meals (other than free meals which should be discounted) and similar items. No claims will be allowed unless evidence is provided of all expenditure being claimed. All relevant bills and receipts should be forwarded to the Service Manager (Governance) with claims.

### **Travel Claims**

- 6.5 The guidance outlined under paragraph 4.5 will apply to all conferences.

## **7. TAXATION AND NATIONAL INSURANCE IMPLICATIONS**

- 7.1 Details of the tax and national insurance implications of allowance payments and expenses claimed are available through Democratic Services. In such matters, members are advised to seek advice from their tax office in the event of any concerns.
- 7.2 Supplementary Note Regarding Treatment of Claims for Travel Expenses by Car for Tax and National Insurance Purposes.

### **(a) Travel by Car – Councillors’ Homes to Civic Offices Expenses (“Home to Office Mileage”)**

- 7.3 Her Majesty’s Revenue and Customs (HMRC) deems a councillor’s workplace for the purposes of their role as an elected representative to be the Civic Offices, Epping. From April 2016, ‘Home to Office Mileage’ is no longer subject to tax and national insurance deductions, provided that the distance between a councillor’s home and the Civic Offices is no more than 20 miles.
- 7.4 If the upper rate of mileage is also claimed (any amount above 45p per mile) this part of the payment will be treated as a taxable benefit and national insurance will be deducted. A petrol/diesel VAT receipt will be required to be submitted with all claims before payment can be made, which must predate the first date of mileage on the submitted claim. The receipt must also be dated within a reasonable timeframe of the first journey for which a claim is made.

### **(b) Travel by Car – Councillors’ Homes to Other Venues or Civic Offices to Other Venues for the Purposes of Council Business (“Business Mileage”)**

- 7.5 HMRC has determined that such travel shall not be subject to tax or national insurance deductions except where the rate of reimbursement exceeds 45 pence per mile. Travel to any meetings of the Council or its subordinate bodies which are held at a location other than the Civic Offices is deemed to be business mileage.

### **(c) Second Journeys**

- 7.6 Second journeys will be subject to taxation and National Insurance deductions depending on whether the journey constitutes home to office or business mileage.

## **8. ALTERATION OF CLAIMS**

- 8.1 All claim forms submitted by members are checked for accuracy. The Team Manager for Democratic & Electoral Services is authorised to reduce incorrect claims in the following circumstances:
- (a) where a member does not attend at a claimed meeting;
  - (b) where a claimed meeting is not approved;
  - (c) where an incorrect amount of allowance is claimed; and
  - (d) where a correct date has not been claimed.
- 8.2 Any changes under paragraph 8.1 will be notified to members after the claim form has been processed. Any other problems with members' claims will be referred back for the claimant and processing of the claim will not take place until the query has been clarified.

## **9. INTERPRETATION**

- 9.1 These guidelines are subject to the overall interpretation of the Chief Executive as to what constitutes a reasonable claim in any individual circumstances.

## 10. DOCUMENT HISTORY

Prepared/Revised	Written by	Agreed/Authorised	Details of Change(s)
November 2015	S. Tautz (Democratic Services Manager)	Remuneration Panel (17/11/15) Council (15/12/15)	Review of Scheme for 2016/17 municipal year
October 2016	S. Tautz (Democratic Services Manager)	Remuneration Panel (28/9/16) Council (20/12/16)	Review of Scheme for 2017/18 municipal year
November 2017	S. Tautz (Democratic Services Manager)	Remuneration Panel (30/10/17) Council (21/12/17)	Review of Scheme for 2018/19 municipal year
November 2018	S. Tautz (Democratic Services Manager)	Remuneration Panel (29/11/18) Council (20/12/18)	Review of Scheme for 2019/20 municipal year
November 2019	S. Tautz (Democratic Services Manager)	Remuneration Panel (31/10/19) Council (17/12/19)	Review of Scheme for 2020/21 municipal year
January 2021	G. Woodhall (Team Manager – Democratic & Electoral Services)	Remuneration Panel (27-Jan-21) Council (25-Feb-21)	Review of Scheme for 2021/22 municipal year
February 2022	G. Woodhall (Team Manager – Democratic & Electoral Services)	Remuneration Panel (2-Feb-22) Council (24-Feb-22)	Review of Scheme for 2022/23 municipal year

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## SCHEME OF MEMBERS' ALLOWANCES - STATEMENT CONCERNING IMPLEMENTATION 2021/22

**The following scheme has been agreed for the period  
from 26 May 2022 to 25 May 2023**

The Council decided at its meeting on 25 February 2021 to implement the amount of Basic, Special Responsibility and Co-optees Allowances provided in the scheme as set out below:

BASIC ALLOWANCE	ANNUAL BASIC ALLOWANCE	IMPLEMENTATION OF BASIC ALLOWANCE
All Councillors	£4,300	£4,300 (100%)

The amounts set out below show the amounts of Special Responsibility Allowance (SRA) payable during the year:

DUTY	ANNUAL SPECIAL RESPONSIBILITY ALLOWANCE	IMPLEMENTATION OF SPECIAL RESPONSIBILITY ALLOWANCE
Chairman of the Council	£10,750 (total)	£8,600 (80%)
Vice-Chairman of the Council		£2,150 (20%)
Leader of the Council	£10,750	£10,750 (100%) [previously 73%]
Cabinet members	£6,450 (each)	£6,450 (100%) [previously 98%]
Chairman of the District Development Management Committee	£3,225	£3,225 (100%) [previously 73%]
Chairmen of the Area Plans Sub-Committees	£3,225	£3,225 [previously 73%]
Chairman of the Overview and Scrutiny Committee	£4,300	£4,300 [previously 73%]

Chairman of the Licensing Committee	£500	£500
Chairmen of the Licensing Sub-Committees	£2,725 (allocated according to the number of meetings each year)	£2,725 (allocated according to the number of meetings each year) [previously 73%]
Chairman of the Audit and Governance Committee	£2,150	£2,150
Chairmen of the Overview and Scrutiny Select Committees	£2,150	£2,150 (each)
Chairman of the Standards Committee	£110 (per meeting)	£110 (per meeting)
Chairman of the Constitution Working Group	£500	£500

**The amounts payable during the year for independent and co-opted members are:**

Independent Persons affiliated to the Standards Committee	£500
Independent Members of the Remuneration Panel and Parish Remuneration Panel	£250
Co-opted members of the Audit and Governance Committee	£500
Co-opted independent members of an Overview and Scrutiny Committee	£500

**A copy of the full scheme is available on request from Democratic Services, Civic Offices, High Street, Epping, CM16 4BZ.**

## **Report to Council**

**Report reference:** C-2021/22  
**Date of meeting:** 24 February 2022



**Portfolio:** Finance, Qualis Client and Economic Development – Cllr J. Philip  
**Subject:** Budget 2022/23 (including Fees & Changes, Medium-Term Revenue and Capital, and Treasury Management).  
**Responsible Officer:** Andrew Small (07548 145665).  
**Democratic Services:** Jackie Leither (01992 564756).

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### **Recommendations/Decisions Required:**

- (1) That the draft General Fund Revenue and Housing Revenue Account budgets for 2022/23 as presented in *Attachment 1a*, be approved.
- (2) That the draft General Fund and Housing Revenue Account Capital programmes for 2022/23 to 2026/27 presented in *Attachment 1b*, be approved.
- (3) That the proposed Fees and Charges for 2022/23, including an average rent increase of 4.1% on Council Dwellings, presented in *Attachment 1c*, be approved.
- (4) That the updated General Fund Medium-Term Financial Plan for 2022/23 to 2026/27 presented in *Attachment 1d*, be approved.
- (5) That the Section 151 Officer's report – in accordance with Section 25 of the Local Government Act 2003 – on the robustness of the estimates for the purposes of the Council's 2022/23 budgets and the adequacy of the reserves, presented in *Attachment 2*, be noted.
- (6) That the Section 151 Officer's recommendation to maintain a minimum £4.0 million contingency balance in the Council's General Fund Reserve in the medium-term, including a contribution to the Reserve as part of the General Fund revenue budget proposals for 2022/23, be approved.
- (7) That the Treasury Management Outturn report 2020/21 considered by the Audit & Governance Committee on 22nd November 2021, presented in *Attachment 3*, be noted.
- (8) That the Treasury Management Mid-Year Update report 2021/22 considered by the Audit & Governance Committee on 22nd November 2021, presented in *Attachment 4*, be noted.
- (9) That the draft Treasury Management Strategy 2022/23 considered by the Audit & Governance Committee on 17th January 2022 and recommended for Council approval, presented in *Attachments 5a*, be approved.

- (10) That the draft Capital Strategy 2022/23 to 2026/27, considered by the Audit & Governance Committee on 17th January 2022, presented in *Attachment 6*, be approved; and
- (11) That the Constitution Working Group be asked to consider whether the Audit & Governance Committee's terms of reference should be formally expanded to incorporate responsibility for considering, and recommending for approval, the Council's Capital Strategy.

## 1. Executive Summary

- 1.1 The first major milestone in the Financial Planning Framework (FPF) for 2022/23 to 2016/27 was reached on 11th October 2021, with Cabinet receiving and considering an updated Medium-Term Financial Plan (MTFP). The MTFP revealed a projected deficit of £1.504 million for 2022/23 on the General Fund; it is a deficit that required eliminating in full for the Council is to fulfil its legal obligation to set a balanced budget for the forthcoming financial year.
- 1.2 The MTFP also identified a projected deficit of £2.755 million on the Housing Revenue Account for 2022/23, although was almost entirely offset by an initial surplus of £2.651 million in 2021/22.
- 1.3 Acting on the strategic direction provided by Cabinet on 11th October 2021, officers provisionally bridged the General Fund deficit, and further developed the other revenue and capital elements of the wider budget for 2022/23, presenting an initial draft budget to Cabinet on 6th December 2021. The Local Government Finance Settlement 2022/23 was eventually announced on 16th December 2021 and the initial draft budget was scrutinised by the Stronger Council Select Committee on 18th January 2022.
- 1.4 Final budget proposals for 2022/23 were considered and recommended for approval by Cabinet on 7th February 2022 and are presented in ***Attachment 1***.
- 1.5 The *Revenue* elements (***Attachment 1a***) of the proposed budget for 2022/23 comprise the following:
- General Fund – Net Expenditure of £15.631 million funded without recourse to Government Support for Covid-19 (budget of £1.263 million in 2021/22) or any contributions from the General Reserve (budget of £1.350 million in 2021/22) is recommended, which includes a £5 Council Tax increase. The Local Government Financial Settlement 2022/23 contained additional funding of a one-off nature, which allows a contribution of £337,000 to the General Fund Reserve; and
  - Housing Revenue Account (HRA) – A deficit of £3.537 million, which is to be partially offset by an estimated surplus of £2.319 million in 2021/22 (projected as at 31st December 2021); it should be noted that the 'surplus followed by a deficit' profile is a one-off position as the HRA adjusts to the long-term strategy within the emerging HRA Business Plan.

- 1.6 The *Capital* elements (**Attachment 1b**) of the proposed Programme for 2022/23 to 2026/27 comprise the following:
- General Fund – total expenditure of £117.401 million over the five years, including £72.308 million in 2022/23; and
  - Housing Revenue Account (HRA) – total expenditure of £185.906 million over the five years, including £47.790 million in 2022/23.
- 1.7 **Attachment 1c** also presents the proposed Fees & Charges that support the draft budget for 2022/23. This comprises both General Fund and HRA (including a proposed Rent Increase of 4.1%).
- 1.8 Looking further ahead, an updated Medium-Term Financial Plan covering both the General Fund and the HRA was also considered and recommended for approval by the Cabinet on 7th February 2022 and is also included in **Attachment 1d**; the numbers reflect the draft budget proposals for 2022/23.
- 1.9 In addition, the Council’s Section 151 Officer has a duty under Section 25 of the Local Government Act to report on the robustness of the budget estimates and the adequacy of the Council’s proposed financial reserves. Members attention is therefore drawn to the comments made in **Attachment 2**, which is for consideration and noting.
- 1.10 In considering the Council’s contingency reserves, extant professional guidance in the form of the recommended principles contained in “*LAAP Bulletin 99: Local Authority Reserves and Balances (issued July 2014)*” is followed. On that basis, taking account of the strategic, operational and financial risks facing the Council, the maintenance of a £4.0 million minimum contingency balance of unallocated reserves in the General Fund Reserve is recommended. This is an underlying assumption in the Council’s updated Medium-Term Financial Plan 2022/23 to 2026/27, although the latest forecast for 2021/22 (as at 31st December 2021) anticipates that the Council is likely to fall below the recommended minimum in the short term; it nevertheless remains an important medium-term objective.
- 1.11 Turning to Treasury Management, under delegated arrangements with the Audit & Governance Committee, full Council retains full oversight and control of Treasury Management matters. Accordingly, the Treasury Management Outturn report 2020/21 (**Attachment 3**) and the Treasury Management Update report 2021/22 (**Attachment 4**) – both considered by the Audit & Governance Committee on 22nd November 2021 – are presented for noting.
- 1.12 In addition, the draft Treasury Management Strategy 2022/23 (**Attachment 5 and 5a**) – considered by the Audit & Governance Committee on 17th January 2022 – is presented and recommended for approval.
- 1.13 And finally, the draft Capital Strategy 2022/23 to 2026/27 (**Attachment 6**) was also presented to the Audit & Governance on 17th January 2022 and, as with the draft Treasury Management Strategy 2022/23, is also recommended for approval (including embedded Prudential Indicators 2022/23 to 2024/25). The Capital Strategy however is a relatively new document that councils are required to prepare; the requirement post-dates the Audit & Governance Committee’s current terms of reference. To this end, Council permission is requested for the Constitution Review Group to review the current terms of reference in the context of the future governance arrangements for the Capital Strategy.

## **2. Resource Implications**

2.1 There are significant resource implications, which are covered in detail in the report.

## **3. Legal and Governance Implications**

3.1 The Council has a legal duty under the Local Government Finance Act 1992 to set a balanced budget. This report sets out a recommended budget for 2022/23 which fully meets the legal requirements.

## **4. Safer, Cleaner and Greener Implications**

4.1 None.

## **5. Consultation Undertaken**

5.1 The preparation of the 2022/23 budget proposals, including the recommended Council Tax increase has been the subject of extensive scrutiny and consultation. The Cabinet – at its meeting held on 7th February 2022 – considered comments on the budget proposals, made by the Stronger Council Select Committee at its meeting held on 18th January 2022.

## Report to the Cabinet

**Report reference:** C-041-2021/22  
**Date of meeting:** 7th February  
2022



**Portfolio:** Finance, Qualis Client & Economic Development

**Subject:** Draft Budget 2022/23 (including General Fund & HRA revenue & capital, Fees & Charges and an updated Medium-Term Financial Plan)

**Responsible Officer:** Andrew Small (01992 564278)

**Democratic Services:** Adrian Hendry (01992 564246)

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### Recommendations/Decisions Required:

- 1) To consider the final revenue and capital budget proposals for 2022/23 as presented in *Appendices A to D* of this report, together with the comments received from the Stronger Council Select Committee; and after making any amendments that Cabinet consider necessary
- 2) Recommend to Council:
  - a. The budget for 2022/23 and the updated Medium-Term Financial Plan; and
  - b. The level of Council Tax increase for 2022/23.

### Executive Summary:

The Cabinet approved an updated Financial Planning Framework (FPF) 2022/23 to 2026/27 at its meeting on 13th September 2021, which is the first step in preparing the 2022/23 budget.

The first major milestone in the FPF was reached on 11th October 2021, with Cabinet receiving and considering an updated Medium-Term Financial Plan (MTFP) for 2022/23 to 2026/27. The MTFP revealed a projected deficit of £1.504 million for 2022/23 on the General Fund; it is a deficit that required eliminating in full for the Council is to fulfil its legal obligation to set a balanced budget for the forthcoming financial year.

The MTFP also identified a projected deficit of £2.755 million on the Housing Revenue Account for 2022/23, although was almost entirely offset by an initial surplus of £2.651 million in 2021/22.

Acting on the strategic direction provided by Cabinet on 11th October 2021, officers provisionally bridged the General Fund deficit, and further developed the other revenue and capital elements of the wider budget for 2022/23, presenting an initial draft budget to Cabinet on 6th December 2021. The Local Government Finance Settlement 2022/23 was eventually announced on 16th December 2021 and the initial draft budget was scrutinised by the Stronger Council Select Committee on 18th January 2022.

This report contains the final budget proposals for 2022/23 for consideration by Cabinet.

The Revenue elements of the draft budget for 2022/23 can be found at **Appendix A**.

- The General Fund draft budget comprises Net Expenditure of £15.631 million and has been funded without recourse to Government Support for Covid-19 (budget of £1.263 million in 2021/22) or any contributions from the General Reserve (budget of £1.350 million in 2021/22). The Local Government Financial Settlement 2022/23 contained additional funding of a one-off nature, which potentially allows a contribution of £337,000 to the General Fund Reserve, which would partially alleviate emerging pressure on the Balance Sheet; and
- The HRA draft budget for 2022/23 anticipates a deficit of £3.537 million, which is to be partially offset by an estimated surplus of £2.319 million in 2021/22 (projected as at 31st December 2021); it should be noted that the ‘surplus followed by a deficit’ profile is a one-off position as the HRA adjusts to the long-term strategy within the emerging HRA Business Plan.

The Capital elements of the draft budget for 2022/23 can be found at **Appendix B**.

- The General Fund Programme comprises total expenditure of £117.401 million over the five years, including £72.308 million in 2022/23; and
- The HRA Programme comprises total expenditure of £185.906 million over the five years, including £47.790 million in 2022/23.

The proposed Fees & Charges that support the draft budget for 2022/23, can be found at **Appendix C**. This comprises both General Fund and HRA (including a proposed Rent Increase of 4.1%).

Looking further ahead, the updated MTFP is included at **Appendix D** covering both the General Fund and the HRA; the numbers reflect the draft budget proposals for 2022/23. The overall financial profile is broadly similar to the October and December 2021 positions previously presented, but there are some key differences, most notably the emergence of a forecast General Fund deficit of £0.791 million in 2023/24.

In terms of the **General Fund** medium-term position, the projections are summarised below.

<b>General Fund MTFP (@ February 2022)</b>		
<b>Financial Year</b>	<b>(Surplus)/Deficit</b>	<b>Comment</b>
	<b>£000's</b>	
2022/23	0	Assumed no Government support for Covid-19 (£1.263 million in 2021/22) + no use of Reserves (£1.350 million in 2021/22) One-off contribution of £0.337 million to Reserves
2023/24	791	Previous £300,000 contribution to Reserves removed
2024/25	1,612	New Waste Management contract assumed with effect from 1st December 2024. Increased cost pressure since December 2021 iteration of MTFP reflects rolled forward effect of 2023/24 deficit
2025/26	1,345	
2026/27	480	



In terms of the **HRA** medium-term position, the projections are summarised below.

<b>Housing Revenue Account MTFP (@ February 2022)</b>		
<b>Financial Year</b>	<b>(Surplus)/Deficit</b>	<b>Comment</b>
	<b>£000's</b>	
2022/23	3,537	Deficit substantially offset by assumed budget surplus of £2.651 million in 2021/22 (forecast outturn 31/12/21 £2.319 million)
2023/24	4	
2024/25	1	
2025/26	4	Assumed £900,000 saving from Qualis re Housing Repairs
2026/27	(1,275)	

The final stage in the process will see the budget proposals for both the General Fund and Housing Revenue Account presented to the Council on 24th February 2022, alongside the Council Tax Setting report for 2022/23.

**Reasons for Proposed Decision:**

To enable Cabinet to recommend a final budget for 2022/23 to the Council on 24th February 2022.

**Legal and Governance Implications:**

The Council has a legal duty under the Local Government Finance Act 1992 to set a balanced budget. This report presents final budget proposals that reflect a balanced position for 2022/23.

**Safer, Cleaner and Greener (SGS) Implications:**

There are no direct SCG implications contained within the report.

**Consultation Undertaken:**

The initial draft budget proposals for 2022/23, including an updated Medium-Term Financial Plan, presented to Cabinet on 6th December 2021, was presented to the Stronger Council Select Committee on 18th January 2022; the comments from that meeting will be considered by Cabinet alongside this report.

**Background Papers:**

None.

**Risk Management:**

The consideration of risk formed an integral part of the development of the proposals in this report. In particular, the Budget (and updated MTFP) is based on a series of estimates and assumptions that are informed by a range of intelligence sources (some certain, some uncertain); that process, including any residual risk in the decision-making process, is clearly indicated where appropriate.

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## Final Budget Proposals 2022/23

### GENERAL FUND & HRA REVENUE

#### 1. Background and Introduction

- 1.1 The Cabinet approved an updated Financial Planning Framework (FPF) 2022/23 to 2026/27 at its meeting on 13th September 2021, which is the first step in preparing the 2022/23 budget.
- 1.2 The first major milestone in the FPF was reached on 11th October 2021, with Cabinet receiving and considering an updated Medium-Term Financial Plan (MTFP) for 2022/23 to 2026/27. The MTFP revealed a projected revenue deficit of £1.504 million for 2022/23 on the General Fund; it was a deficit that required eliminating in full if the Council was to fulfil its legal obligation to set a balanced budget for the forthcoming financial year.
- 1.3 The MTFP also identified a projected revenue deficit of £2.755 million on the Housing Revenue Account for 2022/23, although was almost entirely offset by an initial surplus of £2.651 million in 2021/22.
- 1.4 Acting on the strategic direction provided by Cabinet on 11th October 2021, officers were successful in provisionally bridging the General Fund revenue deficit and presented an early draft budget for 2022/23 to Cabinet on 6th December 2021. The budget was balanced, although there remained some material uncertainty as, most notably, the Local Government Finance Settlement for 2022/23 had not been announced by Government at that point (this eventually happened on 16th December 2021).
- 1.5 An early draft revenue budget for 2022/23 for the HRA was also presented to Cabinet on 6th December 2021. It anticipated a deficit of £2.963 million, which was to be offset by an estimated surplus of £2.651 million in 2021/22 (projected as at 30th September 2021). The 'surplus followed by a deficit' profile was/is a one-off position as the HRA adjusts to the long-term strategy within the newly emerging HRA Business Plan.
- 1.6 The draft budget proposals presented to Cabinet in December 2021 – both General Fund and HRA revenue – were scrutinised by the Stronger Select Committee on 18th January 2022. Officers also updated the Committee on the outcome of the provisional Local Government Finance Settlement for 2022/23. Although a broadly positive outcome, it is a one-year settlement, characterised by a range of one-off items; essential context in considering a budget requiring permanent funding against a backdrop of a declining contingency balance in the General Fund Reserve.
- 1.7 Further detailed work has now been completed on the revenue budgets, with the General Fund 're-balanced'. This report allows Cabinet to consider the final budget proposals for 2022/23 – for both the General Fund and HRA – as set out in the report, whilst taking into consideration the comments of the Stronger Council Select Committee.

## 2. Proposed General Fund Revenue Budget 2022/23

## SUBJECTIVE ANALYSIS

2.1 The proposed General Fund revenue budget for 2022/23 comprises Net Expenditure of £15.631 million and is summarised by **subjective** heading – including changes to the early draft adopted by Cabinet in December 2021 – in the table below.

<b>2022/23 General Fund Draft Revenue Budget: subjective analysis</b>			
<b>Description</b>	<b>Draft Budget (December 2021)</b>	<b>Movements</b>	<b>Draft Budget (February 2022)</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>EXPENDITURE</b>			
Employees	25,525	(298)	25,227
Premises	2,828	66	2,894
Transport	321	0	321
Supplies & Services	9,042	461	9,503
Support Services	19	0	19
Contracted Services	6,801	466	7,267
Transfer Payments (H Bens)	22,210	0	22,210
Financing Costs	2,263	(59)	2,204
<b>Gross Expenditure</b>	<b>69,009</b>	<b>636</b>	<b>69,645</b>
<b>INCOME</b>			
Fees and Charges	(17,474)	230	(17,244)
Government Contributions	(24,277)	8	(24,269)
Misc. Income (inc. Qualis)	(4,462)	275	(4,187)
Other Contributions	(2,426)	(663)	(3,089)
HRA Recharges	(5,225)	0	(5,225)
<b>Net Expenditure</b>	<b>15,145</b>	<b>486</b>	<b>15,631</b>
<b>FUNDING</b>			
Council Tax	(8,639)	0	(8,639)
Business Rates	(5,016)	5	(5,011)
Collection Fund Adjustments	150	(315)	(165)
Council Tax Sharing Agreement (CTSA)	(948)	0	(948)
New Homes Bonus	(452)	(324)	(776)
Lower-Tier Services Grant	0	(149)	(149)
2022/23 Services Grant	(177)*	(52)	(229)
Other Grants (General)	(12)*	12	0
Credit Loss Adjustment	(51)	0	(51)
Contribution to/(from) Reserves	0	337	337
<b>Total Funding</b>	<b>(15,145)</b>	<b>(486)</b>	<b>(15,631)</b>
<b>(Surplus)/Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>

\*Government support for NI increase (£177k) included in Other Grants in December 2021 Draft

## EXPENDITURE

2.2 The *Expenditure* highlights included in the table above are as follows:

- **Employee Costs (£25.227 million)** – as reported to Cabinet in December 2021, there has been a rise in Employee costs, driven by a change in internal accounting practice. The Homelessness cost centre was moved from the HRA to General Fund, so now reflects its correct legal status as a General Fund service. The adjustment added £474,800 in salary costs to the Communities & Wellbeing directorate budget, which is offset by a higher net recharge to the HRA once non-staff costs are factored in (the total cost transfer was £566,180; see comment below on HRA recharges).

The draft budget also includes, as announced in the Autumn Budget 2021, an increase of 1.25% in Employer National Insurance contributions (funded by the Government) scheduled for 2022/23; the additional budget requirement has been re-calculated at £154,224 and has been included (although it has been funded as part of the Local Government Funding Settlement for 2022/23 as discussed below).

There is also a single Growth item of £40,000 now included in the draft budget for the Employee Costs (to fund two apprentice posts) associated with the expansion of the successful Highway Rangers scheme (as originally envisaged). The teams play a key role in the sustainability and environmental agenda as well as improving the condition of the High Streets and rural areas.

The provisional 2.0% pay increase reported in October 2021 for 2022/23 has been retained throughout the budget preparation process. In addition, on 19th October 2021, the local government National Employers reaffirmed to their “full and final offer” of a 1.75% pay offer for 2021/22. At the time of reporting, agreement has yet to be reached with trade unions. An award of 1.75% is 0.25% in excess of the current 1.5% provision within the 2021/22 budget. Consequently, an additional 0.5% has been assumed on Employee costs aimed at ameliorating any potential pressure on the base budget in 2022/23 due to the eventual 2021/22 pay award; in the event of a local settlement of 1.75%, an additional 0.25% would be available as a small inflation contingency to support any additional costs that might emerge from the 2022/23 pay award. If the actual pay settlement exceeds this amount, budget holders will be expected to contain any additional costs within their budgets through the identification of offsetting savings.

In addition, as reported in the October 2021 MTFP and again in December 2021, a further £240,000 has been included in Employee costs due to unbudgeted pension costs regarding previous commitments in respect of unfunded/added years pension payments to former employees; this is not an additional cost but enhances transparency, as this was a cost previously treated as an accounting adjustment outside the budget process.

### Update February 2022

A downward adjustment has been made to the initial draft budget of £269,768 to reflect the current interim arrangements with Qualis for managing the Commercial Assets function (with Employee Costs on relevant unoccupied posts now reclassified as Contract Costs). This is the dominant factor in an overall decrease in Employee Costs of £297,520.

- **Premises (£2.894 million)** – there have been no material changes to the costs presented in the December draft budget on Premises and Transport, with increases in Gas and Electric still assumed to rise by 5.6% in the Commercial & Technical directorate. However, and in contrast, although an underlying price increase of 5.0% is assumed within the Housing & Property directorate, the closure/vacating of Epping Town Depot and Hemnall Street Offices is expected to lead to a net cost decrease of 2.9%.

Update February 2022

It should be noted however, that it has not been possible to prepare robust service estimates for Gas and Electricity costs due to substantial volatility and uncertainty in the energy market at the time of preparing this budget. The Council does have partial protection for 2022/23 in the form of forward contracts in place for both Electric and Gas, but they are set to expire in year, and there is major uncertainty as to what prices might be achievable in subsequent contracts; for that reason, a specific contingency of £62,500 (22.3% of total budget) has been set aside to cover potential increases in the event that the estimated increases assumed in December 2021 prove insufficient (see also discussion on Financing Costs below).

- **Supplies & Services (£9.503 million)** – the October 2021 iteration of the MTFP assumed 2.0% inflation on Supplies and Services for 2022/23, which was driving an estimated cost pressure of £177,100. This was a significant contributory factor in the projected £1.504 million forecast budget deficit at the time. Therefore, in preparing the initial draft budget in December, budget holders were given a target of containing their 2022/23 budgets for Supplies and Services at 2021/22 levels. As reported to Cabinet at the time, this was successful, with the eventual budget growth on Supplies & Services primarily due to unavoidable cost pressures reported in the October 2021 MTFP (impact £80,000) and an expenditure reclassification within the Safer Communities Programme (impact £108,000).

Update February 2022

Subsequent work by Finance officers during January 2022, in conjunction with budget holders, has identified further cost pressures of £0.461 million. The single largest factor has been the need to include further provision for Recycling Sacks of £189,000 (a major cost pressure identified in the Quarter 3 Budget Monitoring report for 2021/22). A range of other items were identified for inclusion including Air Quality related items (£48,888) and IT Licenses (£42,131).

- **Contracted Services (£7.267 million)** – the cost of Contracted Services is higher than anticipated both in the October MTFP and the December draft budget. Initially this reflected inflationary statistics at the time. For example, the Waste Management contract is increased annually in accordance with RPI each November (e.g. October 2021 RPI was 6.0%). In addition, the additional household waste generated at the start of the pandemic has continued, leading to the Council incurring additional contract payments (as previously reported in the October 2021 MTFP).

Update February 2022

As noted above, there has been an upward adjustment of £269,768 to reflect the current interim arrangements with Qualis for managing the Commercial Assets function. In addition, further budget pressures – totalling £105,907 – on the Waste Management contract have been identified since the initial draft budget was presented in December 2021, with (indirect) additional expense expected anticipated due to recent driver shortages a contributory factor. Other factors adding to the increase include the impact of the new Cleaning contract (£28,799).

- **Financing Costs (£2.204 million)** – as reported in December, estimated Financing Costs are significantly lower than forecast in October 2021 due to the reclassification of PWLB Interest Payable on Qualis Loans. Forecast interest rate costs of £1.803 million for Qualis Loans have been recalculated based on latest available published PWLB rates and updated assumptions on draw down dates; these are now netted against Interest Receivable on Qualis Loans (within Miscellaneous Income), which enables a clearer understanding of the loan margins receivable by the Council.

Update February 2022

A detailed review of the Garden Town Reserve (including partner contributions) was completed by Finance officers during January 2022, which has enabled a substantial reduction in the previously assumed corporate contingency of £250,000; the contingency has now been reduced by 75% to £62,500 and applied to the anticipated margins on Qualis loans (in Miscellaneous Income) following a recent rise in PWLB long-term lending rates. The remaining contingency balance of £62,500 is now earmarked for potential increases in energy costs as noted above on Premises.

However, the positive impact on Financing costs has been partially offset by the need to provide a further £127,000 in Minimum Revenue Provision (“MRP”) following an update analysis of the General Fund Capital Programme.

**INCOME**

2.3 The **Income** highlights included in the table above are as follows:

- **Fees and Charges (£17.244 million)** – detailed work on the income assumptions from Fees and Charges was completed in preparing the initial draft budget (see **Appendix C**). As reported to Cabinet in December, this was generally very successful in identifying additional income, with the Leisure Centre contract especially recovering more quickly from the pandemic than originally expected. Significantly increased income is anticipated from Development Control Fees upon the finalisation of the Local Plan (£735,000) as well as additional income from North Weald Airfield (Hanger 1 and Gym Club £180,000 plus Market Rents £142,000).

The proposals to alter Off-Street Parking Charges (reported to Cabinet and scrutiny) across the district are also included which, in budgetary terms, is expected to yield an additional £110,000 in 2022/23.

Update February 2022

A further review of anticipated Planning Performance Agreement (“PPA”) income in the light of the updated needs of Qualis-related developments, has led to a reduction in expected income of £396,780, although this is partially offset by an additional income expectation of £145,000 in relation to Brooker Road, Waltham Abbey, reflecting the rental income from the new Sainsburys site.

- **Miscellaneous Income (including Qualis) (£4.187 million)** – as mentioned above, the reclassification of PWLB Interest Payable on Qualis Loans was initially responsible for a net reduction here and was reported to Cabinet in December 2021.

Update February 2022

In the light of further slippage on the drawdown of Qualis loans (reported in the Quarter 3 Budget Monitoring Report 2021/22), a review of the original projections has been undertaken. Consequently, a 25% reduction in margin (allowing for 3 months slippage) has been assumed in the interests of prudence (net impact £289,400). In addition, the latest available PWLB interest rates (@ 24th January 2022) have now been included in projections, reflecting recent increases in rates for long-term loans.

- **Other Contributions (£3.089 million)** – as reported to Cabinet in December 2021, the level of “Other Contributions” in the initial draft budget was lower than projected in the October 2021 MTFP by £539,000, which reflected some changes in the accounting treatment of internal and external funding balances, which improves transparency as well as accounting practice.

Update February 2022

A detailed review of the budget arrangements for the Garden Town cost centre has recently been completed. The new arrangements simplify and better reflect the substance of the transactions and the relationship with external partners. This results in the partner contributions (£246,000 combined) and anticipated contributions from reserves (£417,819 – reflecting the Quarter 3 forecast for 2021/22) being included on this line.

- **HRA Recharges (5.225 million)** – as reported to Cabinet in December 2022, the General Fund budget assumption for HRA recharges has been overly conservative in recent times. But the primary reason for an increase of £647,000 was due to the transfer of the Homelessness cost centre to the General Fund (impact £566,180). There have been no subsequent changes in the HRA Recharges assumption.

**FUNDING**

2.3 The **Funding** highlights included in the table above are as follows:

- **Council Tax (£8.639 million)** – as reported to Cabinet in December 2021, the draft Council Tax Base for 2022/23 has now been determined and the preceptors have been notified. A stronger than expected recovery in Council Tax collection in 2021/22 has allowed an expected return to an assumed collection rate of 98.0% in 2022/23 (up 0.5%). However, the draft Tax Base estimate is very close (just 5.4 Band D equivalents different) to the October 2021 projection, leading to little change in the assumed precept. A Council Tax increase of £5 for a Band D property, which was assumed in the October 2021 MTFP, remains unchanged at this stage. Members of course have the option to vary this assumption
- **Business Rates (£5.011 million)** – the Business Rates calculation was initially updated to reflect the announcements in the Autumn Budget 2021. The Chancellor set out a new relief for eligible Retail, Hospitality and Leisure properties with 50% relief granted on bills up to £110,000 per business as well as an extension of the current Transitional Relief and Supporting Small Business schemes. A freezing of the multipliers at 49.9p (small business multiplier) and 51.2p (standard multiplier) was also announced. The updated calculation assumed that the Council will receive 100% compensation through the Section 31 grant scheme.



Update February 2022

The Local Government Finance Settlement 2022/23 announced on 16th December 2021 confirmed the assumption regarding compensation payments through the Section 31 grant scheme. However, at the time of preparing this budget, the Council have (not yet) been unable to generate reliable “NNDR1” forecasting data for 2022/23 from the Revenues (“Academy”) system (awaiting a reporting solution from Capita following the recently announced changes/extensions in Reliefs). Consequently, the estimated income for Business Rates Retention presented in December 2021 has been reviewed and remains virtually unaltered; it is a deliberately prudent estimate.

- **Collection Fund (£0.165 million)** – the complexities created by the pandemic initially made an accurate estimate of the Collection Fund adjustment very difficult. The Council held an Earmarked Reserve of £6.650 million as at 31st March 2021 funded by surplus Section 31 money paid by Government as compensation for extended Business Rates Reliefs granted in response to the pandemic; this represents 40.1% of the cumulative deficit on the Business Rates share of the Collection Fund at the same point in time. Consequently, a ‘zero adjustment’ was, and still is, assumed in 2022/23 for Business Rates.

In contrast, the cumulative deficit on the Council Tax share of the Collection Fund is not mitigated by an Earmarked Reserve. A – relatively cautious – negative Collection Fund adjustment of £150,000 (13.7% of cumulative deficit) was therefore assumed for 2022/23 for Council Tax.

Update February 2022

The subsequent completion of detailed Collection Fund projections for 2021/22 as part of the joint arrangements with the major preceptors, has identified a significant emerging surplus on Council Tax for the year, reflecting stronger than anticipated collection in the year; an assumed reduction of 1.0% in collection performance has not materialised. Therefore, the assumed contribution *into* the Collection Fund of £150,000, will in fact be a contribution *from* the Collection Fund of £165,000 (representing a positive ‘budget swing’ of £315,000).

- **Council Tax Sharing Agreement (CTSA) (£0.948 million)** – as reported to Cabinet in December 2021, the continuation of the Essex CTSA has now been agreed for 2022/23 with Epping Forest District Council performing especially well in terms of Council Tax collection in 2021/22 (raising the projected increase in the share back percentage from 12% to 14%). The 2022/23 agreement consolidates the 14% share back percentage for all districts and there are also some complex formula changes in the methodology, which also favours districts. On that basis, the October 2021 MTFP assumption was raised by £398,000 from £550,000 to £948,000 (based on estimates provided by Essex County Council).
- **New Homes Bonus (£0.776 million)** – following the demise of Revenue Support Grant (RSG) funding from the Government, the most significant remaining grant within the annual Settlement is the New Homes Bonus (NHB). The Government consulted on a replacement for the NHB earlier this year. Any new housing incentive scheme will reflect a more targeted approach that rewards local government where they are ‘ambitious’ in delivering housing growth. In the absence of further detail, the December 2021 assumed legacy payments of £451,720 for 2022/23 only.

Update February 2022

Although the future remains very uncertain in this area, the Local Government Finance Settlement 2022/23, announced on 16th December 2021, included a further one-off NHB allocation of £323,790, thus exceeding initial expectations.

- **Lower-Tier Services Grant (LTSG) (£0.149 million)** – the Council received an allocation of £185,882 from LTSG in 2021/22, with the Government indicating at the time that the funding was for one year only; on that basis, a ‘nil assumption’ was included in the initial draft budget for 2022/23.

Update February 2022

The subsequent decision by Government to include a further allocation (this time £149,386) for 2022/23 was both unexpected and welcome.

- **2022/23 Services Grant (£0.229 million)** – there was no assumption of receiving any funding from this source in the initial draft budget presented to Cabinet in December 2021.

Update February 2022

The Government announced a new (one-off) grant for 2022/23, with this Council receiving an allocation of £229,580 from the “2022/23 Services Grant”; to a large extent, this grant reflects the Government’s commitment to compensating public sector bodies for the increased cost of Employer National Insurance Contributions announced in the Autumn 2021 Budget (with the rate rising by 1.25%); the additional cost embedded in this budget is £154,224.

- **Contribution to/from Reserves (£0.338 million)** – the initial draft budget presented to Cabinet in December 2021 assumed no contributions either to or from reserves.

Update February 2022

However, as the foregoing discussion demonstrates, local authorities generally – including this Council – benefited more than expected from the Local Government Finance Settlement 2022/23.

In total, the Council received an allocation that was £525,985 greater than that assumed in the initial budget prepared in December 2021. But the Government has been explicit that the additional items described above are to be treated as one-off in nature, so are not sustainable income sources from which to support ongoing expenditure. Some further budget pressures have also been identified in the final stages of preparing this draft budget, which have required funding in order to re-balance the budget (as discussed above).

And, by way of further context, as previously reported to both Cabinet and scrutiny, the Council’s General Fund Reserve is on course to fall below its adopted minimum contingency level (of £4.0 million) by 31st March 2022; future contributions into the Reserve will therefore be required in order to restore financial resilience to the Balance Sheet.

Given the full circumstances, this draft budget assumes a contribution to Reserves of £337,000.

- 2.4 A more detailed summary of the draft General Fund revenue budget, analysed by subjective heading, is presented at **Annex 1**.

## SERVICE ANALYSIS

- 2.5 The proposed General Fund revenue budget for 2022/23 can also be summarised by **service** heading – including changes to the early draft adopted by Cabinet in December 2021 – in the table below.

<b>2022/23 General Fund Draft Budget: service analysis</b>			
<b>Description</b>	<b>Draft Budget (December 2021)</b>	<b>Movements</b>	<b>Draft Budget (February 2022)</b>
	<b>£'s</b>	<b>£'s</b>	<b>£'s</b>
<b>NET EXPENDITURE</b>			
Chief Executive	680	(22)	658
Community & Wellbeing	1,799	(6)	1,793
Commercial & Technical	110	50	160
Corporate Services	9,454	90	9,544
Customer Services	2,324	(69)	2,255
Corporate Finance	1,083	48	1,131
Internal Audit	381	3	384
Property Services	2,060	8	2,068
Place	542	(167)	375
Planning & Development	1,607	(127)	1,480
Strategy, Delivery & Performance	844	6	850
Other	3,127	(60)	3,067
Qualis	(3,641)	732	(2,909)
HRA Recharges	(5,225)	0	(5,225)
<b>Total Net Expenditure</b>	<b>15,145</b>	<b>486</b>	<b>15,631</b>

### NET EXPENDITURE

- 2.6 There have been few material changes to the budget by service, compared to the initial draft presented to Cabinet in December 2021. The **Net Expenditure** highlights (key changes) included in the table above are as follows:

- **Commercial & Technical (increased by £0.050 million)** – although the net impact on this directorate is minimal, there are two significant items to report. Firstly, the transfer of the budgeted staffing costs of the Commercial Assets team (including both occupied and unoccupied posts) have now been transferred to the Qualis cost centre, to better reflect the current interim management arrangements now agreed for 2022/23 (combined impact £265,312) which reduces budget demand. However, and secondly, this is outweighed by a series of cost pressures primarily related to the Waste Management contract which increases budget demand; as highlighted above in Paragraph 2.2, this includes additional Recycling Sacks (£189,000) as well as other Waste Management contract pressures of £105,907.
- **Place (reduced by £0.167 million)** – the reduction in the Place budget primarily reflects the transfer of two – relatively senior – posts from the Place directorate to the Planning & Development directorate (Sustainable Transport Officer and Climate Change Emergency Officer; combined impact £127,423) is the most significant factor in the reduction here.

- **Planning & Development (reduced by £0.127 million)** – the most notable factors here are explained above in Paragraph 2.3, where there has been a significant reduction in anticipated Fees & Charges from PPAs (£396,780). But this is outweighed by the impact of new budget arrangements on the Garden Town cost centre (anticipated “Other Contributions” from combined reserves of £417,819 now reflected).
- **Qualis (increased by £0.732 million)** – as noted above, the net cost of the Commercial Assets team (£265,312) has been moved into the Qualis cost centre for accounting simplicity and transparency. In addition, a detailed review of the net return on Qualis loans has been undertaken following reported slippage on the drawdown timetable in 2021/22 and a recent increase on PWLB interest rates on long-term loans (combined impact £462,550).

### **COST CENTRE SUMMARY**

2.8 A detailed summary of the draft General Fund budget analysed by cost centre can be found at ***Annex 2***.

### 3. Proposed Housing Revenue Account Budget 2022/23

- 3.1 The proposed HRA revenue budget for 2022/23 is summarised by **subjective** heading – including changes to the early draft adopted by Cabinet in December 2021 – in the table below. A deficit of £3.537 million is anticipated, which is to be partially offset by an estimated surplus of £2.319 million in 2021/22 (as forecast at 31st December 2021).

<b>2022/23 HRA Draft Revenue Budget: subjective analysis</b>			
<b>Description</b>	<b>Draft Budget (December 2021)</b>	<b>Movements</b>	<b>Draft Budget (February 2022)</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>EXPENDITURE</b>			
Employees	3,980	405	4,385
Premises	3,614	(21)	3,593
Transport	71	(1)	70
Supplies & Services	1,577	31	1,608
Contracted Services	6,704	(21)	6,683
Support Services (GF Recharges)	5,225	0	5,225
Debt Management Expenses	58	0	58
Provision for Bad Debts	93	0	93
Depreciation	8,958	0	8,958
<b>Total Expenditure</b>	<b>30,280</b>	<b>393</b>	<b>30,673</b>
<b>INCOME</b>			
Rental Income – Dwellings	(35,124)	0	(35,124)
Rental Income – Non-Dwellings	(836)	0	(836)
Fees & Charges (Service Charges)	(1,516)	(263)	(1,779)
Other Contributions (Shared Amenities)	(368)	0	(368)
<b>Total Income</b>	<b>(37,844)</b>	<b>(263)</b>	<b>(38,107)</b>
<b>Net Cost of Service</b>	<b>(7,564)</b>	<b>130</b>	<b>(7,434)</b>
Interest Received	(5)	(1)	(6)
Financing Costs	5,618	(5)	5,613
<b>Net Operating Income</b>	<b>(1,951)</b>	<b>124</b>	<b>(1,827)</b>
<i>Appropriations:</i>			
Contributions to Capital	4,914	450	5,364
Contributions to/(from) Reserves	0	0	0
<b>Total Appropriations</b>	<b>4,914</b>	<b>450</b>	<b>5,364</b>
<b>In Year (Surplus)/Deficit</b>	<b>2,963</b>	<b>574</b>	<b>3,537</b>

3.2 The most significant items in the table above include:

- **Employees (£4.385 million)** – the employee-related inflation assumptions mirror those of the General Fund (e.g. a 2.0% Pay Award is assumed for 2022/23) and, as reported to Cabinet in December 2021 (and in Section 2 - the General Fund part – of this report), the Homelessness cost centre was transferred to the General Fund, which eliminates the need for the relevant recharge and reduces staffing costs in the HRA by £474,797.

**Update February 2022**

However, since the initial budget was presented, there has been an increase of £405,000, which mainly reflects the impact of a range of recent Housing-related staff changes (£321,000). The most significant item in this category is a re-structure of the HRA Asset Management Team; the gross cost of the restructure is £111,000, although this is partially offset by an assumed increase in (collectable) Tenant Recharges of £55,000 on damaged properties (included in Fees & Charges). In addition, updated inflationary assumptions, including the scheduled 1.25% increase in Employer National Insurance Contributions announced in the Autumn 2021 Budget (combined impact £84,174).

- **Premises (£3.593 million)** – additional Planned Maintenance costs of £132,000 have been added to more accurately reflect the full costs of miscellaneous items (e.g. painting) that sit outside of the Qualis contract.
- **Supplies and Services (£1.608 million)** – there is an increased budget requirement of £664,393 here compared to 2021/22. Firstly, as widely reported, an independent Condition Survey of the Housing Stock has been commissioned, which has not been undertaken for many years. This is a major – but vital – undertaking, with the cost of procuring a survey based on a 50% sample estimated at £392,500. And secondly, the Year 1 costs of implementing the new Housing Asset Management (HAM) system are estimated at £273,280 and have now been included. Once implemented, the ongoing revenue costs are expected to reduce to £56,080.
- **Contracted Services (£6.683 million)** – there is an increased budget requirement of £576,203 here compared to the 2021/22. As reported to Cabinet in December 2021, the most significant factor relates to estimated additional Responsive and Void Repairs costs of £426,000. The cost of Void Repairs especially has been challenging for the Council for several years now, and the contract with Qualis, after a short-term cost increase, is expected to deliver substantial savings on Housing Repairs costs over the medium and longer term.
- **Support Services/GF Recharges (£5.225 million)** – the most significant factor here is the transfer of the Homelessness budget as noted above; the overall impact, including a reduction in Employee costs of £474, 797, is £566,180.
- **Rental Income (Dwellings) (£35.124 million)** – as reported to Cabinet in December 2021, the September 2021 CPI inflation was recorded at 3.1%. Therefore, in accordance with the extant legal Rent Standard (April 2020), a rent increase of 4.1% (CPI+1.0%) is assumed, which is the maximum allowable increase. Members have the option of choosing a lower rent increase (covered in **Appendix C**); and
- **Fees & Charges/Service Charges (£1.779 million)** – as reported to Cabinet in December 2021, an increase of 5.0% is suggested in most cases, although some items are frozen at 2021/22 prices; assumptions here remain unchanged (covered in **Appendix C**).

Update February 2022

Further work on the budget during January 2022 has identified potential to increase Fees and Charges by a further £263,000, mainly due to additional Service Charges anticipated as a consequence of the roll out of the “More Than Bricks and Mortar” scheme, which is seeing substantial investment in local Housing infrastructure (impact £200,000). The additional Tenant Recharges (£55,000) on damaged properties explained above (see discussion on Employee Costs) are also a contributory factor.

