

EPPING FOREST DISTRICT COUNCIL COUNCIL MINUTES

Committee:	Council	Date:	21 February 2019
Place:	Council Chamber, Civic Offices, High Street, Epping	Time:	7.30 - 9.30 pm
Members Present:	Councillors R Bassett (Chairman), R Gadsby (Vice-Chairman), N Avey, R Baldwin, P Bolton, R Brookes, L Burrows, K Chana, D Dorrell, A Grigg, I Hadley, S Heap, S Heather, R Jennings, J Jennings, H Kane, S Kane, H Kauffman, P Keska, J Knapman, Y Knight, J Lea, A Lion, M McEwen, L Mead, R Morgan, S Murray, S Neville, M Owen, A Patel, J Philip, C P Pond, C C Pond, B Rolfe, M Sartin, S Stavrou, D Stocker, D Sunger, B Vaz, C Whitbread, H Whitbread, J H Whitehouse, J M Whitehouse and D Wixley		
Apologies:	Councillors A Beales, N Bedford, H Brady, G Chambers, L Hughes, S Jones, A Mitchell, G Mohindra, C Roberts, D Roberts, B Sandler, J Share-Bernia, P Stalker and E Webster		
Officers Present:	D Macnab (Acting Chief Executive), G Blakemore (Strategic Director), N Boateng (Service Manager (Legal) & Monitoring Officer), R Pavey (Service Director (Customer Services)), J Bell (Principal Accountant), S Tautz (Democratic Services Manager), T Carne (Corporate Communications Manager), R Perrin (Senior Democratic Services Officer) and P Seager (Chairman's Secretary)		

79. WEBCASTING INTRODUCTION

The Democratic 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.

80. MINUTES

RESOLVED:

That the minutes of the meeting on 20 December 2018 be taken as read and signed by the Chairman as a correct record.

81. DECLARATIONS OF INTEREST

(a) Pursuant to the Council's Staff Code of Conduct, D Macnab (Acting Chief Executive) declared a personal interest in agenda item 15 (Report of the Senior Management Selection Panel – Appointment of Chief Executive). D Macnab had determined that his interest was personal and that he would leave the meeting for the consideration and voting on this matter.

(b) Pursuant to the Council's Staff Code of Conduct, G Blakemore (Strategic Director) declared a personal interest in agenda item 15 (Report of the Senior Management Selection Panel – Appointment of Chief Executive). G Blakemore had determined that her interest was pecuniary and would leave the meeting for the consideration and voting on this matter.

(c) Pursuant to the Council's Code of Member Conduct, Councillor Y Knight declared a pecuniary interest in agenda item 5 (Public Questions) in relation to Transport for London. Councillor Y Knight advised that she would leave the meeting for the consideration of that item.

(d) Pursuant to the Council's Code of Member Conduct, Councillor A Lion declared a personal interest in agenda item 5 (Public Questions) in relation to being the Ward Councillor for Grange Hill and having spoken to the residents. Councillor A Lion advised that he would remain in the meeting for the consideration of the item.

(e) Pursuant to the Council's Code of Member Conduct, Councillor S Murray declared a personal interest in agenda item 14 (Council Budget) in relation to being a member of Loughton Leisure Centre. Councillor S Murray advised that he would remain in the meeting for the consideration and voting on this item.

82. ANNOUNCEMENTS

(a) Chairman's Announcement

The Chairman informed the Council that he had recently attended a number of events including the opening of 'Snapping the Stiletto' exhibition at Epping Forest District Museum; the start of building works for the National Police Service airbase at North Weald Airfield; several Holocaust Memorial Day services within the District; and 'Epping at the Movies' which was a not-for-profit organisation based in Epping. Finally he had visited a resident, Lillian Koss of Buckhurst Hill, who had celebrated her 100th Birthday.

The Chairman also advised that he had organised a charity concert at New City College for all talented young people in the District, to perform and raise money for Epping Forest Young Carers. The concert would be on 28 March 2019 and tickets were £10.

(b) Flowers

The Chairman announced that he intended to send the flowers to the centenarian, Lillian Koss.

83. PUBLIC QUESTIONS

(1) Transport for London – Works to Central Line

Question by Ms. L. Bostick

"What steps have the Council taken to represent local residents in challenging the programme of works being undertaken by Transport for London in Grange Hill and how has the authority ensured that the needs and rights of residents, particularly vulnerable residents, are protected to a standard that sets proper precedent for future works by Transport for London within the Epping Forest District"

Question by Ms. D. Rye

(a) "What is the Council doing to rectify discrepancies with the permit dated 12 December 2018 for Transport for London to use common land in Lechmere Avenue and what steps were taken to ensure that residents were fully informed of the work to be undertaken and arrangements to minimise associated disruption";

(b) “How does the Council feel about the intention of Transport for London to excavate 60,000 tonnes of earth from the site in Chigwell and to replace this with imported EM16, when 60,000 tonnes of indigenous earth could be used instead”;

Question by Ms. S. Gray

(a) “What provision was put in place by the Council to ensure that trees were not cut down indiscriminately as a result of the work being undertaken by Transport for London; and

(b) Have Transport for London applied for a permit for overnight working and what measures have the Council taken to assure residents that there will be minimum disruption arising from the work”.

Question by Mr. T. Scott

“What risk assessments have been carried out by Transport for London and the Council with regard to the possibility of subsidence to properties backing on to the railway embankment once the excavation work and soil removal begins, concerning the risk of subsidence affecting main residential dwellings and not any boundary outbuildings covered by the Party Wall Act 1996”.

Response by Councillor N. Avey (Contracts and Technical Services Portfolio Holder)

“I would like to thank the members of the public who have submitted questions and are present to address the Council this evening, in connection with ongoing emergency work to the Central Line in the Chigwell area. I may not be able to fully answer each the questions raised tonight, as I need to rely on Transport for London for some of the responses, but I will endeavour to address residents’ concerns in this regard.

The Central Line offers a key mode of transport for our residents, businesses and visitors. Due to the usage and age of the Central Line, it is necessary to carry out routine as well as emergency repair works to the line in the Chigwell area. In order to facilitate these works and minimise disruption to local residents, the Council has assisted Transport for London in undertaking necessary repair works by, for example, allowing the use of its car park as construction compound for contractors engaged by Transport for London.

The current works are on the overland section of the Central Line to the rear of Hycliffe Gardens between Grange Hill and Chigwell Stations. Under the Town and Country Planning Act 1990, Transport for London are classed as a Railway Undertaker and as such have certain rights under the General Permitted Development Order 2015 (Part 8, Class A). The land to the north of Hycliffe Gardens is operational land as defined in the Act and, as such, the Council has concluded that any compound used in connection with these works is permitted development and that planning permission is therefore not required. The Council, being the land owner, has given permission for Transport for London to site a works compound in Lechmere Avenue, to enable it to carry out these urgent works to the track and adjoining bank.

I am informed that Transport for London have held meetings with local residents and have established a dedicated contact centre for residents to report concern with regard to the ongoing work. Transport for London has also made arrangements for road sweeping to clear debris from the site compound and surrounding area. I would

encourage residents to contact Transport for London directly with any issues and concerns but, if these are not addressed, I will intervene on behalf of our residents.

With regard to the question concerning the alleged importation of soil as part of the works, I have asked Transport for London to provide clarification of this issue and have also asked the Council's contaminated land team to review existing arrangements for the importation of soil as part of such works.

Officers attended the site on 20 February 2019 and observed that no material has been imported to the site to date, as the tree clearance is not yet completed. Transport for London will import material for piling and stabilisation of the bank, which will be a construction aggregate produced at its Rickmansworth site. The material referred to by residents as 'EM16' only denotes the site that produced the aggregate and not the type of material. Following the stabilisation and reprofiling of the bank, Transport for London will be re-planting with grasses and flowers and the bank will remain fenced off and inaccessible to residents. Transport for London will deploy road sweeping, so any wheel borne material or spillage should not affect the residential estate.

The likelihood of environmental pollution is likely to be low if Transport for London employ the appropriate control measures. The likelihood of the Council's land becoming contaminated would be expected to be low and is to be reinstated to current state following completion of the works. Because the site will remain inaccessible to members of the public during and following works, there will be a very limited exposure pathway to residents or for contamination in future. The Council will monitor the works and assess if there is excess dust or soil residue on roads that is likely to impact the environment as the project progresses.

The trees removed by Transport for London were not subject to a Tree Preservation Order and there was therefore no planning control that could be applied by the Council to prevent such removal. Transport for London was able to remove the trees under their existing powers.

The Council has no planning control over the works being undertaken by Transport for London because they are permitted by current legislation and it cannot therefore impose conditions on the hours of working. I will however ask Transport for London to exercise care and reduce any disruption caused to residents by the work, to a minimum.

With regard to the assessment of the risk of the impact of the works on adjoining properties, I would urge residents of these properties to contact Transport for London directly to seek appropriate assurances in relation to concerns of subsidence. I must make it clear that the Council does not accept liability for any claim arising, directly or indirectly, from the carrying out of these works by Transport for London.

I intend to meet with representatives of Transport for London in the coming days to seek reassurance that the concerns of residents in connection with the ongoing emergency work to the Central Line in the Chigwell area are properly addressed."

Supplementary Question by Ms. L. Bostick

"Will the Council fully appreciate the impact of the vehicle movements that will occur every 30 minutes for the residents of Lechmere Avenue and The Chase?"

Response by Councillor N. Avey (Contracts and Technical Services Portfolio Holder)

“These concerns will be raised at the meeting with TfL.”

Supplementary Question by Ms. D. Rye

“Why were other access points that would have had a minimum impact on residents, not considered before the permit of use was issued by the Council?”

Response by Councillor N. Avey (Contracts and Technical Services Portfolio Holder)

“Councillor A Lion, the Ward Councillor has passed on the background information and although I cannot advise on the other access points, I will mention these issues to TfL at the meeting.”

Supplementary Question by Ms. S. Gray

“Can anyone attend the meeting that you have with TfL?”

Response by Councillor N. Avey (Contracts and Technical Services Portfolio Holder)

“Initially this would probably be a closed meeting with me, council officers and TfL, although I will discuss how he could involve residents at this meeting.”

Supplementary Question by Mr. T. Scott

“Could some pressure be applied to TfL for information regarding any subsidence reports that have been made regarding the works to be carried out?”

Response by Councillor N. Avey (Contracts and Technical Services Portfolio Holder)

“All residents should contact TfL directly for this information, although if they are not successful I will ask TfL at the meeting.”

84. QUESTIONS BY MEMBERS UNDER NOTICE

The Council noted that there were no member questions submitted for consideration at the meeting.

85. REPORTS FROM THE LEADER AND MEMBERS OF THE CABINET

The Council received written reports from Portfolio Holders. The Chairman invited the Leader of Council to provide an oral report and the opportunity for other members of the Cabinet to give updates on matters concerning their relevant portfolios.

(a) The Leader of Council

The Leader advised that he had attended a number of external meetings representing the interests of the District which included participation on the Harlow and Gilston Garden Town Board and a Public Health England briefing from the Chief Officer of West Essex Clinical Commissioning Group.

Furthermore, he updated members on the interest expressed by town and parish councils to fund the reinstatement of night time street lighting. There had been a

number considering this option, depending on the flexibility of the days and only lighting specific areas; while others had wished to consult their community before pursuing. The County Council Portfolio Holder for Highways, Councillor K Bentley had advised that he would accommodate any reasonable requests.

(b) Contracts and Technical Services Portfolio Holder

Councillor N Avey advised that following the latest meeting of the Leisure Management Partnership Board, largely all the major building works and refurbishments across the leisure centres in the District had been completed and generally usage had increased.

The Board had received a feasibility study for leisure facilities at the St John's Road site in Epping, which determined that a similar leisure centre facility such as the Waltham Abbey centre would be viable, if the right financial package could be agreed. A further report on this would be considered by Cabinet on the 11 April 2019.

(c) Commercial and Regulatory Services Portfolio Holder

Councillor A Grigg advised that correspondence had recently been received from the Department of Housing, Communities and Local Government (DHCLG) concerning the preparedness of local authorities for the forthcoming exit of the United Kingdom from the European Union.

All councils had been asked to consider a number of questions concerning their individual areas and any contingency arrangements that may be needed to address specific issues arising from the exit of the United Kingdom from the European Union. These issues had been considered by the Leadership Team on 13 February 2019 and, in general terms, it was considered that Council was in a good position with regard to Brexit arrangements with no serious concerns locally that needed to be drawn to members' attention.

The detailed responses to the questions raised by DHCLG would be published in the Members Bulletin.

(d) Planning Services Portfolio Holder

Councillor J Philip advised that the Local Plan hearing had started as planned with a significant amount of people attending the various sessions. The webcasting technology had allowed the hearing to be filmed live to the internet, transmitted live to the Council Chamber and recorded.

The Epping Forest Special Area of Conservation and proposed mitigation strategy had still not been cleared by Natural England, therefore not allowing the Council to issue planning consent, although these issues did not affect the Local Plan process.

(e) Community and Partnerships Services Portfolio Holder

Councillor S Kane advised members that the budget for 2019/20 had been discussed at the recent Police Fire & Crime Panel with the precept rising by 14.16%, which represented a cost of £192 for a band D property. The funding would support an additional 215 officers in Essex, with 168 for local policing in Epping and Brentwood and 16 officers deployed in the District. He advised that the previous years' cohort had completed training and had been active since November 2018.

86. QUESTIONS BY MEMBERS WITHOUT NOTICE**(a) Council Owned Car Parks - Charges in Ongar**

Councillor P Keska asked the Contracts and Technical Services Portfolio Holder whether he would consider reversing the decision to charge on Sundays at Council owned car parks in Ongar.

Councillor N Avey advised that the car parking charges had been determined by Cabinet in 2018; to bring in line all council owned car parks across the district. The charges proposed for Sundays provided an hour free parking and thereafter a charge of £1 for the whole day. He advised that in light of the concerns raised regarding this matter, he would consider the charges and discuss this matter with officers and advise Councillor P Keska accordingly.

(b) Hydrotherapy Sessions at Waltham Abbey Leisure Centre

Councillor R Brookes asked the Contracts and Technical Services Portfolio Holder whether consideration could be given to providing two sessions for disabled swimming to take place on different days at Waltham Abbey Leisure Centre, when the new timetable was considered in March 2019.

Councillor N Avey advised that both he and Places Leisure were aware of this request and he would investigate the outcome and advise Councillor R Brookes in due course.

(c) Leisure Centre - St John's Road Site, Epping

Councillor H Whitbread asked the Contracts and Technical Services Portfolio Holder whether all Epping Ward Councillors had met with the leisure consultants, to discuss the potential leisure centre provisions at the St John's Road site.

Councillor N Avey advised that all Epping Ward District Councillors had met with the leisure consultants to discuss the potential leisure provisions at the St John's Road, site.

(d) Council Website

Councillor C C Pond asked the Customer Services Portfolio Holder when the issues experienced with the Council's new website would be resolved.

Councillor H Kane advised that feedback was being requested from all users in order to identify any issues encountered and these were being looked into as a matter of course.

(e) Epping Town Permit Scheme

Councillor J H Whitehouse asked the Contracts and Technical Services Portfolio Holder when the Epping Town Permit scheme would be reviewed.

Councillor N Avey advised that the scheme would be reviewed and any specific issues could be passed onto him to investigate.

(f) Epping Forest Retail Park Bins

Councillor L Mead thanked the Commercial and Regulatory Services Portfolio Holder for resolving the issues with overflowing bins at the retail park.

(g) Civic Offices

Councillor L Burrows asked the Leader of Council whether the public and civic functions of the Council would remain in Epping, if the Council decided to move its operational base to North Weald.

Councillor C Whitbread advised that all civic functions and customer facing services would remain in Epping. The Cabinet were looking to secure the most cost effective and best value approach for the residents of the District and only back offices services would be moving to North Weald.

(h) Street Lighting

Councillor S Murray asked the Leader of Council whether he agreed that;

- (i) It was fair to circulate the costs of the street lighting to each parish/town council days before consideration of their draft budgets;
- (ii) the cost figure was enough information; and
- (iii) there was no collation with the reduction in the precept for Essex County Council (ECC) for Town/Parish Councils taking on this service.

Councillor C Whitbread advised that residents had asked for the street lighting to return and the Council had discussed this with ECC. He had supplied the associated costs and all information available to the town and parish councils as soon as it had been made available. He wished to gain an indication of interest from the town and parish councils at this time.

(j) White Bridge Primary School

Councillor S Neville asked the Contracts and Technical Services Portfolio Holder whether he could update him on an issue raised two months ago regarding dog faeces on a route to White Bridge Primary School, Greensted Road, Loughton.

Councillor N Avey advised that he would contact officers to discuss this issue and advise Councillor S Neville accordingly.

(k) Rough Sleepers

Councillor C P Pond asked the Housing & Property Services Portfolio Holder whether the Council knew how many rough sleepers there were in the District and where the nearest night shelter was situated.

Councillor S Stavrou advised that the yearly snap shot of rough sleepers had been completed in November 2018 and revealed three rough sleepers in the District. The nearest night shelter was based in Chelmsford and run by CHESS and transport could be provided, if required.

(l) Natural England

Councillor J Knapman asked the Planning Services Portfolio Holder for an update on Natural England's requirements for the Epping Forest Special Area of Conservation (SAC), the associated costs for new builds and when planning permissions would be issued.

Councillor J Philip advised that an interim approach for the managing recreational pressures on the SAC had been agreed by the Cabinet on 18 October 2018, which determined the contribution costs required to be sought from individual residential development schemes. The SAC also covered the London Boroughs of Waltham Forest and Redbridge, so it was not only Epping Forest that had been affected by the awaited decision. Furthermore, complications were created with changes to the Air quality assessment at the end of 2018. This had been resubmitted to Natural England and it was anticipated that the Council would receive a decision by April 2019.

(m) Sheltered Housing Review

Councillor J M Whitehouse asked the Housing and Property Services Portfolio Holder whether she had any further information on the progress of the Sheltered Housing Review.

Councillor S Stavrou advised that it was a working document which was consistently being updated and she would keep members updated on the progress of the review.

(n) Green Arc

Councillor D Wixley asked the Community and Partnership Services whether he was aware of an idea to create a linear forest running from the east coast of Essex to Epping Forest and the possibility of collaborations with the Green Arc.

Councillor S Kane advised that he would discuss this with Councillor N Bedford and update Councillor Wixley.

87. MOTIONS

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

88. PAY POLICY STATEMENT

Mover: Councillor C Whitbread on behalf of the Business Support Services Portfolio Holder

Councillor C Whitbread submitted a report regarding the Council's Pay Policy Statement for 2019/20, which was required by Section 38(1) of the Localism Act 2011 and had to be published each financial year. It specifically included the Council's approach to its highest and lowest paid employees.

Report as first moved **ADOPTED**

RESOLVED:

That, the Council's Pay Policy Statement for 2019/20 attached as Appendix 1 to these minutes be adopted.

89. CALENDAR OF COUNCIL MEETINGS 2019/20

Mover: Councillor H Kane, Customer Services Portfolio Holder

Councillor H Kane submitted a report regarding the Calendar of Council meetings for 2019/20. She advised that following the outcome of the ongoing review of the

Overview and Scrutiny Select Committee Framework, amendments to the proposed meeting arrangements for the select committees dates could change, although members would be notified.

Report as first moved **ADOPTED:**

RESOLVED:

That the draft Calendar of Meetings for 2019/20, attached at Appendix 2 to these minutes be adopted.

90. LOCAL COUNCIL TAX SUPPORT SCHEME 2019/20

Mover: Councillor H Kane, Customer Services Portfolio Holder

Councillor H Kane submitted a report regarding the Local Council Tax Support Scheme for 2019/20, which remained unchanged from the previous year.

Report as first moved **ADOPTED**

RESOLVED:

That the revised Local Council Tax Support Scheme 2019/20 be approved.

91. COUNCIL TAX EMPTY DWELLINGS PREMIUM

Mover: Councillor H Kane, Customer Services Portfolio Holder

Councillor H Kane presented a report on the Council Tax Empty Dwellings Premium Policy. She advised that the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 had enabled the Council to increase the maximum additional rates for long term empty dwellings.

Report as first moved **ADOPTED**

RESOLVED:

- (1) That with effect from 1 April 2019 properties that have been long-term empty dwellings for over two years, under Section 11B of the Local Government Finance Act 1992, be charged a Council Tax premium of 100%;
- (2) That with effect from 1 April 2020 properties that have been long-term empty dwellings for over five years, under Section 11B of the Local Government Finance Act 1992, be charged a Council Tax premium of 200%;
- (3) That with effect from 1 April 2021 properties that have been long-term empty dwellings for over ten years, under Section 11B of the Local Government Finance Act 1992, be charged a Council Tax premium of 300%; and
- (4) That the existing arrangements on billing and collection costs with major preceptors continue to take place.

92. TREASURY MANAGEMENT STRATEGY STATEMENT 2019/20

Mover: Councillor C Whitbread, on behalf of the Business Support Services Portfolio Holder

Councillor C Whitbread presented a report on the Council's Treasury Management Strategy, Annual Investment Strategy and the Prudential Indicators.

Report as first moved **ADOPTED**

RESOLVED:

That the following documents attached to these minutes as Appendices 3 and 4 be adopted;

- (a) Treasury Management Strategy Statement 2019/20;
- (b) Minimum Revenue Provision (MRP) Strategy;
- (c) Treasury Management Prudential Indicators for 2019/20 to 2021/22;
- (d) The rate of interest to be applied to any inter-fund balances; and
- (e) Treasury Management Policy Statement.

93. COUNCIL BUDGET 2019/20

Mover: Councillor C Whitbread, on behalf of the Business Support Services Portfolio Holder

Councillor C Whitbread presented a report on the Council Budget and Council Tax Declarations for 2019/20 and thanked all officers involved in the process.

