

**SUPPLEMENTARY REPORT FOR  
CABINET  
Thursday, 29 January 2015 at 7.30 pm  
Council Chamber, Civic Centre**

The attached documents are due to be considered at the meeting listed above and, due to the volume of paperwork involved, have been circulated as a supplementary pack. The documents are appendices to the Cabinet agenda items listed below. Please refer to the main Cabinet agenda pack (circulated separately) for the covering reports for these items.

12. Medium Term Financial Strategy 2015/16 - 2019/20 (Pages 1 - 22)
13. General Fund Budget 2015/16 (Pages 23 - 74)
14. Housing Revenue Account Business Plan 2014-44 (Pages 75 - 143)
17. Treasury Management Strategy 2015/16 (Pages 144 - 188)
19. Disposal of Wissants and adjacent land for the provision of affordable housing (Pages 189 - 196)

## General Fund Budget Parameters 2015/16 – 2019/20

February 2014 Assumption		Proposed Change
<b>Costs</b>		
Pay inflation	1.0% per annum from 2014/15 onwards in line with government Announcements.	No Change.
General inflation	Only applied where contractually/statutorily required	No Change
Staff vacancy savings target	2% p.a.	No change
Pension Fund triennial revaluation March 2013	Reflects actuarial recommendations	No change – increased employer rate from 12.3 to 14.6 to be applied.
Redundancy costs	Contribution reinstated as part of the 2014/15 budget proposals.	No Change.
<b>Income</b>		
Fees & charges	Income budgets to increase in line with price inflation and budgets increased accordingly	Same approach for 2015/16 with Planning and Car Parking income targets to increase by £100,000.
Council Tax increase (for financial planning purposes only)	Proposal for 1.49% increase for 2014/15 and 1.5% for each remaining MTFP period	No Change.
Investment interest rates	2013/14 0.9%	Will be reviewed during budget process but likely to reduce. To circa 0.49%

## General Fund Budget Parameters 2015/16 – 2019/20

<p><b>Other Assumptions</b></p> <p>Government Funding Revenue Support Grant increase</p>	<p>14.16% reduction in 2014/15 and 16.43% reduction in 2015/16, then 10% reduction in each of the following three years. Likely to see zero RSG by end of the MTFS period with reliance purely on retained business rates for core funding.</p>	<p>No Change subject to Local Government Finance Settlement in December/January.</p>
<p><b>Borrowing</b></p> <p>Prudential borrowing</p>	<p>HRA to cover cost of £209m debt settlement. MRP to cover £2m borrowing per annum from 2013/14 incorporated in MTFP for Non Housing Capital Programme.</p>	<p>No change.</p>
<p>Transfer to/from Reserves - Insurance Fund</p> <p>General Reserves</p> <p>Earmarked Reserves</p>	<p>Annual contribution to Insurance fund increasing by £17k each year.</p> <p>No change, Minimum General fund balance to be maintained at £2.5m over the current MTFS Period to manage increased risks to be managed locally under Government plans on LGRR, CTB localism Act etc.</p> <p>One off contributions have reduced the requirement to repay to £165k over the planning period</p>	<p>No Change.</p> <p>No Change.</p> <p>No change</p>



**Harlow Council**

***Medium Term Financial  
Strategy***

**2015/16 to 2019/20**

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## MEDIUM TERM FINANCIAL STRATEGY

### 1. KEY MESSAGES

- 1.1 This document sets out the Council's approach to its medium term financial planning. It builds on and rolls forward the current Medium Term Financial Strategy (MTFS) agreed for the planning period 2014/15 to 2018/19 in February 2014.
- 1.2 The Council's current MTFS is underpinned by the following priorities:-
  - More and better housing.
  - Regeneration and a thriving economy
  - Wellbeing and Social Inclusion
  - A clean and green environment
  - Successful children and young people
- 1.3 In setting the following year's General Fund budget there must not be any "unidentified savings".
- 1.4 The General Fund finances must continue to be managed so that for the planning period commencing 1 April 2015:-
  - General Fund revenue reserves are maintained at or above a revised recommended minimum level of £2.5m with an aim to operate above this level to provide flexibility in managing the Councils budget throughout the year and over the MTFS planning period.
  - General Fund uncommitted revenue reserves are not used to support the budget except for funding one-off and exceptional items of expenditure.
  - Any increase in Council Tax shall be no greater than the Retail Prices Index excluding Mortgage Interest Payments (RPIX) or the maximum permissible under the Localism Act 2011 which is announced annually by Government. This will ensure that increases are maintained at a reasonable and affordable level whilst prevent the need for local referendum.
  - Revenue funds are reallocated from low to high priority areas as necessary.
- 1.5 The Council's Fees and Charges Policy forms part of its wider income strategy. An annual review of fees and charges will be carried out.
- 1.6 As required, the Council must continually seek to secure savings or introduce new ways of working to ensure it can deliver sustainable budget proposals in line with the MTFS and provide finance for investment in priority areas wherever possible.

- 1.7 The Medium Term Financial Plan (MTFP), the General Fund element of the MTFS, produced at Appendix E is to be reviewed at least annually by the Cabinet.
- 1.8 Housing rent levels will vary as set out in the HRA Business Plan.
- 1.9 The uncommitted HRA reserve must be maintained at or above a minimum level of £2.5 million.
- 1.10 In setting the following year's HRA budget there must not be any "unidentified savings".
- 1.11 The Capital Programme must align with the Council's priorities.
- 1.12 The Council will use prudent borrowing to fund its Housing Capital Programme if necessary.
- 1.13 The Council will use prudent borrowing to fund its Non Housing Capital Programme where such investment cannot be met from planned receipts from the sale of specific surplus non housing capital assets.
- 1.14 Unless approved by the Cabinet, it will be assumed that 50% of the proceeds from Right to Buy sales will be used to fund the Non Housing Capital Programme.
- 1.15 The Council will continually explore ways of securing additional sources of both revenue and capital income.
- 1.16 There must be sufficient investment in the housing stock to secure the Decent Homes Standard. Latest forecasts indicate the achievement of the Decent Homes Standard will be in 2015.
- 1.17 In view of the limited resources available for capital investment the Council will seek to dispose of surplus assets to help sustain ongoing capital investment and reduce revenue costs incurred by the Council wherever possible.
- 1.18 The total cost of the Capital Programme will not exceed a realistic and affordable assessment of the capital finance available to fund it.
- 1.21 The projects in the Capital Programme will cover a five-year planning horizon and will be reviewed at least annually to ensure that schemes within the programme continue to support the priorities of the Council.
- 1.22 The Council's investments must be kept under review in accordance with the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council's Treasury Management Strategy places emphasis on minimisation of risk above interest return on investments i.e. the "return of capital" before "return on capital".

- 1.23 The Council will comply with the Treasury Management Code of Practice and Prudential Code. Borrowing undertaken to finance capital expenditure will be prudent and affordable in terms of the impact on the revenue budget.
- 1.24 The Council will seek to develop existing partnerships and forge new ones to achieve further benefits for the local area, particularly in its priority areas.
- 1.25 The Council will continue to evaluate and manage the financial risks it faces.

## **2. INTRODUCTION**

- 2.1 This document sets out the Council's approach to its strategic medium term financial planning and provides an operational framework for both Councillors and Officers to ensure economic, efficient and effective financial management by the Council on behalf of its residents, taxpayers and other stakeholders. It is a document that also identifies the processes that are used to link corporate priorities to resources and forecast the level of resources needed and available over a number of years.
- 2.2 The document links to the Council's other corporate and financial strategies, and in particular supports the following:-
  - a) The Council's Corporate Plan.
  - b) The Council's priority areas.
  - c) The prudential regime for capital finance in local government.
  - d) The Council's Asset Management Plans.
  - e) The Council's Service Plans.
- 2.3 The Council's strategic financial objective is to ensure access to sufficient financial resources, applied efficiently, effectively and economically to enable it to meet its corporate priorities and service objectives. The means for achieving this aim are set out in section 1 above.
- 2.4 Legislation requires Councils to distinguish between:-
  - a) Revenue and capital expenditure; and
  - b) Spending on council housing and spending on other services.
- 2.5 Revenue expenditure relates to the day-to-day running costs of services (salaries, heating, lighting, depreciation, etc.) whilst capital expenditure relates to money spent to acquire or improve assets that provide benefit, or that have a useful life, over a longer term (buildings,

vehicles, computer equipment, etc.). There is a legal definition of “expenditure for capital purposes” set out in s16 of the Local Government Act 2003.

- 2.6 All day-to-day expenditure and income related to the provision of housing is recorded in a separate account known as the Housing Revenue Account. Day-to day expenditure and income for all other services are recorded in the Council’s General Fund.
- 2.7 In 2015-16:
- a. The proposed net budget for General Fund services is £10.92million.
  - b. Total gross expenditure on the Housing Revenue Account will be £57.36million, which will be funded from rents, service charges and interest.
  - c. The Council’s total planned capital expenditure will be £32.61million, split between £26.77million allocated for housing and £5.84million allocated for other services.
- 2.8.1 There are major areas where Housing activity and finances interact with General Fund activity and finances:-
- a) The HRA is a user of support services from the rest of the Council for which appropriate charges are levied.
  - b) The allocation of investment and borrowing interest from the General fund to the HRA based on the net indebtedness position of the HRA.
  - c) Kier Harlow Ltd undertakes a wide range of work that impacts on these activities.
- 2.9 Capital expenditure is financed from capital receipts, capital grants, revenue contributions and long-term borrowing under the Prudential Code, in accordance with the Council’s treasury management and annual investment strategies. These are reviewed annually.
- 2.10 General Fund revenue expenditure is currently financed from:-
- a) Council Tax.
  - b) Fees and charges.
  - c) Settlement Funding Assessment (SFA) which combines Revenue Support Grant and retained Business Rate income.
  - d) Other specific and non-specific grants.
- 2.11 HRA revenue expenditure is mainly financed from:-
- a) Rents charged for Council dwellings and garages.
  - b) Charges made to leaseholders.

c) Investment income.

- 2.12 Revenue reserves are reviewed annually. The Council's policy is not to fund revenue expenditure from balances unless there are exceptional circumstances. Reserves may be used to fund "one-off" items of expenditure provided this does not impact on any of the other objectives of the MTFS.
- 2.13 Like all other Councils, in planning its finances, the Council recognises that there will be changes which will affect it financially, but over which it has little, or no, control. Some of those facing the Council in the medium term are:-
- a) Changes in interest rates.
  - b) Changes in Government grant.
  - c) Pay and price variations.
  - d) New, or changes to existing, legislation and changes to the operation of Government policy.
  - e) Movements in the costs of employee pensions.
  - f) Variations in asset disposal values and volumes.
  - g) The National and world wide Economic recession.
  - h) Changes in European legislation (e.g. employment, housing, procurement, etc).
  - i) Price volatility e.g. energy prices.
- 2.14 The Council receives Government financial support towards its General Fund budget and Council tax through the Settlement Funding Assessment mechanism.
- 2.15 The MTFS from 2015/16 and beyond incorporates a reduction in Formula Funding of 16.56% in 2015/16 in line with the announcements contained within the draft Local Government Finance Settlement made on 18 December 2013 and an assumed 10.00% in each of the following years of the MTFS period. These assumptions do not include growth in the local share of business rates at this time. The financial forecasts will be reviewed during 2015/16 in light of the final Local Government Finance Settlement and the announcements relating to the national control totals which may influence the overall resources available through SFA for future years of the MTFS.
- 2.16 Through the changes introduced as a result of the move to SFA and Business Rate Retention the Council carries the risk of the volatility in local business rates and will be reliant on the growth in the local economy for future increases in funding. This will be especially important given the Government's retention of the RSG mechanism through which it has the ability to restrict future grant if it so chooses as

a method of reducing the national budget deficit. The table below reflects the impact on the Councils funding for variations in the start-up funding assessment across a range of possible increases/decreases -

	2015/16	2015/16	2015/16
	Baseline	Actual Funding	Funding Difference
	£'m	£'m	%
Baseline + 5%	4.979	5.442	8.5
Baseline + 2%	4.979	5.164	3.6
Baseline +1%	4.979	5.071	1.8
Baseline	4.979	4.979	0.0
Baseline - 1%	4.979	4.886	-1.9
Baseline – 2%	4.979	4.793	-3.7
Baseline – 5%	4.979	4.766	-4.2

The MTFs assumptions are based upon the Baseline funding scenario and therefore variations of +/- 1% against this baseline could increase or decrease available funding as set out in the table above in 2015/16.

- 2.17 During the second year of the new Business Rates Retention scheme, Harlow has experience significant variations in business rates income and as a result projected to fall within the safety net threshold during 2014/15 receiving on account safety net payments from the Government of £519,802 during the year to cover the in-year losses. The impact is seen as a temporary one and has occurred in the main as a result of short term business rates reliefs.

### **3. CAPITAL EXPENDITURE AND TREASURY MANAGEMENT**

- 3.1 Capital spending is essential to the successful delivery of the Council's priorities. The Council is, however, currently restrained by the limited availability of capital and revenue resources to finance capital spending. Under Government capital receipt pooling regulations 75% of sale of Council house capital receipts under Right to Buy, and 50% of other housing asset disposal capital receipts, have to be paid over to the Government "pool".

#### **3.2 Aims, Key priorities and Targets of Capital Expenditure.**

- 3.3 The projects in the Capital Programme (as summarised at Appendix C) help to meet the Council's priorities as set out in the Corporate Plan within available and affordable resources.

- 3.4 These priority areas are identified through consultation with the community, service users and customers. In particular, the HRA projects reflect the Council's decision to retain its housing stock and

achieve the Decent Homes Standard by 2015 under the new Self Financing proposals.

- 3.5 The total planned cost of the Capital Programme must never exceed a realistic and affordable assessment of the capital finance available to fund it. The summary at Appendix C shows that the Non-Housing programmes will exceed current forecasts of Council finance available over the planning period. Where necessary, borrowing to fund the programme will be undertaken within the parameters agreed in the Council's Prudential Borrowing Strategy and as a result of declining receipts from the disposal of surplus assets the MTFP reflects the need to finance borrowing costs.

### **The Prudential Code**

- 3.6 The Local Government Act 2003 brought about a new statutory borrowing regime for councils known as The Prudential Code. This arrangement gives the Council much greater flexibility and freedom to borrow without Government consent than hitherto was the case, as long as it can afford to repay the amount borrowed.
- 3.7 The aim of the Code is to support Councils when making capital investment decisions, to ensure that capital investment plans are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice and in line with the Council's Corporate Plan.
- 3.8 The Code prescribes a set of prudential indicators that must be used, and the factors that must be taken into account in order to show that the Council has fulfilled its objectives. They are not used to compare performance between Councils but to measure an individual Council's performance over a period of time.
- 3.9 The Code also lays down clear procedures for setting and revising the prudential indicators with the Council's Head of Finance responsible for ensuring that the Council has taken into account all matters specified in the Code, and for monitoring compliance with the established limits approved by the full Council before the start of each financial year. Prudential indicators relating to borrowing and investments are now contained within the revised Treasury Management Code of Practice, rather than the Prudential Code of Practice.

### **Treasury Management**

- 3.10 The Council has customarily considered and approved an annual Treasury Management Strategy Statement as required by the CIPFA Code of Practice on Treasury Management (revised December 2009). The Prudential Code referred to above introduced new requirements for the management and reporting of borrowing and investments.

- 3.11 The Council made provision to enter into borrowing to fund the Housing Capital Programme from 2008/09 onwards, and for the Non- Housing Capital Programme in 2008/09 and 2009/10, on a short term basis only, pending securing capital receipts from planned asset sales. The borrowing to fund the Non-Housing Capital Programme will be repaid in full once the capital receipts are realised. However, as a result of the reduced asset base available for disposal and the current market conditions it is anticipated that this position will not be sustainable. The MTFP therefore contains provision to finance borrowing of up to £2m per annum for non-housing capital investment in each year of the planning period. Limited short-term borrowing for cash flow purposes has also been authorised under the Code. Self financing for the HRA will enable the investment levels in the housing stock to be significantly increased and this is covered in more detail elsewhere on the Cabinet agenda.
- 3.12 An Annual Investment Strategy is drawn up as required under the Code. At present the Council has a considerable sum invested (£41m as at 31 December 2014 including £7m from the Growth Area Funding project). An indicative analysis of the investment balance is as follows:-

<b>Source of Investments</b>	<b>£m</b>
General Reserve	4.8
Earmarked Reserves	13.3
HRA Working Balance	4.1
Growth Area Funding Grant	7.2
Working Capital	11.6
<b>Total</b>	<b>41.0</b>

- 3.13 These investments continue to be managed by the Council's own staff. The investments are managed so as to secure the best possible return with the minimum of associated risk.

#### **4. REVENUE EXPENDITURE**

##### **General Fund**

- 4.1 General Fund revenue expenditure is incurred on the day-to-day services the Council provides other than those provided through the HRA. Spend by the Council here falls into two main categories:-
- a) Statutory services which the Council is legally obliged to provide or commission, such as refuse collection.
  - b) Discretionary services i.e. those, which the Council is empowered but not legally obliged to provide or commission.

## **Housing Revenue Account.**

- 4.2 Revenue expenditure within the HRA is incurred on:-
- a) The day-to-day services provided in maintaining and managing the Council's housing stock.
  - b) Contributions towards capital expenditure that is not funded from usable capital receipts, or other capital funding sources.
- 4.3 The Housing Revenue Account Business Plan sets out the Council's priorities for its housing stock and reflects the changes which took place with effect from 1 April 2012 as the existing housing subsidy system was replaced by self financing. The priorities for the Council's housing in the town are driven by national, regional, sub regional and local housing priorities. They are also informed by the views and perspectives of stakeholders, especially tenants and leaseholders. In addition, local housing priorities are driven by the Local Plan, Community Plan and the Corporate Plan.
- 4.4 Details of the medium term financial planning and financial projections and outcomes are included in the HRA Business Plan. The HRA Business Plan also contains an action plan that sets out responsibilities and timescales for the delivery of the key housing priorities.
- 4.5 The MTFP continues to assume that the changes introduced for Housing Finance will be cost neutral for the general fund.
- 4.6 Financial projections for the HRA covering the period 2015/16 to 2019/20 are set out in the HRA Medium Term Financial Plan, attached at Appendix D.

## **5. RESERVES**

- 5.1 The Council's statutory financial officer, the Head of Finance, is required to consider the adequacy of reserves when the budget and council tax are set. This assessment distinguishes between committed or earmarked reserves and general or uncommitted reserves.
- 5.2 Levels of the Councils earmarked reserves are reviewed on an on-going basis as part of the annual budget process and through the preparation of the Council's Statement of Accounts
- 5.3 The minimum level of general or uncommitted reserves for the General Fund and HRA, as currently assessed by the Head of Finance, are to be £2.5million The projected level of actual uncommitted reserves balances held over the 5-year period of the MTFS are set out in the General Fund Medium Term Financial Plan at Appendix E, and the HRA financial plan at Appendix D, respectively.

## **6. GENERAL FUND MEDIUM TERM FINANCIAL PLAN 2015-2020**

- 6.1 A General Fund Medium Term Financial Plan (MTFP) is developed from this strategy on an annual basis. Rolling 5 year financial forecasts are prepared, based on the most up to date information available at the time. Like all other Councils, Harlow's financial position is dynamic and budgets need to be continually monitored to avoid significant under or overspendings.
- 6.2 The Council operates a budget monitoring system, which involves monthly reports to the Corporate Management Team and Portfolio Holder for Resources and quarterly reporting to the Cabinet. The Council has tightened its fiscal policy in the light of the considerable challenges it faces over the medium-term. Accordingly, a key strategic financial objective within the MTFS is that annual Council Tax increases shall be no greater than RPIX or the Government prescribed limit. The revised MTFP at Appendix E shows the net reduction in General Fund expenditure over each of the next five years required to maintain a balanced budget. For illustrative purposes Appendix E is based on an assumed 1.5% per cent increase in Council Tax for 2015/16 and 1.5% in each subsequent year of the MTFS period.
- 6.3 A summary of the revised MTFP for 2015/16 to 2019/20 is attached at Appendix E. The net reductions in General Fund expenditure required over the planning period, inclusive of a 1.5% increase in Council Tax, are:-
- £0.925 million for 2016/17
  - £1.066 million for 2017/18
  - £0.853 million for 2018/19
  - £0.632 million for 2019/20
- 6.4 The plan identifies the level of investment to be made to support the Council's priority areas and also the level (and the detail) of any savings required to meet the Council's agreed financial position.
- 6.5 Work will be required during the early part of 2015 to begin to formulate plans to enable the budget gaps to be addressed over the next 4 years. This will include issues such as securing additional revenue streams to support the general fund as well as the review of the gap as additional information is received regarding funding changes expected from the Government.
- 6.6 The Discretionary Services Fund has finite resources available to it and again, early consideration of the options to seek alternative delivery models for those services currently supported by it will be required to enable sufficient time to be available to plan for the future of those services and their potential future transfer to alternative providers.

- 6.7 The Plan is a key component of individual service plans and a major objective for the Council's Corporate Management Team. In drawing up their service plans each Head of Service must set out the extent to which their proposals assist the Council in achieving its financial targets and priorities over the next three years. The service plans include proposals for capital and revenue growth bids, savings, reallocation of resources and additional income.

## **7. THE ANNUAL REVENUE BUDGETS**

- 7.1 The Council's HRA and General Fund budgets represent the Council's expectation of the cost of providing its ongoing services in a year. As such they are integral parts of the MTFs, reflecting the financial implications of the Council's aims and objectives for the year.
- 7.2 Each year the Council is required by law to approve balanced budgets, which means that planned levels of expenditure on services after taking into account government grant income and contributions from reserves, must be covered by the budgeted amount of Council Tax income (for the General Fund) and rent income (for the HRA). In doing so the Council has to decide upon:-
- Competing claims for additional expenditure.
  - The level of investment required in priority areas.
  - The level of, and the areas in which, savings can be made.
  - The level of rents and council tax to be levied.
- 7.3 The Council has worked extremely hard to ensure that it sets realistic and achievable budgets. Over the period 2005/06 – 2014/15 it has achieved General Fund savings of over £20.0m to ensure that this objective is achieved and has sensibly and prudently reviewed and replenished reserves as appropriate whenever possible. In addition the 2015/16 budget proposals contain total savings proposals and other base budget adjustments of a further £1.5m. Given the significant level of savings already made by the Council and the on-going austerity measures being implemented by Government, it is extremely likely that it will be increasingly difficult for the Council to sustain further budget reductions whilst protecting service provision.

## **8. FEES AND CHARGES**

- 8.1 The Council obtains income from fees and charges levied for providing certain services. The Government determines some of these charges but there are a number of areas where the Council has discretion as to whether to levy a charge, and, if it decides to do so, the level of that charge.
- 8.2 In carrying out the annual review of fees and charges existing charges

are:-

- a) Compared against the legally permissible maximum as well as local and national market rates.
  - b) Compared against the cost of providing the service.
  - c) Compared against the objective for this charge (i.e. charge to make a profit/break even/subsidise).
- 8.3 The annual review of fees and charges will also consider wider issues of equity and access to services, as well as seeking to identify areas where charges could be made where currently it is not the Council's policy to do so. It will also consider the timing of the introduction of any changes.
- 8.4 For 2015/16 fees and charges proposals have once again been made taking into account the ongoing economic conditions and their impact upon income streams and existing income targets.

## **9. KEY PARTNERSHIPS**

- 9.1 The Council is committed to working in partnership with local community groups, the voluntary sector, the private sector and other service providers so that as far as possible the co-ordination of services with community needs is realised and also with a view to maximising economy and efficiency and securing additional funds for the benefit of the local community.
- 9.2 As part of this strategy the Council seeks to develop existing partnerships and forge new ones to achieve further benefits for the local area, particularly in its priority areas.
- 9.3 The Joint Venture Partnership, with Kier Services Ltd, commenced on 1 February 2007. Costs and savings arising from the contract review approved by Cabinet in March 2012 have previously been included within the Council's budgets. Work will commence in 2015 to prepare for the retendering of the work currently undertaken by the JVCo to ensure contractual arrangements are in place for February 2017 when the current contract ends. Provision has been made for the costs of the retendering exercise which will include work to determine the packaging of work and form of tender.
- 9.4 With regard to working with the voluntary sector, the Council is anxious to achieve value for money from the grants that it provides to these organisations. Partners applying for financial support are required to demonstrate efficiency savings comparable to the targets that the Council has to meet, and work towards achieving the Council's priorities.

9.5 The Council continues to seek to transfer the running of discretionary services to the community. It has made significant progress on this matter and is being seen as leading on this initiative within the public sector. The MTFP includes budget savings as a result of the current proposals. The Council has safeguarded the services through the creation of the Discretionary Services Fund which will be used when necessary to ensure third parties taking on responsibilities for these services are supported whilst they establish themselves and the relevant management and funding arrangements to ensure long term success of the transferred services. The 2015/16 budget proposals include further service transfers to be supported by the reserve and as set out in the General Fund Budget Report these services will be supported until 2018/19 given the windfall income that has been earmarked to make further contributions to the reserve. The fund also reflects the decisions taken by Cabinet at its meeting on 11 December 2014 in relation to continued funding of external organisations for a further 3 years.

## **10. RISKS**

10.1 The Accounts and Audit Regulations 2003 state that the Council should ensure that its accounting control systems include measures to ensure that risk is appropriately managed.

10.2 The Audit Commission's Code of Audit Practice makes it clear that it is the responsibility of the audited body to identify and address its operational and financial risks, and to develop and implement proper arrangements to manage them, including adequate and effective systems of internal control. The financial risks to the Council should be assessed in the context of the Council's overall approach to risk management.

10.3 In order to manage and mitigate risk in the Council it includes a statement on the system of internal control with its Annual Statement of Accounts. This review and reporting mechanism incorporates a broader statement of corporate governance than had previously been required as set out in the CIPFA/SOLACE Corporate Governance Framework. Under this framework the Council must review both its internal controls as well as its wider governance arrangements, and publish an Annual Governance Statement as part of the Accounts.

10.4 The Council is very aware of the need for effective risk management and considers that the assessment and minimisation of all types of risk to be vital. It has an adopted Risk Management Strategy in place, the aim of which is 'for the systematic identification and control of risks, hazards and losses, to reduce the impact of risk upon Council decision making. The MTFP supports this aim through the provision of financial resources to enable this work to be progressed particularly in relation to insurable risks.

10.5 The Head of Finance has identified the risks set out in Appendix D of the 2015/16 General Fund Revenue Budget report, which appears elsewhere on the Cabinets agenda, as the most significant for the MTFS. The mitigation of these risks is an integral part of the Council's performance management framework.

**ABBREVIATIONS:**

CIPFA	Chartered Institute of Public Finance and Accountancy
HRA	Housing Revenue Account
MTFP	Medium Term Financial Plan (the General Fund budget projections over the 5-year period of the MTFS)
MMI	Municipal Mutual Insurance Ltd.
MRP	Minimum Revenue Provision
MTFP	Medium term Financial Plan
MTFS	Medium Term Financial Strategy (the full financial plan across five years that considers the General Fund and HRA revenue and capital budgets)
RPIX	Retail Prices Index excluding Mortgage Interest Payments
SOLACE	Society of Local Authority Chief Executives
SORP	Statement of Recommended Practice
VFM	Value For Money

## APPENDIX C

	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
<b>CAPITAL FUNDING</b>					
<b><u>HOUSING CAPITAL PROGRAMME</u></b>					
<b><u>Resources</u></b>					
Capital receipts: RTB	1,889	1,369	592	605	618
Major Repairs Reserve	11,270	11,431	11,572	11,755	12,012
Leaseholder contributions	486	487	499	1,772	1,816
Grants	1,017	0	0	0	0
Revenue Contributions	12,110	6,176	4,843	4,413	4,560
Total	26,772	19,463	17,506	18,545	19,006

**Expenditure / Bids**

Housing	26,772	19,463	17,506	18,545	19,006
Total	26,772	19,463	17,506	18,545	19,006

	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
<b><u>NON HOUSING CAPITAL PROGRAMME</u></b>					
<b><u>Resources</u></b>					
Capital receipts: RTB	204	210	217	224	224
Prudential Borrowing	1,772	564	292	884	877
Asset Disposal Programme	1,124	400	600	0	0
Revenue Contributions	719	202	216	824	844
Other Resources	2,021	487	487	477	335
Total	5,840	1,863	1,812	2,409	2,280

**Expenditure / Bids**

Non Housing	5,840	1,863	1,812	2,409	2,280
Total	5,840	1,863	1,812	2,409	2,280

## APPENDIX D

### HOUSING REVENUE ACCOUNT MEDIUM TERM FINANCIAL STRATEGY 2015/16 - 2019/20

#### Operating Account

	2015/16 Estimates £'000	2016/17 Estimates £'000	2017/18 Estimates £'000	2018/19 Estimates £'000	2019/20 Estimates £'000
<u>Expenditure</u>					
General Management	11,848	12,030	12,974	11,671	11,904
Special Management	5,610	5,772	5,904	6,041	6,181
Repairs	9,342	9,611	9,849	10,093	10,344
Rents, Rates, Taxes & Other Charges	30	30	31	31	32
Supporting People Transitional Relief	7	6	4	2	0
Provision for Bad & Doubtful Debts	360	316	324	332	341
Major Repairs Reserve Contribution	11,270	11,431	11,572	11,755	12,012
Revenue Contribution to Capital Programme	12,110	6,176	4,843	4,413	4,560
Debt Management Expenses	14	14	14	14	14
Capital Charges: Principal	0	0	0	0	0
Capital Charges: Interest	6,768	6,607	6,553	6,446	6,338
	<u>57,360</u>	<u>51,993</u>	<u>52,069</u>	<u>50,798</u>	<u>51,725</u>
<u>Income</u>					
Dwelling Rents	46,143	46,616	47,398	48,522	50,782
Garage Rents	957	976	996	1,015	1,056
Other Rents	22	22	22	22	22
Service Charges: Tenants	1,000	1,012	1,026	1,045	1,088
Service Charges: Leaseholders	1,594	1,642	1,690	1,734	1,755
Other Charges for Services	790	806	838	872	907
Transfers from General Fund	500	513	526	539	552
Interest on Revenue Balances	44	40	49	99	219
	<u>51,050</u>	<u>51,626</u>	<u>52,543</u>	<u>53,847</u>	<u>56,381</u>
Balance at 1 April	9,698	3,388	3,021	3,496	6,545
Surplus / (Deficit) for year	-6,310	-367	474	3,050	4,656
Balance in hand at 31 March	<u>3,388</u>	<u>3,021</u>	<u>3,496</u>	<u>6,545</u>	<u>11,201</u>

#### Major Repairs Reserve

	2015/16 Estimates £'000	2016/17 Estimates £'000	2017/18 Estimates £'000	2018/19 Estimates £'000	2019/20 Estimates £'000
<u>Expenditure</u>					
Capital Programme Financing	11,270	11,431	11,572	11,755	12,012
Repayment of Debt	0	0	0	0	0
	<u>11,270</u>	<u>11,431</u>	<u>11,572</u>	<u>11,755</u>	<u>12,012</u>
<u>Income</u>					
Transfer from HRA	11,270	11,431	11,572	11,755	12,012
	<u>11,270</u>	<u>11,431</u>	<u>11,572</u>	<u>11,755</u>	<u>12,012</u>
Balance at 1 April	0	0	0	0	0
Surplus for year	0	0	0	0	0
Balance in hand at 31 March	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

## GENERAL FUND MEDIUM TERM FINANCIAL PLAN 2015-16 TO 2019-20

	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
<b>A RESERVES</b>					
<b>brought forward</b>	2,790	2,790	2,790	2,790	2,790
<b>2013-14 adjustments</b>					
Used for budget - one-off items					
In year contributions					
Budget carry-overs 2013/14					
<b>carried forward</b>	<b>2,790</b>	<b>2,790</b>	<b>2,790</b>	<b>2,790</b>	<b>2,790</b>
<b>Approved Budget</b>					
<b>Budget from previous year</b>	<b>11,564</b>	<b>11,089</b>	<b>10,722</b>	<b>10,390</b>	<b>10,106</b>
<b>B BUDGET CHANGE PROJECTIONS</b>					
<b>B1 STANDSTILL PRESSURES</b>					
Pay awards	212	135	135	135	135
Price increases	214	150	150	150	150
<b>Total Inflation</b>	<b>426</b>	<b>285</b>	<b>285</b>	<b>285</b>	<b>285</b>
Pension fund re-valuation	130	0	100	100	0
Pension payment arrangements -annual	(130)				
Increased employer contribution - Gratuities	164				
Redundancies committed financial strain costs dropping out					
Redundancy costs provision	50	50	50	50	0
Interest costs	50	50	50	50	0
Planning Local Development Framework					
Energy Price increases					
Redstone House					
Reduced Redundancy Reserve					
Commercial rent reviews					
Commercial income - Northgate House					
HB/council tax admin subsidy	111	212	166	0	0
MRP Provision					
CT Technical adjustment					
Capital funding	100	100	100	100	100
<b>Sub-total</b>	<b>901</b>	<b>697</b>	<b>751</b>	<b>585</b>	<b>385</b>
<b>B2 PRIORITY LED INITIATIVES</b>					
Street Lighting	100				
Civic Cleaning	41				
Contact Harlow	21				
Cemetery & Crematorium contract	(17)	(17)	(17)	(17)	
HRA/General fund reallocated costs					
Maintain & top up Insurance Fund					
<b>Sub-total</b>	<b>145</b>	<b>(17)</b>	<b>(17)</b>	<b>(17)</b>	<b>0</b>
<b>B3 JVCO COSTS AND SAVINGS</b>					
Dividend & profit share					
Capital charges adjustments					
Sculpting adjustment					
Contract Extension	30	82			
<b>Sub-total</b>	<b>30</b>	<b>82</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>B4 FEES AND CHARGES</b>					
<b>Fees &amp; charges</b>					
<b>Sub-total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>B5 ADDITIONAL PRESSURES AND SAVINGS</b>					

Efficiencies and Service adjustments	(1,451)				
Additional income/recharges	(100)				
<b>Sub-total</b>	<b>(1,551)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>11,089</b>	<b>11,851</b>	<b>11,456</b>	<b>10,958</b>	<b>10,491</b>
<b>B6 ONE OFF ITEMS</b>					
<b>BUDGET FOR YEAR</b>	11,089	11,851	11,456	10,958	10,491
Contribution to / (-)from Reserves:					
One-off use of reserves items					
Contribution to Gen Fund Reserve					
Other reserve movements					
Transfers to earmarked reserves	104	104	104	104	104
<b>BUDGET REQUIREMENT FOR YEAR BEFORE SAVINGS</b>	<b>11,193</b>	<b>11,955</b>	<b>11,560</b>	<b>11,062</b>	<b>10,595</b>
<b>C SAVINGS NEEDED</b>					
Savings needed to achieve 1.5% increase in Council Tax (Harlow element)	(0)	(1,129)	(1,066)	(853)	(632)
<b>BUDGET REQUIREMENT AFTER SAVINGS</b>	<b>11,193</b>	<b>10,826</b>	<b>10,494</b>	<b>10,210</b>	<b>9,962</b>
<b>D EXTERNAL FINANCE AND COUNCIL TAX</b>					
INCOME from RSG and BRR	3,353	4,323	3,874	3,470	3,101
CT Grant for Freezing CT Levels	179				
CT Freeze Grant 12/13					
New Homes Bonus	0	0	0	0	
LCTSS Grant	1,282	0	0	0	
Collection fund (deficit) surplus	(9)	0	0	0	
Council Tax total	6,388	6,503	6,620	6,740	6,861
<b>TOTAL EXTERNAL FINANCE AND COUNCIL TAX</b>	<b>11,193</b>	<b>10,826</b>	<b>10,494</b>	<b>10,210</b>	<b>9,962</b>
Council Tax Band D	263	267	271	275	279
<b><i>Increase in Council Tax</i></b>	<b>1.5%</b>	<b>1.5%</b>	<b>1.5%</b>	<b>1.5%</b>	<b>1.5%</b>

## GENERAL FUND BUDGET SUMMARY

	2013/14 Actual	2014/15 Original Budget	2015/16 Budget
	£	£	£
<b>HEAD OF SERVICE</b>			
Chief Executive	(6,583)	(10,630)	(49,230)
Community Wellbeing	8,957,148	8,798,350	8,912,200
Finance	3,068,387	3,573,270	3,572,520
Governance	501,271	555,460	675,580
Housing	1,078,556	1,209,392	929,890
Regeneration	302,278	154,900	(279,020)
<b>Total</b>	<b>13,901,057</b>	<b>14,280,742</b>	<b>13,761,940</b>
Contingency	0	-	15,250
Capital charges	(2,688,077)	(2,560,120)	(2,313,250)
Interest	232,238	181,290	205,790
Minimum Revenue Provision	106,000	137,000	122,000
Provision for bad debts	123,191	0	194,585
Miscellaneous Income	(185,000)	0	0
Essex Council Tax Collection Sharing Agreement	(7,477)	(37,119)	(159,120)
Community Rights to Challenge New Burdens Grant	(16,402)	-	-
New Homes Bonus Grant	(548,553)	(704,002)	(787,000)
<b>Expenditure Before Use Of Reserves</b>	<b>10,916,977</b>	<b>11,297,791</b>	<b>11,040,195</b>
Contribution to / (from) Earmarked Reserves:			
Perpetuity Reserves	65,000	34,220	31,050
Insurance Fund	88,757	(7,810)	(5,800)
Invest to Save	38,178	(16,930)	2,920
MMI	50,000	50,000	50,000
Environment Fund	(7,314)	5,320	7,240
Risk Reserve	37,590	(25,000)	0
Severance Reserve	127,017	0	0
Discretionary Services Fund	(204,430)	(97,384)	(1,910,040)
Regeneration Reserve	-	-	1,000,000
Debt Financing Reserve	-	837,840	837,840
Planning LDF	(50,155)	(40,000)	(40,000)
Grants Reserves (for deferred payments)	(102,840)	(29,360)	(22,650)
Contribution to / (from) General Fund Reserve	1,961,522	(28,730)	(7,930)
<b>Budget Requirement</b>	<b>12,920,302</b>	<b>11,979,957</b>	<b>10,982,825</b>

## HARLOW COUNCIL'S ELEMENT OF THE COUNCIL TAX

	2013/14 Actual	2014/15 Original Budget	2015/16 Budget
	£	£	£
Budget Requirement	12,920,302	11,979,957	10,982,825
Less Formula Grant comprising:			
Settlement Funding Assessment	(3,195,215)	(4,271,483)	(3,352,506)
Redistributed Business Rate Income	(2,289,009)	-	0
Collection Fund Deficit / (Surplus)	(3,000)	51,000	217,980
Local Council Tax Support Scheme Grant	(1,281,756)	(1,282,000)	(1,282,000)
Council Tax Freeze Grant	(180,213)	(179,407)	(178,724)
	<b>5,971,109</b>	<b>6,298,067</b>	<b>6,387,575</b>
Divided by:			
Taxbase	23,385.85	24,304.66	24,285.51
<b>Band D Council Tax</b>	<b>255.33</b>	<b>259.13</b>	<b>263.02</b>

## GENERAL FUND 2015/16 BUDGET

## EFFICIENCY SAVINGS

The following tables provide details regarding the significant efficiency gains, proposed to be made as part of the 2015-16 General Fund budget. As with any proposed reductions in expenditure there are implications for service provision. There are also implications for the budget if those savings are not met.

SERVICE & ACTIVITY	AMOUNT OF PROPOSED EFFICIENCY SAVINGS	DETAILS
	£	
<b>CORPORATE SERVICES</b>		
Corporate Management Team	65,000	CEO flexible retirement.
Base Budget Contribution	46,000	Removal of base budget contribution to Discretionary Services Fund
<b>Sub-Total Corporate Services</b>	<b>111,000</b>	
<b>COMMUNITY WELLBEING</b>		
Head of Community Wellbeing	93,000	Transfer cost of Head of Service into Discretionary Services Fund
Support costs to DSF	181,000	Transfer support costs to Discretionary Services Fund
Youth Council	25,000	Transfer cost of Youth Council into Discretionary Services Fund
Youth & Citizenship	54,000	Transfer cost of Youth & Citizenship Manager into Discretionary Services Fund
Environmental Health	5,810	Minor reductions in running expenses
<b>Sub-Total Community Wellbeing</b>	<b>358,810</b>	
<b>GOVERNANCE</b>		
Corporate HR	3,600	Gratuities - pensions. Gradual reduction in number of pensions paid to female ex-employees.

SERVICE & ACTIVITY	AMOUNT OF PROPOSED EFFICIENCY SAVINGS	DETAILS
	£	
Relationship & Commissioning	5,000	Marketplace subscription contract cancellation.
Health & Safety	1,000	Reduction in equipment and materials.
<b>Sub-Total Governance</b>	<b>9,600</b>	
<b>REGENERATION</b>		
Regeneration Team	48,000	Transfer cost of Manager into Discretionary Services Fund
<b>Sub-Total Regeneration</b>	<b>48,000</b>	
<b>HOUSING (General Fund)</b>		
Housing Options and Advice Team	10,000	Reductions in running expenses
<b>Sub-Total Housing (General Fund)</b>	<b>10,000</b>	
<b>GRAND TOTAL FOR EFFICIENCY SAVINGS</b>		
	<b>537,410</b>	

## GENERAL FUND 2015/16 BUDGET

## INCOME

The following table provides details regarding the significant additional income proposed to be made as part of the 2015-16 General Fund budget. As with any proposed reductions in expenditure there are implications for service provision. There are also implications for the budget if those income targets are not met.