**COST CENTRE SUMMARY**

3.3 A detailed summary of the draft HRA budget analysed by cost centre can be found at **Annex 3.**

Draft General Fund Budget 2022/23: Full Subjective Analysis

GF Income & Expenditure Analysis 2022-23 (@ February 2022)															
Subjective Description	Chief Executive	Commercial & Technical	Community & Wellbeing	Corporate Finance	Corporate Services	Customer Services	Internal Audit	Place	Planning & Development	Property Services	Strategy, Delivery & Performance	Quality	Other	HRA Recharges	General Fund Total
	£s	£s	£s	£s	£s	£s	£s	£s	£s	£s	£s	£s	£s	£s	£s
Employee Expenses	527,489	5,672,518	1,786,912	879,287	5,464,549	3,817,490	200,477	408,639	3,863,911	845,655	595,179	311,730	863,628	0	25,227,465
Premises Related Expenses	0	1,263,749	406,190	0	19,000	0	296	19,000	2,000	1,194,955	0	0	0	0	2,894,190
Transport Related Expenses	2,040	244,637	9,129	1,020	13,311	7,559	5,804	1,071	23,666	12,087	306	0	0	0	320,648
Supplies And Services	128,820	1,863,221	505,370	283,040	4,429,175	330,280	184,510	49,100	1,417,920	57,620	264,160	0	0	0	9,503,217
Support Services	0	5,762	1,575	41	6,567	1,543	0	127	2,847	646	0	0	0	0	19,108
Contracted Services	0	6,997,391	0	0	0	0	0	0	0	0	0	269,768	0	0	7,267,159
Transfer Payments	0	0	0	0	0	22,210,196	0	0	0	0	0	0	0	0	22,210,196
Financing Costs	0	0	0	0	0	0	0	0	0	0	0	0	2,202,940	0	2,202,940
<b>Total Expenditure</b>	<b>658,349</b>	<b>16,027,279</b>	<b>2,709,176</b>	<b>1,163,388</b>	<b>9,932,602</b>	<b>26,367,067</b>	<b>391,087</b>	<b>475,937</b>	<b>5,310,363</b>	<b>2,110,963</b>	<b>849,645</b>	<b>581,498</b>	<b>3,066,568</b>	<b>0</b>	<b>69,644,923</b>
Fees & Charges	0	-13,756,490	-366,990	-32,000	-205,774	0	-5,050	0	-2,838,650	-41,000	0	0	0	0	-17,243,654
Government Contributions	0	0	-532,440	0	0	-23,486,935	0	0	-249,439	0	0	0	0	0	-24,268,814
Misc Income	0	-5,202	0	0	-178,856	-494,190	0	0	-17,483	0	0	-3,490,945	0	0	-4,186,886
Other Contributions	0	-2,105,039	-16,759	0	-4,080	-131,080	-1,561	-102,000	-728,875	-2,346	0	0	0	0	-3,089,740
HRA Recharges	0	0	0	0	0	0	0	0	0	0	0	0	0	-5,224,665	-5,224,665
<b>Total Income</b>	<b>0</b>	<b>-15,866,731</b>	<b>-915,889</b>	<b>-32,000</b>	<b>-388,710</b>	<b>-24,112,205</b>	<b>-6,611</b>	<b>-102,000</b>	<b>-3,830,457</b>	<b>-43,346</b>	<b>0</b>	<b>-3,490,945</b>	<b>0</b>	<b>0</b>	<b>-54,013,558</b>
<b>Net Cost Of Services</b>	<b>658,349</b>	<b>160,549</b>	<b>1,793,287</b>	<b>1,131,388</b>	<b>9,543,892</b>	<b>2,254,862</b>	<b>384,476</b>	<b>374,937</b>	<b>1,479,906</b>	<b>2,067,617</b>	<b>849,645</b>	<b>-2,909,447</b>	<b>3,066,568</b>	<b>-5,224,665</b>	<b>15,631,364</b>



**Annex 2****Draft General Fund Budget 2022/23: Cost Centre Summary**

<i>Service: Chief Executive</i>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2021/22 (Final)	2022/23 (Draft)
		£'s	£'s
50100	Chief Executive - Policy	685,680	532,529
CM100	Corporate Policy Making	14,440	24,550
CM105	Subscriptions	35,630	51,270
CM103	Company Structure - Qualis	75,750	50,000
		<b>811,500</b>	<b>658,349</b>

<i>Service: Community &amp; Wellbeing</i>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2021/22 (Final)	2022/23 (Draft)
		£'s	£'s
27150	Limes Centre	49,110	45,514
34180	Homelessness Team	-	479,607
CD110	Youth Strategy	8,960	8,960
CD112	Youth Council	18,560	18,560
RS280	North Weald Gymnasium	-	10,620
RS300	All Weather Pitch	- 20,200	- 20,503
RS400	Community, Health & Wellbeing	65,450	56,990
RS403	Marketing And Promotions	10,820	10,820
RS410	Sports Development Ext Funding	- 740	-
34170	Community & Culture	506,870	457,670
52100	Community & Wellbeing - Policy	346,030	198,281
GD110	Grant - Essex Womens Refuge	17,450	17,450
HL100	Homelessness Advice	- 469,710	- 425,200
HL110	Bed Breakfast Accommodation	- 1,420	- 1,142
HL130	Zinc Arts Scheme	9,130	-
CH110	Museum	644,860	643,690
CH113	Museum Development Projects	21,500	38,946
GD100	Grants To Voluntary Orgs	90,590	41,820
GD140	Grant - Citizens Advice Bureau	152,440	152,440
GD150	Grant - Voluntary Action Ef	40,300	40,300
PT101	Community Transport	16,180	16,180
		<b>1,506,180</b>	<b>1,793,287</b>

<i>Service: Commercial &amp; Technical</i>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2021/22 (Final)	2022/23 (Draft)
		£'s	£'s
32170	Licensing Group	342,890	312,185
32220	Estates & Valuation	335,940	70,243
35003	Procurement & Contract Dev	216,060	246,397
35004	Public & Environmental Health	420,230	439,005
35005	Neighbourhoods Team	276,560	299,768
35006	Safer Communities	340,100	369,001
35007	Waste Management Group	333,500	355,529
35009	Cctv Cameras	24,810	30,170
35013	Engineering, Drainage & Water	454,930	475,625
35016	Leisure & Car Parking	177,410	204,628
35017	Countryside & Landscape	317,780	301,527
35400	Grounds Maintenance North	555,210	575,254
35500	Grounds Maintenance South	367,080	377,872
36800	Private Hsg Policy Grants Care	203,330	234,491
36850	Private Hsg Technical	147,470	175,845
54100	Contract & Technical - Policy	525,010	541,050
54110	Highways Rangers - Group	84,850	138,042
CY100	Safer Communities Programme	188,760	205,080
EH100	Food Inspection	3,640	3,320
EH110	Pollution Control	3,500	53,451
EH111	Industrial Activities - Regula	- 12,360	- 12,360
EH112	Contaminated Land & Water Qual	27,230	55,604
EH113	Health & Safety	-	5,750
EH120	Private Sector Housing Matters	- 16,770	- 20,448
EH140	General Drainage	50	50
EH142	Animal Welfare Service	27,750	4,530
EH143	Burials (Nationl Assistance Act)	-	2,500
EH150	Public Hire Licensing	- 132,530	- 142,059
EH151	Licensing & Registrations	- 104,960	- 113,426
EH152	Animal Licensing	-	8,290
EH155	Neighbourhood & Rapid Response	23,630	27,245
EH160	Public Conveniences	183,830	191,678
EI131	Countrycare	53,730	50,975
FD100	Flood Defence/Land Drainage	72,420	74,179
GD190	Charity - Chigwell Row Rec	1,260	1,260
HI121	Highways G F Other	70,680	8,000
HI122	Highways G F Trees	- 15,300	- 17,320
HI123	Highways Rangers	- 64,710	- 16,425
HI124	Street Furniture	11,670	11,670
HI129	Highways G F Verge Maintenance	- 42,840	- 42,840
LA100	Laa Pooled Funds	-	5,030
OS100	Roding Valley Development	1,010	1,010
OS101	Tree Service	68,460	68,441
OS110	Open Spaces	- 3,210	- 3,210
OS115	Contribution To Hra	353,440	353,440
PH100	Private Housing Grants	- 96,090	- 76,339
PS100	Off-Street Car Parking	- 874,620	- 840,352
RS150	Leisure Services Contract	- 500,000	- 1,215,528
RS301	North Weald Airfield	- 863,820	- 1,189,609
RS302	North Weald Airfield Electric	50,870	26,764
SC100	Street Cleansing	1,168,340	1,330,923
SC101	Litter Bins	-	20,000
TI150	David Lloyd Centre	- 213,060	- 213,060
TI170	Brooker Rd Industrial Estate	- 719,070	- 822,505
TI180	Oakwood Hill Plots	- 483,680	- 500,480
TI190	Oakwood Hill Units	- 254,430	- 253,725
TI220	Langston Rd Industrial Estate	- 127,250	- 127,250
TO100	Fleet Operations Dso Account	65,120	3,321
UO112	Greenyards, Waltham Abbey	- 15,000	- 15,000
UO113	Wayleaves	- 3,190	- 3,190
UO130	Business Premises	- 2,533,950	- 2,491,930
UO140	Epping Forest Shopping Park	- 2,624,390	- 2,624,390
UO150	Loughton High Road	- 533,090	- 605,090
WC100	Refuse Collection	1,380,270	1,677,487
WC102	Abandoned Vehicles	6,650	3,563
WC200	Recycling	1,833,999	2,230,482
WC300	Trade Waste	- 37,620	- 25,450
		<b>447,529</b>	<b>160,549</b>

<i>Service: Corporate Services</i>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2021/22 (Final)	2022/23 (Draft)
		£'s	£'s
25300	Internal Insurance Fund	826,330	810,059
28030	Central Services - Catering	5,050	-
31140	Democratic Services	285,570	294,157
32031	Corporate Filing Store	500	-
32060	Legal Services	217,650	419,733
32115	Corporate Training	180,260	183,865
32120	Human Resources	774,779	795,008
32122	Apprenticeships	312,138	332,272
32140	Payroll	49,330	54,925
33070	Debt & Insurance Services	25,000	79,874
33080	Information & Comms Technology	3,568,440	3,790,135
34110	Community & Culture Admin	22,380	-
42110	Elections Group	89,430	91,863
51100	Corporate Support - Policy	458,160	265,014
51110	Finance Support	427,450	439,217
51120	Correspondence & Operational	246,498	342,765
51130	Service Support 1	268,330	316,908
51140	Service Support 2	162,223	180,665
51150	Business Services Admin	93,070	267,375
DR155	Members Allowances	377,430	375,330
DR160	Overview & Scrutiny	1,280	1,280
DR161	Standards Committee	5,150	5,150
EL100	Elections	175,500	165,200
EP100	Emergency Planning	104,170	110,275
LC100	Service Support 3 (Llc)	109,937	160,006
PT110	Concessionary Fares	5,560	5,560
RE100	Electoral Registration	73,110	57,256
		<b>8,864,725</b>	<b>9,543,892</b>

<i>Service: Customer Services</i>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2021/22 (Final)	2022/23 (Draft)
		£'s	£'s
33020	Cashiers	294,430	342,264
33055	Benefits	955,440	886,785
33075	Revenues	1,248,200	1,228,842
33085	Systems Admin & Contract	339,120	356,760
34160	Public Relations & Information	306,893	327,923
40120	Customer Service	647,330	668,758
55100	Customer Services - Policy	274,010	283,039
BA100	Housing Benefit Administration	-	441,582
BP100	Rent Allowances	-	843,323
BP110	Non Hra Rent Rebates	126,870	786
BP200	Hra Rent Rebates	86,980	111,498
DR140	Civic Ceremonial	25,100	16,170
DR150	Civic & Member Expenditure	11,850	10,300
LT110	Nndr Collection	-	221,910
LT120	Council Tax Collection	-	471,448
		<b>2,564,223</b>	<b>2,254,862</b>

<i>Service: Corporate Finance</i>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2021/22 (Final)	2022/23 (Draft)
		£'s	£'s
FM130	Prov Bad And Doubt Debts	102,000	100,000
UO110	Sundry Non-Distributable Costs	- 30,920	- 32,000
33030	Treasury Management	27,820	40,000
33060	Accountancy	1,049,360	893,388
33065	Bank & Audit Charges	102,820	130,000
		<b>1,251,080</b>	<b>1,131,388</b>

<i>Service: Internal Audit</i>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2021/22 (Final)	2022/23 (Draft)
		£'s	£'s
31120	Internal Audit	166,070	171,870
42410	Corporate Fraud Investigation	207,290	212,606
		<b>373,360</b>	<b>384,476</b>

<i>Service: Property Services</i>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2021/22 (Final)	2022/23 (Draft)
		£'s	£'s
27050	Civic Offices	403,010	547,815
27060	Hemnall Street Offices	18,010	17,066
27110	Debden Broadway Offices	21,890	25,808
32191	Out Of Hours Service	42,420	42,420
32180	Facilities Management	500,432	510,436
23110	Oakwood Hill Depot	96,070	109,867
23130	Townmead Depot	10,250	15,490
23140	Epping Town Depot	37,990	23,990
26200	Building Maintenance - General	488,820	422,614
57100	Housing & Property - Policy	354,810	352,112
GT110	Community Housing Fund	23,330	-
		<b>1,997,032</b>	<b>2,067,617</b>

<i>Service: Place</i>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2021/22 (Final)	2022/23 (Draft)
		£'s	£'s
ED100	Economic Development	34,310	15,624
ED101	Tourism Promotion	15,450	25,300
42510	Economic Development Group	381,610	334,013
42522	RHSS & Welcome Pack	-	-
		<b>431,370</b>	<b>374,937</b>

<i>Service: Planning &amp; Development</i>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2021/22 (Final)	2022/23 (Draft)
		£'s	£'s
37500	Building Control Group	588,500	732,317
37600	Development Control Group	540,550	582,761
42310	Enforcement/Trees & Landscape	639,780	624,911
43310	Planning Policy Group	382,090	384,830
GT100	Garden Town	392,990	0
PP111	Local Plan	515,060	413,660
PP112	Neighbourhood Planning	9,990	9,990
PP113	Strategic Implementation Team	-	625,042
DC100	Enforcement	-	14,443
DC110	Planning Appeals	30,300	5,050
DC120	Development Control	-	1,658,457
PP100	Conservation Policy	12,120	12,120
58100	Planning Dev Services - Policy	276,390	291,969
BC100	Building Control	-	529,843
BC101	Building Control Non Fee	-	-
		<b>1,821,920</b>	<b>1,479,906</b>

<i>Service: Strategy, Delivery &amp; Performance</i>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2021/22 (Final)	2022/23 (Draft)
		£'s	£'s
CM102	Transformation Projects	161,600	161,600
40110	Project & Programme Management	335,697	577,302
51160	Performance Team	237,813	-
59100	Strategy, Deli & Perf - Policy	43,370	110,743
		<b>778,480</b>	<b>849,645</b>

<i>Service: Other</i>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2021/22 (Final)	2022/23 (Draft)
		£'s	£'s
FM100	Finance Miscellaneous	1,513,690	2,253,128
IP100	Interest Payable	-	863,440
IR100	Interest Receivable	-	50,000
		<b>1,513,690</b>	<b>3,066,568</b>

<i>Service: Qualis</i>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2021/22 (Final)	2022/23 (Draft)
		£'s	£'s
QU001	Qualis Income Stream	- 3,365,200	- 2,909,447
		<b>- 3,365,200</b>	<b>- 2,909,447</b>

## Draft Housing Revenue Account Budget 2022/23: Cost Centre Summary

Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2021/22 (Final)	2022/23 (Draft)
		£'s	£'s
36250	Housing Resources	-	244,010
36500	Housing Options Group	608,239	716,580
36600	Housing Older Peoples Group	580,389	592,440
36650	Housing Maintenance Group	577,211	782,310
36900	Housing Management Group	1,445,149	1,559,270
RM100	Responsive Repairs	3,470,147	117,130
RM101	Responsive Repairs - Qualis	-	3,737,430
RM200	Voids Refurbishment	2,173,937	119,400
RM201	Voids Refurbishment - Qualis	-	2,315,180
RM300	Planned Maintenance	1,940,848	2,224,650
RM400	Engineering Maintenance	252,915	252,950
RM500	Miscellaneous Projects	24,000	24,000
RM700	Income	-	192,670
YA100	Policy & Management	113,823	773,400
YA110	Sale Of Council Houses	-	13,830
YA140	Comp.Costs New Hsg.System	10,200	283,480
YA150	Tenant Participation	15,640	27,680
YA160	Contribution To General Fund	681,660	697,920
YA180	New House Builds	9,430	109,280
YA190	HRA Support Services	2,694,830	2,377,520
YA200	Managing Tenancies	352,596	354,600
YA210	Waiting Lists & Allocations	136,109	109,890
YA300	Rent Accounting & Collection	63,420	130,720
YB100	Heating Expenses	1,530	2,030
YB110	Staircase Lighting	120,228	136,060
YB120	Caretaking & Cleaning	315,110	386,550
YB140	Minor Sewerage Works	55,360	55,960
YB150	Water Course Maintenance	55,310	55,310
YB200	Other Communal Services	59,600	59,700
YB300	Community Centres	8,370	9,330
YB350	Hemnall House	17,670	18,300
YB400	Grounds Maintenance Services	1,355,380	1,414,280
YB500	Oap Units Management	508,662	564,890
YB520	Community Alarms Mgt.	85,260	69,590
YB540	Area Warden Service - Mgt	26,040	25,440
YB620	Norway House - Management	170,140	177,590
YB800	Other Special Items	46,620	46,620
YC100	Capital Exp Charged To Revenue	2,973,000	5,364,000
YD100	Rents/ Rates/Taxes/Insurance	532,673	504,310
YH100	Increase Bad & Doubtful Debts	91,000	93,000
YJ100	Leasehold Refcus	300,000	300,000
YJ110	Depreciation	8,782,000	8,958,000
YJ120	Debt Management	56,500	58,000
YN100	Dwellings Rents	-	34,860,830
YN110	Rents - Norway House	-	112,650
YP110	Rents - Other	-	1,760
YP130	Rents - Hardstanding	-	5,920
YP150	Rents Roads Charges	-	7,650
YP190	Rent - Land	-	11,800
YP200	Garages	-	804,420
YP210	Ground Rents	-	11,100
YR100	Heating Income Special Items	-	30,480
YR110	Mortgage References	-	5,660
YR120	Capital Recs Under £10000	-	34,010
YR140	Sewage Related Income	-	28,980
YR170	Repairs Management Income	-	30,830
YR180	Managing Tenancies Income	-	20,400
YR200	Communal Services	-	-
YR350	Hemnall House	-	2,830
YR400	Grounds Maintenance Services	-	2,000
YR500	Oaps Units Income	-	700,230
YR510	Sheltered Units Support	-	204,080
YR550	Area Warden Support	-	105,130
YR620	Norway House Income	-	63,540
YR800	Other Special Items	-	300,000
YW110	Interest On Revenue Balances	-	6,000
YW120	Interest On Capital Balances	-	-
YW130	Self Financing Interest	-	5,613,000
YY100	Estate Ground Maintenance	-	368,000
		-	<b>3,537,000</b>



## Final Budget Proposals 2022/23

### GENERAL FUND & HRA CAPITAL 2022/23 to 2016/17

#### 1. Background and Introduction

- 1.1 The Capital Programme plays a vital part in the delivery of the Council's Corporate Plan, since long-term investment is required to deliver many of the objectives in the Plan.
- 1.2 Cabinet approved an updated Financial Planning Framework (FPF) 2022/23 to 2026/27 at its meeting on 13th September 2021, which is the first step in preparing the 2022/23 budget and updating the 5-year rolling Capital Programme.
- 1.3 The first major milestone in the FPF was reached on 11th October 2021, with Cabinet receiving and considering an indicative Capital Programme for 2022/23 to 2026/27 alongside the updated (revenue) Medium-Term Financial Plan (MTFP) for 2022/23 to 2026/27. The Programme comprised total capital investment of £277.834 million over the five-year period (General Fund £107.537 million, HRA £170.297 million).
- 1.4 Acting on the strategic direction provided by Cabinet on 11th October 2021, officers subsequently refined the indicative Capital Programme, presenting an initial draft Capital Programme for 2022/23 to 2016/27 for consideration by Cabinet on 6th December 2021. The initial draft Programme comprised total capital investment of £293.049 million over the five-year period (General Fund £107.916 million, HRA £185.133 million).
- 1.5 The draft budget proposals – including the Capital Programme (both General Fund and HRA revenue) – presented to Cabinet in December 2021 — were scrutinised by the Stronger Select Committee on 18th January 2022.
- 1.6 Further detailed work has now been completed on the capital budgets to reflect the Council's latest capital needs and investment priorities in the context of the Local Government Finance Settlement 2022/23 (explained in detail in **Appendix A**) and the current Balance Sheet position. This report allows Cabinet to consider the final capital investment proposals for 2022/23 to 2026/27 – for both the General Fund and HRA – as set out in the report, whilst taking into consideration the comments of the Stronger Council Select Committee.

## 2. General Fund Capital Programme 2022/23 to 2026/27: Capital Growth

- 2.1 There have been relatively few changes to the indicative growth position presented in December 2021 with the largest proposed area of growth remaining the ICT Strategy, with emerging spending pressures (as presented to Stronger Council Select Committee in April 2021) being included again. The final proposals are summarised in the table below.

General Fund Capital Programme 2022/23 to 2026/27: Growth Proposals						
Description	2022/23	2023/24	2024/25	2025/26	2026/27	Totals
	£000's	£000's	£000's	£000's	£000's	£000's
Highway Rangers	40	0	0	0	0	40
Pavement Widening	0	100	0	0	0	100
Home Assistance Loans	30	30	30	30	30	150
CCTV Replacements	12	30	0	10	30	82
Vehicle & Plant Replacements	0	0	0	0	30	30
Civic Offices Café Works	100	0	0	0	0	100
Car Park CCTV System	0	0	0	0	25	25
ICT General Schemes	18.98	93	93	93	93	390.98
ICT Strategy	1,994.93	1,086	971	1,126	931	6,108.93
Council Chamber Upgrade	160	0	0	0	0	160
Investment Properties (planned works)	225	225	225	225	250	1,150
Operational Properties (planned works)	21.22	50	50	50	50	221.22
<b>Total Growth*</b>	<b>2,602.13</b>	<b>1,614</b>	<b>1,369</b>	<b>1,534</b>	<b>1,439</b>	<b>8,558.13</b>

\*Note – presentational difference compared to December 2021: Disabled Facilities Grants excluded from growth as 100% externally funded. Qualis loans also excluded as already have full Council approval.

- 2.2 The proposals in the table above can be summarised as follows:

- **Highway Rangers (£40,000)** – the draft Capital Programme for the Commercial & Technical directorate includes a proposal to expand the successful Highway Rangers scheme as envisaged initially; two distinct teams will be formed to allow greater coverage across the district, whilst increasing the number of apprenticeship opportunities. The teams play a key role in the sustainability and environmental agenda as well as improving the condition of the High Streets and rural areas. The capital bid – of £40,000 – is to allow the expansion by purchasing and fitting out a second vehicle.

- **Highways Pavement Widening (renewal) (£100,000)** – the original Pavement Widening project in Epping was part of Covid-19 “Making our High Streets Safer” scheme. It was initially a temporary measure but following positive consultation feedback from the public, the scheme has now become permanent. The original surfacing works were of a temporary nature with a life span of approximately 18-24 months and will need to be replaced. A provisional allocation of £100,000 is therefore requested. This is a new item in this iteration of the budget.
- **Home Assistance Loans (£150,000)** – further capital funding (£30,000 per annum) for Home Assistance Loans granted to property-owning vulnerable residents is included in the proposals. The Council has been running the scheme for several years now, and the bid is to further extend a scheme from which many Epping Forest residents have benefited from in the past.
- **CCTV Replacements (£82,000)** – proposed funding of £82,000 has been included in the Programme to maintain the district’s CCTV camera system, which has an estimated lifespan of seven years before replacement/upgrade is required.
- **Vehicle & Plant Replacements (£30,000)** – a capital allocation of £30,000 in ‘rollover funding’ (into 2026/27) is also requested for the purposes of maintaining the current Vehicle & Plant replacement programme.
- **Civic Offices Café (£100,000)** – capital growth of £100,000 is requested for external access works for the proposed Café on the Ground Floor of the Civic Offices. This is a new item in this iteration of the budget and represents an enhancement to the newly refurbished Civic Hub.
- **Car Park CCTV System (£25,000)** – as with Vehicle & Plant replacements, a capital allocation of £25,000 in ‘rollover funding’ (into 2026/27) is also requested for the purposes of maintaining the current CCTV replacement/upgrade programme.
- **ICT (£6,499,910)** – the ICT growth proposals are dominated by an allocation of £6.109 million for the development and progression of a new ICT Strategy:
  - Current proposals include the migration of several applications to ‘Software as a Service’. Some applications are already in the process of being migrated, such as Planning, Local Land Charges, Grounds Maintenance and BACS processing, with others being considered for future financial years. The proposals also include moving other applications such as Revenues and Benefits, Environmental Health and Licensing, to hosted solutions with the supplier and migrating (the remaining datacentre) to the Microsoft Azure cloud
  - Investment is also proposed to the remaining on-site infrastructure to ensure it is fit for purpose while the migration to the Cloud happens. Full migration would take 2 to 3 years, and significant network and security changes would be required to facilitate the new Cloud-based way of working; however
  - Officers are progressively developing updated delivery plans in the context of the Council’s latest financial position, which includes potentially frontloading capital investment towards projects yielding higher cashable savings. Therefore, it is assumed in this budget that – wherever feasible – the revenue costs of delivering the proposed growth in the ICT Strategy will be met from the savings it delivers.

Detailed business cases for individual schemes will be presented to Cabinet for approval, before progressing to the delivery stage.

- **Council Chamber Upgrade (£160,000)** – the microphones and speaker equipment in the Council Chamber are nearing the end of their useful life and if not upgraded or replaced they will eventually fail. The equipment was also not originally intended to accommodate virtual or hybrid meetings and whilst the current equipment has been adapted to facilitate meetings carried out in this form, the equipment's performance is sub optimal. Several Members have commented on the performance of the equipment in the Chamber. Total capital provision of £160,000 is therefore requested in the Capital Programme to carry out a replacement programme that brings enhanced quality, increased functionality and better integration with webcasting and Zoom. The 'listed' status of the Council Chamber means this is more complex than would otherwise be the case and the estimated provision reflects this.
- **Planned Property Works (£1,371,220)** – a provisional growth allocation for planned works on the Council's Investment and Operational properties of £1.371 million is requested (Investment Properties £1.150 million, Operational Properties £0.221 million). Planned work on Investment Properties is usually limited to void repairs. The future capital needs of the Operational Property portfolio will be the subject of a detailed review in the year ahead as the Council develops a new Asset Management Plan (AMP); the new Civic Offices provides a good base, but the AMP will ensure that all General Fund capital assets continue to be of long-term use against a backdrop of rapid operational and technological change. The new AMP will be subject to scrutiny and Cabinet approval, with the Capital Programme updated accordingly for Member consideration and approval.

### 3. Proposed General Fund Capital Programme 2022/23 to 2026/27

- 3.1 The proposed General Fund Capital Programme totals £117.401 million over the five-year period 2022/23 to 2026/27 and is summarised by **service** area in the table below.

<b>Draft General Fund Capital Programme 2022/23 to 2026/27: Service Analysis</b>						
<b>Service</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>Total</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>EXPENDITURE</b>						
Community & Wellbeing	770	0	0	0	0	<b>770</b>
Commercial & Technical	13,793	15,174	1,076	1,096	1,061	<b>32,200</b>
Corporate Services	2,064	1,179	1,064	1,219	1,024	<b>6,550</b>
Customer Services	160	0	0	0	0	<b>160</b>
Property Services	271	300	300	300	300	<b>1,471</b>
Place	250	0	0	0	0	<b>250</b>
Qualis	55,000	21,000	0	0	0	<b>76,000</b>
<b>Total Expenditure</b>	<b>72,308</b>	<b>37,653</b>	<b>2,440</b>	<b>2,615</b>	<b>2,385</b>	<b>117,401</b>
<b>FINANCING</b>						
Capital Receipts	(3,493)	(4,818)	(1,469)	(1,644)	(1,414)	<b>(12,838)</b>
Capital Grants	(971)	(971)	(971)	(971)	(971)	<b>(4,855)</b>
Borrowing	(67,844)	(31,864)	0	0	0	<b>(99,708)</b>
<b>Total Financing</b>	<b>(72,308)</b>	<b>(37,653)</b>	<b>(2,440)</b>	<b>(2,615)</b>	<b>(2,385)</b>	<b>(117,401)</b>

## EXPENDITURE

3.2 The **capital expenditure** profile presented in the table above comprises a wide range of individual schemes and includes the following:

- **Community and Wellbeing (£0.770 million)** – the Museum and Library Joint Facility at Waltham Abbey is the sole capital scheme within the Community and Wellbeing Service. Cabinet approved total funding for the scheme of £1.54 million in December 2020 and preliminary work has been completed to get the project to “RIBA Stage 2”. However, the project is currently paused due to wider conversations with the Library and other partners about a coherent community hub approach to service delivery across the district which can be underpinned both by the community hub based at the Civic Offices and any future community hub born out of a partnership to combine both the Museum and Library in Waltham Abbey.

Update Quarter 3 2021/22

It should be noted that, as at 31st December 2021 (“Quarter 3 2021/22”), the forecast total spending on this project for 2021/22 was £90,000 against an annual allocation of £770,000. If this accurately reflects the final outturn, the unspent balance (£680,000) would be available for roll forward into 2022/23 (resulting in an updated allocation of £1.450 million).

- **Commercial and Technical (£32.200 million)** – the Commercial and Technical service is leading on ten separate schemes, which are dominated by three in particular:
  - **Epping Leisure Facility (£25.0 million)** – the new Epping Leisure Facility is the single largest scheme included in the Programme. The wider scheme will see the development of a replacement leisure facility for the existing (and aging) facility as well as the construction of a multi-story car park. Cabinet approved the addition of this scheme to the draft Capital Programme at its meeting on 21st January 2021 and the allocation represents the Council’s commitment to developing the leisure facility. Qualis are developing the multi-storey car park element of the wider project.

Update Quarter 3 2021/22

It should be noted that, as at 31st December 2021 (“Quarter 3 2021/22”), there was forecast total spending on this project (for enabling activities including planning, architect, consultancy and other project fees) of £1.494 million for 2021/22. If this accurately reflects the final outturn, the spending in 2021/22 would be subtracted from the 2022/23 allocation (resulting in an updated allocation of £11.006 million for 2022/23 and £23.506 million overall).

- **Disabled Facilities Grants (£4.855 million)** – the Government eventually confirmed that the Epping Forest District Council allocation for Disabled Facilities Grants (DFG) in 2021/22 was £971,213 (£297 below the February 2021 estimate). There is currently no indication of future allocations. It is therefore still assumed (as in previous draft versions of this Programme) that the Council will receive the same amount – without uplift – from 2022/23 onwards; and
- **Cartersfield Road (£1.477 million)** – the scheme – approved by Cabinet in February 2021 – entails the redevelopment of a group of Council-owned industrial warehouse units, situated in Cartersfield Road, Waltham Abbey. The spending included in the adopted Capital Programme, is partly funded by an insurance receipt received in relation to a previous fire at the site.

Update Quarter 3 2021/22

It should be noted that, as at 31st December 2021 (“Quarter 3 2021/22”), the forecast total spending on this project for 2021/22 was £20,000 against an annual allocation of £1.436 million. If this accurately reflects the final outturn, the unspent balance (£1.416 million) would be available for roll forward into 2022/23 (resulting in an updated allocation of £2.893 million).

There has been some progress on the project with planning permission obtained and procurement documentation drafted. However, project delays have been experienced as the Council continues to seek vacant possession from some long-term tenants; comprehensive vacant possession is required for the site before capital works can commence. Latest intelligence suggests that the project may now be delayed until October 2022.

- **Corporate Services (£6.550 million)** – the capital proposals for the Corporate Services directorate reflect the Council’s need for investment in ICT (see discussion on ICT growth proposals above in Paragraph 2.2).
- **Customer Services (£0.160 million)** – the capital proposals for the Customer Services directorate relate exclusively to the Council Chamber Upgrade (see discussion on Council Chamber growth proposals above in Paragraph 2.2).
- **Property Services (£1.471 million)** – the capital proposals for the Property Services directorate comprise the Council’s need for planned works on its Investment and Operational property portfolios. (see discussion on Planned Property growth proposals above in Paragraph 2.2).
- **Place (£0.250 million)** – this is the second year of additional planned capital investment of £0.5 million on Environmental Projects over the two-year period 2021/22 and 2022/23 and is being used for projects identified in the Green Infrastructure Strategy and as a result of the Climate Change consultation.

Update Quarter 3 2021/22

An unspent balance of £176,984 was rolled forward from 2020/21 and, combined with the 2021/22 allocation of £250,000, is expected to result in total spending of £426,984, which means that – if that is the outturn position – total spending on the projects will be ‘on budget’, leaving just the annual allocation of £250,000 for 2022/23; and

- **Qualis (£76.0 million)** – this is the balance on the previously agreed £98.0 million Regeneration Finance Loans (including the recently extended loan facility of £35.0 million approved by Cabinet in July 2021). The first advance of £6.0 million was made in March 2021 with the further advances totalling £16.0 million scheduled for the end of January 2022. The loans are a key enabler in the delivery of the Council’s regeneration priorities in the district through Qualis; the Council will receive a revenue margin on the loan, which is available to support general spending and minimise Council Tax increases.

## FINANCING

3.3 The assumed **capital financing** profile for the proposed General Fund Capital Programme 2022/23 to 2026/27 represents an amalgam of Capital Receipts, Capital Grants and Borrowing. Thus:

- **Capital Receipts (£12.838 million)** – financing from Principal Repayments on Qualis loans is assumed to be the sole source of General Fund capital receipts. Should other General Fund capital receipts become available for financing capital investment in future, these would be reflected in individual business cases and Programme updates
- **Capital Grants (£4.855 million)** – an annual allocation of £971,000 from the Government is assumed for Disabled Facilities Grants (DFGs) for the five-year period covered by the Programme. No other capital grants are assumed at this stage; and
- **Borrowing (£99.708 million)** – further long-term borrowing is anticipated, primarily to fund the Council's commitment to Qualis loans, although precise details on lenders and other details will be determined in consultation with our Treasury Management advisors (Arlingclose) nearer the time. Increased short-term borrowing is also expected for the foreseeable future as part of a balanced strategy (subject to balancing risk and – currently – very low short-term interest rates persisting, relative to long-term rates).

3.4 A more detailed summary of the draft General Fund Capital Programme 2022/23 to 2026/27, analysed by individual **schemes**, is presented at **Annex 1**.

#### 4. Proposed HRA Capital Programme 2022/23 to 2026/27

4.1 The proposed HRA Capital Programme totals £185.906 million over the five-year period 2022/23 to 2026/27 and is summarised by *nature* in the table below.

Draft HRA Capital Programme 2022/23 to 2026/27						
Description	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£000's	£000's	£000's	£000's	£000's	£000's
<b>EXPENDITURE</b>						
Housing Development Programme	28,809	28,498	11,556	6,695	0	<b>75,558</b>
Capital Works	11,752	23,255	24,070	13,217	14,497	<b>86,791</b>
Regeneration Projects	5,750	4,200	2,000	6,000	0	<b>17,950</b>
Other Housing Schemes	1,479	997	1,023	1,043	1,065	<b>5,607</b>
<b>Total Expenditure</b>	<b>47,790</b>	<b>56,950</b>	<b>38,649</b>	<b>26,955</b>	<b>15,562</b>	<b>185,906</b>
<b>FINANCING</b>						
Direct Revenue Contributions	(5,364)	(3,392)	(5,066)	(5,538)	(5,222)	<b>(24,582)</b>
Major Repairs Reserve	(9,904)	(9,137)	(9,320)	(9,506)	(9,696)	<b>(47,563)</b>
RTB Receipts	(5,970)	(4,551)	(1,777)	(1,818)	(74)	<b>(14,190)</b>
Other Contributions	(466)	(2,172)	(1,062)	(829)	(570)	<b>(5,099)</b>
Borrowing	(26,086)	(37,698)	(21,424)	(9,264)	0	<b>(94,472)</b>
<b>Total Financing</b>	<b>(47,790)</b>	<b>(56,950)</b>	<b>(38,649)</b>	<b>(26,955)</b>	<b>(15,562)</b>	<b>(185,906)</b>

4.2 The Programme is dominated by the Housing Development Programme and routine Capital Works:

- **Housing Development Programme (£75.558 million)** – the Housing Development Programme includes a combination of (direct) Housebuilding, Acquisitions from Qualis and Development Land Purchases. Thus:
  - *Housebuilding (£52.082 million)* – this is expected to deliver a mixture of affordable rent and shared ownership properties by 2025/26, including New Build Properties (212 affordable rent units)
  - *Qualis Acquisitions (£20.726 million)* – the Development Programme also includes the planned acquisition of 89 properties; 67 affordable rent units and 22 shared ownership properties across five different sites; St. Johns (46), Conder (11), Hemnall Street (10), Roundhills (7) and Pyrles Lane (15); and



- Development Land Purchases (£2.750 million) – two further development sites in the district have been located and earmarked for potential acquisition (separate provisions have been made for £2.0 million and £0.750 million respectively).
- **Capital Works (£86.791 million)** – planned Capital Works (which includes works on Windows, Doors, Roofing, Kitchens, Bathrooms etc.) over the five-year period average out at around £17.4 million annually. This contrasts with annual budgets of £9.592 million and £11.970 million in 2020/21 and 2021/22 respectively. The increase reflects a reversal in lifecycle assumptions previously applied to a range of capital items; most notably this applies to Gas Boilers where lifecycles were previously extended from 15 to 20 years, which have now reverted back to 15 years, which triggered a backlog capital investment requirement of £10.716 million. The same position applies to Flat Roofs (backlog cost £7.010 million).

## FINANCING

4.3 The assumed **capital financing** profile for the proposed HRA Capital Programme 2022/23 to 2026/27 represents an amalgam of Direct Revenue Contributions, Major Repairs Reserve Contributions, “Right to Buy” (RTB) Receipts, Other Contributions and Borrowing. Thus:

- **Direct Revenue Contributions (£24.582 million)** – the Council is set to continue with substantial revenue contributions to capital; this has been a major source of financing for the HRA Capital Programme for many years. The temporary reduction (to £3.392 million) in 2023/24 ensures that the HRA breaks even in the medium-term (covered in **Appendix D**).
- **Major Repairs Reserve (MRR) (£47.563 million)** – a major increase in MRR contributions represents a change in strategy (contained in the new HRA Business Plan). Previously, MRR balances had been allowed to accumulate. The new approach minimises the requirement for Direct Revenue Contributions, whilst at the same time minimising Borrowing.
- **RTB Receipts (£14.190 million)** – the new HRA Business Plan also assumes RTB sales of 12 properties per annum at an average receipt value of £323,000 (the Council retains approximately 25% of the receipt, with the remainder paid over to the Government). The profile presented above represents the *application* of those receipts under the Government’s RTB “one-for-one” scheme, which – since April 2021 – gives the Council an extended period of 5 years to provide a replacement affordable property.
- **Other Contributions (£5.099 million)** – the Council is also set to receive a range of other third-party contributions, including Grants (e.g. from Homes England), Leaseholder Contributions, Section 106 Receipts, as well as Capital Receipts from the sale of completed Shared Ownership Properties; and
- **Borrowing (£94.472 million)** – as with the General Fund, further long-term HRA borrowing is anticipated. Likewise, precise details on lenders and other details will be determined in consultation with our Treasury Management advisors (Arlingclose) nearer the time.

- 4.4 Members should note that the data in the “Fortress” (HRA Business Plan) model is still being further refined and will be updated during 2022/23 to reflect the outcome of an independent Stock Condition Survey, which is in progress at the time of preparing this budget. This will allow an even more accurate and focussed assessment of the Council’s need for capital investment in its stock and will be reported to Cabinet in due course.
- 4.5 A more detailed summary of the draft HRA Capital Programme 2022/23 to 2026/27 is presented at **Annex 2**.

## Annex 1

## Draft General Fund Capital Programme 2022/23 to 2026/27: Summary of Schemes

GF Capital Programme 2022/23 to 2026/27 (DRAFT)							
		2022/23 Updated	2023/24 Updated	2024/25 Updated	2025/26 Updated	2026/27 New (Proposed)	Total MTFP 22/23 to 26/27
		£'s	£'s	£'s	£'s	£'s	£'s
	<b>Community &amp; Wellbeing</b>						
Waltham Abbey Hub	Joint Museum and Library Facility	770,000	-	-	-	-	770,000
	<b>Sub-Totals</b>	<b>770,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>770,000</b>
	<b>Commercial &amp; Technical</b>						
Asset Management	Cartersfield Road	-	1,477,400	-	-	-	1,477,400
	Investment Property Acquisition Fund	-	-	-	-	-	-
	Investment Properties (Landmark Buildings)	-	-	-	-	-	-
	EFDC Shopping Park	-	-	-	-	-	-
Community Safety	CCTV Replacement Programme	102,000	55,000	20,000	25,000	30,000	232,000
	CarPark CCTV Systems	20,000	10,000	25,000	40,000	-	95,000
	Superfast Broadband (REFCuS)	-	-	-	-	-	-
Regulatory (PH Grants)	Disabled Facilities Grants	971,210	971,210	971,210	971,210	971,210	4,856,050
Regulatory (PH Grants)	Home Assist Grants	30,000	30,000	30,000	30,000	30,000	150,000
	Leisure Centres	-	-	-	-	-	-
	Car Park Schemes	-	-	-	-	-	-
	Civic Offices Accommodation Project	-	-	-	-	-	-
	Civic Offices - Café External Works	100,000	-	-	-	-	100,000
	Highway Ranger and Other Works	40,000	-	-	-	-	40,000
	Highways - Pavement Widening Scheme	-	100,000	-	-	-	100,000
Grounds Maintenance	Grounds Maintenance	30,000	30,000	30,000	30,000	30,000	150,000
	Highways	-	-	-	-	-	-
North Weald Airfield	NWA Preparations Phase 1	-	-	-	-	-	-
Fleet Operations	Vehicle Fleet Replacement	-	-	-	-	-	-
Contract Management	Epping Leisure Facility	12,500,000	12,500,000	-	-	-	25,000,000
	Ongar Leisure Centre	-	-	-	-	-	-
	<b>Sub-Totals</b>	<b>13,793,210</b>	<b>15,173,610</b>	<b>1,076,210</b>	<b>1,096,210</b>	<b>1,061,210</b>	<b>32,200,450</b>
	<b>Corporate Services</b>						
ICT	ICT General Schemes	18,980	93,000	93,000	93,000	93,000	390,980
ICT	ICT Strategy	2,044,930	1,086,000	971,000	1,126,000	931,000	6,158,930
ICT	Civic Offices Accommodation Project (ICT)	-	-	-	-	-	-
	<b>Sub-Totals</b>	<b>2,063,910</b>	<b>1,179,000</b>	<b>1,064,000</b>	<b>1,219,000</b>	<b>1,024,000</b>	<b>6,549,910</b>
	<b>Customer Services</b>						
Communications	Council Chamber Upgrade	160,000	-	-	-	-	160,000
		-	-	-	-	-	-
	<b>Sub-Totals</b>	<b>160,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>160,000</b>
	<b>Housing (Property Services)</b>						
Facilities Management	Oakwood Hill Depot extension	-	-	-	-	-	-
	Town Mead Depot	-	-	-	-	-	-
Facilities Management	Investment Properties (Planned Works)	250,000	250,000	250,000	250,000	250,000	1,250,000
Facilities Management	Operational Properties (Planned Works)	21,220	50,000	50,000	50,000	50,000	221,220
	<b>Sub-Totals</b>	<b>271,220</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>1,471,220</b>
	<b>Place</b>						
Climate Change	Climate & Environmental Projects	250,000	-	-	-	-	250,000
	<b>Sub-Totals</b>	<b>250,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>250,000</b>
	<b>Qualis</b>						
Capital Investments	Asset Purchase Loan	-	-	-	-	-	-
	Regeneration Finance Loans	55,000,000	21,000,000	-	-	-	76,000,000
	<b>Sub-Totals</b>	<b>55,000,000</b>	<b>21,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76,000,000</b>
<b>Totals</b>		<b>72,308,340</b>	<b>37,652,610</b>	<b>2,440,210</b>	<b>2,615,210</b>	<b>2,385,210</b>	<b>117,401,580</b>

**Annex 2****Draft HRA Capital Programme 2022/23 to 2026/27**

<b>HRA Capital Programme 2022/23 to 2026/27 (DRAFT)</b>	<b>2022/23 Updated</b>	<b>2023/24 Updated</b>	<b>2024/25 Updated</b>	<b>2025/26 Updated</b>	<b>2026/27 New (Proposed)</b>	<b>Total 2022/23 to 2026/27</b>
	<b>£'s</b>	<b>£'s</b>	<b>£'s</b>	<b>£'s</b>	<b>£'s</b>	<b>£'s</b>
<b>Schemes</b>						
<b>Housing Development Programme:</b>						
Housebuilding	15,597,810	20,556,660	9,533,240	6,394,460	-	52,082,170
Acquisition of Street Properties	-	-	-	-	-	-
Qualis Acquisitions	10,461,190	7,941,340	2,022,760	300,540	-	20,725,830
Development Land Purchases	2,750,000	-	-	-	-	2,750,000
<b>Sub-Totals</b>	<b>28,809,000</b>	<b>28,498,000</b>	<b>11,556,000</b>	<b>6,695,000</b>	<b>-</b>	<b>75,558,000</b>
<b>Capital Works:</b>						
Heating	1,556,000	6,221,260	4,649,520	2,399,160	3,049,730	17,875,670
Windows, Door and Roofing	2,886,000	6,127,840	5,379,110	2,791,320	3,154,290	20,338,560
Compliance Planned Maintenance	250,000	2,000,160	2,098,170	1,027,780	1,150,160	6,526,270
Kitchens & Bathrooms (inc void all	2,300,000	4,786,000	5,065,400	2,561,190	2,345,780	17,058,370
Electrical	2,211,000	1,350,000	3,824,750	1,921,000	2,096,630	11,403,380
Sprinklers	-	130,620	130,620	130,620	130,620	522,480
Environmental	275,000	868,320	910,870	489,600	499,320	3,043,110
Structural works	949,000	626,000	849,000	866,000	883,000	4,173,000
Disabled Adaptations	1,145,000	650,000	650,000	650,000	800,000	3,895,000
Asbestos Removal	130,000	280,800	294,560	158,330	161,470	1,025,160
Estate Improvements	50,000	214,000	218,000	222,000	226,000	930,000
<b>Sub-Totals</b>	<b>11,752,000</b>	<b>23,255,000</b>	<b>24,070,000</b>	<b>13,217,000</b>	<b>14,497,000</b>	<b>86,791,000</b>
<b>Regeneration Projects:</b>						
Limes Avenue and Copperfield	3,000,000	3,000,000	-	-	-	6,000,000
Broadway	2,750,000	-	-	-	-	2,750,000
Pylres Lane	-	1,200,000	-	-	-	1,200,000
Harvey Fields	-	-	2,000,000	-	-	2,000,000
Oakwood Hill Estate	-	-	-	6,000,000	-	6,000,000
<b>Sub-Totals</b>	<b>5,750,000</b>	<b>4,200,000</b>	<b>2,000,000</b>	<b>6,000,000</b>	<b>-</b>	<b>17,950,000</b>
<b>Other Housing Schemes:</b>						
Service Enhancements (General)	234,990	233,540	506,000	519,000	573,000	2,066,530
Housing Asset Management Project	400,010	255,460	-	-	-	655,470
Service Enhancements (HFFHH)	154,000	154,000	154,000	154,000	114,000	730,000
Sheltered Block Refurbishments	330,000	354,000	363,000	370,000	378,000	1,795,000
Emergency Alarm System Upgrades	360,000	-	-	-	-	360,000
<b>Sub-Totals</b>	<b>1,479,000</b>	<b>997,000</b>	<b>1,023,000</b>	<b>1,043,000</b>	<b>1,065,000</b>	<b>5,607,000</b>
<b>Total Expenditure</b>	<b>47,790,000</b>	<b>56,950,000</b>	<b>38,649,000</b>	<b>26,955,000</b>	<b>15,562,000</b>	<b>185,906,000</b>

## Draft Fees & Charges 2022/23

### 1. Background

- 1.1 Councils can recover the cost of providing certain services through making a charge to service users. For some services, this is a requirement and charges are statutorily determined. In other areas, councils have the discretion to determine whether charging is appropriate, and the level at which charges are set.

### 2. Introduction

- 2.1 This report focuses on discretionary fees and charges for 2022/23, with detailed proposals for both the Council's General Fund and the ring-fenced Housing Revenue Account (HRA).
- 2.2 As with all councils, the use of charging has become an increasingly important feature of Epping Forest District Council's financial strategy, as the pressure on the revenue budget limits the extent to which the subsidisation of discretionary services is feasible. Recovering the costs of these services from users where possible helps to ensure the sustainability of the Council's offer to residents and businesses, beyond the statutory minimum, whilst maintaining the lowest Council Tax possible.
- 2.3 The Medium-Term Financial Plan (MTFP) 2022/23 to 2026/27 adopted by Cabinet in October 2021 agreed to an assumed average increase of 2.0% in General Fund fees and charges for 2022/23 (excluding Car Park charges) which, given the prevalence of statutory fees and charges, also assumed that some discretionary fees and charges would need an increase beyond that level. The most notable HRA charge is driven by inflation in accordance with the Government's Rent Standard (April 2020).

### 3. General Fund Fees & Charges (excluding Car Parking)

- 3.1 Senior officers across the Council's General Fund services have reviewed the discretionary fees and charges within their individual service areas taking account of a range of factors including Council priorities, cost recovery, anticipated inflationary pressure, comparative prices and service demand. Consultation with the Stronger Council Select Committee has also taken place on 18th January 2022. This has resulted in a list of proposed fees and charges for 2022/23 (presented in **Annex C1**), which are set alongside the current fees and charges 2021/22 to aid comparison.
- 3.2 No increases are proposed in many fees and charges for 2022/23, which reflects the relatively high proportion of statutorily determined items. However, a range of increases are proposed, mostly relatively small and below the rate of inflation (the CPI inflation rate for December 2021 was 5.4%), although in some areas, proportionately larger increases are proposed for a variety of specific factors (especially where full cost recovery is not being achieved based on current prices).

### 4. Car Parking Charges

- 4.1 Off Street Parking tariffs in the district have not increased since 2015. A review of tariffs has been undertaken to ensure that they remain at a level that supports the operation of the district's Car Parks and assists with budget pressure created by the pandemic. The review has also considered the Climate Change Action Plan and the need to reduce the carbon footprint and improve air quality in Epping Forest, whilst simultaneously balancing the need to maintain and promote the vitality of our town centres.

- 4.2 An initial report on the outcome of the review was presented for scrutiny to the Stronger Place Select Committee on 4th November 2021, and Cabinet approved an updated report on 6th December 2022 in the light of scrutiny and other feedback.
- 4.3 The key proposal is the creation of uniform Car Parking tariffs as follows:
- 30-minute tariff; increase from 20p to 30p
  - 1-hour tariff; increase from 80p/90p to £1-00; and
  - 2-hour tariff; increase from £1.60/£1.80 to £2-00.
- 4.4 The new tariff structure is expected to generate additional income of £158,000 annually; this will help towards addressing the budget gap whilst protecting wider Council services (one-off implementation costs of £40,000 will reduce the income yield to £118,000 in 2022/23). The full Car Parking tariff proposals are summarised at **Annex C2**.

## **5. Housing Revenue Account (HRA) Fees & Charges**

- 5.1 A summary of miscellaneous fees and charges proposed for the Council's HRA is attached at **Annex C3**. An increase of 5.0% is suggested in most cases, although some items are frozen at 2021/22 prices.

### Housing Rents

- 5.2 Social housing rents are set according to the Government's National Social Rent Policy (NSRP) and the Welfare Reform and Work Act 2016. The NSRP came into effect from 1st April 2020, allowing average rents to increase by up to CPI plus 1%, until 1st April 2024. The policy is further confirmed in the Regulator of Social Housing's (RSH) Rent Standard, which applies to all social housing providers, including local authorities.
- 5.3 In accordance with the Rent Standard, the applicable inflation rate is the September 2021 CPI rate of 3.1%. Therefore, applying the 'CPI plus 1.0%' formula, results in a **recommended average rent increase of 4.1% for 2022/23 (equating to a weekly increase of £4.12; increasing the average weekly rent from £101.64 to £105.76)**. This is the current assumption within the Council's emerging HRA Business Plan (with future rent increases also assumed to follow the Rent Standard).

