

# ***Supplementary Committee Agenda***



**Epping Forest  
District Council**

## ***Finance and Performance Management Cabinet Committee Thursday, 21st January, 2016***

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

**Time:** 7.00 pm

**Democratic Services:** Rebecca Perrin, The Office of the Chief Executive  
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### **5. DETAILED BUDGET (Pages 3 - 20)**

(Director of Resources) To consider the attached report (FPM-025-2015/16).

### **8.a Council Budgets 2016/17 (Pages 21 - 52)**

(Director of Resources) To consider the attached report (FPM-028-2015/16).

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**COMMUNITIES DIRECTORATE  
HOUSING REVENUE ACCOUNT  
ESTIMATES 2016/17**

## HOUSING REVENUE ACCOUNT

### ESTIMATES 2016/17

#### 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.

The balance at 31 March 2015 was £2.570m, after a deficit of £0.396m in 2014/15 and a deficit is expected in 2015/16 and deficits are expected in 2015/16 and 2016/17. The major influences on these figures have been in 2016/17 increasing the Revenue Contributions to Capital Outlay, as a consequence of New Build acceleration and the commitments of the rest of the Capital Programme, some of which may now need to be delayed. Council rents income from Dwellings has decreased by £0.263m in 2016/17, as required by the Welfare Reform and Work Bill, which is expected to be enacted shortly, whereby all social landlords must reduce their rents by 1% per annum for the next 4 years. The proposal to transfer a 10% average, annually of the 10-year variable rate loan taken out on the inception of HRA self financing to a the loan draws £3.18m from the HRA in 2015/16 but not in 2016/17. The demands of the Capital Programme and the changes in the Self-Financing regime (1% rent reductions annually for 4 years, and the expectation of a levy being applied by the Government that will require the sale of "High Value" Voids) are all reducing resources from the HRA. It is still the intention to maintain a Self-financing reserve as approved by Members., but to consider a re-profiling of future transfers.

The HRA subsidy system ceased at the end of 2011/12 when this Council was required to pay to the Government their notional HRA surplus, as determined by the subsidy settlement. From April 2012 the new Self Financing system, where councils now 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. Self-Financing was to provide autonomy for Local Authority Housing - but the recent changes (and not all are finalised) have reduced that independence, but the Capital Review anticipates it will be partly utilised in 2017/18. It was a Cabinet decision to establish the Self-Financing reserve and Council will approve any change in this policy.

The Finance and Performance Management Cabinet Committee considered an Options Report for the HRA last year, which considered all of the above issues, and agreed to undertake a further Options Review later this year, once the Government's approach to the sale of "High Value" Voids has been determined.

### **Thirty Year HRA Financial Plan**

The Council has for a number of years produced a thirty year HRA Financial Plan. However with the advent of self financing this has taken on more prominence. The Financial Plan is reviewed and updated quarterly to check actual progress against the plan and where necessary make amendments. The updated Financial Plan is presented to members twice annually.

### **Management and Maintenance**

Management and maintenance expenditure in 2015/16 has increased by 2.0% (£275,000) in the probable outturn compared to the original estimates. In 2016/17 the costs have increased by 9.8% (£1,382,000) compared to the original 2015/16. Most of this (£1,200,000) relates to the HRA Contribution to the Repairs Fund, and is required at this level to prevent the Repairs Fund from falling into deficit. Please refer to the detailed page for Supervision and Management General for a detailed analysis. The cost of insurance has fallen.

### **Housing Improvements and Service Enhancements**

Housing Improvements and Service Enhancements total £702,000 uncommitted funding within the HRA's Housing Improvements and Service Enhancements Fund for 2016/17. However, the Finance and Performance Management Cabinet Committee has determined that this should not be spent at present, with the exception of:-

- (a) £20,000 per annum being made available for a further 2 years (2016/17 and 2017/18) to fund Voluntary Action Epping Forest (VAEF) to continue to provide the successful Mow and Grow Scheme for older and disabled Council tenants;
- (b) £50,000 per annum continuing to be made available for the Housing Improvements and Service Enhancements In-Year Fund, to fund small improvements and enhancements identified during 2016/17, with the current approval arrangements applying; and
- (c) £42,000 to be used in 2016/17 to fund the Citizens Advice Bureau (CAB) to extend the employment of its two existing Debt Advisers for a further year.

### **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 £13.5m in 2015/16 and £12.9m in 2016/17.

### **Housing Repairs Fund**

The Housing Repairs Fund balance at the start of 2015/16 was £1.491m, and is estimated to be £1.7m by the end of 2020/21. The contribution for 2015/16 and 2016/17 has been set at £5.3m and £6.2m. The contribution has been reduced back to £5.7m per annum after 2016/17.

### **Major Repairs Reserve**

The Major Repairs Reserve balance as at the end of 2014/15 was £11.154m, and is predicted to reduce to Nil by the end of 2016/17. Thereafter the Council will annually spend an amount equivalent to the amount made available each year.

### **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 2015/16 is forecast to be £4.9m. In 2016/17 this rises to £6.80m.

### **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 £5.6m. The principal sum borrowed (£185.456m) has to be repaid eventually (with a re-financing option). The thirty year HRA Financial Plan did show that over that period there will be more than enough finance available for this to happen as well as invest in HRA service improvements. However the recent changes to Local Authority Housing finance, decreasing dwelling rents by 1% per annum, and the proposed levy on High Value Voids may change those planning assumptions, which will be reviewed as part of the HRA Options Review later in the year.

### **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 was referred to as rent restructuring, and its intention was 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 decrease for 2016/17 is 1.0% (£0.98), which gives an average weekly rent for 2016/17 of around £96.56 per week.

The Council has complied with the Government's previous rent restructuring regime . The Government now has a Social Rents Policy which includes formula rents. The end of rent restructuring resulted in an estimated £40m loss of rental income over the 30 year HRA Financial Plan. Most Social Landlords re-let vacant property at the "target rent" for the property, which the Council has also done from 5th April 2014. Estimated additional income was £50,000 in 2014/15 and in subsequent years. The Welfare Reform and Work Bill features 1% rent reductions for 4 years and these are expected to reduce the income to the Council's Housing Revenue Account (HRA) by around £14 million over the next four years and around £228 million over the next 30 years.

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

The HRA interest income has remained relatively low during 2015/16 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 for the servicing of loans the Council has taken to fund the CLG's Self-Financing Debt Settlement.

### **Self-Financing Reserve**

As part of the debt portfolio taken out toward the end of 2011/12 a variable loan of £31.8m for 10 years was included. The thirty year HRA Financial Plan demonstrates that HRA balances will have increased sufficiently for this to be repaid in 2021/22. As explained earlier, it is usual for a sum equivalent to an average of 10% per annum to be set aside in a Self-Financing Reserve so that this money is separately identified for this purpose. It may be necessary to amend the capital expenditure profile within the thirty year Financial Plan for this to be possible, which will be considered as part of the forthcoming HRA Options Review. A pattern of contributions has been agreed previously by Members, reducing to £1.25million from 2016/17 and starting to rise again from 2019/20. The contribution for 2016/17 has had to be foregone to create sufficient RCCO in that year.

### **Minimum HRA Balance**

The Council's previously agreed minimum level of balance to be achieved is £2million, and this will be achieved in 2015/16 and 2016/17.

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT SUMMARY**

<b>2014/15</b>		<b>2015/16</b>			<b>2016/17</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>	
4,525	4,616	4,859		Supervision & Management General	4,908
3,566	3,870	3,777		Supervision & Management Special	3,902
481	526	363		Rents, Rates Taxes & Insurances	384
5,000	5,000	5,300		Contribution to Repairs Fund	6,200
0	50	38		Improvements / Service Enhancements	50
<b>13,572</b>	<b>14,062</b>	<b>14,337</b>		<b>MANAGEMENT &amp; MAINTENANCE</b>	<b>15,444</b>
12,943	13,539	13,152		Depreciation	12,924
60	83	67		Treasury Management Expenses	70
62	100	236		Provision for Bad/Doubtful Debts	120
<b>26,637</b>	<b>27,784</b>	<b>27,792</b>			<b>28,558</b>
				<b>INCOME</b>	
(31,584)	(32,177)	(32,292)		Gross Rent of Dwellings	(32,029)
(834)	(859)	(862)		Non Dwellings Rent	(887)
(1,574)	(1,587)	(1,641)		Charges for Services & Facilities	(1,665)
(336)	(356)	(333)		Contribution from General Fund	(353)
<b>(34,328)</b>	<b>(34,979)</b>	<b>(35,128)</b>			<b>(34,934)</b>
<b>(7,691)</b>	<b>(7,195)</b>	<b>(7,336)</b>		<b>NET COST OF SERVICES</b>	<b>(6,376)</b>



**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT SUMMARY**

2014/15	2015/16			2016/17
Actual £000's	Original Estimate £000's	Probable Outturn £000's		Original Estimate £000's
(7,691)	(7,195)	(7,336)	NET COST OF SERVICES	(6,376)
(520)	(422)	(295)	Interest on Receipts and Balances	(169)
5,558	5,566	5,596	Interest Payable on Loans	5,621
(5,611)	(6,014)	(5,619)	Transfer from MRR	(5,363)
(23)	(34)	(28)	Reversal of DLO depreciation	(25)
785	794	710	Pensions Interest Payable/Return on Assets	710
<u>(7,502)</u>	<u>(7,305)</u>	<u>(6,972)</u>	<b>NET OPERATING INCOME</b>	<u>(5,602)</u>
			APPROPRIATIONS	
5,200	4,900	4,900	Capital Exp. Charged to Revenue	6,800
(576)	(722)	(860)	FRS 17 Adjustment	(860)
0	0	0	Transfer to Capital Reserves	0
3,180	3,180	3,180	Transfer to Self Financing Reserve	0
0	0	0	Transfer to Insurance Fund	0
116	(105)	(179)	Transfer to Enhancement Fund	0
(22)	0	0	Leave Accruals	0
<u>7,898</u>	<u>7,253</u>	<u>7,041</u>		<u>5,940</u>
<u>396</u>	<u>(52)</u>	<u>69</u>	<b>(SURPLUS)/DEFICIT FOR YEAR</b>	<u>338</u>
2,966	3,482	2,570	BALANCE BROUGHT FORWARD	2,501
396	(52)	69	(SURPLUS)/DEFICIT FOR YEAR	338
<u><b>2,570</b></u>	<u><b>3,534</b></u>	<u><b>2,501</b></u>	<b>BALANCE CARRIED FORWARD</b>	<u><b>2,163</b></u>

**HOUSING DIRECTORATE  
HOUSING REPAIRS FUND SUMMARY**

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2014/15		2015/16			2016/17
<i>Actual</i>	<i>Original Estimate</i>	<i>Probable</i>	<i>Outturn</i>		<i>Original Estimate</i>
<i>£000's</i>	<i>£000's</i>	<i>£000's</i>	<i>£000's</i>		<i>£000's</i>
				<b>EXPENDITURE</b>	
4,059	4,147	4,255		Responsive and Void Repairs	4,349
2,185	2,281	2,169		Planned & Cyclical Maintenance	2,165
18	(51)	(67)		Other items	(67)
<b>6,262</b>	<b>6,377</b>	<b>6,357</b>		<b>TOTAL EXPENDITURE</b>	<b>6,447</b>
<b>(5,000)</b>	<b>(5,000)</b>	<b>(5,300)</b>		<b>CONTRIBUTION FROM HRA</b>	<b>(6,200)</b>
<b>1,262</b>	<b>1,377</b>	<b>1,057</b>		<b>(SURPLUS)/DEFICIT FOR YEAR</b>	<b>247</b>
2,755	1,743	1,493		BALANCE BROUGHT FORWARD	436
1,262	1,377	1,057		(SURPLUS)/DEFICIT FOR YEAR	247
<b>1,493</b>	<b>366</b>	<b>436</b>		<b>BALANCE CARRIED FORWARD</b>	<b>189</b>