SERVICE & ACTIVITY	AMOUNT OF PROPOSED INCOME	DETAILS
<b>COMMUNITY WELLBEING</b>	£	
Recycling	25,000	Additional income generated from green waste collections
<b>Sub-Total Community Wellbeing</b>	<b>25,000</b>	
<b>REGENERATION</b>		
Assets Transfers	592,230	Transfer Garage net income after costs of management from the HRA to GF
Commercial Property	10,000	Additional rental income
Planning	70,000	Additional income from increased usage
Car Parks	30,000	Additional income from increased usage
<b>Sub-Total Regeneration</b>	<b>702,230</b>	
<b>GRAND TOTAL INCOME</b>	<b>727,230</b>	

## GENERAL FUND 2015/16 BUDGET

## SERVICE INVESTMENT

The following tables provide details regarding the funding adjustments to be made as part of the 2015/16 General Fund budget. As the Council goes through its agreed Human Resources Policy processes for identifying the individual posts affected by the funding adjustments the Council will seek to identify those implications more fully and seek to mitigate them

SERVICE & ACTIVITY	AMOUNT OF FUNDING ADJUSTM'NTS	DETAILS
	£	
<b>CORPORATE SERVICES</b>		
Employers Pension Contributions	34,000	NET effect of employers pension contributions on GF
Tax Base	14,000	Tax Base Collection Fund adjustments
Response to Budget Consultation	100,000	
<b>Sub-Total Corporate Services</b>	<b>148,000</b>	
<b>COMMUNITY WELLBEING</b>		
Contact Harlow	21,000	Cost of four new Customer Advisor posts - two posts fully recharged to HRA with two additional posts recharged at 65% of cost
<b>Sub-Total Community Wellbeing</b>	<b>21,000</b>	
<b>REGENERATION</b>		
Civic Centre	41,000	Effect of new building cleaning contract
<b>Sub-Total Regeneration</b>	<b>41,000</b>	
<b>GRAND TOTAL SERVICE INVESTMENT</b>	<b>210,000</b>	

**APPENDIX C.**

**ANALYSIS OF FEES AND CHARGES**

**(all fees include VAT where applicable)**

SERVICE		2014/2015	2015/2016	
		Current Fee	Proposed Increase	Proposed Fee
		with effect from 01/04/2015		
		£.p	%	£.p
<b><u>Community Wellbeing</u></b>				
<b>Leah Manning Centre</b>	<b>Lettings</b>			
	Weekdays	31.00	0.00	31.00
	Weekends	51.00	0.00	51.00
<b>Contact Harlow</b>	Rail Passes	at cost + £1	0.00	at cost + £1
	Disabled WC Keys	2.50	0.00	2.50
	Leisure card	0.00	0.00	0.00
<b>Pets Corner</b>	Sponsorship scheme	various	0.00	various
	Sales of Animals	various	0.00	various
	Harlow Schools Visits (45 minutes)	1.90	2.63	1.95
	Harlow Schools Visits (1.5 hours)	3.80	1.32	3.85
	Non Harlow Schools Visits (45 mins)	2.55	1.96	2.60
	Non Harlow Schools Visits (1.5 hours)	4.90	1.02	4.95
	Pre School Nurseries Visits	20.00	10.00	22.00
	Reindeer Hire (Harlow Schools)	240.00	0.00	240.00
	Reindeer Hire (Non Harlow Schools)	295.00	0.00	295.00
	Events	4.60	1.09	4.65
	Birthday Parties (Price per head)	7.30	1.37	7.40
<b>Community Enforcement Team</b>	Clean Neighbourhoods and Environment Act 1990:			
	Disposing litter S87/88	80.00	0.00	80.00
	Section 22 (street litter notices)	100.00	0.00	100.00
	Litter Clearing notice	100.00	0.00	100.00
	Failure to produce waste documents	300.00	0.00	300.00
	Section 55b (waste carriers license)	300.00	0.00	300.00
	Section 23 (unauthorised distribution of literature)	80.00	0.00	80.00
	Section 48 (waste receptacles)	60.00	0.00	60.00
	Clean Neighbourhoods and Environment Act 1996:			
	Failing to remove dog faeces	50.00	0.00	50.00
	Clean Neighbourhoods and Environment Act 2005:			
	Section 6 (nuisance parking)	100.00	0.00	100.00
	Section 10 (abandoning a vehicle)	200.00	0.00	200.00
	Section 28 (graffiti and fly posting)	80.00	0.00	80.00
<b>The Playhouse</b>	<b>Box Office Booking and Exchange Fee (with effect from 1 September 2015)</b>			
	Promotions (not Playhouse Supporters)	1.00	50.00	1.50
	Hires (not Playhouse Supporters)	1.00	50.00	1.50
	<b>Postage Charge (with effect from 1 September 2015)</b>			
	Postage charge to customers requesting that tickets are delivered to them	0.75	33.33	1.00
	<b>Workshop Space Rental</b>			
	Various	Various	0.00	Various
	<b>Hire Charges for local amateur companies</b>			
	<b>Main Auditorium</b>			
	<b>Performance Fees (with effect from 1 September 2015)</b>			
	Performance Fee (for 4.5 hour period)	715.00	4.90	750.00
	Second Performance in a Day (for 4 hour period)	610.00	3.28	630.00
	<b>Additional Hourly Fees</b>			
	Hourly theatre hire (not a performance) (from 1 September 2015)	110.00	27.27	140.00
	Additional staff (per person per hour)	21.00	0.00	21.00
	Blocking rehearsal (per hour) (from 1 September 2015)	80.00	25.00	100.00
	<b>Weekly Rates</b>			
	Weekly fee			
	Up to 37 hours over 6 days (from 1 September 2015)	5,000.00	4.00	5,200.00
	Hourly fee (from 1 September 2015)	100.00	40.00	140.00
	Additional staff	21.00	0.00	21.00
	<b>Studio Theatre</b>			
	<b>Performance Fees (from 1 September 2015)</b>			
	Performance Fee (for 4 hour period)	275.00	9.09	300.00
	Second performance call in a day (4 hours)	225.00	6.67	240.00
	<b>Additional Hourly Fees</b>			
	Hourly theatre hire (not a performance) (from 1 September 2015)	82.50	9.09	90.00
	Additional Staff per person, per hour	21.00	0.00	21.00
	Use as Dressing Room (from 1 September 2015)	27.00	11.11	30.00
	<b>Standard Hire Charges (from 1 September 2015)</b>			
	Performance call (4 hours)	990.00	21.21	1,200.00
	Second performance call in a day (4 hours)	825.00	9.09	900.00
	<b>Additional Hourly Fees</b>			
	Hourly theatre hire (not a performance) (from 1 September 2015)	190.00	5.26	200.00
	Additional staff per person, per hour	21.00	0.00	21.00
	Blocking rehearsal per hour (from 1 September 2015)	110.00	27.27	140.00
	<b>Weekly Rates</b>			
	Weekly fee			

**APPENDIX C.**

SERVICE		2014/2015	2015/2016	
		Current Fee	Proposed Increase	Proposed Fee
		with effect from 01/04/2015		
		£.p	%	£.p
	Up to 37 hours over 6 days (from 1 September 2015)	7,000.00	5.71	7,400.00
	Hourly fee (from 1 September 2015)	190.00	5.26	200.00
	Additional staff	21.00	0.00	21.00
	<b>Studio Theatre</b>			
	<b>Performance Fees (from 1 September 2015)</b>			
	Performance call (4 hours)	390.00	23.08	480.00
	Second performance call in a day (4 hours)	330.00	9.09	360.00
	<b>Additional Hourly Fees</b>			
	Hourly theatre hire (not a performance) (from 1 September 2015)	110.00	-9.09	100.00
	Additional Staff per person, per hour	21.00	0.00	21.00
	Use as Dressing Room (from 1 September 2015)	27.00	11.11	30.00
	<b>Studio Room Hires</b>			
	(50% discount applies for hire of second space within 1 session)			
	Up to 20 hours per week	18.50	2.70	19.00
	20+ hours per week	12.90	0.78	13.00
	40+ hours per week	9.80	2.04	10.00
<b>Domestic Refuse</b>	Sales of 180l Wheelie Bins	36.50	4.11	38.00
	Sales of 240l Wheelie Bins	35.00	2.86	36.00
	Sales of Kitchen Caddies	14.50	3.45	15.00
	Delivery	at cost	0.00	at cost
	Sales of food waste flat bins	new charge	0.00	60.00
<b>Special Refuse</b>	<b>Bulky Waste</b>			
	1 to 5 items	10.50	0.00	10.50
	6 to 8 items	21.00	2.38	21.50
<b>Recycling</b>	<b>Green Waste</b>			
	premium fortnightly collection (wheeled bin)	93.00	2.15	95.00
	bookable service (per bag)	0.80	0.00	0.80
	<b>Flat block Recycling Bins - Charges to Developers</b>			
	1100 litre bin	370.00	5.41	390.00
	240 litre bin	35.00	2.86	36.00
	Sales of Kitchen Caddies	2.50	4.00	2.60
	Delivery	at cost	0.00	at cost
	Sales of food waste flat bins	new charge	0.00	60.00
<b>Abandoned Vehicles</b>	Costs Recoverable	26.00	3.85	27.00
	Voluntary Surrender of Vehicles	26.00	3.85	27.00
<b>Street Scene</b>	Abandoned Shopping Trolleys	88.00	2.27	90.00
<b>Allotments</b>	Rents - per square metre	0.16	6.25	0.17
	Peppercorn rent for self managed sites	0.50	0.00	0.50
<b>Hackney Carriages &amp; Private Hire</b>	<b>HC &amp; PH Drivers Licence</b>			
	New Driver	126.00	2.38	129.00
	Renewal	109.00	1.83	111.00
	<b>HC Vehicle Licence</b>			
	New Vehicle	324.00	1.85	330.00
	Renewal	303.00	1.98	309.00
	<b>PH Vehicle Licence</b>			
	New Vehicle	298.00	2.01	304.00
	Renewal	278.00	2.16	284.00
	<b>Transfer of Vehicle Licence</b>	0.00	0.00	0.00
	<b>Replacement Items</b>			
	- badge	10.50	-100.00	0.00
	- plate	31.00	-100.00	0.00
	- platemate	10.50	-100.00	0.00
	<b>Private Hire Operator Licence Fee - Basic Fee (Plus number of vehicles operated fee to be added - see number of vehicle fees below)</b>			
	one vehicle	123.00	2.03	125.50
	two vehicles	123.00	2.03	125.50
	three vehicles	190.00	1.84	193.50
	four vehicles	190.00	1.84	193.50
	five vehicles	190.00	1.84	193.50
	six vehicles	249.00	2.01	254.00
	seven vehicles	249.00	2.01	254.00
	eight vehicles	249.00	2.01	254.00
	nine vehicles	249.00	2.01	254.00
	ten vehicles	249.00	2.01	254.00
	eleven vehicles	314.00	1.91	320.00
	twelve vehicles	314.00	1.91	320.00
	thirteen vehicles	314.00	1.91	320.00
	fourteen vehicles	314.00	1.91	320.00
	fifteen vehicles	314.00	1.91	320.00
	sixteen vehicles	370.00	1.89	377.00

## APPENDIX C.

## SERVICE

	2014/2015	2015/2016	
	Current Fee	Proposed Increase	Proposed Fee
	with effect from 01/04/2015		
	£.p	%	£.p
seventeen vehicles	370.00	1.89	377.00
eighteen vehicles	370.00	1.89	377.00
nineteen vehicles	370.00	1.89	377.00
twenty vehicles	370.00	1.89	377.00
twenty one vehicles	427.00	1.87	435.00
twenty two vehicles	427.00	1.87	435.00
twenty three vehicles	427.00	1.87	435.00
twenty four vehicles	427.00	1.87	435.00
twenty five vehicles	427.00	1.87	435.00
twenty six vehicles	483.00	1.45	490.00
twenty seven vehicles	483.00	1.45	490.00
twenty eight vehicles	483.00	1.45	490.00
twenty nine vehicles	483.00	1.45	490.00
thirty vehicles	483.00	1.45	490.00
<b>Private Hire Operator Licence Fees - Number of vehicles fee</b>			
one vehicle	63.00	1.59	64.00
two vehicles	126.00	1.59	128.00
three vehicles	189.00	1.59	192.00
four vehicles	252.00	1.59	256.00
five vehicles	315.00	1.59	320.00
six vehicles	378.00	1.59	384.00
seven vehicles	441.00	1.59	448.00
eight vehicles	504.00	1.59	512.00
nine vehicles	567.00	1.59	576.00
ten vehicles	630.00	1.59	640.00
eleven vehicles	693.00	1.59	704.00
twelve vehicles	756.00	1.59	768.00
thirteen vehicles	819.00	1.59	832.00
fourteen vehicles	882.00	1.59	896.00
fifteen vehicles	945.00	1.59	960.00
sixteen vehicles	1,008.00	1.59	1,024.00
seventeen vehicles	1,071.00	1.59	1,088.00
eighteen vehicles	1,134.00	1.59	1,152.00
nineteen vehicles	1,197.00	1.59	1,216.00
twenty vehicles	1,260.00	1.59	1,280.00
twenty one vehicles	1,323.00	1.59	1,344.00
twenty two vehicles	1,386.00	1.59	1,408.00
twenty three vehicles	1,449.00	1.59	1,472.00
twenty four vehicles	1,512.00	1.59	1,536.00
twenty five vehicles	1,575.00	1.59	1,600.00
twenty six vehicles	1,638.00	1.59	1,664.00
twenty seven vehicles	1,701.00	1.59	1,728.00
twenty eight vehicles	1,764.00	1.59	1,792.00
twenty nine vehicles	1,827.00	1.59	1,856.00
thirty vehicles or more	1,890.00	1.59	1,920.00
<b>Knowledge Test</b>			
Knowledge test	50.00	0.00	50.00
Retest full	50.00	0.00	50.00
Retest partial	20.00	0.00	20.00
<b>Other Fees</b>			
Admin fees for work undertaken per hour	26.00	0.00	26.00
Officer Fee for work undertaken per hour	45.00	0.00	45.00
<b>Environmental Health</b>			
Breeding of Dogs Licences (+ vets fees)	118.00	1.69	120.00
Animal Boarding establishment licence	118.00	1.69	120.00
Pet shop licence	118.00	1.69	120.00
Riding establishment licence (+ vets fees)	180.00	2.78	185.00
Dangerous wild animal licence (+ vets fees)	137.00	2.19	140.00
Special treatment registration	103.00	1.94	105.00
Wasp nest treatment	50.00	0.00	50.00
Fleas	50.00	0.00	50.00
Rats	50.00	0.00	50.00
Mice	50.00	0.00	50.00
Pest Control concessionary rate (wasps/fleas/rats/mice)	11.50	0.00	11.50
Stray dogs	25.00	0.00	25.00
Stray dogs admin charge	22.00	4.55	23.00
Stray dogs kennelling charges	at cost	0.00	at cost
HMO Licence	750.00	3.33	775.00
DBS Check for HMO Licence	42.00	4.76	44.00
HMO Licence Renewal	375.00	1.33	380.00
HMO Licence Variation	105.00	-100.00	0.00
Zoo License (not including veterinary fee)	540.00	3.70	560.00
Veterinary Fees	at cost	0.00	at cost
Contaminated land enquiry	150.00	3.33	155.00
Homeboarding	60.00	3.33	62.00

**APPENDIX C.**

SERVICE		2014/2015	2015/2016	
		Current Fee	Proposed Increase	Proposed Fee
		with effect from 01/04/2015		
		£.p	%	£.p
Town Centre Management	<b>Access charge</b>			
	Access charge	50.00	2.00	51.00
	<b>Promotional Pitches</b>			
	Monday - Thursday (per day)	120.00	1.67	122.00
	Friday - Sunday	190.00	2.11	194.00
	Weekly	740.00	1.35	750.00
	<b>Trading Pitches</b>			
	Monday - Sunday (per day)	33.00	3.03	34.00
	Weekly	140.00	2.14	143.00
	Monthly	550.00	1.82	560.00
	<b>Not for profit pitches</b>			
	Monday - Sunday (per day)	25.00	0.00	25.00
	Weekly	100.00	0.00	100.00
	Monthly	300.00	0.00	300.00
	Licensing	<b>Miscellaneous Licences (new)</b>		
Sex Shops		1,035.00	2.42	1,060.00
<b>Miscellaneous Licences (renew)</b>				
Sex Shops		1,035.00	2.42	1,060.00
<b>Miscellaneous Licences (transfer)</b>				
Sex Shops		575.00	1.74	585.00
<b>Miscellaneous Licences (variation)</b>				
Sex Shops		1,035.00	2.42	1,060.00
<b>Highways Act (new)</b>				
Tables & chairs				
- table		17.00	2.94	17.50
- chair		11.75	2.13	12.00
Advertising boards				
- application fee		170.00	2.94	175.00
<b>Highways Act (renew)</b>				
Tables & chairs				
- table		18.00	2.78	18.50
- chair		11.75	2.13	12.00
<b>Charity Collections (new)</b>				
Lottery		40.00	0.00	40.00
Street collection		0.00	0.00	0.00
House to house collection		0.00	0.00	0.00
<b>Charity Collections (renew)</b>				
Lottery		20.00	0.00	20.00
Street collection		0.00	0.00	0.00
House to house collection		0.00	0.00	0.00
<b>Street Trading (new)</b>				
Street trading licence		314.00	3.50	325.00
<b>Street Trading (renew)</b>				
Street trading licence		314.00	3.50	325.00
<b>Premises Licences and Club Premises Certificates (application fee)</b>				
Band				
a		100.00	0.00	100.00
b		190.00	0.00	190.00
c		315.00	0.00	315.00
d		450.00	0.00	450.00
e		635.00	0.00	635.00
city/town centre pub				
band d		900.00	0.00	900.00
band e		1,905.00	0.00	1,905.00
<b>Premises Licences and Club Premises Certificates (annual fee)</b>				
Band				
a		70.00	0.00	70.00
b		180.00	0.00	180.00
c		295.00	0.00	295.00
d	320.00	0.00	320.00	
e	350.00	0.00	350.00	
city/town centre pub				
band d	640.00	0.00	640.00	
band e	1,050.00	0.00	1,050.00	
application for minor variation	89.00	0.00	89.00	
<b>Scrap Metal Dealers</b>				
Collectors fee	280.00	3.57	290.00	
Site fee	380.00	2.63	390.00	
Recovery charges for works in default	at cost	0.00	at cost	
<b>Other Fees</b>				
temporary event notice	21.00	0.00	21.00	
theft, loss etc of temporary event notice	10.50	0.00	10.50	
Theft, loss etc of premises licence or summary	10.50	0.00	10.50	
Application for a provisional statement where premises being built	315.50	0.00	315.50	

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SERVICE

	2014/2015	2015/2016		
	Current Fee	Proposed Increase	Proposed Fee	
	with effect from 01/04/2015			
	£.p	%	£.p	
Notification of change of name or address	10.50	0.00	10.50	
Application to vary licence to specify individual as premises supervisor	23.00	0.00	23.00	
Application for transfer of premises licence	23.00	0.00	23.00	
Interim authority notice following death etc. of licence holder	23.00	0.00	23.00	
Theft, loss etc of certificate or summary	10.50	0.00	10.50	
Notification of change of name or alteration of rules of club	10.50	0.00	10.50	
Change of relevant registered address of club	10.50	0.00	10.50	
Right of freeholder etc to be notified of licensing matter	21.00	0.00	21.00	
<b>Gambling Act - Licences</b>				
Bingo premises licence (New)	3,300.00	0.00	3,300.00	
Bingo premises licence (Variation)	1,650.00	0.00	1,650.00	
Bingo premises licence (Renewal)	925.00	0.00	925.00	
Bingo premises licence (Application for Provisional Statement)	3,300.00	0.00	3,300.00	
Bingo premises licence (Transfer)	1,130.00	0.00	1,130.00	
Bingo premises licence (Re-instatement or Licence application Provisional Statement holders)	1,130.00	0.00	1,130.00	
Adult Gaming Centre premises licence (New)	1,850.00	0.00	1,850.00	
Adult Gaming Centre premises licence (Variation)	925.00	0.00	925.00	
Adult Gaming Centre premises licence (Renewal)	925.00	0.00	925.00	
Adult Gaming Centre premises licence (Application for Provisional Statement)	1,850.00	0.00	1,850.00	
Adult Gaming Centre premises licence (Transfer)	1,130.00	0.00	1,130.00	
Adult Gaming Centre premises licence (Re-instatement or Licence Application Provisional Statement holders)	1,130.00	0.00	1,130.00	
Betting premises (track) licence (New)	2,365.00	0.00	2,365.00	
Betting premises (track) licence (Variation)	1,180.00	0.00	1,180.00	
Betting premises (track) licence (Renewal)	925.00	0.00	925.00	
Betting premises (track) licence (Application for Provisional Statement)	2,365.00	0.00	2,365.00	
Betting premises (track) licence (Transfer)	895.00	0.00	895.00	
Betting premises (track) licence (Re-instatement or Licence application Provisional Statement holders)	895.00	0.00	895.00	
Betting premises (other) licence (New)	2,780.00	0.00	2,780.00	
Betting premises (other) licence (Variation)	1,420.00	0.00	1,420.00	
Betting premises (other) licence (Renewal)	565.00	0.00	565.00	
Betting premises (other) licence (Application for Provisional Statement)	2,780.00	0.00	2,780.00	
Betting premises (other) licence (Transfer)	1,130.00	0.00	1,130.00	
Change of circumstances	50.00	0.00	50.00	
Betting premises (other) licence (Re-instatement or Licence application Provisional Statement holders)	1,130.00	0.00	1,130.00	
<b>Gambling Act - Permits</b>				
Prize Gaming Permit New	300.00	0.00	300.00	
Prize Gaming Permit existing operator	100.00	0.00	100.00	
Prize Gaming Permit Renewal	300.00	0.00	300.00	
Family Entertainment Centre Gaming Machine Permit New	300.00	0.00	300.00	
Existing operator	100.00	0.00	100.00	
Renewal	300.00	0.00	300.00	
Club gaming and Club Machine permit new	200.00	0.00	200.00	
Existing operator	100.00	0.00	100.00	
Renewal	200.00	0.00	200.00	
annual fee	50.00	0.00	50.00	
Variation	100.00	0.00	100.00	
Licensed Premises Gaming Machine Permit New	150.00	0.00	150.00	
Existing Operator	100.00	0.00	100.00	
Annual Fee	50.00	0.00	50.00	
Variation	100.00	0.00	100.00	
Transfer	25.00	0.00	25.00	
Change of Name	25.00	0.00	25.00	
Copy of Permit	15.00	0.00	15.00	
Copy of license	25.00	0.00	25.00	
<b>Financial Services</b>				
<b>Accountancy</b>	Statement of accounts	15.00	0.00	15.00
<b>Governance</b>				
<b>Land Charges</b>				
<b>Form LLC1</b>				
	official search in one part of register	5.00	0.00	5.00
	official search in whole of register	20.00	0.00	20.00
	and in addition in respect of each parcel of land above one	5.00	0.00	5.00
<b>CON29R Standard Enquiries</b>				
	one parcel of land	94.14	-3.71	90.65
	several parcels of land:			
	- first parcel	94.14	-3.71	90.65
	- each additional parcels	15.00	0.00	15.00
<b>CON29R &amp; LLC1 Together</b>				

**APPENDIX C.**

SERVICE		2014/2015	2015/2016	
		Current Fee	Proposed Increase	Proposed Fee
		with effect from 01/04/2015		
		£.p	%	£.p
	one parcel of land	114.14	-3.71	110.65
	several parcels of land:			
	- first parcel	114.14	-3.71	110.65
	- each additional parcels	20.00	0.00	20.00
	<b>CON290 Optional Enquiries</b>			
	each printed enquiry	12.00	0.00	12.00
	each additional enquiry	18.00	0.00	18.00
	<b>Q22 Common Land Question</b>	14.00	0.00	14.00
<b>Freedom of Information</b>	<b>Freedom of Information</b>			
	appropriate limit (18 hours)	450.00	0.00	450.00
	<b>Environmental Information Regulations</b>			
	simple enquiries that require a basic answer	no charge	0.00	no charge
	more complex enquiries and requires information to be specifically collated (per hour)	25.00	0.00	25.00
	<b>Data Protection Act</b>			
	maximum charged under the Data Protection (Subject Access) Fees and Miscellaneous provisions) Regulations 2000	10.00	0.00	10.00
<b>Housing</b>				
<b>Homelessness</b>	Bed and Breakfast charges	129.57	2.18	132.40
<b>Regeneration</b>				
<b>Structural Engineering</b>	Dropped Crossing Application Fee	100.00	0.00	100.00
	External clients charging structure	various	0.00	various
<b>Building Control</b>	<b>Table A - New Dwellings</b>			
	Dwelling houses and flats not exceeding 300m2 (total floor area)			
	<i>Full Plans Submission</i>			
	Houses or Bungalows less than 4 storeys			
	Plan Charge			
	1 Plot	216.02	2.00	220.34
	2 Plots	255.29	2.00	260.40
	3 Plots	294.57	2.00	300.46
	4 Plots	333.85	2.00	340.53
	5 Plots	373.12	2.00	380.58
	Flats			
	1	196.38	2.00	200.31
	2	216.02	2.00	220.34
	3	274.93	2.00	280.43
	4	274.93	2.00	280.43
	5	314.21	2.00	320.49
	Conversion to:-			
	Single dwelling house	216.02	2.00	220.34
	Single Flat	196.38	2.00	200.31
	Inspection Charge			
	1 Plot	432.04	2.00	440.68
	2 Plots	510.59	2.00	520.80
	3 Plots	589.14	2.00	600.92
	4 Plots	667.69	2.00	681.04
	5 Plots	785.52	2.00	801.23
	Flats			
	1	274.93	2.00	280.43
	2	392.76	2.00	400.62
	3	471.31	2.00	480.74
	4	549.86	2.00	560.86
	5	667.69	2.00	681.04
	Conversion to:-			
	Single dwelling house	314.21	2.00	320.49
	Single Flat	274.93	2.00	280.43
	<i>Building Notice</i>			
	Houses or Bungalows less than 4 storeys			
	1 Plot	732.89	2.00	747.55
	2 Plots	855.43	2.00	872.54
	3 Plots	977.97	2.00	997.53
	4 Plots	1,100.51	2.00	1,122.52
	5 Plots	1,284.33	2.00	1,310.02
	Flats			
	1	487.81	2.00	497.57
	2	671.62	2.00	685.05
	3	794.16	2.00	810.04
	4	916.70	2.00	935.03
	5	1,100.51	2.00	1,122.52
	Conversion to:-			
	Single dwelling house	549.08	2.00	560.06

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SERVICE

	2014/2015	2015/2016	
	Current Fee	Proposed Increase	Proposed Fee
	with effect from 01/04/2015		
	£.p	%	£.p
Single Flat	487.81	2.00	497.57
<i>Regularisation Charge</i>			
Houses or Bungalows less than 4 storeys			
1 Plot	760.97	2.00	776.19
2 Plots	875.53	2.00	893.04
3 Plots	990.08	2.00	1,009.88
4 Plots	1,104.64	2.00	1,126.73
5 Plots	1,374.66	2.00	1,402.15
Flats			
1	531.86	2.00	542.50
2	703.70	2.00	717.77
3	916.44	2.00	934.77
4	1,047.36	2.00	1,068.31
5	1,243.74	2.00	1,268.61
Conversion to:-			
Single dwelling house	589.14	2.00	600.92
Single Flat	531.86	2.00	542.50
Notifiable Electrical Work (in addition to the above where applicable)	176.25	2.00	179.78
<b>Table B - Work To A Single Dwelling</b>			
Limited to work not more than 3 storeys above ground level			
<b>Full Plans Submissions</b>			
Extension & New Build			
<b>Plan checking charge</b>			
Single storey extension with floor area not exceeding 40m2	192.29	2.00	196.14
Single storey extension with floor area exceeding 40m2 but not exceeding 100m2	230.75	2.00	235.37
Extension with some part 2 or 3 storeys in height and a total floor area not exceeding 40m2	249.98	2.00	254.98
Extension with some part 2 or 3 storeys in height and a total floor area exceeding 40m2 but not exceeding 100m2	269.20	2.00	274.58
Erection of a non exempt domestic extension comprising of a garage, carport or store not exceeding 100m2	173.06	2.00	176.52
Erection of a non exempt detached non habitable domestic building with total floor area not exceeding 50m2	153.83	2.00	156.91
Conversions			
First floor & second floor loft conversions	211.52	2.00	215.75
Other work	153.83	2.00	156.91
Alterations			
Re Roofing, Installation of Solar Panels or Photovoltaic cells	96.14	2.00	98.06
Replacement of windows, roof lights, roof windows or external glazed doors	115.37	2.00	117.68
Cost of work not exceeding £5,000	134.60	2.00	137.29
Cost of work exceeding £5,000 & not exceeding £25,000	173.06	2.00	176.52
Cost of work exceeding £25,000 & not exceeding £100,000	269.20	2.00	274.58
<b>Inspection Charge</b>			
Single storey extension with floor area not exceeding 40m2	307.66	2.00	313.81
Single storey extension with floor area exceeding 40m2 but not exceeding 100m2	346.12	2.00	353.04
Extension with some part 2 or 3 storeys in height and a total floor area not exceeding 40m2	384.58	2.00	392.27
Extension with some part 2 or 3 storeys in height and a total floor area exceeding 40m2 but not exceeding 100m2	423.04	2.00	431.50
Erection of a non exempt domestic extension comprising of a garage, carport or store not exceeding 100m2	230.75	2.00	235.37
Erection of a non exempt detached non habitable domestic building with total floor area not exceeding 50m2	192.29	2.00	196.14
Conversions			
First floor & second floor loft conversions	307.66	2.00	313.81
Other work	230.75	2.00	235.37
Alterations			
Re Roofing, Installation of Solar Panels or Photovoltaic cells	76.92	2.00	78.46
Replacement of windows, roof lights, roof windows or external glazed doors	115.37	2.00	117.68
Cost of work not exceeding £5,000	153.83	2.00	156.91
Cost of work exceeding £5,000 & not exceeding £25,000	269.20	2.00	274.58
Cost of work exceeding £25,000 & not exceeding £100,000	461.49	2.00	470.72
<b>Building Notice Charges</b>			
Extension & New Build			
Single storey extension with floor area not exceeding 40m2	537.64	2.00	548.39
Single storey extension with floor area exceeding 40m2 but not exceeding 100m2	597.63	2.00	609.58
Extension with some part 2 or 3 storeys in height and a total floor area not exceeding 40m2	657.63	2.00	670.78
Extension with some part 2 or 3 storeys in height and a total floor area exceeding 40m2 but not exceeding 100m2	717.62	2.00	731.97
Erection of a non exempt domestic extension comprising of a garage, carport or store not exceeding 100m2	417.65	2.00	426.00

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SERVICE

	2014/2015	2015/2016	
	Current Fee	Proposed Increase	Proposed Fee
	with effect from 01/04/2015		
	£.p	%	£.p
Erection of a non exempt detached non habitable domestic building with total floor area not exceeding 50m2	357.66	2.00	364.81
<b>Conversions</b>			
First floor & second floor loft conversions	537.64	2.00	548.39
Other work	417.65	2.00	426.00
<b>Alterations</b>			
Re Roofing, Installation of Solar Panels or Photovoltaic cells	177.67	2.00	181.22
Replacement of windows, roof lights, roof windows or external glazed doors	237.67	2.00	242.42
Cost of work not exceeding £5,000	297.66	2.00	303.61
Cost of work exceeding £5,000 & not exceeding £25,000	477.65	2.00	487.20
Cost of work exceeding £25,000 & not exceeding £100,000	777.62	2.00	793.17
<b>Regularisation Charges</b>			
<b>Extension &amp; New Build</b>			
Single storey extension with floor area not exceeding 40m2	602.23	2.00	614.27
Single storey extension with floor area exceeding 40m2 but not exceeding 100m2	646.42	2.00	659.35
Extension with some part 2 or 3 storeys in height and a total floor area not exceeding 40m2	703.70	2.00	717.77
Extension with some part 2 or 3 storeys in height and a total floor area exceeding 40m2 but not exceeding 100m2	760.97	2.00	776.19
Erection of a non exempt domestic extension comprising of a garage, carport or store not exceeding 100m2	474.59	2.00	484.08
Erection of a non exempt detached non habitable domestic building with total floor area not exceeding 50m2	417.31	2.00	425.66
<b>Conversions</b>			
First floor & second floor loft conversions	589.14	2.00	600.92
Other work	474.59	2.00	484.08
<b>Alterations</b>			
Re Roofing, Installation of Solar Panels or Photovoltaic cells	245.48	2.00	250.39
Replacement of windows, roof lights, roof windows or external glazed doors	302.75	2.00	308.81
Cost of work not exceeding £5,000	360.03	2.00	367.23
Cost of work exceeding £5,000 & not exceeding £25,000	531.86	2.00	542.50
Cost of work exceeding £25,000 & not exceeding £100,000	818.25	2.00	834.62
Notifiable Electrical Work (in addition to the above where applicable)	176.25	2.00	179.78
<b>Table C - All Other Non Domestic Work</b>			
Limited to work not more than 3 storeys above ground level			
<b>Full Plans Submission</b>			
<b>Extension &amp; New Build</b>			
<b>Plan checking charge</b>			
Single storey building with a floor area not exceeding 40m2	230.75	2.00	235.37
Single storey building with a floor area exceeding 40m2 but not exceeding 100m2	269.20	2.00	274.58
Building with some part 2 or 3 storeys in height and a total floor area not exceeding 40m2	288.43	2.00	294.20
Building with some part 2 or 3 storeys in height and a total floor area exceeding 40m2 but not exceeding 100m2	307.66	2.00	313.81
<b>Alterations</b>			
Cost of work not exceeding £5,000	173.06	2.00	176.52
Replacement of windows, roof lights, roof windows or external glazed doors (not exceeding 20 units)	173.06	2.00	176.52
Renewable energy systems not exceeding £20,000	192.29	2.00	196.14
Installation of new shop front not exceeding £5,000	192.29	2.00	196.14
Cost of work exceeding £5,000 & not exceeding £25,000	211.52	2.00	215.75
Replacement of windows, roof lights, roof windows or external glazed doors (exceeding 20 units)	192.29	2.00	196.14
Installation of a raised storage platform not exceeding 250m2 within an existing building	269.20	2.00	274.58
Cost of works exceeding £25,000 & not exceeding £100,000	307.66	2.00	313.81
Fit out building up to 100m2	326.89	2.00	333.43
<b>Inspection charges</b>			
<b>Extension &amp; New Build</b>			
Single storey building with a floor area not exceeding 40m2	307.66	2.00	313.81
Single storey building with a floor area exceeding 40m2 but not exceeding 100m2	346.12	2.00	353.04
Building with some part 2 or 3 storeys in height and a total floor area not exceeding 40m2	384.58	2.00	392.27
Building with some part 2 or 3 storeys in height and a total floor area exceeding 40m2 but not exceeding 100m2	423.04	2.00	431.50
<b>Alterations</b>			0.00
Cost of work not exceeding £5,000	115.37	2.00	117.68
Replacement of windows, roof lights, roof windows or external glazed doors (not exceeding 20 units)	76.92	2.00	78.46
Renewable energy systems not exceeding £20,000	76.92	2.00	78.46
Installation of new shop front not exceeding £5,000	76.92	2.00	78.46
Cost of work exceeding £5,000 & not exceeding £25,000	230.75	2.00	235.37

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SERVICE	2014/2015	2015/2016	
	Current Fee	Proposed Increase	Proposed Fee
	with effect from 01/04/2015		
	£.p	%	£.p
Replacement of windows, roof lights, roof windows or external glazed doors (exceeding 20 units)	153.83	2.00	156.91
Installation of a raised storage platform not exceeding 250m2 within an existing building	153.83	2.00	156.91
Cost of works exceeding £25,000 & not exceeding £100,000	461.49	2.00	470.72
Fit out building up to 100m2	192.29	2.00	196.14
Regularisation Charge			
Extension & New Build			
Single storey building with a floor area not exceeding 40m2	703.70	2.00	717.77
Single storey building with a floor area exceeding 40m2 but not exceeding 100m2	793.70	2.00	809.57
Building with some part 2 or 3 storeys in height and a total floor area not exceeding 40m2	867.35	2.00	884.70
Building with some part 2 or 3 storeys in height and a total floor area exceeding 40m2 but not exceeding 100m2	940.99	2.00	959.81
Alterations			
Cost of work not exceeding £5,000	368.21	2.00	375.57
Replacement of windows, roof lights, roof windows or external glazed doors (not exceeding 20 units)	310.94	2.00	317.16
Renewable energy systems not exceeding £20,000	327.30	2.00	333.85
Installation of new shop front not exceeding £5,000	327.30	2.00	333.85
Cost of work exceeding £5,000 & not exceeding £25,000	572.78	2.00	584.24
Replacement of windows, roof lights, roof windows or external glazed doors (exceeding 20 units)	458.22	2.00	467.38
Installation of a raised storage platform not exceeding 250m2 within an existing building	507.32	2.00	517.47
Cost of works exceeding £25,000 & not exceeding £100,000	998.27	2.00	1,018.24
Fit out building up to 100m2	613.69	2.00	625.96
<b>Works not included in Tables A, B and C. Charged derived from hourly rate</b>	76.92	2.00	78.46
<b>Covenant Control</b>			
Copy decision notices, etc	0.10	0.00	0.10
Covenant application for a new dwelling	150.00	0.00	150.00
Covenant Control application for window replacement, minor alterations, sheds and trees	60.00	0.00	60.00
Covenant Control application for extensions (including front porch)	92.00	0.00	92.00
Covenant Control application where planning permission is required for extensions and out buildings	123.00	0.00	123.00
Retrospective decision for window replacement, minor alterations, sheds and trees	92.00	0.00	92.00
Retrospective decision for extensions (including front porches)	120.00	0.00	120.00
Retrospective decision for where planning permission was required	185.00	0.00	185.00
Copy of the covenant plans	18.00	0.00	18.00
<b>Planning</b>			
<b>Forward Planning Documents</b>			
Adopted Replacement Harlow Local Plan 2006 - Written Statement and proposals Map	37.00	0.00	37.00
Adopted Replacement Harlow Local Plan 2006 - Written Statement and proposals Map CD-ROM	0.00	0.00	0.00
Adopted Replacement Harlow Local Plan 2006 - Written Statement Only	22.00	0.00	22.00
Adopted Replacement Harlow Local Plan 2006 - Proposals Map Only	15.50	0.00	15.50
Core Strategy Issues and Options Consultation Document	24.00	0.00	24.00
Core Strategy Issues and Options Consultation Document CD-ROM	0.00	0.00	0.00
Core Strategy Issues and Options Sustainability Appraisal incorporating SEA Directive	49.00	0.00	49.00
Open Spaces, Sport and Recreation SPD	5.15	0.00	5.15
Affordable Housing SPD	5.15	0.00	5.15
Harlow Design Guide SPD	47.00	0.00	47.00
Statement of Community Involvement 2007	7.90	0.00	7.90
Annual Monitoring Report	0.00	0.00	0.00
Great Crested Newt Study Report 2007	14.50	0.00	14.50
Green Infrastructure Plan for the Harlow Area 2005	23.50	0.00	23.50
Harlow Area Landscape and Environment Study 2005	107.00	0.00	107.00
Stort Valley Feasibility Study 2007	21.00	0.00	21.00
Strategic Flood Risk Assessment 2011	18.00	0.00	18.00
Local Wildlife Site Review 2011	13.50	0.00	13.50
Essex Gypsy and Traveller Accommodation Assessment (Fordham Research 2009)	56.00	0.00	56.00
Essex Gypsy and Traveller Accommodation Assessment (EPOA 2006)	5.50	0.00	5.50
Harlow Area Study - Masterplanning Principles and Sustainability Criteria 2005	32.00	0.00	32.00

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SERVICE	2014/2015	2015/2016	
	Current Fee	Proposed Increase	Proposed Fee
	with effect from 01/04/2015		
	£.p	%	£.p
London Commuter Belt (East) / M11 Sub-region Strategic Housing Market Assessment 2010	73.00	0.00	73.00
London Commuter Belt Sub-region Strategic Housing Market Analysis: Viability Assessment 2010	100.00	0.00	100.00
Harlow Urban Capacity Study 2006	21.00	0.00	21.00
Harlow Area Investment and Renewal Framework	37.50	0.00	37.50
Harlow Economic and Labour Market Statistics	12.00	0.00	12.00
Harlow Regeneration and Social Inclusion Strategy 2010-2015	8.00	0.00	8.00
Retail Study and Town Centre Health Check 2007	37.50	0.00	37.50
Generating and Appraising Spatial Options for the Harlow Area 2010	47.00	0.00	47.00
Harlow Infrastructure Study - Stage 1 Report 2008	30.50	0.00	30.50
Harlow Infrastructure Study Stage 2 - Final Report 2009	36.00	0.00	36.00
Harlow Transportation Study 2005	21.00	0.00	21.00
Rye Meads Water Cycle Strategy 2009	47.00	0.00	47.00
Harlow Play and youth Activity Strategy 2009	13.30	0.00	13.30
Harlow Playing Pitch Strategy 2009	26.00	0.00	26.00
Harlow Playing Pitch Strategy - Assessment Report 2009	26.00	0.00	26.00
Harlow Employment Land Review 2013	24.50	0.00	24.50
Harlow Future Prospects Study 2013	48.00	0.00	48.00
Harlow Open Spaces and Green Infrastructure Study 2013	80.00	0.00	80.00
Greater Essex Demographics Forecasts 4 2013	32.50	0.00	32.50
LCB Sub-region Strategic Housing Market Analysis Update 2013	10.00	0.00	10.00
Draft Old Harlow Conservation Area Appraisal and Management Plan 2011	33.00	0.00	33.00
Old Harlow Conservation Area Appraisal and Management Plan	31.00	0.00	31.00
Old Harlow Garden Village Conservation Area Appraisal and Management Plan	21.00	0.00	21.00
London Road North Master Plan	40.00	0.00	40.00
London Road North Design Code	27.00	0.00	27.00
London Road North Order and Schedule	18.00	0.00	18.00
London Road North Statement of Reasons	15.00	0.00	15.00
London Road South Design Code part 1	12.00	0.00	12.00
London Road South Design Code part 2	8.00	0.00	8.00
London Road South Order and Schedule	15.00	0.00	15.00
London Road South Statement of Reasons	14.00	0.00	14.00
<b>Development Control Documents</b>			
Decision notices (cost per sheet)	0.10	0.00	0.10
Coloured copy A4	0.50	0.00	0.50
A3	0.20	0.00	0.20
A3 colour	1.00	0.00	1.00
A2	1.00	0.00	1.00
A2 colour	2.00	0.00	2.00
A1	1.50	0.00	1.50
A1 colour	4.00	0.00	4.00
A0	2.00	0.00	2.00
AO colour	8.00	0.00	8.00
<b>Miscellaneous Development Control Work</b>			
Planning History Search (per hour)	51.60	0.00	51.60
<b>Development Control Planning Fees</b>			
1) The erection of dwellinghouses (other than development within category 6)			
a) where the application is for outline planning permission			
- not exceeding 2.5 hectares (for each 0.1 hectare)	385.00	0.00	385.00
- exceeding 2.5 hectares	9,527.00	0.00	9,527.00
- + for each 0.1 hectare in excess of 2.5 hectares to maximum total £125,000	115.00	0.00	115.00
b) in other cases			
- 50 or fewer dwellinghouses for each house	385.00	0.00	385.00
- in excess of 50 dwellings and £100 for each house to max of £250,000	19,049.00	0.00	19,049.00
- + for each dwelling to max of £250,000	115.00	0.00	115.00
2) The erection of buildings (other than buildings in categories 1,3,4,5 or 7)			
a) where the application is for outline planning permission			
- not exceeding 2.5 hectares (for each 0.1 hectare)	385.00	0.00	385.00
- exceeding 2.5 hectares	9,527.00	0.00	9,527.00
- + for each 0.1 hectare in excess of 2.5 hectares to maximum £125,000	115.00	0.00	115.00
b) in other cases			
- where no floor space is created	195.00	0.00	195.00
- where the area of gross floor space does not exceed 40sqm	195.00	0.00	195.00
- where the area of gross floor space exceeds 40sqm but not 75sqm	385.00	0.00	385.00

**APPENDIX C.**

**SERVICE**

	2014/2015	2015/2016	
	Current Fee	Proposed Increase	Proposed Fee
	<b>with effect from 01/04/2015</b>		
	£.p	%	£.p
- where the area of gross floor space exceeds 75sqm but not 3750sqm for each 75 sqm	385.00	0.00	385.00
- where the area of gross floor space exceeds 3750sqm	19,049.00	0.00	19,049.00
- + for each 75sqm to maximum £250,000	115.00	0.00	115.00
3) The erection of land used for the purposes of agriculture (other than buildings within category 4)			
a) where the application is for outline planning permission			
- not exceeding 2.5 hectares (for each 0.1 hectare)	385.00	0.00	385.00
- exceeding 2.5 hectares	9,527.00	0.00	9,527.00
- + for each 0.1 hectare in excess of 2.5 hectares to maximum £125,000	115.00	0.00	115.00
b) in other cases			
- where the area of gross floor space does not exceed 465sqm	80.00	0.00	80.00
- where the area of gross floor space exceeds 465sqm but not 540sqm	385.00	0.00	385.00
- where the area of gross floor space exceeds 540sqm but not 4215sqm	385.00	0.00	385.00
- + for each 75sqm	385.00	0.00	385.00
- where the area of gross floor space exceeds 4215sqm	19,049.00	0.00	19,049.00
- + for each 75sqm to maximum £250,000	115.00	0.00	115.00
4) The erection of glasshouses on land used for the purposes of agriculture			
- where the area of gross floor space does not exceed 465sqm	80.00	0.00	80.00
- where the area of gross floor space exceeds 465sqm	2,150.00	0.00	2,150.00
5) The erection, alteration or replacement of plant or machinery			
- not exceeding 5 hectares (for each 0.1 hectare)	385.00	0.00	385.00
- exceeding 5 hectares	19,049.00	0.00	19,049.00
- + for each 0.1 hectare in excess of 5 hectares to maximum £250,000	115.00	0.00	115.00
6) The enlargement, improvement of other alteration of existing dwellinghouses			
- 1 dwellinghouse	172.00	0.00	172.00
- 2 or more	339.00	0.00	339.00
7) the carrying out of operations within the curtilage of an existing dwellinghouse			
the carrying out of operations within the curtilage of an existing dwellinghouse	172.00	0.00	172.00
or			
- the construction of car parks, service roads etc	195.00	0.00	195.00
8) The carrying out of any operations connected with exploratory drilling			
- not exceeding 7.5 hectares (for each 0.1 hectare)	385.00	0.00	385.00
- exceeding 7.5 hectares	28,750.00	0.00	28,750.00
- + for each 0.1 hectare in excess of 7.5 hectares to maximum £250,000	115.00	0.00	115.00
9) The carrying out of any operations not coming within any of the above			
- not exceeding 15 hectares (for each 0.1 hectare)	195.00	0.00	195.00
- exceeding 15 hectares	29,112.00	0.00	29,112.00
- + for each 0.1 hectare in excess of 15 hectares	115.00	0.00	115.00
- in any other case (for each 0.1 hectare) to maximum of £250,000	195.00	0.00	195.00
10) The change of use of a building to use as one or more separate dwellinghouses			
- where the change of use is to use 50 or fewer dwellinghouses	385.00	0.00	385.00
- where the change of use is to use more than 50 dwellinghouses	19,049.00	0.00	19,049.00
- + for each additional dwellinghouse to maximum £250,000	115.00	0.00	115.00
11) The use of land for the disposal of refuse or waste			
- not exceeding 15 hectares (for each 0.1 hectare)	195.00	0.00	195.00
- exceeding 15 hectares	29,112.00	0.00	29,112.00
- + for each 0.1 hectare in excess of 15 hectares to maximum £250,000	115.00	0.00	115.00
12) The making of a material change in the use of a building or land	385.00	0.00	385.00
<b>Development Control Advertisement Application Fees</b>			
Advertisements displayed on business premises, etc	110.00	0.00	110.00
Advertisements for the purpose of directing members of the public, etc	110.00	0.00	110.00
Other advertisements	385.00	0.00	385.00
<b>Pre-Application Charges - Written Responses only</b>			
1) Householder Development			
Harlow Residents	free	0.00	free
Other Enquiries	43.00	0.00	43.00
2) Residential Development			

