

Supplementary Council Agenda



Epping Forest District Council

Council Tuesday, 17th February, 2015

Place: Council Chamber, Civic Offices, High Street, Epping

Room: Council Chamber

Time: 7.30 pm

Committee Secretary: Council Secretary: Simon Hill
Tel: 01992 564249 Email:
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6. QUESTIONS BY MEMBERS UNDER NOTICE

The following question has been asked in accordance with the provisions contained in paragraph 12.3 of the Council Procedure Rules of the Constitution.

Question to Councillor G Waller, Portfolio Holder for Safer, Greener, Transport by Councillor J H Whitehouse.

'How many residents' and business parking bays exist in each zone in Epping and how many residents' and business parking permits have been issued for each zone?'

14. COUNCIL BUDGETS 2015/16 (Pages 3 - 54)

- (a) The attached revised Budget report has been reissued at the request of the Director of Resources, which will replace pages 147-194 of the main agenda.

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Report to the Council

Committee: Cabinet

Date: 17 February 2015

Portfolio Holder: Councillor S Stavrou

BUDGETS AND COUNCIL TAX DECLARATION – ADDITIONAL RECOMMENDATION

Recommending:

That a DDF budget of £5,543 be added to the budgets considered by Cabinet on 2 February.

Report

1. As part of the budget setting process the major preceptors are given a draft taxbase number early to assist them with their financial planning. This figure is then refined and confirmed later in the process. On 6 February it became apparent that the major preceptors had not been updated on the final taxbase figure and were still using an earlier lower figure.
2. The Fire and Police Authorities were prepared to amend their precept letters but the County Council refused to amend their figures, even though they had not yet set their budget and using the correct figure would have provided them with an additional £100,000 of income.
3. This Council's budget and those of the town and parish councils had been set using the later taxbase figure. Following discussions with the external auditor it was decided to use the same taxbase figure as the major preceptors. It was felt that not doing this could have left the budget open to challenge.
4. Using the lower taxbase figure affects eleven town and parish councils as set out in Annex 10. These councils have compiled their budgets on the figures they have been provided with and it would be unfair to leave them with a shortfall. Therefore it is proposed to add £5,543 to the DDF budget for 2015/16 to ensure that the town and parish councils receive the full funding they are anticipating. As the taxbase is higher than the figure now being used a surplus will arise on the Collection Fund and this will subsequently mean this Council is no worse off.
5. Reducing the taxbase also has the effect of reducing our own income for 2015/16 and so the use of General Fund Reserves increases from £30,000 to £42,000. Similarly to the point above on DDF, this loss will be recovered in later years when the higher surplus on the Collection Fund is redistributed to the General Fund.
6. Even though the changes to the DDF programme and the precept figures are relatively low in value they have caused many of the recommendations and numbers within the budget reports to be amended. Therefore, in order to avoid confusion, it was felt best to issue an amended and fully updated budget report.

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Report to the Council

Committee: Cabinet

Date: 17 February 2015

Portfolio Holder: Councillor S Stavrou

BUDGETS AND COUNCIL TAX DECLARATION 2015/16

Recommending:

- (1) That the list of CSB growth and savings for the 2015/16 budget (set out in Annex 1) be approved;**
- (2) That the list of District Development Fund items for the 2015/16 budget (set out in Annex 2) be approved;**
- (3) That the revenue estimates for 2015/16 and the draft Capital Programme for 2015/16 be approved as set out in Annexes 3, 4 (a-g) and 5 including all contributions to and from reserves as set out in the attached Annexes;**
- (4) That the medium term financial forecast be approved as set out in Annexes 8 a and 8 b;**
- (5) That the 2015/16 HRA budget be approved and that the application of rent increases and decreases resulting in an average increase of 2.2% from £95.44 to £97.54, be approved;**
- (6) That £0.5 million be moved from the General Fund Reserve to create a new Earmarked Reserve that will be used for Invest to Save projects.**
- (7) That the Council's policy of retaining revenue balances at no lower than £4.0M or 25% of the net budget requirement whichever is the higher for the four year period to 2017/18 be amended to no lower than £4.0M or 25% of the net budget requirement whichever is the higher during the four year period up to and including 2018/19;**
- (8) That the report of the Chief Financial Officer on the robustness of the estimates for the purposes of the Council's 2015/16 budgets and the adequacy of the reserves (see Annex 9) be noted.**

Declaration of Council Tax

- (9) That it be noted that under delegated authority the Director of Resources, in consultation with the Finance Portfolio Holder, calculated the Council Tax Base 2015/16:**
 - (a) for the whole Council area as 51,196.3 (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 6.**

	Tax Base
Abbess, Beauchamp & Berners Roding	207.7
Buckhurst Hill	5,028.5
Chigwell	5,874.3
Epping Town	4,885.6
Epping Upland	401.1
Fyfield	407.9
High Ongar	541.0
Lambourne	829.7
Loughton Town	11,927.6
Matching	421.1
Moreton, Bobbingworth and The Lavers	546.8
Nazeing	1,990.5
North Weald Bassett	2,441.3
Ongar	2,618.9
Roydon	1,265.9
Sheering	1,290.0
Stanford Rivers	348.0
Stapleford Abbotts	509.5
Stapleford Tawney	79.3
Theydon Bois	1,953.6
Theydon Garnon	76.4
Theydon Mount	111.7
Waltham Abbey Town	7,212.8
Willingale	227.1

(10) That the following amounts be calculated for the year 2015/16 in accordance with sections 31 to 36 of the Local Government Finance Act 1992:

- (a) £123,646,699 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) £112,870,550 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act;
- (c) £10,776,149 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) £210.49 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) £3,159,675 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (as per the attached Annex 6);
- (f) £148.77 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 have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each of the category of dwellings in the Council's area as shown in Annex 7 (to be tabled);

(12) That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts in Annex 7 Part B (tabled) as the amounts of Council Tax for 2015/16 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 (10) (f) of £148.77 for 2015/16, being unchanged from 2014/15 is not excessive and therefore there is no need to hold a local referendum.

General Fund Budget Guidelines

1. The annual budget process commenced with the Financial Issues Paper (FIP) being presented to the Finance & Performance Management Cabinet Committee on 28 July 2014. The paper was prepared against the background of the cumulative effects of reductions in public expenditure and highlighted the uncertainties associated with:
 - a) Central Government Funding
 - b) Business Rates Retention
 - c) Welfare Reform
 - d) New Homes Bonus
 - e) Development Opportunities
 - f) Income Streams
 - g) Waste and Leisure Contract Renewals; and
 - h) Organisational Review
2. There is now greater clarity on some of these issues, but several of them will not be resolved for some time. The key areas are revisited in subsequent paragraphs.
3. In setting the budget for the current year Members had anticipated using £243,000 from the General Fund reserves. This was possible as the MTFs approved in February 2014 showed a combination of net savings targets and limited use of reserves which still adhered to the policy on reserves over the medium term. The limited use of reserves in 2014/15 was not significant as the MTFs at that time was predicting the use of just over £1.7 million of reserves to support spending in the following three years.
4. The revised MTFs presented with the FIP took into account all the changes known at that point and highlighted the additional reductions in support grant. This projection showed a need to achieve net savings of £500,000 on both the 2015/16 and 2016/17 estimates, followed by £300,000 in 2017/18 and £200,000 in 2018/19 to keep revenue balances comfortably above the target level at the end of 2018/19.
5. Members adopted this measured approach to reduce expenditure in a progressive and controlled manner. The budget guidelines for 2015/16 were therefore established as:
 - i. The ceiling for CSB net expenditure be no more than £13.15m including net growth/savings.
 - ii. The ceiling for DDF net expenditure be no more than £0.204m.
 - iii. The District Council Tax to be frozen.

The Current Position

6. The overall revenue budget summary is included as Annex 3. The main year on year resource movements are highlighted in the CSB and DDF lists, which are attached as Annexes 1 and 2. In terms of the guidelines, the position is set out below, after an update on each of the key areas highlighted in the FIP.

a) Central Government Funding

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

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

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

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

9. By not providing a full analysis for 2014/15 and 2015/16 the DCLG has prevented a detailed comparison with earlier periods. The draft figure for 2015/16 of £5.467m is slightly higher than the figure of £5.393m provided this time last year. It can still be seen that in three years under this new system funding reduces by £1.815m or by 24.9%. Using the two tables to make a crude comparison it can be seen that over 5 years funding has fallen by nearly 60%. The funding position in 2015/16 is £74,000 better than had been anticipated in the February 2014 MTFS. In updating the MTFS the changes have been allowed for but the lack of figures beyond 2015/16 requires a larger element of educated guesswork than usual.
10. As part of abolishing Council Tax Benefit and introducing Local Council Tax Support the DCLG had to determine whether parish councils would be affected by the reduction in council tax base or left outside the calculations. Despite the consultation responses on the scheme being massively in favour of tax base adjustments only at district level the DCLG decided that parish councils should also be affected. One of the problems with that decision was that DCLG does not have a legal power to make grant payments direct to parish councils. This meant the funding for these councils had to be included in the grants to districts and it was then for districts to determine how much of the grant was passed on. Members determined for 2013/14 that parish councils should be fully protected, a decision not shared by many authorities across the country. This

meant that the figure notionally relating to parishes of £312,812 was topped up with an additional £7,460 to £320,272.

11. We do not have separate figures now for Local Council Tax Support, let alone a detailed split between the district and the parishes. In the absence of this information it is fair to assume the overall reductions of 12.5% and 14.2% are common to each element of the Funding Assessment. Funding to parish councils was reduced on that basis in 2014/15 and a consistent approach is proposed to reduce this by 14.2% for 2015/16 (£39,793). These amounts need to be seen in the light of the total parish precepts for 2014/15 being over £3m. There is a separate report elsewhere on the agenda setting out the amounts for individual parishes and this information was circulated to parish colleagues before Christmas.

b) Business Rates Retention

12. We have only had one full year of business rates retention and it is a complex system of funding. Given this complexity and the increasing importance of business rate retention relative to revenue support grant it is worth repeating a brief explanation of the system below.
13. For this district the predicted total amount of non-domestic rates for 2013/14 was set as £31,888,336, which is shared out as shown in the table below.

