

**CABINET**  
**Thursday, 28 January 2016 at 7.30 pm**  
**Council Chamber, Civic Centre**

**Members**

Councillor Jon Clempner, Leader of the Council  
Councillor Emma Toal, Deputy Leader and Portfolio Holder for Youth & Community  
Councillor Jean Clark, Portfolio Holder for Governance  
Councillor Mike Danvers, Portfolio Holder for Resources  
Councillor Tony Durcan, Portfolio Holder for Regeneration & Enterprise  
Councillor Rod Truan, Portfolio Holder for Housing  
Councillor Mark Wilkinson, Portfolio Holder for Environment

**Other Attendees**

Councillor Maggie Hulcoop  
Councillor Danny Purton  
Councillor John Strachan

**AGENDA**

1. Apologies for absence
2. Declarations of Interest  
  
Councillors' declarations of interest (if any) in relation to any items on the agenda.
3. Minutes (Pages 4 - 11)  
  
To approve the minutes of the meeting held on 10 December 2015.
4. Matters Arising  
  
Any matters arising from the minutes of the previous meeting.
5. Written Questions from the Public  
  
To receive any questions from members of the public in accordance with Rule 10 of the Council Procedure Rules.
6. Written Questions from Councillors  
  
To receive any questions from Councillors in accordance with Rule 11 of the Council Procedure Rules.

7. Petitions

To consider any petitions that have been referred to the Cabinet under the Council's Petition Scheme.

8. Forward Plan (Pages 12 - 19)

To note the Forward Plan, which lists all upcoming Cabinet decisions and provides notice of key decisions and those expected to be taken in private session.

9. Recent Decisions Taken by The Leader, Deputy or Portfolio Holder(s)

There have not been any decisions taken by Portfolio Holders under delegated powers since the last meeting of the Cabinet.

10. Corporate Plan 2016/17 (Pages 20 - 69)

11. Medium Term Financial Strategy 2016/17 (Pages 70 - 101)

12. General Fund Budget 2016/17 (Pages 102 - 175)

13. Housing Revenue Account Business Plan 2015-2045 (Pages 176 - 254)

14. Housing Revenue Account Budget 2016/17 (Pages 255 - 277)

15. Capital Programmes 2016/17 - 2018/19 (Pages 278 - 294)

16. Treasury Management Strategy 2016/17 (Pages 295 - 338)

17. Award of Contract - Upgrade of Financial Management System (Pages 339 - 342)

18. Award of Contract for Out of Hours Supported Housing Services (Pages 343 - 347)

19. Communications from Committees/Working Groups/Parties and Panels

a) Referral from Scrutiny Committee - Review of the Council's Sheltered Housing Service (Phase 1) (Pages 348 - 375)

20. Minutes of Panels/Working Groups

To note the following draft minutes of Cabinet appointed bodies. Minutes remain draft until approved by the relevant body.

a) Minutes of meeting Tuesday, 3 November 2015 of Housing Standards Board (Pages 376 - 379)

- b) Minutes of meeting Thursday, 26 November 2015 of Cabinet Overview Working Group (Pages 380 - 382)
- c) Minutes of meeting Tuesday, 1 December 2015 of Housing Standards Board (Pages 383 - 385)
- d) Minutes of meeting Tuesday, 15 December 2015 of Housing Standards Board (Pages 386 - 387)

21. Matters of Urgent Business

To deal with any matters of an urgent nature.

**MINUTES OF THE CABINET  
HELD ON**

10 December 2015

7.30 - 8.40 pm

**PRESENT**

**Cabinet Members**

Councillor Jon Clempner, Leader of the Council

Councillor Emma Toal, Deputy Leader and Portfolio Holder for Youth & Community

Councillor Jean Clark, Portfolio Holder for Governance

Councillor Tony Durcan, Portfolio Holder for Regeneration & Enterprise

Councillor Mark Wilkinson, Portfolio Holder for Environment

**Additional Attendees**

Councillor Maggie Hulcoop

Councillor Danny Purton

**Other Councillors**

Councillor Andrew Johnson

Councillor Joel Charles

Councillor Sue Livings

Councillor Clive Souter

Councillor David Carter

**Officers**

Graham Branchett, Chief Operating Officer

Graeme Bloomer, Head of Place  
Andrew Bramidge, Project Director - Enterprise Zone

Simon Freeman, Head of Finance

Brian Keane, Head of Governance

Andrew Murray, Head of Housing

Joel West, Governance Support Officer

56. **APOLOGIES FOR ABSENCE**

Apologies of absence were received from Councillors Mike Danvers, John Strachan and Rod Truan.

57. **DECLARATIONS OF INTEREST**

None.

58. **MINUTES**

**RESOLVED** that the minutes of the meeting held on 15 October 2015 are agreed as a correct record and signed by the Leader.

59. **MATTERS ARISING**

None.

60. **WRITTEN QUESTIONS FROM THE PUBLIC**

None.

61. **WRITTEN QUESTIONS FROM COUNCILLORS**

None.

62. **PETITIONS**

a) **Petition - Land South of Gilden Way**

Following the presentation of the petition by the petition organiser, Mr David Giess and response from Councillors in line with the Council's Constitution, it was noted that a full public consultation on the Harlow Local Plan would take place next year.

63. **FORWARD PLAN**

**RESOLVED** that the Forward Plan is noted.

64. **RECENT DECISIONS TAKEN BY THE LEADER, DEPUTY OR PORTFOLIO HOLDER(S)**

None.

65. **GOVERNANCE AND STRUCTURE OF LOCAL AUTHORITY TRADING COMPANY**

The Cabinet received a report that proposed governance arrangements for the Local Authority Trading Company.

Councillor Jon Clempner, Leader of the Council, noted that he would ask relevant Group Leaders to make their nominations to the Parent Board and LATC Board in the next few days. He also advised that Councillors would receive regular updates on the action taken by the Chief Executive under delegated authority on the LATC creation.

Proposed by Councillor Jon Clempner (seconded by Councillor Tony Durcan) Cabinet:

**RESOLVED that:**

**A** A politically balanced Cabinet Shareholder Sub-Committee is created as set out in paragraph 6 with its terms of reference as set out in Appendix 1 of the report submitted.

**B** A LATC Board is created as set out in paragraph 8 of the report submitted.

- C** A politically balanced Parent Group Company Board is created as set out in paragraph 9 of the report submitted.
- D** Group Leaders to nominate their Councillor appointments, as set out in the report submitted, to the Shareholder Sub Committee and the LATC Board.
- E** Group Leaders to nominate their Councillor appointments, as set out in paragraph 9 of the report submitted, to the Parent Group Company Board.
- F** Delegated authority is granted to the Chief Executive, in consultation with the Leader of the Council to take all steps necessary to create the Parent Company and the LATC within a main parent company group structure, and for the delivery of the relevant services, with regular reports on progress communicated to Councillors.
- G** The main Parent Group Company be named HTS Group Limited with the LATC subsidiary named HTS (Property and Environment) Limited.

66. **JOINT FINANCE AND PERFORMANCE REPORT, QUARTER 2 2015/16**

The Cabinet received a report that reviewed performance against the Council's approved General Fund Budget and Corporate Plan for Quarter Two 2015/16.

Proposed by Councillor Jon Clempner (seconded by Councillor Mark Wilkinson) it was:

**RESOLVED** that Cabinet:

- A** Acknowledges the projected outturn position for the second quarter (July – September) of 2015/16, set out in sections three and four of Appendix A and Appendix B of the report submitted, as follows:
  - (i) A total projected underspend of £382,000 representing 0.55 per cent of the gross General Fund Budget.
  - (ii) A favourable variation on controllable budgets of £585,000, representing 0.85 per cent of the gross General Fund Budget.
- B** RECOMMENDS to Full Council that the contributions to reserves set out in the Major Variations Table in Appendix A to the report submitted are made.
- C** Acknowledges that :
  - (i) The Council performed on target or above target for 40 out of 47 (85 per cent) of performance indicators.

- (ii) The Council's annual Staff Survey showed further improvements on the already good previous years' results, as shown in Appendix B of the report submitted.

67. **HOUSING REVENUE ACCOUNT BUDGET MONITORING QUARTER 2, 2015/16**

The Cabinet received a report that reviewed the Council's performance against its approved Housing Revenue Account for Quarter Two 2015/16.

Proposed by Councillor Jon Clempner (seconded by Councillor Jean Clark) it was:

**RESOLVED** that Cabinet:

**A** Acknowledges the projected outturn position set out in the report as at the end of the second quarter of 2015/16 as follows:

- (i) A favourable variation on operational/controllable budgets of £790,000 representing 1.38% of the gross Housing Revenue Account (HRA) budget.
- (ii) A total projected underspend of £2,861,000 representing 4.95% of the gross HRA budget.

**B** Notes the forecast balances at 31 March 2016, of £7,006,000 in respect of the Housing Revenue Account and nil in respect of the Major Repairs Reserve (as identified in Appendix C of the report submitted).

68. **CAPITAL PROGRAMMES QUARTER 2 FINANCE REPORT 2015/16**

The Cabinet received a report that reviewed the Council's performance against its approved Housing and Non-Housing Capital Programmes for Quarter Two 2015/16 and proposed carryovers for both and an additional business case for the Non-Housing Capital Programme.

Proposed by Councillor Jon Clempner (seconded by Councillor Tony Durcan) it was:

**RESOLVED** that Cabinet:

**A** Acknowledges the progress made in the delivery of the Council's Housing and Non-Housing Capital Programmes for the second quarter of 2015/16 (as at 27 September 2015) as follows:

- (i) Housing Capital Programme projected variation of £1,946,000 below the revised budget (representing -7.2%).

(ii) Non-Housing Capital Programme projected variation of £162,000 above the revised budget (representing 2.4%).

**B** Acknowledges the performance in delivering the capital programmes, as summarised in Tables 2 and 5 of the report submitted (reference paragraphs 7 and 19).

**C** RECOMMENDS to Full Council the following to the respective Capital Programmes:

(i) Approves carryovers to 2016/17 from the Housing Capital Programme of £1.9m (reference paragraph 6 of the report submitted).

(ii) Inclusion of a new business case in the Non-Housing Programme totalling £15,000 (reference paragraph 14 of the report submitted).

(iii) Approves carryovers to 2016/17 from the Non-Housing Capital Programme of £784,000 (reference paragraph 15 of the report submitted).

69. **TREASURY MANAGEMENT STRATEGY STATEMENT 2015/16: MID YEAR REVIEW**

The Cabinet received a mid-year report on the Treasury Management Strategy, previously approved by Full Council.

Proposed by Councillor Jon Clempner (seconded by Councillor Mark Wilkinson) Cabinet:

**RESOLVED** that the Mid-Year Review of the Treasury Management Strategy, attached as Appendix A of the report submitted, is noted and referred to Full Council for approval.

70. **INTERIM REVIEW OF POLLING DISTRICTS AND POLLING PLACES 2015**

The Cabinet received a report summarising a review into the polling places in Church Langley, Little Parndon and Hare Street and Mark Hall wards.

Proposed by Councillor Jean Clark (seconded by Councillor Tony Durcan) Cabinet:

**RESOLVED** that, with effect from 1 January 2016:

**A** Henry Moore Primary School will remain as the designated polling place for the polling district of Church Langley East.

**B** Pemberley Academy is designated as the polling place for the polling district of Little Parndon and Hare Street East.

**C** Harlow Museum is designated as the polling place for the polling district of Mark Hall North.

71. **STOCK CONDITION SURVEYS NON-HOUSING - PROJECT NO: 15/023**

The Cabinet received a report summarising the outcome of a tender for non-housing stock condition surveys.

Proposed by Councillor Tony Durcan (seconded by Councillor Emma Toal)  
Cabinet:

**RESOLVED** that (subject to formal contract and the standstill period) authority is delegated to the Chief Operating Officer, in consultation with the Portfolio Holder for Regeneration and Enterprise, to approve the award of a contract for non-housing stock condition surveys.

72. **ADOPTION OF AMENDMENTS TO LONDON ROAD SOUTH LOCAL DEVELOPMENT ORDER**

The Cabinet received a report that proposed an amendment to the Local Development order for the Enterprise Zone, London Road South site.

Councillor Tony Durcan, Portfolio Holder for Regeneration and Enterprise, announced that, as the consultation period had now closed, the first part of Recommendation A as provided in the report submitted could be deleted.

Proposed by Councillor Tony Durcan (seconded by Councillor Jon Clempner) it was:

**RESOLVED** that:

**A** Cabinet RECOMMENDS to Full Council that the amendments to the London Road South Local Development Order (contained in appendices to the report submitted) are approved and the revised Order adopted.

**B** Authority is delegated to the Head of Place, in consultation with the Portfolio Holder for Regeneration and Enterprise, to make any necessary minor amendments to the Local Development Orders, Statement of Reasons and supporting documentation prior to adoption.

73. **COMMUNICATIONS FROM COMMITTEES/WORKING GROUPS/PARTIES AND PANELS**

a) **Referral from Scrutiny Committee - Review of Pay Day Loan Businesses**

The Cabinet received a report from the Scrutiny Committee that advised of the outcome of its review of Pay Day Loan Businesses and made recommendations for how they might be controlled.

Proposed by Councillor Mark Wilkinson (seconded by Councillor Jean Clark) Cabinet:

**RESOLVED** that the construction of an appropriate development management policy aimed at controlling, in so far as planning powers will allow, pay day loan shops in Harlow is pursued as part of the future Local Plan.

b) **Referral from Cabinet Overview Working Group - Medium Term Financial Strategy**

The Cabinet received a report from its Overview Working Group that advised of the outcome of its review of the Council's Medium Term Financial Strategy and made recommendations for its preparation in 2016/17.

Proposed by Councillor Jon Clempner (seconded by Councillor Tony Durcan) it was:

**RESOLVED** that the Cabinet will ensure that the details of the 2015 Autumn Statement and in particular, but not exclusively, the impact on the HRA, Capital and Discretionary Fund are considered fully in the development of the Council's financial plans for 2016/17 and future years once the Local Government Finance Settlement is announced later in December.

c) **Referral from Cabinet Overview Working Group - Local Council Tax Support Scheme (LCTSS)**

The Cabinet received a report from its Overview Working Group that advised of the outcome of its review of the Council's Local Council Tax Support Scheme (LCTSS) 2015/16 and made recommendations for the 2016/17 Scheme.

Councillor Jon Clempner, Leader of the Council, noted that the LCTSS for 2016/17 would require final approval by Full Council.

Proposed by Councillor Jon Clempner (seconded by Councillor Emma Toal) Cabinet:

**RESOLVED** that it is RECOMMENDED to Council that:

**A** The 2016/17 Local Council Tax Support Scheme is amended as follows:

(i) The introduction of a minimum income floor for self-employed claimants of Local Council Tax Support.

(ii) The award of backdated Local Council Tax Support is limited to one month.

**B** The proposal to remove the Family Premium in calculating an award of Local Council Tax Support is deferred for a further 12 months.

74. **MINUTES OF PANELS/WORKING GROUPS**

**RESOLVED** that the minutes of the following meetings are noted.

a) Minutes of meeting Tuesday, 13 October 2015 of Cabinet Overview Working Group

b) Minutes of meeting Friday, 16 October 2015 of Harlow Local Highways Panel

c) Minutes of meeting 6 October 2015 of Housing Standards Board

d) Minutes of meeting Thursday, 5 November 2015 of Safety Committee

75. **MATTERS OF URGENT BUSINESS**

None.

LEADER OF THE COUNCIL

## Harlow Council Forward Plan

This plan contains all decisions that the Council's Cabinet expects to take over the coming year. Where relevant, each decision has been identified as a Key Decision or as involving consideration in private session.

The definition of a Key Decision is given in Article 12 of the Council's Constitution but is also set out here for clarity.

A 'Key Decision' means a Cabinet/Portfolio Holder decision which is likely:

- a) to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates. For this purpose, expenditure or savings are deemed to be significant if they exceed £50,000; or
- b) to be significant in terms of its effects on communities living in an area comprising two or more wards in Harlow.

Each decision listed in this Forward Plan has been assigned an exemption status as follows:

**Open** – members of the press and public are expected to be allowed to attend during consideration of this matter.

**Confidential** – members of the press and public are expected to be excluded during consideration of this matter. The reasons for this exclusion will be stated in column 5, and relate to a lawful power to exclude the press and public when specific classes of information are being discussed, as contained in the [Local Government Act 1972](#).

A Decision Notice for each Key Decision is published within five days of it being made. Decision Notices and documents to be considered by decision makers are open for inspection on the Council's website [www.harlow.gov.uk](http://www.harlow.gov.uk) and at the Civic Centre, The Water Gardens, Harlow, CM20 1WG. Representations on an upcoming key decision can be made by writing to the Chief Executive, using the address above.