**Annex C1: Draft General Fund Fees & Charges (excluding Car Parks) 2022/23**

Draft Fees & Charges Summary 2022/23								
Description of Charge	2021/22	2022/23					Change	
	Gross	Net	VAT			Gross	%	
	£'s	£'s	%	Cat	£'s	£'s		
<b>Customer Services</b>								
<b>Customer/Revenues and Benefits</b>								
Summons costs (Council Tax & NDR)	65	80	0%	O	-	80	23%	
Liability Order costs (Council Tax & NDR)	30	15	0%	O	-	15	-50%	
<b>Commercial &amp; Technical</b>								
<b>Commercial &amp; Regulatory Services / North Weald Airfield</b>								
HGV Training – pay as you go	79	69	20%	S	14	83	5%	
HGV Training – monthly fee	1,140	979	20%	S	196	1,174	3%	
Driving Schools – full day	328	281	20%	S	56	338	3%	
Driving Schools – half day	229	196	20%	S	39	235	3%	
Driving Experience Days	475	408	20%	S	82	489	3%	
Driving Schools – emergency services	113	103	20%	S	21	124	10%	
Driving Schools – ATC full day	152	130	20%	S	26	156	3%	
Driving Schools – ATC ½ day	101	86	20%	S	17	104	3%	
Driving Schools – City TM	165	142	20%	S	28	170	3%	
Motorsport Sprints	945	811	20%	S	162	974	3%	
Filming / Photoshoots – static full day	795	695	20%	S	139	834	5%	
Filming / Photoshoots – static half day	476	409	20%	S	82	490	5%	
Filming / Photoshoots – moving full day	1,114	974	20%	S	195	1,169	5%	
Filming / Photoshoots – moving half day	636	557	20%	S	111	668	5%	
Meeting Room Hire – full day	191	164	20%	S	33	197	3%	
Meeting Room – half day	128	110	20%	S	22	132	3%	
Meeting Room – EFDC full day	70	62	20%	S	12	74	6%	
Meeting Room -EFDC half day	50	31	20%	S	22	53	6%	
<b>Grounds Maintenance</b>								
Programmed Maintenance - All Saints Church, Chigwell	8,502	7,085	20%	S	1,417	8,502	0%	
Grass cutting - Copped Hall	177	147	20%	S	29	177	0%	
Grass cutting - Debden Sports Club	2,314	175	20%	S	35	2,314	0%	
Grass cutting - Epping Archers	273	22	20%	S	4	273	0%	
Bed Maintenance - Epping Upland PC	177	148	20%	S	30	177	0%	
Grass cutting - Village greens	1,309	1,090	20%	S	218	1,309	0%	
Grass cutting - Loughton Football Club	523	43	20%	S	9	523	0%	
Grass cutting - N/Weald Village Hall	436	61	20%	S	12	436	0%	
Grass cutting - St John's Church, Loughton	2,909	355	20%	S	71	2,909	0%	
Programmed Maintenance - St Mary's Church, Chigwell	10,581	8,818	20%	S	1,764	10,581	0%	
Grass cutting - Theydon Bois P.C.	1,205	287	120%	S	57	1,205	0%	
Grass cutting - Theydon Bois Cemetery	957	228	220%	S	46	957	0%	
Grass cutting - Theydon Bois Cemetery entrance	106	33	320%	S	7	106	0%	
Grave reinstatement - Theydon Bois Cemetery	230	12	20%	S	2	230	0%	
Grass cutting - Loughton Lane	114	36	20%	S	7	114	0%	
Grass cutting - Piercing Hill	114	36	20%	S	7	114	0%	
Grass cutting - Bloody Meadows	227	71	20%	S	14	227	0%	
Grass cutting - Thrifts Hall Farm	683	213	20%	S	43	683	0%	
<b>Training</b>								
Basic Food Hygiene Course - Basic Food Hygiene Course	75	75	0%	O	-	75	0%	
Basic Food Hygiene Course - 6 courses, 10 per course	65	65	0%	O	-	65	0%	
Food Hygiene Re-rating visits	200	200	0%	O	-	200	0%	
Special Treatments - Premises	180	200	0%	O	-	200	11%	
Special Treatments - Person	97	150	0%	O	-	150	54%	
<b>Animal Welfare</b>								
Animal Boarding - Star rated	365	379	0%	O	-	379	4%	
Dog Breeding – Star rated	365	379	0%	O	-	379	4%	
Pet Shop – Star rated	365	379	0%	O	-	379	4%	
Dangerous Wild Animals – Star rated	365	379	0%	O	-	379	4%	
Riding Establishment – Star rated	365	379	0%	O	-	379	4%	
Dog Home Boarding Fee – Star rated	253	263	0%	O	-	263	4%	
Doggy Day Care	253	263	0%	O	-	263	4%	
Zoos	570	593	0%	O	-	593	4%	
Variations applicable to all	132	137	0%	O	-	137	4%	
<b>Hackney Carriage/Private Hire</b>								
New Annual Vehicle Licence - For new vehicles £30 plate deposit	277	277	0%	O	-	277	0%	
Annual vehicle Licence renewal	277	277	0%	O	-	277	0%	
Annual Drivers Licence - (3 year licence)	228	228	0%	O	-	228	0%	
Replacement Vehicle Plate	30	30	0%	O	-	30	0%	
Replacement Driver Badge	10	10	0%	O	-	10	0%	
Duplicate Paper Licence	7	7	0%	O	-	7	0%	
Drivers Test	21	21	0%	O	-	21	0%	
Drivers Re-sit of Test	21	21	0%	O	-	21	0%	



Description of Charge	2021/22	2022/23					Change
	Gross	Net	VAT			Gross	%
	£'s	£'s	%	Cat	£'s	£'s	
<b>Private Hire Operators</b>							
Annual Operator Licence (1 vehicle only)	105	105	0%	O	-	105	0%
Annual Operators (> 1 vehicle)	405	405	0%	O	-	405	0%
Transfer of Vehicle Licence	66	66	0%	O	-	66	0%
Plate Exemption	-	-	0%	O	-	-	-
<b>Gambling Act 2005</b>							
Betting Premises (not tracks) new application	1,220	1,220	0%	O	-	1,220	0%
Betting Premises (not tracks) annual fee	600	600	0%	O	-	600	0%
Betting Premises (not tracks) application to vary	1,000	1,000	0%	O	-	1,000	0%
Betting Premises (not tracks) application to transfer	300	300	0%	O	-	300	0%
Betting Premises (not tracks) application for re-instatement	600	600	0%	O	-	600	0%
Betting Premises (not tracks) application for provisional statement	1,220	1,220	0%	O	-	1,220	0%
Adult Gaming Centre new application	1,000	1,000	0%	O	-	1,000	0%
Adult Gaming Centre annual fee	500	500	0%	O	-	500	0%
Adult Gaming Centre application to vary	1,000	1,000	0%	O	-	1,000	0%
Adult Gaming Centre application to transfer	300	300	0%	O	-	300	0%
Adult Gaming Centre application for re-instatement	500	500	0%	O	-	500	0%
Adult Gaming Centre application for provisional statement	1,000	1,000	0%	O	-	1,000	0%
Bingo Premises Licence	1,250	1,250	0%	O	-	1,250	0%
Bingo Premises annual fee	630	630	0%	O	-	630	0%
Bingo Premises application to vary	625	625	0%	O	-	625	0%
Bingo Premises application to transfer	300	300	0%	O	-	300	0%
Bingo Premises application for re-instatement	630	630	0%	O	-	630	0%
Bingo Premises application for provisional statement	1,250	1,250	0%	O	-	1,250	0%
Betting Premises Track Licence new application	1,300	1,300	0%	O	-	1,300	0%
Betting Premises Track Licence annual fee	630	630	0%	O	-	630	0%
Betting Premises Track Licence application to transfer	625	625	0%	O	-	625	0%
Betting Premises Track Licence application for re-instatement	630	630	0%	O	-	630	0%
Betting Premises Track Licence application for provisional statement	1,300	1,300	0%	O	-	1,300	0%
<b>Gambling Act 2005 Permits</b>							
FEC Gaming Machine app. Fee, and renewal fee	300	300	0%	O	-	300	0%
Price Gaming app fee and renewal fee	300	300	0%	O	-	300	0%
Alcohol Licences Premises - Notification of 2 or less machines app fee	50	50	0%	O	-	50	0%
Alcohol Licences Premises - More than 2 machines app fee	150	150	0%	O	-	150	0%
Alcohol Licences Premises - More than 2 machines: annual fee	50	50	0%	O	-	50	0%
Club Gaming Permit app fee	200	200	0%	O	-	200	0%
Club Gaming Permit: annual fee	50	50	0%	O	-	50	0%
Club Gaming Machine Permit App. Fee and same for renewal	50	50	0%	O	-	50	0%
Club Fast-track for Gaming Permit or Gaming Machine Permit: App fee	100	100	0%	O	-	100	0%
Club Fast-track for Gaming Permit or Gaming Machine Permit: annual fee	50	50	0%	O	-	50	0%
Small Society Lottery Registration: App fee	40	40	0%	O	-	40	0%
Small Society Lottery Registration: annual fee	20	20	0%	O	-	20	0%
<b>Permit – Miscellaneous fees</b>							
FEC Permits: name change	25	25	0%	O	-	25	0%
FEC Permits: permit copy	15	15	0%	O	-	15	0%
Prize Gaming Permits: name change	25	25	0%	O	-	25	0%
Prize Gaming Permits: permit copy	15	15	0%	O	-	15	0%
Alcohol Licences Premises - more than 2 machines: name change	25	25	0%	O	-	25	0%
Alcohol Licences Premises - more than 2 machines: permit copy	15	15	0%	O	-	15	0%
Club Gaming Permit: name change	25	25	0%	O	-	25	0%
Club Gaming Permit: permit copy	15	15	0%	O	-	15	0%
Club Gaming Machine Permit: name change	50	50	0%	O	-	50	0%
Club Gaming Machine Permit: permit copy	15	15	0%	O	-	15	0%
Small Society Lottery Registration: name change	40	40	0%	O	-	40	0%
Small Society Lottery Registration: permit copy	20	20	0%	O	-	20	0%
<b>Miscellaneous</b>							
Sex Shops and Cinemas	600	624	0%	O	-	624	4%
Sexual Entertainment Venues	4,425	4,425	0%	O	-	4,425	0%
Street Trading Consents	430	447	0%	O	-	447	4%
Scrap Metal Site 3 yr licence	437	454	0%	O	-	454	4%
Scrap Metal Dealer 3 yr licence	262	272	0%	O	-	272	4%
Road Closure Notices	194	202	0%	O	-	202	4%
Temporary Pavement Licence	100	100	0%	O	-	100	0%
<b>Community Resilience</b>							
Provision of CCTV for Insurance Purposes/Solicitors	120	125	0%	Z	-	125	0%

Description of Charge	2021/22	2022/23					Change	
	Gross	Net	VAT		Gross	%		
	£'s	£'s	%	Cat	£'s			
<b>Special collections</b>								
<b>Units</b>								
1 to 3	27.60	24.17	20%	S	4.83	29.00	5%	
4 to 7	41.65	36.44	20%	S	7.29	43.73	5%	
8 to 10	55.00	48.13	20%	S	9.63	57.75	5%	
11 to 15	70.00	61.25	20%	S	12.25	73.50	5%	
Over 15	Contact us for price							
<b>Special collections - over 60's</b>								
<b>Units</b>								
1 to 3	13.80	12.08	20%	S	2.42	14.50	5%	
4 to 7	20.80	18.20	20%	S	3.64	21.84	5%	
8 to 10	27.60	24.17	20%	S	4.83	29.00	5%	
11 to 15	35.00	30.63	20%	S	6.13	36.75	5%	
Over 15	Contact us for price							
<b>Trade Waste</b>								
<b>Refuse (bin sizes)</b>								
240	9.48	10.00	0%	Z	0.00	10.00	5%	
360	10.88	11.42	0%	Z	0.00	11.42	5%	
660	14.36	15.07	0%	Z	0.00	15.07	5%	
1100	18.78	19.72	0%	Z	0.00	19.72	5%	
<b>Recycling (bin sizes)</b>								
240	7.26	7.62	0%	Z	0.00	7.62	5%	
360	8.04	8.44	0%	Z	0.00	8.44	5%	
660	9.20	9.66	0%	Z	0.00	9.66	5%	
1100	11.18	11.74	0%	Z	0.00	11.74	5%	
<b>Food (bin sizes)</b>								
240	7.91	8.30	0%	Z	0.00	8.30	5%	
360	8.64	9.07	0%	Z	0.00	9.07	5%	
660	10.10	10.61	0%	Z	0.00	10.61	5%	
1100	N/A							
<b>Glass (bin sizes)</b>								
240	7.11	7.47	0%	Z	0.00	7.47	5%	
360	7.85	8.24	0%	Z	0.00	8.24	5%	
660	8.90	9.35	0%	Z	0.00	9.35	5%	
1100	10.71	11.25	0%	Z	0.00	11.25	5%	
<b>Private Sector Housing Grants</b>								
<b>DFGs and HRA</b>								
Disabled Facilities Grants (paid)	126,652	126,652	0%	Z	-	126,652		
Decent Homes Loans	9,750	9,750	0%	Z	-	9,750		
<b>Private Sector Housing (Tech)</b>								
<b>Licences - HMOs (Initial &amp; Renewal): fee per licence</b>								
HMO with up to 5 units of accommodation	809	841	0%	O	-	841	4%	
Renewal fee for non-compliant landlords	735	764	0%	O	-	764	4%	
Renewal fee for compliant landlords	439	456	0%	O	-	456	4%	
Additional units of accommodation (includes new app's and renewals)	32	33	0%	O	-	33	3%	
<b>Park Homes Licensing Fees</b>								
Site licence fees - In accordance with EFDC's Fees Policy for Licensing Residential Park Home Sites	On 8 sites	3,880	3,880	0%	O	-	3,880	0%
Depositing of site rules		155	155	0%	O	-	155	0%
<b>Penalty Charges for Private Landlords</b>								
Failing to provide appropriate smoke and carbon monoxide alarms (Smoke and Carbon Monoxide Alarms)	5,000	5,000	0%	O	-	5,000	0%	
Fine for Lettings Agencies and Property Agencies failing to join a Government-approved Redress Scheme	5,000	5,000	0%	O	-	5,000	0%	
Civil Penalty Notice for certain Housing Act 2004 offences. See charging policy matrix for offences.	30,000	30,000	0%	O	-	30,000	0%	
Energy Efficiency Private Rented Properties Regs	2,000	2,000	0%	O	-	2,000	0%	
Property let with EPC below E for less than 3 months	4,000	4,000	0%	O	-	4,000	0%	
Property let with EPC below E for more than 3 months	1,000	1,000	0%	O	-	1,000	0%	
False or misleading information on exemption register	2,000	2,000	0%	O	-	2,000	0%	
Failure to comply with compliance notice	2,000	2,000	0%	O	-	2,000	0%	
<b>Property Inspections for Immigration Applications</b>								
At 20/21 flat fee charge agreed		200	200	0%	O	-	200	
<b>Enforcement of Private Sector Housing Conditions- Housing Act 2004 and Mobile Homes Act 2013 (mobile home equates to 1 bed property)</b>								
<b>1 – 4 Hazards per enforcement</b>								
1 Bed Property		390	390	0%	O	-	390	nil
2 Bed Property		423	423	0%	O	-	423	nil
3 Bed Property		504	504	0%	O	-	504	0%
4 Bed Property		585	585	0%	O	-	585	0%
5 or 6 Bed Property		650	650	0%	O	-	650	0%
> 6 Bed Property or HMO		796	796	0%	O	-	796	0%
<b>5 or more Hazards</b>								
1 Bed Property		488	488	0%	O	-	488	0%
2 Bed Property		536	536	0%	O	-	536	0%
3 Bed Property		585	585	0%	O	-	585	0%
4 Bed Property		699	699	0%	O	-	699	0%
5 or 6 Bed Property		748	748	0%	O	-	748	0%
> 6 Bed Property or HMO		829	829	0%	O	-	829	0%
Works in default following enforcement	Cost of work + 30%							



Description of Charge	2021/22	2022/23					Change
	Gross	Net	VAT			Gross	%
	£'s	£'s	%	Cat	£'s	£'s	
<b>Community &amp; Wellbeing</b>							
<b>Venue Hire</b>							
The Space day rate (per hour) (30 people) Commercial	27	23	20%	S	5	28	2%
The Space day rate (per hour) (30 people) Community	16	14	20%	S	3	17	3%
The Space evening rate (per hour) (30 people) Commercial	54	46	20%	S	9	55	2%
The Space evening rate (per hour) (30 people) Community	38	32	20%	S	6	39	3%
The Space Sunday rate (per hour) (30 people) Commercial	109	93	20%	S	19	112	3%
The Space Sunday rate (per hour) (30 people) Community	88	74	20%	S	15	89	2%
Overnight hire at both museums Commercial	575	488	20%	S	98	585	2%
Tea/Coffee and Biscuits (per person)	3	3	20%	S	1	3	2%
Buffet Lunch (per person)	8	7	20%	S	1	8	2%
Limes Centre Main Hall Mon-Fri 9am-6pm Scale 1	14	12	20%	S	2	15	2%
Limes Centre Main Hall Mon-Fri 9am-6pm Scale 2 Non EFDC residents	29	24	20%	S	5	29	2%
Limes Centre Main Hall Mon-Fri 9am-6pm Scale 2 EFDC residents	23	19	20%	S	4	23	2%
Limes Centre Main Hall Mon-Fri 6pm - 10pm Scale 1	20	17	20%	S	3	20	3%
Limes Centre Main Hall Mon-Fri 6pm - 10pm Scale 2 Non EFDC residents	40	34	20%	S	7	40	2%
Limes Centre Main Hall Mon-Fri 6pm - 10pm Scale 2 EFDC residents	32	27	20%	S	5	32	2%
Limes Centre Main Hall Sat 10am-6pm Scale 1	20	17	20%	S	3	21	2%
Limes Centre Main Hall Sat 10am-6pm Scale 2 Non EFDC residents	42	36	20%	S	7	43	2%
Limes Centre Main Hall Sat 10am-6pm Scale 2 EFDC residents	33	28	20%	S	6	34	2%
Limes Centre Main Hall Sat 6pm-11pm Scale 1	32	27	20%	S	5	33	2%
Limes Centre Main Hall Sat 6pm-11pm Scale 2 Non EFDC residents	54	46	20%	S	9	55	2%
Limes Centre Main Hall Sat 6pm-11pm Scale 2 EFDC residents	44	37	20%	S	7	44	2%
Limes Centre Main Hall Sun 10am-9pm Scale 1	33	28	20%	S	6	33	2%
Limes Centre Main Hall Sun 10am-9pm Scale 2 Non EFDC residents	54	46	20%	S	9	55	2%
Limes Centre Main Hall Sun 10am-9pm Scale 2 EFDC residents	44	37	20%	S	7	44	2%
Limes Centre Activity Room Mon-Fri 9am-6pm Scale 1	10	9	20%	S	2	11	3%
Limes Centre Activity Room Mon-Fri 9am-6pm Scale 2 Non EFDC residents	22	19	20%	S	4	23	2%
Limes Centre Activity Room Mon-Fri 9am-6pm Scale 2 EFDC residents	17	15	20%	S	3	18	3%
Limes Centre Activity Room Mon-Fri 6pm - 10pm Scale 1	16	13	20%	S	3	16	3%
Limes Centre Activity Room Mon-Fri 6pm - 10pm Scale 2 Non EFDC residents	27	23	20%	S	5	28	2%
Limes Centre Activity Room Mon-Fri 6pm - 10pm Scale 2 EFDC residents	22	19	20%	S	4	23	2%
Limes Centre Activity Room Sat/Sun 10am-6pm Scale 1	17	14	20%	S	3	17	3%
Limes Centre Activity Room Sat/Sun 10am-6pm Scale 2 Non EFDC residents	28	24	20%	S	5	29	2%
Limes Centre Activity Room Sat/Sun 10am-6pm Scale 2 EFDC residents	22	19	20%	S	4	23	2%
Limes Centre Activity Room Sat/Sun 6pm-11pm Scale 1	23	19	20%	S	4	23	2%
Limes Centre Activity Room Sat/Sun 6pm-11pm Scale 2 Non EFDC residents	33	28	20%	S	6	34	2%
Limes Centre Activity Room Sat/Sun 6pm-11pm Scale 2 EFDC residents	27	23	20%	S	5	28	2%
Limes Centre Meeting Room Mon-Fri 9am-6pm Scale 1	7	6	20%	S	1	7	4%
Limes Centre Meeting Room Mon-Fri 9am-6pm Scale 2 Non EFDC residents	13	11	20%	S	2	13	2%
Limes Centre Meeting Room Mon-Fri 9am-6pm Scale 2 EFDC residents	11	9	20%	S	2	11	2%
Limes Centre Meeting Room Mon-Fri 6pm - 10pm Scale 1	14	11	20%	S	2	14	2%
Limes Centre Meeting Room Mon-Fri 6pm - 10pm Scale 2 Non EFDC residents	26	22	20%	S	4	26	2%
Limes Centre Meeting Room Mon-Fri 6pm - 10pm Scale 2 EFDC residents	22	18	20%	S	4	22	2%
Limes Centre Meeting Room Sat/Sun 10am-6pm Scale 1	14	11	20%	S	2	14	2%
Limes Centre Meeting Room Sat/Sun 10am-6pm Scale 2 Non EFDC residents	27	23	20%	S	5	27	2%
Limes Centre Meeting Room Sat/Sun 10am-6pm Scale 2 EFDC residents	22	18	20%	S	4	22	2%
Limes Centre Meeting Room Sat/Sun 6pm-11pm Scale 1	18	15	20%	S	3	18	3%
Limes Centre Meeting Room Sat/Sun 6pm-11pm Scale 2 Non EFDC residents	36	30	20%	S	6	37	3%
Limes Centre Meeting Room Sat/Sun 6pm-11pm Scale 2 EFDC residents	28	24	20%	S	5	29	2%
<b>Culture and Community Programme</b>							
Family Fun Workshops and Toddler sessions	2	2	0%	X	-	2	4%
Half Day Workshops	9	9	0%	X	-	9	2%
Full day workshops	22	22	0%	X	-	22	2%
Artist-led Workshops 1.5 hrs (incl. materials)	11	11	0%	X	-	11	2%
Artist-led Workshops 2 hrs (incl. materials)	11	11	0%	X	-	11	4%
Artist-led Workshops 5 hrs/1 day (incl. materials)	22	22	0%	X	-	22	2%
Artist led – 3-day workshop	54	55	0%	X	-	55	2%
Adult Art Classes	17	17	0%	X	-	17	3%
Museum Movers	5	5	0%	X	-	5	8%
Creative Homes Arts sessions per session (incl. materials and set up, clear up time)	80	82	0%	X	-	82	2%
Creative Homes Dance sessions per session (incl. materials)	60	62	0%	X	-	62	3%



Description of Charge	2021/22		2022/23				Change	
	Gross	Net	VAT			Gross	%	
	£'s	£'s	%	Cat	£'s	£'s		
<b>Wellbeing Programme</b>								
Yoga Sessions - Get Active	5	5	0%	X	-	5	4%	
Indoor Bowls - Get Active	5	5	0%	X	-	5	4%	
David Lloyd Bowls - Get Active	5	5	0%	X	-	5	4%	
Keep Fit - Get Active	5	5	0%	X	-	5	4%	
Pilates - Get Active	5	5	0%	X	-	5	4%	
Active Living	5	5	0%	X	-	5	4%	
Strength & Balance	5	5	0%	X	-	5	4%	
Lifewalks - per walk	3	3	0%	X	-	3	0%	
Lifewalks - privilege card for 6 months	32	35	0%	X	-	35	9%	
Lifewalks - privilege card for 12 months	62	66	0%	X	-	66	6%	
Cycling for health 2 hour session	5	5	0%	X	-	5	4%	
Cycling for health with bike hire 2 hour session	10	11	0%	X	-	11	12%	
Cycling for health all day ride	10	10	0%	X	-	10	4%	
Cycling for health all day ride with bike hire	18	20	0%	X	-	20	13%	
Multi-sports/Activity Camps	21	23	0%	X	-	23	10%	
Play in the Forest	4	4	0%	X	-	4	5%	
After School Clubs	25	35	0%	X	-	35	40%	
Walking Football	3	4	0%	X	-	4	9%	
Football V Fat	4	5	0%	X	-	5	35%	
Athletics/Tennis	4	4	0%	X	-	4	6%	
Play in the Park (Charge for town/parish councils)	90	95	0%	X	-	95	6%	
<b>Images (Private Research &amp; Commercial)</b>								
<b>Private Research:</b>								
A4 Black & White print	8	6	20%	S	1	8	3%	
A4 Colour print	8	7	20%	S	1	8	3%	
A4 Black and white photocopy	2	1	20%	S	0	2	3%	
Digital copy, 300dpi (by email)	7	6	20%	S	1	7	3%	
Digital copy, 300dpi (by email) (over 10 images)	6	5	20%	S	1	6	3%	
Loans Handling Fee	105	89	20%	S	18	107	2%	
<b>Exhibition Hire</b>								
Touring Exhibitions (Venues in Eastern Region) per month (minimum 2 month hire)	70	75	0%	X	-	75	7%	
Touring Exhibitions (Venues outside Eastern Region) per month (minimum 2 month hire)	100	105	0%	X	-	105	5%	
<b>Design Charges</b>								
Exhibition and Design Officer (per hour)	30	32	0%	Z	-	32	7%	
Other Officers (per hour)	25	28	0%	Z	-	28	12%	
Administrative Tasks (per hour)	15	17	0%	Z	-	17	10%	
<b>Talks and Tours</b>								
1 hour daytime talk within the Epping Forest District (per group)	65	66	0%	X	-	66	2%	
1 hour daytime talk outside the Epping Forest District (per group)	75	77	0%	X	-	77	2%	
1 hour evening talk outside museum but within district (per group)	75	77	0%	X	-	77	2%	
1 hour evening talk outside the district (per group)	86	88	0%	X	-	88	2%	
1 hour daytime talk or tour (incl. Behind the Scenes), with refreshments within the museum (per pers	7	7	0%	X	-	7	3%	
1 hour evening talk or tour (incl. Behind the Scenes), with refreshments within the museum (per pers	9	9	0%	X	-	9	2%	
<b>Schools (workshops in school - Max 35 pupils per class)</b>								
<b>1 class for 1 hour</b>								
Epping Forest District Schools	48	49	0%	X	-	49	2%	
Schools outside Epping Forest area	59	60	0%	X	-	60	2%	
<b>2 classes on same day 2 x 1 hour</b>								
Epping Forest District Schools	75	77	0%	X	-	77	2%	
Schools outside Epping Forest area	86	88	0%	X	-	88	2%	
<b>3 classes on same day 3 x 1 hour</b>								
Epping Forest District Schools	102	104	0%	X	-	104	2%	
Schools outside Epping Forest/Broxbourne area	113	115	0%	X	-	115	2%	
<b>4 classes on same day 4 x 1 hour</b>								
Epping Forest District Schools	129	131	0%	X	-	131	2%	
Schools outside Epping Forest area	140	143	0%	X	-	143	2%	
<b>2 hours (half day) up to two classes</b>								
Epping Forest District Schools (Per child) minimum charge £45	5	5	0%	X	-	5	2%	
Schools outside Epping Forest area (Per child) minimum charge £55	6	6	0%	X	-	6	2%	
<b>4 hours (full day) up to two classes</b>								
Epping Forest District Schools (Per child) minimum charge £45	7	7	0%	X	-	7	3%	
Schools outside Epping Forest area (Per child) minimum charge £55	8	8	0%	X	-	8	2%	
Self guided visit - with Trail provided by EFDC	1	1	0%	X	-	1	4%	
<b>School Topic Box Hire</b>								
Epping Forest Schools	48	49	0%	X	-	49	2%	
Schools outside Epping Forest area	59	60	0%	X	-	60	2%	
<b>*Special rate - save £10 if booked with and delivered on the same day as a workshop</b>								
<b>Homelessness (General Fund)</b>								
Bed & Breakfast – Single Room (per night)	44	45	0%	O	-	45	2%	
Bed & Breakfast – Double Room (per night)	53	54	0%	O	-	54	2%	

Description of Charge	2021/22	2022/23					Change
	Gross	Net	VAT			Gross	%
	£'s	£'s	%	Cat	£'s	£'s	
<b>Corporate Services</b>							
<b>Legal</b>							
Property Transactions - Redemption of Mortgages	152	155	0%	X	-	155	2%
Property Transactions - Transfers of Equity	295	300	0%	X	-	300	2%
Property Transactions - Sale of Land	650	663	0%	X	-	663	2%
Property Transactions - Repayment of Discount and Postponement of Legal Charge	433	433	0%	X	-	441	2%
Property Transactions - Deed of Release of Covenant	400	408	0%	X	-	408	2%
Property Transactions - Deed of Covenant + Application to Cancel Land Charges Entry	300	306	0%	X	-	306	2%
Property Transactions - Second Mortgage Questionnaires	120	122	0%	X	-	122	2%
Property Transactions - Licence to cross land/occupy land	643	546	20%	S	109	655	2%
Property Transactions - Licences to cross housing land	324	343	0%	X	-	343	6%
<b>Leases</b>							
Shops	1,200	1,224	0%	X	-	1,224	2%
Industrial (e.g. Oakwood Hill and North Weald)	1,200	1,224	0%	X	-	1,224	2%
Leases contracted out of Landlord and Tenant Act 1954 provisions	184	187	0%	X	-	187	2%
New Lease extending Term (residential)	600	612	0%	X	-	612	2%
<b>Licences granted pursuant to a lease</b>							
To Assign (add £60.77 if surety)	1,140	968	20%	S	172	1,140	0%
For Alterations	1,140	968	20%	S	194	1,162	2%
For Change of Use	1,140	968	20%	S	194	1,162	2%
To Sublet	1,140	968	20%	S	194	1,162	2%
Deed of Surrender of Lease	1,140	968	20%	S	194	1,162	2%
Combined Surrender / Licence	1,140	968	20%	S	194	1,162	2%
Transfer of Lease and Notification of Mortgage (RTB)	84	85	20%	X	-	85	1%
For Commercial Leases	90	91	0%	X	-	91	1%
Deeds of Variation	450	459	0%	X	-	459	2%
Consent for restriction	114	97	20%	S	19	116	2%
<b>Planning Agreements</b>							
Section 106 - routine	900	918	0%	X	-	918	2%
Section 106 - Complex	Time Recorded						
Section 106 - inc minor Highways works	1,300	1,326	0%	X	-	1,326	2%
Section 106 - inc major Highways works	1,500	1,530	0%	X	-	1,530	2%
Unilateral Undertaking - routine	500	510	0%	X	-	510	2%
Unilateral Undertaking - complex	Time Recorded						
Variation / Revocation S 106 Agreement or Unilateral Undertaking	500	510	0%	X	-	510	2%
<b>Business Support</b>							
CON29R All Enquiries	73.80	61.50	20%	S	12.30	73.80	0%
CON29R Extra parcel fee	15.60	13.00	20%	S	2.60	15.60	0%
CON290 Questions 4 - 21	12.00	10.00	20%	S	2.00	12.00	0%
CON290 Questions 22 (on behalf of Essex Legal)	16.80	14.00	20%	S	2.80	16.80	0%
CON290 admin fee	18.00	15.00	20%	S	3.00	18.00	0%
Additional enquiries - per enquiry	24.00	20.00	20%	S	4.00	24.00	0%





Description of Charge	2021/22		2022/23					Change	
	Gross	Net	VAT			Gross	%		
	£'s	£'s	%	Cat	£'s	£'s			
<b>Planning &amp; Development</b>									
<b>Commercial/Building Control</b>									
1 Plot (New-build houses)	755	642	20%	S	128	770	2%		
2 Plots (houses)	1,145	971	20%	S	194	1,165	2%		
3 Plots (houses)	1,585	1,346	20%	S	269	1,615	2%		
4 Plots (houses)	2,000	1,700	20%	S	340	2,040	2%		
5 Plots (houses)	2,415	2,050	20%	S	410	2,460	2%		
1 Plot (flats)	755	642	20%	S	128	770	2%		
2 Plots (flats)	1,145	971	20%	S	194	1,165	2%		
3 Plots (flats)	1,585	1,346	20%	S	269	1,615	2%		
4 Plots (flats)	2,000	1,700	20%	S	340	2,040	2%		
5 Plots (flats)	2,415	2,050	20%	S	410	2,460	2%		
Conversion to house	740	633	20%	S	127	760	3%		
Conversion to flat	610	521	20%	S	104	625	2%		
Single storey extension to dwelling not exceeding 40m <sup>2</sup>	620	546	20%	S	109	655	6%		
Single storey extension to dwelling 40-100m <sup>2</sup>	1,045	871	20%	S	174	1,045	0%		
2 or 3 storey extension to dwelling not exceeding 40m <sup>2</sup>	620	546	20%	S	109	655	6%		
2 or 3 storey extension to dwelling 40-100m <sup>2</sup>	1,045	871	20%	S	174	1,045	0%		
Garage/carport/store not exceeding 100m <sup>2</sup>	505	429	20%	S	86	515	2%		
Detached non-habitable outbuilding not exceeding 50m <sup>2</sup>	620	529	20%	S	106	635	2%		
Loft conversion to dwelling under 40m <sup>2</sup>	680	583	20%	S	117	700	3%		
Garage conversion to dwelling	370	317	20%	S	63	380	3%		
Renovation of thermal element on a dwelling	285	246	20%	S	49	295	4%		
Replacement windows/rooftlights on a dwelling	285	246	20%	S	49	295	4%		
Alterations to a dwelling under £5,000 in value	285	246	20%	S	49	295	4%		
Alterations to a dwelling £5,000-£25,000 in value	490	417	20%	S	83	500	2%		
Alterations to a dwelling £25,000 - £100,000 in value	735	625	20%	S	125	750	2%		
Non-domestic single storey extension up to 40m <sup>2</sup>	635	550	20%	S	110	660	4%		
Non-domestic single storey extension 40 – 100m <sup>2</sup>	1,030	858	20%	S	172	1,030	0%		
Non-domestic 2 or 3 storey extension under 40m <sup>2</sup>	635	550	20%	S	110	660	4%		
Non-domestic 2 or 3 storey extension 40-100m <sup>2</sup>	1,030	858	20%	S	172	1,030	0%		
Alterations to a commercial building up to £5,000 in value	285	246	20%	S	49	295	4%		
Replacement windows/doors/rooftlights to a commercial building <20 units	285	246	20%	S	49	295	4%		
Renewable Energy Systems	285	246	20%	S	49	295	4%		
Replacement shop front	285	246	20%	S	49	295	4%		
Alterations to a commercial building £5,000 - £25,000 in value	505	429	20%	S	86	515	2%		
Replacement windows/doors/rooftlights to a commercial building >20 units	330	283	20%	S	57	340	3%		
Renovation of thermal elements to a commercial building	285	246	20%	S	49	295	4%		
Raised storage platform installation	240	208	20%	S	42	250	4%		
Alterations to a commercial building £25,000 - £100,000 in value	750	642	20%	S	128	770	3%		
Fit-out of a commercial building up to 100m <sup>2</sup> floor area	285	246	20%	S	49	295	4%		
Testing and certification of Electrical work where Part P installer not used	350	292	20%	S	58	350	0%		
Retrieval of archived files (+3years old) research and reinspection	160	208	20%	S	42	250	56%		
NEW - Research, retrieval and issue of copy decision notices and certificates - emailed	-	42	20%	S	8	50	0%		
NEW - Research, retrieval and issue of copy decision notices and certificates - posted	-	46	20%	S	9	55	0%		
NEW - Letter confirming exemption from Building Regulations - emailed	-	42	20%	S	8	50	0%		
NEW - Letter confirming exemption from Building Regulations - posted	-	46	20%	S	9	55	0%		
Conservatory Roof Replacement partnership (BCR)	150	125	20%	S	25	150	0%		
<b>Planning</b>									
PPA's	140.00	125.00	20%	S	25.00	150.00	7%		
Documents requests/research	100.00	110.00	20%	S	22.00	132.00	32%		
Urgent requests (Within 48 hrs)	500.00	500.00	20%	S	100.00	600.00	20%		
Scanning Fees – Paper Applications	20.00	20.00	20%	S	4.00	24.00	20%		
Admin Charge for Section 106 Legal Agreements with requirement for financial contribution			20%	S	0.00	0.00			
Admin Charge for Section 106 Legal Agreements with no requirement for financial contribution	500.00	416.67	20%	S	83.33	500.00			
<b>Planning - Development Management</b>									
<b>Pre-Planning Applications</b>									
Written Advice Meetings: Minor 1-2 Units	420.00	375.00	20%	S	75.00	450.00	7%		
Written Advice Meetings: Minor 3-9 Units	1,260.00	1,125.00	20%	S	225.00	1,350.00	7%		
Written Advice Meetings: Major 10-19 Units	2,520.00	2,250.00	20%	S	450.00	2,700.00	7%		
Written Advice Meetings: Major 20-49 Units	5,040.00	4,500.00	20%	S	900.00	5,400.00	7%		
Written Advice Meetings: Major 50+ Units	By negotiation		20%	S	0.00	0.00			
Planning Advice Meetings: All other cases (including Listed Buildings)	140.00	125.00	20%	S	25.00	150.00	7%		
Planning Written Advice or Meeting: Discussions for a way forward following refusal of PA (minor)	140.00	125.00	20%	S	25.00	150.00	7%		
Planning Nature and Form of Meetings by Negotiation: Discussions for a way forward following refusal of PA (major)	By negotiation		20%	S	0.00	0.00	0%		
<b>Planning Application Fee</b>									
Various based on set national fees & charges	Various		20%	S	0.00				

**Annex C2: Draft Car Parking Charges 2022/23**

Description of Charge		2021/22		2022/23					Change	
		Gross £'s	Net £'s	%	VAT		Gross £'s	%		
					Cat	£'s				
<b>Car Parking</b>										
<b>Tariff One</b>										
Cottis Lane, Epping, CM16 5EG	07:30 - 18:00	0.20	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bakers Lane, Epping, CM16 5EG	08:00 - 18:00	0.20	0.25	20%	S	0.05	0.30	50%		
Civic Offices, EFDC, CM16 4BZ (1st free hour enter reg no.)	08:00 - 18:00	0.20	0.25	20%	S	0.05	0.30	50%		
Old Station Road, (Sainsburys), Loughton, IG10 4PE	08:00 - 18:00	0.20	0.25	20%	S	0.05	0.30	50%		
Traps Hill, Loughton, IG10 1HD	09:00 - 18:00	0.20	0.25	20%	S	0.05	0.30	50%		
The Drive, Loughton, IG10 1HW	08:00 - 18:00	0.20	0.25	20%	S	0.05	0.30	50%		
Oakwood Hill East, Loughton, IG10 3TZ	08:30 - 17:30	0.20	0.25	20%	S	0.05	0.30	50%		
High Beech, Loughton, IG10 4HH	08:00 - 18:00	0.20	0.25	20%	S	0.05	0.30	50%		
Smarts Lane, Loughton, IG10 4BG	08:00 - 18:00	0.20	0.25	20%	S	0.05	0.30	50%		
The Pleasance, Ongar, CM5 9AG	08:00 - 18:00	0.20	0.25	20%	S	0.05	0.30	50%		
Sainsburys Ongar, Ongar, CM5 9AG	08:00 - 18:00	0.20	0.25	20%	S	0.05	0.30	50%		
Bansons Lane, Ongar, CM5 9AA	08:00 - 18:00	0.20	0.25	20%	S	0.05	0.30	50%		
Cornmill, Waltham Abbey, EN9 1RB	08:00 - 18:00	0.20	0.25	20%	S	0.05	0.30	50%		
Quaker Lane, Waltham Abbey, EN9 1ER	08:00 - 18:00	0.20	0.25	20%	S	0.05	0.30	50%		
Darby Drive, Waltham Abbey, EN9 1EE	08:00 - 18:00	0.20	0.25	20%	S	0.05	0.30	50%		
Burton Road & Access Rd, Debden, IG10 3ST	08:30 - 17:30	0.20	0.25	20%	S	0.05	0.30	50%		
Verre Road, Debden, IG10 3SW	08:30 - 17:30	0.20	0.25	20%	S	0.05	0.30	50%		
Burton Road South, Debden, IG10	08:30 - 17:30	0.20	0.25	20%	S	0.05	0.30	50%		
Queens Road Lower, Buckhurst Hill, IG9 5BZ	08:00 - 18:00	0.20	0.25	20%	S	0.05	0.30	50%		
Queens Road Upper, Buckhurst Hill, IG9 5AZ	08:00 - 18:00	0.20	0.25	20%	S	0.05	0.30	50%		
Beaumont Park Drive, Bakery Close, Roydon	N/A									
<b>Tariff Two</b>										
Cottis Lane, Epping, CM16 5EG	07:30 - 18:00	0.90	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bakers Lane, Epping, CM16 5EG	08:00 - 18:00	0.90	0.83	20%	S	0.17	1.00	11%		
Civic Offices, EFDC, CM16 4BZ (1st free hour enter reg no.)	08:00 - 18:00	0.90	0.83	20%	S	0.17	1.00	11%		
Old Station Road, (Sainsburys), Loughton, IG10 4PE	08:00 - 18:00	0.90	0.83	20%	S	0.17	1.00	11%		
Traps Hill, Loughton, IG10 1HD	09:00 - 18:00	0.90	0.83	20%	S	0.17	1.00	11%		
The Drive, Loughton, IG10 1HW	08:00 - 18:00	0.90	0.83	20%	S	0.17	1.00	11%		
Oakwood Hill East, Loughton, IG10 3TZ	08:30 - 17:30	0.90	0.83	20%	S	0.17	1.00	11%		
High Beech, Loughton, IG10 4HH	08:00 - 18:00	0.90	0.83	20%	S	0.17	1.00	11%		
Smarts Lane, Loughton, IG10 4BG	08:00 - 18:00	0.90	0.83	20%	S	0.17	1.00	11%		
The Pleasance, Ongar, CM5 9AG	08:00 - 18:00	0.80	0.83	20%	S	0.17	1.00	25%		
Sainsburys Ongar, Ongar, CM5 9AG	08:00 - 18:00	0.80	0.83	20%	S	0.17	1.00	25%		
Bansons Lane, Ongar, CM5 9AA	08:00 - 18:00	0.80	0.83	20%	S	0.17	1.00	25%		
Cornmill, Waltham Abbey, EN9 1RB	08:00 - 18:00	0.80	0.83	20%	S	0.17	1.00	25%		
Quaker Lane, Waltham Abbey, EN9 1ER	08:00 - 18:00	0.80	0.83	20%	S	0.17	1.00	25%		
Darby Drive, Waltham Abbey, EN9 1EE	08:00 - 18:00	0.80	0.83	20%	S	0.17	1.00	25%		
Burton Road & Access Rd, Debden, IG10 3ST	08:30 - 17:30	0.90	0.83	20%	S	0.17	1.00	11%		
Verre Road, Debden, IG10 3SW	08:30 - 17:30	0.90	0.83	20%	S	0.17	1.00	11%		
Burton Road South, Debden, IG10	08:30 - 17:30	0.90	0.83	20%	S	0.17	1.00	11%		
Queens Road Lower, Buckhurst Hill, IG9 5BZ	08:00 - 18:00	0.90	0.83	20%	S	0.17	1.00	11%		
Queens Road Upper, Buckhurst Hill, IG9 5AZ	08:00 - 18:00	0.90	0.83	20%	S	0.17	1.00	11%		
Beaumont Park Drive, Bakery Close, Roydon	N/A									
<b>Tariff Three</b>										
Cottis Lane, Epping, CM16 5EG	07:30 - 18:00	1.80	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bakers Lane, Epping, CM16 5EG	08:00 - 18:00	1.80	1.67	20%	S	0.33	2.00	11%		
Civic Offices, EFDC, CM16 4BZ (1st free hour enter reg no.)	08:00 - 18:00	1.80	1.67	20%	S	0.33	2.00	11%		
Old Station Road, (Sainsburys), Loughton, IG10 4PE	08:00 - 18:00	1.80	1.67	20%	S	0.33	2.00	11%		
Traps Hill, Loughton, IG10 1HD	09:00 - 18:00	1.80	1.67	20%	S	0.33	2.00	11%		
The Drive, Loughton, IG10 1HW	08:00 - 18:00	1.80	1.67	20%	S	0.33	2.00	11%		
Oakwood Hill East, Loughton, IG10 3TZ	08:30 - 17:30	1.80	1.67	20%	S	0.33	2.00	11%		
High Beech, Loughton, IG10 4HH	08:00 - 18:00	1.80	1.67	20%	S	0.33	2.00	11%		
Smarts Lane, Loughton, IG10 4BG	08:00 - 18:00	1.80	1.67	20%	S	0.33	2.00	11%		
The Pleasance, Ongar, CM5 9AG	08:00 - 18:00	1.60	1.67	20%	S	0.33	2.00	25%		
Sainsburys Ongar, Ongar, CM5 9AG	08:00 - 18:00	1.60	1.67	20%	S	0.33	2.00	25%		
Bansons Lane, Ongar, CM5 9AA	08:00 - 18:00	1.60	1.67	20%	S	0.33	2.00	25%		
Cornmill, Waltham Abbey, EN9 1RB	08:00 - 18:00	1.60	1.67	20%	S	0.33	2.00	25%		
Quaker Lane, Waltham Abbey, EN9 1ER	08:00 - 18:00	1.60	1.67	20%	S	0.33	2.00	25%		
Darby Drive, Waltham Abbey, EN9 1EE	08:00 - 18:00	1.60	1.67	20%	S	0.33	2.00	25%		
Burton Road & Access Rd, Debden, IG10 3ST	08:30 - 17:30	1.80	1.67	20%	S	0.33	2.00	11%		
Verre Road, Debden, IG10 3SW	08:30 - 17:30	1.80	1.67	20%	S	0.33	2.00	11%		
Burton Road South, Debden, IG10	08:30 - 17:30	1.80	1.67	20%	S	0.33	2.00	11%		
Queens Road Lower, Buckhurst Hill, IG9 5BZ	08:00 - 18:00	1.80	1.67	20%	S	0.33	2.00	11%		
Queens Road Upper, Buckhurst Hill, IG9 5AZ	08:00 - 18:00	1.80	1.67	20%	S	0.33	2.00	11%		
Beaumont Park Drive, Bakery Close, Roydon	N/A									
<b>Tariff Four</b>										
Cottis Lane, Epping, CM16 5EG	07:30 - 18:00	3.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bakers Lane, Epping, CM16 5EG	08:00 - 18:00	3.00	2.50	20%	S	0.50	3.00	0%		
Civic Offices, EFDC, CM16 4BZ (1st free hour enter reg no.)	08:00 - 18:00	3.00	2.50	20%	S	0.50	3.00	0%		
Old Station Road, (Sainsburys), Loughton, IG10 4PE	08:00 - 18:00	3.00	2.50	20%	S	0.50	3.00	0%		
Traps Hill, Loughton, IG10 1HD	09:00 - 18:00	3.00	2.50	20%	S	0.50	3.00	0%		
The Drive, Loughton, IG10 1HW	08:00 - 18:00	3.00	2.50	20%	S	0.50	3.00	0%		
Oakwood Hill East, Loughton, IG10 3TZ	08:30 - 17:30	3.00	2.50	20%	S	0.50	3.00	0%		
High Beech, Loughton, IG10 4HH	08:00 - 18:00	3.00	2.50	20%	S	0.50	3.00	0%		
Smarts Lane, Loughton, IG10 4BG	08:00 - 18:00	3.00	2.50	20%	S	0.50	3.00	0%		
The Pleasance, Ongar, CM5 9AG	08:00 - 18:00	3.00	2.50	20%	S	0.50	3.00	0%		
Sainsburys Ongar, Ongar, CM5 9AG	08:00 - 18:00	3.00	2.50	20%	S	0.50	3.00	0%		
Bansons Lane, Ongar, CM5 9AA	08:00 - 18:00	3.00	2.50	20%	S	0.50	3.00	0%		
Cornmill, Waltham Abbey, EN9 1RB	08:00 - 18:00	3.00	2.50	20%	S	0.50	3.00	0%		
Quaker Lane, Waltham Abbey, EN9 1ER	08:00 - 18:00	3.00	2.50	20%	S	0.50	3.00	0%		
Darby Drive, Waltham Abbey, EN9 1EE	08:00 - 18:00	3.00	2.50	20%	S	0.50	3.00	0%		
Burton Road & Access Rd, Debden, IG10 3ST	08:30 - 17:30	3.00	2.50	20%	S	0.50	3.00	0%		
Verre Road, Debden, IG10 3SW	08:30 - 17:30	3.00	2.50	20%	S	0.50	3.00	0%		
Burton Road South, Debden, IG10	08:30 - 17:30	3.00	2.50	20%	S	0.50	3.00	0%		
Queens Road Lower, Buckhurst Hill, IG9 5BZ	08:00 - 18:00	3.00	2.50	20%	S	0.50	3.00	0%		
Queens Road Upper, Buckhurst Hill, IG9 5AZ	08:00 - 18:00	3.00	2.50	20%	S	0.50	3.00	0%		
Beaumont Park Drive, Bakery Close, Roydon	N/A									
<b>Tariff Five</b>										
Cottis Lane, Epping, CM16 5EG	07:30 - 18:00	4.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bakers Lane, Epping, CM16 5EG	08:00 - 18:00	4.00	3.33	20%	S	0.67	4.00	0%		
Civic Offices, EFDC, CM16 4BZ (1st free hour enter reg no.)	08:00 - 18:00	4.00	3.33	20%	S	0.67	4.00	0%		
Old Station Road, (Sainsburys), Loughton, IG10 4PE	08:00 - 18:00	4.00	3.33	20%	S	0.67	4.00	0%		
Traps Hill, Loughton, IG10 1HD	09:00 - 18:00	4.00	3.33	20%	S	0.67	4.00	0%		
The Drive, Loughton, IG10 1HW	08:00 - 18:00	4.00	3.33	20%	S	0.67	4.00	0%		
Oakwood Hill East, Loughton, IG10 3TZ	08:30 - 17:30	4.00	3.33	20%	S	0.67	4.00	0%		
High Beech, Loughton, IG10 4HH	08:00 - 18:00	4.00	3.33	20%	S	0.67	4.00	0%		
Smarts Lane, Loughton, IG10 4BG	08:00 - 18:00	4.00	3.33	20%	S	0.67	4.00	0%		
The Pleasance, Ongar, CM5 9AG	08:00 - 18:00	4.00	3.33	20%	S	0.67	4.00	0%		
Sainsburys Ongar, Ongar, CM5 9AG	08:00 - 18:00	4.00	3.33	20%	S	0.67	4.00	0%		
Bansons Lane, Ongar, CM5 9AA	08:00 - 18:00	4.00	3.33	20%	S	0.67	4.00	0%		
Cornmill, Waltham Abbey, EN9 1RB	08:00 - 18:00	4.00	3.33	20%	S	0.67	4.00	0%		
Quaker Lane, Waltham Abbey, EN9 1ER	08:00 - 18:00	4.00	3.33	20%	S	0.67	4.00	0%		
Darby Drive, Waltham Abbey, EN9 1EE	08:00 - 18:00	4.00	3.33	20%	S	0.67	4.00	0%		
Burton Road & Access Rd, Debden, IG10 3ST	08:30 - 17:30	4.00	3.33	20%	S	0.67	4.00	0%		
Verre Road, Debden, IG10 3SW	08:30 - 17:30	4.00	3.33	20%	S	0.67	4.00	0%		
Burton Road South, Debden, IG10	08:30 - 17:30	4.00	3.33	20%	S	0.67	4.00	0%		
Queens Road Lower, Buckhurst Hill, IG9 5BZ	08:00 - 18:00	4.00	3.33	20%	S	0.67	4.00	0%		
Queens Road Upper, Buckhurst Hill, IG9 5AZ	08:00 - 18:00	4.00	3.33	20%	S	0.67	4.00	0%		
Beaumont Park Drive										

Description of Charge		2021/22		2022/23				Change	
		Gross £'s	Net £'s	%	VAT		Gross £'s	%	
					Cat	£'s			
<b>Car Parking</b>									
<b>Tariff Six</b>									
Cottis Lane, Epping, CM16 5EG	07:30 - 18:00	5.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bakers Lane, Epping, CM16 5EG	08:00 - 18:00	5.00	4.17	20%	S	0.83	5.00	0%	
Civic Offices, EFDC, CM16 4BZ (1st free hour enter reg no.)	08:00 - 18:00	5.00	4.17	20%	S	0.83	5.00	0%	
Old Station Road, (Sainsburys), Loughton, IG10 4PE	08:00 - 18:00	5.00	4.17	20%	S	0.83	5.00	0%	
Traps Hill, Loughton, IG10 1HD	09:00 - 18:00	5.00	4.17	20%	S	0.83	5.00	0%	
The Drive, Loughton, IG10 1HW	08:00 - 18:00	5.00	4.17	20%	S	0.83	5.00	0%	
Oakwood Hill East, Loughton, IG10 3TZ	08:30 - 17:30	5.00	4.17	20%	S	0.83	5.00	0%	
High Beech, Loughton, IG10 4HH	08:00 - 18:00	5.00	4.17	20%	S	0.83	5.00	0%	
Smarts Lane, Loughton, IG10 4BG	08:00 - 18:00	5.00	4.17	20%	S	0.83	5.00	0%	
The Pleasance, Ongar, CM5 9AG	08:00 - 18:00	5.00	4.17	20%	S	0.83	5.00	0%	
Sainsburys Ongar, Ongar, CM5 9AG	08:00 - 18:00	5.00	4.17	20%	S	0.83	5.00	0%	
Bansons Lane, Ongar, CM5 9AA	08:00 - 18:00	5.00	4.17	20%	S	0.83	5.00	0%	
Cornmill, Waltham Abbey, EN9 1RB	08:00 - 18:00	5.00	4.17	20%	S	0.83	5.00	0%	
Quaker Lane, Waltham Abbey, EN9 1ER	08:00 - 18:00	5.00	4.17	20%	S	0.83	5.00	0%	
Darby Drive, Waltham Abbey, EN9 1EE	08:00 - 18:00	5.00	4.17	20%	S	0.83	5.00	0%	
Burton Road & Access Rd, Debden, IG10 3ST	08:30 - 17:30	5.00	4.17	20%	S	0.83	5.00	0%	
Verre Road, Debden, IG10 3SW	08:30 - 17:30	5.00	4.17	20%	S	0.83	5.00	0%	
Burton Road South, Debden, IG10	08:30 - 17:30	5.00	4.17	20%	S	0.83	5.00	0%	
Queens Road Lower, Buckhurst Hill, IG9 5BZ	08:00 - 18:00	5.00	4.17	20%	S	0.83	5.00	0%	
Queens Road Upper, Buckhurst Hill, IG9 5AZ	08:00 - 18:00	5.00	4.17	20%	S	0.83	5.00	0%	
Beaumont Park Drive, Bakery Close, Roydon	N/A	5.00	4.17	20%	S	0.83	5.00	0%	
<b>Tariff Seven</b>									
Cottis Lane, Epping, CM16 5EG	07:30 - 18:00	10.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bakers Lane, Epping, CM16 5EG	08:00 - 18:00	6.00	8.33	20%	S	1.67	10.00	67%	
Civic Offices, EFDC, CM16 4BZ (1st hr free)	08:00 - 18:00	10.00	1.67	20%	S	8.33	10.00	0%	
Old Station Road, (Sainsburys), Loughton, IG10 4PE	08:00 - 18:00	10.00	1.67	20%	S	8.33	10.00	0%	
Traps Hill, Loughton, IG10 1HD	09:00 - 18:00	6.00	1.00	20%	S	5.00	6.00	0%	
The Drive, Loughton, IG10 1HW	08:00 - 18:00	10.00	1.67	20%	S	8.33	10.00	0%	
Oakwood Hill East, Loughton, IG10 3TZ	08:30 - 17:30	10.00	1.67	20%	S	8.33	10.00	0%	
High Beech, Loughton, IG10 4HH	08:00 - 18:00	10.00	1.67	20%	S	8.33	10.00	0%	
Smarts Lane, Loughton, IG10 4BG	08:00 - 18:00	6.00	1.00	20%	S	5.00	6.00	0%	
The Pleasance, Ongar, CM5 9AG	08:00 - 18:00	6.00	1.00	20%	S	5.00	6.00	0%	
Sainsburys Ongar, Ongar, CM5 9AG	08:00 - 18:00	10.00	1.67	20%	S	8.33	10.00	0%	
Bansons Lane, Ongar, CM5 9AA	08:00 - 18:00	10.00	1.67	20%	S	8.33	10.00	0%	
Cornmill, Waltham Abbey, EN9 1RB	08:00 - 18:00	6.00	1.00	20%	S	5.00	6.00	0%	
Quaker Lane, Waltham Abbey, EN9 1ER	08:00 - 18:00	6.00	1.67	20%	S	8.33	10.00	0%	
Darby Drive, Waltham Abbey, EN9 1EE	08:00 - 18:00	6.00	1.00	20%	S	5.00	6.00	0%	
Burton Road & Access Rd, Debden, IG10 3ST	08:30 - 17:30	6.00	1.00	20%	S	5.00	6.00	0%	
Verre Road, Debden, IG10 3SW	08:30 - 17:30	10.00	1.67	20%	S	8.33	10.00	0%	
Burton Road South, Debden, IG10	08:30 - 17:30	6.00	1.00	20%	S	5.00	6.00	0%	
Queens Road Lower, Buckhurst Hill, IG9 5BZ	08:00 - 18:00	6.00	1.00	20%	S	5.00	6.00	0%	
Queens Road Upper, Buckhurst Hill, IG9 5AZ	08:00 - 18:00	10.00	1.67	20%	S	8.33	10.00	0%	
Beaumont Park Drive, Bakery Close, Roydon	N/A								
<b>Saturdays (Up to 1 hour free) - * Full Tariff</b>									
Cottis Lane, Epping, CM16 5EG	07:30 - 18:00	*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bakers Lane, Epping, CM16 5EG	08:00 - 18:00	1.00	N/A	20%	Z	N/A	*		
Civic Offices, EFDC, CM16 4BZ (1st free hour enter reg no.)	08:00 - 18:00	1.00	N/A	20%	Z	N/A	*		
Old Station Road, (Sainsburys), Loughton, IG10 4PE	08:00 - 18:00	*	N/A	20%	Z	N/A	*		
Traps Hill, Loughton, IG10 1HD	09:00 - 18:00	1.00	N/A	20%	Z	N/A	*		
The Drive, Loughton, IG10 1HW	08:00 - 18:00	*	N/A	20%	Z	N/A	*		
Oakwood Hill East, Loughton, IG10 3TZ	08:30 - 17:30	*	N/A	20%	Z	N/A	*		
High Beech, Loughton, IG10 4HH	08:00 - 18:00	*	N/A	20%	Z	N/A	*		
Smarts Lane, Loughton, IG10 4BG	08:00 - 18:00	1.00	N/A	20%	Z	N/A	*		
The Pleasance, Ongar, CM5 9AG	08:00 - 18:00	1.00	N/A	20%	Z	N/A	*		
Sainsburys Ongar, Ongar, CM5 9AG	08:00 - 18:00	*	N/A	20%	Z	N/A	*		
Bansons Lane, Ongar, CM5 9AA	08:00 - 18:00	*	N/A	20%	Z	N/A	*		
Cornmill, Waltham Abbey, EN9 1RB	08:00 - 18:00	1.00	N/A	20%	Z	N/A	*		
Quaker Lane, Waltham Abbey, EN9 1ER	08:00 - 18:00	*	N/A	20%	Z	N/A	*		
Darby Drive, Waltham Abbey, EN9 1EE	08:00 - 18:00	1.00	N/A	20%	Z	N/A	*		
Burton Road & Access Rd, Debden, IG10 3ST	08:30 - 17:30	1.00	N/A	20%	Z	N/A	*		
Verre Road, Debden, IG10 3SW	08:30 - 17:30	*	N/A	20%	Z	N/A	*		
Burton Road South, Debden, IG10	08:30 - 17:30	1.00	N/A	20%	Z	N/A	*		
Queens Road Lower, Buckhurst Hill, IG9 5BZ	08:00 - 18:00	1.00	N/A	20%	Z	N/A	*		
Queens Road Upper, Buckhurst Hill, IG9 5AZ	08:00 - 18:00	*	N/A	20%	Z	N/A	*		
Beaumont Park Drive, Bakery Close, Roydon	N/A	0.00	0.00	0%	Z	0.00	0.00		
<b>Sundays (2021/22 Up to 1 hour Free - 2022/23 Up to 2 hours free)</b>									
Cottis Lane, Epping, CM16 5EG	07:30 - 18:00	1.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bakers Lane, Epping, CM16 5EG	08:00 - 18:00	1.00	1.67	0%	Z	0.33	2.00		
Civic Offices, EFDC, CM16 4BZ (1st free hour enter reg no.)	08:00 - 18:00	0.00	1.67	0%	Z	0.33	2.00		
Old Station Road, (Sainsburys), Loughton, IG10 4PE	08:00 - 18:00	0.00	1.67	0%	Z	0.33	2.00		
Traps Hill, Loughton, IG10 1HD	09:00 - 18:00	0.00	1.67	0%	Z	0.33	2.00		
The Drive, Loughton, IG10 1HW	08:00 - 18:00	0.00	1.67	0%	Z	0.33	2.00		
Oakwood Hill East, Loughton, IG10 3TZ	08:30 - 17:30	0.00	1.67	0%	Z	0.33	2.00		
High Beech, Loughton, IG10 4HH	08:00 - 18:00	0.00	1.67	0%	Z	0.33	2.00		
Smarts Lane, Loughton, IG10 4BG	08:00 - 18:00	0.00	1.67	0%	Z	0.33	2.00		
The Pleasance, Ongar, CM5 9AG	08:00 - 18:00	0.00	1.67	0%	Z	0.33	2.00		
Sainsburys Ongar, Ongar, CM5 9AG	08:00 - 18:00	0.00	1.67	0%	Z	0.33	2.00		
Bansons Lane, Ongar, CM5 9AA	08:00 - 18:00	0.00	1.67	0%	Z	0.33	2.00		
Cornmill, Waltham Abbey, EN9 1RB	08:00 - 18:00	0.00	1.67	0%	Z	0.33	2.00		
Quaker Lane, Waltham Abbey, EN9 1ER	08:00 - 18:00	0.00	1.67	0%	Z	0.33	2.00		
Darby Drive, Waltham Abbey, EN9 1EE	08:00 - 18:00	0.00	1.67	0%	Z	0.33	2.00		
Burton Road & Access Rd, Debden, IG10 3ST	08:30 - 17:30	0.00	1.67	0%	Z	0.33	2.00		
Verre Road, Debden, IG10 3SW	08:30 - 17:30	0.00	1.67	0%	Z	0.33	2.00		
Burton Road South, Debden, IG10	08:30 - 17:30	0.00	1.67	0%	Z	0.33	2.00		
Queens Road Lower, Buckhurst Hill, IG9 5BZ	08:00 - 18:00	0.00	1.67	0%	Z	0.33	2.00		
Queens Road Upper, Buckhurst Hill, IG9 5AZ	08:00 - 18:00	0.00	1.67	0%	Z	0.33	2.00		
Beaumont Park Drive, Bakery Close, Roydon	N/A	0.00	0.00	0%	Z	0.00	0.00		

## Annex C3: Draft Housing Revenue Account (HRA) Fees &amp; Charges 2022/23

Draft Fees and Charges 2022/23 - HOUSING REVENUE ACCOUNT							
Description	2021/22	2022/23				Change	
	Gross	Net	VAT		Gross	%	
	£'s	£'s	%	Cat	£'s		
<b>Older People's Housing</b>							
<b>Communal Halls:</b>							
Pelly Court Hall, Epping	11.24	11.80	N/A	X	0.00	11.80	5%
Oakwood Hill Hall, Loughton (lease)	184.41	161.36	20%	S	32.27	193.63	5%
Barrington Hall, Loughton	9.18	9.64	N/A	X	0.00	9.64	5%
Guest Rooms - Sheltered Housing	15.05	13.17	20.00	S	2.63	15.80	5%
<b>Scooter Stores:</b>							
Rental	4.48	4.70	N/A	O	0.00	4.70	5%
Electricity	2.32	2.44	N/A	O	0.00	2.44	5%
<b>Home Ownership and Sales</b>							
Leasehold Vendors' Enquiries	198.27	173.49	20%	S	34.70	208.18	5%
Certificates of Buildings Insurance - Leaseholders	63.09	55.20	20%	S	11.04	66.24	5%
Valuation & Legal Charge - Re-sale of RTB Property within 5 years / Sale of property to EFDC within 10 years	425.78	372.56	20%	S	74.51	447.07	5%
Consideration of Right to Re-purchase Former RTB Property within 10 years of Original Purchase	70.31	61.53	20%	S	12.31	73.83	5%
<b>Housing Management</b>							
Hire of Halls for Elections	102.72	107.86	N/A	X	0.00	107.86	5%
Garage rents (tenants)	9.45	9.92	N/A	O	0.00	9.92	5%
Hardstandings	97.92	102.82	N/A	O	0.00	102.82	5%
Lockable parking spaces	8.13	8.54	N/A	O	0.00	8.54	5%
Mortgage references	57.90	50.66	20%	S	10.13	60.79	5%
Request for covenant and leasehold approvals	92.35	80.81	20%	S	16.16	96.97	5%
Licences for vehicular access across housing land	128.01	134.41	N/A	O	0.00	134.41	5%
Dishonoured cheques	29.88	31.37	N/A	O	0.00	31.37	5%
<b>Repairs and Maintenance</b>							
Rechargeable repairs (actual cost plus Admin fee of)	2.50%	-	-	-	-	2.50%	0%
Replacement Door Entry and Suited Keys	20.00	16.67	20%	S	3.33	20.00	0%
Sewerage charges for individual sewerage systems (Actual Costs plus Admin Fee of)	2.50%	-	-	-	-	2.50%	0%
<b>New Charges</b>							
Registration subletting a leasehold property	100.80	88.20	20%	S	17.64	105.84	5%
Garage rents private	11.34	9.92	20%	S	1.99	11.91	5%
Front garden parking permissions	90.10	78.83	20%	S	15.77	94.60	5%
Skip licence	78.00	68.25	20%	S	13.65	81.90	5%
Replacement fobs	20.00	16.67	20%	S	3.33	20.00	0%
Cycle stores per cycle hoop first year: £10 refundable on return of key	34.50	34.50	N/A	O	0.00	34.50	0%
Annual charge for cycle hoops	20.00	20.00	N/A	O	0.00	20.00	0%
Replacement keys for cycle hoop	20.00	20.00	N/A	O	0.00	20.00	0%

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## Medium-Term Financial Plan (MTFP) 2022/23 to 2026/27

*Updated February 2022*

### 1. Background

1.1 The preparation of a Medium-Term Financial Plan (MTFP) provides the cornerstone on which the Council can build and deliver services in accordance with the aims and objectives outlined in the Corporate Plan 2018-2023, which are grouped under the three corporate ambitions:

- Stronger Communities
- Stronger Place; and
- Stronger Council.