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

14. As the billing authority we are responsible for collecting the money and then paying it over as set out above. However, as our share (£12,755,334) exceeds the amount of our funding deemed to come from retained business rates (£2,909,311) the excess (£9,846,023) is also paid to Central Government as a "Tariff". The tariffs are used to provide "Top Ups" to those authorities whose non-domestic rate income is lower than their deemed funding from business rates. Overall this means we will be collecting nearly £32m but retaining less than £3m, or just over 9%.
15. The basic amounts within the system are now fixed for an extended period, DCLG have stated that the system will not be re-set until 2020. Although this does not apply to the tariff payments that will be increased annually by inflation, we have been given indicative tariff figures of £10.038m and £10.230m for 2014/15 and 2015/16 respectively.
16. Overall the predicted total level of non-domestic rates was broadly in line with the current position and it was felt unlikely that the Council would have either a large initial shortfall or any windfall gain from the new system. There was a major concern here though due to the way appeals and refunds are treated within the system. Even though DCLG have already had the benefit of non-domestic rates paid in respect of periods prior to 1 April 2013, all appeals regardless of start date are accounted for within the new system. This means billing authorities will be refunding money that they have not benefited from in the first place. It also means that in getting to a predicted level of non-domestic rates for 2013/14, allowance had to be made for the amount of money we anticipated having to pay out in appeals and refunds.
17. Calculating an appropriate provision for appeals was extremely difficult as there are several hundred appeals with the Valuation Office. Each appeal will have arisen from different circumstances and it is difficult to produce a uniform percentage to apply. This is a particular concern at the moment as there is one property in the south of the

district which has a rateable value approaching £6 million and is currently being appealed. If a full provision was included in our calculations for the owners of this property being completely successful in their appeal there would be a significant shortfall. Based on previous experience and discussions with the Valuation Office a provision has been calculated that is felt to be prudent, but given the size of the financial risk here it is worth mentioning the potential problem.

18. Having had that reminder of the structure of the system we can reflect on how the first year went and what the future prospects are. The 2013/14 figures have been audited and the total amount of non-domestic rate income fell approximately £1m short of the £31.9m target. This translated to a shortfall of just under £400,000 in the Council's funding. However, part of the reason for the overall shortfall was the late changes made to the system to extend small business rate relief, cap increases in bills and introduce retail rate relief. These changes were not part of the original system design and as they were reducing business rate income for local authorities a compensation system of grants was constructed. The DCLG were very late confirming the amounts and dates of payments for the compensatory grants and this complicated the budgeting process. Ultimately though the compensatory grants meant the combined income from the various sources under business rates retention for 2013/14 was £56,852 higher than the baseline funding level. This meant in addition to the £9.85m of tariff already paid a levy of £28,426 also had to be paid on this excess income.
19. The other aspect of the system to reflect on is cash collection and thankfully we have far more control over that than we do over appeals. Cash collection is important as the Council is required to make payments to the Government and other authorities based on their share of the rating list. These payments are fixed and have to be made even if no money is collected. Therefore, effective collection is important as this can generate a cash flow advantage to the Council. If collection rates are low the Council is left to finance these payments from working capital and so has to reduce investment balances.
20. Members recognised the increasing importance of cash collection in the new system and increased the CSB budget by £25,000 to fund legal action in difficult, high value cases. This proved a sound investment as the collection rate was boosted from 96.85% to 98.09%. This exceeded the target of 97.5% and was the highest collection rate for several years. This meant that, even allowing for the appeal refunds, it was possible to fund all of the payments required by the system without reducing the Council's investment balances.
21. Having reflected on the mechanics of the system and the first year of operation we now need to consider the future. Firstly, is that excess funding likely to continue? This would seem likely as the 2013/14 figures suffered from old appeals being settled and a substantial provision based on external professional advice has been included at the year end. As the next updating of the rates list has been postponed to 2017 another fresh batch of appeals should not be received for some time. Historically we have seen growth in the rating list each year and with the sites covered in the section on development opportunities there are good prospects for future growth.
22. It is difficult to predict what the outcome of the general election will be and so the role of retained business rates within the system of local government funding may change. The current Secretary of State has indicated that he would like to see an increase in the percentage retained. If this was to happen and the various development opportunities were to be taken forward it is possible to contemplate a position within 5 years when the Council could be self-sufficient and not rely at all on revenue support grant. As we cannot yet accurately predict completion dates or rateable values for the developments the MTFs has not assumed any growth in retained business rates from these projects. This is a prudent position as the Council seems likely to benefit from the change to local retention of business rates.

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

c) Welfare Reform

24. This phrase is used to capture a number of initiatives that are radically changing the way many benefits are paid and the amounts of those benefits. The single largest change from 1 April 2013 was the abolition of Council Tax Benefit and its replacement with Local Council Tax Support (LCTS). Much effort has gone in across the county to develop, consult on and implement schemes aimed at being self-financing. Because of the requirement to protect people of pension age and the different demographics across the county it was not possible to agree a single uniform scheme but a number of common principles were agreed that all of the schemes were based on.
25. In constructing our own scheme we were always conscious that some of the assumptions being used by the DCLG and the Department for Work & Pensions (DWP) meant that talk of a 10% saving would in reality mean a funding gap closer to 15%. This meant many variables were modeled and considered before a draft scheme was agreed by Cabinet for consultation and finally adoption by Council in December 2012. The outturn shows that the 2013/14 scheme did its job and even returned a small surplus. As in-year monitoring had indicated that the scheme was working well no significant changes were made to the scheme for 2014/15.
26. In the section above on central government funding I explained that DCLG no longer tell us how much of the funding we get is for LCTS. On the basis that overall funding is reducing and without any other facts it is reasonable to assume that LCTS funding is reducing to the same extent as the overall funding. If caseload was constant, this would present us with a choice of either reducing the amount of money allocated for LCTS and consequently increase the size of the bills for those receiving support or we could subsidise LCTS by making reductions in other General Fund areas to pay for it. This would have been a difficult decision but thankfully the significant reduction in caseload means the existing scheme can continue largely unchanged into 2015/16 and this was confirmed at Council on 16 December 2014.
27. It is worth taking this opportunity to briefly update on some of the other welfare reforms. Both the Benefits Cap and the Spare Room Subsidy (also known as the "Bedroom Tax") have now been with us for a little while. Indications are that the impact of these changes has not caused major problems for many residents. There has been some demand amongst those deemed to be under-occupying to downsize but many have decided to stay where they are and pay a higher proportion of their rent themselves. Both the Conservatives and Labour have talked about further reductions in welfare after the election and so some residents may find their current situations are not sustainable in the long term.
28. A change that is currently being implemented is the Single Fraud Investigation Service (SFIS). This will see staff who investigate housing benefit fraud transfer to the DWP. To prepare for this transfer in 2015/16 both the Internal Audit and Housing Benefit functions had restructures approved by Cabinet on 1 December 2014.
29. The other major change that has received considerable media coverage is the replacement of a collection of different benefits with a single Universal Credit. Unfortunately this scheme has been subjected to delays, confusion and critical reports from the National Audit Office. There is still no clarity over the time period and process for the migration of our existing housing benefit claims to Universal Credit. The DWP

is still to decide on the role it wants local authorities to perform under the new system. Whilst there seems general agreement about the need to bring the welfare bill for the country under control there remains room for improvement in the delivery mechanisms and it would not be a surprise if whoever wins the election drops Universal Credit.

d) New Homes Bonus

30. The amount of NHB payable for a year is determined by the annual change in the total number of properties on the council tax list in October. This means that the bonus is payable on both new housing and empty properties brought back in to use. The increase in the tax base is multiplied by a notional average council tax figure of £1,439, with an additional premium for social housing. The calculated figure is then shared with 20% going to the county council and 80% to the district, with the amount being payable for six years.
31. The update to the MTF5 in July had included an additional £130,000 for NHB. Now the full amount of new properties and empty properties brought back in to use is known this amount has nearly doubled to £252,000. This Council has done relatively well from NHB and the amount the Council will receive for the first 5 years of NHB in 2015/16 is nearly £2.1 million.
32. The DCLG has published a review of NHB that concluded the scheme was working well and largely achieving its objectives. This view is not shared universally as many areas of the country are unhappy with the re-distributional effect of NHB and the future shape and possibly existence of NHB may depend on who wins the general election. It should be remembered though that the funding for NHB was top sliced from the overall local government funding pot. If a worst case scenario happens and the scheme is entirely scrapped it will take at least a year for an alternative allocation system to be devised. An alternative allocation system may not be as generous to this Council but the funding would not be completely lost as any new allocation system normally has floors and ceilings to prevent large fluctuations in funding in any one year.
33. NHB for future years is not anticipated in the MTF5 and given the uncertainty beyond the general election this is still a prudent assumption. The inclusion of the additional £252,000 in 2015/16 takes the NHB income in the CSB to just over £2m.

e) Development Opportunities

34. Significant progress has been made since July on some of the Council's development sites. It is worth touching briefly on some of the opportunities that currently exist in the district and their likely benefits. This is particularly important given the potential changes mentioned above to retained business rates.
35. The Heads of Terms for the re-development of the Winston Churchill public house site has been re-negotiated. Originally the Council was entitled to a capital receipt which could have increased depending on the sale values achieved for the flats. Under the revised agreement the Council takes less risk and changes the income from one-off capital to ongoing revenue.
36. Agreement has been reached to buy Essex County Council's land in the St Johns area of Epping. This should make it easier to take forward the exciting mixed use re-development of that area. This is a substantial scheme and it is likely to bring considerable benefits to the district. The largest single scheme is the Langston Road shopping park development. On 15 December Cabinet agreed an appropriate legal structure and associated documents to progress the scheme. To assist in freeing up this site approval has been provided for a new depot at Oakwood Hill. Other possibilities for Waltham Abbey and North Weald are further off but should not be forgotten.

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

f) Income Streams

38. As you would expect, several of the Council's income streams reflect the position in the wider economy. Having suffered reductions during the downturn many of these areas are doing better now as the economy is improving. The FIP reported on the income position as at the end of June, which showed a combined potential surplus of £60,000. In every area the income position has improved in the subsequent six months. This is particularly evident for Development Control which is likely to see £80,000 of CSB growth and an additional £40,000 coming from pre-application charges.
39. Last year saw the first change to parking fees for many years and a detailed study is underway to consider how the charging scheme might be amended in future to ensure short term spaces are available for shoppers. Detailed recommendations from this work are likely to be presented to Cabinet in February. As part of the consideration of various business cases earlier in the budget cycle, Members agreed that a modest increase in income of £100,000 should be targeted for this area for 2015/16.
40. The other key income stream worth commenting on is the market at North Weald. As the operator was experiencing financial difficulties the Council agreed to move away from a fixed rent to an income share. This should place the market on a more sustainable basis going forward but has meant that the estimate for CSB income from the market has been reduced by £310,000.

g) Waste and Leisure Contract Renewals

41. Two of the Council's high profile and high cost services are provided by external contractors, Biffa for waste and SLM for leisure. The new waste contract commenced in November 2014 following a competitive dialogue procedure to achieve innovation and efficiency in the provision of this service. It was possible to procure the service at a lower cost than the previous contract and Biffa have made an encouraging start. Effective monitoring of the contract will be necessary to ensure it delivers the service improvements and cost savings that were included in the winning tender.
42. The leisure management contract was due to expire in January 2013 but an option was exercised that extended the contract for three years. A Leisure Strategy was approved by Cabinet in December 2014 to provide a vision for a new contract. The Director of Neighbourhoods is confident that a new contract based on this vision will achieve significant efficiencies and CSB reductions of £250,000 have been included in the later years of the MTFS.

h) Organisational Review

43. The 2014/15 budget included the effects of the first stage of the organisational restructure. This involved a reduction in the numbers of Directors and Assistant Directors and saw services consolidated into four new directorates. As phase two of the restructure, each directorate has now evaluated both opportunities to improve efficiency and areas that have been historically under resourced. This process has yielded some savings but also highlighted some additional funding requirements, such

as economic development. The MTFs has been adjusted for the changes to the organisation from this second phase. Although it is likely that the further amendments will continue during 2015/16.