The current members of the Cabinet are as listed on the Council's website at the following page <http://moderngov.harlow.gov.uk/mgCommitteeDetails.aspx?ID=121>

Ref.	Decision title	Decision Maker	Expected Date of Decision and Ward(s) affected	Key Decision and private consideration status	Documents to be considered by decision maker	Portfolio Holder and Lead Officer
I004 945	Appointment of a Consultant to undertake Asbestos Surveys, Air Monitoring and Associated Services	Cabinet	25 Feb 2016	Key decision: <b>Yes</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Housing (Councillor Rod Truan)  Andrew Murray
I003 409	Appointment of a Joint Venture Development Partner for Enterprise Zone, London Road North	Cabinet	25 Feb 2016  Old Harlow	Key decision: <b>Yes</b>  Likely exemption status: <b>Confidential</b>  Information relating to the financial or business affairs of any particular person (including the authority holding that information)	Officer's report	Portfolio Holder for Regeneration & Enterprise (Councillor Tony Durcan)  Malcolm Morley
I004 288	Essex Building Control Business Case	Cabinet	25 Feb 2016	Key decision: <b>Yes</b>  Likely exemption status: <b>Contains some confidential</b>  Information relating to the financial or business affairs of any particular person (including the authority holding that information)	Officer's report	Portfolio Holder for Regeneration & Enterprise (Councillor Tony Durcan)  Graeme Bloomer

Ref.	Decision title	Decision Maker	Expected Date of Decision and Ward(s) affected	Key Decision and private consideration status	Documents to be considered by decision maker	Portfolio Holder and Lead Officer
I001 163	Non Housing Asset Management Strategy	Cabinet	25 Feb 2016	Key decision: <b>Yes</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Regeneration & Enterprise (Councillor Tony Durcan)  Graeme Bloomer
I004 928	Carbon Management Plan 2016	Cabinet	25 Feb 2016	Key decision: <b>Yes</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Regeneration & Enterprise (Councillor Tony Durcan)  Graeme Bloomer
I005 168	Review of the Statement of Community Involvement	Cabinet	31 Mar 2016	Key decision: <b>No</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Regeneration & Enterprise (Councillor Tony Durcan)  Graeme Bloomer

Ref.	Decision title	Decision Maker	Expected Date of Decision and Ward(s) affected	Key Decision and private consideration status	Documents to be considered by decision maker	Portfolio Holder and Lead Officer
I004 189	Customer Services Strategy	Cabinet	31 Mar 2016	Key decision: <b>Yes</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Youth and Community (Councillor Emma Toal)  Jane Greer
I002 951	Review of Complaints Procedure Performance Timescales	Cabinet	31 Mar 2016	Key decision: <b>No</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Youth and Community (Councillor Emma Toal)  Jane Greer
I004 245	Joint Finance and Performance Report, Quarter 3 2015/16	Cabinet	31 Mar 2016	Key decision: <b>Yes</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Resources (Councillor Mike Danvers)  Simon Freeman
I004 246	Housing Revenue Account, Quarter 3 2015/16	Cabinet	31 Mar 2016	Key decision: <b>Yes</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Resources (Councillor Mike Danvers)  Simon Freeman

Ref.	Decision title	Decision Maker	Expected Date of Decision and Ward(s) affected	Key Decision and private consideration status	Documents to be considered by decision maker	Portfolio Holder and Lead Officer
I004 247	Capital Programmes Quarter 3 Finance Report 2015/16	Cabinet	31 Mar 2016	Key decision: <b>Yes</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Resources (Councillor Mike Danvers)  Simon Freeman
I004 248	Debt Write Off Report	Cabinet	31 Mar 2016	Key decision: <b>Yes</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Resources (Councillor Mike Danvers)  Simon Freeman
I004 187	Approval of Tender (District Heating Schemes – Tany's Dell, Halling Hill/Commonfields, Risdens, and Rosemary Close)	Cabinet	31 Mar 2016  Mark Hall; Netteswell; Old Harlow; Staple Tye	Key decision: <b>Yes</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Housing (Councillor Rod Truan)  Andrew Murray

Ref.	Decision title	Decision Maker	Expected Date of Decision and Ward(s) affected	Key Decision and private consideration status	Documents to be considered by decision maker	Portfolio Holder and Lead Officer
I004 805	Nichollsfield Pavilion Refurbishment Works	Cabinet	31 Mar 2016  Bush Fair	Key decision: <b>Yes</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Regeneration & Enterprise (Councillor Tony Durcan)  Graeme Bloomer
I001 170	Local Development Plan - approval of statutory consultation document	Cabinet	July 2016 Subject to the outcomes of the duty to co-operate process and availability of technical evidence from third parties	Key decision: <b>No</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Regeneration & Enterprise (Councillor Tony Durcan)  Graeme Bloomer
I004 193	Selection of operator for Harlow Enterprise Hub	Cabinet	July 2016	Key decision: <b>Yes</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Regeneration & Enterprise (Councillor Tony Durcan)  Jane Greer

Ref.	Decision title	Decision Maker	Expected Date of Decision and Ward(s) affected	Key Decision and private consideration status	Documents to be considered by decision maker	Portfolio Holder and Lead Officer
I004 191	Community Wellbeing Strategy	Cabinet	November 2016	Key decision: <b>Yes</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Youth and Community (Councillor Emma Toal)  Jane Greer
I004 195	Economic Development Strategy for Harlow	Cabinet	November 2016	Key decision: <b>Yes</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Regeneration & Enterprise (Councillor Tony Durcan)  Jane Greer
I001 909	Review of the Essex Inter-Authority Waste and Recycling Agreement	Cabinet	To be confirmed Subject to pan-Essex negotiations	Key decision: <b>No</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Environment (Councillor Mark Wilkinson)  Graeme Bloomer

Ref.	Decision title	Decision Maker	Expected Date of Decision and Ward(s) affected	Key Decision and private consideration status	Documents to be considered by decision maker	Portfolio Holder and Lead Officer
I001 165	Update: Regeneration of Slacksbury Hatch, Katherines Hatch, Elm Hatch and Bushey Croft Garage Sites	Cabinet	To be confirmed Report for information to be circulated separately in January 2016  Bush Fair; Great Parndon; Little Parndon and Hare Street; Toddbrook	Key decision: <b>Yes</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Regeneration & Enterprise (Councillor Tony Durcan)  Jane Greer

**REPORT TO:** CABINET

**DATE:** 28 JANUARY 2016

**TITLE:** CORPORATE PLAN 2016/17 – 2018/19

**PORTFOLIO HOLDER:** COUNCILLOR JON CLEMPNER

**LEAD OFFICERS:** CORPORATE MANAGEMENT TEAM AND HEADS OF SERVICE (01279) 446004

**CONTRIBUTING OFFICER:** PHILIP KERSHAW, PROJECT OFFICER POLICY AND PERFORMANCE (01279) 446196

**This is a Key Decision**

**It is on the Forward Plan as Decision No. I004293**

**This decision is not subject to Call-in procedures as it is a recommendation to Full Council**

**This decision will affect no Ward specifically.**

**RECOMMENDED** that it is RECOMMENDED to Full Council:

- A** That the updates to the Corporate Plan 2016/17 – 2018/19, attached to this report, are adopted.
- B** Authority be delegated to the Chief Executive, in consultation with the Leader of the Council, to make minor and consequential amendments to the Corporate Plan 2016/17 – 2018/19.

#### **REASON FOR DECISION**

- A** The Corporate Plan provides an important context for the decision making and resource allocations of the Council. Approval of the Corporate Plan is reserved to Full Council.

#### **BACKGROUND**

1. The Corporate Plan is the corporate strategy for the Council. The Corporate Plan and the Medium Term Financial Strategy (reported elsewhere on the agenda) need to be consistent to ensure that the allocation of budgets is linked to delivering the Council's priorities.
2. The Council's corporate priorities are:
  - a) More and better housing
  - b) Regeneration and a thriving economy

- c) Wellbeing and social inclusion
  - d) A clean and green environment
  - e) Successful children and young people
3. This update to the Corporate Plan is part of the annual corporate and budget planning process. The updates provide the opportunity to ensure that the Council continues to focus on the right priorities for the Town and to take work forward for the next three years within the budget available.

## **ISSUES/PROPOSALS**

4. The Corporate Plan 2016-19 sets out the Council's priorities for the next three years and how these will be delivered within the financial resources currently and likely to be available. It gives updates on the work completed toward the achievement of these priorities during the 2015-16 financial year.
5. The Plan:
- a) Sets out Harlow Council's vision, aims and commitments.
  - b) Links to the Council's Medium Term Financial Strategy (MTFS).
  - c) For each of the five corporate priorities it sets out:
    - i. What the Council wishes to achieve.
    - ii. Details on the work the Council has already done in this area.
6. Subsequent service plans and team plans will be drawn up during February and March 2016 which will feed into Personal Performance Plans (PPPs) for staff from April 2016.

## **IMPLICATIONS**

### **Place (includes Sustainability)**

Contained within the report

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

### **Finance (Includes ICT)**

The resources earmarked for delivering the 2016/17 – 2018/19 Corporate Plan are detailed within the Medium Term Financial Strategy elsewhere in the Cabinet agenda.

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

### **Housing**

The revised Corporate Plan supports the development and priorities for resource allocation within the Housing Revenue Account Business Plan.

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

**Community Wellbeing (includes Equalities and Social Inclusion)**

None specific

Author: **Jane Greer, Head of Community Wellbeing**

**Governance (includes HR)**

None beyond those contained in the report.

Author: **Brian Keane, Head of Governance**

**Background Papers**

None

**Glossary of terms/abbreviations used**

None

**Appendices**

Appendix A - The Corporate Plan 2016/17 – 2018/19.

# **Harlow Council: Working Together for Harlow**

**Corporate Plan 2016/17 - 2018/19**

## **Foreword by the Leader of the Council**

I am pleased to present this update to Harlow Council's Corporate Plan: Working Together for Harlow 2016-2019. This plan outlines the Council's vision and priorities to drive improvement over the next three years and what we have already achieved in meeting them.

The Council has had a number of notable successes, including building the first council houses in 25 years, driving forward the delivery of the Enterprise Zone, modernising thousands of Council homes, regenerating Clifton Hatch, and continuing to promote the Living Wage – with our joint venture with Kier Harlow receiving the East of England Living Wage Champion award.

The announcement that Public Health England's national Science Hub will start moving to Harlow in 2019 is recognition of the fantastic potential of Harlow, and will strengthen Harlow's reputation as a centre for science and bring thousands of high quality jobs to Harlow.

We are, however, living in unprecedented times, with the resources available to the Council under increasing pressure. The Council has already had substantial cuts to its external funding, and this will continue.

The Council has shown leadership and tenacity in standing up for the wishes of Harlow residents. Harlow Council, in conjunction with Essex County Council, obtained an unprecedented town wide injunction to deal with unauthorised encampments, while recognising the need for provision of authorised traveller sites. The Council reached a ground breaking deal to make sure that street lights remain on overnight, recognising the specific needs of Harlow.

We will continue to robustly make the case for investment in Harlow on much needed infrastructure, including road and rail, and health facilities.

It is more important than ever that the Council is open and transparent about the decisions it needs to make, and is driven by a set of values and priorities that have fairness and equality at the heart of everything it does. This enables everyone to participate and take advantage of the many great things that Harlow has to offer.

To this end, the Council and I are determined to continue making a positive and visible difference to Harlow and will remain focused on achieving the following:

## A Fairer Harlow, A Harlow to be Proud of

Working with the whole community of Harlow, including Government, the Voluntary Sector, Businesses, Faith Groups and others, the Council wants to achieve the following:

- **Reducing inequality** and supporting all Harlow's citizens to reach their full potential, actively contribute, and benefit from all that Harlow has to offer.
- Harlow to be a great place to **grow up** with children getting the best start in life, being healthy, being ready to learn as they start school, enjoying school, and achieving their academic and social potential. Children and young people should have access to a range of activities to enable them to make a positive contribution to their communities and to realise their potential and talent.
- To develop opportunities for **learning** beyond school age, providing a mix of further and higher education suited to the needs of residents and employers.
- Harlow to be an excellent place to do **business**, with the right infrastructure and with a highly skilled workforce that meets the needs and expectations of existing and potential employers in the town, and provides employment opportunities for Harlow people that pay a decent wage.
- Harlow residents to have good **health and wellbeing**, with the Council playing a leading role in tackling the underlying root causes of poor health and the issues that affect wellbeing.
- Harlow to be a great place to **grow older** with people living happy, healthy and independent lives.
- Harlow to have great community spirit, with people actively participating in **sustainable communities**, taking a pride in Harlow, its environment and its people.
- All of the neighbourhoods in the town to be desirable places to live with homes appropriate for people of different needs and resources, and at different points in their lives, attractive and well-kept buildings and open spaces, good roads, parking and public transport, and with people being and feeling **safe and secure**.
- **People to get along**, including with people from different backgrounds.
- Projecting local **Pride in Harlow** onto a regional and national stage to promote Harlow as a great place to live, shop, work, and do business.
- Harlow to have high quality community **cultural and sporting events**, attractions, and facilities for residents and visitors to experience, with a range of places for visitors to stay.

To achieve these outcomes we have identified five priorities for the next five years:

- **More and better housing** - tackling the housing need of Harlow residents, both in quantity, affordability, range and quality.
- **Regeneration and a thriving economy** - regenerating Harlow and supporting a thriving economy that benefits all the people of Harlow. Working with our partners in local and national government, the community, and the private sector, to create an infrastructure that is appropriate for sustainable growth.
- **Wellbeing and social inclusion** - working with partners to support people living happy healthy lives, and getting along with one another.
- **A clean and green environment** - an attractive, clean, green and sustainable environment to be enjoyed by all.
- **Successful children and young people** - engaging young people and actively promoting opportunities for all, in education, in employment, and in the community.

All underpinned by sound leadership, management of resources, and governance.

Despite the challenges, I am convinced that, by working together, we can make a positive and visible difference, and ensure a bright future for Harlow.



Councillor Jon Clempner, Leader of the Council

## Harlow today

### **An urban and green new town mixing high-quality varied housing types for all incomes, owners and tenants.**

Harlow is an enterprising and compact new town in West-Essex. It is made up of suburban communities as well as shopping centres and industrial and distribution centres. It is home to a University Technical College and a 51 hectare Enterprise Zone (EZ). It is one of the 44 sites in the country selected by Government to provide a platform for economic growth and deliver benefits for business. The EZ investment will be used to develop a new Life Sciences Med-tech Innovation Centre; building on the town's pioneering traditions and bringing jobs to the area.

Harlow retains many of the features, art, cultural and leisure facilities which made it so popular in the post-war years. It has also retained a large proportion of social housing and has the second highest proportion of council housing in the county. The Council has prioritised investment in this area to ensure decent homes for all.

### **A young population**

Harlow has a young population with those aged under 10 accounting for over 13 percent of the population. Excluding London Boroughs, this represents the 19th highest rate in England and Wales respectively.

Harlow is a great place to bring up children but the picture in Harlow concerning school performance is mixed. There has been a general rise in results in both primary and secondary schools, tracking national improvements, but performance varies enormously from school to school. Harlow is in line with the national average of 66 percent of early years children showing a Good Level of Development (GLD) for 2015. In 2013 this was only 38 percent, an increase of 28 percentage points. This means within Essex, Harlow is the district that has seen the largest improvement of pupils achieving a GLD for the period 2013 – 2015.

Harlow Council will continue to work with partners to increase the number of Harlow children judged as being ready for school and to raise aspiration and academic achievement so that all children and young people can achieve their full potential.

### **A diverse population**

Harlow has a more diverse population than ten years ago. Around 16 percent of the population are from black or minority ethnic groups, many of whom are economic migrants from Eastern Europe, Africa and South-Asia. Harlow remains a place where people have positive relationships.

The success of Harlow, its proximity to London and the issues brought about by the national economy and welfare reform have created its own unique housing pressures. Housing in Harlow is predominantly privately owned at just over 68 percent, while social housing makes up just under 32 percent.

### **An enterprising place**

Despite the tough economic climate, Harlow has remained a competitive location for business and growth and is well equipped and situated to support economic growth across West-Essex.

However, there are variations in different parts of Harlow. Household incomes of residents are just under 10 percent lower than workplace wages on average and there are pockets of deprivation, notably around the centre and south-west of Harlow.

As Harlow continues to become more business orientated in coming years, a key opportunity is to use the regeneration of deprived areas to create employment opportunities and reinvigorate communities. The Council will need to continue to work with community groups and other organisations to tackle local problems and improve the lives of residents.

## Financial context

The Council has annual net General Fund expenditure of £11million, is the landlord for over 9,500 properties and over 2,300 leasehold properties at a gross cost of nearly £60 million and currently delivers an annual capital investment programme of nearly £20 million.

The services it provides affects the lives of everybody living in, working in or visiting Harlow and as part of its transformation over the last nine years, and in response to the financial challenges it has faced, the Council has achieved significant financial savings totaling £22.5m in its General Fund.

The Council has achieved all of this whilst managing to protect front line services with partnership working with the voluntary and private sectors being used wherever possible to maintain access to services.

This financial achievement is illustrated in the table below:

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total in year savings	2,415	3,260	2,183	1,479	2,107	1,906	1,502	1,534	1,264
Cumulative Savings	6,059	9,319	11,502	12,981	15,088	16,994	18,496	20,030	21,294
Annual Budget (NET)	15,268	15,557	15,969	16,042	13,532	12,744	12,444	11,801	10,804
Annual savings as a % of Annual Budget (NET)	15.82	20.96	13.67	9.22	15.57	14.96	12.07	13.00	11.70

The Council has also made significant savings over the last nine years for its Housing Revenue Account. Again this has been achieved whilst improving the standard of housing to meet Decency standards, maintaining access to services and indeed performance has been improved.

The Council has seen a 60 percent reduction in its Government funding for the General Fund in the period 2011/12 to 2015/16 and will face more cuts of 14.2 percent in 2016/17 based upon the provisional Local Government Finance Settlement. In response to further austerity, the Council has a three year financial strategy setting out how it will balance the books. Over the next three years the Council is proposing further savings of around £2.5m

Financial information, including the Council's budgets, sources of income, and the budget gaps projected by the Council is contained within the Council's Medium Term Financial Strategy. This can be found on the Council's website.

## The Council's approach to change

The Council has adopted principles that promote and support the close working relationships it has with the town's residents and organisations. They also state the commitment of Councillors and staff to deliver high quality and effective services.

The Council will therefore focus on:

- Influencing others
- Performing in partnership with the Community
- Supporting people and business
- Equality and Fairness
- Openness and Transparency

### **Influencing others**

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. The Council will seek to ensure that these challenges and opportunities are recognised in positive ways through the resource allocations and investment decisions of others.

The Council will raise Harlow's profile throughout the Local Enterprise Partnership (LEP) area nationally and internationally to attract businesses to invest in the town. It will work in partnership with the LEP, the West Essex Alliance, the LSCC and local businesses to ensure that this profile is improved.

