

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



Report reference: *FPM-008-2019/20*
Date of meeting: *23 January 2020*

**Epping Forest
District Council**

Portfolio: Business Services

Subject: Finance Strategy including:
A. Medium-Term Financial Strategy
B. Budget 2020/21
C. Prudential Indicators
D. Council Tax Increase

Responsible Officer: Nick Dawe (07939449512).

Democratic Services: Rebecca Perrin (01992 564532).

Recommendations/Decisions Required:

In relation to papers A, B, C and D:

In general

1. To note that the Financial Strategy of the Authority has been further developed and consists of four linked papers. The papers and figures are subject to final review because of Government announcements and final due diligence.
2. To note that the papers allow for controlled changes as a result of receiving later and better information, i.e. they allow for this level of final change before presentation of the Financial Strategy to the Full Council in February adjustments with a cumulative net impact of £500,000 can be made on the direction of the Leader in consultation with the Portfolio Holder for Finance and the Section 151 Officer and reported back to the Cabinet.
3. To note that any adjustments to the papers with a value more than £500,000 are brought back to the Cabinet.

Paper A, Medium Term Financial Strategy

1. To note the prudent estimates in the Medium Term Financial Strategy, particularly in respect of inflation of cost and charges and fees and the aim to maintain the financial strength of the Authority as evidenced by reserve balances that are broadly maintained throughout the period.
2. To note the increase in the importance of the income from Qualis in respect of the medium term financial strategy and the budget and to understand the implications of this change and reliance on sustainable income

from this source.

Paper B, Budget 2020/21

1. To note the 2020/21 budget in outline and note the approach to cost and income inflation at 3.0%, noting that rents will rise per the national formula at 2.7% and car parking income will not rise at all pending the outcome of the review.
2. To note the 2020/21 budget in outline and confirm the list of developments for which funding will be released on implementation and how they are prioritised and grouped.
3. To note the general and HRA capital spend of £26,171,528 in total with the House Building Programme and the Accommodation Strategy being the largest project planned.
4. To note the loans to Qualis that with total up to £160m in 2020/21 as set out in the report, the reliance on Qualis income and the prudent abatement of these estimates in the first year of operation.
5. To note the 2020/21 budget in outline and confirm that the overall funding adjustments for District Development Fund and savings and contingency are as set out, i.e. a net draw from DDF of £1,774,906 (£2m forecast last year), £500,000 of savings, the formation of a contingency fund assumed spent of £1,095,540

Paper C, Prudential Indicators

1. To note the intent of keeping the financial strength of the Authority at current levels.
2. To note the impact of taking loans and onwardly granting loans to Qualis with a margin of profit for the Authority.
3. To note the general risk price approach to the loans granted to Qualis.
4. To note that the full set of prudential indicators along with the treasury strategy will be taken to the Full Council in February.

Paper D, Council Tax Increase

1. To note the council tax increase of 1.5% (half the predicted inflation rate) for 2020/21 and that this is below the prevailing rate of inflation and the impacts on council tax base.
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3. To note that in 2021/22 the options to cease or reduce council tax rates exists (though the Government expectation on what should be raised from council tax should be noted).

Reason for decision:

To ensure strategies are linked, robust and challenged.

Options considered and rejected:

A variety of options and priorities were considered during the budget setting process.

The papers form a set that shows how the Medium-Term Financial Strategy of the Authority, the Budget for 2020/21, the Prudential Indicators and the proposed Council Tax Increase are linked and are formed around the aim of delivering a sustainable growth strategy and acting prudently throughout the planning period.

Consultation undertaken:

Non, but informal consultation with the public and businesses should take place in January.

Resource implications:

As set-out in the reports.

Legal and Governance Implications:

To set a legal Budget in February 2020

Safer, Cleaner, Greener Implications:

Certain developments identified and priorities, see appendix B.1.

Background Papers:

None