



### NOTICE OF COUNCIL MEETING

You are hereby summoned to a meeting of the EPPING FOREST DISTRICT COUNCIL to be held in the COUNCIL CHAMBER, CIVIC OFFICES, HIGH STREET, EPPING at 7.00 pm on Tuesday, 28 February 2023 for the purpose of transacting the business set out in the agenda.

A handwritten signature in blue ink, appearing to read 'G Blakemore'.

**Georgina Blakemore**  
Chief Executive

**Democratic Services  
Officer:**

Gary Woodhall / J Leither      Tel: (01992) 564243  
Email: [democraticservices@eppingforestdc.gov.uk](mailto:democraticservices@eppingforestdc.gov.uk)

#### WEBCASTING/FILMING NOTICE

Please note: this meeting may be filmed for live or subsequent broadcast via the Council's internet site - at the start of the meeting the Chairman will confirm if all or part of the meeting is being filmed. The meeting may also be otherwise filmed by third parties with the Chairman's permission.

You should be aware that the Council is a Data Controller under the Data Protection Act. Data collected during this webcast will be retained in accordance with the Council's published policy.

Therefore by entering the Chamber and using the lower public seating area, you are consenting to being filmed and to the possible use of those images and sound recordings for web casting and/or training purposes. If members of the public do not wish to have their image captured they should sit in the upper council chamber public gallery area or otherwise indicate to the Chairman before the start of the meeting.

If you have any queries regarding this, please contact the Public Relations Manager on 01992 564542.

## **BUSINESS**

### **1. WEBCASTING INTRODUCTION**

This meeting is to be webcast. Members are reminded of the need to activate their microphones before speaking. The Democratic and Electoral Services Team Manager will read the following announcement:

“The Chairman would like to remind everyone present that this meeting will be broadcast live to the internet (or filmed) and will be capable of repeated viewing (or another use by such third parties).

If you are seated in the lower public seating area it is likely that the recording cameras will capture your image and this will result in the possibility that your image will become part of the broadcast.

This may infringe your human and data protection rights and if you wish to avoid this you should move to the upper public gallery.”

### **2. APOLOGIES FOR ABSENCE**

To be announced at the meeting.

### **3. DECLARATIONS OF INTEREST**

To declare interests in any item on the agenda.

### **4. MINUTES (Pages 7 - 36)**

To approve as a correct record and sign the minutes of the Council meeting held on 20 December 2022 and the Extraordinary Council meeting held on 17 January 2023 as attached.

### **5. ANNOUNCEMENTS**

(a) Chairman's Announcements

### **6. PUBLIC QUESTIONS (IF ANY)**

To answer questions asked after notice in accordance with the provisions contained within Part 4 of the Council Rules of the Constitution on any matter in relation to which the Council has powers or duties or which affects the District:

(a) to the Leader of the Council;

(b) to any Portfolio Holder; or

(c) to the Chairman of the Overview and Scrutiny Committee.

Questions, if any, will follow if not received in time to be incorporated into the agenda.

### **7. QUESTIONS BY MEMBERS UNDER NOTICE**

To answer questions asked after notice in accordance with the provisions contained within the Council's rules in Part 4 of the Constitution on any matter in relation to which the Council has powers or duties or which affects the District:

- (a) to the Chairman of the Council;
- (b) to the Leader of the Council;
- (c) to any Member of the Cabinet; or
- (d) the Chairman of any Committee or Sub-Committee.

The Council's rules provide that answers to questions under notice may take the form of:

- (a) direct oral answer;
- (b) where the desired information is in a publication of the Council or other published work, a reference to that publication; or
- (c) where the reply cannot conveniently be given orally, a written answer circulated later to the questioner.

Answers to questions falling within (a) and (b) above will be made available to the member asking the question one hour before the meeting. Answers to questions falling within (c) above will be circulated to all councillors.

Questions, if any, will follow if not received in time to be incorporated into the agenda.

#### **8. REPORTS FROM THE LEADER & MEMBERS OF THE CABINET (Pages 37 - 74)**

To receive reports and any announcements from the Leader and members of the Cabinet on matters falling within their area of responsibility:

- (a) Report of the Leader of Council (verbal);
- (b) Report of the Place Portfolio Holder (attached);
- (c) Report of the Finance Portfolio Holder (attached);
- (d) Report of the Housing & Community Portfolio Holder (attached);
- (e) Report of the Wellbeing & Community Partnerships Portfolio Holder (attached);
- (f) Report of the Customer Portfolio Holder (attached);
- (g) Report of the Contracts & Commissioning Portfolio Holder (attached);
- (h) Report of the Technical Services Portfolio Holder (attached);
- (i) Report of the Internal Resources Portfolio Holder (attached);

#### **9. QUESTIONS BY MEMBERS WITHOUT NOTICE**

The Council's rules provide for questions by any member of the Council to the Leader or any Portfolio Holder, without notice on:

- (i) reports under the previous item; or

(ii) any other matter of a non operational character in relation to the powers and duties of the Council or which affects all or part of the District or some or all of its inhabitants.

The Council's rules provide that answers to questions without notice may take the form of:

(a) a direct oral answer from the Leader or, at the request of the Leader, from another member of the Cabinet;

(b) where the desired information is in a publication of the Council or other published work, a reference to that publication;

(c) where the reply cannot conveniently be given orally, a written answer circulated later to the questioner; or

(d) where the question relates to an operational matter, the Leader or a member of the Cabinet will request that a response be given direct to the questioner by the relevant Service Director.

In accordance with the Council's rules, a time limit of thirty minutes is set for questions. Any question not dealt with within the time available will receive a written reply. The Chairman may extend this period by up to a further ten minutes at their discretion.

## 10. MOTIONS

To consider any motions, notice of which has been given under the Council's rules.

Motions, if any, will follow if not received in time to be incorporated into the agenda.

## 11. REPORT OF THE CABINET - COUNCIL BUDGET 2023/24 (Pages 75 - 224)

(Finance Portfolio Holder) To consider the attached report of the Council Budget 2023/24.

### Notes

That a recorded vote is held on the recommendations contained within the report, in accordance with the Council Procedure Rule V3 'Voting at Budget Decision Council 18 February 2016 Meetings' which directs Members to comply with the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014, immediately after any vote is taken at a budget decision meeting there must be recorded in the minutes of the proceedings of that meeting the names of the persons who cast a vote for the decision or against the decision or who abstained from voting.

"Budget decision" means a meeting at which:

(a) a calculation is made (whether originally or by way of substitute) in accordance with any of the Sections 31A, 31B, 34 to 36A, 42A, 42B, 45 to 49, 52ZF, 52ZJ of the Local Government Finance Act 1992, as amended; or

(b) a precept is issued under Chapter 4 of Part 1 of that Act and includes a meeting where making the calculation or issuing the precept as the case may be was included as an item of business on the agenda for that meeting.

References to a vote are references to a vote not only on the substantive budget motions agreeing the budget, setting council taxes or issuing precepts, but also on any amendments proposed at the meeting.

**12. REPORT OF THE CABINET - COUNCIL TAX SETTING 2023/24 (Pages 225 - 232)**

(Finance Portfolio Holder) To consider the attached Council Tax Setting 2023/24 report.

**13. REPORT OF THE CABINET - LOCAL COUNCIL TAX SUPPORT SCHEME 2023/24 (Pages 233 - 236)**

(Finance Portfolio Holder) The Cabinet recommend that Council note that the Local Council Tax Support scheme for 2022/23 will continue unchanged for 2023/24.

**14. REPORT OF THE CABINET - PAY POLICY STATEMENT 2023/24 (Pages 237 - 242)**

(Internal Resources Portfolio Holder) To consider the attached report from Cabinet recommending the Pay Policy Statement to Council.

**15. OVERVIEW AND SCRUTINY COMMITTEE**

To receive the report of the Chairman of the Overview and Scrutiny Committee and to answer any questions without notice asked in accordance with Council Rules.

**16. JOINT ARRANGEMENTS & EXTERNAL ORGANISATIONS**

(a) To receive from Council representatives the reports (attached - if any) on the business of joint arrangements and external organisations and to receive answers to any questions on those bodies which may be put without notice; and

(b) To request written reports from representatives on joint arrangements and external organisations for future meetings.

**17. EXCLUSION OF PUBLIC AND PRESS**

**Exclusion:** To consider whether, under Section 100(A)(4) of the Local Government Act 1972, the public and press should be excluded from the meeting for the items of business set out below on grounds that they will involve the likely disclosure of exempt information as defined in the following paragraph(s) of Part 1 of Schedule 12A of the Act (as amended) or are confidential under Section 100(A)(2):

<b>Agenda Item No</b>	<b>Subject</b>	<b>Exempt Information Paragraph Number</b>
Nil	Nil	Nil

The Local Government (Access to Information) (Variation) Order 2006, which came into effect on 1 March 2006, requires the Council to consider whether maintaining the exemption listed above outweighs the potential public interest in disclosing the information. Any member who considers that this test should be applied to any currently exempted matter on this agenda should contact the proper officer at least 24 hours prior to the meeting.

**Background Papers:** Article 17 of the Constitution (Access to Information) define background papers as being documents relating to the subject matter of the report

which in the Proper Officer's opinion:

- (a) disclose any facts or matters on which the report or an important part of the report is based; and
- (b) have been relied on to a material extent in preparing the report and does not include published works or those which disclose exempt or confidential information and in respect of executive reports, the advice of any political advisor.

The Council will make available for public inspection for four years after the date of the meeting one copy of each of the documents on the list of background papers.

## EPHING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

<b>Committee:</b>	Council	<b>Date:</b>	Tuesday, 20 December 2022
<b>Place:</b>	Council Chamber, Civic Offices, High Street, Epping	<b>Time:</b>	7.00 - 8.55 pm
<b>Members Present:</b>	Councillors M Sartin (Chairman), D Sunger (Vice-Chairman), I Allgood, C Amos, R Balcombe, R Baldwin, R Bassett, N Bedford, P Bhanot, P Bolton, H Brady, R Brookes, L Burrows, E Gabbett, I Hadley, S Heap, S Heather, R Jennings, J Jogia, H Kane, S Kane, H Kauffman, J Leppert, A Lion, J Lucas, T Matthews, C McCredie, J Mclvor, R Morgan, S Murray, C Nweke, M Owen, J Parsons, A Patel, J Philip, Caroline Pond, R Pugsley, K Rizvi, D Stocker, C Whitbread, H Whitbread, J H Whitehouse, J M Whitehouse and D Wixley		
<b>Apologies:</b>	N Avey, J Jennings, P Keska, J Lea, L Mead, S Patel, C C Pond, B Rolfe, P Stalker, B Vaz, K Williamson and S Yerrell		
<b>Officers Present:</b>	G Blakemore (Chief Executive), A Small (Section 151 Officer), N Gambrill (Continuous Improvement Specialist), S Mitchell (PR Website Editor) and G Woodhall (Team Manager - Democratic & Electoral Services)		
<b>Officers Present (Virtually):</b>	V Messenger (Democratic Services Officer) and R Perrin (Democratic and Electoral Services Officer)		
<b>Also in attendance:</b>	S Lye		

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### 40. WEBCASTING INTRODUCTION

The Democratic and Electoral Services Manager reminded everyone present that the meeting would be broadcast live to the Internet, and that the Council had adopted a protocol for the webcasting of its meetings.

### 41. FORMER COUNCILLOR ANN HAIGH

The Chairman informed members of the death of former Councillor Ann Haigh. The former Councillor Ann Haigh had been appointed to the Council in 1996 and served until May 2010. She had represented the Buckhurst Hill West Ward of the District as a Liberal Democrat Councillor. In the 2006/07 municipal year she had been appointed as Chairman of Council and was a great supporter of the arts and culture, as well as doing much to bring people of different faiths together.

Members paid tribute to the memory of former District Councillor Ann Haigh and stood for a minute's silence in her memory.

The Chairman of Council addressed the meeting first, followed by the Leader, Group Leaders, and other members. They remembered how dedicated she was in her role as a councillor and to the community and that she also served on Essex County Council and the Parish Council.

**42. DECLARATIONS OF INTEREST**

- a) Pursuant to the Council's Members' Code of Conduct, Councillor S Murray declared a non-pecuniary interest in item 14, Independent Member Remuneration Panel – Members' Allowance Scheme 2023/24, by virtue of knowing the Chairman, Mr S Lye, from Roding Valley High School, a former colleague and friend.

**43. MINUTES****RESOLVED:**

That the minutes of the Council meeting held on 11 October 2022 be taken as read and signed by the Chairman as a correct record.

**44. ANNOUNCEMENTS****(a) Announcements by the Chairman of the Council****(i) Councillor J Parsons**

The Chairman formerly welcomed Councillor J Parsons to his first Full Council following his successful election for Waltham Abbey South West in October 2022.

**(ii) Moving date of Full Council**

The Chairman apologised for moving the date of this meeting from 13 December to 20 December 2022, but this was because of the severe wintry conditions experienced last week.

**(iii) Chairman's events**

The Joint District and Epping Town Council Celebration of Christmas Service had also been cancelled last week for the same reason. However, the Chairman had attended the Menorah Lighting in Epping on 19 December and would be attending the Menorah Lighting in Chigwell on 22 December 2022.

**45. PUBLIC QUESTIONS (IF ANY)**

**Question by Mr Terry Blanks, resident of North Weald to the Leader of Council, Councillor C Whitbread.**

**Qualis Homes Limited**

For what reason did the Council set up the new company known as Qualis Homes Limited in May 2022?

**Response given by Councillor J Philip, Finance Portfolio Holder, on behalf of the Leader**

The Qualis Group had set up Qualis Homes Limited, not the Council, for marketing new homes and to protect the web address. It would be launched in 2023.

In a second question, Mr Blanks stated that Qualis Homes Limited had two employees, who were also directors. It was not part of the shareholder agreement like the three other subsidiaries, why was this?



Councillor J Philip replied that Qualis operated as an independent company. Mr A Small (Strategic Director and Section 151 Officer) also sat on Qualis. The customer side of Qualis would be launched in 2023. The Board worked as the Board of the Qualis Group.

#### **46. QUESTIONS BY MEMBERS UNDER NOTICE**

The Council noted that there were no questions by members under notice that had been submitted for consideration at this meeting.

#### **47. REPORTS FROM THE LEADER AND MEMBERS OF THE CABINET**

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

##### **(a) Leader of Council**

Since the last meeting, the Leader reported attending meetings with residents, Epping Town Council and Epping market traders. Everyone was able to use the District's car parks for free parking at the weekends in December. Before Council this evening, there had been a webcast on the Government paper on devolution, but this did not involve local government reform, in addition to the proposals for the North Essex Authorities to work more closely together. The Chief Executive, G Blakemore, was also actively engaged and the Council needed to be looking at new partnership working.

The Leader appointed Councillor J Parsons to Area Plans West, who was attending his first full Council. He also appointed Councillor S Kane to the Constitution Working Group to replace Councillor S Rackham, who was no longer a member of the Conservative Group but was an Independent member of the Council.

##### **(b) Housing and Community Portfolio Holder**

Councillor H Whitbread announced the appointment of Interim Housing Director (Housing Revenue Account) P Wharfe since D Fenton had left the Council. She thanked D Fenton for her work on the Council housebuilding projects and 'More than Bricks and Mortar' scheme and that properties were up to a high standard.

Much work was being done to promote the warm places scheme during the winter with Voluntary Action Epping Forest and churches across the District. Furthermore, during the severe weather last week an emergency protocol had been in place for homeless people, so no one was sleeping rough. Housing officers had also organised a Christmas party for the Norway House residents last week.

Congratulations were announced to D Butler (Young Persons Officer) in recognition of her work with the Epping Forest Youth Council, which was awarded to her by the Jack Petchey Foundation.

##### **(c) Customer Portfolio Holder**

Councillor A Lion reported on the use of a new web assistant feature known as a 'chat bot' on the Council's website, which was helping to deal with customers' enquiries especially on waste management. It had been well accepted by the public and there had been an 11% reduction in direct contacts. Following the Local Councils' Liaison Committee meeting in November, Customer Services had put in a

new process for local councils to work with the District Council and a new direct contact has been set up for them to use.

**(d) Internal Resource Portfolio Holder**

Councillor S Kane reported a virtual all-member briefing would be held on 10 January 2023 at 18.00 on the Elections Act 2022 about the changes coming in for the May 2023 elections. The Zoom meeting invite had been published in the Council Bulletin of 23 December.

**(e) Finance Portfolio Holder**

Councillor J Philip announced the Council had been successful in its bid to central government and had been awarded £1 million from the UK Shared Prosperity Fund spread over three years. This was positive news for the District and the Council's bid had been fully supported for a range of programmes. In addition, the Council would be able to administer the projects. There was no news yet on the Council's recently submitted bid to the Rural England Prosperity Fund which, if successful, would see a further £440,000 secured from central government.

**(f) Place Portfolio Holder**

Councillor N Bedford advised that all the representations received on the Further Main Modifications consultation had been uploaded by the Planning Policy Implementation Team, which he thanked, and was available to view on the Council's website. All the consultation documentation had been sent to the Planning Inspector, Mr S Bore, and the Council was awaiting his response in the new year.

A complaint made by two Loughton residents to the Office for Environmental Protection (OEP) alleged that the Council was in breach of environmental law by failing to comply with the legal obligations for approving planning applications for developments that might cause harm to the Epping Forest Special Area of Conservation. However, after launching a full investigation, the OEP informed the Council no evidence to substantiate this complaint had been found. The OEP had closed the complaint and also notified the complainants of its decision.

**48. QUESTIONS BY MEMBERS WITHOUT NOTICE**

**(a) Theydon Bois wheelie bin recycling trial**

Councillor C Amos reported he was pleased Theydon Bois had trialled the recycling bins in place of the clear sacks, but he not been able to take part because his road had not been included. How long would the trial last? What were the criteria for success? How much of a financial gain would the Council achieve by using the new wheelie bins rather than recycling bags?

Councillor J Philip replied he was taking part in the trial and was sorry that Councillor Amos had been unable to. The recycling wheelie bin trial was going quite well but other aspects of the trial would be assessed to see how it worked and what had worked etc. When rolled out, the recycling wheelie bin would be part of the new waste contract. The Council spent hundreds of thousands of pounds on clear recycling sacks every year and they were often used by people for things other than recycling waste.

(b) Salt grit bin scheme

Councillor T Matthews queried the confusion of clearing some roads and pavements that happened during the recent severe cold weather last week.

Councillor N Bedford advised that Essex County Council administered the salt grit bin scheme, which town and parish councils could subscribe to, and was the responsibility of the Local Highways Panel. He would encourage all local councils to opt into the scheme and work together. Residents should also offer their support and help to clear snow.

(c) Housing Maintenance

Councillor R Bassett wished to congratulate the Housing Maintenance team for achieving the shortlist for most innovative property services.

Councillor H Whitbread also congratulated Qualis on Housing Maintenance being shortlisted for this award. She recognised that there were challenges and welcomed the scrutiny approach taken by the Chairman of Overview and Scrutiny Committee, Councillor H Kane. The performance of Housing Maintenance was as good if not better and was more innovative since the transfer of this service to Qualis.

(d) Street cleaning

Councillor J M Whitehouse asked if the Biffa street cleaning teams had been directed to clear pavements during the prolonged cold weather, as it did not happen this time?

Councillor C Whitbread answered that Biffa staff had been clearing pavements in Epping (town). More salt grit bins were needed but many were low on salt grit. The next delivery of salt grit was expected soon. A more joined up approach was needed between Essex County Council, EFDC and the parish councils, so more local councils would invest in this scheme.

(e) London Ultra-Low Emission Zone (ULEZ)

Councillor K Rizvi remarked that many people in the south of the District would be affected by the impact of the London ULEZ zone extending out. Examples included residents attending Whipps Cross Hospital for appointments and visiting family in the hospital. Does the Cabinet member share my strong opposition to the scheme and what representations had the Council made?

Councillor N Bedford acknowledged that with the London Mayor extending the ULEZ to our borders [due on 29 August 2023], there would be a reduction in traffic going into the ULEZ zone. The schemes for an Air Quality Zone could include various options on vehicles but nothing had been agreed for the Epping Forest District. There were more electric vehicles around now. Also, stopping the manufacturing of [petrol and diesel] engines was going to happen and therefore, vehicles with these engines would be phased out over time.

(f) Transport for London (TfL) meetings

Referring to references made in the agenda reports to meetings/talks with TfL, Councillor J H Whitehouse remarked that it would be helpful if whoever attended these meetings to provide updates in the Bulletin so members could raise any issues.

**Action:**

Councillor C Whitbread advised he would look into this and would have to come back to Councillor J H Whitehouse after the meeting.

(g) Supporting our local high streets

Councillor H Brady asked the Finance Portfolio Holder what was the Council doing to support our local high streets?

Councillor J Philip reported that the free car parking at weekends in December was a significant benefit to residents. There was also an ongoing social media campaign to support local high streets in addition to a significant amount of information on the Council's website promoting events. The UK Shared Prosperity Fund award would also help businesses in the District.

(h) Foodbanks and warm places

Councillor D Murray queried if we needed to record our thanks for the free food hub and remarked if members agreed it was a scandal that there was a growing need for foodbanks and the provision of warm places?

Councillor C Whitbread paid tribute to the people who worked tirelessly and voluntarily in the community. Foodbanks existed across the world. Reminiscing that he grew up in a council house when food was limited and there was no additional help, he would rather have foodbanks and warm places available for people to use.

Councillor H Whitbread continued that volunteers worked hard to support our foodbanks and the Council worked with its partners. The energy crisis was an unprecedented situation following the war in Ukraine and the Government was helping to keep energy prices down.

(i) Centric Parade, Loughton – anti social behaviour

Councillor D Wixley was concerned that during the snowy weather last week, a group of youngsters on the roof of Centric Parade had been throwing snowballs at pedestrians below. Could the Council prevent this unauthorised access?

Councillor J Philip assured Councillor Wixley he would follow this up and asked him to forward the Police reference. As the Centric Parade landlord, leaseholders also had a responsibility. Unfortunately, there had been a number of previous anti-social behaviour incidents in the District particularly at Halloween and on Guy Fawkes night.

(j) Customer Complaints Policy

Councillor S Heap enquired that when a resident requested information they were entitled to, how many times did they have to email the Council before a complainer was labelled as vexatious?

Councillor J Philip advised that the Council had a robust Complaints Policy to follow before a complainer was labelled as vexatious. People were given the opportunity to moderate their behaviour, otherwise the Monitoring Officer and/or Chief Executive Officer would become involved.

**49. MOTIONS**

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

**50. INDEPENDENT MEMBER REMUNERATION PANEL - MEMBERS' ALLOWANCE SCHEME**

With the agreement of members, the Chairman brought item 14 forward, ahead of item 12 (Corporate Plan 2023 – 2027).

This report was presented to Full Council by Mr Stephen Lye on behalf of the Panel, which was recommending that no changes were made to the Members' Allowance Scheme 2023/24. As detailed in the report, the Council had the lowest basic allowance of comparable and neighbouring authorities and the second lowest in Essex. The Panel was also concerned that the work undertaken by members of this Council could be perceived as being of lower value than the work undertaken by members of other councils as their members were better paid. Since the Council was undergoing an electoral review by the Local Government Boundary Commission for England, the Panel felt there was the opportunity for a full review of the basic allowance once the process was complete.

The Leader thanked Mr Lye. Following the budget report and the savings that needed to be made, he appreciated the hard work of councillors on behalf of the Council. When the Council reached the all-out elections in May 2024, then the basic allowance could be looked at.

**RESOLVED:**

- (1) That for the 2023/24 municipal year, no change be made to the level of Basic Allowance of £4,300 per member per annum, currently included in the Council's Members' Allowances Scheme;
- (2) That for 2024/25 and future municipal years, the Council be encouraged to increase the Basic Allowance to bring the Council up to the level of the Basic Allowance paid by other Councils;

## Special. Responsibility Allowance

- (3) That for the 2023/24 municipal year, no changes be made to the level of the Special Responsibility Allowances currently included in the Members' Allowances Scheme;
- (4) That for the 2023/24 municipal year, the implementation level of Special Responsibility Allowance applied to the responsibilities identified in the Members' Allowances Scheme be retained at their current level;

## Revised Scheme and Guidance

- (5) That subject to the above recommendations and other matters set out in this report, the Members' Allowances Scheme and Guidance for 2023/24, attached at Appendix 2 to this report, be adopted and implemented with effect from 25 May 2023; and
- (6) That the Panel continue to be kept apprised of the Council's intentions regarding any future restructure or governance review

proposals arising from the electoral review of the Council being undertaken by the Local Government Boundary Commission for England that directly affect the application of Special Responsibility Allowance for the specific member roles and responsibilities currently reflected in the Members' Allowances Scheme.

#### **51. CORPORATE PLAN 2023-2027**

Introduced by the Leader, the Corporate Plan 2023 – 2027 was the Council's highest level strategic document. It shaped the ambitions and work of the Council. A new set of corporate aims, which would be reviewed annually, and a new set of key results had been developed to support the aims and key objectives for Stronger Communities, Stronger Place and Stronger Council. It provided a good vision of the Council we wanted to be. Pre-scrutiny had been undertaken by the Overview and Scrutiny Committee and the Cabinet had recommended it to Council.

##### **RESOLVED:**

- (1) That the new Corporate Plan for 2023 – 2027 be agreed.

#### **52. BOUNDARY REVIEW - RESPONSE TO THE CONSULTATION**

The report summarised the progress made with the ongoing electoral review by the Local Government Boundary Commission (England) (LGBCE). The Leader explained that Councillor J Philip was leading the Boundary Review Portfolio Holder Advisory Group (PHAG) and had done most of the work. Going forwards councillors would be elected by thirds. The PHAG had looked at the proposed warding patterns and the Council was of the opinion the very large Rural East ward was not the best option and was instead proposing three one-member wards. The public consultation on the proposed warding patterns had closed on 12 December 2022 but the LGBCE would accept the Council's late decision from its meeting tonight, as this meeting had been rescheduled. Councillor S Murray's comments about the proposed ward of Buckhurst Hill East and Whitebridge had been provided for information.

The following debate highlighted some key concerns.

- Councillor D Murray explained that his submission showed why the proposed ward for Buckhurst Hill East and Whitebridge did not have a strong community interest, as all the key components were different. It had been a mistake to agree to elect councillors by thirds, which he had voted against, over communities. The Leader advised that it had been very clear at the time when three-member wards had been discussed that the Council needed a strong argument. With the more urban areas in the south of the District, there was more of a divide in some communities, but he supported the LGBCE's warding patterns with the exception of Rural East.
- Councillor H Kauffman supported Councillor Murray's arguments for not joining Buckhurst Hill East and Whitebridge into one new ward.
- Councillor R Brookes, who had voted for all-out elections every four years, also thought there was a special case for the Buckhurst Hill East and Whitebridge ward. She remarked that the Broadway ward would divide the street in half yet there was a strong community interest.
- Councillor J Philip was not denying there were differences between Buckhurst Hill and Whitebridge, but they were not significantly different in his opinion.

Councillor H Brady had six parish councils in her ward, and the residents would go to different towns. The strongest approach was to accept the other proposed wards with the exception of Rural East. This was a bad idea because of the sheer physical distance, so the proposal was for three-one member wards from west to east.

- Councillor S Heap commented on devolution at the first-tier authority level but not for local government. The Council would hopefully have an adopted Local Plan soon, but who knew when local government would be reformed.
- Councillor A Lion commented that his Grange Hill ward had different communities, but he looked after all the residents. Councillor J Philip replied that wards did have different communities within constituencies, but it was not a reason to split up a ward.

**RESOLVED:**

That the Council approved the consultation response as set out in Section 3 of this report for submission to the Local Government Boundary Commission (England).

**53. CONSTITUTION WORKING GROUP**

Councillor P Bhanot introduced the report, which detailed the Working Group's recommendation to Council to amend Article 15 – Finance, Contracts and Legal Matters. It was considered a practical measure to facilitate the use of DocuSign, as determined by the Monitoring Officer.

**RESOLVED:**

That an additional sentence be incorporated into Article 15 – Finance, Contracts and Legal Matters – at (9), to read: "The common seal may be in physical or electronic form as determined by the Monitoring Officer".

**54. OVERVIEW AND SCRUTINY COMMITTEE**

Councillor H Kane introduced the comprehensive report for the recent Overview and Scrutiny Committee meetings held on 3 and 17 November 2022.

Councillor S Murray remarked that the Committee, on this occasion, had not endorsed the transfer of the Grounds Maintenance Service to Qualis following its pre-scrutiny on the 3 November prior to the Cabinet's decision. The Finance Portfolio Holder, Councillor J Philip, acknowledged that he had listened to scrutiny members after this meeting and addressed their scrutiny concerns at the subsequent Cabinet meeting on 7 November, when the decision to transfer the service to Qualis, had been approved.

Councillor H Kane acknowledged it had been obvious members still had questions. As a result, she had invited S Jevans, Qualis Group Managing Director, to the next Overview and Scrutiny Committee meeting on 31 January 2023 and also, invited members to attend this meeting to understand how Qualis was working for the Council.

Housing and Community Portfolio Holder, Councillor H Whitbread, commented that scrutiny members did not have all the performance data available for the Housing

Repairs service but would welcome further scrutiny and thanked Qualis for its ongoing work.

**RESOLVED:**

That the Overview and Scrutiny progress report for November 2022 be noted.

**55. JOINT ARRANGEMENTS & EXTERNAL ORGANISATIONS**

The Chairman encouraged member representatives on outside bodies to put forward reports to provide information to other members.

(a) Royal Gunpowder Mills

Councillor H Kane reported that the last opening to the public had taken place on 30 October 2022 and it had been an excellent season this year. The Royal Gunpowder Mills could have benefitted from better visitor numbers and feedback had been positive. It was looking for volunteers to help. The Royal Gunpowder Mills had received National Lottery Heritage Fund support, which had necessitated closing buildings to the public, but these repair works would enable bringing back listed buildings for the public to visit.

(b) There were no requests made for written reports by representatives on joint arrangements and external organisations for the next meeting.

The Chairman wished all members and officers a happy and peaceful Christmas as everyone moved into 2023.

**CHAIRMAN**



**MEMBERS' ALLOWANCES SCHEME**

## **EPPING FOREST DISTRICT COUNCIL - REMUNERATION AND EXPENSES SCHEME**

The Epping Forest District Council, in exercise of the powers conferred by the Local Authorities (Members' Allowances) Regulations 1990 and the Local Authorities (Members' Allowances) (England) Regulations 2001, hereby makes the following scheme:

### **1. Scheme**

- 1.1 This scheme may be cited as the Epping Forest District Council Members' Allowance Scheme and shall have effect for the period from 26 May 2023 to 23 May 2024.

### **2. Definition**

- 2.1 In this scheme:

**"business mileage"** means mileage incurred for journeys by Councillors between their homes and business venues or between the Civic Offices, Epping and business venues;

**"Councillor"** means a member of the Epping Forest District Council who is a Councillor;

**"home to office mileage"** means mileage incurred for journey by Councillors between their homes and the Civic Offices in Epping;

**"independent person"** means: (a) a member of the Standards Committee or the Remuneration Panel who is not an elected councillor; or (b) a co-opted member of an Overview and Scrutiny Committee or the Audit and Governance Committee who is not an elected councillor; and

**"year"** means the period ending with 23 May 2024.

### **3. Basic Allowance**

- 3.1 Subject to Paragraph 7, £4,300 shall be paid to each Councillor. Payments are subject to deductions for tax and national insurance dependant on the circumstances of individual councillors.

### **4. Special Responsibility Allowances**

- 4.1 For each year a special responsibility allowance shall be paid to those councillors who hold the special responsibilities in relation to the allowances specified in Schedule 1 to this scheme. Special responsibility allowances shall be calculated as multipliers of the Basic Allowance. There is no restriction on the number of separate SRA's which are payable to an individual member.
- 4.2 Subject to Paragraph 7, the amount of each allowance shall be the amount specified against that special responsibility in Schedule 1 for the year.
- 4.3 The Council has decided not to implement payment of the full Special Responsibility Allowance amounts and to restrict these to a percentage of each allowance as set out in an annual statement of implementation.

## **5. Travelling and Subsistence (including Cycle Allowance)**

- 5.1 These expenses may be claimed by members of the Council in connection with the carrying out of approved duties specified in Schedules 2, 3 and 4 of this scheme.
- 5.2 Payments may be claimed up to the maximum casual user rate set for officers of the Council as adjusted annually by the National Joint Council for Local Government Services (travel expenses) and the East of England Regional Assembly (subsistence expenses).
- 5.3 Payment of home to office car mileage will be subject to deduction of tax and national insurance contributions, dependant on the circumstances of individual councillors. Business mileage incurred by councillors will not be subject to such deductions if the mileage rate claimed does not exceed 45 pence per mile.
- 5.4 Claims for the payment of business and/or home to office mileage may be made by members that have been driven to the approved duty giving rise to the claim, other than by way of taxi or other form of public transport, subject to the Council's usual checks and controls and the provision of appropriate VAT receipts.

## **6. Child Care and Dependant Carers' Allowances**

- 6.1 The maximum rate for this allowance shall be set at a rate equivalent to the current National Living Wage.
- 6.2 A member of the Council or an independent person shall be eligible to claim up to four hours of the allowance for the performance of approved duties under this scheme and for the purpose of contributing to the cost of providing personal care to immediate dependants who are in need of care and supervision.
- 6.3 The rate applicable shall be subject to automatic increases on an annual basis in line with uprating of the National Living Wage.
- 6.4 The allowance is not payable in respect of carers who are members of the member's immediate and close family i.e. parents, children, spouses, co-habitees or members of the same household as the member.
- 6.5 All claims shall be subject to Audit checks and no claim in excess of the maximum level will be payable, whatever the circumstances.

## **7. Renunciation**

- 7.1 A councillor or independent person may by notice in writing given to the Team Manager for Democratic & Electoral Services elect to forego any part of his/her entitlement to an allowance under this scheme.

## **8. Part-year Entitlements**

- 8.1 The provisions of this paragraph shall have the effect of regulating the entitlements of a councillor to basic and special responsibility allowances where, in the course of a year, this scheme is amended or that councillor becomes, or ceases to be, a councillor, or accepts or relinquishes a special responsibility in respect of which a special responsibility allowance is payable.

- 8.2 If an amendment to this scheme changes and the amount to which a councillor is entitled by way of a basic allowance or a special responsibility allowance, then in relation to each of the periods:
- (a) beginning with the year and ending with the day before that on which the first amendment in that year takes effect; or
  - (b) beginning with the day on which an amendment takes effect and ending with the day before that on which the next amendment takes effect, or (if none) with the end of the year; and
  - (c) the entitlement to such an allowance shall be to the payment of such part of the amount of the allowance under this scheme as it has effect during the relevant period as bears to the whole the same proportion as the number of the days in the period bears to the number of days in the year.
- 8.3 Where the term of office of a councillor begins or ends otherwise than at the beginning or end of a year, the entitlement of that councillor to a basic allowance shall be to the payment to such part of the basic allowance as bears to the whole the same proportion as the number of days during which his term of office subsists bears to the number of days in that year.
- 8.4 Where this scheme is amended as mentioned in sub-paragraph (2), and the term of office of a councillor does not subsist throughout the period mentioned in such-paragraph (2)(a), the entitlement of any such councillor to a basic allowance shall be to the payment of such part of the basic allowance referable to each such period (ascertained in accordance with that sub-paragraph) as bears to the whole of the same proportion as the number of days during which his term of office as a councillor subsists bears to the number of days in that period.
- 8.5 Where a councillor has during part of, but not throughout a year such special responsibilities as entitle him or her to a special responsibility allowance, that councillor's entitlement shall be to payment of such part of that allowance as bears to the whole of the same proportion as the number of days during which he/she has such special responsibilities, bears to the number of days in that year.
- 8.6 Where this scheme is amended as mentioned in sub-paragraph (2), and a councillor has during part, but does not have throughout the whole, of any period mentioned in sub-paragraph (2)(a) of that paragraph any such special responsibilities as entitle him or her to a special responsibility allowance, that councillor's entitlement shall be to payment of such part of the allowance referable to each such period (ascertained in accordance with that sub-paragraph) as bears to the whole the same proportion as the number of days in that period during which he or she has such special responsibilities bears to the number of days in that period.

## **9. Claims and Payments**

- 9.1 Payments shall be made in respect of basic and special responsibility allowances, subject to sub-paragraph (2), in instalments of one quarter of the amount specified in this scheme.
- 9.2 Where a payment of one-quarter of the amount specified in this scheme in respect of a basic allowance or a special responsibility allowance would result in the councillor receiving more than the amount to which by virtue of paragraph 8(1), he or she is

entitled, the payment shall be restricted to such amount as will ensure that no more is paid than the amount to which he or she is entitled.

- 9.3 Claims must be made within a period of one year of the duty being carried out. Payments after that period will only be made in exceptional circumstances.

## **10. Uprating for Inflation**

- 10.1 There will be no inflationary adjustment to the allowances set out in this scheme, except those relating to travel and subsistence.

## **11. Co-optees' Allowance**

- 11.1 Co-optees' allowance will be payable to independent persons as set out in Schedule 5 to this scheme.

## **12. Withholding/Recovery of Payments**

- 12.1 Where any councillor or independent member has already received a payment in respect of any period during which they have been:

- (a) ceased to be a member of the Authority; or
- (b) not entitled in any other way to receive the allowance in respect of that period,

the Council may require that such part of the allowance as relates to the period in question shall be repaid to the Authority.

## **13. Pensionable Status**

- 13.1 Remuneration payable to councillors of Epping Forest District Council under this scheme shall only be entitled to pensionable status in accordance with a scheme made under Section 7 of the Superannuation Act 1972, if the member opted into the Essex Superannuation Scheme before 1 April 2014.

- 13.2 For the purposes of a Paragraph 13.1 above basic allowance and special responsibility allowance will be treated as amounts in respect of which such pensions are payable in accordance with a scheme under that Act.

- 13.3 The Local Government Pension Scheme (LGPS) (Transitional Provisions, Savings and Amendment) Regulations 2014 removed access to the LGPS for Councillors from 1 April 2014, with the exception of those who were members of the Scheme on 31 March 2014, who retain access to the LGPS up to the end of their current term of office only (or to age 75 if earlier).

## **14. Further Guidance**

- 14.1 Further guidance on this scheme can be found in Appendix 1.

## SCHEDULE 1

### SPECIAL RESPONSIBILITY ALLOWANCES

1. The following are specified as the special responsibilities in respect of which special responsibility allowances are payable and the amounts of those allowances.

DUTY	ANNUAL TOTAL AMOUNT OF SRA
Chairman of the Council	£10,750.00
Vice-Chairman of the Council	
Leader of the Council	£10,750.00
Cabinet Members	£6,450.00 (each)
Chairman of the District Development Management Committee	£3,225.00
Chairmen of the Area Plans Sub-Committees	£3,225.00 (each)
Chairman of the Overview and Scrutiny Committee	£4,300.00
Chairman of the Licensing Committee	£500.00
Chairmen of the Licensing Sub-Committees	£2,225.00 (allocated according to the number of meetings chaired each year)
Chairman of the Audit and Governance Committee	£2,150.00
Chairmen of the Overview and Scrutiny Select Committees	£2,150.00 (each)
Chairman of the Standards Committee	£110.00 per meeting held each year
Chairman of the Constitution Working Group	£500.00

## **SCHEDULE 2**

### **APPROVED DUTIES**

1. The following are specified as an approved duty for the purpose of the payment of travelling and subsistence expenses, attendance at any of the following:
  - (a) a meeting of the authority, the Cabinet, a Cabinet Committee, the Overview and Scrutiny Committee and its Panels, the Standards Committee and its Sub-Committees, or as a member of any other Committee or sub-committee, panel, working group, special committee or board of the authority;
  - (b) any other meeting held by the authority provided that:
    - where the authority is divided into two or more political groups, it is a meeting to which members of at least two such groups have been invited; or
    - if the authority is not so divided, it is a meeting to which at least two members of the authority have been invited;

- (c) duties relating to the supervision of tender opening as required by the Council's Procurement Rules;
  - (d) attendance as representative of the Council at any approved conference or meeting of the outside organisations set out in Schedules 3 and 4;
  - (e) attendance at any meeting or other official function at the request of the Chief Executive, the Strategic Directors or a Service Director, including meetings between group representatives for a particular Committee and officers;
  - (f) any other duty approved by the Council or the Cabinet or any other committee, sub-committee, special committee or Board or Panel or any duty of a class so approved, for the purpose of, or in connection with, the discharge of functions or the body, or of any of its committees or sub-committees;
  - (g) attendance by a councillor at a meeting of which he or she is not a member for the purpose of explaining a motion referred from the Council;
  - (h) attendance as a councillor at the invitation of the Local Government Ombudsman for the purpose of investigating a complaint against this Council of maladministration;
  - (i) attendance as an appointed representative of Epping Forest District Council at any meeting of Essex County Council or any of its committees or sub-committees for the purpose of formal consultations on any matter affecting the powers or duties of this Council or the district or any part thereof;
  - (j) attendance on behalf of the Council or the Cabinet or as a Chairman on behalf of a Committee at an official function;
  - (k) attendance at seminars and training courses arranged by the authority;
  - (l) consultation meetings arranged by the authority where the member's attendance is required or where the business directly affects the member's ward;
  - (m) site visits arranged by Area Plans Sub-Committees or the District Development Management Committee;
  - (n) informal site visits by individual councillors in respect of their duties as members of an Area Plans Sub-Committee;
  - (o) attendance at a meeting concerning joint working or partnership arrangements to represent the Council's interests; and
  - (p) attendance at any civic event to which the Chairman or Vice-Chairman is attending in that capacity (or representative) for which Council funded transport is not provided.
2. There is specified as an approved duty for the purpose of paying travelling and subsistence expenses attendance at any of the outside organisations shown in Schedule 4.
  3. Attendance by members of the Council at meetings of outside organisations not shown in Schedule 4 shall NOT qualify for payment of travelling and subsistence expenses.



### SCHEDULE 3

#### CONFERENCE AND MEETINGS

Conference and meetings organised by any person or body who is not doing so by way of trade nor whose objects are wholly or partly political, attendance at which is authorised by or on behalf of the authority and which does not involve an absence overnight from the councillor's normal place of residence.	Appropriate subsistence and travelling expenses (second class return rail fare or car mileage at the appropriate rates whichever is the less if travel outside the Epping Forest District is required).
Conferences and meetings organised by any person or body who is not doing so by way of trade, nor whose objects are wholly or partly political, attendance at which is authorised by or on behalf of the authority and which involves an absence from the councillor's normal place of residence of one or more nights.	Appropriate subsistence and travelling expenses (second class return rail fare or car mileage at the appropriate rate whichever is the less if travelling outside the Epping Forest District is required).

### SCHEDULE 4

#### OUTSIDE ORGANISATIONS

Attendance as appointed representative of the Council on any outside organisations, such attendances being deemed approved duty for the purpose of paying subsistence and travelling expenses.

### SCHEDULE 5

#### CO-OPTEE'S ALLOWANCE

Independent Persons affiliated to the Standards Committee	£500.00 per annum
Independent Members of the Remuneration Panel and Parish Remuneration Panel	£250.00 per annum
Co-opted members of the Audit and Governance Committee	£500.00 per annum
Co-opted independent members of an Overview and Scrutiny Committee	£500.00 per annum

**MEMBER REMUNERATION SCHEME**

**EPPING FOREST DISTRICT COUNCIL  
GUIDANCE NOTE ON ALLOWANCES AND EXPENSES FOR MEMBERS**

**1. INTRODUCTION**

- 1.1 A Councillor is eligible for the payment of attendance allowances and for reimbursement of travel and subsistence expenses in respect of approved duties carried out on behalf of the Council. An approved duty is one which has been authorised by or on behalf of the Council in advance.
- 1.2 The Council has a formal scheme for allowances which is updated from time to time. A copy of the scheme is set out in the Constitution. This note is of a more informal nature and is designed to assist members in dealing with their claims and explaining the arrangements to the public.

**2. BASIC ALLOWANCE**

- 2.1 This is a flat rate allowance payable to all members of the Council. This annual amount is paid in quarterly instalments. Members do not have to claim this amount. The full amount of the Basic Allowance is £4,300.00 per member, per annum.
- 2.2 The Council requires each of its elected councillors to be registered as a data controller in accordance with the provisions of the Data Protection Act 2018. Although members are responsible for their individual compliance with the data protection principles of the General Data Protection Regulation, the Council coordinates the registration (and annual renewal) process on behalf of members and an amount of £40.00 is therefore withheld from the Basic Allowance each year to meet the registration fee imposed by the Information Commissioner.

**3. SPECIAL RESPONSIBILITY ALLOWANCE**

- 3.1 This is a special allowance payable to the Leader, Cabinet members and certain Chairmen. It is designed to reflect the additional responsibilities of these office holders. This amount is paid in quarterly instalments during the year and does not have to be claimed.
- 3.2 The Special Responsibility Allowance applicable to the chairmen of the Standards Committee and the Licensing Sub-Committees is applied on a 'per-meeting' basis and is paid in a single instalment at year-end.
- 3.3 The Council has decided not to implement payment of the full Special Responsibility Allowance amounts and to restrict these to a percentage of each allowance set out in the Scheme.

**4. TRAVEL EXPENSES**

- 4.1 Members may re-claim reasonable travel expenses (including public transport tickets, taxi fares, parking costs where appropriate subject to submission of evidence of expenditure) in respect of approved duties as defined in the scheme (Schedule 2).

### **Car Travel**

- 4.2 The normal rates for car travel are the same as the higher rates paid to officers classed as casual users. Claims must be fixed on the rates applicable at the time of the journey. These rates are set out on the claim form and are reviewed annually.

### **Shortest Distance**

- 4.3 Claims for car travel should be by reference to the shortest distance from home to the Council offices or other venue for the approved duty concerned. No claim for additional expenses will be entertained unless there is a valid reason for incurring the additional mileage.

### **Travel Direct from Place of Employment etc**

- 4.4 For claims involving direct travel from a Councillor's place of employment (or other departure point) for an approved duty, the distance claims shall be limited to the home to meeting venue element of the journey. All such claims must be endorsed "CLAIM LIMITED" on the form.

### **Travel outside the District – Limit on Amount Claimable**

- 4.5 For journeys to approved meetings outside the District or by members resident outside the district, claims irrespective of mode of travel must not exceed the lower of:
- (a) second class return rail fare plus underground and other fares from station to destination at each end of the journey; or
  - (b) the appropriate car mileage.
- 4.6 This is subject to consideration of any special circumstances as set out in 4.7 below.

### **Travel over Long Distances – Special Circumstances**

- 4.7 If, for any reason, a councillor undertakes travel over long distances or from outside the District, members are advised to contact the Service Manager (Governance) in advance for advice on what would constitute a reasonable claim in the circumstances.

### **Use of Public Transport within Epping Forest District**

- 4.8 The rate for travel by public transport must not exceed the ordinary fare (or any available cheap fare). A member may not claim travelling expenses in respect of a single duty from more than one body. In all such claims evidence of expenditure (i.e. tickets or other receipts) MUST be provided. No claim will be allowed without such evidence.

### **Cycle Allowance**

- 4.9 This allowance is payable at the highest of the higher casual rates paid to officers classed as casual users.

### **Child and Dependant Carer's Allowance**

- 4.10 This allowance may be claimed at a rate equivalent to the current rate for the National Living Wage. Certain conditions are set out in the Scheme.

## **5. SUBSISTENCE EXPENSES**

- 5.1 Subsistence expenses (covering refreshments and meals etc paid for by a member) are claimable by councillor in respect of making attendances connected with approved duties on behalf of the Council. The rates for such expenses are set out (by reference to meal time and periods of absence) on the reverse of the form which is supplied to members on a quarterly basis. These rates may not be exceeded. Periods of absence will be calculated on the basis of departure from home or place of work if it is not possible to return home in the time available.
- 5.2 All claims for subsistence must be accompanied by receipts in respect of meals etc as evidence of expenditure actually having been incurred. No claims will be allowed in the absence of such evidence.
- 5.3 Special arrangements exist in respect of subsistence expenses in respect of duties involving an absence overnight from a councillor's normal place of residence. These are outlined under Section 7 relating to conferences.
- 5.4 A councillor may not claim subsistence expenses in respect of a single duty from more than one body.

## **6. CONFERENCES**

- 6.1 Attendance at conferences and the payment of allowances and expenses are subject to prior approval by the Council, Cabinet, appropriate committee, Leader or Deputy Leader in all cases. **Attendance at conferences and the payment of allowances and expenses may also be subject to prior approval by the chairman of the appropriate committee.**
- 6.2 All conferences deemed to be approved duties shall, in accordance with statutory requirements, be relevant to the District and not wholly or partly commercial or political in their objectives.

### **Allowances for Attendance at Conferences (Involving an Absence from Home)**

#### **(a) Subsistence - Nights Away from Home**

- 6.3 For conferences involving one or more night's absence, claims can be made for reasonable day or overnight expenses that are necessarily and exclusively incurred in the attendance as an authorised representative of the Council at a meeting, conference or seminar that it held outside of the Epping Forest District.

#### **(b) Claims for Subsistence**

- 6.4 These claims should cover such items as hotel bills, refreshments, meals (other than free meals which should be discounted) and similar items. No claims will be allowed unless evidence is provided of all expenditure being claimed. All relevant bills and receipts should be forwarded to the Service Manager (Governance) with claims.

### **Travel Claims**

- 6.5 The guidance outlined under paragraph 4.5 will apply to all conferences.

## **7. TAXATION AND NATIONAL INSURANCE IMPLICATIONS**

7.1 Details of the tax and national insurance implications of allowance payments and expenses claimed are available through Democratic Services. In such matters, members are advised to seek advice from their tax office in the event of any concerns.

7.2 Supplementary Note Regarding Treatment of Claims for Travel Expenses by Car for Tax and National Insurance Purposes.

### **(a) Travel by Car – Councillors’ Homes to Civic Offices Expenses (“Home to Office Mileage”)**

7.3 Her Majesty’s Revenue and Customs (HMRC) deems a councillor’s workplace for the purposes of their role as an elected representative to be the Civic Offices, Epping. From April 2016, ‘Home to Office Mileage’ is no longer subject to tax and national insurance deductions, provided that the distance between a councillor’s home and the Civic Offices is no more than 20 miles.

7.4 If the upper rate of mileage is also claimed (any amount above 45p per mile) this part of the payment will be treated as a taxable benefit and national insurance will be deducted. A petrol/diesel VAT receipt will be required to be submitted with all claims before payment can be made, which must predate the first date of mileage on the submitted claim. The receipt must also be dated within a reasonable timeframe of the first journey for which a claim is made.

### **(b) Travel by Car – Councillors’ Homes to Other Venues or Civic Offices to Other Venues for the Purposes of Council Business (“Business Mileage”)**

7.5 HMRC has determined that such travel shall not be subject to tax or national insurance deductions except where the rate of reimbursement exceeds 45 pence per mile. Travel to any meetings of the Council or its subordinate bodies which are held at a location other than the Civic Offices is deemed to be business mileage.

### **(c) Second Journeys**

7.6 Second journeys will be subject to taxation and National Insurance deductions depending on whether the journey constitutes home to office or business mileage.

## **8. ALTERATION OF CLAIMS**

8.1 All claim forms submitted by members are checked for accuracy. The Team Manager for Democratic & Electoral Services is authorised to reduce incorrect claims in the following circumstances:

- (a) where a member does not attend at a claimed meeting;
- (b) where a claimed meeting is not approved;
- (c) where an incorrect amount of allowance is claimed; and
- (d) where a correct date has not been claimed.

8.2 Any changes under paragraph 8.1 will be notified to members after the claim form has been processed. Any other problems with members’ claims will be referred back for the claimant and processing of the claim will not take place until the query has been clarified.

## **9. INTERPRETATION**

- 9.1 These guidelines are subject to the overall interpretation of the Chief Executive as to what constitutes a reasonable claim in any individual circumstances.

## 10. DOCUMENT HISTORY

Prepared/Revised	Written by	Agreed/Authorised	Details of Change(s)
November 2015	S. Tautz (Democratic Services Manager)	Remuneration Panel (17/11/15) Council (15/12/15)	Review of Scheme for 2016/17 municipal year
October 2016	S. Tautz (Democratic Services Manager)	Remuneration Panel (28/9/16) Council (20/12/16)	Review of Scheme for 2017/18 municipal year
November 2017	S. Tautz (Democratic Services Manager)	Remuneration Panel (30/10/17) Council (21/12/17)	Review of Scheme for 2018/19 municipal year
November 2018	S. Tautz (Democratic Services Manager)	Remuneration Panel (29/11/18) Council (20/12/18)	Review of Scheme for 2019/20 municipal year
November 2019	S. Tautz (Democratic Services Manager)	Remuneration Panel (31/10/19) Council (17/12/19)	Review of Scheme for 2020/21 municipal year
January 2021	G. Woodhall (Team Manager – Democratic & Electoral Services)	Remuneration Panel (27-Jan-21) Council (25-Feb-21)	Review of Scheme for 2021/22 municipal year
February 2022	G. Woodhall (Team Manager – Democratic & Electoral Services)	Remuneration Panel (2-Feb-22) Council (24-Feb-22)	Review of Scheme for 2022/23 municipal year
December 2022	G. Woodhall (Team Manager – Democratic & Electoral Services)	Remuneration Panel (Nov-22) Council (20-Dec-22)	Review of Scheme for 2023/24 municipal year

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**SCHEME OF MEMBERS' ALLOWANCES -  
STATEMENT CONCERNING IMPLEMENTATION 2022/23**

**The following scheme has been agreed for the period  
from 25 May 2023 to 23 May 2024**

**The Council decided at its meeting on 20 December 2022 to implement the amount of  
Basic, Special Responsibility and Co-optees Allowances provided in the scheme as  
set out below:**

<b>BASIC ALLOWANCE</b>	<b>ANNUAL BASIC ALLOWANCE</b>	<b>IMPLEMENTATION OF BASIC ALLOWANCE</b>
All Councillors	£4,300	£4,300 (100%)

**The amounts set out below show the amounts of Special Responsibility Allowance  
(SRA) payable during the year:**

<b>DUTY</b>	<b>ANNUAL SPECIAL RESPONSIBILITY ALLOWANCE</b>	<b>IMPLEMENTATION OF SPECIAL RESPONSIBILITY ALLOWANCE</b>
Chairman of the Council	£10,750 (total)	£8,600 (80%)
Vice-Chairman of the Council		£2,150 (20%)
Leader of the Council	£10,750	£7,875 (73%)
Cabinet members	£6,450 (each)	£6,300 (98%)
Chairman of the District Development Management Committee	£3,225	£2,362 (73%)
Chairmen of the Area Plans Sub-Committees	£3,225	£2,362 (73%)
Chairman of the Overview and Scrutiny Committee	£4,300	£3,150 (73%)

Chairman of the Licensing Committee	£500	£500
Chairmen of the Licensing Sub-Committees	£2,725 (allocated according to the number of meetings each year)	£1,862 (allocated according to the number of meetings each year) (73%)
Chairman of the Audit and Governance Committee	£2,150	£2,150
Chairmen of the Overview and Scrutiny Select Committees	£2,150	£2,150 (each)
Chairman of the Standards Committee	£110 (per meeting)	£110 (per meeting)
Chairman of the Constitution Working Group	£500	£500

**The amounts payable during the year for independent and co-opted members are:**

Independent Persons affiliated to the Standards Committee	£500
Independent Members of the Remuneration Panel and Parish Remuneration Panel	£250
Co-opted members of the Audit and Governance Committee	£500
Co-opted independent members of an Overview and Scrutiny Committee	£500

**A copy of the full scheme is available on request from Democratic Services, Civic Offices, High Street, Epping, CM16 4BZ.**

## **EPHING FOREST DISTRICT COUNCIL COMMITTEE MINUTES**

**Committee:** Council **Date:** Tuesday, 17 January 2023

**Place:** Council Chamber - Civic Offices **Time:** 7.00 - 8.48 pm

**Members Present:** Councillors D Sunger (Vice-Chairman), I Allgood, C Amos, N Avey, R Balcombe, R Bassett, N Bedford, P Bhanot, P Bolton, H Brady, R Brookes, L Burrows, E Gabbett, S Heap, S Heather, H Kane, S Kane, J Lea, J Leppert, A Lion, T Matthews, C McCredie, J Mclvor, R Morgan, S Murray, C Nweke, M Owen, J Parsons, A Patel, S Patel, J Philip, Caroline Pond, C C Pond, K Rizvi, B Rolfe, P Stalker, D Stocker, B Vaz, C Whitbread, H Whitbread, J H Whitehouse, J M Whitehouse, K Williamson, D Wixley and S Yerrell

**Apologies:** M Sartin, R Baldwin, I Hadley, R Jennings, J Jennings, J Jogia, H Kauffman, P Keska, J Lucas, L Mead and R Pugsley

**Officers Present:** A Small (Section 151 Officer), G Blakemore (Chief Executive), G Woodhall (Team Manager - Democratic & Electoral Services), J Leither (Democratic Services Officer), N Boateng (Service Manager (Legal) & Monitoring Officer), A McKeon (Corporate Business Partner - People) and T Carne (Corporate Communications Team Manager)

### **56. APPOINTMENT OF VICE CHAIRMAN**

In the absence of the Chairman, the Vice Chairman Councillor D Sunger assumed the role of Chairman and proposed that Councillor H Kane be Vice Chairman for the duration of the meeting.

#### **RESOLVED:**

That Council agreed for Councillor H Kane to assume the role of Vice Chairman for the duration of the meeting.

### **57. DECLARATIONS OF INTEREST**

Councillor D Sunger, Chairman advised that he would be a non-voting chairman for this meeting.

- (a) Pursuant to the Council's Members' Code of Conduct, Councillor C Whitbread, Councillor H Whitbread, Councillor N Bedford, Councillor J Philip, Councillor S Kane, Councillor N Avey, Councillor L Burrows and Councillor A Patel declared non-pecuniary interests in item 4, of the agenda and declared that they would not be voting on this item.
- (b) Pursuant to the Council's Members' Code of Conduct, Councillor J Mclvor declared a non-pecuniary interest in agenda item 4.
- (c) Pursuant to the Council's Members' Code of Conduct, Councillor R Bassett declared a non-pecuniary interest in item 4 of the agenda by virtue of being a Executive Director of Qualis.

- (d) Pursuant to the Council's Members' Code of Conduct, Councillor C McCredie declared a non-pecuniary interest in item 4 of the agenda and declared that she would be voting on this item.
- (e) Pursuant to the Council's Members' Code of Conduct, Georgina Blakemore, Chief Executive of Epping Forest District Council declared a non-pecuniary interest in agenda item 4.

## 58. EXCLUSION OF PUBLIC AND PRESS

### RESOLVED:

That in accordance with Section 100(A)(4) of the Local Government Act 1972, the public and press should be excluded from the meeting for the item of business set out below on the grounds that it would involve the likely disclosure of exempt information as defined in the following paragraph(s) of Part 1 of Schedule 12A of the Act (as amended) or were confidential under Section 100(A)(2):

Agenda Item Number	Subject	Exempt Paragraph Information Number
4	Report of the Investigating Disciplinary Committee	1 and 2

## 59. REPORT OF THE INVESTIGATING DISCIPLINARY COMMITTEE

The Council received a report from the Investigating Disciplinary Committee (IDC) regarding allegations and concerns arising from a whistleblowing complaint against an Officer of the Council.

An Independent Investigator assessed the case and submitted reports to the IDC for them to consider. The IDC submitted a report to Council outlining their recommendations. The recommendations of the IDC had been reviewed by two of the Council's Independent Persons prior to the meeting of the Council, and they had supported the recommendations of the IDC.

The Officer of the Council was given an opportunity to present their appeal against the recommendations of the IDC, and subsequently answered a number of questions from the Councillors present.

The meeting was adjourned at 8.00pm to allow the Officer of the Council to leave the meeting and was reconvened at 8.10pm. The Council then proceeded to debate the report of the IDC and their recommendations.