1.2 Through 'horizon scanning' and anticipating necessary change at the earliest opportunity, resilience and the ability to react to and withstand 'major shocks' is achieved.

### 2. Introduction

2.1 This is the third (and final) iteration of the MTFP within the 2022/23 budget cycle and covers both the General Fund and the ring-fenced Housing Revenue Account (HRA). It is a forward-looking document which provides a tentative look at the Council's General Fund financial picture over the next five years (2022/23 through to 2026/27) and re-evaluates the position in the light of the development and completion of the final draft 2022/23 budget.

### 3. General Fund MTFP

3.1 The October 2021 MTFP revealed a projected General Fund deficit of £1.504 million for 2022/23, primarily reflecting the loss of Government Support for Covid-19 (£1.263 million) and the contribution from the General Reserve (£1.350) compared to the 2021/22 budget. Estimated net expenditure was £16.022 million, compared to funding of £14.518 million.

3.2 The initial draft budget proposals presented to Cabinet on 6th December 2021 addressed the original deficit identified in October 2021, to achieve an early balanced position. However, the Local Government Finance Settlement for 2022/23 had not been announced at that point; a range of interim assumptions therefore had to be made.

3.3 The December 2021 **General Fund** MTFP projections can be summarised as follows:

Financial Year	(Surplus)/Deficit	Comment
	£000's	
2022/23	0	No Gov Covid support (£1.263 million in 2021/22) + no Use of Reserves (£1.350 million in 2021/22)
2023/24	80	Included £0.3 million Contribution to Reserves
2024/25	922	New Waste Management contract from 1st December 2024
2025/26	1,250	
2026/27	362	

3.4 The Government subsequently announced the Local Government Finance Settlement for 2022/23 on 16th December 2021, and further work has been done by Finance officers on a range of issues (discussed in detail in **Appendix A**). This has enabled the initial draft budget to be refined and 're-balanced' for final consideration by Cabinet at this meeting. The updated MTFP (2022/23 through to 2026/27), reflecting the final draft General Fund budget for 2022/23, is illustrated in the table below.

<b>General Fund MTFP illustration (@ February 2022)</b>						
<b>Description</b>	<b>2022/23 (INITIAL DRAFT) Dec. 2021</b>	<b>2022/23 (FINAL DRAFT) Feb. 2022</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>NET EXPENDITURE</b>						
Employees	25,525	25,227	25,964	26,723	27,505	28,310
Premises	2,828	2,894	2,952	3,011	3,071	3,133
Transport	321	321	327	334	340	347
Supplies & Services	9,042	9,503	9,694	9,910	10,112	10,312
Support Services	19	19	19	20	20	21
Contracted Services	6,801	7,267	7,465	8,102	9,058	9,149
Transfer Payments	22,210	22,210	19,654	17,609	15,973	14,665
Financing Costs	2,263	2,204	3,130	3,939	4,107	4,289
<b>Gross Expenditure</b>	<b>69,009</b>	<b>69,645</b>	<b>69,205</b>	<b>69,648</b>	<b>70,186</b>	<b>70,226</b>
Fees & Charges	(17,474)	(17,244)	(17,518)	(18,045)	(18,407)	(18,775)
Government Contributions	(24,277)	(24,269)	(21,713)	(19,668)	(18,032)	(16,723)
Miscellaneous Income (inc. Qualis)	(4,462)	(4,187)	(5,658)	(5,303)	(5,094)	(4,897)
Other Contributions	(2,426)	(3,089)	(3,090)	(3,090)	(3,090)	(3,090)
HRA Recharges	(5,225)	(5,225)	(5,344)	(5,466)	(5,591)	(5,716)
<b>Net Expenditure</b>	<b>15,145</b>	<b>15,631</b>	<b>15,882</b>	<b>18,076</b>	<b>19,972</b>	<b>21,025</b>
<b>FUNDING</b>						
Council Tax	(8,639)	(8,639)	(9,179)	(9,644)	(10,108)	(10,577)
Business Rates	(5,016)	(5,011)	(5,111)	(5,213)	(5,317)	(5,424)
Collection Fund Adjustments	150	(165)	0	0	0	0
Council Tax Sharing Agreement (CTSA)	(948)	(948)	(750)	(765)	(780)	(796)
New Homes Bonus	(452)	(776)	0	0	0	0
L-T Services Grant	0	(149)	0	0	0	0
2022/23 Services Grant	0	(229)	0	0	0	0
Other Grants	(189)	0	0	0	0	0
Credit Loss Adjustment	(51)	(51)	(51)	(51)	(19)	0
Contribution to/(from) Reserves	0	337	0	0	0	0
<b>Total Funding</b>	<b>(15,145)</b>	<b>(15,631)</b>	<b>(15,091)</b>	<b>(15,673)</b>	<b>(16,224)</b>	<b>(16,797)</b>
<b>In-Year (Surplus)/Deficit</b>	<b>0</b>	<b>0</b>	<b>791</b>	<b>1,612</b>	<b>1,345</b>	<b>480</b>
<b>Cumulative (Surplus)/Deficit</b>	<b>0</b>	<b>0</b>	<b>791</b>	<b>2,403</b>	<b>3,748</b>	<b>4,228</b>



3.5 As presented in **Appendix A**, the initially balanced General Fund budget for 2022/23 presented in the December 2021 MTFP has now been 're-balanced'. It is a complex exercise to draw detailed comparisons between the different iterations of the MTFP; there are multiple variables that 'roll up' cumulatively as the years progress. However, it is possible to highlight the key influences in Years 2 (2023/24) and 3 (2024/25) as follows:

- **2023/24 (£0.791 million deficit)** – this position has deteriorated compared to the projected deficit of £0.080 million in the December 2021 MTFP. There are a wide range of factors that have contributed to an increase in Net Expenditure in 2022/23 (explained in **Appendix A**), which roll forward into 2023/24. This includes changed assumptions on Qualis loans as well as substantial cost pressures on the Waste Management contract. The revenue costs of the General Fund Capital Programme are also beginning to build in the medium-term (and especially the need to set aside increasing amounts for principal repayments on loans, known as "MRP"). The 2023/24 funding position has also worsened since December 2021. It was assumed then that Government compensation for the forthcoming 1.25% increase in National Insurance (NI) Contributions would be consolidated in base funding. However, the Government has since made clear that the "2022/23 Services Grant" of £229,580, which includes the NI compensation, is for one year only (the December 2021 MTFP had assumed £177,000 for NI for 2023/24); and
- **2024/25 (£1.612 million deficit)** – this is up by £0.689 million compared to a projected deficit of £0.922 million in the December 2021 MTFP, and illustrates the impact of the increased deficit in 2023/24 (in reality, the Council has to set a balanced budget for 2023/24, so will have to eliminate the £0.791 million deficit).

3.6 Overall the broad profile in this iteration of the MTFP remains similar to previous iterations, although the peak annual budget pressure (of £1.612 million) moves forward one-year to 2024/25, as the anticipated letting of the new Waste Management contract begins to take effect.

3.7 Embedded in the overall forecasts are a range of net spending and funding issues and assumptions. Key **net spending** highlights and assumptions include the following:

- **Inflation** – the published CPI rate for December 2021 was 5.4%. This is up from the 4.2% October 2021 rate reported to Cabinet in December 2021 and is the highest recorded UK inflation rate since March 1992. At the time of preparing this budget, the Bank of England's Monetary Policy Report for February 2022 is awaited (their November 2021 anticipated CPI inflation to peak at around 5% in April 2022 and to "fall back materially" from the second half of 2022). For the duration of this MTFP, including most of the budget for 2022/23 (subject to exceptions discussed in **Appendix A**), inflation has been assumed at 2.0%, which is (the Bank of England's long-term target rate). However, the notable exception is Employee Costs; the provisional 2.0% pay increase reported in October 2021 for 2022/23 has been retained. But – from 2023/24 onwards, as in the December 2021 iteration, a 3.0% annual increase is assumed.
- **Growth** – a small Growth item (of £40,000) was eventually included in the December 2021 initial draft budget proposal for 2022/23 (for "Highways Rangers" – covered in **Appendix A**). The budget provision for this initiative has been amended (to £90,000) in this – the final draft – budget. No further growth items from 2023/24 onwards are currently assumed.

- **Financing Costs** – following the reclassification of interest paid to the PWLB on Qualis loans (moved into Miscellaneous Income to match interest receivable on Qualis loans), the profile of financing costs has changed slightly, although it should be noted that interest payable on the General Fund Capital Programme is expected to grow significantly in 2023/24 and 2024/25, especially as the new Epping Leisure facility is developed. The amount of Minimum Revenue Provision (“MRP”) that the Council is required to set aside for the repayment of loans is also expected to grow in the earlier years of this MTFP partly due to the new Leisure Centre but also due to profiled spending on assets with shorter expected useful lives (notably ICT and vehicle replacements).
- **Qualis Income** – as reported in **Appendix A**, a significant ‘prudency adjustment’ has been included in the 2022/23 budget, which allows for 3 months slippage in the drawdown profile of the loans. No prudency adjustments have been included for 2023/24 onwards.
- **Fees and Charges** – as reported elsewhere (in **Appendix A**), income from Fees and Charges has recovered well (from the effects of the pandemic) in 2021/22. A flat 2.0% increase is assumed generally from 2023/24. No further increases in Car Parking charges are assumed (other than those currently proposed in the 2022/23 draft budget); and
- **HRA Recharges** – as reported in December 2021, recharges to the HRA are assumed to be relatively stable from 2023/24 onwards with just inflationary increases only applied. However, the Transformation work being undertaken by officers on General Fund services can be expected to yield savings that can be shared with the HRA; this will be reflected in future iterations of this MTFP.

3.8 Key **funding** highlights and assumptions include the following:

- **Council Tax** – the original assumption that the Council will increase the Council Tax by £5 for a Band D property for the duration of the MTFP still remains. This is currently the maximum amount allowable. Such increases generate estimated annual funding increases of around £275,000. Members of course have the option to alter this assumption
- **Business Rates** – as explained in **Appendix A**, the Council has (not yet) been unable to generate reliable “NNDR1” forecasting data for 2022/23 from the Revenues (“Academy”) system. Consequently, the estimated income for Business Rates Retention presented in December 2021 has been reviewed and remains virtually unaltered; it is a deliberately prudent estimate.

The Chancellor announced a freeze in the Multiplier in the Autumn Budget on 27th October 2021; it has now been confirmed that the Council will receive 100% compensation for this through Section 31 grant in the usual way.

Business Rates projections for 2023/24 onwards follow ‘standard inflationary assumptions.

- **Collection Fund Adjustments** – as at 31st March 2021, the Council held an Earmarked Reserve of £6.650 million funded by surplus Section 31 money paid by Government as compensation for extended Business Rates Reliefs granted in response to the pandemic; this represents 40.1% of the cumulative deficit on the Business Rates share of the Collection Fund at the same point in time. Consequently, a ‘zero adjustment’ is assumed in 2022/23 for Business Rates. In contrast, a one-off surplus distribution of £165,000 from Council Tax is anticipated in 2022/23. Collection Fund adjustments for 2023/24 onwards are assumed to be neutral.
- **Council Tax Sharing Agreement (CTSA)** – as reported in December 2021, latest estimates (2nd December 2021) provided by Essex County Council show a much more optimistic picture for income from the CTSA scheme for 2022/23 (£948,000). However, mindful of the ‘bounce back’ effect from the pandemic in 2021/22 and 2022/23, caution has again been exercised in this MTFP regarding income expectations in 2023/24 onwards (e.g. with £750,000 currently assumed for 2023/24).
- **Grants** – as previously reported, following the demise of Revenue Support Grant (RSG) funding from the Government, the most significant remaining grant within the annual Settlement is the New Homes Bonus (NHB). The Government consulted on a replacement for the NHB in early 2021. Any new housing incentive scheme will reflect a more targeted approach that rewards local government where they are ‘ambitious’ in delivering housing growth. At this stage, there is no further detail on what form the new scheme will take. In December 2021, legacy payments of £451,720 were assumed in 2022/23 only, with nothing beyond. However, as discussed in **Appendix A**, the Local Government Finance Settlement 2022/23 also included a further one-off NHB allocation of £323,790.

The Local Government Settlement 2022/23 also included a further Lower-Tier Services Grant allocation of £149,386 and a “2022/23 Services Grant” allocation of £229,580. The Government has made clear that the Local Government Finance Settlement 2022/23 is a single year settlement only. Consequently, no income from Government grants is assumed from 2023/24 onwards.

- **Credit Loss Adjustments** – it is a technical accounting requirement for the Council to provide for estimated credit losses on the £6.0 million Working Capital Loan to Qualis. For each year that Qualis maintains its loan payments, the size of that provision can be reduced, thus releasing revenue funds from the General Fund Reserve (£172,020 from 2022/23 to 2025/26); it is a technical accounting approach developed with the support of our Treasury Management advisors, Arlingclose and remains unchanged in this iteration of the MTFP.
- **Government Support for Covid-19** – the Government support that the Council has received during the pandemic, is expected to be discontinued. No Government support is assumed in 2022/23 and beyond and the position remains unchanged compared to both the October and December 2021 MTFPs; and
- **Use of Reserves** – as reported to Cabinet and the Stronger Council Select Committee in October/November 2021, the Council’s General Fund Reserve is now very close to its adopted minimum contingency balance of £4.0 million and is expected to temporarily fall below this level at the end of 2021/22. Consequently, there are no longer any surplus funds available to support any of the budgets for the duration of this updated MTFP. A one-off contribution of £337,000 to the General Fund Reserve is assumed in 2022/23 (see **Appendix A** for full discussion).

**4. Housing Revenue Account (HRA) MTFP**

4.1 The December 2021 MTFP revealed a projected HRA deficit of £2.963 million for 2022/23 (broadly offset by an initial budgeted surplus of £2.651 million in 2021/22); The initial volatility between 2021/22 and 2022/23 (as presented back in October 2021) was primarily due to a change in financing assumptions as part of the initial rollout of the new HRA Business Plan model compared to previously established assumptions. A very stable position was projected for 2023/24 onwards.

4.2 The December 2021 MTFP projections for the HRA can be summarised as follows:

<b>Housing Revenue Account MTFP (@ December 2021)</b>		
<b>Financial Year</b>	<b>(Surplus)/Deficit</b>	<b>Comment</b>
	<b>£000's</b>	
2022/23	2,963	Deficit substantially offset by assumed surplus of £2.651 million in 2021/22
2023/24	(15)	
2024/25	(34)	
2025/26	(50)	Assumed £900,000 saving from Qualis re Housing Repairs
2026/27	(1,620)	

4.3 The updated MTFP (2022/23 through to 2026/27), reflecting the final draft HRA budget for 2022/23, is illustrated in the table below.

HRA MTFP illustration (@ February 2022)						
Description	2022/23 (INITIAL DRAFT BUDGET) Dec. 2021	2022/23 (FINAL DRAFT BUDGET) Feb. 2022	2023/24	2024/25	2025/26	2026/27
	£000's	£000's	£000's	£000's	£000's	£000's
Employees	3,980	4,385	4,517	4,652	4,792	4,935
Premises	3,614	3,594	3,737	3,834	3,911	3,989
Transport	71	70	72	74	76	77
Supplies & Services	1,577	1,608	1,166	1,070	1,295	995
Contracted Services	6,704	6,682	7,099	7,411	6,675	6,811
Support Services (GF Recharges)	5,225	5,225	5,344	5,466	5,591	5,716
Debt Management Expenses	58	58	61	62	63	65
Bad Debt Provision	93	93	100	108	110	113
Depreciation	8,958	8,958	9,137	9,320	9,506	9,696
<b>Total Expenditure</b>	<b>30,280</b>	<b>30,673</b>	<b>31,233</b>	<b>31,997</b>	<b>32,019</b>	<b>32,397</b>
Rental Income – Dwellings	(35,124)	(35,124)	(37,744)	(40,704)	(41,447)	(42,805)
Rental Income – Non-Dwellings	(836)	(836)	(869)	(892)	(909)	(928)
Fees & Charges (charged for services)	(1,516)	(1,779)	(2,103)	(2,202)	(2,289)	(2,606)
Other Contributions (shared amenities)	(368)	(368)	(383)	(393)	(401)	(409)
<b>Total Income</b>	<b>(37,844)</b>	<b>(38,107)</b>	<b>(41,099)</b>	<b>(44,191)</b>	<b>(45,046)</b>	<b>(46,748)</b>
<b>Net Cost of Services</b>	<b>(7,564)</b>	<b>(7,434)</b>	<b>(9,866)</b>	<b>(12,194)</b>	<b>(13,027)</b>	<b>(14,351)</b>
Interest Received	(5)	(6)	(2)	(1)	(1)	(1)
Financing Costs	5,618	5,613	6,260	6,860	7,172	7,285
<b>Net Operating Income</b>	<b>(1,951)</b>	<b>(1,827)</b>	<b>(3,608)</b>	<b>(5,335)</b>	<b>(5,856)</b>	<b>(7,067)</b>
<i>Appropriations:</i>						
HRA Contributions to Capital	4,914	5,364	3,612	5,336	5,858	5,792
Contributions to/(from) Reserves	0	0	0	0	0	0
<b>Total Appropriations</b>	<b>4,914</b>	<b>5,364</b>	<b>3,612</b>	<b>5,336</b>	<b>5,858</b>	<b>5,792</b>
<b>(Surplus)/Deficit</b>	<b>2,963</b>	<b>3,537</b>	<b>4</b>	<b>1</b>	<b>2</b>	<b>(1,275)</b>

- 4.4 Further work on the detailed budget assumptions in the initial draft budget has resulted in a limited number of refinements to the 2022/23 figures (covered in **Appendix A**). This has increased the projected 2022/23 deficit to £3.537 million (up from £2.963 million in December 2021). However, the rest of the MTFP – from 2023/24 through to 2026/27 – continues to present a very stable position, with a breakeven position still projected for the 3-year period 2023/24 through to 2025/26, followed by a significant surplus in 2026/27 (now estimated at £1.275 million compared to £1.620 million in December 2021).
- 4.5 As discussed in **Appendix B**, officers are still refining the HRA Business Plan using the “Fortress” model and the completion of the Stock Condition Survey remains a major priority as, once complete, it will further enhance the accuracy of the outputs from the model and will also enable the Plan to be extended from 30 to 40 years; this will help inform future iterations of the HRA MTFP.

**Local Government Act 2003: Section 25  
Chief Financial Officer's Statutory Report**

**1. Introduction**

- 1.1. The Local Government Act 2003 (Section 25) requires that when a local authority is agreeing its annual budget and precept, the Council's Section 151 officer must report to it on the following matters:
- the robustness of the estimates made for the purposes of the calculations; and
  - the adequacy of the proposed financial reserves.
- 1.2. CIPFA's Financial Management (FM) Code, published in October 2019 also makes this report a requirement
- 1.3. The Council must have due regard to the report when making decisions on the budget and precept.
- 1.4. This document concentrates on the General Fund budget, the Housing Revenue Account and Capital Investment Programme, but in addition it also considers key medium-term issues faced by the Council as set out in the Medium-Term Financial Plan (MTFP).
- 1.5. In expressing this opinion, I have considered the financial management arrangements that are in place, the level of reserves the Council has available, the budget assumptions, the overall financial and economic environment, the financial risks facing the Council and its overall financial standing.

**2. Statement by the Council Chief Financial (S151) Officer**

- 2.1. There are many financial challenges currently facing the Council and the financial future is the least certain that it has been for a long time; planning in such an environment is uniquely difficult. Yet, despite this, I am satisfied that a prudent and considered approach has been employed for formulating and developing the budget proposals. As a result, I believe that the Council is presented with a robust set of estimates.
- 2.2. I also believe that the Council has adequate Reserves, but its Balances are likely to be lower than it deems appropriate for the challenges it faces during the forthcoming year. However, I am satisfied that the Council is both aware and mindful of this position and has both robust mechanisms in place to monitor and manage spending and has an adequate plan to return balances to their assessed minimum over a reasonable timeframe.

- 2.3. I am aware of the contents of CIPFA's Resilience Index in relation to Epping Forest District Council and there is nothing contained within it which causes me concern.
- 2.4. In arriving at this opinion, I have taken due account of the following matters.

### **3. Financial Management Arrangements**

- 3.1. After some delays the Council received an unqualified Audit opinion on its financial statements for 2019/20 and an unqualified conclusion on the Council's arrangements for securing value for money. However, this process identified errors going back to 2018/19 which required a material adjustment to General Fund balances. Consequently, the Council started 2021/22 with a General Fund Balance only marginally above its assessed minimum.
- 3.2. Unfortunately, the Council's Accounts for 2020/21 have still not be signed off by the Council's Auditors thereby creating uncertainty as to the exact size of carried forward balances. The Council's Finance Team is now almost fully staffed and increasingly the delays in completing the Audit are due to resourcing issues with the Council's Auditors (Deloitte). The previous year's restatement of balances emphasises the need for the Accounts to be prepared and Audited in a timely fashion so that financial decisions can be made with certainty of its financial position.
- 3.3. The Council has a sound system of budget monitoring and control, evidenced by the production of quarterly budget monitoring reports to Scrutiny and Cabinet within a reasonable timeframe from the period end. Where over-spends or under-spends are reported, management actions have been identified to minimise the impact and to enable early corrective action to be put in place where necessary.
- 3.4. The Council has largely balanced its budgets in recent years through the generation of additional income. It has not been reliant on efficiency savings, cuts or Council Tax increases, but identification and capturing of efficiency savings remain a service management priority associated with the delivery of good value to the taxpayer and the need to balance the MTFP. The Council is developing robust performance and project management arrangements to track the identification, delivery and capture of efficiency gains from projects and these are overseen by members of the Council's Senior Leadership Team and reported to members.
- 3.5. The Council's S151 officer sits at a level within the Council to have oversight on the Council's financial decision making and his views are appropriately sought.



#### **4. Budget Process**

- 4.1. The budget planning process for 2022/23 was iterative but reflected pressures and opportunities identified with the full engagement of all budget holders. The Covid19 pandemic continued to impact on development and understand of the Council's long-term budgetary position. The short-term support provided by the Government during 2020/21, and to a lesser extent in 2021/22, masked some of the underlying structural changes to the budget, and these had to be addressed in formulating the proposals for 2022/23. The ending of these Government support arrangements helped to create a budget gap of £1.5 million. Closing this gap was the largest challenge in producing a balanced budget proposal.
- 4.2. The process was more robust than the Pandemic influenced budget development process of last year with more time available to understand the issues and to develop proposals.
- 4.3. A range of significant funding pressures and requests were identified. These have been assessed by officers and portfolio holders. Where central to continued service delivery or the achievement of corporate objectives these have been included in the proposals presented here.
- 4.4. The assumptions, calculations and proposals in this budget are the result of challenge and scrutiny by the Leader of the Council, Members of the Cabinet and the Stronger Council Select Committee, all guided by advice from the Chief Executive, Chief Operating Officer and Strategic Director (the Council's S151 officer). The proposals have been developed iteratively over many months and have been considered by Cabinet and Committee at various stages.

#### **5. Key Assumptions**

- 5.1. The largest assumptions are all associated with emerging cost pressures, primarily inflationary but also associated with a better understanding the longer-term impacts of Covid19.
- 5.2. Factors associated with energy price increases, Brexit and supply chain issues have created the largest budgetary pressures. These have impacted on the headline rate of inflation, which is now at its highest for 30 years. Together with gradually increasing interest rates this is expected to materialise in higher wage settlements.
- 5.3. The budget includes provision for wage and contract inflationary increases. Services are expected to absorb non-wage and non-contract inflationary pressures within existing budgets. Inflationary provisions are based on advice and Bank of England projections that inflation will peak in the next few months and then gradually reduce. There is considerable uncertainty within this assumption, but the budget assumes that any cost pressure in excess of that provided here will also be contained within service budgets.
- 5.4. Reduced income from core income sources, such as car parking and leisure centre income have recovered but not fully to pre-pandemic levels. It is expected that some of the reduction on car parking income especially is permanent as working and lifestyle patterns have changed.

- 5.5. The Government provided only a one-year Finance Settlement for 2022/23 pending the implementation of a revised allocation methodology from 2023/24 aligned to its 'Levelling Up' agenda. The Government 2022/23 settlement includes a range of additional, but explicitly temporary funding streams in the settlement for 2022/23 which amount to nearly £700,000. The MTFP assumes these do not continue into 2023/24 and this creates a funding gap in that year.
- 5.6. With General Fund Balances likely to be below the Council's assessed minimum at the end of 2021/22 the Budget provides for an element of the Government's one-year additional funding to be added to balances in order to build them back towards their target minimum.
- 5.7. The Budget proposals include a significant amount of interest payable by Qualis. The budget assumes that Qualis will draw down the loans the Council has made available in accordance with expected timeframes. Any significant deviation from these plans is likely to have a material impact on the Budget.
- 5.8. The Council is required to charge repayments of sums borrowed to its General Fund in the form Minimum Revenue Provision (MRP). These sums are budgeted to increase as the Council's borrowing plans increase. The budget assumes that borrowing will be incurred in accordance with the investment plans set out in the Capital Programme, Capital and Treasury Management strategies. As with 5.6, if spending is delayed this will also have a material effect on the MRP charge required in year.
- 5.9. Applying these assumptions to the Medium-Term Financial Plan arrives at a series of deficits in each of the years from 2023/24 onwards. Whilst there is still considerable uncertainty over the size of these deficits, at the levels assumed, these are considered manageable with the appropriate decisions and actions. This points to continued sustainability in the Council's financial plans.

## **6. Key Risks**

- 6.1. The Council has a well-developed and robust risk identification and monitoring framework. Together with the budget monitoring arrangements, the risk management processes have ensured that all ongoing pressures and risks are explicit, understood and considered within the budget development process.
- 6.2. Throughout the development of the budget those responsible have been made aware of the current and future risks both on service income and expenditure, local taxation receipts and in the wider Local Government funding environment.
- 6.3. Key amongst the current and future risks are:
  - The medium and long-term impacts of Covid19;
  - The unknown impact of economic factors and pressures, specifically inflation.
  - The Council's trading company (Qualis);
  - Government Funding - as it has yet to publish its distribution methodology for 2023/24 onwards but it is speculated that this will see a redistribution at a national level consistent with its 'Levelling-Up' white paper and this may see south-east and London councils doing less well. Whilst it is indicated that transitional arrangements will apply, this still represents a key risk to the MTFP.
  - The result of the HRA stock condition survey.

- The Council's planned borrowing commitments.
- 6.4. It is in this context that the budget contains additional contingencies, reserves and balances to ensure that the Council is adequately planning for and mitigating the impact of any such risks which may become real. Risks associated with borrowing are hedged by ensuring repayment profiles are realistic and interest rates are fixed at low rates, thereby giving certainty over future affordability.

## **7. Level of Reserves and Balances**

- 7.1. Reserves are defined in Sections 31A, 32, 42A and 43 of the Local Government Finance Act 1992. This requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating their budget requirement.
- 7.2. Reserves are an essential part of the Council's financial strategy and provide protection against the significant risks the Council faces and represent a funding resource for Council backed initiatives. The continued provision of adequate reserves is essential. Without these, the Council might need to reduce current spending to accommodate unexpected event.
- 7.3. Council reserves fall into two categories; Earmarked and Un-allocated. Earmarked are held aside for a specific purpose or against a general area of risk or opportunity. Un-allocated have no specific purpose other than general contingency, such as the General Fund Balance.
- 7.4. The final accounts for 2019/20 identified a significant overstatement of unallocated balances arising from an adjustment to the amount of Retained Business Rates partly going back to 2018/19. Following restatement, the revised General Fund balance at stood at £4.017 million as at 31 March 2021 and £2.105 million within the Housing Revenue Account.
- 7.5. As the Budget for 2021/22 was prepared and agreed using the higher, pre-audit, number the budget proposals included an assumed (affordable) one-off use of General Fund Balances of £1.35 million to cover Covid19 costs which were expected to be temporary in nature.
- 7.6. The latest budget monitoring position for 2021/22, as at 31 December 2021, forecasts a small overspend in year which will further add to the use of balances in 2021/22.
- 7.7. Combined these may result in a potential draw on General Fund Balances of up to £1.7 million during 2021/22, which would leave unallocated balances of only £2.3 million. This is well below the Council assessed minimum level of £4 million and will need to be addressed as a matter of importance. Recognising this, the budget proposals include a planned contribution of £330,000 to unallocated balances in 2022/23 and further contributions will be required over the MTFP period to bring balances back up.

## **8. Financial Standing**

- 8.1. The Council has complied fully with the requirements of the Prudential Code for Capital Finance in Local Authorities. The Prudential Indicators are considered by the Council's Audit and Governance Committee prior to being adopted by Council as part of Budget setting.
- 8.2. That Council has an ambitious Capital Programme reflecting its priorities towards new Council House building, town centre regeneration and leisure. These are heavily dependent on borrowing and the revenue costs of this proposed borrowing have been factored into the Budget and the Medium-Term Financial Plan. The long-term costs of borrowing are now gradually increasing in response to economic factors, but they remain comparatively low and this helps with the affordability of these plans. The Treasury Management Strategy seeks to fix borrowing costs at low levels, thereby providing future certainty and affordability.
- 8.3. CIPFA's Financial Resilience Index is a comparative analytical tool that may be used by Chief Financial Officers to support good financial management and provide a common understanding of their financial position against those of others.
- 8.4. The Index shows a council's position on a range of measures associated with financial risk. The selection of indicators has been informed by extensive financial resilience work undertaken by CIPFA over the past five seven years, public consultation and technical stakeholder engagement.
- 8.5. The CIPFA Financial Resilience Index for Epping Forest (using 2020/21 data) shows the Council to have higher than average borrowing amongst district councils but with a sustainable level of reserves.

**Andrew Small CPFA**  
**Strategic Director & Section 151 Officer**  
**February 2022**

## Report to the Audit & Governance Committee



**Epping Forest  
District Council**

**Date of meeting:** 22nd November  
2021

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<b>Portfolio:</b>	Finance & Economic Development	
<b>Subject:</b>	Treasury Management Outturn Report 2020/21	
<b>Responsible Officer:</b>	Andrew Small	(01992 564278)
<b>Democratic Services:</b>	Laura Kirman	(01992 564243)

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### Recommendations/Decisions Required:

- (1) To note the Treasury Management Outturn Report for 2020/21 (**Appendix A**) and pass comment for full Council.

### Executive Summary:

The Council's current Treasury Management Strategy was considered at a meeting of the Audit and Governance Committee on 28th January 2019 and was subsequently agreed by full Council on 21st February 2019; it was a three-year strategy covering the financial years 2019/20, 2020/21 and 2021/22.

In accordance with CIPFA's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) and generally accepted good practice, the Treasury Management Outturn Report for 2020/21 (presented in **Appendix A**) sets out the Council's actual Treasury Management activity for 2020/21, including the year-end position contained in the Council's (draft) Statement of Accounts for 2020/21.

**Appendix A** begins by setting the external context for 2020/21 by exploring the Economic Background, Financial Markets and Credit Ratings; this includes a discussion on the fundamental impact of the Covid-19 Pandemic.

The Borrowing and Investment position for Epping Forest DC as at 31st March 2021 was as follows:

- *Borrowing* – external borrowing rose by £37.2 million (from £224.5 million to £261.7 million) during the period April 2020 to March 2021; and
- *Investments* – there was a reduction of £12.9 million (from £24.7 million to £11.8 million) during the same period.

CIPFA's Treasury Management Code covers all the financial assets of the Council, as well as other non-financial assets which the Council holds, primarily for financial return. The report therefore also considers the Council's Commercial Property Portfolio, which delivered Net Income of £6.798 million during 2020/21 and continues to be a key part of the Council's strategy to minimise Council Tax increases.

**Appendix A** concludes by considering compliance with the Council's adopted Treasury Management indicators. Full compliance was achieved with most indicators. However, the cash flows experienced during the early part of 2020/21 were completely un-precedented as the Government suddenly distributed huge emergency support funding for Covid-19 to billing authorities. This led to some unavoidable breaches of the Council's Investment Limits. Cash flows have subsequently stabilised with the Council holding total bank deposits of £2.7 million as at 31st March 2021.

**Reasons for Proposed Decision:**

To enable the robust scrutiny the Council's Treasury Management performance in 2020/21 in compliance with CIPFA's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) and generally accepted good practice.

**Legal and Governance Implications:**

The Local Government Act 2003 created a framework for the financing of capital investments in local authorities which came into operation from April 2004. Alongside this, the Prudential Code was developed by CIPFA as a professional Code of Practice to support local authority decision making in capital investment and financing. Local authorities are required by regulation to have regard to the Prudential Code.

**Safer, Cleaner and Greener (SCG) Implications:**

None.

**Background Papers:**

Treasury Management Strategy Statement 2019/20 (Audit and Governance Committee, 28th January 2019).

(MHCLG) Statutory Guidance on Local Government Investments (3rd Edition). Issued under section 15(1)(a) of the Local Government Act 2003 and effective for financial years commencing on or after 1st April 2018.

**Risk Management:**

There are a range of inherent financial risks associated with Treasury Management activity; not least the potential for loss of interest and/or deposits. The Council therefore engages the services of external Treasury Management advisors, Arlingclose Ltd.

Borrowing and Investment decisions are made in accordance with the Council's formally adopted Treasury Management Strategy. The Strategy includes several Risk Management features, including – for example – the overriding priority that security of deposit takes precedence over return on investment.

## Treasury Management Outturn Report 2020/21

### Introduction

The Council has adopted CIPFA's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Council to approve Treasury Management semi-annual ("mid-year updates") and annual reports.

The Council's current Treasury Management Strategy was considered at a meeting of the Audit and Governance Committee on 28th January 2019 and was subsequently agreed by full Council on 21st February 2019; it was a three-year strategy covering the financial years 2019/20, 2020/21 and 2021/22. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's Treasury Management Strategy.

The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy (covering the 2020/21 financial year), complying with CIPFA's requirement, was approved by full Council on 21st February 2019.

### External Context: Review of 2020/21

**Economic Background:** The coronavirus pandemic dominated 2020/21, leading to almost the entire World being in some form of lockdown during the year. The start of the financial year saw many central banks cutting interest rates as lockdowns caused economic activity to grind to a halt. The Bank of England cut the Bank Rate to 0.1% and the UK government provided a range of fiscal stimulus measures, the size of which has not been seen before in peacetime.

Some good news came in December 2020 as two COVID-19 vaccines were given approval by the UK Medicines and Healthcare products Regulatory Agency (MHRA). The UK vaccine rollout started in earnest; over 31 million people had received their first dose by 31st March.

A Brexit trade deal was agreed with only days to spare before the 11pm 31st December 2020 deadline having been agreed with the European Union on Christmas Eve.

The Bank of England (BoE) held the Bank Rate at 0.1% throughout the year but extended its Quantitative Easing programme by £150 billion to £895 billion at its November 2020 meeting. In its March 2021 interest rate announcement, the BoE noted that, while GDP would remain low in the near-term due to COVID-19 lockdown restrictions, the easing of these measures means growth is expected to recover strongly later in the year. Inflation is forecast to increase in the near-term and while the economic outlook has improved there are downside risks to the forecast, including from unemployment which is still predicted to rise when the furlough scheme is eventually withdrawn.



Government initiatives supported the economy and the Chancellor announced in the 2021 Budget a further extension to the furlough (Coronavirus Job Retention) scheme until September 2021. Access to support grants was also widened, enabling more self-employed people to be eligible for Government help. Since March 2020, the Government schemes have helped protect more than 11 million jobs.

Despite the furlough scheme, unemployment still rose. Labour market data showed that in the three months to January 2021 the unemployment rate was 5.0%, in contrast to 3.9% recorded for the same period 12 months ago. Wages rose 4.8% for total pay in nominal terms (4.2% for regular pay) and was up 3.9% in real terms (3.4% for regular pay). Unemployment is still expected to increase once the various government job support schemes come to an end.

Inflation has remained low over the 12-month period. Latest figures showed the annual headline rate of UK Consumer Price Inflation (CPI) fell to 0.4% year/year in February, below expectations (0.8%) and still well below the Bank of England's 2% target. The ONS' preferred measure of CPIH which includes owner-occupied housing was 0.7% year/year (1.0% expected).

After contracting sharply in Q2 (Apr-Jun) 2020 by 19.8% q/q, growth in Q3 and Q4 bounced back by 15.5% and 1.3% respectively. The easing of some lockdown measures in the last quarter of the calendar year enabled construction output to continue, albeit at a much slower pace than the 41.7% rise in the prior quarter. When released, figures for Q1 (Jan-Mar) 2021 are expected to show a decline given the national lockdown.

**Financial Markets:** Monetary and fiscal stimulus helped provide support for equity markets which rose over the period, with the Dow Jones beating its pre-crisis peak on the back of outperformance by a small number of technology stocks. The FTSE indices performed reasonably well during the period April to November, before being buoyed in December by both the vaccine approval and Brexit deal, which helped give a boost to both the more internationally focused FTSE 100 and the more UK-focused FTSE 250, however they remain lower than their pre-pandemic levels.

Ultra-low interest rates prevailed throughout most of the period, with yields generally falling between April and December 2020. From early in 2021 the improved economic outlook due to the new various stimulus packages (particularly in the US), together with the approval and successful rollout of vaccines, caused government bonds to sell off sharply on the back of expected higher inflation and increased uncertainty, pushing yields higher more quickly than had been anticipated.

The 5-year UK benchmark gilt yield began the financial year at 0.18% before declining to -0.03% at the end of 2020 and then rising strongly to 0.39% by the end of the financial year. Over the same period the 10-year gilt yield fell from 0.31% to 0.19% before rising to 0.84%. The 20-year declined slightly from 0.70% to 0.68% before increasing to 1.36%.

1-month, 3-month and 12-month SONIA bid rates averaged 0.01%, 0.10% and 0.23% respectively over the financial year.

**Credit Review:** After spiking in March 2020, credit default swap spreads declined over the remaining period of the year to broadly pre-pandemic levels. The gap in spreads between UK ringfenced and non-ringfenced entities remained, albeit Santander UK is still an outlier compared to the other ringfenced/retail banks. At the end of the period Santander UK was trading the highest at 57bps and Standard Chartered the lowest at 32bps. The other ringfenced banks were trading around 33 and 34bps while Nationwide Building Society was 43bps.

Credit rating actions to the period ending September 2020 have been covered in previous outturn reports. Subsequent credit developments include Moody's downgrading the UK sovereign rating to Aa3 with a stable outlook which then impacted several other UK institutions, banks and local government. In the last quarter of the financial year S&P upgraded Clydesdale Bank to A- and revised Barclay's outlook to stable (from negative) while Moody's downgraded HSBC's Baseline Credit Assessment to baa3 whilst affirming the long-term rating at A1.

The vaccine approval and subsequent rollout programme are both credit positive for the financial services sector in general, but there remains much uncertainty around the extent of the losses banks and building societies will suffer due to the economic slowdown which has resulted due to pandemic-related lockdowns and restrictions. The institutions and durations on the Council's counterparty list recommended by Treasury Management advisors Arlingclose remain under constant review, but at the end of the period no changes had been made to the names on the list or the recommended maximum duration of 35 days.

### **Local Context**

On 31st March 2021, the Council had net borrowing of £251.231 million arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

**Table 1: Balance Sheet Summary**

	31/03/21 Actual £m
General Fund CFR	143.938
HRA CFR	153.575
<b>Total CFR</b>	<b>297.513</b>
Less: Other Debt liabilities	0
<b>Borrowing CFR</b>	<b>297.513</b>
Less: External borrowing	-261.706
<b>Internal borrowing:</b>	<b>35.807</b>
Less: Usable reserves	-47.156
Less: Working capital	0.874
<b>Net Investments</b>	<b>10.475</b>

Lower official interest rates have reduced the cost of short-term, temporary loans and investment returns from cash assets that can be used in lieu of borrowing. The Council has pursued a strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, to reduce risk.

The Treasury Management position as at 31st March 2021 and the change during the financial year is shown in Table 2 below.

**Table 2: Treasury Management Summary**

	31/03/20 Balance £m	Movement £m	31/03/21 Balance £m	31/03/21 Rate %
Long-term Borrowing	210.5	-11.5	199.0	2.77%
Short-term Borrowing	14.0	+48.7	62.7	0.11%
<b>Total Borrowing</b>	<b>224.5</b>	<b>+37.2</b>	<b>261.7</b>	
Long-Term Investments	0	0	0	N/A
Short-term Investments	0	0	0	N/A
Cash and Cash Equivalents	24.7	-12.9	11.8	0.01%
<b>Total Investments</b>	<b>24.7</b>	<b>-12.9</b>	<b>11.8</b>	
<b>Net Borrowing</b>	<b>199.8</b>		<b>249.9</b>	

The Council's cash flows during 2020/21 were unprecedented, primarily due to the Covid-19 pandemic, although things were beginning to settle down by September 2020. Thus:

- Long-Term Borrowing – the Council did not take out any further long-term borrowing in the year, with the decline in the balance of £11.5 million, representing the repayment of principal on existing loans (see following comment re temporary switch from long to short-term borrowing)
- Short-Term Borrowing – such borrowing – from other Local Authorities – increased significantly during the year. This has allowed the Council to benefit from the exceptionally low short-term interest rates on offer, although longer-term replacement borrowing will be actively considered in 2021/22 (in consultation with Arlingclose); and
- Cash and Cash Equivalents – following an unprecedented peak in cash holdings during April 2020 (especially due to the impact of the Covid-19 pandemic), cash balances gradually stabilised and returned to more normal levels during the second half of the period.

### **Borrowing Update**

In November 2020 the PWLB published its response to the consultation on 'Future Lending Terms'. From 26th November the margin on PWLB loans above gilt yields was reduced from 1.8% to 0.8% providing that the borrowing authority can confirm that it is not planning to purchase 'investment assets primarily for yield' in the current or next two financial years. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing. As part of the borrowing process authorities will now be required to submit more detailed capital expenditure plans with confirmation of the purpose of capital expenditure from the Section 151 Officer. The PWLB can now also restrict local authorities from borrowing in unusual or large amounts.

Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management. Misuse of PWLB borrowing could result in the PWLB requesting that Authority unwinds problematic transactions, suspending access to the PWLB and repayment of loans with penalties.

Competitive market alternatives may be available for authorities with or without access to the PWLB. However, the financial strength of the individual authority and borrowing purpose will be scrutinised by commercial lenders.

The Council is not planning to purchase any investment assets primarily for yield within the next three years and so is able to take advantage of the reduction in the PWLB borrowing rate.

Municipal Bonds Agency (MBA): The MBA revised its standard loan terms and framework agreement. Guarantees for the debt of other borrowers are now proportional and limited and a requirement to make contribution loans in the event of a default by a borrower has been introduced. The agency has issued 5-year floating rate and 40-year fixed rate bonds in 2020, in both instances Lancashire County Council is the sole borrower and guarantor. A planned third bond issuance by Warrington Borough Council was withdrawn in early December after the reduction in PWLB borrowing rates.

If the Council considers future borrowing through the MBA, it will first ensure that it has thoroughly scrutinised the legal terms and conditions of the arrangement and is satisfied with them.

UK Infrastructure Bank: In his March 2021 Budget the Chancellor confirmed that a UK Infrastructure Bank will be set up with £4bn in lending earmarked for local authorities from the Summer of 2021. Loans will be available at gilt yield plus 0.60%, 0.20% lower than the PWLB certainty rate. A bidding process to access these loans is likely with a preference to projects likely to help the government meet its Net Zero emissions target. However other “high value and complex economic infrastructure projects” may also be considered.

### **Borrowing Strategy**

At 31st March 2021 the Council held £261.7 million in loans (an increase of £37.2 million compared to the position as at 31st March 2020), as part of its strategy for funding the Capital Programme. Outstanding loans on 31st March 2021 are summarised in Table 3 below.

**Table 3: Borrowing Position**

	<b>31/03/20 Balance £m</b>	<b>Net Movement £m</b>	<b>31/03/21 Balance £m</b>	<b>31/03/21 Weighted Average Rate %</b>	<b>31/03/21 Weighted Average Maturity (Years/Days)</b>
Public Works Loan Board	210.5	+28.2	238.7	2.77%	15.95 Years
Banks	0	0	0	N/A	N/A
Local authorities (long-term)	0	0	0	N/A	N/A
Local authorities (short-term)	14.0	+9.0	23.0	0.11%	83 Days
<b>Total Borrowing</b>	<b>224.5</b>	<b>37.2</b>	<b>261.7</b>		

The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective.

With short-term interest rates remaining much lower than long-term rates, the Council considered it more cost effective in the short term to use internal resources or borrowed rolling temporary / short-term loans instead. The net movement in temporary / short-term loans is shown in Table 3 above.

### **Other Debt Activity**

The Council did not raise any other capital finance during 2020/21.

### **Treasury Investment Activity**

The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held, and money borrowed in advance of need. During 2020/21, the Council's investment balances ranged between circa £1 million and £70 million; this was due to timing differences between income and expenditure. The investment position is shown in Table 4 below.

**Table 4: Treasury Investment Position**

	<b>31/03/20 Balance £m</b>	<b>Net Movement £m</b>	<b>31/03/21 Balance £m</b>	<b>31/03/21 Income Return %</b>	<b>31/03/21 Weighted Average Maturity Days</b>
Banks & building societies (unsecured)	24.7	-22.0	2.7	0.01	Instant Access
Government (incl. local authorities)	0	0	0	N/A	N/A
Money Market Funds	0	+9.1	9.1	0.01	Instant Access
<b>Total Investments</b>	<b>24.7</b>	<b>-12.9</b>	<b>11.8</b>		

Both the CIPFA Code and Government guidance requires local authorities to invest funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

## Non-Treasury Investments

The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. This is replicated in the Investment Guidance issued by Ministry of Housing, Communities and Local Government (MHCLG), in which the definition of investments is further broadened to also include all such assets held partially for financial return.

The Council also holds a significant commercial property portfolio on its Balance Sheet, which are summarised in Table 5 below.

**Table 5: Commercial Property Investments**

<b>Category</b>	<b>31/03/21 Balance Sheet Value</b>	<b>Net Income 2021/22 (12 months April - March) ***</b>
Shops*	£92.363m	£5.222m
Industrial Units	£35.996m	£1.563m
Other**	£18.946m	£0.013m
<b>Total Value/Net Income</b>	<b>£147.305m</b>	<b>£6.798m</b>

\*Includes Public Houses and a Petrol Station

\*\*Includes North Weald Airfield and Tennis Centre

\*\*\*Excludes (year-end) recharges

The Council received total net income of £6.798 million from Commercial Property Investments in 2020/21 (£6.216 million in 2019/20), with the numbers reflecting the additional revenue generated by new Commercial Property acquisitions in December 2019 at Loughton High Road (Shops) and Brooker Road (Industrial Units).

The Committee should note that the numbers reflect the accrued position currently in the Council's books, which does not take account of the collectability of income. So far, there have been no write-offs due to the affects of the Covid-19 pandemic, with the Council's portfolio appearing reasonably resilient at this stage (e.g. anecdotally, demand from prospective tenants for void properties seems to be holding up). However, an increase in write-offs cannot be ruled out in the future given the current economic climate.