There voted for the recommendations (44) namely: N Avey, R Baldwin, R Bassett, P Bolton, R Brookes, L Burrows, K Chana, D Dorrell, R Gadsby, A Grigg, I Hadley, S Heap, S Heather, B Jennings, J Jennings, H Kane, S Kane, H Kauffman, P Keska, J Knapman, Y Knight, J Lea, A Lion, M McEwen, L Mead, R Morgan, S Murray, S Neville, M Owen, A Patel, J Philip, C C Pond, C P Pond, B Rolfe, M Sartin, S Stavrou, D Stocker, D Sunger, B Vaz, C Whitbread, H Whitbread, J H Whitehouse, J M Whitehouse and D Wixley.

There voted against the recommendations (0).

Abstentions (0).

Report as first moved **ADOPTED**

RESOLVED:

Budget

- (1) That the list of CSB growth and savings for the 2019/20 budget (set out in Annex 1) be approved;
- (2) That the list of District Development Fund and Invest to Save items for the 2019/20 budget (set out in Annexes 2 and 3) be approved;

(3) That the revenue estimates for 2019/20 and the draft Capital Programme for 2019/20 be approved as set out in Annexes 4, 5 (a-i) and 6 including all contributions to and from reserves as set out in the attached Annexes;

(4) That the Medium Term Financial Strategy be approved as set out in Annexes 9 a and 9 b;

(5) That the 2019/20 HRA budget be approved on the basis that a contribution to the self-financing reserve of £500,000 was made, and that the application of rent decreases resulting in an average decrease of 1% from £95.57 to £94.61, be approved;

(6) That the Council's policy of retaining revenue balances at no lower than £4.0M or 25% of the net budget requirement whichever was the higher for the four year period to 2021/22 be amended to no lower than £4.0M or 25% of the net budget requirement whichever was the higher during the four year period up to and including 2022/23;

(7) That the report of the Chief Financial Officer on the robustness of the estimates for the purposes of the Council's 2019/20 budgets and the adequacy of the reserves (set out in Annex 10) be noted;

(8) That the Capital Strategy (sent out in Annex 11) for the period 2018/19 to 2022/23 be adopted.

Declaration of Council Tax

(9) That it be noted that under delegated authority the Assistant Director of Resources, in consultation with the Business Support Services Portfolio Holder, calculated the Council Tax Base 2019/20:

(a) for the whole Council area as 54,159.4 (Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended); and

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

	Tax Base
Abbess, Beauchamp & Berners Roding	227.4
Buckhurst Hill	5,238.9
Chigwell	6,191.9
Epping Town	5,319.1
Epping Upland	413.6
Fyfield	415.7
High Ongar	562.6
Lambourne	895.4
Loughton Town	12,580.6
Matching	450.9
Moreton, Bobbingworth and The Lavers	591.3
Nazeing	2,089.4
North Weald Bassett	2,550.6
Ongar	2,730.3
Roydon	1,364.8
Sheering	1,356.9

Stanford Rivers	365.6
Stapleford Abbots	523.2
Stapleford Tawney	85.0
Theydon Bois	2,002.7
Theydon Garnon	86.4
Theydon Mount	117.4
Waltham Abbey Town	7,763.4
Willingale	236.3

(10) That the following amounts be calculated for the year 2018/19 in accordance with sections 31 to 36 of the Local Government Finance Act 1992:

- (a) £116,208,277 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) £104,300,368 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act;
- (c) £11,907,909 being the amount by which the aggregate at 10 (a) above exceeds the aggregate at 10 (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) £219.87 being the amount at 10 (c) above (Item R), all divided by Item T (the amount at 9 (a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts);
- (e) £3,650,767 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (as per the attached Annex 7);
- (f) £152.46 being the amount at 10 (d) above less the result given by dividing the amount at 10 (e) above by Item T (9 (a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.

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

(12) That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts in Annex 8 Part B as the amounts of Council Tax for 2019/20 for each part of its area and for each of the categories of dwellings.

(13) That in accordance with section 52ZB of the Local Government Finance Act 1992, Council determines that the amount of Council Tax shown at (9) (f) of £152.46 for 2019/20, being an increase of 0% from 2018/19 was not excessive and therefore there was no need to hold a local referendum.

94. REPORT OF THE SENIOR MANAGEMENT SELECTION PANEL - APPOINTMENT OF CHIEF EXECUTIVE

Mover: The Leader of Council

The Leader submitted a report regarding the appointment of the Chief Executive, Returning Officer and Electoral Registration Officer.

Report as first moved **ADOPTED**

RESOLVED:

Appointment of Chief Executive

- (1) That the Council noted that no objections were identified through the consultation under the Local Authorities (Standing Orders) (England) Regulations 2001 with members of the Executive regarding the proposed appointment of Georgina Blakemore to the position of Chief Executive;
- (2) That Georgina Blakemore be offered the position of Chief Executive at the salary indicated in the report subject to final agreement of the contract;
- (3) That the Leader of the Council, in consultation with the Acting Chief Executive and the Service Director (Business Support Services), be authorised to agree a starting date and agree any other detailed terms in the contract as may arise, subject to legal advice from the Council's Monitoring Officer and Service Manager (Legal Services);
- (4) That the Council note that the Contract of Employment for the Chief Executive would make specific provision for clear and measurable performance management and supervision based on:
 - (a) the Council's key objectives;
 - (b) specific personal targets to be set for the Chief Executive by the Leader of the Council; and
 - (c) regular review meetings with the Leader of the Council of a kind and at a frequency which meets the best interests of the Council, together with an annual appraisal;
- (5) That the Leader of the Council be authorised to agree the termination date for the Acting Chief Executive, anticipated to be the 23 May 2019;
- (6) That the Council's appreciation of Derek Macnab's work as Acting Chief Executive be recorded;

Appointment of Returning Officer and Electoral Registration Officer

- (7) That, on the agreement of (1)-(5) above:
 - (a) in accordance with the Representation of the People Act 1983 and all related legislation, Georgina Blakemore be appointed as Electoral Registration Officer (ERO) for the Council with effect from 24 May 2019; and
 - (b) That in terms of Section 41 of the Local Government Act 1972 and all related legislation and with effect from 24 May 2019, Georgina Blakemore be

appointed as Returning Officer for the Council, with authority to act in that capacity for elections to the District Council and all or any parish and town councils within the Epping Forest District;

(8) That the Council's Returning Officer/Electoral Registration Officer be also appointed or authorised to act in respect of all related electoral, poll or referendum duties, including those in relation to County Council elections, elections to the European Parliament (if required), and for national and regional or local polls and referendums;

(9) That, in relation to the duties of Returning Officer or any other electoral, referendum or polling duties arising from such appointment, the Returning Officer shall be entitled to be remunerated in accordance with scale of fees approved by the Council for local elections, or the relevant scale of fees prescribed by a Fees Order in respect of national, regional or European Parliament elections, polls or referendums;

(10) That in all cases where it is a legal requirement or normal practice to do so, fees paid to the Returning Officer shall be superannuable;

(11) That, in relation to the conduct of local authority elections and polls, and elections to the United Kingdom Parliament and all other electoral duties where the Council was entitled by law to do so, the Council shall take out and maintain in force insurance indemnifying the Council and the Returning Officer against legal expenses reasonably incurred in connection with the defence of any proceedings brought against the Council or the Returning Officer and/or the cost of holding another election in the event of the original election being declared invalid (provided that such proceedings or invalidation are the result of the accidental contravention of the Representation of the People Acts or other legislation governing the electoral process, or accidental breach of any ministerial or other duty by the Returning Officer or any other person employed by or officially acting for him in connection with the election or poll); and

(12) That any such insurance carrying an 'excess' clause by which an initial portion of risk was not insured, the Council, through its internal insurance fund or otherwise, would indemnify the Returning Officer up to the value of such excess.

95. APPOINTMENTS TO OUTSIDE ORGANISATIONS - EPPING FOREST COLLEGE

The Leader of Council advised that the New City College had agreed to the appointment of a Member representative to both the Board of Governors of the College and a local advisory body for the Epping Forest Campus College, subject to a successful interview in accordance with the practice of the College.

RESOLVED:

That Councillor R Bassett be appointed to represent the Council on the Board of Governors of New City College and the local advisory body for the Epping Forest Campus College, for the remainder of the 2018/19 municipal year.

96. OVERVIEW AND SCRUTINY COMMITTEE

The Council noted a written report of Councillor M Sartin, the Chairman of the Overview and Scrutiny. Councillor M Sartin advised that Epping Forest Youth Council would be attending the next meeting and all members were welcome to attend.

97. JOINT ARRANGEMENTS AND EXTERNAL ORGANISATIONS

The Council received a written report regarding Waltham Abbey Royal Gunpowder Mill from Councillor H Kane and the Green Arc from Councillor N Bedford.

Councillor H Kane advised that she had passed on members details to Waltham Abbey Royal Gunpowder Mills who had expressed an interest in this organisation. Councillor R Brookes enquired which parts of the site were to be redeveloped. Councillor H Kane advised that she was unable to provide that information at this time. Councillor H Kauffman advised that he had been in contact with Waltham Abbey Royal Gunpowder Mill to generally discuss the future of the site and the potential prospects for tourism, a science park and/or youth employment opportunities.

Councillor J H Whitehouse enquired whether the minutes of the One Epping Forest Board could be included in the Council Bulletin and how the Green Arc would progress in the future. Councillor C Whitbread advised that he would contact officers regarding the One Epping Forest minutes and that he would ask Councillor N Bedford to supply further information on the future of the Green Arc.

Councillor M Sartin advised that a report in regard to the Lea Valley Regional Park Authority would be brought to the next Council meeting.

CHAIRMAN

EPHING FOREST DISTRICT COUNCIL

PAY POLICY STATEMENT 2019/20

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, the situation is not static and is capable of changing very rapidly, but the Council is currently consulting on steps over 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 (the consultation process referred to above may require this document to be amended at a later date). These documents play an important role in attracting and retaining the best people to the Council.

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

Glossary. (*Hyperlink to Glossary 1*)

Hutton Review 2011 (*Hyperlink to Review 2*)

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

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

Legislation

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

The Council's Pay Policy Statement;

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

The Pay Policy Statement must include;

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

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

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

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

Publication of the Pay Policy Statement

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

Effect of this Policy Statement

Nothing in this Policy Statement enables unilateral changes to employee's terms and conditions. Changes to terms and conditions of employment must follow consultation and negotiation with individuals and recognised trade unions as set out in other agreements and in line with legislation. At the time of approving of this Statement by full Council, a consultation process to change pay and allowances arrangements is ongoing.

Single Status Agreement

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

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

The content of these Collective Agreements is also currently subject to review.

Pay Awards

Major decisions on pay, such as annual pay awards, are determined for most local authorities in England and Wales by the National Agreement on Pay, arrived at through a system of central collective bargaining mechanisms between representatives of Local Government Employers and representatives of the relevant trades unions on the National Joint Council. Currently, consultation is under way to discontinue adherence to the National Agreement on Pay and to implement local pay arrangements.

Overtime and Evening Meeting Allowances

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

Annual Leave

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

Flexi-Time Scheme

The Council's Scheme applies to all employees with some exemptions due to service delivery needs (see the reference to consultation above). (*Hyperlink to Policy 9*).

Subsistence Policy

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

Car and Cycle Allowance Policy

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

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

These policies are applied consistently to all employees.

Car Leasing

The Council's Car Leasing Scheme terminated at the end of 2016/17 and there is no longer a scheme in place where the Council makes contributions.

The Council has implemented a Green Car Salary Sacrifice Scheme, accessed by all eligible staff with no Council contribution towards the cost of an employee's lease payments. Currently there are 17 employees on this Scheme a decrease of 4 employees on last year.

Professional Fees and Subscriptions

The Council will meet the cost of a legal practising certificate for all those employees where it is a requirement of their employment. In addition the professional fees for the statutory roles of the s151 Officer and Deputy s151 Officer are paid. No other professional fee or subscription is paid. The Council does not differentiate between Chief Officers and other staff.

Pensions and Termination Payments

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

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

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

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

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

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

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

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

Pension Contributions

Employee contribution rates for 2018/2019;

Salary	Contribution	
	Main Section	50/50 Section
Up to £14,100	5.5%	2.75%
£14,101 to £22,000	5.8%	2.9%
£22,001 to £35,700	6.5%	3.25%
£35,701 to £45,200	6.8%	3.4%
£45,201 to £63,100	8.5%	4.25%
£63,101 to £89,400	9.9%	4.95%
£89,401 TO £105,200	10.5%	5.25%
£105,201 to £157,800	11.4%	5.7%
£157,801 and above	12.5%	6.25%

Contribution rates for 2019/20 are not due to be released until the beginning of March 2019.

Election Fees

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

Remuneration of Employees, Grades 2-12

Pay Scale

Up to 2018/19 employees have been subject to the 'National Agreement on Pay and Conditions of Service of the National Joint Council (NJC) for Local Government Services' (commonly known as the 'Green Book'), using a pay spine that commences at national Spinal Column Point (SCP) 6 and ends at local SCP 58. This pay spine has been divided into 11 pay grades; 2 – 10 contain five incremental points and grades 11 and 12 contain 4 incremental points. Grade 2 is the lowest and grade 12 is the highest of these pay grades. Posts are allocated to a pay band through a process of job evaluation.

With effect from 1 April 2019 the Council intends to introduce local pay arrangements, replacing current grades 2-12 and no longer applying the National Agreement on Pay. This is currently the subject of consultation.

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

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

Individuals would normally receive an annual increment, subject to the top of their grade not being exceeded. For grades 2 – 10 the 5th point each grade would only be awarded if the employee has at least 5 years continuous service with the Council. The local pay arrangements currently the subject of consultation is unlikely to include the concept of incremental progression.

An Inner Fringe Allowance of £857 per annum is paid to employees (this does not apply to Apprentices). It is likely that this payment will be incorporated into local pay arrangements, subject to consultation.

Assistant Directors

Assistant Directors are paid on Grades 11 or 12 and are also currently subject to the NJC Job Evaluation Scheme. The salary ranges for these grades wef 1 April 2018 are;

Grade	Scale Column Points	Salary Range
Grade 11	SCP 51 – 54	£49,312 - £53,118
Grade 12	SCP 55 - 58	£55,253 - £59,543

The salary shown is inclusive of the Inner Fringe Allowance of £857 per annum (see the reference to consultation above).

In the Council's new structure all Assistant Director roles have been deleted.

Definition of Lowest Paid Employees

For the purpose of this Policy Statement, employees on grade 2 are defined as our lowest-paid employees. This is because no employee of the Council is paid lower than SCP 6 which is contained in grade 2. At 1 April 2018, the fte annual value of this SCP 6 is £15,854 which includes an Inner Fringe Allowance of £857 per annum.

The exceptions to the lowest grade are Apprentices who are paid £150 per week.

General

Currently the values of the SCPs in grades 2 – 12 are increased by pay awards notified from time to time by the National Joint Council for Local Government Services. A national pay award was implemented to these grades effective from 1 April 2018.

An Inner Fringe Allowance of £857 per annum is currently paid to employees (this does not apply to Apprentices).

Subject to the outcome of consultation, these arrangements will be replaced at 1 April 2019 by local pay arrangements and locally agreed adjustments from time to time of those arrangements.

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

Remuneration of Chief Officers

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

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

Chief Executive

Currently the Chief Executive role is filled on an acting up basis pending a permanent appointment. The Council is in the process of recruiting to the role on a salary of circa £120,000 which includes Inner Fringe Allowance of £857 and evening meeting allowances.

The Chief Executive is also the Council's Head of Paid Service and the Returning Officer.

Returning Officer

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

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

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

Returning Officer Fees

May 2018

District Elections - £8,408.70

Strategic Directors

In June 2018, Cabinet agreed a new organisation structure which established 2 Strategic Director roles with a spot salary of £95,000, inclusive of £857 Inner London Fringe Allowance. Postholders are entitled to claim for evening meeting allowances and essential car allowance in accordance with Council policies.

Service Directors

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

As at 1 April 2018, the annual FTE salary range for the seven Director posts is £70,000 to £75,000, which includes the Inner Fringe Allowance of £857 per annum. The postholders are entitled to claim essential car allowance in accordance with the Council's Policy and evening meeting allowances.

Statutory Roles

The statutory roles of Monitoring Officer and 'Section 151' Officer will be carried out by the Head of Legal and the Strategic Lead for Finance. The postholders will receive an additional £5,000 supplement for these statutory responsibilities.

General Principles Applying to Remuneration of All Employees

On recruitment, individuals are currently placed on the appropriate SCP within the pay grade for the post that they are appointed to. Usually new starters will be placed on the bottom of the pay grade unless their current salary is higher. In these circumstances their starting scale point will match their previous salary at least. These arrangements will need to be amended upon the implementation of local pay arrangements (subject currently to consultation).

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

The Council does not currently apply performance-related pay or bonuses, but this may change at a future date.

Market Supplements will be paid in accordance with the Council's Policy for Payment of Market Supplements. ([Hyperlink to Policy 14](#)) (Although local pay arrangements, currently subject of consultation, may provide alternative means to achieve the same outcome).

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

These policies are applied consistently to all employees.

Pay Multiples

The Hutton Review raised concerns about multiples in the order of 20 or higher between the lowest and the highest paid employees in local authorities. However the Interim Report noted that the most top to bottom pay multiples in the public sector are in the region of 8:1 to 12:1. The Council is therefore content that having due regard for the level of responsibilities and personal accountability between the lowest and highest paid roles, the current multiple of 7.3 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;

Role	2016/2017		2017/2018		2018/2019	
	Multiple	Salary	Multiple	Salary	Multiple	Salary
Chief Executive compared to lowest salary	x7.8	£112,000	x7.4	£113,000	x7.1	£116,000
Directors compared to lowest salary (Strategic Directors)*	x6.3	£90,130	x5.9	£91,031	X5.8	£95,000*
Assistant Directors compared to lowest salary	x4	£57,225	x3.8	£57,797	X4.4	£72,500*

(Service Directors)*						
Average salary compared to Chief Executive	x4.1	£27,500	x4.1	£27,775	x4.2	£28,334
Average salary compared to lowest salary	x1.9	£27,500	x1.8	£27,775	x1.7	£28,334

- The Service Director salary used is the mid-point of the range
- 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 £16,394

Remuneration Panel

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














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

Review

The Localism Act 2011 requires relevant authorities to prepare a Pay Policy Statement for each subsequent financial year. Our next Statement is scheduled to be for 2020/21 and will be submitted to Council for approval as reasonably practical before 31 March 2020.

As referred to above, a consultation process is currently under way to implement local pay arrangements and to review allowance payments. Any changes made will be reflected in a future Pay Policy Statement that will be submitted to Members for approval.

Epping Forest District Council Calendar of Meetings 2019/20

		2019								2020						
Meeting		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May		
Executive																
Council		23rd		30th		19th		5th	17th		25th		7th	21st		
Cabinet			13th	11th		5th	24th		5th		6th	26th	23rd			
FPM Cab Comm			20th	18th		26th		14th		23rd		19th				
AM & ED Cab Comm			27th				10th			16th			2nd			
Local Plan Cab Comm				1st			17th			30th			16th			
Scrutiny																
OS Committee			4th	16th		3rd		19th		28th		17th				
Resources Sel. Comm			25th			10th		12th		23rd		24th				
Governance Sel. Comm				2nd		17th		26th		14th		31st				
Neighbourhoods Sel.Comm				9th			1st		3rd	21st			14th			
Communities Sel. Comm				23rd			8th		10th		4th		21st			
Constitution Working Grp						24th						12th				
Planning																
District Development			5th	24th		18th		13th		22nd		18th		27th		
Plans East		8th	12th	10th	7th	4th	2nd/30th	27th	(11th)*	8th	5th	4th	1st/29th			
Plans West		15th	19th	17th	14th	11th	9th	6th	4th	15th	12th	11th	8th	13th		
Plans South		29th		3rd/31st	28th	25th	23rd	20th	18th	29th	26th	25th	22nd			
Licensing																
Licensing Committee							16th						1st			
Licensing Sub-Comm			4th	2nd	6th	3rd	1st	5th	3rd	7th	4th	3rd	7th			
Miscellaneous																
Member Briefings																
Audit & Governance				25th		23rd		25th		27th		23rd				
Standards Committee						2nd						2nd				
Joint Consultative Comm			17th			30th				20th			27th			
Local Councils Liaison						16th						16th				
Appointments Panel		9th-16th												14th		
Dev Mgmt Chairmen						9th						5th				
O&S Chairmen						12th						10th				
Webcast meeting:																
			Easter 2020				Fri 10-Apr-20 to Mon 13-Apr-20									
			District Council Elections				Thu 7-May-2020									
25			Provisional Date Only * for Plans East													
			(Resources, Governance, Neighbourhoods and Communities Committee dates)													
			Subject to the outcome of the Overview and Scrutiny Select Committee Framework Task and Finish Panel													

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Treasury Management Strategy Statement 2019/20

Introduction

Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority 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 Authority's prudent financial management.

Treasury risk management at the Authority 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 Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

External Context

Economic background: The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Authority's treasury management strategy for 2019/20.

Following a weak reading in the first quarter of 2018 attributed to weather-related factors, UK GDP growth rebounded in the second quarter to 0.4%, but at an annual rate of only 1.2% this remains below trend. As economic growth had evolved broadly in line with its May Inflation Report forecast, the Bank of England's Monetary Policy Committee (MPC) voted unanimously for a rate rise of 0.25% in August, taking Bank Rate to 0.75%.