### RESOLVED:

That the Council received a report from the Investigating Disciplinary Committee outlining their recommendations and agreed that these were just and upheld.

**CHAIRMAN**

## ***Report to the Council***

**Committee:** Cabinet  
**Date:** 28 February 2023  
**Subject:** Place Portfolio  
**Portfolio Holder:** Councillor Nigel Bedford

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### **Recommending:**

**That the report of the Place Portfolio Holder be noted.**

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### **1. Local Plan progress update**

The Council, in conjunction with the Plan Inspector, has finalised the proposed further Main Modifications that it considers are required to the Local Plan in order to meet the tests of soundness. Consultation on the further Main Modifications commenced on 28 October 2022 and concluded on 09 December.

We collated and shared all representations with the Planning Inspector on 16 December and he has considered them. We await confirmation that the Local Plan is 'sound' and receipt of a written report outlining his final recommendations. Providing he determines it 'sound', the Plan can be formally adopted by the Council as soon as possible.

#### **North Weald Airfield Strategic Masterplan**

The formal consultation on the draft North Weald Airfield Strategic Masterplan ('the Strategic Masterplan') finished on the 6th February 2022. This was the second stage of public consultation undertaken and concludes the public engagement part of the process to inform the preparation of the Strategic Masterplan. Since February 2022 the Strategic Masterplan has been subject to extensive review and scrutiny by both the professional team engaged in the drafting of the Strategic Masterplan, and the Council, as Local Planning Authority, to ensure the Strategic Masterplan has incorporated, where necessary and appropriate, the consultation responses. Following this review, the Final Masterplan will be presented to Cabinet as soon as possible to be formally endorsed by the Council.

#### **Portfolio Holder Action Group**

The most recent meeting took place on 23 January 2023, with Member representatives in attendance from EFDC and ECC as well as The Corporation of London and City of London. An update was given on the planned London Ultra Low Emission Zone (LULEZ) following the announcement of the decision to extend it next August up to EFDC's boundary from London. We have found out that a Habitats Regulations Assessment (HRA) was undertaken for the scheme in direct response to the Council's request. The HRA was supported by mapping which captures the analysis undertaken by TfL's consultants. The HRA and associated mapping shows that the LULEZ would have a beneficial effect on the Epping Forest SAC in terms of reductions of NO<sub>x</sub> and Nitrogen Deposition.

It was also reported that in respect of the Interim Air Pollution Mitigation Strategy (APMS), once the Local Plan is adopted, the Council intends to update the APMS where necessary

and appropriate. In particular it is proposed to bring forward the timescales for the undertaking of on-site air quality monitoring and for the collection of traffic data to understand the current age and fuel type of vehicles using roads through the Epping Forest SAC. This responds to previous comments made by Natural England, the Conservators of Epping Forest and Essex County Council. As this proposed change would mean that the Council would aim to commence in May/June 2023 the Council has started the groundwork in order to commence the procurement process. Initial contact has been made with officers at the Conservators of Epping Forest and further liaison will be undertaken in relation to the finalisation of the Brief. It is intended to largely replicate the approach taken for the 2018/19 monitoring to ensure that the results can be compared. The approach undertaken for the 2018/19 monitoring was developed with a significant amount of input from the Conservators of Epping Forest.

It was also reported that The London Borough of Waltham Forest's (LBWF) emerging Local Plan is currently at Examination. The Local Plan Inspector requested that further evidence be submitted on a number of matters, including in relation to air quality impacts on the Epping Forest SAC. An updated air quality assessment was undertaken by the LBWF and published in September 2022. The assessment indicated that, as a result of the LBWF approach to car parking provision (i.e. that developments should be car free), there would be a net reduction in traffic using roads passing through the Epping Forest SAC within Epping Forest District by the end of the Plan period. This is because the sites proposed for allocation in the LBWF's emerging Local Plan are primarily for redevelopment schemes on brownfield sites which currently contain a quantum of parking. The report concludes that there would be no adverse effect on the Epping Forest SAC in terms of air quality arising from the implementation of the LBWF's Local Plan.

## **2. Harlow and Gilston Garden Town (HGGT)**

The HGGT aims to coordinate and enable delivery of 16,000 homes by 2033, along with associated infrastructure, delivering the Garden Town Vision, principles and guidance that has been agreed by the 5 partner councils. 3,900 of these homes are allocated within Epping Forest District, making up over a third of the District's allocated housing.

EFDC officers continue to liaise with key stakeholders across the five Harlow and Gilston Garden Town (HGGT) authorities and relevant site promoters. This is undertaken in the context of wider Garden Town activities. Key updates in terms of the Garden Town are:

- Work on the Governance structure for the Garden Town has been progressed. The five HGGT Council partners have now all, through their formal processes, agreed 'in principle' to explore the creation of a Harlow and Gilston Garden Town Joint Committee, consisting of representation from each of the 5 Council partners. It has also been agreed in principle that the Host Authority for the Joint Committee and Accountable Body for the constituted HGGT partnership would be Essex County Council. A draft Inter Authority Agreement (IAA) is being progressed, and once agreed, the 5 Council Governance Framework and Joint Committee model would then require adoption through the formal decision-making processes of each of the 5 partner Councils with a view to full Joint Committee implementation during the municipal year 2023/24.
- The draft Latton Priory Strategic Masterplan Framework, a masterplan area which is within Epping Forest District and the Garden Town, has undergone public consultation in November – January 2023. Comments are being collated and reviewed by the applicant team (CEG/ Hallam Land) in order to update the strategic

masterplan and document contents. Endorsement of the Strategic Masterplan Framework is expected in summer 2023.

- The Latton Priory Design Code is being undertaken in-house by the EFDC Implementation Team, funded as part of the DLUHC Pathfinders Programme. Design workshops will be undertaken in Feb- March 2023, with local children and young people, engaging through Epping Forest and Harlow schools, community groups, youth services and Epping Forest & Harlow Youth Councils. The workshops will focus on specific design elements such as types of streets or open spaces. It is intended that workshops are interactive and collaborative to consider designs of places and spaces together.
- Following large-scale public engagement by HGGT on quality of life and wellbeing across the Garden Town, the Your Quality of Life Community Feedback Report has been published online in January 2023. Over 1000 contributions were received as part of the engagement, with insights and analysis of these noted in the report. This includes focus on value of green spaces, sense of control and belonging, and desire for social and arts facilities particularly for the younger generation. The Your Quality of Life Reflections and Recommendations report is due to be published in February 2023, once agreed by the HGGT Board. This includes recommendations from the Quality of Life Foundation based on the insights from the consultation, around engaging and empowering local communities, and understanding key priorities of the communities. These will shape Garden Town action plans, strategies and projects going forwards.
- HGGT engaged local residents on the HGGT Travel Survey in November – December 2022, gathering understanding on 667 household's daily travel. Further engagement with local businesses and at retail and leisure locations within the Garden Town is planned for March 2023, in order to holistically understand how people move around and across the Garden Town area.
- The HGGT Green Infrastructure (GI) Framework was agreed by the HGGT Board in February as a technical evidence document. It sets out a common understanding of the value of, and vision for, a cohesive network of GI assets across the Garden Town. It is intended to help ensure development meets the GI principles within the HGGT Vision. It will provide a 'one-stop-shop' for officers across the Garden Town and developers to review policy expectations for GI across the five Council partners.

### **3. Sustainable Transport**

#### **DaRT87 Demand Responsive Transport**

Flexiroute Passenger app was launched 8/12/22 alongside new £2 flat fare. This has been recently promoted through press release, social media and posters hosted by some local councils (Epping, Theydon Bois, Epping Upland) plus Epping and Harlow libraries. Recovery from pandemic aftermath remains very difficult for the bus industry, hence the national £2 fare promotion.

ECC confirms bus patronage is still depressed due to lack of 'traditional' 5 day per week commuting and concessionary passholder caution about public transport. EFCT passenger number is still below 50% of pre-pandemic across all usage types. Around 400 individual passenger trips have been made between April-Dec 2022 on EFCT's DaRT service.

### **EV Adoption and Public Charging**

- EFDC area now has the largest number of BEV (Battery-only) vehicles on the roads of any Essex council at 1,440 (Q3/22)
- At December 2022, UK BEV sales outnumbered new petrol car sales for the first time (possibly skewed by Tesla's price-cut tactics, but still noteworthy)
- Total ULEV (BEV/PHEV/REX/hydrogen) vehicles is estimated at just under 3% of all local vehicles at Q3/22, versus a target of 10% by end 2025 in the Interim Air Pollution Mitigation Strategy, which is encouraging.
- However, regionally very poor levels of provision of public chargers by private as well as public sector risk creating a ceiling on adoption of EV and reducing confidence among key potential adopters
- The two Instavolt ultra-rapid chargers at Oakwood Hill East Car Park have predictably been very heavily used since March '22 and are resulting in an estimated 50% increase in parking revenues versus pre-pandemic period plus site rental income – four more concessionary contract Instavolt ultra-rapid and fast chargers are to be launched soon at Banson's Lane car park in Ongar.
- Creation of a viable EV charging policy is underway for Housing following multiple tenant requests including Motability scheme members with EVs
- There are a number of EV charging plans under EFDC's control including Housing to deliver EV chargers as part of the Ninefields regeneration; in selected new Council builds; and a lockup garage replacement pilot.

### **Active Travel**

ECC's refreshed cycling strategy (draft) contains very little for EFDC area. Only those areas with a completed Local Cycling & Walking Infrastructure Plan (LCWIP) are scheduled for infrastructure improvements by 2030. Otherwise, the strategy is strong on behaviour change campaigns and targets.

### **Bus**

In addition to promoting the national £2 fare scheme, ECC has issued a draft Bus Services Improvement Plan (BSIP) for each District, a local Bus Network Review and preparations for an 'Enhanced Partnership' with bus operators in line with the Government's Bus Services Act 2017.



# ***Report to the Council***

**Committee:** Cabinet  
**Date:** 28 February 2023  
**Subject:** Finance Portfolio  
**Portfolio Holder:** Councillor John Philip

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## **Recommending:**

**That the report of the Finance Portfolio Holder be noted.**

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## **Economic Development**

### **Economic Development Programme:**

On the 6<sup>th</sup> of December 2022, Epping Forest District Council's UK Shared Prosperity Fund three-year investment plan was approved in full by central Government, and funding received. This provides just over £1 million over three years to support projects in the district. However, spending on programmes in the next two financial years is dependent on the council meeting government reporting criteria set against the delivery of projects up to March 2023. Officers, at the time of writing are in the process of procuring packages of business support services - a key focus of year one UKSPF spending. Funding from the UK Shared Prosperity Fund is also being used to support the development of a new playground in Ninefields, Waltham Abbey, which is expected to be installed in the next few months.

Epping Forest District Council has also submitted its Rural England Prosperity Fund investment plan, which aims to secure a further £437,136 to invest in rural areas. At the time of writing, Epping Forest along, with other neighbouring authorities which applied for this funding, has not received approval of its investment plan.

### **Monthly Business E-Newsletter:**

The Economic Development Team have released the January edition of the 'Business Matters' e-newsletter with topics focusing on the newly upgraded Visit Epping Forest website, applications for business growth loans, the recently announced 'Multiply' mathematics programme for Essex and recruitment help for local businesses.

### **General Economic Briefing:**

According to NOMIS as of December 2022, unemployment in the district is currently at 2,270. This represents a small increase in unemployment over the last two consecutive months. It also indicates that the long-term trend since February 2021 of lower month by month unemployment figures in the district has ended. Epping Forest district unemployment levels are 2.8% of the total working population, which is below the average seen across the East of England region (2.9%) and below the Great Britain average (3.7%).

### **Visitor Economy:**

The new Visit Epping Forest website has now been launched and initial feedback is very positive. The old site had served its purpose well but with mobile phones now being the predominant platform for users, and Google about to end support for the old site's analytics,

the change was required. Using the new format, we are better able to promote features on the homepage and are starting with a push for Valentine's day, supporting the hospitality outlets running related menus and offers. The 'What's On' page currently has 37 events listed, with the majority of them running up to Easter which is when the tourism season traditionally starts. Many of our local venues and attractions are getting off to an early start indicating the optimism they feel about the year ahead.

Officers are working with Ride London to promote a festival-styled event for Epping Town which will be the major activity centre for this year's race. In conjunction with London Marathon Events, businesses are being contacted and invited to participate in the festival which is being coordinated by Epping Town Council and the councils Community Team. Initial feedback from LME is that Epping businesses are open-minded about the ideas being presented and discussions are more balanced given a better understanding having experienced the reality of the event last year.

A good relationship has been established with the new Essex Film Board and since their inception, a significant amount of general filming has been taking place in the district. It is the Film Board's goal to attract major productions to the county.

### **Essex + Herts Digital Innovation Zone (DIZ):**

On December 9th the DIZ hosted the latest of its ongoing series of Smart Place Seminars - '**What Can 5G Do for Us?**'. The session had national and international speakers from CGI, Bable Smart Cities and the Department for Digital, Culture, Media & Sport (DCMS). It covered a range of topics on 5G including 'What makes a place smart?', '5G Use Cases from across Europe' and how to go about 'Attracting Investment in Digital Connectivity'. A vibrant discussion was then supplemented with a session delivered by the DIZ Programme manager on the 5G guidance and advice that is available from the DIZ website at: <https://diz.org.uk/guidance-best-practice/>.

Over 50 attendees registered for the event and learned about 5G and the applications it will support, what it could mean for a place like the DIZ, and a wealth of insight informing approaches to the planning, development and delivery of 5G initiatives across local authorities. A full recording of the session has now been made available for 'viewing on demand' along with copies of the presentations on the DIZ website at: <https://diz.org.uk/diz-resources/#1655209692503-76777918-f2dd>

The DIZ Programme Manager was invited by DCMS to participate in and speak at a panel session '**Exploring operating models for digital asset management**' at the latest DCMS Digital Connectivity Infrastructure Accelerator (DCIA) Dissemination Event in December. Attended by local authorities from across the UK, government departments and telecoms sector businesses and consultants, this was a fantastic opportunity to share details of the 'place-based' approach to digital innovation that has shaped the DIZ work programme from the very outset. The DIZ has been a member of the DCIA Early Adoption Group since the commencement of the DCIA pilot programme in early 2022 which is exploring how public sector assets can be mapped and made available to telecom operators to support the hosting of telecoms infrastructure such as small cell units.

## **Asset Management**

### **Epping Forest Shopping Park**

I am pleased to report that following the work undertaken regards the design for re-configuration of the car park quotes will be obtained for the actual works which will be presented in due course.

**North Weald Airfield**

The HMRC Inland Border Facility site has now been handed back to EFDC after the reinstatement works were completed satisfactorily.

The Essex Carp Show took place at the end of January and was hugely popular with several thousand visitors over the weekend.

I am pleased to report that the North Weald Airfield Master Plan will be presented to the March Cabinet.

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## ***Report to the Council***

**Committee:** Cabinet  
**Date:** 28 February 2023  
**Subject:** Housing and Community Portfolio  
**Portfolio Holder:** Councillor H Whitbread

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### **Recommending:**

**That the report of the Housing and Community Portfolio Holder be noted.**

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### **Homelessness prevention and relief**

A total of 55 applications for assistance were received during December 2022, significantly fewer than usual bearing in mind Christmas closure.

### **Increasing demand**

We've seen a 22% increase in homelessness applications which are largely being driven by the following three causes of homelessness.

1. **Domestic Abuse** - The Domestic Abuse Act received royal assent in April 2021, and we have continued to see a rise in presentations where domestic abuse is the reason for homelessness. In Q3 of 2021, we took a total of 6 homeless applications with domestic abuse as the sole reason for the approach. In Q3 of 2022, we took a total of 14 applications where domestic abuse was the sole reason for approach – **that's an increase of 133% on the same period last year.**
2. **Family License Terminations** – This has always been the leading cause of homelessness within Epping Forest District, as it is for most councils, but we are seeing a steady rise in applications where family are no longer willing to accommodate each other and I think, certainly for last quarter and those moving forward, this can largely be attributed to the cost-of-living crisis first and foremost. In Q3 of 2021, we took a total of 22 homeless applications where family/friends were asking a member of their household to leave. In Q3 of 2022, we took a total of 38 homeless applications where family/friends were asking a member of their household to leave – **that's an increase of 72% on the same period last year.**
3. **End of privately rented accommodation** – This is the second leading cause of homelessness within Epping Forest District. We're seeing an increasing number of landlords selling their accommodation because of financial hardship. Equally, the main reason for customers approaching us from this type of tenure is because they're worried about being able to afford it. In Q3 of 2021, we took a total of 10 applications where the ending of privately rented accommodation was the reason for homelessness. In Q3 of 2022, we took a total of 19 applications where the ending of privately rented accommodation was the reason for homelessness - **that's an increase of 90% on the same period last year.**

### **Norway House- Christmas (Eleanor Green)**

The residents of Norway House were once again overwhelmed by the kindness of the local community this Christmas. We received the following donations over the Christmas period:

- Upper Clapton Rugby Club – provided a Christmas present for every child
- St Mary's Church Shenfield – provided Christmas pyjamas for 80 children, as well as an amazing donation of £823
- Hereward Primary School – provided 80 chocolate selection boxes for the children
- Epping Forest Foodbank – provided Christmas food hampers for 80 households, as well as gifts for our adult residents
- North Weald Parish Council – provided a donation of £110 towards the cost of the children's Christmas party, which took place on 15th December
- Epping Catholic Church of the Immaculate Conception – provided a donation of £500 to our Stakeholder Partnership Fund
- North Weald Facebook group – donated £500 worth of toys and food
- Millers Estate Agents – provided a professional Father Christmas for the children's party

### **Housing Development Update**

Good progress is being made with our Pentlow and Woollard Street developments on site. We expect these units to handover in September 2023, providing a further 15 homes for affordable rent. We will have a scheme opening for Pentlow Way to honour the late James Brokenshire MP who the scheme will be named after. We are going to be a part of the public consultation on the St Johns Baptist Church, that we have been working on with the local Church and our Architects.

We are pleased to report that we have a pipeline of delivery from our strategic partnerships with RPs providing over 90 units of shared ownership and affordable rented units between May 2023 and September 2024. We are in discussions with the RPs to visit these schemes in the coming months to see how progress is going.

### **Sheltered Housing:**

#### **Emergency Alarm Upgrade**

We have cancelled the emergency alarm upgrade contract that was awarded to Doro & Everon. The reason being they failed to deliver a service in addition to compatibility issues with our alarm monitoring provider Tunstall Healthcare.

As you know there is a requirement to upgrade the alarm system due to the analogue signal being discontinued in 2025 and the alarm monitoring contract coming to an end in November 2024.

It makes sense to undertake a tender exercise through a Framework agreement to procure a new alarm system and monitoring service from one provider for our sheltered housing schemes. This will ensure end to end compatibility alleviating the problem we encountered with Doro & Everon.

### **Continuation of Refurbishments**

Following the successful refurbishment of Frank Bretton House, work is due commence imminently on Hyde Mead House, Nazeing. Residents have been consulted and have chosen their preferred mood board and easy/dining chairs. Once the contract has been signed and sealed work will commence which we envisage will take 12 weeks to complete. We will then move onto Parsonage Court, Loughton.

### **New “Needs Led” Support Model for residents in sheltered housing**

On 20<sup>th</sup> December 2022 Cabinet agreed our new support service to residents and all being well this will commence 3<sup>rd</sup> April 2023.

Having listened to our residents and those considering a move to sheltered housing, we realise that the service we provide at present, which is a daily welfare check has become out of date. Residents want a more flexible service but more importantly they want peace of mind knowing that if/when they need support it will be available to them. To achieve this within our sheltered schemes, we have drafted a new model of support, one that is flexible and needs led, allowing us to spend quality time with those residents that have genuine support needs. Staff will work from a hub which will be our Careline centre in Loughton

As part of the modernisation of older people services we are replacing the term “Sheltered Housing” with “Independent Living” and staff titles will change to “Independent Living Officers”. We are currently deciding on a new logo and hope to hold a launch event in Spring.

### **Mobility Scooter Storage**

We have secured funding which has enabled us to convert garages at Jessopp Court and Hyde Mead House into much needed storage for residents with motorised scooters. All being well these will be ready for use in April.

### **Flowers In Bloom**

Due to the great success of last year’s flowers in bloom competition which will be holding the event again this year. Residents submit their entries during June and July. The judging which last year was undertaken by Eleanor Green takes place during August and a presentation event is held in October which is attended by the Chairmen of the Council.

### **New Ways of working for Property Surveyors**

A new pre inspection form has been put together for mobile working to enable the property surveyors to undertake pre-void inspections this will enable us to provide Qualis with more detailed information before they receive the Void which in turn will enable them to plan works in advance with view to improving key to key times.

Property Surveyors will be starting to carry out Estate inspections and we have a developed a mobile working form to record property asset inspections and record and order urgent repairs to reduce hazards.

### **Fire Door Surveys**

We are developing a mobile working inspection form for property surveyors to carry out Fire Door inspections and order any remedial works to ensure they are compliant.

### **Water Tank Project**

We are undertaking a survey of approximately 400 water tanks to establish their condition and any subsequent remedial works and identifying dead legs and whether tanks can be removed. This will reduce the risk of leaks.

### **Energy Programme**

We have developed a computer programme that extracts the information from PDF invoices from utility providers and these are batched against cost codes to enable better analysis and faster payment of invoices. This is currently being outsourced to a third party and when this new programme is implemented in the new financial year will save the outsourced cost of £22k.

**Consultation on the proposed transfer of Grounds Maintenance to Qualis**

The formal consultation period for Council tenants and leaseholders runs from 21 November-21 December 2022. Methods of consultation include electronic and paper flyers, a survey and on-line question and answer sessions for people living in sheltered housing, general needs housing and members of the tenant and leaseholder panel.

Residents have been informed that all responses received during the consultation period will be considered before a formal decision is made on the proposed transfer of grounds maintenance service to Qualis Group Ltd.



# ***Report to the Council***

**Committee:** Cabinet  
**Date:** 28 February 2023  
**Subject:** Wellbeing and Community Partnerships Portfolio  
**Portfolio Holder:** Councillor A Patel

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## **Recommending:**

**That the report of the Wellbeing and Community Partnerships Portfolio Holder be noted.**

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### Ninefields Community Initiatives

Community Engagement Officers consulted with over 1,000 residents during December, including local primary school pupils and the wider community, to help determine the successful tender for the new play equipment and multi-use games area for Ninefields estate in Waltham Abbey. The new equipment will be installed in March with a fun launch event planned for the Easter school holidays.

£1,139 additional funding has been secured with support from the Essex Youth Service to add value to the fantastic work already taking place at the Ninefields Youth Group. The Community & Culture Team will lead on the delivery of a food education programme for young people attending the Thursday evening sessions. The eight-week programme will teach how to cook on a budget, energy saving tips and healthy eating. Each young person will be able to take home and keep the equipment they have learnt to cook with, i.e. an air fryer or electric wok. Self-defence sessions have been established once a month at the Youth Club equipping the young people with the awareness and skills to keep themselves safe.

On the 23<sup>rd</sup> January staff from CCW organised a recruitment event at Hazelwood Children's Centre on Ninefields estate. The aim of the event was to raise awareness of employment and training opportunities amongst the Ninefields community as part of the wider programme of reducing health inequalities by having a positive effect on the wider determinants of health. Support for the event was strong with 10 partner organisations attending including Qualis, Essex Police, Essex County Fire & Rescue, Herts & West Essex Training Academy, Herts Good Care Group, New City Collage, VAEF, Active Essex, Essex Child & Family Wellbeing Service, Adult Community Learning and Rainbow Services. Outcomes were very positive with the majority of residents feeding back that they would apply for roles in one of the sectors represented. Two attendees were offered 'speed interviews' with a view to be recruited into the Health & Care sector.

### Successful Grant Application - The Wild Escape

Working in partnership with the Heritage & Venues Team and CountryCare, the Community & Culture Team has successfully secured £2,750 funding from Art Fund and Arts Council England to run a creative project, working with primary school children on the Ninefields Estate around the issue of Climate Change.

### Limes Farm Youth Club

Working in partnership with Youth Unity CIC, a new youth club opened at The Limes Centre in Chigwell on 27 January. Heart FM Radio attended the launch event along with a number of local organisations.

### Crucial Crew

Crucial Crew 2023 will be piloted in its newly configured format between 28-30 June 2023 at the Civic Offices. The sessions will engage Year 6 pupils from six local primary schools in workshops delivered by the CCW team and local partners covering topics such as physical activity and nutrition, road safety, positive mental health, and healthy relationships.

### Epping Forest Disability Inclusion Project

The Epping Forest Disability Inclusion Project has been chosen by Tesco to be part of its Community Grants scheme with the chance to secure £1500 towards activities. Residents can vote for the project at the Epping, Ongar and Theydon Bois Tesco stores between now and 16 March, to help secure the cash. Funding would go towards purchasing more specialised sports equipment to support children into activities.

The Disability Inclusion Project is a designated SEND Hub for ActivAte in the district and £2038.33 was secured from Essex County Council to offer free activities and a meal for young people with special educational needs who are eligible for benefits-based free school meals, and 'low income' working families during the Christmas school holidays. Four sessions ran at 'The Box Epping', and a celebration event took place giving children the opportunity to visit Santa's Special Train at Epping Ongar railway. Children with SEND and their siblings were also provided with the opportunity to attend a free Pantomime trip funded by the Rotary Club of Epping.

### RideLondon 2023

After an extensive event review and community engagement, Essex County Council and London Marathon Events have agreed the route for the 2023 mass participation ride on 28<sup>th</sup> May. The route will remain the same as last year but with the addition of a range of enhancements and improvements including improved local access plans for communities on the route and increased provision of managed vehicle crossing points.

Countywide, groups across Essex are able to apply for funding from the London Marathon Charitable Trust to support physical activity and sport opportunities. To date, Epping Forest District Council has secured £3,692 from the "Find Your Active Fund" to support children's Bikeability (cycling proficiency) sessions and adults' walking football, and £2,366 from the Essex Cycle Grant for delivery of adults 'fix and learn' cycling and Bikeability events. Additionally, to date, 18 further "Find Your Active Grants" have been awarded across the Epping Forest district totally £50,252, with a further 17 applications in the pipeline awaiting approval.

### LifeWalks

With the support of the Lee Valley Park Authority, LifeWalks will be run as a volunteer led programme from March 2023 enabling current and new walkers to continue to benefit from the physical and mental health benefits of the scheme.

### Epping Forest Youth Council

In recognition of how successfully the Young Persons' Officer is facilitating the Jack Petchey Achievement Award scheme in the district, Epping Forest Youth Council has received an AA Recognition Award of £1,000.00 to spend on activities. The award is a one-off additional grant for youth organisations who have applied for a Leader Award and Leader Award Grant in the past year and who have also provided consistent, timely and clear reporting about how they have used their funding.

The EFYC 2023 Project 'Repair My Pocket' Cost of Living Survey has now been shared with all local secondary schools. Findings will be presented at O&S in April 2023.

Secondary School Head Teachers have met with the Leader, Cllr Chris Whitbread, and the Young Persons' Officer to talk about the role of the Youth Council and the Council's work in the community.

#### Buddy Up Project

The Buddy Up Project continues to grow. To date, the project has supported 57 adults with learning disabilities and/or autism across West Essex. The types of support offered have included assisting with volunteering opportunities to developing social groups. The Project has also supported three different organisations to access funding to develop new services from cooking skills to supported gym sessions. Officers are now working in partnership with Essex County Council to develop a Reverse Training Fair to support adults with additional needs into employment.

#### Epping Forest District Museum

A pop-up exhibition focussing on "Homelessness" has opened at the Museum and features lived experiences of individuals told through photography, oral history and an art installation. The Cultural Engagement Officer has worked with over 100 people of all ages and from all backgrounds to create artwork for the exhibition. Contributions have come from children and young people from the Ninefields estate, visitors to the Dementia friendly community café and residents from Norway House temporary accommodation in North Weald. The exhibition will run until the end of April.

The Museum has been accepted onto the Heritage Lottery Fund's Innovation Programme with £25,000 initial grant funding to identify creative ways to explore the Museum's exhibition design and build programme and broaden commercial opportunities. Following the initial grant further rounds will be available to develop this piece of work.

The heritage education programme had its busiest autumn term to date engaging with 3000 pupils via workshops in the Museum and school in Q3. Another successful Father Christmas event in December attracted over 400 visitors come to the Museum for the event and 140 children and young adults paying a visit to see Father Christmas himself! The event brought in over £1000 revenue income.

#### Epping Forest Health & Wellbeing Board and Action Groups

The refreshed structure of the district's multi-agency Health & Wellbeing Action Groups has been successfully implemented and all Groups are undertaking mapping exercises to identify existing work and projects being delivered across the extensive partnership landscape. The mapping exercise will help identify gaps in relation to the delivery of the Health & Wellbeing Strategy's priorities and enable resources to be directed strategically to meet need. Work is already underway to explore supporting local schools with "active travel" plans to increase physical activity levels in families. Additionally, further recruitment and training fairs are planned for the district.

#### Epping Forest Public Health Community Grant Funding

In the current financial year, a total of £22,000 has been awarded from the Epping Forest Public Health Community Grant Fund, which is overseen by the Epping Forest Health & Wellbeing Board. Funding has been invested in the district to support new projects including a new youth session in Ongar supporting young people with positive mental health, training for SPARK staff so that they may offer mental health and wellbeing support in Epping Forest secondary schools, and funding to support Warm Places across the district.

### What's on in Epping Forest

The latest edition of "What's on in Epping Forest" is available on the Council's website at: <https://www.eppingforestdc.gov.uk/wp-content/uploads/2022/12/Whats-On-Jan-23.pdf>

The brochure includes a programme of wellbeing workshops for adults, keep fit classes, indoor bowls, Museum Movers, Toddler sessions, school holiday activities and more information about the Council's Community, Culture & Wellbeing Service.

## ***Report to the Council***

**Committee:** Cabinet  
**Date:** 28<sup>th</sup> February 2023  
**Subject:** Customer Portfolio  
**Portfolio Holder:** Councillor Alan Lion

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### **Recommending:**

**That the report of the Customer Portfolio Holder be noted.**

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### **Customer Service**

#### **Data Capture**

Our challenge to date has been a lack of data on analytics to help us improve our customer service. Namely, why customers need to call us, what the blockers are to using digital as well as visibility of our end-to-end customer journey for calls which needs to be transferred to Technical Officers. We are shortly launching the Data Capture process which will address these challenges.

When customers call our contact centre the Officer will capture the reason for the call, whether it's a repeat call chasing a lack of response and feedback on why the customer chose to make a phone call rather than self-serve online.

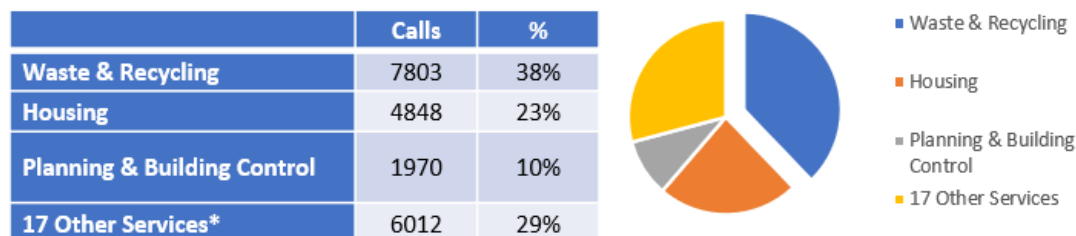
If the call requires a technical response the relevant area will receive a 'contact request' and the customer will be provided with a reference number. Customers will no longer be transferred to a voicemail and asked to leave a message, with this new process all calls will be logged and tracked until resolution. Corporately we are looking to agree an SLA of 24 hours for the initial customer call to be responded to. The relevant Officer will be required to respond to the 'contact request' confirming the customer has been contacted and adding notes as to what action has been taken.

The benefits of this process are:

- Customer service and confidence improves with timely responses
- The issue of phones not being answered will be resolved – as long as initial contact is made via the contact centre
- First point resolution within the contact centre increases as transparency of technical replies will increase Officer knowledge
- Visibility and transparency on service area performance through reporting
- Improved responses will reduce repeat calls
- Digital blockers identified and those residents who will benefit from digital coaching are identified

## Contact Centre

The contact centre continues to be impacted by the ongoing waste situation with 38% of calls received relating purely to missed collections for quarter 3 (see breakdown below). We are also experiencing significantly high volumes of formal complaints, 128 in total for quarter 3 of which 40% are missed waste collection related. Q3 2021 (same period for comparison) 64 formal complaints were received.



\*Rolled up 17 Service Areas as the data is small compared to the top 3 who are the "Big Hitters"

## Community Hub

Footfall and use of The Hub continue to increase, for quarter 3 592 residents used The Hub a 30% increase on the previous quarter. Popular services continue to be EFDC Homelessness, Epping Forest Foodbank and EFDC Benefits. Some new partners have come onboard such Essex Wellbeing Services, Essex Family Support Solutions and Essex Police.

## Members Portal

Customer Services have been working in conjunction with ICT to develop the Members Portal and the anticipated launch will be March. The portal will be the one stop shop for Members, providing access to all forms and information in the one place as well as single sign on. Members attending the January coffee morning received a demonstration of the portal and an opportunity to provide their feedback. Further engagement sessions for coaching are being planned, these will be tailored based on Member feedback. Coaching sessions will be offered as either virtually, one to one or group sessions.

## Payment Solutions

Following the closure of Debden cash office and the roll out of Allpay cards to Council Tax and Business Rate customers in November over £50,000 of income has been received using this new scheme.

Monthly income from the Debden Cash Office accounted for between 0.2%-0.5% of total income, and with total income variance each month considerably more than this it's not possible to identify which channels customers have shifted to globally. However, examining average Council Tax income at Debden for the last year and comparing it to the income of the new Allpay service at this early stage around 60% of income has channel shifted to this service.

To ensure we are offering the most cost-effective payment solutions as well as offering our residents the flexibility and choice of locations to make payments, we have now removed the payment kiosk from Waltham Abbey library and issued Allpay cards to residents. Likewise, the intention is to issue Allpay cards to Epping residents and remove the kiosks at the Civic offices.

# Report to the Council

**Committee:** Cabinet  
**Date:** 28 February 2023  
**Subject:** Contracts and Commissioning Portfolio  
**Portfolio Holder:** Councillor Nigel Avey

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## Recommending:

The report of the Contracts and Commissioning Portfolio Holder be noted.

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## Waste Management:

- Officers and members continue to work with Biffa to resolve the missed collections issues as swiftly as possible. We are continuously applying pressure on the waste contractor to resolve the issues and work with them to improve the situation. Biffa have provided extra crews and were collecting waste on Saturday, Sunday, and Monday to clear the backlog. Biffa are continuing to make progress on replacing and repairing their waste vehicles which should eliminate the number of breakdowns.
- **Booking system planned for all Essex County Council recycling centres**  
*From Monday 13 March 2023, residents visiting Essex County Council recycling centres will need to book in advance.*

Essex County Council (ECC) will be introducing a booking system that will be trialled for all vehicles visiting Essex County Council recycling centres to help manage waiting times, reduce congestion, and improve the customer experience. The booking process has already been trialled for all vehicles using Rayleigh Recycling Centre, and for large vehicles using the nine van-friendly sites. Both trials have been effective in smoothing the pattern of demand across operating hours and reducing queues and congestion both in and around the sites. Residents will be able to book their slots in advance via a link on the [Love Essex website](#). Site users visiting by foot do not need to book a slot. Blue Badge holders do not need to book a slot and can visit any recycling centre in any vehicle, including vans at any ECC recycling centre.

For full details, please visit the Love Essex website at [www.loveessex.org](http://www.loveessex.org).

## Leisure Management:

- **Energy Saving Initiatives**

Places Leisure is continuing with the good work in reducing gas and electric consumption through good housekeeping. Comparing 2019/20 and 2022/23 energy consumption, total electricity consumption has reduced by 7.89% and total gas consumption has reduced by 27.55% across all centres.

The Council is working with Places Leisure to further reduce energy consumption at the leisure facilities to reduce operating costs and carbon emissions. Energy saving initiatives being explored are pool covers and Waltham Abbey and Ongar, a new Building Management System at Loughton, variable speed drives and LED lighting improvements.

- **Contract Performance**

December 2022 swimming membership and lessons are showing an increase across the centres when compared to pre-pandemic figures, however fitness membership levels are showing a decrease when compared to pre-pandemic levels. The decrease in fitness membership levels is primarily due to cost-of-living concerns, as new research shows leisure centre users are cancelling memberships due to the rising cost of living. As a result, Places Leisure is offering discounts or promotion codes on monthly membership prices.

- **Health and Wellbeing**

A new 12-week physical activity intervention programme that offers low impact exercise-based class for under-represented groups, such as those with learning difficulties is being introduced. The programme is funded through Epping Forest Health and Wellbeing Public Health Community Grant and will run at Epping Sports Centre, Loughton, and Ongar Leisure Centre.

Places Leisure have been successful in securing additional funding to run more 6-week water-based exercise on referral programme for people with a range of mild to moderate health conditions.

The trampolining session at Ongar Leisure Centre delivered as part of Community, Culture and Wellbeing's disability inclusion project will continue as the Community, Culture and Wellbeing team has secured a further 3 years funding for the disability inclusion project for children and young people with special educational needs and disability.



# ***Report to the Council***

**Committee:** Cabinet  
**Date:** 28 February 2023  
**Subject:** Technical Services Portfolio  
**Portfolio Holder:** Councillor Ken Williamson

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## **Recommending:**

**That the report of the Technical Services Portfolio Holder be noted.**

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## **1. Regulatory & Technical Services:**

### **Environmental Health**

We are currently consulting on the Draft Air Quality Action Plan from Friday 20 January to Friday 17 February 2023.

The Air Quality Action Plan is relevant for everyone, whether they:

- Live in the District
- Work in the District
- Go to school (or take your children to school) in the District
- Visit the District

Air Pollution is recognised as a contributing factor in heart disease and cancer and particularly affects the most vulnerable like children, older people, and those with pre-existing health conditions. The annual cost of air pollution in the UK is estimated to be around £16 billion. Everyone is affected by air pollution and clean air is important for us all. The Air Quality Action Plan 2023-2028 setting out our vision to reduce pollution in Epping Forest District. The consultation can be completed via the link:

[Have your say on the proposed Air Quality Action Plan](#)

Once we have reviewed all responses, we will produce a final version of the Air Quality Action Plan 2023-2028 and will be considered for adoption by the Council's Cabinet in March 2023.

### **Anti-Social Behaviour**

The Safer streets project continues to progress across all three teams, work carried out includes:

- Waste Amnesty events have been run by the enviro team on the Ninefields estate WA.
- New CCTV is now installed and fully operational across the 9 sites identified within the project.
- The team have conducted joint consultation with residents in Ninefields, Waltham Abbey regarding the play area and environmental changes in the area.

Crimestoppers zones that were implemented late last year have shown a 1 month evaluation showed a 100% increase in reports in the zone areas. (Ninefields, Waltham Abbey and Limes, Chigwell).

## **Enviro Enforcement**

The team are performing well and enforcement for Flytipping and littering has increased;

Fixed Penalty Notices Issued Quarter Period to date Oct - Dec 2022						
<b>Offence Type</b>	<b>Issued</b>	<b>Pending payment</b>	<b>Paid</b>	<b>Income</b>	<b>Referred to legal</b>	<b>Cancelled</b>
Littering	6	0	3	£450.00	3	0
Fly-tipping	10	1	4	£1,600.00	4	1
Failure to comply with a community protection notice (CPN)	1	0	0	£0.00	1	0
Failure to produce waste transfer notes	4	0	2	£360.00	0	0
Failure to produce waste carriers' licence	0	0	0	£0.00	0	0
Failure to comply with Household Duty of Care requirements	4	0	3	£1,200.00	1	0
Failure to comply with a notice requiring the correct disposal of waste relating to trade or commercial waste receptacles	1	0	0	£0.00	1	0
<b>Total</b>	<b>26</b>	<b>1</b>	<b>12</b>	<b>£3,610.00</b>	<b>10</b>	<b>1</b>
Previous Year (2021)/Quarter Comparison	2	0	0	£0.00	1	1

There is currently a Duty of Care Initiative – So far Epping, Waltham Abbey and Loughton Town Centres have been visited with 269 businesses visited with 83 compliant (31%) and 186 (69%) that didn't have any waste licences in place or paperwork not available. Follow up visits to those that have not complied is currently in progress.

## **CCTV**

The CCTV team are now piloting the Digital Asset Management System (DAMS) process to upload CCTV footage direct to the Police. This will save some costs on media and time. This system does not work with all systems however we are working with the software creators to improve compatibility.

Mobile cameras have been deployed to capture persistent fly tippers at Howards Court and a covert deployment to capture another persistent fly-tipper is currently in progress.

## **Environmental Protection and Drainage Team**

Officers continue to work proactively with Essex Highways staff to help resolve issues of highway flooding affecting properties and the highway. Recent notable works include resolution of long standing highway drainage issues at Parklands / Galley Hill, Waltham Abbey. Following the localised flooding in the later part of 2022, the lack of major winter storms affecting the district meant that there have not been major flooding incidents to date. Officers have implemented a highway gateway scheme at North Weald at the end of Church Lane with the assistance of a contractor.

## **Highway Rangers**

Recent jobs completed include installing several new and renovated finger posts and an extensive path clearance at Lenthal Path, Debden adjacent to the Central Line Station. This path has a public right of way but has not been maintained for many years. The clearance was undertaken with officers from Highway Rangers, Environmental Protection and Drainage Team and the Grounds Maintenance teams and was then street cleaned by Biffa, it is now safer and more accessible.

Many reports that are made to the team are rejected as they are works that the rangers cannot work on such as defective street-lights, pot holes or private hedges which remain the responsibility of Essex Highways. Any requests for the Highway Rangers should be reported through <https://www.eppingforestdc.gov.uk/environment/highway-rangers-service/>

### **Grounds Maintenance**

Grounds officers have been assisting the Housing Management Team with the provision of new landscaping schemes at Waltham Abbey and Loughton, these new shrub borders include low-level lighting installations to further enhance the schemes. The teams have also been working on the provision of a new playground at Ninefields, Waltham Abbey. It is anticipated this new facility will be installed over the coming months in readiness for the school holidays.

The new fleet of grounds trucks have been performing well. The vehicles are fitted with modern fuel-efficient engines and have proven to be very reliable. Much use is being made of the 4 new electric vehicles, with charging points now installed at both Oakwood Hill and Town Mead depots. A new fleet check app is also being trialled to provide an electronic record of daily checks and provide information to fleet about the maintenance and upkeep of the vehicles. Any additional maintenance or service requests can be recorded by the driver on the app and the information electronically sent to fleet. This replaces the old paper-based records and provides a more efficient and effective vehicle management system.

### **Countrycare**

Since November nine volunteer dates have been held over seven sites with average numbers at 16 volunteers per task. This represents a value of approximately £8000.00 to EFDC based on the minimum wage.

At Epping Upland Millennium Garden, the volunteers dug a new pond and erected a gated fence around it and created two hibernaculum - places where a hibernating animal shelters for the winter. The old pond that had not survived was uncovered and there are plans to reprofile this one so there is a network of waterbodies on the site. Six other sites have had volunteer tasks held at them, two tawney owl boxes, two barn owl boxes and two kestrel boxes have been installed at various sites. On others some bee hotels, drainage solutions, glade expansions, coppicing, thinning of trees and invasive plant removal has occurred.

## **2. Planning Services**

### **Building Control**

#### **Income and budgets**

Income through fees and charges by the end of October (Month 7) was at approximately £385,000. This remains on track to achieve our anticipated full year budget of £540,000 with the usual seasonal drop in site commencements in December and January. The cost of delivering the Building Control Service is currently forecast to come within £1000 of the full year budget of £732,000.

We continue to monitor share of applications against private sector competition as the new regime for Building Control driven by the Building Safety Act restricts the market competition

for higher risk residential building work, Approved Inspectors are naturally looking to backfill with lower risk domestic and commercial work that is more prevalent in Epping Forest

### Legislative Change

The register for licensed Building Inspectors is due to open in October 2023, and the current deadline for all inspectors to have been assessed for competency and licensed remains to be April 2024. Members of the team have been engaged in additional, grant-funded structured training; however, this is limited by resource availability to prevent detriment to service provision. We remain concerned that the timeframe proposed by the Building Safety Regulator is ambitious and risks starving the sector of resource if some existing professionals choose to change career or retire before this date.

### Dangerous Structures

The Council were successful in persuading the freeholder of a block of properties in Egg Hall to take urgent action to remove part of a wall that was becoming a risk to the highway on Palmers Hill in Epping. We remain in dialogue with them while longer-term repairs to other parts of the wall are costed. We also remain in contact with the Freeholder of a block of flats adjacent to the public footpath between Chigwell Lane and Torrington Drive in Loughton where a footpath has had to remain closed for over a year. The complexity of the remedial work combined with the cost burden on the numerous leaseholders in the building entitles the affected parties to consultation under Section 20 of the Landlord and Tenant Act.

### Service Improvements

The team are currently working from North Weald Airfield due to the working pattern and vehicle use required of the inspectors and the vast resource retained in paper format required for regular access. We are working with colleagues in ICT to implement mobile working devices that will reduce our reliance on this resource and limit the financial and environmental impact of continued paper working.

### Development Management

#### SAC Backlog

The SAC backlog project has now effectively ended. A limited number of applications are awaiting the signing of S106 Legal Agreements before permissions may be issued. The project officer departed the Council at the end of 2022. The matter has therefore been removed from the Corporate Risk Register.

#### Service Improvements and Service Plan

Steps continue to be taken to improve the new planning back-office system to allow more effective and efficient administration of Development Management matters. The data migration/publishing project dealing with a limited number of documents that did not publish correctly in the new system will be completed in the coming weeks.

The Development Management Service has agreed draft Terms of Reference for establishment of a Development Management Improvement Board which will be presented to the Portfolio Holder for consideration before a Board is constituted. An initial workshop with relevant service managers and Directors was held in January 2023. The Planning Advisory Service <https://www.local.gov.uk/latest-news-pas> has offered to assist with the improvement activities to be undertaken during 2023.

#### Notable Appeals

There are a number of notable appeals worth mention to Members:

- Land at Gladwyns Farm, Public Inquiry held on 24 January 2023 – appeal against and Enforcement Notice issued relating to the unauthorised use to storage & distribution of Non-Agricultural equipment and materials (B8 Storage & Distribution). The appeal was dismissed and the Notice upheld. The Council was awarded full costs as the appeal was considered hopeless and found to constitute unreasonable behaviour by the appellant. Documents viewable here:  
[https://eppingforestdcpr.force.com/pr/s/detail/a0X8d000001HqIQEAS?c\\_r=Arcus\\_BE\\_Public\\_Register](https://eppingforestdcpr.force.com/pr/s/detail/a0X8d000001HqIQEAS?c_r=Arcus_BE_Public_Register)
- 177 High Road (Volvo Garage), Chigwell, Appeal Hearing held on 07 December 2022 – appeal against refusal of planning consent for a proposed mixed-use development to provide 35 residential dwellings (Use Class C3) and 512 sqm of commercial floorspace (Use Class E) together with cycle and car parking, landscaping, provision of new pavement and loading bay on Brook Mews and associated infrastructure. The appeal was allowed subject to conditions and a legal agreement. This application was recommended for approval at Area Planning Sub-Committee South but overturned by Members. As part of the planning application a £600,000 financial contribution was offered towards off-site affordable housing, despite the scheme being confirmed through independent assessment as not being viable. However, at appeal this offer was withdrawn. Documents viewable here:  
[https://eppingforestdcpr.force.com/pr/s/planning-application/a0h8d000000NyJdAAK/epf286820?c\\_r=Arcus\\_BE\\_Public\\_Register](https://eppingforestdcpr.force.com/pr/s/planning-application/a0h8d000000NyJdAAK/epf286820?c_r=Arcus_BE_Public_Register)
- Land to the South of Chigwell Rise, written representations appeal against refusal of planning consent for permission for use of site as a burial ground with associated landscaping, access improvements and ancillary storage and reception buildings. The appeal was dismissed due to the impact on the openness of the Green Belt. This application was recommended for approval at Area Planning Sub-Committee South but overturned by Members for three reasons. A cost application was partially upheld since the second and third reasons for refusal were based on local knowledge of Members with no substantive evidence to support this position. The costs awarded amount to £6,000 (exc VAT). Documents viewable here:  
[https://eppingforestdcpr.force.com/pr/s/planning-application/a0h8d000000Ny57AAC/epf213119?c\\_r=Arcus\\_BE\\_Public\\_Register](https://eppingforestdcpr.force.com/pr/s/planning-application/a0h8d000000Ny57AAC/epf213119?c_r=Arcus_BE_Public_Register)

As Portfolio Holder for these services, I would like to express my thanks to all Officers in the various Departments that have assisted in the total review of our services and staffing. The whole task has been delivered in a professional and open manner.

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# ***Report to the Council***

**Committee:** Cabinet  
**Date:** 28 February 2023  
**Subject:** Internal Resources Portfolio  
**Portfolio Holder:** Cllr Sam Kane

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## **Recommending:**

**That the report of the Internal Resources Portfolio Holder be noted.**

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## **People Team**

### **People Strategy 2020 – 2022**

### **Engagement and Wellbeing Project**

#### **Upgraded Wellbeing Hub**

- Employees have access, via the intranet, to a Wellbeing Hub making available resources for all aspects of their wellbeing. On 21 December 2022 officers launched a new look Wellbeing Hub on the intranet just as the cold weather set in, the cost-of-living crisis continues, and the changes that are happening across the organisation.
- The new site was developed taking all these factors into consideration, and in doing so we have improved the way our employees access our wellbeing resources and information. The new solution provides:
  - One place to find all information and resources
  - An easily navigated format, the information is categorised for easy navigation
  - A solution which gives administrators anonymised analytics
  - A simple and easy solution for administrators to update the information/resources

The new platform provides a digital, data-led, engaging alternative to the intranet page and PDF format. The improved hub combines both the original Wellbeing Hub, financial, and winter wellbeing resources and is now split into six sections for ease of use

- Mental Wellbeing - highlighting resources like the Employee Assistance Programme from Health Assured, our Mental Health First Aiders and more.
- Physical Wellbeing – highlighting resources like the Perkbox Wellness Hub, Cycle to work scheme, menopause resources and more.
- Financial Wellbeing – highlighting resources like the Financial Wellbeing Skill Pill Learning Pathway on Litmos, the Cost-of-Living Survival Kit from Money Saving Expert and more.

- Winter Wellbeing – highlighting resources like How to look after your mental health at Christmas, S.A.D – What it is and how to beat it and more.
- Family Support – highlighting resources for fathers, Relate’s resources for relationship problems and more.
- Work Life Balance – highlighting resources from podcasts, videos, and articles about managing stress, understanding work-life balance and more.
- The new format allows us to change the content and adapt to the needs of our employees without needing to develop lengthy additional seasonal wellbeing documents.
- The platform also provides us with anonymised analytics, providing us with not only how many times the document has been accessed, but how many times a particular page or link has been clicked on, giving a date and time. Allowing our administrators to make data-led decisions and ensure the content provided to employees continues to be relevant. In return employees will receive a more intuitive, engaging experience which supports their overall wellbeing.
- We are actively encouraging employees to feedback to help us develop our new hub and enhance our wellbeing offering.

### **Upgraded Employee Intranet**

- On 27 October 2022 the upgraded intranet site was launched in test to the whole organisation. Internal Communications received plenty of excellent feedback, all of which has been worked through to identify improvements and changes to the new intranet. Officers are working towards transitioning from the old intranet to the new by the end of February 2023.

## **Business Support**

### **Local Land Charges (LLC), HMLR Project**

- The Council are in the final stages of data cleansing in preparation for the HMLR migration. A recent data comparison exercise had an unexpected outcome, meaning a bit more work is required around our data than expected. HMLR are supporting the Council to get a resolution that has a minimal impact on the team’s turnaround times for searches.
- The Council will continue to be responsible for CON29 searches post migration and as part of the service review our fees and charges have been reviewed and increased to cover the basic operating cost of the team that carry out this work.

### **Projects**

#### **Accommodation – Commercialisation of our bookable spaces**

- The Council are continuing to pursue the partnership with IWG and Epping Regus for the advertising and booking management of our Conference Suite and Council Chamber at the Civic Offices. The Solicitor for Epping Regus suggested some tweaks to the contract, which the Council’s Contracts and Procurement Team are working through.



## **Soft Facilities Management – Outsourcing our Concierge Service**

- Following scrutiny at November's Stronger Council Committee meeting, Cabinet approved a report recommending the outsourcing of the Civic Office Concierge Service and the appointment of a provider following a procurement process.
- The service transfer date to the provider, PCS Group, is estimated to be 1<sup>st</sup> April 2023.

## **Contingency Planning**

- Officers are working through Business Impact Analysis, exploring various scenarios, and developing standalone response plans as required. Dates are in the diary for manager training.

## **Democratic and Election Services**

- Following on from the joint session held with the Elections Team at Broxbourne Borough Council in November to consider the requirements of the Elections Act 2022, a Member Briefing was held in January to inform Councillors of the main changes that will be implemented for the elections in 2023 and 2024. The assistance of Members was requested to support the communication of the changes to the wider public.
- The latest Members Coffee Morning was held on Wednesday 18 January 2023 and support was provided by Democratic Services Officers to Councillors who required assistance with accessing or using the Modern.Gov app.
- Members are reminded to report any IT issues in respect of accessing Committee agenda on the Modern.Gov app or accessing their Epping Forest Email addresses to the Member Services Team and/or the ICT Helpdesk for logging and resolution.

## **Insurance and Risk**

- The Insurance Specialist is continuing to work with Fleet Management team and HR on revising our Driving at Work policy, Drink & Drugs policy and producing a Drivers Handbook to ensure the Council is compliant with its obligations under the Health & Safety at Work Act and Road Traffic Acts amongst other obligations. The final documents will be required approval by Exec Team and is expected to be completed by Q4 of 2022/2023.

## **Corporate Communications**

### **Webcasting Update**

- Microsoft Teams will replace Zoom for hybrid webcast meetings later this year. Members will be able to join meetings via the Council's licensed MS Teams app. Free MS Teams app and browser options are also available to external attendees such as objectors, applicants and parish councils at planning meetings.
- The move to MS Teams is part of the Council's wider savings. Further cost reductions have been identified in the Council's webcasting contract. From July, webcasting costs will be reduced by approximately 50 percent to £10,000 per year. Main webcasting commitments will be retained including the live streaming of

- Full Council
  - Cabinet
  - O&S
  - DDMC
  - Plans Sub Committees
- Mobile equipment used to webcast meetings from the conference suite during the pandemic will be returned to Public i, with the option of reinstatement if required later. Savings have also been identified by recording rather than live-streaming other meetings such as
    - Select Committees
    - Cabinet Committees
    - Audit and Governance
    - Licensing
    - Local Councils Liaison

### **You Tube**

- Reducing the Public i archive period from 2 years to 6 months provides further savings. Upload to You Tube with auto-captions to aid accessibility, will make all live and recorded meetings available as basic videos indefinitely beyond the 6-month archive.

### **Audio quality enhancements – Council Chamber**

- Taking account of budgetary constraints, Facilities, ICT, Planning and Corporate Communications have been working with the assistance of several councillors to develop affordable enhancements to the audio and visual quality in the council chamber.
- A new wifi-based hearing assistance system based on smartphone technology is due to replace the outdated and inadequate IR hearing system. A new Digital Signal Processor (DSP) has been commissioned to improve audio quality along with new speakers to enhance sound quality. Larger TV monitors are being installed to aid viewing of PowerPoint and planning presentations.

### **Reach and coverage**

- Since the last update, Corporate Communications has continued to distribute a wide variety of service support and customer information via a range of platforms. Reach continued to expand.

### **Social Media – Followers 2022**

<b>Platform</b>	<b>July</b>	<b>December</b>
Facebook	4469	4607
Instagram	2230	2340
LinkedIn	2650	2870
Twitter	9845	9961

### Social Media – Average Reach 2022

Platform	July	December
Facebook	16,176	19,040
Instagram	1,790	2160

### Average impressions per month

Platform	July	December
LinkedIn	9,732	10,795
Twitter	38,500	37,600

- Reach - The number of people who have been exposed to a post or advert. This doesn't necessarily mean that all these people have read the post; they could have scrolled past it. Reach indicates that the content appeared in the user's social feed at least once.
- Impressions - The number of times social media browsers have been showed your post. Impressions are different than reach as it doesn't count people who engage with your content, just those who are exposed to it.

### EFDC News Items 2022

Platform	Up to July	Up to December
EFDC District Matters subscribers	94	103
EFDC Mailchimp subscribers	1,317	1,448
Media Releases	140	289

- Media releases are distributed through Mailchimp and published as news items to the website

### EFDC website eppingforestdc.gov.uk 2022

Analytics	Up to July	Up to December
Visits	538,681	947,158
Page views	1,539,632	2,500,678
Unique visitors	484,684	867,476

- Visits - a series of page requests in no more than 30 minutes from the same uniquely identified visitor.
- Page views – the number of times a page has been viewed.
- Unique visitors – the total number of visitors to the website. (Some visitors may be counted more than once if they use multiple browsers or devices)

## Most popular pages

- Planning search 21.9%
- Council Tax portal 11.75%
- Homepage 5.18%
- Check your bin collection 2.1%
- Planning and Building Control 0.7%

## Webcasts January to December 2022

- 116 webcasts
- 181 hours
- 2,911 live views
- 12,224 archive views\*
- 37 shares
- 17,715 views of all our webcasts during the calendar year

## Top 10 watched webcasts:

Webcast title	Live date	All views	Live views	Archive views
Council	26/05/22	569	64	505
Plans East	13/07/22	489	39	450
Licensing	19/04/22	320	33	287
Plans South	05/01/22	307	50	257
Plans East	06/04/22	290	55	235
Cabinet	07/11/22	288	52	236
DDMC	21/09/22	272	58	214
Cabinet	18/07/22	264	19	245
Plans East	09/03/22	251	51	200
Council	11/10/22	249	27	222

## Major items

- Corporate Communications promotes a wide range of community, health and wellbeing projects. Many of these projects originate within CCW and other in-house services such as Countrycare. Many also involve inhouse teams such as Community Safety working with external partners such as Essex Police, Essex Fire and Rescue, Social Services and local health services.
- Community Hub marketing took place across a range of council and partner platforms, supported by the in-house production of a series of animation videos designed for social media. This was followed up with specific Warm Places promotion as the cost-of-living crisis deepened with the increase in fuel prices and cold weather.
- The Council highlighted the work of other organisations to residents including changes to wards and constituencies by the Boundary Commission and the release of local Census 2021 data by the Office of National Statistics. Awareness raising drew Epping Forest residents' attention to the Mayor of London's TFL ULEZ (Ultra-Low Emission Zone) consultation proposals.

- Corporate Communications worked in partnership with planning services colleagues and the Planning Inspectorate to provide the website platform and publicity to deliver the Local Plan Main Modification consultation. The team also supported the Harlow and Gilston Garden Town Partnership.
- The team continued to share and amplify EFDC and wider Essex information and support to Ukrainian refugees and sponsor families.
- In September the Chairman of Council in conjunction with Corporate Communications led the district's response to the death of Her Majesty the Queen.
- The publication of the early versions of the draft budget involved coordinated internal and external communications concerning potential reductions in staffing.
- Difficulties with the household waste and recycling service led to extensive online website and social media engagement, exacerbated by the severe weather in early December.
- Extensive communications outlined the Council's opposition to the use of unsuitable local hotels by the Home Office for asylum seekers.
- The council worked in partnership with Qualis to highlight the start of key developments in Epping, including the multi-storey Cottis Lane carpark.
- Behind the scenes, Corporate Communications began the development of new transactional webpages on the Local Gov Drupal content management system (CMS). Initial designs were presented to a residents focus group. Positive feedback was received. Further customer focus groups will be convened to check progress as Drupal is developed.

Corporate Communications received further Drupal CMS technical training. This follows work to implement changes to the existing Wordpress based website, including enhancements and improvements to the search and navigation functions.