As a member of the Living Wage Foundation, the Council will work with employers to help ensure that the residents of Harlow get a fair deal with their local employer.

### **Performing in partnership with the Community**

The Council continues to work alongside community and voluntary groups and residents to shape and deliver services. The Council's inclusive approach enables residents' voices to be heard and valued and ensures that Council services reflect local views.

Despite a reduction in its funding, the Council will strive to continue to protect those front line services that residents most value. The Council will work with the community to ensure that needs are identified and understood and that service provision and commissioning is focused on those in greatest need.

## **Supporting people and business**

The Council has built strong relationships with businesses to encourage them to stay in Harlow and it continues to work to attract new businesses also. It will work to support local residents in equipping themselves to secure the jobs that are created.

The Council will be doing its bit to make Harlow an even better and more enjoyable place to live, work and visit. It cannot do it all by itself and it will be seeking help and support from its partners and from the community.

As the Council's strapline for its logo states, we will be 'Working Together for Harlow'.

## **Equality and fairness**

We recognise that certain groups in society are still more likely to suffer from unfair treatment and discrimination. We therefore continue to strive to eliminate all forms of unfair treatment and discrimination, and are committed to the continued development of a working culture in which fair treatment of all is the norm.

We believe in openness, honesty and integrity; in responsibility and accountability; in mutual trust and respect, and in valuing diversity in our role both as an employer and as a public service provider.

## **Openness and transparency**

The Council believes that it has nothing to lose and everything to gain by being open about what it does, how it spends its money and, how well it is performing.

We aim to be open with customers, employees and other stakeholders and show them that we operate and use our resources, fairly, efficiently and effectively.

Openness and transparency are key ingredients to build accountability and trust. We are committed to demonstrating openness and transparency in the way we operate our business and how we communicate with the public.

## Delivering the Plan

Provided below are details of how Harlow Council's priorities will be pursued to ensure they are achieved.

The Council will measure its aim of **improving Harlow for residents, businesses and visitors** against four key performance indicators:

- The level of resident satisfaction with Harlow as a place to live.
- The level of resident satisfaction with the way Harlow Council runs things.
- Whether residents agree that Harlow Council provides value for money.
- How well informed residents are about local public services provided directly or indirectly by Harlow Council.

The Council regularly reports on its performance and achievements on the Council's website, [www.harlow.gov.uk/performance](http://www.harlow.gov.uk/performance)

## Council values

The Council strives to be an organisation where people make things happen and promote excellence, good customer service and continuous improvement. We want to ensure that all staff are consistently aware of how their role contributes to the achievement of corporate priorities, are clear about what is expected, and share the Council's values. The Council is committed to promoting equality, challenging discrimination and developing community cohesion.

### The Council's values are:

**Integrity** Clear, meaningful and honest two way communication with staff, customers and partners.

**Value People** Treating everyone fairly, equally and with mutual respect. Investing in staff, recognising individual and team contributions to achieve success.

**Inspirational** Support and encourage accountability, creativity and innovation amongst our staff, key stakeholders and partners.

## Harlow Council Priorities

### More and better housing

***“Housing remains a top priority for me and the Administration. The landscape for housing that we have been used to has changed. The changes to the national housing policy, Housing Benefit rules, and other welfare reforms have/will place many Harlow residents, including many Council tenants/leaseholders, under increased financial pressure.***

***Importantly, the new Welfare Reform and Work Bill 2015 will remove the freedom for councils to set rents locally. This has had a major impact on the Council’s HRA Business Plan which had previously assumed annual rent increases equivalent to CPI+1percent until 2024/25 in line with government guidance.***

***The ongoing challenges are:***

- ***Implementing a sustainable 30 year Business Plan.***
- ***Implementing its five year Housing Investment Programme (HIP) investing over 100m and delivering improvements to its housing stock to improve the living conditions of its tenants. Tackling local priorities, and prioritising energy efficiency schemes (tackling fuel poverty).***
- ***Significantly improving the energy efficiency of the Council’s homes and tackling fuel poverty by installing external wall insulation, enhanced energy efficient windows and doors.***
- ***Becoming one of the councils in England that will deliver the Government’s Social Mobility Fund aspirations.***

***Tackling housing need, however, is my key priority, in all its forms, and I work towards:***

- ***More housing available in Harlow, with a wider choice of housing types which are genuinely affordable.***
- ***Tackling the growing need for supported housing.***
- ***Helping to improve the choices for those in housing need.***
- ***Improving health and wellbeing by improving housing conditions.”***

Councillor Rod Truan – Portfolio Holder for Housing

## **Our goals for the next three years:**

### **1. More housing for Harlow:**

- Work with our partners, to provide evidence to support the need for urban extensions and future infrastructure requirements in Harlow through the technical documentation supporting the Local Development Plan.
- More housing available in Harlow, with a wider choice of housing types which are affordable.
- Continue to increase the range and type of supported housing.
- Support the development of Harlow's design guides to encourage developers to provide high quality design.

### **2. Better housing for Harlow:**

- Provide high quality housing stock, with all Council homes in the town meeting Modern Homes standards. Publish a five year Housing Investment Programme (HIP) and invest annually in improvements to ensure decent homes targets are met and improve housing conditions.
- Implement a programme of energy efficiency, tackling fuel poverty with initiatives tackling high energy use dwellings with low thermal efficiency.
- Tackle fuel poverty by providing advice and support on energy use and the installation of energy efficiency initiatives such as smart meters, insulation, and external cladding.
- Target raising housing standards in private sector housing by reviewing additional licensing of Households in Multiple Occupation (HMO's).
- Improve choices for those in housing need.
- Encourage and facilitate effective Tenant and Leaseholder Engagement.
- Continue to improve housing standards.
- Provide effective tenancy enforcement support tackling health and wellbeing.

### **3. Improve tenant and leaseholder satisfaction:**

- Provide opportunities for tenant and leaseholder representatives to have their say on service improvement activities.
- Implement the revised 'Tenant and Leaseholder Engagement Strategy' in response to national and local priorities and applying it to increase representation and widen engagement.
- Ensure that housing works programmes are communicated in advance and monitoring arrangements improved.

- Ensure tenants and leaseholders have opportunities to choose, be consulted and receive feedback from, their representatives when seeking to influence and be involved, in the management of their homes.

#### 4. Reduce homelessness:

- Improve services and choices for those in housing need, and increase promotion of wider housing options and use of the private sector.
- Continue to review the Allocations Policy in response to national and local housing need priorities.
- Publish a Tenancy Strategy making best use of housing stock and providing support and targeted assistance for tenants living in Council accommodation.
- Tackle homelessness by implementing the Homelessness Strategy and working in partnership with agencies to develop the Harlow Homelessness Partnership, (HHP) targeting resources and joint working.
- Continue to provide additional help and support to those residents impacted by the Government's Welfare Reform programme.

### What we have achieved so far:

#### More housing for Harlow

**New Social Housing** - The Council built 18 new homes during 2015 on empty garages sites at Fesants Croft, Felmongers and The Hill. These were the first new Council homes for a quarter of a century, and has directly contributed to reducing the numbers on the Council's Housing Needs Register.

#### Better housing for Harlow

**Modernising Council Homes** - Harlow Council's biggest ever investment and transformation of Council homes continues with over 34,600 improvements completed so far in more than 8,200 different homes and a five-year £100 million investment in Council housing renewal, making a real transformation. Works included kitchen, bathroom, and window installations

From 2015/16, the programme has involved external works to Council owned tenanted and leasehold properties. Components include roofing, fencing, communal entrances, high rise windows, bin store replacement, wall finishes, and insulation.

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. The volumes of work achieved up to November 2015 are as follows:

- Kitchens – 2,920
- Bathrooms – 2,337
- Additional WC – 612
- Electrical Inspections – 6,345
- CCU -1,768
- Smoke Alarms – 2,629
- Boilers – 1,380
- Heating Distribution – 1,793
- Doors – 4,807
- Windows – 12,192

A new eight year external works programme focusing on roofs, external facia and works to tower blocks started in April 2015.

### **Improve tenant satisfaction**

**Improved satisfaction** - A tenant satisfaction survey is carried out bi-ennially by Housing Services. In the last survey in 2014 satisfaction with the overall service was at 74 percent (increased by one percent since 2012) and 74 percent of respondents were satisfied with the quality of their home. The next Landlord Survey is due to take place at the end of 2016.

### **Reduced homelessness**

- Continued to implement the revised Homelessness Strategy in conjunction with partners in order to develop an action plan and target scarce resources.
- Implemented a revised rent deposit guarantee scheme to increase the availability of housing that is affordable.
- Received accreditation from the government to implement a social mobility scheme to encourage national mobility within social housing providers.

## **Other achievements**

**Tackling housing need** - reducing the number of people on the housing needs register however, the town's social housing shortage focuses even more attention on how Council housing is allocated. The revised Allocations Policy has:

- Strengthened the local connection eligibility.
- Provided additional priority to members of the Armed Forces.
- Increased priority to Council tenants wishing to move to a smaller property.
- Additional priority to adopters and foster carers.

**Tackling fuel poverty** - the external walls of over 400 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 2014 and was jointly funded by a £1.5m grant from Scottish and Southern Energy Solutions.

**Providing housing support** - the Careline and Supported Housing Team achievements include installing approximately 231 alarm units, attaining the Telecare Services Association (TSA) platinum accreditation for the sixth year running, accredited to 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.

## What we will do next (our objectives for 2016/17):

- Recognise the uncertainty over rent income and ensure the Council is able to tentatively plan the Housing Revenue and Capital Programme over the next few years whilst appropriately and directly addressing local priorities.
- The Council's investment in its housing assets with a further £60m to be spent over the next three years will have to reduce to align with new government housing policy announcements.
- Defer the development of a longer-term programme of new Council House building and review annually.
- Continue to implement the actions in the Homelessness Strategy and Tenancy Strategy delivery plans.
- Raise tenant satisfaction through increased communication and providing more opportunities for tenants and leaseholders to be involved in their service.
- Continue the implementation of the Modern Homes Programme and commencing a further works programme, over the next five years on the communal and external areas of our homes directing resources in improving energy efficiency, reducing the energy bills to our tenants and tackling fuel poverty.
- Complete feasibility study and seek funding for increased extra frail housing support schemes.
- Consult on our preferred options for housing growth in the Local Development Plan.
- Commence the refurbishment of two Tower Blocks to include external cladding and environmental improvements.
- Commence the replacement of Council owned district heating schemes to increase energy efficiency and tackle fuel poverty.

## Regeneration and a thriving economy

***“Harlow new town was built around principles of sustainable communities, with its green spaces a fundamental part of the design. We remain committed to these principles and of regenerating the town with high quality jobs for local people, and reinvigorating Harlow as a great place to live and work.***

***This renewal has been accelerated with work on the Town Park, building the first Council Houses for 25 years, and the establishment of the Enterprise Zone and the ARU Medtech Campus starting to make significant progress. We have created a Town Centre Regeneration Fund to ensure that it gets the attention it deserves.***

***We will continue to focus on driving forward this regeneration, renewing neighbourhoods, attracting inward investment providing high quality jobs and lobby to ensure we have the right infrastructure in place to enable sustainable growth. This year the Council will move ahead with its plans to start improving the look and vibrancy of Broad Walk and Market Square to help attract investment. Harlow has a bright future and the Council will play a full and active role in bringing this about.”***

Councillor Tony Durcan – Portfolio holder for Regeneration and Enterprise

### Our goals for the next three years:

#### 1. Lead on the delivery of the Enterprise Zone (EZ):

- Work with landowners and developers to secure occupiers.
- Continue our fast-track approach to planning to assist developers.
- Take forward the creation of a new science park incorporating the Anglia Ruskin University MedTech Campus.
- To improve the environment and infrastructure at Templefields.
- Take forward the EZ Skills Plan to support the development of a skilled workforce.

## **2. Deliver neighbourhood regeneration and Priority Estate schemes:**

- To continue the regeneration of the Briars, Copshall Close and Aylets Field in order to deliver new homes to rent and buy.
- Take forward the redevelopment of new homes, retail outlets and a health centre at Prentice Place.
- Develop a master plan and begin the regeneration of Staple Tye neighbourhood area.
- Bring forward a package of sites to deliver new homes and retail facilities within our neighbourhoods.

## **3. Work with Essex County Council to deliver transport infrastructure:**

- To build the case, continue to lobby and help to identify a funding package for a new junction 7a on the M11.
- Work with Essex County Council to ensure delivery of the road infrastructure improvements required for the Enterprise Zone are delivered.

## **4. Preparing for growth:**

- Continue our fast-track approach to assist developers.
- Develop a forward plan for improving Harlow's transport infrastructure in the context of the Town's potential growth.
- Build relationships with developers and landowners which will assist with the sustainable growth of Harlow.

## **5. Support improvements to the Town Centre:**

- Implement the Town Centre Improvement Plan which covers: attracting investment and creating opportunities for residents and business, restoring pride and promoting the Town Centre.
- Consider new policy and alternative options for the future of the Town Centre.
- To work with landowners, developers and potential investors to bring forward initiatives to revitalise the Town Centre.
- Promote the Town Centre to traders and shoppers, and improve the public realm and the northern end of the town centre.
- Review Town Centre Planning and Licensing policies.

## 6. Support the economic development of Harlow:

- Produce an Economic Development Strategy for Harlow in order to influence the plans, strategies and resource allocations of others including engagement and support for WEA, LSCC, the Outer London Commission, ECC, SELEP and Central Government.
- Work with employers and education providers to increase the range and level of skills in the town.
- Build strong relationships with businesses to promote business support services and innovation through growth sector forums and direct business engagement.
- Support inward investment by encouraging the retention of employers in Harlow and attracting new business to protect and create jobs.

## Glossary

- **SELEP** (South East Local Enterprise Partnership) - SELEP brings together key leaders from business, local government, further and higher education in order to create the most enterprising economy in England.
- **WEA** (West Essex Alliance) - The West Essex Alliance exists to improve the economic prosperity and opportunity and provides a voice for business to the South East Local Enterprise Partnership.
- **LSCC** (London, Stansted, Cambridge Consortium) - The consortium was formed to organise and promote a clear economic area, with strong inter-connections; commuting to work, clusters of industries and supply chains.
- **ECC** (Essex County Council).
- **Outer London Commission** - The OLC explores how different parts of outer London can better realise their economic potential, especially its town centres, as well as opportunity and intensification areas and industrial locations.

## What we have achieved so far:

### Lead on the delivery of the Enterprise Zone

**Enterprise Zone** - A £5m funding package, which paves the way for the start of construction work on a world-class, state-of-the-art data centre campus and business park in Harlow Enterprise Zone, was agreed as part of a public-private sector partnership. The financial package is made up of a £2.5m loan from the Homes & Communities Agency's Local Infrastructure Fund matched by a loan from Harlow Council. The money enables the implementation of infrastructure works on the 20-acre site and will be backed up by investment in excess of £30m from the private sector.

Achievements include:

- Completion of demolition works at London Road South (July 2015).
- Letting of contracts for the refurbishment of two buildings (October 2015).
- New tenants (Arrow Electronics and Raytheon UK) announced for London Road South (September 2015).
- Completed Superfast Broadband installation at River Way (July 2015).
- Land acquisitions completed at London Road North (April 2015).
- OJEU process for developer section launched (March 2015) and three developers shortlisted (July 2015).
- Tree clearance programme undertaken (March 2015) enabling the new road constructions to start on site at London Road in November 2015.
- Properties search database set up (October 2015.)

**Medtech Campus** - Harlow is proud to be involved in a ground-breaking partnership that will drive growth and innovation in the UK medical technology sector. The Anglia Ruskin University MedTech Campus will provide one of the world's largest health innovation spaces for companies of all sizes - from start-ups and micro SMEs to large corporates - with the aim of establishing the UK as a global force in a sector worth £170bn per year. The project, which is a partnership between Chelmsford City Council, Harlow Council, Southend-on-Sea Borough Council and Anglia Ruskin University, is predicted to grow the UK medical technology sector by £1.2bn and generate approximately 12,500 jobs. In principle agreement has been reached with ARU to establish a Med Tech Innovation Centre on the London Road North site, to be delivered in 2016/17.

**Public Health England's (PHE's) Science Hub** - In September 2015 the Chancellor announced that PHE's laboratories at Porton will move to Harlow and complete the government's plan to bring all the public health laboratories onto a single integrated campus. The Hub will create a centre of excellence for research, health, improvement and protection and bring together world-renowned scientists working to protect and improve the health of the nation.

The new integrated hub, which will include PHE's headquarters, will provide the expert science to ensure that the UK is better protected against key threats such as pandemic flu and international threats like Ebola. It will be fully operational by 2024 with the first facilities opening in 2019. Up to 2,500 jobs will be on the site with many more involved in construction and the supply chain.

## **Deliver neighbourhood regeneration and Priority Estate schemes**

**Priority Estates** - In 2014 Countryside Properties and Home Group were selected as the developers to regenerate the Briars, Copshall Close and Aylets Field estates. In spring 2015 the Development Agreement was entered into by all parties. There followed a consultation event for residents where views were fed into the planning of the estates. Planning permission was granted in the summer of 2015.

The relocation of residents living in phase one of the scheme is now well underway and it is anticipated that Countryside and Home Group will be able to begin the development and start on site in the early part of 2016. The regeneration will take about five years to complete.

Achievements:

- Delivery plan implemented for regeneration of the Briar's, Copshall Close and Aylets Field (October 2015).
- Action Plan to deliver a pipeline of future neighbourhood sites/hatches for regeneration to be completed Feb 2016.

