

# ***Supplementary Committee Agenda***



**Epping Forest  
District Council**

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## ***Finance and Performance Management Cabinet Committee Monday, 20th January, 2014***

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

**Time:** 7.00 pm

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### **11. BUDGET 2014/15 - DRAFT BUDGET LISTS (Pages 3 - 64)**

(Directorate of Finance & ICT) To consider the attached report (FPM-024-2013/14).

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**Report to the Finance and Performance  
Management Cabinet Committee  
Report reference: FPM-024-2013-14  
Date of meeting: 20 January 2014**



**Epping Forest  
District Council**

Portfolio: Finance and Technology

Subject: Council Budgets 2014/15

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**Recommendations/Decisions Required:**

- (1) That the Committee considers the Council's 2014/15 General Fund budgets and makes recommendations to the Cabinet meeting on 3 February 2014 on adopting the following:
  - (a) the revised revenue estimates for 2013/14, which are anticipated to reduce the General Fund balance by £160,000;
  - (b) confirmation of a reduction in the target for the 2014/15 CSB budget from £14.07m to £13.77m (including growth items);
  - (c) an increase in the target for the 2014/15 DDF net spend from £0.142m to £1.6m;
  - (d) no change in the District Council Tax for a Band 'D' property to keep the charge at £148.77;
  - (e) the estimated reduction in General Fund balances in 2014/15 of £243,000;
  - (f) the four year capital programme 2014/15 – 17/18;
  - (g) the Medium Term Financial Strategy 2013/14 – 17/18;
  - (h) the Council's policy on General Fund Revenue Balances to remain that they are allowed to fall no lower than 25% of the Net Budget Requirement.
- (2) That the Committee recommends to the Cabinet that the 2014/15 HRA budget including the revised revenue estimates for 2013/14 be agreed;
- (3) That the Cabinet be requested to note that rent increases and decreases proposed for 2014/15 will give an average overall increase of 4.91%;
- (4) That the Committee notes the Chief Financial Officer's report to the Council on the robustness of the estimates for the purposes of the Council's 2014/15 budgets and the adequacy of the reserves.

**Executive Summary:**

This report sets out the detailed recommendations for the Council's budget for 2014/15. The budget uses £243,000 of reserves but the Council's policy on the level of reserves can be maintained throughout the period of the Medium Term Financial

Strategy (MTFS). Over the course of the MTFS the use of reserves to support spending peaks at £931,000 in 2015/16 and reduces to £340,000 in 2017/18.

The budget is based on the assumption that Council Tax will be frozen and that average Housing Revenue Account rents will increase by 4.91% in 2014/15.

#### **Reasons for Proposed Decisions:**

The decisions are necessary to assist Cabinet in determining the budget that will be placed before Council on 18 February 2014.

#### **Other Options for Action:**

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

#### **Report:**

1. On 3 February 2014 the Cabinet will receive the minutes and recommendations contained therein of this meeting and will then make recommendations to Council for the setting of the Council Tax and budget on 18 February 2014.
2. The annual budget process commenced with the Financial Issues Paper (FIP) being presented to this Committee on 19 September 2013. The paper was prepared against the background of cuts in public expenditure, ongoing difficulties within the economy 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) Reducing Income Streams
  - g) Waste and Leisure Contract Renewals
  - h) Organisational Review
3. There is now greater clarity on some of these issues, but several of them will not be resolved for some time. The key areas are revisited in subsequent paragraphs.
4. In setting the budget for the current year Members had anticipated using £44,000 from the general fund reserves. This was possible as the MTFS approved in February 2013 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 2013/14 was not significant as the MTFS at that time was predicting the use of just over £1.3 million of reserves to support spending in the following three years.
5. The revised four year forecast presented with the FIP took into account all the additional costs known at that point and highlighted the additional reductions in support grant and the potential top-slicing of New Homes Bonus. This projection showed a need to achieve net savings of £700,000 on the 2014/15 estimates, followed by £700,000 in 2015/16 and 2016/17 and £200,000 in 2017/18 to keep revenue balances above the target level at the end of 2017/18.
6. Members adopted this measured approach to reduce expenditure in a progressive and controlled manner. The budget guidelines for 2014/15 were therefore established as:
  - i. The ceiling for CSB net expenditure be no more than £14.07m

- including net growth/savings.
- ii. The ceiling for DDF net expenditure be no more than £0.142m.
- iii. The District Council Tax to be frozen.

The Current Position

7. The draft General Fund budget summaries are included elsewhere on the agenda. The main year on year resource movements are highlighted in the CSB and DDF lists, which are attached as Annexes 2 and 3. In terms of the guidelines, the position is set out below, after an update on each of the key areas highlighted in the FIP.

a) Central Government Funding

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

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

9. The figures shown above illustrate the substantial annual reductions that began in 2011/12. Even using the adjusted figure of £8.710m for 2010/11, Formula Grant has reduced by £2.66m or 31% over the last 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
<b>Funding Assessment</b>	<b>7.282</b>	<b>6.375</b>	<b>5.393</b>
Increase/(Decrease) £	n/a	(0.907)	(0.982)
Increase/(Decrease) %	n/a	(12.5%)	(15.4%)

10. By not providing a full analysis for 2014/15 and 2015/16 the DCLG has prevented a detailed comparison with earlier periods. The draft figure for 2014/15 of £6.375m was slightly higher than the previous figure of £6.290m but the 2015/16 figure at £5.393m is slightly lower than the previous figure of £5.40m. It can still be seen that in three years under this new system funding reduces by £1.889m or by 25.9%. 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 £735,000 worse than had been anticipated in the February 2013 MTFS, in updating the MTFS this full reduction has been allowed for.
11. As part of abolishing Council Tax Benefit and introducing Local Council Tax Support the DCLG had to determine whether parish councils would be affected by the reduction in council tax base or left outside the calculations. Despite the consultation responses on the scheme being massively in favour of tax base adjustments only at district level the DCLG decided that parish councils should also be affected. One of the

problems with this decision is 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 last year that parish councils should be fully protected from this change for 2013/14, a decision not shared by many authorities across the country. This meant that the figure notionally relating to parishes of £312,812 was topped up with an additional £7,460 to £320,272.

12. The draft settlement has no separate figures for Local Council Tax Support, let alone a detailed split between the district and the parishes. This Committee agreed in September that in the absence of this data it should be assumed that the overall reductions should be treated as applying equally to the Local Council Tax Support element. Based on the draft settlement, it is proposed to reduce the funding to parish councils by 12.5% for 2014/15 (£40,034) and 15.4% for 2015/16 (£43,156). These amounts need to be seen in the light of the total parish precepts for 2013/14 being just short of £3m. There is a separate report elsewhere on the agenda setting out the amounts for individual parishes and this information was circulated to parish colleagues before Christmas.

b) Business Rates Retention-

13. There was concern at this time last year about the design of this new system but thankfully the DCLG listened to the views being expressed and modified several of their assumptions. To refresh Member's memories some of the information from the 2013/14 budget papers is repeated below in paragraphs 14 to 18.
14. For this district the predicted total amount of non-domestic rates for 2013/14 has been set as £31,888,336, which is shared out as shown in the table below.

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

15. As the billing authority we are responsible for collecting the money and then paying it over as set out above. However, as our share (£12,755,334) exceeds the amount of our funding deemed to come from retained business rates (£2,909,311) the excess (£9,846,023) is also paid to Central Government as a "Tariff". The tariffs are used to provide "Top Ups" to those authorities whose non-domestic rate income is lower than their deemed funding from business rates. Overall this means we will be collecting nearly £32 million but retaining less than £3 million, or just over 9%.
16. The basic amounts within the system are now fixed for an extended period, DCLG have stated that the system will not be re-set until 2020. Although this does not apply to the tariff payments that will be increased annually by inflation, we have been given an indicative tariff figure for 2014/15 of £10.148 million.
17. Overall the predicted total level of non-domestic rates is broadly in line with the current position and it is unlikely that we will have either a large initial shortfall or any windfall gain from the new system. There is a major concern here though due to the way appeals and refunds will be 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 will be accounted for within the new system. This will mean 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 has to be made for the amount of money you anticipate having to pay out in appeals and refunds.

18. Calculating an appropriate provision for appeals is extremely difficult as there are currently more than 500 appeals with the Valuation Office. Each appeal will have arisen from different circumstances and it is difficult to produce a uniform percentage to apply. This is a particular concern at the moment as there is one property in the south of the district which has a rateable value approaching £6 million and is currently being appealed. If a full provision was included in our calculations for the owners of this property being completely successful in their appeal there would be a significant shortfall. Based on previous experience and discussions with the Valuation Office a provision has been calculated that is felt to be prudent, but given the size of the financial risk here it is worth mentioning the potential problem.
19. Having had that reminder of how we got here it is necessary to consider what our monitoring has told us since the start of the year. There are two aspects to the monitoring, firstly changes in the rating list and secondly the collection of cash. Changes in the rating list are important as with local retention the overall funds available to authorities will increase or decrease as the total value of the list increases or decreases. The NNDR1 form set out the non-domestic rate estimates for the year and started with a gross yield of £40,208,899 which was then reduced by the various reliefs for charities and small businesses and an allowance for appeals to get to a net rate yield of £31,897,379. At the end of December the net rate yield had reduced by approximately £600,000 and as the Council retains 40% of gains and losses this would mean a reduction in funding of £240,000. However, the allowance for appeals figure has not been reduced during the year for the appeals that have been settled. This has not been done to be prudent as the large appeal mentioned above is still to be settled and the Council has recently been notified of another large appeal involving a pipeline. External advice is being obtained on the pipeline case as the Valuation Office does not appear to have followed all of the correct procedures in dealing with this case. If the Council has to bear the cost of the pipeline case the net rate yield would be reduced by approximately £1.6 million.
20. 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. At the end of December the total collected was £29,474,306 and payments out were £23,920,351, meaning the Council was holding £5,553,955 of cash and so the Council's overall cash position was benefitting from the effective collection of non-domestic rates. This would not have been possible without the additional funding of £25,000 provided in the 2013/14 budget for enforcement action on arrears cases.
21. The Autumn Statement and the draft settlement figures made some unexpected changes to the system and also set out the likely funding and tariff amounts for the next two years –

	<b>2013/14 £m</b>	<b>2014/15 £m</b>	<b>2015/16 £m</b>
Baseline Funding	2.909	2.966	3.048
Tariff	9.846	10.038	10.315
Increase %		1.95%	2.76%

22. Both the money the Council retains as part of its own funding and the tariff that has to be paid into the central pool increase by 1.95% for 2014/15 and then by 2.76% for 2015/16. The increase in funding from retained business rates is more than offset by the reductions in support grant, the two figures combined give the Funding Assessment figure shown under paragraph 9. This means that in the first three years of this system the percentage of funding coming from retained business rates goes

from under 40% to nearly 60%, which illustrates the increasing importance of economic development and good collection rates.

23. The unexpected changes to the system included reducing the annual increase from the RPI value of 3.2% to 2%, providing a discount of £1,000 for some retail premises and extending the doubling of small business rate relief. These measures will help businesses but reduce the amount of business rates available to the Council and introduce an additional administrative burden. The Chancellor has stated that local authorities will be fully compensated for these losses and it is hoped that will prove to be the case.
24. In summary, at the end of December the collection of cash is not a concern but the reduction in the overall value of the rating list is. The other concern is the fact that there has been little progress on the appeals position and so this significant risk is still with us. The MTFs has not assumed either any growth or any shortfall in funding from retained business rates for 2014/15 onwards. However, to be prudent £250,000 has been included in the DDF for 2013/14 to provide against the outstanding appeals.
25. One other aspect of the new scheme worth mentioning is the ability to pool with other authorities to share risk and possibly reduce levy payments. The DCLG were very late issuing guidance last year and so although most Essex authorities were keen on pooling in principle, no agreements was possible for 2013/14. The possibility of pooling was taken forward through the Essex Leaders Strategic Finance Group and the outline terms of a pool were agreed 2014/15. However, the changes in the Autumn Statement and draft settlement have significantly reduced the potential benefits and so pooling will not now take place in Essex during 2014/15. It is understood that authorities in Hertfordshire will also be withdrawing their pooling application.