Membership of the LocalGov Drupal cooperative continues to increase. EFDC has access to the shared experience and expertise of more than 34 other councils in the development of its new content. Essex County Council, and Colchester City Council are also part of the LocalGov Drupal partnership while Castlepoint Borough Council has expressed interest. Local meetings have been held to explore ways in which Essex councils can provide extra support and cooperation with each other.

- The Senior Leadership Team approved a new website content strategy. Key elements include content design for smartphone, accessibility, plain English, consistent branding, and Search Engine Optimisation to drive further search and navigation improvements.
- Looking forward, Corporate Communications will continue to develop LocalGov Drupal. All residents will be receiving updates on the introduction of Voter ID for the local elections, and the revised 1-day RideLondon event in May. Further updates will be issued in conjunction with Qualis as developments in Epping, Loughton and Waltham Abbey progress.

## **Parking**

- **Electric Vehicle (EV) Chargers**

EFDC have entered into a lease agreement with InstaVolt for 4 x rapid EV charging stations in Basons Lane car park, Ongar. Planning Permission for the EV charging stations was granted on 16<sup>th</sup> January 2023. Installation will start on Monday 13<sup>th</sup> February.

InstaVolt is exploring the viability of rapid EV charging stations in Cornmill car park, Waltham Abbey, and Burton Road car park, Debden with the Distribution Network Operator (UK Power Networks). These proposals are subject to the availability of infrastructure. The chargers will be installed at no cost to the Council and generate income to the Council through ground rent and profit share.

- **Car Parking Income**

Car parking occupancy rates have reached approximately 90% of pre-pandemic parking occupancy levels overall. Short stay car parks have reached pre-pandemic income and occupancy levels; however, occupancy levels have not reached pre-pandemic levels in long-stay car parks. This is assumed to be due to the prevalence of working from home post-pandemic.

The new car parking tariffs introduced in April 2022 has been successful in generating additional income to the Council and is projected to generate an annual increase of approximately £150,000 in parking fees and charges. The introduction of permits in Cornmill car park, Waltham Abbey and Oakwood Hill East car park, Debden is also generating additional income to the Council.

## ICT

### Service Management

The ICT service desk team has taken the initiative to get behind some repeating customer issues. This has now been reflected in the reduced trend of calls and tickets being raised. Ticket management continues to significantly improve.

### KPI's – SLA Metrics & Analysis for Year 2022

Tickets Raised	Outstanding	On Hold	Resolved	Within SLA	% Within SLA	Outside SLA	% Outside SLA
8363	25	12	8338	8347	99%	16	1%

January has highlighted an increase of 48 tickets being raised for Microsoft Outlook/Exchange. This reflects the widespread national outage of Microsoft Outlook and MS Teams.

### Customer satisfaction 1 January - 31 December 2022 (248 respondents)

Satisfaction Level	Ticket Handling	Customer service	Technical skill	Time taken
Very satisfied	93.15%	95.97%	94.76%	91.94%
Satisfied	6.05%	3.23%	4.44%	6.45%
Dissatisfied	0.40%	0.40%	0.00%	1.21%
Very Dissatisfied	0.00%	0.00%	0.00%	0.00%
(blank) No response	0.40%	0.40%	0.81%	0.40%
Total	100.00%	100.00%	100.00%	100.00%

### **Customer comments on service provided:**

- Great service from a friendly colleague
- The ticket was resolved within minutes
- Issue was resolved very promptly and explained to me so that I can sort this out again if it reoccurs
- Always appreciate the help given to me and solutions given. Thanks
- Staff dealt with a time-consuming matter with short notice and completed perfectly providing support every step of the way
- The IT staff worked very hard to find the solution that wasn't readily available and had to work around the issues.

### **Projects – Business Applications and Infrastructure**

#### **Strategy**

The ICT strategy is being updated in line with the need to find efficiency savings in the service and across the business to ensure that resources are focussed upon the areas of greatest impact. A series of infrastructure and network projects are being planned to underpin the overall move to the cloud.

ICT is working as an enabler within the Digital Strategy to facilitate project delivery.

#### **Projects - Business Applications and Infrastructure**

In line with the ICT Strategy and to provide better resilience, the 'on-premises' Revenues and Benefits application was successfully moved to Capita's cloud solution in October 2022.

Enhancements to Rendezvous the internal booking application, have made it easier for EFDC colleagues to book desks, meeting rooms and car parking bays.

A Chatbot was introduced onto the corporate EFDC website for an 8-week free trial. This digital solution was able to supply information to residents and support the contact centre with refuse and waste enquires. Chatbot was also able to provide robust data to analyse and prove its success in the 8-week trial.

#### **Infrastructure Projects include:**

1. A new SAN (Storage Area Network) solution was successfully implemented to replace an old slow server
2. Extra resilience to the council's corporate DR (Disaster Recovery) solution
3. Supporting business on closing the Broadway Office
4. Implementation of the Azure project has commenced

#### **Resourcing**

Existing colleagues have been asked to step-up as a financial saving, following the departure of the ICT Infrastructure and Security Team Manager and the ICT Asset Management Officer in January 2023.

Solace is managing the recruitment of the joint ICT & Transformation Service Director. This is a shared role between EFDC and Colchester City Council. Solace has extensive experience

in helping public sector organisations to recruit the highest calibre of candidates. The responsibility for the joint leadership role, will include high-quality Transformation services, ICT, PMO (Project Management Office) and Change.

### **Corporate Projects**

The Project Management Office (PMO) provides governance and project management resources.

The 'project portfolio' currently consists of 28 projects, which are either in 'scoping and design' or 'in delivery'. Of these, 28 a number are categorised as priority projects, which are strategically aligned to EFDC's Corporate Objectives. Priority projects are also reported on a quarterly basis through Overview and Scrutiny.

#### **The Priority Projects in progress include:**

- Financial ICT Systems Replacement
- Housing & Asset Management System
- Epping Leisure Centre (Contract Agreement & Implementation)
- Waste Management Contract
- Transfer Services to Qualis
- North Weald Master Planning/Enterprise Zone
- Local Plan
- M3 PP Proposal
- People Programme
- Green Agenda Programme

The PMO has worked extensively to review and align projects to EFDC's Corporate Objectives so that time, effort, and money can be directed and supported on the right projects. Steering Groups have re-focused to support the roles of the key stakeholders involved. There is still work to be undertaken, as we continue to mature the PMO function.

Project Delivery has continued at pace and exciting opportunities are being considered for future approaches to joined up working with other Local Authorities.

The PMO is currently mapping out a process and timeline to complete a full health check/deep dive on all Priority Projects to identify any gaps, re-align where appropriate and identify opportunities for support. This is a big task but will provide added value to understand our portfolio in much greater depth.

Work is close to nearing completion on the composition of a full portfolio milestone plan. This plan will be used to support future Steering Groups so that as an organisation we can better understand our pinch points in delivery. There is also an opportunity to use this information in other governance routes.

Service Planning for the 23/24 financial year is underway for all Service Areas. This will allow Service Areas the opportunity to identify the projects they wish to progress. The PMO has worked to revise the Service Planning Process using lessons learnt from previous years as well as understanding current challenges in order to improve how we as an organisation complete this process. The revised process has a stronger focus on objectives, finance, resource, priority and importantly benefits.

PMO is moving forward with a procurement for licenses for TeamHood which will give us a tool to allow us to start to use a Kan Ban Board System which in turn will support our appetite



for a greater level of agile project delivery within the organisation. We are also in addition to this eagerly awaiting the outcome of a joint bid with Haringey Council for funding to implement a system called Monday.com. If successful, this will have a huge impact on EFDC and how we manage our portfolio and processes that support project management delivery.

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## ***Report to Council***

***Report reference:***           **2022/23**

***Date of meeting:***           **28th February 2023**

**Portfolio:**                   **Finance – Cllr J. Philip**

**Subject:**                   **Budget 2023/24 (including Fees & Changes, Medium-Term Revenue and Capital, and Treasury Management).**

**Responsible Officer:**           **Andrew Small           (07548 145665).**

**Democratic Services:**           **Jackie Leither           (01992 564756).**

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

- (1) That the draft General Fund Revenue and Housing Revenue Account budgets for 2023/24 as presented in *Attachment 1a*, be approved.**
- (2) That the draft General Fund and Housing Revenue Account Capital programmes for 2023/24 to 2027/28 presented in *Attachment 1b*, be approved.**
- (3) That the proposed Fees and Charges for 2023/24, including an average Housing Rent increase of 7.0% on Council Dwellings, presented in *Attachment 1c*, be approved.**
- (4) That the updated General Fund Medium-Term Financial Plan for 2023/24 to 2027/28 presented in *Attachment 1d*, be approved.**
- (5) That the Section 151 Officer’s report – in accordance with Section 25 of the Local Government Act 2003 – on the robustness of the estimates for the purposes of the Council’s 2023/24 budgets and the adequacy of the reserves, presented in *Attachment 2*, be noted.**
- (6) That the Section 151 Officer’s recommendation to maintain a minimum £4.0 million contingency balance in the Council’s General Fund Reserve in the medium-term, including a contribution to the Reserve as part of the General Fund revenue budget proposals for 2023/24, be approved.**
- (7) That the Treasury Management Outturn report 2021/22 considered by the Audit & Governance Committee on 29th September 2022, presented in *Attachment 3*, be noted.**
- (8) That the Treasury Management Mid-Year Update report 2022/23 considered by the Audit & Governance Committee on 28th November 2022, presented in *Attachment 4*, be noted.**
- (9) That the draft Treasury Management Strategy 2023/24 considered by the Audit & Governance Committee on 13th February 2023 and recommended for Council approval, presented in *Attachment 5*, be approved; and**

**(10) That the draft Capital Strategy 2023/24 to 2025/26, considered by the Audit & Governance Committee on 13th February 2023, presented in *Attachment 6*, be approved.**

## **1. Executive Summary**

- 1.1 The first major milestone in the Financial Planning Framework (FPF) for 2023/24 to 2027/28 was reached on 10th October 2022, with Cabinet receiving and considering an updated Medium-Term Financial Plan (MTFP). The MTFP revealed a projected deficit of £4.126 million for 2023/24 on the General Fund; it is a deficit that required eliminating in full for the Council is to fulfil its legal obligation to set a balanced budget for the forthcoming financial year.
- 1.2 The MTFP identified a projected surplus of £0.682 million on the Housing Revenue Account (HRA) for 2023/24, with a breakeven position anticipated over the five-year period.
- 1.3 Acting on the strategic direction provided by Cabinet on 10th October 2021, officers provisionally bridged the General Fund deficit, and further developed the other revenue and capital elements of the wider budget for 2023/24, presenting an initial draft – balanced – budget to Cabinet on 20th December 2022. The Local Government Finance Settlement 2023/24 was also announced in December 2022, and the initial draft budget was scrutinised by the Stronger Council Select Committee on 24th January 2023.
- 1.4 Final budget proposals for 2023/24 were considered and recommended for approval by Cabinet on 6th February 2023 and are presented in ***Attachment 1***.
- 1.5 The *Revenue* elements (***Attachment 1a***) of the proposed Budget for 2023/24 comprise the following:
  - The General Fund final budget proposal for 2023/24 comprises Net Expenditure of £17.641 million, which includes a contribution of £0.263 million to the General Fund Reserve. The provisional Local Government Finance Settlement 2023/24 was slightly higher than expected, which has helped fund a contingency budget of £0.4 million for the Waste Management service, which is an area coming under significant financial pressure. The Settlement has also enabled a proposed Council Tax increase of 2.98%; a reduced assumption compared to a £5.00 increase in the December 2022 (initial) draft budget; and
  - The HRA final budget proposal for 2023/24 anticipates a surplus of £0.364 million and assumes an average – below inflation – Housing Rent increase of 7.0% (in accordance with the Government rent cap).
- 1.6 The *Capital* elements (***Attachment 1b***) of the proposed Programme for 2023/24 to 2027/28 comprise the following:
  - The General Fund Capital Programme comprises total expenditure of £108.655 million over the five-year period 2023/24 to 2027/28, including £57.561 million in 2023/24; and
  - The HRA Capital Programme comprises total expenditure of £165.925 million over the five-year period 2023/24 to 2027/28, including £35.019 million in 2023/24.
- 1.7 ***Attachment 1c*** also presents the proposed Fees & Charges that support the draft budget for 2023/24. This comprises both General Fund and HRA.

- 1.8 Looking further ahead, an updated Medium-Term Financial Plan covering both the General Fund and the HRA was also considered and recommended for approval by the Cabinet on 6th February 2023 and is also included in **Attachment 1d**; the numbers reflect the draft budget proposals for 2023/24.
- 1.9 In addition, the Council's Section 151 Officer has a duty under Section 25 of the Local Government Act 2003 to report on the robustness of the budget estimates and the adequacy of the Council's proposed financial reserves. Members attention is therefore drawn to the comments made in **Attachment 2**, which is for consideration and noting.
- 1.10 In considering the Council's contingency reserves, extant professional guidance in the form of the recommended principles contained in "*LAAP Bulletin 99: Local Authority Reserves and Balances (issued July 2014)*" is followed. On that basis, taking account of the strategic, operational, and financial risks facing the Council, the maintenance of a £4.0 million minimum contingency balance of unallocated reserves in the General Fund Reserve is recommended. This is an underlying assumption in the Council's updated Medium-Term Financial Plan 2023/24 to 2027/28, although the latest forecast for 2022/23 (as at 31st December 2022) anticipates that the Council is likely to fall below the recommended minimum in the short term; it nevertheless remains an important medium-term objective.
- 1.11 Turning to Treasury Management, under delegated arrangements with the Audit & Governance Committee, full Council retains full oversight and control of Treasury Management matters. Accordingly, the Treasury Management Outturn report 2021/22 (**Attachment 3**) and the Treasury Management Update report 2022/23 (**Attachment 4**) – considered by the Audit & Governance Committee on 29th September and 28th November 2022 respectively – are presented for noting.
- 1.12 In addition, the draft Treasury Management Strategy 2023/24 (**Attachment 5**) – considered by the Audit & Governance Committee on 13th February 2023 – is presented and recommended for approval.
- 1.13 And finally, the draft Capital Strategy 2023/24 to 2025/26 (**Attachment 6**) was also presented to the Audit & Governance Committee on 13th February 2023 and is also recommended for approval (including embedded Prudential Indicators 2023/24 to 2025/26).

## **2. Resource Implications**

- 2.1 There are significant resource implications, which are covered in detail in the report.

## **3. Legal and Governance Implications**

- 3.1 The Council has a legal duty under the Local Government Finance Act 1992 to set a balanced budget. This report sets out a recommended budget for 2023/24 which fully meets the legal requirements.
- 3.2 The Council has a duty to consult employees and trade unions under Section 188 of the 1992 Trade Union and Labour Relations (Consolidation) Act ("TULRCA") where 20 or more potential staff redundancies are proposed. The requirement was triggered by the staff savings that were developed in order to achieve a balanced budget for 2023/24.

## **4. Safer, Cleaner and Greener Implications**

- 4.1 None.

## **5. Consultation Undertaken**

- 5.1 The preparation of the 2023/24 budget proposals, including the recommended Council Tax increase has been the subject of extensive scrutiny and consultation. The Cabinet – at its meeting held on 6th February 2023 – considered comments on the budget proposals, made by the Stronger Council Select Committee at its meeting held on 24th January 2023.
- 5.2 The statutory process described above in Paragraph 3.2 commenced on 9th January 2023 – with affected staff and trade unions consulted – in accordance with the TULRCA 1992.

## Report to the Cabinet

**Report reference:** C-038-2022/23  
**Date of meeting:** 6th February 2023



**Portfolio:** Finance, Qualis Client & Economic Development

**Subject:** Draft Budget 2023/24 (including General Fund & HRA revenue & capital, Fees & Charges, and an updated Medium-Term Financial Plan)

**Responsible Officer:** Andrew Small (01992 564278)

**Democratic Services:** Adrian Hendry (01992 564246)

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### Recommendations/Decisions Required:

- 1) To consider the final revenue and capital budget proposals for 2023/24 as presented in *Appendices A to D* of this report, together with the comments received from the Stronger Council Select Committee; and after making any amendments that Cabinet considers necessary
- 2) Recommend to Council:
  - a. The budget for 2023/24 and the updated Medium-Term Financial Plan; and
  - b. The level of Council Tax increase for 2023/24.

### Executive Summary:

The Cabinet approved an updated Financial Planning Framework (FPF) 2023/24 to 2027/28 at its meeting on 30th September 2022, which is the first step in preparing the 2023/24 budget.

The first major milestone in the FPF was reached on 10th October 2022, with Cabinet receiving and considering an updated Medium-Term Financial Plan (MTFP) for 2023/24 to 2027/28. The MTFP revealed a projected deficit of £4.126 million for 2023/24 on the General Fund; it is a deficit that required eliminating in full for the Council to fulfil its legal obligation to set a balanced budget for the forthcoming financial year.

The MTFP identified a projected surplus of £0.682 million on the Housing Revenue Account (HRA) for 2023/24, with a breakeven position anticipated over the five-year period.

Acting on the strategic direction provided by Cabinet on 10th October 2021, officers provisionally bridged the General Fund deficit, and further developed the other revenue and capital elements of the wider budget for 2023/24, presenting an initial draft – balanced – budget to Cabinet on 20th December 2022. The Local Government Finance Settlement 2023/24 was also announced in December 2022, and the initial draft budget was scrutinised by the Stronger Council Select Committee on 24th January 2023.

This report contains the final budget proposals for 2023/24 for consideration by Cabinet.

The Revenue elements of the draft budget for 2023/24 can be found at **Appendix A**.

- The General Fund final draft budget proposal for 2023/24 comprises Net Expenditure of £17.641 million, which includes a contribution of £0.263 million to the General Fund Reserve. The provisional Local Government Finance Settlement 2023/24 was slightly higher than expected, which has helped fund a contingency budget of £0.4 million for the Waste Management service, which is an area coming under significant financial pressure. The Settlement has also enabled a proposed Council Tax increase of 2.98%; a reduced assumption compared to a £5.00 increase in the December 2022 (initial) draft budget; and
- The HRA final draft budget proposal for 2023/24 anticipates a surplus of £0.364 million and assumes an average – below inflation – Housing Rent increase of 7.0% (in accordance with the Government rent cap).

The Capital elements of the draft budget for 2023/24 can be found at **Appendix B**.

- The General Fund Capital Programme comprises total expenditure of £108.655 million over the five-year period 2023/24 to 2027/28, including £57.561 million in 2023/24; and
- The HRA Capital Programme comprises total expenditure of £165.925 million over the five-year period 2023/24 to 2027/28, including £35.019 million in 2023/24.

The proposed Fees & Charges that support the draft budget for 2023/24, can be found at **Appendix C**. This comprises both the General Fund and HRA elements, with an average inflationary increase of around 10.1% (September 2022 CPI) applied.

Looking further ahead, the updated MTFP is included at **Appendix D** covering both the General Fund and the HRA; the numbers reflect the final draft budget proposals for 2023/24. The overall financial profile is broadly similar to the October and (improved) December 2022 positions previously presented, but there are some key differences, most notably a higher peak deficit of £2.4 million is now expected to emerge in 2024/25, reflecting the combined impacts of the new Waste Management contract and the Council's wider General Fund Capital Programme (and especially the underlying financing implications in the light of rising interest rates).

In terms of the **General Fund** medium-term position, the projections are summarised below.

General Fund MTFP (@ February 2023)		
Financial Year	(Surplus)/Deficit	Comment
	£000's	
2023/24	0	Includes <i>ongoing</i> contribution of £0.263 million to General Fund Reserve. <i>One-off</i> Contingency up to £0.713 million available from Collection Fund Deficit Reserve in the event of income shortfall on Qualis loan margins.
2024/25	2,389	New Waste Management contract assumed with effect from November 2024.
2025/26	762	
2026/27	677	
2027/28	454	



In terms of the **HRA** medium-term position, the projections are summarised below.

<b>Housing Revenue Account MTFP (@ February 2023)</b>		
<b>Financial Year</b>	<b>(Surplus)/Deficit</b>	<b>Comment</b>
	<b>£000's</b>	
2023/24	(364)	
2024/25	25	
2025/26	295	Assumed £900,000 saving from Qualis re Housing Repairs
2026/27	4	
2027/28	70	

The final stage in the process will see the budget proposals for both the General Fund and Housing Revenue Account presented to the Council on 28th February 2023, alongside the Council Tax Setting report for 2023/24.

**Reasons for Proposed Decision:**

To enable Cabinet to recommend a final budget for 2023/24 to the Council on 28th February 2023.

**Legal and Governance Implications:**

The Council has a legal duty under the Local Government Finance Act 1992 to set a balanced budget. This report presents final budget proposals that reflect a balanced position for 2023/24.

**Safer, Cleaner and Greener (SCG) Implications:**

There are no direct SCG implications contained within the report.

**Consultation Undertaken:**

The initial draft budget proposals for 2023/24, including an updated Medium-Term Financial Plan, were presented to Cabinet on 20th December 2022 and to the Stronger Council Select Committee on 24th January 2023. The comments from the Stronger Council Select Committee meeting will be considered by Cabinet alongside this report.

**Background Papers:**

None.

**Risk Management:**

The consideration of risk formed an integral part of the development of the proposals in this report. In particular, the Budget (and updated MTFP) is based on a series of estimates and assumptions that are informed by a range of intelligence sources (some certain, some uncertain); that process, including any residual risk in the decision-making process, is clearly indicated where appropriate.

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## Final Budget Proposals 2023/24

### GENERAL FUND & HRA REVENUE

#### 1. Background and Introduction

- 1.1 The Cabinet approved an updated Financial Planning Framework (FPF) 2023/24 to 2027/28 at its meeting on 30th September 2022, which is the first step in preparing the 2023/24 budget.
- 1.2 The first major milestone in the FPF was reached on 10th October 2022, with Cabinet receiving and considering an updated Medium-Term Financial Plan (MTFP) for 2023/24 to 2027/28. The MTFP revealed a projected revenue deficit of £4.126 million for 2023/24 on the General Fund; it was a deficit that required eliminating in full if the Council were to fulfil its legal obligation to set a balanced budget for the forthcoming financial year.
- 1.3 The MTFP projected a revenue surplus of £0.682 million on the Housing Revenue Account for 2023/24.
- 1.4 Acting on the strategic direction provided by Cabinet on 10th October 2022, officers were successful in provisionally bridging the General Fund revenue deficit and presented an early draft budget for 2023/24 to Cabinet on 20th December 2022. The budget was balanced, primarily due to the inclusion of draft General Fund savings proposals of £3.889 million (total savings of £4.293 million were presented, including HRA savings of £0.404 million). There did however remain some material uncertainty as, most notably, the provisional Local Government Finance Settlement for 2023/24 had not been announced in time for inclusion in the report.
- 1.5 An early draft revenue budget for 2023/24 for the HRA was also presented to Cabinet on 20th December 2022. It anticipated a surplus of £0.371 million.
- 1.6 The draft budget proposals presented to Cabinet in December 2022 – both General Fund and HRA revenue – were scrutinised by the Stronger Select Committee on 24th January 2023. The Portfolio Holder for Finance also updated the Committee on the outcome of the provisional Local Government Finance Settlement for 2023/24. The Settlement was better than originally anticipated, although the good news was counter-balanced by further financial pressure emerging during December 2022 and January 2023; additional costs pressures and financial risk on Waste Management in particular was causing concern (a declining contingency balance in the General Fund Reserve had already been identified and addressed in the initial draft Budget in December 2022).
- 1.7 Further detailed work has now been completed on the revenue budgets, with the General Fund ‘re-balanced.’ This report allows Cabinet to consider the final budget proposals for 2023/24 – for both the General Fund and HRA – as set out in the report, whilst taking into consideration the comments of the Stronger Council Select Committee.

## 2. Proposed General Fund Revenue Budget 2023/24

### SUBJECTIVE ANALYSIS

2.1 The proposed General Fund revenue budget for 2023/24 comprises Net Expenditure of £17.641 million and is summarised by **subjective** heading – including changes to the early draft adopted by Cabinet in December 2022 – in the table below.

<b>2023/24 General Fund Draft Revenue Budget: subjective analysis</b>			
<b>Description</b>	<b>Draft Budget (Dec 2022)</b>	<b>Movements</b>	<b>Draft Budget (Feb 2023)</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>EXPENDITURE</b>			
Employees	22,578	(28)	22,550
Premises	3,605	44	3,649
Transport	171	0	171
Supplies & Services	8,802	232	9,034
Support Services	3	0	3
Contracted Services	9,445	68	9,513
Transfer Payments (H Bens)	22,210	0	22,210
Financing Costs	3,309	280	3,589
Service Contingency (Waste)	0	400	400
Corporate Contingency (Qualis)	722	(9)	713
<b>Gross Expenditure</b>	<b>70,845</b>	<b>987</b>	<b>71,832</b>
<b>INCOME</b>			
Fees and Charges	(17,272)	(372)	(17,644)
Government Contributions	(24,137)	115	(24,022)
Misc. Income (inc. Qualis)	(3,697)	197	(3,500)
Other Contributions	(4,099)	58	(4,041)
HRA Recharges	(4,981)	(3)	(4,984)
<b>Net Expenditure</b>	<b>16,659</b>	<b>982</b>	<b>17,641</b>
<b>FUNDING</b>			
Council Tax	(8,883)	(16)	(8,899)
Business Rates	(5,766)	0	(5,766)
Collection Fund Adjustments	(511)	(134)	(645)
Council Tax Sharing Agreement (CTSA)	(748)	133	(615)
Revenue Support Grant (RSG)	0	(129)	(129)
New Homes Bonus	0	(78)	(78)
2023/24 Services Grant	0	(129)	(129)
Lower-Tier Services Grant	0	0	0
Other Grants (Non-Specific)	(250)	(679)	(929)
Credit Loss Adjustment	0	0	0
Contribution to/(from) Reserves	(501)	50	(451)
<b>Total Funding</b>	<b>(16,659)</b>	<b>(982)</b>	<b>(17,641)</b>
<b>(Surplus)/Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>

## EXPENDITURE

2.2 The **Expenditure** highlights included in the table above are as follows:

- **Employee Costs (£22.550 million)** – the core inflationary assumptions with regard to 2023/24 remain unchanged compared to both the October MTFP and December 2022 initial draft budget estimates. A back-dated pay settlement for 2022/23 has been adopted following agreement with the unions; it was a fixed sum increase of £1,925 for all employees, equating to an average pay increase of approximately 5.0%. An assumed pay award of 4.0% for 2023/24 remains unaltered. The initial draft Budget presented to Cabinet in December 2022 showed that Employee costs had fallen by £4.229 million since the October 2022 MTFP estimate was prepared; the biggest factor was a reduction of £2.662 million in staffing costs, representing a key part of the Savings Strategy to tackle the projected deficit of £4.126 million. Other notable reductions included the removal of £0.848 million in Grounds Maintenance staffing costs as part of the forthcoming transfer of the service to Qualis (approved by Cabinet 7th November 2022), a net reduction Pension Fund costs (including a £0.439 million saving on Secondary Rate contributions), along with the realignment of some ICT staff budgets to corresponding HRA budgets (impact £0.127 million; this avoids future unnecessary recharges).

### Update February 2023

A small number of minor changes to salary budgets has not resulted in any significant change to the overall Employee Costs assumption compared to the initial draft budget presented to Cabinet in December 2022.

- **Premises (£3.649 million)** – the initial draft budget presented to Cabinet in December 2022 included costs slightly higher on Premises than originally anticipated in October 2022 (up £349,000) following a further/updated review of Energy Costs; the largest factor was a further pressure of £248,000 (in addition to the October 2022 inflation assumption) on Electric costs. In contrast, Gas budgets were found to have been underspending, which resulted in some ‘headroom’ that helped to absorb price increases. Most of the cost pressure on Energy falls within the Council’s Housing Revenue Account, rather than the General Fund.

### Update February 2023

Further analysis has identified the need for just one technical accounting change to the overall Premises assumption compared to the draft Budget presented to Cabinet in December 2022. Wholesale energy prices (and Gas in particular) have been falling in recent weeks (at the time of preparing this report), which provides some optimism as to the adequacy of the draft Budget assumptions.

- **Supplies & Services (£9.034 million)** – as reported to Cabinet in December 2022, Budget Holders were asked to absorb a proportion of the estimated impact of inflation (which peaked, with a recorded CPI of 11.1%, in October 2022), with a 5.0% inflation rate subsequently applied to Supplies and Services budgets (realising over £600,000 from reduced budget inflation). In addition, savings proposals realised a further £1.158 million in reduced budget pressure. These two items were the dominant factors in overall Supplies and Services budgets being £2.023 million lower than anticipated in the October 2022 MTFP.

Update February 2023

Subsequent work by officers during January 2023, identified the need to make further (upward) budget adjustments totalling £231,350. The largest item related to assumed commission payments to Qualis in respect of the future uplift in Commercial Property Rents as part of new forthcoming Asset Management arrangements, set to take effect in 2023/24 (precise details are still under discussion at the time of preparing this draft Budget proposal).

- **Contracted Services (£9.513 million)** – as reported to Cabinet in December 2022, the budgeted cost of Contracted Services was significantly higher (up £2.266 million) than assumed in the October 2022 MTFP. There were two dominant factors. Firstly, the overall cost of the Grounds Maintenance service (excluding Contract Management costs) will be incurred through a Contract Fee upon transfer to Qualis (rather than directly through individually budgeted Staffing, Premises, Transport and Other costs); the earmarked budget is £1.099 million. And secondly, there has been a change of accounting treatment on the Recycling contract; previously Recycling Credits had been netted against the Contract Fee; these have now been separated out onto a separate income line; this improves transparency, and the impact adds £900,000 to Contracted Services budgets, but is offset by an increase of the same amount on Other Contributions.

Update February 2023

Further work in January 2023 has not identified a requirement for any major changes, although a range of small cost pressures (total value £66,000) were identified on the Waste Management contract.

- **Transfer Payments (£22.210 million)** – expenditure on Housing Benefits (almost exclusively met by Government grant) is not expected to materially change compared to 2022/23, so the core budget assumption has remained fixed throughout; the ongoing migration of claimants to Universal Credit is expected to continue (driving down caseload), but there is an expectation that this will be broadly matched by rising Housing Benefit claims due to inflation in the economy (e.g., the HRA element of this draft Budget assumes a 7.0% average rent increase on the Council's housing stock).
- **Financing Costs (£3.589 million)** – increasing Financing Costs (up by £105,000 net compared to the October 2022 MTFP) were reported to Cabinet in December 2022, reflecting sharply rising interest rates leading to a sharp increase in Interest Payable, which was offset to a significant extent by an increase in Interest Receivable and a reduced requirement to provide for Minimum Revenue Provision (MRP) following a proposed change in accounting policy (presented to, and supported by, the Audit & Governance Committee on 28th November 2022).

Update February 2023

The assumptions on Financing Costs have been re-visited again during January 2023 to incorporate the latest intelligence in interest rates etc. This has resulted in the identification of a further net cost pressure of £280,920; once again, positive news on Interest Receivable (from the Council's very limited short-term investments) and MRP payable, has been outweighed by anticipated additional Interest Payable.

- **Service Contingency (Waste) (£0.40 million)** – the Council has experienced significant service disruption and additional expense on its Waste Management services in recent months. The existing outsourced contract with Biffa runs until October 2024, and a range of options for future service delivery are being considered to ensure the best outcome for local residents. At the time of preparing this Budget, the Council is facing significant financial risk in the Waste Management service in the year ahead. In the circumstances, a contingency of £400,000 has been set aside within the Commercial Technical directorate to help alleviate any potential cost pressures of this nature, should they occur during 2023/24; in the event that the contingency is partially spent or not required at all, any surplus will be returned to the General Fund Reserve rather than utilised for another purpose.
- **Corporate Contingency (Qualis) (£0.713 million)** – as reported to Cabinet in December 2022, the initial draft budget contained a specific contingency that was set aside for Qualis income. This is predominantly due to the experience of the last two financial years (including Quarter 3 for 2022/23, which is on this agenda), whereby slippage in the drawdown of loans, exacerbated by rising interest rates, has been causing repeated budget pressure. In the circumstances, a 25% contingency was introduced of £721,900 (attaching specifically to an overall anticipated loan margin of £2,887,600 in 2023/24; estimated in December 2022). It should be noted that this is not a General Contingency and would only be drawn upon in the event of a shortfall in income from Qualis. It would be funded from the Collection Fund Deficit Reserve (see discussion on Funding below in Paragraph 2.4 for further details).

**Update February 2023**

Further work on the estimated Qualis drawdown profile in January 2023 (as well as updated intelligence on interest rates) has led to a small (downward) adjustment of £9,020 to the Contingency in order to maintain the 25% balance.

**INCOME**

2.3 The ***Income*** highlights included in the table above are as follows:

- **Fees and Charges (£17.644 million)** – in preparing the initial draft budget for Cabinet in December 2022, the average inflation rate applied was 10.1% (September 2022 CPI). This was slightly lower than an originally expected 12.0% inflation rate (it reduced anticipated income from Fees and Charges by £192,000). In addition, the income expectation from the Leisure Management Fee was reduced by a net £317,000 based on earlier discussions with the contractor Places Leisure who were suffering substantial energy cost increases. There was also a reduction of £200,000 in assumed Car Parking income from Bakers Lane, Epping given the now anticipated closure date of September 2023. Car Parking charges were assumed frozen at that stage

**Update February 2023**

- Assumed income from Fees and Charges has risen by £371,140 since December 2022. A detailed review of anticipated income from Commercial Property Rents was undertaken during December 2022 and January 2023 in partnership with Qualis. This was a successful exercise, which identified anticipated net additional income of £511,010. Assumed rental income at the Civic Offices from Regus has also been introduced at £86,610. In contrast, subsequent discussions with Places Leisure have identified a need for a more prudent estimate on the Leisure Services Management Fee, resulting in a further budget reduction of £268,480, thus partially offsetting the gains. Car Parking charges are still assumed frozen.



- **Government Contributions (£24.022 million)** – the vast majority of Government Contributions relate to Housing Benefit Subsidy payments, which are assumed to be frozen at 2022/23 levels (see discussion on Transfer Payments above).

*Update February 2023*

The Government decision to roll the Local Council Tax Support (LCTS) Administration Grant into the Revenue Support Grant (RSG) – announced as part of the provisional Local Government Finance Settlement for 2023/24 – has resulted in a reduction of £115,140 in assumed Government Contributions within Net Expenditure, which is ‘neutralised’ through additional RSG Funding of the same amount (see discussion below in Paragraph 2.4).

- **Miscellaneous Income (including Qualis) (£3.50 million)** – the vast majority of income on this budget line comes from Qualis and was relatively stable in the December 2022 draft Budget compared to the October 2022 MTFP; at that point, the total estimated loan margins from Qualis were £2.888 million for 2023/24.

*Update February 2023*

Further work to separate the Asset Management elements of the Qualis income stream from interest margins (to facilitate the service transfer to Qualis with effect from 2023/24) has now been completed. This results in an abatement of £197,140 to this income line. However, this is more than offset by credits to Employee Expenses (£156,370) and Contracted Services (£283,260). The updated total estimated loan margins from Qualis in 2023/24 is now £2.852 million; this continues to be a vital source of income for the Council, which helps to protect frontline services.

- **Other Contributions (£4.041 million)** – the level of “Other Contributions” reported in December 2022 was higher than projected in the October 2022 MTFP by £1.009 million, which reflected the change in accounting treatment of the Recycling contract, with Recycling Credits (estimated at £900,000) now credited to this line. This masks the assumed loss of £80,000 in annual contributions from Essex County Council towards the Highways Rangers service.

*Update February 2023*

Further work on anticipated income from Recyclable materials has resulted in a downward adjustment of £58,170 due to marginally declining volumes (rather than market ‘spot rates’).

- **HRA Recharges (£4.984 million)** – as reported to Cabinet in December 2022, the updated (net) HRA Recharges assumption was lower – by £498,000 – compared to the assumption in the October 2022 MTFP. This is partly due to some small accounting changes (which are cost neutral on both the General Fund and HRA), which improve accounting efficiency and transparency. However, the dominant factor was a reduction of £403,944, representing the HRA share of the draft savings proposals put forward, primarily to address the Deficit projected in the General Fund in the October 2022.

*Update February 2023*

A minor staff-related adjustment of £3,750 marginally increases assumed income from HRA Recharges in 2023/24.



## FUNDING

2.4 The **Funding** highlights included in the table above are as follows:

- **Council Tax (£8.899 million)** – due to the worsening state of the economy, the initial draft Budget adopted by Cabinet in December 2022 assumed a rise of 10% in Local Council Tax Support (LCTS) cases and a Council Tax collection rate reduction from 98.0% to 97.5%. A Council Tax increase of £5 was also a key assumption, which would raise the current Band D charge from £157.46 to £162.46.

### Update February 2023

The final tax base has been calculated for 2023/24 and the Parish Councils notified accordingly. The negative outlook on LCTS cases and collection rates remain unchanged compared to December 2022. However, in the light of a more favourable provisional Local Government Finance Settlement for 2023/24 than anticipated (see below), this draft Budget contains a proposed Council Tax increase of 2.98%. If adopted, this would increase the Band D charge from £157.46 to £162.15. Members of course retain the opportunity to vary this proposal.

- **Business Rates (£5.766 million)** – the Business Rates estimates presented to Cabinet in December 2022 reflected the 2023 Revaluation and the Business Rates measures contained in the Autumn Statement 2022.

The draft Valuation List for 2023 released by the Government showed an overall increase in Rateable Value (RV) for Epping Forest district of £13.5 million (up from a 2017 List value of £96.7 million to £110.2 million). This will result in an estimated *average* increase in Business Rates bills for the district of 14.0% in 2023/24. Whilst this will significantly increase the amount of cash receivable from Business Rates, the Council will be required to pay a significantly higher “Tariff” as part of the Business Rates Retention (BRR) system.

### Update February 2023

Due to a temporary issue with the “Academy” system at the time of preparing this draft Budget, a more refined estimate of expected Business Rates for 2023/24 has not been possible. However, the initial estimate made in December 2022 was prepared with the support of “Local Government Futures”, who are professional experts in Business Rates forecasting. They estimated a Tariff increase of £1.986 million for the Council (up from £10.881 million to £12.867 million); the actual Tariff announced in the provisional Local Government Finance Settlement was £12.774 million (i.e., the LG Futures forecast was within 0.7% of actual). Given the relative accuracy of the December 2022 estimate, the assumed receipt of £5.766 million from the 2023/24 Business Rates Retention (BRR) system remains unaltered.

- **Collection Fund (£0.645 million)** – a detailed review was undertaken by officers in late October/early November 2022 in order to establish provisional estimates. It identified some encouraging signs, with net distributions – from projected surpluses – of £99,309 and £411,438 anticipated from Council Tax and Business Rates, respectively. Clarifications on potential Appeals cases in particular were allowing a more optimistic forecast on Business Rates (albeit tempered by caution, given the current economic crisis).

### Update February 2023

The assumptions in December 2022 have been further refined, which has resulted in revised forecasts of £93,912 and £551,114 for Council Tax and Business Rates respectively; this raises the anticipated Collection Fund income distributions from £510,747 to £645,026 (i.e., up by £134,279).

- **Council Tax Sharing Agreement (CTSA) (£0.615 million)** – as reported to Cabinet in December 2021, the prospects for CTSA have stabilised with a new Essex agreement in place for 2023/24. Based on available intelligence back in September 2022, the updated MTFP to Cabinet assumed a CTSA reduction of £100,000 from £948,000 to £848,000 for the duration of the MTFP. Updated intelligence, and a worsening economy, resulted in a slightly more prudent assumption of £748,000 (down another £100,000) in the December 2022 draft proposals.

**Update February 2023**

The subsequent release of CTSA statistics for Quarter 3 (as at 31st December 2022) suggests that a further reduced assumption is necessary. On that basis, assumed funding of £614,960 is now included in this Budget, based on the Quarter 3 forecast (i.e., down another £133,040).

- **Revenue Support Grant (£0.129 million)** – the December 2022 draft Budget assumed no funding from Revenue Support Grant (RSG).

**Update February 2023**

In announcing the provisional Local Government Finance Settlement for 2023/24, the Government rolled some miscellaneous (relatively small) items into the RSG. This was unexpected, with this Council receiving a total RSG allocation of £128,790. However, this included £115,140 in LCTS Administration Grant (as noted above); this has previously been received as a service grant. The net gain to Epping Forest District Council from RSG was therefore just £13,650.

- **New Homes Bonus (£0.078 million)** – the December 2022 draft Budget assumed no funding from New Homes Bonus (NHB) on the basis of previous Government pronouncements, including the withdrawal of legacy payments from 2023/24.

**Update February 2023**

The provisional Local Government Finance Settlement for 2023/24 included an NHB allocation of £78,180 for Epping Forest District Council. Whilst this was welcome, it contrasts with an allocation of £775,510 in 2022/23.

- **2023/24 Services Grant (£0.129 million)** – there was no assumption of receiving any funding from this source in the initial draft budget presented to Cabinet in December 2022.

**Update February 2023**

The Government included an allocation of £129,370 for this Council in the Settlement for 2023/24 (comparable to an allocation of £229,580 from the “2022/23 Services Grant” last year).

- **Other Grants (non-specific) (£0.929 million)** – a cautious assumption of £250,000 was assumed within the initial draft budget adopted by Cabinet in December 2022 for ‘unidentified non-ringfenced grants’ based on emerging intelligence at the time.

**Update February 2023**

The Government commitment to protect “Core Spending Power” to local councils in the provisional Local Government Finance Settlement 2023/24 manifested itself in a “Funding Guarantee Allocation” of £929,050 for this Council; it was easily the most positive aspect of the overall Settlement and helps to address further emerging spending pressures in areas such as Waste Management in particular.

- **Contribution to/from Reserves (£0.451 million)** – as mentioned above, the initial draft budget presented to Cabinet in December 2022 contained a Corporate Contingency of £721,900 in relation to Qualis income (representing 25% of the projected gross income from Qualis loan margins). This was proposed to be funded from the Collection Fund Deficit Reserve (CFDR). The CFDR was funded from Government compensation paid to the Council under Section 31 of the Local Government Act 2003 for anticipated loss of Business Rates income during the Covid-19 pandemic. Until now it has been used to fund the Council's share of Collection Fund losses. However, Business Rates (and Council Tax) income has held up better than expected and there is strong evidence to suggest that there is sufficient scope within the Reserve to fund the contingency. Section 31 grant is not ring-fenced and is freely available to support the wider General Fund (assuming sufficient funds exist).

The draft General Fund budget proposal in December 2022, also committed to making a proposed contribution of £220,680 to the General Fund Reserve in 2023/24, with a view to addressing an anticipated shortfall of around £1.0 million over the medium-term (based on forecast overspending of £1.259 million at the Quarter 2 stage of 2022/23).

Update February 2023

As described above (in Paragraph 2.2), the updated assumption on income from loan margins resulted in a small adjustment to the Qualis contingency; the updated proposal is now £712,880.

The Quarter 3 projection for 2022/23 appears elsewhere on this agenda and shows a forecast General Fund overspend of £1.313 million. On that basis, it is proposed to offset this loss over the medium-term; a revised contribution of £262,620 to the General Fund is therefore proposed for 2023/24.

The draft General Fund budget summarised in the table above (Paragraph 2.1) therefore assumes a Net Contribution from Reserves of £450,260 (£712,880 from the CFDR, offset by £262,620 to the General Fund Reserve).

**EMBEDDED SAVINGS PROPOSALS**

- 2.5 Given the scale of the projected budget deficit for 2023/24 (£4.126 million) identified in the updated MTFP adopted in October 2022, senior officers, under the strategic direction of Cabinet, prepared initial savings proposals of £4.293 million (the net impact on the General Fund was £3.889 million, after adjusting for HRA Recharges) in order to achieve an initial draft balanced budget in December 2022.
- 2.6 Some of the savings proposed entailed the removal of staff posts; mostly vacancies, but there were some occupied posts in scope too. Consequently, a statutory consultation process commenced on 9th January 2023 and the outline savings proposals were scrutinised by the Stronger Council Select Committee on 24th January 2023. A further review of the financial impacts of the savings proposals has been completed by officers; this has resulted in minimal changes. The updated embedded savings proposals included in this final draft budget proposal are summarised by subjective heading in the table below.

<b>Draft General Fund Budget 2023/24: Embedded Savings Proposals (@ February 2023)</b>	
<b>Subjective Description</b>	<b>Value</b>
	<b>£'s</b>
Vacant Posts	1,411,297
Employees	995,033
Employees (other)	225,832
Premises	74,439
Transport	1,730
Supplies & Services	1,198,485
Fees & Charges	324,022
Miscellaneous Income	73,000
<b>Overall Savings Total</b>	<b>4,303,838</b>
HRA Recharges Adjustment	<b>(400,203)</b>
<b>Net Savings in General Fund</b>	<b>3,903,635</b>

2.7 The identification of savings on this scale (27.53% of the 2022/23 General Fund Net Expenditure budget) is critical to ensure the financial sustainability of the Council. Nevertheless – throughout the budget preparation process – Cabinet and senior officers have been mindful of the overriding need to protect public services and, where the removal of posts is unavoidable, priority has been given to vacant posts, with compulsory redundancies an absolute last resort in the case of occupied posts.

2.8 The savings proposals presented above can also be analysed by Cabinet portfolio.

<b>Draft General Fund Budget 2023/24: Embedded Savings Proposals (@ February 2023)</b>			
<b>Cabinet Portfolio</b>	<b>Gross Savings</b>	<b>HRA Adjustments</b>	<b>Net Savings (General Fund)</b>
	<b>£'s</b>	<b>£'s</b>	<b>£'s</b>
Leader	20,000	(4,000)	16,000
Place	312,850	0	312,850
Finance	1,229,934	(99,845)	1,130,089
Housing & Community	270,504	(31,255)	239,249
Wellbeing & Community Partnerships	458,423	0	458,423
Customer	45,551	(16,973)	28,578
Contracts & Commissioning	52,000	0	52,000
Technical Services	737,944	(408)	737,537
Internal Resources	1,100,997	(232,594)	868,403
Reviews & Efficiency	75,635	(15,127)	60,508
<b>TOTALS</b>	<b>4,303,838</b>	<b>(400,203)</b>	<b>3,903,635</b>

2.9 The individual portfolio savings above comprise the following budget reductions in 2023/24:

- **Leader (£20,000)** – a 40% reduction in anticipated Legal Fees saving £20,000.
- **Place (£312,850)** – a reduction in the Master Planning budget saving £101,100, the removal of one staff post, saving £28,750, and a range of other savings realising a total of £183,000 (including a range of savings on Local Plan costs following its assumed adoption in time for 2023/24).
- **Finance (£1,229,934)** – the savings in the Finance portfolio are dominated by staff savings achieved from (predominately vacant) posts comprising Revenues & Benefits (£416,637), Economic Development (£219,475), Business Support (£219,098), Audit Services (£89,474) and North Weald Airfield (£58,831).
- **Housing & Community (£270,504)** – the savings in this portfolio predominantly include a wide range of smaller savings in areas such as premises costs (e.g., £23,990 following the disposal of Epping Town Depot, and £23,500 relating to a reduction in Planned Maintenance Costs). The savings also include the removal of one staff post (£75,874) and the assumed realisation of cost savings on the dedicated Policing Team (£45,000).
- **Wellbeing & Community Partnerships (£458,423)** – the savings in this portfolio are dominated by staff savings achieved from (predominately vacant) posts (£334,183). A proposed reduction in third sector grants of £31,895 also forms part of the proposals.
- **Customer (£45,551)** – the proposed savings in the Customer portfolio comprise of miscellaneous small savings totalling £45,551 (including the removal of kiosks in Waltham Abbey and Epping, which realises £7,657).
- **Contracts & Commissioning (£52,000)** – the single largest budget saving relates to the introduction of charges for additional Waste Containers (£25,000).
- **Technical Services (£737,944)** – the savings in the Technical Services portfolio are dominated by staff savings achieved from (predominately vacant) posts (£459,682). In addition, an assumed saving of £101,944 will be realised from above inflation increases in fees for Pre-Application Planning Advice and Planning Applications themselves.
- **Internal Resources (£1,100,997)** – the largest area of savings in the Internal Resources portfolio are staff savings achieved from (predominately vacant) posts totalling £447,066 (including Business Support £121,185, Democratic Services £96,429, HR £78,993, and ICT £71,186). The second largest reduction relates to a wide range of small savings on ICT costs in areas such as software and licenses (£282,589). Further highlights include a planned reduction in the use of Agency Staff (£61,990), the removal of a Communications/PR Consultancy budget (£40,400) and the introduction of Car Park charges at Beaumont Drive, Roydon (£22,000); and
- **Reviews & Efficiency (£75,635)** – total staff savings of £75,635 are proposed to be realised from one post.

2.10 The detailed review of all budget headings has been successful in the identification of a range of savings that can predominantly be realised without any impact on services; the emphasis has been firmly on protecting frontline services. However, it is regrettably inevitable that a limited number of Council services will be adversely affected, either partially or fully. Thus, if the savings proposals are accepted, the frontline service impacts include the following:

- **Community Safety** – the size of the dedicated Policing Team will be reduced; and
- **Community Programmes** – a range of community activities that the Council delivers or leads on will be either reduced or discontinued. This includes activities such as Yoga, Pilates, Bowls, Life Walks, Theatre Production (in schools) and Youth Projects; in certain instances, these activities will still continue, but will be led by other providers such as schools (in the case of Theatre Productions).

2.11 A full summary of the draft General Fund budget analysed by Subjective Heading (and Service Heading) can be found at **Annex 1**.

**SERVICE ANALYSIS**

2.12 The proposed General Fund revenue budget for 2023/24 can also be summarised by **service** heading – including changes to the early draft adopted by Cabinet in December 2022 – in the table below.

<b>2023/24 General Fund Draft Budget: service analysis</b>			
<b>Description</b>	<b>Draft Budget (December 2022)</b>	<b>Movements</b>	<b>Draft Budget (February 2023)</b>
	<b>£'s</b>	<b>£'s</b>	<b>£'s</b>
<b>NET EXPENDITURE</b>			
Chief Executive	655,270	0	655,270
Commercial & Technical	1,341,370	718,950	2,060,320
Community & Wellbeing	1,435,300	42,460	1,477,760
Corporate Finance	1,359,140	0	1,359,140
Corporate Services	9,057,300	39,060	9,096,360
Customer Services	1,995,670	119,610	2,115,280
Internal Audit	310,910	(6,060)	304,850
Place	191,640	88,560	280,200
Planning & Development	721,450	38,660	760,110
Property Services	1,930,130	(84,510)	1,845,620
Strategy, Delivery & Performance	814,940	0	814,940
Qualis	(2,609,030)	(242,490)	(2,851,520)
Other	4,435,240	271,900	4,707,140
HRA Recharges	(4,980,700)	(3,750)	(4,984,450)
<b>Total Net Expenditure</b>	<b>16,658,630</b>	<b>982,390</b>	<b>17,641,020</b>



2.13 There have been few material changes to the budget by service, compared to the initial draft presented to Cabinet in December 2022. The **Net Expenditure** highlights (changes over £100,000) included in the table above are as follows:

- **Commercial & Technical (Up £718,950)** – the increase in this directorate is due to a number of factors, with the most significant being the creation of the Service Contingency (Waste) of £400,000 explained above (in Paragraph 2.2) and separately itemised in the table above in Paragraph 2.1. The transfer of Asset Management budgets from the Qualis income stream, pending the forthcoming service transfer, has further increased assumed expenditure (impact £278,570).
- **Customer Services (Up £119,610)** – the removal of the LCTS Administration Grant of £115,140 (which has been rolled into RSG funding) is the dominant factor in the increased budget for Customer Services
- **Qualis (Down £242,490)** – the net budget requirement on the Qualis cost centre has reduced (i.e., income is *up*). As noted above (in Paragraph 2.3), the Asset Management elements of the Qualis income stream have now been removed, to facilitate the service transfer to Qualis; the budgets are now included in Contract Payments (in the Commercial & Technical Directorate); and
- **Other (Up £271,900)** – additional Financing costs of £280,920 are the primary driver behind the increase in “Other” budgets (see Paragraph 2.2 above for detailed discussion).

2.14 A full summary of the draft General Fund budget analysed by Service Heading (and Subjective Heading) can be found at **Annex 1**.

#### **COST CENTRE SUMMARY**

2.15 A detailed summary of the draft General Fund budget analysed by Cost Centre can be found at **Annex 2**.

### 3. Proposed Housing Revenue Account Budget 2023/24

- 3.1 The proposed HRA revenue budget for 2023/24 is summarised by **subjective** heading – including changes to the early draft adopted by Cabinet in December 2022 – in the table below. A surplus of £0.364 million is now anticipated, representing a marginal reduction compared to early draft.

<b>2023/24 HRA Draft Revenue Budget: subjective analysis</b>			
<b>Description</b>	<b>Draft Budget (December 2022)</b>	<b>Movements</b>	<b>Draft Budget (February 2023)</b>
	<b>£'s</b>	<b>£'s</b>	<b>£'s</b>
<b>EXPENDITURE</b>			
Employees	5,013,440	0	5,013,440
Premises	6,113,080	105,250	6,218,330
Transport	78,060	0	78,060
Supplies & Services	1,402,060	0	1,402,060
Contracted Services	7,197,660	0	7,197,660
Support Services (GF Recharges)	4,980,700	3,750	4,984,450
Debt Management Expenses	65,000	0	65,000
Provision for Bad Debts	99,000	0	99,000
Depreciation	9,137,000	0	9,137,000
<b>Total Expenditure</b>	<b>34,086,000</b>	<b>109,000</b>	<b>34,195,000</b>
<b>INCOME</b>			
Rental Income – Dwellings	(37,408,000)	(11,000)	(37,419,000)
Rental Income – Non-Dwellings	(936,000)	0	(936,000)
Fees & Charges (Service Charges)	(2,793,000)	0	(2,793,000)
Other Contributions (Shared Amenities)	(383,000)	0	(383,000)
<b>Total Income</b>	<b>(41,520,000)</b>	<b>(11,000)</b>	<b>(41,531,000)</b>
<b>Net Cost of Service</b>	<b>(7,434,000)</b>	<b>98,000</b>	<b>(7,336,000)</b>
Interest Received	(9,000)	1,000	(8,000)
Financing Costs	5,610,000	6,000	5,616,000
<b>Net Operating Income</b>	<b>(1,833,000)</b>	<b>105,000</b>	<b>(1,728,000)</b>
<i>Appropriations:</i>			
Contributions to Capital	1,462,000	(98,000)	1,364,000
Contributions to/(from) Reserves	0	0	0
<b>Total Appropriations</b>	<b>1,462,000</b>	<b>(98,000)</b>	<b>1,364,000</b>
<b>In Year (Surplus)/Deficit</b>	<b>(371,000)</b>	<b>7,000</b>	<b>(364,000)</b>



3.2 The most significant items in the table above include:

- **Employees (£5.013 million)** – the employee-related inflation assumptions mirror those of the General Fund (e.g., a 4.0% Pay Award is assumed for 2023/24) and there have been no changes to the estimate included within the initial draft Budget presented to Cabinet in December 2022.
- **Premises (£6.218 million)** – as reported to Cabinet in October 2022, there has been a substantial increase in the Premises budget this year (the 2022/23 budget provision was just £3.594 million), with the most notable item being the inclusion of an additional £1.0 million in respect of Gas and Minor Remedial Works. Recent regulatory changes require the frequency of Gas Testing to increase from 10-yearly to 5-yearly intervals.

Update February 2023

There has been a further increase of £105,250 in Premises costs compared to the draft estimate reported to Cabinet in December 2022. This reflects a switch in budget provision from Capital to Revenue (to comply with proper accounting practice) with regard to Water Tank Surveys.

- **Supplies and Services (£1.402 million)** – the Supplies and Services budget assumptions remain unchanged compared to those reported to Cabinet in December 2022, with the proposed 2023/24 budget actually lower (by £206,000) than 2022/23, which is primarily due to the removal of the one-off Stock Condition Survey costs of £392,000, which are being incurred in 2022/23.
- **Contracted Services (£7.198 million)** – as reported to Cabinet in October 2022, the base contract for Housing Repairs is assumed frozen, although a general inflation provision of 5.0% has been assumed for items falling outside the contract. The draft Budget presented in December reflected a reduction of £162,460 in Contracted Services, following a reduction in Qualis overhead charges (triggered by the imminent transfer of the Grounds Maintenance service to Qualis). There are no changes proposed in this iteration of the Budget.
- **Support Services/GF Recharges (£4.981 million)** – there was a substantial drop of £498,000 in General Fund Recharges reported to Cabinet in December 2022 (compared to the October 2022 updated MTFP). This reflected the assumed achievement of £404,000 in HRA-related savings that formed part of the overall savings proposals that were required to balance the General Fund.

Update February 2023

Minor staffing adjustments identified during January 2023, have marginally increased the Budget requirement by £3,750.

- **Depreciation (£9.137 million)** – depreciation charges remain relatively stable, mirroring valuation movements and the assumed reduction in Council properties, which is relatively small compared to the size of the Housing Stock (which averaged 6,436 dwellings during 2021/22).
- **Rental Income (Dwellings) (£37.419 million)** – as previously reported to Cabinet in December 2022, the original October 2022 Rent Increase assumption of 5.0% was raised to 7.0% in the draft Budget presented December 2022 (in line with the Government cap). Members of course have the option of choosing a lower rent increase.

Update February 2023

The affordable housing rent increase calculations were further refined during January 2023, resulting in the identification of a further £11,000 in Rental Income.

- **Fees & Charges/Service Charges (£2.793 million)** – the average increase of 10.1% (September 2022 RPI) assumed in the December iteration of the Budget remains unchanged; and
- **Capital Contributions (£1.364 million)** – the level of capital contributions is driven by the Net Cost of Services, with a net reduction of £98,000 compared to December 2022 reflected in the table above; the reduction is primarily due to the impact of the change in accounting treatment for Water Tank Surveys explained above.

**COST CENTRE SUMMARY**

- 3.3 A detailed summary of the draft HRA budget analysed by cost centre can be found at ***Annex 3***.