## **Deliver the Heritage Lottery Fund Town Park Project**

**Pet's Corner** - Harlow's family attraction Pets' Corner, which celebrates its 50th anniversary next year, reopened on 27 October 2015 following major refurbishment. The facility has been completely renovated with a new events barn, new shelters for animals, a new bird enclosure and aquarium, a new small animal quarantine room, updated surfacing and drainage and a new duck pond. New cladding and repairs to buildings have been completed throughout. Facilities for staff have also been upgraded and access for all visitors has been improved with a new ramp, hand rails, gift shop, reception and entrance gates. Construction work on a new eco-friendly learning centre next to Pets' Corner continues and once completed will host educational visits to the Town Park and Pets Corner.

### **Other improvements to the Town Park include:**

- Landscaping: The landscaping contract undertaken by Blakedown has now been completed except for some turfing and minor path work.
- The Water Garden: The Water Garden is now fully accessible and visitors can enjoy the new planting scheme and paths.
- Bandstand: The refurbishment of the Bandstand has been completed except for some concreting at the front. Harlow College work experience students are completing the interior redecoration of the bandstand.
- Spurriers House: Refurbishment of the ground floor is underway to enable a café with seating to be created.
- The Learning Centre, made from straw bales is nearing completion.
- Town Park volunteers have completed the restoration of the Rose Garden which will be fully reopened once the Spurriers Café terrace work is completed. They are now working on the restoration of a rockery in the Specimen Garden.

### **Deliver the Pathfinder Council Homes Project**

The Council built its first council homes in over 25 years at the former garage sites in Fesants Croft, Felmongers and The Hill. Eighteen two bedroom homes have been built and were all completed by December 2015. Families from Harlow's Housing Needs register have now all moved into their new homes.

### **Support improvements to the Town Centre**

Harlow Council and Essex County Council continue to look at regeneration options for Harlow Town Centre. The Harlow Town Centre has a valuable role as a sub-regional destination. The Council will be implementing short, medium and long term improvements to ensure the town centre's success in meeting the needs of current and future residents. A Town Centre Action Plan sets out what the Council and key partners will do to improve and regenerate the Town Centre in meeting short, medium and long term goals.

- Attracting investment and creating opportunities for residents and business.
- Restoring pride and improving public realm.
- Giving stakeholders a say in working together.
- Promoting Town Centre opportunities to residents, businesses, community groups and visitors.

**Harlow Market** - In November 2014, Harlow Market was relocated into Broad Walk as part of plans to improve the viability of the market. It is hoped that the extension will place market traders in a better position to capitalise on better footfall, encouraging new shoppers and traders.

## **Other improvements**

During 2015 significant improvements to the clock tower roundabout were made. This will ease congestion and aid access to the Enterprise Zone at London Road. In 2015 works began to complete a new access road from A414 into Enterprise Zone London Road North.

## **Support the economic growth of Harlow Council**

**Council awarded GEW High Impact award** - The Council, in recognition of its contribution to this year's Global Entrepreneurship Week (GEW) campaign, has been selected as a winner of the High Impact award. This year's GEW, which ran from 16-20 November 2015, involved a range of organisations helping local entrepreneurs 'Make it Happen' at a special event in the town. The event, was an opportunity for anyone considering starting a business or becoming self-employed to find out about the range of support available.

**Global Entrepreneurship Networking Event 17 November 2015** - Networking event for likeminded businesses to learn more about how the Enterprise Agency Norwich and Waveney Enterprise Services (NWES) can provide support through advice, training, finance and managed office space and meeting rooms.

**Business workshop** - Harlow Council in partnership with Anglia Ruskin University has teamed up with a business consultancy and management company, Simboc, to provide a free workshop for anyone interested in becoming their own boss or starting a business.

**'Harlow Business'** - a quarterly newsletter is sent out to local businesses to update them on Council work and partnership opportunities.

## What we will do next (our objectives for 2016/17):

- Start works on the ground at the London Road South site of the Enterprise Zone and secure additional tenants.
- Commence construction on the SELEP funded transport infrastructure projects at London Road and Templefields.
- Agree a mechanism for the delivery of a new Science Park at the London Road North site of the Enterprise Zone.
- Continue with the regeneration of the Briars, Copshall Close and Aylets Field.
- Implement the Action Plan for Harlow Town Centre to ensure that Harlow Town Centre is a place that everyone can enjoy and be proud of.
- Develop a pipeline of sites that can be developed for housing of all tenures.
- Ensure that Harlow is attractive to business, offering a competitive advantage to give businesses an edge.
- Continue with a programme to deliver neighbourhood regeneration schemes such as Slacksbury Hatch and Staple Tye.

## Wellbeing and social inclusion

***“Harlow has a proud history of tolerance and promoting fairness and equality. We will continue to work with partners to ensure that people get on well together, are actively engaged in making Harlow a great place to live and work, and feel proud of our town.***

***During 2014 and the early part of 2015 Harlow saw significant challenges with unauthorised encampments, this led to an increase in community tension and frustration. Harlow Council and Essex County Council actively explored long-term solutions and in December 2015 were granted a town-wide injunction from the High Court banning the setting up of unauthorised traveller encampments in Harlow.***

***On a more positive note, to help meet the needs of Travellers, the Council, in partnership with Essex County Council were successful in its bid to the Homes and Communities Agency for funding to refurbish and upgrade the Travellers site at Fernhill Lane. This will see all derelict plots on that site refurbished and those plots currently occupied will be brought up to an equivalent standard.***

***Harlow Council will do all it can to explore long-term legal solutions that will provide a long term sustainable solution for dealing with unauthorised traveller encampments in the town.***

***Harlow Council continues to do all that it can to tackle domestic abuse and over the past 12 months has undertaken and supported many initiatives including supporting the Daisy Project in A&E and Maternity Unit in PAH, and Till Receipt initiative highlighting how to report incidents of DA and Support Information. Harlow Council chairs the Domestic Abuse Forum and ran a Christmas gift appeal donating gifts to families living in local refuges accommodation over the Christmas period. More than 200 gifts were donated.***

***Harlow Council in partnership with local businesses and Essex Fire & Rescue Service have signed up to form the Harlow Dementia Action Alliance. The Alliance works to make Harlow a dementia-friendly town, where people with dementia and their carers feel supported and fully integrated in the local community. Harlow Council is also signed up to the Keep Safe scheme. A free scheme that helps people feel safer when out in town by providing them with key fobs containing essential telephone numbers of relatives, friends and carers. Local venues such as shops and libraries sign up to the scheme and provide free access to use of a telephone or make a call on behalf of someone producing their Keep Safe card.***

***On another positive note Harlow Council became the first council to become a Living Wage employer and in 2014 the Joint Venture with Kier Harlow Ltd was awarded the East of England Living Wage Champion award for ensuring that people who work on behalf of the Council get a decent wage.***

***The Council has also made a commitment to explore options for alternative delivery models for the Playhouse and Pets Corner to help secure a long-term future. These services not only benefit those that use them directly, but make Harlow a better place to live, and attract businesses.”***

Councillor Emma Toal – Deputy Leader and Portfolio Holder for Youth and Community.

## **Our goals for the next three years:**

### **1. Achieve the key ambitions of the Harlow Wellbeing Strategy**

- Address eight key issues identified within the Community Wellbeing Strategy:
  1. Smoking, drug and alcohol abuse
  2. Mental health
  3. Employment opportunities
  4. Peaceful neighbourhoods free from anti-social behavior
  5. Homelessness
  6. Children to start school ready to learn and improving educational attainment
  7. Older people maintaining independence and being treated with dignity
  8. Tackling obesity and making better life choices
- Attempt to address causes of social exclusion and health deprivation where the Council can have an influence.

### **2. Continue to manage the impact of welfare reform and other pressures**

- Assess the impact of welfare reform and other pressures on specific communities and to develop strategies to reduce inequalities where appropriate.

### **3. Work with partners to tackle crime and anti-social behavior**

- Review partnership arrangements in relation to crime and anti-social behaviour and ensure robust partnership arrangements with the office of the Police and Crime Commissioner.
- Develop a prioritised action plan to achieve priorities identified in the Safer Harlow Partnership Strategic Assessment, to prioritise resources and to manage public expectations.
- Work in partnership on the Integrated Offender Management and Community Payback Schemes.
- Work in partnership to challenge perceptions about the extent of crime and anti-social behaviour in Harlow and to raise awareness of the fact that Harlow is a safe place to live.

#### 4. Develop a partnership approach to the provision of Discretionary services.

- To ensure the sustainability of valued services while reducing the Council's costs.

#### 5. Implement a new Customer Service strategy for 2016 to 2019

- To satisfy our customer's needs and demands whilst reducing our operating costs.

### What we have achieved so far:

#### Achieve the key ambitions of the Harlow Wellbeing Strategy

##### Employment opportunities

Unemployment rates have been steadily decreasing over time with 7 percent of the economically active population of Harlow unemployed between July 2013 and June 2014. This decreased again to 6.7 percent for the period July 2014 to June 2015.

Harlow Council is to co-ordinate access/promotion of skills and learning opportunities by developing West Essex Skills and Learning Forum by March 2016.

##### Peaceful neighbourhoods free from anti-social behaviour

The Council has introduced a corporate Anti-social Behaviour Policy introducing the new anti-social behavior legislation to provide the Council with powers to use the new legislation where necessary.

##### Street Lighting

Agreement was reached between Harlow Council and Essex County Council to keep Harlow's street lights on all night seven days a week from 25 October 2015. Essex County Council accepted Harlow Council's offer to fund street lights staying on all night every night in Harlow. In February 2015, Harlow Council agreed as part of its 2015/16 budget to increase its Council Tax by 1.5 percent to pay to keep street lights on subject to Essex County Council's agreement.

The cost to Harlow Council will be just under £106,000 a year starting from 25 October 2015 and the costs will be reviewed annually at the end of October for the next four years. The agreement between the two Councils will see Harlow Council pay for the additional electricity and arising CO2 emissions with Essex County Council continuing to be responsible for the maintenance of the lights. Harlow Council will also support Essex County Council on any initiatives to explore trailing the use of more energy efficient lighting to help reduce costs for Council taxpayers.

## **Addressing Health Deprivation**

**Outdoor Gym** - Installation of a new Outdoor Gym with cardio and core strength areas split over 2 locations funded by Harlow Health Centres Trust. This facility is proving popular and provides a free way for residents to exercise.

**Tennis Courts and Multi Use Games Areas** - Refurbishment of facilities at Blackbush Springs, Bush Fair, The Dashes, Foldcroft, Northbrooks and Staple Tye. These facilities are free for residents to play sports such as tennis, basketball and football. The improvements were well received by residents.

**Active Harlow** - The Community Sport and Physical Activity Network has successfully attracted a range of funding from sources such as Active Essex and Harlow Health Centres Trust to deliver targeted interventions that increase participation in sport and physical activity. Projects have ranged from the Doorstep Sports Club at Paringdon Sports and Social Club that attracts up to 50 teenagers every week to Healthy Harlow, a weight management project delivered in partnership with Harlow Leisurezone, Anglia Community Enterprises and Harlow Sports Awards which aims to celebrate the contribution local residents make to sport and physical activity whilst raising the profile of sport in Harlow locally and across the County. In excess of 2000 attendances have been recorded at Active Harlow projects.

Other projects include:

- Fortnightly walks to encourage people to get fitter whilst enjoying the open air of the Town Park began 7 August 2015.
- Harlow Council in partnership with Hub + Spoke (a not for profit cycle hub), Paringdon Sports and Social Club, Essex Police, The Cyclists Touring Club, Halfords, Decathlon and Tesco delivered Ride Harlow on 30 August 2015; a mass participation cycling event encouraging residents to get on their bike and take to the cycle tracks of Harlow.
- Free fitness sessions at the Outdoor Gym provided by local business Stanley4Fitness.

## Living Wage

The Council has introduced a Living Wage for all of its employees and its JVCO partner Kier Harlow Ltd, has done the same. On 2 November 2015, the new UK Living Wage rate of £8.25 per hour (rising from £7.85) was announced.

The Living Wage rate, which is set independently and updated annually, is based on the cost of living. It is higher than the national minimum wage of £6.70 per hour, and the new minimum wage premium for over 25s of £7.20 per hour called the “National Living Wage” that will come into force across the UK in April 2016. The government rate is separate to the Living Wage rate calculated by the Living Wage Foundation.

Kier Harlow Ltd joined the Council in 2014 in becoming a Living Wage Employer. Employees of Kier Harlow Ltd will continue to be paid at least the voluntary Living Wage rate when they transfer in 2017 to the Local Authority Trading Company. The Council also encourages all its suppliers to pay the Living Wage through its procurement processes.

According to the Living Wage Foundation there are a total of eight Living Wage employers in Harlow including U First Care, Land Sheriffs Ltd, GSK as well as bank branches of Lloyds, Nationwide and Barclays.

## Social inclusion and community cohesion

The 2015 Essex Tracker Survey reported that 14 percent (15 percent in 2014) of residents in Harlow volunteer at least once a week with a group, club or organisation. This is a slight reduction compared to 2014 although it has increased from 11 percent in 2013. Results were collected in September and October 2015.

The Survey also reported that 69 percent of Harlow residents agreed with the statement that ‘their local area is a place where people from different backgrounds get on well together’.

**Leah Manning Centre** - The Leah Manning Centre continues to provide day care for older people under contract with Essex Social Care. The Council works with West Essex Clinical Commissioning Group (WECCG) in the voluntary and community sector to provide a joined up approach for meeting the needs of older people. The Centre promotes social inclusion for older people through activities such as the Canal Trip (8 September 2015) and VE Day Street Party (8 May 2015).

**Dementia Action Alliance** - The Council has joined forces with other organisations to support the estimated 1,000 people living with dementia in the Harlow area. Local businesses and public services including Asda, Tesco and Essex Fire & Rescue Service have signed up to form the Harlow Dementia Action Alliance. The Alliance works to make Harlow a dementia-friendly town, where people with dementia and their carers feel supported and fully integrated in the local community.

**Dementia Training** - Harlow Council is encouraging its employees to undertake Dementia training.

**Keep Safe Scheme** - Harlow Council in partnership with Essex County Council, Essex Police and Essex Safeguarding Adults Boards is providing free key fobs for older people aged 60 and over to carry which contain essential telephone numbers of relatives, friends and carers. These can be used to contact someone in situations like losing a purse or wallet, feeling unwell or becoming disoriented. Currently 54 local venues such as shops and libraries have signed up to the scheme and will provide free access to use of a telephone or make a call on behalf of someone producing their Keep Safe card. Scheme members should look out for the Keep Safe logo which identifies that the venue is part of the scheme.

**Work with partners to tackle crime and anti-social behavior** - The Council has worked in partnership to tackle crime and anti-social behavior. Examples of the work include:

- **A week of Community Action** where partners worked together to combat anti-social behavior in Harlow. Work undertaken included opening void Council garages to locate stored stolen goods and identify and appropriately signpost rough sleepers. Properties were also visited and residents spoken to regarding their use of cannabis in premises.
- **Safe and Social events** have been organised to raise safety awareness amongst the elderly in Harlow and also provide an opportunity to socialise.

A successful multi agency campaign was launched to combat problems associated with Halloween and Fireworks, additional Firework 'Test Purchasing' was carried out by Trading Standards, 100 percent of premises tested passed the 'test purchase'.

**Domestic Abuse Awareness Week** - Took place on 30 November to 4 December 2015. On Friday 27 November 2015, an independent charity providing support to those affected by domestic abuse called Safer Places held a conference at the Civic Centre entitled 'Stemming the tide'. Throughout the week there was an information and awareness stand with representatives from Safer Places, Family Solutions and Harlow Council set up in various places around the town.

**Domestic Abuse Training** - Harlow Council is committed to increasing awareness of Domestic Violence and/or Abuse, Forced Marriage or Honor Based Abuse and providing guidance for staff. As part of this commitment, two new courses have been created for Harlow Council employees to undertake.

**Harlow Domestic Abuse Forum Gift Appeal** – The scheme involved contributors buying a gift and donating it at any of the participating shops. The gifts were given to families living in local refuges accommodation over the Christmas period.

**Gypsies and Travellers** - the Council has continued to be open and transparent by keeping the public informed on a daily basis in the past year with regard to the unauthorised Traveller encampments in the town. Information is made available on the Harlow Council website and via the Harlow Council twitter feed.

Harlow Council will be seeking, through the Department of Communities and Local Government, the Home Office and the Ministry of Justice, changes in the enforcement powers available to Councils to deal with unauthorised encampments. The Council has also written to Government urging them to enforce Traveller provision in other parts of the Country and within Essex.

### **District wide injunction against unauthorised traveller encampments granted until June 2017**

In the last year Harlow endured significant challenges with unauthorised encampments. Harlow Council and Essex County Council actively explored long-term solutions and were granted an interim town-wide injunction from the High Court banning the setting up of unauthorised traveller encampments in Harlow.

After the necessary months of planning and gathering evidence to make an application for an injunction, Harlow Council and Essex County Council applied for the district wide ban against 35 named travellers and persons unknown, from setting up unauthorised encampments in Harlow. The High Court injunction also covered and protected 454 parcels of land and banned persons unknown from setting up unauthorised traveller

encampments. These sites included 320 vulnerable sites including parks and playgrounds, previously occupied sites, highway verges, schools and private land identified by Harlow Council and Essex County Council, as well as 134 parcels of land that incorporated cycle tracks.

Harlow Council has also physically protected land from unauthorised encampments by installing appropriate posts and banners.

### **What we will do next (our objectives for 2016/17):**

- Continue to support the achievement of key ambitions from the Harlow Wellbeing Strategy.
- Implement revised arrangements for crime and anti-social behaviour.
- Implement a prioritised action plan to combat anti-social behaviour and environmental crime.
- Actively explore options for alternative delivery models for retained discretionary services such as the Playhouse and Pets' Corner.
- Implement the actions from the Customer Service Strategy 2016 – 2019.