#### c) Welfare Reform

26. 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.
27. 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 final scheme for 2013/14 aimed to reduce expenditure of £8.95 million to £7.68 million to provide a saving of 14%. The settlement figures for 2013/14 included sufficient grant to compensate authorities for the reduction in tax base and to cover both the loss to the local councils and the loss to this Council.
28. The scheme has been carefully monitored through the year and the revised estimate for the year is £7.56 million, a reduction of approximately £120,000 or 1.6%. This small saving has arisen through a reduction in caseload from above 8,400 at the start of the year to under 8,300 now.
29. Given the position on the current year's scheme and the projections for 2014/15, Council decided on 17 December 2013 to keep the scheme for 2014/15 very similar to that for 2013/14. This approach is common not only across Essex but most of the country as well. As the funding reductions in 2015/16 are more substantial it is likely that schemes will need to be amended to seek savings in that year and so a degree of stability and consolidation in 2014/15 is welcomed. It should be remembered that a lot



of residents have been asked to pay Council Tax for the first time and in getting them used to this idea it would be counter-productive to increase their bills too quickly. In dealing with first time payers a balance has to be struck between bills which are too big and consequently ignored as the resident has no chance of paying them or too small in which case there is a belief that the charge will not be pursued. This will need to be borne in mind when constructing the 2015/16 scheme as the good rate at which we have been able to collect 20% of the full charge is unlikely to be maintained if the charge goes much above 30%.

30. I will take this opportunity to briefly update on some of the other welfare reforms. Both the Benefits Cap and the Removal of Spare Room Subsidy (also known as the "Bedroom Tax") were delayed but have now been introduced. The full effects of these changes will not be evident for some time. However, it is encouraging that at the moment it is anticipated that the existing provision for both hardship relief (for LCTS) and discretionary housing payments will be adequate.
31. The other major change that has received considerable media coverage is the replacement of a collection of different benefits with a single Universal Credit (UC). Unfortunately this scheme has also been subjected to delays and confusion, further highlighted by a report from the National Audit Office. The latest update as part of the Autumn Statement said that existing housing benefit claims would not transfer to UC until 2016/17. This was helpful in at least clarifying the role of local authorities in the short term whilst the DWP is still to decide on the role it wants local authorities to ultimately perform under UC. Despite the delay with UC the DWP are pushing ahead with the introduction of a Single Fraud Investigation Service. Although the dates are still rather vague for this too with it taking place between October 2014 and March 2016.

#### d) New Homes Bonus

32. 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. For 2014/15 the Council will receive approximately £550,000 and this will be added to the CSB income figure.
33. There was concern in September with a DCLG consultation proposing to top slice £400m of funding from the NHB due to authorities to contribute to the Local Growth Fund which will be administered by Local Enterprise Partnerships (LEPs). Thankfully it has been confirmed that this will not now be happening. However, uncertainty remains over the future of NHB as the DCLG is conducting a review which is meant to conclude by Easter 2014. This is likely to change some aspects of the scheme and one possibility that has been discussed is the withholding of NHB where the planning permission has only been granted on appeal.
34. In September the MTFs was adjusted to allow for the large reduction to fund the LEPs and by including anticipated amounts for NHB in subsequent periods. This has now been reversed as the top slice is not taking place but income for future years has become more uncertain. This is a prudent position to adopt until the review is concluded.

#### e) Development Opportunities

35. Significant, although not universally popular, progress has been made since September on some of the Council's development sites. The re-development of the Winston Churchill in Debden will bring additional income from NHB and retained business rates but there has been local opposition to the scheme. A more popular

scheme has been the purchase of the long lease for the Sainsbury's site at Torrington Drive as parts of this site are derelict. The certainty over these schemes has meant it has been possible to make adjustments to the capital and revenue budgets for them.

36. There are several other schemes still in progress such as the possibility of a retail park in Loughton and a mixed use redevelopment of the St Johns area in Epping. The Council has had the requirement for capital resources to be used for revenue generating schemes as part of the Capital Strategy for some time. If schemes proceed it will only be after rigorous examination to ensure business cases make sense and a financial benefit is anticipated.
37. Given the lack of certainty at this time about which of the potential sites will progress, and indeed which of the schemes for a given site, the MTFS and capital projections do not include either any capital financing requirement or any revenue projections. The only budgets that are included for the developments are those that Members have already approved for preliminary consultancy and planning works.

f) Reducing Income Streams

38. Several of the key income streams are monitored on a monthly basis and the table below sets out the position at the end of December –

Activity	Original Estimate	Estimate to end December	Actual to end December	Possible Shortfall/(Surplus)
Building Control	£459,200	£351,980	£285,051	£100,000
Dev. Control	£541,250	£393,680	£427,694	(£40,000)
Land Charges	£179,940	£136,970	£155,438	(£25,000)
Licensing	£300,930	£248,770	£236,590	£20,000
Fleet Ops.	£251,160	£191,160	£171,252	£30,000

39. The FIP reported on the income position as at the end of August, which showed a combined potential shortfall of £230,000. In every area the income position has improved in the subsequent four months. This is particularly evident for Development Control which has seen a potential shortfall of £40,000 turn into a potential surplus of £40,000. The combined potential shortfall is still significant at £85,000 but this is an improvement of £145,000 on the previous position.
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 a reduced rent, which included a profit share element if the income exceeds a given level in any individual week. So far the level of income necessary to trigger the profit share has not been reached in any week, although the market is continuing to trade on an adequate basis and still attracts approximately 200 traders each week. The estimates were based on a lower level of income but part of this reduction was attributed to the DDF so that the longer term trend could be evaluated before adjusting down the CSB. Given experience so far in 2013, it appears likely that the estimate for CSB income from the market will need to be reduced by £200,000 and the MTFS has been adjusted for this.
41. The shortfalls in income and the other financial pressures necessitated a critical review of fees and charges. One key area that needed to be revisited was pay and display charges in the Council's off-street car parks. These charges had not been increased for five years and the study by Price Waterhouse Coopers in 2011/12 predicted that modest changes in the fee structure could boost income by more than £300,000. The meeting of this Committee in November decided that officers should bring forward a

charging structure which provides £150,000 of additional income and this amount has been included in the MTFS.

g) Waste and Leisure Contract Renewals

42. Two of the Council's high profile and high cost services are provided by external contractors, SITA for waste and SLM for leisure. The current waste contract expires in November 2014 and a procurement exercise is underway for the new contract. A competitive dialogue procedure is being used to seek innovation and efficiency in the provision of this service. Market intelligence suggests it should be possible to procure the service at a lower cost than the current contract. However, at this early stage in the process it would not be prudent to build any savings in to the MTFS.
43. The leisure management contract was due to expire in January 2013 but an option was exercised that extended the contract for three years. A Leisure Strategy is being prepared and as part of this serious consideration will need to be given to what is the appropriate role for local authorities in leisure provision in these difficult financial times. The budget book for 2013/14 includes net expenditure of over £2m for leisure facilities and this is not sustainable in the long term given the Council's financial position.

h) Organisational Review

44. In December Council agreed the revised top management structure proposed in the Head of Paid Service Report. From April 2014 the organisation will be based on a four directorate structure. In a full year this will provide a CSB saving of approximately £350,000, although in order to achieve this one-off costs of £370,000 will need to be incurred. The savings and expenditure fall in more than one year as it is necessary for operational reasons for some of the staff affected to remain in post beyond 31 March 2014. Each Director will be reviewing their new directorate to identify both savings and areas in need of additional investment and some adjustments to resources may be necessary during 2014/15.
45. As part of the Head of Paid Service Report, the need was discussed for a DDF budget to support projects on transformational change. The Chief Executive is still to set out in detail his plans for transformation but a budget of £150,000 has been included at this stage.

The ceiling for CSB net expenditure be no more than £14.07m including net growth

46. Annex 2 lists all the CSB changes for next year. The MTFS in September included CSB savings of £643,000 but the revised 2013/14 budget has an additional £64,000 of savings. The most significant item not already covered above is a reduction in the NNDR bill for the Civic Offices. Growth of £13,000 had been allowed for this item but a successful appeal has provided a saving of £87,000, a net change of £100,000.
47. The greater savings in 2013/14 and inflation being less than had been allowed for mean that the opening CSB in 2014/15 is £219,000 lower than anticipated in the previous MTFS. This combined with CSB savings being £76,000 higher than the target mean the closing CSB is £295,000 lower than previously predicted.
48. The General Fund summary at Annex 1 shows that the CSB total is £295,000 below the CSB target of £14.07m and it is therefore proposed to reduce the CSB target to £13.77m.

The ceiling for DDF net expenditure be no more than £0.142m

49. The DDF net movement for 2014/15 is £1.6m, Annex 3 lists all the DDF items in detail. The largest cost item is £321,000 for work on the Local Plan. The Local Plan is a substantial and unavoidable project and in 2013/14 and the subsequent two years DDF funding of £0.751m is allocated to it. The Director of Planning and Economic

Development 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 £199,000 for the planned building maintenance programme and £160,000 for the work on asset rationalisation.

50. The DDF lists include £150,000 for the Chief Executive's Transformation Programme. As the organisational restructure is taken forward below the Assistant Director level external consultancy assistance will be necessary to transform processes and structures. Whether all of this funding is needed will depend on the scale and nature of the projects pursued but it is prudent to include a significant budget at this time.
51. At £1.6m the DDF programme is £1.45m above the target for 2014/15. However, this needs to be balanced with the reduction in 2013/14 as the predicted spend in the previous MTFS of £1.557m has been reduced by £0.236m to £1.321m. Taking the two years together there is a net increase in DDF spending of £1.22m. In September the various costs and savings from the restructure were still to be determined and these have increased the DDF spend by £566,000 (severance costs of £371,000, £150,000 for transformation and £45,000 for the temporary Assistant director post for Economic Development), with the other significant new item being the £160,000 for the work on asset rationalisation. Therefore, it is proposed to increase the DDF ceiling for 2014/15 from £0.142m to £1.6m. 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 2014/15 and so the Council Tax will not be increased for 2014/15.

#### That longer term guidelines covering the period to March 2017 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 2017/18, by which time reserves will have reduced to £7.531m and 25% of net budget requirement will be £3.194m.

*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.*

54. The outturn for 2012/13 added £469,000 to reserves, whilst the revised estimates for 2013/14 anticipate a reduction of £160,000. This would leave the opening revenue reserve for 2014/15 at £9.51m and with the estimates for 2014/15 showing a decrease of £243,000, reserves at the end of 2014/15 would be just under £9.3m. The Medium Term Financial Strategy at Annex 4 shows deficit budgets throughout the period to 2017/18. The level of deficit peaks at £931,000 in 2015/16 and reduces to £340,000 in 2017/18, although this is achieved through CSB savings of £700,000 in both 2015/16 and 2016/17 and a smaller saving of £200,000 in 2017/18.

#### The Local Government Finance Settlement

55. 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, although further reductions of 3% each year have been allowed for in both 2016/17 and 2017/18.