**HOUSING DIRECTORATE  
MAJOR REPAIRS RESERVE SUMMARY**

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2014/15		2015/16			2016/17
<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>
				<b>EXPENDITURE</b>	
7,526	11,969	9,181		CAPITAL EXPENDITURE	16,140
5,611	6,014	6,107		TRANSFERRED TO HRA	5,714
<b>13,137</b>	<b>17,983</b>	<b>15,288</b>		<b>TOTAL EXPENDITURE</b>	<b>21,854</b>
<b>(12,932)</b>	<b>(13,539)</b>	<b>(13,152)</b>		<b>DEPRECIATION</b>	<b>(12,924)</b>
<b>205</b>	<b>4,444</b>	<b>2,136</b>		<b>(SURPLUS)/DEFICIT FOR YEAR</b>	<b>8,930</b>
11,359	10,127	11,154		BALANCE BROUGHT FORWARD	9,018
205	4,444	2,136		(SURPLUS)/DEFICIT FOR YEAR	8,930
<b>11,154</b>	<b>5,683</b>	<b>9,018</b>		<b>BALANCE CARRIED FORWARD</b>	<b>88</b>

**HOUSING REVENUE ACCOUNT**  
**Supervision/Management General**

	2014/15	2015/16		2016/17			
	Actual	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure	
	£000	£000	£000	£000	£000	£000	
Capital Monitoring	102	106	151	128	-	128	Changes are mainly due to the Council's past restructure and freshly calculated recharges, this does not significantly affect the HRA's bottom line figure.
Comp.Costs New Hsg.System	3	14	5	5	-	5	Comprises residual consultancy costs.
Contribution To General Fund	603	617	635	654	-	654	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.
Hsg. Man. Support Servs.	158	165	193	208	0	208	
Managing Tenancies	1,089	1,088	1,183	1,228	-	1,228	Time spent by staff and hence allocations have changed, but this does not affect the HRA bottom line.
New House Builds	322	309	182	187	-	187	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. Low due to slippage in 2015/16.
Policy & Management	396	414	353	333	-	333	Contains the Director and Senior Management 3% year on year increase.
Rent Accounting & Collection	604	667	853	864	0	864	
Repairs Management	704	699	666	705	-	705	This is the Client side of the Repairs Service. No variation year on year.
Sale Of Council Houses	38	91	182	204	(26)	178	Right to buy sales in 2015/2016 and 2016/2017 have been at an increased level, but this appears to be slowing. Pay to Stay may though encourage sales.
Tenant Participation	98	79	79	33	-	33	Housing staff support the Epping Forest Tenants and Leaseholders Federation, the sheltered Housing Forum, Leaseholders Association and a Repairs and Maintenance Focus Group. No TP Staff time spent in 2016/17. Now in Housing Management Group for 1617.
Waiting Lists & Allocations	408	367	377	385	0	385	
<b>Grand Total</b>	<b>4,525</b>	<b>4,616</b>	<b>4,859</b>	<b>4,934</b>	<b>(26)</b>	<b>4,908</b>	

**HOUSING REVENUE ACCOUNT  
Supervision/Management Special**

	2014/15	2015/16		2016/17		
	Actual	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
Aged Persons Management	704	737	752	770	-	770
Aged Persons Support	360	384	298	314	-	314
Homelessness Management	257	263	272	279	-	279
Homelessness Support	19	19	20	20	-	20
Special Items	2,226	2,467	2,435	2,519	-	2,519
<b>Grand Total</b>	<b>3,566</b>	<b>3,870</b>	<b>3,777</b>	<b>3,902</b>	<b>-</b>	<b>3,902</b>

There has been an increase in 2016/17 to employee costs as a result of expected pay award. Staff time spent also changed from Support to Management.

There has been a slight increase in 2016/17 due to the expected inflation on employee related costs. Staff time spent also changed from Support to Management.

Management costs have remained quite stable.

No material change.

In 2015/16 and 2016/17 Employee costs have increased as a result of the Pay Award. More Removal Expenses and Compensation paid out in 2015/16. Staircase lighting lower budgets for electricity and lower Support Service Recharge.

**HOUSING REVENUE ACCOUNT**  
**Rents Rates Taxes Insurance and Other Expenditure**

	2014/15	2015/16		2016/17		
	Actual	Original	Probable	Gross	Gross	Net
	£000	Estimate	Outturn	Expenditure	Income	Expenditure
		£000	£000	£000	£000	£000
Capital Exp Charged To Revenue	5,200	4,900	4,900	6,800	-	6,800
Debt Management	60	83	67	70	-	70
Increase Bad & Doubtful Debts	62	100	236	120	-	120
Rents/ Rates/Taxes/Insurance	481	526	363	384	-	384
<b>Grand Total</b>	<b>5,803</b>	<b>5,609</b>	<b>5,566</b>	<b>7,374</b>	<b>-</b>	<b>7,374</b>

This has increased to a higher level to support the House Building Programme and that cannot be funded from the Major Repairs Reserve.

Central Services support has increased.

Bad Debts Provision has increased due to higher arrears at Wk 38 in 2015/16.

Public Liability £13,000 increase Original to Original. This budget includes building insurance on the Council's dwellings, which has decreased £54,000 Original to Original. Void properties where Rates and Council Tax are payable. Also includes Water charges.

**HOUSING REVENUE ACCOUNT  
Capital Charges**

	2014/15	2015/16		2016/17		
	Actual	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
Depreciation	12,943	13,539	13,152	12,924	-	12,924
<b>Grand Total</b>	<b>12,943</b>	<b>13,539</b>	<b>13,152</b>	<b>12,924</b>	<b>-</b>	<b>12,924</b>

However, from 1st 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 - the original estimate rose to £18.4m . Since then the Council has agreed with the external Auditor a revised method of calculating depreciation charge lowering it to £13.5m in 2015/16 and £12.9m in 2016/17

In order to allow the transfer to full depreciation accounting and allow time for proper implementation, the draft determination published by CLG allows a transitional period of up to 5 years with authorities able to move across to full depreciation accounting beforehand should they wish. During this period, authorities would be allowed to continue to reverse out depreciation and impairment and allow the equivalent to the major repair costs in the self - financing valuation to hit the bottom line. This transitional period will also deal with any issues about short term affordability due to the way the HRA model operates. Once the transitional period is over more depreciation will be locked in the Major Repairs Reserve and not be available for Council House Building. However, the intention would be to adjust the Revenue Contribution to capital to maintain the current position. CLG are likely to extend the transitional period.

**HOUSING REVENUE ACCOUNT**  
**Property Related Income**

	2014/15	2015/16		2016/17		
	Actual	Original	Probable	Gross		Net
	£000	Estimate	Outturn	Expenditure	Gross Income	Expenditure
	£000	£000	£000	£000	£000	£000
Business Premises	(18)	(19)	(21)	-	(21)	(21)
Charges for Services & Facilities	(1,574)	(1,587)	(1,641)	-	(1,665)	(1,665)
Contribution from General Fund	(336)	(356)	(333)	-	(353)	(353)
Garages	(806)	(830)	(831)	-	(856)	(856)
Gross Rent of Dwellings	(31,584)	(32,177)	(32,292)	-	(32,029)	(32,029)
Ground Rents	(10)	(10)	(10)	-	(10)	(10)
<b>Grand Total</b>	<b>(34,328)</b>	<b>(34,979)</b>	<b>(35,128)</b>	<b>-</b>	<b>(34,934)</b>	<b>(34,934)</b>

Income here relates to a few non dwelling rents that are held in the HRA.

Year on year income is quite stable but some variances are concealed. OAP Units Service Charge income is down £52k but most of the other charges have increased, such as Housing Related Support.

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 year on year allocation from grounds maintenance has decreased.

Garage rents income has increased due to the effect of the proposed 3% rent increase from £8.10 to £8.35 in 2016/17. Garage stock was 2,274 at 31.3.15. The Rent system mid-way through 2015/16 implies a net stock of 1,971 after voids.

The rental income is based on a slightly reduced stock of houses in 2015/16 but 20 RTB sales are assumed in 2016/17, with 23 additions expected from New Build. An average decrease in rents of 1% (decrease by £0.98 to £96.56 in 2016/17 average weekly rent) is proposed, as required by the Welfare Reform and Work Bill. Most Social Landlords re-let vacant property at the "target rent" for the property which the council has also done from 5th April 2014. Estimated additional income £50k in 2015/16 and in subsequent years.

This relates to the Ground Rents for Leaseholders



**HOUSING REVENUE ACCOUNT**  
**Interest Income**

	2014/15	2015/16		2016/17		
	Actual	Original	Probable	Gross	Gross	Net
	£000	Estimate	Outturn	Expenditure	Income	Expenditure
	£000	£000	£000	£000	£000	£000
Interest On Capital Balances	(318)	(283)	(113)	-	(55)	(55)
Interest On Revenue Balances	(202)	(139)	(182)	-	(114)	(114)
<b>Grand Total</b>	<b>(520)</b>	<b>(422)</b>	<b>(295)</b>	<b>-</b>	<b>(169)</b>	<b>(169)</b>

The interest on Capital and Revenue Balances is based on the HRA's Usable Reserves and the Average Investment Interest Rates expected. The planned use of these reserves has been modelled in line with the Capital Programme.

**HOUSING REVENUE ACCOUNT  
INTEREST PAYABLE**

	2014/15	2015/16		2016/17		
	Actual	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
Self Financing Interest	5,558	5,566	5,596	5,621	-	5,621
<b>Grand Total</b>	<b>5,558</b>	<b>5,566</b>	<b>5,596</b>	<b>5,621</b>	<b>-</b>	<b>5,621</b>

The debt portfolio was agreed as £154m fixed rate between 3.45% and 3.5% and variable rate of £32m (0.86% expected in 2016/17) was taken out. The interest on this debt is expected to be a little over £5.6m per annum.

**HOUSING REVENUE ACCOUNT  
SUPPORT AND TRADING SERVICES**

	2014/15	2015/16		2016/17		
	Actual	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
Building Maintenance - O'Heads	(2)	1	-	2,709	(2,709)	-
Communities Policy Group	-	1	1	878	(878)	-
Housing Resources	1	(1)	(1)	580	(580)	-
Housing Services Admin	-	125	-	473	(473)	-
<b>Grand Total</b>	<b>(1)</b>	<b>126</b>	<b>-</b>	<b>4,640</b>	<b>(4,640)</b>	<b>-</b>

The budget relates to the Director and Assistant Directors of Communities. The majority of costs are recharged to the HRA which is why this is reported here.