Draft General Fund Budget 2023/24: Full Subjective Analysis

FINAL Income & Expenditure Analysis 2023-24 (@ February 2023)															
Subjective Description	Chief Executive	Commercial & Technical	Community & Wellbeing	Corporate Finance	Corporate Services	Customer Services	Internal Audit	Place	Planning & Development	Property Services	Strategy, Delivery & Performance	Quais	Other	HRA Recharges	General Fund Total
	£s	£s	£s	£s	£s	£s	£s	£s	£s	£s	£s	£s	£s	£s	£s
Employee Expenses	545,880	4,861,560	1,557,610	941,560	4,877,490	3,808,980	118,590	244,910	3,739,010	832,830	616,670		404,630		22,549,720
Premises Related Expenses		1,605,860	480,100		360,060				1,000	1,202,230					3,849,250
Transport Related Expenses	1,000	109,030	5,590	1,080	14,890	5,640	2,590	300	17,440	12,690	310				701,560
Supplies And Services	108,390	1,808,760	418,610	416,500	4,464,840	292,570	183,670	34,990	1,061,600	45,810	197,960				9,033,700
Support Services					300				1,750	680					2,730
Contracted Services		9,513,490													9,513,490
Transfer Payments						22,210,200									22,210,200
Financing Costs													3,589,630		3,589,630
Service Contingency (Waste)		400,000													400,000
Corporate Contingency (Quais)													712,880		712,880
<b>Total Expenditure</b>	<b>655,270</b>	<b>18,298,700</b>	<b>2,461,910</b>	<b>1,389,140</b>	<b>9,717,580</b>	<b>26,317,390</b>	<b>304,650</b>	<b>280,200</b>	<b>4,820,800</b>	<b>2,094,240</b>	<b>814,940</b>	<b>0</b>	<b>4,707,140</b>	<b>0</b>	<b>71,832,160</b>
Fees & Charges		-13,416,780	-435,270		-294,210				-3,251,180	-246,030					-17,843,470
Government Contributions			-532,440			-23,489,780									-24,022,220
Misc Income		6,110			-1,290	-581,250			-59,510			-2,851,520			-3,489,880
Other Contributions		-2,815,490	-16,440		325,720	-131,080			-750,000	-2,590					-4,041,320
HRA Recharges														-4,984,450	-4,984,450
<b>Total Income</b>	<b>0</b>	<b>-16,238,380</b>	<b>-984,150</b>	<b>0</b>	<b>-621,220</b>	<b>-24,902,110</b>	<b>0</b>	<b>0</b>	<b>-4,060,690</b>	<b>-248,620</b>	<b>0</b>	<b>-2,851,520</b>	<b>0</b>	<b>-4,984,450</b>	<b>-54,191,140</b>
<b>Net Cost Of Services</b>	<b>655,270</b>	<b>2,060,320</b>	<b>1,477,760</b>	<b>1,389,140</b>	<b>9,096,360</b>	<b>2,115,280</b>	<b>304,650</b>	<b>280,200</b>	<b>760,110</b>	<b>1,845,620</b>	<b>814,940</b>	<b>-2,851,520</b>	<b>4,707,140</b>	<b>-4,984,450</b>	<b>17,641,020</b>

Annex 2**Draft General Fund Budget 2023/24: Cost Centre Summary**

<i>Service: Chief Executive</i>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2022/23 (Final)	2023/24 (Draft)
		£'s	£'s
50100	Chief Executive - Policy	532,529	550,030
CM100	Corporate Policy Making	24,550	30,900
CM105	Subscriptions	51,270	42,840
CM103	Company Structure - Qualis	50,000	31,500
		<b>658,349</b>	<b>655,270</b>

<i>Service: Community &amp; Wellbeing</i>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2022/23 (Final)	2023/24 (Draft)
		£'s	£'s
27150	Limes Centre	45,514	34,330
34180	Homelessness Team	479,607	509,580
CD110	Youth Strategy	8,960	0
CD112	Youth Council	18,560	12,600
RS280	North Weald Gymnasium	10,620	0
RS300	All Weather Pitch	-20,503	-25,560
RS400	Community, Health & Wellbeing	56,990	39,330
RS403	Marketing And Promotions	10,820	11,360
RS410	Sports Development Ext Funding	0	0
34170	Community & Culture	457,670	416,790
52100	Community & Wellbeing - Policy	198,281	215,050
GD110	Grant - Essex Womens Refuge	17,450	18,330
HL100	Homelessness Advice	-425,200	-455,650
HL110	Bed Breakfast Accommodation	1,142	1,100
CH110	Museum	643,690	481,030
CH113	Museum Development Projects	38,946	0
GD100	Grants To Voluntary Orgs	41,820	21,010
GD140	Grant - Citizens Advice Bureau	152,440	152,440
GD150	Grant - Voluntary Action Ef	40,300	30,000
PT101	Community Transport	16,180	16,020
		<b>1,793,287</b>	<b>1,477,760</b>

<i>Service: Commercial &amp; Technical</i>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2022/23 (Final)	2023/24 (Draft)
		£'s	£'s
32170	Licensing Group	312,185	326,840
32220	Estates & Valuation	70,243	339,620
35003	Procurement & Contract Dev	246,397	250,760
35004	Public & Environmental Health	439,005	464,070
35005	Neighbourhoods Team	299,768	367,360
35006	Safer Communities	369,001	358,170
35007	Waste Management Group	355,529	841,230
35009	Cctv Cameras	30,170	27,800
35013	Engineering, Drainage & Water	475,625	500,730
35016	Leisure & Car Parking	204,628	172,560
35017	Countryside & Landscape	301,527	179,130
35018	Arboricultural Team	0	140,390
35400	Grounds Maintenance North	575,254	0
35500	Grounds Maintenance South	377,872	0
36800	Private Hsg Policy Grants Care	234,491	250,580
36850	Private Hsg Technical	175,845	185,390
54100	Contract & Technical - Policy	541,050	410,490
54110	Highways Rangers - Group	138,042	140,420
CY100	Safer Communities Programme	205,080	164,500
EH100	Food Inspection	3,320	2,600
EH110	Pollution Control	53,451	56,120
EH111	Industrial Activities - Regula	-12,360	-10,000
EH112	Contaminated Land & Water Qual	55,604	55,730
EH113	Health & Safety	-5,750	-5,750
EH120	Private Sector Housing Matters	-20,448	-21,920
EH140	General Drainage	50	0
EH142	Animal Welfare Service	4,530	40,750
EH143	Burials (National Assist Act)	2,500	-1,830
EH150	Public Hire Licensing	-142,059	-112,880
EH151	Licensing & Registrations	-113,426	-121,030
EH152	Animal Licensing	-8,290	-9,420
EH155	Neighbourhood & Rapid Response	27,245	0
EH160	Public Conveniences	191,678	198,460
EI131	Countrycare	50,975	58,820
FD100	Flood Defence/Land Drainage	74,179	57,360
GD190	Charity - Chigwell Row Rec	1,260	1,320
HI121	Highways G F Other	8,000	15,750
HI122	Highways G F Trees	-17,320	-18,850
HI123	Highways Rangers	-16,425	73,640
HI124	Street Furniture	11,670	12,820
HI129	Highways G F Verge Maintenance	-42,840	-42,000
LA100	Laa Pooled Funds	-5,030	0
OS100	Roding Valley Development	1,010	1,060
OS101	Tree Service	68,441	73,490
OS110	Open Spaces	-3,210	-3,590
OS115	Contribution To Hra	353,440	383,000
PH100	Private Housing Grants	-76,339	-90,250
PS100	Off-Street Car Parking	-840,352	-633,510
RS150	Leisure Services Contract	-1,215,528	-905,880
RS301	North Weald Airfield	-1,189,609	-732,250
RS302	North Weald Airfield Electric	26,764	216,910
SC100	Street Cleansing	1,330,923	1,485,690
SC101	Litter Bins	20,000	21,540
TI150	David Lloyd Centre	-213,060	-217,350
TI170	Brooker Rd Industrial Estate	-822,505	-817,430
TI180	Oakwood Hill Plots	-500,480	-510,310
TI190	Oakwood Hill Units	-253,725	-311,840
TI220	Langston Rd Industrial Estate	-127,250	-126,490
TO100	Fleet Operations Dso Account	3,321	44,010
UO110	Sundry Non-Distributable Costs	0	-29,800
UO112	Greenyards, Waltham Abbey	-15,000	-15,000
UO113	Wayleaves	-3,190	-4,460
UO130	Business Premises	-2,491,930	-2,715,380
UO140	Epping Forest Shopping Park	-2,624,390	-2,513,300
UO150	Loughton High Road	-605,090	-825,800
WC100	Refuse Collection	1,677,487	1,820,280
WC102	Abandoned Vehicles	3,563	6,360
WC200	Recycling	2,230,482	1,981,310
WC300	Trade Waste	-25,450	-42,510
TBC	Grounds Maintenance (Qualis)	0	1,172,090
		<b>160,549</b>	<b>2,060,320</b>

<i>Service: Corporate Services</i>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2022/23 (Final)	2023/24 (Draft)
		£'s	£'s
25300	Internal Insurance Fund	810,059	719,750
31140	Democratic Services	294,157	219,360
32060	Legal Services	419,733	408,050
32115	Corporate Training	183,865	128,100
32120	Human Resources	795,008	738,150
32122	Apprenticeships	332,272	373,040
32140	Payroll	54,925	51,710
33070	Debt & Insurance Services	79,874	80,240
33080	Information & Comms Technology	3,790,135	3,674,080
42110	Elections Group	91,863	99,160
51100	Corporate Support - Policy	265,014	289,130
51110	Finance Support	439,217	338,350
51120	Correspondence & Operational	342,765	222,900
51130	Service Support 1	316,908	243,480
51140	Service Support 2	180,665	198,550
51150	Business Services Admin	267,375	565,560
DR155	Members Allowances	375,330	369,060
DR160	Overview & Scrutiny	1,280	1,340
DR161	Standards Committee	5,150	0
EL100	Elections	165,200	172,340
EP100	Emergency Planning	110,275	73,410
LC100	Service Support 3 (Llc)	160,006	88,240
PT110	Concessionary Fares	5,560	5,840
RE100	Electoral Registration	57,256	36,520
		<b>9,543,892</b>	<b>9,096,360</b>

<i>Service: Customer Services</i>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2022/23 (Final)	2023/24 (Draft)
		£'s	£'s
33020	Cashiers	342,264	363,890
33055	Benefits	886,785	800,660
33075	Revenues	1,228,842	1,215,390
33085	Systems Admin & Contract	356,760	346,260
34160	Public Relations & Information	327,923	309,760
40120	Customer Service	668,758	701,950
55100	Customer Services - Policy	283,039	296,320
BA100	Housing Benefit Administration	-441,582	-433,270
BP100	Rent Allowances	-843,323	-853,320
BP110	Non Hra Rent Rebates	786	0
BP200	Hra Rent Rebates	111,498	111,500
DR140	Civic Ceremonial	16,170	16,980
DR150	Civic & Member Expenditure	10,300	10,820
LT110	Nndr Collection	-221,910	-229,280
LT120	Council Tax Collection	-471,448	-542,380
		<b>2,254,862</b>	<b>2,115,280</b>

<i>Service: Corporate Finance</i>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2022/23 (Final)	2023/24 (Draft)
		£'s	£'s
FM130	Prov Bad And Doubt Debts	100,000	105,000
UO110	Sundry Non-Distributable Costs	-32,000	
33030	Treasury Management	40,000	42,000
33060	Accountancy	893,388	955,640
33065	Bank & Audit Charges	130,000	256,500
		<b>1,131,388</b>	<b>1,359,140</b>

<i>Service: Internal Audit</i>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2022/23 (Final)	2023/24 (Draft)
		£'s	£'s
31120	Internal Audit	171,870	174,400
42410	Corporate Fraud Investigation	212,606	130,450
		<b>384,476</b>	<b>304,850</b>

<i>Service: Property Services</i>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2022/23 (Final)	2023/24 (Draft)
		£'s	£'s
27050	Civic Offices	547,815	412,930
27060	Hemnal Street Offices	17,066	19,980
27110	Debden Broadway Offices	25,808	2,580
32191	Out Of Hours Service	42,420	34,040
32180	Facilities Management	510,436	468,550
23110	Oakwood Hill Depot	109,867	93,860
23130	Townmead Depot	15,490	15,690
23140	Epping Town Depot	23,990	-3,000
26200	Building Maintenance - General	422,614	418,980
57100	Housing & Property - Policy	352,112	382,010
		<b>2,067,617</b>	<b>1,845,620</b>

<i>Service: Place</i>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2022/23 (Final)	2023/24 (Draft)
		£'s	£'s
ED100	Economic Development	15,624	34,940
ED101	Tourism Promotion	25,300	0
42510	Economic Development Group	334,013	245,260
		<b>374,937</b>	<b>280,200</b>

<b>Service: Planning &amp; Development</b>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2022/23 (Final)	2023/24 (Draft)
		£'s	£'s
37500	Building Control Group	732,317	718,780
37600	Development Control Group	582,761	590,960
42310	Enforcement/Trees & Landscape	624,911	522,460
43310	Planning Policy Group	384,830	448,990
PP111	Local Plan	413,660	243,670
PP112	Neighbourhood Planning	9,990	10,490
PP113	Strategic Implementation Team	625,042	553,650
DC100	Enforcement	-14,443	-15,950
DC110	Planning Appeals	5,050	0
DC120	Development Control	-1,658,457	-2,038,620
PP100	Conservation Policy	12,120	3,000
58100	Planning Dev Services - Policy	291,969	305,390
BC100	Building Control	-529,843	-582,710
		<b>1,479,906</b>	<b>760,110</b>

<b>Service: Strategy, Delivery &amp; Performance</b>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2022/23 (Final)	2023/24 (Draft)
		£'s	£'s
CM102	Transformation Projects	161,600	83,510
40110	Project & Programme Management	577,302	616,180
59100	Strategy, Deli & Perf - Policy	110,743	115,250
		<b>849,645</b>	<b>814,940</b>

<b>Service: Other</b>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2022/23 (Final)	2023/24 (Draft)
		£'s	£'s
FM100	Finance Miscellaneous	2,253,128	2,378,510
IP100	Interest Payable	863,440	2,807,130
IR100	Interest Receivable	-50,000	-478,500
		<b>3,066,568</b>	<b>4,707,140</b>

<b>Service: Qualis Income</b>			
Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2022/23 (Final)	2023/24 (Draft)
		£'s	£'s
QU001	Qualis Income Stream	-2,909,447	-2,851,520
		<b>- 2,909,447</b>	<b>- 2,851,520</b>

**Annex 3****Draft Housing Revenue Account Budget 2023/24: Cost Centre Summary**



Cost Centre Ref.	Description	Budgeted Net Expenditure	
		2022/23 (Final)	2023/24 (Draft)
		£'s	£'s
36250	Housing Resources	244,010	162,530
36260	Housing ICT	-	133,060
36500	Housing Options Group	716,580	805,310
36550	Housing Strategy Team	-	109,640
36600	Housing Older Peoples Group	592,440	568,400
36650	Housing Maintenance Group	782,310	623,830
36660	Housing Asset Strategy Team	-	279,870
36670	Housing Development	-	66,500
36900	Housing Management Group	1,559,270	184,830
36905	Housing Income Management Team	-	473,270
36910	Housing Land & Estates Management Team	-	514,310
36915	Housing Tenancy Team	-	421,330
RM100	Responsive Repairs	117,130	117,130
RM101	Responsive Repairs - Qualis	3,737,430	4,071,000
RM200	Voids Refurbishment	119,400	92,420
RM201	Voids Refurbishment - Qualis	2,315,180	2,500,390
RM300	Planned Maintenance	2,224,650	1,026,670
RM301	Planned Maintenance - Qualis	-	2,168,980
RM400	Engineering Maintenance	252,950	254,660
RM401	Engineering Maintenance - Qualis	-	160,500
RM500	Miscellaneous Projects	24,000	24,000
RM700	Income	-	192,670
YA100	Policy & Management	773,400	367,020
YA110	Sale Of Council Houses	-	11,750
YA140	Comp.Costs New Hsg.System	283,480	304,070
YA150	Tenant Participation	27,680	30,740
YA160	Contribution To General Fund	697,920	697,920
YA180	New House Builds	109,280	121,590
YA190	HRA Support Services	2,377,520	2,290,150
YA200	Managing Tenancies	354,600	317,440
YA210	Waiting Lists & Allocations	109,890	115,890
YA300	Rent Accounting & Collection	130,720	133,400
YB100	Heating Expenses	2,030	-
YB110	Staircase Lighting	136,060	290,970
YB120	Caretaking & Cleaning	386,550	411,120
YB140	Minor Sewerage Works	55,960	69,670
YB150	Water Course Maintenance	55,310	55,310
YB200	Other Communal Services	59,700	61,040
YB300	Community Centres	9,330	9,310
YB350	Hemnall House	18,300	30,000
YB400	Grounds Maintenance Services	1,414,280	1,566,960
YB500	Oap Units Management	564,890	933,900
YB520	Community Alarms Mgt.	69,590	63,870
YB540	Area Warden Service - Mgt	25,440	26,670
YB620	Norway House - Management	177,590	366,980
YB800	Other Special Items	46,620	86,620
YC100	Capital Exp Charged To Revenue	5,364,000	1,462,000
YD100	Rents/ Rates/Taxes/Insurance	504,310	506,710
YF100	HRA - ICT Systems	-	47,000
YH100	Increase Bad & Doubtful Debts	93,000	99,000
YJ100	Leasehold Refcus	300,000	-
YJ110	Depreciation	8,958,000	9,137,000
YJ120	Debt Management	58,000	65,000
YN100	Dwellings Rents	-	37,287,450
YN110	Rents - Norway House	-	120,550
YP110	Rents - Other	-	1,760
YP130	Rents - Hardstanding	-	5,920
YP150	Rents Roads Charges	-	-
YP190	Rent - Land	-	13,300
YP200	Garages	-	897,770
YP210	Ground Rents	-	11,100
YR100	Heating Income Special Items	-	34,180
YR110	Mortgage References	-	6,240
YR120	Capital Recs Under £10000	-	36,010
YR140	Sewage Related Income	-	32,460
YR170	Repairs Management Income	-	34,530
YR180	Managing Tenancies Income	-	15,400
YR350	Hemnall House	-	4,830
YR400	Grounds Maintenance Services	-	3,200
YR500	Oaps Units Income	-	956,360
YR510	Sheltered Units Support	-	168,850
YR550	Area Warden Support	-	86,980
YR620	Norway House Income	-	93,670
YR800	Other Special Items	-	-
YW110	Interest On Revenue Balances	-	9,000
YW130	Self Financing Interest	-	5,610,000
YY100	Estate Ground Maintenance	-	383,000
		<b>3,537,000</b>	<b>371,000</b>

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## Final Budget Proposals 2023/24

### GENERAL FUND & HRA CAPITAL 2023/24 to 2027/28

#### 1. Background and Introduction

- 1.1 The Capital Programme plays a vital part in the delivery of the Council's Corporate Plan since long-term investment is required to deliver many of the objectives in the Plan.
- 1.2 Cabinet approved an updated Financial Planning Framework (FPF) 2023/24 to 2027/28 at its meeting on 30th September 2022, which is the first step in preparing the 2023/24 budget and updating the 5-year rolling Capital Programme.
- 1.3 The first major milestone in the FPF was reached on 10th October 2022, with Cabinet receiving and considering an indicative Capital Programme for 2023/24 to 2027/28 alongside the updated (revenue) Medium-Term Financial Plan (MTFP) for 2023/24 to 2027/28. The Programme comprised total capital investment of £226.564 million over the five-year period (General Fund £46.466 million, HRA £180.098 million).
- 1.4 Acting on the strategic direction provided by Cabinet on 10th October 2022, officers subsequently refined the indicative Capital Programme, presenting an initial draft Capital Programme for 2023/24 to 2027/28 for consideration by Cabinet on 20th December 2022. The initial draft Programme comprised total capital investment of £269.247 million over the five-year period (General Fund £103.012 million, HRA £166.235 million).
- 1.5 The draft budget proposals – including the Capital Programme (both General Fund and HRA revenue) – presented to Cabinet in December 2022 — were scrutinised by the Stronger Select Committee on 24th January 2023.
- 1.6 Further detailed work has now been completed on the capital budgets to reflect the Council's latest capital needs and investment priorities in the context of the Local Government Finance Settlement 2023/24 (explained in detail in **Appendix A**) and the current Balance Sheet position. This report allows Cabinet to consider the final capital investment proposals for 2023/24 to 2027/28 – for both the General Fund and HRA – as set out in the report, whilst taking into consideration the comments of the Stronger Council Select Committee.

## 2. General Fund Capital Programme 2023/24 to 2027/28: Capital Growth

2.1 There have been some notable changes to the indicative growth position presented in December 2022, with the capital investment needs of the Waste Management service and the new Epping Leisure Centre dominating. The final proposals are summarised in the table below.

General Fund Capital Programme 2023/24 to 2027/28: Growth Proposals						
Description	2023/24	2024/25	2025/26	2026/27	2027/28	Totals
	£'s	£'s	£'s	£'s	£'s	£'s
Home Assistance Loans	0	0	0	0	30,000	<b>30,000</b>
Grounds Maintenance VPE	0	0	0	0	30,000	<b>30,000</b>
NWA Vehicle Depot	4,167,000	0	0	0	0	<b>4,167,000</b>
Leisure Centre Energy Saving Schemes	155,640	0	0	0	0	<b>155,640</b>
Waste Vehicle Fleet Replacement	9,220,000	0	0	0	0	<b>9,220,000</b>
Epping Leisure Centre	0	6,112,560	1,987,440	0	0	<b>8,100,000</b>
ICT General Schemes	0	0	0	0	93,000	<b>93,000</b>
ICT Strategy	0	0	0	0	900,000	<b>900,000</b>
Investment Properties (planned works)	0	0	0	0	250,000	<b>250,000</b>
Operational Properties (planned works)	36,000	18,000	3,000	0	50,000	<b>107,000</b>
<b>Total Growth*</b>	<b>13,578,640</b>	<b>6,130,560</b>	<b>1,990,440</b>	<b>0</b>	<b>1,353,000</b>	<b>23,052,640</b>

\*Note – Disabled Facilities Grants excluded from growth as 100% externally funded. Qualis loans also excluded as already they have full Council approval.

2.2 The proposals in the table above can be summarised as follows:

- **Home Assistance Loans (£30,000)** – further capital funding (£30,000 per annum) for Home Assistance Loans granted to property-owning vulnerable residents is included in the proposals. The Council has been running the scheme for several years now, and the bid is to further extend a scheme from which many Epping Forest residents have benefited from in the past.

- **Grounds Maintenance VPE (£30,000)** – an initial capital allocation of £30,000 in ‘rollover funding’ (into 2027/28) is also requested for the purposes of maintaining the Grounds Maintenance Vehicle, Plant and Equipment (VPE) replacement programme (it is assumed for now that the current capital arrangements will continue after the Grounds Maintenance service transfers to Qualis, although that is the subject of ongoing discussions at the time of preparing this report).
- **NWA Vehicle Depot (£4,167,000)** – the draft Programme includes a proposal to develop a Vehicle Depot for the Waste Management service at North Weald Airfield. This is subject to Cabinet approval elsewhere on this agenda.
- **Leisure Centre Energy Saving Schemes (£155,640)** – capital investment of £155,640 is also proposed for the purposes of implementing a range of energy efficiency measures (e.g., Pool Covers) at selected leisure centres; the plans are consistent with the Council’s carbon neutral ambitions and should also deliver long-term revenue savings.
- **Waste Vehicle Fleet Replacement (£9,220,000)** – the Council is currently exploring options for the future delivery of the Waste Collection and Recycling service (the current contract expires at the end of October 2024). The capital proposal is to achieve greater long-term value-for-money through the direct purchase (or lease) of a Waste Management Fleet. A business case is scheduled for presentation to Cabinet in March 2023 in support of this proposal; the current draft allocation of £9.22 million is indicative only at this stage.
- **Epping Leisure Centre (£8,100,000)** – a business case in support of additional capital funding of £8.1 million for the re-scheduled development of Epping Leisure Centre is also due for Cabinet consideration in March 2023; this is based on a more detailed assessment of the scheme including the latest available cost estimates.
- **ICT Capital Schemes (total £993,000)** - the proposed draft allocation is for 2027/28 and primarily represents a continuation of currently planned investment levels in the ICT strategy in the medium-term. The following should be noted:
  - The migration of several applications to ‘Software as a Service’ or suppliers cloud hosting solution have now been completed, such as Planning (Arcus Salesforce), Local Land Charges (NEC hosted), Grounds Maintenance (Confirm OnDemand), BACS processing (PTX), Revenues and Benefits (Capita) and EFDC Gazetteer (Aligned Assets), with others being planned for future financial years, including Regulatory Services, Financial Applications and Telephony. Proposals also include moving other applications to hosted solutions with the supplier or migrating (as part of the datacentre) to Azure
  - Investment is also proposed to the remaining on-site infrastructure to ensure it is fit for purpose while the migration to the Cloud happens. Full migration would take 1 to 2 years, significant network changes have started to be made and will continue to facilitate the new Cloud-based way of working; however
  - Officers are currently developing updated delivery plans in the context of the Council’s latest financial position, which includes potentially frontloading capital investment towards projects yielding higher cashable savings. Therefore, it is assumed in this budget that the revenue costs of delivering the proposed growth in the ICT Strategy will be met from the savings it delivers. The current capital spending profile presented may also be revised within the final budget proposals.

- ***Planned Property Works (£357,000)*** – a provisional growth allocation for planned works on the Council's Investment and Operational properties of £357,000 is proposed (Investment Properties £250,000, Operational Properties £107,000). Planned work on Investment Properties is usually limited to void repairs. The future capital needs of the Operational Property portfolio will be the subject of a detailed review in the year ahead as the Council develops a new Asset Management Plan (AMP); the new Civic Offices provides a good base, but the AMP will ensure that all General Fund capital assets continue to be of long-term use against a backdrop of rapid operational and technological change. The new AMP will be subject to scrutiny and Cabinet approval, with the Capital Programme updated accordingly for Member consideration and approval.

### 3. Proposed General Fund Capital Programme 2023/24 to 2027/28

3.1 The proposed General Fund Capital Programme totals £108.655 million over the five-year period 2023/24 to 2027/28 and is summarised by **service** area in the table below.

<b>Draft General Fund Capital Programme 2023/24 to 2027/28: Service Analysis</b>						
<b>Service</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>Total</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>EXPENDITURE</b>						
Commercial & Technical	16,036	18,391	3,019	1,031	1,031	<b>39,509</b>
Corporate Services	1,179	1,064	1,219	1,024	993	<b>5,479</b>
Housing & Property Services	336	318	303	300	300	<b>1,557</b>
Qualis	40,010	22,100	0	0	0	<b>62,110</b>
<b>Total Expenditure</b>	<b>57,561</b>	<b>41,873</b>	<b>4,541</b>	<b>2,355</b>	<b>2,324</b>	<b>108,655</b>
<b>FINANCING</b>						
Capital Receipts	(1,007)	(1,052)	(1,056)	(1,060)	(1,063)	<b>(5,239)</b>
Capital Grants	(971)	(971)	(971)	(971)	(971)	<b>(4,856)</b>
Borrowing	(55,583)	(39,850)	(2,513)	(324)	(290)	<b>(98,560)</b>
<b>Total Financing</b>	<b>(57,561)</b>	<b>(41,873)</b>	<b>(4,541)</b>	<b>(2,355)</b>	<b>(2,324)</b>	<b>(108,655)</b>

## EXPENDITURE

3.2 The **capital expenditure** profile presented in the table above comprises a wide range of individual schemes and includes the following:

- **Commercial and Technical (£39.509 million)** – the Commercial and Technical service is leading on ten separate schemes, which are dominated by four in particular:
  - **Epping Leisure Centre (£20.6 million)** – the new Epping Leisure Facility is the single largest scheme included in the Programme. The wider scheme will see the development of a replacement leisure facility for the existing (and aging) facility as well as the construction of a multi-story car park. Cabinet approved the addition of this scheme to the draft Capital Programme at its meeting on 21st January 2021 with an original allocation of £25.0 million. The growth proposal described above in Paragraph 2.2 (of £8.1 million) will bring the overall capital allocation for the scheme up to £33.1 million; the table above includes re-profiled spending of £20.6 million over the three-year period 2023/24 to 2025/26.
  - **Waste Vehicle Fleet Replacement (£9.220 million)** – see discussion above re the proposed growth item for the Waste Vehicle Fleet Replacement scheme.
  - **Disabled Facilities Grants (£4.856 million)** – the Government eventually confirmed that the Epping Forest District Council allocation for Disabled Facilities Grants (DFG) in 2021/22 was £971,213 (£297 below the February 2021 estimate). There is currently no indication of future allocations. It is therefore still assumed (as in previous draft versions of this Programme) that the Council will receive the same amount – without uplift – from 2023/24 onwards; and
  - **NWA Vehicle Depot (£4.167 million)** – see discussion above re the proposed growth item for the NWA Vehicle Depot scheme.
- **Corporate Services (£5.479 million)** – the capital proposals for the Corporate Services directorate reflect the Council's need for investment in ICT (see discussion on ICT growth proposals above in Paragraph 2.2).
- **Housing & Property Services (£1.557 million)** – the capital proposals for the Housing & Property Services directorate comprise the Council's need for planned works on its Investment and Operational property portfolios (see discussion on growth proposals above in Paragraph 2.2); and
- **Qualis (£62.1 million)** – this represents the planned drawdown of previously agreed Qualis loans (including the extended loan facility of £35.0 million approved by Cabinet in July 2021). The loans are a key enabler in the delivery of the Council's regeneration priorities in the district through Qualis; the Council will receive a revenue margin on the loan, which is available to support general spending and minimise Council Tax increases.

## FINANCING

3.3 The assumed **capital financing** profile for the proposed General Fund Capital Programme 2023/24 to 2027/28 represents an amalgam of Capital Receipts, Capital Grants and Borrowing. Thus:

- **Capital Receipts (£5.239 million)** – financing from Principal Repayments on Qualis loans is the primary source of General Fund capital receipts. Should other General Fund capital receipts become available for financing capital investment in future, these would be reflected in individual business cases and Programme updates
- **Capital Grants (£4.856 million)** – an annual allocation of £971,000 from the Government is assumed for Disabled Facilities Grants (DFGs) for the five-year period covered by the Programme. No other capital grants are assumed at this stage; and
- **Borrowing (£98.560 million)** – further long-term borrowing is anticipated, primarily to fund the Council's commitment to Qualis loans, although precise details on lenders and other details will be determined in consultation with our Treasury Management advisors (Arlingclose) nearer the time.

3.4 A more detailed summary of the draft General Fund Capital Programme 2023/24 to 2027/28, analysed by individual **schemes**, is presented at **Annex 1**.



#### 4. Proposed HRA Capital Programme 2023/24 to 2027/28

4.1 The proposed HRA Capital Programme totals £165.925 million over the five-year period 2023/24 to 2027/28 and is summarised by *nature* in the table below.

Draft HRA Capital Programme 2023/24 to 2027/28						
Description	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£000's	£000's	£000's	£000's	£000's	£000's
<b>EXPENDITURE</b>						
Housing Development Programme	12,349	15,157	11,901	9,276	7,627	<b>56,310</b>
Capital Works	18,970	23,479	13,509	14,849	17,468	<b>88,275</b>
Regeneration Projects	2,000	3,950	3,250	6,000	0	<b>15,200</b>
Other Housing Schemes	1,700	1,378	666	1,038	1,358	<b>6,140</b>
<b>Total Expenditure</b>	<b>35,019</b>	<b>43,964</b>	<b>29,326</b>	<b>31,163</b>	<b>26,453</b>	<b>165,925</b>
<b>FINANCING</b>						
Direct Revenue Contributions	(1,282)	(2,778)	(2,487)	(2,354)	(2,805)	<b>(11,706)</b>
Major Repairs Reserve	(9,137)	(9,320)	(9,506)	(9,696)	(9,890)	<b>(47,549)</b>
RTB Receipts	(1,599)	(4,156)	(4,838)	(3,790)	(3,134)	<b>(17,517)</b>
Capital Grants	(80)	(80)	(80)	0	0	<b>(240)</b>
Other Contributions	(1,187)	(5,674)	(119)	(212)	(212)	<b>(7,404)</b>
Borrowing	(21,734)	(21,956)	(12,296)	(15,111)	(10,412)	<b>(81,509)</b>
<b>Total Financing</b>	<b>(35,019)</b>	<b>(43,964)</b>	<b>(29,326)</b>	<b>(31,163)</b>	<b>(26,453)</b>	<b>(165,925)</b>

4.2 The HRA Programme – which is dominated by the Housing Development Programme and routine Capital Works – comprises the following:

- **Housing Development Programme (£56.310 million)** – the Housing Development Programme includes a combination of (direct) Housebuilding and Acquisitions from Qualis. Thus:
  - *Housebuilding (£42.380 million)* – this is scheduled to deliver a mixture of affordable rent and shared ownership properties over a five-year period up to 2027/28, including New Build Properties (133 affordable rent units); and
  - *Qualis Acquisitions (£13.930 million)* – the Development Programme also includes the planned acquisition of 63 properties; 22 affordable rent units and 41 shared ownership properties across two different sites; St. Johns (59) and Pyles Lane (4).

- **Capital Works (£88.275 million)** – planned Capital Works (which includes works on Windows, Doors, Roofing, Kitchens, Bathrooms etc.) over the five-year period average out at around £17.65 million annually. This contrasts with annual budgets of £11.970 million and £11.752 million in 2021/22 and 2022/23 respectively. The programme now steps up to £18.970 million in 2023/24, reflecting a reversal in lifecycle assumptions previously applied to a range of capital items; most notably this applies to Gas Boilers where lifecycles were previously extended from 15 to 20 years, which have now reverted back to 15 years; this has triggered a substantial backlog capital investment requirement of £10.716 million. The same position applies to Flat Roofs (backlog cost £7.010 million).
- **Regeneration Schemes (£15.200 million)** – a range of Regeneration schemes are included on the draft Capital Programme, with Oakwood Hill Estate (£6.0 million) and Broadway (£4.0 million) being the largest items; and
- **Other Housing Schemes (£6.140 million)** – there are also a range of other miscellaneous schemes planned over the five-year period, with Sheltered Accommodation – set to receive capital investment of £3.235 million – being the most notable area.

## FINANCING

4.3 The assumed **capital financing** profile for the proposed HRA Capital Programme 2023/24 to 2027/28 represents an amalgam of Direct Revenue Contributions, Major Repairs Reserve Contributions, “Right to Buy” (RTB) Receipts, Other Contributions and Borrowing. Thus:

- **Direct Revenue Contributions (£11.706 million)** – the Council is set to continue with substantial revenue contributions to capital; this has been a major source of financing for the HRA Capital Programme for many years. A temporary reduction – to £1.282 million – in 2023/24, ensures that the HRA breaks even (with the assumed contribution rising to £2.778 million in 2024/25) in the medium-term, whilst maintaining a minimum balance of £2.0 million in the HRA Reserve (covered in **Appendix D**).
- **Major Repairs Reserve (MRR) (£47.549 million)** – the large MRR contribution continues the strategy presented in 2022/23 (reflecting the new HRA Business Plan). Up until 2022/23, MRR balances had been allowed to accumulate. The new approach minimises the requirement for Direct Revenue Contributions, whilst at the same time minimising Borrowing.
- **RTB Receipts (£17.517 million)** – the new HRA Business Plan assumes RTB sales of 12 properties per annum (the Council retains approximately 25% of the receipt, with the remainder paid over to the Government). The profile presented above represents the *application* of those receipts under the Government’s RTB “one-for-one” scheme, which – since April 2021 – gives the Council an extended period of 5 years to provide a replacement affordable property.
- **Capital Grants (£0.240 million)** – the Council has been awarded a “Heat Source” capital grant from Ofgem, which is to be applied towards energy efficiency schemes over the next three years (2023/24 to 2025/26).
- **Other Contributions (£7.404 million)** – the Council is also set to receive a range of other third-party contributions, including Leaseholder Contributions, Capital Receipts (from the sale of Shared Ownership Properties) and Other HRA Land & Buildings; and

- **Borrowing (£81.509 million)** – as with the General Fund, further long-term HRA borrowing is anticipated. Likewise, precise details on lenders and other details will be determined in consultation with our Treasury Management advisors (Arlingclose) nearer the time.
- 4.4 Members should note that the data in the “Fortress” (HRA Business Plan) model is still being further refined and will be updated in the first half of 2023/24 to reflect the outcome of an independent Stock Condition Survey, which is anticipated to be completed by March 2023). This will allow an even more accurate and focussed assessment of the Council’s need for capital investment in its stock and will be reported to Cabinet in due course and reflected in the updated Medium-Term Financial Plan (2024/25 to 2028/29) scheduled for October 2023.
- 4.5 A more detailed summary of the draft HRA Capital Programme 2023/24 to 2027/28 is presented at **Annex 2**.

**Annex 1****Draft General Fund Capital Programme 2023/24 to 2027/28: Summary of Schemes**

<b>GF CAPITAL PROGRAMME 2023/24 to 2027/28 (DRAFT)</b>						
Scheme	2023/24 Updated	2024/25 Updated	2025/26 Updated	2026/27 Updated	2027/28 New (Proposed)	Total MTFP 23/24 to 27/28
	£'s	£'s	£'s	£'s	£'s	£'s
	<b>Commercial &amp; Technical</b>					
CCTV Replacement Programme	25,000	35,000	-	-	-	60,000
CarPark CCTV Systems	25,000	25,000	-	-	-	50,000
Disabled Facilities Grants (REFCuS)	971,210	971,210	971,210	971,210	971,210	4,856,050
Home Assist Grants (REFCuS)	30,000	30,000	30,000	30,000	30,000	150,000
Highways - Pavement Widening Scheme	100,000	-	-	-	-	100,000
Grounds Maintenance	30,000	30,000	30,000	30,000	30,000	150,000
NWA Waste Depot	4,167,000	-	-	-	-	4,167,000
Waste Vehicle Fleet Replacement	9,220,000	-	-	-	-	9,220,000
Leisure Centre Energy Saving Schemes	155,640	-	-	-	-	155,640
Epping Leisure Centre (Bakers Lane)	1,312,560	17,300,000	1,987,440	-	-	20,600,000
<b>Sub-Totals</b>	<b>16,036,410</b>	<b>18,391,210</b>	<b>3,018,650</b>	<b>1,031,210</b>	<b>1,031,210</b>	<b>39,508,690</b>
<b>Corporate Services</b>						
ICT General Schemes	93,000	93,000	93,000	93,000	93,000	465,000
ICT Strategy	1,086,000	971,000	1,126,000	931,000	900,000	5,014,000
<b>Sub-Totals</b>	<b>1,179,000</b>	<b>1,064,000</b>	<b>1,219,000</b>	<b>1,024,000</b>	<b>993,000</b>	<b>5,479,000</b>
<b>Housing (Property Services)</b>						
Oakwood Hill Depot Extension	-	-	-	-	-	-
Investment Properties (Planned Works)	250,000	250,000	250,000	250,000	250,000	1,250,000
202-220 Loughton HR - roof and H & S works	-	-	-	-	-	-
Operational Properties (Planned Works)	86,000	68,000	53,000	50,000	50,000	307,000
<b>Sub-Totals</b>	<b>336,000</b>	<b>318,000</b>	<b>303,000</b>	<b>300,000</b>	<b>300,000</b>	<b>1,557,000</b>
<b>Qualis</b>						
Regeneration Finance Loans	40,010,000	22,100,000	-	-	-	62,110,000
<b>Sub-Totals</b>	<b>40,010,000</b>	<b>22,100,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62,110,000</b>
<b>Total Expenditure</b>	<b>57,561,410</b>	<b>41,873,210</b>	<b>4,540,650</b>	<b>2,355,210</b>	<b>2,324,210</b>	<b>108,654,690</b>
<b>Capital Financing:</b>						
Borrowing	55,582,920	39,849,730	2,513,480	324,320	289,560	98,560,010
Capital Grants	971,210	971,210	971,210	971,210	971,210	4,856,050
Capital Receipts	1,007,280	1,052,270	1,055,960	1,059,680	1,063,440	5,238,630
<b>Total Financing</b>	<b>57,561,410</b>	<b>41,873,210</b>	<b>4,540,650</b>	<b>2,355,210</b>	<b>2,324,210</b>	<b>108,654,690</b>

Annex 2

## Draft HRA Capital Programme 2023/24 to 2027/28

HRA Capital Programme 2023/24 to 2027/28 (DRAFT)						
	2023/24 Updated	2024/25 Updated	2025/26 Updated	2026/27 Updated	2027/28 New (Proposed)	Total Capital Programme 23/24 to 27/28
Schemes	£'s	£'s	£'s	£'s	£'s	£'s
<b>Housing Development Programme:</b>						
Housebuilding	3,375,500	10,200,380	11,901,000	9,276,000	7,627,000	42,379,880
Qualis Acquisitions	8,973,500	4,956,620	-	-	-	13,930,120
<b>Sub-Totals</b>	<b>12,349,000</b>	<b>15,157,000</b>	<b>11,901,000</b>	<b>9,276,000</b>	<b>7,627,000</b>	<b>56,310,000</b>
<b>Capital Works:</b>						
Heating	1,724,000	2,549,520	1,851,210	1,749,730	1,724,000	9,598,460
Windows, Door and Roofing	6,386,110	5,379,110	3,191,320	4,155,290	5,236,110	24,347,940
Compliance Planned Maintenance	1,725,000	1,838,170	1,027,780	1,150,160	1,725,000	7,466,110
Kitchens & Bathrooms (inc void allocation)	4,786,000	4,965,400	2,961,190	3,345,780	4,483,330	20,541,700
Electrical	300,000	3,824,750	421,000	502,480	350,000	5,398,230
Net Zero Carbon Works	1,100,000	2,000,000	1,000,000	1,000,000	1,000,000	6,100,000
Environmental	1,118,530	1,059,000	1,189,600	892,000	892,000	5,151,130
Structural works	850,000	850,000	850,000	883,000	883,000	4,316,000
Disabled Adaptations	650,000	650,000	650,000	800,000	800,000	3,550,000
Asbestos Removal	280,800	294,560	294,560	294,560	294,560	1,459,040
Estate Improvements	50,000	68,000	72,000	76,000	80,000	346,000
<b>Sub-Totals</b>	<b>18,970,440</b>	<b>23,478,510</b>	<b>13,508,660</b>	<b>14,849,000</b>	<b>17,468,000</b>	<b>88,274,610</b>
<b>Regeneration Projects:</b>						
Limes Avenue and Copperfield	2,000,000	-	-	-	-	2,000,000
Broadway	-	2,750,000	1,250,000	-	-	4,000,000
Pylres Lane	-	1,200,000	-	-	-	1,200,000
Harvey Fields	-	-	2,000,000	-	-	2,000,000
Oakwood Hill Estate	-	-	-	6,000,000	-	6,000,000
<b>Sub-Totals</b>	<b>2,000,000</b>	<b>3,950,000</b>	<b>3,250,000</b>	<b>6,000,000</b>	<b>-</b>	<b>15,200,000</b>
<b>Other Housing Schemes:</b>						
Service Enhancements (General)	204,020	311,490	92,340	46,000	542,000	1,195,850
Housing Asset Management Project	540,000	-	-	-	-	540,000
Service Enhancements (HFFHH)	154,000	154,000	154,000	114,000	-	576,000
Door Replacement Programme (Leasehold)	233,540	-	-	-	-	233,540
Sheltered Block Refurbishments	100,000	363,000	370,000	378,000	386,000	1,597,000
Emergency Alarm Upgrades	-	360,000	-	-	-	360,000
Sheltered Housing Works	468,000	190,000	50,000	500,000	430,000	1,638,000
<b>Sub-Totals</b>	<b>1,699,560</b>	<b>1,378,490</b>	<b>666,340</b>	<b>1,038,000</b>	<b>1,358,000</b>	<b>6,140,390</b>
<b>Total Expenditure</b>	<b>35,019,000</b>	<b>43,964,000</b>	<b>29,326,000</b>	<b>31,163,000</b>	<b>26,453,000</b>	<b>165,925,000</b>
<b>Capital Financing</b>						
	2023/24 Updated	2024/25 Updated	2025/26 Updated	2026/27 Updated	2027/28 New (Proposed)	Total Financing 23/24 to 27/28
Direct Revenue Contributions	1,282,000	2,778,000	2,487,000	2,354,000	2,805,000	11,706,000
Major Repairs Reserve	9,137,000	9,320,000	9,506,000	9,696,000	9,890,000	47,549,000
RTB Receipts	1,599,000	4,156,000	4,838,000	3,790,000	3,134,000	17,517,000
Grants	80,000	80,000	80,000	-	-	240,000
Other Contributions	1,187,000	5,674,000	119,000	212,000	212,000	7,404,000
Borrowing	21,734,000	21,956,000	12,296,000	15,111,000	10,412,000	81,509,000
<b>Total Financing</b>	<b>35,019,000</b>	<b>43,964,000</b>	<b>29,326,000</b>	<b>31,163,000</b>	<b>26,453,000</b>	<b>165,925,000</b>

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## Draft Fees & Charges 2023/24

### 1. Background

- 1.1 Councils can recover the cost of providing certain services through making a charge to service users. For some services, this is a requirement and charges are statutorily determined. In other areas, councils have the discretion to determine whether charging is appropriate, and the level at which charges are set.

### 2. Introduction

- 2.1 This report focuses on discretionary fees and charges for 2023/24, with detailed proposals for both the Council's General Fund and the ring-fenced Housing Revenue Account (HRA).
- 2.2 As with all councils, the use of charging has become an increasingly important feature of Epping Forest District Council's financial strategy, as the pressure on the revenue budget limits the extent to which the subsidisation of discretionary services is feasible. Recovering the costs of these services from users where possible helps to ensure the sustainability of the Council's offer to residents and businesses, beyond the statutory minimum, whilst maintaining the lowest Council Tax possible.
- 2.3 The Medium-Term Financial Plan (MTFP) 2023/24 to 2027/28 adopted by Cabinet in October 2022 assumed an *average* inflationary increase of 12.0% (based on inflationary expectations at the time) in General Fund fees and charges for 2023/24 (excluding Car Park charges) which, given the prevalence of statutory fees and charges, also assumed that some discretionary fees and charges would need an increase beyond that level. The most notable HRA charge is *usually* driven by inflation in accordance with the Government's Rent Standard (April 2020).

### 3. General Fund Fees & Charges (excluding Car Parking)

- 3.1 As part of developing the initial draft budget for consideration by Cabinet in December 2022, senior officers across the Council's General Fund services reviewed the discretionary fees and charges within their individual service areas taking account of a range of factors including Council priorities, cost recovery, anticipated inflationary pressure, comparative prices, and service demand.
- 3.2 As is normal, no increases were proposed in many fees and charges for 2023/24, which reflects the relatively high proportion of statutorily determined items. However, a range of increases were proposed, with the CPI inflation rate for September 2022 of 10.1% applied as the 'default average' increase, although in some areas, both lower and higher proportionate increases were proposed for a variety of specific factors (especially where full cost recovery is not being achieved based on current prices).
- 3.3 The initial proposals for the 2023/24 fees and charges were adopted by Cabinet in December 2022 and have subsequently been scrutinised by the Stronger Council Select Committee on 24th January 2023.
- 3.4 Following the conclusion of the process described above, the proposed fees and charges for 2023/24 (listed in **Annex D1**) are presented unamended; current fees and charges from 2022/23 are set alongside the 2023/24 proposals to aid comparison.

#### 4. Car Parking Charges

- 4.1 Off-Street Parking tariffs were increased in the district in 2022/23 for the first time since 2015. There are currently no proposals to increase existing tariffs for 2023/24, which is an assumption that has remained constant throughout this budget process. The Car Parking tariffs are summarised at **Annex D2**.

#### 5. Housing Revenue Account (HRA) Fees & Charges

- 5.1 A summary of miscellaneous fees and charges proposed for the Council's HRA is attached at **Annex D3**. In common with the General Fund, an inflationary increase based on the September 2022 CPI rate of 10.1% is suggested in most cases, although there are some variations around this with some items remaining at 2022/23 prices.

##### Housing Rents

- 5.2 Social housing rents are usually set according to the Government's National Social Rent Policy (NSRP) and the Welfare Reform and Work Act 2016. The NSRP came into effect from 1st April 2020, allowing average rents to increase by up to CPI plus 1.0%, until 1st April 2024. The policy is further confirmed in the Regulator of Social Housing's (RSH) Rent Standard, which applies to all social housing providers, including local authorities.
- 5.3 In accordance with the Rent Standard, the applicable inflation rate is the September 2022 CPI rate of 10.1%. Therefore, strict application of the 'CPI plus 1.0%' formula would result in an average rent increase of 11.1%. However, in the Autumn Statement 2022 (in the light of spiralling inflation and a public consultation exercise), the Government announced a cap on the maximum allowable rent increase for 2023/24 of 7.0%. **As with the initial draft budget adopted by Cabinet in December 2022, this final draft budget proposal for 2023/24 recommends an average rent increase of 7.0% for 2023/24 (equating to a weekly increase of £7.40, which increases the average weekly rent from £105.76 to £113.16).** This is consistent with the current assumption within the Council's emerging HRA Business Plan (with future rent increases also assumed to follow the Rent Standard).



## Annex D1: Draft General Fund Fees &amp; Charges (excluding Car Parks) 2023/24

Description of Charge	2022/23	2023/24						% Change
	Gross	Net	VAT			Gross		
	£'s	£'s	%	Cat	£'s	£'s		
<b>Customer Services</b>								
<b>Customer/Revenues and Benefits</b>								
Summons costs (Council Tax & NDR)	80.00	85.00	0%	O	0.00	85.00	6.3%	
Liability Order costs (Council Tax & NDR)	15.00	10.00	0%	O	0.00	10.00	-33.3%	
<b>Commercial &amp; Technical</b>								
<b>Commercial &amp; Regulatory Services / North Weald Airfield</b>								
HGV Training – pay as you go	83.34	76.46	20%	S	15.29	91.75	10.1%	
HGV Training – monthly fee	1,174.20	1,077.33	20%	S	215.47	1,292.80	10.1%	
Driving Schools – full day	337.53	309.69	20%	S	61.94	371.63	10.1%	
Driving Schools – half day	235.46	216.04	20%	S	43.21	259.25	10.1%	
Driving Experience Days	489.25	448.89	20%	S	89.78	538.67	10.1%	
Driving Schools – emergency services	124.03	113.80	20%	S	22.76	136.56	10.1%	
Driving Schools – ATC full day	156.15	143.27	20%	S	28.65	171.92	10.1%	
Driving Schools – ATC ½ day	103.78	95.23	20%	S	19.05	114.28	10.1%	
Motorsport Sprints	973.76	893.43	20%	S	178.69	1,072.12	10.1%	
Filming / Photoshoots – static full day	834.48	765.64	20%	S	153.13	918.77	10.1%	
Filming / Photoshoots – static half day	490.24	449.80	20%	S	89.96	539.76	10.1%	
Filming / Photoshoots – moving full day	1,169.18	1,072.73	20%	S	214.55	1,287.28	10.1%	
Filming / Photoshoots – moving half day	667.87	612.77	20%	S	122.55	735.32	10.1%	
<b>Trees</b>								
Tree Maintenance - Tree Donation	180.00	300.00	0%	Z	-	300.00	66.7%	
Insurance Query - Arb Officer (Hourly Rate £50 (4 Hours) Set price - £50 per hour for additional hours)		200.00	20%	S	40.00	240.00	N/A	
<b>Land Drainage</b>								
Private Water Supply Regulation								
Sampling	360.00	600.00	20%	S	120.00	720.00	100.0%	
Sampling Visits (Single Domestic Residence)	48.00	40.00	20%	S	8.00	48.00	0.0%	
Sampling Visits (Commercial)	72.00	60.00	20%	S	12.00	72.00	0.0%	
Risk Assessment (Hourly Rate £47 (3 Hours) Set price)	56.00	47.00	20%	S	9.00	56.00	0.0%	
Investigation (Hourly Rate £47 (3 Hours) Set price)	56.00	47.00	20%	S	9.00	56.00	0.0%	
Land Drainage consent (LDA) Fixed	50.00	50.00	20%	S	10.00	60.00	0.0%	
Land Drainage consent (EFDC Bylaw)		50.00	20%	S	10.00	60.00	N/A	
EIR	156.00	150.00	20%	S	30.00	180.00	15.4%	
Flood pre app service		300.00	20%	S	60.00	360.00	N/A	
<b>Countrycare</b>								
Mow and Rake Meadow (Harlow Baptist Church)	504.00	470.40	20%	S	94.00	564.40	12.0%	
Thornwood Nature Area (PARISH COUNCIL)	504.00	470.40	20%	S	94.00	564.40	12.0%	
The Copse (PARISH COUNCIL)	504.00	470.40	20%	S	94.00	564.40	12.0%	
EG Millenium Garden* (PARISH COUNCIL)	504.00	470.40	20%	S	94.00	564.40	12.0%	
Willingale Rd Community Orchard (TOWN Council)	504.00	470.40	20%	S	94.00	564.40	12.0%	
Spring Ponds Wood (Castle Farm Barn)	504.00	470.40	20%	S	94.00	564.40	12.0%	
<b>Fleet Operations</b>								
MOT (EXTERNAL)	60.00	54.85	20%	S	10.97	65.82	9.7%	
Taxi Test (EXTERNAL)	54.00	50.00	20%	S	10.00	60.00	11.1%	
Driving Test (INTERNAL)	120.00	125.00	20%	S	25.00	150.00	25.0%	
Labour (INTERNAL/EXTERNAL)	72.00	75.00	20%	S	15.00	90.00	25.0%	
Licence check (INTERNAL)	30.00	30.00	20%	S	6.00	36.00	20.0%	
<b>Training</b>								
Basic Food Hygiene Course - Basic Food Hygiene Course	75.00	75.00	20%	S	15.00	90.00	0.0%	
Basic Food Hygiene Course - 6 courses, 10 per course	65.00	65.00	20%	S	13.00	78.00	0.0%	
Food Hygiene Re-rating visits	200.00	200.00	20%	S	40.00	240.00	0.0%	
Special Treatments - Premises	200.00	200.00	20%	S	40.00	240.00	0.0%	
Special Treatments - Person	150.00	150.00	20%	S	30.00	180.00	0.0%	
<b>Animal Welfare</b>								
Animal Boarding - Star rated	379.00	417.40	0%	O	0.00	417.40	10.1%	
Dog Breeding – Star rated	379.00	417.40	0%	O	0.00	417.40	10.1%	
Pet Shop – Star rated	379.00	417.40	0%	O	0.00	417.40	10.1%	
Dangerous Wild Animals – Star rated	379.00	417.40	0%	O	0.00	417.40	10.1%	
Riding Establishment – Star rated	379.00	417.40	0%	O	0.00	417.40	10.1%	
Dog Home Boarding Fee – Star rated	263.00	289.50	0%	O	0.00	289.50	10.1%	
Doggy Day Care	263.00	289.50	0%	O	0.00	289.50	10.1%	
Zoos	593.00	652.90	0%	O	0.00	652.90	10.1%	
Variations applicable to all	137.00	137.00	20%	O	0.00	137.00	0.0%	
<b>Hackney Carriage/Private Hire</b>								
New Annual Vehicle Licence - For new vehicles £30 plate deposit	277.00	277.00	0%	O	0.00	277.00	0.0%	
Annual vehicle Licence renewal	277.00	277.00	0%	O	0.00	277.00	0.0%	
Annual Drivers Licence - (3 year licence)	228.00	228.00	0%	O	0.00	228.00	0.0%	
Replacement Vehicle Plate	30.00	30.00	0%	O	0.00	30.00	0.0%	
Replacement Driver Badge	10.00	10.00	0%	O	0.00	10.00	0.0%	
Duplicate Paper Licence	7.00	7.00	0%	O	0.00	7.00	0.0%	
Drivers Test	21.00	21.00	0%	O	0.00	21.00	0.0%	
Drivers Re-sit of Test	21.00	21.00	0%	O	0.00	21.00	0.0%	

Description of Charge	2022/23	2023/24					
	Gross	Net	VAT			Gross	% Change
	£'s	£'s	%	Cat	£'s	£'s	
<b>Private Hire Operators</b>							
Annual Operator Licence (1 vehicle only)	105.00	105.00	0%	O	0.00	105.00	0.0%
Annual Operators (> 1 vehicle)	405.00	405.00	0%	O	0.00	405.00	0.0%
Transfer of Vehicle Licence	66.00	66.00	0%	O	0.00	66.00	0.0%
Plate Exemption	0.00	0.00	0%	O	0.00	0.00	0.0%
<b>Gambling Act 2005</b>							
Betting Premises (not tracks) new application	1,220.00	1,220.00	0%	O	0.00	1,220.00	0.0%
Betting Premises (not tracks) annual fee	600.00	600.00	0%	O	0.00	600.00	0.0%
Betting Premises (not tracks) application to vary	1,000.00	1,000.00	0%	O	0.00	1,000.00	0.0%
Betting Premises (not tracks) application to transfer	300.00	300.00	0%	O	0.00	300.00	0.0%
Betting Premises (not tracks) application for re-instatement	600.00	600.00	0%	O	0.00	600.00	0.0%
Betting Premises (not tracks) application for provisional statement	1,220.00	1,220.00	0%	O	0.00	1,220.00	0.0%
Adult Gaming Centre new application	1,000.00	1,000.00	0%	O	0.00	1,000.00	0.0%
Adult Gaming Centre annual fee	500.00	500.00	0%	O	0.00	500.00	0.0%
Adult Gaming Centre application to vary	1,000.00	1,000.00	0%	O	0.00	1,000.00	0.0%
Adult Gaming Centre application to transfer	300.00	300.00	0%	O	0.00	300.00	0.0%
Adult Gaming Centre application for re-instatement	500.00	500.00	0%	O	0.00	500.00	0.0%
Adult Gaming Centre application for provisional statement	1,000.00	1,000.00	0%	O	0.00	1,000.00	0.0%
Bingo Premises Licence	1,250.00	1,250.00	0%	O	0.00	1,250.00	0.0%
Bingo Premises annual fee	630.00	630.00	0%	O	0.00	630.00	0.0%
Bingo Premises application to vary	625.00	625.00	0%	O	0.00	625.00	0.0%
Bingo Premises application to transfer	300.00	300.00	0%	O	0.00	300.00	0.0%
Bingo Premises application for re-instatement	630.00	630.00	0%	O	0.00	630.00	0.0%
Bingo Premises application for provisional statement	1,250.00	1,250.00	0%	O	0.00	1,250.00	0.0%
Betting Premises Track Licence new application	1,300.00	1,300.00	0%	O	0.00	1,300.00	0.0%
Betting Premises Track Licence annual fee	630.00	630.00	0%	O	0.00	630.00	0.0%
Betting Premises Track Licence application to transfer	625.00	625.00	0%	O	0.00	625.00	0.0%
Betting Premises Track Licence application for re-instatement	630.00	630.00	0%	O	0.00	630.00	0.0%
Betting Premises Track Licence application for provisional statement	1,300.00	1,300.00	0%	O	0.00	1,300.00	0.0%
<b>Gambling Act 2005 Permits</b>							
FEC Gaming Machine app. Fee, and renewal fee	300.00	300.00	0%	O	0.00	300.00	0.0%
Price Gaming app fee and renewal fee	300.00	300.00	0%	O	0.00	300.00	0.0%
Alcohol Licences Premises - Notification of 2 or less machines app fee	50.00	50.00	0%	O	0.00	50.00	0.0%
Alcohol Licences Premises - More than 2 machines app fee	150.00	150.00	0%	O	0.00	150.00	0.0%
Alcohol Licences Premises - More than 2 machines: annual fee	50.00	50.00	0%	O	0.00	50.00	0.0%
Club Gaming Permit app fee	200.00	200.00	0%	O	0.00	200.00	0.0%
Club Gaming Permit: annual fee	50.00	50.00	0%	O	0.00	50.00	0.0%
Club Gaming Machine Permit App. Fee and same for renewal	50.00	50.00	0%	O	0.00	50.00	0.0%
Club Fast-track for Gaming Permit or Gaming Machine Permit: App fee	100.00	100.00	0%	O	0.00	100.00	0.0%
Club Fast-track for Gaming Permit or Gaming Machine Permit: annual fee	50.00	50.00	0%	O	0.00	50.00	0.0%
Small Society Lottery Registration: App fee	40.00	40.00	0%	O	0.00	40.00	0.0%
Small Society Lottery Registration: annual fee	20.00	20.00	0%	O	0.00	20.00	0.0%
<b>Permit - Miscellaneous fees</b>							
FEC Permits: name change	25.00	25.00	0%	O	0.00	25.00	0.0%
FEC Permits: permit copy	15.00	15.00	0%	O	0.00	15.00	0.0%
Prize Gaming Permits: name change	25.00	25.00	0%	O	0.00	25.00	0.0%
Prize Gaming Permits: permit copy	15.00	15.00	0%	O	0.00	15.00	0.0%
Alcohol Licences Premises - more than 2 machines: name change	25.00	25.00	0%	O	0.00	25.00	0.0%
Alcohol Licences Premises - more than 2 machines: permit copy	15.00	15.00	0%	O	0.00	15.00	0.0%
Club Gaming Permit: name change	25.00	25.00	0%	O	0.00	25.00	0.0%
Club Gaming Permit: permit copy	15.00	15.00	0%	O	0.00	15.00	0.0%
Club Gaming Machine Permit: name change	50.00	50.00	0%	O	0.00	50.00	0.0%
Club Gaming Machine Permit: permit copy	15.00	15.00	0%	O	0.00	15.00	0.0%
Small Society Lottery Registration: name change	40.00	40.00	0%	O	0.00	40.00	0.0%
Small Society Lottery Registration: permit copy	20.00	20.00	0%	O	0.00	20.00	0.0%
<b>Miscellaneous</b>							
Sex Shops and Cinemas	624.00	624.00	0%	O	0.00	624.00	0.0%
Sexual Entertainment Venues	4,425.00	4,425.00	0%	O	0.00	4,425.00	0.0%
Street Trading Consents	447.00	492.15	0%	O	0.00	492.15	10.1%
Scrap Metal Site 3 yr licence	454.00	499.85	0%	O	0.00	499.85	10.1%
Scrap Metal Dealer 3 yr licence	272.00	299.00	0%	O	0.00	299.00	9.9%
Road Closure Notices	202.00	202.00	0%	O	0.00	202.00	0.0%
Temporary Pavement Licence	100.00	100.00	0%	O	0.00	100.00	0.0%
<b>Community Resilience</b>							
Provision of CCTV for Insurance Purposes/Solicitors	125.00	125.00	0%	Z	0.00	125.00	0.0%