The headline rate of UK Consumer Price Inflation rose to 2.7% year on year in August 2018, higher than both the consensus forecast and the Bank's August Inflation Report. Labour market data is positive. The ILO unemployment rate fell to 4%, its lowest level since 1975. The 3-month average annual growth rate for pay excluding bonuses rose to 3.1% in August providing some evidence that a shortage of labour is supporting wages. However, adjusting for inflation this means real wages were only up by 0.4% and only likely to have a moderate impact on household spending.

Inflationary pressures were expected to subside, but having increased again recently, together with the rising price of oil and tightness in the labour market, this may keep inflation above the Bank of England's 2% target throughout most of their forecast horizon, and possibly beyond, meaning that strong real income growth is unlikely to materialise any time soon.

As the US economy has continued to perform well, the Federal Reserve maintained its monetary tightening stance and pushed up its target range for the Fed Funds Rate in September 2018 by 0.25% to 2% - 2.25%. One further rise is expected in 2018 and two more in 2019.

The fallout from the US-China trade war continues which, combined with tighter monetary policy, risks contributing to a slowdown in global economic activity in 2019. Despite slower growth in the region, the European Central Bank has started conditioning markets for the end of quantitative easing as well as the timing of the first interest rate hike, currently expected in 2019, and the timing and magnitude of increases thereafter.

Credit outlook: The big four UK banking groups have now divided their retail and investment banking divisions into separate legal entities under ringfencing legislation. Bank of Scotland, Barclays Bank UK,

HSBC UK Bank, Lloyds Bank, National Westminster Bank, Royal Bank of Scotland and Ulster Bank are the ringfenced banks that now only conduct lower risk retail banking activities. Barclays Bank, HSBC Bank, Lloyds Bank Corporate Markets and NatWest Markets are the investment banks. Credit rating agencies have adjusted the ratings of some of these banks with the ringfenced banks generally being better rated than their non-ringfenced counterparts.

European banks are considering their approach to Brexit, with some looking to create new UK subsidiaries to ensure they can continue trading here. The credit strength of these new banks remains unknown, although the chance of parental support is assumed to be very high if ever needed. The uncertainty caused by protracted negotiations between the UK and EU is weighing on the creditworthiness of both UK and European banks with substantial operations in both jurisdictions.

Interest rate forecast: Following the increase in Bank Rate to 0.75% in August 2018, the Authority's treasury management adviser Arlingclose is forecasting two more 0.25% hikes during 2019 to take official UK interest rates to 1.25%. The Bank of England's MPC has maintained expectations for slow and steady rate rises over the forecast horizon. The MPC continues to have a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. Arlingclose believes that MPC members consider both that ultra-low interest rates result in other economic problems, and that higher Bank Rate will be a more effective policy weapon should downside Brexit risks crystallise when rate cuts will be required.

The UK economic environment remains relatively soft, despite seemingly strong labour market data. Arlingclose's view is that the economy still faces a challenging outlook as it exits the European Union and Eurozone growth softens. Whilst assumptions are that a Brexit deal is struck and some agreement reached on transition and future trading arrangements before the UK leaves the EU, the possibility of a "no deal" Brexit still hangs over economic activity, as such, the risks to the interest rate forecast are considered firmly to the downside.

Gilt yields and hence long-term borrowing rates have remained at low levels but some upward movement from current levels is expected based on Arlingclose's interest rate projections, due to the strength of the US economy and the ECB's forward guidance on higher rates. 10-year and 20-year gilt yields are forecast to remain around 1.5% and 2% respectively over the interest rate forecast horizon, however volatility arising from both economic and political events are likely to continue to offer borrowing opportunities.

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

For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 1%, and that new long-term loans will be borrowed at an average rate of 2.88%.

Local Context

On 31st December 2018, the Authority held £185.5m of borrowing and £21.9m of investments. This is set out in further detail at **Appendix B**. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance sheet summary and forecast

	31.3.18 Actual £m	31.3.19 Estimate £m	31.3.20 Forecast £m	31.3.21 Forecast £m	31.3.22 Forecast £m
General Fund CFR	52.7	58.7	61.0	61.0	61.0
HRA CFR	154.4	154.4	154.4	154.4	154.4
Total CFR	207.1	213.1	215.4	215.4	215.4
Less: External borrowing **	185.0	185.0	187.3	187.3	187.3
Internal borrowing	22.1	28.1	28.1	28.1	28.1
Less: Usable reserves	-42.2	-34.8	-32.4	-29.1	-24.5
Less: Working capital	-0.1	-1.5	-1.5	-1.5	-1.5
Investments	20.2	8.2	5.5	2.5	-2.1

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

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

The table above shows that usable reserves are falling with the financing of the capital programme being taken from these balances. The Council will need to borrow in 2019/20 to maintain the £10m of investment balances to retain Professional Status under Movements in Financial Derivatives II (MiFID II) regulations. The costs and time taken to regain this status would be onerous as would future trading under the Client Status.

The Authority has an increasing CFR due to the capital programme, but minimal investments and will therefore be required to borrow up to £40m over the forecast period.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2019/20.

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 £10m at each year-end to maintain sufficient liquidity but minimise credit risk.

Table 2: Liability benchmark

	31.3.18 Actual £m	31.3.19 Estimate £m	31.3.20 Forecast £m	31.3.21 Forecast £m	31.3.22 Forecast £m
CFR	207.1	213.1	215.4	215.4	215.4
Less: Usable reserves	-42.2	-34.8	-32.4	-29.1	-24.5
Less: Working capital	-0.1	-1.5	-1.5	-1.5	-1.5
Plus: Minimum investments	10.0	10.0	10.0	10.0	10.0
Liability Benchmark	174.8	186.8	191.5	194.8	199.4

Following on from the medium-term forecasts in table 2 above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £10m a year, minimum revenue provision on new capital expenditure based on a 40 year asset life and income, expenditure and reserves all increasing by inflation of 2.5% a year.

Borrowing Strategy

The Authority currently holds £185 million of loans. The balance sheet forecast in table 1 shows that the Authority expects to borrow up to £2.3m in 2019/20. The Authority may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £250 million.

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

Strategy: Given the significant cuts to public expenditure and to local government funding, the Authority'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 Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal 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 Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2019/20 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

Alternatively, the Authority may arrange forward starting loans during 2019/20, 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 Authority may borrow short-term loans to cover unplanned cash flow shortages.

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

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

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

- Private Finance Initiative
- sale and leaseback

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

Municipal Bonds Agency: UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a joint and several guarantees to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Cabinet.

LOBOs: Lender's Option Borrower's Option (LOBO) are loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. Although the Council does not hold any of these now it remains an option. Holding this type of loans brings an additional element of refinancing risk.

Short-term and variable rate loans: These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the 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 Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

Investment Strategy

The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's investment balance has ranged between £29.9 and £21.7 million. Investment balances are budgeted to fall further as the capital programme progresses into 2019/20.

Objectives: The CIPFA Code requires the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority'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 Authority 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: If the UK enters a recession in 2019/20, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. 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 increasing risk and very low returns from short-term unsecured bank investments, the Authority aims to diversify into more secure and higher yielding asset classes during 2019/20. This is especially the case for the estimated £10m that is available for longer-term investment. The majority of the Authority's surplus cash is currently invested in short-term unsecured bank deposits, and money market funds. This diversification will represent a continuation of that proposed in 2018/19.

Approved counterparties: The Authority may invest its surplus funds with any of the counterparty types in table 3 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 3: Approved investment counterparties and limits

Credit rating	Banks unsecured	Banks secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£3m 5 years	£3m 20 years	£5m 50 years	£3m 20 years	£1m 20 years
AA+	£3m 5 years	£3m 10 years	£5m 25 years	£3m 10 years	£1m 10 years
AA	£3m 4 years	£3m 5 years	£5m 15 years	£3m 5 years	£1m 10 years
AA-	£3m 3 years	£3m 4 years	£5m 10 years	£3m 4 years	£1m 10 years
A+	£2m 2 years	£3m 3 years	£5m 5 years	£2m 3 years	£1m 5 years
A	£2m 13 months	£3m 2 years	£5m 5 years	£2m 2 years	£1m 5 years
A-	£2m 6 months	£3m 13 months	£2.5m 5 years	£2m 13 months	£1m 5 years
None	n/a	n/a	£5m 25 years	n/a	£1m 5 years
Pooled funds and real estate investment trusts		£5m per fund or trust			

This table must be read in conjunction with the notes below

Credit rating: Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

Banks unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

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

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

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

Registered providers: Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly 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.

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

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Real estate investment trusts (REITs): Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Operational bank accounts: The Authority 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 £2m 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 Authority maintaining operational continuity.

Risk assessment and credit ratings: Credit ratings are obtained and monitored by the Authority'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 "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments: The Authority 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 Authority'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 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority 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 Authority's cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

Investment limits: The Authority's revenue reserves available to cover investment losses are forecast to be £34.8 million on 31st March 2019. In order that no more than 20% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £3 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Investment limits

	Cash limit
Any single organisation, except the UK Central Government	£3m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£3m per group
Any group of pooled funds under the same management	£5m per manager

Negotiable instruments held in a broker's nominee account	£2m per broker
Foreign countries	£3m per country
Registered providers and registered social landlords	£3m in total
Unsecured investments with building societies	£2m in total
Loans to unrated corporates	£2m in total
Money market funds	£10m in total
Real estate investment trusts	£5m in total

Liquidity management: The Authority uses its own cash flow forecasting spreadsheet to determine the value of any investments and the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium-term financial plan and cash flow forecast.

Treasury Management Indicators

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

Security: The Authority 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 Authority 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	£3m

Interest rate exposures: This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£318,000
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£100,000

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 Authority'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	100%	0%
12 months and within 24 months	100%	0%
24 months and within 5 years	100%	0%
5 years and within 10 years	100%	0%
10 years and within 15 years	100%	0%
15 years and within 20 years	100%	0%
20 years and within 25 years	100%	0%
25 years and above	100%	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 Authority'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	2019/20	2020/21	2021/22
Limit on principal invested beyond year end	£3m	£1m	£0m

Related Matters

The CIPFA Code requires the Authority to include the following in its treasury management strategy.

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

The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be considered when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

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

Housing Revenue Account: On 1st April 2012, the Authority notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's

underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured each month and interest transferred between the General Fund and HRA at the Authority's average interest rate on investments, adjusted for credit risk.

Markets in Financial Instruments Directive: The Authority 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 Authority's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

Financial Implications

The budget for investment income in 2019/20 is £100,000, based on an average investment portfolio of £10 million at an interest rate of 1%. The budget for debt interest paid in 2019/20 is £5.7 million, based on an average debt portfolio of £185.5 million at an average interest rate of 3.06%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

Other Options Considered

The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Financial Officer, having consulted the Cabinet Member for Business Support, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

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

Appendix A - Arlingclose Economic & Interest Rate Forecast October 2018

Underlying assumptions:

- The MPC left Bank Rate unchanged at the September meeting, after voting unanimously to increase Bank Rate to 0.75% in August.
- Our projected outlook for the UK economy means we maintain the significant downside risks to our interest rate forecast. The UK economic environment is relatively soft, despite seemingly strong labour market data. GDP growth recovered somewhat in Q2 2018, but the annual growth rate of 1.2% remains well below the long term average. Our view is that the UK economy still faces a challenging outlook as the country exits the European Union and Eurozone economic growth softens.
- Cost pressures were projected to ease but have risen more recently and are forecast to remain above the Bank's 2% target through most of the forecast period. The rising price of oil and tight labour market means inflation may remain above target for longer than expected. This means that strong real income growth is unlikely in the near future.
- The MPC has a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. We believe that MPC members consider both that: 1) ultra-low interest rates result in other economic problems, and 2) higher Bank Rate will be a more effective policy weapon should downside Brexit risks crystallise and cuts are required.
- The global economy appears to be slowing, particularly the Eurozone and China, where the effects of the trade war has been keenly felt. Despite slower growth, the European Central Bank is adopting a more strident tone in conditioning markets for the end of QE, the timing of the first rate hike (2019) and their path thereafter. Meanwhile, European political issues, mostly lately with Italy, continue.
- The US economy is expanding more rapidly. The Federal Reserve has tightened monetary policy by raising interest rates to the current 2%-2.25% range; further rate hikes are likely, which will start to slow economic growth. Central bank actions and geopolitical risks have and will continue to produce significant volatility in financial markets, including bond markets.

Forecast:

- The MPC has maintained expectations of a slow rise in interest rates over the forecast horizon. Our central case is for Bank Rate is to rise twice in 2019. The risks are weighted to the downside.
- Gilt yields have remained at low levels. We expect some upward movement from current levels based on our interest rate projections, the strength of the US economy and the ECB's forward guidance on higher rates. However, volatility arising from both economic and political events will continue to offer borrowing opportunities.

		Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Average
Official Bank Rate															
Upside risk	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.17
Arlingclose Central Case	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.17
Downside risk	0.00	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.65
3-mth money market rate															
Upside risk	0.10	0.10	0.10	0.10	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.17
Arlingclose Central Case	0.80	1.00	1.10	1.20	1.30	1.30	1.25	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.17
Downside risk	0.20	0.50	0.60	0.70	0.80	0.80	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.68
1-yr money market rate															
Upside risk	0.20	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.33
Arlingclose Central Case	1.05	1.25	1.35	1.40	1.50	1.45	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.37
Downside risk	0.35	0.50	0.60	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.69
5-yr gilt yield															
Upside risk	0.15	0.20	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
Arlingclose Central Case	1.15	1.20	1.25	1.35	1.40	1.40	1.35	1.35	1.30	1.30	1.30	1.30	1.30	1.30	1.30
Downside risk	0.30	0.35	0.45	0.50	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.54
10-yr gilt yield															
Upside risk	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
Arlingclose Central Case	1.60	1.65	1.65	1.70	1.75	1.75	1.75	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Downside risk	0.30	0.45	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.55
20-yr gilt yield															
Upside risk	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
Arlingclose Central Case	1.90	1.95	1.95	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.98
Downside risk	0.30	0.40	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.43
50-yr gilt yield															
Upside risk	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
Arlingclose Central Case	1.80	1.85	1.85	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.88
Downside risk	0.30	0.40	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.43

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

PWLB Local Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Appendix B - Existing Investment & Debt Portfolio Position

	31/12/2018 Actual Portfolio £m	31/12/18 Average Rate %
External borrowing:		
Public Works Loan Board	185.5	3.02%
Treasury investments:		
Banks & building societies (unsecured)	11.4	0.67%
Government (incl. local authorities)	3.0	0.80%
Money Market Funds	7.5	0.69%
Total treasury investments	21.9	0.70%
Net debt	163.6	

Appendix C - Prudential Indicators 2019/20

The Local Government Act 2003 requires the Council to have regard to the CIPFA *Prudential Code for Capital Finance in Local Authorities* (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

Estimates of Capital Expenditure: The Council's planned capital expenditure and financing may be summarised as follows. Further detail is provided in Finance and Performance Cabinet Committee Report 24 January 2019.

Capital Expenditure and Financing	2018/19 Revised £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
General Fund	11.390	4.010	0.460	0.873
HRA	18.065	16.807	18.030	17.481
Total Expenditure	29.455	20.817	18.490	18.354
Capital Receipts	7.832	3.608	3.224	3.474
Grants	0.125	0.085	0.090	0.090
Reserves	11.640	10.341	11.176	10.990
Revenue	3.898	4.516	4.000	3.800
Borrowing	5.960	2.267	0	0
Total Financing	29.455	20.817	18.490	18.354

Estimates of Capital Financing Requirement: The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose.

Capital Financing Requirement	31.03.19 Revised £m	31.03.20 Estimate £m	31.03.21 Estimate £m	31.03.22 Estimate £m
General Fund	58.7	61.0	61.0	61.0
HRA	154.4	154.4	154.4	154.4
Total CFR	213.1	215.4	215.4	215.4

The CFR is forecast to rise by £8.2m over the next two years as capital expenditure financed by debt outweighs resources put aside for debt repayment.

Gross Debt and the Capital Financing Requirement: In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a

key indicator of prudence.

Debt	31.03.19 Revised £m	31.03.20 Estimate £m	31.03.21 Estimate £m	31.03.22 Estimate £m
External Borrowing	185.0	187.3	187.3	187.3

Total debt is expected to remain below the CFR during the forecast period.

Operational Boundary for External Debt: The operational boundary is based on the Council's estimate of most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance leases and other liabilities that are not borrowing but form part of the Council's debt.

Operational Boundary	2018/19 Revised £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
Borrowing	240.00	260.00	260.00	260.00

Authorised Limit for External Debt: The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

Authorised Limit	2018/19 Limit £m	2019/20 Limit £m	2020/21 Limit £m	2021/22 Limit £m
Borrowing	250.00	270.00	270.00	270.00

Ratio of Financing Costs to Net Revenue Stream: This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2018/19 Revised %	2019/20 Estimate %	2020/21 Estimate %	2021/22 Estimate %
General Fund	0.83	1.80	1.62	1.52
HRA	18.19	17.49	17.67	16.92

Appendix D - Annual Minimum Revenue Provision Statement 2019/20

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 *Guidance on Minimum Revenue Provision* (the CLG Guidance) most recently issued for financial years commencing 1 April 2018.

The broad aim of the CLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The CLG Guidance requires the Council to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance as well as locally determined prudent methods.

1. For unsupported capital expenditure MRP will be determined as being equal to the accounting charge for depreciation. (*Option 4 in England and Wales, Option 2 in Northern Ireland*)
2. No MRP will be charged in respect of assets held on a temporary basis where a capital receipt will arise to repay the debt.
3. No MRP will be charged in respect of assets held within the Housing Revenue Account.

During 2016/17 there was £9.3m of unfinanced capital expenditure on non-HRA assets. The first £5m was on land acquired as part of site assemblage. The original intention was that this would be held temporarily but now the Council is developing the site itself and an MRP charge will be made. The remaining £4.3m was incurred on the shopping park and this asset became operational during 2017/18. The fact that depreciation will not be charged on the asset does not exempt it from MRP therefore a charge will be made based upon the assets useful life.

During 2017/18 there was £13m of unfinanced capital expenditure on non-HRA assets. This was all on the Waltham Abbey Sports Centre which became operational in November 2018. The life of the asset is expected to be 40 years and MRP will be charged from 1 April 2019 for that time period.

Based on the Council's latest estimate of its Capital Financing Requirement and the policy set out above £186,000 MRP is required for 2018/19, and for 2019/20 onwards £514,000.

Appendix E - Current Recommended Sovereign and Counterparty List as at 31/01/2019

Country/ Domicile	Counterparty	Maximum Counterparty Limit £m	Maximum Group Limit (if applicable) £m	Maximum Maturity Limit
UK	Santander UK Plc (Banco Santander Group)	3.0		6 months
UK	Bank of Scotland (Lloyds Banking Group)	3.0	3.0	6 months
UK	Lloyds TSB (Lloyds Banking Group)	3.0		6 months
UK	Barclays Bank Plc	3.0		100 days
UK	Close Brothers Ltd.	3.0		6 months
UK	Goldman Sachs	3.0		100 days
UK	HSBC Bank Plc	3.0		6 months
UK	Standard Chartered	3.0		100 days
UK	Nationwide Building Society	3.0		6 months
UK	Coventry Building Society	3.0		6 months
UK	Leeds Building Society	3.0		100 days
UK	NatWest (Council's current banker - see section above on operational bank accounts)	5.0	5.0	35 days
UK	Royal Bank of Scotland (RBS Group)	5.0		35 days
UK	Handlesbanken Plc	3.0		6 months
Australia	Australia and NZ Banking Group	3.0		6 months
Australia	Commonwealth Bank of Australia	3.0		6 months
Australia	National Australia Bank Ltd (National Australia Bank Group)	3.0		6 months
Australia	Westpac Banking Corp	3.0		6 months
Canada	Bank of Montreal	3.0		6 months
Canada	Bank of Nova Scotia	3.0		6 months
Canada	Canadian Imperial Bank of Commerce	3.0		6 months
Canada	Royal Bank of Canada	3.0		6 months

Canada	Toronto-Dominion Bank	3.0		6 months
Finland	Op Corporate Bank	3.0		6 months
Denmark	Danske Bank	3.0		100 days
Germany	Landesbank Hessen-Thuringen	3.0		6 months
Netherlands	ING Bank NV	3.0		100 days
Netherlands	Rabobank	3.0		13 months
Sweden	Svensk Exportkredit AB	3.0		13 months
Switzerland	Credit Suisse	3.0		100 days
UK	Building Societies	See below		See below

The following 11 building societies have limits of £1m and 100 days - Darlington, Furness, Hinckley & Rugby, Leek, Mansfield, Marsden, Melton Mowbray, National Counties, Newbury, Scottish, Tipton & Coseley.