## A clean and green environment

***“Harlow’s green spaces are a major part of the unique character of the town and play a key role in making it such a great place to live in, bringing the landscape right into the heart of the community and making it easy to get outside for sport and leisure, as well as simply being great to look at. The town’s green spaces provide really good opportunities for residents to get involved in important nature conservation work too, and it is great to see that community volunteers get the chance to be involved in enjoyable and valuable nature conservation work.***

***I know from talking to residents, and the results of the budget consultation, that keeping our streets and public places clean and tidy, and looking after our parks and open spaces remain high priorities for Harlow residents. Improvements in street cleaning and maintenance of our green spaces have been sustained. Efficiency savings invested in extra grass cutting and green space management have made a positive impact.***

***The regeneration of the Town Park is an important project for Harlow. £2.8m is being invested into the improvements with more than £1.8m of this coming from Lottery funding. This money has been invested in improvements to Pets’ Corner including a new events barn and a Learning Centre to provide an enhanced education programme.”***

Councillor Mark Wilkinson – Portfolio Holder for Environment

### Our goals for the next three years:

#### 1. Improve the cleanliness of the town and the maintenance of open spaces:

- Continue to improve street cleaning and grounds maintenance performance.
- Devise a communications strategy/plan aimed at improving the community’s understanding of action taken to protect and improve the environment and increase the shared sense of pride and ownership in Harlow’s environment.
- Continue to work towards the smooth transition of duties and responsibilities from Kier Harlow Ltd to the new Local Authority Trading Company (LATC).

## **2. Minimise domestic waste and maximise reuse and recycling:**

- Work with Essex Waste Management Partnership to deliver communication campaigns to minimise waste volume and maximise reuse and recycling.
- Review available waste and recycling collection and disposal methods and market information to prepare for collection contract replacement in June 2018.
- Work with Essex Waste Management Partnership to deliver communication campaigns to minimise waste volume and maximise reuse and recycling.
- Prepare and put in place a waste and recycling collection system fit for the future to continue service beyond the current collection contract which expires June 2018.

## **3. Invest in unadopted roads and pavements:**

- Improve the highway inspection regime, to ensure that problems are identified sooner, to minimise trips and slips.
- The system of inspection and recording will be further enhanced by the ongoing development and use of hand held Geographical Information computer that details the condition at the time of inspection, records any defect and where necessary instigate the necessary follow up works.

## **4. Tackle town-wide parking problems.**

- Through the 'North Essex Parking Partnership' tackle town wide parking problems to achieve the following:
  - Fewer illegally parked cars meaning fewer accidents, better traffic flow and accessibility.
  - More effective operation of emergency and service vehicles.
  - Improvement of the general environment by providing a more environmentally efficient transport system.
  - Encouragement of sensible and safe parking.
  - Parking provision that is responsive to the public's needs.
- Through the 'North Essex Parking Partnership' review existing and predicted levels of demand for parking, the availability and pricing of existing parking facilities and the nature and extent of on-street parking restrictions.
- Continue to work within the partnership to ensure value for money and that the current review reflects the aims and objectives of both business and local community.

## 5. Regenerate the Town Park.

- Through the Council's successful bid of £1.83m Heritage Lottery Funding, improve the awareness, appreciation and enjoyment of Harlow Town Park, restoring and adapting its unique collection of features and styles for today's park users.

### What we have achieved so far:

#### Improve the cleanliness of the town and the maintenance of open spaces.

**Street Scene** - The Kier Harlow Ltd Street Scene Team have seen ongoing improvements and has remained within target to Sept 2015. The percentage of land assessed as having unacceptable levels of fly-posting has also stayed consistently good and within target.

**Average time to remove fly-tips** - The time taken to collect fly-tipping has consistently performed better than the target of 3.5 hours.

**Residual household waste per household** - Harlow is among the best performing areas in the country with regard to the amount of household waste collected per household.

**Communication strategy for optimised waste management to be implemented** - The Council has agreed to work through Essex Waste Management Partnership on a communication campaign to minimise food waste.

**Maintain or increase recycling rates from domestic waste** - This service has remained effective, and the quantity of material collected for recycling has exceeded expectations. The Council has successfully completed roll-out of its food waste from flats service and promoted its garden waste collection services, attracting an increased number of subscribers. Despite a national trend towards increased residual waste, which adversely affects recycling rates, the percentage of waste diverted by recycling or composting has remained close to ambitious targets.

#### Tackle town-wide parking problems

**Parking** - A series of six consultations with local residents regarding parking issues in their specific parts of the town were carried out in 2015 leading to the implementation of several traffic regulation orders.

#### Regenerate the Town Park

**Town Park** – During 2015 major refurbishment of Harlow Town Park has been undertaken through a landscaping contract and a capital works contract as part of the Heritage Lottery Funded Project. Under the landscaping contract new planting areas and new paths were created across the park and as well as restoring the Water Garden area and extending the

rhododendrum dell areas. Through the capital works contract improvements have been made to Pets' Corner (including the erection of a new events barn and a Learning Centre), the bandstand and Spurriers House (to enable the ground floor to be used as a café).

In addition Harlow College students have supported the improvements to the park by:

- Constructing bat boxes that have been erected across the park
- Painting the inside of the bandstand
- Laying paving and constructing a series of five raised beds in the Walled Garden

The weekly and monthly Town Park volunteer groups have helped maintain the park by undertaking extensive work across the park including the refurbishment of the sensory garden and the circular garden in Spurriers Core.

The Education and Volunteer Officer has also led monthly guided walks and fortnightly health walks which have helped the public appreciate the various features and habitats within the park.

### **What we will do next (our objectives for 2016/17):**

- The residents' budget consultation undertaken during the summer of 2014 identified that parks, open spaces and street cleaning were amongst those services that received the highest scores and therefore were the most important to residents. In recognition of this the following actions will take place:
- Re-investment in efficiency savings and performance payments to deliver continued focus on street cleansing activities and improved grounds maintenance.
- More communications to residents of the actions and activities taken to improve the environment.
- Complete the Heritage Lottery Funded capital works within the park and continue to create a series of events and activities in the park that help increase people's appreciation of the park including developing the educational programme on offer.
- Implement a revised highway inspection regime, to ensure that problems are identified sooner, to minimise trips and slips.
- We will continue to further our commitment to minimising waste and increasing recycling through our ongoing programme to increase the collection of food waste from flat blocks for separate biological treatment. The Council will also continue to promote and enhance residents' participation in wider waste minimisation and recycling issues by working with Essex Waste Management Partnership to deliver a communications campaign emphasising the importance of proper use of the full range of waste and recycling services available.

## Successful children and young people

***“The Council works to support the young people of Harlow in a wide range of ways.***

***We have implemented a school readiness programme to help ensure that children get the best start in life, and in November 2015 the Harlow Educational Progress Awards were held for the second year running. The awards, organised by Harlow Council through the Harlow Strategic Partnership for Educational Attainment, aim to recognise and reward young people who have made significant progress in their education and recognise the contribution that they have made to their schools and the community.***

***The Council continues to prioritise the improvement of educational outcomes in Harlow and will be working hard toward this goal in 2016-2019.***

***The Youth Council, with whom I have had the opportunity to work with closely this year, offers young people the chance to develop a huge number of skills, interact with the towns’ decision makers and have their opinions heard.***

***The Council has offered a huge amount of support to the new University Technical College and the Anglia Ruskin University Centre which is allowing many students access to higher education where this may not have been possible previously.”***

Councillor Emma Toal – Deputy Leader and Portfolio Holder for Youth and Community.

## Our goals for the next three years:

### 1. Help to improve outcomes for Harlow’s children and young people:

- Continue to implement the findings of the Scrutiny Review of Educational Attainment and in particular work in partnership to address the issue of low levels of ‘school readiness’, helping parents and pre-school providers to support Harlow’s pre-school children so that they start school with the necessary skills to enable them to be ready to learn.
- Work in partnership to help schools improve and to drive up aspiration and educational attainment for Harlow’s young people. In particular, to facilitate the provision of support and training for Reception teachers.
- Work in partnership to support young people post-16 to ensure that there is a range of opportunities that will encourage continued learning and allow young people to reach their full potential.

## **2. Support young people to be more involved in decision making**

- Enhance the support given to the Youth Council, so that Youth Councillors can be more involved in the Council's decision-making processes and act as advocates for young people in Harlow.
- Encourage young people to be involved in community life and in democratic processes.
- Support work to challenge negative perceptions about Harlow's young people and about educational attainment in Harlow.

## **3. Support families with complex needs**

- Work with a range of partners to support those families that have the most complex needs to ensure that every child has the best possible start in life and encourage aspiration and achievement throughout education and into adult life.

## **4. Supporting Apprenticeships for young people**

- For new or expanding business, industrial or other employment generating uses in Harlow, provision through planning obligations will be sought for:
  - Employment of local people (including the use of apprenticeships)
  - Work related training provision
  - Education opportunities
  - Affordable childcare.
- Enshrine the support for apprenticeships for young people in the revised Local Plan and the Council's procurement policy.

## **5. Safeguarding children and young people**

The Council takes the safety and wellbeing of children and young people seriously and works continuously with the Essex Safeguarding Children Board and a range of partner agencies to ensure that effective policies and procedures are in place and so that staff and Councillors receive appropriate training to assist the identification of children at risk of abuse and ensure that robust referrals are made to Children Social Care when necessary.

## What we have achieved so far:

### Help to improve outcomes for Harlow's children and young people.

**Educational attainment for Harlow's young people** - The outstanding educational progress and contribution of 30 young people was recognised at the annual Harlow Educational Progress Awards on 24 November 2015. All 30 young people were nominated by their schools for the progress and contributions they have made at different learning stages often overcoming significant challenges to do so. This year a record number of nominees were made after 19 young people were nominated last year. The awards were presented by Professor Michael Thorne, Vice Chancellor of Anglia Ruskin University.

**Harlow School Readiness Project** - Harlow Council, Essex County Council, Children's Centres and other agencies are working together to address the issue of 'School Readiness' in order to help ensure that Harlow children have appropriate opportunities to acquire the skills they need to be ready to learn once they start school. The project is governed by the Harlow Strategic Partnership for Educational Attainment which has issued a 'Harlow Pledge For Educational Attainment' and partners are working together to give every Harlow child the opportunity to fulfil their potential. This project commenced in January 2014 and was initially targeted in three geographical areas - Little Parndon, Potter Street and Staple Tye and will be rolled across the district in early 2016. Since the School Readiness Project commenced the number of Harlow children judged as having a Good Level of Development on entry to Year One has increased from 38 percent in 2013/14 to 66 percent at the end of September 2015.

### Support young people to be more involved in decision making

**Youth Council** - Enhanced support to Harlow Youth Council has enabled the introduction of additional trained Youth Workers to work with project groups and ensure that priority work streams can be moved forward effectively.

Elected Youth Councillors have also been given the opportunity to attend a residential training programme that will help develop confidence, team work, planning, communication and project work skills to assist them build positive relationships with adult Councillors. They have had the opportunity to attend formal internal and external meetings in order to have their say and influence local decision making about important issues that affect young people in Harlow.

**Youth Council Survey** - Harlow Council has been consulting young people on their views about the effectiveness of Harlow Youth Council and its role, along with what young people feel are the top issues for them. The results will be used to inform the Council's Scrutiny Committee Review of Harlow Youth Council.

**Big Debate** - Harlow Youth Council organised a Big Debate on Saturday 4 July 2015 so young people could ask questions to a panel of people that make decisions. The panel included Harlow Councillors from all parties, Robert Halfon MP, and representatives from Essex County Council and West Essex Clinical Commissioning Group.

### **Supporting Apprenticeships for young people**

**Apprentices** - Harlow Council employs apprentices in a range of service areas from IT to planning. There are currently a total of eight apprentices and Harlow Council is looking to employ more.

### **What we will do next (our objectives for 2016/17):**

- Continue to develop the Youth Council.
- Continue to work with partners to improve the educational attainment of Harlow's young people.
- The third Harlow Educational Attainment Awards will be held.
- The Harlow School Readiness Project, although initially targeted in three geographical areas - Little Parndon, Potter Street and Staple Tye, will be rolled out across the district in early 2016.
- Continue to support officers to attend a range of multi-agency partnership meetings that promote the health, safety and wellbeing of all Harlow children.
- Will continue to consider employing apprentices when the appropriate opportunities arise.

## Harlow Council principles

### Being the Community Leader

#### Our goals for the next three years:

##### 1. Promote the needs of Harlow

- As the democratic governance body for Harlow it will fulfil its community leadership role and represent the interests of the community of Harlow nationally, regionally and locally.
- It will be the leading advocate for Harlow and will seek to influence bodies with decision-making powers that can affect Harlow for the benefit of the community it serves.

##### 2. Maintain the Council's role as the recognised community leader

- Work with local, regional and national partners to ensure that the value that Harlow Council can add to the design of new policies and services is recognised.
- Undertake a number of scrutiny reviews on key issues for Harlow to understand how resources are allocated and how organisations are performing.
- Influence spending decisions of key service providers for the benefit of Harlow so that Harlow receives a level of resources that matches its needs compared to other places in Essex, the region and the country.

##### 3. Improve opportunities for Harlow residents to participate in local democracy and decision making

- Develop the 'Community Engagement Strategy' to ensure that it draws on best practice and provides value for money.
- Support the voluntary and community sector in making funding applications and developing its capacity.
- Work in partnership to develop initiatives and activities to involve people in improving their neighbourhoods.
- Support existing Residents Associations and the development of new ones.

#### **4. Improve communication with the public**

- Provide opportunities through public meetings, access to Council meetings, the website, and through Councillor Surgeries for members of the public to express their views on policy issues affecting the town.
- Provide information in a variety of formats setting out the challenges being faced by the Council, what it has achieved and the choices that it faces within the resources that it has available. This includes, where appropriate, details of what it can't do as well as what it intends to do.
- Continue to develop the Council's website so that more services, such as bookings, are available to the public online or through mobile devices.

#### **5. Increase transparency**

- Meeting government requirements for open data and transparency publicise details of how much and on what the Council spends its money on and its performance.
- Conduct, as far as is possible within the legal constraints placed upon it, the business of the Council in public.
- Ensure that the Council continues to conduct its business with integrity and in a businesslike manner showing respect for individuals and the Council's Constitution.

#### **6. Amend the Council's procurement rules to support ethical business in Harlow**

- The Council's Procurement Strategy to be further updated to reflect recent legislative changes such as the Modern Slavery Act 2015.
- Continue to adopt and implement further changes to the public sector procurement legislation, policies and procedures.

## What we have achieved so far:

### Promote the needs of Harlow and be recognised community leader

#### Lobbying

**M11 Junction 7a** - Harlow Council have lobbied central government on a range of issues which are key needs for Harlow. This includes the proposed new junction 7a for the M11 that would create access to the motorway from the north of the town.

**Illegal Encampments** - Harlow Council will continue to lobby the Secretary of State for Communities and Local Government, Rt Hon Greg Clark MP, calling for a review into the powers available to local Councils as well as the powers that the Police have available to deal with unauthorised encampments.

The Council will be continuing to petition for appropriate changes. The Council has also written to Government urging them to enforce Traveller provision in other parts of the Country and within Essex.

**Princess Alexandra Hospital** - Harlow Council in consultation with the Councils of West Essex and East Hertfordshire is lobbying central government to:

- Address funding issues at the Princess Alexandra Hospital.
- Develop a longer term plan to secure financially sustainable, appropriate and sufficient access to health services for the communities served by the Princess Alexandra Hospital.

**Crossrail 2** – Harlow Council will be making representations to make the case for Crossrail 2 to have a terminus in Harlow recognising the benefits for Harlow, the area that it serves and for London.

### Improve opportunities for Harlow residents to participate in local democracy and decision making

**VCS grants** – in 2015 Harlow Council gave a total of £131,000 in grants to voluntary and community organisations in the district.

## **Improve communication with the public**

**Website** - The Council's website places an emphasis on extending the amount of information and services that are provided to Harlow residents online. This adds a convenient way for residents to interact with the Council and find out essential information, complementing the existing face-to-face and telephone services available. From April 2014 to March 2015 there were 415,512 visits to Harlow Council's website compared with the previous year of 336,041 visits, an increase of 24 percent.

Residents can pay Council bills with credit or debit cards online or via a 24 hour automated telephone payments line, can book waste collection and pest control services, invite the Chair and Vice Chair of the Council to events and can report fraud or environmental issues such as fly-tipping as well as applying for services such as benefits, allotments and housing.

Between 1 April 2014 and 31 March 2015, £4,284,348.89 was taken via the internet and £9,938,983.59 on the automated phone system. In the same period the previous year, £3,326,688.58 was taken via the internet and £8,762,116.19 on the automated phone system. Therefore there is an increase in the number of payments made via these two methods by £2,134,527.71.

## **Increase Transparency**

**Transparency agenda** - many departments in Harlow Council have been working together to ensure that they comply with the 2014 Code of Transparency. The Council is regularly publishing the required information on its Open Data webpage.

## **Amend the Council's procurement rules to support ethical business in Harlow**

The Council Procurement Strategy has been updated and incorporates the Council's Aspirations regarding the promotion of ethical behaviour and Fair Trade, the Living Wage and Black Listing. The new EU Public Contract Directives, which became national law through the Public Contract Regulations 2015 has been adopted and implemented.

## **What we will do next (our objectives for 2016/17):**

- Continue to lobby ECC and central Government for key infrastructure improvements for Harlow including junction 7a.
- Actively explore how the Council can improve openness and transparency, and improve resident engagement.

## Sound resource management

### Our goals for the next three years:

#### 1. Ensure the Council is economic, efficient and effective.

- Further explore opportunities to deliver corporate services more effectively through partnership working wherever possible.
- Continue to ensure that financial decisions are made with long term sustainability in mind.
- Implement systems changes and procedures common to all services across the Council to drive further efficiencies.
- Additionally review the benefits that can be achieved through improved application of new technology in the way the Council conducts its business.
- Review the procurement activity across the Council to ensure that maximum benefit is obtained from its commissioning and purchasing activities.