## Compliance

The Strategic Director and Section 151 Officer reports that all Treasury Management activities undertaken during the financial year complied fully with the CIPFA Code of Practice. However – in 2020/21 – regarding the approved Treasury Management Strategy:

- Debt Limits – full compliance achieved
- Investment Limits – the £3.0 million limit on investing in any single organisation (except for the UK Government) was breached during the year, with the Council holding larger amounts of cash with NatWest, the Council’s main bankers. With a peak cash holding £70.5 million held in mid-April 2020, this was a completely unprecedented event, and due to a combination of the Council’s anticipated cash requirements in April 2020 and the unexpected receipt of a major funding allocation from central Government as part of the Covid-19 Business Support grant initiative; and
- Liquidity Indicator – the Council also briefly dropped below its £3.0 million Liquidity Indicator (“Minimum Available Cash Within 3 Months”) at the end of September 2020. This was corrected by short-term borrowing in October 2020 and was not breached again during the financial year.

Compliance with the Operational Boundary and Authorised Limit for external debt is demonstrated in Table 7 below.

**Table 7: Debt Limits**

	2020/21 Maximum	31/03/21 Actual	2020/21 Operational Boundary	2020/21 Authorised Limit	Complied? (Yes/No)
Borrowing	£261.7m	£261.7m	£280.0 million	£290.0 million	Yes
Finance Leases	0	0			
<b>Total Debt</b>	<b>£261.7m</b>	<b>£261.7m</b>			

Since the Operational Boundary is a management tool for in-year monitoring it is not significant if it is breached on occasions due to variations in cash flow; this is not counted as a compliance failure. Total debt did not breach the Operational Boundary during the year.



**Table 8: Investment Limits**

	2020/21 Maximum	31/03/21 Actual	2020/21 Limit	Complied? (Yes/No)
Any single organisation, except the UK Government	£70.5m	£2.7m	£4.0m each*	No
UK Government (including local authorities)	0	0	Unlimited	Yes
Any group of organisations under the same ownership	0	0	£3.0m per group	Yes
Any group of pooled funds under the same management	0	0	£5.0m per manager	Yes
Negotiable instruments held in a broker's nominee account	0	0	£2.0m per broker	Yes
Foreign countries	0	0	£3.0m per country	Yes
Registered providers and registered social landlords	0	0	£3.0m in total	Yes
Unsecured investments with building societies	0	0	£2.0m in total	Yes
Loans to unrated corporates	0	0	£2.0m in total	Yes
Money Market Funds (MMF)	0	£9.1m	£30.0m in total*	Yes (subject to comments below)
Real Estate Investment Trusts	0	0	£5.0m in total	Yes

*Note - excludes Qualis loans*

\*The Investment Limits quoted in Table 8 have been amended in two places compared to the originally adopted Treasury Management Strategy. At its meeting on 29th October 2020, full Council resolved to:

- Increase the amount that the Council can invest in any single organisation, except the UK Government, from £3.0 million to £4.0 million; and

- Increase the MMF limit to £10 million *per fund*, with a maximum limit of 3 funds to be invested in at any one time. If operational requirements require the use of more funds, the S151 officer can authorise this in consultation with the Portfolio Holder for Finance and Economic Development, provided this is reported to the Chair of the Audit and Governance Committee, and a report is submitted to the next available meeting of the Audit and Governance Committee.

Table 8 shows that, during 2020/21 (and as reported to Audit and Governance Committee on 9th December 2020), the Investment Limit in any single organisation (except the UK Government) was breached – with peak investment occurring on 15th April 2020 – when a cash balance of £70.5 million was held with NatWest, the Council’s main bankers.

Exceptionally high cash balances were experienced by a vast majority of local authorities during April 2020 as the Government distributed emergency support funding for Covid-19; as a consequence, there were no opportunities at the time to temporarily invest surplus cash with other local authorities (as everyone was looking to lend, rather than borrow). In addition, Epping Forest District Council was very quick to distribute Business Support Grants to local businesses, which meant that very high cash balances were needed to cover rapidly outgoing commitments.

### **Treasury Management Indicators**

The Council measures and manages its exposures to Treasury Management risks using the following indicators.

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

	31/03/21 Actual	2020/21 Target	Complied?
Portfolio average credit rating	A	A-	Yes

**Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

	31/03/21 Actual	2020/21 Target	Complied?
Total cash available within 3 months	£12.4 million	£3.0 million	Yes

At no time during 2020/21 (or subsequently at the time of preparing this report), did the Council go overdrawn at the Bank.

**Interest Rate Exposures:** This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests was:

Interest rate risk indicator	31/03/21 Actual	2020/201 Limit	Complied?
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates (Borrowing)	£318,000	£318,000	Yes
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates (Investments)	£11,800	£100,000	Yes

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates. The table shows that Interest Rate Exposure on Borrowing and Investments were within limits. Interest Rate Exposure on Borrowing is an especially important measure, with net variable rate exposure of £306,200 (£318,000 minus £11,800) focused on Borrowing.

**Maturity Structure of Borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	31/03/21 Actual	Upper Limit	Lower Limit	Complied?
Under 12 months	16%	100%	0%	Yes
12 months and within 24 months	0%	100%	0%	Yes
24 months and within 5 years	0%	100%	0%	Yes
5 years and within 10 years	13%	100%	0%	Yes
10 years and within 15 years	0%	100%	0%	Yes
15 years and within 20 years	50%	100%	0%	Yes
20 years and within 25 years	14%	100%	0%	Yes
25 years and above	7%	100%	0%	Yes

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

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

	2020/21
Actual principal invested beyond year end	£0
Limit on principal invested beyond year end	£1.0 million
Complied?	Yes

## Other

**CIPFA consultations:** In February 2021 CIPFA launched two consultations on changes to its Prudential Code and Treasury Management Code of Practice. These follow the Public Accounts Committee's recommendation that the prudential framework should be further tightened following continued borrowing by some councils for investment purposes. These are principles-based consultations and will be followed by more specific proposals later in the year.

In the Prudential Code the key area being addressed is the statement that "local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed". Other proposed changes include the sustainability of capital expenditure in accordance with corporate objectives i.e. recognising climate, diversity and innovation, commercial investment being proportionate to budgets, expanding the capital strategy section on commercial activities, replacing the "gross debt and the CFR" with the liability benchmark as a graphical prudential indicator.

Proposed changes to the Treasury Management Code include requiring job specifications and "knowledge and skills" schedules for Treasury Management roles to be included in the Treasury Management Practices (TMP) document and formally reviewed, a specific Treasury Management Committee for MiFID II professional clients and a new TMP 13 on Environmental, Social and Governance Risk Management.

**IFRS 16:** CIPFA/LASAAC has proposed delaying the implementation of the new IFRS 16 Leases accounting standard for a further year to 2021/22.

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## Report to the Audit & Governance Committee



**Epping Forest  
District Council**

**Date of meeting:** 22nd November  
2021

**Portfolio:** Finance, Qualis Client & Economic Development

**Subject:** Treasury Management Mid-Year Update 2021/22

**Responsible Officer:** Andrew Small (01992 564278).

**Democratic Services:** Laura Kirman (01992 564243).

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### Recommendations/Decisions Required:

- (1) To note the Treasury Management Mid-Year Update 2021/22 (**Appendix A**) and pass comment for full Council.

### Executive Summary:

The Council's Treasury Management Strategy for 2021/22 was considered at a meeting of the Audit and Governance Committee on 22nd March 2021 and was subsequently agreed by full Council.

In accordance with CIPFA's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) and generally accepted good practice, the Treasury Management Mid-Year Update for 2021/22 (presented in **Appendix A**) sets out the Council's actual Treasury Management activity for the first six months of 2021/22 (i.e. April to September 2021).

**Appendix A** begins by setting the external context for first half of 2021/22 by exploring the Economic Background, Financial Markets and Credit Ratings; this includes a discussion on the fundamental impact of the Covid-19 Pandemic.

The Borrowing and Investment position for Epping Forest District Council as at 30th September 2021 shows the following:

- *Borrowing* – external borrowing rose by £9.1 million (from £261.7 million to £270.8 million) during the period April to September 2021; and
- *Investments* – there was an increase of £7.3 million (from £11.8 million to £19.1 million) during the same period.

The CIPFA Code also covers all the financial assets of the Council, as well as other non-financial assets which the Council holds, primarily for financial return. This report therefore also considers the Council's Commercial Property Portfolio, which delivered Net Income of £3.313 million during the first six months of 2021/22 and continues to be a key part of the Council's strategy to minimise Council Tax increases.

**Appendix A** concludes by considering compliance with the Council's adopted Treasury Management indicators. Full compliance was achieved with all indicators.

Members should further note the Cabinet decision (12th July 2021, Item 8, Decision 2) to extend the loan facility to Qualis – by £35.0 million – for the purposes 'pump priming' new regeneration opportunities. At the time of preparing this report, Qualis has yet to draw down any of the available facility. The facility will be reflected in updated Borrowing Indicators as part of the draft Capital Strategy to be presented to this Committee in January 2022 (in compliance with the revised Prudential Code scheduled for December 2021; presented elsewhere on this agenda).

### **Reasons for Proposed Decision:**

To enable the robust scrutiny the Council's Treasury Management performance in 2021/22 in compliance with CIPFA's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) and generally accepted good practice.

### **Legal and Governance Implications:**

The Local Government Act 2003 created a framework for the financing of capital investments in local authorities which came into operation from April 2004. Alongside this, the Prudential Code was developed by CIPFA as a professional Code of Practice to support local authority decision making in capital investment and financing. Local authorities are required by regulation to have regard to the Prudential Code.

### **Safer, Cleaner and Greener (SCG) Implications:**

None.

### **Background Papers:**

Treasury Management Strategy (including Investment Strategy) 2021/22 (Audit and Governance Committee, 22nd March 2021).

(MHCLG) Statutory Guidance on Local Government Investments (3rd Edition). Issued under section 15(1)(a) of the Local Government Act 2003 and effective for financial years commencing on or after 1st April 2018.

### **Risk Management:**

There are a range of inherent financial risks associated with Treasury Management activity; not least the potential for loss of interest and/or deposits. The Council therefore engages the services of external Treasury Management advisors, Arlingclose Ltd.

Borrowing and Investment decisions are made in accordance with the Council's formally adopted Treasury Management Strategy (including Investment Strategy). The Strategy includes several Risk Management features, including – for example – the overriding priority that security of deposit takes precedence over return on investment.



## Treasury Management Mid-Year Update 2021/22

### Introduction

The Council has adopted CIPFA's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Council to approve Treasury Management semi-annual ("mid-year updates") and annual reports.

The Council's current Treasury Management Strategy (including Investment Strategy) was considered at a meeting of the Audit and Governance Committee on 22nd March 2021 and was subsequently agreed by full Council. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's Treasury Management Strategy.

The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Council's updated Capital Strategy 2021/22 to 2025/26, complying with CIPFA's requirement, was considered by the Audit and Governance Committee on 22nd March 2021, and has also been subsequently adopted by full Council.

### External Context: April to September 2021

**Economic Background:** The economic recovery from the Coronavirus pandemic continued to dominate the first half of the financial year. By the end of the period, over 48 million people in the UK had received their first dose of a COVID-19 vaccine, and almost 45 million their second dose.

The Bank of England (BoE) held the Bank Rate at 0.1% throughout the period and maintained its Quantitative Easing programme at £895 billion, unchanged since the November 2020 meeting. The BoE announced in September 2021 that it now expected the UK economy to grow more slowly than previously predicted and there were concerns of building inflationary pressure. Government initiatives continued to support the economy during the first 6 months of 2021/22 but came to an end on 30th September 2021, with businesses required to either take back the 1.6 million workers on the furlough scheme or make them redundant.

Labour market data in the three months to July 2021 shows that unemployment fell to 4.6%. The employment rate increased, and economic activity rates decreased, suggesting an improving labour market picture.

CPI inflation rose to 3.2% in August 2021, exceeding expectations of 2.9%. The BoE now expects inflation to exceed 4% by the end of the calendar year owing largely to developments in energy and goods prices.

**Financial Markets:** Monetary and fiscal stimulus together with rising economic growth and the ongoing vaccine rollout programmes continued to support equity markets over most of the period, albeit with a bumpy ride towards the end. The FTSE 100 saw modest gains over the period and remains below its pre-crisis peak.

Inflation worries continued during the period. Declines in bond yields in the first quarter of the financial year suggested that bond markets were expecting general price increases to be less severe, or more transient, than was previously thought. However, an increase in gas prices in the UK and EU, supply shortages and a dearth of HGV drivers has caused problems for a range of industries and, in some instances, led to higher prices.

**Credit Review:** Over the period Fitch and Moody's upwardly revised to stable the outlook on several UK banks and building societies, recognising their improved capital positions compared to last year and better economic growth prospects in the UK.

The successful vaccine rollout programme is credit positive for the financial services sector in general and the improved economic outlook has meant some institutions have been able to reduce provisions for bad loans. While there is still uncertainty around the full extent of the losses banks and building societies will suffer due to the pandemic-related economic slowdown, the sector is in a generally better position now compared to earlier this year and 2020.

Arlingclose has recently completed a full review of its credit advice on unsecured deposits. The outcome included the addition of NatWest Markets plc to the Counterparty List together with the removal of the suspension of Handelsbanken plc. In addition, the maximum duration for all recommended counterparties was extended to 100 days.

The institutions and durations on counterparties recommended by Arlingclose remain under constant review.

### **Local Context**

On 31st March 2021, the Council had net borrowing of £251.231 million arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

**Table 1: Balance Sheet Summary**

	31/03/21 Actual £m
General Fund CFR	143.938
HRA CFR	153.575
<b>Total CFR</b>	<b>297.513</b>
Less: Other Debt liabilities	0
<b>Borrowing CFR</b>	<b>297.513</b>
Less: External borrowing	-261.706
<b>Internal borrowing:</b>	<b>35.807</b>
Less: Usable reserves	-47.156
Less: Working capital	0.874
<b>Net Investments</b>	<b>10.475</b>

Lower official interest rates have reduced the cost of short-term, temporary loans and investment returns from cash assets that can be used in lieu of borrowing. The Council has pursued a strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, to reduce risk.

The Treasury Management position as at 30th September 2021 and the change during the first six months of the financial year is shown in Table 2 below.

**Table 2: Treasury Management Summary**

	31/03/21 Balance £m	Movement £m	30/09/21 Balance £m	30/09/21 Rate %
Long-term Borrowing	199.0	0	199.0	1.60%
Short-term Borrowing	62.7	+9.1	71.8	0.13%
<b>Total Borrowing</b>	<b>261.7</b>	<b>+9.1</b>	<b>270.8</b>	
Long-Term Investments	0	0	0	N/A
Short-term Investments	0	0	0	N/A
Cash and Cash Equivalents	11.8	+7.3	19.1	0.01%
<b>Total Investments</b>	<b>11.8</b>	<b>+7.3</b>	<b>19.1</b>	
<b>Net Borrowing</b>	<b>249.9</b>	<b>+1.8</b>	<b>251.7</b>	

The Council's cash flows during April to September 2021 settled down relative to the unprecedented volatility experienced in 2020/21, although the Council's continued administration of Government Covid-19 grant schemes kept both cash inflows and outflows well above pre-pandemic ('normal') levels. Thus:

- Long-Term Borrowing – no further long-term loans were taken out during the period April to September 2021, with the principal outstanding on PWLB maturity loans of £199.0 million remaining unchanged
- Short-Term Borrowing – borrowing from other local authorities increased by £9.1 million as the opportunity was taken to secure historically low interest rates on short-term borrowing; and
- Cash and Cash Equivalents – following an unprecedented peak in cash holdings during 2020/21 (especially due to the impact of the Covid-19 pandemic), cash balances have stabilised and have returned to more normal levels so far in 2021/22.

### **Borrowing Update**

Local authorities can borrow from the PWLB provided they can confirm they are not planning to purchase 'investment assets primarily for yield' in the current or next two financial years, with confirmation of the purpose of capital expenditure from the Section 151 Officer. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing.

Acceptable use of PWLB borrowing includes Service Delivery, Housing, Regeneration, Preventative Action, Refinancing and Treasury Management.

Competitive market alternatives may be available for authorities with or without access to the PWLB. However, the financial strength of the individual authority and borrowing purpose will be scrutinised by commercial lenders. Further changes to the CIPFA Prudential Code – expected in December 2021 – are likely to prohibit borrowing for the primary purpose of commercial return even where the source of borrowing is not the PWLB.

The Council is not planning to purchase any investment assets primarily for yield within the next three years and so is able fully access the PWLB.

### **Borrowing Strategy**

At 30th September 2021 the Council held £270.7 million in loans (an increase of £9.0 million compared to the position as at 31st March 2021), as part of its strategy for funding the Capital Programme. Outstanding loans on 30th September 2021 are summarised in Table 3 below.

**Table 3: Borrowing Position**

	31/03/21 Balance £m	Net Movement £m	30/09/21 Balance £m	30/09/21 Weighted Average Rate %	30/09/21 Weighted Average Maturity (Years/Days)
Public Works Loan Board	199.0	0	199.0	1.60%	15.40 Years
Banks	0	0	0	N/A	N/A
Local authorities (long-term)	0	0	0	N/A	N/A
Local authorities (short-term)	62.7	+9.1	71.8	0.13%	124.85 Days
<b>Total Borrowing</b>	<b>261.7</b>	<b>9.1</b>	<b>270.8</b>		

The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective.

With short-term interest rates remaining much lower than long-term rates, the Council considered it more cost effective in the short term to use internal resources or borrowed rolling temporary / short-term loans instead. The net movement in temporary / short-term loans is shown in Table 3 above.

### **Other Debt Activity**

The Council did not raise any other capital finance in the first six months of 2021/22.

### **Treasury Investment Activity**

The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held, and money borrowed in advance of need. During the first six months of 2021/22, as is normal, the Council's investment balances varied due to timing differences between income and expenditure. The investment position is shown in Table 4 below.

**Table 4: Treasury Investment Position**

	31/03/21 Balance £m	Net Movement £m	30/09/21 Balance £m	30/09/21 Income Return %	30/09/21 Weighted Average Maturity Days
Banks & Building Societies (unsecured)	2.7	-0.7	2.0	0.01	Instant Access
Government (incl. local authorities)	0	0	0	N/A	N/A
Money Market Funds	9.1	8.0	17.1	0.01	Instant Access
<b>Total Investments</b>	<b>11.8</b>	<b>7.3</b>	<b>19.1</b>		

Both the CIPFA Code and Government guidance requires local authorities to invest funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

### **Non-Treasury Investments**

The definition of investments in CIPFA's Treasury Management Code covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. This is replicated in the Investment Guidance issued by Ministry of Housing, Communities and Local Government (MHCLG), in which the definition of investments is further broadened to also include all such assets held partially for financial return.

The Council also holds a significant commercial property portfolio on its Balance Sheet, which are summarised in Table 5 below.

**Table 5: Commercial Property Investments**

Category	31/03/21 Balance Sheet Value	Net Income 2021/22 (6 months April - September) *** Estimated
Shops*	£92.363m	£2.557m
Industrial Units	£35.996m	£0.632m
Other**	£18.946m	£0.124m
<b>Total Value/Net Income</b>	<b>£147.305m</b>	<b>£3.313m</b>

\*Includes Public Houses and a Petrol Station

\*\*Includes North Weald Airfield and Tennis Centre

\*\*\*Excludes (year-end) recharges

The Council received total net income of £3.313 million from Commercial Property Investments in the first 6 months of 2021/22.

The Committee should note that the numbers reflect the accrued position currently in the Council's books, which does not take account of the collectability of income. So far, there have been no write-offs due to the Covid-19 pandemic, with the Council's portfolio appearing reasonably resilient at this stage (e.g. anecdotally, demand from prospective tenants for void properties seems to be holding up). However, an increase in write-offs cannot be ruled out in the future given continued volatility in some business sectors such as retail.

## **Compliance**

The Strategic Director and Section 151 Officer reports that all Treasury Management activities undertaken during the first six months of the year complied fully with the CIPFA Code of Practice. Compliance with the approved Treasury Management Strategy was as follows:

- Investment Limits – full compliance achieved
- Security – full compliance achieved
- Liquidity – full compliance achieved
- Interest Rate Exposure – full compliance achieved
- Maturity Structure – full compliance achieved
- Long-Term Investments – full compliance achieved.

**Table 8: Investment Limits**

Sector	Time Limit	Counterparty Limit	Sector limit	30/09/21 Actual	Complied? (Yes/No)
The UK Government	50 years	Unlimited	N/A	£0	Yes
Local authorities & other government entities	25 years	£10.0 million	Unlimited	£7.0 million	Yes
Banks (unsecured)*	13 months	£5.0 million	£20.0 million	£2.0 million	Yes
Building Societies* (unsecured)	13 months	£2.0 million	£2.0 million	£0	Yes
Registered Providers* (unsecured)	5 years	£3.0 million	£3.0 million	£0	Yes
Money Market Funds*	N/A	£10.0 million	Maximum of 3 Funds (£10m each)	£17.0 million	Yes

**\* Minimum Credit Rating**

Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken account of.



## **Treasury Management Indicators**

The Council measures and manages its exposures to Treasury Management risks using the following indicators.

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

	30/09/21 Actual	2021/22 Target	Complied?
Portfolio average credit rating	A	A-	Yes

**Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

	30/09/21 Actual	2021/22 Target	Complied?
Total cash available within 3 months	£19.1 million	£3.0 million	Yes

**Interest Rate Exposures:** This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests was:

Interest rate risk indicator	30/09/21 Actual	2021/22 Limit	Complied?
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates (Borrowing)	£318,000	£318,000	Yes
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates (Investments)	£19,000	£120,000	Yes

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates. The table shows that Interest Rate Exposure on Borrowing and Investments were within limits. Interest Rate Exposure on Borrowing is an especially important measure, with net variable rate exposure of £299,000 (£318,000 minus £19,000) focused on Borrowing.

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

	30/09/21 Actual	Upper Limit	Lower Limit	Complied?
Under 12 months	16%	50%	0%	Yes
12 months and within 24 months	0%	50%	0%	Yes
24 months and within 5 years	0%	50%	0%	Yes
5 years and within 10 years	13%	50%	0%	Yes
10 years and within 15 years	0%	50%	0%	Yes
15 years and within 20 years	50%	50%	0%	Yes
20 years and within 25 years	14%	50%	0%	Yes
25 years and above	7%	50%	0%	Yes

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

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

	2021/22 (April – Sept)
Actual principal invested beyond year end	£0
Limit on principal invested beyond year end	£15.0 million
Complied?	Yes

### Other

**IFRS 16:** CIPFA/LASAAC has proposed delaying the implementation of the new IFRS 16 Leases accounting standard for a further year to 2021/22.

## Report to the Audit & Governance Committee



Epping Forest  
District Council

**Date of meeting:** 17 January 2022

**Portfolio:** Finance, Qualis Client & Economic Development

**Subject:** Treasury Management Strategy (including Investment Strategy) 2022/23 (AMENDED)

**Responsible Officer:** Andrew Small (01992 564278)

**Democratic Services:** Laura Kirman (01992 564243)

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### Recommendations/Decisions Required:

- (1)** To consider and recommend for approval by full Council, the draft Treasury Management Strategy 2022/23 attached at **Appendix A**
- (2)** To consider and recommend for approval by full Council, the draft Investment Strategy 2022/23 attached at **Appendix C**; and
- (3)** That delegated authority be given to the Section 151 Officer, in consultation with the Chairman of the Committee, to make any late adjustments to the financial information, necessitated by the finalisation of the Budget for 2022/23, prior to presentation of the final draft Strategy to full Council on 24th February 2022.

### Executive Summary:

The preparation of an annual Treasury Management Strategy is a requirement of CIPFA's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) and generally accepted good practice. It covers planned treasury activity for the financial year 2022/23 and is attached at **Appendix A**.

In addition, following the issue of (MHCLG) statutory guidance on Local Government Investments in 2018, the Council is now recommended to produce an annual Investment Strategy, covering the Council's wider investment activities. The 2022/23 Strategy is attached at **Appendix C**.

The overriding position that this report presents in the year ahead is a further rise in Borrowing activity as the Council continues to roll out its capital investment plans. Conversely Investment activity is expected to be very limited.

Both borrowing and investing is taking place against a backdrop of historically low interest rates, which look set to continue for some time.

The purpose of this report is to allow the Audit and Governance Committee to consider and comment on both strategies, before making appropriate recommendations to full Council on 24th February 2022.

Members should note that CIPFA published both its revised Prudential and Treasury Management codes on 20th December 2021 (although the supporting Guidance Notes have yet to be published at the time of preparing this report). The foreword to the new codes states that they take immediate effect, except that authorities may defer introducing the revised reporting requirements (e.g. strategy reports) until the 2023/24 financial year.

This updated Treasury Management Strategy therefore technically achieves full compliance with the 2017 Code only. A fully updated Strategy will be prepared for 2023/24 in full compliance with the 2021 Treasury Management Code.

It should further be noted that the data presented reflects draft Budget information for 2022/23 as presented to Cabinet in December 2021 (including the anticipated Capital Outturn for 2021/22 as at the end of 30th September 2021 i.e. the "Quarter 2" position). It is therefore likely that some small adjustments will be required to the financial information presented in the draft Strategy – to reflect the final Budget proposals for 2022/23 and the latest outturn projections for 2021/22 – prior to presentation for approval by full Council.

This report therefore also seeks delegated authority for any late adjustments required to be presented to, and agreed by, the Section 151 officer in consultation with the Chairman of the Audit & Governance Committee prior to presentation of the draft Strategy to full Council on 24th February 2022. In addition, any agreed amendments will be presented to this Committee on 17th March 2022.

**Reasons for Proposed Decision:**

To provide assurance to full Council that the risks associated with treasury management and investments are being appropriately managed.

**Legal and Governance Implications:**

CIPFA's the CIPFA Code) requires the Council to prepare for approval by full Council, an annual Treasury Management Strategy.

The Government (MHCLG) issued Investment Guidance in 2018, recommending the preparation (at least annually) of an Investment Strategy for approval by full Council.

The role of the Audit and Governance Committee is to consider this report – covering both the Treasury Management and Investment strategies – and make recommendations to full Council.

**Safer, Cleaner and Greener (SCG) Implications:**

None.

**Background Papers:**

Treasury Management in the Public Services: Code of Practice 2017 Edition published by CIPFA.

(MHCLG) Statutory Guidance on Local Government Investments (3rd Edition). Issued under section 15(1)(a) of the Local Government Act 2003 and effective for financial years commencing on or after 1st April 2018.

Arlingclose Technical Update (revised Prudential and Treasury Management Codes) issued 22nd December 2021.

**Risk Management:**

There are a range of inherent financial risks associated with Treasury Management activity; not least the potential for loss of interest and/or deposits. The Council therefore engages the services of external Treasury Management advisors, Arlingclose Ltd.

Borrowing and Investment decisions are made in accordance with the Council's formally adopted Treasury Management Strategy. The Strategy includes several Risk Management features, including – for example – the overriding priority that security of deposit takes precedence over return on investment.

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## Treasury Management Strategy 2022/23

### DRAFT

#### **Introduction**

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

Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Council to approve a Treasury Management Strategy before the start of each financial year. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy (**Appendix C**).

#### **External Context**

The ongoing impact on the UK from coronavirus, together with higher inflation, the likelihood of higher interest rates, and the country's trade position post-Brexit, will be major influences on the Council's Treasury Management Strategy for 2022/23.

The Bank of England (BoE) increased the Bank Rate to 0.25% in December 2021 while maintaining its Quantitative Easing programme at £895 billion. The Monetary Policy Committee (MPC) voted 8-1 in favour of raising rates, and unanimously to maintain the asset purchase programme.

*The Arlingclose forecast released in December 2021 anticipates a Bank Rate to rise to 0.50% during the ending March 2022. A very stable position – with the rate remaining unchanged – is then projected through to December 2024.*

Within the announcement the MPC noted that the pace of the global recovery was broadly in line with its November 2021 Monetary Policy Report. Prior to the emergence of the Omicron coronavirus variant, the Bank also considered the UK economy to be evolving in line with expectations.

However, due to the increased uncertainty and risk to activity the new variant presents, the Bank reduced its estimate for (calendar) Quarter 4 GDP growth from 1.0% to 0.6%.

Inflation was projected to be higher than previously forecast, with CPI likely to remain above 5.0% throughout the winter and peak at 6.0% in April 2022. The labour market was generally performing better than previously forecast and the BoE now expects the unemployment rate to fall to 4.0% compared to the 4.5% previously forecast but notes that Omicron could weaken the demand for labour.

UK CPI for November 2021 registered 5.1% year on year, up from 4.2% in the previous month. Core inflation, which excludes the more volatile components, rose to 4.0% year on year from 3.4%. The most recent labour market data for the three months to October 2021 showed the unemployment rate fell to 4.2% while the employment rate rose to 75.5%.

In October 2021, the headline 3-month average annual growth rate for wages was 4.9% for total pay and 4.3% for regular pay. In real terms, after adjusting for inflation, total pay growth was up 1.7% while regular pay was up 1.0%. The change in pay growth has been affected by a change in composition of employee jobs, where there has been a fall in the number and proportion of lower paid jobs.

Gross Domestic Product (GDP) grew by 1.3% in the third calendar quarter of 2021 according to the initial estimate, compared to a gain of 5.5% in the previous quarter, with the annual rate slowing down from 23.6% to 6.6%. Looking ahead, while monthly GDP readings suggest there had been some increase in momentum in the latter part of Quarter 3, Quarter 4 growth is expected to be soft.

### **Local Context**

At close of business on 31st December 2021, the Council held £265.606 million Borrowing and £24.978 million in Treasury Investments (excluding Qualis Working Capital Loan). This is set out in further detail at **Appendix C**. Forecast changes in these sums are shown in the Balance Sheet analysis in Table 1 below.

**Table 1: Balance Sheet Summary and Forecast**

	31/03/21 Actual £m	31/03/22 Estimate £m	31/03/23 Forecast £m	31/03/24 Forecast £m	31/03/25 Forecast £m
General Fund CFR	145.0	182.7	249.3	279.3	277.0
HRA CFR	157.8	157.5	183.6	221.3	242.7
<b>Total CFR</b>	<b>302.8</b>	<b>340.2</b>	<b>432.9</b>	<b>500.6</b>	<b>519.7</b>
Less: Other debt liabilities*	0	0	0	0	0
<b>Less: External borrowing</b>	<b>261.7</b>	<b>238.8</b>	<b>230.3</b>	<b>229.9</b>	<b>229.4</b>
<b>Internal borrowing</b>	<b>41.1</b>	<b>101.4</b>	<b>202.6</b>	<b>270.7</b>	<b>290.3</b>
Less: Usable reserves	(47.2)	(45.8)	(45.8)	(45.8)	(45.8)
Less: Working capital surplus**	(4.4)	(4.4)	(4.4)	(4.4)	(4.4)
<b>Investments/ (New borrowing)</b>	<b>10.5</b>	<b>(51.2)</b>	<b>(152.4)</b>	<b>(220.5)</b>	<b>(240.1)</b>

\* Leases and PFI liabilities that form part of the Council's total debt

\*\*Includes impact of Qualis Working Capital Loan



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

The Council has an increasing CFR due to the Capital Programme (including Qualis Investments) and will therefore be required to borrow up to a further £240.1 million over the forecast period (2022/23 to 2024/25).

CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this recommendation during 2022/23.

### Liability Benchmark

To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as Table 1 above, but that cash and investment balances are kept to a minimum level of £12.0 million at each year-end to maintain adequate liquidity but minimise credit risk.

**Table 2: Liability Benchmark**

	31/03/21 Actual £m	31/03/22 Estimate £m	31/03/23 Forecast £m	31/03/24 Forecast £m	31/03/25 Forecast £m
Total CFR	302.8	340.2	432.9	500.6	519.7
Less: Usable reserves	(47.2)	(45.8)	(45.8)	(45.8)	(45.8)
Less: Working capital	(4.4)	(4.4)	(4.4)	(4.4)	(4.4)
Plus: Minimum investments*	12.0	12.0	12.0	12.0	12.0
<b>Liability benchmark</b>	<b>263.2</b>	<b>302.0</b>	<b>394.7</b>	<b>462.4</b>	<b>481.5</b>

\*Excludes Qualis Working Capital Loan

### **Borrowing Strategy**

The Council currently (@ 31st December 2021) holds £265.606 million of loans, an increase of £3.9 million compared to 31st March 2021, as part of its strategy for funding previous years' Capital Programmes. The Council's current lenders are the PWLB and other local authorities. There are total loans of £234.606 million outstanding with the PWLB as summarised in Table 3 below.

**Table 3: PWLB Borrowing**

<b>PWLB Loans (@ 31st December 2021)</b>			
<b>Description</b>	<b>Amount (£m's)</b>	<b>Interest Rate</b>	<b>Maturity Date</b>
<b><i>Long-Term Maturities</i></b>			
Fixed-Rate Maturity	30.000	3.46%	28/03/38
Fixed-Rate Maturity	30.000	3.47%	28/03/39
Fixed-Rate Maturity	30.000	3.48%	28/03/40
Fixed-Rate Maturity	30.000	3.49%	28/03/41
Fixed-Rate Maturity	33.656	3.50%	28/03/42
Fixed-Rate Maturity	9.250	2.99%	03/12/59
Fixed-Rate Maturity	30.000	2.06%	21/09/30
Fixed-Rate Maturity	5.700	1.98%	25/03/51
Fixed-Rate Maturity	0.250	2.99%	03/12/59
Fixed-Rate Maturity	0.200	1.98%	25/03/51
<b><i>Short-Term Maturities</i></b>			
Variable Rate Maturity	31.800	0.23%	28/03/22
Fixed-Rate EIP	1.250	2.27%	03/02/22
Fixed-Rate EIP	1.250	2.33%	27/02/22
Fixed-Rate EIP	1.250	2.21%	03/03/22
<b>Total PWLB</b>	<b>234.606</b>		

Local authorities are able to access preferential interest rates on PWLB loans (known as the "Certainty Rate"; currently a 0.2% discount on published rates) provided they submit a high-level description of their capital spending and financing plans (whether it is financed through PWLB borrowing or another source) for the following three years (meaning any capital spending and financing for the whole current financial year and subsequent two financial years), including their expected use of the PWLB.

The PWLB lending terms are contained in *Circular 163* (issued 21st October 2021) and are attached at **Appendix B**. The updated terms now explicitly forbid borrowing for the purposes of purchasing investment assets primarily for yield. Thus Paragraph 41 requires that – before a loan can be granted – the Council’s Section 151 Officer must confirm that the Council does not plan to:

- Use the PWLB to refinance any prior investment asset primarily for yield transactions which concluded after 25th November 2020; and/or
- Buy investment assets primarily for yield in the next three years.

The Council also has further outstanding loans of £31.0 million with other local authorities as summarised in Table 4 below.

**Table 4: Local Authority Borrowing**

<b>Local Authority Short-Term Loans (@ 31st December 2021)*</b>			
<b>Lender</b>	<b>Amount (£m's)</b>	<b>Interest Rate</b>	<b>Maturity Date</b>
Derry City & Strabane District Council	8.0	0.25%	28/10/22
Gwynedd Council	5.0	0.08%	19/01/22
Knowsley Metropolitan Borough Council	7.0	0.10%	24/03/22
West Berkshire Council	3.0	0.06%	20/01/22
West Midlands Combined Authority	5.0	0.10%	31/03/22
West Suffolk Council	3.0	0.04%	10/01/22
<b>Total Local Authority</b>	<b>31.0</b>		

\*Exclusively fixed rate Maturity Loans

The Balance Sheet forecast in Table 1 shows that the Council expects to borrow up to £394.7 million in 2022/23 (if the minimum Investment balance of £12.0 million illustrated in Table 2 is achieved). The Council may also borrow additional sums to pre-fund future years’ requirements, providing the Authorised Limit for Borrowing of £453.184 million is not exceeded.

### Objectives

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

### Strategy

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

By doing so, the Council reduces its net borrowing costs (despite foregone investment income) and reduces overall treasury risk. The benefits of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2022/23 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Council has previously raised all of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pension funds and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council intends to avoid this activity in order to retain its access to PWLB loans.

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

In addition, the Council may take out further short-term loans to cover unplanned cash flow shortages.

### Sources of Borrowing

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

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- Any institution approved for investments (see below)
- Any other bank or building society authorised to operate in the UK
- Any other UK public sector body
- UK public and private sector pension funds (except Essex County Pension Fund)
- Capital market bond investors; and
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues.

### Other sources of Debt Finance

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

- Leasing
- Hire purchase; and
- Sale and leaseback.

### Municipal Bonds Agency

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

### Short-Term and Variable Rate Loans

These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the Treasury Management indicators below.

### Debt Rescheduling

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

## **Treasury Investment Strategy**

The Council holds significant invested funds, representing income received in advance of expenditure, plus balances and reserves held. During 2021/22, the Council's 'Cash and Cash Equivalent' balance has so far remained over £6.0 million at all times but the highly exceptional cash flows experienced in 2020/21 – due to the effects of the pandemic (the result of Government advancing the Council large sums of money at very short notice for distribution to local businesses as part of its Coronavirus support measures) – have gradually receded, with balances moving closer to a target liquidity level of £12.0 million (subject to some further volatility caused by a series of changes to payment arrangements announced by Government as part of the Business Rates Retention system).

The Council currently (@ 31st December 2021) holds £20.328 million in Cash and Cash Equivalents, an increase of £8.5 million compared to 31st March 2021. In addition, an outstanding balance of £4.650 million (£1.20 million due within 12 months) is owed by Qualis to the Council in respect of the original Cash Flow Loan of £6.0 million. The overall position is summarised in Table 5 below.

**Table 5: Treasury Management Investments**

<b>Treasury Management Investments (@ 31st December 2021)</b>		
<b>Counterparty</b>	<b>Amount (£m's)</b>	<b>Interest Rate</b>
<i>Long-Term Investments (maturity &gt; 12 months)</i>		
Qualis Working Capital Loan	3.450	3.80%
<i>Short-Term Investments (maturity &lt; 12 months)</i>		
Qualis Working Capital Loan	1.200	3.80%
<i>Cash and Cash Equivalents (instant access)</i>		
NatWest Bank (bank deposits)	3.727	0.01%
Federated Prime (MMF)	5.101	0.005%
Goldman Sachs (MMF)	3.000	0.000%
JP Morgan (MMF)	8.500	0.003%
<b>Total Investments</b>	<b>24.978</b>	

Objectives

The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

Negative Interest Rates

The COVID-19 pandemic has increased the risk that the Bank of England could set its Bank Rate at or below zero, which – if it happened – would be likely to feed through to negative interest rates on low risk, short-term investment options. Since investments cannot pay negative income, negative rates would be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Strategy

Given the risk and very low returns from short-term unsecured bank investments, the Council may consider diversifying into more secure and/or higher yielding asset classes during 2022/23.

Business Models

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

Approved Counterparties

The Council may invest its surplus funds with any of the counterparty types in Table 6 below, subject to the limits shown.

**Table 6: Treasury Investment Counterparties and Limits**

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	N/A
Local authorities & other government entities	25 years	£10 million	Unlimited
Banks (unsecured)*	13 months	£4.0 million	£20.0 million
Building Societies* (unsecured)	13 months	£2.0 million	£2.0 million
Registered Providers* (unsecured)	5 years	£3.0 million	£3.0 million
Money Market Funds*	N/A	£10.0 million	Maximum of 3 Funds (see below)

Note - this table must be read in conjunction with the notes below.

\* Minimum Credit Rating

Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken account of.

Government

Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

### Banks and Building societies (unsecured)

Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

### Registered providers (unsecured)

Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

### Money Market Funds

Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee.

If operational need requires the use of more than three funds, the S151 officer can authorise this in consultation with the Portfolio Holder for Finance, Qualis Client and Economic Development, provided this is reported to the Chair of the Audit and Governance Committee, and a report is submitted to the next available meeting of the Audit and Governance Committee.

### Operational Bank Accounts

The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £4.0 million per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

### Risk Assessment and Credit Ratings

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

- No new investments will be made,
- Any existing investments that can be recalled or sold at no cost, will be; and
- Full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.



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

#### Other Information on the Security of Investments

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

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

#### Investment Limits

The Council had £27.825 million in reserves on its (draft) Balance Sheet as at 31st March 2021 to cover unexpected credit losses in an emergency. A reasonable level of risk to carry in a single institution would be 15% (based on current market conditions, as advised by Arlingclose). An Investment Limit for a single institution of £4.0 million will therefore be applied (rounded down for prudence).

#### Liquidity Management

The Council uses cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council’s Medium-Term Financial Plan and Cash Flow Forecast.

#### **Treasury Management Indicators**

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

**Security**

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

Credit Risk Indicator	Target
Portfolio average credit rating	A-

**Liquidity**

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

Liquidity Risk Indicator	Target
Total cash available within 3 months	£3.0 million

**Interest Rate Exposure**

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

Interest Rate Risk Indicator	Limit £000's
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	1,000
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	500

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

**Maturity Structure of Borrowing**

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

Refinancing Rate Risk Indicator	Upper Limit	Lower Limit
Under 12 months	50%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	50%	0%
10 years and within 15 years	50%	0%
15 years and within 20 years	50%	0%
25 years and above	50%	0%

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

**Principal Sums Invested for Periods Longer than a Year**

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price Risk Indicator	2022/23	2023/24	2024/25
Limit on principal invested beyond year end	£10.0 million	£10.0 million	£10.0 million

**Related Matters****Housing Revenue Account**

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

Markets in Financial Instruments Directive (MIFID)

The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Section 151 Officer believes this to be the most appropriate status.

Financial Implications

In 2022/23, the budgets for General Fund and HRA investment income are £50,000 and £6,000 respectively. If investment levels and borrowing, or interest rates, differ from expectations, performance against budget will be correspondingly different.

Other Options Considered

The CIPFA Code does not prescribe any specific Treasury Management Strategy for local authorities to adopt. The Section 151 Officer, having consulted the Portfolio Holder for Finance and Economic Development, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

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

## Existing Investment &amp; Debt Portfolio

	31/12/21 Actual Portfolio £m	31/12/21 Average Rate %
<b>External Borrowing</b>		
Public Works Loan Board	234.606	
Local authorities	31.0	
Other loans	0	
<b>Total External Borrowing</b>	<b>265.606</b>	<b>2.47%</b>
<b>Other Long-Term Liabilities:</b>		
Leases	0	
<b>Total Other Long-Term Liabilities</b>	<b>0</b>	
<b>Total Gross External Debt</b>	<b>265.606</b>	
<b>Treasury Investments</b>		
The UK Government	0	
Local authorities	0	
Banks (unsecured)	3.727	
Money market funds	16.601	
Other investments (Qualis WC loan)	4.650	
<b>Total Treasury Investments</b>	<b>24.978</b>	<b>0.711%</b>
<b>Net Debt</b>	<b>240.628</b>	

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## Report to the Audit & Governance Committee



**Epping Forest  
District Council**

**Date of meeting:** 17 January 2022

**Portfolio:** Finance, Qualis Client and Economic Development – Cllr J. Philip

**Subject:** Capital Strategy 2022/23 to 2026/27 (AMENDED)

**Responsible Officer:** Andrew Small (07548 145665)

**Democratic Services:** Laura Kirman (01992 564243)

### Recommendations/Decisions Required:

- (1) To consider and recommend for approval to full Council, the Capital Strategy 2022/23 to 2026/27 (**Appendix A**)
- (2) To consider and recommend for approval to full Council, the Minimum Revenue Provision Statement (MRP) 2022/23 (**Appendix A, Annex 1**); and
- (3) That delegated authority be given to the Section 151 Officer, in consultation with the Chairman of the Committee, to make any late adjustments to the financial information, necessitated by the finalisation of the Budget for 2022/23, prior to presentation of the final draft Strategy to full Council on 24th February 2022 (**UPDATE 11/02/22 – LATE ADJUSTMENTS AGREED BY SECTION 151 OFFICER AND CHAIRMAN**).

### Executive Summary

The requirement to produce an overarching Capital Strategy was first introduced in CIPFA's Prudential Code for Capital Finance in Local Authorities (updated 2017) ("the Prudential Code"). Epping Forest District Council subsequently introduced its inaugural Capital Strategy in February 2019 (effective from the 2019/20 financial year). Since then, the Council has significantly changed its approach to some of the component parts of the original Strategy, especially on commercial investment and regeneration, including the introduction of Qualis, the Council's arms-length investment and service delivery vehicle.

The Strategy sets out the Council's draft five-year Capital Programme for both its General Fund and Housing Revenue Account (as presented to the Cabinet in December 2021) and explores the financial implications of that, including its impact on a range of Prudential Indicators, with the Council's Section 151 Officer concluding that the current Programme is "prudent, affordable and sustainable" as required by the Prudential Code.

Wider topics considered in the Capital Strategy include the Council's approach to Asset Management, Treasury Management, Service Investments, Commercial Investments, Financial Guarantees and the way in which professional capacity is maintained through the development and maintenance of knowledge and skills and the selective use of professional advisors.

The Capital Strategy will be regularly updated – usually annually – in accordance with the Prudential Code.

The purpose of this report is to allow the Audit and Governance Committee to consider and comment on the Capital Strategy, before making appropriate recommendations to full Council on 24th February 2022.

Members should note that CIPFA published its revised Prudential Code on 20th December 2021 (although the supporting Guidance Notes have yet to be published at the time of preparing this report). The foreword to the new Code states that it takes immediate effect, except that authorities may defer introducing the revised reporting requirements (e.g. strategy reports) until the 2023/24 financial year.

This update to the Capital Strategy therefore achieves full compliance with the 2017 Code as well as achieving compliance with the key principles of the 2021 Code (e.g. the Council no longer undertakes debt for yield investments, as reported to this Committee in November 2021). A fully updated Strategy will be prepared for 2023/24 in full compliance with the 2021 Prudential Code.

It should further be noted that the data presented reflects draft Budget information for 2022/23 as presented to Cabinet in December 2021 (including the anticipated Capital Outturn for 2021/22 as at the end of 30th September 2021 i.e. the "Quarter 2" position). It is therefore likely that some small adjustments will be required to the financial information presented in the draft Strategy – to reflect the final Budget proposals for 2022/23 and the latest outturn projections for 2021/22 – prior to presentation for approval by full Council (**DATA AMENDED 11/02/22**).

This report therefore also seeks delegated authority for any late adjustments required to be presented to, and agreed by, the Section 151 officer in consultation with the Chairman of the Audit & Governance Committee prior to presentation of the draft Strategy to full Council on 24th February 2022. In addition, any agreed amendments will be presented to this Committee on 17th March 2022 (**CHAIRMAN CONSULTED 11/02/22**).

#### **Reasons for Proposed Decision:**

To enable the robust scrutiny the Council's overarching Capital Strategy, giving special consideration to the approach to ensuring that it is prudent, affordable and sustainable.



**Legal and Governance Implications:**

Local authorities are required by regulation to have regard to the Prudential Code (the Code) when carrying out their duties in England and Wales under Part 1 of the Local Government Act 2003. The requirement for local authorities to produce a Capital Strategy for adoption by full Council was introduced in the 2017 (latest) edition of the Code.

**Safer, Cleaner and Greener (SCG) Implications:**

None.

**Background Papers:**

The Prudential Code for Capital Finance in Local Authorities (2017 Edition) published by CIPFA.

(MHCLG) Statutory Guidance on Local Government Investments (3rd Edition). Issued under section 15(1)(a) of the Local Government Act 2003 and effective for financial years commencing on or after 1st April 2018.

Arlingclose Technical Update (revised Prudential and Treasury Management Codes) issued 22nd December 2021.

**Risk Management:**

There are a range of financial risks associated with Capital Financing. Wide-ranging risk mitigation measures are therefore put in place, which are explained in detail in the report. The overall aim is to ensure that the Capital Strategy is always prudent, affordable and sustainable.

## EPHING FOREST DISTRICT COUNCIL

### Capital Strategy 2022/23 to 2026/27 (DRAFT)

#### 1. Introduction

- 1.1 The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council.
- 1.2 The Capital Strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services in the district of Epping Forest, along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been purposely written in an accessible style to enhance understanding of what can be very technical areas.
- 1.3 Epping Forest District Council introduced its first Capital Strategy in February 2019 (effective from 2019/20). An updated Strategy (effective from 2021/22) was presented to this Committee in March 2021 (and subsequently adopted by full Council).
- 1.4 This update – which reflects the Council’s latest updated capital needs, including the newly emerging HRA Business Plan – will be effective from 2022/23 and, subject to the recommendation of the Audit & Governance Committee, will go forward for adoption by full Council on 24th February 2022.
- 1.5 It should be noted that CIPFA published its revised Prudential Code on 20th December 2021 (although the supporting Guidance Notes have yet to be published at the time of preparing this document). The foreword to the new Code states that it takes immediate effect, except that authorities may defer introducing the revised reporting requirements (e.g. strategy reports) until the 2023/24 financial year.
- 1.6 This update to the Capital Strategy therefore achieves full compliance with the 2017 Code as well as achieving compliance with the key principles of the 2021 Code (e.g. the Council no longer undertakes debt for yield investments, as reported to this Committee in November 2021). A fully updated Strategy will be prepared for 2023/24 in full compliance with the 2021 Prudential Code.
- 1.7 It should further be noted that the data presented reflects draft Budget information for 2022/23 as presented to Cabinet in December 2021 (including the anticipated Capital Outturn for 2021/22 as at the end of 30th September 2021 i.e. the “Quarter 2” position) **(DATA AMENDED 11/02/22)**.

## 2. Capital Expenditure and Financing

### 2.1 Expenditure

2.1.1 Capital expenditure occurs when the Council spends money on assets such as property or vehicles, which will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in year.

2.1.2 In 2022/23, Epping Forest District Council is planning capital expenditure of £120.098 million (and £303.307 million over the next five years) as summarised in Table 1 below.

**Table 1: Prudential Indicator: Estimates of Capital Expenditure**

Description	2021/22 Forecast (Q3)	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget
	£000's	£000's	£000's	£000's	£000's	£000's
General Fund Services	7,261	17,308	16,653	2,440	2,615	2,385
Qualis Investments (GF)	32,782	55,000	21,000	0	0	0
Housing Revenue Account	21,963	47,790	56,950	38,649	26,955	15,562
<b>TOTALS</b>	<b>62,006</b>	<b>120,098</b>	<b>94,603</b>	<b>41,089</b>	<b>29,570</b>	<b>17,947</b>

2.1.3 The most significant General Fund capital scheme in the Programme is the development of the new Epping Leisure Facility (£25.000 million). The scheme will see the development of a replacement leisure facility for the existing (and aging) leisure facility as well as the construction of a multi-story car park. Cabinet approved the addition of this scheme to the draft Capital Programme at its meeting on 21st January 2021.

2.1.4 As noted above in Table 1, the Council also has a £55.0 million draft budget allocated to Qualis Investments in 2022/23, with a further allocation of £21.0 million in 2023/24. See Section 6.2 of this report for further detail.

2.1.5 The Housing Revenue Account (HRA) is a ring-fenced account which ensures that the Council's housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately and includes £75.558 million allocated to the Housing Development Programme over a four-year period commencing 2022/23 through to 2025/26, which is expected to deliver 291 new homes (including 10 Qualis acquisitions).

## 2.2 Governance

2.2.1 The evaluation, prioritisation and acceptance of capital schemes onto the Capital Programme is carried out within a new governance framework that is being progressively rolled out by the Council at the time of preparing this Strategy. The approach ensures that Council priorities are reflected in schemes accepted onto the Programme, and that deliverability is also given due consideration in terms of available capacity and capability. Proposals are shaped by senior managers in consultation with councillors.

2.2.2 The draft Capital Programme is then subjected to formal Scrutiny prior to setting the budget (followed by Cabinet and full Council approval).

## 2.3 Financing

2.3.1 All capital expenditure must be financed, either from external sources (Government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing and leasing). The planned financing of the above expenditure is presented in Table 2 below.

**Table 2: Capital Financing**

Description	2021/22 Forecast (Q3)	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget
	£000's	£000's	£000's	£000's	£000's	£000's
Internal: Capital Resources	21,452	19,367	18,506	12,566	12,968	11,184
Internal: Revenue Resources	0	5,364	3,392	5,066	5,538	5,222
External Sources	2,149	1,437	3,143	2,033	1,800	1,541
Debt	38,406	93,930	69,562	21,424	9,264	0
<b>TOTALS</b>	<b>62,007</b>	<b>120,098</b>	<b>94,603</b>	<b>41,089</b>	<b>29,570</b>	<b>17,947</b>

2.3.2 Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as "Minimum Revenue Provision" (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and the use of capital receipts are presented in Table 3 below.

Table 3: Replacement of Debt Finance

Description	2021/22 Forecast (Q3)	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget
	£000's	£000's	£000's	£000's	£000's	£000's
Capital Resources	5,151	9,463	9,369	3,246	3,462	1,488
Revenue Resources (MRP)	883	1,327	1,829	2,320	2,466	2,631
<b>TOTALS</b>	<b>6,034</b>	<b>10,790</b>	<b>11,198</b>	<b>5,566</b>	<b>5,928</b>	<b>4,119</b>

2.3.3 The Council's annual MRP statement can be found at **Annex 1** below.

2.3.4 The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to increase by £92.6 million in 2022/23. Based on the above figures for expenditure and financing, the Council's estimated CFR is presented in Table 4 below.