## The 2014/15 General Fund Budget

56. Whilst the position on some issues is clearer now than it was when the FIP was written there are still significant risks and uncertainties. Signs of improvement in the economy are encouraging, although some concern exists over a housing price bubble. It seems unlikely now that the country will fall back into a recession and most commentators are predicting growth in the economy. There is less economic uncertainty than at this time last year but with the General Election approaching in 2015 there is increasing political uncertainty. We are also still to see the full impact of the changes to local government financing and the welfare reforms as these remain works in progress.
57. Retention of non-domestic rates is now with us, although we will retain less than £3 million of the nearly £32 million we collect and we will only be able to keep 20% of any growth in the rating list. Although in expressing disappointment at the structure of the scheme we must still welcome the fact that we will now be retaining some element of growth which previously has gone entirely to central government.
58. 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 outstanding against previous rating assessments and the difficulty in calculating an appropriate provision. Over time as the backlog of appeals with the Valuation Office is cleared and more trend data becomes available it should be possible to calculate provisions with greater confidence.
59. The comments in paragraph 22 highlight the shift in funding from revenue support grant to retained business rates and this is a trend which is likely to continue. The Government is incentivising authorities to pursue residential development and economic development and it is clear that those authorities that do relatively less well in delivering growth will be penalised through the funding systems.
60. The other area worth touching on again is welfare reform. It remains to be seen whether the public will behave in the way that has been modeled, but the local council tax support scheme can be amended for subsequent periods if necessary. It would be helpful for claimants and staff if the DWP could set out clearly an irrevocable timetable of when the other benefit changes will be implemented and also provide some clarity on the role that local authorities will have under universal credit. At the moment it is difficult for both local authorities and claimants to plan for the future.
61. The starting point for the budget is the attached Medium Term Financial Strategy, Annex 4. Annexes 4a and 4b are based on the current draft budget, no Council Tax increase (£148.77 Band D) for 2014/15 or 2015/16 and subsequent increases of 2.5% per annum for both the following years.
62. Members are reminded that this strategy is based on a number of important assumptions, including the following:
- Future Government funding will reduce by 3% for 2016/17 and 2017/18.
  - CSB growth has been restricted and the CSB target for 2014/15 of £14.07 million has been achieved. Known growth beyond 2014/15 has been included but will be subject to a further review to help identify savings.
  - All known DDF items are budgeted for, and because of the size of the Local Plan programme the closing balance at the end of 2017/18 is anticipated to reduce to £0.48m.
  - Maintaining revenue balances of at least 25% of NBR. The forecast shows that the deficit budgets throughout the period will reduce the closing balances at the end of 2017/18 to £7.5m or 59% of NBR for 2017/18, although this can only be done with further savings in 2015/16 and subsequent years.

### The Housing Revenue Account

63. The balance on the HRA at 31 March 2015 is expected to be £3.084m, after a surplus of £210,000 in 2013/14 and a deficit of £0.5m in 2014/15. The estimates for 2013/14 have been compiled on the new self-financing basis and so the negative subsidy payments have been replaced with borrowing costs.
64. The rent increase is set with reference to an individual property's formula rent but subject to various constraints. This process of Rent Restructuring to bring Council rents and Housing Association rents more in line with each other still needs to be addressed. The rent increase for 2014/15 is likely to see a narrowing of this gap between Council and Housing Association rents, with an average rent increase of 4.91% for Council dwellings.
65. An update to the current five-year forecast is being prepared and will be presented to a subsequent Cabinet. The HRA has had substantial balances for some time and this position is expected to continue under self-financing.
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 2014/15 and 2013/14 revised and to note that although a deficit budget is proposed for 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 £91m over five years, it is anticipated that the Authority will still have more than £3m 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 2014/15. Where this advice is not accepted, this should be formally recorded within the minutes of the Council meeting. The Council at its meeting on the 18 February will consider the recommendations of the Cabinet on the budget for 2014/15 and will determine the planned level of the Council's balances. Members will consider the report of the CFO at that meeting.

### The Prudential Indicators and Treasury Management Strategy 2014/15

70. Since 2004/05 it has been necessary to set affordable borrowing limits, limits for the prudential indicators and a Treasury Management Strategy. These elements of the budget requirements will be set out in a separate report to Cabinet on 3 February.
71. Due to the £190m of debt for the HRA self-financing the Council is no longer debt free and the Prudential Indicators and Treasury Management Strategy have been amended

for this. Ongoing difficulties persist in financial markets but higher capital requirements have eased concerns about some banks, Arlingclose still advise a very restricted counter party list but have allowed some increase in suggested investment periods.

**Resource Implications:**

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

**Legal and Governance Implications:**

None.

**Safer, Cleaner, Greener Implications:**

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

**Consultation Undertaken:**

None.

**Background Papers:**

Financial Issues Paper – see agenda of 19 September 2013

Draft Growth List – see agenda of 14 November 2013

**Impact Assessments:**

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

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

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## GENERAL FUND ESTIMATE SUMMARY

## ANNEX 1

2012/13 Actual £000	2013/14			2014/15 Budget		
	Original Estimate £000	Probable Outturn £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
1,026	1,070	1,091	Corporate and Democratic Core	1,590	419	1,171
3,422	3,857	3,458	Communities	4,677	1,152	3,525
3,103	3,088	3,019	Governance	4,851	1,552	3,299
8,174	9,330	9,508	Neighbourhoods	18,189	8,820	9,369
1,913	2,038	2,192	Resources	41,950	39,536	2,414
(1,233)	(1,349)	(1,115)	Other Items	13	1,900	(1,887)
<b>16,405</b>	<b>18,034</b>	<b>18,153</b>	<b>Net Cost of Services</b>	<b>71,270</b>	<b>53,379</b>	<b>17,891</b>
(517)	(446)	(429)	Interest and Investment Income		399	(399)
483	425	451	Interest Payable (Inc. HRA)	451		451
0	(68)	(169)	Return of Heritable funds	0	0	0
1,280	1,328	2,069	Pensions Interest/Return	2,069		2,069
28	0	150	Revenue Contributions to Capital			0
<b>17,679</b>	<b>19,273</b>	<b>20,225</b>	<b>Net Operating Expenditure</b>	<b>73,790</b>	<b>53,778</b>	<b>20,012</b>
(2,818)	(3,265)	(2,686)	Depreciation Reversals & Other adj		2,633	(2,633)
469	(44)	(160)	Contribution to/(from) Other Reserves		243	(243)
13	0	30	Contribution to/(from) Insurance Reserves	10		10
124	(984)	(1,321)	Contribution to/(from) DDF	595	2,193	(1,598)
(719)	(656)	(1,764)	FRS 17 Adjustment		2,007	(2,007)
<b>14,748</b>	<b>14,324</b>	<b>14,324</b>	<b>To be met from Government Grants and Local Taxpayers</b>	<b>74,395</b>	<b>60,854</b>	<b>13,541</b>
<b>15,580</b>	<b>15,171</b>	<b>15,161</b>	<b>Continuing Services Budget</b>			<b>14,644</b>
490	436	902	CSB - Growth			379
(1,909)	(1,239)	(1,609)	CSB - Savings			(1,249)
<b>(1,419)</b>	<b>(803)</b>	<b>(707)</b>	<b>Total Growth (Net)</b>			<b>(870)</b>
<b>14,161</b>	<b>14,368</b>	<b>14,454</b>	<b>Total Continuing Services Budget</b>			<b>13,774</b>
1,649	1,626	2,842	DDF - Expenditure			2,193
(1,773)	(642)	(1,521)	DDF - One Off Savings			(595)
<b>(124)</b>	<b>984</b>	<b>1,321</b>	<b>Total District Development Fund</b>			<b>1,598</b>
711	(1,028)	(1,451)	Appropriations to/(from) other Reserves			(1,831)
<b>14,748</b>	<b>14,324</b>	<b>14,324</b>				<b>13,541</b>

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## CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST

Directorate	Service	Original 2013/14 £000's	Revised 2013/14 £000's	Estimate 2014/15 £000's	Estimate 2015/16 £000's	Estimate 2016/17 £000's	Estimate 2017/18 £000's
Chief Executive	Corporate Management	(22)	(22)				
	Directorate Restucture			(70)	(20)		
	<b>Total Chief Executive</b>	<b>(22)</b>	<b>(22)</b>	<b>(70)</b>	<b>(20)</b>	<b>0</b>	<b>0</b>
Communitites	All Weather Pitch	(32)	(9)	(23)			
	Youth Council	12	12				
	CCTV Cameras	(25)	(25)				
	Policy Unit Group	(4)	(4)				
	Directorate Restucture			5			
<b>Total Communities</b>	<b>(49)</b>	<b>(26)</b>	<b>(18)</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Governance	Local Land Charges	(9)	(9)				
	Democratic Services			22			
	Development Control	(50)	(24)				
	Development Control		(32)				
	Development Control		(8)				
	Building Control Ring Fenced Acc	(29)	(29)				
	Building Control Ring Fenced Acc	19	19				
	Building Control Ring Fenced Acc		73				
	Building Control Ring Fenced Acc		(73)				
	Planning Policy & Conservation			21			
	Conservation Policy			2			
	Performance Management		(2)				
	Governance Directorate	(8)	(8)				
	Directorate Restucture			(73)	(19)		
Directorate Savings	(5)	(5)					
<b>Total Governance</b>	<b>(82)</b>	<b>(86)</b>	<b>(28)</b>	<b>(19)</b>	<b>0</b>	<b>0</b>	

## CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST

Directorate	Service	Original	Revised	Estimate	Estimate	Estimate	
		2013/14 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's
Neighbourhoods	Grounds Maintenance		Leasing costs Ransome Mowers	(10)	(10)		
	Leisure Facilities		Loughton Leisure management fee reduction	(66)	(66)		
	Land and Property		Increased Rental Income - Brooker Road	(70)	(136)		
	Land and Property		Increased Rental Income - David Lloyd Centre		(11)		
	Land and Property		Oakwood Hill Workhop Units Voids		25		
	Land Drainage & Flood Defence		Flood Defence Income from ECC		(6)		
	Licensing		Licencing Officer (Premises Licences)		26	5	
	Land and Property		Bridgeman House Income		(20)	(20)	
	Land and Property		2-18 Torrington Drive		(224)		
	North Weald Airfield		Loss of income Market Rents	174	348		
	Off Street Parking		Change of contractor	(23)	(23)		
	Off Street Parking		Loss of Penalty Notice income		52		
	Off Street Parking		NPASJ Levy		(6)		
	Off Street Parking		HRA car parks transferred to General Fund		(10)		
	Off Street Parking		Parking Fee Increases		(107)		
	Fleet Operations		Reduced Income		20		
	Estates		Senior Surveyor		11	33	
	Waste Management		Gate Fees saving		(42)		
	Waste Management		Contract savings		(31)		
	Waste Management		Recycling Credits Reduction		7		
	Waste Management		Avoided Disposal Payment	(176)	(179)		
	Environmental		Savings from removal Vacant Posts	(33)	(33)		
	Waste Management		Inter Authority Agreement, reduced ECC Income		40	8	
	Directorate Restructure		Savings		(150)	(24)	
		<b>Total Neighbourhoods</b>			<b>(204)</b>	<b>(74)</b>	<b>(418)</b>
						<b>(31)</b>	<b>19</b>
							<b>0</b>
Resources	Directorate Savings		General	(3)	(3)		
	External Audit		BDO fees	(30)	(30)		
	Civic Offices		Out of Hours Service		(13)	(5)	
	Civic Offices		NNDR Re-assessment	13	(87)		
	Offices Waltham Abbey		Area Office Rent	(12)	(12)		
	Offices Trapps Hill		Area Office Rent	(4)	(4)		
	Finance & ICT		Savings from removal Vacant Posts	(63)	(63)		
	Finance Miscellaneous		Stationery- procurement savings	(15)	(16)		
	Finance Miscellaneous		Car Leasing (excluding HRA)	(24)	(41)	(15)	
	Finance Miscellaneous		Employers Superannuation on Non-Contracted Overtime		38	(9)	
	Finance Miscellaneous		Additional Employers Pension re Auto Enrolement		40	(7)	
	Housing Benefits		Housing Benefit Admin Subsidy settlement reductions	104	104	26	
	Council Tax		Reduction in Court Cost Income		35	55	
	NNDR		Fees re Enforcement action on Bad Debts	25	31		
	Directorate Restructure		Savings		(3)		
		<b>Total Resources</b>			<b>(9)</b>	<b>(46)</b>	<b>90</b>
						<b>41</b>	<b>(7)</b>
						<b>0</b>	
Other Items	Investment Interest		Reduction due to shops transfer	60	60	109	
	New Homes Bonus			(550)	(566)	(535)	
	Pensions		Deficit Payments	53	53		
	<b>Total CSB</b>			<b>(803)</b>	<b>(707)</b>	<b>(870)</b>	
					<b>33</b>	<b>55</b>	
						<b>0</b>	