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

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

Appendix F - Non-Specified Investments

Instrument	Maximum maturity	Maximum £M	Capital expenditure?	Example
Call accounts, term deposits & CDs with banks, building societies & local authorities which do not meet the specified investment criteria (on advice from TM Adviser)	5 years	3	No	
Deposits with registered providers	5 years	3	No	
Gilts	5 years	3	No	
Bonds issued by multilateral development banks	5 years	2	No	<i>EIB Bonds, Council of Europe Bonds etc.</i>
Sterling denominated bonds by non-UK sovereign governments	5 years	2	No	
Money Market Funds and Collective Investment Schemes	5 years	15	No	<i>Investec Target Return Fund; Elite Charteris Premium Income Fund; LAMIT; M&G Global Dividend Growth Fund</i>
Corporate loans and debt instruments issued by corporate bodies	5 years	3	No	
Collective Investment Schemes (pooled funds) which do not meet the definition of collective investment schemes in SI 2004 No 534 or SI 2007 No 573	These funds do not have a defined maturity date	3	Yes	<i>Way Charteris Gold Portfolio Fund; Lime Fund</i>

TREASURY MANAGEMENT POLICY STATEMENT

1. INTRODUCTION AND BACKGROUND

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

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

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

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

1.4 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Finance & Performance Cabinet Committee and for the execution and administration of treasury management decisions to the Section 151 Officer who will act in accordance with the organisation's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

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

2. POLICIES AND OBJECTIVES OF TREASURY MANAGEMENT ACTIVITIES

2.1 The Council defines its treasury management activities as:

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

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

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

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

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

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

CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST

Directorate	Service		Estimate 2018/19 £000's	Revised 2018/19 £000's	Estimate 2019/20 £000's	Estimate 2020/21 £000's	Estimate 2021/22 £000's	Estimate 2022/23 £000's
Chief Executive	Corporate Management	People Strategy - Strategic Directors		33	113			
	Total Chief Executive		0	33	113	0	0	0
Business Support	Apprenticeships	Apprentices	15	15				
	Apprenticeships	Apprenticeship Levy (Net)		4				
	Bank and Audit charges	Reduction in fees	(5)	(18)	(5)			
	Civic Offices	Cleaning Contract		6				
	Civic Offices	Security		10				
	Development Management	Additional Temporary Staffing - Systems Technical Officer	15	15				
	Development Management	Planning Validation Officer	15	15				
	Finance Miscellaneous	Savings from People strategy	(437)		(688)	(200)		
	ICT	Printer Migration	(3)					
	ICT	Technology Strategy	373	373				
	Payroll	Shared Service (GF element)			(35)			
	Procurement	Essex Procurement Hub		7	8			
	Various Headings	Salary Savings from People strategy		(144)	(73)			
	Total Business Support		(27)	283	(793)	(200)	0	0
Commercial & Regulatory	Building Control	Additional Staffing costs		12	50			
	Building Control	Fee Income		(35)	(15)			
	Land and Property	Epping Forest Shopping Park	(1,562)	(1,043)	(163)			
	Land and Property	Broadway Gate development	(50)	(53)	(194)			
	Land and Property	Rental Income - Shops	(61)	(61)	(21)			
	North Weald Airfield	Additional rental income	(113)	(84)	(88)			
	North Weald Airfield	Loss of Market Rents		88	158			
	North Weald Airfield	Aviation income		(20)	(4)			
	Various Headings	Salary Savings from People strategy		(71)	(34)			
	Total Commercial & Regulatory		(1,786)	(1,267)	(311)	0	0	0
Community & Partnership	Various Headings	Salary Savings from People strategy		(31)	(23)			
	Total Community & Partnership		0	(31)	(23)	0	0	0
Contract & Technical	Countryside	BRIE - SLA		4				
	Leisure Management	Savings from New Contract	(944)	(854)	(263)	(200)		
	Off Street Parking	New Chargeable Parking Spaces (ITS)	(17)	(17)				
	Off Street Parking	Additional Staffing	13	13				
	Off Street Parking	New Management Contract (ITS)	26	26				
	Off Street Parking	Vere Road Pay & Display (ITS)	(7)	(7)				
	Off Street Parking	Additional income			(300)			
	Off Street Parking	Penalty Charge Notices		(34)				
	Waste Management	Contract Payments		50				
	Waste Management	Reduction in sale price of recyclables		30	148			
	Various Headings	Salary Savings from People strategy		(45)	(18)			
	Total Contract & Technical		(929)	(834)	(433)	(200)	0	0

CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST

Directorate	Service	Estimate 2018/19 £000's	Revised 2018/19 £000's	Estimate 2019/20 £000's	Estimate 2020/21 £000's	Estimate 2021/22 £000's	Estimate 2022/23 £000's
Customer	Cashiers	15	15				
	Cashiers		7				
	Customer Services	20	20				
	Council Tax Collection		20				
	Housing Benefits Administration	29	26	37			
	Housing Benefits	4	(4)	5			
	NNDR Collection		(18)	(5)			
	Various Headings		(70)	(70)			
Total Customer		68	(4)	(33)	0	0	0
Governance & Member	Democratic Services		(5)				
	Electoral Registration		(7)				
	Elections		(10)				
	Legal Services		(15)	(25)			
	Legal Services		10	30			
	Various Headings		(73)	(100)			
Total Governance & Member		0	(100)	(95)	0	0	0
Housing & Property	Facilities Management	5	5				
	Various Headings		(27)	(47)			
Total Housing & Property		5	(22)	(47)	0	0	0
Planning	Development Control	(210)	(130)				
	Development Control Group	34	33				
	Enforcement / Trees & Landscape	27	24				
	Strategic Implementation Team		78	117			
	Strategic Implementation Team		(78)	(117)			
	Various Headings		(76)	(51)			
Total Planning		(149)	(149)	(51)	0	0	0
Other Items	Investment Interest	18	9	9			
	General Fund Loans	200		200			
	New Homes Bonus	1,125	1,125	200	449	100	
	Pensions	22	22	31			
	Minimum Revenue Provision		186	328			
Total CSB		(1,453)	(749)	(905)	49	100	0

DISTRICT DEVELOPMENT FUND

Directorate	Service	Description	Estimate	Bf from 2017/18	Revised	Estimate	Estimate	Estimate	Estimate
			2018/19 £000's	2018/19 £000's	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's	2022/23 £000's
Chief Executive	Corporate Fraud Investigation	Fees & Charges	(27)		(9)	(9)			
	Various Headings	Implementation of People Strategy			22				
Total Chief Executive			(27)	0	13	(9)	0	0	0
Business Support	Apprenticeships	Apprentices				(27)			
	Apprenticeships	Other Contributions - Harlow College			(5)				
	Debt & Insurance Services	Consultants Fees Re New Corporate Debtor System				25			
	Development Management	Administrative Assistant	17		17				
	Development Management	Document Scanning	113	29	142				
	Development Management	Casual Staff Re Scanning / Indexing Building Control Files	5	5	10				
	Finance Miscellaneous	Implementation of People Strategy	1,040	32		549			
	ICT	Technology Strategy	133		137	47	21		
	Local Land Charges	Local Land Charges Officer	14		15				
	Local Land Charges	Agency Staff		7	7				
	Local Land Charges	Document Scanning / Electronic Working				24			
	Local Land Charges	Reduction Re Fees & Charges			4				
	People Team	Additional Staffing		36	36				
	Sundry Non Distributable Costs	Emergency Premises Works	5			5			
	Sundry Non Distributable Costs	Rents			(10)				
	Various Headings	Implementation of People Strategy			165				
Total Business Support			1,327	109	491	650	21	0	0
Commercial & Regulatory	Land and Property	Epping Forest Shopping Park empty rates	81		90				
	Land and Property	St Johns Road costs			50	32			
	North Weald Airfield	Short-term Lease Rentals			(35)	(32)			
	North Weald Airfield	Casual Rents			(8)				
	Private Sector Housing	HMO Income			(39)	(5)			
	Estates	Agency Costs			135				
Total Commercial & Regulatory			81	0	193	(5)	0	0	0
Community & Partnership	Economic Development	Town Centres Support	60	13	15	13			
	Economic Development	Economic Development Strategy		8	8				
	Economic Development	Smart Places		87	132				
	Safer Communities	CCTV Trainee Assistant post	23		23				
	Safer Communities	Contribution for Police Officers	215		215	215	215	215	215
	Safer Communities	Security Costs		12	12				
	Youth Council	Enabling Fund	8		8	5	5	5	
	Grant - Citizens Advice Bureau	CAB Debt Advisors	4		34	34			
	Various Headings	Implementation of People Strategy			19				
Total Community & Partnership			310	120	466	267	220	220	215

DISTRICT DEVELOPMENT FUND

52

Directorate	Service	Description	Estimate 2018/19 £000's	Bf from 2017/18 2018/19 £000's	Revised 2018/19 £000's	Estimate 2019/20 £000's	Estimate 2020/21 £000's	Estimate 2021/22 £000's	Estimate 2022/23 £000's
Contract & Technical	Car Parking	Feasibility Additional Parking Levels				40			
	Car Parking	Changes to Traffic Orders			30				
	Contaminated Land & Water Quality	Contaminated land investigations	72			46	46		
	Countryside	BRIE - SLA	4						
	Highways General Fund	Local Highways Panel			100				
	Leisure Management	New Management Contract			21	(289)	(3)	(12)	
	Parks & Grounds	Open Spaces - Tree Planting	10	(1)	9				
	Parks & Grounds	Tree Service - Oak Tree Planting	3			3			
	Parks & Grounds	Roding Valley Development - Woodland Planting	20	10	10	20	20		
	Parks & Grounds	Roding Valley Dev. - Demolition of Building Roding Lane		7	13				
	Parks & Grounds	Survey of River Roding erosion	8			8			
	Waste Management	Recycling Income lost			73				
	Waste Management	Consultants Fees			7				
	Waste Management	DCLG recycling reward scheme	85	18	53	50			
	Waste Management	Abandoned Vehicles			(41)				
	Waste Management	Additional recycling payment	150	(75)	105				
	Total Contract & Technical		352	(41)	380	(122)	63	(12)	0
Customer	Cashiers	Consultants fees			10	5			
	Customer Services	Digitalisation Inclusion Project				25			
	Council Tax Collection	Collection Investment	(47)		(47)	(47)			
	Council Tax Collection	Interest Income			(10)				
	Council Tax Collection	Local Council Tax New Burdens Expenditure - E-Services	9	(7)	2				
	Housing Benefits Administration	Hardship & Compliance	(80)		(80)	(80)			
	Housing Benefits Administration	Benefits Specific Grants			(120)	(66)			
	Housing Benefits Administration	Benefits Specific Grants - Data Matching	27	8	27	13	5	4	
	Housing Benefits Administration	Benefits Specific Grants - Unallocated		9		109	66		
	Housing Benefits	Hardship & Compliance - Benefits Officers	56		47	60	18		
	Housing Benefits	Benefits Specific Grants - Agency Staff / Equipment New	44	19	103				
	Housing Benefits	Postage			(5)				
	Revenues	Temporary Additional Staffing	177	84	128	124			
	Various Headings	Implementation of People Strategy			126				
	Total Customer		186	113	181	143	89	4	0
Governance & Member	Civic and Member	Honorary Alderman scheme				4			
	Elections	Costs Re District Elections	139		81	170			
	Electoral Registration	Individual Registration Costs	36	9	45	34	31		
	Electoral Registration	Individual Registration Grant	(18)		(17)				
	Governance & Members Policy Group	G&M Policy Group Staffings Costs			53				
	Transformation	Transformation Staffing	157		115	99			
	Transformation	Transformation Prototype Fund		29	35				
	Various Headings	Implementation of People Strategy			56				
	Total Governance & Member		314	38	368	307	31		

DISTRICT DEVELOPMENT FUND

Directorate	Service	Description	Estimate	B/F from 2017/18	Revised	Estimate	Estimate	Estimate	Estimate
			2018/19 £000's	2018/19 £000's	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's	2022/23 £000's
Housing & Property	Building Maintenance - Non HRA	Planned Building Maintenance Programme	215	38	178	237	123	23	
	Homelessness	Legal Challenges	10	15	25				
	Homelessness	Homeleneess Reduction Activities	50	64	82	82	34		
	Homelessness	Homeleneess Reduction Act Grant	(41)		(41)	(48)			
	Homelessness	Homelessness Data Grant		9	9				
	Homelessness	Flexible Homelessness Grant : Incentives for Genesis		8	8				
	Homelessness	Flexible Homelessness Grant :Zinc Arts		2	2				
	Housing Strategy	Community Housing	21	54	50	48	22		
	Housing Strategy	Community Housing			(30)	(15)			
	Various Headings	Implementation of People Strategy			129				
Total Housing & Property			255	190	412	304	179	23	0
Planning	Conservation Policy	Grants			(4)				
	Development Control	Fees & Charges			(200)	(200)			
	Development Control	Pre Application Consultation Fees	(5)		(10)	(5)			
	Development Control	Agency Staff		16	154	262			
	Garden Town	Garden Town Initiative	432	527	893	715			
	Garden Town	Government Grant			(1,006)				
	Garden Town	Garden Town Initiative - LA Contributions				(246)			
	Neighbourhood Planning	Professional Fees			18	14			
	Planning Appeals	Professional Fees			(8)				
	Planning Appeals	Contingency for Appeals	32	9	16	20	26		
	Planning Policy	Local Plan	946	289	747	896	353		
	Strategic Implementation Team	Strategic Implementation / Planning Performance	278	100	50	50			
	Strategic Implementation Team	Developer Contributions - Strategic Implementation	(40)						
	Strategic Implementation Team	Government Grant			(50)				
	Various Headings	Implementation of People Strategy			6				
Total Planning			1,643	941	606	1,506	379	0	0
Total Service Specific District Development Fund			4,441	1,470	3,110	3,041	982	235	215
Other Items	New Homes Bonus					(400)	(500)		
	Transfer to General Fund	Implementation team deficit			37	62			
	Levy Adjustment Payment					(50)			
	Council Tax Collection	Technical Agreement Contributions	(400)		(350)	(280)	(210)	(210)	
Total District Development Fund			4,041	1,470	2,797	2,373	272	25	215
Opening Balance			4,220		4,220	2,723	950	678	653
Net Expenditure			4,041		2,797	2,373	272	25	215
Contribution from General Fund			1,300		1,300	600			
Closing Balance			1,479		2,723	950	678	653	438

INVEST TO SAVE

54

				Estimate 2018/19 £000's	B/F from 2017/18 2018/19 £000's	Revised 2018/19 £000's	Estimate 2019/20 £000's	Estimate 2020/21 £000's	Estimate 2021/22 £000's	Estimate 2022/23 £000's
Commercial & Regulatory	North Weald Airfield	Extension to Vehicle Compound	Capital	12						
				12	0	0	0	0	0	0
Contract & Technical	Car Parking	Replacement LED lighting	Capital	100	1	15	86			
	Car Parking	New Car Parks	Capital	20	13					
	Car Parking	ICT infrastructure	Capital							
	Car Parking	Lea Valley pay & display	Capital							
	Car Parking	Vere Road Pay & Display	Capital	41	5	83				
				161	19	98	86	0	0	0
Governance & Member	Transformation	Behavioural Insights project	Revenue	21	4	25				
	Transformation	Service Accomodation Review	Revenue			72				
				21	4	97	0	0	0	0
Housing & Property	Homelessness	Rental Loans Scheme	Revenue	30		26				
				30	0	26	0	0	0	0
				224	23	221	86	0	0	0

REVENUE EXPENDITURE, INCOME AND FINANCING

2018/19 ORIGINAL ALL REVENUE ITEMS £	2018/19 REVISED ALL REVENUE ITEMS £		GENERAL FUND ACCOUNT £	2019/20 ORIGINAL HOUSING REVENUE ACCOUNT £	ALL REVENUE ITEMS £
Gross Expenditure					
1,473,270	1,269,800	Office of the Chief Executive	5(a) 1,307,300	0	1,307,300
1,315,430	5,447,490	Business Support Services	5(b) 4,093,720	0	4,093,720
5,623,640	5,215,680	Commercial & Regulatory	5(c) 5,027,980	0	5,027,980
4,157,800	4,066,520	Communities & Partnerships	5(d) 4,249,680	0	4,249,680
12,467,490	12,040,590	Contract and Technical	5(e) 12,264,380	0	12,264,380
36,637,230	37,791,700	Customer Services	5(f) 36,899,780	0	36,899,780
28,428,720	26,510,510	Housing and Property	5(g) 1,546,600	24,118,970	25,665,570
4,870,990	4,527,150	Planning Services	5(h) 4,603,530	0	4,603,530
94,974,570	96,869,440	Total Expenditure on Services	69,992,970	24,118,970	94,111,940
5,768,220	5,611,000	Interest Payable (Inc HRA)	588,600	5,290,400	5,879,000
12,851,500	12,247,350	Revenue Contribution to Capital	86,000	12,480,570	12,566,570
67,084	67,084	Parish Support Grants	0		0
3,480,955	3,480,955	Precepts Paid to Parish Councils	3,650,767	0	3,650,767
117,142,329	118,275,829	Total Gross Expenditure	10a 74,318,337	41,889,940	116,208,277
Gross Income					
31,849,870	32,992,260	Government Subsidies	31,870,230	0	31,870,230
31,323,900	31,170,080	Rents from Dwellings	0	31,579,200	31,579,200
7,630,730	8,051,000	Miscellaneous Rents, Trading Operations etc.	7,533,800	898,200	8,432,000
8,069,650	7,814,430	Fees and Charges	7,045,500	1,812,800	8,858,300
102,000	120,000	Interest on Mortgages and Investments	100,000	0	100,000
4,820,810	5,992,800	Grants and Reimbursements by other Bodies	5,268,490	13,500	5,281,990
83,796,960	86,140,570	Total Operational Income	51,818,020	34,303,700	86,121,720
575,686	1,181,276	Contribution from/(to) Revenue Reserves	(787,592)	(29,460)	(817,052)
(218,000)	1,058,000	IAS 19 Adjustment	1,084,000	0	1,084,000
2,982,000	1,718,000	Contribution from/(to) District Development Fund	1,859,000	0	1,859,000
2,000	135,000	Contribution from/(to) Other Reserves	71,000	(500,000)	(429,000)
(350,000)	(469,000)	Contribution from/(to) Collection Fund	419,000	0	419,000
13,553,460	11,734,760	Contribution from/(to) Capital Reserves	3,239,000	8,115,700	11,354,700
5,153,084	5,130,084	Exchequer Support & Business Rates	4,708,000		4,708,000
105,495,190	106,628,690	Total Gross Income	10b 62,410,428	41,889,940	104,300,368
11,647,139	11,647,139	To be met from Council Tax	10c 11,907,909	0	11,907,909
Financed by:					
8,166,184	8,166,184	District Precept			8,257,142
3,480,955	3,480,955	Parish Council Precepts	10e		3,650,767
11,647,139	11,647,139	Total Financing			11,907,909

Office of the Chief Executive

Programme 2019/20

2018/19 Original		2018/19 Probable		Revenue Expenditure	2019/20 Original	
£	£	£	£		£	£
2,283,370		1,946,980		Corporate Activities	2,255,340	
865,810		605,450		Transformation	459,670	
	3,149,180		2,552,430	Total Expenditure		2,715,010
	1,675,910		1,282,630	Income from Internal Charges		1,407,710
	1,473,270		1,269,800	Net Expenditure (see Annex 4)		1,307,300
Service Generated Income						
27,280		9,000		Grants and Reimbursements by other Bodies	9,000	
	27,280		9,000	Total Income		9,000
	1,445,990		1,260,800	To be met from Government Grant and Local Taxation		1,298,300
	-		-	Capital Expenditure (see Annex 6)		-

Business Support Services**Programme 2019/20**

2018/19 Original		2018/19 Probable		Revenue Expenditure	2019/20 Original	
£	£	£	£		£	£
893,910		790,940		Other Activities	-	61,330
1,955,970		1,773,690		Accommodation Services		1,977,430
1,974,750		1,009,020		Financial Support Services		1,030,830
3,552,060		3,065,170		Business Support		2,950,640
1,932,530		2,496,450		Other Support Services		1,864,710
4,163,390		4,075,650		ICT and Other		4,087,000
	14,472,610		13,210,920	Total Expenditure		11,849,280
	13,157,180		7,763,430	Income from Internal Charges		7,755,560
	1,315,430		5,447,490	Net Expenditure (see Annex 4)		4,093,720
Service Generated Income						
291,630		322,340		Fees and Charges	322,960	
6,240		7,030		Miscellaneous Income	5,810	
100		5,000		Other Contributions	-	
	297,970		334,370	Total Income		328,770
	1,017,460		5,113,120	To be met from Government Grant and Local Taxation		3,764,950
	736,000		511,000	Capital Expenditure (see Annex 6)		220,000

Commercial & Regulatory

Programme 2019/20

2018/19 Original		2018/19 Probable		Revenue Expenditure	2019/20 Original	
£	£	£	£		£	£
91,560		77,270		Emergency Planning & Other	78,340	
1,016,610		786,410		Environmental Health	846,200	
874,580		502,640		Land and Property	333,050	
1,159,610		1,042,990		North Weald Centre	935,830	
1,427,030		1,220,440		Private Sector Housing	1,297,240	
1,100,250		1,051,100		Regulatory Services	1,113,270	
379,470		692,180		Commercial & Reg Support Services	547,200	
	6,049,110		5,373,030	Total Expenditure		5,151,130
	425,470		157,350	Income from Internal Charges		123,150
	5,623,640		5,215,680	Net Expenditure (see Annex 4)		5,027,980
Service Generated Income						
6,723,700		7,162,530		Miscellaneous Rents, Trading Operations etc	7,503,100	
949,700		1,025,820		Fees and Charges	964,530	
662,350		650,850		Grants and Reimbursements by other Bodies	664,370	
	8,335,750		8,839,200	Total Income		9,132,000
-	2,712,110	-	3,623,520	To be met from Government Grant and Local Taxation	-	4,104,020
	12,000		913,000	Capital Expenditure (see Annex 6)		-

Communities & Partnerships

Programme 2019/20

2018/19 Original		2018/19 Probable		Revenue Expenditure	2019/20 Original	
£	£	£	£		£	£
418,400		366,810		Voluntary Sector Support	370,470	
1,043,900		1,185,700		Museum , Heritage & Culture	1,039,580	
1,317,250		1,170,560		Community, Health & Wellbeing	1,259,600	
1,474,470		1,349,850		Community & Partnership	1,589,180	
-		119,720		Community & Partnership Support Services	123,580	
	4,254,020		4,192,640	Total Expenditure		4,382,410
	96,220		126,120	Income from Internal Charges		132,730
	<hr/>		<hr/>			<hr/>
	4,157,800		4,066,520	Net Expenditure (see Annex 4)		4,249,680
				Service Generated Income		
238,070		175,180		Fees and Charges	163,720	
160,860		349,310		Grants and Reimbursements by other Bodies	235,640	
	<hr/>		<hr/>			<hr/>
	398,930		524,490	Total Income		399,360
	<hr/>		<hr/>			<hr/>
	3,758,870		3,542,030	To be met from Government Grant and Local Taxation		3,850,320
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	70,000		65,000	Capital Expenditure (see Annex 6)		490,000
	<hr/>		<hr/>			<hr/>