Description of Charge	2022/23		2023/24					% Change
	Gross	Net	VAT		Gross			
	£'s	£'s	%	Cat	£'s		£'s	
<b>Special Waste Collections</b>								
<b>Units</b>								
1 to 3	29.00	27.08	20%	S	5.42	32.50	12.1%	
4 to 7	43.73	40.83	20%	S	8.17	49.00	12.0%	
8 to 10	57.75	53.92	20%	S	10.78	64.70	12.0%	
11 to 15	73.50	N/A	N/A	N/A	N/A	N/A	N/A	
Over 15 (Contact us for price)								
<b>Trade Waste</b>								
<b>Refuse (bin sizes)</b>								
240	10.00	11.20	0%	Z	0.00	11.20	12.0%	
360	11.42	12.80	0%	Z	0.00	12.80	12.1%	
660	15.07	17.00	0%	Z	0.00	17.00	12.8%	
1100	19.72	22.00	0%	Z	0.00	22.00	11.6%	
<b>Recycling (bin sizes)</b>								
240	7.62	8.60	0%	Z	0.00	8.60	12.9%	
360	8.44	9.50	0%	Z	0.00	9.50	12.6%	
660	9.66	10.80	0%	Z	0.00	10.80	11.8%	
1100	11.74	13.10	0%	Z	0.00	13.10	11.6%	
<b>Food (bin sizes)</b>								
240	8.30	9.30	0%	Z	0.00	9.30	12.0%	
360	9.07	9.10	0%	Z	0.00	9.10	0.3%	
660	10.61	10.70	0%	Z	0.00	10.70	0.8%	
1100								
<b>Glass (bin sizes)</b>								
240	7.47	8.40	0%	Z	0.00	8.40	12.4%	
360	8.24	9.20	0%	Z	0.00	9.20	11.7%	
660	9.35	10.50	0%	Z	0.00	10.50	12.3%	
1100	11.25	12.60	0%	Z	0.00	12.60	12.0%	
<b>Clinical Waste Collection</b>								
Small sharps box		0.75	20%	S	0.15	0.90	N/A	
Big 1 litre Sharps box		1.33	20%	S	0.27	1.60	N/A	
Grade A Bags		1.75	20%	S	0.35	2.10	N/A	
<b>Private Sector Housing Grants</b>								
<b>DFGs and HRA</b>								
Disabled Facilities Grants (paid)	81,330.00	94,890.00	0%	Z	0.00	94,890.00	16.7%	
Decent Homes Loans	2,350.00	2,740.00	0%	Z	0.00	2,740.00	16.6%	
<b>Private Sector Housing (Tech)</b>								
<b>Licences - HMOs (Initial &amp; Renewal): fee per licence</b>								
HMO with up to 5 units of accommodation	841.00	942.00	0%	O	0.00	942.00	12.0%	
Renewal fee for non-compliant landlords	764.00	856.00	0%	O	0.00	856.00	12.0%	
Renewal fee for compliant landlords	456.00	511.00	0%	O	0.00	511.00	12.1%	
Additional units of accommodation (includes new app's and renewals)	33.00	37.00	0%	O	0.00	37.00	12.1%	
<b>Park Homes Licensing Fees</b>								
Site licence fees - In accordance with EFDC's Fees Policy for Licensing Residential Park Home Sites (On 8 sites)	3,880.00	3,880.00	0%	O	0.00	3,880.00	0.0%	
Depositing of site rules	154.90	154.90	0%	O	0.00	154.90	0.0%	
<b>Penalty Charges for Private Landlords</b>								
Failing to provide appropriate smoke and carbon monoxide alarms (Smoke and Carbon Monoxide Alarm (England) Regulations 2015)	5,000.00	5,000.00	0%	O	0.00	5,000.00	0.0%	
Fine for Lettings Agencies and Property Agencies failing to join a Government-approved Redress Scheme	5,000.00	5,000.00	0%	O	0.00	5,000.00	0.0%	
Civil Penalty Notice for certain Housing Act 2004 offences. See charging policy matrix for offences.	30,000.00	30,000.00	0%	O	0.00	30,000.00	0.0%	
Energy Efficiency Private Rented Properties Regs	2,000.00	2,000.00	0%	O	0.00	2,000.00	0.0%	
Property let with EPC below E for less than 3 months	4,000.00	4,000.00	0%	O	0.00	4,000.00	0.0%	
Property let with EPC below E for more than 3 months	1,000.00	1,000.00	0%	O	0.00	1,000.00	0.0%	
False or misleading information on exemption register	2,000.00	2,000.00	0%	O	0.00	2,000.00	0.0%	
Failure to comply with compliance notice	2,000.00	2,000.00	0%	O	0.00	2,000.00	0.0%	
<b>Property Inspections for Immigration Applications</b>								
At 20/21 flat fee charge agreed	200.00	224.00	0%	O	0.00	224.00	12.0%	
<b>Enforcement of Private Sector Housing Conditions- Housing Act 2004 and Mobile Homes Act 2013</b>								
<b>1 - 4 Hazards per enforcement</b>								
1 Bed Property	390.00	437.00	0%	O	0.00	437.00	12.1%	
2 Bed Property	422.50	474.00	0%	O	0.00	474.00	12.2%	
3 Bed Property	503.75	564.00	0%	O	0.00	564.00	12.0%	
4 Bed Property	585.00	655.00	0%	O	0.00	655.00	12.0%	
5 or 6 Bed Property	650.00	728.00	0%	O	0.00	728.00	12.0%	
> 6 Bed Property or HMO	796.25	892.00	0%	O	0.00	892.00	12.0%	
<b>5 or more Hazards</b>								
1 Bed Property	487.50	547.00	0%	O	0.00	547.00	12.2%	
2 Bed Property	536.25	600.00	0%	O	0.00	600.00	11.9%	
3 Bed Property	585.00	655.00	0%	O	0.00	655.00	12.0%	
4 Bed Property	698.75	783.00	0%	O	0.00	783.00	12.1%	
5 or 6 Bed Property	747.50	838.00	0%	O	0.00	838.00	12.1%	
> 6 Bed Property or HMO	828.75	928.00	0%	O	0.00	928.00	12.0%	
Works in default following enforcement (Cost of work + 30%)								

Description of Charge	2022/23	2023/24						% Change
	Gross	Net	VAT			Gross		
	£'s	£'s	%	Cat	£'s	£'s		
<b>Community &amp; Wellbeing</b>								
<b>Venue Hire</b>								
The Space day rate (per hour) (30 people) Commercial	27.50	25.83	20%	S	5.17	31.00	12.7%	
The Space day rate (per hour) (30 people) Community	16.50	15.83	20%	S	3.17	19.00	15.1%	
The Space evening rate (per hour) (30 people) Commercial	55.00	51.67	20%	S	10.33	62.00	12.7%	
The Space evening rate (per hour) (30 people) Community	38.50	36.67	20%	S	7.33	44.00	14.3%	
The Space Sunday rate (per hour) (30 people) Commercial	112.00	105.00	20%	S	21.00	126.00	12.5%	
The Space Sunday rate (per hour) (30 people) Community	89.00	83.33	20%	S	16.67	100.00	12.4%	
Overnight hire at both museums Commercial	585.00	545.83	20%	S	109.17	655.00	12.0%	
Tea/Coffee and Biscuits (per person)	3.35	2.92	20%	S	0.58	3.50	4.6%	
Buffet Lunch (per person)	7.90	8.33	20%	S	1.67	10.00	26.5%	
Limes Centre Main Hall Mon-Fri 9am-6pm Scale 1	14.50	13.75	20%	S	2.75	16.50	13.8%	
Limes Centre Main Hall Mon-Fri 9am-6pm Scale 2 Non EFDC residents	29.00	27.08	20%	S	5.42	32.50	12.1%	
Limes Centre Main Hall Mon-Fri 9am-6pm Scale 2 EFDC residents	23.25	21.67	20%	S	4.33	26.00	11.8%	
Limes Centre Main Hall Mon-Fri 6pm - 10pm Scale 1	20.25	19.17	20%	S	3.83	23.00	13.6%	
Limes Centre Main Hall Mon-Fri 6pm - 10pm Scale 2 Non EFDC residents	40.25	37.50	20%	S	7.50	45.00	11.8%	
Limes Centre Main Hall Mon-Fri 6pm - 10pm Scale 2 EFDC residents	32.00	30.00	20%	S	6.00	36.00	12.5%	
Limes Centre Main Hall Sat 10am-6pm Scale 1	20.75	19.58	20%	S	3.92	23.50	13.2%	
Limes Centre Main Hall Sat 10am-6pm Scale 2 Non EFDC residents	43.00	40.00	20%	S	8.00	48.00	11.6%	
Limes Centre Main Hall Sat 10am-6pm Scale 2 EFDC residents	33.50	31.25	20%	S	6.25	37.50	11.9%	
Limes Centre Main Hall Sat 6pm-11pm Scale 1	32.50	30.42	20%	S	6.08	36.50	12.3%	
Limes Centre Main Hall Sat 6pm-11pm Scale 2 Non EFDC residents	55.00	51.25	20%	S	10.25	61.50	11.8%	
Limes Centre Main Hall Sat 6pm-11pm Scale 2 EFDC residents	44.25	41.25	20%	S	8.25	49.50	11.9%	
Limes Centre Main Hall Sun 10am-9pm Scale 1	33.00	30.83	20%	S	6.17	37.00	12.1%	
Limes Centre Main Hall Sun 10am-9pm Scale 2 Non EFDC residents	55.00	51.25	20%	S	10.25	61.50	11.8%	
Limes Centre Main Hall Sun 10am-9pm Scale 2 EFDC residents	44.25	41.25	20%	S	8.25	49.50	11.9%	
Limes Centre Activity Room Mon-Fri 9am-6pm Scale 1	12.50	10.00	20%	S	2.00	12.00	14.3%	
Limes Centre Activity Room Mon-Fri 9am-6pm Scale 2 Non EFDC residents	20.50	21.25	20%	S	4.25	25.50	13.3%	
Limes Centre Activity Room Mon-Fri 9am-6pm Scale 2 EFDC residents	17.75	16.67	20%	S	3.33	20.00	12.7%	
Limes Centre Activity Room Mon-Fri 6pm - 10pm Scale 1	16.00	15.00	20%	S	3.00	18.00	12.5%	
Limes Centre Activity Room Mon-Fri 6pm - 10pm Scale 2 Non EFDC residents	27.50	25.83	20%	S	5.17	31.00	12.7%	
Limes Centre Activity Room Mon-Fri 6pm - 10pm Scale 2 EFDC residents	22.50	21.25	20%	S	4.25	25.50	13.3%	
Limes Centre Activity Room Sat/Sun 10am-6pm Scale 1	17.00	15.83	20%	S	3.17	19.00	11.7%	
Limes Centre Activity Room Sat/Sun 10am-6pm Scale 2 Non EFDC residents	28.50	26.67	20%	S	5.33	32.00	12.3%	
Limes Centre Activity Room Sat/Sun 10am-6pm Scale 2 EFDC residents	22.75	21.25	20%	S	4.25	25.50	12.1%	
Limes Centre Activity Room Sat/Sun 6pm-11pm Scale 1	23.25	21.67	20%	S	4.33	26.00	11.8%	
Limes Centre Activity Room Sat/Sun 6pm-11pm Scale 2 Non EFDC residents	33.50	31.25	20%	S	6.25	37.50	11.9%	
Limes Centre Activity Room Sat/Sun 6pm-11pm Scale 2 EFDC residents	27.50	25.83	20%	S	5.17	31.00	12.7%	
Limes Centre Meeting Room Mon-Fri 9am-6pm Scale 1	7.25	7.08	20%	S	1.42	8.50	17.2%	
Limes Centre Meeting Room Mon-Fri 9am-6pm Scale 2 Non EFDC residents	13.25	12.50	20%	S	2.50	15.00	13.2%	
Limes Centre Meeting Room Mon-Fri 9am-6pm Scale 2 EFDC residents	10.75	10.00	20%	S	2.00	12.00	11.6%	
Limes Centre Meeting Room Mon-Fri 6pm - 10pm Scale 1	13.75	12.92	20%	S	2.58	15.50	12.8%	
Limes Centre Meeting Room Mon-Fri 6pm - 10pm Scale 2 Non EFDC residents	26.00	24.17	20%	S	4.83	29.00	11.6%	
Limes Centre Meeting Room Mon-Fri 6pm - 10pm Scale 2 EFDC residents	22.00	20.83	20%	S	4.17	25.00	13.6%	
Limes Centre Meeting Room Sat/Sun 10am-6pm Scale 1	13.75	12.92	20%	S	2.58	15.50	12.8%	
Limes Centre Meeting Room Sat/Sun 10am-6pm Scale 2 Non EFDC residents	27.00	25.42	20%	S	5.08	30.50	13.0%	
Limes Centre Meeting Room Sat/Sun 10am-6pm Scale 2 EFDC residents	22.00	20.83	20%	S	4.17	25.00	13.6%	
Limes Centre Meeting Room Sat/Sun 6pm-11pm Scale 1	18.00	17.08	20%	S	3.42	20.50	13.9%	
Limes Centre Meeting Room Sat/Sun 6pm-11pm Scale 2 Non EFDC residents	36.50	34.17	20%	S	6.83	41.00	12.3%	
Limes Centre Meeting Room Sat/Sun 6pm-11pm Scale 2 EFDC residents	28.50	26.67	20%	S	5.33	32.00	12.3%	
<b>Culture and Community Programme</b>								
Family Fun Workshops and Toddler sessions	2.40	3.00	0%	X	0.00	3.00	25.0%	
Half Day Workshops	9.00	13.00	0%	X	0.00	13.00	44.4%	
Full day workshops	22.00	25.00	0%	X	0.00	25.00	13.6%	
Museum Movers	5.40	6.00	0%	X	0.00	6.00	11.1%	

Description of Charge	2022/23	2023/24					
	Gross	Net	VAT			Gross	% Change
	£'s	£'s	%	Cat	£'s	£'s	
<b>Wellbeing Programme</b>							
Indoor Bowls - Get Active	5.40	6.00	0%	X	0.00	6.00	11.1%
Multi-sports/Activity Camps	23.00	26.00	0%	X	0.00	26.00	13.0%
Play in the Forest	4.00	4.00	0%	X	0.00	4.00	0.0%
After School Clubs	35.00	39.00	0%	X	0.00	39.00	11.4%
Walking Football	3.50	4.00	0%	X	0.00	4.00	14.3%
Play in the Park (Charge for town/parish councils)	95.00	140.00	0%	X	0.00	140.00	47.4%
<b>Images (Private Research &amp; Commercial)</b>							
<b>Private Research:</b>							
A4 Black & White print	7.75	7.50	20%	S	1.50	9.00	16.1%
A4 Colour print	8.25	7.71	20%	S	1.54	9.25	12.1%
A4 Black and white photocopy	1.65	1.54	20%	S	0.31	1.85	12.0%
Digital copy, 300dpi (by email)	7.20	7.08	20%	S	1.42	8.50	18.0%
Digital copy, 300dpi (by email) (over 10 images)	6.20	5.83	20%	S	1.17	7.00	12.8%
Loans Handling Fee	107.00	100.00	20%	S	20.00	120.00	12.1%
<b>Exhibition Hire</b>							
Touring Exhibitions (Venues in Eastern Region) per month (minimum 2 month hire)	75.00	85.00	0%	X	0.00	85.00	13.3%
Touring Exhibitions (Venues outside Eastern Region) per month (minimum 2 month hire)	105.00	120.00	0%	X	0.00	120.00	14.3%
<b>Design Charges</b>							
Exhibition and Design Officer (per hour)	32.00	42.00	0%	Z	0.00	42.00	31.3%
Other Officers (per hour)	28.00	38.00	0%	Z	0.00	38.00	35.7%
Administrative Tasks (per hour)	16.50	21.50	0%	Z	0.00	21.50	30.3%
<b>Talks and Tours</b>							
1 hour daytime talk within the Epping Forest District (per group)	66.00	74.00	0%	X	0.00	74.00	12.1%
1 hour daytime talk outside the Epping Forest District (per group)	76.50	86.00	0%	X	0.00	86.00	12.4%
1 hour evening talk outside museum but within district (per group)	76.50	86.00	0%	X	0.00	86.00	12.4%
1 hour evening talk outside the district (per group)	87.50	98.00	0%	X	0.00	98.00	12.0%
1 hour daytime talk or tour (incl. Behind the Scenes), with refreshments within the museum (per person) minimum group charge of £70	7.20	8.20	0%	X	0.00	8.20	13.9%
1 hour evening talk or tour (incl. Behind the Scenes), with refreshments within the museum (per person) minimum group charge of £90	9.20	10.40	0%	X	0.00	10.40	13.0%
<b>Schools (workshops in school - Max 35 pupils per class)</b>							
<b>1 class for 1 hour</b>							
Epping Forest District Schools	49.00	50.50	0%	X	0.00	50.50	3.1%
Schools outside Epping Forest area	60.00	62.00	0%	X	0.00	62.00	3.3%
<b>2 classes on same day 2 x 1 hour</b>							
Epping Forest District Schools	76.50	78.50	0%	X	0.00	78.50	2.6%
Schools outside Epping Forest area	87.50	89.50	0%	X	0.00	89.50	2.3%
<b>3 classes on same day 3 x 1 hour</b>							
Epping Forest District Schools	104.00	106.00	0%	X	0.00	106.00	1.9%
Schools outside Epping Forest/Broxbourne area	115.00	117.00	0%	X	0.00	117.00	1.7%
<b>4 classes on same day 4 x 1 hour</b>							
Epping Forest District Schools	131.00	133.00	0%	X	0.00	133.00	1.5%
Schools outside Epping Forest area	143.00	146.00	0%	X	0.00	146.00	2.1%
<b>2 hours (half day) up to two classes</b>							
Epping Forest District Schools (Per child) minimum charge £45	4.60	4.80	0%	X	0.00	4.80	4.3%
Schools outside Epping Forest area (Per child) minimum charge £55	5.60	5.80	0%	X	0.00	5.80	3.6%
<b>4 hours (full day) up to two classes</b>							
Epping Forest District Schools (Per child) minimum charge £45	7.20	7.40	0%	X	0.00	7.40	2.8%
Schools outside Epping Forest area (Per child) minimum charge £55	8.20	8.40	0%	X	0.00	8.40	2.4%
Self guided visit - with Trail provided by EFDC	1.25	1.30	0%	X	0.00	1.30	4.0%
<b>School Topic Box Hire</b>							
Epping Forest Schools	49.00	50.00	0%	X	0.00	50.00	2.0%
Schools outside Epping Forest area	60.00	61.00	0%	X	0.00	61.00	1.7%
*Special rate - save £10 if booked with and delivered on the same day as a workshop							
<b>Homelessness (General Fund)</b>							
Bed & Breakfast – Single Room (per night)	45.33	50.00	0%	O	0.00	50.00	10.3%
Bed & Breakfast – Double Room (per night)	53.89	60.00	0%	O	0.00	60.00	11.3%

Description of Charge	2022/23	2023/24					
	Gross	Net	VAT			Gross	% Change
	£'s	£'s	%	Cat	£'s	£'s	
<b>Corporate Services</b>							
<b>Legal</b>							
Property Transactions - Redemption of Mortgages	155.00	174.00	0%	X	0.00	174.00	12.3%
Property Transactions - Transfers of Equity	300.00	336.00	0%	X	0.00	336.00	12.0%
Property Transactions - Sale of Land	663.00	743.00	0%	X	0.00	743.00	12.1%
Property Transactions - Repayment of Discount and Postponement of Legal Charge	441.00	494.00	0%	X	0.00	494.00	12.0%
Property Transactions - Deed of Release of Covenant	408.00	457.00	0%	X	0.00	457.00	12.0%
Property Transactions - Deed of Covenant + Application to Cancel Land Charges Entry	306.00	343.00	0%	X	0.00	343.00	12.1%
Property Transactions - Second Mortgage Questionnaires	122.00	137.00	0%	X	0.00	137.00	12.3%
Property Transactions - Licence to cross land/occupy land	655.00	611.67	20%	S	122.33	734.00	12.1%
Property Transactions - Licences to cross housing land	343.00	384.00	0%	X	0.00	384.00	12.0%
<b>Leases</b>							
Shops	1,224.00	1,371.00	0%	X	0.00	1,371.00	12.0%
Industrial (e.g. Oakwood Hill and North Weald)	1,224.00	1,371.00	0%	X	0.00	1,371.00	12.0%
Leases contracted out of Landlord and Tenant Act 1954 provisions	187.00	209.00	0%	X	0.00	209.00	11.8%
New Lease extending Term (residential)	612.00	685.00	0%	X	0.00	685.00	11.9%
<b>Licences granted pursuant to a lease</b>							
To Assign (add □£60.77 if surety)	1,162.00	1,084.17	20%	S	216.83	1,301.00	12.0%
For Alterations	1,162.00	1,084.17	20%	S	216.83	1,301.00	12.0%
For Change of Use	1,162.00	1,084.17	20%	S	216.83	1,301.00	12.0%
To Sublet	1,162.00	1,084.17	20%	S	216.83	1,301.00	12.0%
Deed of Surrender of Lease	1,162.00	1,084.17	20%	S	216.83	1,301.00	12.0%
Combined Surrender / Licence	1,162.00	1,084.17	20%	S	216.83	1,301.00	12.0%
Transfer of Lease and Notification of Mortgage (RTB)	85.00	95.00	0%	X	0.00	95.00	11.8%
For Commercial Leases	91.00	102.00	0%	X	0.00	102.00	12.1%
Deeds of Variation	459.00	514.00	0%	X	0.00	514.00	12.0%
Consent for restriction	116.00	108.33	20%	S	21.67	130.00	12.1%
<b>Planning Agreements</b>							
Section 106 - routine	918.00	1,028.00	0%	X	0.00	1,028.00	12.0%
Section 106 – Complex		Time recorded	0%	X	0.00	0.00	N/A
Section 106 – inc minor Highways works	1,326.00	1,485.00	0%	X	0.00	1,485.00	12.0%
Section 106 – inc major Highways works	1,530.00	1,714.00	0%	X	0.00	1,714.00	12.0%
Unilateral Undertaking – routine	510.00	571.00	0%	X	0.00	571.00	12.0%
Unilateral Undertaking – complex		Time recorded	0%	X	0.00	0.00	N/A
Variation / Revocation S 106 Agreement or Unilateral Undertaking	510.00	571.00	0%	X	0.00	571.00	12.0%
<b>Monitoring Officer</b>							
Monitoring Officer - investigations, issues & advice to Town & Parish councillors (per hour)		95.00	20%	S	19.00	114.00	N/A
<b>Business Support</b>							
<b>Conference Suite Room Hire Standard Weekday Rates (selected partners pay 30% of standard rate on weekdays)</b>							
One Room 1st Hour		92.00	20%	S	18.40	110.40	N/A
One Room 2nd Hour		92.00	20%	S	18.40	110.40	N/A
One Room Half Day (4 hours)		240.00	20%	S	48.00	288.00	N/A
One Room Full Day (8 hours)		368.00	20%	S	73.60	441.60	N/A
Two Rooms 1st Hour		156.00	20%	S	31.20	187.20	N/A
Two Rooms 2nd Hour		156.00	20%	S	31.20	187.20	N/A
Two Rooms Half Day (4 hours)		404.00	20%	S	80.80	484.80	N/A
Two Rooms Full Day (8 hours)		620.00	20%	S	124.00	744.00	N/A
Three Rooms 1st Hour		212.00	20%	S	42.40	254.40	N/A
Three Rooms 2nd Hour		212.00	20%	S	42.40	254.40	N/A
Three Rooms Half Day (4 hours)		548.00	20%	S	109.60	657.60	N/A
Three Rooms Full Day (8 hours)		844.00	20%	S	168.80	1,012.80	N/A
Whole Conference Suite 1st Hour		368.00	20%	S	73.60	441.60	N/A
Whole Conference Suite 2nd Hour		368.00	20%	S	73.60	441.60	N/A
Whole Conference Suite Half Day (4 hours)		960.00	20%	S	192.00	1,152.00	N/A
Whole Conference Suite Full Day (8 hours)		1,476.00	20%	S	295.20	1,771.20	N/A
Conference suite hire weekend rates		By negotiation	20%	S			N/A
CON29R Residential		113.75	20%	S	22.75	136.50	N/A
CON29R Residential Extra parcel fee	15.60	23.83	20%	S	4.77	28.60	83.3%
CON290 Residential Questions 4 - 21	12.00	18.16	20%	S	3.63	21.79	81.6%
CON290 Residential Questions 22 (on behalf of Essex Legal)	16.80	26.10	20%	S	5.22	31.32	86.4%
CON290 Residential admin fee	18.00	27.24	20%	S	5.45	32.69	81.6%
Residential Additional enquiries – per enquiry	24.00	37.45	20%	S	7.49	44.94	87.3%
CON29R Commercial		183.75	20%	S	36.75	220.50	N/A
CON29R Commercial Extra parcel fee	15.60	38.53	20%	S	7.71	46.24	196.4%
CON290 Commercial Questions 4 - 21	12.00	29.36	20%	S	5.87	35.23	193.6%
CON290 Commercial Questions 22 (on behalf of Essex Legal)	16.80	42.20	20%	S	8.44	50.64	201.4%
CON290 Commercial admin fee	18.00	44.04	20%	S	8.81	52.85	193.6%
Commercial Additional enquiries – per enquiry	24.00	60.55	20%	S	12.11	72.66	202.8%



Description of Charge	2022/23		2023/24					% Change
	Gross	Net	VAT			Gross		
	£'s	£'s	%	Cat	£'s	£'s		
<b>Planning &amp; Development</b>								
<b>Commercial/Building Control</b>								
1 Plot (New-build houses)	770.00	733.33	20%	S	146.67	880.00	14.3%	
2 Plots (houses)	1,165.00	1,091.67	20%	S	218.33	1,310.00	12.4%	
3 Plots (houses)	1,615.00	1,508.33	20%	S	301.67	1,810.00	12.1%	
4 Plots (houses)	2,040.00	1,908.33	20%	S	381.67	2,290.00	12.3%	
5 Plots (houses)	2,460.00	2,295.83	20%	S	459.17	2,755.00	12.0%	
1 Plot (flats)	770.00	733.33	20%	S	146.67	880.00	14.3%	
2 Plots (flats)	1,165.00	1,091.67	20%	S	218.33	1,310.00	12.4%	
3 Plots (flats)	1,615.00	1,508.33	20%	S	301.67	1,810.00	12.1%	
4 Plots (flats)	2,040.00	1,908.33	20%	S	381.67	2,290.00	12.3%	
5 Plots (flats)	2,460.00	2,295.83	20%	S	459.17	2,755.00	12.0%	
Conversion to house	760.00	712.50	20%	S	142.50	855.00	12.5%	
Conversion to flat	625.00	587.50	20%	S	117.50	705.00	12.8%	
Single storey extension to dwelling not exceeding 40m²	655.00	620.83	20%	S	124.17	745.00	13.7%	
Single storey extension to dwelling 40-100m²	1,045.00	979.17	20%	S	195.83	1,175.00	12.4%	
2 or 3 storey extension to dwelling not exceeding 40m²	655.00	620.83	20%	S	124.17	745.00	13.7%	
2 or 3 storey extension to dwelling 40-100m²	1,045.00	979.17	20%	S	195.83	1,175.00	12.4%	
Garage/carport/store not exceeding 100m²	515.00	483.33	20%	S	96.67	580.00	12.6%	
Detached non-habitable outbuilding not exceeding 50m²	635.00	596.83	20%	S	119.17	715.00	12.6%	
Loft conversion to dwelling under 40m²	700.00	658.33	20%	S	131.67	790.00	12.9%	
Garage conversion to dwelling	380.00	358.33	20%	S	71.67	430.00	13.2%	
Renovation of thermal element on a dwelling	295.00	279.17	20%	S	55.83	335.00	13.6%	
Replacement windows/rooflights on a dwelling	295.00	279.17	20%	S	55.83	335.00	13.6%	
Alterations to a dwelling under £5,000 in value	295.00	279.17	20%	S	55.83	335.00	13.6%	
Alterations to a dwelling £5,000-£25,000 in value	500.00	470.83	20%	S	94.17	565.00	13.0%	
Alterations to a dwelling £25,000 - £100,000 in value	750.00	704.17	20%	S	140.83	845.00	12.7%	
Non-domestic single storey extension up to 40m²	660.00	620.83	20%	S	124.17	745.00	12.9%	
Non-domestic single storey extension 40 – 100m²	1,030.00	975.00	20%	S	195.00	1,170.00	13.6%	
Non-domestic 2 or 3 storey extension under 40m²	660.00	620.83	20%	S	124.17	745.00	12.9%	
Non-domestic 2 or 3 storey extension 40-100m²	1,030.00	975.00	20%	S	195.00	1,170.00	13.6%	
Alterations to a commercial building up to £5,000 in value	295.00	275.00	20%	S	55.00	330.00	11.9%	
Replacement windows/doors/rooflights to a commercial building <20 units	295.00	275.00	20%	S	55.00	330.00	11.9%	
Renewable Energy Systems	295.00	275.00	20%	S	55.00	330.00	11.9%	
Replacement shop front	295.00	275.00	20%	S	55.00	330.00	11.9%	
Alterations to a commercial building £5,000 - £25,000 in value	515.00	487.50	20%	S	97.50	585.00	13.6%	
Replacement windows/doors/rooflights to a commercial building >20 units	340.00	320.83	20%	S	64.17	385.00	13.2%	
Renovation of thermal elements to a commercial building	295.00	275.00	20%	S	55.00	330.00	11.9%	
Raised storage platform installation	250.00	237.50	20%	S	47.50	285.00	14.0%	
Alterations to a commercial building £25,000 - £100,000 in value	770.00	716.67	20%	S	143.33	860.00	11.7%	
Fit-out of a commercial building up to 100m² floor area	295.00	275.00	20%	S	55.00	330.00	11.9%	
Testing and certification of Electrical work where Part P installer not used	350.00	320.83	20%	S	64.17	385.00	10.0%	
Retrieval of archived files (+3years old), research and reinspection	250.00	208.33	20%	S	41.67	250.00	0.0%	
NEW- Research, retrieval and issue of copy decision notices and certificates - emailed	50.00	45.83	20%	S	9.17	55.00	10.0%	
NEW- Research, retrieval and issue of copy decision notices and certificates - posted	55.00	50.00	20%	S	10.00	60.00	9.1%	
NEW - Letter confirming exemption from Building Regulations - emailed	50.00	45.83	20%	S	9.17	55.00	10.0%	
NEW - Letter confirming exemption from Building Regulations - posted	55.00	50.00	20%	S	10.00	60.00	9.1%	
Conservatory Roof Replacement partnership (BCR)	150.00	140.00	20%	S	28.00	168.00	12.0%	
<b>Planning</b>								
PPA's	150.00	150.00	20%	S	30.00	180.00	20.0%	
Documents requests/research	132.00	132.00	20%	S	26.40	158.40	20.0%	
Urgent requests (Within 48 hrs)	600.00	600.00	20%	S	120.00	720.00	20.0%	
Scanning Fees – Paper Applications	24.00	24.00	20%	S	4.80	28.80	20.0%	
Admin Charge for Section 106 Legal Agreements with requirement for financial contribution (By negotiation)	0.00		0%	N	0.00	0.00	N/A	
Admin Charge for Section 106 Legal Agreements with no requirement for financial contribution	500.00	600.00	0%	N	0.00	600.00	44.0%	
<b>Planning - Development Management</b>								
<b>Pre-Planning Applications</b>								
Written Advice Meetings: Minor 1-2 Units	450.00	450.00	20%	S	90.00	540.00	20.0%	
Written Advice Meetings: Minor 3-9 Units	1,350.00	1,350.00	20%	S	270.00	1,620.00	20.0%	
Written Advice Meetings: Major 10-19 Units	2,700.00	2,700.00	20%	S	540.00	3,240.00	20.0%	
Written Advice Meetings: Major 20-49 Units	5,400.00	5,400.00	20%	S	1,080.00	6,480.00	20.0%	
Written Advice Meetings: Major 50+ Units (By negotiation)	0.00	0.00	20%	S	0.00	0.00	N/A	
Planning Advice Meetings: All other cases (including Listed Buildings)	150.00	150.00	20%	S	30.00	180.00	20.0%	
Planning Written Advice or Meeting: Discussions for a way forward following refusal of PA (minor)	150.00	150.00	20%	S	30.00	180.00	20.0%	
Planning Nature and Form of Meetings by Negotiation: Discussions for a way forward following refusal of PA (major) (By negotiation)	0.00		20%	S	0.00	0.00	N/A	
<b>Planning Application Fee</b>								
Various based on set national fees & charges			20%	S	0.00		N/A	
30 minute pre-paid bookable appointment (replaces services of a duty planner)	0.00	62.50	20%	S	12.50	75.00	N/A	

## Annex D2: Draft Car Parking Charges 2023/24

Description of Charge		2022/23		2023/24				
		Gross	Net	VAT			Gross	% Change
		£'s	£'s	%	Cat	£'s	£'s	
<b>Car Parking</b>								
<b>Tariff One</b>								
Bakers Lane, Epping, CM16 5EG	08:00 - 18:00	1.00	0.25	20%	S	0.05	0.30	0.0%
Civic Offices, EFDC, CM16 4BZ (1st free hour enter reg no.)	08:00 - 18:00	1.00	0.25	20%	S	0.05	0.30	0.0%
Old Station Road, (Sainsburys), Loughton, IG10 4PE	08:00 - 18:00	1.00	0.25	20%	S	0.05	0.30	0.0%
Traps Hill, Loughton, IG10 1HD	09:00 - 18:00	1.00	0.25	20%	S	0.05	0.30	0.0%
The Drive, Loughton, IG10 1HW	08:00 - 18:00	1.00	0.25	20%	S	0.05	0.30	0.0%
Oakwood Hill East, Loughton, IG10 3TZ	08:30 - 17:30	1.00	0.25	20%	S	0.05	0.30	0.0%
High Beech, Loughton, IG10 4HH	08:00 - 18:00	1.00	0.25	20%	S	0.05	0.30	0.0%
Smarts Lane, Loughton, IG10 4BG	08:00 - 18:00	1.00	0.25	20%	S	0.05	0.30	0.0%
The Pleasance, Ongar, CM5 9AG	08:00 - 18:00	1.00	0.25	20%	S	0.05	0.30	0.0%
Sainsburys Ongar, Ongar, CM5 9AG	08:00 - 18:00	1.00	0.25	20%	S	0.05	0.30	0.0%
Bansons Lane, Ongar, CM5 9AA	08:00 - 18:00	1.00	0.25	20%	S	0.05	0.30	0.0%
Cornmill, Waltham Abbey, EN9 1RB	08:00 - 18:00	1.00	0.25	20%	S	0.05	0.30	0.0%
Quaker Lane, Waltham Abbey, EN9 1ER	08:00 - 18:00	1.00	0.25	20%	S	0.05	0.30	0.0%
Darby Drive, Waltham Abbey, EN9 1EE	08:00 - 18:00	1.00	0.25	20%	S	0.05	0.30	0.0%
Burton Road & Access Rd, Debden, IG10 3ST	08:30 - 17:30	1.00	0.25	20%	S	0.05	0.30	0.0%
Vere Road, Debden, IG10 3SW	08:30 - 17:30	1.00	0.25	20%	S	0.05	0.30	0.0%
Burton Road South, Debden, IG10	08:30 - 17:30	1.00	0.25	20%	S	0.05	0.30	0.0%
Queens Road Lower, Buckhurst Hill, IG9 5BZ	08:00 - 18:00	1.00	0.25	20%	S	0.05	0.30	0.0%
Queens Road Upper, Buckhurst Hill, IG9 5AZ	08:00 - 18:00	1.00	0.25	20%	S	0.05	0.30	0.0%
Beaumont Park Drive, Bakery Close, Roydon	N/A							
<b>Tariff Two</b>								
Bakers Lane, Epping, CM16 5EG	08:00 - 18:00	1.00	0.83	20%	S	0.17	1.00	0.0%
Civic Offices, EFDC, CM16 4BZ (1st free hour enter reg no.)	08:00 - 18:00	1.00	0.83	20%	S	0.17	1.00	0.0%
Old Station Road, (Sainsburys), Loughton, IG10 4PE	08:00 - 18:00	1.00	0.83	20%	S	0.17	1.00	0.0%
Traps Hill, Loughton, IG10 1HD	09:00 - 18:00	1.00	0.83	20%	S	0.17	1.00	0.0%
The Drive, Loughton, IG10 1HW	08:00 - 18:00	1.00	0.83	20%	S	0.17	1.00	0.0%
Oakwood Hill East, Loughton, IG10 3TZ	08:30 - 17:30	1.00	0.83	20%	S	0.17	1.00	0.0%
High Beech, Loughton, IG10 4HH	08:00 - 18:00	1.00	0.83	20%	S	0.17	1.00	0.0%
Smarts Lane, Loughton, IG10 4BG	08:00 - 18:00	1.00	0.83	20%	S	0.17	1.00	0.0%
The Pleasance, Ongar, CM5 9AG	08:00 - 18:00	1.00	0.83	20%	S	0.17	1.00	0.0%
Sainsburys Ongar, Ongar, CM5 9AG	08:00 - 18:00	1.00	0.83	20%	S	0.17	1.00	0.0%
Bansons Lane, Ongar, CM5 9AA	08:00 - 18:00	1.00	0.83	20%	S	0.17	1.00	0.0%
Cornmill, Waltham Abbey, EN9 1RB	08:00 - 18:00	1.00	0.83	20%	S	0.17	1.00	0.0%
Quaker Lane, Waltham Abbey, EN9 1ER	08:00 - 18:00	1.00	0.83	20%	S	0.17	1.00	0.0%
Darby Drive, Waltham Abbey, EN9 1EE	08:00 - 18:00	1.00	0.83	20%	S	0.17	1.00	0.0%
Burton Road & Access Rd, Debden, IG10 3ST	08:30 - 17:30	1.00	0.83	20%	S	0.17	1.00	0.0%
Vere Road, Debden, IG10 3SW	08:30 - 17:30	1.00	0.83	20%	S	0.17	1.00	0.0%
Burton Road South, Debden, IG10	08:30 - 17:30	1.00	0.83	20%	S	0.17	1.00	0.0%
Queens Road Lower, Buckhurst Hill, IG9 5BZ	08:00 - 18:00	1.00	0.83	20%	S	0.17	1.00	0.0%
Queens Road Upper, Buckhurst Hill, IG9 5AZ	08:00 - 18:00	1.00	0.83	20%	S	0.17	1.00	0.0%
Beaumont Park Drive, Bakery Close, Roydon	N/A							
<b>Tariff Three</b>								
Bakers Lane, Epping, CM16 5EG	08:00 - 18:00	2.00	1.67	20%	S	0.33	2.00	0.0%
Civic Offices, EFDC, CM16 4BZ (1st free hour enter reg no.)	08:00 - 18:00	2.00	1.67	20%	S	0.33	2.00	0.0%
Old Station Road, (Sainsburys), Loughton, IG10 4PE	08:00 - 18:00	2.00	1.67	20%	S	0.33	2.00	0.0%
Traps Hill, Loughton, IG10 1HD	09:00 - 18:00	2.00	1.67	20%	S	0.33	2.00	0.0%
The Drive, Loughton, IG10 1HW	08:00 - 18:00	2.00	1.67	20%	S	0.33	2.00	0.0%
Oakwood Hill East, Loughton, IG10 3TZ	08:30 - 17:30	2.00	1.67	20%	S	0.33	2.00	0.0%
High Beech, Loughton, IG10 4HH	08:00 - 18:00	2.00	1.67	20%	S	0.33	2.00	0.0%
Smarts Lane, Loughton, IG10 4BG	08:00 - 18:00	2.00	1.67	20%	S	0.33	2.00	0.0%
The Pleasance, Ongar, CM5 9AG	08:00 - 18:00	2.00	1.67	20%	S	0.33	2.00	0.0%
Sainsburys Ongar, Ongar, CM5 9AG	08:00 - 18:00	2.00	1.67	20%	S	0.33	2.00	0.0%
Bansons Lane, Ongar, CM5 9AA	08:00 - 18:00	2.00	1.67	20%	S	0.33	2.00	0.0%
Cornmill, Waltham Abbey, EN9 1RB	08:00 - 18:00	2.00	1.67	20%	S	0.33	2.00	0.0%
Quaker Lane, Waltham Abbey, EN9 1ER	08:00 - 18:00	2.00	1.67	20%	S	0.33	2.00	0.0%
Darby Drive, Waltham Abbey, EN9 1EE	08:00 - 18:00	2.00	1.67	20%	S	0.33	2.00	0.0%
Burton Road & Access Rd, Debden, IG10 3ST	08:30 - 17:30	2.00	1.67	20%	S	0.33	2.00	0.0%
Vere Road, Debden, IG10 3SW	08:30 - 17:30	2.00	1.67	20%	S	0.33	2.00	0.0%
Burton Road South, Debden, IG10	08:30 - 17:30	2.00	1.67	20%	S	0.33	2.00	0.0%
Queens Road Lower, Buckhurst Hill, IG9 5BZ	08:00 - 18:00	2.00	1.67	20%	S	0.33	2.00	0.0%
Queens Road Upper, Buckhurst Hill, IG9 5AZ	08:00 - 18:00	2.00	1.67	20%	S	0.33	2.00	0.0%
Beaumont Park Drive, Bakery Close, Roydon	N/A							
<b>Tariff Four</b>								
Bakers Lane, Epping, CM16 5EG	08:00 - 18:00	3.00	2.50	20%	S	0.50	3.00	0.0%
Civic Offices, EFDC, CM16 4BZ (1st free hour enter reg no.)	08:00 - 18:00	3.00	2.50	20%	S	0.50	3.00	0.0%
Old Station Road, (Sainsburys), Loughton, IG10 4PE	08:00 - 18:00	3.00	2.50	20%	S	0.50	3.00	0.0%
Traps Hill, Loughton, IG10 1HD	09:00 - 18:00	3.00	2.50	20%	S	0.50	3.00	0.0%
The Drive, Loughton, IG10 1HW	08:00 - 18:00	3.00	2.50	20%	S	0.50	3.00	0.0%
Oakwood Hill East, Loughton, IG10 3TZ	08:30 - 17:30	3.00	2.50	20%	S	0.50	3.00	0.0%
High Beech, Loughton, IG10 4HH	08:00 - 18:00	3.00	2.50	20%	S	0.50	3.00	0.0%
Smarts Lane, Loughton, IG10 4BG	08:00 - 18:00	3.00	2.50	20%	S	0.50	3.00	0.0%
The Pleasance, Ongar, CM5 9AG	08:00 - 18:00	3.00	2.50	20%	S	0.50	3.00	0.0%
Sainsburys Ongar, Ongar, CM5 9AG	08:00 - 18:00	3.00	2.50	20%	S	0.50	3.00	0.0%
Bansons Lane, Ongar, CM5 9AA	08:00 - 18:00	3.00	2.50	20%	S	0.50	3.00	0.0%
Cornmill, Waltham Abbey, EN9 1RB	08:00 - 18:00	3.00	2.50	20%	S	0.50	3.00	0.0%
Quaker Lane, Waltham Abbey, EN9 1ER	08:00 - 18:00	3.00	2.50	20%	S	0.50	3.00	0.0%
Darby Drive, Waltham Abbey, EN9 1EE	08:00 - 18:00	3.00	2.50	20%	S	0.50	3.00	0.0%
Burton Road & Access Rd, Debden, IG10 3ST	08:30 - 17:30	3.00	2.50	20%	S	0.50	3.00	0.0%
Vere Road, Debden, IG10 3SW	08:30 - 17:30	3.00	2.50	20%	S	0.50	3.00	0.0%
Burton Road South, Debden, IG10	08:30 - 17:30	3.00	2.50	20%	S	0.50	3.00	0.0%
Queens Road Lower, Buckhurst Hill, IG9 5BZ	08:00 - 18:00	3.00	2.50	20%	S	0.50	3.00	0.0%
Queens Road Upper, Buckhurst Hill, IG9 5AZ	08:00 - 18:00	3.00	2.50	20%	S	0.50	3.00	0.0%



Description of Charge		2022/23		2023/24					% Change
		Gross	Net	VAT			Gross		
		£'s	£'s	%	Cat	£'s	£'s		
<b>Tariff Five</b>									
Bakers Lane, Epping, CM16 5EG	08:00 - 18:00	4.00	3.33	20%	S	0.67	4.00	0.0%	
Civic Offices, EFDC, CM16 4BZ (1st free hour enter reg no.)	08:00 - 18:00	4.00	3.33	20%	S	0.67	4.00	0.0%	
Old Station Road, (Sainsburys), Loughton, IG10 4PE	08:00 - 18:00	4.00	3.33	20%	S	0.67	4.00	0.0%	
Traps Hill, Loughton, IG10 1HD	09:00 - 18:00	4.00	3.33	20%	S	0.67	4.00	0.0%	
The Drive, Loughton, IG10 1HW	08:00 - 18:00	4.00	3.33	20%	S	0.67	4.00	0.0%	
Oakwood Hill East, Loughton, IG10 3TZ	08:30 - 17:30	4.00	3.33	20%	S	0.67	4.00	0.0%	
High Beech, Loughton, IG10 4HH	08:00 - 18:00	4.00	3.33	20%	S	0.67	4.00	0.0%	
Smarts Lane, Loughton, IG10 4BG	08:00 - 18:00	4.00	3.33	20%	S	0.67	4.00	0.0%	
The Pleasance, Ongar, CM5 9AG	08:00 - 18:00	4.00	3.33	20%	S	0.67	4.00	0.0%	
Sainsburys Ongar, Ongar, CM5 9AG	08:00 - 18:00	4.00	3.33	20%	S	0.67	4.00	0.0%	
Bansons Lane, Ongar, CM5 9AA	08:00 - 18:00	4.00	3.33	20%	S	0.67	4.00	0.0%	
Cornmill, Waltham Abbey, EN9 1RB	08:00 - 18:00	4.00	3.33	20%	S	0.67	4.00	0.0%	
Quaker Lane, Waltham Abbey, EN9 1ER	08:00 - 18:00	4.00	3.33	20%	S	0.67	4.00	0.0%	
Darby Drive, Waltham Abbey, EN9 1EE	08:00 - 18:00	4.00	3.33	20%	S	0.67	4.00	0.0%	
Burton Road & Access Rd, Debden, IG10 3ST	08:30 - 17:30	4.00	3.33	20%	S	0.67	4.00	0.0%	
Vere Road, Debden, IG10 3SW	08:30 - 17:30	4.00	3.33	20%	S	0.67	4.00	0.0%	
Burton Road South, Debden, IG10	08:30 - 17:30	4.00	3.33	20%	S	0.67	4.00	0.0%	
Queens Road Lower, Buckhurst Hill, IG9 5BZ	08:00 - 18:00	4.00	3.33	20%	S	0.67	4.00	0.0%	
Queens Road Upper, Buckhurst Hill, IG9 5AZ	08:00 - 18:00	4.00	3.33	20%	S	0.67	4.00	0.0%	
<b>Tariff Six</b>									
Bakers Lane, Epping, CM16 5EG	08:00 - 18:00	5.00	4.17	20%	S	0.83	5.00	0.0%	
Civic Offices, EFDC, CM16 4BZ (1st free hour enter reg no.)	08:00 - 18:00	5.00	4.17	20%	S	0.83	5.00	0.0%	
Old Station Road, (Sainsburys), Loughton, IG10 4PE	08:00 - 18:00	5.00	4.17	20%	S	0.83	5.00	0.0%	
Traps Hill, Loughton, IG10 1HD	09:00 - 18:00	5.00	4.17	20%	S	0.83	5.00	0.0%	
The Drive, Loughton, IG10 1HW	08:00 - 18:00	5.00	4.17	20%	S	0.83	5.00	0.0%	
Oakwood Hill East, Loughton, IG10 3TZ	08:30 - 17:30	5.00	4.17	20%	S	0.83	5.00	0.0%	
High Beech, Loughton, IG10 4HH	08:00 - 18:00	5.00	4.17	20%	S	0.83	5.00	0.0%	
Smarts Lane, Loughton, IG10 4BG	08:00 - 18:00	5.00	4.17	20%	S	0.83	5.00	0.0%	
The Pleasance, Ongar, CM5 9AG	08:00 - 18:00	5.00	4.17	20%	S	0.83	5.00	0.0%	
Sainsburys Ongar, Ongar, CM5 9AG	08:00 - 18:00	5.00	4.17	20%	S	0.83	5.00	0.0%	
Bansons Lane, Ongar, CM5 9AA	08:00 - 18:00	5.00	4.17	20%	S	0.83	5.00	0.0%	
Cornmill, Waltham Abbey, EN9 1RB	08:00 - 18:00	5.00	4.17	20%	S	0.83	5.00	0.0%	
Quaker Lane, Waltham Abbey, EN9 1ER	08:00 - 18:00	5.00	4.17	20%	S	0.83	5.00	0.0%	
Darby Drive, Waltham Abbey, EN9 1EE	08:00 - 18:00	5.00	4.17	20%	S	0.83	5.00	0.0%	
Burton Road & Access Rd, Debden, IG10 3ST	08:30 - 17:30	5.00	4.17	20%	S	0.83	5.00	0.0%	
Vere Road, Debden, IG10 3SW	08:30 - 17:30	5.00	4.17	20%	S	0.83	5.00	0.0%	
Burton Road South, Debden, IG10	08:30 - 17:30	5.00	4.17	20%	S	0.83	5.00	0.0%	
Queens Road Lower, Buckhurst Hill, IG9 5BZ	08:00 - 18:00	5.00	4.17	20%	S	0.83	5.00	0.0%	
Queens Road Upper, Buckhurst Hill, IG9 5AZ	08:00 - 18:00	5.00	4.17	20%	S	0.83	5.00	0.0%	
<b>Tariff Seven</b>									
Bakers Lane, Epping, CM16 5EG	08:00 - 18:00	10.00	8.33	20%	S	1.67	10.00	0.0%	
Civic Offices, EFDC, CM16 4BZ (1st hr free)	08:00 - 18:00	10.00	8.33	20%	S	1.67	10.00	0.0%	
Old Station Road, (Sainsburys), Loughton, IG10 4PE	08:00 - 18:00	10.00	8.33	20%	S	1.67	10.00	0.0%	
Traps Hill, Loughton, IG10 1HD	09:00 - 18:00	6.00	8.33	20%	S	1.67	10.00	66.6%	
The Drive, Loughton, IG10 1HW	08:00 - 18:00	10.00	8.33	20%	S	1.67	10.00	0.0%	
Oakwood Hill East, Loughton, IG10 3TZ	08:30 - 17:30	10.00	8.33	20%	S	1.67	10.00	0.0%	
High Beech, Loughton, IG10 4HH	08:00 - 18:00	10.00	8.33	20%	S	1.67	10.00	0.0%	
Smarts Lane, Loughton, IG10 4BG	08:00 - 18:00	6.00	8.33	20%	S	1.67	10.00	66.6%	
The Pleasance, Ongar, CM5 9AG	08:00 - 18:00	6.00	8.33	20%	S	1.67	10.00	66.6%	
Sainsburys Ongar, Ongar, CM5 9AG	08:00 - 18:00	10.00	8.33	20%	S	1.67	10.00	0.0%	
Bansons Lane, Ongar, CM5 9AA	08:00 - 18:00	10.00	8.33	20%	S	1.67	10.00	0.0%	
Cornmill, Waltham Abbey, EN9 1RB	08:00 - 18:00	6.00	8.33	20%	S	1.67	10.00	66.6%	
Quaker Lane, Waltham Abbey, EN9 1ER	08:00 - 18:00	10.00	8.33	20%	S	1.67	10.00	0.0%	
Darby Drive, Waltham Abbey, EN9 1EE	08:00 - 18:00	6.00	8.33	20%	S	1.67	10.00	66.6%	
Burton Road & Access Rd, Debden, IG10 3ST	08:30 - 17:30	6.00	8.33	20%	S	1.67	10.00	66.6%	
Vere Road, Debden, IG10 3SW	08:30 - 17:30	10.00	8.33	20%	S	1.67	10.00	0.0%	
Burton Road South, Debden, IG10	08:30 - 17:30	6.00	8.33	20%	S	1.67	10.00	66.6%	
Queens Road Lower, Buckhurst Hill, IG9 5BZ	08:00 - 18:00	6.00	8.33	20%	S	1.67	10.00	66.6%	
Queens Road Upper, Buckhurst Hill, IG9 5AZ	08:00 - 18:00	10.00	8.33	20%	S	1.67	10.00	0.0%	

Description of Charge		2022/23	2023/24					% Change
		Gross	Net	VAT		Gross		
		£'s	£'s	%	Cat	£'s	£'s	
<b>Saturdays (Up to 1 hour free) - * Full Tariff</b>								
Bakers Lane, Epping, CM16 5EG	08:00 - 18:00	*	1.67	20%	S	0.33	2.00	0.0%
Civic Offices, EFDC, CM16 4BZ (1st free hour enter reg no.)	08:00 - 18:00	*	1.67	20%	S	0.33	2.00	0.0%
Old Station Road, (Sainsburys), Loughton, IG10 4PE	08:00 - 18:00	*	1.67	20%	S	0.33	2.00	0.0%
Traps Hill, Loughton, IG10 1HD	09:00 - 18:00	*	1.67	20%	S	0.33	2.00	0.0%
The Drive, Loughton, IG10 1HW	08:00 - 18:00	*	1.67	20%	S	0.33	2.00	0.0%
Oakwood Hill East, Loughton, IG10 3TZ	08:30 - 17:30	*	1.67	20%	S	0.33	2.00	0.0%
High Beech, Loughton, IG10 4HH	08:00 - 18:00	*	1.67	20%	S	0.33	2.00	0.0%
Smarts Lane, Loughton, IG10 4BG	08:00 - 18:00	*	1.67	20%	S	0.33	2.00	0.0%
The Pleasance, Ongar, CM5 9AG	08:00 - 18:00	*	1.67	20%	S	0.33	2.00	0.0%
Sainsburys Ongar, Ongar, CM5 9AG	08:00 - 18:00	*	1.67	20%	S	0.33	2.00	0.0%
Bansons Lane, Ongar, CM5 9AA	08:00 - 18:00	*	1.67	20%	S	0.33	2.00	0.0%
Commill, Waltham Abbey, EN9 1RB	08:00 - 18:00	*	1.67	20%	S	0.33	2.00	0.0%
Quaker Lane, Waltham Abbey, EN9 1ER	08:00 - 18:00	*	1.67	20%	S	0.33	2.00	0.0%
Darby Drive, Waltham Abbey, EN9 1EE	08:00 - 18:00	*	1.67	20%	S	0.33	2.00	0.0%
Burton Road & Access Rd, Debden, IG10 3ST	08:30 - 17:30	*	1.67	20%	S	0.33	2.00	0.0%
Vere Road, Debden, IG10 3SW	08:30 - 17:30	*	1.67	20%	S	0.33	2.00	0.0%
Burton Road South, Debden, IG10	08:30 - 17:30	*	1.67	20%	S	0.33	2.00	0.0%
Queens Road Lower, Buckhurst Hill, IG9 5BZ	08:00 - 18:00	*	1.67	20%	S	0.33	2.00	0.0%
Queens Road Upper, Buckhurst Hill, IG9 5AZ	08:00 - 18:00	*	1.67	20%	S	0.33	2.00	0.0%
<b>Sundays (2021/22 Up to 1 hour Free - 2022/23 Up to 2 hours free)</b>								
Bakers Lane, Epping, CM16 5EG	08:00 - 18:00	2.00	1.67	0%	S	0.33	2.00	0.0%
Civic Offices, EFDC, CM16 4BZ (1st free hour enter reg no.)	08:00 - 18:00	2.00	1.67	0%	S	0.33	2.00	0.0%
Old Station Road, (Sainsburys), Loughton, IG10 4PE	08:00 - 18:00	2.00	1.67	0%	S	0.33	2.00	0.0%
Traps Hill, Loughton, IG10 1HD	09:00 - 18:00	2.00	1.67	0%	S	0.33	2.00	0.0%
The Drive, Loughton, IG10 1HW	08:00 - 18:00	2.00	1.67	0%	S	0.33	2.00	0.0%
Oakwood Hill East, Loughton, IG10 3TZ	08:30 - 17:30	2.00	1.67	0%	S	0.33	2.00	0.0%
High Beech, Loughton, IG10 4HH	08:00 - 18:00	2.00	1.67	0%	S	0.33	2.00	0.0%
Smarts Lane, Loughton, IG10 4BG	08:00 - 18:00	2.00	1.67	0%	S	0.33	2.00	0.0%
The Pleasance, Ongar, CM5 9AG	08:00 - 18:00	2.00	1.67	0%	S	0.33	2.00	0.0%
Sainsburys Ongar, Ongar, CM5 9AG	08:00 - 18:00	2.00	1.67	0%	S	0.33	2.00	0.0%
Bansons Lane, Ongar, CM5 9AA	08:00 - 18:00	2.00	1.67	0%	S	0.33	2.00	0.0%
Commill, Waltham Abbey, EN9 1RB	08:00 - 18:00	2.00	1.67	0%	S	0.33	2.00	0.0%
Quaker Lane, Waltham Abbey, EN9 1ER	08:00 - 18:00	2.00	1.67	0%	S	0.33	2.00	0.0%
Darby Drive, Waltham Abbey, EN9 1EE	08:00 - 18:00	2.00	1.67	0%	S	0.33	2.00	0.0%
Burton Road & Access Rd, Debden, IG10 3ST	08:30 - 17:30	2.00	1.67	0%	S	0.33	2.00	0.0%
Vere Road, Debden, IG10 3SW	08:30 - 17:30	2.00	1.67	0%	S	0.33	2.00	0.0%
Burton Road South, Debden, IG10	08:30 - 17:30	2.00	1.67	0%	S	0.33	2.00	0.0%
Queens Road Lower, Buckhurst Hill, IG9 5BZ	08:00 - 18:00	2.00	1.67	0%	S	0.33	2.00	0.0%
Queens Road Upper, Buckhurst Hill, IG9 5AZ	08:00 - 18:00	2.00	1.67	0%	S	0.33	2.00	0.0%

## Annex D3: Draft Housing Revenue Account (HRA) Fees &amp; Charges 2023/24

Proposed Fees and Charges 2023/24 - HOUSING REVENUE ACCOUNT							
Description	2022/23	2023/24					Change
	Gross	Net	VAT			Gross	%
	£'s	£'s	%	Cat	£'s	£'s	
<b>Older People's Housing</b>							
<b>Communal Halls:</b>							
Pelly Court Hall, Epping	11.80	13.00	N/A	X	0.00	13.00	10.2%
Oakwood Hill Hall, Loughton (lease)	193.63	177.66	20%	S	35.53	213.19	10.1%
Barrington Hall, Loughton	9.64	10.61	N/A	X	0.00	10.61	10.1%
Guest Rooms - Sheltered Housing	0.00	20.00	20.00	S	4.00	24.00	-
<b>Scooter Stores:</b>							
Electricity	2.44	2.69	N/A	O	0.00	2.69	10.3%
<b>Home Ownership and Sales</b>							
Leasehold Vendors' Enquiries	208.18	191.01	20%	S	38.20	229.21	10.1%
Certificates of Buildings Insurance - Leaseholders	66.24	60.78	20%	S	12.16	72.94	10.1%
Lease Extension Housing Admin Fees and Charges	80.00	88.08	N/A	O	0.00	88.08	10.1%
<b>Housing Management</b>							
Hire of Halls for Elections	107.86	118.75	N/A	X	0.00	118.75	10.1%
Garage rents (tenants)	9.92	10.61	N/A	O	0.00	10.61	7.0%
Hardstandings	102.82	113.20	N/A	O	0.00	113.20	10.1%
Lockable parking spaces	8.54	9.40	N/A	O	0.00	9.40	10.1%
Mortgage references	60.79	55.78	20%	S	11.16	66.94	10.1%
Request for covenant and leasehold approvals	96.97	88.97	20%	S	17.79	106.76	10.1%
Licences for vehicular access across housing land	134.41	147.99	N/A	O	0.00	147.99	10.1%
Dishonoured cheques	31.37	34.54	N/A	O	0.00	34.54	10.1%
<b>Repairs and Maintenance</b>							
Rechargeable repairs (actual cost plus Admin fee of)	15%	15%	-	-	-	15%	0%
Replacement Door Entry and Suited Keys	20.00	16.67	20%	S	3.33	20.00	0%
Sewerage charges for individual sewerage systems (Actual Costs plus Admin Fee of)	15%	15%	-	-	-	15%	0%
<b>Land and Estates</b>							
Registration subletting a leasehold property	105.84	97.11	20%	S	19.42	116.53	10.1%
Garage rents private	11.91	10.62	20%	S	2.12	12.74	7.0%
Front garden parking permissions	94.60	86.79	20%	S	17.36	104.15	10.1%
Skip licence	81.90	75.14	20%	S	15.03	90.17	10.1%
Cycle stores per cycle hoop first year: £10 refundable on return of key	34.50	34.50	N/A	O	0.00	34.50	0%
Annual charge for cycle hoops	20.00	20.00	N/A	O	0.00	20.00	0%
Replacement keys for cycle hoop	20.00	20.00	N/A	O	0.00	20.00	0%

Note – excludes proposed average Housing Rent increase on Council Dwellings of 7.0% for 2023/24

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## Medium-Term Financial Plan (MTFP) 2023/24 to 2027/28

*Updated February 2023*

### 1. Background

- 1.1 The preparation of a Medium-Term Financial Plan (MTFP) provides the cornerstone on which the Council can build and deliver services in accordance with the aims and objectives outlined in the Corporate Plan 2018-2023, which are grouped under the three corporate ambitions: Stronger Communities, Stronger Place and Stronger Council.
- 1.2 Through 'horizon scanning' and anticipating necessary change at the earliest opportunity, providing resilience, and the ability to react to and withstand 'major shocks' is achieved.