#### 2. Get the best from the resources available.

- Continue to manage the Council's financial resources responsibly and effectively within the policies in the Medium Term Financial Strategy and the financial constraints.
- Complement the Council's asset management plans by undertaking a full non housing asset stock condition survey to ensure that resource requirements for the maintenance of the Council's asset portfolio are clearly identified and can be used to help inform future decisions in relation its overall asset holdings.
- Implement the Customer Service and Access Strategy to improve customer contact channels and reduce time taken to deal with customer contact.

## What we have achieved so far:

### **Ensure the Council is economic, efficient and effective**

**Modern ICT** - The Council approved a new ICT Strategy in December 2014. The action plan associated with the strategy is being delivered to ensure that there are robust and relevant ICT systems available to all services to enhance and improve service delivery to the Council's customers.

As well as the new working practices introduced with the issue of iPads the Council is continuing to look at new and alternative technologies in the workplace. Options for the interaction with customers through mediums such as tablets and smart phones are being explored in order to offer a greater number of options to access Council services.

### **Get the best from the resources available**

**People Resource Plan** - The People Resource Plan looks forward to the 2018-19 financial year and sets the strategy the Council wishes to adopt in ensuring the workforce of the Council are ready and able to drive forward and achieve the Council's vision and priorities as laid out in the Corporate Plan.

## What we will do next (our objectives for 2016/17):

- Continue to roll out innovative technologies to improve efficiency.
- Begin to influence and shape the future technology investment requirements of the Council in line with the ICT Strategy.
- Continue to seek new and innovative ways to secure alternative sources of funding to meet projected budget shortfalls and protect services wherever possible.

## Equalities and Fairness

- 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.
- The Council is reviewing and updating its Corporate Equality Policy.
- The Council monitors how well it is performing in equalities and fairness 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 change in policy, function or activity has a major impact on the community, an Equality Impact Assessment (EIA) remains an option to assess the proposed changes and asks the following questions:
  - Are there different service outcomes for different communities?
  - If so, what measures will be put in place to redress these differences?
  - What will be the impact of the delivery of any proposed new services or functions on satisfaction ratings amongst different groups of residents?
  - How have residents with different needs been consulted on the anticipated impact of this proposal?

### What we will do next (our objectives for 2016/17):

- Ensure that the Council's procurement policy reflects its values of Fairness and Equality.
- Ensure that Officers and Councillors receive appropriate Equalities training.
- Ensure that the E – Learning course is rolled out to all Officers and Councillors.
- Adopt Corporate Equalities Policy for the next three years.
- Develop Corporate Equalities Action Plan in consultation with representatives of people with protected characteristics.

**REPORT TO:** CABINET

**DATE:** 28 JANUARY 2016

**TITLE:** MEDIUM TERM FINANCIAL STRATEGY  
2016/17 – 2020/21

**PORTFOLIO HOLDERS:** COUNCILLOR MIKE DANVERS

**LEAD OFFICERS:** CORPORATE MANAGEMENT TEAM (01279)  
446004  
SIMON FREEMAN, HEAD OF FINANCE  
(01279) 446228

**This is a Key Decision**

**It is on the Forward Plan as Decision number I004239**

**This decision is not subject to Call-in procedures as it is a recommendation to Full Council**

**This decision will affect no ward specifically.**

**RECOMMENDED** that Cabinet RECOMMENDS to Full Council:

- A** That the Medium Term Financial Strategy for 2016/17 to 2020/21 is adopted.
- B** That the proposals in relation to reserves as set out in this report at paragraphs 24 to 30 and contained within Section 8 of the Medium Term Financial Strategy be approved.
- C** That the planned increases in Council Tax as set out in the Medium Term Financial Plan be approved.

### **REASON FOR DECISION**

- A** To enable Cabinet to consider the current factors influencing the five year Medium Term Financial Plan and agree the financial strategy for the period 2016/17 to 2020/21 in support of the overall financial plans of the Council over that period and the delivery of its priorities.

### **BACKGROUND**

1. The Medium Term Financial Strategy (MTFS) provides the parameters for the Council's revenue spending and capital investment plans for the next five years. The revision of the MTFS has again been difficult given the Government's Summer Budget announcements in July and the 2015 Spending Review announcements contained within the Autumn Statement in November. Both announcements were significant in terms of the

confirmation that austerity measures will continue and that fundamental changes are planned for both housing finance and the wider local government funding being mechanisms over the next four to five years. At the time of writing this report the full impact of these changes on the Council, its services and its funding during the period of this MTFS remains uncertain in the absence of any specific details being released by the Government.

2. There are a number of key proposals by the Government which will impact upon the MTFS either in the early years of the current MTFS period or the later part and include: -
  - (a) The Government's continued austerity plans, which have already had a major impact on Councils funding, and look likely to continue for the remainder of the current spending review period.
  - (b) Welfare reform and the Universal Credit proposals expected to commence during the period covered by the MTFS.
  - (c) Rent reductions of 1% in each of the next four years to be imposed on local authorities and social landlords.
  - (d) Right to Buy extension to housing associations but financed by Councils' RTB receipts.
  - (e) The future plans to phase out one element of the Councils' core funding, Revenue Support Grant (RSG)
  - (f) The future retention of 100% of Business Rates subject to conditions being applied and the transfer of additional responsibilities.

One of the main factors which create difficulty in the financial planning supporting the MTFS is the volume of change and funding reductions which have impacted on Councils at the same time. The lack of long term financial settlements is also a difficulty when trying to plan for the medium term.

3. There are uncertainties which continue to influence the national and local economic situation as a result of the global economic situation. This has been a specific concern during the period of development of the MTFS and the General Fund Budget especially in relation to the proposed changes to the formula grant system and the impacts on national funding control totals set by the Government. The economic conditions locally and regionally are also important in terms of the predicted business rates forecasts and the baseline funding level set by the Government in 2013.

4. The MTFS is informed by, and supports the Council's Corporate Plan, which appears elsewhere on the Cabinet agenda. The key corporate priorities as set out in the Corporate Plan, are as follows:
  - a) More and better housing.
  - b) Regeneration and a thriving economy.
  - c) Wellbeing and Social Inclusion
  - d) A clean and green environment.
  - e) Successful children and young people.

**Proposed amendments to the previously approved MTFS (February 2014)**

5. The key messages contained in Section 1 of the proposed MTFS continue to form the cornerstone of the Council's financial planning. Proposed changes in key assumptions underpinning the financial forecasts are set out in Appendix A to this report and mainly relate to changes at a national level or the content of the draft Local Government Finance Settlement announced on 17 December 2015.
6. Proposed key amendments to the Strategy are set out below:
  - a) The planning period covered by the MTFS is rolled forward by one year, from the period 2015/16 to 2019/20 to the period 2016/17 to 2020/21.
  - b) Internal borrowing continues to be used to fund the Non-Housing Capital Programme in the short term, pending the realisation of planned asset sales. The MTFS reflects that this borrowing will be repaid as soon as receipts from asset disposals can be realised. It is anticipated that as the receipts from asset disposals reduce external borrowing will be required to deliver a Non-Housing Capital Programme. Pending the outcome of the full Non Housing stock condition survey provision has been included within the MTFS to enable a programme of up to £2m per annum to be funded.
  - c) Changes are made to the reserves as set out in paragraphs 24 – 30 below.
7. The resulting General Fund Medium Term Financial Plan (MTFP) (shown at Appendix E) shows that there remains a significant funding shortfall over the four year period 2017/18 to 2020/21. If the Council is to set a sustainable and balanced budget allowing for at least a 1.5% annual increase in Council Tax levels the following savings will need to be identified and delivered :-

<b>Year</b>	<b>Budget Gap £'000</b>
2017-18	£1,425
2018-19	£886
2019-20	£446
2020-21	£382

It should be noted that the projected budget gaps above are subject to the Government's future funding allocations to the Council, the on-going economic environment in which the Council will operate and any investment requirements needed for existing and on-going service delivery.

8. In considering the level of the projected savings to be made it is important to appreciate the savings already delivered by the Council in recent years. The following table summarises the savings over the period 2005/06 to 2015/16.

	2005/06 to 2011/12	2012/13	2013/14	2014/15	2015/16
	£'000	£'000	£'000	£'000	£'000
Annual Savings		1,906	1,502	1,534	1,264
Cumulative Savings	15,088	16,994	18,496	20,030	21,294

9. In light of the scale of the reductions and in the absence of any assurances that local growth in business rates will compensate for the reduction in Revenue Support Grant (RSG) element of the Council's Settlement Funding Assessment (SFA), the protection of services cannot be guaranteed in future years. Achieving future savings equivalent to the levels identified in paragraph 7 above will be extremely difficult to deliver without reducing services and increasing the Council's exposure to risk.
11. As detailed later in the report and also in the General Fund Budget Report elsewhere on the Cabinet agenda, there has been scope as a result of windfall income to help increase the level of funding held in the Discretionary Services Reserve to enable longer funding guarantees to be given to those services being removed from the base budget as part of the Council's future budget plans. This guaranteed funding would not have been possible had those services remained within the Council's core base budget. However work will need to be carried out during 2015/16 to focus on the longer term plans for those services and to begin to consider alternative delivery vehicles if they are to be sustained without on-going Council support beyond 2018/19.

## 12. Council Tax Levels.

The MTFS forms a key planning tool for budget setting purposes. Economic indicators as at November 2015 forecast that the level of inflation will be as set out in the table below. It should be noted that many forecasting sources exist and that the Council has relied upon advice from its treasury management advisors in producing the information.

Index	Apr 15	Sep 15	2016
CPI	-0.1	-0.1	1.6
RPI	0.9	0.8	2.5
RPIX	0.9	0.9	2.5

Source – HM Treasury

- i. The Council Tax Band D amount proposed in the 2016/17 Budget represents an increase in the district element of 1.5% when compared with 2015/16 in line with forecasts for inflation over the planning period.
- ii. The Localism Act introduces the need to hold local referendums in relation to Council Tax increases if those increases are above the limits set by the Government. The Secretary of State announced in the draft finance settlement that the limit on Council Tax increases for 2016/17 will be 2.0% before a requirement to hold a local referendum would be triggered. The Council will not be proposing an excessive increase under current guidelines.

## CURRENT ISSUES INFLUENCING THE MTFS

### The Comprehensive Spending Review.

13. The Government's Comprehensive Spending Review process has made significant reductions to the financial settlement for Councils. At a local level Harlow has seen reductions in its grant as shown below -

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Grant Reduction	15.2%	11.8%	7.68%	14.16%	16.6%	14.2%

The draft settlement released on 17 December 2015 confirms that the Government continues to use the retained Revenue Support Grant (RSG)

element of the SFA arrangements to influence the overall level of funding made available to Councils whilst at the same time transferring the risk of a fall in business rates collectable to council's under the Business Rates Retention Scheme. As such a medium term priority is to ensure that sustainable budgets can be delivered in future years with Business Rates and Council Tax forming the two key revenue streams for the Council. Proposals indicated in the Autumn Statement suggest that a system of "tariffs" and "Top-Ups" may be introduced if the revised funding formula generates a situation where an authority moves in to a negative RSG position but there are currently no details available and are unlikely to be released until formal consultation is opened on the proposals to retain 100% business rates in the future.

14. The proposals contained within the MTFs and the General Fund Revenue Budget 2016/17 paper elsewhere on the Cabinet agenda will be sufficient if agreed to meet the budget gap in 2016/17 created mainly as a result of the funding reduction in SFA announced in the draft Local Government Finance Settlement.

#### **Business Rate Retention.**

15. 2016/17 will be the fourth year of operation of the Business Rate Retention Scheme (BRR) which will increasingly feature as the core source of direct Government funding within SFA. Within the Autumn Statement made on 25 November 2015, the Chancellor set out the Government's intention to remove RSG all together and to focus Council funding solely on BRR. The BRR system was intended to see a simplification of Council funding arrangements and to incentivise Councils to encourage economic growth in their areas. In return this would improve the business rates collectable and therefore the funding retained locally through the funding arrangements.
16. The new funding mechanism system currently retains the Revenue Support Grant (RSG) system within the SFA which in itself is extremely complex and assesses a Council's funding need on four key formula driven elements. It is very much a mechanism which can be used by the Government to influence Councils' funding at a national level. The forward forecast of funding received through the RSG element of SFA has been projected to reduce to almost nil during the period of the MTFs and given the Chancellor's announcements these assumptions have been shown to be correct.
17. As previously reported, BRR is not only more complex than had been envisaged and includes the transfer of risks to Councils but it also introduced the redistribution of significant proportions (50%) of locally collected business rates directly back to Central Government.
18. It is hoped that over the period 2016/17 to 2019/20 the Governments

consultation on the changes it proposes to the BRR system linked to the phasing out of RSG and the eventual design of the new proposals for local government funding will become much more simple and transparent. Details of the Governments proposals are not currently anticipated until sometime during the early part of 2016 which will be after the Council has set its 2016/17 budget. However, it is expected that the redesign of the BRR and SFA arrangements will not impact until 2020/21.

### **Business Rates Pooling**

18. A business rates pool has operated within Essex during 2015 but due to uncertainties regarding Harlow's position in relation to business rates collection and potential claims against the government safety net the Council did not join the pool as detailed in the 2015/16 budget papers presented to Cabinet in January 2015. The Autumn Statement made reference to pooling in so much as it indicated that there would be the ability for established pooling arrangements to continue in to 2016/17. However, if pool membership was to change it is understood that any new pooling proposals may not be accepted for 2016/17. On this basis and given that it already looks possible that there will be changes within the Essex pool, Harlow has not made any request to join the pool for the 2016/17 financial year.

### **Welfare Reform**

19. As previously reported the Localism Act 2011 contained a number of provisions which impact on the Council and its financial position. One of the key changes was the localisation of the previous national Council Tax Benefit scheme. The Council has worked hard to ensure that the impact on local residents resulting from the introduction of the Local Council Tax Support Scheme (LCTSS) and the funding cut implemented by the Government has been minimised as far as possible.
20. As part of the change the Government reduced funding previously provided to support the national scheme by 10% and protected pension aged claimants from this reduction. For Harlow this involved the difficult decision to pass the funding reduction on to those claimants of working age to enable the scheme to be delivered within the funding made available to the Council and the major precepting bodies including Essex County Council, Essex Fire Authority and the Essex Police and Crime Commissioner.
21. The Council has worked with the major precepting bodies to ensure that the Hardship Fund established to support the most vulnerable within the local community will continue in 2016/17. The fund has been fully utilised in each of the years since it was established and is likely to be so again in 2015/16. To provide as much stability as possible to those households impacted by

the introduction of the LCTS, Harlow's scheme will remain largely unchanged again in 2016/17 as agreed by Council at its meeting on 17 December 2015.

### **The Economic Conditions**

22. Although the economy is showing signs of improvement, the fragile economic climate continues to impact upon the Council. This creates risk and uncertainty for the Council in making projections for the medium term.
23. The Council's budgets, particularly its income budgets have been an area of on-going concern during the recession but there are now signs that there are improvements in the income targets set within the existing budget. Good financial management across the Councils budget continues to ensure that the overall budget has remained and is projected to remain under control despite the significant funding reductions imposed and savings achieved to date. Updates are reported to Cabinet on a quarterly basis throughout each financial year to ensure that the Cabinet is fully engaged with the financial management of the council. In view of the economic climate and to ensure that the Councils budgets are set at realistic levels the MTFs addresses this problem by being realistic in its forecasts of additional income achievable in future years with increases restricted to areas where there is a strong possibility of achieving the income targets. Some charges are proposed to be increased for 2016/17 as shown in the General fund Budget Report elsewhere on the Cabinet agenda.

### **Reserves**

24. A key aspect to the management of risk and service transformation or transition is to establish appropriate and effective reserves to help the Council to work through funding changes in a planned way. A good example of this is the Council's decision to create the Discretionary Services Fund which is being used to help the Council through a period of transition in the delivery of specific discretionary services. It was anticipated that this fund would be used to draw down resources to support services as they went through transition periods with new delivery models embedding and new funding sources outside of direct Council support being identified and accessed.
25. Some of the services supported by the fund have managed to reduce their reliance on Council support and are proving to be very successful. However, as with all transitional arrangements some of the services are more specialised in terms of the market in to which they must look for alternative providers and delivery models. These services continue to look for new options for their ongoing delivery but as a result of decisions to allocate windfall income and New Homes Bonus to the fund there are

currently sufficient resources available within it to support the remaining services until 2018/19.

27. Further details of the reserve's movements are set out in paragraphs 19 to 24 and the associated Appendix E of the General Fund Budget Report, which features elsewhere in the Cabinet's agenda.
28. As part the revision of the MTFP and in light of changes introduced through the Localism Act 2011 this report reaffirms the commitment to :
  - i. Subject to the on-going receipt of New Homes Bonus payments from the Government, the existing planned allocations are applied to the Discretionary Services Fund in 2016/17 through to 2019/20 subject to the scheme continuing once the proposed review is carried out by the Government.
  - ii. Any additional New Homes Bonus payments over and above the amount already planned to be transferred to the DSF will be applied to the Regeneration and Enterprise Reserve established to help create economic growth in the town and to regenerate the town centre. The commercial, non-housing assets stock condition survey will also be funded from this reserve as previously agreed by Council on 5 February 2015. The reserve may also be utilised to provide start-up funding to the Local Authority Trading Company during 2016.
  - iii. The General Fund Reserve minimum balance continues to be maintained at £2.5m to enable the Council to manage future short term volatility in resources. Although this is the recommended minimum working balance for the General Fund it is recommended that the balance operates above this enabling the Council to comfortably operate flexibly and manage its risks without contravening the minimum level especially during the period of major change proposed in the local government finance mechanisms.
  - iv. That any further windfall income received during 2016/17 be used to increase the resources available to the Regeneration and Enterprise Reserve should they become available during the financial year to enable longer term regeneration or other projects with potential income generating opportunities to be developed.
29. In moving forward, Cabinet should be aware of the considerable potential pressures on the uncommitted level of reserves as follows:
  - i. The possible exposure to fluctuations in Council Tax income as a result of the introduction of the Local Council Tax Support Scheme. It is likely that there will be increased deficits arising on the Collection Fund if the additional sums billed to those in most

need prove difficult to collect. As the scheme moves in to its fourth year work will be undertaken to more closely assess the income levels being achieved and the bad debt provisions held.