Contracts & Technical**Programme 2019/20**

2018/19 Original		2018/19 Probable		Revenue Expenditure	2019/20 Original	
£	£	£	£		£	£
1,905,710		1,834,470		Car Parking	1,956,320	
831,120		699,820		Land Drainage/Sewerage	762,990	
1,226,850		1,014,420		Leisure Facilities	1,249,970	
1,186,380		1,295,210		Parks & Grounds	1,080,480	
7,628,600		7,301,920		Waste Management	7,327,650	
2,522,370		1,711,500		Contract & Technical Support Services	1,717,960	
	15,301,030		13,857,340	Total Expenditure		14,095,370
	2,833,540		1,816,750	Income from Internal Charges		1,830,990
	12,467,490		12,040,590	Net Expenditure (see Annex 4)		12,264,380
Service Generated Income						
30,700		30,700		Miscellaneous Rents, Trading Operations etc	30,700	
2,480,040		2,419,510		Fees and Charges	3,286,210	
1,998,990		1,925,580		Grants and Reimbursements by other Bodies	2,033,120	
	4,509,730		4,375,790	Total Income		5,350,030
	7,957,760		7,664,800	To be met from Government Grant and Local Taxation		6,914,350
	9,260,000		9,223,000	Capital Expenditure (see Annex 6)		718,000

Customer Services

Programme 2019/20

2018/19 Original		2018/19 Probable		Revenue Expenditure	2019/20 Original	
£	£	£	£		£	£
32,798,640		33,707,410		Housing Benefits	32,705,460	
2,093,240		1,683,550		Local Taxation	1,708,240	
617,410		459,730		Elections	470,050	
1,430,160		1,057,860		Member Activities	1,107,810	
2,300,920		2,255,140		Customer Support Services	2,246,810	
	39,240,370		39,163,690	Total Expenditure		38,238,370
	2,603,140		1,371,990	Income from Internal Charges		1,338,590
	36,637,230		37,791,700	Net Expenditure (see Annex 4)		36,899,780
				Service Generated Income		
347,570		334,750		Miscellaneous Income	317,920	
145,650		200,560		Other Contributions	127,510	
31,849,870		32,992,260		Government Contributions	31,870,230	
	32,343,090		33,527,570	Total Income		32,315,660
	4,294,140		4,264,130	To be met from Government Grant and Local Taxation		4,584,120
	-		-	Capital Expenditure (see Annex 6)		-

Housing & Property

Programme 2019/20

2018/19						2019/20 Original			
2018/19 Original			2018/19 Probable						
General Fund	Housing		General Fund	Housing			General Fund	Housing	Total
£	Revenue	Total	£	Revenue	Total	Revenue Expenditure	£	Revenue	£
		£		£	£			£	
	26,980,030	26,980,030		24,890,450	24,890,450	Council Housing		24,118,970	24,118,970
1,546,450		1,546,450	1,437,890		1,437,890	Facilities And Depo Management	1,617,000		1,617,000
952,170		952,170	1,066,940		1,066,940	Homelessness	1,073,820		1,073,820
111,130		111,130	78,150		78,150	Housing Policy	77,510		77,510
347,500		347,500	841,720		841,720	Housing Property Support Services	413,940		413,940
2,957,250	26,980,030	29,937,280	3,424,700	24,890,450	28,315,150	Total Expenditure	3,182,270	24,118,970	27,301,240
1,508,560		1,508,560	1,804,640		1,804,640	Income from Internal Charges	1,635,670	0	1,635,670
1,448,690	26,980,030	28,428,720	1,620,060	24,890,450	26,510,510	Net Expenditure (see Annex 4)	1,546,600	24,118,970	25,665,570
Service Generated Income									
	31,323,900	31,323,900		31,170,080	31,170,080	Rents from Dwellings		31,579,200	31,579,200
	876,330	876,330		857,770	857,770	Miscellaneous Rents, Trading Operations etc		898,200	898,200
569,280	1,938,710	2,507,990	537,160	1,541,920	2,079,080	Fees and Charges	538,770	1,812,800	2,351,570
	0	0	0	0	0	Interest on Mortgages	0	0	0
363,080	13,500	376,580	384,000	13,500	397,500	Grants and Reimbursements by other Bodies	373,850	13,500	387,350
	(7,441,260)	(7,441,260)		(8,952,240)	(8,952,240)	HRA Interest & Reversal of Depn		(10,155,270)	(10,155,270)
	268,850	268,850		259,420	259,420	Use of Balances		(29,460)	(29,460)
932,360	26,980,030	27,912,390	921,160	24,890,450	25,811,610	Total Income	912,620	24,118,970	25,031,590
516,330	-	516,330	698,900	0	698,900	To be met from Government Grant and Local Taxation	633,980	0	633,980
2,047,000	22,786,000	24,833,000	678,000	18,065,000	18,743,000	Capital Expenditure (see Annex 6)	2,582,000	16,807,000	19,389,000

Planning Services

Programme 2019/20

2018/19 Original		2018/19 Probable		Revenue Expenditure	2019/20 Original	
£	£	£	£		£	£
2,127,840		2,677,580		Local Plan Implementation	2,764,410	
2,743,150		1,812,290		Planning & Development	1,869,030	
		219,410		Planning Support Services	194,440	
<hr/>		<hr/>			<hr/>	
	4,870,990		4,709,280	Total Expenditure		4,827,880
	-		182,130	Income from Internal Charges		224,350
<hr/>		<hr/>			<hr/>	
	4,870,990		4,527,150	Net Expenditure (see Annex 4)		4,603,530
Service Generated Income						
1,248,410		1,450,720		Fees and Charges	1,445,580	
-		1,056,000		Grants and Reimbursements by other Bodies	246,000	
<hr/>		<hr/>			<hr/>	
	1,248,410		2,506,720	Total Income		1,691,580
<hr/>		<hr/>			<hr/>	
	3,622,580		2,020,430	To be met from Government Grant and Local Taxation		2,911,950
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	-		-	Capital Expenditure (see Annex 6)		-
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Non Service Budgets

Programme 2019/20

General Fund £	2018/19 Original Housing Revenue £	Total £	General Fund £	2018/19 Probable Housing Revenue £	Total £	Revenue Expenditure	General Fund £	2019/20 Housing Revenue £	Total £
(102,000)		(102,000)	(120,000)		(120,000)	Interest & Investment Income	(100,000)		(100,000)
197,000	12,654,500	12,851,500	98,000	12,149,350	12,247,350	Revenue Contribution to Capital	86,000	12,480,570	12,566,570
(1,449,000)		(1,449,000)	(1,399,000)		(1,399,000)	Other Items	(1,579,000)		(1,579,000)
381,000	5,387,220	5,768,220	239,350	5,371,650	5,611,000	Interest Payable (Inc HRA)	588,600	5,290,400	5,879,000
		-	186,000		186,000	Minimum Revenue Provision	514,000		514,000
(2,953,000)		(2,953,000)	(3,352,000)		(3,352,000)	Depreciation Reversals & Other Adjs.	(3,753,000)		(3,753,000)
(3,926,000)	18,041,720	14,115,720	(4,347,650)	17,521,000	13,173,350		(4,243,400)	17,770,970	13,527,570
-	10,600,460	10,600,460	-	8,568,760	8,568,760	Transferred to Housing Summary	-	8,115,700	8,115,700
(3,926,000)	28,642,180	24,716,180	(4,347,650)	26,089,760	21,742,110		(4,243,400)	25,886,670	21,643,270
		(306,836)			(922,000)	Contribution (from)/to Revenue Reserves			788,000
		218,000			(1,058,000)	IAS 19 Adjustment			(1,084,000)
		(2,000)			(135,000)	Contribution (from)/to Other Reserves			(71,000)
						Transfer (from)/to Housing Revenue Account			(500,000)
		350,000			469,000	Contribution (from)/to the Collection Fund			(419,000)
		(2,982,000)			(1,718,000)	Contribution from District Development Fund			(1,859,000)
		21,993,344			18,378,110	Reduction in Amount to be met from Government Grant and Local Taxation & other Housing Revenue Account items			18,498,270

Capital Programme

Programme 2019/20

General Fund £	Housing Revenue £	2018/19 Original	General Fund £	Housing Revenue £	2018/19 Probable	Gross Expenditure	General Fund £	2019/20 Original Housing Revenue £	Total £
		Total £			Total £				
9,260,000		9,260,000	9,223,000		9,223,000	Contracts & Technical	718,000		718,000
736,000		736,000	511,000		511,000	Business Support Services	220,000		220,000
2,047,000	22,786,000	24,833,000	678,000	18,065,000	18,743,000	Housing & Property	2,582,000	16,807,000	19,389,000
70,000		70,000	65,000		65,000	Community & Partnerships	490,000		490,000
12,000		12,000	913,000	-	913,000	Commercial & Regulatory	-		-
						Total Capital Expenditure	4,010,000	16,807,000	20,817,000
						Less:			
197,000	19,183,000	19,380,000	98,000	15,440,000	15,538,000	Revenue Contributions to Capital	86,000	14,771,000	14,857,000
						To be met from Capital Resources	3,924,000	2,036,000	5,960,000
						Financed by:			
1,109,000	3,523,000	4,632,000	5,332,000	2,500,000	7,832,000	Capital Receipts	1,657,000	1,951,000	3,608,000
10,819,000		10,819,000	5,960,000		5,960,000	Borrowing	2,267,000		2,267,000
	80,000	80,000		80,000	80,000	Government Grants		85,000	85,000
		-		45,000	45,000	Other Grants			-
						Total Financing	3,924,000	2,036,000	5,960,000

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COUNCIL TAX RATES FOR DISTRICT & PARISH/TOWN COUNCILS 2019/20

ANNEX 7

Authorities	Tax Base No.'s	Precept 2019/20	Council Tax Band D	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
		£	£	£	£	£	£	£	£	£	£
District Expenses	54,159.4	8,257,142	152.46	101.64	118.58	135.52	152.46	186.34	220.22	254.10	304.92
Abdess, Berners and Beauchamp Roding	227.4	5,500	24.19	117.77	137.39	157.02	176.65	215.91	255.16	294.42	353.30
Buckhurst Hill	5,238.9	360,892	68.89	147.57	172.16	196.76	221.35	270.54	319.73	368.92	442.70
Chigwell	6,191.9	290,801	46.96	132.95	155.10	177.26	199.42	243.74	288.05	332.37	398.84
Epping Town	5,319.1	475,585	89.41	161.25	188.12	215.00	241.87	295.62	349.37	403.12	483.74
Epping Upland	413.6	17,994	43.51	130.65	152.42	174.20	195.97	239.52	283.07	326.62	391.94
Fyfield	415.7	12,084	29.07	121.02	141.19	161.36	181.53	221.87	262.21	302.55	363.06
High Ongar	562.6	10,412	18.51	113.98	132.98	151.97	170.97	208.96	246.96	284.95	341.94
Lambourne	895.4	38,970	43.52	130.65	152.43	174.20	195.98	239.53	283.08	326.63	391.96
Loughton Town	12,580.6	719,000	57.15	139.74	163.03	186.32	209.61	256.19	302.77	349.35	419.22
Matching	450.9	16,638	36.90	126.24	147.28	168.32	189.36	231.44	273.52	315.60	378.72
Moreton, Bobbingworth and the Lavers	591.3	15,510	26.23	119.13	138.98	158.84	178.69	218.40	258.11	297.82	357.38
Nazeing	2,089.4	82,994	39.72	128.12	149.47	170.83	192.18	234.89	277.59	320.30	384.36
North Weald Bassett	2,550.6	219,256	85.96	158.95	185.44	211.93	238.42	291.40	344.38	397.37	476.84
Ongar Town	2,730.3	307,050	112.46	176.61	206.05	235.48	264.92	323.79	382.66	441.53	529.84
Roydon	1,364.8	32,207	23.60	117.37	136.94	156.50	176.06	215.18	254.31	293.43	352.12
Sheering	1,356.9	42,200	31.10	122.37	142.77	163.16	183.56	224.35	265.14	305.93	367.12
Stanford Rivers	365.6	20,704	56.63	139.39	162.63	185.86	209.09	255.55	302.02	348.48	418.18
Stapleford Abbotts	523.2	11,619	22.21	116.45	135.85	155.26	174.67	213.49	252.30	291.12	349.34
Stapleford Tawney	85.0	1,537	18.08	113.69	132.64	151.59	170.54	208.44	246.34	284.23	341.08
Theydon Bois	2,002.7	110,854	55.35	138.54	161.63	184.72	207.81	253.99	300.17	346.35	415.62
Theydon Garnon	86.4	1,000	11.57	109.35	127.58	145.80	164.03	200.48	236.93	273.38	328.06
Theydon Mount	117.4	1,975	16.82	112.85	131.66	150.47	169.28	206.90	244.52	282.13	338.56
Waltham Abbey Town	7,763.4	851,000	109.62	174.72	203.84	232.96	262.08	320.32	378.56	436.80	524.16
Willingale	236.3	4,985	21.10	115.71	134.99	154.28	173.56	212.13	250.70	289.27	347.12
Town and Parish Total	54,159.4	3,650,767	67.41	44.94	52.43	59.92	67.41	82.39	97.37	112.35	134.82
District, Town and Parish Total	54,159.4	11,907,909	219.87	146.58	171.01	195.44	219.87	268.73	317.59	366.45	439.74

PART A : ANALYSIS OF MAJOR PRECEPTING AUTHORITIES 2019/20

Authorities	Tax Base No.'s	Precept 2019/20	Council Tax Band D	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
		£	£	£	£	£	£	£	£	£	£
Essex County Council	54,159.4	68,806,268	1,270.44	846.96	988.12	1,129.28	1,270.44	1,552.76	1,835.08	2,117.40	2,540.88
Essex Police Authority	54,159.4	10,450,598	192.96	128.64	150.08	171.52	192.96	235.84	278.72	321.60	385.92
Essex Fire and Rescue Authority	54,159.4	3,923,849	72.45	48.30	56.35	64.40	72.45	88.55	104.65	120.75	144.90
District Expenses	54,159.4	8,257,142	152.46	101.64	118.58	135.52	152.46	186.34	220.22	254.10	304.92

PART B : SUMMARY - COUNCIL TAX RATES INCLUDING ALL PRECEPTS 2019/20

Abbeys, Berners and Beauchamp Roding	227.4	5,500	24.19	1,141.67	1,331.94	1,522.22	1,712.50	2,093.06	2,473.61	2,854.17	3,425.00
Buckhurst Hill	5,238.9	360,892	68.89	1,171.47	1,366.71	1,561.96	1,757.20	2,147.69	2,538.18	2,928.67	3,514.40
Chigwell	6,191.9	290,801	46.96	1,156.85	1,349.65	1,542.46	1,735.27	2,120.89	2,506.50	2,892.12	3,470.54
Epping Town	5,319.1	475,585	89.41	1,185.15	1,382.67	1,580.20	1,777.72	2,172.77	2,567.82	2,962.87	3,555.44
Epping Upland	413.6	17,994	43.51	1,154.55	1,346.97	1,539.40	1,731.82	2,116.67	2,501.52	2,886.37	3,463.64
Fyfield	415.7	12,084	29.07	1,144.92	1,335.74	1,526.56	1,717.38	2,099.02	2,480.66	2,862.30	3,434.76
High Ongar	562.6	10,412	18.51	1,137.88	1,327.53	1,517.17	1,706.82	2,086.11	2,465.41	2,844.70	3,413.64
Lambourne	895.4	38,970	43.52	1,154.55	1,346.98	1,539.40	1,731.83	2,116.68	2,501.53	2,886.38	3,463.66
Loughton Town	12,580.6	719,000	57.15	1,163.64	1,357.58	1,551.52	1,745.46	2,133.34	2,521.22	2,909.10	3,490.92
Matching	450.9	16,638	36.90	1,150.14	1,341.83	1,533.52	1,725.21	2,108.59	2,491.97	2,875.35	3,450.42
Moreton, Bobbingworth and the Lavers	591.3	15,510	26.23	1,143.03	1,333.53	1,524.04	1,714.54	2,095.55	2,476.56	2,857.57	3,429.08
Nazeing	2,089.4	82,994	39.72	1,152.02	1,344.02	1,536.03	1,728.03	2,112.04	2,496.04	2,880.05	3,456.06
North Weald Bassett	2,550.6	219,256	85.96	1,182.85	1,379.99	1,577.13	1,774.27	2,168.55	2,562.83	2,957.12	3,548.54
Ongar Town	2,730.3	307,050	112.46	1,200.51	1,400.60	1,600.68	1,800.77	2,200.94	2,601.11	3,001.28	3,601.54
Roydon	1,364.8	32,207	23.60	1,141.27	1,331.49	1,521.70	1,711.91	2,092.33	2,472.76	2,853.18	3,423.82
Sheering	1,356.9	42,200	31.10	1,146.27	1,337.32	1,528.36	1,719.41	2,101.50	2,483.59	2,865.68	3,438.82
Stanford Rivers	365.6	20,704	56.63	1,163.29	1,357.18	1,551.06	1,744.94	2,132.70	2,520.47	2,908.23	3,489.88
Stapleford Abbots	523.2	11,619	22.21	1,140.35	1,330.40	1,520.46	1,710.52	2,090.64	2,470.75	2,850.87	3,421.04
Stapleford Tawney	85.0	1,537	18.08	1,137.59	1,327.19	1,516.79	1,706.39	2,085.59	2,464.79	2,843.98	3,412.78
Theydon Bois	2,002.7	110,854	55.35	1,162.44	1,356.18	1,549.92	1,743.66	2,131.14	2,518.62	2,906.10	3,487.32
Theydon Garnon	86.4	1,000	11.57	1,133.25	1,322.13	1,511.00	1,699.88	2,077.63	2,455.38	2,833.13	3,399.76
Theydon Mount	117.4	1,975	16.82	1,136.75	1,326.21	1,515.67	1,705.13	2,084.05	2,462.97	2,841.88	3,410.26
Waltham Abbey Town	7,763.4	851,000	109.62	1,198.62	1,398.39	1,598.16	1,797.93	2,197.47	2,597.01	2,996.55	3,595.86
Willingale	236.3	4,985	21.10	1,139.61	1,329.54	1,519.48	1,709.41	2,089.28	2,469.15	2,849.02	3,418.82

Medium Term Financial Strategy

Introduction

1. For a number of years as part of the Council's sound financial planning arrangements a four-year financial strategy has been prepared. This document allows a considered view to be taken of spending and resources. Without a medium term financial strategy finances would be managed on an annual basis leading to sudden expansions and contractions in services. Clearly such volatility would lead to waste and be confusing for stakeholders.
2. Managing this Council's finances has been made easier by isolating one off fluctuations (District Development Fund or DDF) from the ongoing core services (Continuing Service Budgets or CSB). This distinction highlights the differing effects in the medium term of approving different types of initiative.
3. A key part of the strategy is future rises in Council Tax and the Council has a stated ambition to remain a low tax authority in the long term. To achieve this over the long term it is important to avoid the gimmick of one-off reductions. For 2019/20 it appears that most authorities across Essex will be increasing charges to just below the referendum limit.
4. At its 26 July 2018 meeting the Finance and Performance Management Cabinet Committee decided to recommend a 0% increase in the Council Tax. This recommendation was adopted by Cabinet on 6 September 2018.

Previous Medium Term Financial Strategy

5. The July meeting of the Cabinet Committee considered the annual Financial Issues Paper and an updated medium term financial strategy. At that time Members attention was drawn to a number of areas of significant uncertainty. Key amongst those were the structural reforms to the financing of local authorities and the local retention of NNDR. The general state of domestic and world economies were a concern as was the progress towards and potential outcomes from Brexit. There were also questions over welfare reform, development opportunities and the Transformation Programme.
6. Against this background of risk and uncertainty a forecast was constructed that set a target of £12.1m for CSB expenditure for 2019/20 and maintained the requirement for annual CSB savings over the forecast period. At this time deficit budgets were anticipated for 2020/21 and 2021/22.
7. At that time the predicted General Fund balance at 1 April 2022 of £4.755m represented 37% of the anticipated Net Budget Requirement (NBR) for 2021/22 and was therefore somewhat higher than the guideline of 25%. It was also predicted at that time that there would be £0.518m left in the DDF at 1 April 2022, although this was after a transfer in of £1.3m in 2018/19 and £0.6m in 2019/20.