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement (CFR)

Description	2021/22 Forecast (Q3)	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget
	£000's	£000's	£000's	£000's	£000's	£000's
General Fund	182,734	249,251	279,286	276,966	274,500	271,869
Housing Revenue Account	157,552	183,638	221,336	242,760	252,024	252,024
<b>TOTALS</b>	<b>340,246</b>	<b>432,889</b>	<b>500,622</b>	<b>519,726</b>	<b>526,524</b>	<b>523,893</b>

### 3. Asset Management

#### 3.1 Asset Management Strategy

3.1.1 The Council recognises the importance of ensuring that capital assets continue to be of long-term use and, especially in a post pandemic world, where there has been a step change increase in the speed of legislative (especially Building Control regulations), technological and operational change. Consequently, at the time of preparing this Capital Strategy, a new Asset Management Strategy (AMS) for General Fund assets is under development. Backed by a comprehensive review of Council assets, the AMS takes a longer-term view comprising:

- ‘Good’ information about existing assets
- The optimal asset base for the efficient delivery of Council objectives
- The gap between existing assets and optimal assets
- Strategies for purchasing and constructing new assets, investments in existing assets, transferring of assets to other organisations and the disposal of surplus assets; and
- Plans for individual assets.

3.1.2 The Council is also committed to rapidly achieving Zero Carbon status for all its buildings; it is an ambition that will be embedded within the new Asset Management Strategy.

3.1.3 The Council’s housing assets are managed as part of a separate strategy based on professionally prepared rolling stock condition surveys (with effect from 2022) and evolving housing demand (by type), with routine repairs and maintenance funded through the annual Housing Revenue Account and major works phased within the HRA Capital Programme.

#### 3.2 Asset Disposals

3.2.1 When a capital asset is no longer needed, it may be sold so that the proceeds – known as capital receipts – can be spent on new assets or used to repay debt. Repayments of capital grants, loans and investments also generate capital receipts. Table 5 below summarises the overall projections for capital receipts.

**Table 5: Capital Receipts**

Description	2021/22 Forecast (Q3)	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget
	£000’s	£000’s	£000’s	£000’s	£000’s	£000’s
Asset Sales	4,484	5,970	4,551	1,777	1,818	74
Loans Repaid	667	3,493	4,818	1,469	1,644	1,414
<b>TOTALS</b>	<b>5,151</b>	<b>9,463</b>	<b>9,369</b>	<b>3,246</b>	<b>3,462</b>	<b>1,488</b>

- 3.2.2 The transfer (at market value) of a number of key regeneration sites within the district to Qualis occurred in October 2021; this included sites at Cottis Lane (valued at £3.470 million) and Hemnall Street (valued at £2.030 million) as part of the development of a new Leisure Facility and Multi-Storey Car Park in Epping (due for completion in 2023/24). However, a loan was granted by the Council to Qualis to enable the purchase. In accordance with the capital accounting rules, the associated capital receipt is recognised by the Council gradually over the period of the loan (categorised as “Loans Repaid” in Table 5 above).
- 3.2.3 Asset sales include receipts from Council tenants for the purchase of their properties under the “Right to Buy” (RTB) scheme; an average of 12 disposals per annum are assumed within current projections. A proportion of the capital receipts must be used to provide additional homes within a five-year time scale or be remitted to the Government.

## **4. Treasury Management**

### **4.1 Introduction**

- 4.1.1 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council’s spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.
- 4.1.2 Due to decisions taken in the past, the Council currently (@ 31st December 2021) has borrowing of £265.606 million at an average interest rate of 2.47% and £24.978 million in treasury investments at an average interest rate of 0.711%.

### **4.2 Borrowing**

- 4.2.1 The Council’s main objectives when borrowing is to achieve a low but certain cost of finance while retaining flexibility should plans change in the future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available typically in the range 0.10% to 0.20%) and long-term fixed rate loans where the future cost is known but higher (typically available from the PWLB in the range 1.2% to 2.0% as at 31st December 2021).

4.2.2 Projected levels of the Council's *outstanding/current* debt are shown in Table 6 below, compared with the Capital Financing Requirement (Table 4 above).

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

Description	31/03/21 Actual	31/03/22 Estimate	31/03/23 Budget	31/03/24 Budget	31/03/25 Budget
	£000's	£000's	£000's	£000's	£000's
Outstanding Debt (including leases)	261,706	238,756	230,306	229,856	229,406
Capital Financing Requirement (CFR)	302,763	340,246	432,889	500,622	519,726

4.2.3 Statutory guidance requires debt to remain below the Capital Financing Requirement, except in the short-term. As can be seen from Table 6 (which provides a view on how much debt the Council needs to take on to bring it up to the CFR), the Council expects to comply with this in the medium-term.

#### Liability Benchmark

4.2.4 To compare the Council's *actual* borrowing against an alternative strategy, a liability benchmark has been calculated showing the minimum amount of borrowing required to keep investments at a minimum liquidity level. This assumes that cash and investment balances are kept to a minimum level of £12.0 million at each year-end. The actual Liability Benchmark was £263.2 million as at 31st March 2021 and is expected to increase to £481.5 million over the four-year period.

**Table 7: Borrowing and the Liability Benchmark**

Description	31/03/21 Actual	31/03/22 Estimate	31/03/23 Forecast	31/03/24 Forecast	31/03/25 Forecast
	£M's	£M's	£M's	£M's	£M's
Outstanding Borrowing	261.7	302.0	394.7	462.4	481.5
Liability Benchmark	263.2	302.0	394.7	462.4	481.5

4.2.5 Table 7 above shows that the Council was below its Liability Benchmark on 31st March 2021. Borrowing from 2021/22 onwards is expected to be in line with the Liability Benchmark.

#### Affordable Borrowing Limit

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



Table 8: Prudential Indicators: Operational Boundary and Authorised Limit for External Debt

Description	2021/22 Actual	2022/23 Proposed	2023/24 Estimate	2024/25 Estimate
	£000's	£000's	£000's	£000's
Operational Boundary – borrowing	353,663	443,184	511,390	530,963
Operational Boundary – other long-term liabilities	0	0	0	0
<b>Operational Boundary – total external debt</b>	<b>353,663</b>	<b>443,184</b>	<b>511,390</b>	<b>530,963</b>
Authorised Limit – borrowing	363,663	453,184	521,390	540,963
Authorised Limit – other long-term liabilities	0	0	0	0
<b>Authorised Limit – total external debt</b>	<b>363,663</b>	<b>453,184</b>	<b>521,390</b>	<b>540,963</b>

HRA Borrowing: Local Indicator

- 4.2.7 The requirement to borrow and the risk associated with HRA borrowing can be distinguished from that of the General Fund. The HRA is underpinned by a very large property portfolio (6,437 properties, with a Balance Sheet value of £717.4 million as at 31st March 2021). Accordingly, the different risk profile is reflected within the capital financing rules e.g. the Local Government Act 2003 established the requirement for councils to put aside resources (through making a “Minimum Revenue Provision”) to repay debt in later years; it was (still is) a legal requirement that only applies to General Fund borrowing.
- 4.2.8 Nevertheless, HRA borrowing is not risk free; HRA capital investment plans must be just as prudent, affordable and sustainable as General Fund capital investment plans. Two local indicators have therefore been developed, which are used to gauge, and provide assurance, around the Council’s HRA borrowing plans:
- *‘Loan to Value’* – LTV is an easy to understand Borrowing indicator that is widely used as a measure of default risk by lenders in Housing finance. It is determined by calculating the year-end outstanding debt as a proportion of the total value of assets. Table 9 below shows that the total LTV on the HRA is expected to rise from 0.20 in 2021/22 to 0.27 by 2024/25; and
  - *HRA Interest Cover* – Again a relatively simple indicator that reflects how able the HRA is to meet interest costs from its Net Cost of Services. This is a Financing Indicator (refer to Sections 8.1 and 8.2 below for presentation and discussion).
- 4.2.9 Both indicators form a key part of the Council’s emerging HRA Business Plan with target levels (both minimum and maximum) reflecting generally accepted industry good practice across the wider social housing sector.

Table 9: Local Indicator: 'Loan to Value' (HRA)

Description	2021/22 Forecast	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
	Ratio	Ratio	Ratio	Ratio	Ratio
Loan to Value	0.20	0.22	0.25	0.27	0.27
<b>Target Maximum (LTV)</b>	<b>0.70</b>	<b>0.70</b>	<b>0.70</b>	<b>0.70</b>	<b>0.70</b>

4.2.10 It can be seen from Table 9 above, that – based on current projections – HRA borrowing plans are well within acceptable Loan to Value limits.

4.2.11 Further details on borrowing are contained in the Treasury Management Strategy 2022/23.

### 4.3 Investments

4.3.1 Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

#### (Treasury Management) Investment Strategy

4.3.2 The Council's Investment Strategy is to prioritise security and liquidity over yield; focussing on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with other local authorities, Money Market Funds or selected high-quality banks, to minimise the risk of loss.

4.3.3 The availability of cash for the purposes of longer-term investment is currently limited by the Council's need to fund the expanding Capital Programme. Treasury Management advice in recent years (in the context of a low interest rate environment) has also been to 'keep investments short' (in the expectation that interest rates will rise in the future).

4.3.4 Table 10 below summarises the Council's current and forecast treasury investments.

Table 10: Treasury Management Investments

Description	31/03/21 Actual	31/03/22 Forecast	31/03/23 Budget	31/03/24 Budget	31/03/25 Budget
	£000's	£000's	£000's	£000's	£000's
Long-Term Investments*	4,050	2,850	1,650	450	0
Short-Term Investments*	11,674	13,200	13,200	13,200	12,450
<b>TOTALS</b>	<b>15,724</b>	<b>16,050</b>	<b>14,850</b>	<b>13,650</b>	<b>12,450</b>

\*Includes Qualis Working Capital Loan

#### **4.4 Governance**

- 4.4.1 Treasury Management decisions are made every day and are therefore delegated to the Section 151 Officer, who must act in line with the Treasury Management Strategy approved by the Council. Annual outturn reports on Treasury Management are also approved by the Council (following recommendation from the Audit and Governance Committee), whereas mid-year updates are reported exclusively to the Audit and Governance Committee.

#### **5. Investments for Service Purposes**

- 5.1 The Council will sometimes make investments for service delivery purposes where there is a strategic case for doing so. This is an approach that has been adopted for the delivery of a package of services including Refuse Collection and Leisure. For example, the Council has previously invested in contractor loans for the procurement of Refuse Vehicles, which has realised a return for the Council in the form of lower contract payments. Similarly, the Council's investment of £1.3 million in 2020/21 on the refurbishment of Ongar Leisure Centre formed part of the agreed terms within the 20-year leisure contract and is reflected in the Management Fee that the Council receives.
- 5.2 Looking forwards, the capital investment in the new Epping Leisure Centre (highlighted above in Paragraph 2.1.3) is expected to increase the Management Fee that the Council receives as part of the net return from the wider development, which include a swimming pool and multi-storey car park.

##### Governance

- 5.3 Decisions on service investments are made by the Council's Cabinet and require the support of a full business case.

#### **6. Commercial Investments**

##### **6.1 Direct Investments: Commercial Property Portfolio**

- 6.1.1 The Council has pursued an expansive commercial investment strategy in recent years through the direct acquisition of commercial property in a range of locations across the district. The value of the overall portfolio rose from £136.418 million to £147.305 million in 2020/21, with net income of £6.798 million achieved. Shops and (more recently) Industrial Units have been two areas of emphasis and the returns achieved have been a key enabler in maintaining a low Council Tax charge in the district (now the lowest district Council Tax in Essex).

Table 11: Commercial Property Portfolio

Portfolio Category	Balance Sheet Value	
	31/03/20	31/03/21
	£000's	£000's
Shops	93,451	92,363
Industrial Units	31,818	35,996
Other	11,149	18,946
<b>Total Portfolio</b>	<b>136,418</b>	<b>147,305</b>

6.1.2 The Council continues to invest in its directly owned Commercial Property Portfolio and in Industrial Units in particular. Since 2020/21 there has been a focus on Waltham Abbey, with the Council purchasing long leases on directly owned Units, which is enabling greater long-term financial returns as well as direct capital investment.

## 6.2 Arms-Length Investments: “Qualis”

6.2.1 Building on the commercial success of its directly owned commercial property portfolio, the Council established a wholly owned Local Authority Trading Company (“LATCO”) in October 2019 with the trading name of “Qualis”.

6.2.2 Qualis comprises a holding company (“Qualis Group”) with three operating subsidiaries. The primary aim of the Group is to help create more jobs, grow the local economy, and improve housing and public amenities in the district. The subsidiary companies are as follows:

- Qualis Commercial – a development company
- Qualis Living – an investment company; and
- Qualis Management – a services company.

6.2.3 Qualis is required to act commercially to maximise profits within Qualis and deliver sustainable returns to the Council as the shareholder. Therefore, the Council will benefit from the receipt of a dividend on future profits. Qualis operations are rapidly expanding with activity so far (in 2020/21) predominantly focused on Qualis Living (with the acquisition of Commercial Property Investments in November 2020) and Qualis Management (following the transfer of the Council’s Housing Repairs service in October 2020).

6.2.4 The Council also makes a margin on the loans that it has made to Qualis as well as the supply of various services that are supplied at market rates. Table 12 below summarises the Council’s planned capital investment position with Qualis.

Table 12: Qualis Capital Investments

Description	Type/Terms	2020/21	2021/22 (Q3)	2022/23	2023/24	Totals
		£000's	£000's	£000's	£000's	£000's
Investment Loan	10-Year Maturity/4.0%	30,000	0	0	0	30,000
Asset Purchase Loan	30-Year EIP/4.94%	0	16,782	0	0	16,782
Regeneration Finance Loans	Various EIP/TBC	6,000	16,000	55,000	21,000	98,000
<b>Totals</b>		<b>36,000</b>	<b>32,782</b>	<b>55,000</b>	<b>21,000</b>	<b>144,782</b>

6.2.5 In addition to the capital loans presented above, the Council has also provided Qualis with a Working Capital Loan totalling £6.0 million in a series of seven tranches as follows:

- 2019/20 (Tranche 1) - £500,000 (5-Year EIP @ 7.80%); and
- 2020/21 (Tranches 2 - 7) - £5,500,000 (5-Year EIP @ 3.80%).

### 6.3 Governance

6.3.1 It is important that Qualis have freedom and act 'commercially', within the boundaries of its Business Plan (approved by the Council). However, it is also important that this is balanced against the need for the Council to exercise the necessary oversight so that its risk exposure as the sole shareholder is minimised.

6.3.2 The Qualis Board includes two nominated (Epping Forest District Council) councillors and the Council's Chief Executive, although all Board members are required to act in the interests of Qualis. Consequently, additional oversight is exercised through the Council's Section 151 Officer in the role of "Shareholder's Representative", acting as the official conduit from the Council to Qualis.

## 7. Other Liabilities

### 7.1 Outstanding Commitments

7.1.1 The Council also has the following outstanding commitments:

- A commitment to achieve a fully funded position on the Pension Fund (over a 16-year period from 2020 to 2036). The overall deficit was valued at £69.108 million as at 31st March 2021 and back-funding payments of £0.624 million are scheduled to be made in 2022/23. The payments required in 2023/24 and beyond will be reviewed as part of the next Triennial Valuation (scheduled for 31st March 2023); and

- The Council has also set aside £2.244 million (as at 31st March 2021) to cover the financial risk associated with Business Rates Appeals lodged with the Valuation Office Agency (VOA).

## 7.2 Guarantees

- 7.2.1 The Council became “self-financing” in respect of its retained housing stock from April 2012. The self-financing regime applied to all authorities and replaced the former Housing Subsidy system whereby the Council made annual payments to the Government funded from its HRA. Its introduction entailed a one-off redistribution of ‘debt’ between local authorities, and locally this resulted in the Council taking on PWLB loans, which it is required to service (instead of making Housing Subsidy payments).
- 7.2.2 The Council’s original 30-Year Business Plan for the HRA (effective from April 2012) primarily entailed a strategy of debt repayment, with a limited growth strategy based on debt re-financing and upgrading and/or expanding the stock; this comfortably complied with the Government debt cap that was in place at the time. However, the Government removed the debt cap in late 2018, and the Council has since increased its commitment towards building council houses in the district through a more expansive approach to Housing Development.
- 7.2.3 The Council is refining a new HRA Business Plan at the time of preparing this Strategy. This is designed to ensure adequate rental income is generated each year to run an efficient and effective housing management service (as well as delivering ambitious housing development plans) whilst at the same time servicing the debt. However, if the HRA is unable to repay the debt at any point in the future, the Council (through its General Fund) is liable to repay any remaining balance. The remaining balance on the HRA debt as 31st March 2021 was £185.456 million.
- 7.2.4 The Council has also provided a guarantee (to the Essex County Pension Fund) on pension costs for 38 ‘TUPE protected’ employees that transferred to Qualis in October 2020, as part of the transfer of the Housing Repairs service. If Qualis is unable to meet its liabilities incurred, through its participation in the Local Government Pension Scheme (LGPS), the Council is obliged to meet those costs on its behalf.

## 7.3 Governance

- 7.3.1 Decisions on incurring new discretionary liabilities are taken by Service Directors in consultation with the Section 151 Officer. For example, in accordance with the Council’s Financial Regulation D6, “leasing agreements or other financial facilities” can only be agreed by the Section 151 Officer or an officer nominated by them.

## 8. Revenue Implications

### 8.1 Financing Costs

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

**Table 13: Prudential Indicator: Proportion of Financing Costs to Net Revenue Stream (General Fund)**

General Fund Financing Costs	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget
	£000's	£000's	£000's	£000's
Financing Costs	2,315	3,943	5,495	7,033
Proportion of Net Revenue Stream (Standard CIPFA Indicator)	15%	24%	34%	42%
Proportion of Net Revenue Stream (Local Indicator)	13%	18%	24%	29%

8.1.2 Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for many (occasionally up to 50) years into the future.

#### Financing: Local Indicator (HRA)

8.1.3 As noted above in Section 4.2, the Council also monitors the ability of the HRA to meet interest costs from its Net Cost of Services. Table 14 below shows a strengthening position whereby HRA Interest Cover is expected to rise from 1.40 in 2021/22 to 1.82 by 2025/26.

**Table 14: Local Indicator: Interest Cover (HRA)**

Description	2021/22 Forecast	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
	Ratio	Ratio	Ratio	Ratio	Ratio
HRA Interest Cover	1.40	1.32	1.58	1.78	1.82
<b>Target Minimum (IC)</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>

8.1.4 It can be seen from Table 14 above that – based on current projections – current HRA borrowing plans are comfortably in excess of Interest Cover targets.

## 8.2 “Prudence, Affordability and Sustainability”

8.2.1 The Section 151 Officer is satisfied that the proposed Capital Programme (Section 2) is prudent, affordable and sustainable based on the following:

### Prudence

- *Prudential Indicator 13 (General Fund)* (Paragraph 8.1.1) – Proportion of Financing Costs to Net Revenue Stream – the growth in Financing Costs reflects the Council’s ambitions for capital investment in its strategic priorities over the medium-term, including its ambitions for Qualis. The standard CIPFA indicator shows the impact on taxpayers should Qualis default on its loans from the Council, with all Financing Costs having to be met from Council Tax, Business Rates and general Government Grants. The standard indicator however excludes the interest that the Council receives from Qualis loans. A local indicator has therefore been prepared, including the interest received from Qualis loans. Importantly, this shows that the indicator remains under 30% for the duration of the forecast, which is within expected and controllable parameters. It should also be noted that:
  - The above forecast includes all lending contained within the Qualis Business Plan approved by full Council; there are currently no plans to extend Council lending beyond that already contained within the Business Plan
  - Qualis loans are fully secured and ‘asset-backed’, which greatly enhances the protection afforded to public funds in the event of any potential default
  - Future Qualis lending (especially) is planned to be predominantly in the form of repayment loans (“Equal Instalments of Principal”) which means that, in the absence of further extended borrowing to Qualis, the level of outstanding debt will reduce in the longer term; and
  - If this indicator should threaten to breach the 30% threshold, the Section 151 Officer would engage with the Council.
- *Local Indicator 14 (HRA)* (Paragraph 8.1.3) – HRA Interest Cover – current estimates indicate that the 1.25 minimum cover threshold is exceeded for the duration of the projection, with the indicator expected to progressively strengthen over the four-year period
- *Underlying Prudent Assumptions* – a prudent set of assumptions have been used in formulating the Capital Programme (e.g. no future asset disposals that may be identified as part of the updated Asset Management Strategy have been assumed in General Fund projections)
- *Repairs and Maintenance* – the approach to asset maintenance is professionally guided with assets maintained in a condition commensurate with usage and expected life, addressing those items that could affect ongoing and future maintenance, in the most appropriate and cost-effective manner.



### **Affordability**

- The estimated General Fund revenue consequences of the Capital Programme (£117.401 million over the five years from 2022/23) have been included in the 2022/23 Budget and Medium-Term Financial Plan (MTFP), extending to 2026/27; and
- The MTFP is underpinned by a Reserves Strategy, which includes maintaining contingency funds in the event that projections are not as expected (further supported by Section 151 report to Council under Section 25 of the Local Government Act 2003 on the robustness of estimates and the adequacy of financial reserves and balances).

### **Sustainability**

- Capital schemes that are expected to deliver long-term revenue savings/generate income are given due priority. For example, the recent investment in Ongar Leisure Centre underpinned an established revenue stream for the Council through its annual Management Fee. The new Leisure Facility for Epping, which includes provision for a Multi-Storey Car Park as part of the wider scheme, will increase footfall, including a range of associated revenue streams; and
- As explained in Section 3.1 above, the new Asset Management Strategy for General Fund represents an enhancement to the Council approach to asset planning through (especially) taking a longer-term view. This includes providing for future operational need, balancing the requirement to achieve optimal performance, whilst taking account of technological change and managing the risk of obsolescence.

## **9. Knowledge and Skills**

### **9.1 Officers**

9.1.1 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. Most notably:

- *Finance* – the Section 151 Officer, who is the strategic lead on the Council's finances, is a qualified (CIPFA) accountant with many years of experience, whereas the Deputy Section 151 Officer, who leads on operational matters, is also a qualified (ACCA) accountant, also with many years of experience. The Council is committed to the ongoing professional development of the other officers within the Finance function, which includes a commitment towards general professional development (e.g. through CIPFA, ACCA and AAT), as well focussed professional training in specialist areas such as Treasury Management and Business Partnering

- *Property* – the Head of Asset Strategy, who is leading on the development of the Asset Management Strategy, is a highly experienced senior property professional. In addition, the Council also has a dedicated Commercial Property team, resourced by two senior (“MRICS”) chartered surveyors; and
- *Housing* – the Council has a separate Housing Team that is responsible overseeing social housing developments within the district.

## **9.2 External Advisors**

9.2.1 Where the Council does not have the relevant knowledge and skills required, judicious use is made of external advisors and consultants that are experts/specialists in their field. The Council currently engages Arlingclose Limited as Treasury Management advisers, and the Asset Management Team will appoint property advisers (e.g. development managers, valuers etc.) to support their work where required. The approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with risk.

## **9.3 Councillors**

9.3.1 Newly elected councillors have been required to undertake induction training at the Council for some years. Council elections were most recently held in May 2021 and were immediately followed by a range of training for both newly elected councillors (induction training) and experienced councillors (refresher training). For example, a training event on “Local Authority Finance and the Budget Process” was held in July 2021.

9.3.2 For specialist training such as Treasury Management, the Council acknowledges the importance of ensuring that Members have appropriate capacity, skills and information to effectively undertake their role on the Audit and Governance Committee and have arranged training in the past from the Council’s Treasury Management advisers, Arlingclose. The most recent session took place in January 2019. A further session is to be ran following the May 2021 elections.

## **10. Section 151 Statement on the Capital Strategy**

### **10.1 Prudential Code**

10.1.1 Paragraph 24 of the 2017 Prudential Code requires the Section 151 Officer to report explicitly on the affordability and risk associated with the Capital Strategy.

10.1.2 Accordingly, it is the opinion of the Section 151 Officer that the Capital Strategy as presented is affordable, and the associated risk has been identified and is being adequately managed.

## 10.2 Affordability

10.2.1 The Capital Strategy is affordable and there is a range of evidence to support this assertion, including:

- *Capital Programme* – the Programme as presented above (in Section 2) is supported by a robust and resilient General Fund Medium-Term Financial Plan (MTFP) extending through until 2026/27 that contains adequate revenue provision, including adequate reserves, in the event plans and assumptions do not materialise as expected
- *Asset Management* – as presented above (in Section 3), a new Asset Management Strategy for General Fund assets is under development, which is taking a strategic longer-term view (i.e. beyond 2026/27) of the Council’s asset base. A fundamental aim of the Strategy is to achieve the optimum balance between future operational need and affordability, which will be reflected in its component parts including strategies for purchasing and constructing new assets, investment in existing assets, the transferring of assets to other organisations and the disposal of surplus assets; and
- *Commercial Investment* – as presented above (in Section 6), building on the success of its in-house Commercial Property Portfolio, the Council is now widening its commercial investment activities on arms-length basis through the creation of Qualis. The company is still at a relatively early stage in its evolution but is already generating financial returns for the Council through interest receipts and other ‘inter-company’ services and the Qualis Business Plan is progressing positively towards delivering a shareholder return to the Council in the medium-term.

## 10.3 Risk

10.3.1 The risk associated with the Capital Strategy has been identified and is being adequately managed. Evidence to support this assertion includes:

- *Treasury Management Strategy* – alongside this Capital Strategy, and subject to the recommendation of the Audit and Governance Committee, the Council is set to formally approved a Treasury Management Strategy for 2022/23 in accordance with CIPFA’s “Treasury Management in the Public Services: Code of Practice 2017”. That Strategy was developed by a professionally qualified and experienced officer within the Finance Team and informed by specialist advisors Arlingclose and other relevant and extant professional guidance
- *Investment Strategy* – the Council is also set to formally a approve an Investment Strategy for 2021/22 in accordance with MHCLG’s “Statutory Guidance on Local Government Investments (3rd Edition) 2017”. As with the Treasury Management Strategy, the Investment Strategy was developed by a professionally qualified and experienced officer within the Finance Team and informed by specialist advisors Arlingclose and other relevant and extant professional guidance; and

- *Commercial Activities* – as noted above (in sections 6.3 and 6.4) the Council is committed to significantly expanding its commercial activities through its arms-length delivery vehicle Qualis. It is recognised and accepted that increased commercial activity brings additional risk. The development of the Qualis initiative was therefore guided by the engagement of professional advisors on the commercial, financial and legal aspects of the project, and the preparation of full supporting business cases, prior to the commencement of trading activities. Now that the company is operational, the Council manages its risk exposure through a formally agreed governance framework, which balances the commercial freedom of Qualis with the need for oversight by the Council.

10.3.2 In addition (pending the completion of the Asset Management Strategy), the Section 151 Officer has sought, and obtained, further assurance in issuing this statement in reviewing the position and arrangements in place for maintaining the Council's current assets. Based on a high-level review (all assets with a Gross Book Value of £0.5 million+ were sampled), the Section 151 Officer is satisfied that there are no major omissions – in terms of financial liabilities – from the Capital Programme in the medium-term. The new Asset Management Strategy will extend beyond the medium-term and will therefore – once completed – provide longer-term assurance with effect from 2022/23.

#### **10.4 Capital Strategy Updates**

10.4.1 The Capital Strategy is a 'living document' and will be periodically – usually annually – updated to reflect changing local circumstances and other significant developments. However, the further development of the new HRA Business Plan – in the light of the imminent updated Stock Condition Survey results – may necessitate an in-year update to this Strategy should there be any material impact on the assertions contained herein.

## Minimum Revenue Provision Statement 2022/23

### DRAFT

Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as “Minimum Revenue Provision” (MRP), although there has been no statutory minimum since 2008.

The Local Government Act 2003 requires the Council to have regard to the Ministry of Housing, Communities and Local Government’s (MHCLG) Guidance on MRP (the MHCLG Guidance) updated in 2018.

The MHCLG Guidance requires the Council to approve an Annual MRP Statement and recommends a range of options for calculating a prudent amount of MRP.

### **MRP Policy**

No MRP is required to be charged for Housing Revenue Account (HRA) assets.

No MRP is required to be charged on any General Fund Capital Financing Requirement, which was in existence prior to the HRA Subsidy Reform exercise of 2012.

For General Fund capital expenditure incurred after the HRA Subsidy Reform exercise of 2012:

- MRP will be determined by charging the expenditure over the expected useful life of the asset, to a maximum of 50 years, on a straight-line basis; and
- MRP on purchases of freehold land will be charged over 50 years.

The MRP payment is financed from revenue with an option that part, or all, of the payment could be financed from capital receipts to repay debt.

MRP will commence in the financial year following the asset coming into operational use or after purchase.

### **External Loans**

For capital expenditure loans to third parties that are repaid in instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement.

### **Capitalisation Directions**

For capitalisation directions on expenditure incurred after 1st April 2008 MRP will be made using the annuity method over 20 years.

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## ***Report to the Council***

**Committee:** Cabinet  
**Date:** 24 February 2022  
**Subject:** Local Council Tax Support Scheme 2021/22  
**Portfolio Holder:** Customer & Partnerships, Councillor S Kane

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### **Recommending:**

**That Cabinet recommend that Council note that the Local Council Tax Support scheme for 2021/22 will continue unchanged for 2022/23.**

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1. The Local Council Tax Support Scheme (LCTS) replaced Council Tax Benefit in 2013. Each local authority must review its scheme annually. The Government brought in regulations to ensure that pensioners continue to receive the same level of assistance as they would have done if the Council Tax Benefit scheme was still in place. The Council can therefore only make amendments to the scheme for people of working age. The Council has approved the general principle that the Local Council Tax Support scheme should be cost neutral. In legislative terms the scheme needs to be approved by 11<sup>th</sup> March each year so for 2022/23 approval needs to be made at Full Council in December 2021.

2. As there are no proposed changes to the 2021/22 scheme there is no legal requirement to consult residents of the district.

3. Currently, the total expenditure on LCTS is £6,550,145, which is made up of £3,431,798 for elderly recipients and £3,118,347 for working age recipients. This is £74,351 up on last year's expenditure (1.1%) with a decrease of £105,962 for elderly recipients and an increase of £180,313 for working age claimants. The total number of recipients of LCTS is 6,202 comprising 2,783 elderly recipients and 3,419 working age. This compares with a total number of claimants at 31st March 2021 of 6,270. Although numbers have decreased, which may look contradictory in terms of an increase in expenditure on the scheme, this is not the case when factoring in the increase in Council Tax in 2021/22. The overall expenditure on the scheme will continue to be monitored over the year as the principle is that it is self-funding. This will also form part of the review for the 2023/24 scheme.

### Resource Implications:

#### LCTS scheme for 2022/23:

4. From 2014/15 the funding has been rolled into the Council's overall funding position made up of Revenue Support Grant and locally retained Business Rates. The actual amount of funding for LCTS is therefore not identifiable within the settlement figures, although the overall package continues to be reduced each year. The LCTS scheme is designed to ensure, as far as possible, stability and

sustainability in the Council's finances. It should be noted that LCTS is not a form of benefit and it is treated as a discount within the Council Tax calculations. This means that the Council's Taxbase is reduced (as is the Taxbase for all other preceptors) and that a large proportion of the lost Council Tax income is covered by Government funding.

Exceptional Hardship Fund:

5. For the last five years there has been a small hardship fund to assist households which have been experiencing exceptional hardship. It is anticipated that the current year's budget for this fund will be adequate. The County, Fire and Police are all contributing towards this fund and they have agreed that they will continue with those contributions for current year 2021/22.

Conclusion

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



## **Report to Council**

**Report reference:** C-2021/22  
**Date of meeting:** 24 February 2022



**Portfolio:** Finance, Qualis Client and Economic Development – Cllr J. Philip

**Subject:** Council Tax Setting 2022/23

**Responsible Officer:** Andrew Small (07548 145665).

**Democratic Services:** Jackie Leither (01992 564756).

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### **Recommendations/Decisions Required:**

- (1) To note that under delegated authority, the Strategic Director and Section 151 Officer, has calculated the Council Tax Base for 2022/23 for the whole Council area as 54,865.3 (Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended) and for dwellings in those parts of its area to which a Parish Precept relates as set out in Appendix A**
- (2) That the following amounts be calculated for the year 2022/23 in accordance with sections 31 to 36 of the Local Government Finance Act 1992:**
  - (a) £111,981,897 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils**
  - (b) £99,455,621 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act**
  - (c) £12,526,276 being the amount by which the aggregate at 2(a) above exceeds the aggregate at 2(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act)**
  - (d) £228.31 being the amount at 2(c) above (Item R), all divided by Item T (the amount at (1) above, the tax base), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts)**
  - (e) £3,887,186 being the aggregate amount of all special items (Parish Precepts) referred to in Section 34(1) of the Act**
  - (f) £157.46 being the amount at 2(c) above less the result given by dividing the amount at 2 (e) above by Item T (1) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates**

- (g) That it be noted that Essex County Council, Essex Police, Fire & Crime Commissioner and Essex Fire & Rescue Service have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each of the category of dwellings in the Council's area
- (h) That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts in Appendix C as the amounts of Council Tax for 2022/23 for each part of its area and for each of the categories of dwellings; and
- (i) That in accordance with section 52ZB of the Local Government Finance Act 1992, the Council determines that the amount of Council Tax shown at 2 (f) of £157.46 for 2022/23, representing an increase of £5.00 compared to 2021/22 is not excessive and therefore there is no requirement to hold a local referendum.

## 1. Executive Summary

1.1 The average Council Tax to be charged to taxpayers in Band D is summarised in the table below.

Element	2021/22 Charge	2022/23 Charge	Increase/(Decrease)	
	£'s	£'s	£'s	%
Epping Forest District Council	152.46	157.46	5.00	3.28
<b>District Council Tax</b>	<b>152.46</b>	<b>157.46</b>	<b>5.00</b>	<b>3.28</b>
Parish Councils*	69.68	70.85	1.17	1.68
<b>Average Local Council Tax</b>	<b>222.14</b>	<b>228.31</b>	<b>6.17</b>	<b>2.78</b>
Essex County Council (including Adult Social Care Precept)	1,340.91	1,401.12	60.21	4.49
Essex Police, Fire and Crime Commissioner	208.53	218.52	9.99	4.79
Essex County Fire and Rescue Service	73.89	75.33	1.44	1.95
<b>Total Council Tax</b>	<b>1,845.47</b>	<b>1,923.28</b>	<b>77.81</b>	<b>4.22</b>

\*Parish council charges vary between parishes and are shown as average values in the table for illustration purposes

## **2. Resource Implications**

2.1 There are significant resource implications, which are covered in detail in the report.

## **3. Legal and Governance Implications**

3.1 The procedure for Setting the Council Tax is subject to the detailed requirements of the Local Government Finance Act 1992 (as amended by the Localism Act 2011). This report complies with those requirements, with legislative references made where appropriate throughout the report.

## **4. Safer, Cleaner and Greener Implications**

4.1 None.

## **5. Consultation Undertaken**

5.1 The preparation of the 2022/23 budget proposals, including the recommended Council Tax increase has been the subject of extensive scrutiny and consultation. The Cabinet – at its meeting held on 7th February 2022 – considered comments on the budget proposals, made by the Stronger Council Select Committee at its meeting held on 18th January 2022.

## **6. Background and Introduction**

6.1 As a district council, Epping Forest District Council is responsible for the billing and collection of all Council Tax due from local taxpayers. This means that the Council is required to collect Council Tax to cover not only its own services but also the precepts set by other authorities. The Council Tax levied therefore comprises five separate elements:

- Epping Forest District Council element
- Parish precepts
- Essex County Council precept (including Adult Social Care Services)
- Essex Police, Fire and Crime Commissioner precept; and
- Essex County Fire and Rescue Service precept.

6.2 The setting of the Council Tax follows a prescribed timetable, commencing with the setting of the tax base in November, and ending with the formal setting of the Council Tax, which is required to be completed by no later than 11th March prior to the start of the forthcoming financial year.

6.3 The procedure adheres to the requirements of the Local Government Finance Act 1992 (as amended by the Localism Act 2011) and the level of Council Tax is directly related to the net expenditure of the Council after deducting income from Government grants and other sources of income. Council resolutions also adhere to legislative requirements and recommendations are therefore written in very formal language.

## **7. Council Tax Base and Collection Fund Deficit**

7.1 The Council Tax Base for 2022/23 is 54,865.3 and a breakdown of the calculation by parish can be seen in the first column in **Appendix A**.

7.2 After taking account of previous distributions and recoupments, the Council Tax element of the Collection Fund is predicted to have a total surplus of £1,334,499 at 31st March 2022 (adjusted to £1,371,649 in accordance with temporary 'spreading arrangements' introduced by Government due to losses caused by the Covid-19 pandemic). The surplus is shared amongst the major precepting authorities i.e. Essex County Council, Essex Police, Fire and Crime Commissioner, Essex Fire and Rescue Service and this Council. The distribution of the surplus is made in proportion to the level of each authority's precept for the year. The Epping Forest District Council share of the 2021/22 surplus is £165,000.

## **8. Epping Forest District Council Tax**

8.1 The Cabinet recommended a District Council Tax increase of £5.00 (3.28%) for 2022/23 at its meeting on 7th February 2022. This involved setting a General Fund net expenditure budget of £15,631,364.

8.2 The amount of Council Tax that Epping Forest District Council is to levy is £8,639,090 as presented in the table below.

Description	Value
	£'s
Budgeted Net Expenditure 2022/23	15,631,364
Add: Contribution to General Fund Reserve	336,789
Subtract: Collection Fund Surplus (Council Tax)	(165,000)
Subtract: Collection Fund Surplus (Business Rates)	(323,020)
<b>Net Expenditure to be Financed</b>	<b>15,480,133</b>
Add Back: Collection Fund Surplus (Business Rates)*	323,020
Less: Retained Business Rates	(5,010,617)
Less: External Financing	(2,153,446)
<b>Council Tax Requirement</b>	<b>8,639,090</b>

\*Taken directly to Collection Fund Deficit Reserve (Coronavirus related)

8.3 The Epping Forest District Council Band D Council Tax is therefore £157.46 for 2022/23 (the Council Tax Requirement divided by the Tax Base of 54,865.3). This represents an increase of £5.00 (3.28%) when compared to the Council Tax levied in 2021/22.

## 9. Parish Precepts

9.1 Each parish has notified the Council with its precept requirement for the year. The total required by parishes is £3,887,186, which produces an average Band D Council Tax of £70.85. The actual amount levied will vary from parish to parish. A detailed breakdown of the precept requirements and the Band D charge for each parish can be seen in the third and fourth columns in **Appendix A**.

## 10. Essex County Council Precepts

10.1 The total precept demand issued by Essex County Council for 2022/23 is £76,872,869 which produces a Band D Council Tax of £1,401.12. This represents an increase of £60.21 (4.49%) when compared to the Council Tax levied in 2021/22.

## 11. Essex Police, Fire and Crime Commissioner

11.1 The precept demand issued by Essex Police, Fire and Crime Commissioner for 2022/23 is £11,989,165, which produces a Band D Council Tax of £218.52. This represents an increase of £9.99 (4.79%) when compared to the Council Tax levied in 2021/22.

## 12. Essex Fire and Rescue Service

12.1 The precept demand issued by Essex Fire and Rescue Service for 2022/23 is £4,133,003, which produces a Band D Council Tax of £75.33. This represents an increase of £1.44 (1.95%) when compared to the Council Tax levied in 2021/22.

## Appendix A

### Town, Parish & Local Council Tax 2022/23

Town/Parish	2022/23				
	Tax Base	Town/Parish Precept (£'s)	Parish Band D Charge (£'s)	District Band D Charge (£'s)	Local Council Tax Band D Charge (£'s)
Abbess, Berners and Beauchamp Roding	236.9	5,610	23.68	157.46	181.14
Buckhurst Hill	5,254.3	349,839	66.58	157.46	224.04
Chigwell	6,298.0	294,557	46.77	157.46	204.23
Epping Town	5,293.1	538,414	101.72	157.46	259.18
Epping Upland	407.6	21,492	52.73	157.46	210.19
Fyfield	410.7	13,534	32.96	157.46	190.42
High Ongar	602.1	11,145	18.51	157.46	175.97
Lambourne	904.6	40,240	44.49	157.46	201.95
Loughton Town	12,732.8	829,663	65.16	157.46	222.62
Matching	458.7	18,040	39.32	157.46	196.78
Moreton, Bobbingworth and the Lavers	609.9	22,000	36.07	157.46	193.53
Nazeing	2,148.6	92,263	42.94	157.46	200.40
North Weald Bassett	2,596.6	229,766	88.49	157.46	245.95
Ongar Town	2,843.6	295,052	103.76	157.46	261.22
Roydon	1,384.8	35,876	25.91	157.46	183.37
Sheering	1,356.3	41,180	30.36	157.46	187.82
Stanford Rivers	364.4	21,087	57.87	157.46	215.33
Stapleford Abbots	570.3	11,204	19.64	157.46	177.10
Stapleford Tawney	88.8	1,537	17.31	157.46	174.77
Theydon Bois	2,002.7	130,342	65.08	157.46	222.54
Theydon Garnon	88.5	1,000	11.30	157.46	168.76
Theydon Mount	115.3	3,400	29.50	157.46	186.96
Waltham Abbey Town	7,842.5	874,360	111.49	157.46	268.95
Willingale	254.4	5,585	21.96	157.46	179.42
<b>Town, Parish and Local Council Tax Totals</b>	<b>54,865.3</b>	<b>3,887,186</b>	<b>70.85</b>	<b>157.46</b>	<b>228.31</b>

## Appendix B

### Local Council Tax 2022/23: All Bands

Town/Parish	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s
Abbess, Berners and Beauchamp Roding	120.76	140.89	161.01	181.14	221.39	261.64	301.90	362.28
Buckhurst Hill	149.36	174.25	199.14	224.04	273.83	323.61	373.40	448.08
Chigwell	136.15	158.85	181.53	204.23	249.61	295.00	340.38	408.46
Epping Town	172.78	201.59	230.38	259.18	316.77	374.37	431.96	518.36
Epping Upland	140.12	163.48	186.83	210.19	256.90	303.61	350.31	420.38
Fyfield	126.94	148.11	169.26	190.42	232.73	275.05	317.36	380.84
High Ongar	117.31	136.87	156.41	175.97	215.07	254.18	293.28	351.94
Lambourne	134.63	157.07	179.51	201.95	246.83	291.70	336.58	403.90
Loughton Town	148.41	173.15	197.88	222.62	272.09	321.56	371.03	445.24
Matching	131.18	153.05	174.91	196.78	240.51	284.24	327.96	393.56
Moreton, Bobbingworth and the Lavers	129.02	150.52	172.02	193.53	236.54	279.54	322.55	387.06
Nazeing	133.60	155.87	178.13	200.40	244.93	289.46	334.00	400.80
North Weald Bassett	163.96	191.30	218.62	245.95	300.60	355.26	409.91	491.90
Ongar Town	174.14	203.17	232.19	261.22	319.27	377.32	435.36	522.44
Roydon	122.24	142.62	162.99	183.37	224.12	264.87	305.61	366.74
Sheering	125.21	146.08	166.95	187.82	229.56	271.29	313.03	375.64
Stanford Rivers	143.55	167.48	191.40	215.33	263.18	311.03	358.88	430.66
Stapleford Abbotts	118.06	137.75	157.42	177.10	216.45	255.81	295.16	354.20
Stapleford Tawney	116.51	135.93	155.35	174.77	213.61	252.44	291.28	349.54
Theydon Bois	148.36	173.09	197.81	222.54	271.99	321.44	370.90	445.08
Theydon Gamon	112.87	131.69	150.49	169.31	206.93	244.56	282.18	338.62
Theydon Mount	124.64	145.41	166.18	186.96	228.51	270.05	311.60	373.92
Waltham Abbey Town	179.30	209.18	239.06	268.95	328.72	388.48	448.25	537.90
Willingale	119.61	139.55	159.48	179.42	219.29	259.16	299.03	358.84
<b>Town and Parish Total</b>	<b>47.23</b>	<b>55.11</b>	<b>62.98</b>	<b>70.85</b>	<b>86.59</b>	<b>102.34</b>	<b>118.08</b>	<b>141.70</b>
<b>District, Town and Parish Total</b>	<b>152.21</b>	<b>177.57</b>	<b>202.94</b>	<b>228.31</b>	<b>279.05</b>	<b>329.78</b>	<b>380.52</b>	<b>456.62</b>

**Total Council Tax 2022/23: All Bands**

Town/Parish	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s
Abbess, Berners and Beauchamp Roding	1,250.74	1,459.20	1,667.65	1,876.11	2,293.02	2,709.93	3,126.85	3,752.22
Buckhurst Hill	1,279.34	1,492.56	1,705.78	1,919.01	2,345.46	2,771.90	3,198.35	3,838.02
Chigwell	1,266.13	1,477.16	1,688.17	1,899.20	2,321.24	2,743.29	3,165.33	3,798.40
Epping Town	1,302.76	1,519.90	1,737.02	1,954.15	2,388.40	2,822.66	3,256.91	3,908.30
Epping Upland	1,270.10	1,481.79	1,693.47	1,905.16	2,328.53	2,751.90	3,175.26	3,810.32
Fyfield	1,256.92	1,466.42	1,675.90	1,885.39	2,304.36	2,723.34	3,142.31	3,770.78
High Ongar	1,247.29	1,455.18	1,663.05	1,870.94	2,286.70	2,702.47	3,118.23	3,741.88
Lambourne	1,264.61	1,475.38	1,686.15	1,896.92	2,318.46	2,739.99	3,161.53	3,793.84
Loughton Town	1,278.39	1,491.46	1,704.52	1,917.59	2,343.72	2,769.85	3,195.98	3,835.18
Matching	1,261.16	1,471.36	1,681.55	1,891.75	2,312.14	2,732.53	3,152.91	3,783.50
Moreton, Bobbingworth and the Lavers	1,259.00	1,468.83	1,678.66	1,888.50	2,308.17	2,727.83	3,147.50	3,777.00
Nazeing	1,263.58	1,474.18	1,684.77	1,895.37	2,316.56	2,737.75	3,158.95	3,790.74
North Weald Bassett	1,293.94	1,509.61	1,725.26	1,940.92	2,372.23	2,803.55	3,234.86	3,881.84
Ongar Town	1,304.12	1,521.48	1,738.83	1,956.19	2,390.90	2,825.61	3,260.31	3,912.38
Roydon	1,252.22	1,460.93	1,669.63	1,878.34	2,295.75	2,713.16	3,130.56	3,756.68
Sheering	1,255.19	1,464.39	1,673.59	1,882.79	2,301.19	2,719.58	3,137.98	3,765.58
Stanford Rivers	1,273.53	1,485.79	1,698.04	1,910.30	2,334.81	2,759.32	3,183.83	3,820.60
Stapleford Abbotts	1,248.04	1,456.06	1,664.06	1,872.07	2,288.08	2,704.10	3,120.11	3,744.14
Stapleford Tawney	1,246.49	1,454.24	1,661.99	1,869.74	2,285.24	2,700.73	3,116.23	3,739.48
Theydon Bois	1,278.34	1,491.40	1,704.45	1,917.51	2,343.62	2,769.73	3,195.85	3,835.02
Theydon Gamon	1,242.85	1,450.00	1,657.13	1,864.28	2,278.56	2,692.85	3,107.13	3,728.56
Theydon Mount	1,254.62	1,463.72	1,672.82	1,881.93	2,300.14	2,718.34	3,136.55	3,763.86
Waltham Abbey Town	1,309.28	1,527.49	1,745.70	1,963.92	2,400.35	2,836.77	3,273.20	3,927.84
Willingale	1,249.59	1,457.86	1,666.12	1,874.39	2,290.92	2,707.45	3,123.98	3,748.78
<b>Average (all preceptors)</b>	<b>1,282.19</b>	<b>1,495.88</b>	<b>1,709.58</b>	<b>1,923.28</b>	<b>2,136.98</b>	<b>2,350.68</b>	<b>2,564.37</b>	<b>2,778.07</b>



## ***Report to the Council***

**Committee:** Council

**Subject:** Local Government Council Size & Ward Boundary Review

**Portfolio Holder:** Leader

**Date:** 24 February 2022

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### **Recommending:**

- (1) That the draft submission on a future Council Size of 54 Members, attached at Appendix A, be agreed for submission to the Local Government Boundary Commission for England as part of the ongoing review of the Council's size and ward boundaries.**

### **Summary**

- 1.1 Since September of last year, the Council has been the subject of a review of its size in terms of the number of Councillors and its ward boundaries by the Local Government Boundary Commission for England (LGBCE). This is the first review of the Council by the LGBCE since 1998.
- 1.2 At the last meeting of Council, it was agreed to recommend to the LGBCE that the District Council should continue to elect its Members by thirds. It was accepted that this would lead to the District being predominantly made up of three member wards, as opposed to the current mixture of one, two and three member wards. The next stage of the process is to consider the recommended future size of the Council in terms of the total number of Councillors; this currently stands at 58 District Councillors.
- 1.3 Due to the continuation of election by thirds, the number of Councillors recommended must be divisible by three to account for the three member wards. The submission is also expected to take account of the strategic leadership, accountability and community leadership aspects of the role of a councillor. In addition, the current governance arrangements employed by the Council also have to be referenced.
- 1.4 The cross-party Portfolio Holder Advisory Group (PHAG) has been meeting since November to consider the various factors which might influence the Council's submission, such as councillor caseload, projected population growth and alternative options for democratic structures. At its previous two meetings the PHAG considered a draft submission using the template recommended by the LGBCE. This draft response to the LGBCE has been informed by the discussions which had taken place at all PHAG meetings.
- 1.5 The draft submission attached at Appendix A of this report recommends that the District would be best represented by 54 Councillors in the future, which is a reduction of 4 Councillors in comparison to the current total. Options including 45, 48, 51 and 57 Councillors had been considered by the Portfolio Holder Advisory Group but based on local knowledge and experience, the Group felt that 54 Councillors would best represent the interests of the District for the period up to 2028 and beyond.

- 1.6 The submission is that of the full Council and will weigh heavily in the LGBCE's considerations, but they are not bound to accept the Council's proposals. Representation from political groups are also welcomed by the Commission and will be considered alongside the Council's own submission.
- 1.7 The Commission requires the Council to make its submission by the 8<sup>th</sup> March 2022 and, as per their initial timeframe, are expected to make a decision on 19<sup>th</sup> April 2022. The second phase on Warding patterns is expected to commence in May 2022.
- 1.8 The report recommends that the draft submission is agreed and approved for submission to the LGBCE.

## **2 Resource Implications**

- 2.1 None

## **3 Legal and Governance Implications**

- 3.1 The submission does not propose any changes to the Council's existing governance arrangements but does recognise that, depending upon the conclusion reached by the LGBCE, a review of the democratic structures of the Council are likely to be required.

## **4 Safer, Cleaner and Greener Implications**

- 4.1 None.

## **5 Consultation Undertaken**

- 5.1 None

Epping Forest District Council

# Council Size Submission: Template

Epping Forest District Council

## Contents

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About You	2
Reason for Review (Request Reviews Only)	2
Local Authority Profile	2
Council Size	3
Other Issues	7

## How to Make a Submission

It is recommended that submissions on future governance arrangements and council size follow the guidance provided and use the format below as a template. Submissions should be treated as an opportunity to focus on the future needs of the council and not simply describe the current arrangements. **Submissions should also demonstrate that alternative council sizes have been considered in drawing up the proposal and why you have discounted them.**

The template allows respondents to enter comments directly under each heading. It is not recommended that responses be unduly long; as a guide, it is anticipated that a 15 to 20-page document using this template should suffice. Individual section length may vary depending on the issues to be explained. Where internal documents are referred to URLs should be provided, rather than the document itself. It is also recommended that a table is included that highlights the key paragraphs for the Commission's attention.

'Good' submissions, i.e. those that are considered to be most robust and persuasive, combine the following *key success components* (as set out in the guidance that accompanies this template):

- Clarity on objectives
- A straightforward and evidence-led style
- An understanding of local place and communities
- An understanding of councillors' roles and responsibilities

## About You

The respondent should use this space to provide the Commission with a little detail about who is making the submission, whether it is the full Council, Officers on behalf of the Council, a political party or group, a resident group, or an individual.

This report is the submission of Epping Forest District Council (EFDC) to the Local Government Boundary Commission for England (LGBCE) on its proposals for Council Size. The report was approved by a meeting of Full Council on 24<sup>th</sup> February 2022.

## Reason for Review (Request Reviews Only)

Please explain the authority's reasons for requesting this electoral review; it is useful for the Commission to have context. *NB/ If the Commission has identified the authority for review under one of its published criteria, then you are not required to answer this question.*

[Click or tap here to enter text.](#)

## The Context for your proposal

Your submission gives you the opportunity to examine how you wish to organise and run the council for the next 15 - 20 years. **The consideration of future governance arrangements and council size should be set in the wider local and national policy**

**context.** The Commission expects you to challenge your current arrangements and determine the most appropriate arrangements going forward. In providing context for your submission below, please demonstrate that you have considered the following issues.

- When did your Council last change/reorganise its internal governance arrangements and what impact on effectiveness did that activity have?
- To what extent has transference of strategic and/or service functions impacted on the effectiveness of service delivery and the ability of the Council to focus on its remaining functions?
- Have any governance or capacity issues been raised by any Inspectorate or similar?
- What influence will local and national policy trends likely have on the Council as an institution?
- What impact on the Council's effectiveness will your council size proposal have?

EFDC welcomes the statutory review by the LGBCE as much has changed in the District since the last review 22 years ago.

We aim to set out the case within this document for a slight reduction in council size to 54 members, a reduction of 4 from the current 58 members. In doing so the Council is recognising the drive for efficiency whilst also reflecting significant planned housing growth in the district over the next few years.

The last Review on the electoral arrangements for the EFDC local authority area was carried out by the LGBCE and completed in November 2000. The main final recommendations of that review were that:

*“Epping Forest District Council should be served by 58 councillors representing 32 wards, and that changes should be made to ward boundaries in order to improve electoral equality, having regard to the statutory criteria. We recommend that the Council should continue to hold elections by thirds.”*

The LGBCE concluded that the size should be reduced by only 1 member, even though proposals were put forward from groups for larger reductions.

Much has changed over the past two decades which impacts on the demands placed upon elected members. Firstly, resident's expectations have increased significantly whilst at the same time the rise of digital provision has made access to services and issue resolution easier and more flexible for many. It has also made it easier for the electorate to engage with their elected members.