**APPENDIX C.**

SERVICE	2014/2015	2015/2016	
	Current Fee	Proposed Increase	Proposed Fee
	with effect from 01/04/2015		
	£.p	%	£.p
1 Dwelling	96.00	0.00	96.00
2-9 Dwellings	192.00	0.00	192.00
10-59 Dwellings	960.00	0.00	960.00
60-200 Dwellings	4,800.00	0.00	4,800.00
200+ Dwellings	9,600.00	0.00	9,600.00
3) All Other Buildings (excluding residential development)			
0-99m <sup>2</sup>	96.00	0.00	96.00
100-1,000m <sup>2</sup>	192.00	0.00	192.00
1,001-5,000m <sup>2</sup>	481.00	0.00	481.00
5,001-10,000m <sup>2</sup>	962.00	0.00	962.00
10,001m <sup>2</sup> +	1,925.00	0.00	1,925.00
4) Plant, Machinery, Car Parks, Service Roads and Other Means of Access			
0-1 Hectare	49.00	0.00	49.00
1 Hectare+	98.00	0.00	98.00
5) Change of Use of Land or Buildings (other than a change of use to a dwelling)			
For each site	49.00	0.00	49.00
6) Advertisements			
Per site or business unit	55.00	0.00	55.00
7) Permitted development enquiries			
Per enquiry	20.00	0.00	20.00
<b>Pre-Application Charges - Charges for Meetings</b>			
Per hour	various	0.00	various
<b>Other</b>			
High Hedges	400.00	0.00	400.00
Condition Discharge - householder development	28.00	0.00	28.00
Condition Discharge - All other development	97.00	0.00	97.00
Non-Material Change - householder	28.00	0.00	28.00
Non-material Change - all other	195.00	0.00	195.00
Determination Applications (Part 6, 7 or 31 of the GPDO 1995)	80.00	0.00	80.00
Determination Applications (Part 24)	385.00	0.00	385.00
<b>Car Parks</b>			
<b>Post Office Road</b>			
0-2 hours	1.25	0.00	1.25
2-3 hours	1.75	0.00	1.75
3-4 hours	2.75	0.00	2.75
more than 4 hours	7.75	0.00	7.75
<b>Wych Elm</b>			
0-2 hours	1.65	0.00	1.65
2-3 hours	1.95	0.00	1.95
3-4 hours	3.15	0.00	3.15
more than 4 hours	7.75	0.00	7.75
<b>Post Office Road Commercial</b>			
0-2 hours	1.25	0.00	1.25
2-3 hours	1.75	0.00	1.75
3-4 hours	2.75	0.00	2.75
more than 4 hours	7.75	0.00	7.75
<b>Bush Fair, The Stow and Old Harlow Car Parks</b>			
0-1 hour	0.00	0.00	0.00
1-2 hours	0.85	0.00	0.85
2-3 hours	1.75	0.00	1.75
3-4 hours	3.60	0.00	3.60
more than 4 hours	6.55	0.00	6.55
Weekends	0.00	0.00	0.00
<b>Town Park</b>			
0-1 hour	0.00	0.00	0.00
1- 5 hours	1.10	0.00	1.10
5+ Hours	6.20	0.00	6.20
Sat - Sunday 0-2 hours	0.00	0.00	0.00
more than 2 hours	1.25	0.00	1.25
<b>Staff Car Parking</b>			
Car parking permit per year	250.00	0.00	250.00
Individual vouchers (Members)	1.20	0.00	1.20
<b>Parking Permits</b>			
Special permit (Care/Health)	30.00	0.00	30.00
Special permit (Business)	60.00	0.00	60.00
Disabled 1st permit	0.00	0.00	0.00
Tye Green Bowls Club	60.00	0.00	60.00
Market Traders			
5 trading days per week	275.00	0.00	275.00
4 trading days per week	220.00	0.00	220.00
3 trading days per week	165.00	0.00	165.00
2 trading days per week	110.00	0.00	110.00
1 trading day per week	55.00	0.00	55.00
Post Office Road season			
1 year	640.00	0.00	640.00

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SERVICE		2014/2015	2015/2016	
		Current Fee	Proposed Increase	Proposed Fee
		with effect from 01/04/2015		
		£.p	%	£.p
	6 months	350.00	0.00	350.00
	3 months	175.00	0.00	175.00
	Harlow Mill Station season			
	1 year	500.00	0.00	500.00
	3 months	130.00	0.00	130.00
	Wych Elm season			
	1 year	640.00	0.00	640.00
	6 months	350.00	0.00	350.00
	3 months	175.00	0.00	175.00
	Commercial vehicle permit for residential zones	250.00	0.00	250.00
<b>Bus Station</b>	Departure fees	0.55	0.00	0.55
<b>Market</b>	<b>Pitch Rentals per day</b>			
	Fixed fee for first pitch	20.00	0.00	20.00
	Each additional pitch	14.00	7.14	15.00
	<b>Electricity</b>			
	Per day	2.00	0.00	2.00
	Per week	6.00	0.00	6.00
	<b>Trailers - Vehicles up to 6 metres</b>			
	Monday	22.00	50.00	33.00
	Tuesday	33.00	0.00	33.00
	Friday	33.00	0.00	33.00
	Saturday	33.00	0.00	33.00
	<b>Trailers - Vehicles up to 6.01 - 8 metres</b>			
	Monday	45.00	0.00	45.00
	Tuesday	45.00	0.00	45.00
	Friday	45.00	0.00	45.00
	Saturday	45.00	0.00	45.00
	<b>Trailers - Vehicles up to 8.01 - 11 metres</b>			
	Monday	55.00	0.00	55.00
	Tuesday	55.00	0.00	55.00
	Friday	55.00	0.00	55.00
	Saturday	55.00	0.00	55.00
<b>Latton Bush Centre</b>	<b>Commercial Meeting Room</b>			
	Session	80.00	0.00	80.00
	Day	135.00	0.00	135.00
	<b>Griffin Suite</b>			
	Session	155.00	0.00	155.00
	Day	265.00	0.00	265.00
	<b>Dining Hall</b>			
	Session	135.00	0.00	135.00
	Day	220.00	0.00	220.00
	<b>Latton Hall</b>			
	Session	225.00	0.00	225.00
	Day	395.00	0.00	395.00
	<b>Community Meeting Room</b>			
	Session	40.00	0.00	40.00
	Day	70.00	0.00	70.00
	Per hour max 2 hours	15.00	0.00	15.00
	<b>Griffin Suite</b>			
	Session	75.00	0.00	75.00
	Day	110.00	0.00	110.00
	<b>Dining Hall</b>			
	Session	75.00	0.00	75.00
	Day	110.00	0.00	110.00
	Evenings and weekends only (per hour, max 2 hours)	20.00	0.00	20.00
	<b>Latton Hall</b>			
	Session	140.00	0.00	140.00
	Day	200.00	0.00	200.00
	Evenings and weekends only (per hour, max 2 hours)	30.00	0.00	30.00
	<b>Studio 2</b>			
	Per hour	15.00	0.00	15.00
	<b>Equipment Hire</b>			
	Flipchart Stand	0.00	0.00	0.00
	Flipchart Pad & Pens	5.00	0.00	5.00
	OHP	0.00	0.00	0.00
	PowerPoint Projector	0.00	0.00	0.00
	DVD Video & Screen	0.00	0.00	0.00
	PA System per Mic	0.00	0.00	0.00
	Free Standing Projector Screen	0.00	0.00	0.00
	Laptop Computer	0.00	0.00	0.00
	Wireless Internet Access	0.00	0.00	0.00
<b>Street Naming and</b>	Renaming a house	100.00	0.00	100.00

**APPENDIX C.**

SERVICE		2014/2015	2015/2016	
		Current Fee	Proposed Increase	Proposed Fee
		with effect from 01/04/2015		
		£.p	%	£.p
<b>Numbering</b>	Renaming individual house (e.g. to avoid number 13)	100.00	0.00	100.00
	Renaming of a street where requested by residents (per property)	450.00	0.00	450.00
	Renaming/numbering of development plots (per plot)	120.00	0.00	120.00
	Repositioning of street on new development (per street)	210.00	0.00	210.00
	Confirmation of postal address for residents/occupants	15.00	0.00	15.00
	Confirmation of postal address for solicitors or conveyancers	40.00	0.00	40.00
	Naming new house	65.00	0.00	65.00
	Naming new industrial unit (per unit)	110.00	0.00	110.00
	Naming of new industrial zone (not including units)	200.00	0.00	200.00
	Numbering new house	65.00	0.00	65.00
	Naming/numbering of new developments (up to 5 plots)	150.00	0.00	150.00
	Naming/numbering of new developments (more than 5 plots)	310.00	0.00	310.00
	Naming/numbering of new developments (20 or more plots)	375.00	0.00	375.00
	Numbering a block of flats (per 5 flats)	125.00	0.00	125.00
	Naming block of flats (inclusive of numbering)	310.00	0.00	310.00
	Provision of new street name	450.00	0.00	450.00
<b>Property &amp; Facilities Team</b>	Skips	50.00	0.00	50.00
	Hoardings	50.00	0.00	50.00
	Scaffolding	50.00	0.00	50.00
	Access	50.00	0.00	50.00

**ASSESSING MINIMUM WORKING BALANCE IN THE GENERAL FUND REVENUE ACCOUNT**

The Head of Finance (s151 Officer) as the Chief Financial Officer has a statutory responsibility to ensure that the Council holds an adequate level of balances, and that there are “clear protocols for their establishment and use”. Guidance notes, published by the Chartered Institute of Public Finance and Accountancy (CIPFA), list a number of factors which should be considered in determining a minimum working balance. The table below lists these factors and officers’ response.

<b>Factor</b>	<b>Response</b>
<b>Budget assumptions.</b>	
The treatment of inflation and interest rates	Included in the report.
Estimates of the level and timing of capital receipts.	<p>This is also covered in the reports on Non Housing Capital Programme and Treasury Management.</p> <p>Major risk includes the revenue implications arising from adverse cash flow management and is referred to in the risk section below.</p> <p>The Non Housing Capital Programme (NHCP) has been developed in a way to minimise expenditure, so largely only essential expenditure is included.</p> <p>The NHCP programme will continue to be monitored regularly by Corporate Management Team/Heads of Service as well as the Cabinet. Wherever possible expenditure will be incurred only when there is sufficient funding in place. The MTFS includes Minimum Revenue Provision allowance to support the likely borrowing requirements for the NHCP</p>
The treatment of demand led pressures.	In year unplanned budget pressures will be dealt with through budget monitoring process and reported to Cabinet if necessary. The Council has an excellent track record of effectively managing within its overall approved budget.

**APPENDIX D**

<b>Factor</b>	<b>Response</b>
<p>The treatment of planned efficiency savings / productivity gains.</p>	<p>Efficiency savings of almost £1.5million are factored into the 2015/16 budget.</p> <p>The Council continues to hold an Invest to Save and Improve Fund to implement any opportunity associated with delivering efficiency savings which may require an initial investment.</p> <p>The Council continues to explore all avenues to ensure efficiencies are maximised and delivered.</p>
<p>The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments.</p>	<p>The Council's biggest/ major contracts or partnerships are in respect of its joint venture with Kier Harlow Limited and with Veolia. These are referred to below.</p> <p>The dividend amount payable under the joint venture agreement is based on a complex formula and is dependent upon the operational and financial performance of Kier Harlow Limited. This contract was renegotiated during 2012/13 with further efficiencies and cost reductions identified as a result. The contract will now run until 2017. Performance bonds are in place to protect the Council where necessary.</p> <p>The Council entered into an Inter-authority Agreement with Essex Councils in 2009/10 and signed a seven year contract, commencing June 2009 with Veolia for the collection of waste. All known costs associated with this contract have been included in the budget and the risks associated with this contract were reported to Environmental and Community Services Committee at the time of seeking Committee's approval to enter into the contract.</p> <p>During 2011/12 the Council entered into a contractual arrangement with a private sector operator for the operation of the Parndon Wood Cemetery and Crematorium. The contract will see investment in the facilities and will operate on a profit share basis. The MTFs reflects</p>

Factor	Response
	<p>the impact of this change in service delivery.</p> <p>Other than the items referred to in the Non Housing Capital Programme there are no major capital developments funded by Council's resources.</p> <p>The Council is the Accountable Body for Growth Area Funding. Procedures are in place to ensure that monies received by the Council are distributed to project partners in accordance with grant scheme conditions.</p> <p>The Council, alongside the HCA intends to enter into Loan agreements in respect of the Enterprise Zone to enable significant private sector funding to be levered into the project. The loans will only be advanced when it is clear that there is sufficient capital value in the assets against which the Council will hold a property charge to secure the debt.</p>
<p>The availability of reserves, government grants and other major funds to deal with major contingencies and the adequacy of provisions.</p>	<p>The Council's MTFs continues to stress the importance of using general reserves only for one off items of expenditure, i.e. not to support on-going expenditure. In view of the changing funding arrangements and welfare benefits reforms by the Government the MTFs assumes an on-going minimum General Reserve balance of £2.5million and recommends that the Council operates at a level above this to allow flexibility.</p> <p>The budget for 2015/16 and the revised MTFs include provision for any potential redundancy costs.</p>
<p><b>Financial standing and management</b></p>	
<p>The overall financial standing of the authority (level of borrowing, debt outstanding, council tax collection rates etc).</p>	<p>The Council's forecast level of general reserves is forecast to be at or above the revised minimum recommended level of £2.5m for 2015/16.</p>

**APPENDIX D**

<b>Factor</b>	<b>Response</b>
<p>The authority's track record in budget and financial management including the robustness of the medium term plans.</p>	<p>The Council uses a five year MTFS as a useful tool for financial planning and management.</p> <p>The overall assessment of the Council's financial management processes as reviewed by the Audit Commission is that the arrangements are sound and that good financial management is evident across the Council.</p>
<p>The authority's capacity to manage in-year budget pressures.</p>	<p>The Council's budget monitoring processes are effective and involve a monthly monitoring by CMT and Heads of Service.</p> <p>The monthly monitoring also focussed on key risk areas such as income targets.</p> <p>The latest General Fund revenue monthly budget monitoring report presented to Cabinet on 11 December for 2014/15 forecasts overall under spending of £346,000 representing a -0.52% variation against the overall gross expenditure. The corresponding figure for 2013/14 was -0.2% and for both 2012/13 and 2011/12 it was -0.27%. Such figures demonstrate a track record to managing in-year budgets, especially in light of the unprecedented recession.</p>
<p>The strength of the financial information and reporting arrangements.</p>	<p>In addition to the budget monitoring process referred to above, the financial information and reporting processes are also underpinned by Budget Monitoring Guidelines, Financial Regulations and Contract Standing Orders.</p> <p>The Council's annual accounts for 2013/14 were IFRS compliant and unqualified by the Audit Commission. As in 2012/13, the Auditor recognised significant and on-going improvements being made to this aspect of the Councils financial reporting regime.</p>
<p>The authority's virement and</p>	<p>The latest monthly budget monitoring</p>

Factor	Response
end of year procedures in relation to budget under/overspends at authority and departmental level.	reports forecast that the Council will adhere to the budgets it has set.
The adequacy of the authority's insurance arrangements to cover unforeseen risks.	In order to reduce insurance costs in future years, a strategy is being developed to target inspections and a programme of works to reduce the Council's exposure to risk. The Councils budget includes on-going provision for this work to continue progress. A review of the Insurance fund by an independent actuary has indicated that the contributions and balance provide a good level of cover against potential claims exposure. The Councils Insurer Zurich has also recognised the good work being undertaken to reduce the Councils exposure to risk. A major procurement exercise has been carried out during 2014/15 and the response from the insurance market has enabled the Council to diversify its insurance portfolio on the strength of the improvements made in this area of the Councils operations.

### Key Financial Risks

In preparing the budget prudent assumptions have been made in respect of increase in interest costs and likely income. However, there are a number of key financial risks which have not been eliminated and these are summarised below:-

- a) The costs associated with any future redundancies will be met from the Council's own resources. Given the future savings projections contained within the MTFS the redundancy provisions contained within Earmarked reserves and the revenue budget will be kept under review to ensure any future costs can be managed whilst minimising risk to the General Reserve.
- b) The Council's income budgets remain an area of concern in the current economic conditions. Whilst prudent assumptions have been made about income utilising current information and performance, the budgets will be subject to on-going review throughout 2015/16. This work will ensure that income budgets are aligned to likely income achieved and to identify any underlying risks of non-achievement of the in-year and future budget plans.

- c) The allocation of the Kier Harlow Ltd contract charge against the appropriate service costs centres within the Council's budget have been the focus of previous reviews especially in relation to the allocations between the General Fund and the Housing Revenue Account.
- d) The major change in relation to Housing Self-Financing brings with it risk for the Council. The HRA became self-reliant from April 2012 and any significant variations to the Business Plan will have to be managed locally by the Council. To mitigate risk including the costs of the major debt settlement undertaken in March 2012 the HRA minimum working balance was increased to £2.5 million to enable any volatility to be better managed in the future. Further changes relating to the treatment of capital charges and the impact this will have on the HRA and the delivery of the business plan have been considered in the refresh of the plan and the preparation of the 2015/16 HRA revenue budget.
- e) Interest rates may fluctuate, and any increase in interest rates will result in additional cost to the General Fund budget. Despite the long term historically low levels of interest rates there is a likelihood that rates may begin to rise during 2015/16.
- f) The budget assumes that the general level of reserves at 31 March 2014 will be £2,615,000 excluding any budget carry forward request from 2014/15 as forecast through the budget monitoring process.
- g) The Council's medium- term General Fund Revenue Budget gap forecast shows that, in order to achieve a balanced budget, additional savings of £3.5million will need to be made over the period 2016/17 to 2019/20. In the absence of any additional external resources being made available the Council will face further significant financial pressure beyond 2015/16 based on the current Comprehensive Spending Review announcements by the Government and other proposed Government policy and funding changes.

**Conclusion:** Although the Council has undertaken steps through the 2015/16 budget setting process to reduce its exposure to a number of significant risks, it still faces risks that potentially could adversely affect the Council. Many of these risks may be manageable on their own. Indeed some of the 'risk' factors above could have a positive effect on the Council, e.g. if locally generated income exceed the amount budgeted. The Council has also improved its internal arrangements, e.g. in respect of Treasury Management arrangements. It also has a good track record of managing its annual budgets.

Against this assessment of risk it is recommended that the minimum working balance for the General Reserve during 2015/16 should remain at £2,500,000 and that the Council should seek to operate above this level to provide flexibility during a period of extreme financial uncertainty and pressure. This will ensure that the Council has adequate provision to meet unexpected events and financial demands should they arise.

**Proposed Movements on Earmarked Reserves - 2013/14 and 2014/15**

Earmarked Reserve	Balance as at 31 Mar 2014	2014/15		Balance as at 31 Mar 2015	2015/16		Balance as at 31 Mar 2016
		Add To Reserve Balance	Use of Reserves (see Note 3)		Add To Reserve Balance	Use of Reserves	
	£	£	£	£	£	£	£
<b>GENERAL FUND RESERVES</b>							
Perpetuity Reserves	906,298	38,892	(4,430)	940,760	34,500	(3,450)	971,810
Debt Financing Reserve	294,323	837,840		1,132,163	837,840		1,970,003
Discretionary Services Fund	1,133,474	4,721,956	(2,193,340)	3,662,090	787,000	(2,697,040)	1,752,050
Environment Reserve (previously Energy Fund) - see Note 5.	98,451	9,420		107,871	7,240		115,111
Housing Benefits Subsidy Reserve	150,000			150,000			150,000
Insurance claims - GF	488,104	50,000		538,104	50,000		588,104
Insurance Fund - GF (see Note 4.)	976,256	118,504	(126,000)	968,760	120,200	(126,000)	962,960
Invest To Save & Improve Reserve - see Note 5.	460,151	12,155	(36,000)	436,306	2,920		439,226
Partnership Fund	200,000			200,000			200,000
Planning Reserve	192,166		(40,000)	152,166		(40,000)	112,166
Regeneration Reserve				0	1,000,000		1,000,000
Risk Reserve - GF	77,590		(25,000)	52,590			52,590
Residual Land Transfer	92,800			92,800			92,800
Severance Reserve	934,693			934,693			934,693
Standards Committee Contingency Reserve	50,461			50,461			50,461
<b>Total General Fund</b>	<b>6,054,767</b>	<b>5,788,767</b>	<b>(2,424,770)</b>	<b>9,418,764</b>	<b>2,839,700</b>	<b>(2,866,490)</b>	<b>9,391,974</b>
<b>HRA RESERVES</b>							
Perpetuity Reserves	1,362,706	430,205	(330,660)	1,462,251	319,298	(340,205)	1,441,344
Insurance claims - HRA	433,921	50,000		483,921	50,000		533,921
Insurance Fund - HRA (see Note 4.)	1,500,775	218,876	(100,000)	1,619,651	222,655	(46,100)	1,796,206
HRA OJEU Contract 2015 Reserve	500,000			500,000			500,000
Risk Reserve - HRA	56,384	60,000		116,384	60,000		176,384
<b>Total HRA</b>	<b>3,853,786</b>	<b>759,081</b>	<b>(430,660)</b>	<b>4,182,207</b>	<b>651,953</b>	<b>(386,305)</b>	<b>4,447,855</b>

**NOTES**

- The above is a list of the Council's usable earmarked reserves. Transactions that add to and reduce the balances of each reserve relate to both the General Fund revenue account and the Housing Revenue Account.
- Balances as at 31 March 2014 are stated in the Council's final accounts as at that date. Transactions shown since then represent proposed movements into and out of the earmarked reserves as contained within the proposed budgets.
- Movements into and from reserves in 2014/15 represent proposed revised movements for the year, and do not necessarily equate with the original budget reported in the budget summary for that year.
- The balance shown in respect of the Insurance Fund, above, reflects the cash balance of the fund. The Insurance Fund's Actuary assesses the adequacy of the Fund to meet its annual liabilities (including payments not yet made and an expectation for forthcoming claims not yet received). The amounts added to the Insurance Fund balance in each of the two financial years above include contributions required to ensure that the fund can adequately meet the assessed liabilities. Use of the insurance reserve in both years cannot be accurately estimated because the value required is governed by the number and value of claim excesses that the funds are required to settle.
- The Invest To Save and Improve Reserve and the Environmental Reserve operate under a special mechanism whereby drawings relate to successful efficiency scheme applications made during the year. Amounts added back to the reserves reflect the repayment of these drawings in some instances and are derived from the revenue savings resulting from schemes that have been financed through the reserve.
- The schedule excludes Earmarked Grants reserves, which exist as an accounting mechanism for the carry-over of grants

<b>CHIEF EXECUTIVE SERVICES</b>	<b>2013/14 Actual £</b>	<b>2014/15 Original £</b>	<b>2015/16 Original £</b>
Employees Expenses	301,028	303,920	244,040
Premises Related Expenses	0	0	0
Transport Related Expenses	182	150	150
Supplies & Services	17,721	23,830	23,830
Central Support Services	102,070	122,680	116,090
Recharges	0	360	360
Capital Charges	0	0	0
<b>Total Expenditure</b>	<b>421,002</b>	<b>450,940</b>	<b>384,470</b>
Income	(-)15	(-)100	(-)100
Recharges	(-)427,570	(-)461,470	(-)433,600
<b>Net Expenditure</b>	<b>(-)6,583</b>	<b>(-)10,630</b>	<b>(-)49,230</b>

**ANALYSIS: Inclusive of recharges between services within the Service Plan**

**Corporate Management Team**

Expenditure	421,002	449,160	382,690
Income	(-)15	(-)100	(-)100
Recharges	(-)427,570	(-)461,470	(-)433,600
<b>Net Expenditure</b>	<b>(-)6,583</b>	<b>(-)12,410</b>	<b>(-)51,010</b>

**Harlow Education Progression Awards**

Expenditure	0	1,780	1,780
Income	0	0	0
Recharges	0	0	0
<b>Net Expenditure</b>	<b>0</b>	<b>1,780</b>	<b>1,780</b>

<b>Net Expenditure</b>	<b>(-)6,583</b>	<b>(-)10,630</b>	<b>(-)49,230</b>
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<b>COMMUNITY WELLBEING</b>	<b>2013/14 Actual £</b>	<b>2014/15 Original £</b>	<b>2015/16 Original £</b>
Employees Expenses	3,406,671	3,299,120	3,503,970
Premises Related Expenses	2,427,779	2,446,480	2,536,270
Transport Related Expenses	62,857	68,840	70,050
Supplies and Services	5,295,231	5,316,140	5,296,060
Third Party Payments	74,222	77,000	76,780
Central Support Services	1,092,533	1,194,200	1,140,520
Recharges	278,808	266,820	249,990
Capital Charges	1,206,250	1,065,330	1,077,460
<b>Total Expenditure</b>	<b>13,844,350</b>	<b>13,733,930</b>	<b>13,951,100</b>
Income	(-)3,912,163	(-)3,862,900	(-)3,861,120
Recharges	(-)975,039	(-)1,072,680	(-)1,177,780
<b>Net Expenditure</b>	<b>8,957,148</b>	<b>8,798,350</b>	<b>8,912,200</b>

**ANALYSIS: Inclusive of recharges between services within the Service Plan**

**Community Safety & Initiatives**

Expenditure	541,441	521,680	530,890
Income	(-)17,225	(-)18,000	(-)23,000
Recharges	(-)152,604	(-)155,020	(-)155,400
<b>Net Expenditure</b>	<b>371,612</b>	<b>348,660</b>	<b>352,490</b>

**Youth and Citizenship & Initiatives**

Expenditure	196,007	146,970	142,090
Income	(-)64,038	(-)1,500	(-)1,500
Recharges	0	0	0
<b>Net Expenditure</b>	<b>131,969</b>	<b>145,470</b>	<b>140,590</b>

**Art Gallery**

Expenditure	49,814	52,700	52,500
Income	(-)824	0	0
Recharges	0	0	0
<b>Net Expenditure</b>	<b>48,990</b>	<b>52,700</b>	<b>52,500</b>

**Playhouse**

Expenditure	2,061,972	1,876,200	1,886,910
Income	(-)1,050,941	(-)1,055,000	(-)1,065,530
Recharges	0	0	0
<b>Net Expenditure</b>	<b>1,011,031</b>	<b>821,200</b>	<b>821,380</b>

<b>COMMUNITY WELLBEING</b>	<b>2013/14 Actual £</b>	<b>2014/15 Original £</b>	<b>2015/16 Original £</b>
<b>Museum Of Harlow</b>			
Expenditure	32,255	28,070	26,150
Income	(-9,652)	(-7,290)	(-5,850)
Recharges	0	0	0
Net Expenditure	<u>22,603</u>	<u>20,780</u>	<u>20,300</u>
<b>Grant Aid</b>			
Expenditure	400,158	400,340	372,360
Income	0	0	0
Recharges	0	(-20,000)	(-20,000)
Net Expenditure	<u>400,158</u>	<u>380,340</u>	<u>352,360</u>
<b>Community Services: Central Costs</b>			
Expenditure	466,743	420,560	431,350
Income	(-48,500)	0	0
Recharges	(-279,360)	(-294,480)	(-272,710)
Net Expenditure	<u>138,883</u>	<u>126,080</u>	<u>158,640</u>
<b>Discretionary Services Fund (payments to external service providers)</b>			
Expenditure	162,500	146,700	98,000
Income	0	0	0
Recharges	0	0	0
Net Expenditure	<u>162,500</u>	<u>146,700</u>	<u>98,000</u>
<b>Contact Harlow</b>			
Expenditure	1,008,629	1,053,480	1,178,970
Income	(-579)	0	0
Recharges	(-655,609)	(-688,660)	(-787,330)
Net Expenditure	<u>352,441</u>	<u>364,820</u>	<u>391,640</u>
<b>Communications</b>			
Expenditure	209,033	231,540	233,140
Income	(-911)	0	0
Recharges	(-208,370)	(-254,000)	(-233,800)
Net Expenditure	<u>(-249)</u>	<u>(-22,460)</u>	<u>(-660)</u>
<b>Community Strategy</b>			
Expenditure	10,728	11,310	0
Income	(-1,700)	(-1,700)	0
Recharges	0	0	0
Net Expenditure	<u>9,028</u>	<u>9,610</u>	<u>0</u>
<b>Leah Manning Centre</b>			
Expenditure	380,293	390,400	406,070
Income	(-322,514)	(-337,490)	(-337,540)
Recharges	(-11,839)	(-16,870)	(-12,490)
Net Expenditure	<u>45,939</u>	<u>36,040</u>	<u>56,040</u>

<b>COMMUNITY WELLBEING</b>	<b>2013/14 Actual £</b>	<b>2014/15 Original £</b>	<b>2015/16 Original £</b>
<b>Sam's Place</b>			
Expenditure	74,770	75,750	76,800
Income	(-71,171)	(-72,220)	(-72,220)
Recharges	0	0	0
Net Expenditure	<u>3,599</u>	<u>3,530</u>	<u>4,580</u>
<b>Youth and Community</b>			
Expenditure	34,784	34,690	34,040
Income	(-12,689)	0	0
Recharges	0	0	0
Net Expenditure	<u>22,095</u>	<u>34,690</u>	<u>34,040</u>
<b>Youth Council</b>			
Expenditure	32,901	32,220	33,560
Income	(-4,581)	0	0
Recharges	0	0	0
Net Expenditure	<u>28,320</u>	<u>32,220</u>	<u>33,560</u>
<b>Leisure Services</b>			
Expenditure	120,336	108,130	103,950
Income	(-12,685)	0	0
Recharges	(-6,001)	(-6,000)	(-6,000)
Net Expenditure	<u>101,650</u>	<u>102,130</u>	<u>97,950</u>
<b>Firework Display</b>			
Expenditure	18,461	0	15,340
Income	(-2,540)	0	(-2,540)
Recharges	0	0	0
Net Expenditure	<u>15,921</u>	<u>0</u>	<u>12,800</u>
<b>Sports Partnership</b>			
Expenditure	338,363	440,000	448,800
Income	0	0	0
Recharges	0	0	0
Net Expenditure	<u>338,363</u>	<u>440,000</u>	<u>448,800</u>
<b>Paddling Pools</b>			
Expenditure	78,309	87,920	90,170
Income	0	0	0
Recharges	0	0	0
Net Expenditure	<u>78,309</u>	<u>87,920</u>	<u>90,170</u>

<b>COMMUNITY WELLBEING</b>	<b>2013/14 Actual £</b>	<b>2014/15 Original £</b>	<b>2015/16 Original £</b>
<b>Other Leisure Services</b>			
Expenditure	6,737	4,260	4,230
Income	(-4,607)	(-3,000)	(-3,000)
Recharges	0	0	0
Net Expenditure	<u>2,130</u>	<u>1,260</u>	<u>1,230</u>
<b>Pets Corner</b>			
Expenditure	211,066	204,270	230,500
Income	(-22,896)	(-26,050)	(-50,050)
Recharges	0	0	0
Net Expenditure	<u>188,170</u>	<u>178,220</u>	<u>180,450</u>
<b>Welfare Rights &amp; Advice Service</b>			
Expenditure	135,915	99,890	96,970
Income	0	0	0
Recharges	(-32,850)	(-32,850)	(-32,850)
Net Expenditure	<u>103,065</u>	<u>67,040</u>	<u>64,120</u>
<b>Community Wellbeing Other</b>			
Expenditure	283,954	274,690	279,700
Income	(-3,679)	0	0
Recharges	0	0	0
Net Expenditure	<u>280,275</u>	<u>274,690</u>	<u>279,700</u>
<b>Refuse/Recycling</b>			
Expenditure	3,594,870	3,892,000	3,873,310
Income	(-1,464,375)	(-1,555,380)	(-1,510,270)
Recharges	0	0	0
Net Expenditure	<u>2,130,496</u>	<u>2,336,620</u>	<u>2,363,040</u>
<b>Environmental Health</b>			
Expenditure	917,831	794,410	801,330
Income	(-29,379)	(-12,460)	(-12,100)
Recharges	(-215,180)	(-158,320)	(-157,140)
Net Expenditure	<u>673,272</u>	<u>623,630</u>	<u>632,090</u>
<b>Cemetery &amp; Crematorium</b>			
Expenditure	47,982	46,570	45,490
Income	(-364,381)	(-403,670)	(-422,060)
Recharges	0	0	0
Net Expenditure	<u>(-316,399)</u>	<u>(-357,100)</u>	<u>(-376,570)</u>

<b>COMMUNITY WELLBEING</b>	<b>2013/14 Actual £</b>	<b>2014/15 Original £</b>	<b>2015/16 Original £</b>
<b>Hackney Carriages &amp; Private Hire</b>			
Expenditure	193,100	213,680	214,420
Income	(-131,575)	(-117,480)	(-119,670)
Recharges	(-12,129)	(-41,450)	(-43,270)
Net Expenditure	<u>49,396</u>	<u>54,750</u>	<u>51,480</u>
<b>Licensing</b>			
Expenditure	180,934	176,730	179,460
Income	(-97,420)	(-90,520)	(-91,050)
Recharges	(-5,321)	(-6,200)	(-4,760)
Net Expenditure	<u>78,193</u>	<u>80,010</u>	<u>83,650</u>
<b>Town Centre Management</b>			
Expenditure	110	260	200
Income	(-26,000)	(-30,100)	(-27,000)
Recharges	0	0	0
Net Expenditure	<u>(-25,890)</u>	<u>(-29,840)</u>	<u>(-26,800)</u>
<b>Townwide Nature Reserves</b>			
Expenditure	13,777	6,900	6,740
Income	(-8,396)	(-6,040)	(-6,040)
Recharges	0	0	0
Net Expenditure	<u>5,381</u>	<u>860</u>	<u>700</u>
<b>Street Cleaning</b>			
Expenditure	811,720	806,140	849,660
Income	(-1,572)	(-5,040)	(-450)
Recharges	0	0	0
Net Expenditure	<u>810,148</u>	<u>801,100</u>	<u>849,210</u>
<b>Sheltered Employment Team</b>			
Expenditure	186,203	167,260	172,250
Income	0	0	0
Recharges	0	0	0
Net Expenditure	<u>186,203</u>	<u>167,260</u>	<u>172,250</u>
<b>Town Park</b>			
Expenditure	220,838	183,790	185,370
Income	0	0	0
Recharges	0	0	0
Net Expenditure	<u>220,838</u>	<u>183,790</u>	<u>185,370</u>
<b>Neighbourhood Parks</b>			
Expenditure	28,034	25,180	25,930
Income	0	0	0
Recharges	0	0	0
Net Expenditure	<u>28,034</u>	<u>25,180</u>	<u>25,930</u>

<b>COMMUNITY WELLBEING</b>	<b>2013/14 Actual £</b>	<b>2014/15 Original £</b>	<b>2015/16 Original £</b>
<b>Allotments</b>			
Expenditure	42,035	11,430	11,240
Income	(-7,070)	(-8,210)	(-8,210)
Recharges	0	0	0
Net Expenditure	<u>34,965</u>	<u>3,220</u>	<u>3,030</u>
<b>Open Spaces</b>			
Expenditure	967,103	1,002,810	1,007,710
Income	(-30,382)	(-1,810)	(-1,810)
Recharges	0	0	0
Net Expenditure	<u>936,720</u>	<u>1,001,000</u>	<u>1,005,900</u>
<b>Playgrounds</b>			
Expenditure	114,271	92,990	90,640
Income	0	0	0
Recharges	0	0	0
Net Expenditure	<u>114,271</u>	<u>92,990</u>	<u>90,640</u>
<b>Sportsfields</b>			
Expenditure	24,942	23,570	22,120
Income	(-301)	(-350)	(-350)
Recharges	0	0	0
Net Expenditure	<u>24,641</u>	<u>23,220</u>	<u>21,770</u>
<b>Depots</b>			
Expenditure	249,655	249,610	240,710
Income	(-99,580)	(-109,590)	(-100,880)
Recharges	0	0	0
Net Expenditure	<u>150,075</u>	<u>140,020</u>	<u>139,830</u>
<b>Net Expenditure</b>	<u><u>8,957,148</u></u>	<u><u>8,798,350</u></u>	<u><u>8,912,200</u></u>

<b>FINANCE</b>	<b>2013/14 Actual £</b>	<b>2014/15 Original £</b>	<b>2015/16 Original £</b>
Employees Expenses	2,510,815	2,618,060	2,684,700
Pension & Redundancy Costs	4,000,002	4,021,350	4,024,560
Transport Related Expenses	4,442	5,330	5,330
Supplies and Services	2,235,531	2,353,540	2,377,490
Transfer Payments	39,072,894	41,497,210	41,462,210
Central Support Services	1,710,289	1,803,250	1,444,440
Other Recharges	42,812	45,040	61,120
Capital Financing Cost	160,258	239,490	170,840
<b>Total Expenditure</b>	<b>49,737,043</b>	<b>52,583,270</b>	<b>52,230,690</b>
Income	(-)41,021,579	(-)43,018,860	(-)43,048,870
Recharges	(-)5,647,077	(-)5,991,140	(-)5,609,300
<b>Net Expenditure</b>	<b>3,068,387</b>	<b>3,573,270</b>	<b>3,572,520</b>

**ANALYSIS: Inclusive of recharges between services within the Service Plan**

**Accountancy**

Expenditure	677,382	734,610	746,680
Income	(-)2,092	0	0
Recharges	(-)678,330	(-)731,620	(-)742,500
<b>Net Expenditure</b>	<b>(-)3,040</b>	<b>2,990</b>	<b>4,180</b>

**Central Finance**

Expenditure	354,939	674,850	624,000
Income	(-)16,473	0	0
Recharges	(-)301,120	(-)653,180	(-)608,600
<b>Net Expenditure</b>	<b>37,345</b>	<b>21,670</b>	<b>15,400</b>

**Audit**

Expenditure	139,424	151,710	145,350
Income	0	0	0
Recharges	(-)140,750	(-)153,090	(-)145,900
<b>Net Expenditure</b>	<b>(-)1,326</b>	<b>(-)1,380</b>	<b>(-)550</b>

<b>FINANCE</b>	<b>2013/14 Actual £</b>	<b>2014/15 Original £</b>	<b>2015/16 Original £</b>
<b>Insurance</b>			
Expenditure	1,113,321	1,145,970	1,166,700
Income	0	0	0
Recharges	(-1,114,229)	(-1,185,210)	(-1,087,870)
Net Expenditure	<b>(-908)</b>	<b>(-39,240)</b>	<b>78,830</b>
<b>ICT</b>			
Expenditure	1,206,410	1,283,450	1,278,430
Income	(-55,243)	(-10,000)	(-10,000)
Recharges	(-1,149,550)	(-1,295,700)	(-1,281,900)
Net Expenditure	<b>1,616</b>	<b>(-22,250)</b>	<b>(-13,470)</b>
<b>Telephony</b>			
Expenditure	152,967	170,080	169,600
Income	(-28,225)	(-28,350)	(-28,350)
Recharges	(-124,770)	(-133,830)	(-141,000)
Net Expenditure	<b>(-28)</b>	<b>7,900</b>	<b>250</b>
<b>Revenues &amp; Benefits</b>			
Expenditure	2,757,638	2,636,670	2,646,540
Income	(-1,235,410)	(-1,191,590)	(-1,186,600)
Recharges	(-720,970)	(-613,280)	(-642,910)
Net Expenditure	<b>801,258</b>	<b>831,800</b>	<b>817,030</b>
<b>Council Tax Rebates</b>			
Expenditure	(-129,623)	0	(-35,000)
Income	6,098	0	0
Recharges	0	0	0
Net Expenditure	<b>(-123,525)</b>	<b>0</b>	<b>(-35,000)</b>
<b>Corporate &amp; Democratic Core - Democratic Representation &amp; Management</b>			
Expenditure	557,690	587,600	555,100
Income	0	0	0
Recharge	(-278,845)	(-293,800)	(-277,550)
Net Expenditure	<b>278,845</b>	<b>293,800</b>	<b>277,550</b>

<b>FINANCE</b>	<b>2013/14 Actual £</b>	<b>2014/15 Original £</b>	<b>2015/16 Original £</b>
<b>Corporate &amp; Democratic Core - Corporate Management</b>			
Expenditure	808,137	1,079,160	1,030,680
Income	0	0	0
Recharge	(-377,621)	(-539,590)	(-515,340)
Net Expenditure	<u>430,516</u>	<u>539,570</u>	<u>515,340</u>
<b>Pension Fund Underfunding and Other Non-Distributed Costs</b>			
Expenditure	4,000,472	4,021,850	4,029,860
Income	0	0	0
Recharge	(-1,853,433)	(-1,780,920)	(-1,783,490)
Net Expenditure	<u>2,147,039</u>	<u>2,240,930</u>	<u>2,246,370</u>
<b>Housing Benefits</b>			
Expenditure	39,190,827	41,486,400	41,490,510
Income	(-39,690,234)	(-41,788,920)	(-41,823,920)
Recharge	0	0	0
Net Expenditure	<u>(-499,407)</u>	<u>(-302,520)</u>	<u>(-333,410)</u>
<b>NET EXPENDITURE</b>	<u><u>3,068,387</u></u>	<u><u>3,573,270</u></u>	<u><u>3,572,520</u></u>

<b>GOVERNANCE SERVICES</b>	<b>2013/14 Actual £</b>	<b>2014/15 Original £</b>	<b>2015/16 Original £</b>
Employees Expenses	1,219,046	1,267,370	1,324,210
Premises Related Expenses	777	0	800
Training & Development Expenses	82,377	78,320	72,820
Transport Related Expenses	3,340	3,830	3,830
Supplies and Services	197,723	293,150	274,130
Members Allowances	178,553	178,510	178,510
Central Support Services	448,521	416,910	623,720
Other Recharges	50,747	83,020	74,560
Capital Financing Costs	0	0	0
<b>Total Expenditure</b>	<b><u>2,181,085</u></b>	<b><u>2,321,110</u></b>	<b><u>2,552,580</u></b>
Income	(-)212,513	(-)162,050	(-)162,050
Recharges	(-)1,467,302	(-)1,603,600	(-)1,714,950
<b>Net Expenditure</b>	<b><u>501,271</u></b>	<b><u>555,460</u></b>	<b><u>675,580</u></b>

**ANALYSIS: Inclusive of recharges between services within the Service Plan**

**Occupational Health**

Expenditure	20,846	27,010	27,110
Income	(-)922	0	0
Recharges	(-)19,140	(-)37,010	(-)27,800
<b>Net Expenditure</b>	<b><u>784</u></b>	<b><u>(-)10,000</u></b>	<b><u>(-)690</u></b>

**Corporate HR Costs**

Expenditure	45,254	47,300	43,700
Income	0	0	0
Recharges	(-)45,250	(-)56,980	(-)64,600
<b>Net Expenditure</b>	<b><u>4</u></b>	<b><u>(-)9,680</u></b>	<b><u>(-)20,900</u></b>