HOUSING DIRECTORATE									
HOUSING REPAIRS FUND FIVE YEAR PROGRAMME									
ACTUAL 2014/15	DETAIL	ORIGINAL ESTIMATE 2015/16	PROBABLE OUTTURN 2015/16	ORIGINAL ESTIMATE 2016/17	Forecast Spending				
					17/18	18/19	19/20	20/21	
£'000 2,775	Responsive Repairs	£'000 2,880	£'000 2,913	£'000 3,016	2,400	2,400	2,400	2,400	This budget is categorised into responsive repairs, special works expenses, decoration allowance, asbestos removal, door entry maintenance, windows maintenance, Norway House maintenance and drainage (rodding). Because these works are not planned, The budget 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 increase in 2016/17 and reductions in subsequent years.
1,285	Voids (Refurbishment)	1,267	1,341	1,334	1,100	1,100	1,100	1,100	Voids expenditure has been significantly increasing over the last few years. 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.
2,186	Planned Maintenance / Improvements	2,279	2,169	2,165	1,900	1,900	1,900	1,900	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 £1.9m
96	Miscellaneous Projects	68	63	63	63	63	63	63	This budget is categorised into external lighting, disabled adaptations, compensation for improvements, sheltered scheme redecorations, estate enhancement fund, lift maintenance and digital TV repair.
5	Feasibilities	5	5	5	5	5	5	5	Little expenditure is expected in 2016/17 and there was only £5,000 spent in 2014/15. There are generally a few feasibilities each year and the amount included reflects this.
(85)	Less Income	(123)	(135)	(135)	(135)	(135)	(135)	(135)	These figures represent the expected contribution from leaseholders.
<b>6,262</b>	<b>TOTAL EXPENDITURE</b>	<b>6,376</b>	<b>6,356</b>	<b>6,447</b>	<b>5,333</b>	<b>5,333</b>	<b>5,333</b>	<b>5,333</b>	
(2,755)	<b>Balance brought forward</b>	(2,648)	(1,493)	(437)	(189)	(556)	(923)	(1,290)	
(5,000)	Contribution from H.R.A.	(5,000)	(5,300)	(6,200)	(5,700)	(5,700)	(5,700)	(5,700)	
6,262	Less Expenditure (above)	6,376	6,356	6,447	5,333	5,333	5,333	5,333	
<b>(1,493)</b>	<b>BALANCE CARRIED FORWARD (SURPLUS) / DEFICIT</b>	<b>(1,272)</b>	<b>(437)</b>	<b>(189)</b>	<b>(556)</b>	<b>(923)</b>	<b>(1,290)</b>	<b>(1,657)</b>	

## **Report to the Finance and Performance Management Cabinet Committee**



**Epping Forest  
District Council**

**Report reference: FPM-028-2015-16**

**Date of meeting: 21 January 2016**

**Portfolio: Finance**

**Subject: Council Budgets 2016/17**

**Officer contacts for further information: Bob Palmer (01992 – 56 4279)**

**Democratic Services Officer: Rebecca Perrin (01992 - 56 4532)**

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

- (1) That the Committee considers the Council's 2016/17 General Fund budgets and makes recommendations to the Cabinet meeting on 4 February 2016 on adopting the following:**
  - (a) the revised revenue estimates for 2015/16, which are anticipated to decrease the General Fund balance by £1.55m;**
  - (b) confirmation of an increase in the target for the 2016/17 CSB budget from £13.0m to £13.25m (including growth items);**
  - (c) an increase in the target for the 2016/17 DDF net spend from £0.55m to £0.70m;**
  - (d) no change in the District Council Tax for a Band 'D' property to keep the charge at £148.77;**
  - (e) the estimated decrease in General Fund balances in 2016/17 of £36,000;**
  - (f) the four year capital programme 2016/17 – 19/20, including the use of £3 million of the General Fund balance in 2015/16;**
  - (g) the Medium Term Financial Strategy 2015/16 – 19/20;**
  - (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 2016/17 HRA budget including the revised revenue estimates for 2015/16 be agreed;**
- (3) That the Cabinet be requested to note that rent reductions proposed for 2016/17 will give an average overall fall of 1%;**
- (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 2016/17 budgets and the adequacy of the reserves.**

## **Executive Summary:**

This report sets out the detailed recommendations for the Council's budget for 2016/17. The budget uses £36,000 from 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 £345,000 in 2017/18 and reduces to £3,000 in 2019/20.

The budget is based on the assumption that Council Tax will not increase and that average Housing Revenue Account rents will decrease by 1% in 2016/17.

## **Reasons for Proposed Decisions:**

The decisions are necessary to assist Cabinet in determining the budget that will be placed before Council on 16 February 2016.

## **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 4 February 2016 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 16 February 2016.
2. The annual budget process commenced with the Financial Issues Paper (FIP) being presented to this Committee on 20 July 2015. This continued with the earlier start to the process that had been initiated last year and reflected concerns over the reform of financing for local authorities and highlighted the uncertainties associated with:
  - a) Central Government Funding
  - b) Business Rates Retention
  - c) Welfare Reform
  - d) New Homes Bonus
  - e) Development Opportunities
  - f) Income Streams
  - g) Waste and Leisure Contracts
  - h) Transformation
3. There is now greater clarity on some issues but several are subject to consultations and 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 £42,000 from the General Fund reserves. This was possible as the MTFS approved in February 2015 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 2015/16 was not significant as the MTFS at that time was predicting the use of just over £0.84m of reserves to support spending in the following three years.
5. The revised MTFS presented with the FIP took into account all the changes known at that point and highlighted the additional reductions in support grant. This projection showed a need to achieve additional net savings of £150,000 on both the 2016/17 and 2017/18 estimates, followed by £350,000 in both 2018/19 and 2019/20 to keep revenue balances comfortably above the target level at the end of 2019/20.
6. Members adopted this measured approach to reduce expenditure in a progressive

and controlled manner. The budget guidelines for 2016/17 were therefore established as:

- i. The ceiling for CSB net expenditure be no more than £13m including net growth/savings.
- ii. The ceiling for DDF net expenditure be no more than £0.55m.
- iii. The District Council Tax to increase by 2.5%.

### 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 draft figures supplied immediately before Christmas set out the now familiar Settlement Funding Assessment (SFA) and also introduced the new concept of Core Spending Power. This means it is necessary to provide two comparative tables below to illustrate the reductions in funding. The first table deals with the SFA.

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Revenue Support Grant	2.45	1.53	0.74	0.26	-0.28
Retained Business Rates	3.02	3.05	3.11	3.20	3.30
<b>SFA</b>	<b>5.47</b>	<b>4.58</b>	<b>3.85</b>	<b>3.46</b>	<b>3.02</b>
Decrease £		0.89	0.73	0.39	0.44
Decrease %		16.3%	15.9%	10.1%	12.7%

9. This paints a rather bleak picture for the next four years with the SFA reducing over the period by £2.45m or nearly 45%. There has been a lot of talk about full retention of business rates but the reality in the draft figures is disappointing. The table above shows our retained business rate funding increasing from £3.02m in 2015/16 to £3.30m in 2019/20, an increase of £0.28m or 9.3%. During this time the tariff we pay to the Treasury increases by a similar percentage from £10.23m to £11.17m. This lack of any relative improvement in the balance between retention and tariff is disappointing. However, on top of this because our retained business rates exceeds our SFA in 2019/20 we are penalised with an additional tariff that I have shown in the table above as negative Revenue Support Grant. This is a worrying new addition and a disincentive to local authorities to devote resources to economic development.
10. The concept of Core Spending Power is another addition to the draft settlement and is useful in setting out Government thinking on Council Tax and the New Homes Bonus.

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
SFA	5.47	4.58	3.85	3.46	3.02
Council Tax	7.6	7.8	8.0	8.3	8.5
New Homes Bonus	2.1	2.7	2.7	1.7	1.6
<b>Core Spending Power</b>	<b>15.17</b>	<b>15.08</b>	<b>14.55</b>	<b>13.46</b>	<b>13.12</b>
Decrease £		0.09	0.53	1.09	0.34
Decrease %		0.6%	3.5%	7.5%	2.5%

11. The overall funding reductions across the period using Core Spending Power (CSP) are much lower, with a fall of £2.05m or 13.5%. This seems far more palatable but

there are questions on how realistic the assumptions are that support the Council Tax and New Homes Bonus figures. There is a separate section later on the New Homes Bonus but at this point it is worth looking at the Council Tax as the draft settlement marked a significant change in Government policy on the Council Tax.

12. In recent years we have included an assumed increase in the Council Tax when updating the MTFs that is presented with the Financial Issues Paper. Later in the process when the Government has offered a freeze grant it has been possible to drop the Council Tax increase and replace it with the freeze grant. The policy of providing additional grant to limit increases in Council Tax is now over. As we have already seen above with our Revenue Support Grant turning negative the Government now wants to remove grants from the funding system and wants local authorities to fund themselves from Council Tax and retained business rates. The draft settlement states that the figures shown above for Council Tax are increased by 1.75% per annum throughout the period, although it is evident that significant increases have been assumed in the taxbase as well to get to the overall increases.

	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Starting Council Tax	7.6	7.6	7.8	8.0	8.3
Increase of 1.75%	n/a	0.133	0.1365	0.140	0.145
Increase in Taxbase	n/a	0.067	0.0635	0.160	0.055
<b>Assumed Council Tax</b>	<b>7.6</b>	<b>7.8</b>	<b>8.0</b>	<b>8.3</b>	<b>8.5</b>
Increase £		0.2	0.2	0.3	0.2
Increase %		2.6%	2.6%	3.75%	2.4%

13. As we have not increased the Council Tax since 2010/11, the increases we have seen in overall income from the Council Tax have come from increases in the taxbase. For 2016/17 if we assume no change in Council Tax charge the overall income would increase by £157,919, for 2015/16 the amount was £76,900 and for 2014/15 £75,902. Alternatively this can be looked at in percentage terms and this shows an increase in the taxbase for 2016/17 of just over 2% and for 2015/16 and 2014/15 of just over 1%. In view of this pattern of growth in the taxbase the assumptions used look reasonable.
14. In constructing the updated MTFs it has been assumed that Members will not want to increase the Council Tax while the General Fund balance remains comfortably above the minimum requirement. There is limited flexibility to increase Council Tax by more than the assumed 1.75% as the draft settlement maintains the referendum limit at 2%.
15. The draft settlement includes a consultation with 17 detailed questions. However, as there are few exemplifications to inform responses and the consultation closes on 15 January it is not proposed to make a response.
16. As part of abolishing Council Tax Benefit and introducing Local Council Tax Support the DCLG had to determine whether parish councils would be affected by the reduction in council tax base or left outside the calculations. Despite the consultation responses on the scheme being massively in favour of tax base adjustments only at district level the DCLG decided that parish councils should also be affected. One of the problems with that decision was that DCLG does not have a legal power to make grant payments direct to parish councils. This meant the funding for these councils had to be included in the grants to districts and it was then for districts to determine how much of the grant was passed on. Members determined for 2013/14 that parish councils should be fully protected, a decision not shared by many authorities across the country. This meant that the figure notionally relating to parishes of £312,812 was topped up with an additional £7,460 to £320,272.



17. We do not have separate figures now for Local Council Tax Support, let alone a detailed split between the district and the parishes. In the absence of this information it is fair to assume the overall reduction in SFA of 16.3% is common to each element of the Funding Assessment. Funding to parish councils has been reduced on that basis in previous years and a consistent approach is proposed to reduce this by 16.3% for 2016/17 (£39,192). These amounts need to be seen in the light of the total parish precepts for 2015/16 being over £3m. There is a separate report elsewhere on the agenda setting out the amounts for individual parishes and this information was circulated to parish colleagues before Christmas.

b) Business Rates Retention

18. We are now coming towards the end of the third year of business rates retention and it is evident that DCLG have under estimated the Council's income from business rates. This is illustrated in the table below.

