

Report to Council

Portfolio Holder: **Leader**

Subject: **Finance Strategy 2020/21**

1. Recommendations/Decisions Required

That the following amendments to the budget papers are approved representing the 0% council tax rate increase and other small amendments and receipt of final treasury strategy information.

- A. That the minor amendment; to the development list are approved, these being capital additions to the Sustainable Travel Development that for 20120/21 include £50,000 for supporting the number 87 bus route pending a consideration as how best to provide this facility in the future, £50,000 for the Local Highways Panels to match fund priority local road improvements and £200,000 for general sustainable travel improvements such as increased cycle routes.
- B. That the treasury strategy and prudential indicator information as set out in Section 3 is approved.
- C. That the council tax increases as set out in Section 4 are approved.
- D. It should be noted the main content of the Budget and development list has not altered significantly from the versions that went to Cabinet from October 2019.

2. Background

This paper provides a key update to the Financial Strategy figures to take account of late information received from the Authority's treasury advisors and recent change in the financial position of the Authority. These are general amendments to the existing information provided. A full corrected set of documentation will be placed on the Web and distributed to partners and within the organisation after Council consideration of the changes and amendments.

3. Treasury and Prudential Indicators

The changes to the Authority's Treasury Strategy and Prudential Indicators are as follows:

To note that the capital finance limit is **£270,400,000**, CFL.

To note that the operational boundary for borrowing is **£280,481,998**

To not the headroom is set at **£10,000,000**.

Prudential Indicators (February 2020)			
Financing Costs to Net Revenue Stream (General Fund)			
Item	Financial Year		
	2019/20	2020/21	2021/22
	£'s	£'s	£'s
FINANCING COSTS			
Borrowing Interest	588,600	1,894,937	2,949,395
MRP	2,900,000	3,700,000	5,400,000
Financing Costs (Gross)	3,488,600	5,594,937	8,349,395
Investment Interest	-100,000	-100,000	-100,000
Financing Costs (Net)	3,388,600	5,494,937	8,249,395
NET REVENUE STREAM			
Council Tax Precept	8,257,142	8,469,251	8,681,000
Council Tax Surplus/(Deficit)	122,291	118,969	120,630
Business Rates Baseline	3,008,000	3,330,271	3,396,876
Business Rates Retention	1,700,000	1,924,597	1,963,089
Business Rates Surplus/(Deficit)	297,330	776,864	537,097
Qualis Income (Interest)	0	4,305,000	5,250,000
Qualis Income (Principal)	0	4,466,667	4,466,667
	13,384,763	23,391,619	24,415,359
Ratio (including MRP)	25%	23%	34%
Ratio (excluding MRP)	4%	8%	12%

Prudential Indicators (February 2020)			
Operational Boundary			
Item	Financial Year		
	2019/20	2020/21	2021/22
	£'s	£'s	£'s
Capital Financing Requirement		270,400,000	356,200,000
Major Precepts (One Instalment)		10,081,998	10,464,938
Totals	240,000,000	280,481,998	366,664,938
Authorised Limit			
Item	Financial Year		
	2019/20	2020/21	2021/22
	£'s	£'s	£'s
Operational Boundary	240,000,000	280,481,998	366,664,938
Headroom	10,000,000	10,000,000	10,000,000
Totals	240,000,000	290,481,998	376,664,938

4. Council Tax

The changes to the council tax paper that result from last minute alterations and amendments are tabled below.

Members' attention is drawn to the following,

Gross expenditure is now calculated as being **£123,462,258**.

The total of gross income, including income from Qualis, is **£111,389,769**.

The total sum raised from council tax, with no percentage increase, is **£12,071,487**.