## DISTRICT DEVELOPMENT FUND

Directorate	Description	Original	B/F from	Revised	Estimate	Estimate	Estimate	Estimate
		2013/14 £000's	2012/13 2013/14 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's
<b>Chief Executive</b>	Corporate Policy Making			14	14			
	Corporate Policy Making						150	
	Corporate Policy Making			100	78		22	
	Corporate Policy Making			(22)	(17)		(5)	
	Corporate Policy Making						48	
<b>Total Chief Executive</b>		<b>0</b>	<b>92</b>	<b>75</b>	<b>215</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Communitites</b>	Community & Culture			6	8			
	Grants to Voluntary Orgs							
	Grants to Voluntary Orgs			15	15			
	Safer Communities	16			(16)			32
	Safer Communities	14			27			14
	Safer Communities				(28)			
	Safeguarding							44
	Homelessness	52			52		44	
	Homelessness	(52)			(52)			
	Private Sector Housing	14			14			
	Communities	94			188			137
Communities	(94)			(188)			(137)	
<b>Total Communitites</b>		<b>44</b>	<b>21</b>	<b>20</b>	<b>90</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Governance</b>	Elections			(110)	(100)			
	Electoral Registration				(7)		(33)	
	Electoral Registration				7		33	
	Democratic Services				17			
	Members Allowances				7			
	Civic & Member	5			5			
	Public Relations & Information	11			11		3	
	Public Relations & Information	(14)			(14)			
	Local Land Charges	(20)			(30)			
	Local Land Charges				5			88
	Planning Admin				93			55
	Planning Admin				(20)			24
	Planning Policy							24
	Building Control Group	(36)			(79)			(89)
	Building Control Group	24			62			69
	Development Control	50		(2)	48			
	Development Control							(55)
	Development Control	(10)			(10)			(10)
Development Control	(4)			(5)			(5)	
Planning Services				17			7	
Governance							58	
Performance Management							46	
Performance Management							(18)	
<b>Total Governance</b>		<b>(104)</b>	<b>108</b>	<b>(118)</b>	<b>211</b>	<b>3</b>	<b>0</b>	<b>0</b>

## DISTRICT DEVELOPMENT FUND

Directorate	Description	Original	B/F from	Revised	Estimate	Estimate	Estimate	Estimate
		2013/14 £000's	2013/14 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's
Neighbourhoods	Food Safety							
	Inspections	4	1	5	4			
	Inspection of Workplaces	10	6	16				
	Inspection of Workplaces			8				
	Inspection of Workplaces			(70)				
	Estates & Valuation	91	21	112	160			
	Estates & Valuation	(13)	(3)					
	Estates & Valuation			11	33			
	Land and Property			35				
	Land and Property	11		11				
	Public Conveniences	21		21				
	Licensing			19	4			
	Parks & Grounds	10						
	Parks & Grounds	(10)						
	Countrycare	5	1	4	4	0		
	Countrycare	9		9	9	8		
	Planning Policy				45			
	Economic Development	Business Promotion & Support		10		10		
	Economic Development	Town Centres Support/Portas Funding	35	10	41	39		
	Economic Development	Project Assistant			10			
	Economic Development	Food Task Force				30		
	Economic Development	Tourism Task Force				30		
	Forward Planning	Local Plan	282	292	400	321	30	
	Forward Planning	Maternity Cover			39	13		
	Town Centre Regeneration	Waltham Abbey Regeneration Projects	21	28	45			
	North Weald Airfield	Loss of Income - Hangar 5	14		14	4		
	North Weald Airfield	Loss of Income - Market Rents	125		11			
	North Weald Airfield	Safety of Bund	2	1	3	3	3	
	NWA Strategy Action Plan	Aviation Consultant			12			
	NWA Strategy Action Plan	NWA Consultancy exercise	76	64	152			
	Contaminated Land & Water Quality	Contaminated land investigations	14	22	40	25		
	Waste Management	Waste contract procurement consultants	100		60	40		
Waste Management	Wheeled bin replacements	9		9				
Waste Management	Publicity		10	10				
Waste Management	Advertising		1					
Off Street Parking	Loss of Pay & Display income			43				
Street Cleansing	Surplus on recycling of street cleansing arisings			(4)	(18)			
Abandoned Vehicles	Abandoned vehicles contract	4	4	4	4			
Neighbourhoods	Restructure - Severance Pay			130	66			
<b>Total Neighbourhoods</b>		<b>820</b>	<b>480</b>	<b>1,188</b>	<b>826</b>	<b>5</b>	<b>0</b>	<b>0</b>

## DISTRICT DEVELOPMENT FUND

Directorate	Description	Original 2013/14 £000's	B/F from 2012/13 2013/14 £000's	Revised 2013/14 £000's	Estimate 2014/15 £000's	Estimate 2015/16 £000's	Estimate 2016/17 £000's	Estimate 2017/18 £000's		
<b>Resources</b>	Insurance Services			(3)	(3)					
	NNDR			6	9					
	Council Tax Collection									
	Council Tax Collection			2	(35)					
	Council Tax Collection			98	108			49		
	Council Tax Collection			(98)	(157)			(157)		
	Council Tax Collection				(52)			(47)		
	Council Tax Collection				15			47		
	Council Tax Collection				(62)					
	Council Tax Collection				3					
	Housing Benefits				7					
	Housing Benefits				7					
	Housing Benefits			44	45					
	Housing Benefits			(30)	(30)					
	Housing Benefits				(5)			(5)		
	Housing Benefits				17					
	Housing Benefits				(17)					
	Housing Benefits				18			31		
	Housing Benefits				(14)					
	Housing Benefits				19			37		
	Housing Benefits				(34)					
	Procurement									
	Civic Offices				7			32		
	Civic Offices							10		
	Civic Offices				(209)					
	Non HRA Building Maintenance			154	171		42	30		
	Resources				23			66		
	<b>Total Resources</b>			<b>171</b>	<b>122</b>	<b>(196)</b>	<b>196</b>	<b>42</b>	<b>30</b>	<b>66</b>
	<b>Total Service Specific District Development Fund</b>			<b>931</b>	<b>823</b>	<b>969</b>	<b>1,538</b>	<b>19</b>	<b>(23)</b>	<b>66</b>
	Lost Investment Interest			201	201	151	115	78		
	Council Tax Freeze			(80)	(80)	(80)	(80)			
	Right to Challenge Grants				13			13		
	Revenue Contributions to Capital									
	Reduction in Business Rate Income									
	Pensions									
	Reimbursement of Principal re Heritable			(68)	(169)					
	<b>Total District Development Fund</b>			<b>984</b>	<b>836</b>	<b>1,321</b>	<b>1,598</b>	<b>54</b>	<b>55</b>	<b>66</b>

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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 2014/15 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 19 September 2013 meeting the Finance and Performance Management Cabinet Committee decided to recommend a continued freeze in the Council Tax. Following questions raised by the Finance and Performance Management Scrutiny Panel a report was presented illustrating the financial effects of a continued freeze compared to modest increases in the charge. Following consideration of that report in November this Committee decided that the policy of continuing the freeze was appropriate.

### **Previous Medium Term Financial Strategy**

5. The September meeting of this Committee considered the annual Financial Issues Paper and an updated medium term financial strategy. At that time Members attention was drawn to a number of areas of significant uncertainty. Key amongst those were the structural reforms to the financing of local authorities through the local retention of NNDR and the Government's programme of welfare reform. The general state of domestic and world economies remained a concern and this was reflected in poorly performing income streams. 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 £14.07m for CSB expenditure for 2014/15 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 2018 of £6.98m represented 53% of the anticipated Net Budget Requirement (NBR) for 2017/18 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 2018.

## Updated Medium Term Financial Strategy

8. In the period since the Financial Issues Paper the Government has provided the draft settlement figures for the next two years. The reductions in funding were somewhat larger than had been anticipated but this has been partially off set by savings to date exceeding their target. 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 2014/15 have been found, but budgets will be re-visited during the course of 2014/15 to seek further reductions. In common with the earlier version of the strategy, target CSB savings are included for the period 2015/16 to 2017/18. The top management restructure, the removal of the threatened top slicing of new homes bonus, and additional income from the property portfolio and parking have helped achieve the savings required for 2014/15. However, annual net savings targets of £0.7m for 2015/16 and 2016/17 are likely to 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 £0.49m is still available. This is a worsening on the position in the current year's budget, where the MTFS adopted in February 2013 showed a closing balance at the end of the period of £1.5m.
  - c) Grant Funding – beyond 2015/16 it has been assumed that there will be a 3% reduction in grant over the remaining two years of the MTFS. These figures will be subject to change following the General Election and the next Comprehensive Spending Review.
  - d) Other Funding – no amounts have been included for any additional New Homes Bonus that may arise for years after 2014/15. No growth, or reduction, in funding has been anticipated from changes in the non-domestic rating list. An additional allowance of £250,000 has been made in the DDF to supplement the allowance for losses on appeals of £2.6m as there are approximately 500 appeals still outstanding.
  - e) Council Tax Increase – Members have confirmed they wish to freeze the charge for 2014/15 and 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 throughout the period, although these are reducing and the use of reserves in 2017/18 is £591,000 lower than in 2015/16. The predicted revenue balance at the end of the period is £7.53m, which represents 59% of the NBR for 2017/18 and thus comfortably exceeds the target of 25%.
10. It is worth repeating that savings of £0.7m are still necessary in the next two years of the strategy and 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 September 2014 meeting of the Finance and Performance Management Cabinet Committee.

## GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY 2013/14 - 2017/18

<b>ORIGINAL 2013/14</b>	<b>REVISED FORECAST 2013/14</b>	<b>FORECAST 2014/15</b>	<b>FORECAST 2015/16</b>	<b>FORECAST 2016/17</b>	<b>FORECAST 2017/18</b>
£'000 <b>NET REVENUE EXPENDITURE</b>	£'000	£'000	£'000	£'000	£'000
15,171 Continuing Services Budget	15,161	14,644	14,294	13,838	13,314
-803 CSB - Growth Items	-707	-870	33	55	0
0 Net saving	0	0	-700	-700	-200
<b>14,368 Total C.S.B</b>	<b>14,454</b>	<b>13,774</b>	<b>13,627</b>	<b>13,193</b>	<b>13,114</b>
984 One - off Expenditure	1,321	1,598	54	55	66
<b>15,352 Total Net Operating Expenditure</b>	<b>15,775</b>	<b>15,372</b>	<b>13,681</b>	<b>13,248</b>	<b>13,180</b>
0 Contribution to/from (-) Insurance Res	30	10	0	0	0
-984 Contribution to/from (-) DDF Balances	-1,321	-1,598	-54	-55	-66
-44 Contribution to/from (-) Balances	-160	-243	-931	-465	-340
<b>14,324 Net Budget Requirement</b>	<b>14,324</b>	<b>13,541</b>	<b>12,696</b>	<b>12,728</b>	<b>12,774</b>
<b>FINANCING</b>					
6,849 Government Support (NNDR+RSG)	6,849	6,095	5,156	5,001	4,851
<b>6,849 Total External Funding</b>	<b>6,849</b>	<b>6,095</b>	<b>5,156</b>	<b>5,001</b>	<b>4,851</b>
7,464 District Precept	7,464	7,540	7,540	7,727	7,923
11 Collection Fund Adjustment	11	-94	0	0	0
<b>To be met from Government 14,324 Grants and Local Tax Payers</b>	<b>14,324</b>	<b>13,541</b>	<b>12,696</b>	<b>12,728</b>	<b>12,774</b>
Band D Council Tax	148.77	148.77	148.77	152.46	156.33
<b>Percentage Increase %</b>		0.0	0.0	2.5	2.5

## GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY 2013/14 - 2017/18

	REVISED FORECAST 2013/14	FORECAST 2014/15	FORECAST 2015/16	FORECAST 2016/17	FORECAST 2017/18
<b>REVENUE BALANCES</b>	£'000	£'000	£'000	£'000	£'000
Balance B/forward	9,670	9,510	9,267	8,336	7,871
Surplus/Deficit(-) for year	-160	-243	-931	-465	-340
Balance C/Forward	9,510	9,267	8,336	7,871	7,531
<b>DISTRICT DEVELOPMENT FUND</b>					
Balance B/forward	3,581	2,260	662	608	553
Transfer Out	-1,321	-1,598	-54	-55	-66
Balance C/Forward	2,260	662	608	553	487
<b>CAPITAL FUND (inc Cap Receipts)</b>					
Balance B/forward	13,900	12,630	5,613	4,662	3,733
New Usable Receipts	2,243	1,029	1,001	966	958
Use of Capital Receipts	-3,513	-8,046	-1,952	-1,895	-1,564
Balance C/Forward	12,630	5,613	4,662	3,733	3,127
<b>TOTAL BALANCES</b>	24,400	15,542	13,606	12,157	11,145

**CAPITAL PROGRAMME  
2013/14 to 2017/18 FORECAST**

	<b>2013/14 Revised £000</b>	<b>2014/15 Forecast £000</b>	<b>2015/16 Forecast £000</b>	<b>2016/17 Forecast £000</b>	<b>2017/18 Forecast £000</b>	<b>5 Year Total £000</b>
<b>EXPENDITURE</b>						
Resources	955	1,087	518	497	131	3,188
Neighbourhoods	1,703	4,324	129	130	130	6,416
Communities	918	1,980	40	40	40	3,018
<b>Total General Fund</b>	<b>3,576</b>	<b>7,391</b>	<b>687</b>	<b>667</b>	<b>301</b>	<b>12,622</b>
<b>Total HRA</b>	<b>12,787</b>	<b>16,970</b>	<b>15,183</b>	<b>15,043</b>	<b>14,690</b>	<b>74,673</b>
<b>Total Capital Expenditure on Council Assets</b>	<b>16,363</b>	<b>24,361</b>	<b>15,870</b>	<b>15,710</b>	<b>14,991</b>	<b>87,295</b>
Total Capital Loans	514	872	350	350	350	2,436
Total Revenue Expenditure Financed From Capital under Statute	465	366	380	380	380	1,971
<b>TOTAL CAPITAL PROGRAMME</b>	<b>17,342</b>	<b>25,599</b>	<b>16,600</b>	<b>16,440</b>	<b>15,721</b>	<b>91,702</b>
<b>FUNDING</b>						
Government Grant for DFGs	330	366	380	325	290	1,691
Housing Ass Growth Area Funding	90	0	0	0	0	90
Other Government Capital Grants	450	1,143	0	0	0	1,593
Private Funding	405	816	169	170	170	1,730
<b>Total Grants</b>	<b>1,275</b>	<b>2,325</b>	<b>549</b>	<b>495</b>	<b>460</b>	<b>5,104</b>
General Fund	2,902	6,179	618	597	231	10,527
HRA	172	995	984	893	893	3,937
REFCuS & Loans	439	872	350	405	440	2,506
<b>Total Capital Receipts</b>	<b>3,513</b>	<b>8,046</b>	<b>1,952</b>	<b>1,895</b>	<b>1,564</b>	<b>16,970</b>
GF - RCCO	150	0	0	0	0	150
HRA - RCCO	4,200	5,700	5,700	5,700	5,700	27,000
HRA - MRR	8,204	9,528	8,399	8,350	7,997	42,478
<b>Total Revenue Contributions</b>	<b>12,554</b>	<b>15,228</b>	<b>14,099</b>	<b>14,050</b>	<b>13,697</b>	<b>69,628</b>
<b>TOTAL</b>	<b>17,342</b>	<b>25,599</b>	<b>16,600</b>	<b>16,440</b>	<b>15,721</b>	<b>91,702</b>

**CAPITAL PROGRAMME  
2013/14 to 2017/18 FORECAST**

	<b>2013/14 Revised £000</b>	<b>2014/15 Forecast £000</b>	<b>2015/16 Forecast £000</b>	<b>2016/17 Forecast £000</b>	<b>2017/18 Forecast £000</b>	<b>5 Year Total £000</b>
<b>Resources</b>						
Planned Maintenance Programme	468	482	518	497	131	2,096
Solar Energy Panels	20	180	0	0	0	200
General IT	467	425	0	0	0	892
<b>Total</b>	<b>955</b>	<b>1,087</b>	<b>518</b>	<b>497</b>	<b>131</b>	<b>3,188</b>
<b>Neighbourhoods</b>						
Purchase of Bridgeman House, W Abbey	654	0	0	0	0	654
Purchase of Lease re Torrington Drive	0	3,484	0	0	0	3,484
Upgrade of Industrial Units	13	300	0	0	0	313
New Developments	251	0	0	0	0	251
Property Management System	35	0	0	0	0	35
Waste Management Vehicles & Equip't	313	92	30	30	30	495
Parking & Traffic Schemes	202	185	0	0	0	387
Pay & Display Machines	0	90	0	0	0	90
Flood Alleviation Schemes	23	74	0	0	0	97
Grounds Maint Plant & Equipt	39	30	30	30	30	159
N W Airfield Market Improvements	74	69	69	70	70	352
Bakers Lane Refurbishment	89	0	0	0	0	89
Waltham Abbey Swimming Pool Roof	10	0	0	0	0	10
<b>Total</b>	<b>1,703</b>	<b>4,324</b>	<b>129</b>	<b>130</b>	<b>130</b>	<b>6,416</b>
<b>Communities</b>						
Museum Property Purchase	650	1,100	0	0	0	1,750
CCTV Systems	95	45	40	40	40	260
Limes Farm Hall Development	11	0	0	0	0	11
Waltham Abbey All Weather Pitch	12	0	0	0	0	12
Housing Estate Parking	150	835	0	0	0	985
<b>Total</b>	<b>918</b>	<b>1,980</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>3,018</b>
<b>TOTAL GENERAL FUND</b>	<b>3,576</b>	<b>7,391</b>	<b>687</b>	<b>667</b>	<b>301</b>	<b>12,622</b>

**CAPITAL PROGRAMME  
2013/14 to 2017/18 FORECAST**

	2013/14	2014/15	2015/16	2016/17	2017/18	5 Year
	Revised	Forecast	Forecast	Forecast	Forecast	Total
	£000	£000	£000	£000	£000	£000
<b>Housing Revenue Account</b>						
House Build	283	3,318	3,280	2,976	2,976	12,833
Other Housing Developments	29	583	0	0	0	612
Acquisition	254	0	0	0	0	254
Heating/Rewiring/Water Tanks	3,282	2,603	2,645	2,469	2,253	13,252
Windows/Doors	1,888	1,271	1,091	1,177	1,074	6,501
Roofing	1,120	1,264	1,128	1,500	1,190	6,202
Other Planned Maintenance	400	432	394	408	386	2,020
Structural Schemes	600	600	300	300	300	2,100
Small Capital Repairs/Voids	1,229	438	438	438	438	2,981
Kitchen & Bathroom Replacements	2,050	4,218	4,031	4,088	4,352	18,739
Garages & Environmental Improvements	709	1,563	561	372	406	3,611
Disabled Adaptations	446	450	450	450	450	2,246
Other Repairs and Maintenance	221	165	815	815	815	2,831
Capital Service Enhancements	194	15	0	0	0	209
Housing DLO Vehicles	82	50	50	50	50	282
<b>TOTAL HRA</b>	<b>12,787</b>	<b>16,970</b>	<b>15,183</b>	<b>15,043</b>	<b>14,690</b>	<b>74,673</b>

Appendix 5(d)

**CAPITAL LOANS FOR PRIVATE HOUSING ASSISTANCE  
2013/14 to 2017/18 FORECAST**

	2013/14	2014/15	2015/16	2016/17	2017/18	5 Year
	Revised	Forecast	Forecast	Forecast	Forecast	Total
	£000	£000	£000	£000	£000	£000
<b>Capital Loans</b>						
Open Market Shared Ownership Scheme	375	522	0	0	0	897
Private Sector Housing Loans	139	350	350	350	350	1,539
<b>TOTAL CAPITAL LOANS</b>	<b>514</b>	<b>872</b>	<b>350</b>	<b>350</b>	<b>350</b>	<b>2,436</b>

Appendix 5(e)

**REVENUE EXPENDITURE FINANCED FROM CAPITAL UNDER STATUTE  
2013/14 to 2017/18 FORECAST**

	2013/14	2014/15	2015/16	2016/17	2017/18	5 Year
	Revised	Forecast	Forecast	Forecast	Forecast	Total
	£000	£000	£000	£000	£000	£000
<b>REFCuS</b>						
Waltham Abbey Regeneration Scheme	35	0	0	0	0	35
Disabled Facilities Grants	330	366	380	380	380	1,836
Other Private Sector Grants	100	0	0	0	0	100
<b>TOTAL REFCuS</b>	<b>465</b>	<b>366</b>	<b>380</b>	<b>380</b>	<b>380</b>	<b>1,971</b>

**CAPITAL RECEIPTS  
2013/14 to 2017/18 FORECAST**

	<b>2013/14 Revised £000</b>	<b>2014/15 Forecast £000</b>	<b>2015/16 Forecast £000</b>	<b>2016/17 Forecast £000</b>	<b>2017/18 Forecast £000</b>	<b>5 Year Total £000</b>
<b>Receipts Generation</b>						
Housing Revenue Account	2,927	1,775	1,775	1,774	1,774	10,025
General Fund	0	0	0	0	0	0
<b>Total Receipts</b>	<b>2,927</b>	<b>1,775</b>	<b>1,775</b>	<b>1,774</b>	<b>1,774</b>	<b>10,025</b>
<b>Receipts Analysis</b>						
Usable Receipts	1,102	301	273	238	230	2,144
Available for Replacement Homes	1,141	728	728	728	728	4,053
Payment to Govt Pool	684	746	774	808	816	3,828
<b>Total Receipts</b>	<b>2,927</b>	<b>1,775</b>	<b>1,775</b>	<b>1,774</b>	<b>1,774</b>	<b>10,025</b>
<b>Usable Capital Receipt Balances</b>						
Opening Balance	13,900	12,630	5,613	4,662	3,733	13,900
Usable Receipts Arising	2,243	1,029	1,001	966	958	6,197
Use of Capital Receipts	(3,513)	(8,046)	(1,952)	(1,895)	(1,564)	(16,970)
<b>Closing Balance</b>	<b>12,630</b>	<b>5,613</b>	<b>4,662</b>	<b>3,733</b>	<b>3,127</b>	<b>3,127</b>

## Appendix 5(g)

**MAJOR REPAIRS RESERVE  
2013/14 to 2017/18 FORECAST**

	<b>2013/14 Forecast £000</b>	<b>2014/15 Forecast £000</b>	<b>2015/16 Forecast £000</b>	<b>2016/17 Forecast £000</b>	<b>2017/18 Forecast £000</b>	<b>5 Year Total £000</b>
Opening Balance	9,755	8,473	5,990	4,837	3,921	9,755
Major Repairs Allowance	6,922	7,045	7,246	7,434	7,631	36,278
Use of MRR	(8,204)	(9,528)	(8,399)	(8,350)	(7,997)	(42,478)
<b>Closing Balance</b>	<b>8,473</b>	<b>5,990</b>	<b>4,837</b>	<b>3,921</b>	<b>3,555</b>	<b>3,555</b>



**COMMUNITIES DIRECTORATE  
HOUSING REVENUE ACCOUNT  
ESTIMATES 2014/15**

## **HOUSING REVENUE ACCOUNT ESTIMATES 2014/15**

### **Introduction**

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

The balance at 31 March 2013 was £3.374m, after a deficit of £1.120m in 2012/13 and a negligible surplus is expected in 2013/14. The major influences on these figures have been in 2013/14 a reduction of £1m in Revenue Contributions to Capital, increased for 2014/15; an increase in Council rents income of £0.7m and the proposal to transfer 10% annually of the variable rate loan taken out on the inception of HRA self financing to a debt repayment reserve.