	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
DCLG	2.91	2.97	3.02	3.05	3.11	3.20	3.30
Actual/Est.	2.97	3.64	4.32	4.38	4.30	4.35	4.45
<b>Surplus</b>	<b>0.06</b>	<b>0.67</b>	<b>1.30</b>	<b>1.33</b>	<b>1.19</b>	<b>1.15</b>	<b>1.15</b>
Levy	0.03	0.34	tbc	tbc	tbc	tbc	tbc

19. For both 2013/14 and 2014/15 as the Council was not in a business rates pool we had to pay over half of the income above the DCLG estimate as a levy, in addition to the tariff that had already been paid. This meant payments for these years of £28,000 and £335,000 in addition to payments £9.85m and £10.04m. As the Council is in a business rates pool for 2015/16 and likely to be in a pool again for 2016/17 no levy should be payable to the Treasury but some of the growth will be shared with Essex County Council and Essex Fire Authority.
20. The table above illustrates that the rate of growth in business rate income has been far higher than DCLG estimated. Part of this divergence may have been caused by the number of adjustments to the scheme after it was constructed. These include the extension of small business rate relief, the capping of increases and the introduction of retail rate relief. As all of these adjustments reduce the bills that Councils would have issued compensation is paid under what is known as Section 31 grant. This has become so significant now that for 2015/16 revised and 2016/17 it has been shown separately in the MTFs. In 2014/15 the Council received over £0.75m in Section 31 grant, this is anticipated to reduce to £0.7m in 2015/16 and £0.4m in 2016/17 due to retail relief coming to an end.
21. Whilst the amounts included in the MTFs exceed those calculated by DCLG they are still felt to be prudent. There is very little growth anticipated after 2015/16 despite the building of the retail park and other known likely developments within the district.
22. One of the other theories for why many authorities have seen income in excess of the DCLG estimates is that the DCLG allowed amounts in their calculations for losses on appeal. This is plausible but seems strangely generous and out of character. Calculating an appropriate provision for appeals remains extremely difficult as there are over 450 appeals still outstanding 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.

23. 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. The total provision against appeals is currently close to £4m.
24. Where losses arise on the Collection Fund due to appeals being settled they are accounted for in the General Fund in subsequent periods. In the MTFS this is shown together with any loss or surplus on the Council Tax in the Collection Fund Adjustment line. The revised 2015/16 figure includes losses on business rates of £253,000 and a surplus on Council Tax of £211,000. The 2016/17 figure includes losses on business rates of £544,000 and a surplus on Council Tax of £275,000.
25. It is unlikely that we will now get any more fresh appeals on the current rating list so no further losses are anticipated beyond 2016/17. No surpluses are anticipated on the Council Tax going forward as the taxbase calculations have allowed for growth and it would not be prudent to anticipate surpluses on top of growth in the taxbase. As neither business rate deficits nor Council Tax surpluses are anticipated beyond 2016/17 the Collection Fund Adjustment line has no amount included from 2017/18 to the end of the MTFS.
26. It has been mentioned above that the Council is in a business rates pool for 2015/16. Monitoring so far indicates that this should still prove beneficial but we are reliant on the outcomes from the other pool members. Some of these authorities have indicated they want to leave the pool for 2016/17 and some others are joining. If it becomes evident either through the subsequent outturns for 2015/16 or monitoring for 2016/17 that this Council will not benefit financially from pooling a recommendation will be made not to pool in 2017/18.

#### c) Welfare Reform

27. At the time of the Financial Issues Paper there was considerable concern about the Chancellor's plans to reduce welfare spending through large reductions in tax credits. However, by the time of the Spending Review the Office for Budget Responsibility had managed to find another £27 billion and the Chancellor decided that with these additional funds the changes to tax credits were no longer required.
28. It had been feared that reductions in tax credits would increase demand for local council tax support (LCTS). This was a particular concern as it was already predicted that the LCTS scheme would fall short of being self-financing in 2016/17. In order to try and limit the shortfall the scheme was changed for the first time since its introduction with the maximum level of support being reduced from 80% to 75%. Now with no significant reduction in tax credits and the introduction of the National Living Wage the trend of reductions in the LCTS caseload may continue and bring the scheme back closer to self-financing.
29. It is worth taking this opportunity to mention one of the other welfare reforms. The Benefits Cap was introduced to limit the total amount of benefits a household could receive in a year to £26,000. The introduction of this cap did not have a dramatic impact across the district. However, the reduction by £6,000 to £20,000 is likely to cause greater changes in people's behaviour and working patterns. The lower cap will be phased in across the country during 2016/17 and we have not yet been advised by the DWP when it will be applied to this district. As this will be a part year implementation, depending on the exact date, the effects of this change may be more evident in 2017/18 than 2016/17.
30. A change that has now been implemented is the Single Fraud Investigation Service (SFIS). This saw the staff that investigated housing benefit fraud transfer to the DWP. To prepare for this transfer both the Internal Audit and Housing Benefit functions were

restructured and these changes have proved positive with both areas continuing to provide good services.

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. Despite delays, confusion and critical reports from the National Audit Office the scheme still continues to progress (slowly). This district is in the fourth tranche of the roll out and so will start dealing with UC cases in February 2016 for new single claimants. However, UC will not cover couples, families or the disabled and so we will be operating the current housing benefit system in parallel with UC. The latest estimate from the Major Projects Authority is that UC will not be fully operational until April 2020. There is still no clarity over the time period and process for the migration of our existing housing benefit claims to UC. The DWP is still to decide on the role it wants local authorities to perform under the new system.
32. One other aspect of welfare reform that continues is the DWP achieving their savings through reducing the grant paid to local authorities to administer housing benefit. Following a relatively modest reduction of £22,000 in 2015/16 we have been advised that the reduction for 2016/17 will be £73,000, which is a cut of over 16%.

#### d) New Homes Bonus

33. 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. This Council has done relatively well from NHB and the amount the Council will receive for the first 5 years of NHB in 2015/16 is nearly £2.1 million.
34. In the Financial Issues Paper I suggested that in view of possible changes to the scheme the amount taken to the CSB should be capped at £2.2m. As part of the draft settlement the Government issued a technical consultation on NHB which is entitled "New Homes Bonus: Sharpening the Incentive". Whilst sharpening the incentive the various proposals are also aimed at reducing the cost by £800m, this is approximately 55% of the projected cost for 2016/17. In the paragraphs below I will set out each of the proposals in the consultation and state what assumption I have made in coming to the figures for NHB that are included in the MTFs.
35. The first proposal is to reduce the number of years that the bonus is payable for from 6 to 4. In what could be seen as an attempt to head off any protests about this the consultation also says another option would be to reduce the number of years to 3 or 2. In moving from 6 to 4 years alternative scenarios are provided of either an immediate reduction or a phased change with a reduction to 5 years in 2017/18 followed by the full reduction to 4 years in 2018/19. The figures provided for Core Spending Power (see para 10 above) indicate that the funding change is most likely to be phased so that is the assumption used for the MTFs and it has been assumed that payments will not reduce below 4 years.
36. The second proposal is to withhold NHB from authorities that have not got a Local Plan in place. Under this proposal authorities would not get any new NHB but would continue to get NHB relating to earlier years. A possible refinement mentioned is to give credit for progress made. This could mean that an authority that has published a Local Plan but not yet submitted it to the Secretary of State would receive 50% of any new NHB. For the purpose of the MTFs I have assumed that some credit will be given for progress made and that is the position we will be in for 2017/18 before reverting to full entitlement in 2018/19.

37. The next proposal is to reduce the amount of NHB payable where planning permission has only been granted on appeal. Two alternative proposals are suggested with the size of the reduction being either 50% or 100%. This would appear to be what the Government means by sharpening the incentive, although it does not sit well with the concept that planning decisions should be made purely on planning issues. As there is a time lag between planning approval and homes being built it would be quite difficult to try and analyse how much of the NHB that we have received could be lost and in any case it is questionable how reliable such past data would be as a guide to new developments coming forward and whether they will get planning permission with or without appeal. Given this level of uncertainty I have made no adjustments to the MTFS for this possible change.
38. Another proposal aimed at improving the incentive is to remove the deadweight. This is an interesting turn of phrase that means building some baseline into the calculation so NHB is only payable on growth above what would normally happen anyway. This could be achieved through a general baseline of 0.25% or a more complex formula could be applied to each authority individually based on their previous growth. However, the Government does acknowledge the concern that in introducing a baseline it could reduce the significance of NHB for some authorities and have the perverse impact of eroding the incentive effect. Given the uncertainty about the implementation of this measure and the form it might take I have made no adjustments to the MTFS for it.
39. The final proposal is to protect authorities that are particularly adversely impacted by changes to NHB. No indication is given of an amount or percentage reduction that would qualify for help or how long such help might be phased over. Even though we may well qualify for some assistance, given the likely reduction of over £1m, to be prudent no additional support has been anticipated in the MTFS.
40. Having gone through the potential changes it is now appropriate to set out the cumulative effect below by comparing the MTFS projections with the Government's Core Spending Power figures.

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
NHB in Core Spending Power	2.7	2.7	1.7	1.6
NHB in MTFS	2.7	2.2	1.4	1.6

41. The amounts are lower in 2017/18 and 2018/19 due to the assumed reduction of 50% for new NHB in 2017/18 due to the Local Plan still being work in progress. By 2019/20 the figure has improved as the relatively poor year of NHB due to lower than average growth in 2014/15 drops out of the calculation and is replaced by a year assumed to be closer to the average. The amounts that will be included in the CSB and DDF in the MTFS are set out below.

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
CSB	2.1	2.1	1.6	1.6
DDF	0.6	0.1	-0.2	0
<b>NHB in MTFS</b>	<b>2.7</b>	<b>2.2</b>	<b>1.4</b>	<b>1.6</b>
Change in CSB	0	0	0.5	0

42. The consultation on the proposed changes to NHB closes on 10 March and it is intended to submit a draft response to the Resources Select Committee on 9 February. It will be necessary to adjust future versions of the MTFS once the exact nature of the changes is known but I believe what is set out above is sufficiently prudent at this time.

#### e) Development Opportunities

43. Previous budget reports have mentioned the various development sites but amounts have only ever been included in the MTFS for a particular site when there is sufficient certainty around its delivery. As the Council now has sole ownership of the Langston Road site and has awarded the contract for highways works it is appropriate to start building approximate amounts into the MTFS. There has been very high levels of interest from retailers as this is the only retail park currently being constructed inside the M25 and so demand for retail space exceeds supply. In this climate our professional advisers have stated that an annual rental income of £2.5m is achievable. I have taken a prudent view and reduced this to £2m to allow for any shortfall, management costs and interest. As the first attempt to let the main construction contract was unsuccessful the projected opening date for the park has moved back from Christmas 2016 to Easter 2017. As some leases will have initial rent free periods I have structured the net rental income in the MTFS so that £0.26m is included in 2017/18, increasing to £1.65m in 2018/19 and then the full £2m in 2019/20. As the project progresses the amounts in the MTFS will be refined but it is now unrealistic to not include some income for this project, particularly as the cost of construction is in the capital programme.
44. Unfortunately progress on the site in the St Johns area of Epping has been much less encouraging. It appears that not all of the parties involved in the project have the same desire as this Council to take forward this exciting mixed use development. An amount has been included in the capital programme to allow the land purchase to proceed but no other amounts have been allowed for in the MTFS.

#### f) Income Streams

45. The Council generates significant revenues from its various chargeable activities and these are closely monitored throughout the year. The position on the key income streams at the end of December is –

Activity	Original Estimate	Estimate for 9 months	Actual for 9 months	Possible Shortfall/(Surplus)
Off Street Parking	£1,200,790	£851,896	£889,099	(£50,000)
Building Control	£386,000	£290,360	£360,564	(£75,000)
Dev. Control	£595,000	£425,620	£642,536	(£200,000)
Land Charges	£215,000	£164,640	£143,353	£50,000
Licensing	£295,060	£242,930	£246,918	on target
Fleet Ops.	£230,340	£175,250	£173,403	on target

46. Overall this is a very positive position, particularly for off street parking and development control. Whilst it is pleasing that Building Control is performing so well it does need to be remembered that this is a ring fenced account that cannot contribute more widely to the General Fund.
47. The other key income stream worth commenting on is the market at North Weald. After many years of declining income the decision was taken to re-let this contract. The tender exercise was successful and has stopped the decline. The new operator has made a positive start and the contract includes an income share, so our revenue may grow again in subsequent periods.