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

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

45. Annex 1 lists all the CSB changes for next year. The MTFs in July included CSB savings of £785,000 for 2015/16 and the revised 2014/15 budget had an additional £75,000 of savings. The most significant item not already covered above is a change in the allocation of work done in relation to anti-social behaviour. These costs have previously been borne entirely by the General Fund but now the Housing Revenue Account will pay for the work done on its behalf. It is anticipated that this will move over £100,000 of costs out of the General Fund.
46. Given the earlier start to the budget process this year and the large net cost increases from the loss of income from the market at North Weald and the investment in economic development, the November meeting of this committee considered whether the CSB target set in July should be amended. The Committee decided not to increase the savings targets by the full £430,000 necessary to maintain the July CSB target but to limit the increase to £250,000, thus allowing an increase in the CSB target of £180,000 to £13.33m.
47. The greater savings in 2014/15 and inflation being less than had been allowed for mean that the opening CSB in 2015/16 is £10,000 lower than anticipated in the previous MTFs. This means that although CSB savings are lower than the July target, the closing CSB is just £18,000 higher than adjusted November target.
48. The MTFs at Annex 8 (a) shows that the CSB total is £200,000 above the CSB target of £13.15m and it is therefore proposed to increase the CSB target to £13.35m.

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

49. The DDF net movement for 2015/16 is £1.129m, Annex 2 lists all the DDF items in detail. The largest cost item is £250,000 for work on the Local Plan. The Local Plan is a substantial and unavoidable project and in 2014/15 and the subsequent two years DDF funding of £0.76m is allocated to it. The Director of Neighbourhoods has been asked to provide regular updates to Cabinet to monitor this project and the expenditure incurred on it. Other significant items of expenditure include £129,000 for the planned building maintenance programme and £278,000 for the work on asset rationalisation.
50. The DDF lists include £150,000 (£75,000 in 2014/15 and £75,000 in 2015/16) for the Chief Executive's Transformation Programme. As mentioned above, the full amount was originally included in the budget for 2014/15 but none of the money has yet been spent. As the flexible working and accommodation review is taken forward external assistance will be necessary to transform the Council's operations. Whether all of this funding is needed will depend on the scale and nature of the projects pursued but it is prudent to leave the original budget intact at this time.
51. At £1.129m the DDF programme is £0.925m above the target for 2015/16. However, this needs to be balanced with the reduction in 2014/15 as the predicted spend in the previous MTFs of £2.269m has been reduced by £1.147m to £1.122m. Taking the two years together there is a net decrease in DDF spending of £0.222m. Therefore, it

is proposed to increase the DDF ceiling for 2015/16 from £0.204m to £1.129m. The DDF is predicted to continue to have funds available through to the end of the period covered by the MTFS.

The District Council Tax be frozen

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

That longer term guidelines covering the period to March 2019 provide for

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

53. Current projections show this rule will not be breached by 2018/19, by which time reserves will have reduced to £8.509m and 25% of net budget requirement will be £3.139m.
54. As the balance on the General Fund reserve exceeds the minimum requirement and as further savings are required, Cabinet have recommended the transfer of £0.5 million from the General Fund reserve to an Invest to Save earmarked reserve. The earmarked reserve will be used to finance schemes that will reduce the CSB in subsequent years.

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

55. The outturn for 2013/14 added £214,000 to reserves and the revised estimates for 2014/15 anticipate a decrease of £493,000 (after the transfer of £0.5 million mentioned above). This would leave the opening revenue reserve for 2015/16 at £9.39m and with the estimates for 2015/16 showing a decrease of £42,000, reserves at the end of 2015/16 would be £9.35m. The Medium Term Financial Strategy at Annex 8 shows deficit budgets for the period from 2015/16 to 2018/19. The level of deficit peaks at £347,000 in 2016/17 and reduces to £179,000 in 2018/19, although this is achieved through CSB savings of £250,000 in 2016/17, £400,000 in 2017/18 and a further saving of £250,000 in 2018/19.

The Local Government Finance Settlement

56. This has already been covered in some detail above and whilst the figures are currently subject to consultation it is not anticipated that they will change significantly. Beyond 2015/16 the figures may fluctuate following the General Election and the next Comprehensive Spending Review and cannot be predicted with any certainty, further reductions of 10% each year have been allowed for in both 2016/17 and 2017/18 with a 5% reduction in 2018/19.

The 2015/16 General Fund Budget

57. Whilst the position on some issues is clearer now than it was when the FIP was written there are still significant risks and uncertainties. There has been an improvement in the economy but a lot of the jobs that have been created are part time or low paid. This has created an unusual situation whereby unemployment is low but tax revenues have not increased and so the deficit is still with us and there is no end in sight to the age of austerity. In the paragraphs above I have highlighted several key policy areas that could be affected by the General Election. There is increasing political uncertainty and with the impact of the Scottish National Party and the UK Independence Party another coalition government is a realistic possibility. Whatever

the make up is of the new government they will have to urgently conduct a Comprehensive Spending Review as there are no spending plans beyond 2015/16. It is hard to imagine any incoming government allocating additional funds to local government, although there are a range of possibilities in terms of the size of future spending reductions and where they will hit hardest.

58. Retention of non-domestic rates was already a complex system that another layer of complexity was added to with the very late changes in the 2013 Autumn Statement. The first full year has now washed through and the combined income from non-domestic rates and the compensatory grants was nearly £60,000 more than the formulae said we should receive. A levy of 50% has to be paid on income above the baseline funding level so we had to give half of it back. This is disappointing but under the previous system we would have not been able to retain any benefit at all.
59. An area of concern highlighted in the section on Business Rates Retention is the transfer of financial risk to billing authorities. The key risk here is the large number of appeals that are still outstanding against previous rating assessments and the difficulty in calculating an appropriate provision. The backlog of appeals with the Valuation Office is reducing but the single largest appeal against us, on the property with the £6m rateable value, is still to be settled and so remains a significant financial risk.
60. The Government has incentivised authorities to pursue residential development and economic development and so far this authority has done relatively well from the New Homes Bonus and the local retention of non-domestic rates. That we would continue to benefit in the future is more certain than whether the policies themselves will still be in place this time next year.
61. The other area worth touching on again is welfare reform. All we can really be certain of is that any incoming government will seek to reduce the overall welfare bill and that the current payment mechanisms will change. The extent, and effectiveness, of any targeted reductions and the future of Universal Credit can only be speculated about at the moment as can the role of local authorities.
62. The starting point for the budget is the attached Medium Term Financial Strategy, Annex 8. Annexes 8a and 8b are based on the current draft budget, no Council Tax increase (£148.77 Band D) for 2015/16 and subsequent increases of 2.5% per annum for the following years.
63. Members are reminded that this strategy is based on a number of important assumptions, including the following:
 - Future Government funding will reduce by 10% for both 2016/17 and 2017/18, with a smaller reduction of 5% for 2018/19.
 - CSB growth has been restricted and the adjusted CSB target for 2015/16 of £13.33m was very nearly achieved. Known changes beyond 2015/16 have been included but if the new leisure contract and the accommodation review do not yield the predicted savings other efficiencies will be necessary.
 - All known DDF items are budgeted for, and because of the size of the Local Plan programme the closing balance at the end of 2018/19 is anticipated to reduce to £0.9m.
 - Maintaining revenue balances of at least 25% of NBR. The forecast shows that the deficit budgets during the period will reduce the closing balances at the end of 2018/19 to £8.5m or 68% of NBR for 2018/19, although this can only be done with further savings in 2016/17 and subsequent years.

The Housing Revenue Account

64. The balance on the HRA at 31 March 2016 is expected to be £2.03m, after a deficit of £0.987m in 2014/15 and a surplus of £52,000 in 2015/16. The estimates for 2015/16 have been compiled on the self-financing basis and so the negative subsidy payments have been replaced with borrowing costs.
65. The process of Rent Restructuring to bring Council rents and Housing Association rents more in line with each other is no longer with us. This process may return in the future but for the moment it is possible to set a lower increase than the Council has been forced to do in recent years. The average rent increase is 2.2% for Council dwellings, substantially lower than the 4.91% in 2014/15, the 4.36% in 2013/14 and the 6% in 2012/13.
66. Both the Housing Repairs Fund and the Major Repairs Reserve are expected to have positive balances throughout the medium term. Members are recommended to agree the budgets for 2015/16 and 2014/15 revised and to note that although there is a deficit in 2014/15 the HRA has substantial ongoing balances.

The Capital Programme

67. The Capital Programme at Annex 5 shows the expenditure previously agreed by Cabinet. Members have stated that priority will be given to capital schemes that will generate revenue in subsequent periods. This position has been stated in previous Capital Strategies and has been reinforced by the increasing awareness that capital spending reduces investment balances and thus impacts on the general fund revenue balance through lower interest earnings.
68. Annex 5d sets out the estimated position on capital receipts for the next four years. Members will note that even with a substantial capital programme, which exceeds £116m over five years, it is anticipated that the Authority will still have nearly £1.8m of usable capital receipt balances at the end of the period. However, it should be noted that a number of sites are currently under review and that this could involve either receipts through disposals or additional expenditure to fund developments.

Risk Assessment and the Level of Balances

69. The Local Government Act 2003 (s 25) introduced a specific personal duty on the "Chief Financial Officer" (CFO) to report to the Authority on the robustness of the estimates for the purposes of the budget and the adequacy of reserves. The Act requires Members to have regard to the report when determining the Council's budget requirement for 2015/16. If this advice is not accepted, this should be formally recorded within the minutes of the Council meeting. The report of the CFO is attached as Annex 9, Members will note the following conclusions:
 - (i) the estimates as presented to the Council are sufficiently robust for the purposes of the Council's overall budget for 2015/16; and
 - (ii) the reserves of the Council are adequate to cope with the financial risks the Council faces in 2015/16 but that savings will be needed in subsequent years to bring the budget back into balance in the medium term.