<b>GOVERNANCE SERVICES</b>	<b>2013/14 Actual £</b>	<b>2014/15 Original £</b>	<b>2015/16 Original £</b>
<b>Human Resources</b>			
Expenditure	330,538	368,920	374,750
Income	(-7,620)	0	0
Recharges	(-321,620)	(-365,070)	(-353,200)
Net Expenditure	<u>1,298</u>	<u>3,850</u>	<u>21,550</u>
<b>Training &amp; Development</b>			
Expenditure	85,242	80,570	78,030
Income	(-16,368)	0	0
Recharges	(-66,030)	(-72,220)	(-76,100)
Net Expenditure	<u>2,845</u>	<u>8,350</u>	<u>1,930</u>
<b>Union Facilities</b>			
Expenditure	6,102	14,670	14,670
Income	0	0	0
Recharges	(-6,100)	(-14,670)	(-12,900)
Net Expenditure	<u>2</u>	<u>0</u>	<u>1,770</u>
<b>Health &amp; Safety</b>			
Expenditure	55,609	59,150	63,180
Income	0	0	0
Recharges	(-54,786)	(-80,950)	(-63,200)
Net Expenditure	<u>823</u>	<u>(-21,800)</u>	<u>(-20)</u>
<b>Relationship &amp; Commissioning (Procurement)</b>			
Expenditure	192,164	190,380	201,880
Income	0	0	0
Recharges	(-191,745)	(-193,050)	(-205,100)
Net Expenditure	<u>420</u>	<u>(-2,670)</u>	<u>(-3,220)</u>
<b>Policy &amp; Performance</b>			
Expenditure	153,989	165,340	174,670
Income	(-1,680)	0	0
Recharges	(-150,410)	(-165,710)	(-168,100)
Net Expenditure	<u>1,900</u>	<u>(-370)</u>	<u>6,570</u>
<b>Land Charges</b>			
Expenditure	125,257	112,080	102,390
Income	(-134,189)	(-115,600)	(-115,600)
Recharges	0	0	0
Net Expenditure	<u>(-8,932)</u>	<u>(-3,520)</u>	<u>(-13,210)</u>
<b>Governance</b>			
Expenditure	170,042	185,520	183,190
Income	(-3,114)	0	0
Recharges	(-251,010)	(-187,040)	(-183,400)
Net Expenditure	<u>(-84,082)</u>	<u>(-1,520)</u>	<u>(-210)</u>

<b>GOVERNANCE SERVICES</b>	<b>2013/14 Actual £</b>	<b>2014/15 Original £</b>	<b>2015/16 Original £</b>
<b>Legal Services</b>			
Expenditure	535,012	541,390	527,390
Income	(-)46,775	(-)44,500	(-)44,500
Recharges	(-)486,080	(-)529,880	(-)472,800
<b>Net Expenditure</b>	<b>2,157</b>	<b>(-)32,990</b>	<b>10,090</b>
<b>Electoral Services</b>			
Expenditure	247,504	301,490	291,220
Income	(-)1,824	(-)1,850	(-)1,850
Recharges	0	0	0
<b>Net Expenditure</b>	<b>245,680</b>	<b>299,640</b>	<b>289,370</b>
<b>Corporate Support Team</b>			
Expenditure	265,480	242,500	246,080
Income	0	0	0
Recharges	(-)262,380	(-)285,150	(-)231,600
<b>Net Expenditure</b>	<b>3,100</b>	<b>(-)42,650</b>	<b>14,480</b>
<b>Chairman's Allowance</b>			
Expenditure	4,070	9,980	9,980
Income	0	0	0
Recharges	0	0	0
<b>Net Expenditure</b>	<b>4,070</b>	<b>9,980</b>	<b>9,980</b>
<b>Members Services</b>			
Expenditure	331,201	359,540	358,090
Income	0	0	0
Recharges	0	0	0
<b>Net Expenditure</b>	<b>331,201</b>	<b>359,540</b>	<b>358,090</b>
<b>Data Protection &amp; Freedom of Information</b>			
Expenditure	54,589	56,180	57,050
Income	(-)20	(-)100	(-)100
Recharges	(-)54,568	(-)56,780	(-)56,950
<b>Net Expenditure</b>	<b>1</b>	<b>(-)700</b>	<b>0</b>
<b>Net Expenditure</b>	<b>501,271</b>	<b>555,460</b>	<b>675,580</b>

<b>HOUSING SERVICES</b>	<b>2013/14 Actual £</b>	<b>2014/15 Original £</b>	<b>2015/16 Original £</b>
Employees Expenses	1,044,930	1,045,449	1,047,551
Premises Related Expenses	206,393	166,354	174,013
Transport Related Expenses	10,156	13,500	13,500
Supplies and Services	939,867	861,313	877,277
Transfer Payments	28,201	69,010	77,637
Central Support Services	301,455	309,787	294,470
Recharges	119,375	117,914	127,481
Capital Charges	377,994	380,000	19,163
<b>Total Expenditure</b>	<b>3,028,372</b>	<b>2,963,327</b>	<b>2,631,092</b>
Income	-1,016,424	-654,104	-649,374
Recharges	-933,392	-1,099,831	-1,051,828
<b>Net Expenditure</b>	<b>1,078,556</b>	<b>1,209,392</b>	<b>929,890</b>

**ANALYSIS: Inclusive of recharges between services within the Service Plan**

**General Fund Contribution to HRA**

Expenditure	507,273	470,056	490,317
Income	0	0	0
Recharges	0	0	0
<b>Net Expenditure</b>	<b>507,273</b>	<b>470,056</b>	<b>490,317</b>

**Supporting People**

Expenditure	907,558	945,358	938,178
Income	-502,062	-385,440	-385,440
Recharges	-474,867	-652,133	-650,049
<b>Net Expenditure</b>	<b>-69,371</b>	<b>-92,215</b>	<b>-97,311</b>

**Housing Options and Advice**

Expenditure	1,613,541	1,547,913	1,202,597
Income	-514,362	-268,664	-263,934
Recharges	-458,525	-447,698	-401,779
<b>Net Expenditure</b>	<b>640,654</b>	<b>831,551</b>	<b>536,884</b>

<b>Net Expenditure</b>	<b>1,078,556</b>	<b>1,209,392</b>	<b>929,890</b>
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<b>REGENERATION</b>	<b>2013/14 Actual £</b>	<b>2014/15 Original £</b>	<b>2015/16 Original £</b>
Employees Expenses	1,992,119	2,048,100	2,046,340
Premises Related Expenses	2,035,503	1,966,840	2,022,150
Transport Related Expenses	14,108	15,170	15,100
Supplies & Services	1,296,994	1,042,760	1,137,720
Third Party Payments	27,730	0	0
Central Support Services	1,106,133	1,253,400	1,213,250
Recharges	67,830	45,830	306,820
Capital Charges	2,259,561	993,040	1,721,310
<b>Total Expenditure</b>	<b>8,799,978</b>	<b>7,365,140</b>	<b>8,462,690</b>
Income	(-)5,896,723	(-)4,783,460	(-)6,435,270
Recharges	(-)2,600,977	(-)2,426,780	(-)2,306,440
<b>Net Expenditure</b>	<b>302,278</b>	<b>154,900</b>	<b>(-)279,020</b>

**ANALYSIS: Inclusive of recharges between services within the Service Plan**

**Office Accommodation**

Expenditure	1,380,214	1,163,930	1,173,000
Income	(-)11,827	(-)6,350	(-)6,350
Recharges	(-)1,293,412	(-)1,233,700	(-)1,150,030
<b>Net Expenditure</b>	<b>74,975</b>	<b>(-)76,120</b>	<b>16,620</b>

**Reprographics**

Expenditure	220,733	188,330	186,610
Income	(-)177	(-)200	(-)200
Recharges	(-)220,556	(-)214,730	(-)186,410
<b>Net Expenditure</b>	<b>0</b>	<b>(-)26,600</b>	<b>0</b>

**Messenger and Post Service**

Expenditure	129,054	122,750	154,930
Income	0	0	0
Recharges	(-)161,475	(-)141,730	(-)193,930
<b>Net Expenditure</b>	<b>(-)32,421</b>	<b>(-)18,980</b>	<b>(-)39,000</b>

<b>REGENERATION</b>	<b>2013/14 Actual £</b>	<b>2014/15 Original £</b>	<b>2015/16 Original £</b>
<b>Car Parks</b>			
Expenditure	278,871	248,100	253,780
Income	(-)538,372	(-)468,020	(-)518,410
Recharges	(-)1,350	(-)1,480	(-)1,480
Net Expenditure	<b>(-)260,851</b>	<b>(-)221,400</b>	<b>(-)266,110</b>
<b>Water Gardens Car Park</b>			
Expenditure	35,719	37,340	47,230
Income	(-)532,613	(-)584,500	(-)538,550
Recharges	0	0	0
Net Expenditure	<b>(-)496,894</b>	<b>(-)547,160</b>	<b>(-)491,320</b>
<b>Commercial Property</b>			
Expenditure	790,028	768,720	1,687,190
Income	(-)1,991,803	(-)1,977,580	(-)3,571,310
Recharges	(-)146,456	(-)146,460	(-)127,990
Net Expenditure	<b>(-)1,348,231</b>	<b>(-)1,355,320</b>	<b>(-)2,012,110</b>
<b>Pavilions, Sports Pitches &amp; Common Rooms</b>			
Expenditure	185,166	183,320	182,680
Income	(-)54,673	(-)49,880	(-)51,110
Recharges	(-)15,170	(-)15,160	(-)14,920
Net Expenditure	<b>115,323</b>	<b>118,280</b>	<b>116,650</b>
<b>Emergency Plan</b>			
Expenditure	41,816	43,170	27,680
Income	0	0	0
Recharges	0	0	0
Net Expenditure	<b>41,816</b>	<b>43,170</b>	<b>27,680</b>
<b>Property &amp; Facilities Management</b>			
Expenditure	717,668	780,050	731,930
Income	(-)84,358	(-)89,450	(-)76,860
Recharges	(-)408,690	(-)306,920	(-)310,010
Net Expenditure	<b>224,620</b>	<b>383,680</b>	<b>345,060</b>
<b>Latton Bush Centre</b>			
Expenditure	858,802	728,670	721,380
Income	(-)738,421	(-)715,410	(-)672,560
Recharges	(-)249,511	(-)250,290	(-)238,730
Net Expenditure	<b>(-)129,129</b>	<b>(-)237,030</b>	<b>(-)189,910</b>
<b>Market</b>			
Expenditure	(-)13,732	70,400	57,150
Income	(-)46,158	(-)50,780	(-)39,290
Recharges	0	0	0
Net Expenditure	<b>(-)59,890</b>	<b>19,620</b>	<b>17,860</b>

<b>REGENERATION</b>	<b>2013/14 Actual £</b>	<b>2014/15 Original £</b>	<b>2015/16 Original £</b>
<b>Public Conveniences</b>			
Expenditure	67,392	48,330	52,770
Income	0	0	0
Recharges	0	0	0
<b>Net Expenditure</b>	<b>67,392</b>	<b>48,330</b>	<b>52,770</b>
<b>Bus Terminus</b>			
Expenditure	202,499	226,150	225,250
Income	(-)154,218	(-)172,140	(-)159,270
Recharges	(-)20,500	(-)20,710	(-)21,310
<b>Net Expenditure</b>	<b>27,781</b>	<b>33,300</b>	<b>44,670</b>
<b>Bus Shelters</b>			
Expenditure	4,894	9,630	8,220
Income	0	0	0
Recharges	0	0	0
<b>Net Expenditure</b>	<b>4,894</b>	<b>9,630</b>	<b>8,220</b>
<b>Regeneration Team</b>			
Expenditure	762,364	652,380	759,750
Income	(-)63,677	(-)90,170	(-)96,710
Recharges	(-)84,696	(-)57,540	(-)64,840
<b>Net Expenditure</b>	<b>613,991</b>	<b>504,670</b>	<b>598,200</b>
<b>Street Name Signs</b>			
Expenditure	42,931	45,640	47,660
Income	(-)11,400	(-)3,000	(-)3,000
Recharges	0	0	0
<b>Net Expenditure</b>	<b>31,531</b>	<b>42,640</b>	<b>44,660</b>
<b>Unadopted Highways</b>			
Expenditure	196,296	145,270	147,130
Income	(-)28,715	0	0
Recharges	(-)77,033	(-)71,250	(-)71,250
<b>Net Expenditure</b>	<b>90,548</b>	<b>74,020</b>	<b>75,880</b>
<b>Town Centre Maintenance</b>			
Expenditure	22,242	22,550	22,590
Income	(-)147	0	0
Recharges	0	0	0
<b>Net Expenditure</b>	<b>22,095</b>	<b>22,550</b>	<b>22,590</b>
<b>Roundabouts</b>			
Expenditure	3,502	2,580	2,660
Income	(-)4,563	(-)2,000	(-)4,000
Recharges	0	0	0
<b>Net Expenditure</b>	<b>(-)1,061</b>	<b>580</b>	<b>(-)1,340</b>

<b>REGENERATION</b>	<b>2013/14 Actual £</b>	<b>2014/15 Original £</b>	<b>2015/16 Original £</b>
<b>Externally Funded Projects (including Enterprise Zone)</b>			
Expenditure	196,229	102,360	204,700
Income	(-)194,810	(-)102,360	(-)200,000
Recharges	0	0	0
Net Expenditure	<b>1,420</b>	<b>0</b>	<b>4,700</b>
<b>Building Control</b>			
Expenditure	234,428	273,690	262,830
Income	(-)106,711	(-)126,000	(-)101,000
Recharges	(-)42,099	(-)39,390	(-)35,910
Net Expenditure	<b>85,618</b>	<b>108,300</b>	<b>125,920</b>
<b>Structural Engineering</b>			
Expenditure	81,200	73,470	78,310
Income	(-)9,799	(-)16,970	(-)9,000
Recharges	(-)42,150	(-)20,000	(-)16,000
Net Expenditure	<b>29,251</b>	<b>36,500</b>	<b>53,310</b>
<b>Covenant Control</b>			
Expenditure	41,176	41,720	42,880
Income	(-)12,794	(-)10,100	(-)10,100
Recharges	0	0	0
Net Expenditure	<b>28,382</b>	<b>31,620</b>	<b>32,780</b>
<b>Planning Services</b>			
Expenditure	1,900,978	1,013,390	959,350
Income	(-)1,192,258	(-)227,050	(-)286,050
Recharges	(-)56,985	(-)48,110	(-)45,740
Net Expenditure	<b>651,735</b>	<b>738,230</b>	<b>627,560</b>
<b>Highways Infrastructure</b>			
Expenditure	450,156	385,500	493,450
Income	(-)69,230	(-)41,500	(-)41,500
Recharges	0	0	0
Net Expenditure	<b>380,925</b>	<b>344,000</b>	<b>451,950</b>
<b>Joint Venture Company</b>			
Expenditure	115,570	123,470	135,980
Income	(-)50,000	(-)50,000	(-)50,000
Recharges	(-)88,100	(-)94,180	(-)104,560
Net Expenditure	<b>(-)22,530</b>	<b>(-)20,710</b>	<b>(-)18,580</b>
<b>JVCo (Holding)</b>			
Expenditure	435,623	371,370	236,960
Income	0	0	0
Recharges	(-)274,635	(-)272,270	(-)164,690
Net Expenditure	<b>160,988</b>	<b>99,100</b>	<b>72,270</b>

<b>REGENERATION</b>	<b>2013/14 Actual £</b>	<b>2014/15 Original £</b>	<b>2015/16 Original £</b>
<b>Central Costs</b>			
Expenditure	234,054	244,710	311,520
Income	0	0	0
Recharges	<u>(-)234,054</u>	<u>(-)244,710</u>	<u>(-)311,520</u>
Net Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Expenditure</b>	<b><u>302,278</u></b>	<b><u>154,900</u></b>	<b><u>(-)279,020</u></b>

## PAY POLICY STATEMENT 2015/16

### **Introduction**

1. Section 38 (1) of the Localism Act 2011 required English and Welsh Councils to produce a Pay Policy Statement from 2012/13<sup>1</sup> and for each financial year thereafter.
2. The pay policy statement:-
  - Must be approved formally by the Full Council.
  - Must be approved by the end of March each year.
  - May be amended during the course of the financial year.
  - Must be published on the Council's website.
3. The statutory pay policy statement must include the Council's policy on:
  - The level and elements of remuneration for each Chief Officer.
  - The remuneration of its lowest-paid employees (together with its definition of "lowest-paid employees" and its reasons for adopting that definition).
  - The relationship between the remuneration of its Chief Officers and other Officers.
  - Other specific aspects of Chief Officers' remuneration: remuneration on recruitment, increases and additions to remuneration, use of performance-related pay and bonuses, termination payments, and transparency.
4. Remuneration is defined widely, to include not just pay but also charges, fees, allowances, benefits in kind, increases in/enhancements of pension entitlements, and termination payments.

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<sup>1</sup> Approved at Cabinet 31 January 2012

5. The Council proposes to include information on other discretionary policies relating to remuneration and pensions.
6. The discretionary pay policy statement may include statements:-
  - a) To confirm that the JNC conditions of service for Chief Executives and Chief Officers are incorporated in those Officers' employment contracts and other related local agreements that have been included.
  - b) To confirm what any additional arrangements if any that may not amount to formal terms and conditions, but which relate to a Chief Officer's employment and which are a charge on the public purse. This may include volunteering, membership of external bodies etc.

### **Legislative Framework**

7. Previous legislation already requires Councils to publish statements relating to remuneration:-
  - a) The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 requires Councils to formulate, review, and publish its policy on making discretionary payments on early termination of employment.
  - b) The Local Government Pension Scheme (Administration) Regulations 2014 requires Councils to publish its policy on increasing an employee's total pension scheme membership and on awarding additional pension.
  - c) The Local Government (Discretionary Payments) Regulations 1996 (as amended) requires Councils to publish its policy on amount and payment of injury allowances following loss of employment.
8. In determining the pay and remuneration of all of its employees. The Council will comply with all relevant employment legislation. This includes the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, The Agency Workers Regulations 2010, and where relevant, Transfer of Undertakings (Protection of Employment) (Amendment) (Regulations) 2014 (TUPE Regulations 2014).
9. With regard to the equal pay requirements contained within the Equality Act, the Council ensures there is no pay discrimination in its pay structures and that all pay differential are objectively justified through the use of an equality-proofed job evaluation mechanism, which directly relates salaries to the requirements, demands and responsibilities of the role. See 18 below for more detail.

## **Objectives**

10. The Authority seeks to be able to recruit and retain staff in a way which is externally competitive and internally fair.
11. This pay policy applies in a consistent way from the lowest to the highest grade.

## **Publication of Remuneration Packages.**

12. The Council will continue to publish the salary ranges covering all employees on the official website for the Council. Where employees have been transferred into the Council under the Transfer of Undertakings (Protection of Employment) (Amendment) (Regulations) 2014 (TUPE Regulations 2014) their remuneration packages reflect their protected rates of pay.

## **Effect of this Policy**

13. Nothing in this Pay Policy Statement enables unilateral changes to employees' terms and conditions of contract. Changes to terms and conditions of employment must follow consultation and negotiation with individuals and recognised trades unions as set out in agreements and in line with legislation.

## **Council's General Approach to Remuneration.**

### **Posts below Head of Service**

14. The majority of employees are covered by the National Joint Council for Local Government Services, the National Agreement on Pay and Conditions of Service. This covers the lowest paid (grade 2 through to Heads of Service).
15. Rates of pay for this group are reviewed annually in line with nationally agreed salary increases.
16. In 2000 with the implementation of Single Status, a new salary structure was agreed and implemented with trade unions.
17. The Council uses a pay spine that commences at national spinal column point (SCP) 5 and ends at local SCP 57. This pay spine is divided into 18 pay bands containing 3 incremental points numbered 2 to 19.
18. Posts are allocated to a pay grade through a process of job evaluation. The Council uses the NJC for Local Government Job Evaluation Scheme.
19. The lowest paid group of employees are on grade 2 (representing 0.76% of the workforce). The Council will also have regard to the "Living Wage" which is likely only to impact on employees and casual staff who are on grade 2 resulting in SCPs 5 and 6 continuing to be uplifted to the Living Wage.

20. A number of allowances are payable for this group, depending on the roles carried out. Some are flat rate and others are linked directly to salary. These allowances are only paid for those on grades up to 19.
21. Salary ranges are reviewed annually in line with any national negotiated salary increases. Following relevant negotiation an agreement which covers the periods 2014/15 and 2015/16 (specifically 1 January 2015 to 31 March 2016) resulted in employees receiving a pay increase of at least 2.2%, with the lowest SCPs 5 to 10 receiving higher percentage increases.
22. In addition and as part of this national agreement individuals who were employed on SCPs 5-49 and in post on 1 December 2014 received a non-consolidated pro rata payment in their December salary. The non-consolidated payment for SCPs 26-49 is to be made in two stages, with the second part of the payment being made to those individuals who are employed and in post on 1 April 2015.

### **Senior Managers (Heads of Service and above)**

23. There are 3 step salary ranges for Heads of Service, Chief Operating Officer and the Chief Executive, further information is available on the official website.
24. No other allowances linked to these positions are paid, apart from Returning Officer remuneration (the Chief Executive) Deputy Returning Officer remuneration (the Chief Operating Officer) and an allowance paid to one Head of Service for undertaking the role of Section 151 Officer.

### **Chief Executive**

25. National advice states that a Chief Executive's salary range should not be more than 20x the FTE salary range of a Band 2 'Green Book' employee. It is the Council's policy that the FTE salary range for the post of Chief Executive will not be greater than the nationally advised level. The Chief Executive's salary is well within this multiple.
26. Notwithstanding the above, the value of the scale point in the Chief Executive's grade will be updated by the pay awards notified from time to time by the Joint Negotiating Committee for Chief Executives of Local Authorities.
27. The Chief Executive also receives a Returning Officer fee in respect of District Council, County Council, Parliamentary and European Elections and for other national referenda or elections.
28. At the time of going to press no nationally negotiated decision on pay has been publicised for 2014/2015 or 2015/16 for Chief Officers.

### **Chief Operating Officer**

29. The value of the scale points in the Chief Operating Officer's grade will be updated by the pay awards notified from time to time by the Joint Negotiating Committee for Chief Officers of Local Authorities.

The Chief Operating Officer receives a Deputy Returning Officer fee for elections and other national referenda or elections.

**Heads of Service (includes Monitoring Officer and Section 151 Officer).**

30. The value of the scale points in the Heads of Service's grade will be updated by the pay awards notified from time to time by the National Joint Council for Local Government Services.

**Pay Multiples.**

31.

	2015/ 16
Ratio of the Chief Executive's salary to the median FTE salary of the Council (£29,313 inclusive of Living Wage )	4.82 : 1
Ratio of the Chief Executive's salary to the lowest paid employees (£15,144 inclusive of Living Wage)	9.32 : 1

**Part Time/ Full time.**

32. All annual salaries and annual allowances are paid pro rata to part time employees based on the hours contracted to work.

**General Principles Applying to Remuneration of Chief Officers and Employees**

33. On recruitment, individuals will be placed on the lowest scale point within the pay grade for the post to which they are appointed. Appointment to a higher scale point will only be with the approval of the Head of Service and HR Manager (Chief Executive for senior positions). Access to appropriate elements of the Council's Relocation Scheme may also be granted in certain cases, when new starters need to move to the area, with the approval of the Chief Executive or nominated Officer.
34. Individuals will normally receive an annual increment, in line with their individual terms and conditions of employment, subject to the top of their grade not being exceeded. In exceptional circumstances, individuals will receive accelerated increments with the approval of the Head of Service and HR Manager. Again, this is subject to the top of their grade not being exceeded.
35. The Council does not apply performance-related pay or bonuses.
36. The minimum point of a pay grade will not be lower than the maximum point of the preceding pay grade.

**Pensions and Termination Payments**

37. All employees, with a contract of employment are enrolled into the Local Government Pension Scheme (managed by Essex County Council). Details of contributions rates are set out below, these are set by the Administering

Authority ECC. Eligible workers who have opted out of the scheme will be automatically re-enrolled providing they meet the auto enrolment criteria.

38. The Council has the option to adopt a number of statutory discretions under the:-
  - (a) The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006.
  - (b) The Local Government Pension Scheme (Administration) Regulations 2014.
  - (c) The Local Government (Discretionary Payments) Regulations 1996 (as amended). (Organisational Change Policy).
39. The policies are available on the Council's official website. In general the Council has chosen not to exercise these options due to the additional costs that would be placed on the Council. One exception relates to the multipliers and calculation of weekly pay used for voluntary and compulsory redundancy payments. The policy follows the position adopted by most Councils.
40. The Council's policies on Flexible Retirement, Organisational Change and Redundancy Payments are available on the Council's official website.

## **Pension Contribution bandings from April 2014**

41. The following contribution rates in accordance with full time equivalent salary continue to apply from April 2014. At the time of going to press no further change/updates have been advised:-

<u>Whole time equivalent pay range</u>	<u>Employee contribution rate</u>
£0 - £13,500	5.5%
£13,501 - £21,000	5.8%
£21,001 - £34,000	6.5%
£34,001 - £43,000	6.8%
£43,001 - £60,000	8.5%
£60,001 - £85,000	9.9%
£85,001 - £100,000	10.5%
£100,001 - £150,000	11.4%
More than £150,000	12.5%

## **Allowances (below Head of Service)**

42. Ad hoc allowances are paid as and when a duty is carried out and will be paid monthly in arrears.
43. Where possible allowances will be paid as a monthly allowance, for example where staff follow a set pattern of work.

## **Review**

44. If it should be necessary to amend this 2015/16 Policy during the year it applies, an appropriate resolution will be made by Full Council.



# **Harlow Council Housing Services Business Plan**

**2014 – 2044**

## **HRA Business Plan 2014 – 2044 Contents**

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## **Foreword by the Portfolio Holder for Housing**

Last year was another challenging year for Councils up and down the Country. Harlow is not immune to these challenges.

The implementation of the Council's Housing Investment Programme (HIP), the changes to welfare reform, and the continuing reductions in government funding, have impacted both local residents individually, and Harlow Council as a whole. I am very aware of these challenges. Despite all these challenges the Council has continued to respond positively and achieve some notable successes.

The Council's housing stock remains large compared to many other Councils in the region. This updated plan outlines the Council's on-going landlord priorities for the short, medium, and long term. These priorities directly address what is important locally to ensure we are able to plan effectively and with confidence the Housing Revenue Account and Capital Programme over the next few years. Increased resources are in place to tackle priorities.

The continued shortage of housing in general and particularly genuinely affordable housing, is a growing concern. The building of Council housing for the first time in twenty five years will help a small way and I will continue to lobby all political parties to ensure housing is their top priority for resource allocation.

The Council's key objective is to deliver its Modern Homes Programmes, which is a major part of delivering the Council's corporate objective of providing "More and Better Housing" with modern homes which are energy efficient, tackling fuel poverty. Investment and procurement plans are in place for these objectives to be achieved, meeting the Decent Homes standard by March 2015 as well as its landlord statutory requirements. More than 19,000 home improvements have been completed so far, with more to follow.

The £100 million programme funded by rents and grants is the biggest ever investment in modernising Council homes in the Town. The new Council housing will come on stream in 2015. Whilst the role of social housing has played and continues to play an increasing role in an ever-changing environment, I still firmly believe that social housing should be a tenure of choice for as long as the tenant wishes. Housing remains and will remain the top priority in the Labour Administration's plans, Corporate Plans, and decision making.

I am pleased to present Harlow Council's Housing Revenue Account Business Plan for 2014-44.

The plan identifies my commitment to working for, and with, all the tenants and leaseholders of Harlow to achieve our priorities and make Harlow an even better and more enjoyable place to live.

Councillor Rod Truan  
Portfolio Holder for Housing



## **Executive Summary**

### **Introduction**

This is Harlow Council's fourth annual Housing Revenue Account (HRA) Business Plan which sets out priorities and plans for the housing service. **Chapter 1** provides an **Introduction** to this year's plan, and its main themes.

The plan seeks to link the management and ownership of the Council's housing stock clearly to the Council's Corporate Plan, and Housing Strategy as well as preparing financial plans to support decision making. **Chapter 2** provides the **Strategic Context** to the business plan.

### **Summary of Main Issues**

Harlow Council's HRA Business Plan identifies the principal objectives and priorities for the management and maintenance of the stock in the short, medium, and long term. These include:

- Robust income and expenditure projections,
- The setting of rent levels,
- Ongoing delivery of the Council's Modern Homes Programmes. Achievement of decent homes targets by April 2015, focussing on kitchens, bathrooms and windows with external works commencing in May 2015.
- The resourcing "catch up" repairs over the next five years,
- Improving housing standards with energy efficient, modern home facilities, tackling local priorities and statutory requirements ,
- Building Council houses, as well as the development of a long term asset management plan to keep the current stock in good order.

**Chapter 3** describes **The Housing Service** and the way the services are delivered.

### **Financial Position**

The HRA Business Plan includes a financial projection of expenditure and income over the next thirty years. It is imperative that the Plan has sufficient resources to manage and provide the service as well as make provision for the repayment of debt taken on when the HRA self-financing rules were introduced three years' ago. **Chapter 6** covers '**Financial Forecasts**'.

### **Rent Levels**

The Government has recently issued new guidance to restrict social housing rent increases to no more than CPI+1% from 2015/16 to 2024/25. (CPI is the Consumer Price Index.) The Council has considered the implications of what will be lower rent increases than once anticipated whilst ensuring a sustainable 30-year Business Plan. This will be discussed further in Chapter 6.

## **Our Housing Stock**

Harlow Council's housing stock is large compared to many other authorities in our region. Sixty-five years or so have passed since five rural Essex parishes were designated as the area for a post-war new town. Twenty-first century Harlow is evolving to meet the challenges of this new age. The 2011 Census results reveal changes in population, ethnicity, and patterns of work. See **Chapter 2**.

In 2012 a major Stock Condition Survey was completed to identify work required to every home. This has resulted in the creation of a Modern Homes Programme and a huge amount of work being done to Council properties throughout the town with the key objective to achieve decent homes for all tenants by April 2015. The Council is also committed to maintain its properties at decent homes standards and above. **Chapter 4** is devoted to the Council's **Asset Management**.

The withdrawal of Government regulation brought about by self-financing in 2012 placed Harlow Council more at the heart of service delivery. Whilst Councillors retain all the decision-making powers, our tenants, in particular, have an increased scrutiny role through their membership of the Housing Standards Board. This Business Plan has been produced in consultation with tenants and leaseholders. **Chapter 5** explains the '**Governance**' arrangements which support the self financing regime.

## **Building Council Housing**

Councils across England are reviewing their role in becoming a provider of affordable housing rather than just continue to be an enabler of affordable housing by housing associations (Registered Providers).

The Council will review the options, and implement a programme of Council house building making best use of surplus council land. The Council is on course to build 18 new homes by the end of 2015 at Fesants Croft, Felmongers and The Hill. These are the first new council homes for a quarter of a century.

The Council has also purchased properties on the open market and brought them into the housing stock.

## **Customer Perceptions**

The Council introduced a new tenant satisfaction survey in 2012. An updated survey will be published in 2015 which will include a perception survey of tenants satisfaction with the services they receive from their landlord. An action plan will be updated with the key priorities.

## **Demand and Housing Need**

The number of local residents on the Council's Housing Needs Register identifies the local need and continues to grow.

Local Planning Authorities prepare a Strategic Housing Market Assessment (SHMA) which identifies their full housing needs. Working with neighbouring authorities where housing market areas cross administrative boundaries, this assessment identifies the

scale and mix of housing and the range of tenures that the local population is likely to need over the plan period. Harlow's housing market covers the area of Harlow, Epping Forest, East Herts and Uttlesford. The SHMA was last updated in 2012/13 and indicates that the total housing requirement for Harlow is 8,000 dwellings of which 3,600 should be Social Rented / Affordable Rented Sector.

It is estimated there is a need for mixed sized dwellings for all areas. In Harlow there is a lower need for three or more bedrooms. The need for intermediate dwellings is more heavily concentrated on smaller dwellings. Smaller properties may also encourage those in larger and family sized dwellings who are under occupying to downsize to a smaller property. With an increasingly ageing population and those who find themselves in poverty there will always be an increasing need for housing support services.

The Council, along with Epping Forest, East Herts and Uttlesford Councils have commissioned a 'refresh' of the SHMA. The publication of this is not expected to be until early 2015. This iteration of the study incorporates population studies undertaken for all Essex authorities plus East Herts and others, which includes the latest data from the 2011 census.

The Housing Needs Register shows 29% of all households registered are categorised having an urgent or high need to be allocated a social housing property. The main reasons households want to move is due to both overcrowding and affordability. The housing needs register currently has approximately 3,500 applicants for 598 vacancies per year.

In Harlow, demand for services remains high and services are focused on preventing homelessness wherever possible. The Council has achieved significant success in this area; so far it has not seen a rise in homelessness acceptances, which remain stable at around 140 each year.

Significantly, there remains a shortage of affordable housing in Harlow. The Council will seek to meet this need through putting plans in place to build new council housing, prioritising affordable housing targets in suitable housing developments, and working with other registered providers to enable the delivery of new affordable homes. There are significant changes to national and local planning policies which will include affordable housing targets and local decision making.

## **Equalities and Diversity**

Consideration is given to how different, and sometimes vulnerable, groups of people may be affected by the change to self financing. **Chapter 7** sets out the Council's statement on **Equality and Diversity**.

## **Taking the Plan Forward**

The Plan includes some sensitivity analysis and indicates that small changes to the key base assumptions can make a significant impact on the overall finances of the service. Each year, as part of developing the Business Plan, work will be undertaken to both confirm assumptions, but to also understand the key factors influencing these assumptions.

Within the Council's Corporate Plan, housing has a high profile: recognising the importance of more and better housing to the quality of life of residents of Harlow.

The review of the Business Plan will form part of the work plan of the Housing Standards Board and Panels linking to the Council's formal governance structures.

Andrew Murray	Head of Housing	01279 446676
Simon Freeman	Head of Finance	01279 446228
Andrew Smith	Finance Manager	01279 446212

## **1. Introduction**

### **1.1 A 'Self-financed' Housing Revenue Account**

In 2012 the Council welcomed new legislation which changed the way in which local authority housing was financed. Under the provisions of the Localism Act 2011 the centrally controlled HRA Subsidy system was abolished and replaced with a one-off increase or decrease in an individual Council's debt. This was called 'self-financing' and gave Councils local control in running their housing business.

Before considering the current plan it is useful to look back at the 'self-financing' transactions that were made.

Harlow Council was required to pay the Treasury £208.837m. in place of annual 'negative subsidy' contributions. The 'settlement payment' was calculated by the Government using a discount rate of 6½%, which converts a £479.98m deficit over 30 years to a £208.837m one-off transaction. Their model assumed that:

- rent restructuring would continue until 2015/16 with rent increases from 2016/17 at RPI +½% annually;
- an increase in Harlow's notional Major Repairs Allowance of 28.083% (from £794.17 to £1017.20 per dwelling); and,
- an increase in the notional management and maintenance allowances by 5.47%.

The Council needed to borrow in order to make the payment to the Treasury.

The decision around borrowing periods and acceptable rates was one of the largest the Council has ever made. The settlement payment was covered by borrowing from the Public Works Loan Board (PWLB) who offered the best rates of interest.

In March 2012, the Council took out five maturity loans, each at £41,767,400, with repayment dates of 28 March 2026 (14 years), 28 March 2030 (18 years), 28 March 2034 (22 years), 28 March 2038 (26 years) and 28 March 2042 (30 years). A maturity loan is one in which interest only is paid for the duration of the loan, with the whole principal sum being repaid on the final loan date. The average rate of interest for all of these loans is 3.292%, thus making the annual payment to PWLB in interest charges £6,874,914 until 28 March 2026.

### **1.2 HRA Business Plan priorities**

To ensure that the Council's HRA operates in a sustainable manner, a formal 30-year HRA Business Plan is prepared annually and presented to Full Council for approval, following consultation with tenants and leaseholders.

The key principles which underpin this HRA Business Plan are:

- To repay the debt in full within the life of the 30-year Business Plan (i.e. by 31 March 2042).
- Achieving Decent Homes for all properties by April 2015.
- Building new council owned homes as a priority and to develop a longer term plan, within resources available.

- Ensuring a sustainable Business Plan with fair and affordable rent levels.

### **1.3 HRA Business Plan 2014-2044**

The HRA Business Plan 2014-2044 is a formal update of the Plan presented last year. It takes into account:

- the decisions which Councillors have made over the past twelve months;
- any external factors which have affected the funding of the service; and,
- changes in forecast income and expenditure over the next 30 years.

It is said that “to fail to plan is to plan to fail”. It is therefore very important to revisit the Plan to ensure that the HRA is managed so that there are sufficient funds to deliver the service as well as provide for the repayment of borrowing. **Chapter 6** will explain that decisions made today can have a large impact in the future.

## **2. Strategic Context**

### **2.1 Introduction to Harlow**

Harlow is a former new town, designated under the New Towns Act 1946 and designed through the vision of Sir Frederick Gibberd. It is a relatively small town, but one of the most densely populated areas in the East of England. Most of the immediate post-war housing was built by the public sector: a Development Corporation passed to the newly designated Harlow District Council its stock when it was wound up. The Council takes its housing landlord role very seriously. The financial challenges that it and all other Councils face mean that difficult choices have to be made about the roles it undertakes.

This HRA Business Plan linking closely with the Corporate Plan seeks to illustrate how the Council will respond to the challenges it faces to improve Harlow for residents, businesses and visitors.

A summary of the key headlines for Harlow reveal:

- 82,700 people
  - Harlow's population has grown slightly over the past five years and is projected to grow further, and on current trends would reach 90,000 by 2021.
  - Harlow has a young population, with those under ten accounting for 13% of the population. Excluding London Boroughs this represents the 19<sup>th</sup> highest rate in England and Wales.
  - Harlow has a more diverse population than ten years ago. Around 16% of Harlow's population are from black or minority ethnic groups. This is slightly lower than the national average.
- 36,070 homes
  - Around a third of Harlow's homes are social rented from the Council: the third highest in England and Wales.
  - 51% of Harlow's homes are terraced houses – the fourth highest rate in England and Wales, and 24% are flats.
  - House prices are lower than in many neighbouring areas, but still unaffordable for many. In 2013 the average house cost £199,320 compared to £242,415 in England as a whole. But this was still nearly eight times the average annual wage for residents who are working full time.
- 40,000 jobs
  - Unemployment has fallen slightly in recent months to 3.8% (JSA Claimant rate November 2013) but is still much higher than the pre-recession level of around 2.5% - 2.8%.

- Despite having among the third highest workplace earnings in Essex (£548.10 per week), Harlow also has the lowest resident earnings in the County (£486.30 per week, ASHE 2013).

As at 1 April 2014, Harlow Council managed 9,715 Council dwellings, a further 2,384 leasehold flats purchased under the 'Right To Buy' scheme plus 16 homes managed under the shared ownership scheme (as shown in the table below). In 2008, Harlow was ranked 121st of 354 authorities in the Country (with 1 being the most deprived). Harlow is the 3rd most deprived district in Essex (with Tendring and Southend being more deprived), and the 9th most deprived District in the East of England.

<b>Analysis of Housing Stock</b>	<b>Quantity</b>	<b>% of total stock</b>
<b>Analysis by Type of Dwelling</b>		
<b>Houses &amp; Bungalows</b>	<b>6,019</b>	<b>61.95</b>
<b>Flats and Maisonettes</b>	<b>3,689</b>	<b>37.97</b>
<b>Other</b>	<b>7</b>	<b>0.08</b>
<b>Total</b>	<b>9,715</b>	<b>100.00</b>

#### **Analysis by Number of Bedrooms**

<b>Bedsitters</b>	<b>414</b>	<b>4.26</b>
<b>1 bedroom</b>	<b>2,091</b>	<b>21.52</b>
<b>2 bedrooms</b>	<b>3,693</b>	<b>38.01</b>
<b>3 bedrooms</b>	<b>3,137</b>	<b>32.29</b>
<b>4 bedrooms</b>	<b>344</b>	<b>3.54</b>
<b>5 bedrooms</b>	<b>29</b>	<b>0.30</b>
<b>Hostels</b>	<b>7</b>	<b>0.08</b>
<b>Total</b>	<b>9,715</b>	<b>100.00</b>

As a major sub-regional centre, Harlow's success is important for communities across a wide area. With its fantastic connections to London, Cambridge and Stansted Airport, Harlow has huge potential to be a major driver for economic growth. But the town faces some significant challenges, with ageing infrastructure, a tired town centre, and some dated housing stock.

Whilst major regeneration schemes have been completed others are about to commence and Harlow Council is responding to changing economic conditions. Like many towns, Harlow's unemployment levels have been affected by the recession.

## **2.2 The Council's Vision and Objectives**

The Corporate Plan 2013-2016 sets out these priorities in more detail and describes what the Council will do to achieve them. The Council has three main roles to play:

- **Community leader**; representing the interests of Harlow and its community, working with the community to agree and achieve shared objectives and ambitions and to ensure that Harlow keeps evolving.

- **Service provider**, meeting the statutory duties placed upon it by Parliament to protect people, to exercise regulatory functions and to provide discretionary services where it is best placed to do so.
- **Commissioner** of services where such services can best be provided by others.

The Council takes these roles very seriously. The financial challenges that it, and all other Councils face, mean that difficult choices have to be made about the three roles that it undertakes. The Council has five key priorities:

1. More and better housing.
2. Regeneration and a thriving economy.
3. Wellbeing and social inclusion.
4. A clean and green environment.
5. Successful children and young people.

### **2.3 Links and Contributions to the Regeneration Strategies**

The Council has a Regeneration Strategy which provides a support framework for housing activity, and the wider housing investment by the Council and its partner organisations.

A major part of the Regeneration Strategy is the Priority Estates Programmes which will have a significant support role for the HRA Business Plan in the replacement of estates.

### **3. The Housing Service**

#### **3.1 Responsibilities**

The statutory basis outlining responsibilities required of a housing landlord are contained within the Housing Act 1996, and subsequent legislation.

The housing service delivers Council landlord services including:

- Tenancy and Property management.
- Income management and tenancy support.
- Management of the housing estates.
- Empty Property Management.
- Right to Buy applications.
- Consultation with tenants and leaseholders.
- Leasehold Management.
- Garage and Hardstand Management.
- Rent and service charge collection.
- Enforcement.
- Tackling Anti-social Behaviour.
- Tackling Poor Health and Wellbeing.

#### **3.2 Key objectives**

As the landlord for 9,715 homes the Council has a responsibility to ensure that:

- its housing is well maintained and managed,
- it listens to the tenants and leaseholders, and,
- it provides a service that meets their needs whilst meeting the statutory / regulatory requirements.

The changes to the Housing Benefit rules and other welfare reforms have placed many Harlow residents, including many Council tenants, under increased financial pressure. Many young adults find it hard to move into their own home. There are over 3,500 households on the housing needs register, and average house prices are around seven times average earnings. This increases overcrowding, and exacerbates parking problems. Too many successful Harlow residents end up leaving the town, in part because they can't find suitable housing.

#### **3.3 “More and better housing”**

**The following are the key objectives for the housing service:**

- More housing available in Harlow, with a wider choice of housing types which are affordable.

- Continue to increase the range of supported housing.
- Provide high quality housing stock, with all Council homes in the town meeting Modern Homes standards.
- Improve choices for those in housing need.
- Provide effective Tenant and Leaseholder Engagement.
- Continue to improve housing standards .
- Provide effective tenancy support tackling health and wellbeing.

**The housing service will:**

**Improve the quality of housing**

- Ensure decent homes targets are met, by increasing investment to tackle the backlog of repairs and deliver packages of improvement work.

**Implement a Tenancy Strategy**

**Implement the Homelessness Strategy**

- Continue to develop the Harlow Homelessness Partnership (HHP), targeting resources and joint working with agencies.
- Increase promotion of wider housing options and use of the private sector.

**Increase the availability of housing that is affordable**

- Use Council owned land, where appropriate (subject to planning consent) such as under-used garage sites to support the development of increased housing opportunities, and,
- Implement a programme of Council house building.