#### g) Waste and Leisure Contract Renewals

48. Two of the Council's high profile and high cost services are provided by external contractors, Biffa for waste and SLM for leisure. Following an extensive competitive dialogue procedure Biffa took over the waste contract in November 2014. The contract hand over and the first six months of the new service went well. However, in May the service was re-organised on a four day week basis and considerable difficulties were encountered. The service has now been stabilised with Biffa committing significant additional resources. The service was procured at a lower cost and the savings were included in the MTFS. Biffa are confident that they will be able to fulfil their obligations at the price they tendered and have indicated that the additional resources will stay in place until the transition is completed.
49. 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 has been prepared and this included the intention to follow a similar route to the waste procurement with the use of competitive dialogue. The new contract will not be let before the old contract has expired so a negotiation has been undertaken to further extend the current contract. The MTFS anticipates that the new contract will commence during 2016/17 and includes CSB savings of £75,000 in 2016/17 and a further £175,000 in 2017/18. The size and timing of these savings will be kept under review as the competitive dialogue procedure progresses.

#### h) Transformation

50. A budget of £150,000 was included in the DDF for 2014/15 to allow the Chief Executive to take forward Transformational Projects. This funding has now been re-phased with £33,000 in 2015/16 and £77,000 in 2016/17. The bulk of the money, approximately £110,000, is being spent on a fixed term 18 month contract for the Head of Transformation. The remaining £40,000 is being used by Legal Services for electronic records and document management.
51. During 2015 a recruitment exercise was conducted for a Head of Transformation and the successful candidate has now been in post for a couple of months. The MTFS includes a saving of £100,000 from transformation in 2016/17 and the Head of Transformation is working on a number of ideas to deliver efficiencies.
52. As part of the revised estimates for 2014/15 Members created an Invest to Save budget of £0.5m. This fund is intended to finance schemes which can produce reductions to the net CSB requirement in future years. There have been a number of schemes coming forward including the use of LED lighting in the car parks and investing in additional equipment for the Grounds Maintenance Service. Just over half of the fund has been allocated so far and the balance will remain available for other projects coming forward during 2016/17.

#### The ceiling for CSB net expenditure be no more than £13m including net growth

53. Annex 2 lists all the CSB changes for next year. The MTFS in July included net CSB savings of £660,000 for 2016/17 and the revised 2015/16 budget had net savings of £573,000. The most significant item not already covered above is a change in the rate at which local authorities have to pay National Insurance contributions. Currently to reflect the provision of an occupational pension scheme local authorities pay contributions at a discounted rate of 10.4%. From 2016/17 the discount is removed and contributions increase to 13.8%, which adds £450,000 to the CSB. No adjustment had been made to the MTFS in July for this change as the Local Government Association had been campaigning for funding for this change in accordance with the New Burdens Doctrine. This doctrine requires the Government to match new costs imposed on local authorities with new funding. However the Government has determined that the doctrine does not apply in this case.

54. As greater savings have been achieved than had been allowed for in July, the inclusion of the additional £450,000 for the change in national insurance payments has only pushed the projected CSB £250,000 above the target. The updating of the estimates for business rate income has meant that despite this increase in the CSB the projected use of the General Fund in 2016/17 has reduced by £115,000 and so the higher level of CSB is clearly affordable.
55. The General Fund summary at Annex 1 shows that the CSB total is £250,000 above the July CSB target of £13m and it is therefore proposed to increase the CSB target to £13.25m.

The ceiling for DDF net expenditure be no more than £0.55m

56. The DDF net movement for 2016/17 is £0.697m, Annex 3 lists all the DDF items in detail. The largest cost item is £552,000 for work on the Local Plan. The Local Plan is a substantial and unavoidable project and from 2015/16 to 2018/19 DDF funding of £1.47m is allocated to it. The Director of Neighbourhoods has been asked to provide regular updates to Cabinet to monitor this project and the expenditure incurred on it. Other significant items of expenditure include £110,000 for the planned building maintenance programme and £68,000 for document scanning in Development Management.
57. At £0.697m the DDF programme is £147,000 above the target for 2016/17. However, this needs to be balanced with the reduction in 2015/16 as the predicted spend in the previous MTFS of £1.844m has been reduced by £0.795m to £1.049m. Taking the two years together there is a net decrease in DDF spending of £0.648m. Therefore, it is proposed to increase the DDF ceiling for 2016/17 from £0.55m to £0.697m. 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

58. Members have indicated that they want to continue to freeze the Council Tax over the life of the MTFS.

That longer term guidelines covering the period to March 2018 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;*

59. Current projections show this rule will not be breached by 2019/20, by which time reserves will have reduced to £7.38m and 25% of net budget requirement will be £3.11m.

*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.*

60. The outturn for 2014/15 used £591,000 (including a transfer of £0.5m to the Invest to Save Reserve) from reserves and the revised estimates for 2015/16 anticipate a further reduction of £1.55m (including the use of £3m to fund capital projects). This would leave the opening revenue reserve for 2016/17 at £7.74m and with the estimates for 2016/17 showing a use of £36,000, reserves at the end of 2016/17 would be just over £7.7m. The Medium Term Financial Strategy at Annex 5 shows deficit budgets throughout the period. The level of deficit peaks at £345,000 in 2017/18 and reduces to £3,000 in 2019/20, although this is achieved through additional CSB savings of £250,000 in 2017/18, £150,000 in 2018/19 and a further saving of £100,000 in 2019/20.

### The Local Government Finance Settlement

61. 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.

### The 2016/17 General Fund Budget

62. Whilst the position on some issues is clearer now than it was when the FIP was written there are still significant risks and uncertainties. The consultation on New Homes Bonus sets out a range of possible changes to the scheme and a wider consultation is likely to follow on the future funding and responsibilities of local authorities. It is clear whatever the changes are to New Homes Bonus our income will reduce the question is by how much.
63. An area of concern highlighted in the section on Business Rates Retention is the transfer of financial risk to billing authorities. The key risk here is the large number of appeals that are still outstanding against previous rating assessments and the difficulty in calculating an appropriate provision. The backlog of appeals with the Valuation Office is reducing but the single largest appeal against us, on the property with the £6m rateable value, is still to be settled and so remains a significant financial risk.
64. It is clear that the Government now wants local authorities to be reliant on income from their activities and local taxation rather than central grants. This is a direction that we had seen coming and the work done to move the Council towards self-sufficiency means we are in a better position now than many other authorities.
65. The starting point for the budget is the attached Medium Term Financial Strategy, Annex 5. Annexes 5a and 5b are based on the current draft budget with no Council Tax increase (£148.77 Band D) throughout the period of the strategy.
66. Members are reminded that this strategy is based on a number of important assumptions, including the following:
- Future Government funding will reduce as set out in the draft settlement, with Revenue Support Grant turning negative in 2019/20.
  - CSB growth has been restricted with an adjusted CSB target for 2016/17 of £13.25m achieved. Known changes beyond 2016/17 have been included but if the new leisure contract and the accommodation review do not yield the predicted savings other efficiencies will be necessary.
  - It has been assumed that the retail park will achieve its revised opening date of Easter 2017 and that income will be in line with the consultant's projections.
  - It has been assumed that 50% of new homes bonus will be payable to authorities who can demonstrate substantial progress and that our progress will be deemed substantial.
  - All known DDF items are budgeted for, and because of the size of the Local Plan programme the closing balance at the end of 2019/20 is anticipated to reduce to £0.83m.
  - Maintaining revenue balances of at least 25% of NBR. The forecast shows that the deficit budgets during the period will reduce the closing balances at the end of 2019/20 to £7.3m or 59% of NBR for 2019/20, although this can only be done with further savings in 2017/18 and subsequent years.

### The Housing Revenue Account

67. The balance on the HRA at 31 March 2017 is expected to be £2.01m, after deficits of £69,000 in 2015/16 and £493,000 in 2016/17. The estimates for 2016/17 have been compiled on the self-financing basis and so the negative subsidy payments have been replaced with borrowing costs.



68. The process of Rent Restructuring to bring Council rents and Housing Association rents more in line with each other is no longer with us. What we have for the next four years is a requirement to reduce rents by 1%. This change was one of several that have impacted on the HRA Business Plan and a review will be undertaken during 2016/17 to determine the necessary measures to respond to these changes.
69. Members are recommended to agree the budgets for 2016/17 and 2015/16 revised, noting that in 2016/17 the contribution to the Self-Financing Reserve has been suspended and that although there are deficits in both years the HRA has adequate ongoing balances.

#### The Capital Programme

70. The Capital Programme at Annex 6 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 and this has been strengthened by stating that new borrowing should only be taken out to finance schemes with positive revenue consequences. This position has been included in previous Capital Strategies and has been reinforced by the new position that capital spending will require borrowing and thus impacts on the general fund revenue balance through interest payments.
71. Annex 6f 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 £171m over five years, it is anticipated that the Council will still have £3.5m of capital receipt balances at the end of the period (although these are one-four-one amounts to be used in the house building programme). It should be noted that a number of schemes are currently being considered and that these could involve additional expenditure to fund developments.

#### Risk Assessment and the Level of Balances

72. 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 2016/17. 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 16 February will consider the recommendations of the Cabinet on the budget for 2016/17 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 2016/17

73. 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 4 February.
74. 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.
75. The size of the Capital Programme means additional borrowing will be required during 2016/17. Members have indicated that borrowing should only be undertaken to finance schemes that produce net savings overall and this principle will be included in the updated Treasury Management Strategy.

**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:**

This Committee previously considered the draft growth lists and various invest to save suggestions.

**Background Papers:**

Financial Issues Paper – see agenda of 20 July 2015  
Draft Growth List – see agenda of 12 November 2015

**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 could arise in the medium term.

## GENERAL FUND ESTIMATE SUMMARY

2014/15 Actual	2015/16			2016/17 Budget		
	Original Estimate	Probable Outturn		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
1,131	1,171	1,124	Chief Executive	1,174	0	1,174
3,361	3,488	3,530	Communities	4,862	1,198	3,664
2,463	2,719	2,810	Governance	4,798	1,682	3,116
10,844	9,034	9,249	Neighbourhoods	17,304	8,099	9,205
2,164	2,436	2,369	Resources	41,079	38,430	2,649
(1,937)	(2,170)	(2,173)	Other Items		2,677	(2,677)
<b>18,026</b>	<b>16,678</b>	<b>16,909</b>	<b>Net Cost of Services</b>	<b>69,217</b>	<b>52,086</b>	<b>17,131</b>
(446)	(470)	(528)	Interest and Investment Income		378	(378)
527	457	330	Interest Payable (Inc. HRA)	204		204
(100)	0	0	Return of Heritable funds			0
1,668	1,688	1,520	Pensions Interest/Admin	1,520		1,520
221	12	3,123	Revenue Contributions to Capital	70		70
<b>19,896</b>	<b>18,365</b>	<b>21,354</b>	<b>Net Operating Expenditure</b>	<b>71,011</b>	<b>52,464</b>	<b>18,547</b>
(4,386)	(2,354)	(2,542)	Depreciation Reversals & Other adj		2,616	(2,616)
(591)	(42)	(1,674)	Contribution to/(from) General Fund		36	(36)
636	(2)	(183)	Contribution to/(from) Other Reserves		171	(171)
(249)	(1,129)	(1,049)	Contribution to/(from) DDF		697	(697)
0	0	0	Contribution to Pension Deficit Reserve			0
(1,323)	(1,534)	(1,811)	IAS 19 Adjustment		1,811	(1,811)
<b>13,983</b>	<b>13,304</b>	<b>14,095</b>	<b>To be met from Government Grants and Local Taxpayers</b>	<b>71,011</b>	<b>57,795</b>	<b>13,216</b>
<b>14,989</b>	<b>13,921</b>	<b>13,280</b>	<b>Continuing Services Budget</b>			<b>12,714</b>
692	329	578	CSB - Growth			949
(1,743)	(902)	(1,212)	CSB - Savings			(411)
<b>(1,051)</b>	<b>(573)</b>	<b>(634)</b>	<b>Total Growth (Net)</b>			<b>538</b>
<b>13,938</b>	<b>13,348</b>	<b>12,646</b>	<b>Total Continuing Services Budget</b>			<b>13,252</b>
2,110	1,839	2,414	DDF - Expenditure			1,909
(1,861)	(710)	(1,365)	DDF - One Off Savings			(1,212)
<b>249</b>	<b>1,129</b>	<b>1,049</b>	<b>Total District Development Fund</b>			<b>697</b>
(204)	(1,173)	400	Appropriations to/(from) other Reserves			(733)
<b>13,983</b>	<b>13,304</b>	<b>14,095</b>				<b>13,216</b>