- ii. The need to review the reserve to counter the risk of not being able to accurately predict Housing Benefit subsidy due to the complexity of calculations and the impact of small variations in accuracy and collection rates on the subsidy receivable. Variations can also potentially occur each year between the returns the Council must submit and the audit of those returns.
  - iii. The on-going risks associated with the new grant mechanisms and the volatility which could be experienced in core funding as a result. Any reduction of up to £212,000 in business rates will be borne locally before any support is received under the Safety Net arrangements from the Government in line with the provisions contained the draft Local Government Finance Settlement
  - iv. The need to work above a reasonable buffer between the minimum recommended level and the actual level of reserves so that the Council is able to work 'comfortably' above the minimum level. Given the challenges presented by the Local Government Finance Settlement and the changes that have been outlined this may prove to be very difficult in future years.
  - v. The need to be able to finance one-off expenditure from reserves should the need arise.
30. The Cabinet's attention is also drawn to the risks identified in section 10 of the MTFS as well as the Council's strategic risks as previously reported to the Audit and Standards Committee. Such risks and the impact of those risks on the MTFS will need to be closely monitored during the year.

### **Capital**

31. A five year projection of capital expenditure and capital financing is set out at Appendix C. The funding projections reflect a prudent assessment of asset sales which will help support the programme and help meet the repayment of internal borrowing which has been undertaken in anticipation of receipts. Accumulated internal borrowing is forecast to stand at £5.1m by the end of 2015/16 and whilst asset sales are forecast to continue during 2016/17, it is currently anticipated that this will not generate sufficient receipts to continue to support the Non Housing Capital Programme. As reported in the previous MTFS, the Council's MTFP includes a revenue provision sufficient to fund external borrowing of £2m per annum. The Non Housing Capital Programme continues to be developed within the available funding envelope.
32. The Housing Capital Programme had been developed in light of the

increased funding and flexibilities offered as a result of the introduction of the self-financing model in 2013. Under new directions from the Government this position has now seen a significant change, mainly resulting from the imposition of a rent reduction across the next four financial years. The implications of this and other changes announced in the Governments Summer Budget have been fully detailed in the HRA Business Plan elsewhere on the Cabinet agenda. The Housing Capital Programme will see a significant impact as a result of the Governments proposals both over the MTFS planning period and beyond. A report has already been presented to the October 2015 Cabinet meeting in order to agree revised guiding principles for the HRA Business Plan in light of the changes announced in July 2015.

## **Conclusions**

33. The proposed MTFS provides a reasoned and prudent basis for financial planning and management, creating the context for the delivery of the Corporate Plan and for the formulation of the annual budgets.
34. The MTFS will continue to be reviewed at least annually during the budget setting process.

## **IMPLICATIONS**

### **Place (includes Sustainability)**

Contained within the report

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

### **Finance**

The MTFS is a key component in the efficient and effective management of the Council's financial resources. Financial implications are contained within the report.

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

### **Housing**

None specific. Housing finance changes are covered fully in the report Housing Revenue Account Budget and Housing Revenue Account Business Plan elsewhere on the Cabinet Agenda.

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

### **Community Wellbeing (includes Equalities and Social Inclusion)**

None specific.

Author: **Jane Greer, Head of Community Wellbeing**

## **Governance (includes HR)**

The General Fund Revenue Budget 2016/17 report elsewhere on the Cabinet agenda details the main human resource implications associated with the proposed Council budget. Subsequent years will be addressed in a similar way at the time.

Author: **Brian Keane, Head of Governance**

## **Appendices**

*Appendices may be circulated separately to main Cabinet agenda pack.*

Appendix A – Changes to the MTFS assumptions.

Appendix B – Harlow Council's Medium Term Financial Strategy 2016/17 to 2020/21

Appendix C – Capital Programme Medium Term Financial Plan (MTFP) 2016/17 – 2020/21

Appendix D – Housing Revenue Account Medium Term Financial Plan (MTFP) 2016/17 – 2020/21

Appendix E – General Fund Medium Term Financial Plan (MTFP) 2016/17 – 2020/21

## **Background Papers: None**

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

- BRR** – Business Rates Retention
- CSR** – Comprehensive Spending Review carried out by central government in relation to the local government funding arrangements.
- DSF** – Discretionary Services Fund.
- HRA** – Housing Revenue Account.
- LDF** – (Planning) Local Development Framework.
- LCTSS** – Local Council Tax Support Scheme.
- MTFP** – Medium Term Financial Plan is the General Fund budget projections over the 5 year period of the MTFS)
- MTFS** – Medium Term Financial Strategy is the full financial plan across five years that considers the General Fund, HRA and Capital budgets
- MRP** – Minimum Revenue Provision.
- RPIX** – Retail Price Index excluding mortgage interest payments.
- RSG** – Revenue Support Grant.
- SFA** – Settlement Funding Assessment.

General Fund Budget Parameters 2016/17 – 2020/21

February 2015 Assumption		Proposed Change
<b>Costs</b>		
Pay inflation	1.0% per annum onwards in line with government Announcements.	No Change.
National Insurance	No changes	Rates to be increased effective from April 2016 by 3.4%
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.
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 where possible and budgets increased accordingly	No Change.
Council Tax increase (for financial planning purposes only)	1.5% increase for each year across the MTFP period	No Change.
Investment interest rates	2015/16 0.9%	Will be reviewed during budget process but likely to reduce. To circa 0.49%

General Fund Budget Parameters 2016/17 – 2020/21

February 2015 Assumption		Proposed Change
<b>Other Assumptions</b>		
Government Funding Revenue Support Grant increase	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.	No Change – 10% reduction in each year of the MTFS subject to Autumn Statement and Local Government Finance Settlement in December/January.
<b>Borrowing</b>		
Prudential borrowing	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.	No change for GF MRP but HRA Business Plan principles reviewed to include non-repayment of debt..
Transfer to/from Reserves - Insurance Fund	Annual contribution to Insurance fund increasing by £17k each year.	No Change.
General Reserves	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.	No Change.
Earmarked Reserves	One off contributions have reduced the requirement to repay to £165k over the planning period	No change



**Harlow Council**

***Medium Term Financial  
Strategy***

**2016/17 to 2020/21**

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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 2015/16 to 2019/20 in February 2015.
- 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. The General Fund finances must continue to be managed so that for the planning period commencing 1 April 2016:
  - a) General Fund revenue reserves are maintained at or above the approved recommended minimum level of £2.5m, with an aim to operate above this level to provide flexibility in managing the Council's budget throughout the year and over the MTFS planning period.
  - b) General Fund uncommitted revenue reserves are not used to support the budget except for funding one-off and exceptional items of expenditure.
  - c) Any increase in Council Tax shall be no greater than 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 avoiding the need to undertake a costly local referendum.
  - d) Revenue funds are reallocated from low to high priority areas as necessary.
  - e) 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.
  - f) In setting the following year's General Fund budget there must not be any unidentified savings.
- 1.4. 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.

- 1.5. 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.
- 1.6. The Council's Housing Revenue Account will be managed in line with the principles contained within the HRA Business Plan including:
  - a) The uncommitted HRA reserve must be maintained at or above a minimum level of £2.5 million.
  - b) In setting the following year's HRA budget there must not be any unidentified savings.
  - c) Rent levels will be set in line with Government guidelines and/or legislation, as appropriate.
  - d) There must be sufficient investment in the housing stock to maintain the Decent Homes Standard which was achieved in 2014/15.
  - e) 50% of the proceeds from Right-to-Buy sales will be used to fund the Non Housing Capital Programme.
- 1.7. The Capital Programme must align with the Council's priorities and:
  - a) the Council will use prudential borrowing to fund its Housing and Non Housing Capital Programme if necessary.
  - b) in view of the limited resources available for capital investment the Council will seek to dispose of surplus assets to help sustain ongoing non housing capital investment and reduce revenue costs incurred by the Council wherever possible.
  - c) the total cost of the Capital Programme will not exceed a realistic and affordable assessment of the capital finance available to fund it.
  - d) 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.
  - e) 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.
- 1.8. 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.
- 1.9. The Council will continue to evaluate and manage the financial and operational 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 the Key Messages section above.
- 2.4. In developing a balanced General Fund, HRA and Capital budget for 2016/17:
  - a) The proposed net budget for General Fund services is £10.6 million.
  - b) Total gross expenditure on the Housing Revenue Account will be £52.0 million, which will be funded from rents, service charges and interest.
  - c) The Council's total planned capital expenditure will be £25.5 million, split between £20.9 million allocated for housing and £4.6 million allocated for other services.

## **3. General Fund**

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

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.

- 3.2. The Council receives Government financial support towards its General Fund budget through the local government finance settlement which sets out the Government's assessment of the Settlement Funding Assessment (SFA) for Harlow along with all other local authorities in England.
- 3.3. The General Fund MTFs from 2016/17 and beyond incorporates a reduction in Formula Funding of 14.16% in 2016/17, in line with the announcements contained within the draft Local Government Finance Settlement made on 17 December 2015, and further reductions of 15.9% in 2017/18, 10.1% in 2018/19 and 2.8% in 2019/20. These assumptions do not include growth in the local share of business rates at this time. The financial forecasts will be reviewed during 2016/17 in light of the final Local Government Finance Settlement and the consultation processes that are expected in relation to the local authority funding mechanisms as announced in the Chancellor's Autumn Statement on 25 November 2015.
- 3.4. 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 announcement that the draft Finance Settlement indicates that Harlow will receive no RSG support by 2019/20 and the funding mechanism will be focussed purely on the full retention of business rates for local authorities.
- 3.5. The Council operates some of its discretionary services through the use of the Discretionary Services Reserve. A key funding stream for the fund is the money received by the Council as part of the New Home Bonus scheme (NHB). In the Autumn Statement the Government announced that a review of the NHB system is to be conducted during 2016. The outcome of the review could be significant if funding is reduced both in value and the period over which NHB is paid in the future. Any changes are not currently expected to impact in 2016/17 but will be factored in to the MTFs proposals when it is reviewed as part of the 2017/18 budget planning process.

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

4.1. Revenue expenditure within the **HRA** is incurred on:

1. The day-to-day services provided in maintaining and managing the Council's housing stock.
2. Contributions towards capital expenditure that is not funded from usable capital receipts, or other capital funding sources.

The expenditure is financed from:

- a) Rents charged for Council dwellings and garages.
- b) Charges made to leaseholders.
- c) Investment income.

4.2. 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.

4.3. 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. Despite the introduction of Self-Financing in 2012/13, and the significant borrowing undertaken by the Council in March 2012, there are now significant changes to the HRA financial arrangements which have been announced by the government and will have long-term impacts on the HRA. These have been fully detailed in the HRA Business Plan but include rent reductions, for which the Government intends to legislate, combined with "pay to Stay" increased rents for those families earning over £30,000 and the sale of higher value HRA properties to compensate housing associations for the extension of the RTB scheme to their properties.

4.4. Although the Council must account for its General Fund services and Housing-related services separately by law, 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.

## **5. Fees and Charges.**

- 5.1. 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.
- 5.2. 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 surplus/ breakeven/ subsidise).
- 5.3. 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.
- 5.4. For 2016/17 fees and charges proposals have once again taken into account the ongoing economic conditions and their impact upon income streams and existing income targets.

## **6. Capital Expenditure and Treasury Management**

- 6.1. Capital expenditure is essential to the successful delivery of the Council's priorities and 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.
- 6.2. 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".
- 6.3. 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.

- 6.4. 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, as had previously been the case, as long as it can afford to repay the amount borrowed.
- 6.5. 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.
- 6.6. The Code requires councils to determine a set of prudential indicators that are intended to determine and measure the financial strength of their investment and treasury plans. It prescribes some of these 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.
- 6.7. 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.
- 6.8. 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 2011). The Prudential Code referred to above introduced new requirements for the management and reporting of borrowing and investments.
- 6.9. 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 was anticipated to have been 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. It had been envisaged that Self Financing for the HRA would enable the investment levels in the housing stock both for major repairs programmes and for the potential building of new affordable homes within Harlow. The changes announced by the Government on the rent reduction proposals particularly have changed this significantly and this is covered in more detail within the HRA Business Plan.

- 6.10. An Annual Investment Strategy is drawn up as required under the Code. At present the Council has a considerable sum invested (£53.3m as at 31 December 2015 including £6.3m 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	4.4
Earmarked Reserves	17.4
HRA Working Balance	10.9
Growth Area Funding Grant	6.3
Working Capital	14.3
<b>Total</b>	<b>53.3</b>

- 6.11. The investments are handled by the Council's own staff. The investments are managed so as to secure the best possible return with the minimum of associated risk as set out in the principles of the Treasury Management Strategy.

## **7. Annual Revenue Budgets and Medium Term Financial Plans.**

- 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. The Council has worked extremely hard to ensure that it sets realistic and achievable budgets. Over the period 2005/06 – 2015/16 it has achieved General Fund savings of over £22 million to ensure that this objective is achieved and has sensibly and prudently reviewed and replenished reserves as appropriate whenever possible. In addition the 2016/17 budget proposals contain total savings proposals and other base budget adjustments of a further £1.1m. 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.

- 7.3. Like all other Councils, in planning its finances, the Council recognises that there will be changes that will affect it financially, but over which it has little, or no, control. Some of those facing the Council in the medium term include:
- a) The National and world wide economic environment.
  - b) New, or changes to existing, legislation and changes to the operation of Government policy.
  - c) Changes in Government grant.
  - d) Pay and price variations (especially energy etc.).
  - e) Movements in the costs of employee pensions.
  - f) Variations in asset disposal values and volumes.
  - g) Changes in interest rates.
- 7.4. 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.
- 7.5. The Council operates a budget monitoring system, which involves monthly reports to the Corporate Management Team 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 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 2016/17 and 1.5% in each subsequent year of the MTFS period.
- 7.6. Work will be required during the early part of 2016 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. There will also be a need to ensure that the information provided by the Government, in relation to the longer term financing of local government, is reviewed and responses to formal consultation are made in order to try to influence changes which could have a significant impact upon Harlow.

- 7.7. 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.
- 7.8. 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.
- 7.9. Financial projections for the HRA covering the period 2016/17 to 2020/21 are set out in the HRA Medium Term Financial Plan, attached at Appendix D.
- 7.10. A summary of the revised General Fund Medium Term Financial Plan for 2016/17 to 2020/21 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:
  - £1.425 million for 2017/18
  - £0.886 million for 2018/19
  - £0.446 million for 2019/20
  - £0.382 million for 2020/21.

## **8. Reserves**

- 8.1. 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.
- 8.2. Levels of the Council's 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.

- 8.3. 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 and £2.7 million respectively. 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. Given the risks associated with the HRA as set out in the HRA Business Plan it is proposed that the minimum working balance on the HRA is increased by a further £1.6million from 2016/17 to protect the account from risks associated with the Government's proposals relating to the sale of high value void properties (details of which, at the time of writing in January 2016, are awaited).

## **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. 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.
- 9.4. The Joint Venture Partnership, with Kier Services Ltd, commenced on 1 February 2007 for a ten year contract period. Work has commence in 2015 following a Cabinet decision not to re-tender the work in the open market but to bring the services into the control of a wholly owned Local Authority Trading Company (LATC) with effect from February 2017. This will be a major change for the Council and the services currently provided through the JVCo and a major project to be managed over the next 12 months.
- 9.5. The Council continues to seek to transfer the running of discretionary services to the community. It has made significant progress and is being seen as leading on this initiative within the public sector. 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 services will be supported until 2018/19 given the windfall income and New Homes Bonus payments that have been earmarked to make further contributions to the reserve.

## **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. Risk management continues to be a key area of focus for the Council and is now regularly reported to the Audit & Standards Committee.
- 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 continued 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 MTFP. The mitigation of these risks is an integral part of the Council's performance management framework.