**Improve involvement and communication with Tenants and Leaseholders**

- Increase participation and representation.
- Ensure that housing works programmes are communicated in advance and monitoring arrangements improved.
- Ensure tenants and leaseholders have opportunities to choose, be consulted by and receive feedback from their representatives when seeking to influence and be involved in the management of their homes.
- Provide opportunities for tenant and leaseholder representatives to input into service improvement activities.

**The following key targets are established:**

**0% of Council homes are recorded as being non-decent by 2015**

Our aim is to greatly reduce the number of Council homes that do not meet certain standards making them more energy efficient and better to live in.<sup>1</sup>

**75% of Council tenants satisfied with the overall service provided by Harlow Council by 2014**

The Council aims to further improve the way it consults and communicates with tenants and leaseholders. By doing this we expect to see an improvement in the proportion of Council tenants who are satisfied with Harlow Council as a landlord.<sup>2</sup>

A performance management framework is in place to manage performance. The framework seeks an outcome based approach focusing on targets that make a real difference to people's lives focusing on improving customer satisfaction, efficiency, and delivering value for money.

### **3.4 Supported Housing**

Reductions in housing support places increasing pressure on supported housing services. However, the Council wants Harlow to be a great place to grow older with people living happy, healthy and independent lives with the Council playing a leading role in tackling the underlying root causes of poor health and the issues that affect wellbeing.

The Sheltered Housing Service plays an important role in this Wellbeing Strategy and comprises 17 sheltered housing schemes with an outreach service for older people living in their own homes. The careline service provides an emergency tele-care monitoring service and emergency response when required.

Sumners Farm Close Scheme provides accommodation for frail elderly tenants as well as on site extra care housing support with a home for life and a real alternative to residential care.

Older People can expect to live longer, maintaining their independence for longer, seeking care and support services later in life. In Harlow this age profile is projected to increase dramatically. Therefore, it is appropriate to continuously review and reshape services to meet the changing needs with an emphasis on housing support services.

### **3.5 Tenure policy**

The Council is required to have a Tenancy Strategy setting out its approach to tenure.

This was published in 2013 together with a new Allocations Policy determining the priorities used for allocating Council housing. The policy has given greater freedom to establish local approaches of those who can join the Housing Needs Register and

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<sup>1</sup> NI158 per cent non-decent council homes

<sup>2</sup> BV74a Satisfaction - with Council tenants overall ( per cent)

what priority the Council can award. The Council no longer manages an open waiting list to which any person can apply.

### **3.6 Managing Performance**

Harlow continues to be recognised externally as a top housing performer operationally. Real achievements have been made over the last year leading to:

#### Modern Homes Programme

Harlow Council's biggest ever investment and transformation of Council homes continues with nearly 17,000 improvements completed so far in more than 6,200 different homes and a five-year £100 million investment in Council housing renewal, making a real transformation. Works included:

- 1,596 kitchen replacements
- 1,177 bathroom replacements
- 7,354 window installations
- 2,692 external door installations

#### Council House Building

The Council agreed a £2.7 million contract to build new two- and three-bedroom Council homes for rent on disused or under-used garage sites across Harlow, the first project of its kind for almost 25 years. All Council homes will be allocated to local people on the Housing Needs Register and it is expected that work will commence in January 2015.

#### Tackling Fuel Poverty

The external walls of over 372 Council homes were insulated and covered with new render to help reduce heat loss and make them warmer, reducing heating bills and tackling Fuel Poverty. The programme was completed in December 2013 and was jointly funded by a £1.5 million grant from Scottish and Southern Energy Solutions.

#### Providing Housing Supporting

The Careline and Supported Housing Team achievements included installing approximately 270 alarm units, attaining the Tele-care Services Association (TSA) accreditation for the **fifth** year running, and being accredited for the BS 50134-7:2003 Provision of Social Alarm Systems, which means that Careline is operating at a very high industry-recognised standard providing support to vulnerable residents of the town.

The Council's extra-care scheme at Sumners Farm Close providing 42 one bedroomed flats for frail elderly people who need access to 24 hour care but wish to retain their independence. This is one of the first of its kind in the region, and recognised by Essex County Council as a top provider of care and support being held up as an exemplar scheme for how this should be run.

### Tackling Housing Need

The town's social housing shortage focusses even more attention on how Council housing is allocated.

The Council's Allocations Policy provides the framework for prioritising scarce resources to those in housing need

### Tenant Moves Incentive scheme and mutual exchanges

The main priorities remain:

- Strengthening the local connection eligibility.
- Providing additional priority to members of the Armed Forces.
- Increased priority will be given to Council tenants wishing to move to a smaller property.
- Additional priority to Adopters and foster Carers.

In December 2013, keys for 41 homes, a mixture of both flats and houses, were handed over to 31 families and 10 individuals on the Housing Needs Register. Thirty-nine applicants live in Harlow and two have close family members who live in the town. Twenty-four of the applicants moved into their first home. One of the homes to be allocated was the first ever house bought on the open market by the Council.

At the end of 2013/14, the Council turned round its void properties within 20 days which is top quartile performance. There were 45 vacant properties Council Owned which helps tackle the housing need and minimises the amount of rent lost due to properties remaining vacant.

These efficiencies mean more services can be provided to tenants.

### Tackling Homelessness

This prevented 253 people from losing their home. There was a reduction of 25% in households placed in temporary accommodation: the lowest number of residents living in temporary accommodation for over 10 years.

### Collecting Rent and Service Charges

Benefit changes introduced in 2013 have meant a difficult time for many residents.

The Council's "can't pay / won't pay" approach actively helping residents with dedicated money advice, early intervention, and targeted income management, along with the promotion and take up of direct debit payments. The Council has increased rent and service charge collection rates with performance still in the top quartile of high performing landlords, which is one of the highest collection rates in the regions.

- 99.31% of rent collected in 2013/14.
- 99.2% of leasehold service charges were collected in 2013/14

## Repairs

Continued good performance is being reported by Kier Harlow Ltd, responding to tenants' requests. This needs to be even better, dealing consistently well with the 30,000 repairs requests on an annual basis. Prioritising vulnerable tenants, and responding effectively to feedback regarding experiences. We continue to work effectively with our contractors (Kier Harlow Ltd, United House, Solar) supporting the Council in the delivery of the repairs service and improving the customer experience.

## Welfare Reform

Following the introduction of the Government's Welfare Reform legislation, work continues to assist residents with embedding the amended Housing Benefit Regulations. The Council continue to have clear and transparent processes and procedures for dealing with arrears recovery, and will continue to work in line with its "Can't pay / Won't pay" ethos when managing debt in relation to support and enforcement. (See 6.4.2. below).

## Anti-Social Behaviour

Tackling anti-social behaviour continues to be a high priority for the Council. Early intervention is key and by ensuring resources are targeted appropriately enables the Council to deal efficiently and effectively with complaints. By taking a multi-agency approach involving the Police, Social Care, schools and other support agencies is attributed to the continued successes in reducing the number of complaints and need for enforcement action.

## Tenant and Leaseholder Engagement

We continue to work in co-regulation with Tenant and Leaseholders using different methods in order to scrutinise, challenge, putting them at the heart of the housing service.

*A summary of the Service Plan and key performance indicators is shown in Appendix 3.1.*

## **4. Asset Management**

### **4.1 Stock Condition and Key Investment Principles**

The completion of the stock condition survey in 2012 enabled the Council to establish a clear plan of improvement works to its housing portfolio to meet and maintain the Government's Decent Homes Standard.

One of the key investment principles set in the Procurement and Investment Strategy was to achieve decency to the entire Council housing stock by 31 March 2015 which will be achieved.

The stock condition information was developed into a five year programme using key investment principles which from April 2015 now move into another phase as follows:

- Maintain decency from 2015 with investment for all elements to prevent fall out of decency and move towards the development of a Harlow Standard. Future investment to the agreed Standard based on affordability;
- Double glazing of Windows and Doors to all houses - to be completed by March 2016;
- An 8 year External Programme to commence in 2015/16;
- Refocus priorities on compliance, energy efficiency and the works identified in the Garage Strategy approved in December 2014; and,
- Works continue to be programmed geographically into Local Investment Plan areas (LIPs) to achieve Value For Money.

A more comprehensive list of short medium and long term priorities are identified in Appendix 4.1.

### **4.2 Investment and Procurement Programme (2014-18)**

Historically the Council has spent around £9.5m from capital resources to fund programmes of works. In the period April 2013 to March 2015 the Council will have invested £47m of capital funding on its Housing programme with a further £50m to be spent over the next 3 years.

The results of the procurement exercises for the internal works programme are on average showing a 10% saving to earlier business plan assumptions. In 2013/14 the Council agreed to bring all of its single glazed windows in its houses into its short-term programme (2013/14 to 2017/18) which, due to the economies achieved with the procurement process, will be completed by March 2016. Other savings the Council has made is being reinvested in additional works on compliance, energy efficiency and delivering works identified in the garage strategy.

The external works programme, as well as the mini-tender for 2015/16 residual internal programme will be procured using the same principles and procurement route as the previous internal programme. Delivery will commence in April 2015. The annual external programme is likely to be around £5m inclusive of leasehold recharges. Additionally there will be £5.8m to Kier-Harlow through the SCAPE framework as part of the Joint Venture Company (JVCo) agreement, but for 2016/17 there will be a reduced SCAPE allocation of £4.8m (through to January 2017) when the current JVCo arrangements cease to exist in its current form.

### **4.3 Backlog Repairs**

All backlog repairs to achieve decency will have been completed by 31 March 2015 and all backlog funding received from the Homes and Communities Agency.

Priorities for the next three years will be dealing with the backlog of repairs / improvements in compliance areas, as well as dampness and structural requirements.

### **4.4 Renewals/Planned maintenance**

The condition of the Council's housing stock does not stand still. We need to maintain the momentum and develop a more proactive approach in ensuring the best possible quality for our tenants.

The Decent Homes Standard only measures a limited amount of repairs and improvements to homes and is, in the Council's view, a basic standard. The adoption of a more proactive approach provides the council with opportunity to develop and introduce a Harlow Standard which takes into account the broader wishes of the Council and its tenants for improvements to homes and housing areas. The Standard would aim to include:

- The 'Internal standard' focusing attention on timescales for the replacement of Kitchen, Bathroom and Boiler replacement;
- the 'Healthy Home standard' focusing on annual testing of boilers and smoke detectors, 5 year electrical testing and the roll out of a smoke detector hardwiring programme;
- the 'External standard' including 7 year cyclical decoration of all council property (including communal areas).

All of the above proposals are subject to affordability.

### **4.5 Responsive, Void, and Cyclical Maintenance**

There is an extensive maintenance programme of £357.6m over 30 years.

The investment required satisfies all aspects of works identified to ensure the stock attains an optimum standard over the 30 year reference period.

A large proportion of the stock (15%) was built using non-traditional construction methods. In addition, most of the Council's housing stock was built around the same time, so many are simultaneously encountering the same problems, producing an unusually high concentration of demand for repair and replacement of homes.

The issue of maintenance also includes the revision and potential amendment to the current iteration and provider of the JVCo.

July 2015 will also see the full utilisation of the Council's Orchard system for recording responsive repairs which will assist in the identification of costs and prioritising the move to planned rather than reactive repairs.

#### **4.6 Leasehold Management Costs**

There were 2384 leasehold properties as at 1 April 2014. A key responsibility of leaseholders is to contribute towards any costs incurred in maintaining and renewing the common and structural part of their building. This will also include an amount for the management of schemes.

The move in April 2012 to self financing has resulted in more funds being available to the Council to carry out the work needed on its properties.

The work required on properties will include work to flat blocks that leaseholders have a responsibility to contribute to under the terms of their lease.

Leaseholder works have been fully itemised for capital works at £22.4m, or the equivalent of an average of £317.50 per leasehold dwelling per year.

The Council offers different repayment options in the recognition that the Council should be offering the widest range of support possible to leaseholders facing bills for major works, particularly in the current financial climate. These include a five year interest free loan for resident leaseholders and a hardship loan by way of a voluntary charge for those who meet the required qualification and have difficulties in making payments. An incentive is also offered for accounts paid within 30 days. This option will encourage those leaseholders with available funds to pay immediately and will improve cash flow to assist the business plan.

#### **4.7 New Build**

Harlow has funded the first new Council house building for many years, commencing development of 18 two-bedroom properties on three small infill sites provided through the demolition of garages. Funding has been provided to accommodate completion of these new homes by December 2015.

#### **4.8 Priority Estates**

A key challenge for the Council is to promote a greater mix and diversity of housing in Harlow which facilitates the aim of creating a place where people will want to both work and live.

Some of Harlow's housing estates suffer with construction problems and issues of design which combine to create a situation where these areas do not function well as attractive places to live. In addition, some of these estates are also places where higher levels of multiple deprivation are manifest. Delivering improved housing in these deprived areas will contribute to neighbourhood renewal, addressing housing need and place shaping aspirations.

The current global recession will provide challenging conditions for maintaining momentum for housing renewal and growth.

The Council has developed its Priority Estates regeneration programme prioritising plans and consulting with the local community on the future. In 2013 a development partnership was established, which included a national registered provider of housing was chosen to take forward the redevelopment of The Briars, Copshall Close and

Aylets Field estates. Together the partnership will provide a mixed offer including outright sale, rented and affordable properties, which will be managed and owned by the Registered Provider. It is expected work will commence in early 2015. Provision within the HRA Business Plan is to provide financial support and assistance for those who wish to move or remain in the newly developed estate.

#### **4.9 Energy Efficiency**

The Business Plan has allocated expenditure for energy efficiency improvements to its stock of £4.15m in the first five years of its plan. This work will be spread across all forms of energy efficiency and will be used in conjunction with any grant available.

Previous work has included Insulation to the stock limited to cavity wall, external wall and loft insulation programmes which have been very successful in increasing the energy efficiency values across the portfolio and reduced fuel costs for tenants. But the Council also owns a number of difficult to heat solid wall properties (of traditional and non-traditional construction) which were constructed between 1950 and 1970. The non-traditional solid wall properties have experienced damp problems; namely penetrating dampness covering the external walls. This is due to the poor thermal quality of the walls which causes condensation and associated mould growth.

The Council accepted a funding opportunity through Scottish and Southern Energy Ltd (SSE) and delivered external wall insulation improvements to 303 homes in 2013/14 plus an additional 78 properties in 2014/15 attracting a total Energy Company Obligation (ECO) grant of circa £1.75m to Harlow whilst protecting its investment in the housing stock, minimising dampness problems and generating savings to the Business Plan.

The Council has identified £4.150.000 in the first five years of the HRA for work required to provide innovative heating solutions. Priorities from 2015/16 and beyond include:

- Replacement and upgrade of Communal Boilers - the Council has 23 such systems now over 32 years old.
- The impact of new regulations associated to heat metering on communal systems – this requires the installation of heat meters for every individual home by December 2016.
- Regulations from 2018 that prevent letting of any home with Energy Performance Certification of the G and F ratings (The two lowest ratings).
- Other measures will include: Improving the Energy performance rating of homes with the lowest rating of Energy Performance Certificates (EPCs) by looking at Hard to Treat Cavity wall insulation, top up loft insulation, and External Wall insulation to low rise and high rise properties. (including opportunities linked to the Government's recent Green Deal announcements).

Once completed each property to receive additional heating or insulation measures will have an update on the Energy Performance Certificate. This will provide the Council with accurate data to target future energy performance measures and programmes of work.

#### **4.10 Moving Forward**

The Asset Management Plan's short, medium, and long term objectives are outlined in *Appendix 4.1*.

1. The Council will continue to prioritise kitchens, bathrooms, heating systems, electrical works, windows and doors to maintain the Decent Homes Standard and develop its own Harlow Standard
2. There will be a new programme of external works commencing in April 2015.
3. Prioritising Compliance arrangements which takes account of statutory obligations associated to Fire Risk Assessments; periodic electrical testing and a whole suite of requirements linked to tenant well-being and safety in their homes.
4. Energy Efficiency improvements which focus on the refurbishment or replacement of district heating systems with more cost effective fuel efficient alternatives; External or cavity wall and loft insulation to improve the thermal efficiency of our properties and support the challenges faced by our tenants associated to fuel poverty.
5. New Build. Having experienced a positive outcome to its venture into house building and the partnership arrangement the council is keen to continue the development of new homes within the town providing a range of tenure.
6. Investment in Garage capital budgets have been included within the Business Plan covering priorities identified in the Garage and Hard standing Strategy.
7. Continuing clearing the backlog repairs on dampness and design (structural) issues in our properties.
8. The external insulation and upgrade the appearance of Tower Blocks: to improve energy efficiency of homes, safety and security features.

## **5. Governance**

### **5.1 Development and Review**

The Council introduced a Cabinet style of political management from May 2011.

The Cabinet carries out all the Council's functions which are not reserved to Full Council or the responsibility of any other part of the Council, whether by law or under the Council's Constitution and takes Key Decisions, including the development, monitoring and review of services, resources and policies.

### **5.2 Involvement and consultation**

The updated Business Plan has been produced in partnership with tenant and leaseholder representatives. The Council is committed to tenant and leaseholder participation and believes that this is a way in which tenants and leaseholders can be involved in the management of their homes.

The Tenant and Leaseholder Participation Agreement was developed in 2012, taking into account the regulatory arrangements and its implications for the Council, tenants and leaseholders. The updated Agreement forms part of the Council's approach to the social housing regulation built around the concept of co-regulation.

Co-regulation will require the Council to demonstrate robust self-regulation incorporating effective tenant and leaseholder involvement through its governance structures.

The HRA Business Plan will be reviewed by tenants and leaseholders together with the other landlord's housing related policies and priorities. This will ensure tenant and leaseholder involvement in the:

- Making of decisions about how housing-related services are delivered, including the setting of service standards.
- Scrutiny of their landlord's performance and the making of recommendations to their landlord about how performance might be improved.
- Management of their homes, where applicable.
- Management of repair and maintenance services.

The Council's Housing Standards Board and Tenant and Leaseholder Standards Panels will jointly monitor service delivery against the consumer standards applicable to the Council and regulated by the Homes and Community Agency (HCA).

## **6. Financial Forecasts**

### **6.1 Introduction**

The HRA Business Plan is a key tool in the management of the Council's Housing Service. It sets out the key priorities for the service and provides a financial forecast over 30 years. This document is regularly referred to by Officers, and is subject to regular review.

HRA self-financing gives Councils greater control over service delivery, but also brings greater responsibility. Taking on borrowing of £208.837m on 28 March 2012 was one of the biggest decisions Harlow Council has ever had to manage.

A realistic and sustainable HRA Business Plan is therefore an essential tool in the current and future management of the housing service.

The Council's HRA Business Plan 2014–2044 is summarised below, *and detailed in Appendix 6.1.*

### **6.2 Key principles**

The key principles which underpin the HRA Business Plan were approved by Cabinet in December 2011, following consultation with tenants and leaseholders.

These key principles are currently:-

- To repay the debt in full within the life of the 30-year Business Plan (i.e. by 31 March 2042).
- Achieving Decent Homes for all properties by March 2015.
- Building new homes as a short term aspiration subject to resources becoming available.
- Ensuring a sustainable Business Plan with fair and affordable rent levels.

#### **6.2.1 Debt financing and repayment**

On 28 March 2012 the Council was required to make a one-off payment of £208.837m to the Government to exit the old HRA Subsidy system. The amount was raised in borrowing from the Public Works Loan Board (PWLB). Officers, in consultation with their Treasury Management advisors and lead Councillors decided an optimum portfolio of five equal loans repayable over 4-yearly intervals from 28 March 2026 to 28 March 2042. These are maturity loans, which means that interest only is payable during the lifetime of the loan with repayment of the principal sum in full (the original amount borrowed) on the maturity date.

It is necessary for the Council to raise sufficient surpluses for future repayment.

#### **6.2.2 HRA Operating Account: minimum revenue balance**

The Council is obliged by law to set rents and other charges at a level to avoid a deficit on the Housing Revenue Account (i.e. the legal minimum balance at any time

during the financial year must exceed zero). This must be done during the months of January and February of the year immediately preceding the relevant year. The HRA budget for 2015/16 will be presented to Cabinet on 29 January 2015.

In addition, it is the Section 151 Officer's responsibility to review annually the minimum working balance the HRA should hold. The working balance will increase annually by the general rate of inflation (i.e. £2,695,000 as at 31 March 2015 and £2,727,000 as at 31 March 2016).

A detailed assessment of the HRA Minimum Working Balance is given in the HRA Budget 2015/16 report.

### **6.2.3 Major Repairs Reserve**

HRA self-financing has changed the way Councils account for depreciation. Under the new regulations Councils are required to show in the statutory accounts the full cost of depreciation of non-dwellings (garages etc) in its HRA Income and Expenditure Account and transfer to a Major Repairs Reserve not only the statutory sum for dwellings but also depreciation of non-dwellings. The amount held in the Major Repairs Reserve can only be used to finance capital expenditure and / or repay debt.

Harlow Council has no immediate plans to repay debt but will use any balance transferred to the Major Repairs Reserve to contribute towards the cost of the housing capital programme.

The HRA Business Plan 2014-2044 does not make additional transfers from the HRA to MRR towards the future repayment of debt. It confirms that there are sufficient resources within both the HRA and MRR to repay debt at the due time.

### **6.2.4 Decent homes by 2015**

The Council will meet the Decent Homes Standard by March 2015 (*see Chapter 4 above*). A Government grant towards the Decent Homes Backlog in 2014/15 was £4.145m.

### **6.2.5 Investment Planning**

The Council has developed a robust methodology to assess the performance of its existing assets. This is based on a financial evaluation of cashflows relating to the assets in order to understand how assets perform within the Business Plan. The assessment covers housing and garage stock and has been overlaid with non-financial sustainability analysis which has provided a framework for investment decisions.

Initial results indicate that the majority of the stock performs well, with positive cashflows. There is a small percentage with cashflows which have a negative worth to the Business Plan. These properties have been categorized within the assumptions for the business plan and ranked, rated and managed according to their category. This has led to the current identification of garage sites for demolition and redevelopment and the priority estates at The Briars, Copshall Close and Ayletts

Field.

Our priority now is to focus on high rise, non-traditional and sheltered housing stock where the nature of the stock means that cashflows are weaker than across other more traditionally built stock due to the higher maintenance costs. For example, the Business Plan includes a provision of £11m for over cladding work associated with high rise properties in the medium term. There are three tower blocks in particular where external insulation now will save maintenance costs in the future and provide a quality building suitable for future investment. The asset modelling provides a base line cash flow to support bids for funding for this scenario and the development of a business case to ensure the future sustainability of blocks. This sophistication will assist in identifying priorities for financial resources on schemes which require intervention to improve the quality of life for tenants and the financial benefit to the Council.

## **6.2.6 Rent policy**

### **6.2.6.1 Background**

A major portion of income to the HRA is dwellings income.

Until 2014/15, successive governments had a policy of moving Council rent increases in excess of annual inflation. This was closely linked to the former HRA Subsidy system.

Under HRA self-financing the debt settlement calculations assumed that this policy would continue. However under the self-financing arrangements the HRA 30-year Business Plan must be sustainable taking into consideration the principles of affordability, fairness, and priorities.

Rent restructuring, as it was called, began in 2002/03. It created a nationally calculated Formula Rent which took account of average county earnings and bedroom size of each property – weighting 70% - and property value – weighting 30%. The formula was updated annually by inflation. Put simply, it meant that when local rents converged with the Formula Rent a three bedroom rented property with the same property value would have the same weekly rent whether it was in Harlow, Brentwood or Colchester. The Formula Rent had some rationale in that it created relative property rents. What discredited it slightly was the assumption of average county earnings: it was always said that earnings were lower for Harlow residents than elsewhere in Essex.

2015/16 would have been the final year of rent restructuring.

### **6.2.6.2. Current position and Government guidance**

The importance of the nationally devised rent setting as a policy making tool has diminished.

The rent restructuring formula is still expected to be uplifted annually from each April using published data for the previous September. In 2015/16, for the first time, CPI will be used as the measure, replacing the RPI index.

The Government has issued guidance that rents should not increase by more than CPI+1% annually between 2015/16 and 2024/25. This was included for the first time in the HRA Business Plan 2013-2043.

In addition, it encourages Councils to maintain the calculation of a National Formula Rent and to use this higher amount when letting property to new tenants. This would mean differential rent charges between neighbouring properties and was rejected by Housing Standards Panel in December 2013 as creating a “two tiered town”. The HRA Business Plan 2013-2043 did not factor any movement of dwellings towards Formula Rent.

Finally, it encourages Councils to charge tenants whose income exceeds £60,000 a year the market rent. Many Councils have dismissed this as unworkable.

### **6.2.6.3. Rent Setting Options**

The guidance allows for some flexibility in setting rents for individual properties: “The Government’s policy recognises that authorities should have some discretion over the rent set for individual properties, in order to take account of local factors and concerns, in consultation with tenants”<sup>3</sup>.

The Council consulted tenants on future rent setting policy. (Details are set out in Appendix C of the ‘HRA Budget 2015/16’ report)

It was agreed that a Formula Rent is useful in adopting relative dwelling rents in accordance with bedroom size and property values (a property based approach). It is also consistent with the concepts of affordability and fairness.

#### **1. Affordability.**

The government recommends an increase of no more than CPI+1% over the next ten years. Expenditure plans in the past were formulated on higher increases allowing for full convergence of rents with the Formula Rent. Implementing the current government guidance restricts the income to the HRA Business Plan and may lead to cost reductions or a tapering of ambition to, for example, build new council homes.

#### **2. Fairness.**

Although some tenants might contend this, having a Formula Rent with a limitation on rent increases appears to be fair. A Formula Rent – however calculated – is based on a set of principles.

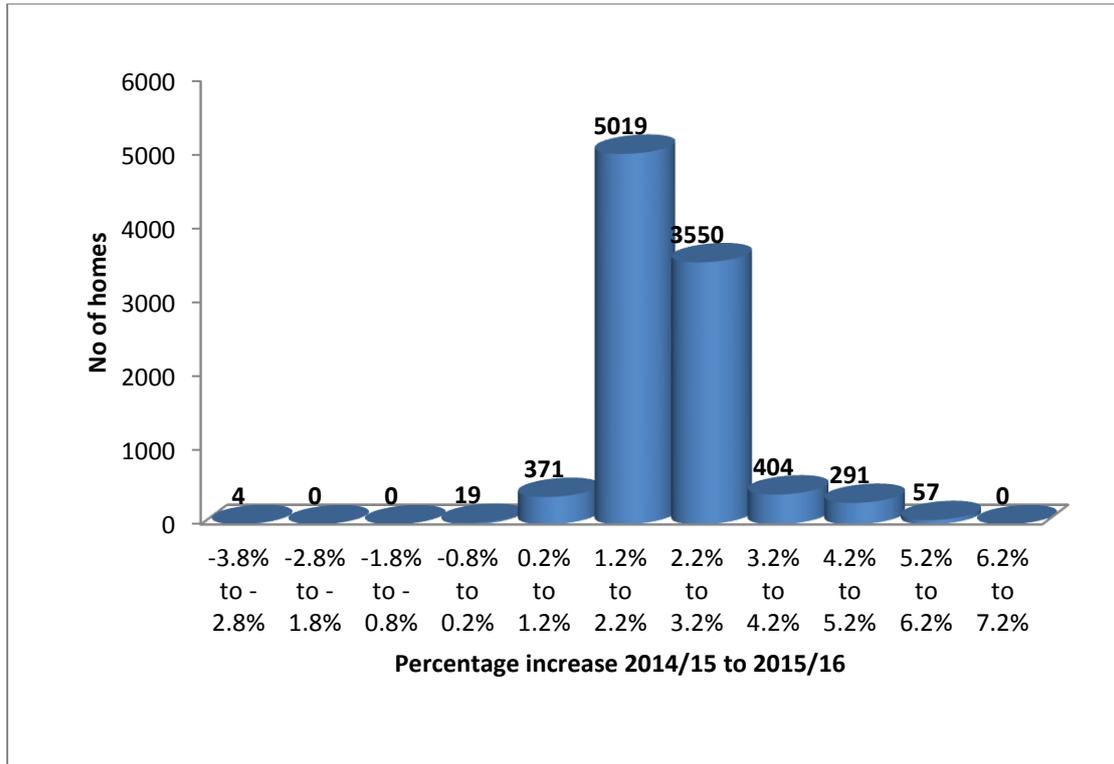
To achieve an actual average rent level equivalent to an increase of CPI+1%, the Formula Rent uplift would be **amended** (i.e. to achieve an average rent of £93.60, an average uplift of CPI+1% meeting guidance). To achieve an average weekly rent of £93.60, the Formula Rent uplift needs to be amended to CPI-0.1%.

In common with government guidance all properties would not converge with a national Formula Rent.

The proposal would mean rent increases would not be a uniform 2.2% uplift, as illustrated in the graph below.

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<sup>3</sup> CLG. Guidance on Rents for Social Housing, June 2014. para. 2.13



**Tenants serving on the Housing Finance Standards Panel at its November 2014 meeting endorsed this option.**

368 properties would have increases capped at CPI+1%+£2 per week, in other words would not have actual rents set at what would be a Local Formula Rent in 2015/16.

The Council would continue with restructuring until all properties were charged at the Local Formula Rent. This would mean average increases slightly above CPI+1% annually. This option would mean that the Council would not be charging tenants the National Formula Rent.

Figures for the next ten years are given here.

Year	Weekly Rent (CPI+1%)	Local Formula Rent	Weekly Rent (based on Local Formula Rent)	Assumed annual increase (CPI+1%)
	£	£	£	%
2015/16	93.60	93.76	93.60	2.2
2016/17	95.66	95.82	95.72	2.2
2017/18	98.34	98.51	98.44	2.8
2018/19	101.29	101.46	101.42	3.0
2019/20	104.33	104.50	104.48	3.0
2020/21	107.46	107.64	107.63	3.0
2021/22	110.69	110.87	110.87	3.0
2022/23	114.01	114.20	114.20	3.0
2023/24	117.43	117.62	117.62	3.0
2024/25	120.95	121.15	121.15	3.0

### **6.2.7 Priority Estates**

Harlow Council has three estates classified as priority. A preferred partner has been chosen for the redevelopment of The Briars, Copshall Close, and Aylets Field (BCA) estates and it is expected that a planning application will be submitted in 2015. Funding for the project will be provided by the contractor, with provision for financial support being made within the HRA Business Plan. The Priority Estates programme brings a number of challenges to the Council – not least the demand for suitable housing during this period.

In addition to the above, Harlow Council has three estates which require additional support. Barley Croft and Lower Meadow will be subject to additional attention under the Modern Homes Programme and the Council will pursue redevelopment opportunities for two flat/maisonette blocks in Northbrooks as and when opportunities arise, the remainder of the estate has been removed from the Priority Estates Project.

### **6.2.8 Reinvigorating Right To Buy**

The Government introduced a new policy from April 2012 to encourage an increase in Right To Buy sales in order to support the replacement of homes. Discounts available to tenants were substantially increased which, following a campaign by the Government, has stimulated the number of sales. The HRA Business Plan assumes 83 sales in 2014/15 and 60 in 2015/16.

The Council is still required to pool the capital receipts to Government but the formula used to calculate the amount payable now includes an allowance for the additional sales which would have otherwise generated a rental income to repay debt, and an amount offered to Councils for the purpose of house building, subject to terms and conditions. These are:

- the ability to find and build on a site within three years;
- penalties for not delivering - repayment of the sum with an addition of interest at 4% above the base rate;
- receipts must not fund over 30% of the cost of the project.

The Business Plan is therefore cautious regarding the need for reinvigoration receipts and will draw down no more than is necessary to finance each project..

### **6.2.9 Creating New Council Housing**

A 'pathfinder' project to build new homes has been approved making best use of surplus Council Land, such as under-used garage sites. The contract, which was approved in October 2013, will initially see 18 new houses constructed on sites at Felmongers, Fesants Croft and The Hill. Work has commenced with scheduled completion in December 2015.

As more funding and capacity becomes available further homes could be built. The Council has identified 15 potential disused or under-used garage sites which could provide a total of 91 new homes. The HRA Business Plan will continue to be reviewed at least annually developing plans for Council house building.

The Council has ceased purchasing property on the open market because, with rising house prices, this is not a viable option.

Expenditure for the current schemes is given in the table below.

	<i>Expenditure on schemes (£)</i>	<i>Supported by Right to Buy Reinvigoration Receipt from CLG (£)</i>
Balance at 1 April 2014		(-) <i>234,000</i>
Reinvigoration Receipts drawn down during 2014/15		(-) <i>674,000</i>
Expenditure on Open Market Purchases	169,000	<i>51,000</i>
Expenditure on Pathfinder Scheme	<u>1,020,000</u>	<u><i>306,000</i></u>
<b>Total Expenditure / Unused reinvigoration receipts at 31 March 2015</b>	<b><u>1,189,000</u></b>	<b>(-)<u><i>551,000</i></u></b>
Expenditure on Pathfinder Scheme, 2015/16	<u>1,836,000</u>	<u><i>551,000</i></u>
<b>Total Expenditure / Unused reinvigoration receipts at 31 March 2016</b>	<b>1,836,000</b>	<b>0</b>

## 6.2.10 Garage Strategy

### 6.2.10.1 Summary

The Council has updated its Garage and Hardstand Strategy. This was approved by Cabinet on 11 December 2014.

The Strategy reviewed the financial viability of each garage block and, where the decision to 'retain and invest' was made, set a programme for future major expenditure.

The Council has 7983 garages in total, 6428 of which are designated 'retain and invest'. Of these 3581 are let to non-tenants. These will be appropriated since these are no longer required for the purpose of housing in accordance with s122 LGA 1972, HA1985 s19 (2): land not used for housing or part thereof can be appropriated for any purpose.<sup>4</sup>

<sup>4</sup> The Council in its capacity as local housing authority has determined that the garages to be appropriated are not part of a house and not let in connection with housing stock but are required for the more general purpose of letting to non-Council housing tenants. The Council are satisfied that the garages are better suited for general purpose of being let to members of the public who are not the Council's own Housing Act Part II residential tenants. Therefore, the appropriation may be made pursuant to section 122 of the Local Government Act 1972. It is proposed to transfer private rented garages from the HRA to the General Fund (GF) on an ongoing basis as the use of garages is no longer entirely a Council landlord (HRA) function. Thereafter, expenditure and income relating to those garages transferred will be accounted for in the General Fund.

The transfer of 3581 garages let to non-Council housing tenants will assist in the balancing of the General Fund which faces ongoing reductions in grant, in contrast to the Council's Housing Revenue Account which has a positive ongoing income stream forecasted from housing rents.

The garages in question have been revalued at a net £10.937m. This is the value of the garages to be transferred, which has an impact on the respective borrowing limits within the HRA and General Fund. The sale of these assets to the General Fund creates an additional £10.937m of borrowing headroom within the HRA. The overall borrowing position to the Council (referred to as the Capital Financing Requirement) remains unchanged.

Set out in the table below are the changes made to the HRA and General Fund as a consequence of this policy change. These figures have been incorporated into this HRA Business Plan.

#### **6.2.10.2 Notes on changes to the Business Plan**

The Council asked Savills to revalue the garage stock as at 1 April 2014 in light of the findings contained in the Garage Strategy. The value is greatly reduced (impaired) so instead of approximately £6m for depreciation, the figure will fall to £179,000. This has an impact on the contribution from the HRA to the MRR: for 2014/15 this will be £11.101m.

The Housing Capital Programme utilises the balance in the MRR to fund expenditure. This will instead be financed by Direct Revenue Financing. It means that prior to transfer of garages there is no overall financial impact on the HRA of the combined amounts in the Operating Account and Major Repairs Reserve.

The transfer of garages from 1 April 2015 will mean an apportionment of capital expenditure in respect of garages will be met by the Non-Housing Capital Programme (which is outside the scope of this report). Additional capital expenditure to the Non-Housing Capital Programme will be met by Direct Revenue Financing from the income collected from non-tenants. (The General Fund also receives an apportionment of management and repairs expenditure exemplified in the table below.)

Garage Finances

	<i>Baseline</i>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
<u>Statistics</u>						
Number of garages	7983	3581	3581	3581	3581	3581
of which relates to empty garages		0	0	0	0	0
Valuation (£m)		10.937	10.937	10.937	10.937	10.937
of which relates to buildings not land		2.734	2.734	2.734	2.734	2.734
expressed as a percentage (%)		25.00%	25.00%	25.00%	25.00%	25.00%
Remaining Useful Life (yrs)		30	30	30	30	30
Interest on Investments applied to CFR		0.670%	1.250%	1.500%	2.000%	2.500%
Garage Rent	£8.20	£8.36	£8.53	£8.70	£8.88	£9.05
Annual Uplifts	2.00%					
<u>Expenditure &amp; Income</u>						
Expenditure						
Management Costs & Overheads (£m)	0.293	0.131	0.134	0.137	0.139	0.142
Maintenance Costs (£m)	0.250	0.112	0.114	0.117	0.119	0.121
Capital Programme: Garages (£m)	<i>varies</i>	0.648	0.661	0.707	0.823	0.844
Total (£m)	<u>0.543</u>	<u>0.891</u>	<u>0.910</u>	<u>0.960</u>	<u>1.082</u>	<u>1.108</u>
Income						
Gross Income (£m)		-1.557	-1.589	-1.620	-1.653	-1.686
Voids (£m)		0.000	0.000	0.000	0.000	0.000
Net Income (£m)		<u>-1.557</u>	<u>-1.589</u>	<u>-1.620</u>	<u>-1.653</u>	<u>-1.686</u>

	2015/16		2016/17		2017/18		2018/19		2019/20	
	GF	HRA								
	£m	£m								
Transfer of Garages adjusts CFR	10.937	-	10.937	-	10.937	-	10.937	-	10.937	-
<u>Transactions</u>										
Interest on CFR	0.073	-0.073	0.137	-0.137	0.164	-0.164	0.219	-0.219	0.273	-0.273
Depreciation charge to MRR		-0.091		-0.091		-0.091		-0.091		-0.091
Capital Programme: additional DRF		0.091		0.091		0.091		0.091		0.091
Depreciation charge to GF	0.091		0.091		0.091		0.091		0.091	
Depreciation charge reversed through MIRS	-0.091		-0.091		-0.091		-0.091		-0.091	
Garage expenditure	0.891	-0.891	0.910	-0.910	0.960	-0.960	1.082	-1.082	1.108	-1.108
Garage income	-1.557	1.557	-1.589	1.589	-1.620	1.620	-1.653	1.653	-1.686	1.686
<b>Cost / (Saving)</b>	<b>-0.593</b>	<b>0.593</b>	<b>-0.542</b>	<b>0.542</b>	<b>-0.496</b>	<b>0.496</b>	<b>-0.352</b>	<b>0.352</b>	<b>-0.305</b>	<b>0.305</b>
<u>Memorandum</u>										
Revenue	-1.241	1.241	-1.203	1.203	-1.203	1.203	-1.176	1.176	-1.149	1.149
Capital	0.648	-0.648	0.661	-0.661	0.707	-0.707	0.823	-0.823	0.844	-0.844

### 6.3 General assumptions.

The table below sets out the assumptions applied in the HRA Business Plan. A full commentary is given in Appendix 6.2.

<b>Business Plan Assumptions</b>				
<b>Inflation indices</b>				
	RPI	Pay	Repairs & JVCo annual uplift	CPI
Year 2 (2015/16)	2.5%	2.2% from Jan 2015	1.1%	1.2%
Year 3 (2016/17)	2.5%	2%	2%	1.8%
Year 4 (2017/18)	2.5%	2%	2%	2%
Thereafter	2.5%	2%	2%	2%
	Dwelling Rents (broadly CPI+1% where CPI previous Sep)	Garage Rents	Interest Rate paid on Borrowing	Interest Rate received on Working Balances
Year 2 (2015/16)	2.2%	2%	3.47%	0.67%
Year 3 (2016/17)	2.2%	2%	3.47%	1.25%
Year 4 (2017/18)	2.8%	2%	3.47%	1.5%
Year 5 (2018/19)	3%	2%	3.47%	2%
Thereafter	3%	2%	3.47%	Rising to 3%
<b>Rents</b>				
	Average weekly rent per tenant (£)	Average weekly service charge per tenant (£)	Local Formula Rent (£)	National Formula Rent (£)
2014/15	91.59	1.79	-	92.74
2015/16	93.60	1.64	93.76	94.78
2016/17	95.72	2.06	95.82	96.87
2017/18	98.44	2.11	98.51	99.58
2018/19	101.42	2.16	101.46	102.56
<b>Stock</b>				
Number of tenanted properties as at 1 April 2014				9715
Number of leasehold properties as at 1 April 2014				2384
Annual changes	Right To Buy sales	New leasehold properties	New Build	Demolitions
2014/15	(-)83	34	1	(-)16
2015/16	(-)60	24	18	(-)65
2016/17	(-)60	24	0	(-)65
2017/18	(-)30	12	0	(-)65
2018/19	(-)30	12	0	0
Thereafter	(-)30	12	0	0
<b>Other assumptions (figures at 31 March 2015)</b>				
Settlement payment (on 28 March 2012)				£208,837,000
Limit of Indebtedness / Borrowing cap				£208,837,000
Housing Capital Financing Requirement				£198,307,000
Borrowing headroom				£10,530,000.
Minimum working balance on Housing Revenue Account				£2,637,000

## **6.4 Risks and opportunities**

### **6.4.1 Investment Strategy**

The Council has developed an Asset Management Plan highlighting spending required to maintain homes in good order throughout the life of the HRA Business Plan. The figures included in the Business Plan have been prudently calculated, such that it is anticipated that the sums involved will decrease rather than increase. The Sensitivity Analysis will consider the implications of changes to these figures.

### **6.4.2 Welfare Reform**

Following the introduction of the Government's Welfare Reform legislation, work continues to assist residents with embedding the amended Housing Benefit Regulations. The Council continue to have clear and transparent processes and procedures for dealing with arrears recovery, and will continue to work in line with its "Can't pay / Won't pay" ethos when managing debt in relation to support and enforcement.

Housing rent collection has not been majorly affected by the welfare reforms at this stage, with figures on arrears relating to the Under Occupation Surcharges comparing favourably to other Local Authorities across the country. Work continues to be undertaken to provide tenants affected with support and assistance in relation to debt management, income maximisation and budgeting advise with the aim of finding resolutions to their financial difficulties before enforcement action is considered.

The appointed Welfare Reform Support Officer within Housing Services continues to work proactively with the households most vulnerable and affected by the changes, by identifying appropriate interventions and solutions in ensuring they are able to maximise their income, minimise their debts and sustain their tenancies. Preparing tenants for Universal Credit has already commenced with vulnerable tenants being identified and providing budgeting advise, income maximisation and assistance with managing their financial affairs by ensuring they have bank accounts in preparation for direct payments.

Due to the continuing implementation of the Welfare Reform legislation, further changes and impacts are currently unknown in the following areas:

- The timetable for Universal Credit (UC) which brings together the majority of welfare benefits, including housing benefit, under one claim process and one monthly payment was due to be rollout in October 2013, but this has been delayed. The roll out will now take place in four tranches, with the first tranche planned to be rolled out from March 2015 and will initially be rolled out to single claimants in the first instance. Once tranche one is complete, subsequent tranches will be rolled out until national expansion is completed during the Spring of 2016. At this stage we have not been notified as to what tranche Harlow will be in, however it is expected that it is more likely to be nearer the end of the national roll out.
- Payment of housing benefit direct to tenants of registered social landlords. In preparation for UC, local authorities may be required to implement Payment Direct of housing benefit, which is already operational for tenants in the private sector.

The legislation represents a wholesale change to the welfare state set up in the late 1940s following the Beveridge report. The affect on individuals, and their payment behaviour, is unknown but it is estimated that there will, in the coming year, be a reduction of £2m in the welfare bill to the residents of Harlow. The Council has planned that additional staff will be necessary to support money management and the payment of rent and council tax. The Council has increased its provision for bad debts in the HRA Business Plan. It is difficult to assess whether sufficient resources have been allowed given the radical change in culture which Welfare Reform will bring.

#### **6.4.3. Secretary of State powers to reopen “payment settlement”**

The Localism Act 2011 gave the Secretary of State powers to redetermine Council debt at a future date. This would be used in the event, for example, of national policy change having an affect on HRA Business Plans.