### 2. Introduction

- 2.1 This is the third (and final) iteration of the MTFP within the 2023/24 budget cycle and covers both the General Fund and the ring-fenced Housing Revenue Account (HRA). It is a forward-looking document which provides a tentative look at the Council's General Fund financial picture over the next five years (2023/24 through to 2027/28) and re-evaluates the position in the light of the development and completion of the draft 2023/24 budget.

### 3. General Fund MTFP

- 3.1 The October 2022 MTFP revealed a projected General Fund deficit of £4.126 million for 2023/24, which reflected a range of inflationary pressures and the loss of Government grant of £1.154 million compared to 2022/23. Estimated net expenditure was £19.402 million, compared to funding of just £15.276 million.
- 3.2 The initial draft budget proposals presented to Cabinet on 20th December 2022 addressed the original deficit identified in October 2022, to achieve an early balanced position. However, the provisional Local Government Finance Settlement for 2023/23 had not been incorporated into the figures at that point; a range of interim assumptions therefore had to be made. In the context of the current economic crisis, it is also a rapidly evolving financial picture generally, which requires factoring into the Council's final budget assumptions.
- 3.3 The December 2022 **General Fund** MTFP projections can be summarised as follows:

General Fund MTFP (@ December 2022)		
Financial Year	(Surplus)/Deficit £000's	Comment
2023/24	0	Assumed Government grant of £0.250 million (£1.154 million in 2022/23) + Contribution to Reserves of £0.221 million (£0.337 million in 2022/23)
2024/25	1,268	New Waste Management contract assumed with effect from November 2024
2025/26	1,033	
2026/27	196	
2027/28	353	

3.4 The Government announced the provisional Local Government Finance Settlement for 2023/24 in December 2022, and further work has been done by Finance officers on a range of issues (discussed in detail in **Appendix A**). This has enabled the initial draft budget to be refined and 're-balanced' for final consideration by Cabinet at this meeting. The updated MTFP (2023/24 through to 2027/28), reflecting the final draft General Fund budget for 2023/24, is illustrated in the table below.

<b>General Fund MTFP illustration (@ February 2023)</b>						
<b>Description</b>	<b>2023/24 (INITIAL DRAFT) Dec. 2022</b>	<b>2023/24 (FINAL DRAFT) Feb. 2023</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>NET EXPENDITURE</b>						
Employees	22,578	22,550	23,190	23,641	24,093	24,555
Premises	3,605	3,649	3,923	4,201	4,285	4,371
Transport	171	171	179	183	186	190
Supplies & Services	8,802	9,034	9,409	9,594	9,786	9,982
Support Services	3	3	3	3	3	3
Contracted Services	9,445	9,513	9,847	10,125	10,226	10,329
Transfer Payments	22,210	22,210	22,210	21,100	20,045	19,042
Financing Costs	3,309	3,589	5,632	5,688	5,990	5,925
S Contingency (Waste)	0	400	0	0	0	0
C Contingency (Qualis)	722	713	0	0	0	0
<b>Gross Expenditure</b>	<b>70,845</b>	<b>71,832</b>	<b>74,392</b>	<b>74,535</b>	<b>74,615</b>	<b>74,397</b>
Fees & Charges	(17,272)	(17,644)	(18,443)	(18,688)	(18,937)	(19,190)
Government Contributions	(24,137)	(24,022)	(24,015)	(22,897)	(21,835)	(20,826)
Miscellaneous Income (inc. Qualis)	(3,697)	(3,500)	(3,847)	(3,917)	(3,668)	(3,421)
Other Contributions	(4,099)	(4,041)	(4,041)	(4,041)	(4,086)	(4,041)
HRA Recharges	(4,981)	(4,984)	(5,134)	(5,237)	(5,341)	(5,448)
<b>Net Expenditure</b>	<b>16,659</b>	<b>17,641</b>	<b>18,913</b>	<b>19,755</b>	<b>20,747</b>	<b>21,471</b>
<b>FUNDING</b>						
Council Tax	(8,883)	(8,899)	(9,077)	(9,259)	(9,398)	(9,539)
Business Rates	(5,766)	(5,766)	(6,054)	(6,175)	(6,299)	(6,425)
Collection Fund Adjustments	(511)	(645)	(276)	0	0	0
CT Sharing Agreement	(748)	(615)	(715)	(765)	(815)	(815)
Revenue Support Grant	0	(129)	(135)	(138)	(141)	(143)
New Homes Bonus	0	(78)	0	0	0	0
2023/24 Services Grant	0	(129)	0	0	0	0
Other Grants	(250)	(929)	(929)	(929)	(929)	(929)
To/(from) Reserves	(501)	(451)	263	263	263	263
<b>Total Funding</b>	<b>(16,659)</b>	<b>(17,641)</b>	<b>(16,924)</b>	<b>(17,004)</b>	<b>(17,319)</b>	<b>(17,589)</b>
<b>In-Year (Surplus)/Deficit</b>	<b>0</b>	<b>0</b>	<b>2,389</b>	<b>762</b>	<b>677</b>	<b>454</b>
<b>Cumulative (Surplus)/Deficit</b>	<b>0</b>	<b>0</b>	<b>2,389</b>	<b>2,751</b>	<b>3,428</b>	<b>3,883</b>

3.5 As presented in **Appendix A**, the initially balanced General Fund budget for 2023/24 presented in the December 2022 MTFP has now been 're-balanced'. It is a complex exercise to draw detailed comparisons between the different iterations of the MTFP; there are multiple variables that 'roll up' cumulatively as the years progress. However, it is possible to highlight the key influences in Years 2 (2024/25) and 3 (2025/26) as follows:

- **2024/25 (£2.389 million deficit)** – this represents a deterioration compared to a projected deficit of £1.268 million in the December 2022 MTFP. The difference is primarily due to increased Financing costs driven partly by changes to the General Fund Capital Programme and partly by rising interest rates. The Financing costs for 2024/25 in December 2022 were assumed to be £3.894 million, but this iteration of the MTFP now assumes £5.632 million. The most significant factor is the proposed inclusion of the Waste Vehicle Fleet purchase on the Capital Programme at a capital cost of £9.220 million, thus triggering estimated annual Financing costs of £1.289 million. Although it is expected that these additional costs will be broadly matched by a saving on any future Waste Contract, the capital financing rules require a full "Minimum Revenue Provision" (MRP) charge in 2024/25 of £966,000, whereas the bulk of the saving (£563,000) will not be realised until 2025/26 (any new contract is expected to begin in November 2024, thus straddling two financial years); and
- **2025/26 (£0.762 million deficit)** – in contrast, this represents an improvement compared to a projected deficit of £1.033 million in December 2022. The timing difference on Financing costs for the Waste Vehicle Fleet described above alters the two-year profile, with a more pronounced deficit now anticipated in 2024/25, following by a sharper reduction in 2025/26.

3.6 Embedded in the overall forecasts are a range of net spending and funding issues and assumptions. Key **net spending** highlights and assumptions include the following:

- **Inflation** – the published CPI rate for December 2022 was 10.5% (down from 10.7% in November 2022). Most commentators (including the Bank of England) are anticipating that the spike in inflation peaked in October 2022 (at 11.1%). Therefore, a core inflation rate of 5.0% has now been assumed for the purposes of projecting the 2024/25 figures, reducing thereafter (2025/26 to 2027/28) to 2.0%, which is the Bank of England's long-term target rate. A notable exception is Employee Costs; as reported in **Appendix A**, a pay award of 4.0% has been assumed for 2023/24 and the provisional 3.0% increase assumed for 2024/25 in October 2022 has also been retained. From 2025/26 onwards, annual pay increases of 2.0% have been included.
- **Growth** – no discretionary budget growth items were assumed in the projections presented in October or December 2022. That assumption remains unchanged.
- **Financing Costs** – the cost of the expanded Capital Programme is driving an increase in Financing costs, although following a stepped increase in 2024/25 (up to £5.632 million), a relatively stable position is anticipated in the following years, with a peak of £5.990 million expected in 2026/27. The volatility of interest rates remains a concern.
- **Service Contingency (Waste)** – an assumed contingency of £400,000 in relation to the cost pressures faced by the Waste Management service is currently assumed for 2023/24 only.
- **Corporate Contingency (Qualis)** – an assumed contingency of £712,880 in relation to the Qualis income stream is currently assumed for 2023/24 only. This is something that will be kept under continuous review by Finance officers.



- **Qualis Income** – on-lending to Qualis is expected to gather pace in 2023/24 and 2024/25, leading to higher income levels from loan margins for the next three financial years, peaking at £3.269 million in 2025/26 (see discussion above on Contingency)
- **Fees and Charges** – income from Fees and Charges is assumed to track core inflation; an average increase of 5.0% is anticipated for 2024/25, reducing to 2.0% thereafter. No increases in Car Parking charges are assumed; and
- **HRA Recharges** – at this stage, recharges to the HRA are assumed to be relatively stable from 2024/25 onwards with just inflationary increases only applied. However, Transformation work on General Fund services can be expected to yield savings that can be shared with the HRA; this will be reflected in future iterations of this MTFP.

3.7 Key **funding** highlights and assumptions include the following:

- **Council Tax** – as reported in **Appendix A**, there is a proposal to increase the Council Tax by 2.98% for 2023/24. Thereafter, no Council Tax increases are assumed, with slightly higher growth in the tax base (of 2.0%) assumed in 2024/25 and 2025/26 as a gradual recovery from the current economic crisis is presumed (settling down to 1.5% from 2026/27 onwards). Members of course have the option to alter these assumptions.
- **Business Rates** – the estimated amount that the Council can expect to receive from the Business Rates Retention (BRR) scheme at this stage has been based on relatively sophisticated estimates for 2023/24 only. Thereafter, funding from this source is currently assumed to track core inflation (5.0% in 2024/25, followed by 2.0% from 2025/26 onwards).
- **Collection Fund Adjustments** – assumed Collection Fund adjustments are extremely difficult to forecast beyond the immediately forthcoming financial year. A prudent ‘neutral’ assumption has been included for Council Tax in this iteration of the MTFP from 2024/25 onwards. However, emerging intelligence on Appeals cases, means that a modest surplus distribution from Business Rates is anticipated in 2024/25, followed by a neutral assumption (as with Council Tax) from 2025/26 onwards.
- **Council Tax Sharing Agreement (CTSA)** – a dip in funding is expected in 2023/24 on the CTSA scheme, although a steady recovery is anticipated in 2024/25, 2025/26 and 2026/27 reflecting an assumed improvement in the economic position.
- **Grants** – the bulk of the Revenue Support Grant relates to the former Local Council Tax Support (LCTS) Administration Grant, so is expected to remain, and track core inflation. In contrast, although extremely uncertain, based on previous Government pronouncements, it is assumed that no equivalent funding for New Homes Bonus or the Services Grant will be made available from 2024/25. However, at the time of preparing this MTFP, it does seem reasonable to assume that the Government will continue to protect “core spending power” for some time yet; on that basis, it is assumed that the Funding Guarantee Allocation will remain at a static £929,050.



- **Use of Reserves** – as reported elsewhere on this agenda, the Council’s General Fund Reserve is now expected to fall below its recommended minimum contingency level of £4.0 million by 31st March 2023, with a forecast overspend of £1.313 million included in the Quarter 3 report for 2022/23. This iteration of the MTFP therefore assumes an annual repayment of £262,620 (£1.313 million over five years) to the General Fund Reserve; whilst the deficit is a moving target, a regular contribution of this size strikes a balance between prudence and affordability.

**4. Housing Revenue Account (HRA) MTFP**

4.1 The December 2022 MTFP revealed a projected HRA surplus of £0.371 million for 2023/24, with a broad breakeven position anticipated over the five-year period. The table below summarises the December position.

<b>Housing Revenue Account MTFP (@ December 2022)</b>		
<b>Financial Year</b>	<b>(Surplus)/Deficit</b>	<b>Comment</b>
	<b>£000's</b>	
2023/24	(371)	
2024/25	(20)	
2025/26	282	Assumed £900,000 saving from Qualis re Housing Repairs
2026/27	(8)	
2027/28	58	

4.2 The updated MTFP (2023/24 through to 2027/28), reflecting the final draft HRA budget for 2023/24, is illustrated in the table below.

HRA MTFP illustration (@ February 2023)						
Description	2023/24 (INITIAL DRAFT BUDGET) Dec. 2022	2023/24 (FINAL DRAFT BUDGET) Feb. 2023	2024/25	2025/26	2026/27	2027/28
	£000's	£000's	£000's	£000's	£000's	£000's
Employees	5,013	5,013	5,130	5,217	5,322	5,428
Premises	6,113	6,218	6,659	6,813	6,983	7,123
Transport	78	78	82	84	85	87
Supplies & Services	1,402	1,402	1,257	1,486	1,189	1,213
Contracted Services	7,198	7,198	7,649	6,916	7,064	7,205
Support Services (GF Recharges)	4,981	4,984	5,134	5,237	5,341	5,448
Debt Management Expenses	65	65	69	70	71	73
Bad Debt Provision	99	99	107	108	110	114
Depreciation	9,137	9,137	9,320	9,506	9,696	9,890
<b>Total Expenditure</b>	<b>34,086</b>	<b>34,195</b>	<b>35,407</b>	<b>35,437</b>	<b>35,862</b>	<b>36,581</b>
Rental Income – Dwellings	(37,408)	(37,419)	(40,576)	(40,996)	(42,002)	(43,381)
Rental Income – Non-Dwellings	(936)	(936)	(983)	(1,002)	(1,022)	(1,043)
Fees & Charges (charged for services)	(2,793)	(2,793)	(3,004)	(3,075)	(3,147)	(3,283)
Other Contributions (shared amenities)	(383)	(383)	(393)	(401)	(409)	(417)
<b>Total Income</b>	<b>(41,520)</b>	<b>(41,531)</b>	<b>(44,956)</b>	<b>(45,474)</b>	<b>(46,580)</b>	<b>(48,124)</b>
<b>Net Cost of Services</b>	<b>(7,434)</b>	<b>(7,336)</b>	<b>(9,549)</b>	<b>(10,037)</b>	<b>(10,718)</b>	<b>(11,543)</b>
Interest Received	(9)	(8)	(8)	(6)	(4)	(3)
Financing Costs	5,610	5,616	(6,704)	(7,732)	(8,160)	(8,600)
<b>Net Operating Income</b>	<b>(1,833)</b>	<b>(1,728)</b>	<b>(2,853)</b>	<b>(2,311)</b>	<b>(2,562)</b>	<b>(2,946)</b>
<i>Appropriations:</i>						
HRA Contributions to Capital	1,462	1,364	2,878	2,606	2,566	3,016
Contributions to/(from) Reserves	0	0	0	0	0	0
<b>Total Appropriations</b>	<b>1,462</b>	<b>1,364</b>	<b>2,878</b>	<b>2,606</b>	<b>2,566</b>	<b>3,016</b>
<b>(Surplus)/Deficit</b>	<b>(371)</b>	<b>(364)</b>	<b>25</b>	<b>295</b>	<b>4</b>	<b>70</b>

- 4.3 Further work on the detailed budget assumptions in the initial draft budget has resulted in a limited number of refinements to the 2023/24 figures (covered in **Appendix A**). This has marginally reduced the projected 2023/24 surplus to £0.364 million (down from £0.371 million in December 2022). The rest of the MTFP – from 2024/25 through to 2027/28 – continues to present a very stable position, with a breakeven position still projected over the 5-year period 2023/24 through to 2027/28.
- 4.4 As discussed in **Appendix B**, the data in the “Fortress” (HRA Business Plan) model is still being further refined and will be updated during 2022/23 to reflect the outcome of an independent Stock Condition Survey, which is in progress at the time of preparing this iteration of the MTFP. This will help inform future iterations of the HRA MTFP.

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**Local Government Act 2003: Section 25  
Chief Financial Officer's Statutory Report**

**1. Introduction**

- 1.1. The Local Government Act 2003 (Section 25) requires that when a local authority is agreeing its annual budget and precept, the Council's Section 151 officer must report to it on the following matters:
- the robustness of the estimates made for the purposes of the calculations; and
  - the adequacy of the proposed financial reserves.
- 1.2. CIPFA's Financial Management (FM) Code, published in October 2019 also makes this report a requirement
- 1.3. The Council must have due regard to the report when making decisions on the budget and precept.
- 1.4. This document concentrates on the General Fund budget, the Housing Revenue Account and Capital Investment Programme, but in addition it also considers key medium-term issues faced by the Council as set out in the Medium-Term Financial Plan (MTFP).
- 1.5. In expressing this opinion, I have considered the financial management arrangements that are in place, the level of reserves the Council has available, the budget assumptions, the overall financial and economic environment, the financial risks facing the Council and its overall financial standing.

**2. Statement by the Council Chief Financial (S151) Officer**

- 2.1. There are always financial challenges facing the Council but those we are currently facing are exceptional by any measure. Interest rates, energy prices and inflation have all risen massively, and completely unexpectedly, and are all largely attributable to the invasion of Ukraine by Russia and the resulting energy supply instability which stemmed from this action. Financial modelling is a central part of the Council's financial planning process, but this only deals with the balance of probabilities. No one could have foreseen the events of February 2022 nor the impact they would have on global and national economies. This has created an unprecedented financial funding gap which the Council has had to respond to.
- 2.2. Despite this challenge, the Council took a considered, comprehensive and inclusive approach to addressing the forecast financial gap. The solution has put a priority on maintaining core service delivery, maintaining balances, and developing robust financial plans which incorporate the expected continuing financial uncertainty.

- 2.3. As a result, I am satisfied that a prudent and considered approach has been employed to formulating and developing the budget proposals and I believe that the Council has been presented with a robust set of estimates for consideration.
- 2.4. I also believe that the Council has adequate reserves. However, as a result of the unexpected events of 2022, balances are likely to be lower (by the Council's own measure) than deemed appropriate for the challenges it faces during the forthcoming year. I am satisfied that the Council is both aware and mindful of this position and has both robust mechanisms in place to monitor and manage spending and has an adequate plan to return balances to their assessed minimum over a reasonable timeframe.
- 2.5. I am aware of the contents of CIPFA's Resilience Index in relation to Epping Forest District Council and there is nothing contained within it which causes me concern.
- 2.6. In arriving at this opinion, I have taken due account of the following matters.

### **3. Financial Management Arrangements**

- 3.1. The Council's Accounts for 2020/21 remain unsigned by the Council's Auditors, thereby creating uncertainty as to the exact size of carried forward balances. The issues delaying conclusion are sector wide and are associated with Auditor capacity. We have been issued with a draft of the audit conclusion report which identified no significant issues. The delay remains a source of frustration and we continue to push the Auditors for a date for 'sign-off' to be concluded.
- 3.2. The Council has a sound system of budget monitoring and control, evidenced by the production of quarterly budget monitoring reports to Scrutiny and Cabinet within a reasonable timeframe from the period end. Where over-spends or under-spends are reported, management actions have been identified to minimise the impact and to enable early corrective action to be put in place where necessary.
- 3.3. The Council has largely balanced its budgets in recent years through the generation of additional income. This year, given the size of the budget gap the Council has also needed to identify significant efficiency savings and has included a small Council Tax increase. The Council has developed robust performance and project management arrangements to track the identification, delivery and capture of efficiency savings from service areas and projects and these are overseen by members of the Council's Senior Leadership Team and reported to members.
- 3.4. The Council's S151 officer sits at a level within the Council to have oversight on the Council's financial decision making and his views are appropriately sought.

#### **4. Budget Process**

- 4.1. The budget planning process for 2023/24 was iterative but reflected new identified financial pressures along with income generation and efficiency opportunities. All budget holders and the Cabinet were fully engaged in the process. The financial impacts associated with the Ukraine conflict have, by far, had the largest impact on budget development and in understanding the Council's long-term budgetary position. A resulting budget gap in excess of £4 million was predicted in September 2022 and subsequently closed through a series of activities undertaken over the following 3 months. Acknowledging the size of the financial challenge faced by local authorities, the Government eventually provided additional support in its December 2022 settlement announcement, largely offsetting the expected reduction identified within September's budget plans. Closing a budget gap of this size has represented the largest financial challenge faced by Epping Forest District Council in recent years.
- 4.2. A range of significant funding pressures and requests were identified. These have been assessed by officers and portfolio holders. Where central to continued service delivery or the achievement of corporate objectives these have been included in the proposals presented here.
- 4.3. The assumptions, calculations and proposals in this budget are the result of challenge and scrutiny by the Leader of the Council, Members of the Cabinet and the Stronger Council Select Committee, all guided by advice from the Chief Executive, Interim Strategic Director and Strategic Director (the Council's S151 officer). The proposals have been developed iteratively over many months and have been considered by Cabinet and Committee at various stages.

#### **5. Key Assumptions**

- 5.1. The largest assumptions are all associated with emerging cost pressures, primarily inflationary, interest rates, energy prices and the associated impacts on Council suppliers and contracts.
- 5.2. Energy supply instability associated with the Ukrainian conflict and supply chain issues pushing up inflation to recent record levels has created the largest budgetary pressures. This, and the Government increasing the headline cost of borrowing in response are pushing up wage demands, which in turn is driving inflation. The Bank of England believe these drivers have now peaked and expect to see inflation begin to reduce, eventually followed by the cost of borrowing. Whether inflation does fall and the rate at which it does so are key assumptions within budget planning.
- 5.3. The budget includes provision for wage and contract inflationary increases. Services have been awarded contract inflation inline with contract conditions and beyond that some indexation has been provided for, but services are still expected to absorb elements of non-wage and non-contract inflationary pressures within existing budgets where they can. Inflationary provisions are based on advice and Bank of England projections that inflation has peaked and will then gradually decline.

- 5.4. Reduced income from core income sources, such as car parking and leisure centre income have recovered but not fully to pre-pandemic levels. It is expected that some of the reduction on car parking income especially is permanent as working and lifestyle patterns have changed.
- 5.5. The Council's waste contract is due to expire November 2024 and the process for procuring a new contract has commenced. It is widely expected that the cost of the new contract will be significantly higher than the existing contract and provision has been made accordingly. The Council is actively seeking funding permission to build and procure some of the infrastructure associated with delivering this contract, giving security, resilience and certainty over key elements of the cost of the waste contract.
- 5.6. The Government provided only a one-year Finance Settlement for 2023/24 and has promised a further one-year settlement for 2024/25, for which no details have yet been provided. The Government 2023/24 settlement includes a range of funding streams, amounting to £1.265 million. The future of these funding streams is very uncertain, with the MTFP cautiously assuming that these will reduce to £1.064 million in 2024/25.
- 5.7. With General Fund Balances likely to be below the Council's assessed minimum at the end of 2022/23 the Budget provides for an element of the Government's one-year additional funding to be added to balances, together with a planned contribution in each of the MTFP years in order to build them back towards their target minimum
- 5.8. The Budget proposals include a significant amount of interest payable by Qualis. The budget assumes that Qualis will draw down the loans the Council has made available in accordance with expected timeframes. Any significant deviation from these plans is likely to have a material impact on the Budget.
- 5.9. The Council is required to charge repayments of sums borrowed to its General Fund in the form Minimum Revenue Provision (MRP). These sums are budgeted to increase as the Council's borrowing plans increase. The budget assumes that borrowing will be incurred in accordance with the investment plans set out in the Capital Programme, Capital and Treasury Management strategies. As with 5.6, if spending is delayed this will also have a material effect on the MRP charge required in year.
- 5.10. Applying these assumptions to the Medium-Term Financial Plan arrives at a series of deficits in each of the years from 2024/25 onwards. Whilst there is still considerable uncertainty over the size of these deficits, at the levels assumed, these are considered manageable with the appropriate decisions and actions. This points to continued sustainability in the Council's financial plans.

## **6. Key Risks**

- 6.1. The Council has a well-developed and robust risk identification and monitoring framework. Together with the budget monitoring arrangements, the risk management processes have ensured that all ongoing pressures and risks are explicit, understood and considered within the budget development process.
- 6.2. Throughout the development of the budget those responsible have been made aware of the current and future risks both on service income and expenditure, local taxation receipts and in the wider Local Government funding environment.



- 6.3. Key amongst the current and future risks are:
- The medium and long-term impacts of the Ukrainian conflict.
  - The unknown impact of economic factors and pressures, specifically inflation and interest rates.
  - The level of General Fund Balances
  - The contribution from the Council's trading company (Qualis).
  - Government Funding - as it has yet to publish its distribution methodology for 2024/25 onwards but it is speculated that this will see a redistribution at a national level consistent with its 'Levelling-Up' agenda. Whilst it is indicated that transitional (one-year) arrangements will continue to apply through 2024/25, this still represents a key risk to the MTFP.
  - The result of the HRA stock condition survey.
  - The Council's planned borrowing commitments.
- 6.4. It is in this context that the budget contains additional contingencies, reserves and balances to ensure that the Council is adequately planning for and mitigating the impact of any such risks which may become real. Risks associated with borrowing are hedged by ensuring repayment profiles are realistic and interest rates are fixed, thereby giving certainty over future affordability.

## **7. Level of Reserves and Balances**

- 7.1. Reserves are defined in Sections 31A, 32, 42A and 43 of the Local Government Finance Act 1992. This requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating their budget requirement.
- 7.2. Reserves are an essential part of the Council's financial strategy and provide protection against the significant risks the Council faces and represent a funding resource for Council backed initiatives. The continued provision of adequate reserves is essential. Without these, the Council might need to reduce current spending to accommodate unexpected event.
- 7.3. Council reserves fall into two categories; Earmarked and Un-allocated. Earmarked are held aside for a specific purpose or against a general area of risk or opportunity. Un-allocated have no specific purpose other than general contingency, such as the General Fund Balance.
- 7.4. The latest budget monitoring position for 2022/23, as at 31st December 2022, forecasts a overspend in year, associated with unexpected costs materialising during 2022/23 due to the impacts of higher inflation, energy costs and interest rates, which will require a use of balances equal to approximately £1.3 million.

- 7.5. This is expected to result in a potential unallocated General Fund Balances of £2.96 million at 31st March 2023. This is well below the Council assessed minimum level of £4.0 million and the budget proposals presented here address this as a matter of importance. The budget proposals include a planned contribution of £262,620 to unallocated balances in 2023/24 and then further contributions over the MTFP period bringing balances back up to assessed minimum level by the end of the planning period.

## **8. Capital Plans and the Prudential Code**

- 8.1. The Council has complied fully with the requirements of the Prudential Code for Capital Finance in Local Authorities. The Prudential Indicators are considered by the Council's Audit and Governance Committee prior to being adopted by Council as part of Budget setting.
- 8.2. That Council has an ambitious Capital Programme reflecting its priorities towards new Council House building, town centre regeneration and leisure. These are heavily dependent on borrowing and the revenue costs of this proposed borrowing have been factored into the Budget and the Medium-Term Financial Plan. The long-term costs of borrowing are now increasing in response to economic factors, but they still remain comparatively low, and this helps with the affordability of these plans. The Treasury Management Strategy seeks to fix borrowing costs at low levels, thereby providing future certainty and affordability.

## **9. Financial Standing**

- 9.1. CIPFA's Financial Resilience Index is a comparative analytical tool that may be used by Chief Financial Officers to support good financial management and provide a common understanding of their financial position against those of others.
- 9.2. The Index shows a council's position on a range of measures associated with financial risk. The selection of indicators has been informed by extensive financial resilience work undertaken by CIPFA over the past seven years, public consultation and technical stakeholder engagement.
- 9.3. The CIPFA Financial Resilience Index for Epping Forest (using 2021/22 data) shows the Council to have higher than average borrowing amongst district councils but with a sustainable level of reserves.

**Andrew Small CPFA**  
**Strategic Director & Section 151 Officer**  
**February 2023**

## Report to the Audit & Governance Committee



**Epping Forest  
District Council**

**Date of meeting:** **29th September  
2022**

**Portfolio:** Finance, Qualis Client & Economic Development

**Subject:** Treasury Management Outturn Report 2021/22

**Responsible Officer:** Andrew Small (01992 564278)

**Democratic Services:** Laura Kirman (01992 564243)

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### Recommendations/Decisions Required:

- (1) To note the Treasury Management Outturn Report for 2021/22 (**Appendix A**) and pass comment for full Council.

### Executive Summary:

The Council's adopted Treasury Management Strategy (including Investment Strategy) for 2021/22 was considered in detail by the Audit and Governance Committee on 22nd March 2021.

In accordance with CIPFA's Treasury Management in the Public Services: Code of Practice (the CIPFA Code 2017) and generally accepted good practice, the Treasury Management Outturn Report for 2021/22 (presented in **Appendix A**) sets out the Council's actual Treasury Management activity for 2021/22, including the year-end position contained in the Council's (draft) Statement of Accounts for 2021/22.

**Appendix A** begins by setting the external context for 2021/22 by exploring the Economic Background, Financial Markets, Credit Ratings, and ongoing changes to national Treasury Management practice.

The Borrowing and Investment position for Epping Forest DC as at 31st March 2022 was as follows:

- *Borrowing* – external borrowing rose by £7.3 million (from £261.7 million to £269.0 million) during the period April 2020 to March 2021; and
- *Investments* – there was also an increase of £8.2 million in investments (from £10.5 million to £18.7 million) during the same period.

CIPFA's Treasury Management Code covers all of the financial assets of the Council, as well as other non-financial assets which the Council holds, primarily for financial return. The report therefore also considers the Council's Commercial Property Portfolio, which delivered Net Income of £7.490 million in 2021/22 and remains a key part of Council strategy to minimise Council Tax increases.

**Appendix A** concludes by considering compliance with the Council's adopted Treasury Management indicators. Full compliance was achieved with most indicators. But cash flows experienced during the latter part of 2021/22 were relatively unusual, being primarily driven by external factors. This led to some short-term technical breaches of Investment Limits. Operational procedure has now been amended to ensure that the Council is better able to cope with future scenarios of a similar kind, without recourse to breaching the adopted Strategy.

**Reasons for Proposed Decision:**

To enable the robust scrutiny the Council's Treasury Management performance in 2021/22 in compliance with CIPFA's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code 2017) and generally accepted good practice.

**Legal and Governance Implications:**

The Local Government Act 2003 created a framework for the financing of capital investments in local authorities which came into operation from April 2004. Alongside this, the Prudential Code was developed by CIPFA as a professional Code of Practice to support local authority decision making in capital investment and financing. Local authorities are required by regulation to have regard to the Prudential Code.

**Safer, Cleaner and Greener (SCG) Implications:**

None.

**Background Papers:**

Treasury Management Strategy 2021/22 (Audit and Governance Committee, 22nd March 2021).

(MHCLG) Statutory Guidance on Local Government Investments (3rd Edition). Issued under section 15(1)(a) of the Local Government Act 2003 and effective for financial years commencing on or after 1st April 2018.

**Risk Management:**

There are a range of inherent financial risks associated with Treasury Management activity; not least the potential for loss of interest and/or deposits. The services of external Treasury Management advisors are therefore utilised.

Borrowing and Investment decisions are made in accordance with the Council's formally adopted Treasury Management Strategy. The Strategy includes several Risk Management features (e.g. the overriding priority that security of deposit takes precedence over return on investment).

## Treasury Management Outturn Report 2021/22

### Introduction

The Council has adopted CIPFA's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Council to approve Treasury Management semi-annual ("mid-year updates") and annual reports.

The Council's Treasury Management Strategy for 2021/22 was considered at a meeting of the Audit and Governance Committee on 22nd March 2021 and was subsequently agreed by full Council. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's Treasury Management Strategy.

The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy for 2021/22 was also considered by the Audit and Governance Committee on 22nd March 2021 and subsequently agreed by full Council.

### External Context: Review of 2021/22

**Economic Background:** The continuing economic recovery from coronavirus pandemic, together with the war in Ukraine, higher inflation, and higher interest rates were major issues over the year.

The Bank Rate was 0.1% at the beginning of the financial year. April and May 2021 saw the economy gathering momentum as the shackles of the pandemic restrictions were eased. Despite the improving outlook, market expectations were that the Bank of England would delay rate rises until 2022. Rising, persistent inflation changed that.

UK CPI was 0.7% in March 2021 but thereafter began to steadily increase. Initially driven by energy price effects and by inflation in sectors such as retail and hospitality which were re-opening after the pandemic lockdowns, inflation then was believed to be temporary. Thereafter price rises slowly became more widespread, as a combination of rising global costs and strong demand was exacerbated by supply shortages and transport dislocations. The surge in wholesale gas and electricity prices led to elevated inflation expectations. CPI for February 2022 registered 6.2% year on year, up from 5.5% in the previous month and the highest reading in the National Statistic series. Core inflation, which excludes the more volatile components, rose to 5.2% (year on year) from 4.4%.

The Government's jobs furlough scheme insulated the labour market from the worst effects of the pandemic. The labour market began to tighten and demand for workers grew strongly as employers found it increasingly difficult to find workers to fill vacant jobs. Having peaked at 5.2% in December 2020, unemployment continued to fall and the most recent labour market data for the three months to January 2022 showed the unemployment rate at 3.9% while the employment rate rose to 75.6%.

With the fading of lockdown – and, briefly, the ‘pingdemic’ – restraints, activity in consumer-facing sectors improved substantially as did sectors such as oil and mining with the reopening of oil rigs but materials shortages and the reduction in the real spending power of households and businesses dampened some of the growth momentum. Gross domestic product (GDP) grew by an upwardly revised 1.3% in the fourth calendar quarter of 2021 according to the final estimate (initial estimate 1.0%) and took UK GDP to just 0.1% below where it was before the pandemic. The annual growth rate was revised down slightly to 7.4% (from 7.5%) following a revised 9.3% fall in 2020.

Having increased the Bank Rate from 0.10% to 0.25% in December 2021, the Bank of England increased it further to 0.50% in February and 0.75% in March 2022.

In its March 2022 interest rate announcement, the MPC noted that the invasion of Ukraine had caused further large increases in energy and other commodity prices, with the expectation that the conflict will worsen supply chain disruptions around the world and push CPI inflation to around 8% later in 2022, even higher than forecast only a month before in the February 2022 Monetary Policy Report.

**Financial Markets:** The conflict in Ukraine added further volatility to the already uncertain inflation and interest rate outlook over the period. The Dow Jones started to decline in January 2022 but remained above its pre-pandemic level by the end of the period while the FTSE 250 and FTSE 100 also fell and ended the quarter below their pre-March 2020 levels.

Bond yields were similarly volatile as the tension between higher inflation and flight to quality from the war pushed and pulled yields, but with a general upward trend from higher interest rates dominating as yields generally climbed.

**Credit Review:** Fitch and Moody’s revised upward the outlook on several UK banks and building societies to ‘stable’, recognising their improved capital positions compared to 2020 and better economic growth prospects in the UK.

The successful vaccine rollout programme was credit positive for the financial services sector in general and the improved economic outlook meant some institutions were able to reduce provisions for bad loans. However, in 2022, the uncertainty engendered by Russia’s invasion of Ukraine pushed Credit Default Swap (CDS) prices modestly higher over the first calendar quarter, but only to levels slightly above their 2021 averages, illustrating the general resilience of the banking sector.

Having completed its full review of its credit advice on unsecured deposits, in September 2021, Arlingclose extended the maximum duration limit for UK bank entities on its recommended lending list from 35 days to 100 days; a similar extension was advised in December 2021 for the non-UK banks on this list.

### **Revised CIPFA Codes, Updated PWLB Lending Facility Guidance**

In August 2021 HM Treasury significantly revised guidance for the PWLB lending facility with more detail and 12 examples of permitted and prohibited use of PWLB loans. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing. Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management.

CIPFA published its revised Prudential Code for Capital Finance and Treasury Management Code on 20th December 2021. The key changes in the two codes are around permitted reasons to borrow, knowledge and skills, and the management of non-treasury investments.

The principles of the Prudential Code took immediate effect although local authorities could defer introducing the revised reporting requirements until the 2023/24 financial year if they wish. As reported to this Committee in January 2022, this Council already complies with the principles of the new Code and Finance officers are working towards full reporting compliance for 2023/24.

To comply with the new Prudential Code, authorities must not borrow to invest primarily for financial return. The Code also states that it is not prudent for local authorities to make investment or spending decisions that will increase the CFR unless directly and primarily related to the functions of the authority. Existing commercial investments are not required to be sold; however, authorities with existing commercial investments who expect to need to borrow should review the options for exiting these investments.

Borrowing is permitted for cashflow management, interest rate risk management, to refinance current borrowing and to adjust levels of internal borrowing. Borrowing to refinance capital expenditure primarily related to the delivery of a local authority's function but where a financial return is also expected is allowed, provided that financial return is not the primary reason for the expenditure. The changes align the CIPFA Prudential Code with the PWLB lending rules.

Unlike the Prudential Code, there is no mention of the date of initial application in the Treasury Management Code. The TM Code now includes extensive additional requirements for service and commercial investments, far beyond those in the 2017 version.

This Council is following the same process as the Prudential Code by implementing the changes in reporting requirements in 2023/24.

### **Local Context**

On 31st March 2022, the Council had net borrowing of £250.3 million arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

**Table 1: Balance Sheet Summary**

	<b>31/03/22 Actual £m</b>
General Fund CFR	151.947
HRA CFR	157.552
<b>Total CFR</b>	<b>309.499</b>
Less: Other Debt liabilities	0
<b>Borrowing CFR</b>	<b>309.499</b>
Less: External borrowing	(268.956)
<b>Internal borrowing:</b>	<b>40.543</b>
Less: Usable reserves	(38.482)
Less: Working capital	(20.797)
<b>Net Investments</b>	<b>(18.736)</b>

Lower official interest rates reduced the cost of short-term, temporary loans and investment returns from cash assets that can be used in lieu of borrowing. The Council has pursued a strategy of keeping borrowing and investments below their underlying levels – sometimes known as internal borrowing – to reduce risk.

The Treasury Management position as at 31st March 2022 and the change during the financial year is shown in Table 2 below.

**Table 2: Treasury Management Summary**

	<b>31/03/21 Balance £m</b>	<b>Movement £m</b>	<b>31/03/22 Balance £m</b>	<b>31/03/22 Rate %</b>
Long-term Borrowing	199.0	14.7	213.7	3.11%
Short-term Borrowing	62.7	(7.4)	55.3	0.51%
<b>Total Borrowing</b>	<b>261.7</b>	<b>7.3</b>	<b>269.0</b>	
Long-Term Investments	0	0	0	N/A
Short-term Investments	0	0	0	N/A
Cash and Cash Equivalents	10.5	8.2	18.7	0.06%
<b>Total Investments</b>	<b>10.5</b>	<b>8.2</b>	<b>18.7</b>	
<b>Net Borrowing</b>	<b>251.2</b>	<b>(0.9)</b>	<b>250.3</b>	



The Council's cash flows during 2021/22 were less volatile than 2020/21 (which was heavily affected by Covid-related items):

- Long-Term Borrowing – the Council took out further long-term borrowing of £16.0 million in the year, resulting in a net increase in the balance of £14.7 million, after allowing for the repayment of principal on existing loans
- Short-Term Borrowing – such borrowing – from other Local Authorities – has remained a prominent feature during the year. This allowed the Council to benefit from the very low short-term interest rates on offer, although longer-term replacement borrowing is being actively considered in 2022/23 in the light of rising interest rates (in consultation with Arlingclose); and
- Cash and Cash Equivalents – although cash flows were relatively stable in the year compared to the major volatility experienced in 2020/21, the Government has consistently delayed calling back overpaid/unspent Section 31 and Covid grant balances; this led to the Council temporarily holding slightly higher cash balances than planned towards the latter part of the year (it is a pattern that has carried over into the early part of 2022/23).

### **Borrowing Update**

The Council was not planning to borrow to invest primarily for commercial return and so is unaffected by the recent changes to the Prudential Code.

### **Borrowing Strategy**

As at 31st March 2022 the Council held £269.2 million in loans (an increase of £7.5 million compared to the position as at 31st March 2021), as part of its strategy for funding the Capital Programme. Outstanding loans on 31st March 2022 are summarised in Table 3 below.

**Table 3: Borrowing Position**

	31/03/21 Balance £m	Net Movement £m	31/03/22 Balance £m	31/03/22 Weighted Average Rate %	31/03/22 Weighted Average Maturity (Years/Days)
Public Works Loan Board (long and short-term)	238.7	(23.7)	215.0	3.13%	18 Years
Banks	0	0	0	N/A	N/A
Local authorities (long-term)	0	0	0	N/A	N/A
Local authorities (short-term)	23.0	31.0	54.0	0.49%	241 Days
<b>Total Borrowing</b>	<b>261.7</b>	<b>7.3</b>	<b>269.0</b>		

The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective.

With short-term interest rates remaining lower than long-term rates (despite recent increases), the Council considered it more cost effective in the short term to use internal resources or borrowed rolling temporary / short-term loans instead. The net movement in temporary / short-term loans is shown in Table 3 above.

### **Other Debt Activity**

The Council did not raise any other capital finance during 2021/22.

### **Treasury Investment Activity**

The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held, and money borrowed in advance of need. During 2021/22, the Council's investment balances ranged between £6.4 million and £35.6 million; this was due to timing differences between income and expenditure. The investment position is shown in Table 4 below.

**Table 4: Treasury Investment Position**

	<b>31/03/21 Balance £m</b>	<b>Net Movement £m</b>	<b>31/03/22 Balance £m</b>	<b>31/03/22 Income Return %</b>	<b>31/03/22 Weighted Average Maturity Days</b>
Banks & building societies (unsecured)	1.4	0.3	1.7	0.01%	Instant Access
Government (incl. local authorities)	0	0	0	N/A	N/A
Money Market Funds	9.1	7.9	17.0	0.06%	Instant Access
<b>Total Investments</b>	<b>10.5</b>	<b>8.2</b>	<b>18.7</b>		

Both the CIPFA Code and Government guidance requires local authorities to invest funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

### Non-Treasury Investments

The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. This is replicated in the Investment Guidance issued by Ministry of Housing, Communities and Local Government (MHCLG), in which the definition of investments is further broadened to also include all such assets held partially for financial return.

The Council also holds a significant commercial property portfolio on its Balance Sheet, which are summarised in Table 5 below.

**Table 5: Commercial Property Investments**

Category	31/03/22 Balance Sheet Value	Net Income 2021/22 (12 months April - March) ***
Shops*	£99.367m	£5.326m
Industrial Units	£43.703m	£1.375m
Other**	£18.936m	£0.789m
<b>Total Value/Net Income</b>	<b>£162.006m</b>	<b>£7.490m</b>

\*Includes Public Houses and a Petrol Station

\*\*Includes North Weald Airfield and Sports Facilities

The Council received total net income of £7.490 million from Commercial Property Investments in 2021/22 (£6.798 million in 2020/21), with the numbers reflecting additional income generated from new and renegotiated tenancies at North Weald Airfield.

The Committee should note that the numbers reflect the accrued position currently in the Council's books, which does not take account of the collectability of income. So far, there have been no write-offs due to the effects of Covid-19, with the Council's portfolio appearing to have weathered the pandemic generally very well. However, an increase in write-offs cannot be ruled out in the future given the current economic climate.

## Compliance

The Strategic Director and Section 151 Officer reports that all Treasury Management activities undertaken during the financial year complied fully with the CIPFA Code of Practice. However – in 2021/22 – regarding the approved Treasury Management Strategy:

- Debt Limits – full compliance achieved
- Investment Limits – the Council was forced to carry significantly higher than usual cash balances during the last two months of the year due to a range of – mainly external – factors. This led to some short-term technical breaches of Investment Limits with both the Bank and Money Market Funds (MMFs) limits. Procedures have now been adjusted and are now much more able to cope with any future events of this nature; and
- Treasury Management Indicators – compliance achieved in nearly all cases, although the Interest Rate Exposure target (on Interest *Receivable*) was technically missed due to the (aforementioned) carrying of higher cash balances.

Compliance with the Operational Boundary and Authorised Limit for external debt is demonstrated in Table 7 below.

**Table 7: Debt Limits**

	<b>2021/22 Maximum</b>	<b>31/03/22 Actual</b>	<b>2021/22 Operational Boundary</b>	<b>2021/22 Authorised Limit</b>	<b>Complied? (Yes/No)</b>
Borrowing	£302.1m	£269.0m	<b>£353.7 million</b>	<b>£363.7 million</b>	<b>Yes</b>
Finance Leases	0	0			
<b>Total Debt</b>	<b>£302.1m</b>	<b>£269.0m</b>			

Since the Operational Boundary is a management tool for in-year monitoring it is not significant if it is breached on occasions due to variations in cash flow; this is not counted as a compliance failure. Total debt did not breach the Operational Boundary during the year.

**Table 8: Investment Counterparties and Limits**

Sector	Time		Value		Sector	
	Limit	Actual	Limit	Actual	Limit	Actual
The UK Government	50 years	Instant	Unlimited	£29.0 million	N/A	£29.0 million
Local authorities & other government entities	25 years	None	£10.0 million	£0	Unlimited	£0
Banks (unsecured)	13 months	Instant	£5.0 million	<b>£13.6 million*</b>	£20.0 million	£13.6 million
Building Societies (unsecured)	13 months	None	£2.0 million	£0	£2.0 million	£0
Registered Providers (unsecured)	5 years	None	£3.0 million	£0	£3.0 million	£0
Money Market Funds	N/A	Instant	£10.0 million	£10.0 million	Maximum of 3 Funds (see below)	<b>4**</b>

Note - excludes Qualis loans

Table 8 above shows two technical breaches to the Council's adopted Investments Limits as follows:

- **\*Banks (Unsecured)** – Limit £5.0 million (Actual £13.6 million) – the limit was briefly exceeded on Saturday 26th and Sunday 27th March 2022 due to the late receipt of external funding of £13.0 million on Friday 25th March 2022 (the Council was assembling funds to repay a Variable Rate PWLB loan of £31.8 million); the timing of the receipt prevented any temporary transfers to other funds for the duration of the weekend. The matter was immediately rectified on Monday 28th March 2022, with the repayment of the PWLB loan; and
- **\*\*Money Market Funds (MMFs)** – Limit 3 (Actual 4) – the Council has for some time operated with access to four MMFs, but only investing in three at a single point in time in accordance with the Strategy. However, the Council was carrying much higher than usual cash balances in early February 2022 due to the combined impact of drawing down PWLB loans for on lending to Qualis (£16.0 million) and ensuring cash was available to repay the Government Section 31 (Business Rates) grants on demand (£9.7 million). This led to the 'emergency' use of the fourth MMF on a temporary basis. The Council has subsequently opened a (UK Government) "Debt Management Account Deposit Facility" and has closed one of the MMF accounts, which will prevent this situation occurring again in the future.

**Treasury Management Indicators**

The Council measures and manages its exposures to Treasury Management risks using the following indicators.

**Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	31/03/22 Actual	2021/22 Target	Complied?
Portfolio average credit rating	A	A-	Yes

**Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

	31/03/22 Actual	2021/22 Target	Complied?
Total cash available within 3 months	£18.7 million	£3.0 million	Yes

At no time during 2021/22 (or subsequently at the time of preparing this report), did the Council go overdrawn at the Bank.

**Interest Rate Exposures:** This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests was:

Interest Rate Risk Indicator	31/03/22 Actual	2021/2022 Limit	Complied?
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates (Borrowing)	£9,000	£318,000	Yes
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates (Investments)	(£169,000)	(£120,000)	No*

*\*Explained above within Investment Limits. Outturn a function of – unavoidably – higher cash balances being carried.*

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates. The table above shows a very different outturn profile from that of recent years following the repayment of the Council's only remaining Variable Rate Loan in March 2022. Net interest rate exposure of £160,000 (£169,000 minus £9,000) is now focussed on Lending (Investments) as opposed to Borrowing.

**Maturity Structure of Borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

Refinancing Rate Risk Indicator	31/03/22 Actual	Upper Limit	Lower Limit	Complied?
Under 12 months	20%	50%	0%	Yes
12 months and within 24 months	0%	50%	0%	Yes
24 months and within 5 years	0%	50%	0%	Yes
5 years and within 10 years	11%	50%	0%	Yes
10 years and within 15 years	4%	50%	0%	Yes
15 years and within 20 years	45%	50%	0%	Yes
20 years and within 25 years	13%	50%	0%	Yes
25 years and above	8%	50%	0%	Yes

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

**Principal Sums Invested for Periods Longer than a year:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

Price Risk Indicator	2021/22
Actual principal invested beyond year end	£0
Limit on principal invested beyond year end	£15.0 million
Complied?	Yes

**Other**

**IFRS 16:** The implementation of the new IFRS 16 Leases accounting standard was due to come into force for local authorities from 1st April 2022. Following a consultation, CIFPA/LASAAC announced an optional two-year delay to the implementation of this standard; the decision which was confirmed by the Financial Reporting Advisory Board (FRAB) in early April 2022. Authorities can now choose to adopt the new standard on 1st April 2022, 1st April 2023, or 1st April 2024. IFRS16 is unlikely to have a material impact on Epping Forest District Council; on that basis, the intended local adoption of the new standard is on 1st April 2024.



## Report to the Audit & Governance Committee



**Epping Forest  
District Council**

**Date of meeting:** 28th November 2022

**Portfolio:** Finance, Qualis Client & Economic Development

**Subject:** Treasury Management Mid-Year Update 2022/23

**Responsible Officer:** Andrew Small (01992 564278)

**Democratic Services:** Laura Kirman (01992 564243)

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### Recommendations/Decisions Required:

- (1) To note the Treasury Management Mid-Year Update 2022/23 (**Appendix A**) and pass comment for full Council.

### Executive Summary:

The Council's Treasury Management Strategy (including Investment Strategy) for 2022/23 was considered at a meeting of the Audit and Governance Committee on 17th January 2022 and was subsequently agreed by full Council on 24th February 2022.

In accordance with CIPFA's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) and generally accepted good practice, the Treasury Management Mid-Year Update for 2022/23 (presented in **Appendix A**) sets out the Council's actual Treasury Management activity for the first six months of 2022/23 (i.e., April to September 2022).

**Appendix A** begins by setting the external context for first half of 2022/23 by exploring the Economic Background, Financial Markets and Credit Ratings; this includes the volatility and spiralling inflation triggered – to a large extent – by the Russian invasion of Ukraine.

The Borrowing and Investment position for Epping Forest District Council as at 30th September 2022 shows the following:

- *Borrowing* – external borrowing marginally decreased by £0.7 million (from £269.0 million to £268.3 million) during the period April to September 2022; and
- *Investments* – there was a decrease in investments of £2.3 million (from £18.7 million to £16.4 million) during the same period.

The CIPFA Code also covers all the financial assets of the Council, as well as other non-financial assets which the Council holds, primarily for financial return. This report therefore also considers the Council's Commercial Property Portfolio, which delivered Net Income of £4.244 million during the first six months of 2022/23 and continues to be a key part of the Council's strategy to minimise Council Tax increases.

**Appendix A** concludes by considering compliance with the Council's adopted Treasury Management indicators. Compliance was achieved in all material respects, subject to one minor technical breach on debt maturities.

**Reasons for Proposed Decision:**

To enable the robust scrutiny the Council's Treasury Management performance in 2022/23 in compliance with CIPFA's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) and generally accepted good practice.

**Legal and Governance Implications:**

The Local Government Act 2003 created a framework for the financing of capital investments in local authorities which came into operation from April 2004. Alongside this, the Prudential Code was developed by CIPFA as a professional Code of Practice to support local authority decision making in capital investment and financing. Local authorities are required by regulation to have regard to the Prudential Code.

**Safer, Cleaner and Greener (SCG) Implications:**

None.

**Background Papers:**

Treasury Management Strategy (including Investment Strategy) 2022/23 (Audit and Governance Committee, 17th January 2022).

(MHCLG) Statutory Guidance on Local Government Investments (3rd Edition). Issued under section 15(1)(a) of the Local Government Act 2003 and effective for financial years commencing on or after 1st April 2018.

**Risk Management:**

There are a range of inherent financial risks associated with Treasury Management activity; not least the potential for loss of interest and/or deposits. The Council therefore engages the services of external Treasury Management advisors, Arlingclose Ltd.

Borrowing and Investment decisions are made in accordance with the Council's formally adopted Treasury Management Strategy (including Investment Strategy). The Strategy includes several Risk Management features, including – for example – the overriding priority that security of deposit takes precedence over return on investment.

Appendix A

**Treasury Management Mid-Year Update 2022/23**

**Introduction**

The Council has adopted CIPFA's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Council to approve Treasury Management semi-annual ("mid-year updates") and annual reports.

The Council's current Treasury Management Strategy (including Investment Strategy) was considered at a meeting of the Audit and Governance Committee on 17th January 2022 and was subsequently agreed by full Council on 24th February 2022. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's Treasury Management Strategy.

The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Council's updated Capital Strategy 2022/23 to 2026/27, complying with CIPFA's requirement, was also considered by the Audit and Governance Committee on 17th January 2022, and was also adopted subsequently by full Council on 24th February 2022.

**External Context: April to September 2022**

***Economic Background:*** The ongoing conflict in Ukraine has continued to put pressure on global inflation and the economic outlook for the UK and world growth remains weak. The UK political situation towards the end of the period following the 'fiscal event' increased uncertainty further.

The economic backdrop during the first six months of the financial year continued to be characterised by high oil, gas and commodity prices, high inflation, no imminent end in sight to the Russia-Ukraine hostilities and its associated impact on the supply chain, and China's zero-Covid policy.

Central Bank rhetoric and action remained robust. The Bank of England, Federal Reserve and the European Central Bank all pushed up interest rates over the period and committed to fighting inflation, even when the consequences were in all likelihood recessions in those regions.

UK inflation remained extremely high. Annual headline CPI hit 10.1% in July 2022, the highest rate for 40 years, before falling modestly to 9.9% in August 2022. The energy regulator, Ofgem, increased the energy price cap by 54% in April 2022, while a further increase in the cap from October 2022, which would have seen households with average energy consumption pay over £3,500 per annum, was dampened by the Government stepping in to provide around £150 billion of support to limit bills to £2,500 annually until 2024.

The Bank of England increased the Bank Rate to 2.25% over the period, with the Monetary Policy Committee noting that domestic inflationary pressures are expected to remain strong and so given ongoing strong rhetoric around tackling inflation, further Bank Rate rises should be expected.

On 23rd September 2022, the Government – following a change of leadership – announced a raft of measures in a ‘mini budget’, loosening fiscal policy with a view to boosting the UK’s trend growth rate to 2.5%. With little detail on how Government borrowing would be returned to a sustainable path, financial markets reacted negatively with gilt yields rising dramatically, causing the Bank of England to intervene in order to preserve market stability.

Bank of England policymakers noted that any resulting inflationary impact of increased demand would be met with monetary tightening, raising the prospect of much higher Bank Rate and consequential negative impacts on the housing market.

**Financial Markets:** Uncertainty remained in control of financial market sentiment and bond yields remained volatile, continuing their general upward trend as concern over higher inflation and higher interest rates continued to dominate. Towards the end of September, volatility in financial markets was significantly exacerbated by the UK government’s fiscal plans, leading to an acceleration in the rate of the rise in gilt yields and decline in the value of sterling.

Due to pressure on pension funds, the Bank of England announced a direct intervention in the gilt market to increase liquidity and reduce yields.

**Credit Review:** Having completed a full review of its credit advice on unsecured deposits at UK and non-UK banks in May 2022, Arlingclose extended the maximum duration limit for five UK banks, four Canadian banks and four German banks to six months. The maximum duration for unsecured deposits with other UK and non-UK banks on the Arlingclose recommended list is one hundred days; these recommendations were unchanged at the end of the period.

There were no changes to the Arlingclose counterparty list or recommended durations during the period. Nevertheless, increased market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Council’s counterparty list remain under constant review.

## **Local Context**

On 31st March 2022, the Council had net borrowing of £250.3 million arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

**Table 1: Balance Sheet Summary**

	31/03/22 Actual £m
General Fund CFR	151.947
HRA CFR	157.552
<b>Total CFR</b>	<b>309.499</b>
Less: Other Debt liabilities	0
<b>Borrowing CFR</b>	<b>309.499</b>
Less: External borrowing	(268.956)
<b>Internal borrowing:</b>	<b>40.543</b>
Less: Usable reserves	(38.482)
Less: Working capital	(20.797)
<b>Net Investments</b>	<b>(18.736)</b>

The Treasury Management position as at 30th September 2022 and the change during the first six months of the financial year is shown in Table 2 below.

**Table 2: Treasury Management Summary**

	31/03/22 Balance £m	Movement £m	30/09/22 Balance £m	30/09/22 Rate %
Long-term Borrowing	213.7	(0.7)	213.0	3.13%
Short-term Borrowing	55.3	0	55.3	1.97%
<b>Total Borrowing</b>	<b>269.0</b>	<b>(0.7)</b>	<b>268.3</b>	
Long-Term Investments	0	0	0	N/A
Short-term Investments	0	8.0	8.0	1.75%
Cash and Cash Equivalents	18.7	(10.3)	8.4	1.86%
<b>Total Investments</b>	<b>18.7</b>	<b>(2.3)</b>	<b>16.4</b>	
<b>Net Borrowing</b>	<b>250.3</b>	<b>1.6</b>	<b>251.9</b>	

The Council's cash flows during April to September 2022 continue to settle down following the general volatility experienced in the last two financial year. Thus:

- *Long-Term Borrowing* – no further long-term loans were taken out during the period April to September 2022, with the principal outstanding on PWLB maturity loans reducing in line with principal repayments on "Equal Instalments of Principal (EIP) loans

- *Short-Term Borrowing* – borrowing from other local authorities remained static at £55.3 million, with that source of borrowing still representing good value (although less so, following recent interest rate rises). Most of the borrowing was ‘rolled over’ on competitive rates with the agreement of lenders
- *Short-Term Investments* – the use of the recently opened “Debt Management Account Deposit Facility” (DMADF) has proved successful this year with the Council now securing better returns on short-term deposits (typically two to three weeks) than previously achieved on bank deposits
- *Cash and Cash Equivalents* – the use of the DMADF noted above is reducing the need for higher balances on Cash and Cash Equivalents (Bank and MMF deposits)

### **Borrowing Update**

Local authorities can borrow from the PWLB provided they can confirm they are not planning to purchase ‘investment assets primarily for yield’ in the current or next two financial years, with confirmation of the purpose of capital expenditure from the Section 151 Officer. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing.