The Prudential Indicators and Treasury Management Strategy 2015/16

70. Since 2004/05 it has been necessary to set affordable borrowing limits, limits for the prudential indicators and a Treasury Management Strategy. These elements of the budget requirements were set out in a separate report to Cabinet on 2 February.

71. Due to the £190m of debt for the HRA self-financing the Council is no longer debt free and the Prudential Indicators and Treasury Management Strategy have been amended for this. Ongoing difficulties persist in financial markets but higher capital requirements have eased concerns about some banks, Arlingclose still advise a very restricted counter party list but have allowed some increase in suggested investment periods.

Council Tax

72. The revenue and capital budgets of the various spending portfolios are set out in Annexes 4(a)-(g). Annex 3 summarises the overall budget for the Council for the General Fund and the HRA and is grossed up for the effects of local parish and town council precepts. Annex 5 summarises the Council's Capital Programme. The budget as submitted produces a District Council Tax (Band D) of £148.77 for 2015/16 (£148.77 for 2014/15), which represents a 0% increase. The average (Band D) Council Tax including local Parish/Town Council precepts will be £210.49 (£209.49 in 2014/15), which represents an increase of less than 1%.

Council Tax Declaration

73. Under Recommendations (1) – (4) which include Annexes 1, 2, 3, 4(a)-(g) the Council will agree its budget for the next year. The Authority must then proceed to declare a Council Tax. The appropriate technical recommendations are set out in Recommendations (9) onwards. These have been revised following changes to the Local Government Finance Act 1992 brought in as part of the Localism Act 2011. Under these changes the billing authority is now required to calculate a Council Tax requirement for the year, not its budget requirement as previously. The standard form of declaration recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) has been used as it is designed to avoid the possibility of legal challenge to the declaration of the Council Tax.
74. The Council Tax bases for each band in each area of the District were calculated by the Director of Resources in consultation with the Finance Portfolio Holder. These are reproduced in Recommendations (9) (a) and (b) and form part of the ensuing calculations. The amounts to be levied within the District in respect of Essex County Council, Essex Police Authority, Essex Fire Authority and Parish and Town Councils are notified to this Authority and are matters on which the District Council has no discretion.
75. However, the precepts of Parish and Town Councils are levied on the District Council and then taken into account in the General Fund. Details relating to the District Council precept together with the precepts in respect of Parish and Town Councils are set out in the recommendations and analysis in Annex 6.

Guide to the Council Tax Calculation

76. The figures in Recommendation (10) draw on calculations contained within the report as follows:

10(a) is the total of the revenue expenditure items shown in Annex 3 summary of revenue including the total of the Parish/Town Council precepts;

10(b) is the total of the revenue income items shown in Annex 3;

10(c) is the difference between the revenue expenditure and income as shown in Annex 3 (in simple terms it represents the net budget requirement of the District Council plus Parish and Town Council precepts);

10(d) is obtained by dividing 10(c) by the Council Tax Base; this represents the

average Band 'D' Council Tax for the District and Parish/Town Councils only;

10(e) as shown in Annex 3 is the total of Parish/Town Council precepts; and

10(f) represents the equivalent of dividing 10(e) by the Council Tax Base, the resulting figure being deducted from the figure shown in 10(d); this provides the average Band 'D' Council Tax for the District Council only.

77. This process culminates in the figures shown in Annex 6, which are the Council Tax amounts for the District Council and the Parish/Town Councils for each valuation band for 2015/16. To these amounts are added Council Tax figures supplied by the major precepting authorities and which are further summarised as the total Council Tax due for each valuation band in Part B of Annex 7.
78. Annex 7 relating to the precepts of various parts of the District will be tabled at the meeting.

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Council : 17 February 2015

List of Annexes:

Annex 1 CSB Growth/Savings List

Annex 2 DDF List

Annex 3 Revenue Expenditure, Income and Financing Summary

Annex 4 Directorate Budgets (a – g)

Annex 5 Capital Budgets and Financing

Annex 6 District & Parish Council Tax Rates

Annex 7 Major Precepting Authorities Analysis (Tabled)

Annex 8 Medium Term Financial Strategy (a & b)

Annex 9 Chief Finance Officers Report on the Robustness of the Estimates within the 2015/16 Budget

Annex 10 DDF Parish top up grants

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CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST

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

CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST			Original	Revised	Estimate	Estimate	Estimate	Estimate	
Directorate	Service		2014/15 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's	
Neighbourhoods	Land Drainage & Flood Defence	Flood Defence Income from ECC	(6)	(3)					
	Licensing	Licensing Officer (Premises Licences)	26	26	6				
	North Weald Airfield	Reduction in Market Rent		310					
	Leisure Management	Savings from New Contract				(125)	(125)		
	Off Street Parking	HRA car parks transferred to General Fund	(10)	(27)					
	Off Street Parking	Parking Fee Increases	(107)	(107)	(95)	(23)			
	Off Street Parking	Cleansing Contract		6	8				
	Off Street Parking	Machine Maintenance and collections			27	5	8		
	Waste Management	Inter Authority Agreement, reduced ECC Income	40	40	8	19			
	Waste Management	New contract		(144)	(88)	(159)			
	Fleet Operations	Vehicle parts		4					
	Fleet Operations	Removal of Deficit			(29)				
	Emergency Planning	Leased vehicle		3	4				
	Industrial Activities	Loss of income		3					
	Animal Welfare	Cleansing Contract		(5)	(7)				
	Animal Welfare	Budget Savings				(30)			
	Countrycare	Additional Income			(15)				
	Directorate Restructure	Savings	(150)	(150)	(24)				
	Total Neighbourhoods			(207)	(44)	(205)	(313)	(117)	0
	Resources	Civic Offices	Out of Hours Service	(13)	(21)	(36)			
Civic Offices		Solar Panel Energy Saving			(10)				
Civic Offices		Planned Maintenance Programme			(28)				
Civic Offices		NDR re-assessment			22				
Facilities Management		Casual Staff budget		(4)	(8)				
Finance Miscellaneous		Car Leasing (excluding HRA)	(15)	(19)	(20)	(7)			
Finance Miscellaneous		Employers Superannuation on Non-Contracted Overtime	38	38					
Finance Miscellaneous		Additional Employers Pension re Auto Enrolment	57	57					
Housing Benefits		Admin subsidy settlement reductions	26	56	22	50			
Housing Benefits		Postage		9					
Housing Benefits		Benefits restructure/SFIS transfer			(67)	(67)			
Accountancy		VAT helpline		2					
Directorate Restructure		Savings	(3)	(3)					
Directorate		Efficiency savings		(21)					
Car Leasing		Employers NI		(10)					
Corporate Training		Consultant Fees			(11)				
Corporate Improvement		Improvement budget savings			(20)				
Cashiers		Closure of Epping Cash Desk				(22)			
Bank and Audit charges		BDO reduction in fees		(35)					
Bank and Audit charges		Increased bank charges		8					
ICT	Essex on line Partnership Subscription			6					
Total Resources			90	57	(150)	(46)	0	0	
Other Items	Investment Interest	Reduction due to shops transfer	109	109	45				
	New Homes Bonus		(535)	(569)	(242)				
	Pensions	Deficit Payments			17	43			
Total CSB			(870)	(1,089)	(573)	(410)	(117)	0	

DISTRICT DEVELOPMENT FUND

Directorate	Service	Description	Original	B/F from	Revised	Estimate	Estimate	Estimate	Estimate
			2014/15 £000's	2013/14 2014/15 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's
Chief Executive	Corporate Policy Making	Transformation Programme	150		75	75			
	Corporate Policy Making	Efficiency Challenge Programme (RIEP)		3	3				
	Corporate Policy Making	LLPG staffing	22	46	42	16			
	Corporate Policy Making	LLPG staffing HRA Contribution	(5)	(10)	(9)	(4)			
	Corporate Policy Making	Restructure - Severance Pay	48		53				
Total Chief Executive			215	39	164	87	0	0	0
Communitites	Grants to Voluntary Orgs	Furniture Exchange Scheme	20		20				
	Grants to Voluntary Orgs	VAEF transport scheme	32		32				
	Safer Communities	Analysts post	14		16	27			
	Safer Communities	Contributions to Analysts post			(31)				
	Safeguarding	Safeguarding audit	44		42	47			
	Safeguarding	Rechargeable to HRA			(21)	(27)			
	Homelessness	Legal Fees			52	20	20	20	
	Housing General Fund	Landlord Accreditation Scheme			3	3			
	Housing General Fund	ECC re. Mobile Homes/Sites Improvements		2	2				
	Housing General Fund	Safe and Well Scheme		12	12				
	Housing General Fund	Energy Efficiency Works			4				
	Housing General Fund	Energy Efficiency Works - Hertsmere DC			(4)				
	Housing General Fund	Works in default			7	5			
	Housing General Fund	Works in default			(7)	(5)			
	Communities	Externally Funded Projects		137	184	153			
Communities	Externally Funded Projects		(137)	(184)	(153)				
Total Communitites			110	14	127	70	20	20	0

DISTRICT DEVELOPMENT FUND

Directorate	Service	Description	Original	B/F from	Revised	Estimate	Estimate	Estimate	Estimate
			2014/15 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's
Governance	Building Control Group	Salary saving re vacant posts (net of Consultants)	(89)		(64)	(57)			
	Building Control Group	Salary saving re vacant posts Ring Fenced Element	69		45	41			
	Development Management	Additional temporary staffing				25	25	25	
	Development Management	Document Scanning	55	9	33				
	Development Control	Additional Income			(120)				
	Development Control / Building Control	Consultants			(8)				
	Economic Development	Business Promotion & Support	10						
	Economic Development	Economic Development Strategy	30		25	5			
	Economic Development	Project Assistant		10					
	Economic Development	Tourism Task Force	25		10	15			
	Economic Development	Town Centres Support/Portas Funding	39	23	53	9			
	Elections	Combined Elections May 2014			(80)				
	Electoral Registration	Individual Registration Costs	53	5	77	49			
	Electoral Registration	Individual Registration Grant	(53)		(72)	(49)			
	Estates & Valuation	Additional Staff Surveyor	33						
	Estates & Valuation	Council Asset Rationalisation	130	9	255	278			
	Legal	Fees & Charges			(15)				
	Governance	Severance	46		47				
	Governance Policy	Temporary Assistant Director Post (Economic Development)	69		19				
	Land and Property	Reduced Rental Income Brooker Road		10	16				
	Land and Property	Rental Income Shops			(58)				
	Local Land Charges	Removal of Personal Search charges(Claims) (LLC Amendment Rules 2010)	88	(88)					
	Local Land Charges	Additional Income			(20)	(20)			
	Planning Appeals	Contingency for Appeals		46	11	35			
	Planning Appeals	Professional Fees			(6)				
	Planning Services	Technical Assistant - Conservation	7			10	15		
	Public Conveniences	Relocation of Superloo		21	21				
	Public Relations & Information	Website Officer	11						
	Public Relations & Information	Uttlesford PR support			(14)				
	Town Centre Regeneration	Waltham Abbey Regeneration Projects		45		45			
Total Governance			523	90	155	386	40	25	0