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

Directorate	Service		Estimate 2015/16 £000's	Revised 2015/16 £000's	Estimate 2016/17 £000's	Estimate 2017/18 £000's	Estimate 2018/19 £000's	Estimate 2019/20 £000's
Chief Executive	Corporate Policy Making	Flexible Working and Accomodation Review			(100)			
	Corporate Policy Making	Supplies & Services - Other Misc		(5)				
	Directorate Restructure	Savings	(20)	(20)				
	<b>Total Chief Executive</b>		<b>(20)</b>	<b>(25)</b>	<b>(100)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Communitites	Affordable Housing	Senior Housing Development Officer - Additional Hours	5	5				
	Affordable Housing	Legal fees B3Living		(10)	(5)			
	All Weather Pitch	Townmead Project	(5)	8				
	Community Arts Programme	Additional Income	(10)	(6)	(4)			
	Grants to Vol. Organisations	Budget Reduction	(17)	(12)				
	Safer Communities	Recharged to HRA for Anti Social Behaviour Work	(5)	(5)				
	Safeguarding	Safeguarding Officers			50			
	Safeguarding	Recharge to HRA			(31)			
	<b>Total Communities</b>		<b>(32)</b>	<b>(20)</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0</b>
Governance	Building Control	Fees & Charges		(39)				
	Building Control	Ring Fenced Account		39				
	Development Control	Publicity Savings	(6)	(6)				
	Development Control	Fees & Charges		(55)	(75)			
	Development Control	Pre Application Consultation Fees			(10)			
	Development Control Group	Senior Planning Officer	1	15				
	Directorate Restructure	Savings	(19)	(19)				
	Governance Admin	Training			9			
	Governance & Performance Management	Restructure	(10)	(10)				
	Internal Audit	Corporate Fraud Team	66	46	10			
	Legal Services	Restructure	(10)	(10)				
	Legal Services	Fees & Charges		(5)				
	Local Land Charges	Professional Fees - ECC Highways		(4)				
	Local Land Charges	Reduction Re Fees & Charges		39				
	Members Allowances	Increase in Basic Allowances			50			
	Public Relations & Information	Discontinuance of the Forester	(39)	(44)				
<b>Total Governance</b>		<b>(17)</b>	<b>(53)</b>	<b>(16)</b>	<b>0</b>	<b>0</b>	<b>0</b>	

<b>Neighbourhoods</b>	Animal Welfare	Cleansing Contract	(7)	(7)				
	Animal Welfare	Budget Savings		(15)	(16)			
	Countrycare	Additional Income	(15)	(3)	(12)			
	Economic Development	Increased staff time		30				
	Emergency Planning	Leased vehicle	4	4				
	Emergency Planning	Essex Fire contribution		(15)				
	Engineering, Drainage & Water	New Post		10	27			
	Estates & Economic Development	Estates & Economic Development Restructure	92	92				
	Fleet Operations	Removal of Deficit	(29)	(24)				
	Land and Property	Rental Income - Shops	(13)	6				
	Land and Property	Industrial Estates	(21)	(16)				
	Land and Property	Oakwood Hill Units	(24)	(31)	(8)			
	Land and Property	Greenyards	(3)	(3)	(2)			
	Land and Property	Epping Forest Shopping Park				(260)	(1,390)	(360)
	Leisure Management	Savings from New Contract			(75)	(175)		
	Licensing	Licencing Officer (Premises Licences)	6	6				
	Off Street Parking	Parking Fee Increases	(95)	(189)	(31)			
	Off Street Parking	Cleansing Contract	8	8				
	Off Street Parking	Machine Maintenance and collections	27	27	5	8		
	Planning Policy Group	Increase in Staffing		25	75			
	Waste Management	Inter Authority Agreement, reduced ECC Income	8	8	19			
	Waste Management	New contract	(88)	(66)				
	Waste Management	Additional Staffing			31			
	Directorate Restructure	Savings	(24)	(24)				
	<b>Total Neighbourhoods</b>		<b>(174)</b>	<b>(177)</b>	<b>13</b>	<b>(427)</b>	<b>(1,390)</b>	<b>(360)</b>

<b>Resources</b>	Bank & Audit Charges	Audit Fees	(12)				
	Building Maintenance - Non HRA	Planned Maintenance Programme	(28)	(28)			
	Cashiers	Closure of Epping Cash Desk			(15)	(5)	
	Cashiers	Electronic Payments		35			
	Cashiers	Income		(5)			
	Civic Offices	Solar Panel Energy Saving	(10)	(9)	(3)		
	Civic Offices	NDR re-assessment	22	(17)			
	Corporate Training	Consultant Fees	(11)	(11)			
	Corporate Improvement	Improvement budget savings	(20)	(20)			
	Council Tax Collection	Court Costs		(25)			
	Duty Officers	Out of Hours Service	(36)	(36)			
	Facilities Management	Casual Staff	(8)	(8)			
	Finance Miscellaneous	Car Leasing (excluding HRA)	(20)	(26)	(15)	(24)	
	Housing Benefits Administration	Admin Reductions	22	23	73		
	Housing Benefits	Benefits restructure/SFIS transfer	(67)	(67)			
	Housing Benefits	Docs On Line		(19)			
	Housing Benefits	Non Hra Rent Rebates		29	7		
	ICT	Essex on line Partnership Subscription	6	6			
	Insurance Services	Savings from new contract (GF element)		(26)			
	Procurement	Essex Procurement Hub		(8)			
	Revenues	Restructure			(9)		
	<b>Total Resources</b>		<b>(150)</b>	<b>(224)</b>	<b>38</b>	<b>(29)</b>	<b>0</b>
							<b>0</b>
	<b>Other Items</b>						
	Investment Interest	Reduction due to shops transfer/use of balances	45	100	100		
	New Homes Bonus		(242)	(252)			515
	All Directorates	Additional Employers National Insurance			450		
	Pensions	Deficit Payments	17	17	43		
	<b>Total CSB</b>		<b>(573)</b>	<b>(634)</b>	<b>538</b>	<b>(456)</b>	<b>(875)</b>
							<b>(360)</b>

## DISTRICT DEVELOPMENT FUND

Directorate	Service	Description	Estimate	B/F from 2014/15	Revised	Estimate	Estimate	Estimate	Estimate
			2015/16 £000's	2015/16 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's	2019/20 £000's
Chief Executive	Corporate Policy Making	Transformation Programme	75	75	33	77			
	Corporate Policy Making	LLPG staffing	16		17				
	Corporate Policy Making	LLPG staffing HRA Contribution	(4)		(4)				
	<b>Total Chief Executive</b>		<b>87</b>	<b>75</b>	<b>46</b>	<b>77</b>	<b>0</b>	<b>0</b>	<b>0</b>
Communitites	Communities	Externally Funded Projects	153		197	86			
	Communities	Externally Funded Projects	(153)		(197)	(86)			
	Communities	Get Active Epping Forest			10				
	Communities	Museum Store License (Lease)			52	17			
	Grants to Voluntary Orgs	VAEF transport scheme		5	5				
	Homelessness	Legal Fees	20	7	27	20	20		
	Private Sector Housing	Landlord Accreditation Scheme	3	3	1	1			
	Private Sector Housing	Energy Efficiency Works		3	3				
	Private Sector Housing	Works in default	5		5				
	Private Sector Housing	Works in default	(5)		(5)				
	Safeguarding	Safeguarding audit	47		47				
	Safeguarding	Recharge to the HRA	(27)		(31)				
	Safer Communities	Analysts post	27		26	34	4		
	Safer Communities	CCTV Trainee Assistant post				19	19	19	
	Youth Council	Enabling Fund				8			
	<b>Total Communitites</b>		<b>70</b>	<b>18</b>	<b>140</b>	<b>99</b>	<b>43</b>	<b>19</b>	<b>0</b>
	Governance	Building Control	Fees & Charges			(45)			
Building Control		Ringfenced Account			34				
Building Control Group		Salary saving re vacant posts (net of Consultants)	(57)						
Building Control Group		Salary saving re vacant posts Ring Fenced Element	41						
Development Control		Pre Application Consultation Fees			(20)	(10)			
Development Control		Fees & Charges			(200)	(75)			
Development Control Group		Trainee Contaminated Land Officer				22	26		
Development Control Group		Trainee Planning Officer				45	51		
Development Management		Administrative Assistant		10	8	10	12		
Development Management		Additional Temporary staffing	25		25	27	23		
Development Management		Document Scanning		23	34	68			
Development Management		Savings to fund document scanning project		19	19				
Electoral Registration		Individual Registration Costs	49	27	72				
Electoral Registration		Individual Registration Costs	(49)		(37)				
Enforcement & Planning Appeals		Income			(27)				
Legal Services		Transformation Programme			13	27			
Legal Services		Additional Income			(10)				
Local Land Charges		Additional Income	(20)						
Local Land Charges		New Burdens Grant			(103)				
Planning Appeals	Professional Fees			(5)					
Planning Appeals	Contingency for Appeals	35	1	36	45	45			
Tree Preservation & Lanscape	Technical Assistant - Conservation	10		2	11	12			
<b>Total Governance</b>		<b>34</b>	<b>80</b>	<b>(204)</b>	<b>170</b>	<b>169</b>	<b>0</b>	<b>0</b>	



<b>Neighbourhoods</b>	Contaminated Land & Water Quality	Contaminated land investigations	64			64			
	Countrycare	Protected species/habitat related consultation	10		10				
	Countrycare	Staffing	7		7				
	Countrycare	BRIE - SLA	4		4	4		4	
	Economic Development	Economic Development Strategy	5	4	1	4		4	
	Economic Development	Tourism Task Force	15		18				
	Economic Development	Town Centres Support	0	28	48	50			
	Economic Development	Portas Funding	9			9			
	Estates & Valuations	Property Valuations			20				
	Asset Rationalisation	Council Asset Rationalisation	188	111	273	27			
	Asset Rationalisation	New Development Project Officer	90	(8)	82	16			
	Food Safety	Inspections	3	1	4				
	Forward Planning	Local Plan	250	(34)	435	552	232	254	
	Forward Planning	Neighbourhood Planning		9	9				
	Highways General Fund	Roundabout maintenance		7					
	Land and Property	Rental Income - Shops			10				
	Leisure Management	Contract set up costs	46		46				
	Leisure Management	Contribution from SLM	(23)		(23)				
	Licensing	Additional Staff Premises Licences	4		4				
	North Weald Airfield	Safety of Bund	3	1	4				
	North Weald Airfield	Consultancy Exercise		20	20				
	North Weald Airfield	Loss of Market rent			73				
	Off street parking	Payment to NEPP for redundancies		31	31				
	Off street parking	Traffic orders and information boards	15		15				
	Off street parking	Sale of old pay and display machines			(6)				
	Parks & Grounds	Roding Valley Lake - Disabled Projects		5	5				
	Parks & Grounds	Open Spaces - Tree Planting		10		10			
	Parks & Grounds	Survey of River Roding erosion	15		15				
	Town Centre Regeneration	Waltham Abbey Regeneration Projects	45		45				
	Waste Management	Replacement Bins			53	53			
	Waste Management	Waste Contract mobilisation		5					
	<b>Total Neighbourhoods</b>		<b>750</b>	<b>190</b>	<b>1,203</b>	<b>789</b>	<b>240</b>	<b>254</b>	<b>0</b>