Acceptable use of PWLB borrowing includes Service Delivery, Housing, Regeneration, Preventative Action, Refinancing and Treasury Management.

The Council is not planning to purchase any investment assets primarily for yield within the next three years and so is able fully access the PWLB.

### **Borrowing Strategy**

At 30th September 2022, the Council held £268.3 million in loans (a marginal decrease of £.7 million compared to the position as at 31st March 2022), as part of its strategy for funding the Capital Programme. Outstanding loans on 30th September 2022 are summarised in Table 3 below.

**Table 3: Borrowing Position**

	31/03/22 Balance £m	Net Movement £m	30/09/22 Balance £m	30/09/22 Weighted Average Rate %	30/09/22 Weighted Average Maturity (Years/Days)
Public Works Loan Board	215.0	(0.7)	214.3	3.13%	17.53 Years
Banks	0	0	0	N/A	N/A
Local authorities (long-term)	0	0	0	N/A	N/A
Local authorities (short-term)	54.0	0	54.0	1.97%	129 Days
<b>Total Borrowing</b>	<b>269.0</b>	<b>(0.7)</b>	<b>268.3</b>		

The chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

Over the April to September 2022 period, short-term PWLB rates rose dramatically, particular in late September after the Chancellor's 'mini-budget' included unfunded tax cuts and additional borrowing to fund consumer energy price subsidies. Exceptional volatility threatened financial stability, requiring Bank of England intervention in the gilt market.

Interest rates rose by over 2% during the period in both the long and short term. As an indication, the 5-year maturity certainty rate rose from 2.30% on 1st April 2022 to 5.09% on 30th September 2022; over the same period the 30-year maturity certainty rate rose from 2.63% to 4.68%.

### **Other Debt Activity**

The Council did not raise any other capital finance in the first six months of 2022/23.

### **Treasury Investment Activity**

The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held, and money borrowed in advance of need. During the first six months of 2022/23, as is normal, the Council's investment balances varied due to timing differences between income and expenditure. The investment position is shown in Table 4 below.

**Table 4: Treasury Investment Position**

	<b>31/03/22 Balance £m</b>	<b>Net Movement £m</b>	<b>30/09/22 Balance £m</b>	<b>30/09/22 Income Return %</b>	<b>30/09/22 Weighted Average Maturity Days</b>
Banks & Building Societies (unsecured)	1.7	(1.3)	0.4	0.10%	Instant Access
Government (incl. local authorities)	0	8.0	8.0	1.75%	N/A
Money Market Funds	17.0	(9.0)	8.0	1.95%	Instant Access
<b>Total Investments</b>	<b>18.7</b>	<b>(2.3)</b>	<b>16.4</b>		

Both the CIPFA Code and Government guidance requires local authorities to invest funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

The increases in Bank Rate over the period under review, and with the prospect of more increases to come, short-dated cash rates, which had ranged between 0.7% - 1.5% at the end of March 2022, rose by around 1.5% for overnight/7-day maturities and by nearly 3.5% for 9 to 12-month maturities during the period.

By the end of September 2022, the rates on "Debt Management Account Deposit Facility" (DMADF) deposits ranged between 1.85% and 3.5% per annum. The return on the Council's sterling Money Market Funds ranged between 0.9% to 1.1% in early April 2022, and between 1.8% and 2.05% at the end of September 2022.

### **Non-Treasury Investments**

The definition of investments in CIPFA's Treasury Management Code covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. This is replicated in the Investment Guidance issued by Ministry of Housing, Communities and Local Government (MHCLG), in which the definition of investments is further broadened to also include all such assets held partially for financial return.

The Council also holds a significant commercial property portfolio on its Balance Sheet, which are summarised in Table 5 below.

**Table 5: Commercial Property Investments**

Category	31/03/22 Balance Sheet Value	Net Income 2022/23 (6 months April - September) *** Estimated	Net Income 2021/22 (6 months April - September) *** (50% Actual)
	£Ms	£Ms	£Ms
Shops*	99.367	2.819	2.663
Industrial Units	43.703	0.772	0.687
Other**	18.936	0.653	0.417
<b>Total Value/Net Income</b>	<b>162.006</b>	<b>4.244</b>	<b>3.768</b>

\*Includes Public Houses and a Petrol Station

\*\*Includes North Weald Airfield and Sports Facilities

The Council received total net income of £4.244 million from Commercial Property Investments in the first 6 months of 2022/23 (compared to £3.768 million for the corresponding period in 2021/22). Income streams at North Weald Airfield in particular have benefited due to the return of the Saturday Market following the disruption caused by the pandemic.



The Committee should note that the numbers reflect the accrued position currently in the Council's books, which does not take account of the collectability of income. So far, there have been no write-offs due to the effects of Covid-19, with the Council's portfolio appearing to have weathered the pandemic generally very well. However, an increase in write-offs cannot be ruled out in the future given the current economic climate.

### **Compliance**

The Strategic Director and Section 151 Officer reports that all Treasury Management activities undertaken during the first six months of the year complied fully with the CIPFA Code of Practice. Compliance with the approved Treasury Management Strategy was as follows:

- Investment Limits – full compliance achieved
- Security – full compliance achieved
- Liquidity – full compliance achieved
- Interest Rate Exposure – full compliance achieved
- Maturity Structure – compliance with the adopted maturity structure limits was achieved in all material respects. There is however now a small technical breach with the debt maturities in the range 15 to 20 years; at present, 58% of outstanding debt falls within that age bracket due to a 30-year PWLB Loan of £33.656 million taken out on 28th March 2012 'moving down' from the range 20 to 25 years due to the passage of time. There is currently no justification to changing the current debt portfolio in the light of that statistic. However, this is something that will be considered, and reported to the Committee (with advice taken from Arlingclose) in preparing the Strategy for 2023/24; and
- Long-Term Investments – full compliance achieved.

**Table 8: Investment Limits**

Sector	Time Limit	Counterparty Limit	Sector limit	30/09/22 Actual	Complied? (Yes/No)
The UK Government	50 years	Unlimited	N/A	£8.0 million	Yes
Local authorities & other government entities	25 years	£10.0 million	Unlimited	£0	Yes
Banks (unsecured)*	13 months	£4.0 million	£20.0 million	£0.4 million	Yes
Building Societies* (unsecured)	13 months	£2.0 million	£2.0 million	£0	Yes
Registered Providers* (unsecured)	5 years	£3.0 million	£3.0 million	£0	Yes
Money Market Funds*	N/A	£10.0 million	Maximum of 3 Funds (£10m each)	£8.0 million	Yes

**\* Minimum Credit Rating**

Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken account of.

## **Treasury Management Indicators**

The Council measures and manages its exposures to Treasury Management risks using the following indicators.

**Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	<b>30/09/22 Actual</b>	<b>2022/23 Target</b>	<b>Complied?</b>
Portfolio average credit rating	AA	A-	Yes

**Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

	<b>30/09/22 Actual</b>	<b>2022/23 Target</b>	<b>Complied?</b>
Total cash available within 3 months	£11.0 million	£3.0 million	Yes

**Interest Rate Exposures:** This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests was:

<b>Interest rate risk indicator</b>	<b>30/09/22 Actual</b>	<b>2022/23 Limit</b>	<b>Complied?</b>
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates (Borrowing)	£0	£1.0 million	Yes
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates (Investments)	£0.1 million	£0.5 million	Yes

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates. The Council no longer has any Variable Rate Exposure on Borrowing.

**Maturity Structure of Borrowing:** This indicator is set to control exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	<b>30/09/22 Actual</b>	<b>Upper Limit</b>	<b>Lower Limit</b>	<b>Complied?</b>
Under 12 months	21%	50%	0%	Yes
12 months and within 24 months	1%	50%	0%	Yes
24 months and within 5 years	2%	50%	0%	Yes
5 years and within 10 years	14%	50%	0%	Yes
10 years and within 15 years	2%	50%	0%	Yes
<b>15 years and within 20 years</b>	<b>58%</b>	<b>50%</b>	<b>0%</b>	<b>No</b>
20 years and within 25 years	1%	50%	0%	Yes
25 years and above	2%	50%	0%	Yes

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

**Principal Sums Invested for Periods Longer than a year:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

	<b>2022/23 (April – Sept)</b>
Actual principal invested beyond year end	£0
Limit on principal invested beyond year end	£15.0 million
Complied?	Yes

**Other**

**IFRS 16:** The implementation of the new IFRS 16 Leases accounting standard was due to come into force for local authorities from 1st April 2022. Following a consultation, CIFPA/LASAAC announced an optional two-year delay to the implementation of this standard; the decision which was confirmed by the Financial Reporting Advisory Board (FRAB) in early April 2022. Authorities can now choose to adopt the new standard on 1st April 2022, 1st April 2023, or 1st April 2024. IFRS16 is unlikely to have a material impact on Epping Forest District Council; on that basis, the intended local adoption of the new standard is on 1st April 2024.

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## Report to the Audit & Governance Committee



**Date of meeting:** 13th February 2023

**Epping Forest District Council**

**Portfolio:** Finance, Qualis Client & Economic Development

**Subject:** Treasury Management Strategy (including Investment Strategy) 2023/24

**Responsible Officer:** Andrew Small (01992 564278)

**Democratic Services:** Laura Kirman (01992 564243)

### Recommendations/Decisions Required:

- (1) To consider and recommend for approval by full Council, the draft Treasury Management Strategy 2023/24 (attached at **Appendix A**); and
- (2) To consider and recommend for approval by full Council, the draft Investment Strategy 2023/24 (attached at **Appendix B**).

### Executive Summary:

The preparation of an annual Treasury Management Strategy is a requirement of CIPFA's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) and generally accepted good practice. It covers planned treasury activity for the financial year 2023/24 and is attached at **Appendix A**.

In addition, following the issue of (MHCLG) statutory guidance on Local Government Investments in 2018, the Council is also recommended to produce an annual Investment Strategy, covering the Council's wider investment activities. The 2023/24 Strategy is attached at **Appendix B**.

The overriding position that this report presents in the year ahead is a further rise in Borrowing activity as the Council continues to roll out its capital investment plans. Conversely Investment activity is expected to be very limited.

Both borrowing and investing is taking place against a backdrop of rising interest rates; although interest rate expectations reduced during October and November 2022, multiple interest rate rises are still expected in the medium-term.

The purpose of this report is to allow the Audit and Governance Committee to consider and comment on both strategies, before making appropriate recommendations to full Council on 28th February 2023.

**Reasons for Proposed Decision:**

To provide assurance to full Council that the risks associated with treasury management and investments are being appropriately managed.

**Legal and Governance Implications:**

The Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2021 Edition* (the CIPFA Code) requires the Council to prepare for approval by full Council, an annual Treasury Management Strategy. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

The Government (MHCLG) issued Investment Guidance in 2018, recommending the preparation (at least annually) of an Investment Strategy for approval by full Council.

The role of the Audit and Governance Committee is to consider this report – covering both the Treasury Management and Investment strategies – and make recommendations to full Council.

**Safer, Cleaner and Greener (SCG) Implications:**

None.

**Background Papers:**

Treasury Management in the Public Services: Code of Practice (2021 Edition) published by CIPFA December 2021.

(MHCLG) Statutory Guidance on Local Government Investments (3rd Edition). Issued under section 15(1)(a) of the Local Government Act 2003 and effective for financial years commencing on or after 1st April 2018.

Arlingclose Technical Update (revised Prudential and Treasury Management Codes) issued 22nd December 2021.

**Risk Management:**

There are a range of inherent financial risks associated with Treasury Management activity; not least the potential for loss of interest and/or deposits. The Council therefore engages the services of external Treasury Management advisors, Arlingclose Ltd.

Borrowing and Investment decisions are made in accordance with the Council's formally adopted Treasury Management Strategy. The Strategy includes several Risk Management features, including – for example – the overriding priority that security of deposit takes precedence over return on investment.



## Treasury Management Strategy 2023/24 (DRAFT)

### **Introduction**

Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2021 Edition* (the CIPFA Code) which requires the Council to approve a Treasury Management Strategy before the start of each financial year. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy (**Appendix B**).

### **External Context**

The ongoing impact on the UK from the war in Ukraine, together with higher inflation, higher interest rates, uncertain Government policy, and a deteriorating economic outlook, will be major influences on the Council's Treasury Management Strategy for 2023/24.

The Bank of England (BoE) increased the Bank Rate by 0.5% to 3.5% in December 2022. This followed a 0.75% rise in November which was the largest single rate hike since 1989 and the ninth successive rise since December 2021. The December decision was voted for by a 6-3 majority of the Monetary Policy Committee (MPC), with two dissenters voting for a no-change at 3% and one for a larger rise of 0.75%.

The November 2022 quarterly Monetary Policy Report (MPR) forecast a prolonged but shallow recession in the UK with CPI inflation remaining elevated at over 10% in the near-term. While the projected peak of inflation is lower than in the August 2022 report, due in part to the Government's support package for household energy costs, inflation is expected remain higher for longer over the forecast horizon and the economic outlook remains weak, with unemployment projected to start rising.

The UK economy contracted by 0.3% between July and September 2022 according to the Office for National Statistics, and the BoE forecasts Gross Domestic Product (GDP) will decline 0.75% in the second half of the calendar year due to the squeeze on household income from higher energy costs and goods prices. Growth is then expected to continue to fall throughout 2023 and the first half of 2024.

CPI inflation is expected to have peaked at around 11% in the last calendar quarter of 2022 and then fall sharply to 1.4%, below the 2% target, in two years' time and to 0% in three years' time if Bank Rate follows the path implied by financial markets at the time of the November MPR (a peak of 5.25%). However, the BoE stated it considered this path to be too high, suggesting that the peak in interest rates will be lower, reducing the risk of inflation falling too far below target. Market rates have fallen since the time of the November 2022 MPR.

The labour market remains tight for now, with the most recent statistics showing the unemployment rate was 3.7%. Earnings were up strongly in nominal terms by 6.1% for both total pay and for regular pay but factoring in inflation means real pay for both measures was -2.7%. Looking forward, the November MPR shows the labour market weakening in response to the deteriorating outlook for growth, leading to the unemployment rate rising to around 6.5% in 2025.

The Arlingclose forecast for November 2022 anticipates the Bank Rate will continue to rise in 2022 and 2023 as the BoE attempts to subdue inflation which is significantly above its 2.0% target.

While interest rate expectations reduced during October and November 2022, multiple interest rate rises are still expected over the forecast horizon despite looming recession. Arlingclose expects Bank Rate to rise to 4.25% by June 2023.

### **Local Context**

At close of business on 31st December 2022, the Council held £267.173 million Borrowing and £16.048 million in Treasury Investments (excluding Qualis Working Capital Loan). This is set out in further detail in Table 5 below. Forecast changes in these sums are shown in the Balance Sheet analysis in Table 1 below.

**Table 1: Balance Sheet Summary and Forecast**

	<b>31/03/22 Actual £m's</b>	<b>31/03/23 Estimate £m's</b>	<b>31/03/24 Forecast £m's</b>	<b>31/03/25 Forecast £m's</b>	<b>31/03/26 Forecast £m's</b>
General Fund CFR	151.9	161.9	208.7	243.6	240.7
HRA CFR	157.6	158.5	180.2	202.1	214.4
<b>Total CFR</b>	<b>309.5</b>	<b>320.4</b>	<b>388.9</b>	<b>445.7</b>	<b>455.1</b>
Less: Other debt liabilities*	0	0	0	0	0
<b>Less: External borrowing</b>	<b>(269.0)</b>	<b>(246.6)</b>	<b>(221.3)</b>	<b>(219.0)</b>	<b>(216.7)</b>
<b>Internal borrowing</b>	<b>40.5</b>	<b>73.8</b>	<b>167.6</b>	<b>226.7</b>	<b>238.4</b>
Less: Balance Sheet Resources	(59.2)	(59.2)	(59.2)	(59.2)	(59.2)
<b>Investments/ (New Borrowing)</b>	<b>18.7</b>	<b>(14.6)</b>	<b>(108.4)</b>	<b>(167.5)</b>	<b>(179.2)</b>

\* Leases and PFI liabilities that form part of the Council's total debt

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

The Council has an increasing CFR due to the Capital Programme (including Qualis Investments) and will therefore be required to take out further (new) borrowing up to £179.2 million over the forecast period (2023/24 to 2025/26).

CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this recommendation during 2023/24.

### Liability Benchmark

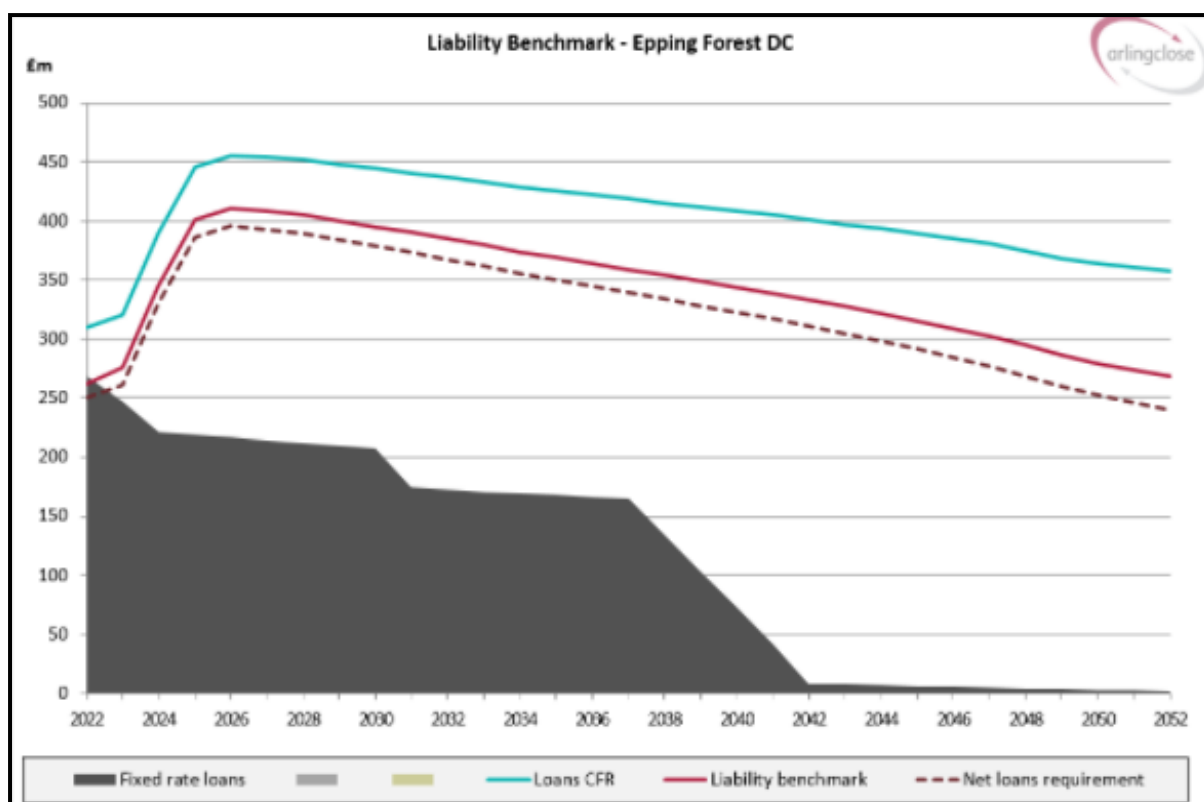
To compare the Council's actual borrowing against an alternative strategy, a Liability Benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as Table 1 above, but that cash and investment balances are kept to a minimum level of £15.0 million at each year-end to maintain adequate liquidity but minimise credit risk.

The Liability Benchmark is an important tool to help establish whether the Council is likely to be a Long-Term Borrower or Long-Term Investor in the future, and so shape its strategic focus and decision making. The Liability Benchmark itself represents an estimate of the cumulative amount of External Borrowing the Council must hold to fund its current Capital and Revenue plans while keeping Treasury Investments at the minimum level required to manage day-to-day cash flow.

**Table 2: Prudential Indicator: Liability Benchmark**

	31/03/22 Actual £m's	31/03/23 Estimate £m's	31/03/24 Forecast £m's	31/03/25 Forecast £m's	31/03/26 Forecast £m's
Loans CFR	309.5	320.4	388.9	445.7	455.1
Less: Balance Sheet Resources	(59.2)	(59.2)	(59.2)	(59.2)	(59.2)
<b>Net Loans Requirement</b>	<b>250.3</b>	<b>261.2</b>	<b>329.7</b>	<b>386.5</b>	<b>396.0</b>
Liquidity Allowance	12.0	15.0	15.0	15.0	15.0
<b>Liability benchmark</b>	<b>262.3</b>	<b>276.2</b>	<b>344.7</b>	<b>401.5</b>	<b>411.0</b>

Following on from the medium-term forecasts in table 2 above, the long-term Liability Benchmark assumes capital expenditure funded by borrowing of up to £411.0 million by 31st March 2026. Tailored Minimum Revenue Provision (MRP) contributions based on asset lives – ranging from 10 years on Equipment up to 50 years on Buildings – on new capital expenditure have been applied with an underlying inflation rate of 2.5% per annum assumed on income, expenditure, and reserves. This is shown in the Chart below, together with the Council's existing borrowing.



The Chart presented above spans 30-years and illustrates how the Council's borrowing is significantly below the Liability Benchmark. The year ahead (2023/24) is planned to include a number of 30-Year Loans (primarily for on-lending to Qualis), which will have the effect of smoothing the borrowing profile in the later years.

### **Borrowing Strategy**

The Council currently (@ 31st December 2022) holds £267.173 million in loans, a decrease of £1.783 million compared to 31st March 2022, as part of its strategy for funding previous years' Capital Programmes. The Council's current lenders are the PWLB and other local authorities. There are total loans of £232.173 million outstanding with the PWLB as summarised in Table 3 below.

**Table 3: PWLB Borrowing**

<b>PWLB Loans (@ 31st December 2022)</b>			
<b>Description</b>	<b>Amount (£m's)</b>	<b>Interest Rate</b>	<b>Maturity Date</b>
<b><i>Long-Term Maturities</i></b>			
Fixed-Rate Maturity	30.000	2.06%	21/09/30
Fixed-Rate EIP	9.667	2.99%	28/01/37
Fixed-Rate Maturity	30.000	3.46%	28/03/38
Fixed-Rate Maturity	30.000	3.47%	28/03/39
Fixed-Rate Maturity	30.000	3.48%	28/03/40
Fixed-Rate Maturity	30.000	3.49%	28/03/41
Fixed-Rate Maturity	33.656	3.50%	28/03/42
Fixed-Rate EIP	5.700	1.98%	25/03/51
Fixed-Rate EIP	5.900	1.98%	28/01/52
Fixed-Rate EIP	10.000	3.96%	15/12/52
Fixed-Rate EIP	9.250	2.99%	03/12/59
<b><i>Short-Term Maturities</i></b>			
Fixed-Rate EIP	8.00	4.14%	25/10/23
<b>Total PWLB</b>	<b>232.173</b>		

Local authorities are able to access preferential interest rates on PWLB loans (known as the "Certainty Rate"; currently a 0.2% discount on published rates) provided they submit a high-level description of their capital spending and financing plans (whether it is financed through PWLB borrowing or another source) for the following three years (meaning any capital spending and financing for the whole current financial year and subsequent two financial years), including their expected use of the PWLB.

The PWLB lending terms are contained in *Circular 163* (issued 21st October 2021). The updated terms now explicitly forbid borrowing for the purposes of purchasing investment assets primarily for yield. Thus Paragraph 41 requires that – before a loan can be granted – the Council's Section 151 Officer must confirm that the Council does not plan to:

- Use the PWLB to refinance any prior investment asset primarily for yield transactions which concluded after 25th November 2020; and/or
- Buy investment assets primarily for yield in the next three years.

The Council also has further outstanding loans of £35.0 million with other local authorities as summarised in Table 4 below.

**Table 4: Local Authority Borrowing**

<b>Local Authority Short-Term Loans (@ 31st December 2022)*</b>			
<b>Lender</b>	<b>Amount (£m's)</b>	<b>Interest Rate</b>	<b>Maturity Date</b>
East Suffolk Council	2.0	3.55%	14/04/23
East Suffolk Council	4.0	4.10%	18/07/23
Horsham District Council	4.0	1.42%	06/03/23
Northern Ireland Housing Executive	6.0	1.42%	24/03/23
Northern Ireland Housing Executive	5.0	3.60%	31/03/23
Northern Ireland Housing Executive	5.0	3.80%	28/04/23
Northern Ireland Housing Executive	4.0	2.91%	31/05/23
West Midlands Combined Authority	5.0	2.00%	31/03/23
<b>Total Local Authority</b>	<b>35.0</b>		

*\*Exclusively fixed rate Maturity Loans*

The Council *expects* to borrow up to £344.7 million in 2023/24 (if the minimum Investment balance of £15.0 million illustrated in Table 2 is achieved). The Council may also borrow additional sums to pre-fund future years' requirements, providing the Authorised Limit for Borrowing of £409.973 million is not exceeded.

### Objectives

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

### Strategy

Given the significant cuts to local government funding in recent years, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Council reduces its net borrowing costs (despite foregone investment income) and reduces overall treasury risk. The benefits of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2023/24 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Council has previously raised all of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pension funds and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council intends to avoid this activity in order to retain its access to PWLB loans.

Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Council may take out further short-term loans to cover unplanned cash flow shortages.

#### Sources of Borrowing

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

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- Any institution approved for investments (see below)
- Any other bank or building society authorised to operate in the UK
- Any other UK public sector body
- UK public and private sector pension funds (except Essex County Pension Fund)
- Capital market bond investors; and
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues.

#### Other sources of Debt Finance

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- Leasing
- Hire purchase; and
- Sale and leaseback.



### Municipal Bonds Agency

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

### Short-Term and Variable Rate Loans

These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the Treasury Management indicators below.

### Debt Rescheduling

The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

### **Treasury Investment Strategy**

The Council holds significant invested funds, representing income received in advance of expenditure, plus balances and reserves held. During 2022/23, the Council's 'Cash and Cash Equivalent' balance has so far remained over £9.0 million at all times (with the lowest available balance being £9.347 million on 19th July 2022), although substantial Government support for a range of support schemes to local businesses and residents – initially Covid-19 related, but increasingly 'cost of living' related – has so far made achieving the 2022/23 target liquidity level of £12.0 million difficult again (the highest available balance peaked at £35.828 million on 15th December 2022, immediately ahead of scheduled repayment of £10.0 million in local government short-term loans). This Strategy therefore includes a "Liquidity Allowance" of £15.0 million.

The Council currently (@ 31st December 2022) holds £16.048 million in Cash and Cash Equivalents, a decrease of £2.7 million compared to 31st March 2022. In addition, an outstanding balance of £4.750 million is owed by Qualis to the Council in respect of the original Cash Flow Loan of £6.0 million. The overall position is summarised in Table 5 below.



**Table 5: Treasury Management Investments**

<b>Treasury Management Investments (@ 31st December 2022)</b>		
<b>Counterparty</b>	<b>Amount (£m's)</b>	<b>Interest Rate</b>
<i>Long-Term Investments (maturity &gt; 12 months)</i>		
Qualis Working Capital Loan	4.750	3.80%
<i>Short-Term Investments (maturity &lt; 12 months)</i>		
None	N/A	N/A
<i>Cash and Cash Equivalents (instant access)</i>		
NatWest Bank (bank deposits)	4.048	0.80%
DMADF (Government)	7.000	3.20%
Deutsche Managed (MMF)	5.000	3.32%
<b>Total Investments</b>	<b>20.798</b>	

Objectives

The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Council also aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

Strategy

As demonstrated by the Liability Benchmark above, the Council expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments.

ESG Policy

Environmental, Social and Governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level.

Nevertheless, the Council is mindful of its ESG responsibilities and only invests in banks and funds that have Arlingclose approval. This ensures (through an annual check) – for example – that approved banks remain signatories to the UN Principles for Responsible Banking and approved Money Market Fund managers remain signatories to the UN Principles for Responsible Investment.

Approved Counterparties

The Council may invest its surplus funds with any of the counterparty types in Table 6 below, subject to the limits shown.

**Table 6: Treasury Investment Counterparties and Limits**

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	N/A
Local authorities & other Government entities	25 years	£10 million	Unlimited
Banks (unsecured)*	13 months	£4.0 million	£20.0 million
Building Societies* (unsecured)	13 months	£2.0 million	£2.0 million
Registered Providers* (unsecured)	5 years	£3.0 million	£3.0 million
Money Market Funds*	N/A	£10.0 million	Maximum of 3 Funds (see below)

Note - this table must be read in conjunction with the notes below.

\* Minimum Credit Rating

Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken account of.

For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of £10 million per counterparty as part of a diversified pool (e.g., via a peer-to-peer platform).

Government

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

Banks and Building societies (unsecured)

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

Registered providers (unsecured)

Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government, and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving Government support if needed.

Money Market Funds

Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee.

If operational need requires the use of more than three funds, the S151 officer can authorise this in consultation with the Portfolio Holder for Finance, Qualis Client and Economic Development, provided this is reported to the Chair of the Audit and Governance Committee, and a report is submitted to the next available meeting of the Audit and Governance Committee.

Operational Bank Accounts

The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £4.0 million per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25.0 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

Risk Assessment and Credit Ratings

Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- No new investments will be made
- Any existing investments that can be recalled or sold at no cost, will be; and
- Full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn [on the next working day] will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

### Other Information on the Security of Investments

The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

### Investment Limits

The Council had £15.603 million in (General Fund + HRA) revenue reserves on its (draft) Balance Sheet as at 31st March 2022 to cover unexpected credit losses in an emergency. A reasonable level of risk to carry in a single institution would be (say) 25%. An Investment Limit for a single institution (excluding Government and Money Market Funds) of £4.0 million has therefore been applied.

### Liquidity Management

The Council uses cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's Medium-Term Financial Plan and Cash Flow Forecast.

The Council will usually spread its liquid cash over at least three providers (e.g., Bank, DMADF and Money Market Funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

**Treasury Management Prudential Indicators**

The Council measures and manages its exposures to Treasury Management risks using the following indicators.

**Security**

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit Risk Indicator	Target
Portfolio average credit rating	A-

**Liquidity**

The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling [three] month period, without additional borrowing.

Liquidity Risk Indicator	Target
Total cash available within 3 months	£12.0 million

**Interest Rate Exposure**

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

Interest Rate Risk Indicator	Limit £'s
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	96,000
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	(96,000)

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at new market rates.

The indicator shows that, as a net borrower, the Council benefits from a reduction in interest rates, rather than an increase.

**Maturity Structure of Borrowing**

This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the Maturity Structure of Borrowing will be:

<b>Refinancing Rate Risk Indicator</b>	<b>Upper Limit</b>	<b>Lower Limit</b>
Under 12 months	50%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	50%	0%
10 years and within 15 years	50%	0%
15 years and within 20 years	50%	0%
25 years and above	50%	0%

It should be noted that – based on Arlinclose advice – the proposed limits presented above are deliberately wide in range. This is because the indicator is only designed to cover the risk of replacement loans being unavailable, rather than interest rate risk.

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

**Long-Term Treasury Management Investments**

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on long-term treasury management investments will be:

<b>Price Risk Indicator</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Limit on principal invested beyond year end	£15.0 million	£10.0 million	£5.0 million

## **Related Matters**

### *Housing Revenue Account*

On 1st April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. In future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g., premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured, with interest transferred between the General Fund and HRA at the Council's average interest rate on investments, adjusted for credit risk.

### *Markets in Financial Instruments Directive (MIFID)*

The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers, and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Section 151 Officer believes this to be the most appropriate status.

### *Financial Implications*

In 2023/24, overall investment income (General Fund and HRA) is budgeted at £478,500.

The budgets for General Fund and HRA debt interest payable in 2023/24 are £4,587,200 (including £1,780,072 on Qualis loans for on-lending) and £5,616,000 respectively.

If investment levels and borrowing, or interest rates, differ from expectations, performance against budget will be correspondingly different.

### *Other Options Considered*

The CIPFA Code does not prescribe any specific Treasury Management Strategy for local authorities to adopt. The Section 151 Officer, having consulted the Portfolio Holder for Finance and Economic Development, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

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



## Annex 1 (Appendix A)

## Existing Investment &amp; Debt Portfolio

	31/12/22 Actual Portfolio £m	31/12/22 Average Rate %
<b>External Borrowing</b>		
Public Works Loan Board	232.173	3.23%
Local authorities	35.0	2.75%
Other loans	-	-
<b>Total External Borrowing</b>	<b>267.173</b>	
<b>Other Long-Term Liabilities:</b>		
Leases	-	-
<b>Total Other Long-Term Liabilities</b>	<b>-</b>	
<b>Total Gross External Debt</b>	<b>267.173</b>	
<b>Treasury Investments</b>		
The UK Government	7.0	3.20%
Local authorities	-	-
Banks (unsecured)	4.048	0.80%
Money market funds	5.000	3.32%
Other investments (Qualis WC loan)	4.750	3.80%
<b>Total Treasury Investments</b>	<b>20.798</b>	
<b>Net Debt</b>	<b>246.375</b>	

## Investment Strategy 2023/24 (DRAFT)

### **Introduction**

The Council invests its money for three broad purposes:

- Because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **Treasury Management Investments**)
- To support local public services by lending to or buying shares in other organisations (**Service Investments**); and
- To earn investment income (known as **Commercial Investments** where this is the main purpose).

This Investment Strategy meets the requirements of statutory guidance issued by the Government in January 2018 and focuses on the second and third of these categories.

### **Treasury Management Investments**

The Council typically receives its income in cash (e.g., from taxes and grants) before it pays for its expenditure in cash (e.g., through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and the Government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA). The balance of Treasury Management investments is expected to fluctuate in 2023/24, although the aim is to maintain a minimum liquidity level of £4.0million as part of a £15.0 million balance available for investments.

### **Contribution**

The contribution that these investments make to the objectives of the Council is to support effective Treasury Management activities.

Full details of the Council's policies and its plan for 2023/24 for Treasury Management investments are covered in a separate document, the Treasury Management Strategy (**Appendix A** of this report).

## **Service Investments: Loans**

### Contribution

The Council will sometimes make investments to support service delivery objectives where there is a strategic case for doing so. This is an approach that has been adopted by the Council for many years for the delivery of a package of services, including Refuse Collection and Leisure. For example, the Council has previously invested in contractor loans for the procurement of Refuse Vehicles, which has realised a return for the Council in the form of lower contract payments, whilst protecting the local Waste Collection service.

More recently, the Council has invested (and continues to invest) in Service Loans to Qualis in order to help enable the deliver on the creation more jobs, growth in the local economy, and the improvement of housing and public amenities in the district.

The Council also provides "Home Assistance Loans" to eligible homeowners in certain circumstances (e.g., to help achieve the 'Decent Homes' standard in private sector housing). The loans are funded from the General Fund Capital Programme; they are secured against the property and are repayable on disposal.

In addition, the Council is committed to providing loans to leaseholders in Council owned blocks of flats for the cost of major works, for which they are liable under Section 20 of the Landlord and Tenant Act 1985 (as amended by the Commonhold and Leasehold Reform Act 2002). The loans are funded through the Housing Revenue Account and take the form extended payment periods (subject to interest charges). It is a new scheme, recently approved by the Cabinet, and the first loans are expected to be issued in 2023/24.

### Security

The Qualis Business Plan requires the approval of the Council, and forms part of a wider Governance Framework purposely set-up to protect the interests of the Council (when lending to Qualis).

The main risk when making service loans generally is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit the risk, and ensure that overall exposure to service loans remains proportionate to the size of the Council, upper limits on the outstanding loans to each category of borrower have been set as follows:

**Table 1: Service Investments**

Category of Borrower	31/03/22 Actual			Total Approved Limit
	Balance Owing	Loss Allowance	Net Figure in Accounts	
	£000's	£000's	£000's	£000's
<i>Subsidiaries (Qualis):</i>				
Working Capital Loan	4,050	(69)	3,981	<b>6,000</b>
Asset Purchase Loan	14,630	(257)	14,373	<b>16,782</b>
Development Loans	10,800	(265)	10,535	<b>68,218</b>
Regeneration Loans	0	0	0	<b>35,000</b>
Home Assistance Loans (General Fund)	426	(186)	240	<b>150*</b>
Leaseholder Loans (HRA)	0	0	0	<b>250**</b>
<b>TOTAL</b>	<b>29,906</b>	<b>(777)</b>	<b>29,129</b>	<b>126,400</b>

\* Draft Capital Programme allocation 2023/24 to 2027/28 (£30,000 over five-years)

\*\*Based on estimates supplied by Housing officers

Accounting standards require the Council to set aside a loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Council's Statement of Accounts are shown net of this loss allowance. However, the Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

### Risk Assessment

The Council assesses the risk of loss before committing to, and whilst holding, service loans. The approach taken is tailored to individual circumstances and will often include the engagement of professional advisors, the undertaking of credit checks etc. In addition, the Council will – wherever possible – look to securitise loans against physical assets (Property, Plant and Equipment).

### Service Investments: Shares

#### Contribution

The Council will sometimes invest in shares to support local public services and stimulate local economic growth. Most notably the Council has 1 Ordinary Share in, and is the sole shareholder of, the Qualis Group, which has been set up to help create more jobs, grow the local economy, and improve housing and public amenities in the district.

#### Security

One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. However, in the case of the Qualis Group, (other than for service purposes) the Council has invested with a view to realising a significant financial return through the receipt of dividends and, despite limited liability status, the Council carries significant risk in the event of the financial failure of Qualis (e.g., through a guarantee to the Pension Fund as part of the transfer of staff from the former in-house Housing Repairs service).

The Qualis Business Plan therefore requires the approval of the Council, and forms part of a wider Governance Framework purposely set-up to protect the interests of the Council.

### Risk Assessment

The Council assesses the risk of loss before committing to, and whilst holding, shares. The approach taken is tailored to individual circumstances, although in the case of Qualis, extensive use of professional advisors was made.

### Non-Specified Investments

Shares are the only investment type that the Council has identified that meets the definition of a non-specified investment in Government guidance.

## **Commercial Investments: Property**

### Contribution

The Council invests in the acquisition of commercial property in a range of locations across the district. The value of the overall portfolio rose from £147.305 million to £162.006 million in 2021/22, with net income of £7.490 million achieved. Shops and Industrial Units have been two areas of emphasis and the returns achieved have been a key enabler in maintaining a low Council Tax charge in the district (currently the lowest district Council Tax in Essex) as well as helping to shape the district through the protection and promotion of local business and employment opportunities.

**Table 2: Commercial Property Investments**

Portfolio Category	Actuals				Expected		
	Balance Sheet Value 01/04/14	Net Additions/ (Disposals)	Gains/ (Losses)	Balance Sheet Value 31/03/22	Net Additions/ (Disposals)	Gains/ (Losses)	Balance Sheet Value 31/03/23
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Shops	<b>17,201</b>	58,220	23,721	<b>99,142</b>	(140)	205	<b>99,207</b>
Industrial Units	<b>12,997</b>	10,193	20,513	<b>43,703</b>	1,254	0	<b>44,957</b>
Other	<b>9,556</b>	320	9,285	<b>19,161</b>	0	0	<b>19,161</b>
<b>Total Portfolio</b>	<b>39,754</b>	<b>68,733</b>	<b>53,518</b>	<b>162,006</b>	<b>1,114</b>	<b>205</b>	<b>163,325*</b>

\*31/03/23 valuation estimates not available

### Security

In accordance with Government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs, a fair value assessment of the Council's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment.

The Council's Commercial Property Portfolio has been acquired over many years and, within reporting deadlines, it has not been possible to identify the purchase cost of some of the older assets. Instead, the Balance Sheet value as at 1st April 2014 has been used as a proxy for purchase cost. The table above quite clearly shows a substantial gain in the value of the Portfolio over the last decade.

### Risk Assessment

The Council assesses the risk of loss before committing to commercial property acquisitions; the 'strength of covenant' is of primary interest. Thus, checks on tenants, purchasers or sellers are done through Dunn & Bradstreet, with reports reviewed by property and finance teams within Qualis. Where financial strength is low/higher risk, rent deposits or guarantors may be required. For major transactions, Qualis may advise the Council not to engage with the other party if they are deemed to be high risk. Depending on the opportunity, in some instances, Qualis may look at insurance options in order to mitigate risk.

### Liquidity

Compared with other investment types, commercial property is relatively difficult to sell and convert to cash at short notice and can take a considerable period of time to sell in certain market conditions.

However, the Council's liquidity risk is very low, which reflects the financing structure of the portfolio; underlying borrowing is minimal, having been purchased historically during a period when the Council's General Fund was debt free.

## **Commercial Investments: Loans**

### Contribution

The Council also provided an Investment Loan of £30.0 million to Qualis in September 2020. This was a key part of the Qualis Business Plan and was important part of helping to establish the company in its infancy.

The loan was utilised for the acquisition of commercial property outside the district, providing a key income stream to Qualis, which in turn enables the company to service the interest payments on a 10-Year maturity loan; the Council makes a margin on the interest payments.

**Table 2: Commercial Loans**

Category of Borrower	31/03/22 Actual			Total Approved Limit
	Balance Owing	Loss Allowance	Net Figure in Accounts	
	£000's	£000's	£000's	£000's
<i>Subsidiaries (Qualis):</i>				
Investment Loan	30,000	(476)	29,524	30,000
<b>TOTAL</b>	<b>30,000</b>	<b>(476)</b>	<b>(29,524)</b>	<b>(30,000)</b>

### Security

In order to protect the Council's interests, both "floating" and "fixed" charges were included in the legal agreement for the Investment Loan, which would be activated in the event of a payment default by Qualis.

### Risk Assessment

As with Service Loans, the Council assesses the risk of loss before committing to, and whilst holding, Commercial Loans. In this instance, given that Qualis was a fledgling company in September 2020, detailed consideration was also given to the Business Plan before the Council committed to granting the Investment Loan.

### **Loan Commitments and Financial Guarantees**

Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Council and are included here for completeness.

The Council became "self-financing" in respect of its retained housing stock from April 2012. The self-financing regime applied to all authorities and replaced the former Housing Subsidy system whereby the Council made annual payments to the Government funded from its HRA. Its introduction entailed a one-off redistribution of 'debt' between local authorities, and locally this resulted in the Council taking on PWLB loans, which it is required to service (instead of making Housing Subsidy payments).

If the HRA is unable to repay the debt at any point in the future, the Council (through its General Fund) is liable to repay any remaining balance. The remaining balance on the HRA debt as 31st March 2022 was £153.656 million.

The Council has also provided a guarantee (to the Essex County Pension Fund) on pension costs for 38 'TUPE protected' employees that transferred to Qualis in October 2020, as part of the transfer of the Housing Repairs service. If Qualis is unable to meet its liabilities incurred, through its participation in the Local Government Pension Scheme (LGPS), the Council is obliged to meet those costs on its behalf.

### **Proportionality**

Table 4 below shows the extent to which the expenditure planned to meet the service delivery objectives of the Council is dependent on achieving the expected net profit from investments over the lifecycle of the MTFP. Should it fail to achieve the expected net profit, the Council's ongoing financial planning process includes short-term measures such as budget contingencies (e.g., a contingency of £0.713 million has been included in the 2023/24 final draft budget to cover for potential slippage in the forecast drawdown profile for Qualis Service Loans. The rolling MTFP also acts as an early warning sign, which enables the Cabinet and senior officers to be both proactive and reactive as financial circumstances dictate. This includes making suitable adjustments to spending priorities and targeting efficiency savings in order to reduce net expenditure.

**Table 4: Proportionality of Investments**

Description	2021/22 Actual	2022/23 Forecast	2023/24 Budget	2024/25 MTFP	2025/26 MTFP
	£000's	£000's	£000's	£000's	£000's
Investment Income	8,902	10,468	11,491	12,097	12,434
Gross Service Expenditure	70,101	70,306	71,832	74,392	74,535
Proportion	13%	15%	16%	16%	17%

**Borrowing in Advance of Need**

Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the extra sums borrowed. The Council follows this guidance and does not borrow more than or in advance of need.

**Capacity, Skills, and Culture****Statutory Officers and Elected Members**

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making investment decisions. In particular, the Section 151 Officer, who is the strategic lead on the Council's finances, is a qualified (CIPFA) accountant with many years of experience, whereas the Deputy Section 151 Officer, who leads on operational matters, is also a qualified (ACCA) accountant, also with many years of experience. The Council is committed to the ongoing professional development of the other officers within the Finance function, which includes a commitment towards general professional development (e.g., through CIPFA, ACCA and AAT), as well focussed professional training in specialist areas including Treasury Management.

The Section 151 Officer maintains personal oversight on the negotiation of all major commercial deals and achieves oversight and control of all other commercial deals through the governance process; this extends to personally signing off significant financial commitments.

The Council also acknowledges the importance of ensuring that Members have appropriate capacity, skills, and information to effectively undertake their role on the Audit and Governance Committee and have arranged training in the past from the Council's Treasury Management advisors, Arlingclose.

**Investment Indicators**

The Council has set the following quantitative indicators to allow Members and the public to assess the Council's total risk exposure as a result of its investment decisions.



Total Risk Exposure

The first indicator shows the Council's total exposure to potential investment losses. This includes the amounts that the Council is committed to lend but have yet to be drawn down.

**Table 5: Total Investment Exposure**

Total Investment Exposure	31/03/2022 Actual	31/03/2023 Forecast	31/03/2024 Forecast
	£000's	£000's	£000's
Treasury Management Investments	18,700	14,961	14,977
Service Investments: Loans	29,906	35,967	70,076
Service Investments: Shares	0*	0*	0*
Commercial Investments: Property	162,006	163,325	163,325
Commercial Investments: Loans	30,000	30,000	30,000
<b>TOTAL INVESTMENTS</b>	<b>240,612</b>	<b>244,253</b>	<b>278,378</b>
Commitments to Lend	92,218	85,618	47,538
Guarantees Issued on Loans	0	0	0
<b>TOTAL EXPOSURE</b>	<b>332,830</b>	<b>329,871</b>	<b>325,916</b>

*\*De minimis (single share in Qualis) - loss allowances excluded*

How Investments are Funded

Government guidance is that these indicators should include how these investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Council's investments are funded by usable reserves and income received in advance of expenditure.

**Table 6: Investments Funded by Borrowing**

Investments Funded by Borrowing	31/03/2022 Actual	31/03/2023 Forecast	31/03/2024 Forecast
	£000's	£000's	£000's
Treasury Management Investments	6,956	0	0
Service Investments: Loans	29,906	35,967	70,076
Service Investments: Shares	0	0	0
Commercial Investments: Property	27,525	28,828	28,828
Commercial Investments: Loans	30,000	30,000	30,000
<b>TOTAL FUNDED BY BORROWING</b>	<b>94,387</b>	<b>94,795</b>	<b>128,904</b>

Rate of Return

This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. It should be noted that, due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

**Table 7: Investment Rate of Return**

Investments Net Rate of Return	31/03/2022 Actual	31/03/2023 Forecast	31/03/2024 Forecast
	£000's	£000's	£000's
Treasury Management Investments	0.06%	2.93%	3.19%
Service Investments: Loans	4.23%	4.35%	2.74%
Service Investments: Shares	0	0	0
Commercial Investments: Property	4.65%	5.20%	5.29%
Commercial Investments: Loans	1.94%	1.94%	1.94%
<b>ALL INVESTMENTS</b>	<b>3.90%</b>	<b>4.54%</b>	<b>4.17%</b>

# Report to the Audit & Governance Committee



**Epping Forest  
District Council**

**Date of meeting:** 13th February 2023

**Portfolio:** Finance, Qualis Client and Economic Development – Cllr J. Philip

**Subject:** Capital Strategy 2023/24 to 2025/26

**Responsible Officer:** Andrew Small (07548 145665)

**Democratic Services:** Laura Kirman (01992 564243)

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## Recommendations/Decisions Required:

- (1) To consider and recommend for approval to full Council, the Capital Strategy 2023/24 to 2025/26 (**Appendix A**)

## Executive Summary

The requirement to produce an overarching Capital Strategy was first introduced in CIPFA's Prudential Code for Capital Finance in Local Authorities (updated 2017) ("the Prudential Code"). Epping Forest District Council subsequently introduced its inaugural Capital Strategy in February 2019 (effective from the 2019/20 financial year).

However, a decade of austerity in the public sector, and especially local government, has led to an increasing emphasis on commercialisation in order to protect – rather than cut – public services. Commercial property investments financed by cheap borrowing available to local authorities (through the PWLB) especially has seen a sharp increase; such activity has become increasingly controversial.

In response to a recommendation from the Public Accounts Committee, CIPFA launched an initial (principles-based) consultation in February 2021 on proposals to strengthen the provisions within the 2017 Code (and the Treasury Management Code that complements it). The consultation process eventually led to the publication of CIPFA's updated Prudential Code in December 2021; it is a legal requirement for local authorities to "have regard" – with effect from 2023/24 – to the 2021 Code when carrying out its duties.

This report presents a draft Capital Strategy (2023/24 to 2027/28) (**Appendix A**) –incorporating the updated requirements of the 2021 Code – for consideration and comment by the Audit and Governance Committee, before making appropriate recommendations to full Council on 28th February 2023.

The Strategy sets out the Council's draft five-year Capital Programme for its General Fund and Housing Revenue Account (as recommended to Cabinet in February 2023) and explores the financial implications of that, including its impact on a range of Prudential Indicators, with the Council's Section 151 Officer concluding that the Programme is "prudent, affordable and sustainable" as required by the Code.

Wider topics considered in the Capital Strategy also include the Council's approach to Asset Management, Treasury Management, Service Investments, Commercial Investments, Financial Guarantees, and the way in which professional capacity is maintained through the development and maintenance of knowledge and skills and the selective use of professional advisors.

The Capital Strategy will be regularly updated – usually annually – in accordance with the Prudential Code.

### **Reasons for Proposed Decision:**

To enable the robust scrutiny the Council's overarching Capital Strategy, giving special consideration to the approach to ensuring that it is prudent, affordable, and sustainable.

### **Legal and Governance Implications:**

Local authorities are required by regulation to have regard to the Prudential Code (the Code) when carrying out their duties in England and Wales under Part 1 of the Local Government Act 2003. The requirement for local authorities to produce a Capital Strategy for adoption by full Council was first introduced in the 2017 edition of the Code. The updated 2021 edition includes a number of revisions to the Code and its adoption is required with effect from the 2023/24 financial year.

### **Safer, Cleaner and Greener (SCG) Implications:**

None.

### **Background Papers:**

CIPFA's Prudential Code for Capital Finance in Local Authorities (2021 Edition).

(MHCLG) Statutory Guidance on Local Government Investments (3rd Edition). Issued under section 15(1)(a) of the Local Government Act 2003 and effective for financial years commencing on or after 1st April 2018.

Arlingclose Technical Update (revised Prudential and Treasury Management Codes) issued 22nd December 2021.

### **Risk Management:**

There are a range of financial risks associated with Capital Financing. Wide-ranging risk mitigation measures are therefore put in place, which are explained in detail in the report. The overall aim is to ensure that the Capital Strategy is always prudent, affordable, and sustainable.

## EPPING FOREST DISTRICT COUNCIL

### Capital Strategy 2023/24 to 2025/26 (DRAFT)

#### 1. Introduction

- 1.1 This Capital Strategy report gives a high-level overview of how Capital Expenditure, Capital Financing and Treasury Management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance Members' understanding of these – sometimes technical – areas.
- 1.2 Decisions made this year on Capital and Treasury Management will have financial consequences for the Council for many years into the future. Such decisions are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

#### 2. Capital Expenditure and Financing

##### 2.1 Expenditure

2.1.1 Capital expenditure occurs when the Council spends money on assets, such as property or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.

2.1.2 In 2023/24, Epping Forest District Council is planning capital expenditure of £92.580 million (and £212.284 million over the next three years) as summarised in Table 1 below.

**Table 1: Prudential Indicator: Estimates of Capital Expenditure**

Description	2021/22 Actual	2022/23 Forecast (Q3)	2023/24 Budget	2024/25 Budget	2025/26 Budget
	£000's	£000's	£000's	£000's	£000's
General Fund Services	5,924	<b>5,860</b>	17,551	19,773	4,541
Qualis Investments (GF)	19,752	<b>8,750</b>	40,010	22,100	0
Housing Revenue Account	21,414	<b>19,577</b>	35,019	43,964	29,326
<b>TOTALS</b>	<b>47,090</b>	<b>34,187</b>	<b>92,580</b>	<b>85,837</b>	<b>33,867</b>

2.1.3 The most significant General Fund capital scheme in the Programme is the development of the new Epping Leisure Facility (£33.1 million). The wider scheme will see the development of a replacement leisure facility for the existing (and aging) leisure facility as well as the construction of a multi-story car park. Cabinet approved the addition of this scheme to the draft Capital Programme at its meeting on 21st January 2021.

2.1.4 As noted above in Table 1, the Council also has a £40.010 million draft budget allocated to Qualis Investments in 2023/24, with a further allocation of £22.10 million in 2024/25. See Section 5 of this report below for further detail.

2.1.5 The Housing Revenue Account (HRA) is a ring-fenced account which ensures that the Council's housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately and includes £56.310 million allocated to the Housing Development Programme over a five-year period commencing 2023/24 through to 2027/28, which is expected to deliver 196 new homes (including 63 Qualis acquisitions).

### Governance

2.1.6 The evaluation, prioritisation, and acceptance of capital schemes onto the Capital Programme is carried out within a new governance framework that is being progressively rolled out by the Council at the time of preparing this Strategy. The approach ensures that Council priorities are reflected in schemes accepted onto the Programme, and that deliverability is also given due consideration in terms of available capacity and capability. Proposals are shaped by senior managers in consultation with councillors.

2.1.7 The draft Capital Programme is then subjected to formal Scrutiny prior to setting the budget (followed by Cabinet and full Council approval). The draft Capital Programme for 2023/24 to 2027/28 was considered by Cabinet on 6th February 2023.

## **2.2 Financing**

2.2.1 All capital expenditure must be financed, either from external sources (Government grants and other contributions), the Council's own resources (revenue, reserves, and capital receipts) or debt (borrowing and leasing). The planned financing of the above expenditure is presented in Table 2 below.

**Table 2: Capital Financing**

Description	2021/22 Actual	2022/23 Forecast (Q3)	2023/24 Budget	2024/25 Budget	2025/26 Budget
	£000's	£000's	£000's	£000's	£000's
Internal: Capital Resources	26,843	20,511	11,743	14,528	15,400
Internal: Revenue Resources	9,004	0	1,282	2,778	2,487
External Sources	1,700	1,266	2,238	6,725	1,170
Debt	9,543	12,410	77,317	61,806	14,810
<b>TOTALS</b>	<b>47,090</b>	<b>34,187</b>	<b>92,580</b>	<b>85,837</b>	<b>33,867</b>

2.2.2 Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as “Minimum Revenue Provision” (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and the use of capital receipts are presented in Table 3 below.

**Table 3: Replacement of Debt Finance**

Description	2021/22 Actual	2022/23 Forecast (Q3)	2023/24 Budget	2024/25 Budget	2025/26 Budget
	£000's	£000's	£000's	£000's	£000's
Capital Resources	17,704	3,234	2,606	5,208	5,894
Revenue Resources (MRP)	883	1,125	1,261	2,675	2,790
<b>TOTALS</b>	<b>18,587</b>	<b>4,359</b>	<b>3,867</b>	<b>7,883</b>	<b>8,684</b>

2.2.3 The Council’s updated MRP statement (considered by the Audit & Governance Committee on 28th November 2022 and recommended to Council for approval) can be found at **Annex 1** below.

2.2.4 The Council’s cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to increase by £68.5 million in 2023/24. Based on the above figures for expenditure and financing, the Council’s estimated CFR is presented in Table 4 below.

**Table 4: Prudential Indicator: Estimates of Capital Financing Requirement (CFR)**

Description	2021/22 Actual	2022/23 Forecast (Q3)	2023/24 Budget	2024/25 Budget	2025/26 Budget
	£000's	£000's	£000's	£000's	£000's
General Fund	151,947	161,895	208,695	243,588	240,679
Housing Revenue Account	157,552	158,452	180,186	202,142	214,438
<b>TOTALS</b>	<b>309,499</b>	<b>320,347</b>	<b>388,881</b>	<b>445,730</b>	<b>455,117</b>

### 3. Asset Management

#### 3.1 Asset Management Strategy

3.1.1 The Council recognises the importance of ensuring that capital assets continue to be of long-term use and, especially in a post pandemic world, where there has been a step change increase in the speed of legislative (especially Building Control regulations), technological and operational change. Consequently, at the time of preparing this Capital Strategy, a new Asset Management Strategy (AMS) for General Fund assets is under development. Backed by a comprehensive review of Council assets, the AMS takes a longer-term view comprising:

- ‘Good’ information about existing assets
- The optimal asset base for the efficient delivery of Council objectives
- The gap between existing assets and optimal assets
- Strategies for purchasing and constructing new assets, investments in existing assets, transferring of assets to other organisations and the disposal of surplus assets; and
- Plans for individual assets.

3.1.2 The Council is also committed to rapidly achieving Zero Carbon status for all its buildings; it is an ambition that will be embedded within the new Asset Management Strategy.

3.1.3 The Council’s housing assets are managed as part of a separate strategy based on professionally prepared rolling stock condition surveys (with effect from 2023) and evolving housing demand (by type), with routine repairs and maintenance funded through the annual Housing Revenue Account and major works phased within the HRA Capital Programme.

#### 3.2 Asset Disposals

3.2.1 When a capital asset is no longer needed, it may be sold so that the proceeds – known as capital receipts – can be spent on new assets or used to repay debt. Repayments of capital grants, loans and investments also generate capital receipts. Table 5 below summarises the overall projections for capital receipts.

**Table 5: Capital Receipts**

Description	2021/22 Actual	2022/23 Forecast (Q3)	2023/24 Budget	2024/25 Budget	2025/26 Budget
	£000’s	£000’s	£000’s	£000’s	£000’s
Asset Sales	17,581	2,742	1,964	4,524	5,210
Loans Repaid	123	492	642	684	684
<b>TOTALS</b>	<b>17,704</b>	<b>3,234</b>	<b>2,606</b>	<b>5,208</b>	<b>5,894</b>



- 3.2.2 The sale (at market value) of a number of key regeneration sites within the district to Qualis occurred in October 2021, which included the Cottis Lane site (valued at £3.470 million) as part of the development of the new Leisure Facility and Multi-Storey Car Park in Epping (overall scheme scheduled for completion in 2025/26). A loan was granted by the Council to Qualis to enable the purchase. In accordance with the capital accounting rules, the associated capital receipt is recognised by the Council gradually over the period of the loan (categorised as “Loans Repaid” in Table 5 above).
- 3.2.3 Asset sales include receipts from Council tenants for the purchase of their properties under the “Right to Buy” (RTB) scheme; an average of 12 disposals per annum are assumed within current projections. A proportion of the capital receipts must be used to provide additional homes within a five-year time scale or be remitted to the Government.

## **4. Treasury Management**

### **4.1 Introduction**

- 4.1.1 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council’s spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.
- 4.1.2 Due to decisions taken in the past, the Council currently (@ 31st December 2022) has borrowing of £267.173 million at an average interest rate of 3.17% and £20.798 million in Treasury Investments at an average interest rate of 2.94%.