DISTRICT DEVELOPMENT FUND

Directorate	Service	Description	Original	B/F from	Revised	Estimate	Estimate	Estimate	Estimate
			2014/15 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's
Neighbourhoods	Food Safety	Inspections	4	1	2	3			
	Inspection of Workplaces	Expenditure of government grant		15	15				
	Inspection of Workplaces	Awarded Prosecution Costs - Queensthorpe			(5)				
	Neighbourhoods	Restructure - Severance Pay	66		66				
	Licensing	Additional Staff Premises Licences	4		4	4			
	Forward Planning	Maternity Cover	13	2	15				
	Countrycare	Conservation staffing			7	7			
	Local Strategic Partnership	Food Task Force	30		30				
	Forward Planning	Local Plan	321	103	230	250	280		
	Forward Planning	Neighbourhood Planning		5	10				
	Forward Planning	Neighbourhood Planning Grant			(5)				
	Contaminated Land & Water Quality	Contaminated land investigations	25			64			
	Off Street Parking	Payment to NEPP for Redundancies			31				
	Off Street Parking	Reduction in PCN income			40				
	Off Street Parking	Traffic orders and information boards				15			
	Leisure Management	Leisure Management Contract (Loughton)				46			
	Leisure Management	Leisure Management Contract (Loughton)			(23)	(23)			
	Leisure Management	Abortive feasibility costs re Waltham Abbey Pool			27				
	Leisure Management	Equipment/Signage		3	3				
	NWA Strategy Action Plan	NWA Consultancy exercise		20	20				
	North Weald Airfield	Safety of Bund	3	2	5	3			
	North Weald Airfield	Loss of Income - Hangar 5	4		4				
	Countrycare	BRIE - SLA	4		4	4	4	4	
	Countrycare	Protected species/habitat related consultation	9	1	10	10			
	Parks & Grounds	Roding Valley Lake - Disabled Projects		5	5				
	Parks & Grounds	Roding Valley Lake - Disabled Projects			(5)				
	Parks & Grounds	Open Spaces - Tree Planting			10				
	Parks & Grounds	Open Spaces - Tree Planting			(10)				
	Parks & Grounds	Survey of River Roding erosion				15			
	Street Cleansing	Surplus on recycling of street cleansing arisings	(18)						
	Waste Management	Waste contract procurement consultants	40	(27)	13				
	Waste Management	Wheeled bin replacements		1					
	Waste Management	Publicity		10	10				
	Abandoned Vehicles	Abandoned vehicles contract	4						
	Waste Management	Waste Contract Mobilisation			5				
	Total Neighbourhoods			509	141	518	398	284	4

DISTRICT DEVELOPMENT FUND

Directorate	Service	Description	Original	B/F from	Revised	Estimate	Estimate	Estimate	Estimate
			2014/15 £000's	2013/14 2014/15 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's
Resources	Accounts Payable	Implementation of E-Invoicing		7	4	3			
	Council Tax Collection	Temporary Additional Staffing	49		119	190	190	190	
	Council Tax Collection	Technical Agreement Contributions	(157)		(127)	(197)	(190)	(190)	
	Council Tax Collection	Collection Investment	(47)		(47)	(47)			
	Council Tax Collection	Local Council Tax Support Expenditure	47	14	20	32			
	Council Tax Collection	Local Council Tax New Burdens Grant			(79)				
	Council Tax Collection	Local Council Tax New Burdens Expenditure					79		
	Housing Benefits	Local Council Tax Support		15					
	Housing Benefits	Hardship Fund	(5)		(5)	(5)			
	Housing Benefits	Data Sharing Programme		7	7				
	Housing Benefits	Transitional Funding	31			31			
	Housing Benefits	Welfare Reform Expenditure	37	5	37	24			
	Housing Benefits	Welfare Reform Grant			(24)				
	Housing Benefits	Overpayments			(150)				
	Council Tax Benefits	Clawback of benefit previously granted			(80)	(35)			
	Civic Offices	Out of Hours Service - Severance Payments	32	7	24				
	Civic Offices	Committee Room Tables	10		10				
	Civic Offices	NNDR re-assessment			25				
	Civic Offices	Vending machine rentals saving				(5)			
	Non HRA Building Maintenance	Planned Building Maintenance Programme	199	77	153	129	30	66	
Procurement	Subscription saving/Hub rebate			(18)					
Non Distributable Costs	Emergency Premises Works			2	18				
Total Resources			196	132	(129)	138	109	66	0
Total Service Specific District Development Fund			1,553	416	835	1,079	453	115	0
	Lost Investment Interest		151		191	115	78	78	
	Council Tax Freeze		(80)		(83)	(83)			
	Right to Challenge Expenditure		13						
	New Homes Bonus				(10)				
	Revenue Contributions to Capital	Records Scanner			26				
	Revenue Contributions to Capital	Enveloping Machine/Franking Machine			40	12			
	Revenue Contributions to Capital	Langston Road Development		147	147				
	NDR Income	Reduction due to appeals	250						
	Pensions	Deficit Payments	(24)		(24)				
	Parish Council's	Support Grants				6			
Total District Development Fund			1,863	563	1,122	1,129	531	193	0

REVENUE EXPENDITURE, INCOME AND FINANCING

2014/15 ORIGINAL ALL REVENUE ITEMS £	2014/15 REVISED ALL REVENUE ITEMS £		GENERAL FUND ACCOUNT £	2015/16 ORIGINAL HOUSING REVENUE ACCOUNT £	ALL REVENUE ITEMS £
Gross Expenditure					
1,170,660	1,164,050	Office of the Chief Executive	4(a) 1,171,590	0	1,171,590
5,873,100	5,953,340	Governance	4(b) 5,850,130	0	5,850,130
16,886,040	16,531,360	Neighbourhoods	4(c) 15,231,810	0	15,231,810
42,004,740	42,227,390	Resources	4(d) 42,704,410	0	42,704,410
32,418,690	31,519,760	Communities	4(e) 5,092,690	27,474,860	32,567,550
258,990	264,970	Internal Trading Organisations	4(f) 233,550	0	233,550
98,612,220	97,660,870	Total Expenditure on Services	70,284,180	27,474,860	97,759,040
5,581,000	5,564,000	Interest Payable (Inc HRA)	457,000	5,144,000	5,601,000
16,211,000	14,167,000	Revenue Contribution to Capital	12,000	16,869,000	16,881,000
280,238	280,238	Parish Support Grants	245,984		245,984
3,077,383	3,077,383	Precepts Paid to Parish Councils	3,159,675	0	3,159,675
123,761,841	120,749,491	Total Gross Expenditure	74,158,839	49,487,860	123,646,699
Gross Income					
39,366,390	39,584,130	Government Subsidies	39,902,390	0	39,902,390
31,814,570	31,630,860	Rents from Dwellings	0	32,177,460	32,177,460
5,087,150	5,110,100	Miscellaneous Rents, Trading Operations etc.	4,292,090	858,170	5,150,260
4,749,540	5,090,130	Fees and Charges	3,431,410	1,587,540	5,018,950
400,200	420,250	Interest on Mortgages and Investments	470,000	250	470,250
5,990,260	6,756,500	Grants and Reimbursements by other Bodies	6,023,050	0	6,023,050
87,408,110	88,591,970	Total Operational Income	54,118,940	34,623,420	88,742,360
1,042,833	1,479,623	Contribution from/(to) Revenue Reserves	42,048	(52,560)	(10,512)
(62,000)	(154,000)	FRS 17 Adjustment	(154,000)	0	(154,000)
1,863,000	1,122,000	Contribution from/(to) District Development Fund	1,129,000	0	1,129,000
(2,748,000)	(4,013,000)	Contribution from/(to) Other Reserves	(2,000)	(3,100,000)	(3,102,000)
(94,000)	43,000	Contribution from/(to) Collection Fund	50,000		50,000
19,359,000	16,534,000	Contribution from/(to) Capital Reserves	2,320,000	18,017,000	20,337,000
6,375,941	6,528,941	Exchequer Support	5,878,702		5,878,702
113,144,884	110,132,534	Total Gross Income	63,382,690	49,487,860	112,870,550
10,616,957	10,616,957	To be met from Local Taxation	10,776,149	0	10,776,149
Financed by:					
7,539,574	7,539,574	District Precept			7,616,474
3,077,383	3,077,383	Parish Council Precepts	10e		3,159,675
10,616,957	10,616,957	Total Financing			10,776,149

Office of the Chief Executive

Programme 2015/16

2014/15 Original		2014/15 Probable		Revenue Expenditure	2015/16 Original	
£	£	£	£		£	£
1,590,020		1,877,540		Corporate Activities	1,819,170	
	1,590,020		1,877,540	Total Expenditure		1,819,170
	419,360		713,490	Income from Internal Charges		647,580
	1,170,660		1,164,050	Net Expenditure (see Annex 3)		1,171,590
	1,170,660		1,164,050	To be met from Government Grant and Local Taxation		1,171,590
	-		-	Capital Expenditure (see Annex 5)		-

Governance

Programme 2015/16

2014/15 Original		2014/15 Probable		Revenue Expenditure	2015/16 Original	
£	£	£	£		£	£
543,430		524,660		Elections	563,670	
1,328,850		1,201,030		Member Activities	1,159,440	
2,521,020		2,635,380		Planning Services	2,699,960	
696,490		947,920		Land & Property	848,200	
352,450		313,770		Economic Development	309,190	
689,440		477,650		Other Activities	439,140	
3,582,123		4,257,530		Support Services	4,354,630	
	9,713,803		10,357,940	Total Expenditure		10,374,230
	3,840,703		4,404,600	Income from Internal Charges		4,524,100
	5,873,100		5,953,340	Net Expenditure (see Annex 3)		5,850,130
				Service Generated Income		
3,160,190		3,441,170		Miscellaneous Rents, Trading Operations etc	3,460,200	
1,212,390		1,525,150		Fees and Charges	1,353,440	
128,000		122,290		Grants and Reimbursements by other Bodies	194,100	
	4,500,580		5,088,610	Total Income		5,007,740
	1,372,520		864,730	To be met from Government Grant and Local Taxation		842,390
	-		4,924,000	Capital Expenditure (see Annex 5)		3,496,000