This is a pragmatic piece of legislation.

Harlow Council’s payment settlement was adjusted for the projected demolition of 204 dwellings at The Briars, Aylets Field and Copshall Close between 2014 and 2018.

#### **6.4.4 Borrowing Strategy**

The HRA Business Plan 2011-2041 was designed to indicate the minimum period over which loans could be repaid, thus avoiding perhaps needless interest charges to the HRA. This updated Plan ensures that the borrowing commitments made in March 2012 can be met. Predicting expenditure and income over very long time periods is risky. Officers believe there are two guiding principles:

- (1) To ensure that the HRA Business Plan can afford to repay the loan or loans over the anticipated time period.
- (2) To ensure that sufficient surpluses are set aside to repay these loans.

As surplus balances increase over time there may be the opportunity to invest sums or reprofile the loans. .

#### **6.4.5 Limit of Indebtedness**

The ‘limit of indebtedness’ is the borrowing cap set by the Secretary of State under the Localism Act. This is the maximum amount that housing authorities may borrow. For Harlow Council this is identical to the settlement payment, £208.837m, however finances at 31 March 2012 showed the ‘HRA Capital Financing Requirement’ at minus £10.53m. This sum is an additional, or headroom, amount which may be borrowed.

In addition the transfer of garages from the HRA to General Fund (see 6.2.10 above) will produce a larger borrowing headroom of £21.467m. The value of the garages to be transferred on 1 April 2015 is £10.937m. This reduces the HRA Capital Financing Requirement to £187.37m.

This HRA Business Plan provides that the headroom will only be borrowed if absolutely necessary.

#### **6.4.6 Accounting for the Depreciation and Componentisation of assets**

With the Housing Revenue Account required to operate on a more business-like footing and have a regularly updated Business Plan, there is a requirement to account properly for the depreciation of assets and, where it is important and significant, the various parts of an asset (referred to as componentisation). Councils are currently allowed to apply a figure for the depreciation of dwellings which is currently lower than that calculated by professional valuers. This dispensation will probably end on 31 March 2017, after which real charges have to be applied to the Operating Account with compulsory transfers to the Major Repairs Reserve. The impact of these changes is unknown, and not factored into this HRA Business Plan.

For a full commentary on this topic please refer to the 'HRA Business Plan 2013-2043', section 6.4.8.

#### **6.5 Sensitivity analysis**

Sensitivity analysis tests how much the Business Plan might fluctuate from its set of standard assumptions (*see 6.3 above*). This is distinctive from the key principles (*see 6.2 above*), which have been approved and are unchanging, save for inflationary fluctuations.

## 7. Equalities and Diversity

Harlow Council is committed to providing equal access to Council services for all those who make up Harlow's diverse communities. It is also committed to regular evaluation procedures, and policies promoting diversity in all areas of recruitment, employment, training and promotion.

The Council will work towards an environment that is based on meritocracy and inclusiveness, where all employees can develop their full potential, irrespective of their race, gender, marital status, age, disability, religious belief, political opinion or sexual orientation.

The Council recognises that equality of opportunity leads to:

- Services that respond to the needs of all its communities.
- Staff who are able to deliver services to the whole community more effectively through improved training and development.
- A more positive working environment which enables hearts and minds to embrace change.
- A workforce that is representative of the wider community.
- Good partnership between the Council and the community.

The Council's Constitution sets out how it operates as an organisation, how decisions are made and the procedures that need to be followed to ensure it is efficient, transparent and accountable to local people.

Harlow Council is committed to the principles of equality of opportunity, fairness and equality for all in its service provision. These principles underpin the services the Council provides and the opportunities it creates as an employer, partner and service provider. The Council works toward an environment that is based on inclusiveness, where all potential applicants are given equal opportunity to apply for available roles with the Council and all employees can develop their full potential.

In 2011 the Council published its Corporate Equalities Policy, *Putting People First*, which reflects what is enshrined in our constitution and embedded across the culture of the organisation.

### *Harlow Fairness and Diversity Partnership*

The Fairness and Diversity Partnership is independent of the Council, but an integral part of the structure of key partnerships for Harlow.

Independently chaired; the Partnership includes Harlow Councillors and Officers, and representatives from a range of government and non-government organisations including trade unions.

The Council monitors how well it is performing against this objective through a variety of measures including community cohesion and reducing disadvantage. The Council's approach to equalities is embedded in the decisions it makes as an organisation.

Where a new policy, function or activity has an impact on the community, or

where a policy, function or activity is changed, an Equality Impact Assessment (EIA) may be undertaken which assesses the proposed changes and asks the following questions:

- i. Are there differential service outcomes for different communities? If so, what measures will be put in place to re-dress these differences?
- ii. What will be the impact of the delivery of any proposed new services or functions on satisfaction ratings amongst different groups of residents?
- iii. How have residents with different needs been consulted on the anticipated impact of this proposal?

**APPENDIX 3.1  
HOUSING SERVICE PLAN 2014-15**

Objectives	Actions	Milestones	When	By Whom
<b>HSG 1 Improve the quality of Council Housing stock, maintain stock in good order achieving Decent Homes Targets by April 2015</b>	1.1 Procure Housing Investment Programme	1.1.1 Internal contracts awarded	Complete	Head of Housing
		1.1.2 External contracts awarded	Feb 2015	
		1.1.3 Programme and project management established	Complete	
	1.2 Revised Housing Revenue Account Business Plan Approved	1.2.1. Programme and Project Management Team established.	Complete	
		1.2.2 Annual work plans published to Tenants and leaseholders	Complete	
	1.3 Revised Asset Management Strategy Published	1.3.1. Plan published	Complete	
	1.4 Performance Management Framework established	1.4.1 Framework in place	Complete	
	1.5 New Asset Management Service Procurement Framework established	1.5.1 Framework in place	Complete	

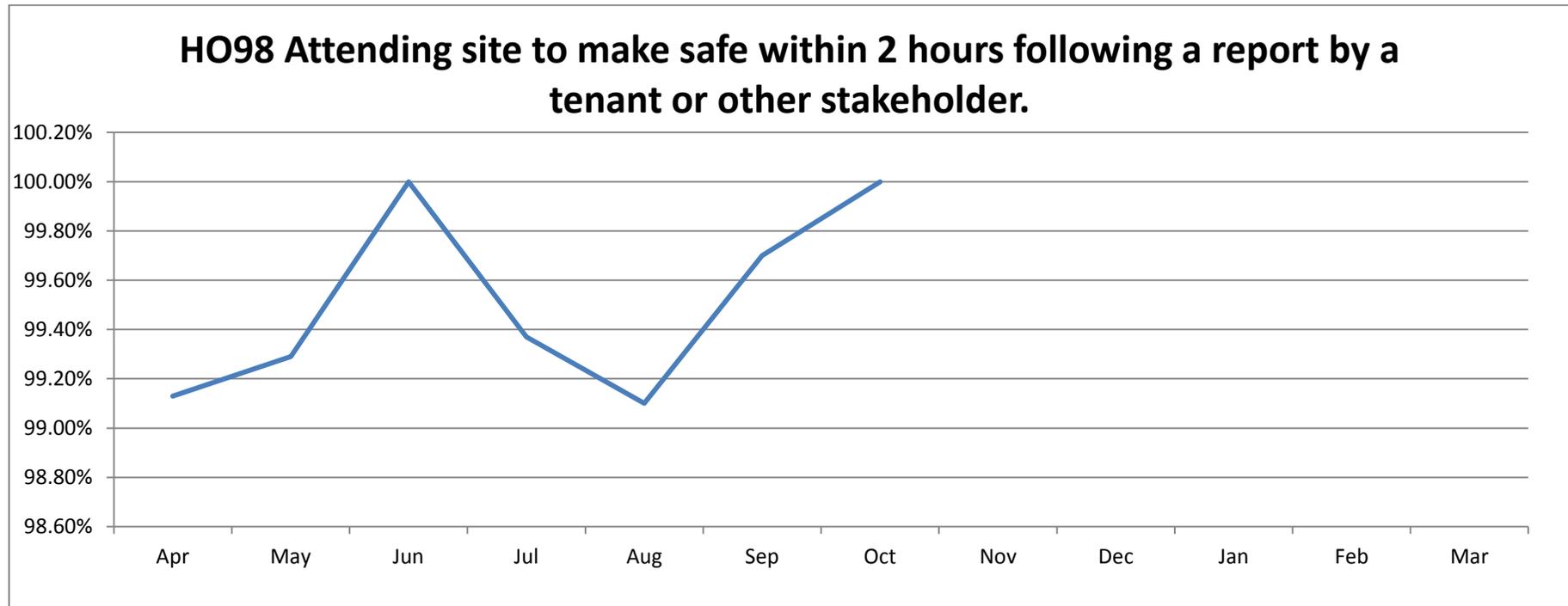
Objectives	Actions	Milestones	When	By Whom
		1.5.2 Performance Management Framework established	May 2014	
<b>HSG 2 Review the Allocations Policy and Tenancy Strategy</b>	2.1 Review the impact of Welfare Reforms	2.1.1 Impact assessment made	Complete	Housing Options & Advice Manager
	2.2 Develop Action Plan for service reduction aligned to reduced budget levels	2.2.1 Action Plan in place	Complete	
	2.3 Review processes and policies in line with new Tenancy Strategy	2.3.1 New processes in place	Complete	
<b>HSG 3 Implement revised Homelessness Strategy</b>	3.1 Implement Action Plan from revised Temporary Accommodation procurement	3.1.1 Action Plan completed	March 2015	Housing Options & Advice Manager
	3.2 Increase promotion of wider housing options and use of the private sector	3.2.1 Advice services reviewed	March 2015	
		3.2.2 Rent Deposit Guarantee Scheme revised	complete	
	3.3 Develop Harlow Homelessness Partnership targeting resources and joint working with agencies to prevent and respond to Homelessness	3.3.1 Allocate Government grant for 2014/15	Complete	
		3.3.2 Homelessness Strategy Action Plan implemented	March 2015	
	3.4 Ensure all residents are provided with a range of Housing Options, choices and opportunities available	3.4.1 Review the options with a view to increasing the range available	March 2015	

Objectives	Actions	Milestones	When	By Whom
	for their situation			
<b>HSG 4 Increase availability of Housing to rent at low cost</b>	4.1 Implement programme of Council house building	4.1.1 Implementation Plan published	Complete	Head of Housing
		4.1.2 Progress reviewed	Mar 2015	
	4.2 Use Council owned land, where appropriate to support the development of increased housing	4.2.1 Revised Garage Strategy published	Complete	
		4.2.2 Implementation Plan published	Feb 2015	
<b>HSG 5 Increase engagement and Participation of tenants and leaseholders</b>	5.1 Review and consult on the Tenant and Leaseholder Engagement Strategy in response to national and local priorities and implement it.	5.1.1 Review completed	Nov 2014	Head of Housing
		5.1.2 Plan implemented	Mar 2015	
	5.2 Ensure that Housing works programmes are communicated in advance of commencement and monitoring arrangements established	5.2.1 Programmes published	Complete	
	5.3 Ensure tenants and leaseholders have opportunities to choose, be consulted by and receive feedback when seeking to influence and be involved in the management of their homes	5.3.1 On- going	Mar 2015	

Objectives	Actions	Milestones	When	By Whom
<b>HSG 6 Review Supported Housing provision</b>	6.1 Establish a new five year supported Housing Plan	6.1.1 Meet with Social Services	Deferred to next year due to ECC reviewing their Supported Housing Strategy	Supported Housing Manager
		6.1.2 Review need and demographics	Deferred to next year due to ECC reviewing their Supported Housing Strategy	
		6.1.3 Complete stock condition survey for older persons schemes	Deferred to next year due to ECC reviewing their supported Housing strategy	
		6.1.4 Action Plan published	Deferred to next year due to ECC reviewing their supported Housing strategy	
<b>HSG 7 Improve tenant satisfaction with Housing Landlord Services</b>	7.1 Review customer satisfaction measurements	7.1.1 Housing Tenant Survey	Feb 2015	Head of Housing
		7.1.2 Repairs measurements reported quarterly	Complete	
<b>HSG 8 Ensure all residents are provided with the full range of Housing Options, choices and opportunities available for their situation</b>	8.1 Implement Housing Strategy	8.1.1 Plans implemented	Mar 2015	Housing Options and Advice Manager
		8.2 Promote sustainable tenancies by providing timely advice and support	8.2.1 ongoing.	Mar 2015

H098 Repairs - Attending site to make safe within 2 hours following a report by a tenant

2014	KPI	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
H098	Attending site to make safe within 2 hours following a report by a tenant or other stakeholder.	99.13%	99.29%	100%	99.37%	99.10%	99.70%	100%					

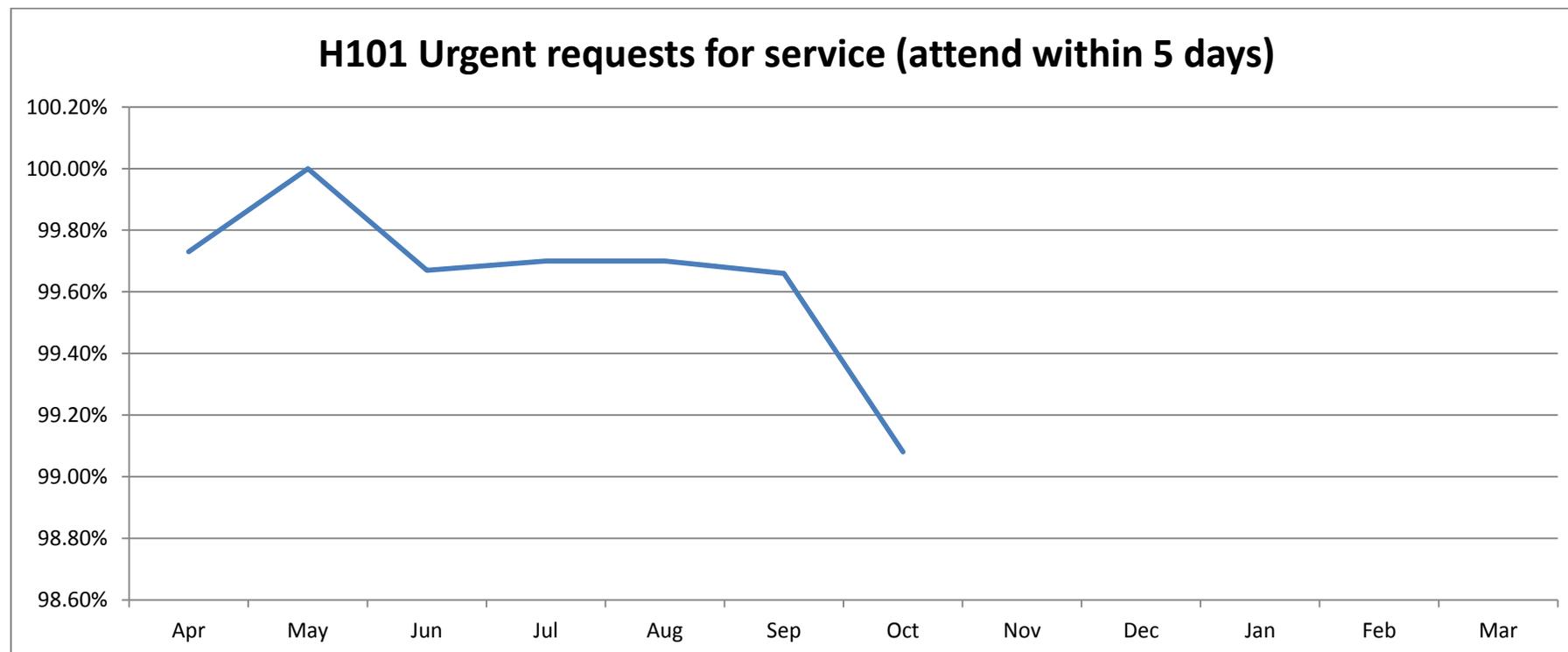


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H101 Urgent requests for service (attend within 5 days)

2014	KPI	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
H101	Urgent requests for service (attend within 5 days)	99.73%	100%	99.67%	99.70%	99.70%	99.66%	99.08%					

**H101 Urgent requests for service (attend within 5 days)**

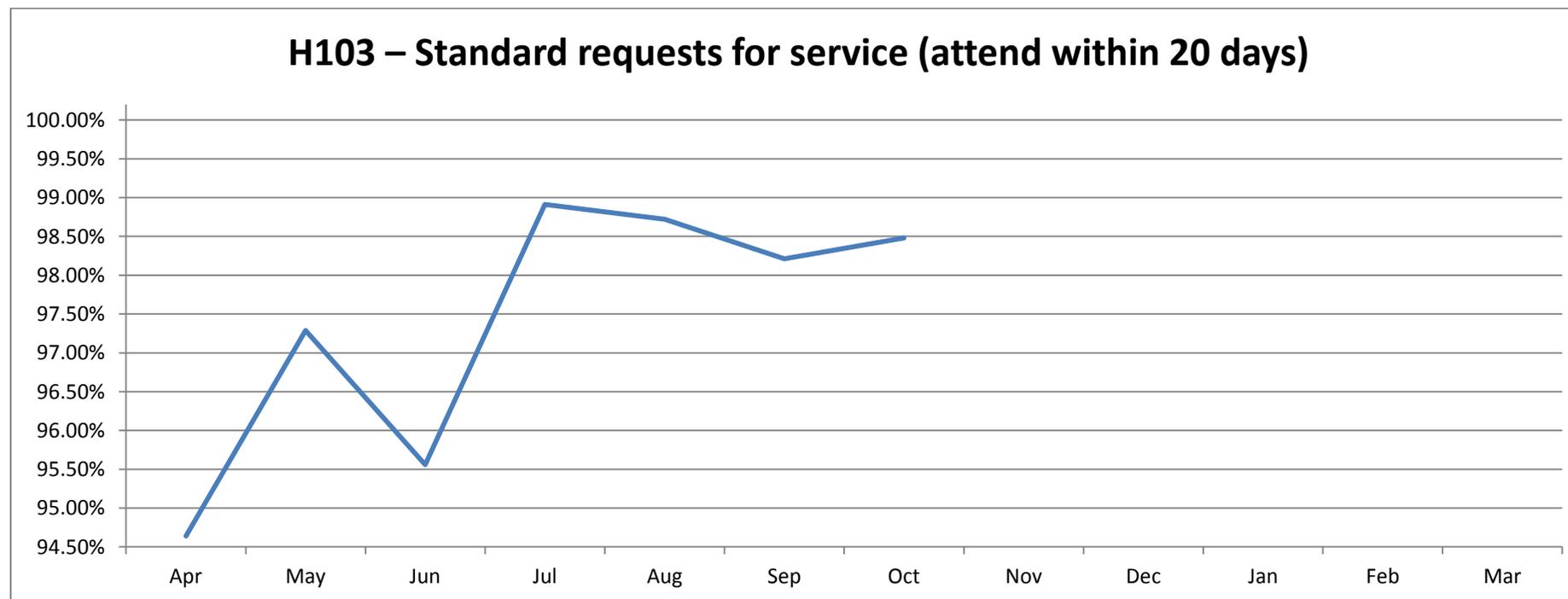


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H103 – Standard requests for service (attend within 20 days)

2014	KPI	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
H103	Standard requests for service (attend within 20 days)	94.64%	97.29%	95.56%	98.91%	98.72%	98.21%	98.48%					

**H103 – Standard requests for service (attend within 20 days)**



122

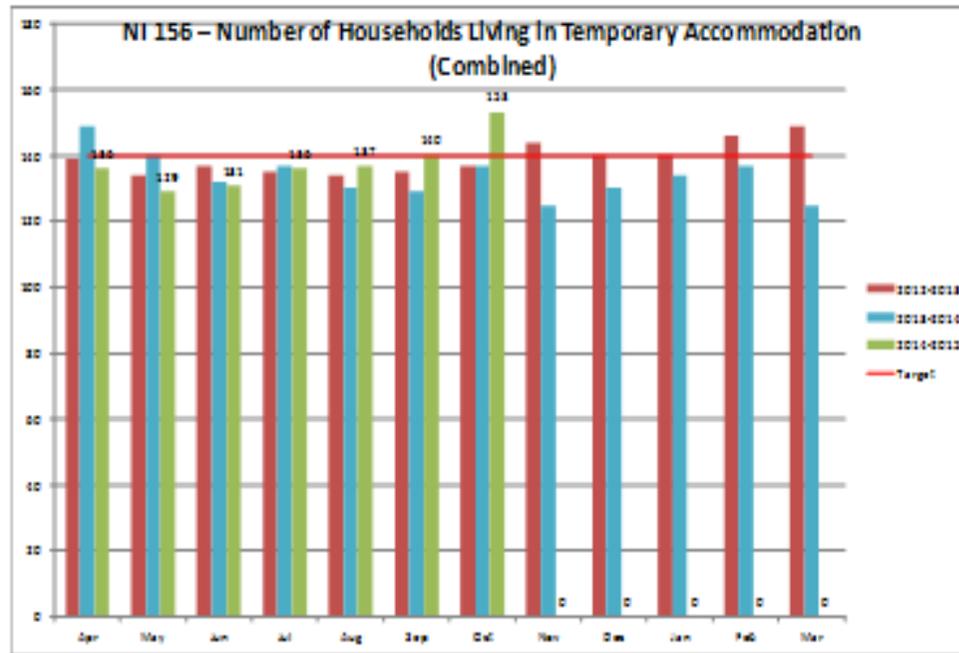
## Housing Options and Advice

Quarterly Corporate and Scorecard Indicator

### NI 156 – Number of Households Living in Temporary Accommodation (Combined)

PI CODE	2013/14 Outturn	2014/15 Target	May Week 8	June Week 13	July Week 17	August Week 21	September Week 26	October Week 30	Status	Trend Arrow
NI 156	125	140	129	131	136	137	140	153	GREEN	↓

(\* Including non-secure tenancies in permanent stock)



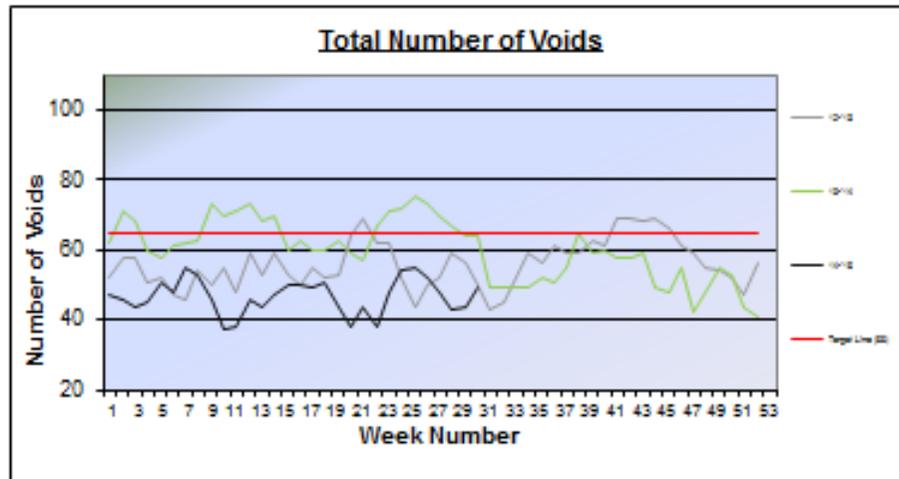
Page No 7

Housing Options and Advice PI's 2014/15  
Produced by Business Support Team

### Empty Homes Team

HMS8 - Number of empty Council homes

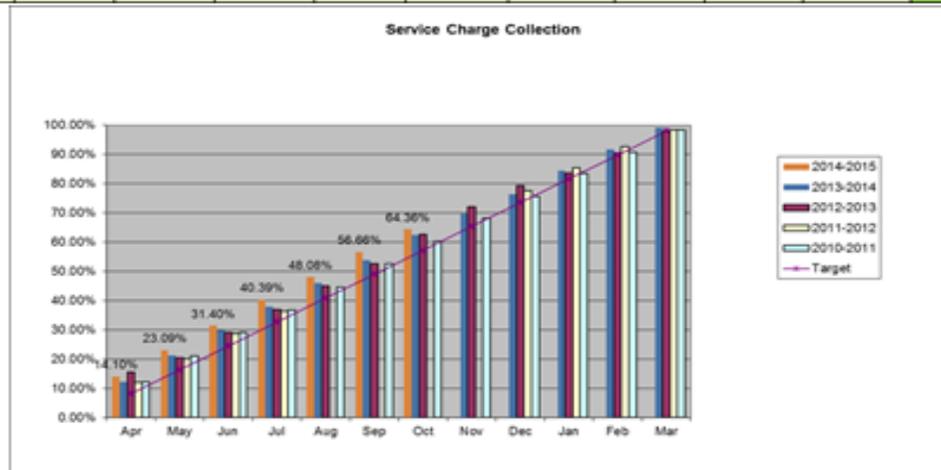
PI CODE	2013/14 Outturn	2014/15 Target	May Week 8	June Week 13	July Week 17	August Week 21	September Week 26	October Week 30	Status	Trend Arrow
HMS 8	45	60	53	44	49	44	52	49	GREEN	⬆️



## Home Ownership Annual Service Charges

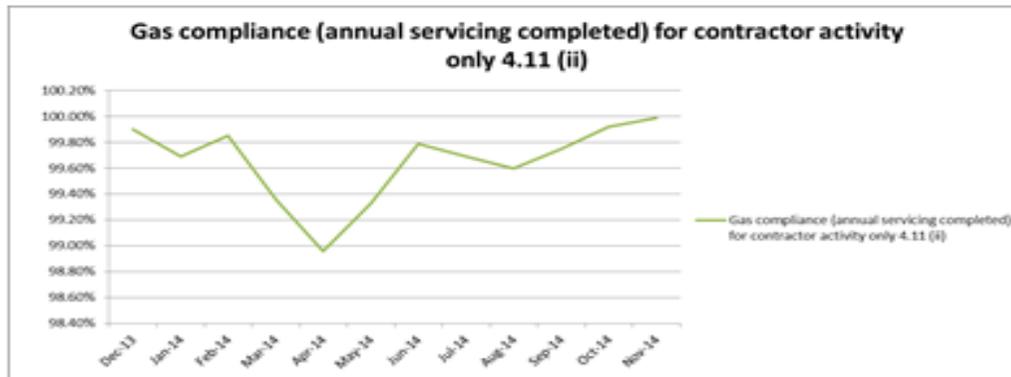
LHI-SO 26 – Service Charges Collected as a Percentage of the Annual Target - Month by Month

Outturn 2013-14	Target 2014-15	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	Status	Trend Arrow
TARGET INDICATOR %	98%	8.16%	16.33%	24.50%	32.66%	40.83%	48.99%	57.16%	65.33%		
99.20%		14.10%	23.09%	31.40%	40.39%	48.08%	56.68%	64.36%		GREEN	↑

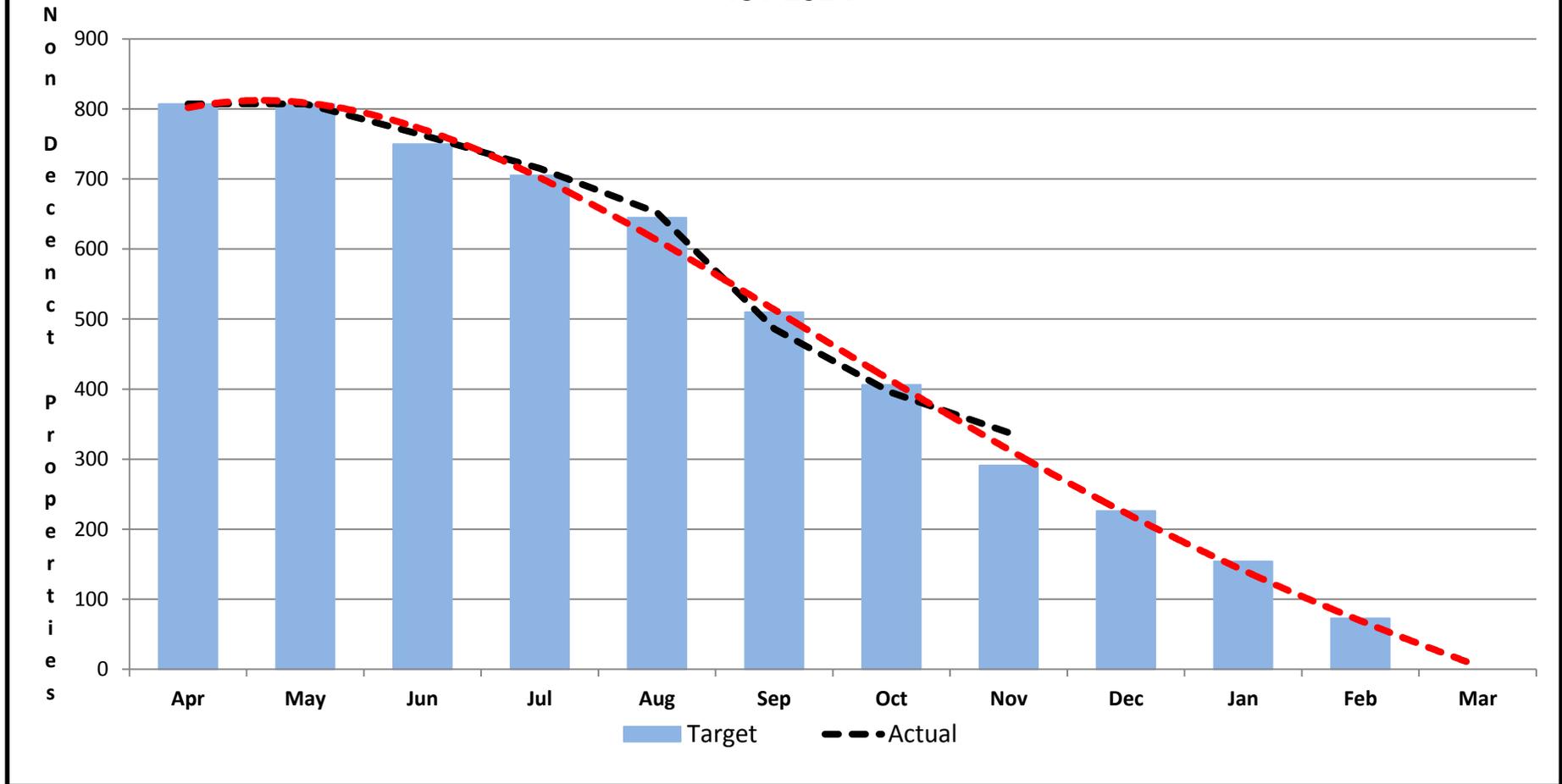


**Gas Compliance (annual Servicing completed)  
for contractor activity only 4.11 (ii)**

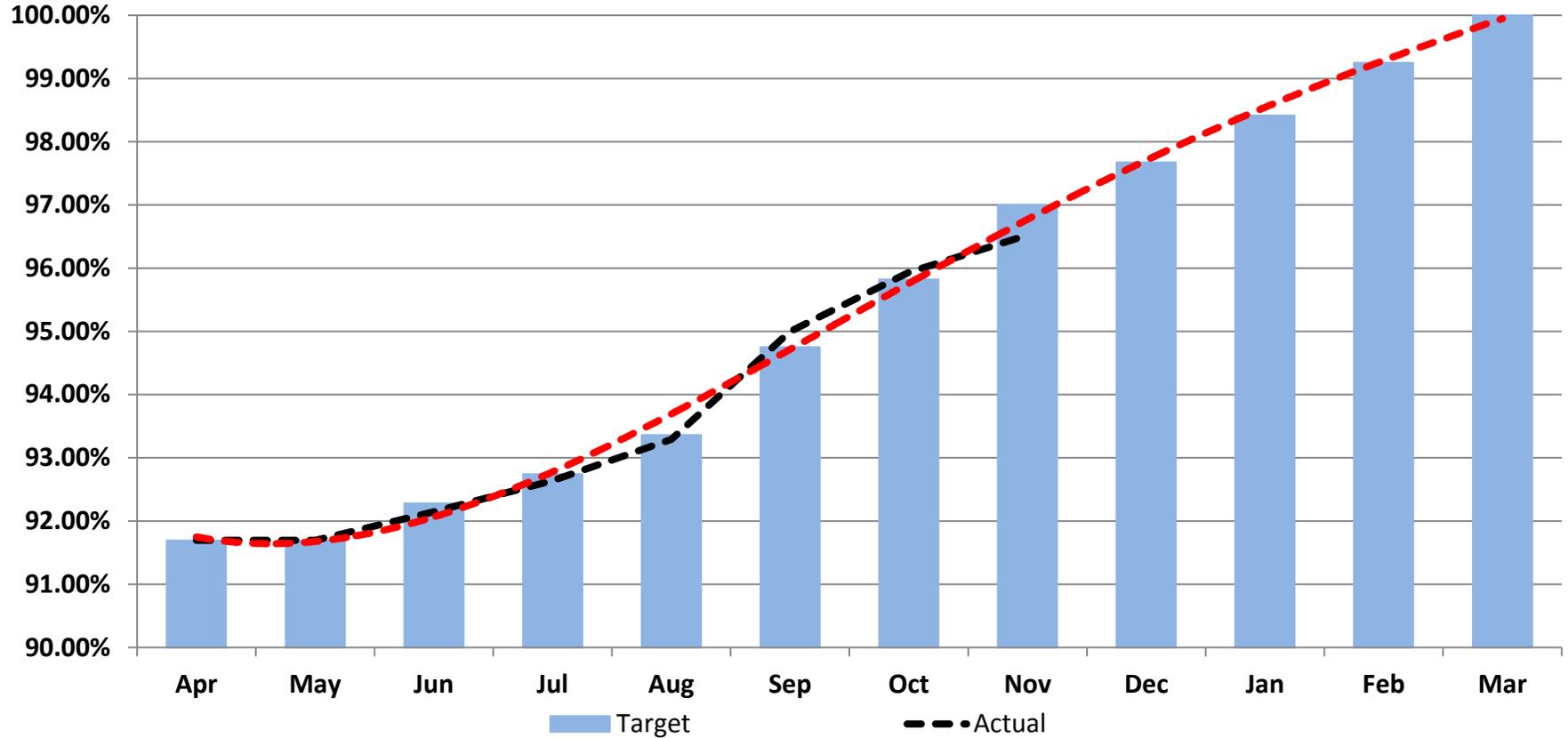
KPI DESCRIPTION	REF	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
Gas compliance (annual servicing completed) for contractor activity only	4.11 (ii)	99.90%	99.69%	99.85%	99.36%	98.96%	99.33%	99.79%	99.69%	99.60%	99.75%	99.92%	99.99%



### Harlow Non Decency Profile April 2014 - March 2015 Nov 2014



**Harlow Achievement of Decency Profile**  
**April 2014 - March 2015**  
**Nov 2014**



## APPENDIX 4.1: ASSET MANAGEMENT PLAN

Element	2013/14	2014/15	2015/16	2016/17	2017/18	Years 6 to 10	Years 11 to 15	Years 16 to 20	Years 21 to 25	Years 26 to 30	Total
	Year 1 (£)	Year 2 (£)	Year 3 (£)	Year 4 (£)	Year 5 (£)						
Internals	14,570,524	14,570,524	5,652,310	9,713,683	7,424,033	£16,374,400	£25,313,000	£24,512,850	£38,704,700	£19,959,150	£176,795,173
Windows and Doors	3,229,325	3,079,325	3,500,000	0	0	£865,804	£6,810,431	£5,673,311	£4,885,071	£2,966,500	£31,009,767
Dampness / Structural	533,000	250,000	150,000	100,000	100,000	£0	£0	£0	£0	£0	£1,133,000
External Major Works Package	250,000	200,000	4,372,180	4,372,180	4,372,180	£43,196,712	£22,258,778	£19,541,747	£11,629,237	£8,229,246	£118,422,260
Contingent Major Repairs	557,485	700,000	800,000	422,576	422,576	£1,880,407	£1,666,040	£1,526,411	£1,656,570	£934,647	£10,566,713
Leaseholders costs	0	0	569,969	569,969	569,969	£10,221,465	£6,713,996	£1,857,166	£1,545,287	£364,231	£22,412,052
Related Assets	289,593	389,594	947,690	947,690	947,690	£5,385,442	£5,401,103	£7,023,297	£1,020,330	£607,606	£22,960,036
Barley Croft & Lower Meadow	483,675	350,000	2,482,925	0	0	£0	£0	£0	£0	£0	£3,316,600
Lift Programme	0	70,000	70,000	0	0	£0	£0	£0	£0	£0	£140,000
Environmental Works	20,000	30,000	50,000	50,000	50,000	£100,000	£100,000	£100,000	£100,000	£100,000	£700,000
Disabled Aids and Adaptations	630,000	750,000	800,000	800,000	800,000	£3,150,000	£3,150,000	£3,150,000	£3,150,000	£3,150,000	£19,530,000
Energy Efficiency	0	800,000	1,750,000	800,000	800,000	£0	£0	£0	£0	£0	£4,150,000
Electrical Upgrade and Fire Safety	0	450,000	1,000,000	100,000	100,000	£0	£0	£0	£0	£0	£1,650,000
											£0
Scape Overspend		450,000									£450,000
BC And LM additional Works		700,000									£700,000
											£0
<b>Grand Total</b>	<b>20,563,603</b>	<b>22,789,443</b>	<b>22,145,074</b>	<b>17,876,097</b>	<b>15,586,448</b>	<b>£81,174,230</b>	<b>£71,413,348</b>	<b>£63,384,782</b>	<b>£62,691,195</b>	<b>£36,311,380</b>	<b>£413,935,601</b>
<b>Total Per Annum</b>						<b>£16,234,846</b>	<b>£14,282,670</b>	<b>£12,676,956</b>	<b>£12,538,239</b>	<b>£7,262,276</b>	<b>£13,797,853</b>

All costs are exclusive of Professional Fees, VAT, management and administration costs and are based on 2014/15 prices. Costs are inclusive of preliminaries.

The following priorities form the basis of the asset management plan.

**Short Term: up to 5 years**

- Maintain and exceed the minimum standards associated to decency and in so doing develop an enhanced standard for Harlow, to include:
  - Timescales for kitchen bathroom and boiler renewal programme;
  - Upgrade single glazed uPVC windows to double glazed uPVC windows;
  - Priorities identified in the stock condition survey for Housing Health and Safety Rating System (HHSRS) failures – the new Fitness standard for Housing;
  - Statutory Testing, (e.g. gas servicing, fire alarms testing, electrical testing, fire stopping works and asbestos testing and Fire Risk Assessments); and,
  - Other Planned works to communal areas including decoration.
- As part of our Energy Efficiency strategy we will:
  - Focus our attention and activity on the lowest EPC rated properties consistent with legislative changes and the emergent Harlow standards;
  - Exploring options to access funding and deliver works under the Green Deal – External Insulation to Non-Traditional properties and cavity insulation on ‘Difficult to Insulate’ blocks of flats;
  - Review and refurbish our district heating systems in a manner which is cost effective and more efficient for our tenants; and,
  - Tower blocks – To seek external funding to insulate and upgrade thermal efficiency of tower blocks.
- New Build – To continue to explore through our established approach a process of annual review of development potential across the portfolio.
- Re-procure the responsive repairs, voids and other servicing contracts, and in doing so introduce improved targets (time allocation) associated turn around on responsive repair and returning void properties.
- Centralised data storage for asset, compliance and repairs which maximises Orchard and Keystone opportunities.
- Explore the value for money opportunities through the closer alignment of capital and revenue budgets.
- Continue to meet our day to day repair obligations.
- Review materials and specifications to include for environmental climate change and provide value for money.
- Addressing dampness and condensation.
- Continue carrying out disabled adaptations to tenanted properties, and in the process review our procurement and targeted activity.
- Managing empty properties, sustaining the new re-let standard and carrying out work promptly to bring back into use.
- Exploring options to return long term empty properties back to general needs housing.

- Requirement for repairs under right to repair legislation.
- Explore further options for garage sites, including refurbishment and improvement as well as redevelopment.
- Ensure the Council's Temporary Accommodation meets the minimum Decent Homes Standards and statutory obligations.
- Work with colleagues to understand the long term requirements associated to maintaining the Council's Sheltered Housing in line with Decent Homes and build review outcomes into the long term demand for the accommodation.
- Stock rationalisation - continue to challenging the notion of unchanging asset ownership and replacing uneconomic stock to enable the development of new better quality homes similar to our previous development.
- Continue to review the opportunities to acquire street properties in order to replace stock lost through the right to buy scheme. Maximise grant funding opportunities.

### **Medium Term: 5-15 years**

- The Council's medium term asset management plan aim is to make best use of its assets by carrying out a review of the property stock and housing land. Comparing investment appraisal, likely demand, and unit expenditure. Specifically the following:
  - Evaluate the use and need for bin storage including a replacement and refurbishment programme to stores, shed areas and drying areas.
  - Tackle unsatisfactory levels of dampness (condensation).
  - Improve the layout of amenities not meeting modern requirements and requiring replacement
  - Address estate management issues including:
    - Vandalism and graffiti of public realm,
    - Limited street furniture and lighting,
    - Limited maintenance and management of public realm,
    - Paving,
    - Environmental improvements, and,
    - Garage and parking strategy – To deal with medium and long term priorities for replacement parking
- Sustainability and Energy Saving schemes – supporting government initiatives and ensuring the Council benefits from resources available.
- Temporary Accommodation – ensuring a supply of good quality accommodation to meet identified demand.
- Identifying opportunities for new build and exploring options for its funding, delivery and long term ownership.

**Long Term: 15 to 30 years**

- In the long term the Asset Management Plan will seek to increase and/or replace the housing stock and related assets. Specifically to:
- Improve the quality of the public realm and overall neighbourhood management;
- Enhance overall building stock and overcome weaknesses in any typology;
- Overcome any early failure of building components;
- Enhance local property market conditions by meeting the demands of existing and new residents and thereby increasing the value of the properties;
- Fulfil the wider housing quality and choice agenda; and
- Continuing a programme of new build with annual review.