REVENUE EXPENDITURE, INCOME AND FINANCING			
		2020/21 ORIGINAL	
	GENERAL FUND ACCOUNT	HOUSING REVENUE ACCOUNT	ALL REVENUE ITEMS
	£	£	£
Gross Expenditure			
Office of the Chief Executive	2,135,720	0	2,135,720
Business Support Services	6,529,524	458,620	6,988,144
Commercial & Regulatory	5,380,610	0	5,380,610
Communities & Partnerships	4,397,500	0	4,397,500
Contract and Technical	12,675,110	0	12,675,110
Customer Services	35,792,250	0	35,792,250
Housing and Property	1,884,610	25,821,840	27,706,450
Planning Services	4,991,970	0	4,991,970
Total Expenditure on Services	73,787,294	26,280,460	100,067,754
Interest Payable (Inc HRA)	1,894,937	5,290,000	7,184,937
Revenue Contribution to Capital	0	12,481,000	12,481,000
Parish Support Grants	0	0	0
Precepts Paid to Parish Councils	3,727,565	0	3,727,565
Total Gross Expenditure	79,409,796	44,051,460	123,461,256
Gross Income			
Government Subsidies	30,403,020	0	30,403,020
Rents from Dwellings	0	31,997,000	31,997,000
Miscellaneous Rents, Trading Operations etc.	7,540,660	831,000	8,371,660
Fees and Charges	7,425,560	1,834,000	9,259,560
Interest on Mortgages and Investments	100,000	0	100,000
Grants and Reimbursements by other Bodies	6,244,830	13,500	6,258,330
Qualis Income	8,995,937	0	8,995,937
Total Operational Income	60,710,007	34,675,500	95,385,507
Contribution from/(to) Revenue Reserves	125,330	(31,040)	94,290
IAS 19 Adjustment	1,084,000	1,160,000	2,244,000
Contribution from/(to) District Development Fund	122,272	0	122,272
Contribution from/(to) Other Reserves	0	130,000	130,000
Contribution from/(to) Collection Fund	895,832	0	895,832
Contribution from/(to) Capital Reserves	(854,000)	8,117,000	7,263,000
Exchequer Support & Business Rates	5,254,868	0	5,254,868
Total Gross Income	67,338,309	44,051,460	111,389,769
To be met from Council Tax	12,071,487	0	12,071,487
Financed by:			
District Precept			8,343,922
Parish Council Precepts			3,727,565
Total Financing			12,071,487
Variance			0

The council tax rates will remain as in 2020/21 and are tabled below:

Council Tax Band	Number of predicted properties 2020/21	Rate in 2019/20	Proposed Rate in 2020/21	Notes
		£	£	<i>Assumes increase of 0.0%</i>
A	1033.1	<i>101.64</i>	101.64	
B	3229.7	<i>118.58</i>	118.58	
C	9272.0	<i>132.32</i>	132.32	
D	12884.9	<i>152.46</i>	152.46	
E	11281.3	<i>186.34</i>	186.34	
F	9408.8	<i>220.22</i>	220.22	
G	9598.6	<i>254.10</i>	254.10	
H	2221.5	<i>304.92</i>	304.92	

PART A : ANALYSIS OF MAJOR PRECEPTING AUTHORITIES 2020/21

ANNEX 8

Authorities	Tax Base No.'s	Precept 2020/21	Council Tax		Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
			Band D	Band D								
Essex County Council	54,728.6	72,302,501	£	1,321.11	880.74	1,027.53	1,174.32	1,321.11	1,614.69	1,908.27	2,201.85	2,642.22
Essex Police Authority	54,728.6	10,870,742	£	198.63	132.42	154.49	176.56	198.63	242.77	286.91	331.05	397.26
Essex Fire and Rescue Authority	54,728.6	4,043,896	£	73.89	49.26	57.47	65.68	73.89	90.31	106.73	123.15	147.78
District Expenses	54,728.6	8,343,930	£	152.46	101.64	118.58	135.52	152.46	186.34	220.22	254.10	304.92
			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