Neighbourhoods					
Programme 2015/16					
2014/15 Original		2014/15 Probable		2015/16 Original	
£	£	£	£	Revenue Expenditure	£
1,278,150		1,222,840		Environmental Health	1,257,500
382,100		398,290		Licensing	408,990
2,012,160		2,053,650		Leisure Management	2,021,650
969,420		996,480		North Weald	978,120
205,310		149,970		Emergency Planning	154,720
7,716,830		7,449,510		Waste Management	6,067,380
755,200		698,880		Land Drainage & Sewerage	774,330
1,079,830		1,057,660		Parks and Grounds	1,091,960
1,313,780		1,330,760		Technical Services	1,381,550
1,090,780		1,021,490		Forward Planning & Economic Development	943,780
4,501,940		4,386,420		Support Services	4,408,740
	21,305,500		20,765,950	Total Expenditure	19,488,720
	4,419,460		4,234,590	Income from Internal Charges	4,256,910
	16,886,040		16,531,360	Net Expenditure (see Annex 3)	15,231,810
				Service Generated Income	
1,024,500		792,890		Miscellaneous Rents, Trading Operations etc	797,890
1,558,510		1,479,220		Fees and Charges	1,619,620
3,039,950		2,913,630		Grants and Reimbursements by other Bodies	1,993,510
	5,622,960		5,185,740	Total Income	4,411,020
	11,263,080		11,345,620	To be met from Government Grant and Local Taxation	10,820,790
	4,324,000		466,000	Capital Expenditure (see Annex 5)	512,000

Resources

Programme 2015/16

2014/15 Original		2014/15 Probable		Revenue Expenditure	2015/16 Original	
£	£	£	£		£	£
39,707,570		39,674,640		Housing Benefits	40,253,920	
1,828,540		1,813,490		Local Taxation	1,950,370	
456,990		847,040		Other Activities	584,040	
2,940,550		3,246,450		Accommodation Services	2,798,660	
3,105,830		2,746,010		ICT Services	2,868,570	
2,513,980		2,702,440		Financial Services	2,810,610	
1,393,620		1,380,920		Other Support Services	1,441,560	
	51,947,080		52,410,990	Total Expenditure		52,707,730
	9,942,340		10,183,600	Income from Internal Charges		10,003,320
	42,004,740		42,227,390	Net Expenditure (see Annex 3)		42,704,410
				Service Generated Income		
39,000,390		39,212,130		Government Subsidies	39,522,390	
27,000		34,000		Miscellaneous Rents, Trading Operations etc	34,000	
29,200		25,450		Fees and Charges	23,710	
534,080		500,610		Grants and Reimbursements by other Bodies	617,620	
	39,590,670		39,772,190	Total Income		40,197,720
	2,414,070		2,455,200	To be met from Government Grant and Local Taxation		2,506,690
	1,087,000		1,351,000	Capital Expenditure (see Annex 5)		933,000

Communities

Programme 2015/16

General Fund £	2014/15 Original		General Fund £	2014/15 Probable		Revenue Expenditure	2015/16 Original		
	Housing Revenue £	Total £		Housing Revenue £	Total £		General Fund £	Housing Revenue £	Total £
		0			0				
	27,712,910	27,712,910		26,190,150	26,190,150	Council Housing		27,474,860	27,474,860
1,196,150		1,196,150	1,309,790		1,309,790	Private Sector Housing	1,302,280		1,302,280
444,350		444,350	575,060		575,060	Homelessness	532,580		532,580
482,170		482,170	462,800		462,800	Voluntary Sector Support	400,430		400,430
1,034,680		1,034,680	1,108,910		1,108,910	Community services	1,067,150		1,067,150
1,576,630		1,576,630	1,581,460		1,581,460	Sports Development	1,509,100		1,509,100
609,770	1,034,340	1,644,110	451,320	972,140	1,423,460	Support Services	447,680	1,034,300	1,481,980
5,343,750	28,747,250	34,091,000	5,489,340	27,162,290	32,651,630	Total Expenditure	5,259,220	28,509,160	33,768,380
638,010	1,034,300	1,672,310	159,730	972,140	1,131,870	Income from Internal Charges	166,530	1,034,300	1,200,830
4,705,740	27,712,950	32,418,690	5,329,610	26,190,150	31,519,760	Net Expenditure (see Annex 3)	5,092,690	27,474,860	32,567,550
						Service Generated Income			
366,000		366,000	372,000		372,000	Government Subsidies	380,000		380,000
	31,814,570	31,814,570		31,630,860	31,630,860	Rents from Dwellings		32,177,460	32,177,460
	875,460	875,460		842,040	842,040	Miscellaneous Rents, Trading Operations etc		858,170	858,170
143,510	1,574,880	1,718,390	212,240	1,612,520	1,824,760	Fees and Charges	201,090	1,587,540	1,788,630
	1,200	1,200		250	250	Interest on Mortgages and Investments		250	250
651,230		651,230	1,282,970	0	1,282,970	Grants and Reimbursements by other Bodies	1,041,820		1,041,820
	(7,353,000)	(7,353,000)		(8,882,000)	(8,882,000)	HRA Interest & Reversal of Depn		(7,096,000)	(7,096,000)
	799,840	799,840		986,480	986,480	Use of Balances		(52,560)	(52,560)
1,160,740	27,712,950	28,873,690	1,867,210	26,190,150	28,057,360	Total Income	1,622,910	27,474,860	29,097,770
3,545,000	-	3,545,000	3,462,400	0	3,462,400	To be met from Government Grant and Local Taxation	3,469,780	0	3,469,780
3,218,000	17,773,000	20,991,000	2,101,000	15,182,000	17,283,000	Capital Expenditure (see Annex 5)	2,535,000	18,902,000	21,437,000

Internal Trading Organisations

Programme 2015/16

2014/15 Original		2014/15 Probable			2015/16 Original	
£	£	£	£	Revenue Expenditure	£	£
2,414,070		2,445,540		Housing Maintenance	2,545,570	
445,630		471,780		Fleet Operations	444,110	
	2,859,700		2,917,320	Total Expenditure		2,989,680
	2,600,710		2,652,350	Income from Internal Charges		2,756,130
	258,990		264,970	Net Expenditure (see Annex 3)		233,550
				Service Generated Income		
231,050		235,550		Fees and Charges	233,550	
	231,050		235,550	Total Income		233,550
	27,940		29,420	To be met from Government Grant and Local Taxation		-
	50,000		68,000	Capital Expenditure (see Annex 5)		50,000

Non Service Budgets

Programme 2015/16

General Fund £	2014/15 Original Housing Revenue £	Total £	General Fund £	2014/15 Probable Housing Revenue £	Total £	Revenue Expenditure	General Fund £	2015/16 Original Housing Revenue £	Total £
(399,000)		(399,000)	(420,000)		(420,000)	Interest & Investment Income	(470,000)		(470,000)
	16,211,000	16,211,000	213,000	13,954,000	14,167,000	Revenue Contribution to Capital	12,000	16,869,000	16,881,000
(1,637,000)		(1,637,000)	(1,937,000)		(1,937,000)	Other Items	(2,176,000)		(2,176,000)
451,000	5,130,000	5,581,000	430,000	5,134,000	5,564,000	Interest Payable (Inc HRA)	457,000	5,144,000	5,601,000
(2,633,000)	(29,000)	(2,662,000)	(2,788,000)	(34,000)	(2,822,000)	Depreciation Reversals & Other Adjs.	(2,320,000)	(34,000)	(2,354,000)
(4,218,000)	21,312,000	17,094,000	(4,502,000)	19,054,000	14,552,000		(4,497,000)	21,979,000	17,482,000
-	16,726,000	16,726,000	-	13,746,000	13,746,000	Transferred to Housing Summary	-	18,017,000	18,017,000
(4,218,000)	38,038,000	33,820,000	(4,502,000)	32,800,000	28,298,000		(4,497,000)	39,996,000	35,499,000
		(242,993)			(493,143)	Contribution (from)/to Revenue Reserves			(42,048)
		62,000			154,000	FRS 17 Adjustment			154,000
		10,000			473,000	Contribution (from)/to Other Reserves			2,000
		(2,738,000)			(3,540,000)	Transfer (from)/to Housing Revenue Account			(3,100,000)
		94,000			(43,000)	Contribution (from)/to the Collection Fund			(50,000)
		(1,863,000)			(1,122,000)	Contribution from District Development Fund			(1,129,000)
		29,142,007			23,726,857	Reduction in Amount to be met from Government Grant and Local Taxation & other Housing Revenue Account items			31,333,952

Capital Programme

Programme 2015/16

General Fund £	Housing Revenue £	2014/15 Original	General Fund £	Housing Revenue £	2014/15 Probable	Gross Expenditure	General Fund £	2015/16 Original	Total £
		Total £			Original Housing Revenue £				
-		-	4,924,000		4,924,000	Governance	3,496,000		3,496,000
4,324,000		4,324,000	466,000		466,000	Neighbourhoods	512,000		512,000
1,087,000		1,087,000	1,351,000		1,351,000	Resources	933,000		933,000
3,218,000	17,773,000	20,991,000	2,101,000	15,182,000	17,283,000	Communities	2,535,000	18,902,000	21,437,000
	50,000	50,000	-	68,000	68,000	Internal Trading Organisations	-	50,000	50,000
8,629,000	17,823,000	26,452,000	8,842,000	15,250,000	24,092,000	Total Capital Expenditure	7,476,000	18,952,000	26,428,000
-	16,211,000	16,211,000	213,000	13,954,000	14,167,000	Less: Revenue Contributions to Capital	12,000	16,869,000	16,881,000
8,629,000	1,612,000	10,241,000	8,629,000	1,296,000	9,925,000	To be met from Capital Resources	7,464,000	2,083,000	9,547,000
Financed by:									
7,051,000	844,000	7,895,000	6,971,000	607,000	7,578,000	Capital Receipts	6,514,000	1,488,000	8,002,000
1,509,000		1,509,000	1,547,000		1,547,000	Government Grants	858,000		858,000
69,000	768,000	837,000	111,000	689,000	800,000	Other Grants	92,000	595,000	687,000
8,629,000	1,612,000	10,241,000	8,629,000	1,296,000	9,925,000	Total Financing	7,464,000	2,083,000	9,547,000