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

### **Thirty Year Forecast**

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

### **Five Year Forecast**

An updated HRA five year forecast to the year 2018/19 will be produced once the budget has been finalised and the 30 year forecast updated.

### **Supervision, Management and Maintenance**

Management and maintenance expenditure in 2013/14 has reduced by 5.6% (£775,000) in the probable outturn compared to the original estimates. In 2014/15 the costs have increased marginally by 0.39% (£54,000) compared to the original 2013/14. Much of the reduction in 2013/14 relates to the Service Enhancements that have now been identified as Capital Expenditure.

### **Service Enhancements**

The Service Enhancements in 2014/15 are estimated at Capital £554,000 and Revenue £419,000. Ongoing items total £356,000 and One-off items total £617,000.

## **Depreciation**

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

## **Housing Repairs Fund**

The Housing Repairs Fund balance at the start of 2013/14 was £3.508m, and is estimated to be reduced down to £0.078m by the end of 2018/19 as planned. This is based on a contribution from the HRA set at £5.2m per year for 2013/14 and a reduction to £5m for 2014/15 and after.

## **Major Repairs Reserve**

The Major Repairs Reserve balance as at the end of 2012/13 was £9.755m, and is predicted to reduce to nil by the end of 2015/16 as planned.

## **Capital Expenditure**

Capital expenditure charged to revenue is based on the latest predictions of availability of funds to finance the capital programme. The contribution in 2013/14 is forecast to be £4.2m. In 2014/15 this rises to £5.7m.

## **Housing Repairs Service**

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

## **Housing Subsidy**

Housing Subsidy has been abolished (s.167 Localism Act 2011) and the negative subsidy of £11.304m (2011/12) paid to the Government has been replaced by an annual interest charge of around £5.5m. All things being equal there is an additional £5.8m available to the HRA in 2012/13 (and subsequently) and whilst the principal sum borrowed (£185.456m) has to be repaid eventually (with a re-financing option) the thirty year plan shows that over that period there will be more than enough finance available for this to happen as well as invest in HRA service improvements.

## **Proposed Rent Increase**

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

The proposed average rent increase for 2014/15 is 4.91% (£4.49), which gives an average weekly rent for 2014/15 of around £95.59 per week.

However, the Government is consulting on a proposal to cease its rent restructuring regime from April 2015. Yielding an estimated £40m loss of rental income over the 30 year HRA Plan. This will significantly reduce annual improvements and service enhancements. For 2014/15 this will reduce from £1.35m to £0.6m. Most Social Landlords re-let vacant property at the "target rent" for the property, which the Council does not do. Since rent restructuring is expected to end in 2015. **It is RECOMMENDED that vacant Council properties are re-let at the property target rent from 5.4.14.** Estimated additional income £250k in 2014/15.

#### **Interest on Receipts and Balances**

The HRA interest income has remained relatively low during 2012/13 as the bank rate has remained at 0.5% since March 2009 and the further decline of the financial markets has meant that the Council can only invest with a limited number of counterparties and for shorter durations. All these have contributed to lower yields being achieved.

#### **Interest Payable on Loans**

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

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**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT SUMMARY**

<b>2012/13</b>	<b>2013/14</b>			<b>2014/15</b>
<b>Actual £000's</b>	<b>Original Estimate £000's</b>	<b>Probable Outturn £000's</b>		<b>Original Estimate £000's</b>
			<b>EXPENDITURE</b>	
3,907	4,083	4,310	Supervision & Management General	4,466
3,428	3,508	3,725	Supervision & Management Special	3,838
524	500	495	Rents, Rates Taxes & Insurances	521
5,200	5,200	5,200	Contribution to Repairs Fund	5,000
0	570	44	Improvements / Service Enhancements	43
<b>13,059</b>	<b>13,861</b>	<b>13,774</b>	<b>MANAGEMENT &amp; MAINTENANCE</b>	<b>13,868</b>
12,652	18,418	12,851	Depreciation	13,231
59	53	50	Treasury Management Expenses	52
176	200	200	Provision for Bad/Doubtful Debts	250
<b>25,946</b>	<b>32,532</b>	<b>26,875</b>		<b>27,401</b>
			<b>INCOME</b>	
29,227	31,080	30,966	Gross Rent of Dwellings	31,765
852	898	877	Non Dwellings Rent	875
1,524	1,652	1,666	Charges for Services & Facilities	1,575
314	346	368	Contribution from General Fund	383
<b>31,917</b>	<b>33,976</b>	<b>33,877</b>		<b>34,598</b>
<b>(5,971)</b>	<b>(1,444)</b>	<b>(7,002)</b>	<b>NET COST OF SERVICES</b>	<b>(7,197)</b>

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT SUMMARY**

<b>2012/13</b>	<b>2013/14</b>			<b>2014/15</b>
<b>Actual</b>	<b>Original</b>	<b>Probable</b>		<b>Original</b>
<b>£000's</b>	<b>Estimate</b>	<b>Outturn</b>		<b>Estimate</b>
	<b>£000's</b>	<b>£000's</b>		<b>£000's</b>
(5,971)	(1,444)	(7,002)	NET COST OF SERVICES	(7,197)
(461)	(395)	(424)	Interest on Receipts and Balances	(402)
5,517	5,571	5,532	Interest Payable on Loans	5,532
(5,720)	(11,496)	(5,929)	Transfer from MRR	(6,186)
(46)	(58)	(36)	Reversal of DLO depreciation	(29)
601	622	973	Pensions Interest Payable/Return on Assets	973
<u>(6,080)</u>	<u>(7,200)</u>	<u>(6,886)</u>	<b>NET OPERATING INCOME</b>	<u>(7,309)</u>
			APPROPRIATIONS	
4,200	4,200	4,200	Capital Exp. Charged to Revenue	5,700
(337)	(308)	(831)	FRS 17 Adjustment	(945)
0	0	0	Transfer to Capital Reserves	0
3,180	3,180	3,180	Transfer to Self Financing Reserve	3,180
(17)	0	0	Transfer to Insurance Fund	0
170	0	127	Transfer to Enhancement Fund	(126)
2	0	0	Leave Accruals	0
<u>7,198</u>	<u>7,072</u>	<u>6,676</u>		<u>7,809</u>
<u>1,118</u>	<u>(128)</u>	<u>(210)</u>	<b>(SURPLUS)/DEFICIT FOR YEAR</b>	<u>500</u>
4,493	3,556	3,375	BALANCE BROUGHT FORWARD	3,585
1,118	(128)	(210)	(SURPLUS)/DEFICIT FOR YEAR	500
<u><b>3,375</b></u>	<u><b>3,684</b></u>	<u><b>3,585</b></u>	<b>BALANCE CARRIED FORWARD</b>	<u><b>3,085</b></u>

**HOUSING DIRECTORATE  
HOUSING REPAIRS FUND SUMMARY**

<b>2012/13</b>	<b>2013/14</b>			<b>2014/15</b>
<i>Actual</i>	<i>Original</i>	<i>Probable</i>		<i>Original</i>
<i>£000's</i>	<i>Estimate</i>	<i>Outturn</i>		<i>Estimate</i>
	<i>£000's</i>	<i>£000's</i>		<i>£000's</i>
			<b>EXPENDITURE</b>	
3,318	2,686	3,620	Responsive and Void Repairs	3,492
2,201	2,519	2,139	Planned & Cyclical Maintenance	2,202
89	(45)	(38)	Other items	(38)
<b>5,608</b>	<b>5,160</b>	<b>5,721</b>	<b>TOTAL EXPENDITURE</b>	<b>5,656</b>
<b>(5,200)</b>	<b>(5,200)</b>	<b>(5,200)</b>	<b>CONTRIBUTION FROM HRA</b>	<b>(5,000)</b>
<b>408</b>	<b>(40)</b>	<b>521</b>	<b>(SURPLUS)/DEFICIT FOR YEAR</b>	<b>656</b>
3,915	4,375	3,507	BALANCE BROUGHT FORWARD	2,986
408	(40)	521	(SURPLUS)/DEFICIT FOR YEAR	656
<b>3,507</b>	<b>4,415</b>	<b>2,986</b>	<b>BALANCE CARRIED FORWARD</b>	<b>2,330</b>



**HOUSING DIRECTORATE  
MAJOR REPAIRS RESERVE SUMMARY**

<b>2012/13</b>	<b>2013/14</b>			<b>2014/15</b>
<b>Actual</b>	<b>Original</b>	<b>Probable</b>		<b>Original</b>
<b>£000's</b>	<b>Estimate</b>	<b>Outturn</b>		<b>Estimate</b>
	<b>£000's</b>	<b>£000's</b>		<b>£000's</b>
			<b>EXPENDITURE</b>	
5,418	8,709	8,204	CAPITAL EXPENDITURE	9,528
5,720	11,496	5,929	TRANSFERRED TO HRA	6,186
<b>11,138</b>	<b>20,205</b>	<b>14,133</b>	<b>TOTAL EXPENDITURE</b>	<b>15,714</b>
<b>(12,652)</b>	<b>(18,418)</b>	<b>(12,851)</b>	<b>DEPRECIATION</b>	<b>(13,231)</b>
<b>(1,514)</b>	<b>1,787</b>	<b>1,282</b>	<b>(SURPLUS)/DEFICIT FOR YEAR</b>	<b>2,483</b>
8,241	9,955	9,755	BALANCE BROUGHT FORWARD	8,473
(1,514)	1,787	1,282	(SURPLUS)/DEFICIT FOR YEAR	2,483
<b>9,755</b>	<b>8,168</b>	<b>8,473</b>	<b>BALANCE CARRIED FORWARD</b>	<b>5,990</b>

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
SUPERVISION AND MANAGEMENT GENERAL**

**Policy and Management**

With HRA self financing it is more important than ever to make sure the business plan is up to date, so consultancy costs remain are required. Overall the budget shows no significant change.

**Sale of Council Houses**

Costs have increased with respect to previous years. Due to significantly increased Right to Buy (RTB) Sales following the Government's increase in RTB discounts.

**Capital Monitoring**

No material changes.

**Pay & Display Car Parks**

This relates to the two car parks at Burton and Vere Road, Loughton, that are owned by the HRA. In 2013/14 car park management costs have reduced due to the new car parking management contract with the North Essex Parking Partnership (NEPP). There is a proposal that Car Parks will transfer to the General Fund on 1st April 2014, with the associated costs and income. A small net surplus is usually achieved.

**Housing Computer System**

The original 2014/15 budget for the implementation of New Systems in the Housing Directorate has been significantly reduced. Some Consultancy costs remain in both 2013/14 and 2014/15.

**Tenant Participation**

Housing Staff support the Epping Forest Tenants and Leaseholders Federation, the Sheltered Housing Forum, a Leaseholders Association and a Repairs and Maintenance Focus Group.