Physically, the district remains dominated by its mainly Green Belt designation, protection of the internationally important ancient woodland of Epping Forest, the district's proximity to the City of London and issues of population growth. The Government's focus on increasing housing supply nationally, manifesting in the allocation of larger housing targets for all planning authorities, has created a significant challenge for the district and so planning and housing remain two of the larger issues impacting on member inboxes.

Balancing these challenges has impeded the development of the Council's new Local Plan. However, with the final hurdle immediately ahead it is expected that the Plan will be adopted in the next few months, thereby unlocking many years of pent-up development applications.

In addition, the Council is an equal partner in the Harlow and Gilston Garden Town project which will also bring major housing development over the next few years.

Whilst EFDC has seen only modest growth in its electorate over the previous two decades, this is likely to significantly accelerate over the next two decades, with an associated increase in the elected members' workloads.

The Council's democratic and internal governance structures were reviewed approximately 3 years ago to arrive at the current position. In practice the Council is 'well served' with governance arrangements and with member representation in the process. There are no proposals to revise the current arrangements or structures ahead of the LGBCE's conclusion on Council size, but the Council will commit to a review of arrangements subsequent to the decision. It is generally felt that there is scope to reduce the numbers of members engaged in the scrutiny and statutory committee functions without impacting on democracy or the quality of decision making, and this would support any overall reduction in council size concluded as a result of this review.

We are mindful that the Council's ratio of electorate to elected members is low compared to many councils and in particular to its CIPFA nearest neighbour comparators. We are also aware that in the interests of efficiency the trend is for higher ratios of electorate to elected members. This factor has weighed significantly in the Council's consideration of its submission and its response to the LGBCE reflects this. However, we are also mindful that the number of members needs to be right for the Council, both for today and for the period up to the next review.

The EFDC area has an articulate and vocal electorate that demand much of the elected membership and consequently, despite all changes relating to context, their casework remains relatively high for the reasons stated and is expected to increase still further.

Ultimately, there are many factors which point to a reduction in the number of elected members required but this is equally balanced by competing pressures which increase the workload on each member, not least of all the projected impending growth in the electorate.

On balance we feel that this supports only a small reduction in Council size and the case is made as follows.

### Local Authority Profile

**Please provide a short description of the authority and its setting, in particular the local geography, demographics and community characteristics.** This should set the scene for the Commission and give it a greater understanding of any current issues. The description should cover all of the following:

- Brief outline of area - are there any notable geographic constraints for example that may affect the review?
- Rural or urban - what are the characteristics of the authority?
- Demographic pressures - such as distinctive age profiles, migrant or transient populations, is there any large growth anticipated?
- Community characteristics – is there presence of "hidden" or otherwise complex deprivation?
- Are there any other constraints, challenges, issues or changes ahead?

Further to providing a description, the Commission will be looking for a submission that demonstrates an understanding of place and communities by putting forth arguments on council size based upon local evidence and insight. For example, how does local geography, demographics and community characteristics impact on councillor casework, workload and community engagement?

### **Epping Forest District Council - Local Authority Profile January 2022**

EFDC is classified statistically as urban with significant rural populations covering an area of approximately 339 square kilometres. In 2018 the resident population was estimated to be 131,137 people.

EFDC is the ninth (out of 12) most densely populated district in Essex, well below the county average (424 people per sq. km).

The district is divided into 24 town and parish councils which are mainly rural and sparsely populated in the north and east, and more densely populated in the south where the district borders the London boroughs of Enfield, Waltham Forest, Redbridge and Havering.

The majority of residents live across four suburban settlements; in Loughton, Waltham Abbey, Epping and Buckhurst Hill.

There are two sites of specific scientific interest. Epping Forest and Roding Valley. Epping Forest District is an attractive Green Belt area with good road and rail links (it sits on the Central Line) and is therefore easily accessible to the City of London and consequently is popular with commuters.

The total number of dwellings in the District was around 55,630 in April 2017. Of these properties, around 85% are in the private sector. It is estimated that approximately 70% are owner occupied and 15% are privately rented. As of 31 March 2021, 6,384 properties (11%) were owned by the Council, which is by far the main social landlord in the District.



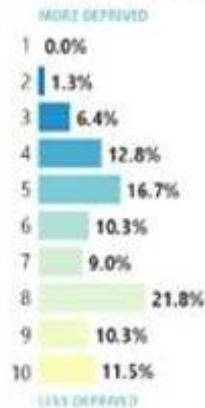
## Local Deprivation Profile

EFDC is split into 78 neighbourhoods known as 'Lower Super Output Areas'



### Local deprivation profile

% of LSOAs in each national deprivation decile



### What this map shows

This is a map of Indices of Deprivation 2019 data for **Epping Forest**. The colours on the map indicate the deprivation decile of each Lower Layer Super Output Area (LSOA) for England as a whole, and the coloured bars above indicate the proportion of LSOAs in each national deprivation decile. The most deprived areas (decile 1) are shown in blue. It is important to keep in mind that the Indices of Deprivation relate to small areas and do not tell us how deprived, or wealthy, individual people are. LSOAs have an average population of just under 1,700 (as of 2017).



17 of EFDC's neighbourhoods are ranked in the top 20% of the least deprived areas nationally.

In 2019 Loughton Alderton was ranked in the most deprived 20% of areas in England, with a population of 1,647 people. This equates to 1.3% of the EFDC population and is lower than the Essex average of 8.6% in the most deprived 20% of the Country.

Between 2015 and 2019 Waltham Abbey Paternoster moved up from the bottom 20% (decile 2), to decile 3 of the most deprived areas of England.

The neighbourhood which saw the most improvement between 2007 and 2019 was in the ward of Lower Sheering.

Between 2015 and 2019 a total of 48 neighbourhoods increased in their rank and 30 decreased their rank.

### Top 10 most deprived neighbourhoods in Epping Forest

The table below lists the 10 most deprived neighbourhoods in EFDC in 2019 and the wards where they are located.

	LSOA Name	Ward Name	Rank	Decile
10 Most Deprived Areas	Epping Forest 013A	Loughton Alderton	5,221	2
	Epping Forest 007E	Waltham Abbey Paternoster	6,610	3
	Epping Forest 009A	Waltham Abbey High Beach	8,666	3
	Epping Forest 003C	Passingford	9,468	3
	Epping Forest 007A	Waltham Abbey North East	9,594	3
	Epping Forest 017A	Grange Hill	9,597	3
	Epping Forest 011C	Loughton Broadway	10,408	4
	Epping Forest 009B	Waltham Abbey North East	10,509	4
	Epping Forest 011B	Loughton Broadway	10,606	4
	Epping Forest 011A	Loughton Broadway	11,012	4

### Top 10 least deprived neighbourhoods in EFDC

The table below lists the 10 least deprived neighbourhoods in EFDC in 2019 and the wards where they are located.

	LSOA Name	Ward Name	Rank	Decile
10 Least Deprived Areas	Epping Forest 010D	Theydon Bois	32,583	10
	Epping Forest 004B	Chipping Ongar, Greensted and Marden Ash	31,834	10
	Epping Forest 016C	Chigwell Village	31,216	10
	Epping Forest 015D	Buckhurst Hill West	30,719	10
	Epping Forest 014A	Loughton Forest	30,205	10

	Epping Forest 014B	Loughton Forest	30,176	10
	Epping Forest 015F	Buckhurst Hill West	30,169	10
	Epping Forest 006B	Epping Hemnall	29,787	10
	Epping Forest 015E	Buckhurst Hill West	29,635	10
	Epping Forest 015G	Buckhurst Hill West	29,416	9

## Population Growth

The age distribution of the estimated population of 131,137 in 2018 was 0-15 (18.9%) 16-64 (61.4%) older people 65+ (19.6%).

### All Age Categories

EFDC household population for all age categories was projected to increase to approximately 131,695 people in 2021 then by 3.9% to 136,762 people by 2033 and by 4.9% to 138,197 people by 2037

### Older People

It is estimated that by 2033 there will be an increase of c. 22% in the 65+ household population and c.24% increase in the 75+ household population.

By 2037 it is estimated that there will be an increase of c.29% in the projected 65+ household population and a c.34% increase in the projected 75+ household population

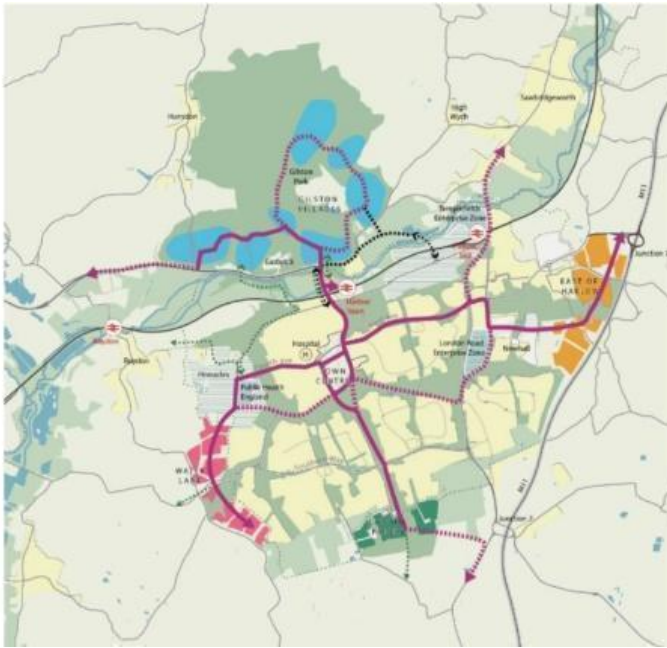
## Major Development Schemes and/or proposals

Harlow and Gilston is a designated Garden Town with sites in EFDC, Harlow and East Herts. The intention is to develop around 3,900 new homes in EFDC between 2020 and 2033 and this has been factored into the Electorate projections. The Development sites are;

2,100 in Water Lane (to the south west of Harlow) 1,050

in Latton Priory (to the south of Harlow)

750 in East Harlow (the site will provide 3,350 new homes in total. The remaining 2,600 will be delivered on land within Harlow district)



The Council has been developing a new Local Plan over many years and it is now in its final stages of approval. New development has been heavily restricted within the district because of the significant Green Belt designation and the internationally important Epping Forest site of Scientific Special Interest. It is anticipated that approval of the Local Plan will unlock a number of development sites and the build out of these will see a comparatively quick increase in Electorate numbers in some locations within the district.

### Planning Considerations

The District is largely rural and over 92% of the land is currently designated as being in the Metropolitan Green Belt. Agriculture is mainly arable, particularly in the north east of the District. There is a significant amount of horse keeping in parts of the south and glasshouse horticulture is a prominent land use in parts of the Lea Valley especially in Roydon and Nazeing. The District has two towns and four district centres – Loughton/Loughton Broadway and Buckhurst Hill in the south, Waltham Abbey to the west, Epping in the centre of the District, and Chipping Ongar towards the east. Epping, Chipping Ongar and Waltham Abbey are market towns of mediaeval origin. Villages and smaller settlements are dispersed throughout the rest of the District. Several of these villages are also designated as conservation areas. The overall result is a significant concentration of population in the south of the District – the combined populations of Buckhurst Hill, Chigwell and Loughton/Loughton Broadway (55,473) accounted for about 44.5% of the District total as of the time of the 2011 Census

### Article 4 Areas

Permitted development rights have been removed in the following areas resulting in higher caseload work associated with higher planning applications.

AD01 Staples Road, Loughton

AD02 York Hill, Loughton

AD03 Parklands, Waltham Abbey

AD04 Lee Valley Nursery, Waltham Abbey

AD05 Packsaddles Farm, Waltham Abbey

AD06 Little Stiles, Nazeing

AD07 Back Lane, Sheering

### Conservation Areas

There are 25 designated conservation areas in EFDC with special controls for buildings and trees.

### Council Size

The Commission believes that councillors have three broad aspects to their role.

These are categorised as: **Strategic Leadership, Accountability (Scrutiny, Regulatory and Partnerships), and Community Leadership**. Submissions should address each of these in turn and provide supporting evidence. Prompts in the boxes below should help shape responses.

### Strategic Leadership

Respondents should provide the Commission with details as to how elected members will provide strategic leadership for the authority. Responses should also indicate how many members will be required for this role and why this is justified. **Responses should demonstrate that alternative council sizes have been explored.**

Topic		
	Key lines of explanation	<ul style="list-style-type: none"> <li>☐ <i>What governance model will your authority operate? e.g. Committee System, Executive or other?</i></li> <li>☐ <i>The Cabinet model, for example, usually requires 6 to 10 members. How many members will you require?</i></li> <li>☐ <i>If the authority runs a Committee system, we want to understand why the number and size of the committees you propose represents the most appropriate for the authority.</i></li> <li>☐ <i>By what process does the council aim to formulate strategic and operational policies? How will members in executive, executive support and/or scrutiny positions be involved? What particular demands will this make of them?</i></li> <li>☐ <i>Whichever governance model you currently operate, a simple assertion that you want to keep the current structure does not in itself, provide an explanation of why that structure best meets the needs of the council and your communities.</i></li> </ul>
<b>Governance Model</b>	Analysis	<p>The Council comprises 58 councillors in 32 wards. Each ward elects between 1 and 3 councillors. 11 wards with 1 councillor, 16 with 2 councillors and 5 with 3 councillors, apart from every fourth year when elections are held to elect county councillors to Essex County Council. The political balance for 2021/22 is Conservative 36, Loughton Residents Association 13, Green 3, Liberal Democrat 3, Independent 2 and For Britain Movement 1.</p> <p>Since 2002 the Council has operated under the leader and cabinet model as provided for by the Local Government Act 2000. Councils were required to review executive arrangements under the Local Government and Public Involvement in Health Act 2007. The Council has 9 executive councillors who take individual decisions in their portfolio areas. Each Executive Councillor attends a relevant scrutiny committee which firstly considers officer reports prior to those decisions being taken, a form of pre-scrutiny.</p> <p>‘Full’ Council sets the overall policy and budgetary framework. It meets six times a year (with additional meetings as required).</p>

		<p>Following a review in 2018 the Council decided on a revised Overview and Scrutiny framework, based on a structure of 'select committees' aligned to the Council's Corporate Plan. There is currently one Overview and Scrutiny committee with 3 themed sub-committees, Stronger Communities Select Committee, Stronger Council Select Committee, and Stronger Place Select Committee.</p> <p>As part of its submission the Council has compared the current model with those of all other Essex district councils, its CIPFA nearest neighbours and the neighbouring councils in Hertfordshire (which share similar location based challenges). This highlighted no uniform approach to Governance structures and only served to highlight that appropriate Governance is really defined by the issues that each council faces. The Council concluded that there was no immediately obvious alternative preferable pattern that could be determined as part of this review. However, it was identified that the Council does have a large number of councillors involved in the scrutiny and democratic processes and a large number of committees and sub-committees compared to others. Whilst the Council did not conclude any alternative Governance structure it did conclude that the number of structures and members involved might be reduced without harming democracy or the quality of decision making.</p>
<b>Portfolios</b>	<i>Key lines of explanation</i>	<ul style="list-style-type: none"> <li>☐ <i>How many portfolios will there be?</i></li> <li>☐ <i>What will the role of a portfolio holder be?</i></li> <li>☐ <i>Will this be a full-time position?</i></li> <li>☐ <i>Will decisions be delegated to portfolio holders? Or will the executive/mayor take decisions?</i></li> </ul>
	Analysis	<p>The Council has 9 executive councillors which meet at scheduled Cabinet meetings throughout the year, Each has a portfolio of services, plans and policies for which they are responsible, and these are listed below. The key decisions and most non-key decisions required of each executive councillor are pre-scrutinised by a scrutiny committee</p> <p>The Executive portfolios are:</p> <ul style="list-style-type: none"> <li>• Leader</li> <li>• Planning &amp; Sustainability</li> <li>• Customer &amp; Partnerships</li> <li>• Community &amp; Regulatory Services</li> </ul>

		<ul style="list-style-type: none"> <li>• Environmental &amp; Technical Services</li> <li>• Finance, Qualis* Client &amp; Economic Development</li> <li>• Housing Services</li> <li>• Corporate Services</li> <li>• Programmes &amp; Projects</li> </ul> <p>*The Council created its own arms-length development and delivery company in the 2020 and is assessing the opportunities to move more service delivery functions to it. The Council is the sole shareholder and has member and officer representation on the board, together with a Portfolio Holder acting as the Council's shareholder representative. This represents an increasing area of focus for the Council.</p>
<b>Delegated Responsibilities</b>	<i>Key lines of explanation</i>	<p>☐ <i>What responsibilities will be delegated to officers or committees?</i></p> <p>☐ <i>How many councillors will be involved in taking major decisions?</i></p>
	Analysis	<p><b>Cabinet Committees</b></p> <p>These are Committees that have defined Terms of Reference related to Executive functions.</p> <p><b>1. Asset Management and Economic Development Cabinet Committee</b></p> <p>The Committee is chaired by the Portfolio Holder for Asset Management &amp; Economic Development and a Vice-Chairman will be appointed by the Leader of Council from members of the Cabinet. It has 5 members and, although in the constitution, it is currently not meeting as a Cabinet Committee.</p> <p>It deals with the management of the council-owned property assets, including North Weald Airfield.</p> <p>This Committee also makes recommendations to the Cabinet on an Economic Development Strategy for the District and on ways of coordinating the management of the Council's property assets to assist with achieving the objectives of that Strategy.</p> <p><b>2. Council Housebuilding Cabinet Committee</b></p> <p>This Committee has 5 members and 4 scheduled meetings per year. It considers and recommends to</p>



	<p>the Cabinet the Development Strategy for the Council's House Building Programme on an annual basis.</p> <p style="text-align: center;"><b>3. Local Plan Cabinet Committee</b></p> <p>This Committee has 5 members and 4 scheduled meetings per year.</p> <p>The Cabinet itself has 9 scheduled meetings per year, which also includes agenda planning meetings with officers.</p> <p><b>Work patterns of the Executive</b></p> <p>This will vary with each portfolio but, in general terms, each Portfolio Holder will attend regular meetings with officers to monitor performance and develop policy options.</p> <p>They also attend meetings of the relevant scrutiny Select committee and meetings of external bodies which relate to their portfolio.</p> <p>They will also attend meetings with stakeholders concerning their portfolio responsibilities.</p>
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### Accountability

Give the Commission details as to how the authority and its decision makers and partners will be held to account. The Commission is interested in both the internal and external dimensions of this role. **Responses should demonstrate that alternative council sizes have been explored.**

Topic	
Internal Scrutiny	The scrutiny function of authorities has changed considerably. Some use theme or task-and-finish groups, for example, and others have a committee system. Scrutiny arrangements may also be affected by the officer support available.
Key lines of explanation	<ul style="list-style-type: none"> <li>☐ <i>How will decision makers be held to account?</i></li> <li>☐ <i>How many committees will be required? And what will their functions be?</i></li> <li>☐ <i>How many task and finish groups will there be? And what will their functions be? What time commitment will be involved for members? And how often will meetings take place?</i></li> </ul>

	<p>☐ <i>How many members will be required to fulfil these positions?</i></p> <p>☐ <i>Explain why you have increased, decreased, or not changed the number of scrutiny committees in the authority.</i></p> <p>☐ <i>Explain the reasoning behind the number of members per committee in terms of adding value.</i></p>
<p>Analysis</p>	<p><b>Overview &amp; Scrutiny Committee</b></p> <p>This is the main scrutiny committee with 17 members and meets 6 times per year. The Committee has sub committees (called select committees) themed along the Council Plan priorities, and a task and finish panel:</p> <p><b>Stronger Communities Select Committee</b></p> <p>Has 11 members and has 5 scheduled meetings per year</p> <p><b>Stronger Council Select Committee</b></p> <p>Has 11 members and has 6 scheduled meetings per year</p> <p><b>Stronger Place Select Committee</b></p> <p>Has 11 members and has 4 scheduled meetings per year</p> <p><b>Local High Streets Task &amp; Finish Panel</b></p> <p>Has 11 members and has no scheduled meetings.</p> <p>O&amp;S are also constitutionally able to create Task and Finish Groups to address particular issues. These are actively used by the committee.</p> <p><b>O&amp;S Chair</b></p> <p>These meetings are internal with the Chairman of the relevant committees to discuss any issues that come up across the year. The committee has 8 members and has 2 scheduled meetings per year</p> <p>As referred to in an earlier section, as part of its submission the Council examined other arrangements in comparative authorities and concluded that whilst Epping Forest District Council had more than most, the appropriateness of arrangement was heavily determined by local issues. The Council will review the current arrangement following the Commission’s conclusion of the Council’s size.</p>

<b>Statutory Function</b>	This includes planning, licencing and any other regulatory responsibilities. Consider under each of the headings the extent to which decisions will be delegated to officers. How many members will be required to fulfil the statutory requirements of the council?
<b>Planning</b>	<p data-bbox="384 501 536 645"><i>Key lines of explanation</i></p> <ul data-bbox="555 360 1294 741" style="list-style-type: none"> <li>☐ <i>What proportion of planning applications will be determined by members?</i></li> <li>☐ <i>Has this changed in the last few years? And are further changes anticipated?</i></li> <li>☐ <i>Will there be area planning committees? Or a single council-wide committee?</i></li> <li>☐ <i>Will executive members serve on the planning committees?</i></li> <li>☐ <i>What will be the time commitment to the planning committee for members?</i></li> </ul> <p data-bbox="555 797 1390 831"><b>District Development Management Committee (DDMC)</b></p> <p data-bbox="544 853 1374 887">This comprises 15 councillors and meets 7 times per year.</p> <p data-bbox="544 920 1358 987">Under delegated powers, officers determine over 90% of all applications received.</p> <p data-bbox="555 1043 1174 1077">There are 3 area planning sub-committees:</p> <p data-bbox="555 1122 1414 1189"><b>Area Planning Sub-Committee East</b> - 19 members, meets 13 times per year</p> <p data-bbox="555 1234 1437 1301"><b>Area Planning Sub-Committee South</b> - 25 members, meets 13 times per year</p> <p data-bbox="555 1346 1422 1413"><b>Area Planning Sub-Committee West</b> - 14 members, meets 13 times per year</p> <p data-bbox="555 1458 746 1491"><b>DDMC Chair</b></p> <p data-bbox="555 1525 1445 1671">These meetings are internal with the Chairman of the relevant committees to discuss any issues that come up across the year. The committee has 10 members and has 2 scheduled meetings per year.</p> <p data-bbox="408 1267 528 1301"><i>Analysis</i></p>
<b>Licensing</b>	<p data-bbox="384 1756 536 1899"><i>Key lines of explanation</i></p> <ul data-bbox="555 1756 1430 2020" style="list-style-type: none"> <li>☐ <i>How many licencing panels will the council have in the average year?</i></li> <li>☐ <i>And what will be the time commitment for members?</i></li> <li>☐ <i>Will there be standing licencing panels, or will they be ad-hoc?</i></li> <li>☐ <i>Will there be core members and regular attendees, or will different members serve on them?</i></li> </ul>

	Analysis	<p><b>Licensing Committee</b></p> <p>This Committee deals with those functions pertaining to licensing and registration and permits and consents. The main committee has 15 members and meets twice a year. Most matters are determined by a Sub-committee of 3 of the 15 members based upon a predetermined rota and has 11 scheduled meetings a year.</p>
Other Regulatory Bodies	Key lines of explanation	<p>☐ What will they be, and how many members will they require?</p> <p>☐ Explain the number and membership of your Regulatory Committees with respect to greater delegation to officers.</p>
	Analysis	<p><b>Audit &amp; Governance Committee</b></p> <p>The Council has a number of strategies in place to regulate its activities and demonstrate the robustness of its governance arrangements. One of the functions of the Audit and Governance Committee is to take a view on whether these strategies have been properly formulated and remain effective, in order to provide independent assurance to the Council on the adequacy of the internal control and risk management frameworks. The areas covered include:</p> <ul style="list-style-type: none"> <li>(a) the assurance framework, including the production of the annual Statement on Internal Control;</li> <li>(b) the local Code of Corporate Governance, incorporating risk management, internal control, standards of conduct and accountability, excluding matters within the terms of reference of the Standards Committee;</li> <li>(c) the review of corporate arrangements in place for ensuring Value for Money;</li> <li>(d) to ensure that anti-fraud arrangements are in place; and</li> <li>(e) to receive a summary report annually on anti-fraud measures and prosecutions.</li> </ul> <p>This Committee consists of 5 elected Members and 2 independent members of the public.</p> <p><b>Standards Committee</b></p> <p>This Committee has 9 elected District Council members, 5 Parish or Town Council representatives and 3 independent members of the public. It does not have scheduled meetings and will meet as required.</p> <p><b>Member Remuneration Panel</b></p>

		<p>The Remuneration Panel comprises of 3 independent members of the public.</p> <p><b>Parish Remuneration Panel</b></p> <p>The Parish Remuneration Panel comprises of 3 independent members of the public.</p> <p><b>Constitution Working Group</b></p> <p>Has 11 members and has 4 scheduled meetings per year. This Group reports directly to the Council with any recommended changes to the Council's Constitution.</p>
<b>External Partnerships</b>	<p>Service delivery has changed for councils over time, and many authorities now have a range of delivery partners to work with and hold to account.</p>	
<i>Key lines of explanation</i>	<ul style="list-style-type: none"> <li>☐ <i>Will council members serve on decision-making partnerships, sub-regional, regional or national bodies? In doing so, are they able to take decisions/make commitments on behalf of the council?</i></li> <li>☐ <i>How many councillors will be involved in this activity? And what is their expected workload? What proportion of this work is undertaken by portfolio holders?</i></li> <li>☐ <i>What other external bodies will members be involved in? And what is the anticipated workload?</i></li> </ul>	
<b>Analysis</b>	<p><b>Local Councils Liaison Committee</b></p> <p>Since the inception of the Epping Forest District in 1974, the District Council and the parish and town councils have come together to discuss matters of mutual interest and concern. The Local Councils' Liaison Committee, comprises representatives from all parish and town councils, Essex County Councillors and District Councillors</p> <p>The committee has 9 District Council members, all 7 of the District's County Council members and 2 representatives from each of the 24 Town or Parish Councils within the District. It has 2 scheduled meetings per year.</p> <p>The Council uses its Overview and Scrutiny Committee and the Select Committee to actively hold partnership bodies and other public bodies to account through the process of external scrutiny and challenge.</p> <p>There are a number of outside bodies and organisations that the Council participate in and make appointments too. To avoid this section becoming unduly lengthy, these are set out in Appendices 2 and 3.</p>	

## Community Leadership

The Commission understands that there is no single approach to community leadership and that members represent, and provide leadership to, their communities in different ways. The Commission wants to know how members are required to provide effective community leadership and what support the council offers them in this role. For example, does the authority have a defined role and performance system for its elected members? And what support networks are available within the council to help members in their duties? The Commission also wants to see a consideration of **how the use of technology and social media by the council as a whole, and by councillors individually, will affect casework, community engagement and local democratic representation. Responses should demonstrate that alternative council sizes have been explored.**

Topic		Description
Community Leadership	Key lines of explanation	<ul style="list-style-type: none"> <li>☐ <i>In general terms how do councillors carry out their representational role with electors?</i></li> <li>☐ <i>Does the council have area committees and what are their powers?</i></li> <li>☐ <i>How do councillors seek to engage with their constituents? Do they hold surgeries, send newsletters, hold public meetings or maintain blogs?</i></li> <li>☐ <i>Are there any mechanisms in place that help councillors interact with young people, those not on the electoral register, and/or other minority groups and their representative bodies?</i></li> <li>☐ <i>Are councillors expected to attend community meetings, such as parish or resident's association meetings? If so, what is their level of involvement and what roles do they play?</i></li> <li>☐ <i>Explain your approach to the Area Governance structure. Is your Area Governance a decision-making forum or an advisory board? What is their relationship with locally elected members and Community bodies such as Town and Parish Councils? Looking forward how could they be improved to enhance decision-making?</i></li> </ul>
	Analysis	<p>The role of Councillors at EFDC is more than attending Committee meetings. Each Councillor decides how to organise their work individually. The recent EFDC workload survey (December 2021) shows a wide variation as to how individual Councillors carry out their role depending on both the priorities within their respective wards and the Community and other Groups or bodies that the individual Councillor sits on or regularly engages with.</p> <p>The survey showed that a significant portion of their time, and a very important part of their role, is spent representing</p>

		<p>and engaging with members of the public in their respective wards, engaging with local communities, representing their views, responding to casework from constituents and thereby maintaining a link between the users and providers of Council and other public services.</p> <p>Many of the Councillors wear a number hats alongside their District role, including Town, Parish, County, Residents Associations and Community and other groups. There is liaison with other tiers of Local Government, actively addressing local issues and concerns, supporting local community, involvement in community meetings and ensuring that local people have a voice and can influence decisions that are made that affect them or in their area.</p> <p>Councillors are issued with an electronic device after their election and the survey shows that members make good use of technology, including telephone and video calling, email and a wide variety of social media with which they engage with their electorate and Community groups.</p> <p>EFDC has a mixture of long-serving and very experienced, and newer relatively recent and less experienced Councillors as a result of regular elections by thirds. This is something that is felt to be very important locally (with a very clear decision at Council meeting in December 2021, to retain elections by thirds) as newly elected Councillors bring new skills, experiences and ideas with them. Whilst some Councillors have the experience, skills and knowledge to resolve constituents' issues, others will refer issues directly to officers. Councillors receive support from officers and other Councillor colleagues and from their political Group in carrying out their duties in relation to their casework and representational role. They regularly liaise with the Councils Senior Management Team and maintain close links with the Democratic Services Team.</p> <p>In terms of Area Governance, the Council has 3 Area Planning Committees to ensure targeted focus on the particular needs of those areas.</p>
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<b>Casework</b>	<i>Key lines of explanation</i>	<p>☐ <i>How do councillors deal with their casework? Do they pass it on to council officers? Or do they take a more in-depth approach to resolving issues?</i></p> <p>☐ <i>What support do members receive?</i></p> <p>☐ <i>How has technology influenced the way in which councillors work? And interact with their electorate?</i></p> <p>☐ <i>In what ways does the council promote service users' engagement/dispute resolution with service providers and managers rather than through councillors?</i></p>
	<b>Analysis</b>	<p>The Council carried out a Member Casework Survey in December 2021. It was a very helpful exercise and received good quality responses. It made the following findings:</p> <ul style="list-style-type: none"> <li>● Members generally make good use of technology, including telephone and video calling, email, social media including Facebook, Messenger, Twitter, WhatsApp to communicate with residents, together with attendance at Resident and Community Groups and Associations. General comments are that there has been less face to face contact as a result of the pandemic.</li> <li>● Casework covered a wide variety of issues including Housing, Planning, Litter and Fly Tipping, Parking, Potholes, Broken Paving, Flooding, Lighting, and Anti-Social Behaviour. A considerable amount and percentages, where given, related to Highways</li> <li>● Of members that replied, a considerable number wear multiple hats along with District including Town, Parish, Residents Associations and Community and other groups</li> <li>● Hours on case work varied considerably from 3 to 4 hours per week up to 37 hours per week. A rough average from those responding was 10 to 15 hours per week on Council related casework.</li> <li>● Cabinet members have the added caseload associated with their Portfolio holder responsibilities. This includes regular officer briefings, policy formation and meetings with external and partner organisations, such as the Harlow and Gilston Garden Town or key suppliers. Additionally, they need to respond to electorate queries channelled to them by ward councillors. This adds significantly to their workload.</li> </ul>

### Other Issues

Respondent may use this space to bring any other issues of relevance to the attention of the Commission.



Whilst the current governance arrangements are set out in this table, the Council will take the opportunity to have a fresh look at its governance and meetings structure following the completion of the warding arrangements part of this review.

## Summary

In following this template respondents should have been able to provide the Commission with a robust and well-evidenced case for their proposed council size; one which gives a clear explanation as to the governance arrangements and number of councillors required to represent the authority in the future.

Use this space to summarise the proposals and indicate other options considered. Explain why these alternatives were not appropriate in terms of their ability to deliver effective Strategic Leadership, Accountability (Scrutiny, Regulation and Partnerships), and Community Leadership.

The last Review on the electoral arrangements for the EFDC local authority area was carried out by the LGBCE and completed in November 2000. The main final recommendations of that review were that EFDC should be served by 58 councillors representing 32 wards.

At the time of that review, the electorate totalled 93,439 (February 1999), and was estimated to grow to 96,677 by 2004. By 2022 the electorate has grown to 100,222 and is projected to increase by 2028 to 117,989.

This current submission has been developed by a cross-party group of councillors and has been agreed at a meeting of the Full Council on 24 February 2022.

The submission has been informed by:

- Briefings provided by the LGBCE to all councillors, including parish councillors and key officers
- Current and projected electorate figures, and the substantial electorate growth in some parts of the District area in the period up to 2028
- The work of the cross-party Portfolio Holders Advisory Group (PHAG), who met on a number of occasions between November 2021 and February 2022

**The Council recommends that the Epping Forest local authority area should in future be represented by 54 Councillors** which is a reduction of 4 Councillors. Having regard to the electorate forecast for EFDC to 2028 this would result in 1 councillor per 2,185 electors.

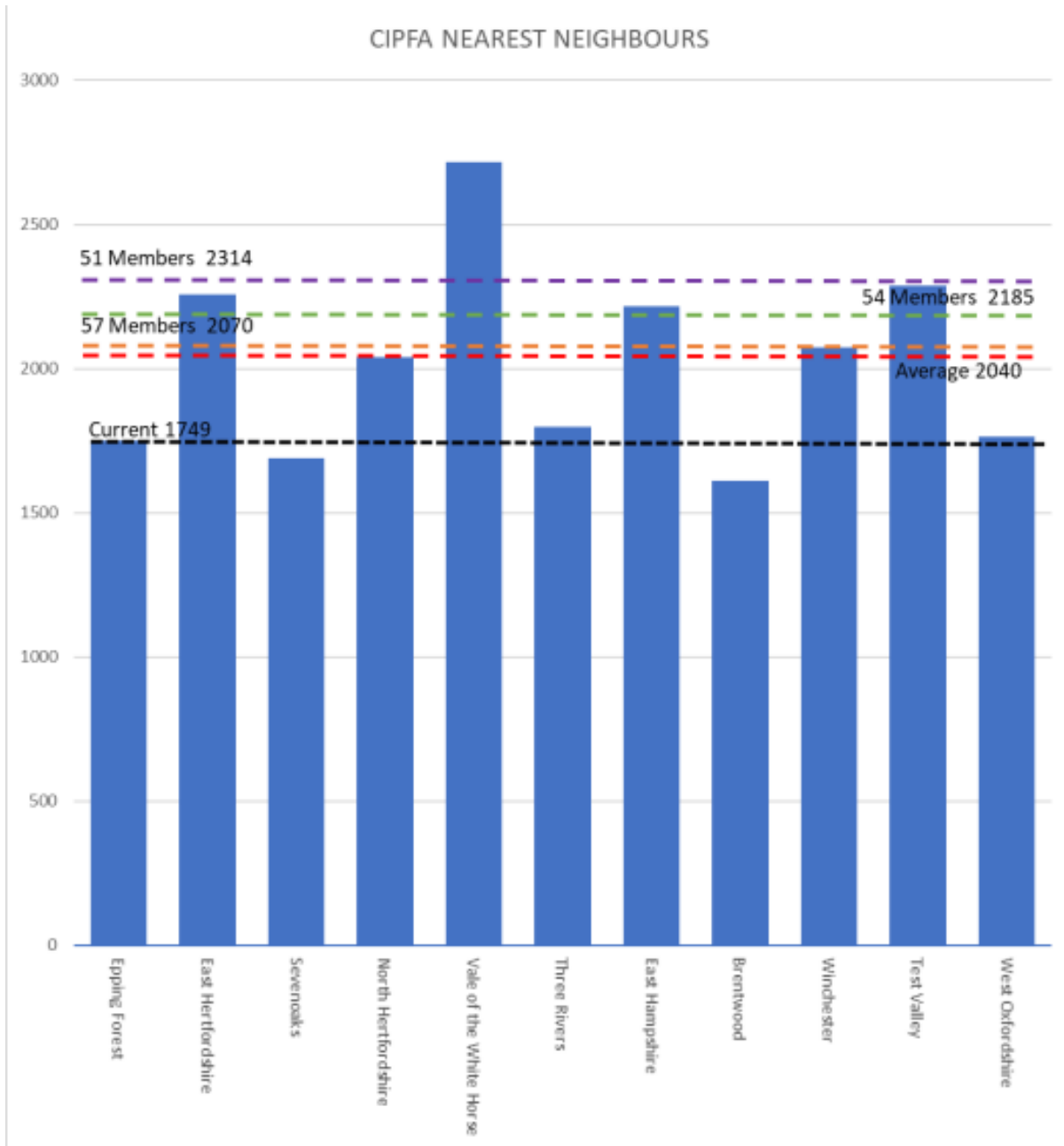
Attached as **Appendix 1** at the end of this report is a graph which illustrates the number of electors per councillor for 51, 54 and 57 councillors respectively using the EFDC predicted electorate size in 2028 and shows in table form the comparison with CIPFA nearest neighbour councils. Options of 51, 54 and 57 councillors have been considered by members, as have numbers of 45 and 48 councillors, however based on local knowledge and experience, the Council considers that 54 councillors will best represent the requirements of the EFDC electorate in the period to 2028.

The Council has also considered whether to change its electoral cycle from thirds to all out elections every 4 years and has, after consideration through its PHAG and debate at the Full Council meeting on 16 December 2021, decided that it should continue to elect by

thirds. The Council has taken into consideration the LGBCE guidance that for authorities that elect by thirds the LGBCE will be looking for a uniform pattern of 3 member wards.

Whilst this submission does not address warding issues, as that is for the next stage of the electoral review, the Council does wish to raise its concern that careful consideration will need to be given to identify suitable warding arrangements that reflect communities in some of the Councils more rural areas.

# Appendix 1



## Appendix 2

### REPRESENTATION ON OUTSIDE ORGANISATIONS

#### 1. Council Appointments - Organisations Carrying Out Council Regulatory or Non-Cabinet Functions

<b>Organisation and Allocation Category</b>	
1.	<b>Epping Forest Care and Repair Management Committee (3)</b>
2.	<b>Epping Forest Citizens' Advice Bureau (3 including 1 voting member)</b>
3.	<b>Campaign to Protect Rural England (Essex Branch) (1 + deputy)</b>
4.	<b>Epping Forest Community Transport Board of Trustees (1)</b>
5.	<b>Epping Forest Housing Aid Committee (1)</b>
6.	<b>Epping Forest Local Highways Panel (4)</b>
7.	<b>Epping Forest Local Liaison Group (specific ward representation only)</b> (BCEUN) (1) (BHW) (1) (ELTC) (1) (EH) (1) (LSJ) (1) (LSM) (1) (LF) (1) (TB) (1) (WAHB) (1)
8.	<b>Essex Police, Fire and Crime Panel (1)</b>
9.	<b>Health Overview, Policy and Scrutiny Committee (1)</b>
10.	<b>Grange Farm Managing Trustees (Term to 31.5.23) (3)</b>
11.	<b>Lee Valley Regional Park Authority (2) (2 deputies) (Ongoing term to 30.6.21)</b>
12.	<b>Leisure Centre Liaison Groups (Leisure Centre Customer Forums)</b>  <b>The Leisure Contract Manager has advised that two members should be appointed to each Liaison Group/Customer Forum for 2020/21.</b>
	(a) <b>Epping Sports Centre (2)</b>
	(b) <b>Ongar Leisure Centre (2)</b>
	(c) <b>Loughton Leisure Centre (2)</b>

	<b>(d) Waltham Abbey Swimming Pool (2)</b>
<b>13.</b>	<b>Epping Forest Local Councils Liaison Committee (no restriction)</b>
<b>14</b>	<b>Outer North-East London Joint Health Overview and Scrutiny Committee (1)</b>
<b>15.</b>	<b>Princess Alexandra Hospital - Partnership Governor (1)</b>
<b>16.</b>	<b>Roding Valley Meadows Local Nature Reserve:</b>
	<b>(a) Management Committee (1)</b>
	<b>(b) Working Group (1)</b>
<b>17.</b>	<b>Stansted Airport Consultative Committee (1 + deputy)</b>
<b>18.</b>	<b>Stansted Airport Community Trust Fund (1)</b>
<b>19.</b>	<b>Town Centre Partnerships</b>  <b>The Service Director (Community &amp; Partnership Services) has advised as follows with regard to the appointment of members to each Town Centre Partnership for 2020/21.</b>
	<b>(a) Buckhurst Hill Village Forum (0)</b>
	<b>(b) Epping Town Centre Partnership (2)</b>
	<b>(c) Loughton Broadway Town Centre Partnership (0)</b>
	<b>(d) Loughton High Road Town Centre Partnership (2)</b>
	<b>(e) Ongar Town Forum Steering Group (0)</b>
	<b>(f) Waltham Abbey Town Partnership (2)</b>
<b>20.</b>	<b>Voluntary Action Epping Forest (1)</b>
<b>21.</b>	<b>Waltham Abbey Royal Gunpowder Mills Ltd (1)</b>
<b>22.</b>	<b>Waltham Abbey Tourist Information Centre (Joint Management Committee) (3)</b>
<b>23.</b>	<b>Leisure Management Contract Monitoring Board (6)</b>
<b>24.</b>	<b>Epping Forest College (Board of Governors of New City College and local advisory body for the Epping Forest Campus College)</b>

**2. Appointments Held by Officers – Organisations Carrying Out Executive Functions (Appointments by the Leader)**

	<b>Organisation and Committee Responsible</b>	<b>Representative</b>
1.	<b>Association of Retained Council Housing (ARCH)</b>	<b>Service Director (Housing &amp; Property Services) (or representative)</b>
2.	<b>National Society for Clean Air (SE Division)</b>	<b>Service Director (Commercial &amp; Regulatory Services) (or representative)</b>
3.	<b>Standing Conference – Investigation of Air Pollution</b>	<b>Service Director (Commercial &amp; Regulatory Services) (or representative)</b>
4.	<b>Roding Valley Meadow Local Nature Reserve Working Group</b>	<b>Service Director (Contracts &amp; Technical Services) (or representative)</b>

**3. Appointments Held by Officers – Organisations Carrying Out Council Regulatory or Non-Executive Functions**

This Appendix indicates those organisations where the Council determined on 25 April 1995 that the representatives should be officers.

	<b>Organisation and Committee Responsible</b>	<b>Representative 2020/21</b>
1.	<b>Essex Water Safety Liaison Committee</b>	<b>Service Director (Commercial &amp; Regulatory Services) (or representative)</b>
2.	<b>Voluntary Action Epping Forest (see also member appointments schedule)</b>	<b>Service Director (Community &amp; Partnership Services) (or representative)</b>

## Appendix 3

### REPRESENTATION ON OUTSIDE ORGANISATIONS 2019/20

#### 1. Leader Appointments - Organisations Carrying Out Executive Functions

Organisation and Allocation Category		Nominations
1.	Association of Retained Council Housing - Executive Board (1 + Deputy)	Housing & Property Services Portfolio Holder Leader of the Council (Deputy)
2.	Civil Enforcement of Parking and Traffic Regulations Outside London - Adjudication Joint Committee (1)	Contracts & Technical Services Portfolio Holder
3.	Epping Forest District Community Safety Partnership (1 + Deputy)	Community & Partnership Services Portfolio Holder (Deputy)
4.	East of England Local Government Association (1)	Leader of the Council
5.	Six Authorities Liaison Group (formerly Enfield, Essex and Hertfordshire Border Liaison Group) (3 + Deputies)	
6.	<p><b>Epping Forest District Local Strategic Partnership (LSP)</b></p> <p>The LSP Manager has advised as follows with regard to the appointment of members to each of the following LSP bodies for 2019/20.</p>	
	(a) LSP Board ('One' Partnership) (1)	Leader of the Council
	(b) Health & Wellbeing Board (2)	Commercial and Regulatory Services Portfolio Holder Community & Partnership Services Portfolio Holder
	(c) Economic Board (1)	Commercial and Regulatory Services Portfolio Holder
	(d) Tourism Board (1)	
7.	Essex Partnership for Flood Management (1)	
8.	Essex Waste Partnership - Inter-Authority Member Working Group (1 + Deputy)	Contracts & Technical Services portfolio Holder (Deputy)

9.	<b>Harlow-Stansted Gateway Transportation Board (1 + Deputy)</b>	<b>Contracts &amp; Technical Services Portfolio Holder Community &amp; Partnership Services Portfolio Holder (Deputy)</b>
10.	<b>Local Government Association - General Assembly (1 + Deputy)</b>	<b>Leader of the Council Deputy Leader of the Council (Deputy)</b>
11.	<b>North Essex Parking Partnership (1 + Deputy)</b>	<b>Contracts &amp; Technical Services Portfolio Holder Community &amp; Partnership Services Portfolio Holder (Deputy)</b>
12.	<b>Off-Street Car Parking Contract Monitoring Board (2)</b>	<b>Contracts &amp; Technical Services Portfolio Holder</b>
13.	<b>South East Local Enterprise Partnership (2)</b>	<b>Leader of the Council Community &amp; Partnership Services Portfolio Holder</b>
14.	<b>Waste Management Partnership Board (2)</b>	<b>Business Support Services Portfolio Holder Commercial &amp; Regulatory Services Portfolio Holder</b>
15.	<b>West Essex Alliance (1 + Deputy)</b>	<b>Leader of the Council Commercial &amp; Regulatory Services Portfolio Holder</b>
16.	<b>Co-operation for Sustainable Development Board (2 + 1 Deputy)</b>	<b>Leader of the Council Planning Services Portfolio Holder (Deputy)</b>
17.	<b>Harlow &amp; Gilston Garden Town Board</b>	<b>Leader of the Council Planning Services Portfolio Holder Strategic Projects Portfolio Holder.</b>



## ***Report to the Council***

**Committee:** Cabinet  
**Date:** 24 February 2022  
**Subject:** Pay Policy Statement  
**Portfolio Holder:** Corporate Services, Councillor D Sunger

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### **Recommending:**

**That the Cabinet recommends the Pay Policy Statement to Council.**

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1. Section 38 (1) of the Localism Act 2011 requires the Council to produce a Pay Policy Statement for each financial year setting out details of its remuneration policy. Specifically, it should include the Council's approach to its highest and lowest paid employees.
2. It draws on the Review of Fair Pay in the Public Sector (Will Hutton 2011) and concerns over low pay.
3. The Council's Pay Policy Statement was first published on the Council's website in March 2012. This is updated on an annual basis.
4. The matters which must be included in the statutory Pay Policy Statement are as follows;
  - The Council's policy on the level and elements of remuneration for each chief officer;
  - The Council's policy on the remuneration of its lowest paid employee (together with its definition of 'lowest paid employees' and its reasons for adopting that definition);
  - The Council's policy on the relationship between the remuneration of its chief officers and other officers;
  - The Council's policy on specific aspects of chief officers' remuneration: remuneration on recruitment, increases and additions to remuneration, use of performance-related pay and bonuses, termination payments and transparency.
5. The Act defines remuneration in broad terms and guidance suggests that it is to include not just pay but also charges, fees, allowances, benefits in kind, increases in/enhancements of pension entitlements and termination payments.
6. The draft Pay Policy Statement for 2022/2023 sets out the Council's current practices and policies and is attached at Appendix 1. The amendments are highlighted.
7. Changes to the various policies and guidelines will continue to be agreed in accordance with current practices.

## Conclusion

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

# **EPHING FOREST DISTRICT COUNCIL**

## **PAY POLICY STATEMENT 2022/23**

### **Introduction**

Epping Forest District Council is located adjacent to three outer London boroughs and on the Central Line into the City of London. Residents have easy access to major motorway routes as both the M11 and M25 run through the district. There is a high incidence of commuting from the district which impacts on the local labour market and levels of pay, particularly for jobs that require skills that are in relatively short supply.

There are some long standing recruitment difficulties and retention issues in key skill areas and the Council is making every effort to manage skill shortages with apprenticeships, including higher level apprenticeships, introducing a new recruitment strategy and streamlined processes, working with Public Practice to encourage planners, designers working in the private sector to work in the public sector.

The situation is not static and is capable of changing very rapidly, but the Council continually considers steps regarding pay and allowances that are designed to assist with recruitment and retention.

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

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

### **Legislation**

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

The Council's Pay Policy Statement;

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

The Pay Policy Statement must include;

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

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

All salaries and calculations are based on full time equivalent (fte).

## **Publication of the Pay Policy Statement**

The Policy has been made available on the Council's website.

## **Effect of this Policy Statement**

Nothing in this Policy Statement enables unilateral changes to employee's terms and conditions. Changes to terms and conditions of employment must follow consultation and negotiation with individuals and recognised trade unions as set out in other agreements and in line with legislation. At the time of approving of this Statement by full Council, a consultation process to change pay and allowances arrangements is ongoing.

## **Pay Arrangements**

During 2018/19 negotiations took place with the recognised trade unions to move pay away from National Conditions to local arrangements.

The outcome of these negotiations resulted in a Collective Agreement and local pay arrangements were implemented with effect from 1 October 2019. The local pay scales can be found at Appendix 1 (pay is at 1 April 2020). At this point, Inner Fringe London Allowance was incorporated into salary scales, and no longer forms part of separate pay bargaining.

Grades no longer contain incremental points, and employees are paid at a spot salary within the grade range. Incremental progression, therefore, no longer applies but progression within grade can be applied in accordance with pay policy. Placement within the respective Grade Zones is also in accordance with pay policy.

Grades for roles will continue to be determined by the NJC Job Evaluation Scheme implemented through our Job Family Framework.

## **Pay Awards**

For the future, Epping Forest salary ranges will be benchmarked against the Public & Not for Profit Market, and NJC pay awards will no longer apply, although the Council has agreed that annual pay awards will be no less than the NJC Award.

The Council will consider pay awards annually, and any award agreed will be applied at 1 April.

## **Remuneration of Chief Officers**

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

It will be the responsibility of Council to agree the initial salaries for Chief Officers following external advice/evaluation/benchmarking. At Epping, Chief Officers are determined as the Chief Executive, Strategic Directors and Chief Operating Officer.

### **Chief Executive**

The Chief Executive is paid a spot salary of £146,000 which includes compensation for all other allowances that might normally apply (i.e. evening meeting payments). The Chief Executive may also benefit from a performance payment of up to £5,000 (non-consolidated) if targets and objectives, set by the Leader of the Council and Chair of the Overview and Scrutiny and Committee, together with an independent facilitator, are met. ~~For future years, any performance payment will be unconsolidated unless a further review of base salary is undertaken.~~

The Chief Executive is also the Council's Head of Paid Service and the Returning Officer (for which additional fees are paid).

### **Strategic Directors**

In January 2020, Cabinet agreed a new organisation structure which permanently established 2 Strategic Director roles and a role of Chief Operating Officer, all at a spot salary of £116,725 together with the opportunity of flexibility of benefits. One Strategic Director is currently seconded to Qualis.

### **Termination Payments**

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

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

All employees with contracts of 3 months or more are automatically enrolled into the Local Government Pension Scheme (LGPS), which is administered by Essex County Council. Payments on grounds of Redundancy are covered by the Council's Redundancy and Efficiency Payments Policy.

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

### **Statutory Roles**

The statutory roles of Monitoring Officer and 'Section 151' Officer will be carried out by the Head of Legal and the Strategic Director. These positions do not need to be held by Chief Officers. The Monitoring Officer role will receive an additional £5,000 supplement for these statutory responsibilities. The 'Section 151' Officer has this in their base salary.

### **Definition of Lowest Paid Employees**

For the purpose of this Policy Statement, employees on grade A are defined as our lowest-paid employees.

At 1 April 2021, the fte annual value of the minimum of the Growth Zone of Grade A was £19,021.

The exceptions to the lowest grade are Apprentices who are paid £160 per week. When apprentices move into year 2 of their placement, they receive the minimum wage for their age.

### **Pay Multiples**

The Hutton Review raised concerns about multiples in the order of 20 or higher between the lowest and the highest paid employees in local authorities. However the Interim Report noted that the most top to bottom pay multiples in the public sector are in the region of 8:1 to 12:1. The Council is therefore content that having due regard for the level of responsibilities and personal accountability between the lowest and highest paid roles, the current multiple of 7.6 seems to be both justifiable and equitable.

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

<b>Role</b>	<b>2021/2022</b>	
	<b>Multiple</b>	<b>Salary</b>
Chief Executive compared to lowest salary	x 7.6	£146,000
Strategic Directors compared to lowest salary	x 6.1	£116,725
Average salary compared to Chief Executive	x 3.9	£36,883
Average salary compared to lowest salary	x 1.9	£36,883

- The average salary is based on fte and has not been pro-rata'd for part-time employees
- The lowest fte salary in the Council is £19,021 in 2021/2022

### **Other Payments**

Market Supplements may be paid in accordance with the Council's Policy for Payment of Market Supplements (although where necessary to secure or retain the employment of essential staff, other means may be applied to achieve the same outcome).

Honorarium or ex-gratia payments will be paid in accordance with our Additional Payments Policy.

The Council does not currently apply performance related pay or bonuses (except for in the case of the Chief Executive), but this may change generally at a future date, and may be applied as part of a personal contract of employment if required to secure the employment

and retention of essential employees. Under local pay arrangements, the Council may consider the award of a Council wide or Team bonus at any point paid, on the basis of agreed targets/outputs. Such bonus will take the form of an unconsolidated payment and will not affect substantive pay.

These policies are applied consistently to all employees.