Updated Medium Term Financial Strategy

8. In the period since the Financial Issues Paper the Government has provided the draft settlement figures for 2019/20 which is the last year of the four year settlement that commenced in 2016/17. The prospect of negative Revenue Support Grant of £0.28m has been removed so the position is better by that amount. It was anticipated that there would be a reduction in New Homes Bonus but the Council were awarded £0.452m for 2019/20 so the overall total will be £1.049m which is £0.402m better than expected. There is also a small one off windfall payment of £0.05m expected relating to a return of Business Rate levy payments. In constructing the forecast it has been necessary to make certain assumptions, these are set out below:
 - a) CSB Growth – the net savings required for 2019/20 have been identified and the CSB figure is comfortably below the target established in July. The savings include an unallocated amount of £0.688m for the people strategy. Exactly where these savings will fall is as yet unknown but it is intended that this will be a mixture of staffing costs, additional income and other efficiencies. The budgets will be re-visited during the course of 2019/20 to seek further reductions, particularly areas like waste management that have not seen any changes to address previous growth. In common with the earlier version of the strategy, target CSB savings are included for 2021/22 and 2022/23. However, on top of known predicted savings, net savings targets of £100,000 in 2021/22 and £300,000 in 2022/23 are needed.
 - b) DDF – all of the known items for the four-year period have been included and at the end of the period a balance of £0.438m is still available. This is only possible after the transfer in of £1.9m from the General Fund Reserve in earlier years due to the high level of expenditure on the Local Plan.
 - c) Grant Funding – the amounts included are those from the draft settlement.
 - d) Other Funding – the amounts included for New Homes Bonus have been increased in line with the draft settlement but it is proposed to remove the income from the CSB and place it in the DDF due to the uncertainty around future funding levels. Very limited growth in funding has been anticipated from the non-domestic rating list. It has been assumed that the allowance for losses on appeals will be adequate but there are a significant number of appeals still outstanding, including one against the largest item on our rating list.
 - e) Council Tax Increase – Members have indicated that they do not wish to increase the Council Tax for 2019/20 however a 2.5% increase is included thereafter.
9. This revised medium term financial strategy has deficits in all three years after 2019/20, The deficit is at its highest in 2021/22 before falling back to £421,000 in the final year. The predicted revenue balance at the end of the period is a little over £4.6m, which represents 34% of the NBR for 2022/23 and thus exceeds the target of 25%.
10. It is worth repeating that savings of £0.4m are still to be identified for the last two years of the strategy and that identified savings of £0.91m in 2019/20 will have to be delivered. In approving the medium term financial strategy Members are asked to note these targets. The strategy will be monitored during the year and

updated for the July 2019 meeting of the Finance and Performance Management Cabinet Committee.

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GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY 2018/19 - 2022/23

ORIGINAL 2018/19	REVISED 2018/19	FORECAST 2019/20	FORECAST 2020/21	FORECAST 2021/22	FORECAST 2022/23
£'000 NET REVENUE EXPENDITURE	£'000	£'000	£'000	£'000	£'000
13,363 Continuing Services Budget	13,131	12,901	13,407	14,143	14,349
1,956 CSB - Growth	2,271	1,340	449	100	0
-3,409 CSB - Savings	-3,020	-2,245	-400	0	0
0 Additional Savings Target	0	0	0	-100	-300
11,910 Total C.S.B	12,382	11,996	13,456	14,143	14,049
4,282 One - off Expenditure	3,018	2,459	272	25	215
16,192 Total Net Operating Expenditure	15,400	14,455	13,728	14,168	14,264
-226 Contribution to/from (-) Other Res	-221	-86	0	0	0
-4,058 Contribution to/from (-) DDF Balances	-2,797	-2,373	-272	-25	-215
994 Contribution to/from (-) Balances	378	1,388	-624	-917	-421
12,902 Net Budget Requirement	12,760	13,384	12,832	13,226	13,628
FINANCING					
186 RSG-Parish Support Grant	207	0	0	0	0
3,359 District Non-Domestic Rates Precept	3,306	3,008	4,300	4,400	4,500
1,541 Section 31 Grant	1,550	1,700		0	0
8,166 District Council Tax Precept	8,166	8,257	8,532	8,826	9,128
-350 Collection Fund Adjustment	-469	419	0	0	0
To be met from Government 12,902 Grants and Local Tax Payers	12,760	13,384	12,832	13,226	13,628
Band D Council Tax	152.46	152.46	156.27	160.18	164.18
Percentage Increase %			2.50	2.50	2.50

GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY 2018/19 - 2022/23

	FORECAST 2018/19	FORECAST 2019/20	FORECAST 2020/21	FORECAST 2021/22	FORECAST 2022/23
	£'000	£'000	£'000	£'000	£'000
REVENUE BALANCES					
Balance B/forward	6,726	5,804	6,592	5,968	5,051
Transfer out	-1,300	-600	0	0	0
RCCO	0	0	0	0	0
Surplus/Deficit(-) for year	378	1,388	-624	-917	-421
Balance C/Forward	5,804	6,592	5,968	5,051	4,630
DISTRICT DEVELOPMENT FUND					
Balance B/forward	4,220	2,723	950	678	653
Transfer in	1,300	600	0	0	0
Transfer Out	-2,797	-2,373	-272	-25	-215
Balance C/Forward	2,723	950	678	653	438
INVEST TO SAVE					
Balance B/forward	307	86	0	0	0
Transfer in	0	0	0	0	0
Transfer Out	-221	-86	0	0	0
Balance C/Forward	86	0	0	0	0
CAPITAL FUND (inc Cap Receipts)					
Balance B/forward	0	1,602	2,372	2,658	1,827
New Usable Receipts	9,434	4,378	3,510	2,643	2,645
Use of Capital Receipts	-7,832	-3,608	-3,224	-3,474	-523
Balance C/Forward	1,602	2,372	2,658	1,827	3,949
TOTAL BALANCES	10,129	9,914	9,304	7,531	9,017

The Chief Financial Officer's report to the Council on the robustness of the estimates for the purposes of the Council's 2019/20 budgets and the adequacy of the reserves.

Introduction

1. The Local Government Act 2003 section 25 introduced a specific personal duty on the "Chief Financial Officer" (CFO) to report to the Authority on the robustness of the estimates for the purposes of the budget and the adequacy of reserves. The Act requires Members to have regard to the report when determining the Council's budget requirement for 2019/20. If this advice is not accepted, the reasons must be formally recorded within the minutes of the Council meeting. Council will consider the recommendations of Cabinet on the budget for 2019/20 and determine the planned level of the Council's balances.
2. Sections 32 and 43 of the Local Government Finance Act 1992 also require billing and precepting authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the net budget requirement.
3. There are a range of safeguards, which exist to ensure local authorities do not over-commit themselves financially. These include:
 - The CFO's s.114 powers, which require a report to the Cabinet and to all Members of the local authority if there is or is likely to be unlawful expenditure or an unbalanced budget
 - The Prudential Code, which applied to capital financing from 2004/05.

The Robustness of the Recommended Budget

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

- The analysis of the budget between the continuing services and one off District Development Fund items smoothes out peaks and troughs and enables CSB trends to be monitored
 - The adoption of a prudent view on the recognition of revenue income and capital receipts
 - The annual bid process whereby new or increased budgets should be reported to Cabinet before inclusion in the draft budget
 - Clear and reasoned assumptions made about unknowns, uncertainties or anticipated changes
6. With a Cabinet system the onus is on Portfolio Holders to work closely with Directors to deliver acceptable and accurate budgets. This role has been taken seriously and has helped enhance the detailed knowledge of the Cabinet. There is an established process that allows the Resources Select Committee to challenge and debate the detailed budgets with the Finance and Performance Management Cabinet Committee.
7. The budget is therefore based on strong and well-developed procedures and an integrated and systematic approach to the preparation of soundly based capital and revenue plans and accurate income and expenditure estimates. The risks or uncertainties inherent in the budget have been identified and managed, as far as is practicable, and assumptions about their impact have been made.
8. **The conclusion is that the estimates as presented to the Council are sufficiently robust for the purposes of the Council's overall budget for 2019/20.**

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

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

Factor Assessment

a. Inflationary pressures

11. Every year base budget estimates are produced and then different inflation factors are applied to the resultant figures to take budgets to out-turn prices. It is inevitable that there will be either over or under provision for the full cost of inflation, as prices will vary against the estimates made. Efforts have been made to predict the level of inflation in the coming year, although the uncertainty around the overall economic position makes this more difficult. We have already seen growth in inflation being caused by the weakness of the pound after the Brexit vote. How the Brexit negotiations proceed and the general state of other economies across the world will have implications for the United Kingdom.
12. The Consumer Price Index (CPI) rose by 2.1% in the year to December 2018, down from 2.3% in November. It is likely that CPI will continue at a similar level through 2019 and the Bank of England's target rate of 2% will not be achieved. Average pay increases are reported to be running at their highest level for around ten years at 3.3%, inclusive of bonuses. However, pay rises in the public sector will probably not match those in the private sector but probably more than in recent years so the Medium Term Financial Strategy (MTFS) includes an allowance of 2.5% for pay awards for 2019/20 through to 2021/22 and 2% for 2022/23. In the budgets the centrally held vacancy allowance has been maintained at 1.5%. Salary budgets are likely to be overspent compared to the original budget but this should be a temporary situation until the people strategy is fully implemented.

b. Estimates on the level and timing of capital receipts

13. The Council has always adopted a prudent view on the level and timing of capital receipts. Capital receipts are not recognised for budgetary purposes unless they have been received or their receipt is contractually confirmed prior to the budget being ratified. Currently, the only significant disposal anticipated in 2018/19 is the St Johns road site.
14. The exception to this is receipts from council house sales. In this instance because sales occur throughout the year assumptions are made about their generation. Following the increase in Right to Buy discounts the number of sales increased significantly. During 2013/14 there were 53 sales but 2013/14 with a further 46 in 2014/15. This dipped back to 20 for 2015/16 but a higher level was evident again in 2016/17 and 2017/18 with 46 and 42 sales respectively. Going forward, it is anticipated that there will be 29 sales in 2018/19 and that this will then reduce to 25 per annum for subsequent years.
15. Even with the Authority's substantial capital programme, which exceeds £97m over five years, it is anticipated that the balance of usable capital receipts at 31 March 2023 will be just under £4.0m. By this stage the amount in the reserve will consist entirely of one for one receipts to be re-invested in new housing stock. Priority will be given to capital schemes that create future revenue benefit, either through increased income or reduced costs. The Treasury Management Strategy states that new borrowing will only be undertaken for capital schemes with positive revenue consequences.

c. Treatment of demand led pressures and savings

16. Demand led pressures appear to have stabilised on the benefits and homelessness services and growth previously allocated appears to be adequate. There are still significant pressures affecting waste including the difficulties with recycling in the Chinese market and the price that can be obtained for recyclable material continuing to fall. Most income streams are generally on target, and development control fee income in particular has improved significantly over the last year. Trading is particularly difficult at North Weald market at the moment and income is expected to fall over the next few months. Recycling related income is also likely to see downward pressures continuing.
17. The net savings for the budget have arisen from two main areas. Firstly, the leisure management contract is delivering significant savings when compared to the previous contract and at least £1m annually is expected with most of the savings being realised by the end of 2019/20. Secondly, the saving from the People Strategy which is spread over three years beginning in 2018/19. In 2018/19 General Fund savings of £504,000 followed by further amounts of £991,000 in 2019/20 and £200,000 in 2020/21. A number of other smaller savings have also been identified and together these provide a sound base for the 2019/20 budget. However, there is still a need for further savings in 2021/22 and 2022/23 to ensure that the MTFs is delivered.

d. Risks inherent in partnership arrangements etc

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

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

19. The only borrowing, as at 1 February 2019, is due to self-financing for the Housing Revenue Account (HRA). This had not been a significant concern as the 30 year business plan for the HRA demonstrated that the Council would be considerably better off in the long term. However, the requirement to reduce rents and support the house building programme meant the HRA business plan has had to be re-examined in 2018/19 and needs to be kept under review. 2019/20 is the final year of rent reductions so we should see increase of CPI + 1% going forward.
20. It has been evident for a while that the future for local authorities is financial self-sufficiency, based on income from local taxation and service generated revenues. This Council has already moved a long way in that direction and although we have seen funding losses in recent years this years draft settlement was rather better than budgeted mainly because the expected increase in the baseline for New Homes Bonus hasn't been made and the Negative Revenue Support Grant proposed has been removed. Having no real information on 2020/21 and beyond though is not helpful.
21. Local retention of non-domestic rates has been helpful and has resulted in far higher levels of income to the Council than MHCLG had predicted. However, significant concerns remain about the 2017 rates list and changes to transitional relief and the appeals process. The combination of changes makes it difficult to

predict the amount of our income. There also remain around 85 appeals outstanding on the 2010 rating list, including one against the largest item on our rating list, and it is difficult to robustly predict what the combined outcomes will be. It is also difficult to predict the outcome from pooling and whilst this reduces the levy the Council pays, the financial effect on the Council is dependant of the performance of other pool members.

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

22. The Authority has a proven track record in financial management as borne out by the Annual Audit Letters from the Authority's external auditors. A comparison of actual net expenditure with estimates over a number of year's shows that the Council rarely experiences over spends of any significance.
23. The quarterly budget monitoring reports on key budgets to both the Finance and Performance Management Cabinet Committee and the Resources Select Committee will continue throughout 2019/20. The production of these reports during the year is essential in identifying emerging problems at the earliest opportunity. This allows maximum benefit to be accrued from any corrective action taken.

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

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

h. The adequacy of insurance arrangements

25. The Council is in a five year agreement following an OJEU procurement exercise. This exercise attracted interest from several insurance companies but the best overall package of cover was offered by the Council's existing insurer, Zurich Municipal. Despite the general increases seen in the market for insurance, the new long term agreement was procured at a lower cost with some increases in indemnities. The Council still maintains an insurance fund, which as at 31 March 2018 had a balance of £1.01m.

i. Pension liabilities

26. The latest triennial valuation as at 31 March 2016 showed an increase in the funding level of the scheme to 85% (the value of the scheme's assets cover 85% of the liabilities). This has allowed the actuaries to reduce both the deficit payments and the projected recovery period. However, ongoing contributions have increased from 15.9% to 18% and this results in small amounts of CSB growth in 2018/19 and 2019/20.

Statement on the adequacy of the reserves and balances

27. The Use of Resources assessment previously conducted by the external auditors moved on from the formulaic approach of CPA to achieve the 'good' ranking for reserves. The old formula had suggested that the Council should maintain a General Fund balance of at least £0.89m but no more than £17.86m. The Council's current best estimate of the General Fund balance at 31 March 2019 is £5.9m as shown in the Annex 9 b. This is clearly within the range specified but as a benchmark is not particularly useful. Therefore a risk assessment related to the Authority's individual circumstances is provided as a more meaningful benchmark against which the adequacy of the balances can be determined.
28. The following table lists those developments and cost pressures within the four-year forecast that offer the greatest risk to financial stability.

Item of risk	Estimated value of financial risk £000	Level of risk %	Adjusted level of risk £000
Basic 5% of Net Operating Expenditure			1,050
Failure to achieve savings from People Strategy and other transformation projects	2,500	40	1,200
Pay award being settled 1% in excess of estimate for 19/20 and future years	1,000	25	250
Inflationary pressures between 1-4% higher than budget	600	40	240
Loss of North Weald Market Income	500	75	375
Localisation of Council Tax Benefit - Increase in caseload not covered by funding	1,000	20	200
Retention of non-domestic rates – losses on appeals	2,000	40	800
Additional costs arising on waste contract and not being mitigated	2,000	40	800
Renegotiating External contracts and partnership arrangements	4,000	25	1,000
Emergency Contingency	800	20	160
Total	14,400		6,075

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

potential scale of some of the risks and uncertainties and the impact they may have on the Council's balances if they were to come to fruition.

31. Based on the old CPA formula there is an expectation that an authority should carry a level of balance that equates to at least 5% of the net operating expenditure (NOE) of the Authority. During the period of the four-year plan NOE is expected to average out at £14.1m, which suggests a figure of £705,000.
32. The Council has always been conscious of its balances position as can be demonstrated by budget reports over many years. Fortunately for the Council the question had not been whether it had a sufficient level of balance but rather that it had too much. The General Fund balance increased by £0.5m in 2017/18 to leave a balance of £6.73m at 31 March 2018.
33. Policies have been determined previously to bring about reductions, including the use of revenue to finance the capital programme, and the current MTFS has deficit budgets in the final three years. The current policy allows for balances to fall to no lower than 25% of Net Budget Requirement (NBR). This is slightly different from the NOE stated above, the average NBR figure for the next four years is expected to be £13.2m therefore 25% of that figure equates to £3.3m. The current four-year forecast shows balances still at a little over £4.6m at the end of 2022/23.
34. The risk assessment undertaken above suggests that 20-25% of NBR is an appropriate range for this authority to be maintaining its balances within. By 31 March 2023 balances will represent 34% of NBR, which is adequate. However, Members are aware that this situation can only be achieved with both the planned CSB savings being delivered and significant further savings or income being identified in the final two years of the MTFS.
35. The only balances in the capital fund going forward will be receipts from the sale of Council houses that will need to be re-invested in the new build programme. Additional borrowing will be required to fund the capital programme in 2019/20. Further borrowing is affordable but Members have stated that new borrowing should only be for capital schemes with positive revenue consequences.
37. The main earmarked reserve is the District Development Fund (DDF) which is used to keep one off items separate from the base budget. At 31 March 2018 the balance on the DDF was £4.22m, which was an increase of £0.03m in the year. The DDF is predicted to have a balance of £0.438m at the end of 2022/23, although this requires transfers in from the General Fund Reserve of £1.9m over the period of the MTFS. The only other earmarked reserve with a significant balance is the Insurance Reserve, which stood at £1.01m at the end of 2017/18. There were no significant movements in the year on this fund.
38. The HRA revenue balance of £2.29m at 31 March 2018 is expected to decrease by £0.26m in 2018/19 and then increase by £0.03m in 2019/20 to remain above £2m. The balance on the Housing Repairs Fund is expected to reduce slightly over the next year, from £1.16m to £1.01m. The Housing Major Repairs Reserve is predicted to decrease from £11.7m to £8.4m. The HRA business plan will be reviewed during 2019/20.

39. The conclusion is that the reserves of the Council are adequate to cope with the financial risks the Council faces in 2019/20 but that savings will be needed in subsequent years to bring the budget back into balance in the medium term. There are particular concerns about the delivery of the savings from transformation, the introduction of a new system of “Fair Funding” and the difficulties of estimating income from the retention of business rates.

Capital Strategy 2018/2019 to 2022/2023



Contents

1. Introduction
2. Objectives
3. Scope
4. Capital Priorities and External Influences
5. Capital Expenditure
6. Debt, Borrowing and Treasury Management
7. Commercial Activity
8. Other Long-Term Liabilities
9. Knowledge and Skills
10. Section 151 Officer Summary

Appendix

1. Capital Programme 2018/19 to 2022/23 Forecast
 - (a) Expenditure and Funding Summary
 - (b) General Fund Capital Programme
 - (c) HRA Capital Programme
 - (d) Capital Loans
 - (e) Revenue Expenditure Financed from Capital under Statute
 - (f) Usable Capital Receipts
 - (g) Major Repairs Reserve
 - (h) HRA Self-Financing Reserve

1. Introduction

- 1.1 The CIPFA Prudential Code was comprehensively updated in 2017 and it is now a requirement for all Councils to prepare and formally report on its investment strategy and associated risks through the provision of a Capital Strategy. The Code requires that councils should have in place a capital strategy to be implemented in 2019/20 that sets out the long term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and the impact on outcomes. It will form a part of the integrated revenue, capital and balance sheet planning processes.
- 1.2 Epping Forest District Council's Capital Strategy is an important document which is fundamental to supporting the Council's commitment to improving the quality of its services and facilities to make the district a great place to live, work, study and do business. Capital investment in the form of large scale one-off projects plays a vital role in achieving this objective. It is essential that a strategic approach is taken, having regard to the Council's aims and priorities, and that the Capital Strategy is formulated in consultation with the community in order to direct resources into projects which will be of greatest benefit to the local community. Once approved, individual projects are carefully planned, managed and reviewed to ensure that best value is achieved. At the same time, every effort is made to maximise the generation of income in the form of capital receipts and utilise all capital resources available to fund capital investment in the most appropriate and advantageous way.
- 1.3 This Council's Capital Strategy has been prepared separately from other documents as it is a Corporate Policy but it maintains a strong and current link to the Council's priorities and to other key strategy documents including the Corporate Plan, Local Plan, Treasury Management Strategy, and the Council's General Fund Medium Term Financial Strategy and the Housing Revenue Account (HRA) 30-year plan.
- 1.4 As local authorities become increasingly complex and diverse it is important that those charged with governance understand the long term context in which investment decisions are made and the financial risks to which the Council is exposed.

2 Objectives

- 2.1 The main objectives of the Capital Strategy are:
 - To demonstrate that the Council takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability.
 - To ensure that overall strategy, governance procedures and risk appetite are fully understood by all elected members
 - To tailor this Council's investment strategy to meet local needs and circumstances.
- 2.2 The Capital Strategy is designed to provide a framework which aims to:
 - To outline the basis for the prioritisation of capital schemes in relation to the achievement of the Council's strategic aims.
 - To maximise external funding to augment the total resource available;

- To optimize the use of the Council's capital resources;
- To optimise the utilisation of the Council's assets in pursuit of its objectives
- To optimise returns on the Council's investment portfolio;
- To ensure that the investment required to maintain existing assets throughout their lives is made available;
- To establish a clear framework for managing and monitoring the capital programme;
- To evaluate projects to ensure they secure value for money, promote best procurement practice, and are subject to a rigorous risk assessment; and
- To facilitate joint and cross-cutting working.

3 Scope

3.1 The capital strategy is designed to focus on the following key areas :

- Capital expenditure
- Debt, borrowing and treasury management;
- Commercial activity
- Other long-term liabilities; and
- Knowledge and skills.

Capital Expenditure

3.2 This strategy focusses strongly on capital expenditure with regard to:

- an overview of the governance process for approval and monitoring of capital expenditure
- a long-term view of capital expenditure plans
- an overview of asset management planning
- any restrictions around borrowing or funding of ongoing capital finance.

Debt, borrowing and treasury management

3.3 The Council has both external borrowing with the Public Works Loan Board (PWLB) and 'internal' borrowing from cash balances. This borrowing is managed alongside the investment of cash balances (currently maintained at a minimum of £10,000 per annum) as part of the Council's Treasury Management Function.