**Contribution to General Fund**

This is mainly a contribution to the Corporate and Democratic Core, the HRA paying its share towards Democratic Representation and Management, and such Corporate Costs as the head of the paid service (Chief Executive), direct management of services and the provision of advice and support to Members.

**Repairs Management**

The Housing Repairs Service allocations have decreased from 2013/14 to 2014/15. Time has been allocated to Abortive New Build costs. An anticipated cost of acquiring New Housing Assets, as some housebuilding proposals cannot proceed.

**New Build Costs**

A new heading for any Costs that cannot be charged to Capital. That is to say these costs relate to abortive work or work that does not comply with the strict definitions necessary for recognition as an asset.

**Managing Tenancies**

A vacancy allowance of 2.5% and 1.5% respectively of the total HRA salaries is included in both the original 2013/14 and 2014/15 budgets, reducing the overall costs in those years by about £114,000 and £69,000 respectively. There is no vacancy allowance figure in the probable outturn, hence the higher costs reported. The allocation from the Housing Management Group and the Legal Fees budget have increased particularly in 2014/15.

**Waiting Lists and Allocations**

Housing Options recharge has increased by 16%, between 2013/14 and 2014/15 Originals.

**Rent Determination & Collection**

The changes in the budgets reflect the additional effort now required to collect rents as a consequence of the welfare reforms.

**Housing Management Support Services**

The reduced budget in 2014/15 is due to reduced Employee and Support Service recharges.

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
SUPERVISION & MANAGEMENT GENERAL**

<b>2012/13</b>	<b>2013/14</b>			<b>2014/15</b>
<i>Actual</i> £000's	<i>Original Estimate</i> £000's	<i>Probable Outturn</i> £000's		<i>Original Estimate</i> £000's
319	384	398	Policy and Management	402
80	58	108	Sale of Council Houses	134
52	53	59	Capital Monitoring	61
52	48	46	Pay and Display Car Parks	0
44	55	19	Housing Computer System	18
82	87	84	Tenant Participation	91
622	686	643	Contribution to General Fund	693
692	726	642	Repairs Management	679
0	0	214	New Build Costs	236
919	866	992	Managing Tenancies	990
303	315	327	Waiting Lists & Allocations	366
539	577	635	Rent Determination & Collection	641
203	228	143	Housing Management Support Services	155
<b>3,907</b>	<b>4,083</b>	<b>4,310</b>		<b>4,466</b>

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
SUPERVISION AND MANAGEMENT SPECIAL**

**Aged Persons Management**

In 2014/15 Employee costs have increased as a result of the Pay Award.

**Aged Persons Support**

This budget represents support given to tenants rather than the management of the property itself and is therefore primarily made up of employee related costs. The recharge from the Housing Older Persons Group has increased in both 2013/14 and 2014/15, whilst Supporting People income has fallen slightly.

**Special Items**

In total this budget is relatively stable. Additional funding has been retained for the dog bins on HRA land (increased to £7,000), an addition to the Estate Improvements Service Enhancement Fund (reduced to £6,500), and New Equipment, Service Enhancement Fund, £10,000. In 2014/15 , and in 2013/14 Probable there is an additional Furniture Recycling & CAB Grant - HRA Service Enhancement Fund that was not in 2013/14 Original.

**Homelessness Management**

There has been a slight increase in this budget relating to the cost of support service allocations. Housing Options have increased by £13,000 and an £8,000 increase in Energy costs.

**Homelessness Support**

Essex County Council has terminated the Supported People funding completely for Norway House increasing net costs by £45,000. A net income of £26,000 has changed into a net spend of £23,000 in 2014/15.

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
SUPERVISION & MANAGEMENT SPECIAL**

<b>2012/13</b>		<b>2013/14</b>			<b>2014/15</b>
<i>Actual</i>	<i>Original</i>	<i>Probable</i>			<i>Original</i>
<i>£000's</i>	<i>Estimate</i>	<i>Outturn</i>			<i>Estimate</i>
	<i>£000's</i>	<i>£000's</i>			<i>£000's</i>
808	813	842	Aged Persons Management		863
511	502	574	Aged Persons Support		601
1,804	1,903	1,996	Special Items		2,038
287	271	293	Homelessness Management		313
18	19	20	Homelessness Support Services		23
<b>3,428</b>	<b>3,508</b>	<b>3,725</b>			<b>3,838</b>

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
RENTS, RATES, TAXES & INSURANCES**

**Dwelling Insurance**

This budget comprises buildings insurance on the Council's properties.

**NDR and Council Tax**

The increase in probable outturn and 2014/15 estimates is due to an increase in the number of void properties where rates are still payable, most of these (about 20 difficult to let bedsits being converted in March 2014) are at Marden Close. In total we have 24 derelict properties resulting in a £39,000 cost increase.

Derelict property is now chargeable since April 2013, the Council Tax (Exempt Dwellings) Order 1992 has been amended by the abolition of Class A which gave mandatory relief for a set period of up to 12 months for properties awaiting or undergoing structural repair. In addition Council Tax billing authorities have been given total discretion on setting periods of empty property relief under Class C, and each will have their own policy. Generally, empty property relief has been greatly restricted with a consequently greater number of enquiries and proposals seeking deletion for properties in poor repair.

**Other Insurances and Recharges**

There is a 9% increase in public liability insurance for HRA land in 2014/15. Employee and Management recharges have fallen by £30,000.

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
RENTS, RATES, TAXES & INSURANCE**

<b>2012/13</b>		<b>2013/14</b>			<b>2014/15</b>
<i>Actual</i>	<i>Original</i>	<i>Probable</i>			<i>Original</i>
<i>£000's</i>	<i>Estimate</i>	<i>Outturn</i>			<i>Estimate</i>
	<i>£000's</i>	<i>£000's</i>			<i>£000's</i>
259	264	254	Dwelling Insurances		270
58	52	82	NDR and Council Tax		83
17	15	17	Water Charges		17
190	169	142	Other Insurances and Recharges		151
<b>524</b>	<b>500</b>	<b>495</b>			<b>521</b>

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
OTHER EXPENDITURE**

**Capital Expenditure Charged to Revenue**

Capital Expenditure Charged to Revenue is set at £4.2m in the probable outturn and £5.7m in the 2014/15 estimates.

**Treasury Management Expenses**

This relates to a proportion of the costs of the Council's Treasury Management function. As a substantial proportion of the interest income received is passed on to the HRA, most of the cost is borne by the HRA.

Additional ongoing advice is required in relation to the Council's HRA debt portfolio. This amounts to around £9,000 per annum.

**Bad Debts**

The contribution to the bad debts provision is based on an assessment of the likelihood of a particular debt category being paid. The assessment takes into account the level of arrears, the size of individual debts and whether those debts relate to current or former tenants.

During 2013/14 some welfare reforms came into effect (for new claimants initially) whereby Rent Rebates currently paid to the tenants rent account will be paid directly to tenants. This is likely to have an adverse effect on the HRA in that rent arrears are expected to increase. To reflect this an increase to the bad debt provision is anticipated (£250,000 2014/15) though the full effect will take some time as most existing claimants will not transfer to Universal Credit until 2016 or 2017.



**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
OTHER EXPENDITURE**

<b>2012/13</b>		<b>2013/14</b>			<b>2014/15</b>
<i>Actual</i>	<i>Original</i>	<i>Probable</i>			<i>Original</i>
<i>£000's</i>	<i>Estimate</i>	<i>Outturn</i>			<i>Estimate</i>
	<i>£000's</i>	<i>£000's</i>			<i>£000's</i>
4,200	4,200	4,200	Capital Expenditure Charged to Revenue		5,700
59	53	50	Treasury Management Expenses		52
176	200	200	Provision for Bad/Doubtful Debts		250
<b>4,435</b>	<b>4,453</b>	<b>4,450</b>			<b>6,002</b>

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
CAPITAL CHARGES**

**Depreciation**

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

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
CAPITAL CHARGES**

<b>2012/13</b>	<b>2013/14</b>			<b>2014/15</b>
<i>Actual</i> <b>£000's</b>	<i>Original Estimate</i> <b>£000's</b>	<i>Probable Outturn</i> <b>£000's</b>		<b>Original Estimate</b> <b>£000's</b>
12,652	18,418	12,851	Depreciation	13,231
<b><u>12,652</u></b>	<b><u>18,418</u></b>	<b><u>12,851</u></b>		<b><u>13,231</u></b>

## **HOUSING DIRECTORATE HOUSING REVENUE ACCOUNT PROPERTY RELATED INCOME**

### **Gross Rent of Dwellings**

The rental income estimate for 2013/14 is based on a slightly reduced stock of houses (31 RTB sales assumed in 2013/14, 20 in 2014/15). An average increase in rents of 4.91% (increase by £4.49 to £95.59 in 2014/15 average weekly rent) is proposed. This is in line with the latest Government projection and convergence with registered social landlord rents is expected to be in 2017/2018. There is also additional income as there will be 53 Mondays (when rent is due) in 2013/14.

### **Business Premises**

Income here relates to a few non dwelling rents that did not form part of the transfer to the General Fund in 2010/11

### **Garages**

Garage rent charges will remain the same as in 2013/14. The weekly charge is currently £7.90. Garage voids have also increased as they are hard to let.

### **Ground Rents**

This relates to the ground rents for leaseholders.

### **Charges for Services and Facilities**

The increase in 2013/14 is as a result of the fee increases agreed earlier in the budget cycle. The reduction in 2014/15 is due to multiple variances but principally the loss of Supporting People Grant at Norway House by Essex County Council.

### **Contribution from General Fund**

This is the contribution made towards grounds maintenance costs of housing land in relation to properties that have been sold under the housing Right to Buy legislation. The increase in contribution for both the probable outturn and the original 2014/15 is due to an increase in allocations from grounds maintenance.

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
PROPERTY RELATED INCOME**

<b>2012/13</b>		<b>2013/14</b>			<b>2014/15</b>
<i>Actual</i>	<i>Original</i>	<i>Probable</i>			<i>Original</i>
<i>£000's</i>	<i>Estimate</i>	<i>Outturn</i>			<i>Estimate</i>
	<i>£000's</i>	<i>£000's</i>			<i>£000's</i>
29,227	31,080	30,966	Gross Rent of Dwellings		31,765
(6)	16	19	Business Premises		17
849	872	849	Garages		848
9	10	9	Ground Rents		10
1,524	1,652	1,666	Charges for Services & Facilities		1,575
314	346	368	Contribution from General Fund		383
<b>31,917</b>	<b>33,976</b>	<b>33,877</b>	<b>Property Related Income</b>		<b>34,598</b>

## **HOUSING DIRECTORATE HOUSING REVENUE ACCOUNT INTEREST INCOME**

### **Revenue Balances**

The income here represents the interest earned from ongoing revenue balances on the HRA, Repairs Fund and Major Repairs Reserve accounts. There is a small increase of £8,000 on probable outturn due to higher than expected balances. This is based on an interest rate of 1% in Original 2013/14, of 0.8% for probable outturn and 0.8% for 2014/15.

### **Capital Balances**

The interest on capital balances is based on the mid year HRA Capital Financing Requirement (CFR). The CFR represents the authority's underlying need to borrow for capital purposes. The interest income relates to the charge made to the General Fund for its positive credit ceiling which in effect is due to internal borrowing from the HRA. The rate applied is the average rate on investments as above.

### **Mortgage Interest**

The governing legislation states that the interest rate charged on Council mortgages must be the higher of the local average rate (calculated as the average rate payable on its external debt) or the standard national rate. Whilst the Council has now taken on debt related to HRA self financing the average rate on this is below the national rate at 3%. The charge on all mortgages is therefore the national rate. The standard national rate has remained the same at 3.13% since April 2009. There are now only five mortgages remaining.