APPENDIX 1

Grade	Growth Zone £	Salary for Role £	Exception Zone £
A	19021 – 19430	19530	19630 – 19694
B	19794 – 20291	20391	20491 – 20809
C	20909 – 22011	22111	22211 – 22636
D	22736 – 24801	24901	25101 – 25986
E	26086 – 28737	28837	28937 – 30046
F	30146 – 32883	32983	33083 – 33903
G	34003 – 37863	37963	38063 – 38978
H	39078 – 42974	43074	43174 - 44154
I	44254 - 48188	48288	48388 - 50955
J	51055 - 55176	55276	55376 - 58263
K	58363 - 62085	62185	62285 - 63945



## **Report to the Council**

**Report reference:** C-*nnn*-2021/22  
**Date of meeting:** 24<sup>th</sup> February 2022



**Portfolio:** Finance, Qualis Client and Economic Development – Cllr J. Philip

**Subject:** Qualis Quarterly Monitoring Report – Q4 2020/21 and  
Quarterly Monitoring Report – Q1 2021/22

**Responsible Officer:** Andrew Small (07548 145665).

**Democratic Services:** Adrian Hendry (01992 564246).

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### **Recommendations/Decisions Required:**

- (1) **Discuss this report and agree any actions required.**

#### **1. Executive Summary**

- 1.1. The Governance framework for Qualis, as agreed by Cabinet in February 2020, included the requirement that Qualis should report to Epping Forest District Council on its performance Quarterly.
- 1.2. This report presents the fourth Quarter's monitoring report for the Qualis trading year 2020/21 and covers the period from 1 October 2020 to 30 September 2021. The Quarter 1 position covering 1 October 2021 to 31 December 2021 is also provided as part of this reporting.
- 1.3. Cabinet received this same report at their meeting of 7 February 2022 and noted its contents.
- 1.4. Attached as Appendix A is the Qualis Board monitoring report for Quarter 4. This Qualis Board report was prepared for the Qualis Board ahead of the conclusion of the Audit. The subsequent conclusion of the Audit of Qualis accounts identified a small number of changes which are identified within Section 4 of this report. The net effect being to increase the reported loss by £83,655 in the Audited Statements. Because the Board Report was produced before the completion of the Audit it does not reflect these corrections.
- 1.5. The report has taken longer to produce than the normal production timeframe as it is dependent on the Audit of Qualis Accounts by their Auditor.
- 1.6. As the Quarter 4 report has taken longer to produce the initial Quarter 1 report is now also available and so this is presented as Appendix B to this report to provide the latest position.
- 1.7. Because of the fall of meeting dates this report was considered by Cabinet before Stronger Council Select Committee.

- 1.8. Performance is measured in the attached reports against the business plan targets for 2020/21 and 2021/22. The Board report highlights performance against these using the recognised Red, Amber, Green reporting system (RAG).
- 1.9. Although Qualis is reporting a loss in the second year of trading this is essentially a timing issue associated with the granting of Planning permission for the development of the Epping sites. This was granted shortly after the year end (September 2021) and enables costs associated with achieving Planning permission to be removed from the Profit and Loss account Reserve in the Quarter 1 report for 2021/22
- 1.10. **Noting the point raised in paragraph 1.8 above, once the impact of achieving Planning permission is allowed for, the underlying trading position is a small net profit for Year 2 (Quarter 4), broadly in keeping with the Business Plan assumptions. Whilst Quarter 1 of Year 3 also shows a loss, this is similarly associated with achieving Planning consent for Roundhills and once allowed for the position would also show a small net profit broadly in line with the target.**

## **2. Introduction**

- 2.1. The Qualis Shareholder agreement, as agreed by Cabinet on February 2020, includes the following paragraph,

‘The Company shall procure that quarterly management accounts and reports (including a balance sheet, profit and loss account and cash flow statement) containing such information as EFDC may reasonably require are provided to EFDC and EFDC’s Representative.’

- 2.2. The Cabinet resolution also requires that the Council’s S151, as the key conduit between Qualis and the Council, provides a commentary to the Council on the performance of Qualis at each Quarter review.
- 2.3. In compliance with this requirement Qualis has provided the Council with the Quarters’ Management Accounts for consideration. Qualis has also supplied the full set of Audited Accounts for each of the Qualis Group companies including the Auditors comments. No significant issues are identified but the Auditors have made some minor recommendations. It is understood that the Accounts will be signed by the Auditors with an unqualified opinion once agreed by the Qualis Board.

## **3. Commentary on the Trading Performance for Quarter 4, 2020/21 (Qualis Year 2)**

- 3.1. The Qualis first year was financially dominated by outgoings associated with its creation and set-up. The second year, however, shows a balance of income and expenditure with a small forecast profit target within the single year Business Plan presented to Council in December 2020. It is recognised that as a developing company revenue earnings will gradually be built up over time.
- 3.2. The Qualis Board report attached at Appendix A meets the requirements placed upon Qualis within the Shareholder agreement. The Board report presents the Balance Sheets, P&Ls and a Cash Flow explanation. It also RAG rates key quarterly deliverables against the Business Plan. The Section 151 has been provided with the full detailed accounts and Auditor’s statement; these are summarised in this report but not reproduced.

- 3.3. **Cabinet should note that majority of the deliverables for Year 2 Quarter 4 for are flagged as Green with the exceptions highlighted below.**
- 3.4. **Income and Expenditure (Reduced to Amber)** – The Board report includes cumulative losses up to the end of the 4<sup>th</sup> quarter of £2,099,972 (analysed in paragraph 3.8 below) compared to a business plan expectation of a profit of £366,381. This is deterioration on the last quarter where the in-year losses stood at £1,106,614. However, the reason given is consistent with previous reports and is accepted. The reason for the accumulated loss is largely associated with accrued expenditure on development sites, which Qualis is unable to charge to its Balance Sheet as ‘Work in Progress’ until planning consent is given. Once Planning consent is awarded, this cost will be removed from the Profit and Loss account. Achievement of Planning consent took longer than originally anticipated but has now been achieved. Granting of Planning permission fell marginally beyond the Qualis year end and so the costs remain as a charge in the Profit and Loss Account at the year end. Granting of Planning Permission will be reflected in the Year 3 Quarter 1 report for Qualis, thereby reducing the carried forward losses on their Balance Sheet. Achievement of Planning permission is a major milestone and represents the removal of a significant risk in delivering the Qualis Business Plan targets. The delayed acquisition of the third commercial property also contributes to the combined loss and this is discussed further below. These two issues mask the continued improvement in Qualis Management revenues associated with the Housing Maintenance contract. **Note: This loss increased marginally by £83,655 following Audit, (see Section 4 below for further details).**
- 3.5. **Qualis Commercial (Flagged as Amber)** – due to it being unable to take the costs of achieving Planning permission to the Balance Sheet at the year end, as discussed in the previous point. It had been anticipated the Planning would be achieved prior to the year end and the forecast reflected this.
- 3.6. **Qualis Living (Flagged as Amber)** - The acquisition of the third asset was completed in Quarter 4, but the delay in finding and acquiring the right asset has impacted on the cash earned during the year. The forecast had assumed that all investment purchases would be secured by December 2020 and the under achievement reflects the delays in completing all acquisitions. **Note: Recorded income reduced following the Audit process – see section 4.**
- 3.7. The Board report (Appendix A, section 7.5) provides a useful analysis of how the £30 million provided to Qualis for commercial acquisitions has been utilised.
- 3.8. The table below sets out the actual net income and expenditure against that expected for each of the Qualis companies.

Qualis Company	Expected £	Actual £	Variance £	Last Report £
Group	41,866	56,339	14,472	41,002
Commercial	29,105	-1,877,001	-1,906,105	-1,127,364
Management	45,042	182,311	137,269	307,362
Living	250,268	-461,621	-711,889	-327,614
<b>Total</b>	<b>366,281</b>	<b>-2,099,972</b>	<b>-2,466,253</b>	<b>-1,106,614</b>

**Note: Following Audit the Commercial loss has reduced to £1,777,738 and Living has increased to £644,539, increasing the total group loss to £2,183,627**

- 3.9. The Balance Sheet position, showing Fixed Assets and accumulated net worth of Qualis, is set out in the table below. Fixed Assets are individually identified for members' information as the Council charges these for security purposes against the loans provided. The Net Worth position reflects the accumulation and carry forward of set-up costs to be offset by future planned profits.

Qualis Company	Fixed Assets £	Net Worth (Q4) £	Last Report £
Group	66,359	72,719	57,382
Commercial	-	-2,848,737	-2,099,101
Management	64,481	-170,642	-45,528
Living	30,271,382	-470,912	-510,530
Total	30,402,222	-3,417,572	-2,597,777

**Note: Following Audit the Balance Sheet Position for Commercial has improved marginally to £2,748,737, reducing the total group negative equity to £3,317,572.**

- 3.10. Delivery of the surplus contained in the single year Business Plan largely depended upon successfully obtaining planning consent for the Epping regeneration sites within the year. In practice this happened shortly after the year end, thereby distorting the reported position. In all other respects the Qualis Business Plan objectives are being met and showing good performance against the individual targets set out in the Qualis Board report including progress on bringing forward the redevelopment sites in the District.

#### 4. Qualis Audit of Accounts and Opinion

- 4.1. Qualis provided a full set of accounts and the audit opinion for each of the Qualis group of companies.
- 4.2. Corrections were made to the Accounts for two Qualis companies as a result of the Audit process which alter the position reported in the Quarter 4 Board report. These were;
- In Qualis Commercial - £100,000 of capital loan repayment were misreported as interest. The net effect of correcting this was to reduce the reported loss by £100,000;
  - In Qualis Living – the largest of which being income paid in advance from a commercial tenant had not been split correctly between 2020/21 and 2021/22, reducing recorded income and increasing the loss. Combined changes as a result of audit increased the reported loss by £183,000 from the numbers contained in the Board report for Qualis Living.
- 4.3. With the adjustments made the Auditor is satisfied with the accounts and intends to issue an unqualified opinion once the Qualis Board has approved these. No significant issues have been identified but the Auditor has made a small number of recommendations which Qualis has agreed to implement.
- 4.4. The recommendation made by the Auditors are that there should be more comprehensive documentation of the accounting system, its controls and the lines of responsibility for the system, and that Qualis retains a more comprehensive record of their professional advisors. Qualis has already put an action plan in place to address the issues identified.

## 5. Quarter 1 2021/22 (Qualis Year 3)

5.1. Qualis have also provided the first Quarter's monitoring report for their reporting year 2021/22 covering the period up to the 31<sup>st</sup> December 2021. At the time of writing this report has yet to be considered by the Qualis Board and as such it is provisional and may alter following Board consideration.

5.2. Qualis have also changed the report format to closer align to their management reporting and thereby making it easier to produce and understand. The report identifies that further development of the reporting format is underway, including a revised presentation of the Balance Sheet information and this will be presented in the Quarter 2 Board report.

5.3. The Profit and Loss position at the end of Quarter 1 is summarised in the table below;

Qualis Company	Expected £	Actual £	Variance £	Last Report £
Group	-35,925	45,689	81,614	0
Commercial	0	-457,432	-457,432	0
Management	-37,007	-9,748	27,259	0
Living	124,150	37,550	-86,599	0
Total	51,218	-383,941	-435,158	0

5.4. As referred to in the Quarter 4 outturn position reported in 3.4 above, Planning consent for the Epping sites was not given until after the 30<sup>th</sup> September 2021, (Qualis year-end). This was the primary reason for the reported overspend at year end as £1.7 million of cost incurred during 2020/21 in getting planning consent could not be treated as added value until consent was awarded. With consent being achieved in Quarter 1, this cost has been removed and taken to the Balance Sheet as Work in Progress. This has the effect of reducing the deficit balance on the Profit and Loss Reserve. In total £1.3 million has been removed but £450,000, related to Roundhills in Waltham Abbey, has been brought forward into 2021/22 as Planning consent for this site is being progressed separately. Similarly to the Epping Sites, this cost will be carried on the Profit and Loss account until Planning consent is gained.

5.5. There are two Key Financial performance indicator issues identified within the report, the first is the loss against the targeted profit for the first Quarter which is explained in the previous paragraph by the Planning position on Roundhills. The second is associated with the drawdown of the next tranche of Qualis loans. This was not completed prior to the end of December 2021 as had been targeted. It is now expected that this will be completed around the date of Cabinet's meeting, thereby resolving this issue.

## 6. Resource Implications

6.1. The Epping Forest District Council Budget and Medium-Term Financial Plans partly rely on interest paid by Qualis for the loans the Council has given. Delays in obtaining Planning consent, issues around title and delays in completing the loan agreements will mean that actual payments to the Council are lower than expected in 2021/22 and this is reported in the Epping Forest District Council Budgetary monitoring reports. The proposed budget for 2022/23 takes account of these factors.

6.2. Actual lending to Qualis at the year-end is follows;

Loan Purpose	Facility £ Millions	Term Years	Interest Rate %	Advanced at Quarter 4 £ Millions	Advanced at Quarter 1 £ Millions
Working Capital Loan	6.0	5	4.10	6.0	6.0
Asset Purchase	30.0	10	4.00	30.0	30.0
Construction Loan	68.0	30	6.00	6.0	6.0
EFDC Asset Purchase	16.8	30	4.94	0	16.8
Regeneration Loan	35.0	TBC	TBC	0	0
Net Receipts	155.8			42.0	60.8

- 6.3. At the Qualis year-end the amount loaned to it by the Council was £42 million against a Council commitment at that point of £120.8 million. This commitment was subsequently increased by the Council for a further £35 million to support regeneration activity within the district area.
- 6.4. It was initially expected that the Asset Purchase loan would complete by 1<sup>st</sup> April 2021, but in practice completed fractionally after the Qualis year end, due to delays associated with the legal documentation and title. These delays will reduce the lending margin earned by the Council in 2021/22, but it is expected that some of this will be recouped through earlier advances of the construction loan than the budget assumed.

## **7. Legal and Governance Implications**

- 7.1. None contained within this report.

## **8. Safer, Cleaner and Greener Implications**

- 8.1. None.

## **9. Consultation Undertaken**

- 9.1. None

## **Background Papers**

Group Company Governance Document – Cabinet 6 February 2020



Qualis Group

Incorporating, Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

# Finance and Performance Monitoring Quarterly Report

Year 2, Quarter 4, (1<sup>st</sup> April 2020 – 30<sup>th</sup> September 2021)

**Subject:** Finance and Performance Monitoring

**Author:** Nick Dawe, Finance Director (finance)  
Sacha Jevans, Managing Director (summary)

**Decisions Required:** To approve the report and note the actions.

1. To note the figures and performance highlighted in this report that are to plan or will be on plan by the end of the financial year.
2. To note that final adjustments may be required for the year-end accounts.
3. To agree that this report should be passed to Epping Forest District Council in line with the shareholder agreement (with any agreed amendments).



Qualis Group

Incorporating, Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

## 1. Purpose of this report

- 1.1 The Qualis Group Board regularly receives updates on financial and operational issues at its Board Meetings.
- 1.2 In line with the shareholder agreement, the Qualis Group Board receives a quarterly Finance and Performance Report that tracks the success of the Group against the shareholder (EFDC) agreed Annual Business Plan and Annual Budget.
- 1.3 This formal monitoring will include any Board and subsequently shareholder approved amendments to the Business Plan and Annual Budget.
- 1.4 The quarterly Qualis Finance and Performance Report will be passed to EFDC to allow scrutiny and to be noted.

## 2. Monitoring finance and operational performance indicators

2.1 The key performance indicators set out below are those proposed to be used for monitoring purposes in the future. They are top level indicators of the financial health and operation delivery of the Qualis group of companies.

2.2 In line with standard practice, the following colour coded performance flags are used:

Colour	Overall Performance	Detailed Measure
	Cyan, exceptional performance	For finance; over twice the expected figure, for operations, over one month ahead of target delivery.
	Green, good performance	For finance; positive performance up to twice the expected figure, for operations, up to one month ahead of target delivery.
	Amber, poor performance but will be remedied next quarter	For finance; negative performance variance of between 5% and 10% of the expected figure, for operations, one and three months behind target delivery.





Qualis Group

Incorporating, Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

	Red, poor performance but will be remedied in two further quarters	For finance; negative performance variance of between 5% and 10% of the expected figure, for operations, one and three months behind target delivery.
	Black, poor performance requiring immediate board level intervention	For finance; negative performance variance in excess of 10% of the expected figure, for operations, over three months behind target delivery.

### 3. Key performance indicators finance

Finance KPI	Measure	Target £	Actual £	
Cash	Cash held by Qualis Group of companies, target versus actual	2,500,000	2,972,249	=
Income and Expenditure	Total income and expenditure position of Qualis Group of companies, target versus actual	- 310,257	- 2,099,972	=
Income and Expenditure Adjusted for Planning Not Secured until October 2021	Total income and expenditure position of Qualis Group of companies, target versus actual	- 310,257	117,156	
Balance Sheet	Net balance sheet worth of Qualis Group of companies, target versus actual		- 3,417,572	=

The overall financial position remains satisfactory.



Qualis Group

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The year-end cash position is slightly ahead of target and a further £600,000 is due from EFDC in terms of preliminary works on Bakers Street Leisure Centre.

The income and expenditure position reflects that at the actual year-end planning permission was yet to be secured on the Epping development sites, although this was secured at the end of October. Once this is taken into account, Qualis's year-end performance is better than the original target set.

In respect of the balance sheet, the figure do not reflect any revaluation of assets due to planning permission having been gained as this happened the month after the Qualis financial year-end.

There are no material issues, and therefore, taking one year with another, Qualis is considered a "Going Concern".

It should be noted that operational performance indicators are now the subject of a separate detailed report.

#### **4. Budget and business plan amendments this quarter**

4.1 There have been no agreed amendments to the budget in respect of an increase in the quantum of income and cost this quarter requiring approval by the Qualis Board.

4.2 It should be noted however, that in agreement with EFDC, Qualis operated an eleven-month year so as to synchronise its financial yearend with the half-year of the Authority. This will assist in building the EFDC Budget and help with understanding of the financial benefits that Qualis can offer EFDC in the form of loan margins, dividends and service discounts, and Qualis's request for loans



Qualis Group

Incorporating, Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

## 5. Detailed financial performance, cash

5.1 The actual cash held by Qualis at the end of September was £2,972,249 against a target expectation of £2,500,000. The difference is both positive and small and reflects operational creditor and debtor management issues.

5.2 It should be noted that Qualis received a loan of £6m working capital on inception to be repaid over five years, 3 years of repayment remaining. The positive cash balances are what is expected at this time allowing for the building up of trading activity and income from investment assets.

5.3 Qualis is however expecting further loans to be drawn down from EFDC at the end of Q1 or the beginning of Q2, these are as follows:

- Draw of £6m from the already approved development loan to cover the costs of the next stages of work on the Epping Development Projects.
- Draw down of £10m from the already approved regeneration loan to cover the cost of potential asset acquisitions.

## 6 Detailed financial performance, balance sheets

6.1 Reflecting the leveraged position of Qualis and the fact that all the initial income earning assets have just been purchased, that the balance sheets overall show a negative position.

6.2 It should be noted that the main reason that there is a negative balance sheet position reported is due the fact that prudently, that the costs of development projects are carried in the income and expenditure account until planning permission is obtained, at which time they are transferred to the balance sheet and are classified as “work in progress”.

6.3 All loans pass through Qualis Group and therefore any uncalled balance remains shown at group level even if the destination of the loan is eventually another company on the Qualis group of companies.



Qualis Group

Incorporating, Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

#### 6.4 Qualis Group

		Actual £	Actual £
Assets		66,359	
Current Assets		41,387,565	
Current Liabilities		731,205	
Current Assets Less Current Liabilities			40,656,360
Long Term Assets			
Long Term Liabilities			40,650,000
Total			72,719
Profit and Loss Reserve			16,380
Profit and Loss Account			56,339
			72,719

#### 6.5 Qualis Commercial

		Actual £	Actual £
Assets		-	
Current Assets		4,526,298	
Current Liabilities		- 2,848,737	
Current Assets Less Current Liabilities			- 2,848,737
Long Term Assets			
Long Term Liabilities			-
Total			- 2,848,737
Profit and Loss Reserve			- 971,737
Profit and Loss Account			- 1,877,001
			- 2,848,737



Qualis Group

Incorporating, Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

### 6.6 Qualis Management

		Actual £	Actual £
Assets		64,481	
Current Assets		1,933,777	
Current Liabilities		2,168,900	
Current Assets Less Current Liabilities			- 170,642
Long Term Assets			-
Long Term Liabilities			
Total			- 170,642
Profit and Loss Reserve			- 352,953
Profit and Loss Account			182,311
			- 170,642

### 6.7 Qualis Living

		Actual £	Actual £
Assets		30,271,382	
Current Assets		352,186	
Current Liabilities		31,094,480	
Current Assets Less Current Liabilities			- 470,912
Long Term Assets			
Long Term Liabilities			-
Total			- 470,912
Profit and Loss Reserve			- 182,916
Profit and Loss Account			- 287,996
			- 470,912



Qualis Group

Incorporating, Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

There are no specific issues to raise in respect of the balance sheets except to emphasize the impact of the “work in progress” issue, and that planning permission was gained after the Qualis financial year-end.

## 7 Detailed financial performance, income and expenditure.

7.1 The income and expenditure summary for the individual companies that form the Qualis Group of companies is summarised below. Noting that the figures are cumulative to the end of September 2021 (an eleven-month financial year).

### 7.2 Qualis Group

	Target Cumulative YTD £	Cumulative Actual £	Variance £
Income	1,349,519	1,738,179	388,660
Expenditure	1,307,653	1,681,840	374,187
Net +Profit / -Loss	41,866	56,339	14,472
Tax Liability		-	-
	41,866	56,339	14,472

There are no issues to raise and at year-end the income and expenditure position has delivered marginally in excess of target.



Qualis Group

Incorporating, Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

### 7.3 Qualis Commercial

	Target Cumulative YTD £	Cumulative Actual £	Variance £
Income	999,267	-	- 999,267
Expenditure	970,162	1,377,372	407,209
Net +Profit / -Loss	29,105	- 1,377,372	- 1,406,476
Loan Interest	-	499,629	499,629
Profit After Loan	29,105	- 1,877,001	- 1,906,105

Operational costs incurred in delivering projects the costs that cannot be treated as “work in progress” until planning is gained. At this point, and if the planning submission is successful these costs will be transferred to work in progress and be treated as project costs. The position is unchanged as planning determination is not expected now until October 2021, (previously July). This is therefore a technical variance of budget rather than signalling a concern, material delay or an adverse implication in future quarters.

### 7.4 Qualis Management

	Target Cumulative YTD £	Cumulative Actual £	Variance £
Income	2,648,892	6,561,095	3,912,203
Expenditure	2,603,850	6,378,784	3,774,934
Net +Profit / -Loss	45,042	182,311	137,269

The service continues to operate at a profit in excess of target. This position has declined in quarter 4 but this reflects an agreed return of around £200,000 to EFDC in terms of overhead charges and other costs.



Qualis Group

Incorporating, Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

A further extension of services is planned as per the original business case and this will take place over the following financial year.

### 7.5 Qualis Living

	Target Cumulative YTD £	Cumulative Actual £	Variance £
Income, (less hand-through)	1,481,667	1,339,140	- 142,527
Expenditure	381,399	600,761	219,362
Net +Profit / -Loss	1,100,268	738,379	- 361,889
Loan Interest	850,000	1,200,000	350,000
Profit after Loan	250,268	- 461,621	- 711,889

Understandable delay in selecting a third asset has meant that a loss is recorded this quarter, however as the third asset has now been purchased performance should improve significantly over the following financial year, (as the original budget was based on securing all investment asset purchases by the end of December 2020).

For information the cash impact of purchasing the first three investment assets is tabled overleaf showing all costs and fees including tax and stamp duty payments.





Qualis Group

Incorporating, Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

Property		Leatherhead	
<b>Supplier Name</b>		<b>Detail of Work</b>	<b>Sum of Debit</b>
☐ Aquilla	Insurance		5,778.94
☐ Colliers International	Valuation Report		7,500.00
☐ Jones Hargreaves	Site Inspection & Survey		11,190.00
☐ Montagu Evans	Reporting		116,195.00
☐ Pinsent Masons	Asset Payment		12,957,656.50
	Professional Fees		40,720.32
	SDLT		672,880.00
	Land Registry Fee		455.00
	Title Insurance Premium		22,400.00
<b>Grand Total</b>			<b>13,834,775.76</b>
Property		Maldon	
<b>Supplier Name</b>		<b>Detail of Work</b>	<b>Sum of Debit</b>
☐ Aquilla	Insurance		4,502.03
☐ Asset Payment	Asset Payment		1,252.05
☐ Jones Hargreaves	Site Inspection & Survey		3,580.00
☐ Knight Frank	Valuation Report		5,500.00
☐ Montagu Evans	Reporting		59,000.00
☐ Pinsent Masons	Insurance		703.18
	Land Registry Fees		455.00
	Professional Fees		14,826.40
	SDLT		284,500.00
	Land Registry Fee		455.00
☐ Addleshaw Goddard	Asset Payment		5,874,427.12
<b>Grand Total</b>			<b>6,249,200.78</b>
Property		Coventry	
<b>Supplier Name</b>		<b>Detail of Work</b>	<b>Sum of Debit</b>
☐ Charles Russell Speechlys LLP	Asset Payment		9,000,000.00
	Land Registry Fees		455.00
	Professional Fees		22,005.06
	SDLT		439,500.00
☐ BNP	Professional Fees		8,150.00
<b>Grand Total</b>			<b>9,470,110.06</b>
<b>Overall Cash Flow Impact</b>			<b>29,554,086.60</b>



Qualis Group

Incorporating, Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

## 8. Key financial actions for completion in the next two quarters.

Action	Responsible Manager(s)	Target Date	Resource Implications of Actions Themselves
Qualis Management			
Review operational and financial performance after one-year of operation.	BJ	March 2022	None
Review financial sense of transferring Grounds and Gardens Service to Qualis	BJ	March2022	TBC
Qualis Commercial			
Complete asset purchases from EFDC for Phase 1 properties.	SR	Concluded in October 2021	None
Secure planning permission for Epping sites	SR	Concluded in October 2021	None
Final review of Epping project costs	SR/ND	January 2022	Minimal
Qualis Living			
Finalise remaining loan of £63m with EFDC as per the approved Business Plan.	ND/SR	January 2022	Minimal
Finalise draw down of £10m of £35m regeneration loan	ND/SR	January 2022	Minimal
EFDC investment asset transfer examining combined benefits and pipeline of development projects	PH/SR	March 2022	£100,000 budgeted



Qualis Group

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## **9. Summary statement**

The Qualis group of companies continue to deliver its objectives and systems for reviewing financial and operational performance are in place. Qualis, allowing for the recent securing of planning permission, progresses as expected.

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# **Finance and Performance Monitoring Quarterly Report**

**Year 3, Quarter 1, (1<sup>st</sup> October 2021 – 31<sup>st</sup> December 2021)**

**Subject: Finance and Performance Monitoring**

**Author: Nick Dawe, Group Finance Director**

**Decisions Required: To approve the report and note the actions.**

- 1. To note the figures and performance highlighted in this report.**
- 2. To support the key actions set out through Section 5 of this report.**
- 3. To agree that this report should be passed to Epping Forest District Council in line with the Shareholder Agreement**



Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

## 1. Purpose of this report

- 1.1 The Qualis Group Board receives monthly financial reports direct by email
- 1.2 In line with the Shareholder Agreement, the Group Board receives a quarterly Finance and Performance Report that tracks the success of the Group against the (EFDC) agreed Annual Business Plan and Annual Budget at alternating six-weekly meetings.
- 1.3 This formal monitoring will include any Board and subsequently Shareholder approved amendments to the Business Plan and Annual Budget.
- 1.4 The quarterly Finance and Performance Report will be passed to EFDC to allow scrutiny and to be noted.
- 1.5 The format of the report has been altered to match the monthly reports distributed to the Board and operational performance and key performance indicators are the subject of a separate report.
- 1.6 Comments shown in red are internal comments to the Qualis Board and will be excluded from the version of the report sent to EFDC.

## 2. Monitoring finance and operational performance indicators

- 2.1 The key performance indicators set out below are those proposed to be used for monitoring purposes in the future. They are top level indicators of the financial health and operation delivery of the Qualis group of companies.
- 2.2 Major exceptions are reported as are actions to remedy any exception. In line with standard practice, the following colour coded performance flags are used:

Colour	Overall Performance	Detailed Measure
	Cyan, exceptional performance	For finance; over twice the expected figure, for operations, over one month ahead of target delivery.
	Green, good performance	For finance; positive performance up to twice the expected figure, for operations, up to one month ahead of target delivery.



Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

	Amber, poor performance but will be remedied next quarter	For finance; negative performance variance of between 5% and 10% of the expected figure, for operations, one and three months behind target delivery.
	Red, poor performance but will be remedied in two further quarters	For finance; negative performance variance of between 5% and 10% of the expected figure, for operations, one and three months behind target delivery.
	Black, poor performance requiring immediate Board level intervention	For finance; negative performance variance in excess of 10% of the expected figure, for operations, over three months behind target delivery.

2.4 Direction of travel indicators are shown as arrows, either up for improved performance or down for deteriorating performance. An equal sign indicates no change in the reported trend.

### 3. Key financial performance indicators

Indicator	Target £	Actual £	Variance £	Performance
Cash in Bank	6,000,000	3,266,782	- 2,733,218	▼
Income and Expenditure	51,218	- 383,941	- 435,158	▼
Balance Sheet	Reported from Q2	Reported from Q2	Reported from Q2	Not applicable

3.1 The top-level indicators are shown above including performance and trend flags.

3.2 The cash position is below the target of £6 million, which is based on the initial working capital position. This variation is principally due to delays drawing £6m from the construction loan facility, and £10m from the regeneration loan facility.



Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

3.3 The income and expenditure position is £0.4 million off target, this is due to treating Roundhills development expenditure as expenditure until planning permission is gained.

#### 4. Budget and business plan amendments this quarter

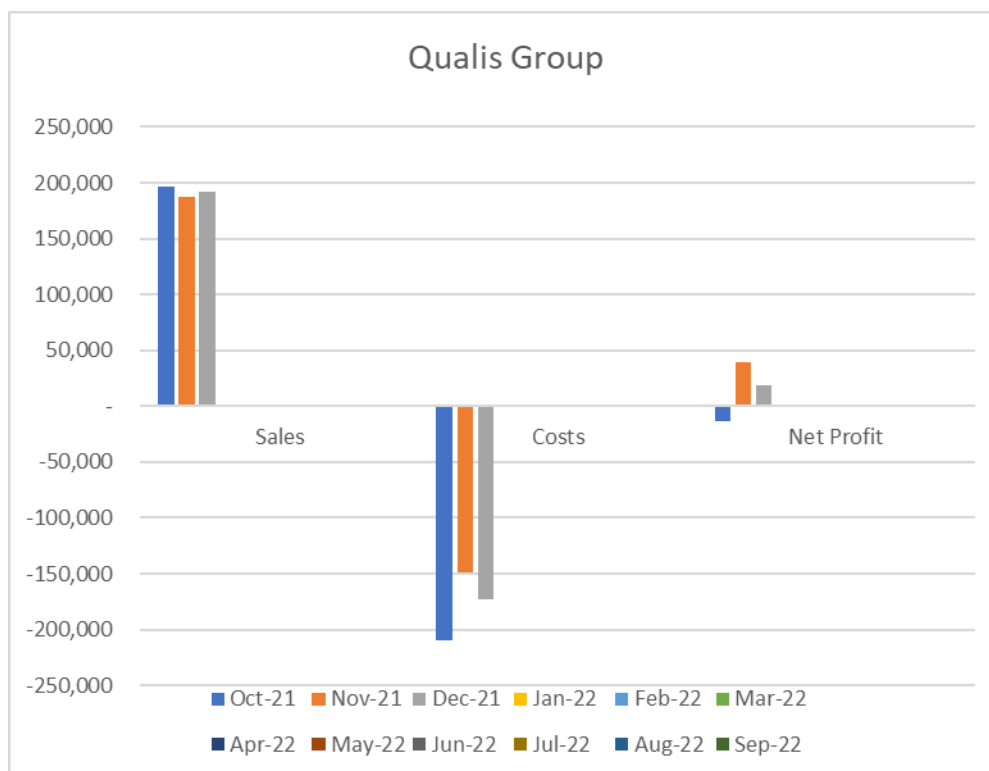
4.1 There have been no agreed amendments to the 2021/22 Budget in respect of an increase in the quantum of income and cost or to reflect a redistribution between spending budgets.

4.2 The Budget will be subject to a mid-year review at the end of March 2022.

#### 5 Company financial performance, income, and expenditure.

5.1 The income and expenditure summary for the individual companies that form the Qualis Group of companies is summarised on the following pages.

##### 5.2 Qualis Group







Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

### Qualis Group

Month	Sales	Costs	Net Profit
Oct-21	196,406	- 209,304	12,898
Nov-21	187,716	- 148,318	39,398
Dec-21	192,040	- 172,851	19,189
Jan-22	-	-	-
Feb-22	-	-	-
Mar-22	-	-	-
Apr-22	-	-	-
May-22	-	-	-
Jun-22	-	-	-
Jul-22	-	-	-
Aug-22	-	-	-
Sep-22	-	-	-
		<b>TOTAL</b>	<b>45,689</b>
		<b>TARGET</b>	<b>- 35,925</b>
		<b>VARIANCE</b>	<b>81,614</b>

Items to note:

- Not all posts have been filled so expenditure is below budget. Recharges are based on current budget which in respect of the Qualis share of the consultancy and legal costs for the EFDC asset investment review, for the has not been used.

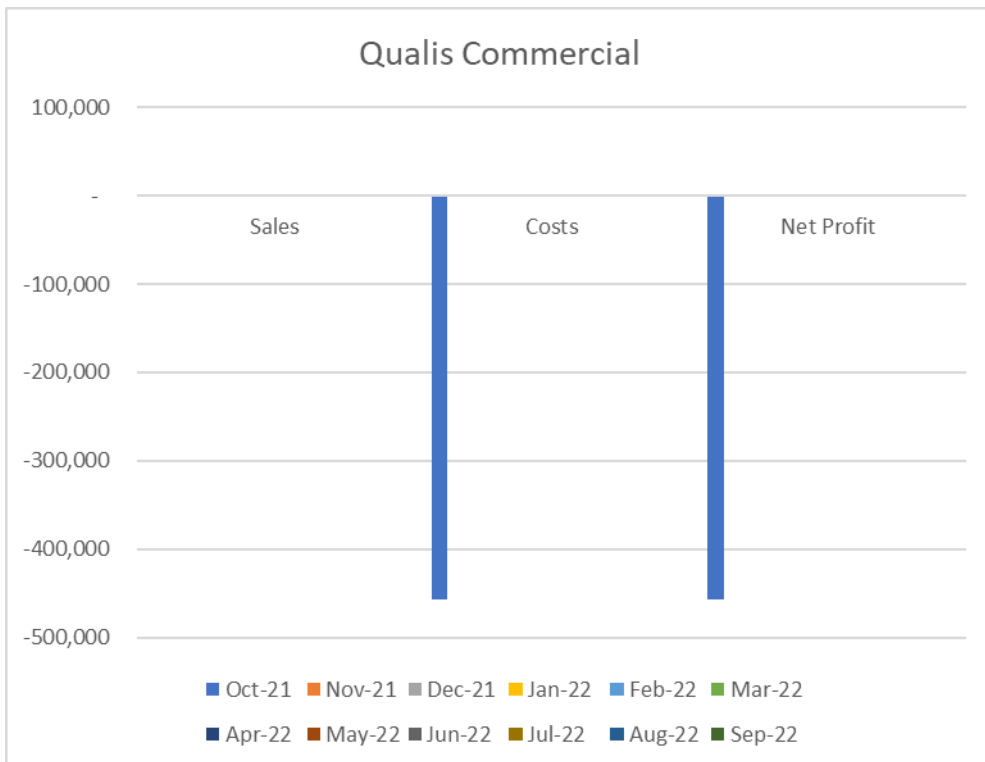
Actions

- None



Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

### 5.3 Qualis Commercial





Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

### Qualis Commercial

Month	Sales	Costs	Net Profit
Oct-21	160	457,592	457,432
Nov-21	61	61	0
Dec-21	61	61	0
Jan-22	-	-	-
Feb-22	-	-	-
Mar-22	-	-	-
Apr-22	-	-	-
May-22	-	-	-
Jun-22	-	-	-
Jul-22	-	-	-
Aug-22	-	-	-
Sep-22	-	-	-
			-
		<b>TOTAL</b>	<b>457,432</b>
		<b>TARGET</b>	-
		<b>VARIANCE</b>	<b>457,432</b>

#### Items to note:

- In the balance sheet £3.8m has been transferred to work in progress reducing the loss previously shown on the profit and loss account by a similar amount. This represents the spending incurred by Qualis since October 2019 to date on the Epping Sites. This should be cared to the £1.8m loss that booked as a loss in 2020/21 before planning permission was gained.
- Roundhills expenditure had been taken to WIP as planning permission was originally expected before the end of December. The expenditure has been moved back to income and expenditure until planning permission is gained indicatively by the 31<sup>st</sup> March 2022.

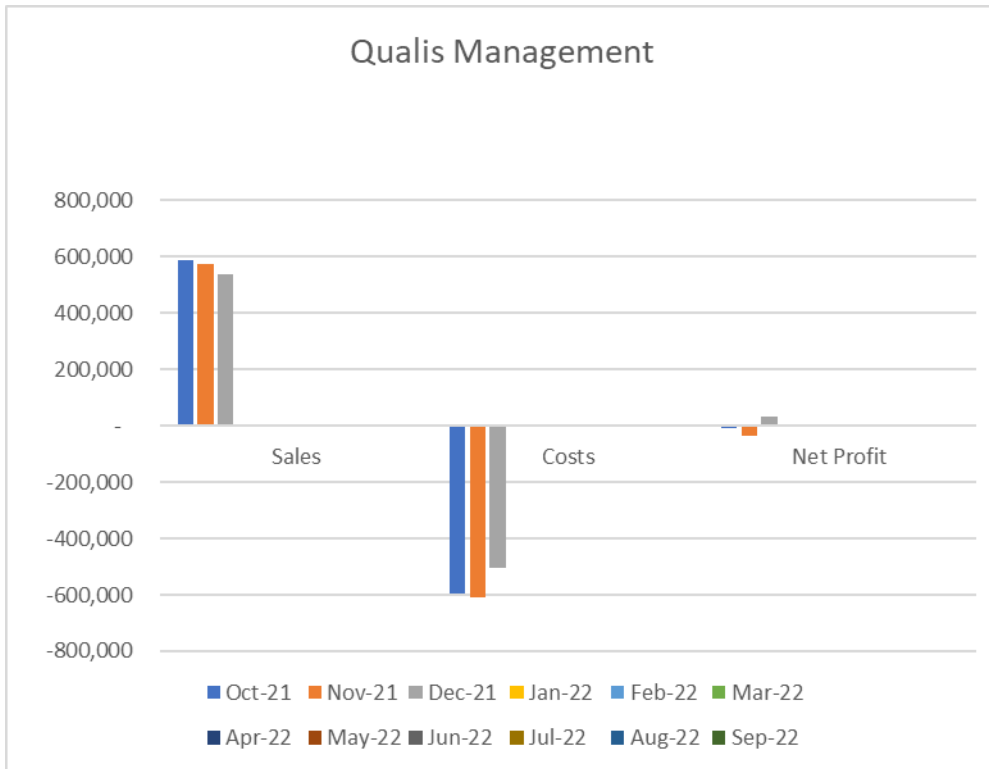
#### Actions

- The quantum and phasing of all business cases is due to be reviewed in January. No major change is expected other than the setting of the short-term interest rate at 6% and the long-term interest rate at 3%, in accordance with the amended loan facility agreement.



Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

### 5.4 Qualis Management





Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

### Qualis Management

Month	Sales	Costs	Net Profit
Oct-21	588,438	- 595,370	6,931
Nov-21	576,311	- 609,829	33,518
Dec-21	536,003	- 505,302	30,701
Jan-22	-	-	-
Feb-22	-	-	-
Mar-22	-	-	-
Apr-22	-	-	-
May-22	-	-	-
Jun-22	-	-	-
Jul-22	-	-	-
Aug-22	-	-	-
Sep-22	-	-	-
		<b>TOTAL</b>	<b>- 9,748</b>
		<b>TARGET</b>	<b>- 37,007</b>
		<b>VARIANCE</b>	<b>27,259</b>

#### Items to note:

- The reduction agreed in SLA income with EFDC.
- 2.5% income inflation funding impact has yet to be agreed with EFDC until the Shareholder has set its own budget.
- Out of hours policy has been reviewed and expenditure has decreased.
- Voids specification and associated costs have reduced and have been more profitable in this period.
- Salaries, a slight increase as new starters have been employed ready for new work-streams.
- Additional materials costs have been noted.
- Agreed changes to the SLA has reduced income, which has been factored into 2021/22 budget.

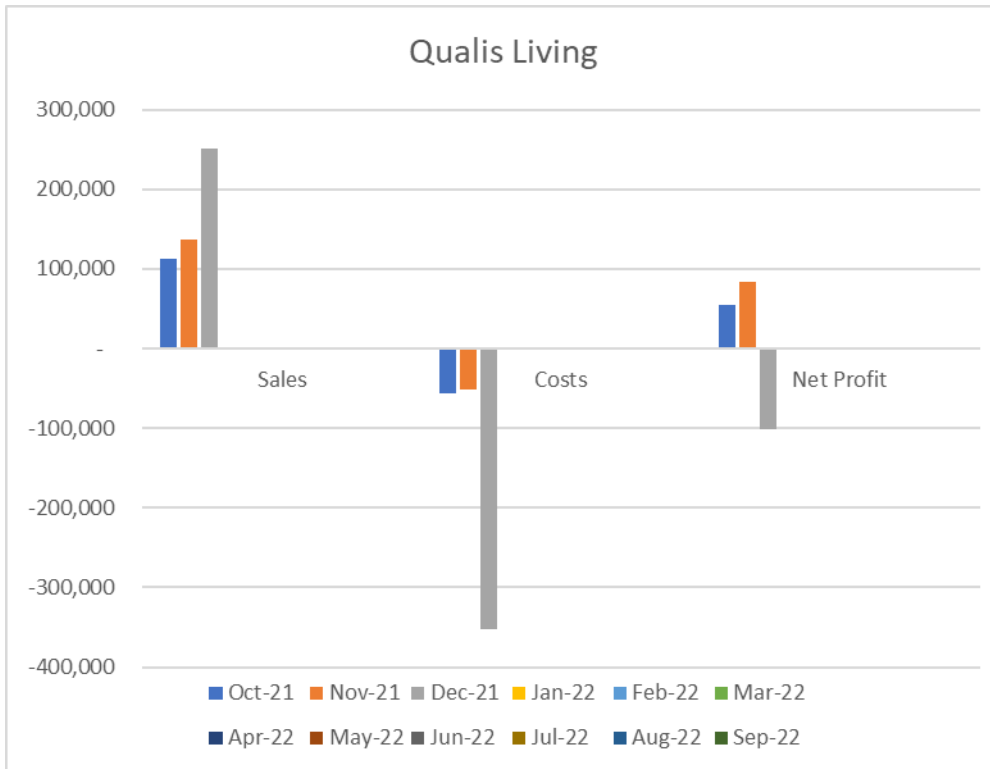
#### Actions

- Inflation costs and charges to be agreed with EFDC before 31<sup>st</sup> March 2022.
- A review of material costs to understand the increase will be completed by 31<sup>st</sup> January.



Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

### 5.5 Qualis Living





Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

### Qualis Living

Month	Sales	Costs	Net Profit
Oct-21	111,839	- 56,939	54,900
Nov-21	136,101	- 52,295	83,806
Dec-21	250,708	- 351,863	101,156
Jan-22	-	-	-
Feb-22	-	-	-
Mar-22	-	-	-
Apr-22	-	-	-
May-22	-	-	-
Jun-22	-	-	-
Jul-22	-	-	-
Aug-22	-	-	-
Sep-22	-	-	-
		<b>TOTAL</b>	<b>37,550</b>
		<b>TARGET</b>	<b>124,150</b>
		<b>VARIANCE</b>	<b>- 86,599</b>

Items to note:

- The impact of the periodic payment of loan interest is evident this month. This impact will be smoothed in subsequent reports.

Actions

- Rephasing of interest to be actioned for next quarter's report.

## 6. Summary going concern statement

The underlying trend of the performance of all Qualis companies is considered satisfactory and therefore all Qualis companies should be considered, "going concerns".

**Nick Dawe**  
25<sup>h</sup> January 2022

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## ***Report to the Council***

**Committee:** Cabinet  
**Date:** 24 February 2022  
**Subject:** Calendar of Meetings 2022/23  
**Portfolio Holder:** Customer & Partnerships, Councillor S Kane

---

### **Recommending:**

**That Cabinet recommends the Council adopt the Calendar of Meetings for 2022/23.**

---

1. The Council considers the calendar of meetings each year. The calendar has been developed over time to meet the changing needs of the authority and again no fundamental changes have been proposed.

2. This year, the focus has been to ensure that the correct report lines are created to allow the relevant committees to become informed, to scrutinise and make valuable contribution to the decisions of Council. Emphasis has been made in relation to the financial framework and the scrutiny of the Medium-Term Financial Plan which includes the Budget Strategy and Capital programmes. Democratic Services have consulted the various departments to ensure that their requirements for reporting have been considered.

3. Friday evenings have continued to be kept free of meetings, and any encroachment into August has been kept to a bare minimum due to holidays. However, the Regulatory Committees have always continued to meet throughout August in the past and this practice has been continued.

The Executive

3. The Cabinet is scheduled to meet 9 times throughout 2022/23 and the Cabinet Sub-Committees have been scheduled for four times a year.

### Overview & Scrutiny

4. The Overview and Scrutiny Committee is scheduled to meet 6 times throughout 2022/23, with the first of these meetings to confirm the membership and Chairmen of each Select Committee.

5. The Select Committees have again been scheduled to meet 4 times a year with the addition of two extra meetings for Stronger Council and one for Stronger Communities. The purpose of these extra meetings is to allow for timely Quarterly Performance reporting, financial scrutiny and for an entire meeting to be dedicated to the District Police Commander and related reports.

### Planning

6. The Area Planning Sub-Committees continue to meet on a four-weekly cycle with DDMC meetings meeting on an 8-weekly cycle.

7. The week of the Annual Council meeting has again been kept free of Planning meetings. However, Planning meetings have been arranged for the other weeks in May between the Election and the Annual Council meeting, to prevent any detrimental impact upon the Planning Performance Indicators.

#### Licensing

8. Licensing Sub-Committee meetings have remained on the first Tuesday morning of each month and additional meetings have been provisionally set aside due to an increase of applications in previously years.

9. There have been no evening meetings for Licensing in 2021/22 and this continues although a Premises Review could be held in the evening if the Chairman of the Licensing Committee felt that it would be in the public interest to do so.

10. All members of the Licensing Committee continue to meet twice a year to consider policy and procedural matters and these meetings have now been moved to the evenings to ensure adequate parking is available for the Committee.

#### Miscellaneous Committees

11. Both the Youth Council and the Local Highways Panel have not been included in this schedule as it is felt that they are meetings which sit outside the Council Calendar. The Youth Council have their own programme, and although the Local Highways Panel involves both the County and District Councillors, they are not organised by the District Council.

12. The Appointments Panel has been scheduled for Tuesday 17 May a week before the Annual Council and following the Local Elections on 5 May 2022.

13. The Local Councils Liaison Committee will again meet twice in the year.

14. In addition, there are various Portfolio Holder Advisory Group and Partnership Boards which will be organised outside of the formal calendar process as well.

#### Conclusion

15. The Council is requested to consider the draft Calendar of Council meetings for 2022/23, as attached at Appendix 1, and whether any further changes are required.

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



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## **Report to Council**

**Date of meeting: 24 February 2022**

**Chairman: Councillor M Sartin**

**Democratic Services Officer: V Messenger (01992 564243)**



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### **Recommendations/Decisions Required:**

- (1) That the Overview and Scrutiny Committee progress report for meetings between November 2021 to January 2022, be noted.**

### **Report:**

#### **Overview and Scrutiny Committee – 18 November 2021**

1. The Chairman, Councillor M Sartin, advised members the call-in of Housing Services Portfolio Holder Decision PFH-004-2021/22 by Councillor C C Pond and four other councillors had led to an informal meeting being held on 1 November 2021 that had been productive. A follow-up meeting on 6 December 2021 was not required as alternative tree planting sites were agreed.

2. The Committee reviewed the FY21/22 quarter 2 Corporate Performance Reporting but only for projects at red or amber status (exceptions). The KPI data now showed comparisons to the previous quarter. Performance project officers were relooking at the KPI data in its entirety to understand the processes behind them and would share any information on this at a future meeting. Members queried the Waltham Abbey Community and Cultural Hub, Green Infrastructure Strategy, number of families in bed and breakfast accommodation for 6 weeks+, the new waste collection leaflet, the rent arrears KPI, if there would be a KPI for electric vehicle charging points, the percentage of workforce by ethnicity and staff sickness absence.

3. Members received a short presentation as I Braddick (HGGT Lead) introduced the report outlining the reasons and ambitions crucial to the endorsement of the HGGT Transport Strategy. It had been developed to meet the ambitions for sustainable movement set out within the HGGT vision, against the backdrop of the challenges of future travel demand linked to planned growth as set out in the Council's emerging Local Plan. The Council had declared a climate emergency in 2019. With transport now the largest contributor to UK greenhouse gas emissions, the HGGT transport strategy supported the highest commitment across the Garden Town Authorities to become carbon-neutral by 2030. Key to this was making it easier to choose to travel sustainably, by providing reliable and high quality sustainable and active travel routes, and by creating connected communities and safe, enjoyable streets that offered local facilities and travel options for everyday activities. Members scrutinised the transport strategy, as I Braddick and N Polaine (HGGT Director) answered their questions, and it will be going before Cabinet on 25 January 2022.

4. Members had the opportunity to review the Executive's current programme of Key Decisions of 1 November 2021 when it was noted that the Local Plan Inspector has still to reply to the Council and the new trees policy has yet to go to Cabinet.

5. The select committee chairmen also updated the Committee on recent business transacted at meetings and the current status of their respective work programmes. It was agreed that the next joint meeting should discuss the alignment of the select committees' Terms of Reference with the Council's corporate aims, as detailed in the Cabinet's forward plan.

## **Overview and Scrutiny Committee – 7 December 2021**

6. The Committee undertook external scrutiny of the Princess Alexandra Hospital Trust (PAHT) as the Senior Executive team – Lance McCarthy (Chief Executive), Stephanie Lawton (Chief Operating Officer), Michael Meredith (Director of Strategy) and Jill Hogan (Communications (New Hospital)) – had accepted an invitation to attend this meeting. A joint presentation was received from L McCarthy on the Care Quality Commission (CQC) report, dated 17 November 2021, and M Meredith, who provided a progress update on the new hospital development to be sited in Sheering, close to the new M11 junction (7a) being constructed.

7. Presented by M Meredith, the new hospital development was one of eight, national ‘pathfinder projects’ in the Government’s new hospital programme. Extensive engagement had been carried out with staff, patient groups, stakeholders and through workshops. The Design brief was completed. PAHT had high ambitions on the strategies produced on net zero carbon, communications and engagement, procurement, facilities management, digital, and modern methods of construction. The PAHT answered many detailed questions on the new hospital development. It was in the final stages of completing the land purchase so that planning and works preparation could be progressed. Further engagement on its website would be undertaken with the public and community groups on the final designs as well as briefing councillors in the district and finalising the transport strategy.

8. The CQC report was presented by L McCarthy. The CQC inspection had been carried out in July and August 2021 and was based around five domains – were services safe, effective, caring, responsive and well-led. The impact of Covid had been significant on everyone. There had been a 19% increase in demand for care on the emergency services between April 2020 and now, so there was enormous pressure on staff to care for patients and use of PPE equipment to keep people safe. There was a separate emergency department for Covid patients to reduce infections, so having two emergency footprints was an additional strain on services. The CQC report detailed 18 must do’s and 11 should do’s, but otherwise remained good on most services. The actions the PAHT must do were outlined in the presentation, which was attached to the minutes for information, and covered – themes of good practice, consistent themes for improvement, actions taken and work underway, and the next 12 months. Members’ questions covered a whole range of issues, and it was timely that they had had this opportunity to receive answers directly.

## **Overview and Scrutiny Committee – 27 January 2022**

9. The Committee received a presentation from Dr Rob Gerlis (Chairman), Peter Wightman (Managing Director) and Ian Tompkins (Corporate Services Director) of the West Essex Clinical Commissioning Group. The Health and Care Bill published July 2021, set out proposals to reform the delivery and organisation of health services in England. The Committee heard that Epping Forest District would become part of the Herts and West Essex Integrated Care System (ICS) along with other district and county authorities, all NHS Trusts in the area, the voluntary sector and Healthwatch. The ICS comprised two statutory parts – an Integrated Care Board responsible for strategic planning and allocation decisions; and the Integrated Care Partnership that brought together a wider set of system partners to develop a plan to address the broader health, public health and social care needs of the local population. During a detailed question and answer session, members asked about a range of health issues including: ICS’ recruitment strategy; health equity work as there had been low uptake of the Covid vaccination especially in Waltham Abbey; public transport issues in rural areas accessing medical services; substance abuse; greater use of community hubs and pharmacies to promote wider access to health services; how these changes might improve socioeconomic inequalities; how Section 106 monies were utilised; and what councillors could do to help.

10 The Committee considered the bespoke model of the HRA Business Plan which would enable the Council to provide a reasonable cashflow projection over the next 30 years. It was based on evidential data from the Council’s current systems and projections for economic assumptions in the social housing sector. The Stronger Communities Select Committee had also

recently scrutinised it from a different perspective, but it would go before Cabinet in February 2022. D Fenton (HRA Project Director) and A Marshall-Smith (the Councils' retained consultant) answered several questions to explain about the cap on borrowing, the success of its Council housebuilding schemes, and that progress updates would continue to go Stronger Communities Select Committee for scrutiny.

10. The Committee also had the opportunity to review quarter 3 of the Corporate Performance Report for 2021/22 when members commented about the Green Infrastructure Strategy in relation to the Roding Valley Recreation Ground. The following items were regularly reviewed including the Executive's current programme of Key Decisions of 1 November 2021 and 4 January 2022 and the Committee's own scrutiny work programme. The select committee chairmen also updated the Committee on recent business transacted at meetings within their respective work programmes.

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