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COUNCIL TAX RATES FOR DISTRICT & PARISH/TOWN COUNCILS 2015/16

Authorities	Tax Base No.'s	Precept 2015/16	Council Tax Band D	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
		£	£	£	£	£	£	£	£	£	£
District Expenses	51,196.3	7,616,474	148.77	99.18	115.71	132.24	148.77	181.83	214.89	247.95	297.54
Abbess, Berners and Beauchamp Roding	207.7	5,200	25.04	115.87	135.19	154.50	173.81	212.43	251.06	289.68	347.62
Buckhurst Hill	5,028.5	346,432	68.89	145.11	169.29	193.48	217.66	266.03	314.40	362.77	435.32
Chigwell	5,874.3	271,451	46.21	129.99	151.65	173.32	194.98	238.31	281.64	324.97	389.96
Epping Town	4,885.6	409,609	83.84	155.07	180.92	206.76	232.61	284.30	335.99	387.68	465.22
Epping Upland	401.1	14,777	36.84	123.74	144.36	164.99	185.61	226.86	268.10	309.35	371.22
Fyfield	407.9	10,882	26.68	116.97	136.46	155.96	175.45	214.44	253.43	292.42	350.90
High Ongar	541.0	13,500	24.95	115.81	135.12	154.42	173.72	212.32	250.93	289.53	347.44
Lambourne	829.7	32,118	38.71	124.99	145.82	166.65	187.48	229.14	270.80	312.47	374.96
Loughton Town	11,927.6	586,599	49.18	131.97	153.96	175.96	197.95	241.94	285.93	329.92	395.90
Matsong	421.1	13,770	32.70	120.98	141.14	161.31	181.47	221.80	262.12	302.45	362.94
Moreton, Bobbingworth and the Lavers	546.8	13,643	24.95	115.81	135.12	154.42	173.72	212.32	250.93	289.53	347.44
Nazeing	1,990.5	68,752	34.54	122.21	142.57	162.94	183.31	224.05	264.78	305.52	366.62
North Weald Bassett	2,441.3	171,892	70.41	146.12	170.47	194.83	219.18	267.89	316.59	365.30	438.36
Ongar Town	2,618.9	268,336	102.46	167.49	195.40	223.32	251.23	307.06	362.89	418.72	502.46
Roydon	1,265.9	28,900	22.83	114.40	133.47	152.53	171.60	209.73	247.87	286.00	343.20
Sheering	1,290.0	31,066	24.08	115.23	134.44	153.64	172.85	211.26	249.67	288.08	345.70
Stanford Rivers	348.0	19,900	57.18	137.30	160.18	183.07	205.95	251.72	297.48	343.25	411.90
Stapleford Abbotts	509.5	5,391	10.58	106.23	123.94	141.64	159.35	194.76	230.17	265.58	318.70
Stapleford Tawney	79.3	1,522	19.19	111.97	130.64	149.30	167.96	205.28	242.61	279.93	335.92
Theydon Bois	1,953.6	104,986	53.74	135.01	157.51	180.01	202.51	247.51	292.51	337.52	405.02
Theydon Garnon	76.4	1,000	13.09	107.91	125.89	143.88	161.86	197.83	233.80	269.77	323.72
Theydon Mount	111.7	1,400	12.53	107.53	125.46	143.38	161.30	197.14	232.99	268.83	322.60
Waltham Abbey Town	7,212.8	734,407	101.82	167.06	194.90	222.75	250.59	306.28	361.96	417.65	501.18
Willingale	227.1	4,142	18.24	111.34	129.90	148.45	167.01	204.12	241.24	278.35	334.02
Town and Parish Total	51,196.3	3,159,675	61.72	41.15	48.00	54.86	61.72	75.44	89.15	102.87	123.44
District, Town and Parish Total	51,196.3	10,776,149	210.49	140.33	163.71	187.10	210.49	257.27	304.04	350.82	420.98

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Medium Term Financial Strategy

Introduction

1. For a number of years as part of the Council's sound financial planning arrangements a four-year financial strategy has been prepared. This document allows a considered view to be taken of spending and resources. Without a medium term financial strategy finances would be managed on an annual basis leading to sudden expansions and contractions in services. Clearly such volatility would lead to waste and be confusing for stakeholders.
2. Managing this Council's finances has been made easier by isolating one off fluctuations (District Development Fund or DDF) from the ongoing core services (Continuing Service Budgets or CSB). This distinction highlights the differing effects in the medium term of approving different types of initiative.
3. A key part of the strategy is future rises in Council Tax and the Council has a stated ambition to remain a low tax authority in the long term. To achieve this over the long term it is important to avoid the gimmick of one-off reductions. For 2015/16 it appears there will be a mixed picture across Essex, with some authorities increasing charges to just below the referendum limit and some considering token reductions.
4. At its 28 July 2014 meeting the Finance and Performance Management Cabinet Committee decided to recommend a continued freeze in the Council Tax. This recommendation was adopted by cabinet on 8 September 2014.

Previous Medium Term Financial Strategy

5. The July meeting of the Cabinet Committee considered the annual Financial Issues Paper and an updated medium term financial strategy. At that time Members attention was drawn to a number of areas of significant uncertainty. Key amongst those were the structural reforms to the financing of local authorities through the local retention of NNDR and the Government's programme of welfare reform. The general state of domestic and world economies remained a concern although most of the key income streams were now showing improvement. There were also questions over the New Homes Bonus, Development Opportunities and the Organisational Review.
6. Against this background of risk and uncertainty a forecast was constructed that set a target of £13.15m for CSB expenditure for 2015/16 and maintained the requirement for annual CSB savings over the forecast period. At this time deficit budgets were anticipated for each year of the forecast, although these were reducing at the end of the forecast.
7. At that time the predicted General Fund balance at 1 April 2019 of £8.29m represented 65% of the anticipated Net Budget Requirement (NBR) for 2018/19 and was therefore somewhat higher than the guideline of 25%. It was also predicted at that time that there would be £1.4m left in the DDF at 1 April 2019.

Updated Medium Term Financial Strategy

8. In the period since the Financial Issues Paper the Government has provided the draft settlement figures for next year and Cabinet increased the CSB target to £13.33m. The reductions in funding were somewhat smaller than had been anticipated, which was helpful given the increasing cost pressures. In constructing the forecast it has been necessary to make certain assumptions, these are set out below:
 - a) CSB Growth – the net savings required for 2015/16 have been found, but budgets will be re-visited during the course of 2015/16 to seek further reductions. In common with the earlier version of the strategy, target CSB savings are included for the period 2016/17 to 2018/19. The organisational restructure, savings on waste management, additional rental income and additional development control income have helped achieve the savings required for 2015/16. However, on top of known predicted savings, net savings targets of £250,000 for 2016/17 and £400,000 for 2017/18 may prove challenging.
 - b) DDF – all of the known items for the four-year period have been included and at the end of the period a balance of £0.9m is still available. This is consistent with the position in the current year's budget, where the MTFS adopted in February 2014 showed a closing balance at the end of the period of under £1m.
 - c) Grant Funding – beyond 2015/16 it has been assumed that there will be a 10% reduction in grant in each of the following years. These figures will be subject to change as a Comprehensive Spending Review will have to be conducted during 2015/16.
 - d) Other Funding – no amounts have been included for any additional New Homes Bonus that may arise for subsequent years. No growth in funding has been anticipated from growth in the non-domestic rating list. It has been assumed that the allowance for losses on appeals will be adequate but there are hundreds of appeals still outstanding, including one against the largest item on our rating list.
 - e) Council Tax Increase – Members have confirmed they wish to freeze the charge for 2015/16. Increases of 2.5% have been allowed for subsequent years. These assumptions have been built into the strategy.
9. This revised medium term financial strategy has deficits from 2015/16 to 2018/19, although these are reducing and the use of reserves in 2018/19 is £168,000 lower than in 2016/17. The predicted revenue balance at the end of the period is £8.5m, which represents 68% of the NBR for 2018/19 and thus comfortably exceeds the target of 25%.
10. It is worth repeating that savings of £0.9m are still to be identified for the last three years of the strategy and that identified savings of £0.4m in 2016/17 and 2017/18 will have to be delivered. In approving the medium term financial strategy Members are asked to note these targets. The strategy will be monitored during the year and updated for the July 2015 meeting of the Finance and Performance Management Cabinet Committee.

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

ORIGINAL 2014/15	REVISED FORECAST 2014/15	FORECAST 2015/16	FORECAST 2016/17	FORECAST 2017/18	FORECAST 2018/19
£'000 NET REVENUE EXPENDITURE	£'000	£'000	£'000	£'000	£'000
14,644 Continuing Services Budget	14,913	13,921	13,900	13,415	12,985
-870 CSB - Growth Items	-1,089	-573	-410	-117	0
0 Net saving	0	0	-250	-400	-250
13,774 Total C.S.B	13,824	13,348	13,240	12,898	12,735
1,863 One - off Expenditure	1,122	1,129	531	193	0
15,637 Total Net Operating Expenditure	14,946	14,477	13,771	13,091	12,735
10 Contribution to/from (-) Other Res	500	0	0	0	0
-1,863 Contribution to/from (-) DDF Balances	-1,122	-1,129	-531	-193	0
-243 Contribution to/from (-) Balances	-493	-42	-347	-314	-179
13,541 Net Budget Requirement	13,831	13,306	12,893	12,584	12,556
FINANCING					
6,095 Government Support (NNDR+RSG)	6,248	5,638	5,074	4,567	4,338
0 RSG Floor Gains/(-Losses)	0	0	0	0	0
6,095 Total External Funding	6,248	5,638	5,074	4,567	4,338
7,540 District Precept	7,540	7,616	7,819	8,017	8,218
-94 Collection Fund Adjustment	43	52	0	0	0
To be met from Government 13,541 Grants and Local Tax Payers	13,831	13,306	12,893	12,584	12,556
Band D Council Tax	148.77	148.77	152.46	156.33	160.24
Percentage Increase %		0	2.5	2.5	2.5

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

	REVISED FORECAST 2014/15	FORECAST 2015/16	FORECAST 2016/17	FORECAST 2017/18	FORECAST 2018/19
REVENUE BALANCES	£'000	£'000	£'000	£'000	£'000
Balance B/forward	9,884	9,391	9,349	9,002	8,688
Surplus/Deficit(-) for year	-493	-42	-347	-314	-179
Balance C/Forward	9,391	9,349	9,002	8,688	8,509
DISTRICT DEVELOPMENT FUND					
Balance B/forward	3,848	2,726	1,597	1,066	873
Transfer Out	-1,122	-1,129	-531	-193	0
Balance C/Forward	2,726	1,597	1,066	873	873
CAPITAL FUND (inc Cap Receipts)					
Balance B/forward	17,467	14,104	7,661	4,679	3,022
New Usable Receipts	4,215	1,559	1,555	1,555	1,555
Use of Capital Receipts	-7,578	-8,002	-4,537	-3,212	-2,811
Balance C/Forward	14,104	7,661	4,679	3,022	1,766
TOTAL BALANCES	26,221	18,607	14,747	12,583	11,148

The Chief Financial Officer's report to the Council on the robustness of the estimates for the purposes of the Council's 2015/16 budgets and the adequacy of the reserves.