**APPENDIX 6.1**  
**HRA ESTIMATES 2014-2044: BASELINE SCENARIO**

**HRA Operating Account 30 Year Business Plan**

	2014.15	2015.16	2016.17	2017.18	2018.19	2019.20	2023.24	2028.29	2033.34	2038.39	2043.44
	Estimates	Estimates									
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Expenditure</u>											
General Management	10,983	11,848	12,030	12,974	11,671	11,904	12,886	14,227	15,707	17,342	19,147
Special Management	5,408	5,610	5,772	5,904	6,041	6,181	6,779	7,625	8,598	9,722	11,025
Repairs	9,327	9,342	9,611	9,849	10,093	10,344	11,408	12,286	13,886	15,696	17,743
Rents, Rates, Taxes & Other Charges	30	30	30	31	31	32	34	36	39	42	46
Supporting People Transitional Relief	7	7	6	4	2	0	0	0	0	0	0
Provision for Bad & Doubtful Debts	300	360	316	324	332	341	376	426	482	545	616
Major Repairs Reserve Contribution	11,101	11,270	11,431	11,572	11,755	12,012	13,098	14,590	16,249	18,092	20,138
Revenue Contribution to Capital Programme	2,439	12,110	6,176	4,843	4,413	4,560	2,962	4,040	18,573	3,610	0
Debt Management Expenses	14	14	14	14	14	14	14	11	7	3	0
Capital Charges: Principal	0	0	0	0	0	0	0	0	0	0	0
Capital Charges: Interest	6,822	6,768	6,607	6,553	6,446	6,338	6,231	5,011	3,484	367	-644
	<u>46,432</u>	<u>57,360</u>	<u>51,993</u>	<u>52,069</u>	<u>50,798</u>	<u>51,725</u>	<u>53,787</u>	<u>58,252</u>	<u>77,025</u>	<u>65,419</u>	<u>68,071</u>
<u>Income</u>											
Dwelling Rents	45,707	46,143	46,616	47,398	48,522	50,782	55,363	63,129	71,960	82,005	93,424
Garage Rents	2,464	957	976	996	1,015	1,056	1,121	1,238	1,367	1,479	1,633
Other Rents	22	22	22	22	22	22	22	22	22	22	22
Service Charges: Tenants	1,030	1,000	1,012	1,026	1,045	1,088	1,163	1,294	1,440	1,601	1,780
Service Charges: Leaseholders	1,471	1,594	1,642	1,690	1,734	1,755	1,954	2,203	2,484	2,802	3,161
Other Charges for Services	798	790	806	838	872	907	1,065	1,307	1,611	2,024	2,509
Transfers from General Fund	484	500	513	526	539	552	610	690	780	883	999
Interest on Revenue Balances	40	44	40	49	99	219	903	1,230	1,020	2,385	8,063
	<u>52,017</u>	<u>51,050</u>	<u>51,626</u>	<u>52,543</u>	<u>53,847</u>	<u>56,381</u>	<u>62,200</u>	<u>71,113</u>	<u>80,684</u>	<u>93,201</u>	<u>111,592</u>
Balance at 1 April	4,113	9,698	3,388	3,021	3,496	6,545	26,346	35,201	47,069	103,284	245,243
Surplus / (Deficit) for year	5,585	-6,310	-367	474	3,050	4,656	8,413	12,861	3,659	27,782	43,521
Balance in hand at 31 March	<u>9,698</u>	<u>3,388</u>	<u>3,021</u>	<u>3,496</u>	<u>6,545</u>	<u>11,201</u>	<u>34,759</u>	<u>48,061</u>	<u>50,728</u>	<u>131,066</u>	<u>288,764</u>
<i>Minimum Working Balance</i>	2,695	2,727	2,776	2,832	2,889	2,940	3,189	3,521	3,888	4,292	4,739

**Major Repairs Reserve: 30 Year Business Plan**

	2014.15	2015.16	2016.17	2017.18	2018.19	2019.20	2023.24	2028.29	2033.34	2038.39	2043.44
	Estimates	Estimates	Estimates								
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Expenditure</u>											
Capital Programme Financing	13,518	11,270	11,431	11,572	11,755	12,012	13,098	14,590	175	18,092	16,264
Repayment of Debt	0	0	0	0	0	0	0	0	41,767	0	0
	<u>13,518</u>	<u>11,270</u>	<u>11,431</u>	<u>11,572</u>	<u>11,755</u>	<u>12,012</u>	<u>13,098</u>	<u>14,590</u>	<u>41,942</u>	<u>18,092</u>	<u>16,264</u>
<u>Income</u>											
Transfer from HRA	11,101	11,270	11,431	11,572	11,755	12,012	13,098	14,590	16,249	18,092	20,138
	<u>11,101</u>	<u>11,270</u>	<u>11,431</u>	<u>11,572</u>	<u>11,755</u>	<u>12,012</u>	<u>13,098</u>	<u>14,590</u>	<u>16,249</u>	<u>18,092</u>	<u>20,138</u>
Balance at 1 April	2,417	0	0	0	0	0	0	0	25,694	0	3,849
Surplus / (Deficit) for year	<u>-2,417</u>	<u>0</u>	<u>-25,694</u>	<u>0</u>	<u>3,874</u>						
Balance in hand at 31 March	<u>0</u>	<u>0</u>	<u>7,722</u>								

### Housing Capital Programme

	2014.15	2015.16	2016.17	2017.18	2018.19	2019.20	2023.24	2028.29	2033.34	2038.39	2043.44
	Estimates										
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Expenditure</u>											
Core Programme	23,625	24,936	19,463	17,506	18,545	19,006	18,048	19,787	19,960	22,715	17,390
New Build	1,189	1,836	0	0	0	0	0	0	0	0	0
	<u>24,814</u>	<u>26,772</u>	<u>19,463</u>	<u>17,506</u>	<u>18,545</u>	<u>19,006</u>	<u>18,048</u>	<u>19,787</u>	<u>19,960</u>	<u>22,715</u>	<u>17,390</u>
<u>Financed by:</u>											
Major Repairs Reserve	13,518	11,270	11,431	11,572	11,755	12,012	13,098	14,590	175	18,092	16,264
Revenue Contribution to Capital Programme	2,439	12,110	6,176	4,843	4,413	4,560	2,962	4,040	18,573	3,610	0
Right To Buy Receipts	1,890	1,338	1,369	592	605	618	671	744	824	910	1,009
Grants etc	6,966	2,053	487	499	1,772	1,816	1,317	412	388	103	117
	<u>24,814</u>	<u>26,772</u>	<u>19,463</u>	<u>17,506</u>	<u>18,545</u>	<u>19,006</u>	<u>18,048</u>	<u>19,787</u>	<u>19,960</u>	<u>22,715</u>	<u>17,390</u>

**Note:**

The Council borrowed £208.837m on 28 March 2012.

This will be repaid in five equal instalments of £41.7674m on 28 March 2026, 28 March 2030, 28 March 2034, 28 March 2038 & 28 March 2042.

## **APPENDIX 6.2**

### **HRA BUSINESS PLAN 2014-2044: ASSUMPTIONS**

#### **1. Over-Arching Assumptions**

- 1.1 Harlow Council has used Capita's HRA Business Planning excel workbook to compile the HRA plan. This is an independent, expertly devised workbook which allows sophisticated modelling to be performed. Officers can also liaise with the authors over any point of query.
- 1.2 Harlow Council's HRA Business Plan covers a period of thirty years, from 2014/15 (year 1) to 2043/44. Data input for 2014/15 (year 1) and 2015/16 (year 2) replicates the HRA Revised Estimates 2014/15 and Estimates 2015/16, which will be submitted to Cabinet on 29 January 2015. The report shows growth for 2015/16 (in paragraphs 33 to 35).
- 1.3 The HRA Business Plan is based on the following key principles:
  - to repay the debt in full within the life of the 30-year Business Plan (i.e. by 31 March 2042);
  - achieving Decent Homes for all properties by April 2015
  - building new homes as a short term aspiration, subject to resources becoming available, and,
  - ensuring a sustainable Business Plan with fair and affordable rent levels..

#### **2. Stock Categories**

- 2.1 The model has been completed on the basis of all stock in a single category. The workbook has capacity to analyse up to six categories, and would be useful if considering different plans for different estates, or groups of properties. The objective of this model is to ensure that in overall terms the Council's entire HRA is sustainable over the lifetime of the Plan.

#### **3. Inflation**

- 3.1 The general level of inflation (to which is added any real increase or decrease in specific items of income or expenditure) has been assumed at 2.5% throughout the planning period. . The Bank of England has forecast a much lower rate for the Consolidated Price Index (CPI), now used in the HRA Business Plan to calculate annual rent levels. At September 2014 CPI stood at 1.2%. It is predicted to be 1.2% (September 2015) and 1.8% (September 2016). The HRA Business Plan assumes that from 2017/18 CPI will be 2% per year.

#### **4. Interest Rates**

- 4.1 Prior to self-financing, the Council had a negative Capital Financing Requirement, meaning that the Council's General Fund is deemed to have borrowed from the HRA, and must pay interest upon the sum borrowed. The interest rate assumed for 2014/15 is 0.50%, and is based on the Council's investment interest achieved on surplus funds it holds.

- 4.2 Under self-financing, the Capital Financing Requirement moved from (-)£10.53m to (+)£198.307m.. In practice, the General Fund will continue to borrow from the HRA, but the HRA will need to fund the higher cost of new borrowing itself.
- 4.3 The negative Capital Financing Requirement is the headroom which the Council's HRA has up to the limit of indebtedness. The Council may therefore borrow a further £10.53m to finance the HRA subject, of course to being able to service this debt.
- 4.4 After 1 April 2015, with the transfer of garages to the General Fund, the borrowing headroom will increase to £21.467m.

The table below summarises the HRA borrowing position for 2014/15.

<b>Harlow Council: HRA Borrowing 2013/14</b>					
Lender	Amount borrowed / (lent) (£'000)	Maturity Date	Rate of Interest: Fixed or Variable	Rate of Interest (%)	Interest payable / (receivable) (£)
PWLB	41,767.4	28.3.2026	Fixed	2.92%	1,219,608
PWLB	41,767.4	28.3.2030	Fixed	3.21%	1,340,734
PWLB	41,767.4	28.3.2034	Fixed	3.37%	1,407,561
PWLB	41,767.4	28.3.2038	Fixed	3.46%	1,445,152
PWLB	41,767.4	28.3.2042	Fixed	3.50%	1,461,859
Internal	(10,530.0)	Ongoing	Variable	0.50%	(52,650)
<b>Total</b>	<b>198,307.0</b>				<b>6,822,264</b>

- 4.5 Interest is also earned on the HRA working balances. The rate achieved will track the Bank Base Rate which is expected to increase over time but not to the levels prior to the financial crisis of 2008. The Council usually achieves earnings slightly above the Base Rate. The model assumes earnings of 0.50% in 2014/15, 0.67% in 2015/16; 1.25% in 2016/17, 1.5% in 2017/18, 2% in 2018/19, 2.5% in 2019/20, and 3% thereafter.

## **5. Stock and Rents**

- 5.1 The Council had 9,715 tenanted and 2,384 leasehold properties as at 1 April 2014. The tenanted dwellings include the equivalent of 7 shared ownership dwellings.
- 5.2 The average actual rent was £91.59 in 2014/15, and is expected to rise to £93.60 in 2015/16 (an increase of 2.2% on average).
- 5.3 Set out in section 6.2 are the Council's proposals for setting rents from 2015/16.
- 5.4 Void loss is set at 0.85% throughout the life of the Business Plan.
- 5.5 An annual provision for bad and doubtful debts is made, which offsets any approved write off of old debts. The annual calculation is £300,000. However, in view of uncertainties regarding the potential impact of Welfare Reform, a one-off figure of £360,000 has been included for 2015/16.

## **6. Service Charges**

- 6.1 The Council unpooled service charges in April 2007. The weekly service charge to all tenants averages £1.79 per week in 2014/15. This will rise (or fall) in line with expenditure levels. On average service charges will decrease to £1.92 in 2015/16, which includes an adjustment of (-)6p in respect of 2013/14, £2.06 in 2016/17 and £2.11 in 2017/18.
- 6.2 Leaseholder service charges include the cost of management charges, repairs and insurance, for example. Once again, these costs will rise or fall in line with relevant expenditure. .
- 6.3 In addition to these charges, the plan also includes Heating income of £515,000 per annum, increasing by an average 5% annually. The figures for 2015/16 include any adjustment made to tenants in sheltered or ex-sheltered accommodation who have what are deemed to be excessive charges i.e. the cost of fuel exceeds 10% of their notional basic pension income.

## **7. Garage Income**

- 7.1 Garage income, net of voids, is estimated at £2.464m in 2014/15. The plan assumes an annual increase of 2%. The transfer of 3581 garages to the General Fund will reduce income to the HRA by £1.557m in 2015/16.

## **8. “Right to Buy” sales**

- 8.1 The Government’s policy to reinvigorate Right To Buy has caused an increased interest by tenants in the purchase of their properties. The number of completions is estimated to rise from 60 to 83 in 2014/15, 60 in 2015/16 and 2016/17 and 30 thereafter. Sales values are assumed at an average £127,294, increasing by 2.5% pa, with an average discount of £64,679 assumed.
- 8.2 The proportion of usable receipts applied to the housing capital programme is 50% throughout the plan. The figure is calculated as the net amount following an amount compensated to Councils for loss of future rent income as a result of increased RTBs brought about by the Government’s policy, and sums offered towards replacement housing.
- 8.3 Generally, three-quarters of receipts are subject to pooling by Government.

## **9. Other Stock Changes**

- 9.1 The Council purchased one property on the open market in 2014/15.
- 9.2 Eighteen new homes will be added to the Council’s housing stock in 2015/16 as a result of the ‘Pathfinder Scheme’.
- 9.3 The Plan assumes that 204 properties in The Briars, Aylets Field, and Copshall Close will be demolished between 2014/15 and 2017/18.

- 9.4 The Council has a policy of selling empty properties with a high refurbishment cost. No adjustment has been made in the plan for this eventuality.
- 9.5 The plan does not include any receipts for potential garage sales, either individually or by block, and has ignored any receipts which might arise from the sale of HRA land.

## **10. Management and Service Expenditure**

- 10.1 The model is based on the existing HRA budgets. Inflationary increases applied are as follows:
- Employees and Support Costs: 2.2% from January 2015 and 2% thereafter.
  - Services provided by our Joint Venture partner (Kier Harlow Ltd) are automatically increased / decreased annually by the Buildings Maintenance Index. For 2014/15 this was (-)0.2%. For 2015/16 this is expected to be 1.1%; 2% in 2016/17 and thereafter. The present contract arrangements end on 31 January 2017. Finance has been set aside for the work necessary to re-procure these services.
  - Other costs are anticipated to increase by 2.5% per annum.

## **11. Other Expenditure**

- 11.1 The only other item of significant expenditure is the home loss payments which will be required to facilitate the re-housing of tenants: at The Briars, Aylets Field and Copshall Close. The following amounts have been estimated: 2014/15, £187,500; 2015/16, £812,500; 2016/17, £812,500; and, 2017/18, £812,500; and at Barley Croft and Lower Meadow, in 2017/18, £720,000.

## **12. Rent Rebates**

- 12.1 The actual proportion of rents rebated is set at 56.7% currently experienced by the Council. The model assumes that this will be unchanged.

## **13. Maintenance and Investment Expenditure**

- 13.1 Maintenance work is predominantly undertaken by Kier Harlow Ltd. In 2015/16 of the total budget of £9.5m, £8.1m forms part of the JVCo contract. Annual uplifts are therefore as set out, under the heading management costs.
- 13.2 Investment, or capital, expenditure has been calculated by reference to data contained in the latest Stock Condition Survey, and converted into an Asset Management Plan.

## **14. Capital Programme**

- 14.1 The Council's Housing Capital Programme is financed mainly from rent income received to the Housing Revenue Account. In 2015/16 capital

expenditure will total £26.8m. Of this, £12.1m will be financed directly from the HRA and £11.3m from the Major Repairs Reserve (which has itself been funded by a statutory transfer from the HRA). Throughout the Plan the programme is reliant on these income streams.

- 14.2 Right To Buy sales contribute £1,890,000 to the programme in 2014/15 and £1,338,000 in 2015/16.
- 14.3 The model allows for £300,000 of leaseholder contributions for 2014/15 and £485,000 in 2015/16. Income from leaseholders represents a proportion of work carried out in the Asset Management Plan.
- 14.4 The plan includes a Government grant of £4,145,160 in 2014/15 allocated towards the decent homes backlog.
- 14.5 The balance of financing in 2014/15 and 2015/16 comes from grants and receipts in support of the Council's house building initiatives.

## **15. Balances**

- 15.1 Balances brought forward as at 1 April 2014 were £4.113m on the HRA Operating Account and £2.417m in respect of the Major Repairs Reserve. It has been agreed that the HRA Operating Account must have a minimum working balance. At 31 March 2015 this is £2.695m. This will increase by CPI annually to keep pace with general inflation.
- 15.2 Overriding the requirement for a minimum working balance is the need for both the Operating Account and MRR to have sufficient funds to repay debt. This model confirms that the Council will have sufficient resources when each payment becomes due, and therefore confirms that the Plan set out is sustainable.

## **16. Borrowing Strategy**

- 16.1 The model assumes that the five fixed term maturity loans will be repaid on maturity of each loan: i.e. £41,767,400 will be repaid on 28 March 2026, 28 March 2030, 28 March 2034, 28 March 2038 and 28 March 2042.
- 16.2 The Council's Treasury Management Strategy will develop over future years to take best advantage of the accumulating surpluses to the HRA. The Business Plan assumes that these surpluses will be invested.

### **APPENDIX 6.3**

#### **HRA BUSINESS PLAN: SENSITIVITY ANALYSIS**

##### **Baseline Plan**

The baseline HRA Business Plan has been described in 6.3 above.

The baseline shows that throughout the life of the plan the HRA is sustainable, avoiding a capital deficit in all years and generating sufficient surpluses to repay the debt. *The baseline plan is illustrated in Appendix 6.1.*

##### **Sensitivity A: Procurement of Work (Housing Capital Programme).**

Having achieved the Decent Homes Standard for all properties by 31 March 2015 the Council is moving forward with an external programme of works, double glazing, energy efficiency and investment in garages. The budget for the programme has been devised ahead of acceptance of tender prices. Should these prices be higher than anticipated, overall, it will mean there are insufficient funds in the Business Plan in 2016/17 and 2017/18. The programme will have to either be reprofiled or the Council will need to resort to borrowing. From 1 April 2015, the Council has available permitted borrowing of £21.467m but will only use this 'headroom' if absolutely necessary.

##### **Sensitivity B. Payments to Joint Venture Company**

The JVCo undertakes a wide range of activities for the Council's housing service.

These include all repairs, grounds maintenance, caretaking and cleaning. Some, but not all, of these charges are collected as service charges from tenants and leaseholders. Repairs is specifically excluded as a service charge to tenants. Annual uplifts are based on the Buildings Maintenance Index, which for March 2014 was forecast to be 0.1% but changed to (-)0.2%, reflecting the depressed state of the market in current economic conditions. The uplift for March 2015, to be applied from April 2015, is estimated at 1.1%. If the actual rate was to vary from the estimate this would have an impact on the HRA Business Plan.

If the uplift at 1 April 2015 was 1.6%, not 1.1% (i.e. 0.5% higher), then there would be an additional sum payable to the JVCo totalling £71,000. Small changes to large contract sums have a favourable or adverse impact across the life of the HRA Business Plan. This would mean that in the final ten months of the JVCo contract (to 31 January 2017) there would be an additional cost of £60,000 even if the uplift itself for 2016/17 was unchanged.

##### **Sensitivity C. Future of Joint Venture Company**

The present contract with Kier Harlow Ltd comes to an end on 31 January 2017, which is Year 3 of this Business Plan. The Council is in the early stages in considering how the work will be re-procured. Whatever happens this will be through a competitive process which will create fluctuations in pricing. (The last review was in 2012. Although subject to annual adjustments in accordance with the Building Maintenance Index, the competitiveness of the contract has not been tested externally.) The HRA Business Plan has assumed annual uplifts of 2% from April 2016 for services which cover grounds maintenance, caretaking, cleaning, revenue repairs. The contract also includes capital works.

As noted in Sensitivity B, small changes in pricing on large contracts can have an adverse or favourable effect on the Business Plan.

It is too early to predict the outcome of this exercise. Annual increases in line with CPI seem reasonable. Should costs be higher than anticipated this will be reflected in a future HRA Business Plan.

#### **Sensitivity D. Investment Strategy**

The baseline Plan is constructed such that there are only just sufficient resources to repay the first amount due to PWLB on 28 March 2026. Any movement in the HRA Business Plan will need to be considered: either by reducing expenditure, increasing income and / or drawing down additional borrowing.

#### **Sensitivity E. Rent Income**

The Baseline Plan has established the need for rent increases to ensure its sustainability. If rents were not increased in 2014/15 this would reduce income by about £1m in 2015/16. Government guidance to increase rents by no more than CPI+1% per year would mean, assuming that the Council did not price hike rents, the annual loss of income to the HRA would be ongoing throughout the life of the HRA Business Plan.

Most starkly is the fact that if rents were not increased in 2015/16 there would be insufficient income to pay for the proposed capital programme in 2015/16, 2016/17 and 2017/18 and insufficient balances to repay debt in 2026 and 2030.

#### **Sensitivity F. Empty Properties**

The proportion of empty properties to the whole stock is estimated as 0.85%. Therefore a 0.1% change in the level of voids is +/- £45,535 per annum.

#### **Sensitivity G. Employees Pay**

The HRA Business Plan forecasts an annual increase in rates of pay of 2% from 2016/17. A 0.5% change in employee pay levels is +/- £16,000 per annum.

## **GLOSSARY**

CPI	Consumer Price Index
HHSRS	Housing, Health and Safety Rating System
HCA	Homes and Communities Agency
HRA	Housing Revenue Account
JVCo	Joint Venture Company
MRR	Major Repairs Reserve
PWLB	Public Works Loan Board
RPI	Retail Price Index
RTB	Right To Buy

## **FURTHER READING**

Localism Act 2011

Implementing self-financing for council housing (Department for Communities and Local Government, February 2011)

Self-financing: Planning the transition (Department for Communities and Local Government, July 2011)

The Housing Revenue account Self-financing determinations. Consultation. (Department for Communities and Local Government, November 2011)

The Guide to housing self-financing (Chartered Institute of Public Finance & Accountancy, December 2011)

Harlow Council Corporate Plan 2013 – 2016

'Garage and Hardstand Strategy and Improvement Plan'. Report to Cabinet, 11 December 2014

'Housing Revenue Account (HRA) Business Plan 2014-2044'. Report to Housing Standards Board, 2 December 2014

'HRA Budget 2015/16'. Report to Cabinet, 29 January 2015

'Housing Capital Programme 2014/15 – 2019/20'. Report to Cabinet, 29 January 2015.

Presentations to:

Tenants Forum, 13 January 2015

Leaseholder Standards Panel, 8 January 2015

Housing Finance Standards Panel: 19 November 2014, 17 December 2014 and 7 January 2015.

## Harlow Council Treasury Management Strategy Statement 2015/16

### Summary of the Report

1. This Treasury Management Strategy Statement (TMSS) sets out the Council's capital plans and treasury management issues in accordance with proper practices.
2. It provides an update of external economic conditions impacting on the Council and focuses on the major issues affecting its borrowing and investments.
3. The Council uses treasury management advisors to help its decision making, keeping officers up to date with economic developments and providing training and support. Arlingclose Limited is currently the Council's appointed advisor.
4. Economic background and commentary has been provided by Arlingclose and included throughout the Statement. Primarily, interest rates continue to be low, and are expected to remain low compared to pre-2008 levels in the medium term.
5. As a steward of public finance, the Council will continue to take all practical steps to protect its investment portfolio. In this respect, emphasis remains in this order of priority:
  - **Security:** reducing risk in order to protect the return of capital sums, particularly in relation to the Council's investments.
  - **Liquidity:** ensuring that investments are not committed for excessive time-periods in order to facilitate the Council's cashflow requirements and to reduce risk by maintaining immediate access to funds.
  - **Yield:** obtaining a reasonable return on investments as far as is possible in the current economic and financial market conditions.
6. The Council has in recent years run a portfolio fairly typical of similar Councils with investments in banks and building societies, through Money Market Funds and occasionally with other Councils. Investments have generally been for periods of no more than six months. This has enabled the Council to meet its treasury

management priorities, although in recent years the yield for these investments has generally been below consumer price inflation. However, the Council's approach to investment has always protected its capital, placing security above anything else. . The Council has also secured facilities through the opening of an account with the UK Government which provides the Council with a mechanism to hold any especially large balances or to be used during periods of severe market uncertainty.

7. During the financial crisis of 2008 the Government was committed to intervene to financially support banks which would have otherwise failed. This has subsequently led to much debate and press coverage which, in turn, caused the Government to seek reforms to its intervention in the banking system. As a result the Government has passed the 'Financial Services (Banking Reform) Act 2013' which fundamentally changed the obligations compulsorily placed upon creditors in the event of bank failure. The impact of this reform is that the Government would no longer provide bail-out support.
8. Two further regulations will also take effect in 2015. The 'Bank Recovery and Resolution Directive' (effective from January 2015) and 'Deposit Guarantee Schemes Directive' (effective from July 2015) will escalate Councils' compulsory obligations of support to banks should a bank fail or be at risk of failure. (These regulations are also designed to strengthen banks' financial position to safeguard against bail-in risk.) As a further consequence of the reform, corporate bodies (excluding financial institutions) gain higher levels of protection from financial losses. In short this means that Councils' temporary investments (otherwise known as term deposits – see glossary) with banks and building societies are at greater risk of capital loss should a bank have insufficient share capital or bad debt provision to cover these losses. The security of this Council's investments remains paramount, so this TMSS proposes a wider range of investment options with other products. This represents a change in Harlow Council's investment portfolio and diversification is therefore the theme of this TMSS.
9. Locally, the Council is transferring its banking services from the Cooperative Bank to Barclays Bank. These new arrangements, implemented as a result of a procurement process are already largely complete and will be fully implemented by 1 April 2015.

### **Introduction**

10. Harlow Council has adopted the Chartered Institute of Public Finance and Accountancy's 'Treasury Management in the Public Services: Code of Practice' (the CIPFA Code) which requires the Council to

approve a treasury management strategy before the start of each financial year.

11. In addition, the Department for Communities and Local Government (CLG) issued revised 'Guidance on Local Authority Investments' in March 2010 that requires the Council to approve an investment strategy before the start of each financial year.
12. This report fulfils the Council's legal obligation under the 'Local Government Act 2003' to have regard to both the CIPFA Code and the CLG Guidance.
13. The Council has 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 are therefore central to the Council's treasury management strategy.

#### **External Context (supplied by Arlingclose)**

##### **Economic background**

14. There is momentum in the UK economy, with a continued period of growth through domestically-driven activity and strong household consumption. There are signs that growth is becoming more balanced. The greater contribution from business investment should support continued, albeit slower, expansion of Gross Domestic Product (GDP). However, inflationary pressure is likely to remain low in the short-term. There have been large falls in unemployment but levels of part-time working, self-employment and underemployment are significant and nominal earnings growth remains weak and below inflation.
15. The Bank of England's Monetary Policy Committee (MPC) has debated the degree of spare capacity in the economy and the rate at which this will be used up. Despite two MPC members having voted for a 0.25% increase in rates at each of the Committee's monthly meetings since August 2014, some Committee members have become more concerned that the economic outlook is less optimistic than at the time of the August 'Inflation Report'.

##### **Credit outlook**

16. The inclusion of two European Union directives into UK legislation in the coming months will place the burden of rescuing failing EU banks disproportionately onto unsecured local authority investors. The 'Bank Recovery and Resolution Directive' (BRRD) promotes the interests of individual and small businesses covered by the Financial Services

Compensation Scheme and similar European schemes, while the recast 'Deposit Guarantee Schemes Directive' includes large companies into these schemes. The combined effect of these two changes is to leave public authorities and financial organisations (including pension funds) as the only senior creditors likely to incur losses in a failing bank after July 2015.

17. The continued global economic recovery has led to a general improvement in credit conditions since last year. . However, due to the above legislative changes, **the credit risk associated with making unsecured bank deposits will increase** relative to the risk of other investment options available to the Council.

### **Interest rate forecast**

18. The Council's treasury management advisor Arlingclose forecasts the first rise in official interest rates in August 2015 and a gradual pace of increases thereafter, with the average for 2015/16 being around 0.75%. Arlingclose believes the normalised level of the Bank Rate post-crisis to range between 2.5% and 3.5%. The risk that rates will move towards the higher end of this forecast range is weighted more towards the end of the forecast horizon. On the downside, Eurozone weakness and the threat of deflation have increased the risks to the sustainability of UK growth. (In a deflationary situation when prices are expected to be lower in the future causes consumers to defer purchases resulting in a fall in demand and production.) If the negative indicators from the Eurozone become more certain, the Bank of England will likely defer any future rate rises until later in the year. Arlingclose projects gilt yields on an upward path in the medium term, taking the forecast average 10 year PWLB loan rate for 2015/16 to 3.40%.
19. A more detailed economic and interest rate forecast provided by the Arlingclose is attached at Annex A.
20. For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 0.67%. No new external long-term loans are planned to be taken out in 2014/15 and 2015/16 at the time of writing this strategy

### **Local Context**

21. The Council currently has £211.837m of borrowing and £40.98m of investments (as at 31 December 2014). This is set out in further detail at Annex B. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance Sheet Summary and Forecast

	31.3.14 Actual £m	31.3.15 Estimate £m	31.3.16 Estimate £m	31.3.17 Estimate £m	31.3.18 Estimate £m
General Fund CFR	27.835	28.592	40.745	41.030	41.143
HRA CFR	198.307	198.307	187.370	187.370	187.370
<b>Total CFR</b>	<b>226.142</b>	<b>226.899</b>	<b>228.115</b>	<b>228.400</b>	<b>228.513</b>
Less: Other debt liabilities *	(0.626)	(0.626)	(0.194)	(0.084)	(0.084)
<b>Borrowing CFR</b>	<b>225.516</b>	<b>226.273</b>	<b>227.921</b>	<b>228.316</b>	<b>228.429</b>
Less: External borrowing **	(211.837)	(211.837)	(211.837)	(211.837)	(211.837)
<b>Internal borrowing</b>	<b>13.679</b>	<b>14.436</b>	<b>16.084</b>	<b>16.479</b>	<b>16.592</b>
Less: Usable reserves	(34.172)	(35.097)	(26.374)	(20.220)	(19.756)
Less: Working capital	(7.647)	(7.647)	(7.647)	(7.647)	(7.647)
<b>Investments</b>	<b>(28.140)</b>	<b>(28.308)</b>	<b>(17.937)</b>	<b>(11.388)</b>	<b>(10.811)</b>

22. 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. The Council's current strategy is to maintain borrowing and investments below their underlying levels, through the utilisation of internal borrowing.
23. 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 the period.
24. Looking ahead over the medium to long term the Council anticipates that the amount available for investment will grow after 2017/18 (to about £50m by 31 March 2025). The growth is attributed to increasing operational balances in the Housing Revenue Account earmarked specifically for the repayment of debt in 2026, as identified in the HRA Business Plan 2014-2044.

## **Borrowing Strategy**

25. The Council currently holds £211.837m of external borrowing, which is unchanged on the previous year, as part of its strategy for funding previous years' capital programmes and financing HRA 'self-financing' debt. The balance sheet forecast in table 1 shows that the Council does not expect to borrow in 2015/16. The Council may however borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £260m.
26. **Objectives:** The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty 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.
27. **Strategy:** Given the significant cuts to public expenditure and in particular to local government funding, 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.
28. By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal 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. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. The result of this work may determine whether the Council borrows additional sums at long-term fixed rates in 2015/16 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
29. In addition, the Council may borrow short-term loans (normally for up to one month) to cover unexpected cash flow requirements.
30. **Sources:** The approved sources of long-term and short-term borrowing are:
- Public Works Loan Board (PWLB), and its successor
  - any institution approved for investments (see below)
  - any other bank or building society authorised to operate in the UK
  - UK public and private sector pension funds (except Essex County Council Pension Fund)
  - capital market bond investors

- Local Capital Finance Company and other special purpose companies created to enable local authority bond issues
31. In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
- operating and finance leases
  - hire purchase
  - Private Finance Initiative
  - sale and leaseback
32. The Council has previously raised all of its long-term borrowing from the PWLB but would continue to investigate other sources of finance, such as Council loans and bank loans that may be available at more favourable rates.
33. **LGA Bond Agency:** The Local Capital Finance Company was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to Councils. This will be a more complicated source of finance than the PWLB for three reasons:
- Borrowing authorities may be required to provide bond investors with a joint and several guarantee over the very small risk that other Council borrowers default on their loans.
  - There will be a lead time of several months between committing to borrow and knowing the interest rate payable.
  - Up to 5% of the loan proceeds will be withheld from the Council and used to bolster the Agency's capital strength instead.

Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

34. **Debt Rescheduling:** The PWLB allows councils 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.

### **Investment Strategy**

35. The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In 2014/15, the Council's investment balance will range between

£27.1m and £45.1m, and similar levels are expected to be maintained in the forthcoming year.

36. **Objectives:** Both the CIPFA Code and the CLG Guidance require the Council to invest its 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 receiving unsuitably low investment income as set out previously.
37. **Strategy:** Given the increasing risk and continued low returns from short-term unsecured bank investments, the Council aims to diversify into more secure and/or higher yielding asset classes during 2015/16. This diversification will be focussed upon surplus balances identified for longer-term investment and anticipated to be in the region of £7 million. The Council's surplus cash is currently invested in short-term unsecured bank deposits, and money market funds. This diversification will therefore represent a substantial change in strategy over the coming year.
38. **Approved Counterparties:** The Council may invest its surplus funds with any of the counterparty types in table 2 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 2: Approved Investment Counterparties and Limits

Credit Rating	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited Years	n/a	n/a
AAA	£2m 5 years	£4m 20 years	£4m 50 years	£2m 20 years	£2m 20 years
AA+	£2m 5 years	£4m 10 years	£4m 25 years	£2m 10 years	£2m 10 years
AA	£2m 4 years	£4m 5 years	£4m 15 years	£2m 5 years	£2m 10 years
AA-	£2m 3 years	£4m 4 years	£4m 10 years	£2m 4 years	£2m 10 years
A+	£2m 2 years	£4m 3 years	£2m 5 years	£2m 3 years	£2m 5 years
A	£2m 13 months	£4m 2 years	£2m 5 years	£2m 2 years	£2m 5 years
A-	£2m 6 Months	£4m 13 months	£2m 5 years	£2m 13 months	£2m 5 years
BBB+	£1m 100 days	£2m 6 months	£1m 2 years	£1m 6 months	£1m 2 years
BBB or BBB-	£1m next day only	£2m 100 days	n/a	n/a	n/a
None	£1m 6 Months	n/a	£2m 25 years	£50,000 5 years	£4m 5 years
Pooled funds	£4m per fund				

This table must be read in conjunction with the notes below

39. **Credit Rating:** Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used.
40. **Banks Unsecured:** Accounts, deposits, certificates of deposit (see glossary of terms) 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. The risk of credit loss is determined by the robustness of a bank's own balance sheet. Whilst this does not preclude the Council from making these investments, it will only do so where there is a sufficiently high credit rating. It will not place unsecured investment with banks rated "BBB" or "BBB(-)" other than fully liquid overnight deposits with the Council's own bank, Barclays Bank plc.

41. The use of an account to leave overnight deposits with Barclays Bank is an important tool in cost effective cash flow management. (Only in instances where the Council's finance was at risk from loss, such as was experienced by the Cooperative Bank, would a decision be made to suspend overnight deposits with the Council's bankers.)
42. **Banks Secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.
43. Collateral, for example in the case of a reverse repurchase agreement (Repo), is given by the bank in bonds etc in consideration for the cash deposited. The Council would use a collateral agent to hold the securities which would be liquidated only in the case of bank failure.
44. **Government:** Loans, 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 a very low risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.
45. **Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going into insolvency. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.
46. **Registered Providers:** Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain a high likelihood of receiving government support if needed.
47. **Pooled Funds:** Shares in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Money Market Funds that offer same-day liquidity and aim for a constant net asset value will be used as an

alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

48. The Council has used Money Market Funds (MMFs) for many years to provide sound, liquid investment vehicles. Subject to the outcome of reforms to the MMFs, these remain a beneficial and secure investment option.
49. Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.
50. This class of investment offers both security and a potentially advantageous yield, but should not be considered for short-term investment.

### **Risk Assessment and Credit Ratings**

51. 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 even if this incurs a redemption fee / cost.
52. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn 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**

53. The Council understands that credit ratings provide good, but not perfect, predictions of investment default. Full regard will therefore also 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 and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.
54. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, 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, via the Debt Management Office or invested in government treasury bills (see glossary) for example, or with other Councils. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

## **Specified Investments**

55. The CLG Guidance defines specified investments as those:
- denominated in pound sterling,
  - due to be repaid within 12 months of arrangement,
  - not defined as capital expenditure by legislation, and
  - Invested with one of:
    - the UK Government,
    - a UK local authority, parish council or community council,
    - or
    - a body or investment scheme of "high credit quality".
56. The Council defines "high credit quality" organisations and securities as those having a credit rating of A(-) or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds "high credit quality" is defined as those having a credit rating of A(-) or higher.

## Non-specified Investments

57. Any investment not meeting the definition of a specified investment is classed as non-specified. It is not anticipated that the Council will utilise such investments during 2015/16, unless approved under a consultation process including the Head of Finance, Corporate Management Team and the Portfolio Holder for Resources. Should such a decision be taken, the following table provides an indication of the types of investment that could be used. Because of the specialised management requirements and trading mechanisms, such investments would be made using external fund managers or specialist advice.

Table 3: Non-Specified Investment Limits

	Cash limit
Total long-term investments	£1m
Total investments without credit ratings or rated below A(-)	£10m
Total investments with institutions domiciled in foreign countries rated below AA+	£1m
Total non-specified investments	£12m

## Investment Limits

58. The Council's revenue / usable reserves available to cover investment losses are forecast to be £35.1m on 31 March 2015. In order to mitigate as far as possible the risk of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £4m. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below:

Table 4: Investment Limits

	Cash limit
Any single organisation, except the UK Central Government	£4m each
With the Council's own bankers	£4m (£6m over the Christmas period, defined as 20 December to 4 January inclusive)
UK Central Government	unlimited
Any group of organisations under the same ownership	£5m per group
Any group of pooled funds under the same management	£5m per manager
Negotiable instruments held in a broker's nominee account	£20m per broker
Registered Providers	£10m in total
Unsecured investments with Building Societies	£8m in total
Loans to unrated corporates and small businesses	£4m in total
Money Market Funds	£20m in total

**Liquidity Management:**

59. The Council uses rudimentary cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a pessimistic basis, with receipts under-estimated and payments over-estimated 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.

**Treasury Management Indicators**

60. **Interest Rate Exposures:** This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the amount of net principal borrowed will be:

	2015/16	2016/17	2017/18
Upper limit on fixed interest rate exposure	£246m	£248m	£250m
Upper limit on variable interest rate exposure	(-)£7m	(-)£5m	(-)£4m

61. Fixed rate investments and borrowings are those where the rate of interest is fixed for the whole financial year. Instruments that mature during the financial year are classed as variable rate.

62. **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 fixed rate borrowing will be:

	Upper	Lower
Under 12 months	35%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	75%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%

### **Other Items**

63. There are a number of additional items that the Council is obliged by CIPFA or CLG to include in its Treasury Management Strategy.
64. **Policy on Apportioning Interest to the HRA:** On 1 April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. In the 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 each month and interest transferred between the General Fund and HRA at the Council's average interest rate on investments.
65. Under self-financing, Harlow Council's Housing Revenue Account Capital Financing Requirement (HRACFR) moved from (-)£10.53m to (+)£198.307m. The Localism Act 2011, section 171, also stipulated a maximum amount of borrowing allowed within the HRA, referred to as the 'Limit of Indebtedness'. Harlow Council's 'Limit of Indebtedness' is £208.837m which means a potential 'headroom' (the difference between the 'Limit of Indebtedness' and HRACFR) of £10.53m. More information is given in Appendix 6.2 of the HRA Business Plan 2014-2044.
66. **Investment Training:** The needs of the Council's treasury management staff for training in investment management are assessed on an ongoing basis. Officers meet at regular intervals – typically monthly to discuss operational treasury management plans. Additional

training is necessary when the responsibilities of individual members of staff change or processes change.

67. Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant staff are also encouraged to undertake Continuing Professional Development in accordance with their respective professional accounting / finance qualification requirements.
68. **Investment Advisers:** The Council has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues.
69. **Investment of Money Borrowed in Advance of Need:** The Council may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks.
70. The total amount borrowed will not exceed the authorised borrowing limit of £260m. The maximum period between borrowing and expenditure is expected to be two years, although the Council is not required to link particular loans with particular items of expenditure.
71. **Policy of Use of Financial Derivatives:** Councils have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over Councils' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
72. The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

73. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

### **Financial Implications**

74. The budget for investment income in 2015/16 is £132,400, based on an average investment portfolio of £19.764m at an interest rate of 0.67%. The budget for debt interest paid in 2015/16 is £7.010m, based on an average debt portfolio of £211.837m at an average interest rate of 3.31%. (Details of HRA investment earnings and borrowing is given in the HRA Business Plan 2014-2044, Appendix 6.2.) If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

### **Other Options Considered**

75. The CLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Head of Finance, having consulted the Portfolio Holder for Resources, 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.

<b>Alternative</b>	<b>Impact on income and expenditure</b>	<b>Impact on risk management</b>
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 will 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 will 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 will 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 will 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 will be less certain

## **Annex A**

### **Arlingclose Economic & Interest Rate Forecast October 2014**

#### **Underlying assumptions:**

1. The UK economic recovery has continued. Household consumption remains a significant driver, but there are signs that growth is becoming more balanced. The greater contribution from business investment should support continued, albeit slower, expansion of GDP throughout this year.
2. We expect consumption growth to slow, given softening housing market activity, the muted outlook for wage growth and slower employment growth. The subdued global environment suggests there is little prospect of significant contribution from external demand.
3. Inflationary pressure is currently low and is likely to remain so in the short-term. Despite a correction in the appreciation of sterling against the US dollar, imported inflation remains limited. We expect commodity prices will remain subdued given the weak outlook for global growth.
4. The MPC's focus is on both the degree of spare capacity in the economy and the rate at which this will be used up, factors prompting some debate on the Committee.
5. Nominal earnings growth remains weak and below inflation, despite large falls in unemployment, which poses a dilemma for the MPC. Our view is that spare capacity remains extensive. The levels of part-time, self-employment and underemployment are significant and indicate capacity within the employed workforce, in addition to the still large unemployed pool. Productivity growth can therefore remain weak in the short term without creating undue inflationary pressure.
6. However, we also expect employment growth to slow as economic growth decelerates. This is likely to boost productivity, which will bear down on unit labour costs and inflationary pressure.
7. In addition to the lack of wage and inflationary pressures, policymakers are evidently concerned about the bleak prospects for the Eurozone. These factors will maintain the dovish stance of the MPC in the medium term.
8. The continuing repair of public and private sector balance sheets leave them sensitive to higher interest rates. The MPC clearly believes the appropriate level for Bank Rate for the post-crisis UK economy is

significantly lower than the previous norm. We would suggest this is between 2.5 and 3.5%.

9. While the ECB is likely to introduce outright Quantitative Easing, fears for the Eurozone are likely to maintain a safe haven bid for UK government debt, keeping gilt yields artificially low in the short term.
10. The probability of potential upside risks crystallising have waned a little over the past two months. The primary upside risk is a swifter recovery in the Eurozone.

**Forecast:**

11. Arlingclose continues to forecast the first rise in official interest rates in Q3 2015; general market sentiment is now close to this forecast. There is momentum in the economy, but inflationary pressure is benign and external risks have increased, reducing the likelihood of immediate monetary tightening.
12. We project a slow rise in Bank Rate. The pace of interest rate rises will be gradual and the extent of rises limited; we believe the normalised level of Bank Rate post-crisis to range between 2.5% and 3.5%.
13. The short run path for gilt yields is flatter due to the deteriorating Eurozone situation. We project gilt yields on an upward path in the medium term.