PART B : SUMMARY - COUNCIL TAX RATES INCLUDING ALL PRECEPTS 2020/21

Abbeys, Berners and Beauchamp Roding	232.6	5,500	23.65	1,179.83	1,376.46	1,573.10	1,769.74	2,163.02	2,556.29	2,949.57	3,539.48
Buckhurst Hill	5,255.6	362,059	68.89	1,209.99	1,411.65	1,613.32	1,814.98	2,218.31	2,621.64	3,024.97	3,629.96
Chigwell	6,309.9	290,801	46.09	1,194.79	1,393.92	1,593.05	1,792.18	2,190.44	2,588.70	2,986.97	3,584.36
Epping Town	5,332.5	500,141	93.79	1,226.59	1,431.02	1,635.45	1,839.88	2,248.74	2,657.60	3,066.47	3,679.76
Epping Upland	409.9	17,833	43.51	1,193.07	1,391.91	1,590.76	1,789.60	2,187.29	2,584.98	2,982.67	3,579.20
Fyfield	407.4	13,534	33.22	1,186.21	1,383.91	1,581.61	1,779.31	2,174.71	2,570.11	2,965.52	3,558.62
High Ongar	566.2	10,523	18.59	1,176.45	1,372.53	1,568.60	1,764.68	2,156.83	2,548.98	2,941.13	3,529.36
Lambourne	903.3	39,482	43.71	1,193.20	1,392.07	1,590.93	1,789.80	2,187.53	2,585.27	2,983.00	3,579.60
Loughton Town	12,719.6	756,445	59.47	1,203.71	1,404.32	1,604.94	1,805.56	2,206.80	2,608.03	3,009.27	3,611.12
Matching	462.0	17,048	36.90	1,188.66	1,386.77	1,584.88	1,782.99	2,179.21	2,575.43	2,971.65	3,565.98
Moreton, Bobbingworth and the Lavers	590.3	16,285	27.59	1,182.45	1,379.53	1,576.60	1,773.68	2,167.83	2,561.98	2,956.13	3,547.36
Nazeing	2,135.6	113,000	52.91	1,199.33	1,399.22	1,599.11	1,799.00	2,198.78	2,598.56	2,998.33	3,598.00
North Weald Bassett	2,590.5	222,545	85.91	1,221.33	1,424.89	1,628.44	1,832.00	2,239.11	2,646.22	3,053.33	3,664.00
Ongar Town	2,791.8	338,390	121.21	1,244.87	1,452.34	1,659.82	1,867.30	2,282.26	2,697.21	3,112.17	3,734.60
Roydon	1,401.5	33,173	23.67	1,179.84	1,376.48	1,573.12	1,769.76	2,163.04	2,556.32	2,949.60	3,539.52
Sheering	1,359.3	42,970	31.61	1,185.13	1,382.66	1,580.18	1,777.70	2,172.74	2,567.79	2,962.83	3,555.40
Stanford Rivers	368.5	21,325	57.87	1,202.64	1,403.08	1,603.52	1,803.96	2,204.84	2,605.72	3,006.60	3,607.92
Stapleford Abbots	534.5	11,619	21.74	1,178.55	1,374.98	1,571.40	1,767.83	2,160.68	2,553.53	2,946.38	3,535.66
Stapleford Tawney	85.6	1,537	17.95	1,176.03	1,372.03	1,568.04	1,764.04	2,156.05	2,548.06	2,940.07	3,528.08
Theydon Bois	2,002.0	115,842	57.86	1,202.63	1,403.07	1,603.51	1,803.95	2,204.83	2,605.71	3,006.58	3,607.90
Theydon Garnon	88.6	1,000	11.85	1,171.96	1,367.29	1,562.61	1,757.94	2,148.59	2,539.25	2,929.90	3,515.88
Theydon Mount	117.2	1,975	16.85	1,175.29	1,371.18	1,567.06	1,762.94	2,154.70	2,546.47	2,938.23	3,525.88
Waltham Abbey Town	7,820.5	871,888	111.49	1,238.39	1,444.78	1,651.18	1,857.58	2,270.38	2,683.17	3,095.97	3,715.16
Willingale	243.7	5,195	21.31	1,178.27	1,374.64	1,571.02	1,767.40	2,160.16	2,552.91	2,945.67	3,534.80

General amendment effecting page 285 of the Council report should read as follows
(assuming a 0% District Council Tax increase):

- (a) £123,543,801
- (b) £111,389,769
- (c) £12,154,032
- (d) £222.08
- (e) £3,810,110
- (f) £152.46