3.4 The capital strategy links with the Treasury Strategy with regard to:

- the projection of external debt and use of internal borrowing to support capital expenditure
- provision for the repayment of debt over the life of the underlying asset
- the authorised limit and operational boundary for the following year
- the approach to treasury management including processes, due diligence and defining the risk appetite.

Commercial Activity

- 3.5 Epping Forest DC has a strong commercial asset base with a value of £114 million as at 31 March 2018, which was significantly expanded as a result of investing in the new shopping park at Langston Road, split as follows:

	31 March 2018 £'000
Shops (including shopping park)	73,500
Industrial and Commercial	21,919
Other	18,374
Total Assets	113,793

- 3.6 There has been an emerging commercialisation agenda in local government in the last few years as councils look to become more financially self-sufficient given reductions in central government funding since the financial crisis of 2008. This strategy covers this Council's approach to commercial activities, including processes, ensuring effective due diligence and defining the risk appetite, including proportionality in respect of overall resources.

Other long-term liabilities

- 3.7 As at 31 March 2018, Epping Forest had total long term liabilities of £262 million, the majority of which relates to the £185 million loan taken out with the PWLB when the HRA Self Financing system came into effect on 1st April 2012, under which councils were required to pay to the Government their notional HRA surplus, as determined by the self-financing settlement.
- 3.8 The Capital Strategy gives an overview of the governance process for approval and monitoring and ongoing risk management of any other financial guarantees and other long-term liabilities.

Knowledge and skills

This document gives a summary of the knowledge and skills available to the Council and confirmation that these are commensurate with the risk appetite.

4 Council Priorities and External Influences

- 4.1 The Local Plan is an important policy document which will guide development in the District in the coming years. It was submitted for examination in October 2018, and the Hearing sessions take place in the early part of 2019, with a potential adoption at the end of the year. It identifies a minimum of 11,400 additional homes and 10,000 additional jobs to be created over the Plan period between 2011 and 2033. Areas designated in the plan for future developments including strategic growth areas in Epping, North Weald Bassett and Waltham Abbey, as well as three Garden Communities which forms part of the Harlow and Gilston Garden Town around Harlow. The Council is working closely with relevant stakeholders to deliver this planned growth.
- 4.2 The new Corporate Plan runs from financial year 2018/19 to 2022/23 and was adopted by full Council on 21 December 2017. It is the Council's highest level strategic document, setting out the direction for the authority over the period of the plan. The stated vision is that Epping Forest

is a great place where people enjoy living, working, learning and leisure and the Council's purpose is to work together to serve the community. It outlines the ambitions, aims and objectives which are designed to ensure that the vision becomes a reality. It links the key external drivers influencing Council services, as identified by Cabinet Members and the Council's Management Board and Leadership Team and refined through consultation, with a set of corporate aims and objectives, grouped under three corporate ambitions, which the Capital Strategy focusses on:

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

Stronger Communities

- 4.3 The Council aims to provide customer excellence through its mission to work together to serve the community by putting the customer at the centre of its activities. It strives to support people to live longer, healthier and independent lives; help adults and children in times of need; and allow people and communities achieve their full potential. At present a review of sheltered housing schemes is being planned to assess the current level of appropriate housing provision for the elderly and to access if the existing accommodation is fit for purpose.
- 4.4 Effective Partnership working has always been a priority at Epping Forest and the Council works closely with external partners to make investment decisions and deliver capital projects which will build a stronger community and develop and maintain an economy that is strong and resilient, meeting local needs and aspirations.
- 4.5 The Council is committed to continuing to identify and secure opportunities for best value through either an external partner undertaking capital projects or jointly funding/undertaking projects in a partnership arrangement. The Council will also consult key partners on appropriate capital projects, in accordance with the Council's Consultation Strategy, to obtain views and feedback on proposals. For example, the Epping Forest District Safer Communities Partnership has been set up with the Police, Fire, Health, County Council and other agencies to give people who live and work in Epping Forest an opportunity to consult on future priorities.
- 4.6 Also, the Council has entered into a 153-year lease with local developer Higgins, to provide a mixed-use development on the site of the former Sir Winston Churchill Public House in Debden. The Council has provided the land for this development, made a financial input to facilitate the scheme and assisted in the occupation by tenants on the ground floor commercial units. The majority of the units are under offer or in negotiation and total income of £250,000 per year is anticipated when all units are let.

Stronger Place

- 4.7 The Council makes investments in order to create a stronger place to live and work. Public health, safety and well-being are key priorities and, by working with partners it proposes to improve the district's housing, support existing businesses and create an environment to attract new investments and opportunities for local people.
- 4.8 Housing has always been a top priority and the Council recognises the need to provide a high standard of affordable housing in a number of ways. It invests significant funds in maintaining and improving its own stock, currently adhering to the national Decent Homes Standard, and it

has an ambitious programme of building new Council homes. The Council also works with the Epping Forest Strategic Housing Partnership to maximise the development of new affordable housing in the District. The partnership includes the Council's Preferred Partner Housing Associations who secure new affordable housing through Section 106 agreements and land-led developments. The Local Plan sets out a target of approximately 210 new affordable homes to be provided each year that are sustainable and built in the right places, protecting the natural character of the District.

- 4.9 With regard to the Council's own housebuilding programme, in December 2011, the Cabinet agreed its approach to the introduction and implementation of a new Council Housebuilding Programme, based on the construction of around 20 new homes each year for at least 6 years. The first phase of the programme delivered 23 properties over four sites in Waltham Abbey, the second phase is due to complete 51 new homes by June 2019 and phase three delivered 22 homes over 7 sites by the end of 2018 with a further 12 homes to be built at Queen's Road, North Weald by July 2020. In addition to this 6 properties were purchased off the open market, an additional 8 properties have been purchased as part of a section 106 arrangement with Lindon Homes and 6 homelessness pods are planned for delivery by the end of March 2019 to provide alternative housing from bed and breakfast accommodation for single vulnerable homeless people. Investment in the housebuilding programme will continue and planning permission has been approved for many sites within the next phases and feasibility works are currently underway.
- 4.10 Council investment has played a major role in enhancing the physical appearance of the District's towns in recent years and plans are in place to continue to provide additional facilities for local residents enhance visitor experience and ensure appropriate infrastructure provision is in place to support economic growth through targeted projects.
- 4.11 There has been a strong focus on enhancing the leisure facilities throughout the District in partnership with our leisure contractor, Places for People. Last year a modern new leisure centre was constructed in Waltham Abbey offering a range of high quality sports and physical activities, which has proved to be very popular with local residents. This new centre is part of a bigger development for which a project team involving representatives from the District Council, Essex County Council and NHS England was set up to develop designs for a new community hub, comprising of the new leisure centre, a health centre and an independent living scheme for the elderly at Hill House. To further enhance leisure facilities within the District, a new extension was added to the Loughton leisure significantly increasing the provision of fitness facilities and this has also proved to be a very successful investment.
- 4.12 It has been known for some time that Epping Sports Centre is close to the end of its life and that the centre at Ongar is not far behind. Members have been aware that we would need to re-provide the service on another site and to that end, when bids were submitted for the leisure management contract, an additional scenario was provided with the management fee to show the situation when and if this re-provision was to occur. Given that the original proposals for the St John's site have been abandoned, it is possible that the leisure re-provision can be made here and initial site investigations as to its suitability are already underway. The capital cost of a new leisure centre is likely to be in the order of £16 to £20 million. The intention is to produce a full development appraisal for the whole of the St John's Road Scheme, which will identify what capital contributions may be available to off-set the costs of any new leisure centre, by the sale of the existing site in Hemnall Street and the sale of any housing units identified in the adopted design and development brief. It will also consider the revenue implications, including potential revenue which may be generated by any retail/focal beverage units provided as part of the

development. It is anticipated that by developing and expanding a range of other services and facilities available at this site, this will stimulate economic growth and encourage local investment. The appraisal will include the value of investment by other partners and reflect the risks involved.

- 4.13 An important partnership arrangement was put in place when Harlow and Gilston was designated as a Garden Town by the Ministry for Homes, Communities and Local Government in January 2017. Epping Forest, East Herts. and Harlow District Councils are working together with Hertfordshire and Essex County Councils to ensure plans for the Garden Town support sustainable living and a healthy economy; provide a good quality of life for existing and future residents; and respond to local landscape and character.
- 4.14 The Council is also looking to improve levels of digital connectivity and engagement to deliver services through a digital innovation programme and establish a digital innovation zone covering West Essex and Eastern Hertfordshire. Once achieved, the plan is to continue to explore the programme in order to build on the successful infrastructure network improvements and further develop the district's potential as a digital innovation zone.
- 4.15 To ensure that resources are targeted appropriately, the Council also uses condition surveys and asset management planning for both the Housing Revenue Account (covering the Council's 6,500 council houses) and the General Fund to inform priorities for capital expenditure.

Stronger Council

- 4.16 Epping Forest seeks to deliver customer satisfaction by providing an efficient and effective service, to nurture a culture of innovation and to achieve financial independence with a low council tax which is sustainable in the future.
- 4.17 The Council has an ambitious transformation programme which aims to continually improve services and adapt to a dynamic environment. A key part of this is to review the Council's accommodation needs and to make efficient use of the buildings and reduce operating costs. An in-principle decision has been made to relocate back office functions to a new building on Council owned land at North Weald. This will release land earmarked for residential development in the Local Plan including the Conder building, the rear extension and car park. The intention is to retain the existing front offices for customer service, civic and democratic functions whilst the remainder is let out to local businesses and various partners. Initial discussions have been started to this end. Based on information available at this early stage it is expected that the project can be funded from the capital receipt generated by the sale of the site supplemented by existing capital provision held as a result of a number of Civic Office projects put on hold by the review which totals a little under £1.2 million. Another part of the review involves relocating the housing repairs and housing asset teams to Oakwood Hill Depot, to reduce operating costs whilst liberating the St John's Road site for development.
- 4.18 Capital investment has been committed to the Council's Technology Strategy programme (2018-2023) to ensure that technology is improved and updated in order to improve services to customers and to implement new ways of working. This includes flexible working, improving speed, accuracy and overall performance through innovation and new technology and removing barriers to working as one team.

5 Capital Expenditure

Approval of Capital Programme & Forecasts

- 5.1 The Council's Capital Programme for the five-year period 2018/19 to 2022/23 was reviewed and approved at Cabinet on 10 December 2018; this has been included at Appendix 1. It details the forecast capital investment in Council owned assets; estimates of capital loans to be made for private housing initiatives; and projected levels of revenue expenditure funded from capital under statute. Capital projects are supported by a business case and approved by Cabinet prior to inclusion in the capital programme. Work to develop benefits mapping for the new Corporate Plan 2018-2023 will, going forward, confirm the strategic relevance of projects and provide a transparent and objective approach to prioritising investments.
- 5.2 One of the key principles of the process for the approval of capital expenditure is to ensure that when the Council considers which capital projects to fund at the at Medium Term Financial Strategy (MTFS) or Budget Setting Report (BSR), those projects have been properly planned and developed and appropriate risks considered and are therefore ready to be implemented, subject to any procurement requirements. Plans for capital expenditure must also be linked to the Council's asset management plans.
- 5.3 New corporate project management processes established in 2016, along with the implementation in May 2017 of the performance and project IT system, Pentana, have significantly improved project management practices across the Council. Projects recorded on Pentana are subject to regular monitoring of progress against timescales and budgets, and risk management and change control processes are in place. Additionally, projects are evaluated on closure to review the benefits expected and to identify learning points to take forward to other projects. The process of loading all capital schemes on Pentana is ongoing.
- 5.4 Capital project finances are reported as part of the quarterly financial monitoring to the Finance and Performance Management Cabinet Committee. Regular highlight reporting from Pentana provides an update on the progress of projects to both senior management and Members. To avoid the exclusion of any projects, all capital projects should be registered with the Transformation Programme Management Office (TPMO) to benefit from the support provided by the TPMO and to ensure there is full and proper monitoring and reporting of projects from Pentana in line with Council procedures.
- 5.5 Many capital schemes are considered as part of other strategies and programmes such as the Council's housebuilding programme, Accommodation Review, Technology Strategy programme and planned maintenance programme. A number of member and officer forums exist to assess the costs and benefits of each scheme including the Council Housebuilding Cabinet Committee, Asset Management and Economic Development Cabinet Committee, Service Accommodation Programme Board, St John's Road Redevelopment Project Team North Weald Airfield Masterplan Team and the Asset Management Co-ordination Group meeting.
- 5.6 Project appraisals are undertaken for all capital schemes in excess of £2,000,000 (and appropriate schemes of lesser amounts) in order to:
- Assess how the project will meet the Council's aims
 - Provide estimates of expenditure
 - Examine appropriate options

- Set out any relevant consultation arrangements
- Identify the most appropriate method of procurement
- Explain the proposed method of project monitoring and review
- Provide an assessment of key risks and their management.

- 5.7 In considering individual capital items and the programme overall, the Council ensures that they are line with its vision and strategic objectives and due consideration is given to the environmental issues such as sustainability, energy and waste management endeavoring at all times to reduce potential effects upon the environment. In the light of this, the Council has adopted the “Nottingham Declaration” and is thereby committed to managing its internal processes in a way that mitigate and adapt to the potential effects of climate change.
- 5.8 When appraising potential capital schemes, it is essential that the associated revenue implications are assessed, since these can be an important factor in deciding whether a scheme should be undertaken and, indeed, its relative priority compared with other projects. The project appraisals therefore require the associated revenue implications to be identified. Once identified and approved, the revenue implications are incorporated within the Council’s revenue budget and monitored accordingly.
- 5.9 To expedite the success of each capital scheme, performance is monitored and reported on a quarterly basis to the Council’s Management Board, Finance and Performance Management Board, Scrutiny Committees and Cabinet. The purpose of the scrutiny committees is to help ensure that the work is delivered effectively, efficiently and in the best interest of the community.

Capital Financing

- 5.10 With regard to financing the Capital Programme, proposed sources of finance are set out and approved for a five-year period as part of the Capital Review each year. The funding is based on maximising the capital resources available to finance each scheme and using direct revenue funding where appropriate.
- 5.11 The Council maintains a consistent policy of prudence in forecasting available capital resources to ensure that any capital project included in the Capital Programme will be fundable. It is usual to include only those capital receipts received when the Review is undertaken, agreed loan repayments, plus the projected receipts from the sale of council houses. No recognition of other potential receipts is usually made and, when predicting levels of available capital funding, receipts from future land sales are not usually taken into account. However, where appropriate, certain agreed sales are included in the anticipated funds available. Currently, the receipt in respect of the sale of the Pyrles Lane nursery has been taken into account.
- 5.12 A prudent view is also taken for other sources of capital funding including funds receivable from Government grants and private contributions. The availability of Section 106 monies to fund capital projects is based on payments received to date and not payments anticipated in the future and are allocated by the appropriate committee. Those received for the provision of affordable housing are currently used to support the Council’s own house-building programme.
- 5.13 With regard to funding the new housebuilding programme, maximum use is made of the retained 1-4-1 Right To Buy (RTB) capital receipts available for replacement homes under the pooling regime in addition to 30% of the Assumed Debt element of the un-pooled RTB receipts. This situation is monitored through the quarterly HRA Financial Plan Review. The remaining un-

pooled RTB receipts, up to the Government cap, are utilised to finance General Fund schemes in order to keep borrowing to a minimum.

- 5.14 Based on the approved Capital Programme, borrowing is expected to be in the order of £8,227,000 to finance some General Fund projects over the next five years; where the term borrowing refers to either internal or external borrowing. Work is being undertaken to assess when external borrowing will be required, but forecasts currently suggest that it will be in the 2019/20 financial year and that it will fall within the authorised limit approved by Members. With regard to the HRA Capital Programme, it is thought that no increase in external borrowing will be necessary in the next five years.
- 5.15 Where the Council identifies that capital expenditure is to be borrowed, either externally or internally from cash it ensures that a prudent Minimum Revenue Provision (MRP) charge is made to revenue to fund the expenditure. This ensures that the Council is making appropriate provision to fund the repayment of external debt or 'repay' cash balances internally borrowed. There may be circumstances in which MRP is not judged to be required. If this is the case the reasons are specifically outlined in the MRP Policy. The MRP policy is published each year as part of the Treasury Management Strategy.
- 5.12 Revenue contributions to capital represent a significant source of funding for the Housing Revenue Account. The Council is required to make a contribution from revenue resources to the Major Repairs Reserve each year, this being equal to the assessed depreciation on HRA assets. This funding is predominantly used on capital works carried out on the existing stock to ensure it meets the decent homes standard. The HRA also uses direct revenue funding from its revenue resources to support the housebuilding programme. The use of direct revenue contributions for General Fund schemes is generally relatively low and in recent years it has been used primarily for Invest to Save schemes.

Asset Management Planning

- 5.12 The Council regularly reviews the condition of its existing assets, using specialist advisors where appropriate. This includes reviews of the maintenance requirements of operational property, council housing stock and investment properties. The maintenance costs of existing assets are considered carefully alongside replacement or upgrade decisions where annual revenue budgets include provision for the maintenance of assets while capital bids are put in place for replacements and upgrades.
- 5.13 With the exception of the £185 million loans taken out on the inception of self-financing of the Housing Revenue Account at the end of the previous subsidy system, the Council currently has no external debt. It therefore does not need to consider the impact of past borrowing on asset management plans.

Disposals

- 5.14 Disposal of assets is subject to scrutiny by the Asset Management Co-ordination Group, Asset Management and Economic Development Cabinet Committee and Cabinet. Detailed cases are prepared for any asset disposals and appropriate independent advice taken to ensure that best value is achieved on disposals, taking into account any strategic objectives. The Council is also obliged to sell Council properties under the Right to Buy legislation to qualifying tenants.

- 5.15 The Council's current plans for disposal include the sale of the Pyrles Lane nursery site, Loughton. On the 18 October 2018 a private report was considered by Cabinet where the sale of Pyrles Lane Nursery to Durkan Developments was agreed in excess of £3 million, on the basis of a development of 36 homes to which 40% of the homes would comprise of affordable housing, in the ratio of 75% affordable rented and 25% shared ownership. Durkan Developments are in the process of conducting their legal and site due diligence and the Council has appointed solicitors to progress the sale.

Another site being considered for disposal is that of the former swimming pool at Roundhills, Waltham Abbey. Cabinet agreed on the 18 October 2018, that Essex Housing, be appointed as the development consultants for the preparation and submission of an outline planning application and the demolition of the swimming pool,

As referred to in paragraph 4.17 an appraisal is in hand for the disposal of land to the rear of the Civic site in line with the Local Plan allocation, with a view to the sale being agreed before end of the financial year 2019/20.

Funding and borrowing restrictions

- 5.16 Under the Prudential Code the Council has discretion to undertake borrowing which is prudent, affordable and sustainable from, for example, the Public Works Loan Board. However, there are a number of restrictions around the borrowing and funding of capital expenditure and these are taken into account in the development and monitoring of the capital plan.
- 5.17 In respect of the Housing Revenue Account, there was a 'cap' on the debt limit allowable and housing authorities were invited to make bids to Homes England for additional HRA borrowing. Although Epping Forest did submit a number of bids, the Government removed the debt cap in October 2018 making HRA indebtedness subject to the normal provision that that any borrowing is affordable by the HRA.
- 5.18 The majority of the receipts from asset disposal come from the sale of council homes under the Right to Buy. The Council remains subject to the agreement with The Ministry of Homes and Local Government (MHCLG) that allows the retention of right to buy receipts, subject to a set of specific conditions. The gross receipts are separated into different categories for their treatment.
- 5.19 The first call on the receipts is the allowable (or attributable) debt which the authority keeps, derived from the level ascertained from the self-financing settlement for the expected number of sales. The receipts can either be distributed to the HRA or the General Fund. The Council's Cabinet has agreed that an equivalent value to 30% of 'assumed debt' within the self-financing settlement can be used for funding new build within the HRA with the balance going to the General Fund.
- 5.20 Before self-financing, local authorities were able to retain 25% of net Right to Buy receipts, with the remaining balance returned to Government. This is still accounted for within the treatment of the receipts but based on a pre-determined value by the Government. For Epping Forest, this 25% factor is equal to £340,000 and is used for General Fund purposes. If the actual number of Right to Buy sales in future years falls below the pre-determined level within the self-financing settlement then this level of receipt is at risk to the Council's General Fund.
- 5.21 The next call on the receipt is the amount that the Council can retain to help fund Right to Buy 'buy-backs' that were originally purchased within 10 years of the RTB sale. The formula allows,

with quarterly restrictions, 50% of the amount that was spent by authorities on these 'buy-backs'.

- 5.22 Finally, if a balance remains within the quarter, this is transferred to a ring-fenced '1-4-1' reserve. Currently, 1-4-1 receipts must still be spent within a 3-year timeframe, to fund the delivery of new social housing, with a maximum of 30% of the dwelling being met via this funding stream and the balance of 70% funded from the Council's own resources or borrowing. Failure in delivery results in the receipt having to be paid to central government, with interest at 4% above the base rate, which far outweighs the interest earned on the receipt whilst held by the authority. Plans have been put in place spend all 1-4-1 receipts on the Council's housebuilding programme, but slippage has occurred and in 2016/17 it was necessary to repay £1.36 million. The situation is regularly and carefully monitored to identify any receipts which will not being used within the prescribed timescales and these will be paid to Government immediately to avoid interest penalties.

MHCLG has recently consulted on allowing extending the spend period from 3 years to 5 years for current receipts received to date and the possibility of increasing the 30% allocation to 50% of build costs for properties let at social rents where a case for a clear need for lower rents is demonstrated. The outcome of the consultation is awaited.