<b>Resources</b>	Accounts Payable	Implementation of E-Invoicing	3	4	5	2			
	Building Maintenance - Non HRA	Planned Building Maintenance Programme	129	58	74	110	74	156	76
	Civic Offices	Vending Machine Rental saving	(5)						
	Council Tax Benefits	Previous Year Clawback	(35)		(50)	(15)			
	Council Tax Collection	Professional Fees			4				
	Council Tax Collection	Collection Investment	(47)		(47)	(47)	(47)		
	Council Tax Collection	Local Council Tax New Burdens Expenditure	32	13					
	Council Tax Collection	Local Council Tax New Burdens Expenditure - Mobile Working			20				
	Council Tax Collection	Local Council Tax New Burdens Expenditure - E-Services			15	108			
	Council Tax Collection	Local Council Tax New Burdens Expenditure - Single Persons Discount Review			4				
	Council Tax Collection	Technical Agreement Contributions	(197)		(316)	(316)	(316)		
	Council Tax Collection	New Burdens Grant			(23)				
	Housing Benefits Administration	Hardship & Compliance	(5)		(82)	(82)	(82)		
	Housing Benefits Administration	Benefits Grants	55	43					
	Housing Benefits Administration	Benefits Specific Grants - Online Forms			30				
	Housing Benefits Administration	Benefits Specific Grants - Data Matching				60			
	Housing Benefits Administration	Benefits Specific Grants - Unallocated				18	20		
	Housing Benefits Administration	Benefits Specific Grants			(20)				
	Housing Benefits	Hardship & Compliance - Benefits Officers				62	62	62	
	Housing Benefits	Benefits Specific Grants - Furniture			5				
	Human Resources	Savings to fund redundancy		14	14				
	ICT	Savings to fund Social Media Management Application (PR)		10	10				
	Revenues	Temporary Additional Staffing	190	1	125	234	211		
	Sundry Non Distributable Costs	Emergency Premises Works	18	(1)	9	8			
	<b>Total Resources</b>		<b>138</b>	<b>142</b>	<b>(223)</b>	<b>143</b>	<b>(78)</b>	<b>218</b>	<b>76</b>
	<b>Total Service Specific District Development Fund</b>		<b>1,079</b>	<b>505</b>	<b>962</b>	<b>1,278</b>	<b>374</b>	<b>491</b>	<b>76</b>
	Capital Expenditure Charged to Revenue		12	50	49				
	Council Tax Freeze		(83)		(83)				
	Lost Investment Interest		115		115				
	New Homes Bonus					(581)	(62)	148	
	Parish Council's	Support Grants	6		6				
			<b>1,129</b>	<b>555</b>	<b>1,049</b>	<b>697</b>	<b>312</b>	<b>639</b>	<b>76</b>

## INVEST TO SAVE

			<i>Estimate</i>	<i>Revised</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
			2015/16	2015/16	2016/17	2017/18	2018/19	2019/20
			£000's	£000's	£000's	£000's	£000's	£000's
<b>Communities</b>	Homelessness	Rental Loans Scheme ( R )			30	30	30	
			<b>0</b>	<b>0</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>0</b>
<b>Neighbourhoods</b>	Car Parking	Replacement LED lighting ( C )			50	50		
	Car Parking	Termination of contract with NEPP ( R )		15				
	Grounds Maintenance	New Tractor & Flails ( C )		67				
	Grounds Maintenance	Training ( R )			2			
			<b>0</b>	<b>82</b>	<b>52</b>	<b>50</b>	<b>0</b>	<b>0</b>
<b>Resources</b>	Civic Offices	Alterations to cashiers hall ( R )			10			
	Cashiers	Two payment kiosks ( C )			20			
	ICT	Ariel Camera System ( R )		5				
			<b>0</b>	<b>5</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>0</b>
			<b>0</b>	<b>87</b>	<b>112</b>	<b>80</b>	<b>30</b>	<b>0</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 2016/17 it appears that most authorities across Essex will be increasing charges to just below the referendum limit.
4. At its 20 July 2015 meeting this Committee decided to recommend a 2.5% increase in the Council Tax. This recommendation was adopted by Cabinet on 3 September 2015.

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

5. The July meeting of the Cabinet Committee considered the annual Financial Issues Paper and an updated medium term financial strategy. At that time Members attention was drawn to a number of areas of significant uncertainty. Key amongst those were the structural reforms to the financing of local authorities through the local retention of NNDR and the Government's programme of welfare reform. The general state of domestic and world economies remained a concern although most of the key income streams were now showing improvement. There were also questions over the New Homes Bonus, Development Opportunities and the Transformation Programme.
6. Against this background of risk and uncertainty a forecast was constructed that set a target of £13m for CSB expenditure for 2016/17 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 2020 of £8.95m represented 64% of the anticipated Net Budget Requirement (NBR) for 2019/20 and was therefore somewhat higher than the guideline of 25%. It was also predicted at that time that there would be £1m left in the DDF at 1 April 2020.

## Updated Medium Term Financial Strategy

8. In the period since the Financial Issues Paper the Government has provided the draft settlement figures for the period up to and including 2019/20. The reductions in funding were somewhat larger than had been anticipated, with Revenue Support Grant going negative by the end of the period. 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 2016/17 had been found but an increase in the target was needed to allow for the increase in National Insurance contributions. Budgets will be re-visited during the course of 2016/17 to seek further reductions. In common with the earlier version of the strategy, target CSB savings are included for the period 2017/18 to 2019/20. Additional development control income, savings from transformation and the new leisure management contract have helped achieve the savings required for 2016/17. However, on top of known predicted savings, net savings targets of £250,000 for 2017/18 and £150,000 for 2018/19 are needed.
  - b) DDF – all of the known items for the four-year period have been included and at the end of the period a balance of £0.8m is still available. This is consistent with the position in the current year's budget, where the MTFs adopted in February 2015 showed a closing balance at the end of the period of £0.9m.
  - c) Grant Funding – the amounts included are those from the draft settlement, including the negative amount of £280,000 in 2019/20.
  - d) Other Funding – the amounts included for New Homes Bonus will need to be reviewed when the changes to the scheme are known, but current assumptions are based on the consultation and are felt to be prudent. No growth in funding has been anticipated from growth in the non-domestic rating list. It has been assumed that the allowance for losses on appeals will be adequate but there are hundreds of appeals still outstanding, including one against the largest item on our rating list. It has been assumed that the revised opening date for the retail park will be achieved.
  - e) Council Tax Increase – Members have indicated that they wish to freeze the charge for the length of the strategy.
9. This revised medium term financial strategy has deficits throughout the period, although these are reducing and the use of reserves in 2019/20 is only £3,000. The predicted revenue balance at the end of the period is £7.3m, which represents 59% of the NBR for 2019/20 and thus comfortably exceeds the target of 25%.
10. It is worth repeating that savings of £0.5m are still to be identified for the last three years of the strategy and that identified savings of £1.85m in 2017/18 and 2018/19 will have to be delivered. In approving the medium term financial strategy Members are asked to note these targets. The strategy will be monitored during the year and updated for the July 2016 meeting of the Finance and Performance Management Cabinet Committee.

## GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY 2015/16 - 2019/20

ORIGINAL 2015/16	REVISED FORECAST 2015/16	FORECAST 2016/17	FORECAST 2017/18	FORECAST 2018/19	FORECAST 2019/20
£'000 <b>NET REVENUE EXPENDITURE</b>	£'000	£'000	£'000	£'000	£'000
13,921 Continuing Services Budget	13,280	12,714	13,813	13,523	12,910
329 CSB - Growth	578	949	8	515	0
-902 CSB - Savings	-1,212	-411	-464	-1,390	-360
0 Additional Savings Target	0	0	-250	-150	-100
<b>13,348 Total C.S.B</b>	<b>12,646</b>	<b>13,252</b>	<b>13,107</b>	<b>12,498</b>	<b>12,450</b>
1,129 One - off Expenditure	1,232	868	312	639	76
<b>14,477 Total Net Operating Expenditure</b>	<b>13,878</b>	<b>14,120</b>	<b>13,419</b>	<b>13,137</b>	<b>12,526</b>
-2 Contribution to/from (-) Other Res	-183	-171	0	0	0
-1,129 Contribution to/from (-) DDF Balances	-1,049	-697	-312	-639	-76
-42 Contribution to/from (-) Balances	1,449	-36	-345	-31	-3
<b>13,304 Net Budget Requirement</b>	<b>14,095</b>	<b>13,216</b>	<b>12,762</b>	<b>12,467</b>	<b>12,447</b>
<b>FINANCING</b>					
2,204 RSG-Parish Support Grant	2,205	1,329	571	108	-133
3,434 District Non-Domestic Rates Precept	3,616	3,982	4,300	4,350	4,450
0 Section 31 Grant	700	400	0	0	0
7,616 District Council Tax Precept	7,616	7,774	7,891	8,009	8,130
50 Collection Fund Adjustment	-42	-269	0	0	0
<b>To be met from Government 13,304 Grants and Local Tax Payers</b>	<b>14,095</b>	<b>13,216</b>	<b>12,762</b>	<b>12,467</b>	<b>12,447</b>
Band D Council Tax	148.77	148.77	148.77	148.77	148.77
<b>Percentage Increase %</b>		0	0	0	0

## GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY 2015/16 - 2019/20

	REVISED FORECAST 2015/16	FORECAST 2016/17	FORECAST 2017/18	FORECAST 2018/19	FORECAST 2019/20
<b>REVENUE BALANCES</b>	£'000	£'000	£'000	£'000	£'000
Balance B/forward	9,293	7,742	7,706	7,361	7,330
RCCO	-3,000	0	0	0	0
Surplus/Deficit(-) for year	1,449	-36	-345	-31	-3
<b>Balance C/Forward</b>	<b>7,742</b>	<b>7,706</b>	<b>7,361</b>	<b>7,330</b>	<b>7,327</b>
<b>DISTRICT DEVELOPMENT FUND</b>					
Balance B/forward	3,599	2,550	1,853	1,541	902
Transfer Out	-1,049	-697	-312	-639	-76
<b>Balance C/Forward</b>	<b>2,550</b>	<b>1,853</b>	<b>1,541</b>	<b>902</b>	<b>826</b>
<b>CAPITAL FUND (inc Cap Receipts)</b>					
Balance B/forward	19,534	7,520	7,023	4,708	2,985
New Usable Receipts	4,359	7,695	2,733	2,769	2,806
Use of Capital Receipts	-16,373	-8,192	-5,048	-4,492	-2,294
<b>Balance C/Forward</b>	<b>7,520</b>	<b>7,023</b>	<b>4,708</b>	<b>2,985</b>	<b>3,497</b>
<b>TOTAL BALANCES</b>	<b>17,812</b>	<b>16,582</b>	<b>13,610</b>	<b>11,217</b>	<b>11,650</b>