	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Dec-17	Mar-18
<b>Official Bank Rate</b>													
<b>Upside risk</b>		0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>Arlingclose Central Case</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.75</b>	<b>0.75</b>	<b>1.00</b>	<b>1.00</b>	<b>1.25</b>	<b>1.25</b>	<b>1.50</b>	<b>1.50</b>	<b>1.75</b>	<b>1.75</b>
<b>Downside risk</b>				0.25	0.25	0.50	0.50	0.75	0.75	1.00	1.00	1.00	1.00
<b>3-month LIBID rate</b>													
<b>Upside risk</b>	0.05	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>Arlingclose Central Case</b>	<b>0.55</b>	<b>0.60</b>	<b>0.65</b>	<b>0.85</b>	<b>1.00</b>	<b>1.15</b>	<b>1.30</b>	<b>1.45</b>	<b>1.60</b>	<b>1.75</b>	<b>1.85</b>	<b>2.05</b>	<b>2.15</b>
<b>Downside risk</b>	0.10	0.15	0.20	0.30	0.40	0.55	0.65	0.75	0.85	-0.95	-0.95	-0.95	-1.00
<b>1-yr LIBID rate</b>													
<b>Upside risk</b>	0.10	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>Arlingclose Central Case</b>	<b>0.95</b>	<b>1.00</b>	<b>1.05</b>	<b>1.20</b>	<b>1.35</b>	<b>1.50</b>	<b>1.65</b>	<b>1.80</b>	<b>1.95</b>	<b>2.10</b>	<b>2.20</b>	<b>2.40</b>	<b>2.50</b>
<b>Downside risk</b>	-0.30	-0.35	-0.40	-0.45	-0.50	-0.55	-0.60	-0.65	-0.70	-0.75	-0.80	-0.80	-0.80
<b>5-yr gilt yield</b>													
<b>Upside risk</b>	0.30	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55
<b>Arlingclose Central Case</b>	<b>1.70</b>	<b>1.75</b>	<b>1.90</b>	<b>2.00</b>	<b>2.10</b>	<b>2.20</b>	<b>2.30</b>	<b>2.40</b>	<b>2.50</b>	<b>2.60</b>	<b>2.70</b>	<b>2.90</b>	<b>2.95</b>
<b>Downside risk</b>	-0.30	-0.35	-0.35	-0.35	-0.40	-0.45	-0.50	-0.55	-0.60	-0.65	-0.70	-0.70	-0.70
<b>10-yr gilt yield</b>													
<b>Upside risk</b>	0.30	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55
<b>Arlingclose Central Case</b>	<b>2.40</b>	<b>2.45</b>	<b>2.55</b>	<b>2.60</b>	<b>2.65</b>	<b>2.70</b>	<b>2.75</b>	<b>2.80</b>	<b>2.85</b>	<b>2.90</b>	<b>2.95</b>	<b>3.05</b>	<b>3.10</b>
<b>Downside risk</b>	-0.30	-0.35	-0.35	-0.35	-0.40	-0.45	-0.50	-0.55	-0.55	-0.55	-0.60	-0.60	-0.60
<b>20-yr gilt yield</b>													
<b>Upside risk</b>	0.30	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55
<b>Arlingclose Central Case</b>	<b>2.90</b>	<b>2.95</b>	<b>3.05</b>	<b>3.10</b>	<b>3.15</b>	<b>3.20</b>	<b>3.25</b>	<b>3.30</b>	<b>3.35</b>	<b>3.40</b>	<b>3.45</b>	<b>3.50</b>	<b>3.55</b>
<b>Downside risk</b>	-0.30	-0.35	-0.35	-0.35	-0.40	-0.45	-0.50	-0.50	-0.55	-0.55	-0.60	-0.60	-0.60
<b>50-yr gilt yield</b>													
<b>Upside risk</b>	0.30	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55
<b>Arlingclose Central Case</b>	<b>3.00</b>	<b>3.05</b>	<b>3.10</b>	<b>3.15</b>	<b>3.20</b>	<b>3.25</b>	<b>3.30</b>	<b>3.35</b>	<b>3.40</b>	<b>3.45</b>	<b>3.50</b>	<b>3.55</b>	<b>3.60</b>
<b>Downside risk</b>	-0.30	-0.35	-0.35	-0.35	-0.40	-0.45	-0.50	-0.55	-0.55	-0.55	-0.60	-0.60	-0.60

**Annex B**  
**Existing Investment & Debt Portfolio Position**

	31.12.14 Actual Portfolio £m	31.12.14 Average Rate %
<b>External Borrowing:</b>		
PWLB - Fixed Rate	211.837	3.31%
<b>Total External Borrowing</b>	<b>211.837</b>	<b>3.31%</b>
<b>Other Long Term Liabilities:</b>		
Finance Leases	0.626	
<b>Total Gross External Debt</b>	<b>212.463</b>	
<b>Investments:</b>		
Short-term investments	27.330	0.53%
Pooled Fund (Money Market Funds)	13.650	0.38%
<b>Total Investments</b>	<b>40.980</b>	<b>0.48%</b>
<b>Net Debt</b>	<b>171.483</b>	

Mortgage and other loans rate

Schedule 16 of the Housing Act 1985 specifies that Councils must set the interest rate on mortgages arranged since October 1985 on an annual basis. Councils are required to charge the higher of:

- i. The Standard National Rate, which is set by the Secretary of State (currently 3.13%), or,
- ii. The applicable local average rate, based on the Council's own borrowing costs and a small percentage (0.25%) for administration.

The interest rate chargeable is therefore 3.56%.

## Annex C

### Prudential Indicators 2015/16

The Local Government Act 2003 requires the Council to have regard to the Chartered Institute of Public Finance and Accountancy's 'Prudential Code for Capital Finance in Local Authorities' (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of Councils are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

### Estimates of Capital Expenditure

The Council's planned capital expenditure and financing may be summarised as follows.

Capital Expenditure and Financing	2014/15 Revised £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000
General Fund	3,708	5,840	1,863	1,812
HRA	24,813	26,772	19,463	17,506
<b>Total Expenditure</b>	<b>28,521</b>	<b>32,612</b>	<b>21,326</b>	<b>19,318</b>
Capital Receipts	(5,072)	(3,217)	(1,979)	(1,409)
Government Grants	(5,962)	(3,038)	(487)	(487)
Major Repairs Reserve	(13,518)	(11,270)	(11,431)	(11,572)
Revenue	(2,793)	(13,315)	(6,865)	(5,558)
Borrowing *	(1,176)	(1,772)	(564)	(292)
Leasing and PFI	0	0	0	0
<b>Total Financing</b>	<b>(28,521)</b>	<b>(32,612)</b>	<b>(21,326)</b>	<b>(19,318)</b>

\*Currently envisaged to be met by internal borrowing.

Further detail is provided in the Capital Programme 2014/15 to 2019/20 report to Cabinet on 29 January 2015 and Council on 6 February 2015.

## Estimates of Capital Financing Requirement

The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose.

Capital Financing Requirement	31.03.15 Revised £m	31.03.16 Estimate £m	31.03.17 Estimate £m	31.03.18 Estimate £m
General Fund	28.592	40.745	41.030	41.143
HRA	198.307	187.370	187.370	187.370
<b>Total CFR</b>	<b>226.899</b>	<b>228.115</b>	<b>228.400</b>	<b>228.513</b>

The CFR is forecast to rise by £1.6m over the next three years as capital expenditure financed by debt outweighs resources put aside for debt repayment.

## Gross Debt and the Capital Financing Requirement

In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

Debt	31.03.15 Revised £m	31.03.16 Estimate £m	31.03.17 Estimate £m	31.03.18 Estimate £m
Borrowing	211.837	211.837	211.837	211.837
Finance leases	0.626	0.194	0.084	0.084
PFI liabilities	0	0	0	0
<b>Total Debt</b>	<b>212.463</b>	<b>212.031</b>	<b>211.921</b>	<b>211.921</b>

Total debt is expected to remain below the CFR during the forecast period.

### Operational Boundary for External Debt:

The operational boundary is based on the Council's estimate of most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Council's debt.

Operational Boundary	2014/15 Revised £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m
Borrowing	248.0	251.0	253.0	255.0
Other long-term liabilities	1.5	1.5	1.5	1.5
<b>Total Debt</b>	<b>249.5</b>	<b>252.5</b>	<b>254.5</b>	<b>256.5</b>

### Authorised Limit for External Debt:

The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

Authorised Limit	2014/15 Revised £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m
Borrowing	250.0	255.0	260.0	265.0
Other long-term liabilities	5.0	5.0	5.0	5.0
<b>Total Debt</b>	<b>255.0</b>	<b>260.0</b>	<b>265.0</b>	<b>270.0</b>

### Ratio of Financing Costs to Net Revenue Stream:

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2014/15 Revised %	2015/16 Estimate %	2016/17 Estimate %	2017/18 Estimate %
General Fund	6.05	5.61	3.48	3.24
HRA	10.93	10.99	12.35	12.02

### **Incremental Impact of Capital Investment Decisions:**

This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and housing rent levels. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement arising from the capital programme proposed.

<b>Incremental Impact of Capital Investment Decisions</b>	<b>2015/16 Estimate £</b>	<b>2016/17 Estimate £</b>	<b>2017/18 Estimate £</b>
General Fund - increase in annual band D Council Tax	<b>54.99</b>	21.87	21.64
HRA - increase in average weekly rents	<b>24.50</b>	12.81	10.23

### **Adoption of the CIPFA Treasury Management Code:**

Full Council approved the adoption of the Chartered Institute of Public Finance and Accountancy's 'Treasury Management in the Public Services: Code of Practice' at its meeting on 10 February 2010.

## **Annex D**

### **Annual Minimum Revenue Provision Statement 2015/16**

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 Department for Communities and Local Government's 'Guidance on Minimum Revenue Provision' (the CLG Guidance) most recently issued in 2012.

The broad aim of the CLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The CLG Guidance requires the Council to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. The following statement only incorporates options recommended in the Guidance.

For capital expenditure incurred before 1 April 2008, and for supported capital expenditure incurred on or after that date, MRP will be determined in accordance with the former regulations that applied on 31<sup>st</sup> March 2008. For Harlow Council, the adjusted Capital Financing Requirement upon which the MRP is calculated is negative in each year prior to April 2008. The MRP on this portion of CFR is therefore zero. (*Option 1 in England & Wales*)

For unsupported capital expenditure incurred after 31 March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant assets in equal instalments, starting in the year after the asset becomes operational. (*Option 3 in England and Wales*)

For assets acquired by finance leases, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

No MRP will be charged in respect of assets held within the Housing Revenue Account.

Capital expenditure incurred during 2015/16 will not be subject to a MRP charge until 2016/17.

Based on the Council's estimate of its Capital Financing Requirement on 31 March 2015, the budget for MRP has been set as follows:

	31.03.2015	2015/16
--	------------	---------

	Estimated CFR £m	Estimated MRP £
Capital expenditure before 01.04.2008	5.455	0
Capital expenditure after 31.03.2008	220.818	121,000
Finance leases	0.626	432,000
<b>Total</b>	<b>226.899</b>	<b>552,000</b>

## **Annex E**

### **Approved Counterparty List**

#### **Introduction**

As part of the service provided by the Council's treasury management advisors, Arlingclose Ltd provide a formal update of the approved counterparty list (also referred to as the Lending List) on a weekly basis. This has been reconciled by the Council's advisors against credit developments sourced from Bloomberg. Arlingclose also provides an ongoing service of sending information as news develops with clear recommendations. The Head of Finance, or his representative, will then consider what action to take in light of this information and provide clear instructions to those colleagues authorised to deal on behalf of the Council.

There are instances where the Council's local Treasury Management Support Strategy is more cautious in terms of, for example, the maximum period to which money may be lent to a counterparty. Conversely, there are instances where the Council's treasury advisors recommend a shorter period of investment to specific organisations. Officers therefore are instructed to deal with counterparties using the shorter of the two maximum periods expressed on the Lending List.

There are instances where senior officers will separately determine investments for a shorter period than the maximum allowed because of adverse news about an institution which causes concern.

Arlingclose has recommended that the Council diversifies its investment portfolio. The Council's expectation is to have available for investments in a range of £19m to £38m (average £29m). The flow of cash through the Council's bank accounts is uneven and therefore a proportion of cash needs to be liquid (i.e. is immediately available to pay bills). Typically at least 50% of the Council's cash will be held in liquid investments although this percentage is set to reduce as HRA cash balances accumulate for future scheduled debt repayment.

The remainder may be invested for a longer period of time but around the date when the Council will carry only £17.6m (March 2016) will seek to place no more than £9m.

The Council needs to exercise caution in investing in Property Funds, where to gain the benefit from the asset class it is recommended the investment is held over a long period. The forward forecast indicates a lower cash balance at the year end, 2016/17. This suggests that no more than £5m should be invested through this instrument.

The following tables show the Lending List issued by Arlingclose on 2 January 2015 and therefore operable from the week commencing 5 January. These are given by way of example. The accompanying text explains the rationale behind local Treasury Management Policy.

## **Sovereign List of Institutions**

The Council defines “high credit quality” organisations as those having a credit rating of A(-) or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher.

There are three credit rating agencies: Fitch, Moody’s and Standard & Poors.

These agencies have given a triple-A (AAA) credit rating to the following countries (as at 31 December 2014).

- Australia
- Canada
- Germany
- Singapore
- Sweden
- Switzerland

The United Kingdom lost its AAA rating during 2013, however the Council still is committed to invest in any UK Bank which has a credit rating of A(-) and above.

The maximum duration for investments will be the shorter of the “Arlingclose Maximum Recommended Duration” or the Council’s “Maximum Investment Period”.

The limits of £4m for each counterparty (£5m for a Group) have been established as representing, broadly, 10% of the Council’s maximum investment balances for 2015/16 (rounded to £40m).

As an exception the Council will invest up to £4m (£6m over the Council’s Christmas period) with its bankers, Barclays Bank plc, in a Business Reserve account. This provides overnight deposits and is an efficient way of managing short term cash balances without the expense of transfer costs.

The maximum investment in unrated building societies will be increased from £1m in total to £4m in total (therefore allowing, for example, four £1m investments with unrated societies).

Investments with these counterparties may be in a range of instruments.

The Council will amend the maximum duration it may invest in counterparties in line with Arlingclose's recommendation. Investments with counterparties and the period of such investments will remain at the discretion of the Head of Finance or his representative.

**HARLOW COUNCIL - APPROVED COUNTERPARTY LIST As at: 02/01/2015**

Name	COUNTRY	Moody's Long-Term Ratings	Fitch Long-Term Rating	S&P Long-Term Rating	Arlingclose Maximum Recommended Duration	Council Specific Limits		
						Individual Cash Limit (£)	Group Cash Limit (£/%)	Max Investment period
COMMONWEALTH OF AUSTRALIA	AU	Aaa	AAA	AAAu				
AUST AND NZ BANKING GROUP	AU	Aa2	AA-	AA-	6 Months	4m		6 months
COMMONWEALTH BANK OF AUSTRAL	AU	Aa2	AA-	AA-	6 Months	4m		6 months
NATIONAL AUSTRALIA BANK LTD	AU	Aa2	AA-	AA-	6 Months	4m		6 months
WESTPAC BANKING CORP	AU	Aa2	AA-	AA-	6 Months	4m		6 months
GOVERNMENT OF CANADA	CA	Aaa	AAA	AAA				
BANK OF MONTREAL	CA	Aa3	AA-	A+	6 Months	4m		6 months
BANK OF NOVA SCOTIA	CA	Aa2	AA-	A+	6 Months	4m		6 months
CAN IMPERIAL BK OF COMMERCE	CA	Aa3	AA-	A+	6 Months	4m		6 months
ROYAL BANK OF CANADA	CA	Aa3	AA	AA-	6 Months	4m		6 months
TORONTO-DOMINION BANK	CA	Aa1	AA-	AA-	6 Months	4m		6 months
REPUBLIC OF FINLAND	FI	Aaa	AAA	AA+				

NORDEA BANK FINLAND ABP	FI	Aa3	AA-	AA-	6 Months	4m		6 months
POHJOLA BANK OYJ-A SHS	FI	Aa3	A+	AA-	6 Months	4m		6 months
<b>UNITED KINGDOM</b>	<b>GB</b>	<b>Aa1</b>	<b>AA+</b>	<b>AAAu</b>				
BANK OF SCOTLAND PLC	GB	A1	A	A	6 Months	4m	5m	6 months
LLOYDS BANK PLC	GB	A1	A	A	6 Months	4m		6 months
BARCLAYS BK PLC-ADR C	GB	A2	A	A	100 Days	4m		6 months
CLOSE BROTHERS LTD	GB	A3	A		100 Days	4m		100 Days
GOLDMAN SACHS INTERNATIONAL	GB	A2	A	A	100 Days	4m		6 months
HSBC BANK PLC	GB	Aa3	AA-	AA-	6 Months	4m		6 months
LEEDS BUILDING SOCIETY	GB	A3	A-		100 Days	1m	£1m total including Other Building Societies	100 Days
NATIONWIDE BUILDING SOCIETY	GB	A2	A	A	6 Months	4m		6 months
SANTANDER UK PLC	GB	A2	A	A	6 Months	2m		3 months
STANDARD CHARTERED BANK	GB	A1	AA-	A+	6 Months	4m		6 months
<b>UNRATED BUILDING SOCIETIES</b>						0		
<i>CUMBERLAND BUILDING SOCIETY</i>	<i>GB</i>				100 Days	1m	£1m total	12 months
<i>SCOTTISH BUILDING SOCIETY</i>	<i>GB</i>				100 Days	1m		12 months
<i>VERNON BUILDING SOCIETY</i>	<i>GB</i>				100 Days	1m		12 months
<i>DARLINGTON BUILDING SOCIETY</i>	<i>GB</i>				100 Days	1m		12 months
<i>FURNESS BUILDING SOCIETY</i>	<i>GB</i>				100 Days	1m		12 months
<i>HARPENDEN BUILDING SOCIETY</i>	<i>GB</i>				100 Days	1m		12 months
<i>HINCKLEY &amp; RUGBY BUILDING SOCIETY</i>	<i>GB</i>				100 Days	1m		12 months
<i>LEEK UNITED BUILDING SOCIETY</i>	<i>GB</i>				100 Days	1m		12 months
<i>LOUGHBOROUGH BUILDING SOCIETY</i>	<i>GB</i>				100 Days	1m		12 months

MANSFIELD BUILDING SOCIETY	GB				100 Days	1m		12 months
MARKET HARBOROUGH BUILDING SOCIETY	GB				100 Days	1m		12 months
MARSDEN BUILDING SOCIETY	GB				100 Days	1m		12 months
MELTON MOWBRAY BUILDING SOCIETY	GB				100 Days	1m		12 months
NEWBURY BUILDING SOCIETY	GB				100 Days	1m		12 months
TIPTON & COSELEY BUILDING SOCIETY	GB				100 Days	1m		12 months
NATIONAL COUNTIES BUILDING SOCIETY	GB				100 Days	1m		12 months
FEDERAL REPUBLIC OF GERMANY	GE	Aaa	AAA	AAAu				
DEUTSCHE BANK AG-REGISTERED	GE	A3	A+	A	100 Days	4m		6 months
LANDESBANK HESSEN-THURINGEN	GE	A2	A+	A	100 Days	4m		100 days
REPUBLIC OF SINGAPORE	SI	Aaa	AAA	AAAu				
DBS BANK LTD	SI	Aa1	AA-	AA-	6 Months	4m		6 months
OVERSEA-CHINESE BANKING CORP	SI	Aa1	AA-	AA-	6 Months	4m		6 months
UNITED OVERSEAS BANK LTD	SI	Aa1	AA-	AA-	6 Months	4m		6 months
KINGDOM OF SWEDEN	SW	Aaa	AAA	AAAu				
SVENSKA HANDELSBANKEN-A SHS	SW	Aa3	AA-	AA-	6 Months	4m		6 months
SWISS CONFEDERATION	SZ	Aaa	AAA	AAAu				
CREDIT SUISSE AG	SZ	A1	A	A	100 Days	4m		6 months

### Pooled Funds: Money Market Funds

The Council's investment balances are required to incorporate a larger than normal level of liquidity at the current time because it holds substantial 'Programme of Development' (POD) fund balances, which are usable by a number of the area's local councils (including Harlow Council), potentially at short notice. Because Money Market Funds (MMFs) are inherently secure (carrying the highest AAA rating) and each fund provides a wide spread of investments, MMFs represent a secure investment option, whilst providing immediate access to funds (thus meeting liquidity requirements) and can deliver competitive yields.

Therefore, taking account of practical cashflow management circumstances, the following limitations have been set for the use of MMFs:

- Overall exposure to MMFs as a whole be limited to £20,000,000, representing approximately 50% of the maximum cash in hand anticipated during 2015/16.
- The Council currently has a relationship with seven MMFs. It spreads its investments across those giving the greatest yield subject to a maximum of £4m per Fund.
- Exposure should be limited to 0.5% of a given Money Market Fund's size. Exposure to Government Money Market Funds being limited to 2% of their size given the nature of these funds.

					Council Specific Limits	
Money Market Funds used by Harlow	Place of Domicile	Moody's Long-Term Ratings	Fitch Long-Term Rating	S&P Long-Term Rating	Individual Cash Limit (£)	Group Cash Limit (£)
BLACKROCK	IR	Aaa-mf		AAAm	4m	20m
FEDERATED INVESTORS (UK)	GB	Aaa-mf	AAAmmf	AAAm	4m	
GOLDMAN SACHS ASSET MANAGEMENT	IR	Aaa-mf	AAAmmf	AAAm	4m	
IGNIS ASSET MANAGEMENT	IR		AAAmmf	AAAm	4m	
INSIGHT INVESTMENTS	IR		AAAmmf	AAAm	4m	
INVESCO AIM	IR	Aaa-mf	AAAmmf	AAAm	2m	
MORGAN STANLEY INVESTMENT MANAGEMENT	IR	Aaa-mf	AAAmmf	AAAm	4m	

The Council may in addition invest cash in Property Funds. These are only used if opportunities arise for long-term investments to be made. The current maximum amount to be invested in any single fund would be £5m (excluding any accumulated investment returns).

## Local Authorities

The Council is prepared to invest with any local authority not just those that have sought and have been assigned a credit rating.

Local Authority	Country	Moody's Long-Term Ratings	Fitch Long-Term Rating	S&P Long-Term Rating	Council Specific Limits		
					Individual Cash Limit (£/%)	Group Cash Limit (£/%)	Max Investment period
GREATER LONDON AUTHORITY	GB			AA+	5m		364 days
LANCASHIRE COUNTY COUNCIL	GB	Aa2					
TRANSPORT FOR LONDON	GB	Aa2	AA	AA+			
CORNWALL CC	GB	Aa1					
GUILDFORD BC	GB	Aa1					
KENSINGTON & CHELSEA RBC	GB			AAA			
WANDSWORTH LBC	GB		AA+				
WOKING BC	GB			A			

These are those LAs with credit ratings, for information. Arlingclose are comfortable with Harlow investing with any UK LA, not just this list.

## Annex F Reporting Arrangements

This Council will adopt the following reporting arrangements in accordance with the requirements of the revised CIPFA Code: -

Area of Responsibility	Council/ Committee/ Officer	Frequency
Treasury Management Policy Statement (revised)	Full Council	Formally adopted Feb 2010 (incorporated within subsequent TMSS reports)
Treasury Management Strategy / Annual Investment Strategy / MRP policy	Full Council	Annually before the start of the financial year
Treasury Management Strategy / Annual Investment Strategy / MRP policy – mid-year review	Full Council	Mid-year
Treasury Management Strategy / Annual Investment Strategy / MRP policy – updates or revisions at other times	Full Council	Only following significant events (e.g. substantial changes to Codes of Practice) and where normal reporting arrangements are not timely in relation to the change.
Annual Treasury Management Outturn Report	Full Council	Annually by 30 September after the end of the financial year
Treasury Management Monitoring Reports	Portfolio Holder for Resources	Monthly
Treasury Management Practices	Portfolio Holder for Resources	Annually
Scrutiny of Treasury Management Strategy	Cabinet Overview Working Group (+ Audit & Standards Committee as may be required)	Annually before the start of the year
Scrutiny of treasury management performance	Portfolio Holder for Resources, Cabinet Overview Working Group (+ Audit & Standards Committee, as may be required)	As incorporated within Annual Treasury Management Outturn report

## **Annex G**

### **Treasury Management Scheme of Delegation**

#### **(i) Full Council**

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

#### **(ii) Cabinet**

- review of/ amendments to the Council's adopted clauses and Treasury Management Strategy Statement and making associated recommendations to Full Council;
- budget consideration and recommendation to Full Council;
- approval of the division of responsibilities;
- receiving ad hoc treasury management monitoring reports and acting on recommendations.

#### **(iii) Portfolio Holder for Resources**

- receiving and reviewing regular monitoring reports and making recommendations to Cabinet;
- reviewing the treasury management policy and procedures and making recommendations to the Cabinet;
- reviewing the treasury management practices;
- approving the selection of external service providers and agreeing terms of appointment in conjunction with normal contract approval procedures.

#### **(iv) Section 151 Officer**

- recommending clauses, treasury management policy for approval, reviewing the same regularly, and monitoring compliance;
- setting treasury management practices;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources, skills and training, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.

## Annex H Credit Ratings Table

The Credit Ratings Table has been included as an annex in order to assist with understanding of the ratings referred to within the TMSS. Generally the Council will invest in 'High Grade' or 'Upper Medium Grade' investments.

	<b>Moody's</b>	<b>S&amp;P</b>	<b>Fitch</b>	<b>Meaning</b>
<b>Investment Grade</b>	Aaa	AAA	AAA	Prime
	Aa1	AA+	AA+	High Grade
	Aa2	AA	AA	
	Aa3	AA-	AA-	
	A1	A+	A+	Upper Medium Grade
	A2	A	A	
	A3	A-	A-	
	Baa1	BBB+	BBB+	Lower Medium Grade
	Baa2	BBB	BBB	
	Baa3	BBB-	BBB-	
<b>Junk</b>	Ba1	BB+	BB+	Non Investment Grade Speculative
	Ba2	BB	BB	
	Ba3	BB-	BB-	
	B1	B+	B+	Highly Speculative
	B2	B	B	
	B3	B-	B-	
	Caa1	CCC+	CCC+	Substantial Risks
	Caa2	CCC	CCC	Extremely Speculative
	Caa3	CCC-	CCC-	In Default w/ Little Prospect for Recovery
	Ca	CC	CC+	
		C	CC	
			CC-	In Default
	D	D	DDD	

## **Annex I**

### **Glossary of Terms and Definitions**

#### **Bank Rate:**

The term 'Bank Rate' is 'the official Bank Rate paid on commercial bank reserves', i.e. reserves placed by commercial banks with the Bank of England as part of the Bank's operations to reduce volatility in short term interest rates in the money markets. Previously referred to as "repo rate" this term has been replaced as a result of the change in terminology used by the Bank of England as from May 2006

#### **Base Rate:**

The term Base Rate refers to the rate which is set by each high street bank; it is the key foundational rate on which they each base all their various lending rates to customers. It is normally set at the same rate as the Bank Rate (q.v.) and changes in line with, and very soon after changes in Bank Rate.

**BRRD:** 'Bank Recovery and Resolution Directive'

**CD:** see 'Certificate of deposit'.

**CDS:** see 'Credit Default Swaps'

**CFR:** see 'Capital Financing Requirement'

**CP:** see 'Commercial paper'.

**CRA:** see 'Credit Rating Agency'.

**Call Account:** 'Call account' is a bank deposit where funds can be withdrawn at any time.

#### **Callable Deposit**

Placing a deposit with a bank or building society at a set rate for a set amount of time. However, the borrower has the right to repay the funds on pre agreed dates before maturity. This decision is based upon how market rates have moved since the deal was agreed. If rates have fallen, the likelihood of the deposit being repaid rises, as cheaper money can be found by the borrower.

#### **Capital Financing Requirement**

The Capital Financing Requirement reflects the Council's underlying need to borrow for capital purposes. Thus, if new capital expenditure is incurred and not financed from sources other than by borrowing, the CFR will increase by the amount of that expenditure. Borrowing, up to the value of the CFR, may be either from internal cash balances or externally, such as from the Public Works Loan Board (q.v.).

#### **Certificate of Deposit**

A certificate of deposit is an unsecured investment issued by a bank or building society which is a fixed deposit, giving a guaranteed interest return. These differ from term deposits in that the lender is not obliged to hold the investment through to maturity and

may realise the cash by selling the CD into an active secondary market. This may be useful in instances where the counterparty receives a downgraded credit rating, or the investor encounters an unexpected cashflow issue. CDs are obtained through specialist brokers who deal through the primary and secondary market. CDs offer liquidity and greater access to counterparties who do not trade in term deposits.

### **CIPFA Treasury Management Code of Practice**

This represents official practitioners' guidance, which is produced by CIPFA (the Chartered Institute of Public Finance and Accountancy). The government expects Councils and other public service authorities to adopt and comply with the code. The recommendations made in the Code provide a basis for all these public service organisations to create clear treasury management objectives and to structure and maintain sound treasury management policies and practices.

### **Commercial Paper**

Short-term obligations with maturities ranging from 2 to 270 days issued by banks, corporations and other borrowers. Such instruments are unsecured and usually discounted, although some may be interest bearing.

### **Corporate Bond**

Strictly speaking, corporate bonds are those issued by companies. However, the term is used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies

### **Counterparty**

A counterparty is a party with which a transaction is done.

**CPI:** Consumer Prices Index

### **Credit Default Swaps**

A CDS is a contract between two counterparties in which the buyer of the contract makes quarterly payments to the seller of the contract in exchange for a payoff if there is a credit event (e.g. default) of the reference entity (i.e. the third party on whom the contract is based). The contract essentially provides a means of insurance to the buyer of the CDS against default by a borrower. The "spread" (effectively the premium paid by the CDS buyer) provides an indication of the perceived risk of a default occurring.

### **Credit Rating**

A credit rating is an estimate of the quality of a debt from the lender viewpoint in terms of the likelihood of interest and capital not being paid and of the extent to which the lender is protected in the event of default.

An individual, a firm or a government with a good credit rating can borrow money from financial institutions more easily and cheaply than those who have a bad credit rating.

Credit Ratings are evaluated by Credit Rating agencies (q.v.).

### **Credit rating agency**

'Credit rating agency', or 'rating agency', or CRA, is a firm that issues opinions on companies' ability to pay back their bonds. These opinions are often abbreviated on an alphanumeric scale ranging from AAA to C (or equivalent). The three CRAs used by the Council are Fitch, Moody's and Standard and Poor's.

**DCLG:** Department for Communities and Local Government

**DMADF:** see 'Debt Management Agency Deposit Facility'

**DMO:** see 'Debt Management Office'

### **Dealing**

Is the process of carrying out transactions with a counterparty (q.v.), including agreeing the terms of an investment. This is usually conducted through a broker.

### **Debt Management Agency Deposit Facility**

Deposit Account offered by the Debt Management Office (q.v.), guaranteed by the UK government.

### **Debt Management Office**

The Debt Management Office (DMO) is an executive agency of HM Treasury responsible for carrying out the government's debt management policy and managing the aggregate cash needs of the Exchequer. It is also responsible for lending to local authorities and managing certain public sector funds.

### **Derivative**

A contract whose value is based on the performance of an underlying financial asset, index or other investment. e.g. an option is a derivative because its value changes in relation to the performance of an underlying stock.

**ECB:** European Central Bank

### **Equity**

A share in a company with limited liability. It generally enables the holder to share in the profitability of the company through dividend payments and capital gain.

**EU:** European Union

**Fed:** The Federal Reserve (US)

**FLS:** Funding for Lending Scheme

### **Floating Rate Notes**

Bonds on which the rate of interest is established periodically with reference to short-term interest rates

### **Forward Deal**

The act of agreeing today to deposit funds with an institution for an agreed time limit, on an agreed future date, at an agreed rate.

**Forward Deposits:** see 'forward deal'

### **Fund Manager**

The individual responsible for making decisions related to any portfolio of investments in accordance with the stated goals of the fund.

**GDP:** Gross Domestic Product

### **Gilt**

Registered British government securities giving the investor an absolute commitment from the government to honour the debt that those securities represent.

### **Gilt Funds**

Pooled fund investing in bonds guaranteed by the UK government.

**HRA:** Housing Revenue Account

**HRACFR:** Housing Revenue Account Capital Financing Requirement

### **iTraxx benchmark**

A group of international credit derivative indexes that are monitored by the International Index Company (IIC). The credit derivatives market that iTraxx provides allows parties to transfer the risk and return of underlying assets from one party to another without actually transferring the assets. iTraxx indexes cover credit derivatives markets in Europe, Asia and Australia.

### **Lender Option Borrower Option**

'Lender Option Borrower Option' (LOBO) is a floating rate instrument which allows the lender to designate an adjustment rate at periodic reset dates and lets the borrower decide whether to pay the rate or redeem the bond.

### **Liquidity**

Liquidity refers to an asset that can be turned into cash or the ability to quickly sell or buy an asset

**LIBID:** see 'London Interbank Bid Rate'

**LIBOR:** see 'London Interbank Offer Rate'

**LOBO:** see 'Lender Option Borrower Option'

### **London Interbank Bid Rate**

The 'London Interbank Bid Rate' (LIBID) is the rate of interest at which first-class banks in London will bid for deposit funds. Often used as a benchmark for deposit rates. LIBID

is not fixed in the same way as LIBOR (q.v.), but is typically one-sixteenth to one-eighth of a per cent below LIBOR.

### **London Interbank Offer Rate**

'London Interbank Offer Rate' (LIBOR) is the interest rate which banks pay when lending to each other. It is calculated at a specified time each day and based on what it would cost a panel of banks to borrow funds for various periods of time and in various currencies. It then creates an average of the individual banks' figures.

**MMF:** see 'Money Market Fund'

### **Money Market Fund**

Money Market Funds are mutual funds that invest in short-term debt instruments. They provide the benefits of pooled investment, as investors can participate in a more diverse and high-quality portfolio than they otherwise could individually. Like other mutual funds, each investor who invests in a money market fund is considered a shareholder of the investment pool, a part owner of the fund. Money market funds are actively managed within rigid and transparent guidelines to offer safety of principal, liquidity and competitive sector-related returns. It is very similar to a unit trust, however, in a MMF equities are replaced by cash instruments. Returns are typically around 1 month LIBID (q.v.), and the average maturity is generally below 60 days.

**MPC:** Monetary Policy Committee

**MRP:** Minimum Revenue Provision, for the repayment of debt.

### **Open Ended Investment Companies (OEIC)**

Investment funds that partly resemble an investment trust and partly a unit trust. Like investment trusts, they issue shares on the London Stock Exchange and invest money raised from shareholders in other companies. The term open-ended means that when demand for the shares rises the fund manager just issues more shares, instead of there being a rise in the share price. The price of OEIC shares is determined by the value of the underlying assets of the fund.

### **Other Bond Funds**

Pooled funds investing in a wide range of bonds.

**PWLB:** see 'Public Works Loan Board'

### **Programme of Development**

The balance of Programme of Development funding (POD) represents monies received from Central Government for regeneration in the east of England, and is held by the Council on behalf of a Partnership comprising local councils and partners from the third and private sectors. The funding was received after a series of successful bids by the Partnership.

### **Public Works Loan Board**

The Public Works Loan Board (PWLB) is a UK Government statutory body whose function is to lend money from the National Loans Fund to Councils and other public bodies and to collect the repayments.

**Rating Agency:** see 'Credit Rating Agency'

**Repo:** see 'Repurchase Agreement'

### **Repurchase Agreement**

'Repurchase agreement', or repo, is a contract where the seller of certain securities agrees to buy them back from the purchaser at a specified time for an agreed price.

### **Reverse Gilt Repo**

This is a transaction as seen from the point of view of the party which is buying the gilts. In this case, one party buys gilts from the other and, at the same time and as part of the same transaction, commits to resell equivalent gilts on a specified future date, or at call, at a specified price.

### **Sovereign Issues (Ex UK Gilts)**

Bonds issued or guaranteed by nation states, but excluding UK government bonds.

### **Supranational Bonds**

Bonds issued by supranational bodies, e.g. European Investment Bank. These bonds – now known as Multilateral Development Bank bonds – are generally AAA rated and behave similarly to gilts, but pay a higher yield ("spread") given their relative illiquidity when compared with gilts.

**T-bills:** see 'Treasury Bills'.

### **Term Deposit**

(or 'Time deposit') is a generic term for a bank deposit where funds cannot be withdrawn for a fixed period of time. The lender receives a fixed rate of interest. These are unsecured investments and place the lender at risk of bail-in should this occur during the term of the investment.

**Time Deposit:** see 'Term Deposit'

### **Treasury Bills**

Treasury bills are a AAA/AA+ rated, short-dated form of Government debt, issued by the Debt Management Office (q.v.), via a weekly tender, on a Friday. Lenders would use the services of a specialist broker to access the market. These usually have a maturity of one, three or six months and provide a return to the investor by virtue of being issued at a discount to their final redemption value. There is also an active secondary market for T-bills which means that lending may be available for a range of dates. Interest rates tend to be higher than the DMADF (q.v.).

### **Treasury Management Strategy**

This is the Council's overall policy and framework by which it will carry out that policy in relation to its borrowing and investment needs in the coming financial year.

### **Treasury Management Policy Statement**

This is the Council's statement of intention in respect of its treasury management. It is prescribed by the CIPFA Treasury Management Code of Practice (q.v.).

### **Variable Rate Asset Value**

'Variable Rate Asset Value' (VNAV) occurs where the net asset value, or principal sum, invested may change depending on trading conditions. The value is calculated at the end of the business day based on the value of investments less any liabilities divided by the number of shares outstanding. With investments carrying this attribute, the capital sum invested may not be equal to the capital sum repaid.

**VNAV:** see 'Variable Net Asset Value'.

### **Weighted Average Maturity**

'Weighted average maturity', or WAM, is used to measure interest rate risk. WAM is calculated by taking the maturity of the underlying money market instruments held by the fund, weighted according to the relative holdings per instrument.

## **Annex J**

### **Background Papers**

The CIPFA Prudential Code for Capital Finance in Local Authorities (revised 2011)

CIPFA's Treasury Management in Public Services Code of Practice (revised 2011)

DCLG's Guidance on Local Government Investments (issued March 2010)

HRA Business Plan 2014-2044 \*

Capital Programme 2014/15 – 2019/20 \*

Arlingclose Ltd treasury management advisory documents

Treasury Management and Accounting records

\*These are separate reports submitted to Cabinet, 29 January 2015.

# APPENDIX 1



**Harlow**  
Council

*Working together for Harlow*

Property and Facilities Management

Civic Centre

The Water Gardens

Harlow

Essex CM20 1WG

Tel. 01279 446176/Fax. 01279 448639

**Wissants Transfer Plan**

**Wissants**

**Harlow**

**Essex**

SCALE  
1:1250 at A4

DATE  
13th November 2014

DRAWN BY  
MS

Drawing No  
GIM4307-027

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## PORTFOLIO HOLDER DECISION NOTICE

### 14 NOVEMBER 2012

(Published 20 November 2012)

This document lists the decision taken by the Portfolio Holder for Housing on the 14 November 2012.

A decision may be implemented with immediate effect, unless it is eligible for call-in as identified below, whereupon a decision will not be implemented until five working days have elapsed.

Decision Taker	Decision	Reasons for Decision	Any Options Rejected	Declared Conflict of Interest?	Eligible for Call-In?
<b>Cllr Rod Truan</b> Portfolio Holder for Housing	<p><u>Disposal of Empty Properties</u></p> <p><b>RESOLVED:</b> that</p> <p>(A) The disposal of 1 to 21 Wissants for the provision of affordable housing be approved.</p> <p>(B) The demolition of 28 Pytt Field be approved.</p>	<p>(A) The disposal of 1-21 Wissants will enable the regeneration of the block and the area. All 21 properties are currently derelict and are attracting anti social behaviour and are subject to ongoing vandalism. The resulting redevelopment of this site would support the Town's regeneration and will provide additional social housing assisting the Council in tackling housing need.</p> <p>(B) The demolition of 28 Pytt field will prevent further structural decline and dilapidation of the property as it is uneconomical to pursue structural and decent homes repairs.</p>	No	No	Yes

**REPORT TO: ROD TRUAN, PORTFOLIO HOLDER FOR HOUSING**

**DATE: 26 SEPTEMBER 2012**

**TITLE: DISPOSAL OF EMPTY PROPERTIES**

**LEAD OFFICER(S) ANDREW MURRAY, HEAD OF HOUSING (01279 446676)  
WENDY MAKEPEACE, AREA HOUSING MANAGER (01279) 44342**

**This is not a Key Decision  
This is not on the Forward Plan.  
Call-in Procedures may apply**

**This report is for decision to be made by the Portfolio Holder**

**This decision will affect 2 Wards.**

**RECOMMENDED that**

- A** The disposal of 1 – 21 Wissants for the provision of affordable housing is approved.
- B** The demolition of 28 Pytt Field is approved.

**REASON FOR DECISION**

- A** The disposal of 1-21 Wissants will enable the regeneration of the block and the area. All 21 properties are currently derelict and are attracting anti social behaviour and are subject to ongoing vandalism. The resulting redevelopment of this site would support the town's regeneration and neighbourhood strategy and will provide additional social housing assisting the Council in tackling housing need.
- B** The demolition of 28 Pytt field will prevent further structural decline and dilapidation of the property as it is un economical to pursue structural and decent homes repairs.

**BACKGROUND**

- 1 The properties were identified for disposal/demolition in 2011 as part of the Housing Revenue Account Business Planning process with the Cabinet approving disposal of a number of empty properties to be excluded from the final Housing Revenue Account (HRA) debt settlement. .



## **1 - 21WISSANTS**

- 2 The block of 21 bedsit properties was subject to a long term lease with the National Association for the Care and Resettlement of Offenders (NACRO) which came to an end in 2011. NACRO have informed the Council they do not wish to renew the lease and enter into another agreement for the use of the block.
- 3 The properties were identified for disposal in 2011 as part of the Housing Revenue Account Business Planning process with Cabinet approving the disposal of a number of empty properties, including 1-21 Wissants. Cabinet agreed that they be excluded from the final Housing Revenue Account (HRA) debt settlement.
- 4 The design of this block sets it aside from neighbouring blocks and its immediate neighbourhood and local environment it is now regarded as an “eye sore” by the local residents.
- 5 The proposal to dispose of 1-21 Wissants to an RSL will provide the town with additional affordable housing and much need family sized accommodation Enquiries have been made through the Stansted Area Housing Partnership in relation to the potential redevelopment of the site and a Registered Social Landlord (RSL) has shown interest in the site and could attract national housing grant funding

## **28 PYTT FIELD**

- 6 The property at 28 Pytt Field is a small end of terrace 1 bed room bungalow which shows signs of significant structural subsidence and is therefore currently unable to be let or be used for temporary accommodation.
- 7 The cost of demolition would be met from allocated budgets within the housing capital program structural budget.

## **IMPLICATIONS**

### **Regeneration & Enterprise**

The Regeneration Team are working with the Stansted Area Housing Partnership on proposals for development of the site to support housing and regeneration objectives.

Author: **Cath Shaw, Assistant Chief Executive: Regeneration and Enterprise**

### **Regulation (includes Sustainability)**

Demolition of the Wissants building will require planning permission in advance of any redevelopment.

Author: **Graeme Bloomer, Head of Regulation**

### **Finance**

The absence of these properties from inclusion in the debt settlement figure means that there are no long term financial implications for the HRA Business Plan. Disposal or demolition at this time would be clearly advantageous.

Author: **Simon Freeman, Head of Finance**

### **Housing**

The proposed development would support the need for new affordable housing to address the acute housing need at Harlow.

Author: **Andrew Murray, Head of Housing**

### **Community & Customer Services (includes Equalities and Social Inclusion)**

The proposed course of action will result in unattractive sites, which could be a target for vandalism, being transformed into much-needed affordable housing. Both of these outcomes will contribute to social inclusion and social cohesion.

Author: **Lynn Seward, Head of Community and Customer Services**

### **Governance (includes HR and ICT)**

Adhering to the Constitutional and Statutory requirements the disposal of the site will unburden the Council of its liability under occupiers liability.

Author: **Mike White, Head of Governance**

### **Background Papers**

NB: These are papers referred to in the preparation of the report that are not attached as appendices but that are available for public or Councillor study.

### **Glossary of terms/abbreviations used**

COMMERCIAL AND RESIDENTIAL PROPERTY AGENTS  
Chequers House, Watton Road, Ware, Hertfordshire, SG12 0AA  
Tel: 01920 469211 Fax: 01920 462916 www.witherstomas.co.uk

Harlow Council  
Civic Centre  
The Water Gardens  
College Square, Harlow  
Essex CM20 1WG

Our Ref: PGY/ls/30/058

18 November 2014

For the attention of Mr Allocca, Regeneration Project Delivery Manager

By email – Andrew.allocca@harlow.gov.uk

Dear Sirs

**RE: TRANSFER OF LAND AS PART OF WISSANTS LAND ACQUISITION PLAN  
AND WISSANTS REDLINE EXTENDED, PARINGDON ROAD,  
HARLOW, CM19 4QW**

We would refer to your emailed instructions of 17<sup>th</sup> November 2014 in respect of the above Land Regeneration Project on which we previously reported on 30<sup>th</sup> October 2014.

Your recent instructions are to value the land outlined in red on the Wissants\_Land Acquisition Plans previously advised. We have calculated that area of land at approximately 563 square metres which is roughly 52% of the overall site area. However, both these calculations are very approximate because of the irregularities in the layout of the land edged red and edged green. It would be reasonable to say that each coloured area is roughly half of the total area.

We have undertaken a similar Development Appraisal and would advise that our assessment of the Current Market Values of the land edged red and the combined land edged red and green, both as shown on the Wissants\_Land Acquisition Plan, as follows:

Land edged red	<b>£75,000 (seventy five thousand pounds)</b>
Land edged red and green	<b>£150,000 (one hundred and fifty thousand pounds)</b>

As previously advised, we assessed the Current Market Value, on 30<sup>th</sup> October 2014, of the land edged green at **£75,000 (seventy five thousand pounds)**.

We trust this information satisfies your instructions in order to proceed with the proposed Land Transfer. We also enclose our Invoice for this subsequent valuation.

Yours faithfully



PETER G YATES, MRICS  
RICS Registered Valuer  
WITHERS THOMAS  
peter@witherstomas.co.uk

Enc.