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 2015/16. 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 2015/16 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 Finance Scrutiny Panel to challenge and debate the detailed budgets with the Finance 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 2015/16.**

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

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

Factor Assessment

a. Inflationary pressures

11. Every year base budget estimates are produced and then different inflation factors are applied to the resultant figures to take budgets to out-turn prices. It is inevitable that there will be either over or under provision for the full cost of inflation, as prices will vary against the estimates made. Efforts have been made to predict the level of inflation in the coming year, although the difficulty in making these predictions is highlighted by inflation remaining low and below the target for, and predictions of, the Monetary Policy Committee. The most recent figures for the year to December 2014, released on 13 January, have shown inflation at 0.5% which is the lowest level since recording in this form began in 1996. The last time inflation was at the target level of 2% was December 2013 and it has been below that level on a generally declining path since. As it is now more than 1% below the target the Governor of the Bank of England will be required to write a letter of explanation to the Chancellor of the Exchequer. This ongoing low inflation makes any increase in the rate of interest unlikely in the near future.
12. Even though inflation has been low increases in pay have been lower and people have seen the real value of their earnings fall. Pay rates had been frozen for several years prior to the 1% increase for 2013/14 and now 1.1% increases have been agreed for both 2014/15 and 2015/16. The Medium Term Financial Strategy (MTFS) includes an allowance of 1.5% for pay awards for 2016/17 and 2017/18. In the budgets the centrally held vacancy allowance has been maintained at 1.5%. This reflects the deletion of posts during the organisational restructure and the consequent reduction in the levels of salary under spends.

b. Estimates on the level and timing of capital receipts

13. The Council has always adopted a prudent view on the level and timing of capital receipts. Capital receipts are not recognised for budgetary purposes unless they have been received or their receipt is contractually confirmed prior to the budget being ratified. Currently, no significant disposals are anticipated in 2015/16.
14. The exception to this relates to receipts from council house sales. In this instance because sales occur throughout the year assumptions are made about their generation. Following the increase in Right to Buy discounts the number of sales has increased significantly. During 2012/13 there were 13 sales but 2013/14 saw the number increase to 53 and the first 9 months of 2014/15 have seen 28 sales. This indicates that the various Government initiatives to encourage lending have been effective and that it has become easier to obtain a mortgage.
15. Even with the Authority's substantial capital programme, which exceeds £116m over five years, it is anticipated that the balance of usable capital receipts at 31 March 2019 will be just under £1.8m. The Capital Strategy continues to emphasise that priority will be given to capital schemes that will create future revenue benefit, either through increased income or reduced costs.

c. Treatment of demand led pressures and savings

16. The previous demand led pressures on the benefits and homelessness services have been easing with the slow improvement in the economy. Locally the housing market is improving, with increases in key income streams like planning and land charges. The income from both these areas will be greater in 2014/15 than 2013/14.
17. The net savings for the budget have been achieved from three main areas. Firstly, the new waste management contract has generated CSB savings of £144,000 in 2014/15 and £88,000 in 2015/16. Secondly, increases in income in the Governance Directorate with Development Control contributing £120,000 and additional property rental income yielding another £130,000 over the two years. The third significant item is changing pay and display parking fees, which should provide £68,000. A number of other smaller savings have also been identified and together these provide a sound base for the 2015/16 budget. However, there is still a need for further savings in 2016/17 and 2017/18 and work is ongoing on a number of ideas to reduce net costs.

d. Risks inherent in partnership arrangements etc

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

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

19. The Authority is no longer debt free, due to self-financing for the Housing Revenue Account (HRA). Although this is not a significant concern as the 30 year business plan for the HRA has demonstrated that the Authority will be considerably better off in the long term. Revenue reserves for both the General Fund and the HRA are in a healthy state.
20. A major threat to the Authority's financial standing is further substantial reductions in central government funding. The period from 2011/12 to 2015/16 will see grant funding reduced by approximately 60%. The period beyond 2015/16 will be the subject of the next Comprehensive Spending Review and whoever is in the next government will need to do more to reduce the deficit. A change of government could also see the New Homes Bonus scrapped and other structural changes to local authority finances. This means predicting beyond 2015/16 is hazardous although it is likely that there will be further reductions in revenue support grant and an increasing reliance on retained business rates.
21. I have previously expressed concern at the transfer of large financial risks to local authorities at a time of economic uncertainty. These risks were the localisation of Council Tax Benefit and the local retention of non-domestic rates. The implementation of Local Council Tax Support has been a success and the scheme has been managed within budget. In view of the success so far and the reducing caseload it has been possible to leave the scheme largely unchanged again for 2015/16.

22. Local retention of non-domestic rates has been more problematic and still represents a considerable financial risk. The major concern here arises from the treatment of appeals and refunds. Even though DCLG have already had the benefit of non-domestic rates paid in respect of periods prior to 1 April 2013, all appeals regardless of start date are accounted for within the new system. This means billing authorities are refunding money that they have not benefited from in the first place. There are still several hundred appeals outstanding, including one against the largest item on our rating list, and it is difficult to robustly predict what the combined outcomes will be.

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

23. 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.
24. Most managers have received training on budget management. A course involving an external trainer, the CFO and the Chief Internal Auditor has now been supplemented with additional detailed training on a directorate basis being provided by accountancy staff.
25. The quarterly budget monitoring reports on key budgets to both the Finance and Performance Management Cabinet Committee and Scrutiny Panel will continue throughout 2015/16. 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

26. The Authority 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 Authority 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

27. The Council is now in the final year of a five year agreement that was entered into following a collaborative procurement exercise with twelve other authorities. This exercise was somewhat disappointing and there was little benefit from it as insurance is something that is assessed on a risk by risk basis and not a uniform commodity that can be procured in bulk. Because of the value of the tender and the complexity of the insurance market, an external broker has been appointed to assist with the procurement. The Authority still maintains an insurance fund, which as at 31 March 2014 had a balance of £1.05m.

i. Pension liabilities

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

Statement on the adequacy of the reserves and balances

29. 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 2016 is £9.36m as shown in the Annex 8 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.
30. 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			900
Grant reduction being 15% instead of 10% beyond 2015/16	600	50	300
Loss of New Homes Bonus in a new funding system	8,000	25	2,000
Pay award being settled 1% in excess of estimate for 16/17 and future years	800	25	200
Inflationary pressures between 1-4% higher than budget	600	20	120
Loss of North Weald Market Income	2,800	40	1,120
Unintended consequences of HRA reform impacting on General Fund	2,000	10	200
Localisation of Council Tax Benefit - Increase in caseload not covered by funding	1,000	20	200
Retention of non-domestic rates – losses on appeals	1,000	40	400
Renegotiating External contracts and partnership arrangements	4,000	25	1,000
Emergency Contingency	800	20	160
Total	21,600		6,600

31. The estimates for income generated from the market at North Weald airfield have been reduced but this remains a key source of income. Uncertainties surrounding the future of the airfield create a risk to the Authority that needs to be recognised and quantified hence its inclusion in the list above.
32. 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.
33. 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.
34. Based on the old CPA formula there is an expectation that an authority should carry a level of balance that equates to at least 5% of the net operating expenditure (NOE) of the Authority. During the period of the four-year plan NOE is expected to average out at £13.5m, which suggests a figure of £675,000.
35. The Council has always been conscious of its balances position as can be demonstrated by budget reports over many years. Fortunately for the Authority the question had not been whether it had a sufficient level of balance but rather that it had too much. Balances increased by £213,000 in 2013/14 to leave a balance of £9.88m at 31 March 2014.
36. Policies have been determined previously to bring about reductions and the current policy reflects that deficit budgets are necessary to support the structured reduction in spending. The current policy allows for balances to fall to no lower than 25% of Net Budget Requirement (NBR). This is slightly different from the NOE stated above, the average NBR figure for the next four years is expected to be £12.8m therefore 25% of that figure equates to £3.2m. The current four-year forecast shows balances still at £8.5m at the end of 2018/19.
37. The risk assessment undertaken above suggests that 20-25% of NBR is about the range that this authority should be maintaining its balances within. By 31 March 2019 balances will represent 68% of NBR, which is more than adequate. However, Members are aware that this situation can only be achieved with CSB savings and have stated a clear target of reducing expenditure throughout the period of the medium term financial strategy.
38. It has already been stated that the capital fund is expected to remain in a surplus position beyond 2018/19 and the capital programme is fully funded.
40. The main earmarked reserve is the District Development Fund (DDF) which is used to keep one off items of income and expenditure separate from the base budget. At 31 March 2014 the balance on the DDF was £3.8m, which was an increase of £0.2m in the year. The DDF is predicted to have a balance of £0.9m at the end of 2018/19, although this is likely to be reduced by the Local Plan and any further organisational changes. The only other earmarked reserve with a significant balance is the Insurance Reserve, which stood at £1.05m at the end of 2013/14. There were no significant movements in the year on this fund.

41. The HRA revenue balance of £2.97m at 31 March 2014 is expected to decrease, by £1m in 2014/15 and then increase by £52,000 in 2015/16 to remain above £2m. The balance on the Housing Repairs Fund is expected to reduce over the next year, from £2.75m to £1.74m. Similarly the Housing Major Repairs Reserve is predicted to decrease from £11.36m to £10.13m. The 30 year business plan has demonstrated that under self-financing the overall financial standing of the HRA will improve significantly and its reserves going into 2015/16 remain healthy.
42. **The conclusion is that the reserves of the Council are adequate to cope with the financial risks the Council faces in 2015/16 but that savings will be needed in subsequent years to bring the budget back into balance in the medium term. Given the imminent general election there are particular concerns about New Homes Bonus and potential changes to the funding structure for local authorities.**

Parish	Precept based on notified taxbase £	Precept based on amended taxbase £	DDF Grant to top up Precept £
Chigwell	272,399	271,451	948
Epping Town	412,099	409,609	2,490
Lambourne	32,150	32,118	32
Loughton Town	587,100	586,599	501
Matching	13,800	13,770	30
Moreton, Bobbingworth and the Lavers	13,783	13,643	140
Nazeing	68,940	68,752	188
North Weald Bassett	172,034	171,892	142
Roydon	28,915	28,900	15
Stapleford Abbots	5,410	5,391	19
Waltham Abbey Town	735,445	734,407	1,038
			<u>5,543</u>

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