**CAPITAL PROGRAMME  
2015/16 to 2019/20 FORECAST**

	<b>2015/16 Revised Estimate £000</b>	<b>2016/17 Original Estimate £000</b>	<b>2017/18 Forecast £000</b>	<b>2018/19 Forecast £000</b>	<b>2019/20 Forecast £000</b>	<b>5 Year Total £000</b>
<b>EXPENDITURE</b>						
Resources	1,628	1,024	168	0	0	2,820
Neighbourhoods	23,460	16,511	80	30	30	40,111
Communities	1,623	865	463	53	90	3,094
<b>Total General Fund</b>	<b>26,711</b>	<b>18,400</b>	<b>711</b>	<b>83</b>	<b>120</b>	<b>46,025</b>
<b>Total HRA</b>	<b>17,905</b>	<b>28,127</b>	<b>26,561</b>	<b>25,436</b>	<b>17,942</b>	<b>115,971</b>
<b>Total Capital Expenditure on Council Assets</b>	<b>44,616</b>	<b>46,527</b>	<b>27,272</b>	<b>25,519</b>	<b>18,062</b>	<b>161,996</b>
Total Capital Loans	4,378	230	230	230	230	5,298
Total Revenue Expenditure Financed From Capital under Statute	923	840	650	650	650	3,713
<b>TOTAL CAPITAL PROGRAMME</b>	<b>49,917</b>	<b>47,597</b>	<b>28,152</b>	<b>26,399</b>	<b>18,942</b>	<b>171,007</b>
<b>FUNDING</b>						
Government Grant for DFGs	437	370	370	370	370	1,917
Grants for New Housebuilding	87	450	0	0	0	537
Other Government Capital Grants	1,078	45	45	45	45	1,258
Private Funding	1,891	150	150	150	150	2,491
<b>Total Grants</b>	<b>3,493</b>	<b>1,015</b>	<b>565</b>	<b>565</b>	<b>565</b>	<b>6,203</b>
General Fund	12,454	12,621	0	0	0	25,075
<b>Total Borrowing</b>	<b>12,454</b>	<b>12,621</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>25,075</b>
General Fund	10,071	5,709	661	83	120	16,644
HRA	1,638	1,933	4,027	4,049	1,814	13,461
REFCuS & Loans	4,664	550	360	360	360	6,294
<b>Total Capital Receipts</b>	<b>16,373</b>	<b>8,192</b>	<b>5,048</b>	<b>4,492</b>	<b>2,294</b>	<b>36,399</b>
Direct GF Revenue Funding	3,123	70	50	0	0	3,243
Direct HRA Revenue Funding	4,900	6,800	8,509	9,221	8,133	37,563
HRA Major Repairs Reserve	9,574	16,140	8,290	7,850	7,950	49,804
HRA Self- Financing Reserve	0	2,759	5,690	4,271	0	12,720
<b>Total Revenue Contributions</b>	<b>17,597</b>	<b>25,769</b>	<b>22,539</b>	<b>21,342</b>	<b>16,083</b>	<b>103,330</b>
<b>TOTAL</b>	<b>49,917</b>	<b>47,597</b>	<b>28,152</b>	<b>26,399</b>	<b>18,942</b>	<b>171,007</b>

**CAPITAL PROGRAMME  
2015/16 to 2019/20 FORECAST**

	<b>2015/16 Revised Estimate £000</b>	<b>2016/17 Original Estimate £000</b>	<b>2017/18 Forecast £000</b>	<b>2018/19 Forecast £000</b>	<b>2019/20 Forecast £000</b>	<b>5 Year Total £000</b>
<b>Resources</b>						
Planned Maintenance Programme	1,162	530	168	0	0	1,860
Upgrade of Industrial Units	151	200	0	0	0	351
General IT	315	274	0	0	0	589
Equipment	0	20	0	0	0	20
<b>Total</b>	<b>1,628</b>	<b>1,024</b>	<b>168</b>	<b>0</b>	<b>0</b>	<b>2,820</b>
<b>Neighbourhoods</b>						
Langston Road Shopping Park	14,658	16,200	0	0	0	30,858
Oakwood Hill Depot	2,425	200	0	0	0	2,625
St John's Road Epping Development	6,000	0	0	0	0	6,000
Sir Winston Churchill Site	35	0	0	0	0	35
Waste Management Equipment	40	0	0	0	0	40
Pay & Display Car Parks	190	50	50	0	0	290
North Weald Market Improvements	15	0	0	0	0	15
Flood Alleviation Schemes	0	31	0	0	0	31
Grounds Maint Plant & Equipt	97	30	30	30	30	217
<b>Total</b>	<b>23,460</b>	<b>16,511</b>	<b>80</b>	<b>30</b>	<b>30</b>	<b>40,111</b>
<b>Communities</b>						
Museum Development	1,551	0	0	0	0	1,551
Housing Estate Parking	24	358	440	40	40	902
Purchase Bridgeman House, W Abbey	0	309	0	0	0	309
CCTV Systems	48	198	23	13	50	332
<b>Total</b>	<b>1,623</b>	<b>865</b>	<b>463</b>	<b>53</b>	<b>90</b>	<b>3,094</b>
<b>TOTAL GENERAL FUND</b>	<b>26,711</b>	<b>18,400</b>	<b>711</b>	<b>83</b>	<b>120</b>	<b>46,025</b>

**CAPITAL PROGRAMME  
2015/16 to 2019/20 FORECAST**

	2015/16 Revised Estimate £000	2016/17 Original Estimate £000	2017/18 Forecast £000	2018/19 Forecast £000	2019/20 Forecast £000	5 Year Total £000
<b>Housing Revenue Account</b>						
New House Building & Conversions	4,453	11,942	14,897	13,540	6,046	50,878
North Weald Depot	300	2,900	0	0	0	3,200
Heating/Rewiring/Water Tanks	3,581	2,569	2,253	2,525	2,525	13,452
Windows/Doors	1,296	1,177	1,074	1,041	1,041	5,629
Roofing	1,302	1,500	1,190	1,232	1,232	6,456
Other Planned Maintenance	421	558	386	371	371	2,107
Structural Schemes	453	500	400	400	400	2,153
Small Capital Repairs/Voids	0	1,138	1,138	1,138	1,138	4,552
Kitchen & Bathroom Replacements	4,332	4,088	4,352	4,412	4,412	21,595
Garages & Environmental Improvements	991	957	306	312	312	2,878
Disabled Adaptations	442	450	450	450	450	2,242
Other Repairs and Maintenance	293	115	115	115	115	753
Capital Service Enhancements	242	275	100	0	0	617
Housing DLO Vehicles	0	108	50	50	50	258
Less Work on Leasehold Properties	(200)	(150)	(150)	(150)	(150)	(800)
<b>TOTAL HRA</b>	<b>17,906</b>	<b>28,127</b>	<b>26,561</b>	<b>25,436</b>	<b>17,942</b>	<b>115,971</b>

Annex 6(d)

**CAPITAL LOANS FOR PRIVATE HOUSING ASSISTANCE  
2015/16 to 2019/20 FORECAST**

	2015/16 Revised Estimate £000	2016/17 Original Estimate £000	2017/18 Forecast £000	2018/19 Forecast £000	2019/20 Forecast £000	5 Year Total £000
<b>Capital Loans</b>						
Open Market Shared Ownership Scheme	146	0	0	0	0	146
Private Sector Housing Loans	160	230	230	230	230	1,080
Waste Management Loan	4,072	0	0	0	0	4,072
<b>TOTAL CAPITAL LOANS</b>	<b>4,378</b>	<b>230</b>	<b>230</b>	<b>230</b>	<b>230</b>	<b>5,298</b>

Annex 6(e)

**REVENUE EXPENDITURE FINANCED FROM CAPITAL UNDER STATUTE  
2015/16 to 2019/20 FORECAST**

	2015/16 Revised Estimate £000	2016/17 Original Estimate £000	2017/18 Forecast £000	2018/19 Forecast £000	2019/20 Forecast £000	5 Year Total £000
<b>REFCuS</b>						
Parking Review Schemes	127	190	0	0	0	317
Disabled Facilities Grants	500	500	500	500	500	2,500
Other Private Sector Grants	12	0	0	0	0	12
Superfast Broadband Programme	84	0	0	0	0	84
HRA Leaseholders	200	150	150	150	150	800
<b>TOTAL REFCuS</b>	<b>923</b>	<b>840</b>	<b>650</b>	<b>650</b>	<b>650</b>	<b>3,713</b>

**CAPITAL PROGRAMME  
2015/16 to 2019/20 FORECAST**

	<b>2015/16 Revised Estimate £000</b>	<b>2016/17 Original Estimate £000</b>	<b>2017/18 Forecast £000</b>	<b>2018/19 Forecast £000</b>	<b>2019/20 Forecast £000</b>	<b>5 Year Total £000</b>
<b>Receipts Generation</b>						
Housing Revenue Account	4,401	2,539	2,539	2,539	2,539	14,558
General Fund	812	5,777	815	851	888	9,143
<b>Total Receipts</b>	<b>5,213</b>	<b>8,316</b>	<b>3,354</b>	<b>3,390</b>	<b>3,427</b>	<b>23,701</b>
<b>Receipts Analysis</b>						
Usable Receipts	1,916	6,259	1,297	1,333	1,370	12,176
Available for Replacement Homes	2,443	1,436	1,436	1,436	1,436	8,187
Payment to Govt Pool	854	621	621	621	621	3,338
<b>Total Receipts</b>	<b>5,213</b>	<b>8,316</b>	<b>3,354</b>	<b>3,390</b>	<b>3,427</b>	<b>23,701</b>
<b>Usable Capital Receipt Balances</b>						
Opening Balance	19,534	7,520	7,023	4,708	2,985	19,534
Usable Receipts Arising	4,359	7,695	2,733	2,769	2,806	20,362
Use of Capital Receipts	(16,373)	(8,192)	(5,048)	(4,492)	(2,294)	(36,399)
<b>Closing Balance</b>	<b>7,520</b>	<b>7,023</b>	<b>4,708</b>	<b>2,985</b>	<b>3,497</b>	<b>3,497</b>

Annex 6(g)

**MAJOR REPAIRS RESERVE  
2015/16 to 2019/20 FORECAST**

	<b>2015/16 Revised Estimate £000</b>	<b>2016/17 Original Estimate £000</b>	<b>2017/18 Forecast £000</b>	<b>2018/19 Forecast £000</b>	<b>2019/20 Forecast £000</b>	<b>5 Year Total £000</b>
.	11,154	9,130	640	0	0	11,154
Major Repairs Allowance	7,550	7,650	7,650	7,850	7,950	38,650
Use of MRR	(9,574)	(16,140)	(8,290)	(7,850)	(7,950)	(49,804)
<b>Closing Balance</b>	<b>9,130</b>	<b>640</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Annex 6(h)

**HRA SELF FINANCING RESERVE  
2015/16 to 2019/20 FORECAST**

	<b>2015/16 Revised Estimate £000</b>	<b>2016/17 Original Estimate £000</b>	<b>2017/18 Forecast £000</b>	<b>2018/19 Forecast £000</b>	<b>2019/20 Forecast £000</b>	<b>5 Year Total £000</b>
Opening Balance	9,540	12,720	9,961	4,271	0	9,540
Contribution from HRA	3,180	0	0	0	0	3,180
Use of Self Financing Reserve	0	(2,759)	(5,690)	(4,271)	0	(12,720)
<b>Closing Balance</b>	<b>12,720</b>	<b>9,961</b>	<b>4,271</b>	<b>0</b>	<b>0</b>	<b>0</b>