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
INTEREST INCOME**

<b>2012/13</b>		<b>2013/14</b>			<b>2014/15</b>
<i>Actual</i>	<i>Original</i>	<i>Probable</i>			<i>Original</i>
<i>£000's</i>	<i>Estimate</i>	<i>Outturn</i>			<i>Estimate</i>
<i>£000's</i>	<i>£000's</i>	<i>£000's</i>			<i>£000's</i>
167	131	140	Interest on Revenue Balances		132
293	263	283	Interest on Capital Balances		269
1	1	1	Mortgages		1
<b>461</b>	<b>395</b>	<b>424</b>			<b>402</b>

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
INTEREST PAYABLE**

**Interest on PWLB Loans**

The Council took on debt of £185m toward the end of 2011/12. The purpose of this was to make a payment to Central Government on the cessation of the Housing Subsidy system. The Original budget for 2012/13 assumed a fixed rate of 4.24%. Once the debt portfolio was agreed, in consultation with the Council's treasury advisors, a portfolio of £154m fixed rate between 3.45% and 3.5% and variable rate of £32m currently at 0.62% was taken out. The Interest on this debt is expected to be a little over £5.5m per annum compared to £6.3m assumed previously.



**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
INTEREST PAYABLE**

<b>2012/13</b>	<b>2013/14</b>			<b>2014/15</b>
<i>Actual</i> £000's	<i>Original Estimate</i> £000's	<i>Probable Outturn</i> £000's		<i>Original Estimate</i> £000's
5,517	5,571	5,532	Interest on PWLB Loans	5,532
<b><u>5,517</u></b>	<b><u>5,571</u></b>	<b><u>5,532</u></b>		<b><u>5,532</u></b>

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
SUPPORT & TRADING SERVICES**

**Housing Policy**

This budget relates to the Director and Assistant Directors of Housing. The majority of costs are recharged to the HRA which is why this is reported here. Employee related costs have increased from £337,000 in the Original to £345,000 in the probable outturn and £355,000 in the 2014/15 estimate. The Leased Car recharge falls in the Probable and Forward by £17,000 to reduce overall spend in the Probable.

**Housing Services Administration**

There has been an increase in support service charges - Computer and Office Services for 2014/15.

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
SUPPORT & TRADING SERVICES**

<i>2012/13</i>		<i>2013/14</i>			<i>2014/15</i>
<i>Actual</i>	<i>Original</i>	<i>Probable</i>			<i>Original</i>
<i>£000's</i>	<i>Estimate</i>	<i>Outturn</i>			<i>Estimate</i>
<i>£000's</i>	<i>£000's</i>	<i>£000's</i>			<i>£000's</i>
460	473	464	Housing Policy		484
491	504	508	Housing Services Administration		550
<b>951</b>	<b>977</b>	<b>972</b>			<b>1,034</b>

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
HOUSING REPAIRS FUND 5 YEAR PROGRAMME**

**Responsive Repairs**

This budget is categorised into responsive repairs, special works expenses, decorating allowances, asbestos removal, door entry maintenance, windows maintenance, Norway House maintenance and drainage (rodding). Because these works are not planned, the budgets can fluctuate significantly from year to year. The probable outturn is expected to be more or less in line with that originally forecasted, with a slight decrease in 2014/15 and subsequent years.

**Voids Refurbishment**

Voids expenditure has been reducing significantly over the last few years as more works are of a capital nature and have been allocated to the Capital Programme. However in 2013/14 the changes in Housing Benefit regulations concerning Spare Rooms has caused more movement amongst tenants and a consequent increase in Void spend. This should reduce as tenants who wish to downsize achieve their objective.

**Planned Maintenance / Improvements**

This budget is categorised into Gas servicing to council houses, Gas soundness checks and Sheltered housing heating. The longer term budget requirement is expected to be in the order of £2.1m.

**Miscellaneous Projects**

This budget is categorised into external lighting, disabled adaptations, compensation for improvements, sheltered scheme redecorations, estate enhancement fund, lift maintenance and digital TV repair. After some variances in 2012/13 and 2013/14, the figure included is expected to be consistent at around £200,000 as most of these budgets are of a cash limited nature.

**Feasibilities**

Little expenditure is expected in 2013/14 and there was only £1,000 spent in 2012/13. There are generally a few feasibilities each year and the amount included reflects this.

**Income**

These figures represent the expected contribution from leaseholders.

HOUSING DIRECTORATE								
HOUSING REPAIRS FUND FIVE YEAR PROGRAMME								
ACTUAL 2012/13	DETAIL	ORIGINAL ESTIMATE 2013/14	PROBABLE OUTTURN 2013/14	ORIGINAL ESTIMATE 2014/15	FORECAST SPENDING			
					2015/16	2016/17	2017/18	2018/19
£000's		£000's	£000's	£000's	£000's	£000's	£000's	£000's
2,423	Responsive Repairs	2,146	2,471	2,591	2,500	2,500	2,500	2,500
832	Voids Refurbishment	540	1,149	901	900	900	900	900
2,380	Planned Maintenance/ Improvements	2,519	2,139	2,202	2,100	2,100	2,100	2,100
53	Miscellaneous Projects	42	54	55	100	100	100	100
1	Feasibilities	10	5	5	13	13	13	13
(81)	Less Income	(97)	(97)	(98)	(100)	(100)	(100)	(100)
<b>5,608</b>	<b>TOTAL EXPENDITURE</b>	<b>5,160</b>	<b>5,721</b>	<b>5,656</b>	<b>5,513</b>	<b>5,513</b>	<b>5,513</b>	<b>5,513</b>
<b>(3,915)</b>	<b>Balance brought forward</b>	<b>(4,375)</b>	<b>(3,507)</b>	<b>(2,986)</b>	<b>(2,330)</b>	<b>(1,817)</b>	<b>(1,304)</b>	<b>(791)</b>
(5,200)	Contribution from H.R.A.	(5,200)	(5,200)	(5,000)	(5,000)	(5,000)	(5,000)	(4,800)
<b>5,608</b>	<b>Less Expenditure above</b>	<b>5,160</b>	<b>5,721</b>	<b>5,656</b>	<b>5,513</b>	<b>5,513</b>	<b>5,513</b>	<b>5,513</b>
<b>(3,507)</b>	<b>BALANCE CARRIED FORWARD (SURPLUS) / DEFICIT</b>	<b>(4,415)</b>	<b>(2,986)</b>	<b>(2,330)</b>	<b>(1,817)</b>	<b>(1,304)</b>	<b>(791)</b>	<b>(78)</b>

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**HOUSING REVENUE ACCOUNT DIRECTORATE**  
**SUBJECTIVE ANALYSIS 2014/15 Original**

Cost Centre	Employees	Premises	Transport	Supplies	Other Contracted Services	Support Services	Depreciation & Other	Gross Expenditure	(Internally Recharged)	Fees & Charges	Government Grants / Other Contributions	Rental Income	Interest	Gross Income	Net Expenditure
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
<b>SUPERVISION &amp; MANAGEMENT GENERAL</b>															
Policy and Management	84,600	0	870	108,210	0	208,450	0	402,130	0	0	0	0	0	0	402,130
Sale of Council Houses	44,680	0	690	600	0	114,220	0	160,190	(26,000)	2,500	0	0	1,200	3,700	130,490
Capital Monitoring	35,620	0	1,740	150	0	23,590	0	61,100	0	0	5,000	0	0	5,000	56,100
Business Premises Admin	0	0	0	0	0	0	0	0	0	0	0	862,460	0	862,460	(862,460)
Pay and Display Car Parks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Housing Computer System	0	0	0	17,000	0	740	0	17,740	0	0	0	0	0	0	17,740
Tenant Participation	42,920	150	1,230	5,620	0	40,960	0	90,880	0	0	0	0	0	0	90,880
Contribution to General Fund	11,000	38,280	0	9,020	0	634,480	0	692,780	0	0	0	0	0	0	692,780
Repairs Management	440,280	0	17,890	3,080	0	217,540	0	678,790	0	7,640	100	0	0	7,740	671,050
New Build Costs	158,820	0	8,930	19,330	0	49,450	0	236,530	0	0	0	0	0	0	236,530
Managing Tenancies	504,120	0	28,630	69,620	0	387,510	0	989,880	0	60	28,910	0	0	28,970	960,910
Waiting Lists & Allocations	220,440	0	5,120	41,330	0	99,540	0	366,430	0	0	0	0	0	0	366,430
Rent Determination & Collection	301,040	0	14,120	28,830	0	296,660	0	640,650	0	0	0	0	0	0	640,650
Housing Management Support Service	111,300	0	4,200	100	0	39,110	0	154,710	0	0	0	0	0	0	154,710
<b>SUPERVISION &amp; MANAGEMENT SPECIAL</b>															
Aged Persons Management	314,930	300,440	8,280	130,200	0	105,910	3,070	862,830	0	622,990	0	0	0	622,990	239,840
Aged Persons Support	476,010	0	18,030	130	0	106,840	0	601,010	0	0	415,740	0	0	415,740	185,270
Special Items	244,380	1,316,120	9,860	245,560	27,000	193,560	1,880	2,038,360	0	403,780	0	0	0	403,780	1,634,580
Homelessness Management	160,000	64,410	3,050	25,280	0	58,450	2,100	313,290	0	88,120	0	0	0	88,120	225,170
Homelessness Support Services	15,910	0	370	20	0	6,350	0	22,650	0	0	0	0	0	0	22,650
<b>RENTS, RATES TAXES AND INSURANCE</b>															
Rents, Rates, Taxes and Insurance	0	370,040	0	151,080	0	0	0	521,120	0	0	0	0	0	0	521,120
<b>HOUSING REPAIRS FUND</b>				5,000,000				5,000,000							0
<b>OTHER EXPENDITURE</b>															
Capital Expenditure Charge to Revenue							5,700,000	5,700,000							0
Provision for Bad/Doubtful Debts				249,650				249,650							0
Depreciation							13,231,480	13,231,480							0
Treasury Management Expenses							52,120	52,120							0
Interest on Revenue Balances								0					132,260	132,260	(132,260)
Interest on Capital Balances								0					268,530	268,530	(268,530)
Interest Payable							5,531,530	5,531,530							0
Trf from MRR to HRA							(6,186,000)	(6,186,000)							0
Reversal of Other Depreciation							(29,090)	(29,090)							0
Pension Interest Payable	973,440							973,440							0
FRS17 Adj	(944,580)							(944,580)							0
Transfer to Debt Repayment Reserve							3,180,000	3,180,000							0
<b>GROSS RENT OF DWELLINGS</b>								0				31,764,570		31,764,570	(31,764,570)
<b>CONTRIBUTION FROM GENERAL FUND</b>								0	(383,270)					0	(383,270)
<b>TOTAL Net Cost of Services</b>	<b>3,194,910</b>	<b>2,089,440</b>	<b>123,010</b>	<b>6,104,810</b>	<b>27,000</b>	<b>2,583,360</b>	<b>21,487,090</b>	<b>35,609,620</b>	<b>(409,270)</b>	<b>1,125,090</b>	<b>449,750</b>	<b>32,627,030</b>	<b>401,990</b>	<b>34,603,860</b>	<b>596,490</b>
<b>SUPPORT SERVICES</b>															
Housing Policy	355,470	0	7,480	2,900	0	118,700	0	484,550	(484,510)	0	40	0	0	40	0
Housing Services Administration	222,410	0	1,860	59,800	0	265,720	0	549,790	(549,790)	0	0	0	0	0	0
<b>TOTAL</b>	<b>3,772,790</b>	<b>2,089,440</b>	<b>132,350</b>	<b>6,167,510</b>	<b>27,000</b>	<b>2,967,780</b>	<b>21,487,090</b>	<b>36,643,960</b>	<b>(1,443,570)</b>	<b>1,125,090</b>	<b>449,790</b>	<b>32,627,030</b>	<b>401,990</b>	<b>34,603,900</b>	<b>596,490</b>

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