### **4.2 Borrowing**

- 4.2.1 The Council’s main objectives when borrowing is to achieve a low but certain cost of finance while retaining flexibility should plans change in the future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (current local authority rates typically in the range 3.3% to 4.2%) and long-term fixed rate loans where the future cost is known but higher (current PWLB rates typically in the range 4.3% to 4.8%).
- 4.2.2 The Council no longer borrows to invest for the primary purpose of financial return and therefore retains full access to the Public Works Loans Board.
- 4.2.3 Projected levels of the Council’s outstanding/current debt are shown in Table 6 below, compared with the Capital Financing Requirement (Table 4 above).

**Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement**

Description	2021/22 Actual	2022/23 Forecast (Q3)	2023/24 Budget	2024/25 Budget	2025/26 Budget
	£000's	£000's	£000's	£000's	£000's
Outstanding Debt (including leases)	269.0	246.6	221.3	219.0	216.7
Capital Financing Requirement (CFR)	309.5	320.4	388.9	445.7	455.1

4.2.4 Statutory guidance requires debt to remain below the Capital Financing Requirement, except in the short-term. As can be seen from Table 6 (which provides a view on how much debt the Council needs to take on to bring it up to the CFR), the Council expects to comply with this in the medium-term.

**Liability Benchmark**

4.2.5 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the minimum amount of borrowing required to keep investments at a minimum liquidity level. This assumes that cash and investment balances are kept to a minimum level of £15.0 million at each year-end. The actual Liability Benchmark was £262.3 million as at 31st March 2022 and is expected to increase to £411.0 million over the four-year period.

**Table 7: Borrowing and the Liability Benchmark**

Description	2021/22 Actual	2022/23 Forecast (Q3)	2023/24 Budget	2024/25 Budget	2025/26 Budget
	£000's	£000's	£000's	£000's	£000's
Outstanding Borrowing	269.0	246.6	221.3	219.0	216.7
Liability Benchmark	262.3	276.2	344.7	401.5	411.0

4.2.6 Table 7 above shows that the Council was marginally above its Liability Benchmark on 31st March 2022 as borrowing was taken out in advance for anticipated Qualis loan drawdowns in late 2021/22; this was a short-term temporary position and latest projections above shows that the Council is now back on course to be below its Liability Benchmark by 31st March 2023. Borrowing from 2023/24 onwards is expected to be in line with the Liability Benchmark.

**Affordable Borrowing Limit**

4.2.7 The Council is legally obliged to set an affordable borrowing limit (also termed the "Authorised Limit" for external debt) each year. In line with statutory guidance, a lower "Operational Boundary" is also set as a warning level should debt approach the limit.

**Table 8: Prudential Indicators: Operational Boundary and Authorised Limit for External Debt**

Description	2022/23 Actual	2023/24 Proposed	2024/25 Estimate	2025/26 Estimate
	£000's	£000's	£000's	£000's
Operational Boundary – borrowing	443,184	399,973	456,751	466,561
Operational Boundary – other long-term liabilities	0	0	0	0
<b>Operational Boundary – total external debt</b>	<b>443,184</b>	<b>399,973</b>	<b>456,751</b>	<b>466,561</b>
Authorised Limit – borrowing	453,184	409,973	466,751	476,561
Authorised Limit – other long-term liabilities	0	0	0	0
<b>Authorised Limit – total external debt</b>	<b>453,184</b>	<b>409,973</b>	<b>466,751</b>	<b>476,561</b>

HRA Borrowing: Local Indicator

- 4.2.8 The requirement to borrow and the risk associated with HRA borrowing can be distinguished from that of the General Fund. The HRA is underpinned by a very large property portfolio (6,436 properties, with a Balance Sheet value of £774.586 million as at 31st March 2022). Accordingly, the different risk profile is reflected within the capital financing rules e.g., the Local Government Act 2003 established the requirement for councils to put aside resources (through making a “Minimum Revenue Provision”) to repay debt in later years; it was (still is) a legal requirement that only applies to General Fund borrowing.
- 4.2.9 Nevertheless, HRA borrowing is not risk free; HRA capital investment plans must be just as prudent, affordable, and sustainable as General Fund capital investment plans. Two local indicators have therefore been developed, which are used to gauge, and provide assurance, around the Council’s HRA borrowing plans:
- ‘Loan to Value’ – LTV is an easy-to-understand Borrowing indicator that is widely used as a measure of default risk by lenders in Housing finance. It is determined by calculating the year-end outstanding debt as a proportion of the total value of assets. Table 9 below shows that the total LTV on the HRA is expected to rise from 0.18 in 2021/22 to 0.22 by 2025/26; and
  - HRA Interest Cover – Again a relatively simple indicator that reflects how able the HRA is to meet interest costs from its Net Cost of Services. This is a Financing Indicator (refer to Sections 8.1 and 8.2 below for presentation and discussion).
- 4.2.10 Both indicators form a key part of the Council’s emerging HRA Business Plan with target levels (both minimum and maximum) reflecting generally accepted industry good practice across the wider social housing sector.

**Table 9: Local Indicator: 'Loan to Value' (HRA)**

Description	2021/22 Actual	2022/23 Forecast (Q3)	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
	Ratio	Ratio	Ratio	Ratio	Ratio
Loan to Value	0.18	0.18	0.19	0.21	0.22
<b>Target Maximum (LTV)</b>	<b>0.70</b>	<b>0.70</b>	<b>0.70</b>	<b>0.70</b>	<b>0.70</b>

4.1.11 It can be seen from Table 9 above, that – based on current projections – HRA borrowing plans are well within acceptable Loan to Value limits.

4.1.12 Further details on borrowing are contained in the Treasury Management Strategy 2023/24.

### 4.3 Treasury Investment Strategy

4.3.1 Treasury Investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

4.3.2 The Council's policy on Treasury Investments is to prioritise security and liquidity over yield; that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the Government, other local authorities, Money Market Funds or selected high-quality banks, to minimise the risk of loss.

4.3.3 The availability of cash for the purposes of longer-term investment is currently limited by the Council's need to fund the expanding Capital Programme. Treasury Management advice in recent years (in the context of a low interest rate environment) has also been to 'keep investments short' (in the expectation that interest rates will rise in the future).

4.3.4 Table 10 below summarises the Council's current and forecast treasury investments.

**Table 10: Treasury Management Investments**

Description	31/03/22 Actual	31/03/23 Forecast (Q3)	31/03/24 Budget	31/03/25 Budget	31/03/26 Budget
	£000's	£000's	£000's	£000's	£000's
Long-Term Investments	0	0	0	0	0
Short-Term Investments	18.7	15.0	15.0	15.0	15.0
<b>TOTALS</b>	<b>18.7</b>	<b>15.0</b>	<b>15.0</b>	<b>15.0</b>	<b>15.0</b>

### Risk Management

- 4.3.5 The effective management and control of risk are prime objectives of the Council's Treasury Management activities. The Treasury Management Strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses.
- 4.3.6 Further details on the Treasury Management Prudential indicators can be found in the Treasury Management Strategy.

### Governance

- 4.3.7 Treasury Management decisions are made every day and are therefore delegated to the Section 151 Officer, who must act in line with the Treasury Management Strategy approved by the Council. Annual outturn reports on Treasury Management are also approved by the Council (following a recommendation from the Audit and Governance Committee), whereas quarterly updates are reported exclusively to the Audit and Governance Committee (the Committee with responsibility for scrutinising Treasury Management decisions).

## **5 Service Investments**

- 5.1 The Council will sometimes make investments to support service delivery objectives where there is a strategic case for doing so. This is an approach that has been adopted by the Council for many years for the delivery of a package of services, including Refuse Collection and Leisure. For example, the Council has previously invested in contractor loans for the procurement of Refuse Vehicles, which has realised a return for the Council in the form of lower contract payments, whilst protecting the local Waste Collection service.
- 5.2 More recently, the Council has invested (and continues to invest) in Service Loans to Qualis in order to deliver its Housing and Regeneration ambitions for the district.
- 5.3 The Council also provides "Home Assistance Loans" to eligible homeowners in certain circumstances (through the General Fund e.g., to help achieve the 'Decent Homes' standard in private sector housing) and Leaseholder Loans (through the HRA, enabling leaseholders to pay for major works on the communal areas of Council-owned blocks of flats).
- 5.4 The Council will sometimes invest in shares to support local public services and stimulate local economic growth. Most notably the Council has 1 Ordinary Share in, and is the sole shareholder of, the Qualis Group, which has been set up to help create more jobs, grow the local economy, and improve housing and public amenities in the district.
- 5.5 Total Investments for Service Purposes were valued at £29.129 million as at 31st March 2022. The largest individual Service Investment is an Asset Purchase Loan granted to Qualis in October 2021, which had a Net Book Value of £14.373 million on the Council's Balance Sheet. The loan has enabled Qualis to purchase a number of key assets from the Council for development, including Cottis Lane Car Park and the site of the former "Conder Building". This is a key enabling part of the Council's future Housing and Regeneration ambitions.

- 5.6 The second largest Service Investment is a Development Loan (Net Book Value on Balance Sheet of £10.535 million on 31st March 2022). This is enabling Qualis to develop the transferred assets, including the former Conder Building site for Housing provision. The value of this Investment is rising significantly as Qualis progressively draws down further tranches of the loan as the various sites are developed and is eventually expected to rise to £68.0 million.

#### Risk Management

- 5.7 In light of the public service objective, the Council is willing to take more risk than with Treasury Investments, however an overriding objective is to ensure that such investments breakeven (and usually) generate a profit after all costs.
- 5.8 The risk of incurring unexpected losses is tailored to individual circumstances, but is often managed by the engagement of professional advisors, the undertaking of credit checks etc. In addition, the Council will – wherever possible – look to securitise loans.

#### Governance

- 5.9 Decisions on Service Investments are made by the Council’s Cabinet and require the support of a full business case. Most loans represent capital expenditure and purchases will therefore also be approved as part of the Capital Programme (which is approved by full Council).
- 5.10 With regard to Qualis specifically, it is important that it has the freedom to act ‘commercially’, within the boundaries of its Business Plan (approved by the Council). However, it is also important that this is balanced against the need for the Council to exercise the necessary oversight so that its risk exposure as the sole shareholder is minimised.
- 5.11 The Qualis Board includes two nominated (Epping Forest District Council) councillors and the Council’s Chief Executive, although all Board members are required to act in the interests of Qualis. Consequently, additional oversight is exercised through the Council’s Section 151 Officer in the role of “Shareholder’s Representative”, acting as the official conduit from the Council to Qualis.

## **6 Commercial Investments**

#### Commercial Property

- 6.1 The Council invests in the acquisition of commercial property in a range of locations across the district. The value of the overall portfolio rose from £147.305 million to £162.006 million in 2021/22, with net income of £7.490 million achieved. Shops and Industrial Units have been two areas of emphasis and the returns achieved have been a key enabler in maintaining a low Council Tax charge in the district (currently the lowest district Council Tax in Essex) as well as helping to shape the district through the protection and promotion of local business and employment opportunities.

### Qualis Investment Loan

- 6.2 Access to affordable finance is a key enabler in the Qualis Business Plan which underpins the Council's ambition to create more jobs, grow the local economy, and improve housing and public amenities in the district. Consequently, most of the loans granted to Qualis are Service Investments (as presented above in Section 5), which are aimed at facilitating the delivery of those objectives (they are all 'district council functions'), whilst also generating a margin; the loans are *not* provided primarily for the purpose of generating a profit.
- 6.3 However, the Council provided an Investment Loan of £30.0 million to Qualis in September 2020. This was a key part of the Qualis Business Plan and an important part of helping to establish the company in its infancy. This was purely a 'debt-for-yield' Commercial Investment, with the loan utilised for the acquisition of commercial property outside the district, providing a key income stream to Qualis; although the Council makes a margin on the loan (and the rental income helps sustain Qualis; a wholly owned subsidiary), there is no direct service benefit, and the primary objective is to generate a financial return (for both Qualis and the Council).
- 6.4 It should be noted that the Prudential Code 2021 (Paragraph 51) now makes clear that "an authority must not borrow to invest primarily for financial return". This is a change to the 2017 edition of the Prudential Code, with the PWLB also making its loans to local authorities conditional on meeting the requirements of Paragraph 51. The Council no longer undertakes debt-for-yield investments and maintains full access to the PWLB borrowing facility.

### Risk Management

- 6.5 With financial return being the main objective, the Council accepts higher risk on Commercial Investments compared to Treasury Investments. The principal risks include rental losses caused by voids and insolvencies (on Commercial Property) and payment default (on the Qualis Loan). The risks are managed as follows:
- Commercial Property – the Council has appointed Qualis to deliver the property and asset management service to its commercial property portfolio (comprising mostly of retail and industrial units). Qualis employs a team of qualified and experienced property professionals to maximise portfolio performance.  
  
Checks on tenants, purchasers or sellers are done through Dunn & Bradstreet, with reports reviewed by property and finance teams within Qualis. Where financial strength is low/higher risk, rent deposits or guarantors may be required. For major transactions, Qualis may advise the Council not to engage with the other party if they are deemed to be high risk. Depending on the opportunity, in some instances, Qualis may look at insurance options in order to mitigate risk.
  - Qualis Investment Loan – the loan agreement was purposely drafted to protect the Council's position, with charges secured against both Qualis assets and the commercial assets acquired with the proceeds. Progress against the Qualis Business Plan is also frequently monitored and reported to Members (see further discussion on Governance arrangements below).

## Governance

- 6.6 General decisions on Commercial Investments are made by the Council's Cabinet and require a full business case, which is supported by the Section 151 Officer. Most loans represent capital expenditure and purchases will therefore also be approved as part of the Capital Programme (which itself is approved by full Council).
- 6.7 Commercial Property arrangements are set to change with effect from April 2023, with the permanent transfer of the Council's Asset Management function to Qualis, following completion of a successful development trial of the new arrangements since October 2021. The Council will retain ownership of the Asset Portfolio, with day-to-day management passing to Qualis.
- 6.8 This strengthens current arrangements, with the Council benefitting from the additional professional expertise and agility available within Qualis. Precise arrangements are the subject of ongoing discussions at the time of preparing this Strategy, but there are a number of key features that have already been agreed in principle, which are specifically designed to protect the interests of the Council.
- 6.9 Arrangements to ensure that the Council exercises appropriate oversight over Qualis and minimises the associated risks are the same as those described above for Service Investments (see Paragraphs 5.10 and 5.11).

**Table 11: Prudential Indicator: Net Income from Commercial and Service Investments to Net Revenue Stream**

Description	31/03/22 Actual	31/03/23 Forecast (Q3)	31/03/24 Budget	31/03/25 Budget	31/03/26 Budget
	£000's	£000's	£000's	£000's	£000's
Total Net Income from Service and Commercial Investments	8,902	10,468	11,491	12,097	12,434
Proportion of Net Revenue Stream	57%	66%	69%	72%	72%

- 6.10 The relatively high proportion of income from Service and Commercial Investments illustrated in the table above reflects the Council's commercial focus over many years as to means of protecting local public services, whilst maintaining a low Council Tax.

## **7 Other Liabilities**

### **7.1 Outstanding Commitments**

7.1.1 The Council has the following outstanding commitments:

- A commitment to achieve a fully funded position on the Pension Fund (over a 16-year period from 2020 to 2036). A funding deficit was valued by the actuary at £2.66 million as at 31st March 2022 (with the Epping share of the Essex fund liabilities 98.5% funded at that point). Back-funding payments of £0.185 million are scheduled to be made in 2023/24; and



- The Council has also set aside £2.381 million (as at 31st March 2022) to cover the financial risk associated with Business Rates Appeals lodged with the Valuation Office Agency (VOA).

## **7.2 Guarantees**

7.2.1 The Council became “self-financing” in respect of its retained housing stock from April 2012. The self-financing regime applied to all authorities and replaced the former Housing Subsidy system whereby the Council made annual payments to the Government funded from its HRA. Its introduction entailed a one-off redistribution of ‘debt’ between local authorities, and locally this resulted in the Council taking on PWLB loans, which it is required to service (instead of making Housing Subsidy payments).

7.2.2 The Council’s original 30-Year Business Plan for the HRA (effective from April 2012) primarily entailed a strategy of debt repayment, with a limited growth strategy based on debt re-financing and upgrading and/or expanding the stock; this comfortably complied with the Government debt cap that was in place at the time. However, the Government removed the debt cap in late 2018, and the Council has since increased its commitment towards building council houses in the district through a more expansive approach to Housing Development.

7.2.3 The Council’s current HRA Business Plan is designed to ensure adequate rental income is generated each year to run an efficient and effective housing management service (as well as delivering ambitious housing development plans) whilst at the same time servicing the debt. However, if the HRA is unable to repay the debt at any point in the future, the Council (through its General Fund) is liable to repay any remaining balance. The remaining balance on the HRA debt as 31st March 2022 was £153.656 million.

7.2.4 The Council has also provided a guarantee (to the Essex County Pension Fund) on pension costs for 38 ‘TUPE protected’ employees that transferred to Qualis in October 2020, as part of the transfer of the Housing Repairs service. If Qualis is unable to meet its liabilities incurred, through its participation in the Local Government Pension Scheme (LGPS), the Council is obliged to meet those costs on its behalf.

## **7.3 Governance**

7.3.1 Decisions on incurring new discretionary liabilities are taken by Service Directors in consultation with the Section 151 Officer. For example, in accordance with the Council’s Financial Regulation D6, “leasing agreements or other financial facilities” can only be agreed by the Section 151 Officer or an officer nominated by them.

## **8 Revenue Implications**

### **8.1 Financing Costs**

8.1.1 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as Financing Costs; the ‘standard’ CIPFA Prudential Indicator compares this to “Net Revenue Stream” (the amount funded from Council Tax, Business Rates, and general Government grants).

8.1.2 However, the standard definition of Net Revenue Stream does not adequately take account of the circumstances of Epping Forest District Council, which has had – for many years – a major income stream from Commercial Property and – more recently – an additional income stream from Qualis loan margins. Factoring in those two major sources of income produces a more meaningful Prudential Indicator, tailored to the specific circumstances of this Council. The 'local' Prudential Indicator is presented in the table below, alongside the standard CIPFA Indicator (for comparison purposes only).

**Table 12: Prudential Indicator: Proportion of Financing Costs to Net Revenue Stream (General Fund)**

General Fund Financing Costs	2021/22 Actual	2022/23 Forecast (Q3)	2023/24 Budget	2024/25 Budget	2025/26 Budget
	£000's	£000's	£000's	£000's	£000's
Financing Costs	2,244	3,169	5,370	8,516	9,048
Proportion of Net Revenue Stream (Standard CIPFA Indicator)	14%	20%	32%	50%	52%
<b>Proportion of Net Revenue Stream (Local Indicator)</b>	<b>9%</b>	<b>12%</b>	<b>18%</b>	<b>27%</b>	<b>27%</b>

Financing: Local Indicator (HRA)

8.1.3 As noted above in Section 4.2, the Council also monitors the ability of the HRA to meet interest costs from its Net Cost of Services. Table 13 below shows a stable position whereby HRA Interest Cover is expected to remain above the Target Minimum for the duration of this Strategy.

**Table 13: Local Indicator: Interest Cover (HRA)**

Description	2021/22 Actual	2022/23 Forecast (Q3)	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
	Ratio	Ratio	Ratio	Ratio	Ratio
HRA Interest Cover	1.40	1.36	1.31	1.42	1.30
<b>Target Minimum (IC)</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>

8.1.4 It can be seen from Table 13 above that – based on current projections – current HRA borrowing plans are within the Interest Cover target.

## 8.2 “Prudence, Affordability and Sustainability”

8.2.1 Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for many (occasionally up to 50) years into the future. The Section 151 Officer is satisfied that the proposed Capital Programme (Section 2) is prudent, affordable, and sustainable based on the following:

### Prudence

- *Prudential Indicator 13 (General Fund)* (Paragraph 8.1.2) – Proportion of Financing Costs to Net Revenue Stream (Local Indicator) – the growth in Financing Costs reflects the impact of the Council’s ambitions for capital investment in its strategic priorities over the medium-term, including its ambitions for Qualis. The increase also reflects the recent increase in global interest rates. The standard CIPFA indicator shows the impact on taxpayers should the Council lose both its income from Commercial Property and suffer a default by Qualis on its loans. The local indicator therefore recognises income from Commercial Property and interest received from Qualis loans. Importantly, this shows that the indicator remains under 30% for the duration of the forecast, which is within expected and controllable parameters. It should also be noted that:
  - The Council’s Commercial Property Portfolio (Balance Sheet value £162.006 million as at 31st March 2022) overwhelmingly debt free and not backed by Council borrowing. This gives the Council flexibility to realise substantial capital receipts through asset sales without the need to repay underlying borrowing, should the need arise
  - The above forecast includes all lending contained within the Qualis Business Plan approved by full Council; there are currently no plans to extend Council lending beyond that already contained within the Business Plan
  - Qualis loans are fully secured and ‘asset-backed’, which greatly enhances the protection afforded to public funds in the event of any potential default
  - Future Qualis lending (especially) is planned to be predominantly in the form of repayment loans (“Equal Instalments of Principal”) which means that, in the absence of further extended borrowing to Qualis, the level of outstanding debt will reduce in the longer term; and
  - If this indicator should threaten to breach the 30% threshold, the Section 151 Officer would engage with the Council.
- *Local Indicator 14 (HRA)* (Paragraph 8.1.3) – HRA Interest Cover – current estimates indicate that the 1.25 minimum cover threshold is exceeded for 2023/24 through to 2025/26 (the duration of this Strategy)
- *Underlying Prudent Assumptions* – a prudent set of assumptions have been used in formulating the Capital Programme (e.g., no future asset disposals that may be identified as part of the updated Asset Management Strategy have been assumed in General Fund projections)
- *Repairs and Maintenance* – the approach to asset maintenance is professionally guided with assets maintained in a condition commensurate with usage and expected life, addressing those items that could affect ongoing and future maintenance, in the most appropriate and cost-effective manner.

## **Affordability**

- The estimated General Fund revenue consequences of the Capital Programme (£108.655 million over the five years from 2023/24) have been included in the 2023/24 Budget and Medium-Term Financial Plan (MTFP), extending to 2027/28; and
- The MTFP is underpinned by a Reserves Strategy, which includes maintaining contingency funds in the event that projections are not as expected (further supported by Section 151 report to Council under Section 25 of the Local Government Act 2003 on the robustness of estimates and the adequacy of financial reserves and balances).

## **Sustainability**

- Capital schemes that are expected to deliver long-term revenue savings/generate income are given due priority. For example, the recent investment in Ongar Leisure Centre underpinned an established revenue stream for the Council through its annual Management Fee. The new Leisure Facility for Epping, which includes provision for a Multi-Storey Car Park as part of the wider scheme, will increase footfall, including a range of associated revenue streams; and
- As explained in Section 3.1 above, the new Asset Management Strategy for General Fund represents an enhancement to the Council approach to asset planning through (especially) taking a longer-term view. This includes providing for future operational need, balancing the requirement to achieve optimal performance, whilst taking account of technological change and managing the risk of obsolescence.

## **9 Knowledge and Skills**

### **9.1 Officers**

9.1.1 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. Most notably:

- **Finance** – the Section 151 Officer, who is the strategic lead on the Council’s finances, is a qualified (CIPFA) accountant with many years of experience, whereas the Deputy Section 151 Officer, who leads on operational matters, is also a qualified (ACCA) accountant, also with many years of experience. The Council is committed to the ongoing professional development of the other officers within the Finance function, which includes a commitment towards general professional development (e.g., through CIPFA, ACCA and AAT), as well as focussed professional training in specialist areas such as Treasury Management and Business Partnering
- **Property** – the Head of Asset Strategy, who is leading on the development of the Asset Management Strategy, is a highly experienced senior property professional. In addition, the Council – through its arms-length arrangements with Qualis – has a dedicated Commercial Property Team, resourced by experienced and senior (“MRICS”) chartered surveyors; and
- **Housing** – the Council has a separate Housing Team that is responsible for overseeing social housing developments within the district.

## 9.2 External Advisors

9.2.1 Where the Council does not have the relevant knowledge and skills required, judicious use is made of external advisors and consultants that are experts/specialists in their field. The Council currently engages Arlingclose Limited as Treasury Management advisers, and the Commercial Property Team will appoint property advisers (e.g., development managers, valuers etc.) to support their work where required. The approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with risk.

## 9.3 Councillors

9.3.1 Newly elected councillors have been required to undertake induction training at the Council for some years. For example, a training events on “Local Authority Finance and the Budget Process” are routinely held.

9.3.2 For specialist training such as Treasury Management, the Council acknowledges the importance of ensuring that Members have appropriate capacity, skills, and information to effectively undertake their role on the Audit and Governance Committee and have arranged training in the past from the Council’s Treasury Management advisers, Arlingclose. The most recent session took place in January 2019. A further session is to be ran following the May 2022 elections.

## 10. Section 151 Statement on the Capital Strategy

### 10.1 Prudential Code

10.1.1 Paragraph 25 of the 2021 Prudential Code requires the Section 151 Officer to report explicitly on the affordability and risk associated with the Capital Strategy.

10.1.2 Accordingly, it is the opinion of the Section 151 Officer that the Capital Strategy as presented is affordable, and the associated risk has been identified and is being adequately managed.

### 10.2 Affordability

10.2.1 The Capital Strategy is affordable and there is a range of evidence to support this assertion, including:

- *Capital Programme* – the Programme as presented above (in Section 2) is supported by a robust and resilient General Fund Medium-Term Financial Plan (MTFP) extending through until 2027/28 that contains adequate revenue provision, including adequate reserves, in the event plans and assumptions do not materialise as expected
- *Asset Management* – as presented above (in Section 3), a new Asset Management Strategy for General Fund assets is under development, which is taking a strategic longer-term view (i.e., beyond 2027/28) of the Council’s asset base. A fundamental aim of the Strategy is to achieve the optimum balance between future operational need and affordability, which will be reflected in its component parts including strategies for purchasing and constructing new assets, investment in existing assets, the transferring of assets to other organisations and the disposal of surplus assets; and

- Commercial Investment – as presented above (in Section 6), building on the success of its in-house Commercial Property Portfolio, the Council is now widening its commercial investment activities on arms-length basis through the creation of Qualis. The company is still at a relatively early stage in its evolution but is already generating financial returns for the Council through interest receipts and other ‘inter-company’ services and the Qualis Business Plan is progressing positively towards delivering a shareholder return to the Council in the medium-term.

### 10.3 Risk

10.3.1 The risk associated with the Capital Strategy has been identified and is being adequately managed. Evidence to support this assertion includes:

- Treasury Management Strategy – alongside this Capital Strategy, and subject to the recommendation of the Audit and Governance Committee, the Council is set to formally approved a Treasury Management Strategy for 2023/24 in accordance with CIPFA’s (updated) “Treasury Management in the Public Services: Code of Practice 2021”. That Strategy was developed by a professionally qualified and experienced officer within the Finance Team and informed by specialist advisors Arlingclose and other relevant and extant professional guidance
- Investment Strategy – the Council is also set to formally a approve an Investment Strategy for 2023/24 in accordance with MHCLG’s “Statutory Guidance on Local Government Investments (3rd Edition) 2017”. As with the Treasury Management Strategy, the Investment Strategy was developed by a professionally qualified and experienced officer within the Finance Team and informed by specialist advisors Arlingclose and other relevant and extant professional guidance; and
- Commercial Activities – as noted above (in Section 6) the Council is committed to significantly expanding its commercial activities through its arms-length delivery vehicle Qualis. It is recognised and accepted that increased commercial activity brings additional risk. The development of the Qualis initiative was therefore guided by the engagement of professional advisors on the commercial, financial, and legal aspects of the project, and the preparation of full supporting business cases, prior to the commencement of trading activities. Now that the company is operational, the Council manages its risk exposure through a formally agreed governance framework, which balances the commercial freedom of Qualis with the need for oversight by the Council.

10.3.2 In addition (pending the completion of the Asset Management Strategy), the Section 151 Officer has sought, and obtained, further assurance in issuing this statement in reviewing the position and arrangements in place for maintaining the Council’s current assets. Based on a high-level review (all assets with a Gross Book Value of £0.5 million+ were sampled), the Section 151 Officer is satisfied that there are no major omissions – in terms of financial liabilities – from the Capital Programme in the medium-term. The new Asset Management Strategy will extend beyond the medium-term and will therefore – once completed – provide longer-term assurance with effect from 2023/24.

### 10.4 Capital Strategy Updates

10.4.1 The Capital Strategy is a ‘living document’ and will be periodically – usually annually – updated to reflect changing local circumstances and other significant developments. Progress/performance against relevant Prudential Indicators will be reported Quarterly alongside the Capital Programme.

## Minimum Revenue Provision Statement 2023/24

### DRAFT

*(Recommended for Council approval by Audit & Governance Committee 28th November 2022)*

Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as “Minimum Revenue Provision” (MRP), although there has been no statutory minimum since 2008.

The Local Government Act 2003 requires the Council to have regard to the Ministry of Housing, Communities and Local Government’s (MHCLG) Guidance on MRP (the MHCLG Guidance) updated in 2018.

The MHCLG Guidance requires the Council to approve an Annual MRP Statement and recommends a range of options for calculating a prudent amount of MRP.

### **MRP Policy**

No MRP is required to be charged for Housing Revenue Account (HRA) assets.

No MRP is required to be charged on any General Fund Capital Financing Requirement, which was in existence prior to the HRA Subsidy Reform exercise of 2012.

For General Fund capital expenditure incurred after the HRA Subsidy Reform exercise of 2012:

- MRP will be determined by charging the expenditure over the expected useful life of the asset, to a maximum of 50 years, on an annuity basis; and
- MRP on purchases of freehold land will be charged over 50 years.

The MRP payment is financed from revenue with an option that part, or all, of the payment could be financed from capital receipts to repay debt.

MRP will commence in the financial year following the asset coming into operational use or after purchase.

### **External Loans**

For capital expenditure loans to third parties that are repaid in instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement.

### **Capitalisation Directions**

For capitalisation directions on expenditure incurred after 1st April 2008 MRP will be made using the annuity method over 20 years.

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## **Report to Council**

**Date of meeting: 28 February 2023**

**Portfolio: Finance – Cllr J Philip**

**Subject: Council Tax Setting 2023/24**

**Responsible Officer: Andrew Small (07548 145665).**

**Democratic Services: Jackie Leither (01992 564756).**

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

- (1) To note that under delegated authority, the Strategic Director and Section 151 Officer, has calculated the Council Tax Base for 2023/24 for the whole Council area as 54,883.6 (Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended) and for dwellings in those parts of its area to which a Parish Precept relates as set out in Appendix A**
- (2) That the following amounts be calculated for the year 2023/24 in accordance with sections 31 to 36 of the Local Government Finance Act 1992:**
  - (a) £116,839,907 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils**
  - (b) £103,758,904 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act**
  - (c) £13,081,003 being the amount by which the aggregate at 2(a) above exceeds the aggregate at 2(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act)**
  - (d) £238.34 being the amount at 2(c) above (Item R), all divided by Item T (the amount at (1) above, the tax base), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts)**
  - (e) £4,181,627 being the aggregate amount of all special items (Parish Precepts) referred to in Section 34(1) of the Act**
  - (f) £162.15 being the amount at 2(c) above less the result given by dividing the amount at 2 (e) above by Item T (1) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates**
  - (g) That it be noted that Essex County Council, Essex Police, Fire & Crime Commissioner and Essex Fire & Rescue Service have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each of the category of dwellings in the Council's area**

- (h) That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts in Appendix C as the amounts of Council Tax for 2023/24 for each part of its area and for each of the categories of dwellings; and
- (i) That in accordance with section 52ZB of the Local Government Finance Act 1992, the Council determines that the amount of Council Tax shown at 2 (f) of £162.15 for 2023/24, representing an increase of £4.69 (2.98%) compared to 2022/23 is not excessive and therefore there is no requirement to hold a local referendum.

## 1. Executive Summary

1.1 The average Council Tax to be charged to taxpayers in Band D is summarised in the table below.

Element	2022/23 Charge	2023/24 Charge	Increase/(Decrease)	
	£'s	£'s	£'s	%
Epping Forest District Council	157.46	162.15	4.69	2.98
<b>District Council Tax</b>	<b>157.46</b>	<b>162.15</b>	<b>4.69</b>	<b>2.98</b>
Parish Councils*	70.85	76.19	5.34	7.54
<b>Average Local Council Tax</b>	<b>228.31</b>	<b>238.34</b>	<b>10.03</b>	<b>4.39</b>
Essex County Council (including Adult Social Care Precept)	1,401.12	1,450.17	49.05	3.50
Essex Police, Fire and Crime Commissioner (Police Authority)	218.52	233.46	14.94	6.84
Essex Police, Fire and Crime Commissioner (Fire and Rescue Authority)	75.33	80.28	4.95	6.57
<b>Total Council Tax</b>	<b>1,923.28</b>	<b>2,002.25</b>	<b>78.97</b>	<b>4.11</b>

\*Parish council charges vary between parishes and are shown as average values in the table for illustration purposes

## **2. Resource Implications**

2.1 There are significant resource implications, which are covered in detail in the report.

## **3. Legal and Governance Implications**

3.1 The procedure for Setting the Council Tax is subject to the detailed requirements of the Local Government Finance Act 1992 (as amended by the Localism Act 2011). This report complies with those requirements, with legislative references made where appropriate throughout the report.

## **4. Safer, Cleaner and Greener Implications**

4.1 None.

## **5. Consultation Undertaken**

5.1 The preparation of the 2023/24 budget proposals, including the recommended Council Tax increase has been the subject of extensive scrutiny and consultation. The Cabinet – at its meeting held on 6th February 2023 – considered comments on the budget proposals, made by the Stronger Council Select Committee at its meeting held on 24th January 2023.

## **6. Background and Introduction**

6.1 As a district council, Epping Forest District Council is responsible for the billing and collection of all Council Tax due from local taxpayers. This means that the Council is required to collect Council Tax to cover not only its own services but also the precepts set by other authorities. The Council Tax levied therefore comprises five separate elements:

- Epping Forest District Council element
- Town and Parish Council precepts
- Essex County Council precept (including Adult Social Care Services)
- Essex Police, Fire and Crime Commissioner (Police Authority) precept; and
- Essex Police, Fire and Crime Commissioner (Fire and Rescue Authority) precept.

6.2 The setting of the Council Tax follows a prescribed timetable, commencing with the setting of the tax base in November, and ending with the formal setting of the Council Tax, which is required to be completed by no later than 11th March prior to the start of the forthcoming financial year.

6.3 The procedure adheres to the requirements of the Local Government Finance Act 1992 (as amended by the Localism Act 2011) and the level of Council Tax is directly related to the net expenditure of the Council after deducting income from Government grants and other sources of income. Council resolutions also adhere to legislative requirements and recommendations are therefore written in very formal language.

## 7. Council Tax Base and Collection Fund Deficit

7.1 The Council Tax Base for 2023/24 is 54,883.6 and a breakdown of the calculation by parish can be seen in the first column in **Appendix A**.

7.2 After taking account of previous distributions and recoupments, the Council Tax element of the Collection Fund is predicted to have a total surplus of £829,391 at 31st March 2023 (adjusted to £792,241 in accordance with temporary 'spreading arrangements' introduced by Government due to losses caused by the Covid-19 pandemic). The surplus is shared amongst the major precepting authorities i.e., Essex County Council, Essex Police, Fire and Crime Commissioner (both Police and Fire & Rescue authorities) and this Council. The distribution of the surplus is made in proportion to the level of each authority's precept for the year. The Epping Forest District Council share of the 2022/23 surplus is £93,912.

## 8. Epping Forest District Council Tax

8.1 The Cabinet recommended a District Council Tax increase of £4.69 (2.98%) for 2023/24 at its meeting on 6th February 2023. This involved setting a General Fund net expenditure budget of £17,641,020.

8.2 The amount of Council Tax that Epping Forest District Council is to levy is £8,899,376 as presented in the table below.

Description	Value
	£'s
Budgeted Net Expenditure 2023/24	17,641,020
Subtract: Net Contribution from Reserves	(450,260)
Subtract: Collection Fund Surplus (Council Tax)	(93,912)
Subtract: Collection Fund Surplus (Business Rates)	(551,114)
<b>Net Expenditure to be Financed</b>	<b>16,545,734</b>
Less: Retained Business Rates	(5,766,000)
Less: External Financing	(1,880,358)
<b>Council Tax Requirement</b>	<b>8,899,376</b>

8.3 The Epping Forest District Council Band D Council Tax is therefore £162.15 for 2023/24 (the Council Tax Requirement divided by the Tax Base of 54,883.6). This represents an increase of £4.69 (2.98%) when compared to the Council Tax levied in 2022/23.

## 9. Parish Precepts

9.1 Each parish has notified the Council with its precept requirement for the year. The total required by parishes for 2023/24 is £4,181,627, which produces an average Band D Council Tax of £76.19. The actual amount levied will vary from parish to parish. A detailed breakdown of the precept requirements and the Band D charge for each parish can be seen in the third and fourth columns in **Appendix A**.

## **10. Essex County Council Precept**

10.1 The total precept demand issued by Essex County Council for 2023/24 is £79,590,550 which produces a Band D Council Tax of £1,450.17. This represents an increase of £49.05 (3.50%) when compared to the Council Tax levied in 2022/23.

## **11. Essex Police, Fire and Crime Commissioner (Police Authority) Precept**

11.1 The precept demand issued by Essex Police, Fire and Crime Commissioner (Police Authority) for 2023/24 is £12,813,125, which produces a Band D Council Tax of £233.46. This represents an increase of £14.94 (6.84%) when compared to the Council Tax levied in 2022/23.

## **12. Essex Police, Fire and Crime Commissioner (Fire and Rescue Authority) Precept**

12.1 The precept demand issued by Essex Police, Fire and Crime Commissioner (Fire and Rescue Authority) for 2023/24 is £4,406,055, which produces a Band D Council Tax of £80.28. This represents an increase of £4.95 (6.57%) when compared to the Council Tax levied in 2022/23.

## Appendix A

### Town, Parish & Local Council Tax 2023/24

Town/Parish	2023/24				
	Tax Base	Town/Parish Precept (£'s)	Parish Band D Charge (£'s)	District Band D Charge (£'s)	Local Council Tax Band D Charge (£'s)
Abbess, Berners and Beauchamp Roding	237.9	5,722	24.05	162.15	186.20
Buckhurst Hill	5,197.7	353,337	67.98	162.15	230.13
Chigwell	6,332.8	298,000	47.06	162.15	209.21
Epping Town	5,283.0	589,513	111.59	162.15	273.74
Epping Upland	409.2	32,650	79.79	162.15	241.94
Fyfield	407.0	13,534	33.25	162.15	195.40
High Ongar	612.6	11,339	18.51	162.15	180.66
Lambourne	895.5	42,943	47.95	162.15	210.10
Loughton Town	12,667.9	904,300	71.39	162.15	233.54
Matching	461.8	18,384	39.81	162.15	201.96
Moreton, Bobbingworth and the Lavers	625.3	24,800	39.66	162.15	201.81
Nazeing	2,169.4	98,721	45.51	162.15	207.66
North Weald Bassett	2,611.5	231,084	88.49	162.15	250.64
Ongar Town	2,846.3	295,332	103.76	162.15	265.91
Roydon	1,398.4	53,814	38.48	162.15	200.63
Sheering	1,348.8	44,970	33.34	162.15	195.49
Stanford Rivers	374.7	21,684	57.87	162.15	220.02
Stapleford Abbots	576.4	9,268	16.08	162.15	178.23
Stapleford Tawney	102.3	1,537	15.02	162.15	177.17
Theydon Bois	1,984.8	139,900	70.49	162.15	232.64
Theydon Gamon	92.8	1,000	10.78	162.15	172.93
Theydon Mount	118.6	6,000	50.59	162.15	212.74
Waltham Abbey Town	7,878.8	977,990	124.13	162.15	286.28
Willingale	249.9	5,805	23.23	162.15	185.38
<b>Town, Parish &amp; Local Council Tax Totals</b>	<b>54,883.6</b>	<b>4,181,627</b>	<b>76.19</b>	<b>162.15</b>	<b>238.34</b>

## Appendix B

### Local Council Tax 2023/24: All Bands

Town/Parish	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s
Abbess, Berners and Beauchamp Roding	124.13	144.83	165.51	186.20	227.57	268.96	310.33	372.40
Buckhurst Hill	153.42	178.99	204.56	230.13	281.27	332.41	383.55	460.26
Chigwell	139.47	162.72	185.96	209.21	255.70	302.20	348.68	418.42
Epping Town	182.49	212.91	243.32	273.74	334.57	395.41	456.23	547.48
Epping Upland	161.29	188.18	215.05	241.94	295.70	349.47	403.23	483.88
Fyfield	130.27	151.98	173.69	195.40	238.82	282.25	325.67	390.80
High Ongar	120.44	140.52	160.58	180.66	220.80	260.96	301.10	361.32
Lambourne	140.07	163.41	186.75	210.10	256.79	303.48	350.17	420.20
Loughton Town	155.69	181.65	207.59	233.54	285.43	337.34	389.23	467.08
Matching	134.64	157.08	179.52	201.96	246.84	291.72	336.60	403.92
Moreton, Bobbingworth and the Lavers	134.54	156.97	179.38	201.81	246.65	291.51	336.35	403.62
Nazeing	138.44	161.52	184.58	207.66	253.80	299.96	346.10	415.32
North Weald Bassett	167.09	194.95	222.79	250.64	306.33	362.04	417.73	501.28
Ongar Town	177.27	206.82	236.36	265.91	325.00	384.10	443.18	531.82
Roydon	133.75	156.05	178.33	200.63	245.21	289.80	334.38	401.26
Sheering	130.33	152.05	173.77	195.49	238.93	282.38	325.82	390.98
Stanford Rivers	146.68	171.13	195.57	220.02	268.91	317.81	366.70	440.04
Stapleford Abbotts	118.82	138.63	158.42	178.23	217.83	257.45	297.05	356.46
Stapleford Tawney	118.11	137.80	157.48	177.17	216.54	255.92	295.28	354.34
Theydon Bois	155.09	180.95	206.79	232.64	284.33	336.04	387.73	465.28
Theydon Garnon	115.29	134.50	153.71	172.93	211.36	249.79	288.22	345.86
Theydon Mount	141.83	165.47	189.10	212.74	260.01	307.29	354.57	425.48
Waltham Abbey Town	190.85	222.67	254.47	286.28	349.89	413.52	477.13	572.56
Willingale	123.59	144.19	164.78	185.38	226.57	267.77	308.97	370.76
<b>Town and Parish Total</b>	<b>50.79</b>	<b>59.26</b>	<b>67.72</b>	<b>76.19</b>	<b>93.12</b>	<b>110.05</b>	<b>126.98</b>	<b>152.38</b>
<b>District, Town and Parish Total</b>	<b>158.89</b>	<b>185.38</b>	<b>211.86</b>	<b>238.34</b>	<b>291.30</b>	<b>344.27</b>	<b>397.23</b>	<b>476.68</b>

**Total Council Tax 2023/24: All Bands**

Town/Parish	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s
Abbess, Berners and Beauchamp Roding	1,250.74	1,459.20	1,667.65	1,876.11	2,293.02	2,709.93	3,126.85	3,752.22
Buckhurst Hill	1,279.34	1,492.56	1,705.78	1,919.01	2,345.46	2,771.90	3,198.35	3,838.02
Chigwell	1,266.13	1,477.16	1,688.17	1,899.20	2,321.24	2,743.29	3,165.33	3,798.40
Epping Town	1,302.76	1,519.90	1,737.02	1,954.15	2,388.40	2,822.66	3,256.91	3,908.30
Epping Upland	1,270.10	1,481.79	1,693.47	1,905.16	2,328.53	2,751.90	3,175.26	3,810.32
Fyfield	1,256.92	1,466.42	1,675.90	1,885.39	2,304.36	2,723.34	3,142.31	3,770.78
High Ongar	1,247.29	1,455.18	1,663.05	1,870.94	2,286.70	2,702.47	3,118.23	3,741.88
Lambourne	1,264.61	1,475.38	1,686.15	1,896.92	2,318.46	2,739.99	3,161.53	3,793.84
Loughton Town	1,278.39	1,491.46	1,704.52	1,917.59	2,343.72	2,769.85	3,195.98	3,835.18
Matching	1,261.16	1,471.36	1,681.55	1,891.75	2,312.14	2,732.53	3,152.91	3,783.50
Moreton, Bobbingworth and the Lavers	1,259.00	1,468.83	1,678.66	1,888.50	2,308.17	2,727.83	3,147.50	3,777.00
Nazeing	1,263.58	1,474.18	1,684.77	1,895.37	2,316.56	2,737.75	3,158.95	3,790.74
North Weald Bassett	1,293.94	1,509.61	1,725.26	1,940.92	2,372.23	2,803.55	3,234.86	3,881.84
Ongar Town	1,304.12	1,521.48	1,738.83	1,956.19	2,390.90	2,825.61	3,260.31	3,912.38
Roydon	1,252.22	1,460.93	1,669.63	1,878.34	2,295.75	2,713.16	3,130.56	3,756.68
Sheering	1,255.19	1,464.39	1,673.59	1,882.79	2,301.19	2,719.58	3,137.98	3,765.58
Stanford Rivers	1,273.53	1,485.79	1,698.04	1,910.30	2,334.81	2,759.32	3,183.83	3,820.60
Stapleford Abbots	1,248.04	1,456.06	1,664.06	1,872.07	2,288.08	2,704.10	3,120.11	3,744.14
Stapleford Tawney	1,246.49	1,454.24	1,661.99	1,869.74	2,285.24	2,700.73	3,116.23	3,739.48
Theydon Bois	1,278.34	1,491.40	1,704.45	1,917.51	2,343.62	2,769.73	3,195.85	3,835.02
Theydon Garnon	1,242.48	1,449.57	1,656.64	1,863.73	2,277.89	2,692.05	3,106.21	3,727.46
Theydon Mount	1,254.62	1,463.72	1,672.82	1,881.93	2,300.14	2,718.34	3,136.55	3,763.86
Waltham Abbey Town	1,309.28	1,527.49	1,745.70	1,963.92	2,400.35	2,836.77	3,273.20	3,927.84
Willingale	1,249.59	1,457.86	1,666.12	1,874.39	2,290.92	2,707.45	3,123.98	3,748.78
<b>Average (all preceptors)</b>	<b>1,334.83</b>	<b>1,557.31</b>	<b>1,779.78</b>	<b>2,002.25</b>	<b>2,224.72</b>	<b>2,447.19</b>	<b>2,669.67</b>	<b>2,892.14</b>



## ***Report to the Council***

**Committee:** Council  
**Date:** 28 February 2023  
**Subject:** Local Council Tax Support Scheme 2023/24  
**Portfolio Holder:** Councillor J Philip

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

**That the Council notes that the Local Council Tax Support scheme for 2022/23 continues unchanged for 2023/24**

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### **Executive Summary:**

The Local Council Tax Support Scheme (LCTS) replaced Council Tax Benefit in 2013 and there is the requirement that each local authority review and approve its scheme annually. The Government brought in regulations to ensure that pensioners continue to receive the same level of financial assistance as they would have done if the Council Tax Benefit scheme was still in place. As a result, the Council can amend the scheme for people of working age only. In legislative terms the scheme needs to be approved by 11<sup>th</sup> March each year so for 2023/24 approval needs to be made at Full Council in February 2023.

As there are no proposed changes to the 2022/23 scheme there is no legal requirement to consult residents of the district or other stakeholders.

### **Reasons for Proposed Decision:**

Full Council needs to approve the 2023/24 Local Council Support Scheme on 28<sup>th</sup> February 2023.

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

To make amendments to the 2022/23 Local Council Tax Support scheme for 2023/24, which would require public consultation.

### **Report:**

1. In 2013/14 the Government funded Local Council Tax Support (LCTS) with a specific grant, but after that initial year, the grant has been rolled into the Council's overall funding position made up of Revenue Support Grant and locally retained Business Rates. The specific allocation for LCTS funding is not separately identifiable and it is for each local authority to decide on the value of the funding of the LCTS scheme.

2. The Pan Essex LCTS project group continues to look at how schemes can be changed to simplify the administration of the scheme, particularly in the light of legislative changes and expenditure requirements. As things stand there are no proposals across Essex to change

current schemes and no legislative changes that require the council to amend its current scheme, the main principles of which are:

- The calculation of support is based on 75% of the Council Tax bill, rather than 100%.
- The calculation of support is based on a maximum of a band D property. This means that anyone of working age that lives in a property with a Council Tax Band of E, F, G, or H, has their support calculated as if their property was a band D.
- Inclusion of child maintenance in the calculation with a disregard of £15 per week (per family). This is income that is received into a household that may not be available to other households that pay the same amount of Council Tax.
- The capital limit is £6,000, which means that those with capital exceeding £6,000 are required to make full payment of their Council Tax liability.
- There is a Minimum Income Floor for claimants who are self-employed (first introduced in April 2016). Income is assessed using the National Living Wage in cases where the declared income from self-employment is less, in-line with other welfare reforms. A 12month period of grace applies to new businesses.
- Customers receiving Universal Credit receive LCTS for a fixed six-month period before any income changes that occur during that period are taken into account.
- The Exceptional Hardship Scheme for LCTS is intended to support people whose individual circumstances mean that their Council Tax liability is causing them exceptional hardship.

3. Currently, the total expenditure on LCTS is £6,534,772, which is made up of £3,530,230 for elderly recipients and £3,004,542 for working age recipients. This is £15,373 down on last year's expenditure, with an increase of £98,432 for elderly recipients and a decrease of £113,805 for working age claimants. The total number of recipients of LCTS is 5,851 comprising 2,745 elderly recipients and 3,106 working age. This compares with a total number of claimants at 31<sup>st</sup> March 2022 of 6,029. The overall expenditure on the scheme will continue to be monitored over the year as the principle is that it is self-funding. This will also form part of the review for the 2024/25 scheme.

#### Consultation

4. Consultation with residents is formally required when proposing changes to the existing scheme. As no changes are proposed there is no need to undertake a consultation exercise. Four years ago, despite there being no proposed changes to the LCTS scheme for 2019/20, a 3month consultation did take place between October and December 2018, which resulted in very few enquiries and only 14 completed responses.

#### **Resource Implications:**

##### LCTS scheme for 2023/24:

From 2014/15 the funding has been rolled into the Council's overall funding position made up of Revenue Support Grant and locally retained Business Rates. The actual amount of funding for LCTS is therefore not identifiable within the settlement figures, although the overall package continues to be reduced each year. The LCTS scheme is designed to ensure, as far as possible, stability and sustainability in the Council's finances. It should be noted that LCTS is not a form of benefit and it is treated as a discount within the Council Tax calculations. This means that the Council's Taxbase is reduced (as is the Taxbase for all other preceptors) and that a large proportion of the lost Council Tax income is covered by Government funding.

##### Exceptional Hardship Fund:

For the last five years there has been a small hardship fund to assist households which have been experiencing exceptional hardship. It is anticipated that the current year's budget for this fund will be adequate. The County, Fire and Police are all contributing towards this fund and they have agreed that they will continue with those contributions for current year.

#### **Legal and Governance Implications:**

There is a legal requirement to make a LCTS scheme under the Local Government Finance Act 2012.

#### **Safer, Cleaner and Greener Implications:**

None.

#### **Consultation Undertaken:**

Informal consultation has been undertaken with Essex County Council and the other local authorities across Essex, none of which are not proposing to make any significant changes to their current LCTS scheme for 2023/2024. No formal consultation has been undertaken with ECC, the Police and Fire authorities and the public.

#### **Background Papers:**

Cabinet Report 6<sup>th</sup> December 2022 (LCTS scheme 2022/23)

[Cabinet Agenda Template \(eppingforestdc.gov.uk\)](https://www.eppingforestdc.gov.uk/cabinet-agenda-template)

Cabinet Report 14<sup>th</sup> September 2020 (LCTS scheme 2021/22)

<https://rds.eppingforestdc.gov.uk/ieListDocuments.aspx?CId=295&MId=10428>

#### **Risk Management:**

There are financial risks associated with the Council's LCTS scheme. Monitoring against the Taxbase and Council Tax collection is ongoing, but no major problems have been identified to date. Council Tax collection rates remain relatively stable, despite the current economic downturn brought about by Covid-19, increased energy costs, increased inflation.

The Government grant in 2023/24 is not clearly identifiable and there is a possibility that demand and eligibility for financial support under the LCTS scheme for 2023/24 may be greater than in 2022/23, particularly if the "cost of living" and associated economic conditions worsen. The cost of additional discounts would be borne in proportion by the major precepting authorities (ECC, Police, Fire, EFDC). Conversely, if demand falls due to improved economic conditions the additional saving would be realised by the same authorities.

Any increase in the Council Tax precept by the County Council, Police, Fire, District or Parishes, will result in an increase in the cost of the LCTS scheme.

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## ***Report to the Council***

**Committee:** Cabinet

**Date:** 28 February 2023

**Subject:** Epping Forest District Councils Pay Policy Statement

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### **Recommending:**

**That the Cabinet recommends to Council the Pay Policy Statement for 2023/24.**

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### **Introduction**

Epping Forest District Council is located adjacent to three outer London boroughs and on the Central Line into the City of London. Residents have easy access to major motorway routes as both the M11 and M25 run through the district. There is a high incidence of commuting from the district which impacts on the local labour market and levels of pay, particularly for jobs that require skills that are in relatively short supply.

There are some long standing recruitment difficulties and retention issues in key skill areas and the Council is making every effort to manage skill shortages with apprenticeships, including higher level apprenticeships, introducing a new recruitment strategy and streamlined processes, working with Public Practice to encourage planners, designers working in the private sector to work in the public sector.

The situation is not static and is capable of changing very rapidly, but the Council continually considers steps regarding pay and allowances that are designed to assist with recruitment and retention.

This Statement reflects the Council's current pay, pension and leave policies and strategies which will be amended over time to deal with changing circumstances. These documents play an important role in attracting and retaining the best people to the Council.

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

### **Legislation**

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

The Council's Pay Policy Statement;

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

The Pay Policy Statement must include;

- The level and elements of remuneration for each of the Chief Officers;
- The remuneration of its lowest paid employees (together with its definition of 'lowest paid employees' and the Council's reasons for adopting that definition);
- The relationship between the remuneration of its Chief Officers and other Officers; and
- Other aspects of Chief Officers' remuneration; remuneration on recruitment, increases and additions to remuneration, use of performance-related pay and bonuses, termination payments and transparency.

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

All salaries and calculations are based on full time equivalent (fte).

### **Publication of the Pay Policy Statement**

The Policy has been made available on the Council's website.

### **Effect of this Policy Statement**

Nothing in this Policy Statement enables unilateral changes to employee's terms and conditions. Changes to terms and conditions of employment must follow consultation and negotiation with individuals and recognised trade unions as set out in other agreements and in line with legislation.

### **Pay Arrangements**

The Council operates under a local pay agreement via a Collective Agreement which was effective from 1<sup>st</sup> October 2019. The local pay scales can be found at Appendix 1 (pay rates are as at 1 April 2022).

Employees are paid at a spot salary within their grade which is made up of a Growth, Core and Exception zone salary range. Placement within the respective Grade Zones is in accordance with pay policy.

Grades for roles will continue to be determined by the NJC Job Evaluation Scheme implemented through our Job Family Framework.

### **Pay Awards**

For the future, Epping Forest salary ranges will be benchmarked against the Public & Not for Profit Market, and NJC pay awards will no longer apply, although the Council has agreed that annual pay awards will be no less than the NJC Award.

The Council will consider pay awards annually, and any award agreed will be applied at 1 April.

## **Remuneration of Chief Officers**

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

It will be the responsibility of Council to agree the initial salaries for Chief Officers following external advice/evaluation/benchmarking. At Epping, Chief Officers are determined as the Chief Executive, Strategic Directors and Chief Operating Officer.

### **Chief Executive**

The Chief Executive is paid a spot salary of £148,928 which includes compensation for all other allowances that might normally apply (i.e. evening meeting payments). The Chief Executive may also benefit from a performance payment of up to £5,000 (non-consolidated) if targets and objectives, set by the Leader of the Council and Chair of the Overview and Scrutiny and Committee, together with an independent facilitator, are met.

The Chief Executive is also the Council's Head of Paid Service and the Returning Officer (for which additional fees are paid).

### **Strategic Directors**

The role of Strategic Director and Chief Operating Officer are paid a spot salary of £119,060 together with the opportunity of flexibility of benefits. This figure includes all statutory responsibility payments.

## **Termination Payments**

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

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

All employees with contracts of 3 months or more are automatically enrolled into the Local Government Pension Scheme (LGPS), which is administered by Essex County Council. Payments on grounds of Redundancy are covered by the Council's Redundancy and Efficiency Payments Policy.

All employees are treated in the same way regarding the calculation of severance payments in situations of redundancy.

### **Statutory Roles**

The statutory roles of Monitoring Officer and 'Section 151' Officer are currently carried out by the Head of Legal Services and the Strategic Director with Finance responsibility. These positions do not need to be held by Chief Officers. The Monitoring Officer role will receive an additional £5,000 supplement for these statutory responsibilities. The 'Section 151' Officer has this in their base salary.

## Definition of Lowest Paid Employees

For the purpose of this Policy Statement, employees on grade A are defined as our lowest-paid employees.

At 1 April 2022, the fte annual value of the lowest paid employee was Grade A Core – salary for role rate £21503.

The exceptions to the lowest grade are Apprentices who are paid £4.81 per hour. When apprentices move into year 2 of their placement, they receive the hourly minimum wage for their age.

## Pay Multiples

The Hutton Review raised concerns about multiples in the order of 20 or higher between the lowest and the highest paid employees in local authorities. However, the Interim Report noted that the most top to bottom pay multiples in the public sector are in the region of 8:1 to 12:1. The Council is therefore content that having due regard for the level of responsibilities and personal accountability between the lowest and highest paid roles, the current multiple of 6.9 seems to be both justifiable and equitable.

The council does not set the remuneration of any individual or group of posts by reference to a multiple. However, as suggested by the Hutton Review the Council will monitor multiples over time to ensure they are appropriate and fair and will explain significant changes in pay multiples. The multiples are as following;

Role	2022/2023	
	Multiple	Salary
Chief Executive compared to lowest salary	x 6.9	£148,928
Strategic Directors compared to lowest salary	x 5.5	£119,060
Average salary compared to Chief Executive	x 3.9	£37972
Average salary compared to lowest salary	x 1.8	£37972

- The average salary is based on fte and has not been pro-rata'd for part-time employees
- The average salary calculation is based on Grades A to K only.

## Other Payments

Market Supplements may be paid in accordance with the Council's Local Pay guidance (although where necessary to secure or retain the employment of essential staff, other means may be applied to achieve the same outcome).

Other payments will be paid in accordance with our Local Pay Guidance.



The Council does not currently apply performance related pay or bonuses (except for in the case of the Chief Executive), but this could be considered at a future date, and may be applied as part of a personal contract of employment if required to secure the employment and retention of essential employees. Under local pay arrangements, the Council may consider the award of a Council wide or Team bonus at any point, paid on the basis of agreed targets/outputs. Such bonus will take the form of an unconsolidated payment and will not affect substantive pay.

These policies are applied consistently to all employees.

APPENDIX 1

Grade	Growth Zone £	Salary for Role £	Exception Zone £
A	20946 – 21403	21503	21513 - 22208
B	22209 – 22266	22366	22466 - 23448
C	23548 - 23990	24090	24190 – 25923
D	26093 – 26787	26887	26987 – 28359
E	28459 – 30733	30833	30933 – 33817
F	33917 – 34890	34990	35090 – 37890
G	37990 – 39882	39982	40082 – 42788
H	42888 – 45005	45105	45205 - 47583
I	47683 - 50232	50332	50432 - 54997
J	55097 - 57237	57337	57437 - 61678
K	61778 - 64163	64263	64363 - 69835