- 5.23 The Government had planned to introduce a levy on HRAs in respect of high value properties. This would have necessitated the disposal of HRA properties. A Housing Green Paper issued in summer 2018 indicated the Government's intention not to go ahead with this but the Council awaits the repeal of primary legislation in this area.
- 5.24 The Council must also ensure that it observes the ring-fence between General Fund and Housing Revenue Account resources.

Capital Receipt Flexibilities

- 5.25 Under a direction issued by central government in February 2018 authorities can choose to use capital receipts received in the 6 years commencing from 1 April 2016 to fund the revenue costs of transformation projects. Qualifying expenditure must 'generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that will reduce costs or demand for services in future years for any of the public sector delivery partners.' The Council does not currently plan to take advantage of this flexibility given the low levels of General Fund capital receipts it holds. This position can be kept under review. Any decision to take advantage of the flexibility would require the development of a strategy to be approved by full Council.
- 5.26 The use of capital receipts to fund the capital programme is reviewed and approved by Cabinet annually as part of the Capital Review, taking into account the allocation between the General Fund and HRA where no restrictions apply.

6 Debt, Borrowing and Treasury Management

Summary

- 6.1 Appendix 2 shows a summary of the Council's Capital Financing Requirement (CFR), which represents its total underlying need to borrow, together with the level of external debt and internal borrowing from cash balances as at 31 March 2018.
- 6.3 The Prudential Code requires that the Council set and publish an authorised limit and operational boundary for external debt. These can be found in the annual Treasury Management Strategy.

External Debt

- 6.4 As a consequence of the self-financing settlement in March 2012 the following loan facilities with the Public Works Loans Board (PWLB) were taken out by the Council to finance the transaction:

Loan £m	Interest Basis	Interest Rate	Maturity
31.800	Variable	0.62%	Mar 2022
30.000	Fixed	3.46%	Mar 2038
30.000	Fixed	3.47%	Mar 2039
30.000	Fixed	3.48%	Mar 2040
30.000	Fixed	3.49%	Mar 2041
33.656	Fixed	3.50%	Mar 2042

- 6.5 Given that the vast majority of the loan value is fixed the Council is certain of most of the interest that will be charged to the HRA. The variable loan is subject to changes in PWLB rates, therefore interest forecasts need to be continually reviewed to mitigate the impact of potential increase in the interest base rate.
- 6.6 The Council's HRA CFR (accounting debt level) was in fact in a negative position of £31 million prior to self-financing, due to the capital receipts from right to buy receipts. This means the actual HRACFR is currently £154 million against the loan total of £185 million, which results in the HRA being 'over-borrowed'. This arrangement was required to ensure that the General Fund was not adversely affected by the self-financing settlement at the time, which is a need that continues.
- 6.7 Although the Council is not required to make MRP payments on this debt, the HRA has a 30 year business plan which demonstrates its ability to meet the costs of this debt and the options for repayment or refinancing.

Treasury Management

- 6.8 The Council manages its deposits in-house and The Council recognises that responsibility for treasury management activities activity is delegated to officers in the Council's Finance team in line with the defined Treasury Management Practices. The Council uses Arlingclose as its independent Treasury Adviser and ensures that the terms of Arlingclose's appointment are properly agreed and documented and regularly reviewed.

6.9 The Council's deposit priorities are as follows:

- The Security of capital;
- The Liquidity of deposits; and;
- The Yield or return on its deposits.

6.10 The Council takes a cautious approach to its Treasury Management Strategy. In order to ensure that the Council invests its funds in the most appropriate way, the Strategy is regularly reviewed taking into account the information available from Arlingclose and wider developments.

6.11 The Council uses the creditworthiness service provided by Arlingclose which is updated daily for the authority to use. This service uses a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies: Fitch, Moody's and Standard & Poor's. However, the Council does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:-

- Credit watches and credit outlooks from credit rating agencies;
- Credit Default Swaps (CDS) spreads to give early warning of likely changes in credit ratings i.e. akin to an insurance policy whereby counterparties enter into a contractual agreement; and;
- Sovereign ratings to select counterparties from only the most creditworthy countries.

6.12 The Council will not place an investment contrary to Arlingclose's credit methodology criteria which includes a maximum duration period (except for 'smaller' Building Societies). In addition to considering the creditworthiness of counterparties the Council also considers the duration of deposits to ensure the appropriate liquidity of funds.

6.13 The current investment position is reported as part of the Council's budget monitoring reporting to Finance and Performance Management and Resources Select Committees. Investment performance is formally reported to Finance and Performance Management Committee, Audit and Governance Committee and Full Council at the mid-year and outturn.

7 Commercial Activity

7.1 Where the Council invests in non-financial assets, it considers security, liquidity and yield, as it does for financial assets.

7.2 Specifically in relation to non-financial assets:

- Security – the Council recognises that it will normally have an asset that can be used to recoup capital invested. Therefore, it ensures through annual valuations at fair value, that there is sufficient value in assets and the portfolio as a whole to protect the funds invested.
- Liquidity – the Council also has a number of operational and surplus assets and is therefore able to look at potential disposals to access funds. The portfolio is well-diversified and the Council is not unduly exposed to needing to rely on the disposal of a key asset for liquidity. It should also be noted that the Council maintains significant financial investments to meet its liquidity needs.

Investment in new properties

- 7.3 The Council has historically owned a significant investment property portfolio, including retail, office and industrial properties. The Council's existing portfolio has a mix of industrial and retail properties which are held under different arrangements from directly managed occupational leases to long leasehold geared ground leases.
- 7.4 Given the historically low returns on financial assets, Epping Forest, in line with other councils, has made additional investments in commercial properties in recent years. The largest was an investment of £31 million on the construction the Shopping Park at Langston Road, Loughton, which was completed in June 2017. All twelve units are now operational with the final unit being opened to the public on the 31st October 2018.
- 7.5 The primary aim of doing this is to generate income through long term retention rather than regular property trading to release capital as this is considered to best meet the Council's aims and objectives.
- 7.6 Where new investments are considered the Council appoints agents to advise on suitable commercial property investments. Key issues include how an investment fits with the Council's existing portfolio, location, rate of return, risk, management arrangements, condition, accessibility and environmental performance of the building. Exceptions could occur if the investment was a strategic fit with existing property such as an adjoining property or the acquisition of a long leasehold interest where the Council is also the freehold owner.

Monitoring the performance of the overall portfolio

- 7.7 The Council's sizeable property portfolio includes equity stakes in a major shopping centre, many of small business units some of which are aimed at small local and start-up companies plus over 120 shops in council estate locations which provide important local services for their communities. The total value of investment properties at 31 March 2018 was £114 million. The Council considers that the investment property portfolio retains sufficient value (measured using the fair value model) to provide security of investment.
- 7.8 Performance of the portfolio in rental terms is monitored by officers and members via the budgetary control process. Based on audited financial statements the yield achieved is as follows:

	31 March			
	2018	2018	2018	2017
	Expenditure £000	Income £000	(Surplus) / Deficit £000	(Surplus) / Deficit £000
Commercial Properties	625	(2,247)	(1,622)	(1,633)
Industrial Estates	202	(1,692)	(1,490)	(1,350)
North Weald Centre	1,143	(937)	206	539
Shopping Park	189	(1,471)	(1,282)	-
Total (Surplus) / Deficit	2,159	(6,347)	(4,188)	(2,444)

- 7.9 The Council's investment in property exposes it to a number of risks including:
- A reduction in the capital value of the asset or rental incomes due to economic conditions
 - Void periods where properties cannot be let
- 7.10 A key element of the work of Estates and Valuation Team is monitoring the performance of assets to identify any that are currently held which are deemed to be under-achieving, or which are no longer appropriate to hold in the portfolio. This enables consideration to be given to alternate uses or disposal.

Proportionality of investment property holdings

- 7.11 Following significant activity in the commercial property market by local authorities, including district councils, concern has been expressed by MHCLG and CIPFA about the size of some property holdings. Particular concern has been raised about those councils which are externally borrowing to invest in property. To date, Epping Forest has not used external borrowing to fund investments, but has instead used reserves or internal borrowing.
- 7.12 Although Investment Guidance and the Prudential Code were updated in early 2018 there is a suggestion that further guidance or regulation may be issued to local authorities. This is likely to focus on the concept of 'proportionality' when considering the size and scale of new property investments and could involve the introduction of prescribed ratios.
- 7.13 However, whatever the statutory guidance, to which regard must be had, may be from time to time, and whatever the issues of interpretation to which the guidance may give rise, investment on a large scale in commercial property is an activity which requires the Council to ensure appropriate due diligence and prudence.
- 7.14 The audited financial statements at 31 March 2018 show that the Net Cost of Services (net of service related income) chargeable to the General Fund was £28.3 million. Net Income from Investment Properties was 14.8% of this figure. This is consistent with the proportion for 2016/17. The Council does not identify specific funding sources for services, so the income from properties contributed to the overall funding resources available to the Council including council tax and income from government grants and business rates. The use of investment property income to support the Council's activities has been established over many years.

8 Other Long-Term Liabilities

- 8.1 The Council may take on liabilities in the course of the provision of operational services. Examples may include financial guarantees, including those given in respect of subsidiaries or joint ventures. Where decisions are made for service purposes, these may be outside of normal commercial terms, including liquidity, security and/or yield. Where such liabilities are taken on the Council ensures that financial risks are clearly identified and quantified along with any implied subsidy as part of the decision-making process.
- 8.2 In 2015 the Council advanced a loan of £4.1 million in two tranches to Biffa for the purchase of the waste vehicles from the Council. All repayments are due to be completed by January 2020. This arrangement is not thought to represent a risk to the Council.

- 8.3 Since 1 July 2012, the Council has advanced a number of interest free loans in respect of improvements to private sector properties. Although there is a small cost to the authority in terms of lost interest, the loans are secured on the properties and are therefore considered to be of low financial risk to the Council. Each loan is less than £20,000.
- 8.4 In previous years the Open Market Shared Ownership Scheme provided interest-free loans to B3Living to enable first time buyers to purchase properties on the open market. The scheme was completed over two phases and was very successful in helping several people in the District to enter home ownership. As the Council maintains a share in the properties which, to date, has risen in value, they are not considered to represent a risk to the Council.

9 Knowledge and Skills

Treasury Management

- 9.1 Treasury Management Activity is undertaken by a Senior Accountant and Principal Accountant in the Accountancy Team. They are managed by a CCAB qualified accountant. The team has many years of treasury management experience and has recently demonstrated that it has the skills to opt-up to Professional status under the MiFID II reforms.
- 9.2 The CIPFA Code requires the responsible officer to ensure that Members and Officers are adequately trained in treasury management. Training is arranged as required and is regularly reviewed.

Property Assets

- 9.3 The Council's investment property is managed by the Estates & Valuation Team, an experienced team of 5 staff. The team includes 4 chartered surveyors with over 80 years of property experience in both the private and public sector. This extensive experience includes dealing with a mix of property types and professional work including professional services, landlord and tenant, statutory valuations, acquisitions and disposals, commercial and residential property management.
- 9.4 The Estates & Valuation Team also works with external agents where specialist expertise is required to deal with particular properties or resource is not available to deal with matters in a timely way. Examples of where external advice is used include agency, valuation, building surveying and planning work. The Council also has internal building surveying resource in the Facilities Management Team to advise on construction, repair and maintenance, and statutory compliance matters across its investment properties. The Facilities Management Team commission and manage repairs and maintenance as well as capital investment programmes either directly or through framework contracts.
- 9.5 The Council's asset valuations for its financial statement are prepared by external agents with an agreed rolling programme of valuations for the whole Council property portfolio. All material investment properties are valued on an annual basis.
- 9.6 When investing in new investment property, the Council has appointed external agents to advise on and negotiate the terms of acquisition, recognising that others are closer to the investment market on a day to day basis than the Council's in-house team in some cases. As

well as advising prior to acquisition, the agents undertake due diligence which helps to ensure that those charged with governance can make informed decisions.

External advice

- 9.7 In addition to the use of external agents in the purchase of investment properties the Council makes use of other external advice as necessary for capital and treasury activity. This includes getting appropriate legal and other professional advice on more complex projects and capital transactions and the appointment of Treasury Management advisors.

10 Section 151 Officer Summary

- 10.1 The Council's Section 151 Officer is required to report explicitly on the affordability and risk associated with the Capital Strategy
- 10.2 As highlighted in this report the Council ensures that capital projects and schemes are accompanied by detailed funding proposals. Where projects are to be funded from borrowing, either internally from cash balances or externally, a prudent Minimum Revenue Provision charge is made. The Council has not borrowed externally to fund capital expenditure in the recent past, the current external borrowing representing debt incurred on the transition from the old housing subsidy system to HRA self-financing.
- 10.3 Where the Council has expanded its commercial activities it ensures that the risks taken are proportionate to the size and scale of the authority. Legal advice is taken alongside the completion of appropriate due diligence and any loans are secured where appropriate. The Council has not borrowed externally to fund the increase in commercial activity and if future external fund funding becomes necessary appropriate external advice will be sought as necessary

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CAPITAL PROGRAMME SUMMARY
2018/19 to 2022/23 FORECAST

	2018/19 Revised Budget £000	2019/20 Original Budget £000	2020/21 Original Budget £000	2021/22 Original Budget £000	2022/23 Original Budget £000	5 Year Total £000
EXPENDITURE						
Governance & Members Services	0	0	0	0	0	0
Housing & Property Services	558	2,462	280	693	40	4,033
Business Support Services	511	220	0	0	0	731
Commercial & Regulatory Services	913	0	0	0	0	913
Contract & Technical Services	8,753	506	30	30	30	9,348
Community & Partnership Services	65	140	0	0	0	205
Total General Fund	10,800	3,328	310	723	70	15,231
Total HRA	18,065	16,807	18,030	17,481	9,818	80,201
Total Capital Expenditure on Council Assets	28,865	20,135	18,340	18,204	9,888	95,432
Total Capital Loans	120	120	150	150	150	690
Total Revenue Expenditure Financed From Capital under Statute	470	562	0	0	0	1,032
TOTAL CAPITAL PROGRAMME	29,455	20,817	18,490	18,354	10,038	97,154
FUNDING						
Central Government Grant	80	85	90	90	90	435
Private Funding	45	0	0	0	0	45
Total Grants	125	85	90	90	90	480
General Fund	5,960	2,267	0	0	0	8,227
Total Borrowing	5,960	2,267	0	0	0	8,227
General Fund	5,332	1,657	459	873	220	8,541
HRA	2,500	1,951	2,765	2,601	303	10,120
Total Capital Receipts	7,832	3,608	3,224	3,474	523	18,661
Direct GF Revenue Funding	98	86	0	0	0	184
Direct HRA Revenue Funding	3,650	4,430	4,000	3,800	341	16,221
HRA Major Repairs Reserve	11,790	10,341	11,176	10,990	9,084	53,381
Total Revenue Contributions	15,538	14,857	15,176	14,790	9,425	69,786
TOTAL	29,455	20,817	18,490	18,354	10,038	97,154

**GENERAL FUND CAPITAL PROGRAMME
2018/19 to 2022/23 FORECAST**

	2018/19	2019/20	2020/21	2021/22	2022/23	5 Year
	Revised Budget	Original Budget	Original Budget	Original Budget	Original Budget	Total
	£000	£000	£000	£000	£000	£000
Governance & Members Services						
Transformation Projects	0	0	0	0	0	0
	0	0	0	0	0	0
Housing & Property Services						
Active Planned Maintenance	241	70	125	407	0	843
On-Hold Planned Maintenance	0	884	62	221	0	1,167
Works on Investment Properties	166	260	53	25	0	504
Accommodation Review	25	400	0	0	0	425
Town Mead Depot	107	0	0	0	0	107
Housing Estate Parking	19	848	40	40	40	987
	558	2,462	280	693	40	4,033
Business Support Services						
ICT General Schemes	16	0	0	0	0	16
ICT Strategy Implementation	495	220	0	0	0	715
	511	220	0	0	0	731
Commercial & Regulatory Services						
Epping Forest Shopping Park	482	0	0	0	0	482
Waltham Abbey SP Development	275	0	0	0	0	275
Landmark Building Development	140	0	0	0	0	140
NW Airfield Automated Gate	16	0	0	0	0	16
	913	0	0	0	0	913
Contract & Technical Services						
Leisure Centres	7,803	0	0	0	0	7,803
St Johns Development	475	0	0	0	0	475
NW Gymnasium Refurbishment	90	150	0	0	0	240
Hillhouse Sec 106 Contribution	137	0	0	0	0	137
Car Parking Schemes	35	309	0	0	0	344
Flood Alleviation Schemes	19	0	0	0	0	19
Grounds Maint Plant & Equipment	194	47	30	30	30	330
	8,753	506	30	30	30	9,348
Community & Partnership Services						
CCTV Systems	41	95	0	0	0	136
Car Park CCTV Systems	24	45	0	0	0	69
	65	140	0	0	0	205
TOTAL GENERAL FUND	10,800	3,328	310	723	70	15,231

**HRA CAPITAL PROGRAMME
2018/19 to 2022/23 FORECAST**

	2018/19 Revised Budget £000	2019/20 Original Budget £000	2020/21 Original Budget £000	2021/22 Original Budget £000	2022/23 Original Budget £000	5 Year Total £000
Housing & Property Services						
New House Building	7,612	6,145	8,856	8,307	644	31,564
Housing Conversions	0	0	0	0	0	0
Heating/Rewiring/Water Tanks	1,887	2,455	2,455	2,455	2,455	11,707
Windows/Doors/Roofing	2,305	2,707	2,374	2,374	2,374	12,134
Other Planned Maintenance	135	251	250	250	250	1,136
Structural Schemes	2,475	1,100	1,100	1,100	1,100	6,875
Kitchen & Bathroom Replacements	1,551	2,300	2,300	2,300	2,300	10,751
Garages & Environmental Improvements	532	750	265	265	265	2,077
Disabled Adaptations	487	450	450	450	450	2,287
Other Repairs and Maintenance	315	220	220	220	220	1,195
Capital Service Enhancements	229	138	0	0	0	367
Housing Repairs Vehicles	68	60	60	60	60	308
Oakwood Hill Depot	545	531	0	0	0	1,076
Less Work on Leasehold Properties	(76)	(300)	(300)	(300)	(300)	(1,276)
TOTAL HRA	18,065	16,807	18,030	17,481	9,818	80,201

Appendix 1(d)

**CAPITAL LOANS FOR PRIVATE HOUSING ASSISTANCE
2018/19 to 2022/23 FORECAST**

	2018/19 Revised Budget £000	2019/20 Original Budget £000	2020/21 Original Budget £000	2021/22 Original Budget £000	2021/22 Original Budget £000	5 Year Total £000
Capital Loans						
Private Sector Housing Loans	120	120	150	150	150	690
TOTAL CAPITAL LOANS	120	120	150	150	150	690

Appendix 1(e)

**REVENUE EXPENDITURE FINANCED FROM CAPITAL UNDER STATUTE
2018/19 to 2022/23 FORECAST**

	2018/19 Revised Budget £000	2019/20 Original Budget £000	2020/21 Original Budget £000	2021/22 Original Budget £000	2021/22 Original Budget £000	5 Year Total £000
REFCuS						
Parking Review Schemes	60	212	0	0	0	272
Biffa Recycling Facility Contribution	200	0	0	0	0	200
Superfast Broadband Contribution	0	350	0	0	0	350
Jack Silley Pavillion	210	0	0	0	0	210
TOTAL REFCuS	470	562	0	0	0	1,032

**USABLE CAPITAL RECEIPTS
2018/19 to 2022/23 FORECAST**

	2018/19 Revised Estimate £000	2019/20 Original Estimate £000	2020/21 Forecast £000	2021/22 Forecast £000	2022/23 Forecast £000	5 Year Total £000
Receipts Generation						
Housing Revenue Account	5,820	4,343	4,343	3,474	3,474	21,454
General Fund	4,453	871	0	0	0	5,324
Total Receipts	10,273	5,214	4,343	3,474	3,474	26,778
Receipts Analysis						
Usable Receipts	5,549	1,764	889	775	771	9,748
Available for Replacement Homes	3,885	2,614	2,621	1,868	1,874	12,862
Payment to Govt Pool	839	835	833	830	828	4,165
Total Receipts	10,273	5,213	4,343	3,473	3,473	26,775
Usable Capital Receipt Balances						
Opening Balance	0	1,602	2,372	2,658	1,827	0
Usable Receipts Arising	9,434	4,378	3,510	2,643	2,645	22,610
Use of Capital Receipts	(7,832)	(3,608)	(3,224)	(3,474)	(523)	(18,661)
Closing Balance	1,602	2,372	2,658	1,827	3,949	3,949

**MAJOR REPAIRS RESERVE
2018/19 to 2022/23 FORECAST**

	2018/19 Revised Estimate £000	2019/20 Original Estimate £000	2020/21 Forecast £000	2021/22 Forecast £000	2022/23 Forecast £000	5 Year Total £000
Opening Balance	11,693	8,402	6,112	3,471	1,021	11,693
Major Repairs Allowance	8,499	8,051	8,535	8,540	8,540	42,165
Use of MRR	(11,790)	(10,341)	(11,176)	(10,990)	(9,084)	(53,381)
Closing Balance	8,402	6,112	3,471	1,021	477	477

**HRA SELF FINANCING RESERVE
2018/19 to 2022/23 FORECAST**

	2018/19 Revised Estimate £000	2019/20 Original Estimate £000	2020/21 Forecast £000	2021/22 Forecast £000	2022/23 Forecast £000	5 Year Total £000
Opening Balance	12,720	12,720	13,220	13,220	13,220	12,720
Contribution from HRA	0	500	0	0	3,600	4,100
Use of Self Financing Reserve	0	0	0	0	0	0
Closing Balance	12,720	13,220	13,220	13,220	16,820	16,820