## APPENDIX C

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
<b>CAPITAL FUNDING</b>					
<b><u>HOUSING CAPITAL PROGRAMME</u></b>					
<b><u>Resources</u></b>					
Capital receipts: RTB	1,356	1,117	601	613	627
Major Repairs Reserve	10,777	10,845	10,989	11,228	11,472
Leaseholder contributions	1,218	580	1,027	846	2,394
Grants	0	0	0	0	0
Revenue Contributions	7,559	3,813	4,562	4,997	3,097
<b>Total</b>	<b>20,910</b>	<b>16,355</b>	<b>17,179</b>	<b>17,684</b>	<b>17,590</b>

<b><u>Expenditure / Bids</u></b>					
Housing	20,910	16,355	17,179	17,684	17,590
<b>Total</b>	<b>20,910</b>	<b>16,355</b>	<b>17,179</b>	<b>17,684</b>	<b>17,590</b>

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
<b><u>NON HOUSING CAPITAL PROGRAMME</u></b>					
<b><u>Resources</u></b>					
Capital receipts: RTB	201	207	215	222	230
Prudential Borrowing	2,567	909	1,201	1,589	1,071
Asset Disposal Programme	874	750	450	0	0
Revenue Contributions	320	223	252	257	484
Other Resources	1,129	305	305	305	305
<b>Total</b>	<b>5,091</b>	<b>2,394</b>	<b>2,423</b>	<b>2,373</b>	<b>2,090</b>

<b><u>Expenditure / Bids</u></b>					
Non Housing	5,091	2,394	2,423	2,373	2,090
<b>Total</b>	<b>5,091</b>	<b>2,394</b>	<b>2,423</b>	<b>2,373</b>	<b>2,090</b>

## APPENDIX D

### HOUSING REVENUE ACCOUNT MEDIUM TERM FINANCIAL STRATEGY 2016/17 - 2020/21

#### Operating Account

	2016/17 Estimates £'000	2017/18 Estimates £'000	2018/19 Estimates £'000	2019/20 Estimates £'000	2020/21 Estimates £'000
<u>Expenditure</u>					
General Management	11,710	11,723	11,059	11,115	11,319
Special Management	5,573	5,655	5,759	5,872	5,990
Repairs	9,478	9,653	9,804	10,011	10,261
Rents, Rates, Taxes & Other Charges	30	26	12	12	12
Supporting People Transitional Relief	6	4	2	0	0
Provision for Bad & Doubtful Debts	200	300	300	300	300
Major Repairs Reserve Contribution	10,777	10,845	10,989	11,228	11,472
Revenue Contribution to Capital Programme	7,559	3,813	4,562	4,997	3,097
Debt Management Expenses	16	16	16	16	16
Capital Charges: Principal	0	0	0	0	0
Capital Charges: Interest	6,677	6,568	6,473	6,358	6,317
	<b>52,026</b>	<b>48,602</b>	<b>48,976</b>	<b>49,908</b>	<b>48,783</b>
<u>Income</u>					
Dwelling Rents	45,183	44,159	43,383	43,650	43,943
Garage Rents	1,005	1,055	1,108	1,185	1,221
Other Rents	22	22	22	22	22
Service Charges: Tenants	1,024	1,045	1,071	1,098	1,125
Service Charges: Leaseholders	1,658	1,691	1,733	1,777	1,821
Other Charges for Services	585	617	655	697	740
Transfers from General Fund	524	529	540	550	561
Interest on Revenue Balances	57	79	105	121	130
	<b>50,058</b>	<b>49,196</b>	<b>48,617</b>	<b>49,100</b>	<b>49,563</b>
Balance at 1 April	7,226	5,257	5,852	5,493	4,684
Surplus / (Deficit) for year	-1,969	594	-359	-808	780
Balance in hand at 31 March	<b>5,257</b>	<b>5,852</b>	<b>5,493</b>	<b>4,684</b>	<b>5,465</b>

#### Major Repairs Reserve

	2016/17 Estimates £'000	2017/18 Estimates £'000	2018/19 Estimates £'000	2019/20 Estimates £'000	2020/21 Estimates £'000
<u>Expenditure</u>					
Capital Programme Financing	10,777	10,845	10,989	11,228	11,472
Repayment of Debt	0	0	0	0	0
	<b>10,777</b>	<b>10,845</b>	<b>10,989</b>	<b>11,228</b>	<b>11,472</b>
<u>Income</u>					
Transfer from HRA	10,777	10,845	10,989	11,228	11,472
	<b>10,777</b>	<b>10,845</b>	<b>10,989</b>	<b>11,228</b>	<b>11,472</b>
Balance at 1 April	0	0	0	0	0
Surplus for year	0	0	0	0	0
Balance in hand at 31 March	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## GENERAL FUND MEDIUM TERM FINANCIAL PLAN 2016-17 TO 2020-21

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
<b>A RESERVES</b>					
<b>brought forward</b>	4,376	3,803	3,803	3,803	3,803
<b>Adjustments</b>					
Used for budget - one-off items	(604)				
In year contributions	255				
Budget carry-overs 2015/16	(224)				
<b>carried forward</b>	<b>3,803</b>	<b>3,803</b>	<b>3,803</b>	<b>3,803</b>	<b>3,803</b>
<b>Approved Budget</b>					
<b>Budget from previous year</b>	<b>10,885</b>	<b>10,606</b>	<b>9,879</b>	<b>9,661</b>	<b>9,700</b>
<b>B BUDGET CHANGE PROJECTIONS</b>					
<b>B1 STANDSTILL PRESSURES</b>					
Pay awards	140	165	135	135	140
Price increases	139	150	150	150	150
<b>Total Inflation</b>	<b>279</b>	<b>315</b>	<b>285</b>	<b>285</b>	<b>290</b>
Pension fund re-valuation	0	100	100	0	100
Increased employer contribution	157				
HO Community Wellbeing	94				
Redundancy costs provision	50	50	50	0	0
Interest costs	11	50	50	0	
HB/council tax admin subsidy	175	100	100	100	0
Capital funding (MRP Provision)	44	100	100	100	100
<b>Sub-total</b>	<b>810</b>	<b>715</b>	<b>685</b>	<b>485</b>	<b>490</b>
<b>B2 PRIORITY LED INITIATIVES</b>					
Cemetery & Crematorium contract	(17)	(17)	(17)	0	0
<b>Sub-total</b>	<b>(17)</b>	<b>(17)</b>	<b>(17)</b>	<b>0</b>	<b>0</b>
<b>B3 JVCO COSTS AND SAVINGS</b>					
Contract Extension	(20)				
<b>Sub-total</b>	<b>(20)</b>	<b>0</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	(874)				
Additional income/recharges	(178)				
<b>Sub-total</b>	<b>(1,052)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>10,606</b>	<b>11,304</b>	<b>10,547</b>	<b>10,146</b>	<b>10,190</b>
<b>B6 ONE OFF ITEMS</b>					
<b>BUDGET FOR YEAR</b>	10,606	11,304	10,547	10,146	10,190
Contribution to / (-)from Reserves:					
One-off use of reserves items					
Contribution to Gen Fund Reserve					
Other reserve movements					
Transfers to earmarked reserves	(8)	104	104	104	104
<b>BUDGET REQUIREMENT FOR YEAR BEFORE SAVINGS</b>	<b>10,598</b>	<b>11,408</b>	<b>10,651</b>	<b>10,250</b>	<b>10,294</b>
<b>C SAVINGS NEEDED</b>					
<b>Savings needed to achieve 1.5% increase in Council Tax (Harlow element)</b>	<b>0</b>	<b>(1,425)</b>	<b>(886)</b>	<b>(446)</b>	<b>(382)</b>
<b>BUDGET REQUIREMENT AFTER SAVINGS</b>	<b>10,598</b>	<b>9,983</b>	<b>9,765</b>	<b>9,804</b>	<b>9,912</b>

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
<b>1% Council Tax increase =</b>	<b>-73</b>	<b>-73</b>	<b>-73</b>	<b>-73</b>	<b>-73</b>
<b>D EXTERNAL FINANCE AND COUNCIL TAX</b>					
INCOME from RSG and BRR	3,977	3,346	3,008	2,925	3,013
CT Grant for Freezing CT Levels					
CT Freeze Grant 12/13					
New Homes Bonus	0	0	0		
LCTSS Grant	0	0	0		
Collection fund (deficit) surplus	102	0	0		
Council Tax total	6,519	6,637	6,757	6,879	6,899
<b>TOTAL EXTERNAL FINANCE AND COUNCIL TAX</b>	<b>10,598</b>	<b>9,983</b>	<b>9,765</b>	<b>9,804</b>	<b>9,912</b>
Council Tax Band D	267	271	275	279	279
<i>Increase in Council Tax</i>	<b>1.5%</b>	<b>1.5%</b>	<b>1.5%</b>	<b>1.5%</b>	<b>1.5%</b>

**REPORT TO:** CABINET

**DATE:** 28 JANUARY 2016

**TITLE:** GENERAL FUND REVENUE BUDGET  
2016/17

**PORTFOLIO HOLDER:** COUNCILLOR MIKE DANVERS

**LEAD OFFICERS:** CORPORATE MANAGEMENT TEAM  
(012790 446004  
SIMON FREEMAN, HEAD OF FINANCE  
(01279) 446228

**This is a Key Decision**

**It is on the Forward Plan as Decision Number I004240**

**This decision is not subject to Call-in procedures as it is a recommendation to Full Council**

**This decision will affect no ward specifically**

**RECOMMENDED** that Cabinet RECOMMENDS to Full Council that:

- A** The General Fund estimates for 2016/17, as set out in Appendix A, are approved.
- B** The proposed transfers between the General Fund and Earmarked Reserves, referred to in paragraphs 19 and 24 of this report and set out in Appendix E, are approved.
- C** The proposed Fees and Charges, as set out in Appendix C, are approved.
- D** The Pay Policy Statement, as set out in Appendix G, is approved.
- E** The Council's Band D Council Tax for 2016/17 is set at £266.97, which represents a 1.5% increase compared to the Band D Council Tax for 2015/16.

**REASON FOR DECISION**

- A** The Council must approve an annual budget and recommend a Council Tax charge for the forthcoming year under Government guidelines and current legislation.

## **BACKGROUND**

1. The 2016/17 General Fund Budget is prepared in tandem with the Medium Term Financial Strategy covering the period 2016/17 to 2020/21, which was considered as an earlier item on the agenda for this meeting. It draws upon the fiscal backdrop set out in that report, sets the detailed budget requirement for the forthcoming financial year, 2016/17, and proposes the resulting Council Tax charge required to maintain a balanced budget for the year.

## **GOVERNMENT GRANT**

2. The Government announced the provisional figures for Formula Grant in the draft Local Government Finance Settlement released on 17 December 2015. This followed the Government's Spending Review and, whilst the settlement covers the 2016/17 financial year, it has also published indicative figures for 2017/18 – 2019/20, for which the Government has stated that Councils have an opportunity to accept these subsequent three years' figures in order to provide greater certainty in future years (although details of the conditions and process have not yet been released).
3. The Council's main Government grant funding to support General Fund services has already reduced by over 60% over the period 2011/12 to 2015/16. The latest draft figures released indicate that the Council faces further reductions of 14.2% in Government support in 2016/17. The Medium Term Financial Strategy (MTFS) deals with these funding changes and Business Rates Retention.

## **PROPOSED ORIGINAL GENERAL FUND ESTIMATE 2016/17**

4. The Council's latest Medium Term Financial Strategy (MTFS) sets out a projection of General Fund expenditure and funding over the five-year period 2016/17 to 2020/21. The General Fund Budget for 2016/17 sets out these details for every service, so reflects the continuing increase in pressures on the Council's services and the on-going effect of other externally-driven pressures on the Council's finances (such as higher employers' National Insurance contributions, supplier inflation and other such examples). The budget also contains the impact of the draft grant settlement referred to above.
5. In February 2015, Full Council approved the MTFS that assumes a 1.5% increase in the level of Council Tax in 2015/16 and for each year over the life of the five year Strategy. The MTFS projection identified a budget savings target for 2016/17 of £925,000. However, as a result of the changes in the draft Local Government Finance Settlement received on 17 December 2015 and other identified budget changes as part of the work carried out to develop the detailed service budgets, the funding gap has increased to £1,052,000.
6. Following the Chancellor's Autumn Statement which announced continued

deep cuts in future years' public sector expenditure, achieving the required savings target, whilst protecting as far as possible service provision, has once again been extremely challenging. Officers have worked closely with the Administration to produce a balanced budget proposal for 2016/17 with all savings identified detailed within this report at Appendices B1 and B2. Given the long-term commitment to achieving efficiencies and the ongoing and significant funding reductions being imposed on local government, the delivery of further savings whilst protecting services is becoming extremely difficult. The MTFs report identifies this as a key issue and risk for the Council in future years and also highlights that, whilst financing of the budget becomes even tighter, decisions on the provision of services are becoming increasingly difficult.

7. The table set out at Appendix A shows a summary of the Administration's proposed budget for 2016/17, together with the budget for the current year approved by Full Council in February 2015. The summary shows the budgets for each service together with other key estimate headings and contribution requirements to and from reserves.
8. The main changes in the proposed 2016/17 Budget compared with assumptions in the February 2015 MTFs are shown in Table 1.

**TABLE 1 - Changes in 2016/17 Budget Compared with Assumptions in MTFS**  
(as originally approved in Jan 2015)

	£000s	£000s
<b>Original MTFS Savings Target (Cabinet January 2015)</b>		<b>925</b>
<b>Decrease/ (Increase) in Grants</b>		
Further Reduction in Revenue Support Grant		<b>346</b>
<b>Council Tax Setting Changes</b>		
Adjust from Council Tax Base		<b>(19)</b>
Council Tax Collection Fund Deficit		<b>(314)</b>
Business Rates Collection Fund Deficit		<b>212</b>
<b>Identified Budget Pressures</b>		
Pay changes over MTFS assumptions	5	
Head of Community Wellbeing transfer	94	
Employer's National Insurance increases	157	
		<b>256</b>
<b>Other Changes</b>		
Reduced Price Inflation	(11)	
Interest Changes	(95)	
Housing Benefits/ Council Tax administration subsidy	(35)	
Reduced Contract costs	(102)	
Commercial Property Income	(61)	
Car parks income	(16)	
Leah Mananing Centre	(14)	
Salary Contingency	(15)	
Other	(5)	
		<b>(354)</b>
<b>Total Revised Savings Target</b>		<b>1,052</b>
<b>Financed By:-</b>		
Efficiency Savings (Appendix B1)	874	
Income/ Recharges (Appendix B2)	178	
<b>Total Financing</b>		<b>1,052</b>

### PROVISION FOR PAY AWARDS AND INFLATION

9. Provision is built into the 2016/17 budget for additional expenditure as a result of the national pay settlement providing for a 1% pay award effective from April 2016 through to March 2017. Contractual inflation has also been incorporated into the figures contained within the 2016/17 budget set out in this report.
10. Provision has been included in individual budgets for anticipated price changes in Business Rates, energy costs and external contracts, such as the Joint Venture Agreement with Kier Harlow Ltd and the waste contract with

Veolia Ltd. In accordance with the normal practice, supplies and services budgets have not, in general, been increased to allow for inflationary increases in costs; instead managers are required to meet these increases within their existing budgets where it is possible to do so as the Council continues to deliver ongoing efficiencies in the way it conducts its day-to-day business.

11. Having reviewed updated comparison data that was used by the Panel last year of the allowances schemes of Essex, Herts and Audit Family Group Councils and the specific comments on the scheme from Group Leaders, after nearly one full year of operation, it is the view of all three members of the Independent Remuneration Panel that the Harlow Councillor Allowances Scheme should remain unchanged for 2016/17.
12. The Panel did note that this should not be a consistent approach in the longer term, particularly bearing in mind the comparatively low allowances paid to Harlow Councillors, and identified a risk that doing so may deter those who might wish to put themselves forward for election in the future.

### **Cuts in Formula Funding**

13. As previously identified, the Government's reductions in the grant it provides to the Council under the Formula Funding arrangements have been reduced by over 14.2% for 2016/17. The original MTFS assumptions in February 2015 projected a reduction of 10%. The adjustment of £346,000 contained in Table 1 reflects the financial impacts of the changes in the Council's core funding.

### **Tax Base and Collection Fund**

14. Regulations require the Council to estimate both its tax base (the number of Band D equivalent properties that will attract a Council Tax charge) and the level of surplus or deficit on the Collection Fund (the account administered by the Council through which all Council Tax, Business Rates and precept payments flow). These calculations have become more complex since 2013/14 as a result of the changes imposed by Government in Business Rates Retention and the localisation of Council Tax Benefits Schemes. Work undertaken to assess the budget impacts has resulted in a reduction to the original MTFS projected budget gap of £121,000 (£19,000 for tax base changes plus £314,000 as a result of a declared 2015/16 Council Tax Collection Fund surplus and £212,000 for the Business Rates Collection Fund Deficit); further details are provided later in the report. The tax base, for the purpose of computing the average Band D Council Tax in 2016/17, equates to 24,419.82 equivalent Band D properties.

### **Council Tax**

15. The MTFS presented to Full Council in February 2015 included an assumption that Council Tax increases for 2016/17 and future years would be at 1.5%. The proposed budget now includes an increase of 1.5% in Council Tax.

## **Income**

16. The MTFS has in previous years identified that the Council has experienced difficulties achieving its income targets included within the Council's base budget. Key drivers for this have been in relation to car parking income, with previous cuts being made to the income targets to this service area. As part of the 2016/17 budget setting process, income has been reviewed and the income budgets for next year will be increased in line with the agreed increases to fees and charges set out in Appendix C to this report.

## **Pension Contributions**

17. Auto enrolment changes were reported as part of the 2014/15 budget setting process and are built into the Council's employee budgets in 2015/16. The impacts of the pension fund re-valuation have already been incorporated into the MTFS and Council budgets as a result of the 2013 revaluation results. The Council achieved savings against previous MTFS assumptions by exercising the ability to pay annual pension contributions in advance and the resultant savings were incorporated into the budget as part of the 2015/16 budget process. The next valuation of the fund is expected in 2016 with results impacting on the 2017/18 and future financial years. The MTFS already anticipates increased budget pressures as a result of the re-valuation to the sum of £200,000. This will be kept under review as further information becomes available over the next twelve months.

## **Local Council Tax Support Scheme**

18. The national changes to Council Tax Benefit and the devolvement of the scheme from the Government to Councils has previously been reported to Cabinet and the new local scheme for 2014/15 was approved by Full Council on 19 December 2013. Government grant was only provided and identifiable in 2013/14. The Council has agreed its scheme for 2016/17 and has not reduced the level of funding earmarked to support it despite the reductions in formula grant imposed since the introduction of the scheme in 2013/14.

## **Discretionary Services Fund**

19. The Discretionary Services Fund holds funding to help support the time limited funding of discretionary services to provide time to seek to identify alternative sources of finance for them and was created as a result of previous Council budget decisions.

## **New Homes Bonus**

20. The New Homes Bonus was first introduced in 2011/12 and was treated as a windfall item in the 2011/12 budget setting process. Within the Autumn Statement, the Government has confirmed that the grant will continue indefinitely into future years but will be subject to review during 2016. It is anticipated that the method of calculation and distribution will be changed as a result of the review as will the period for which it is payable. It is anticipated that the funding period for which it is paid will reduce from six years to four and that this impact is likely to be seen in 2017/18 and 2018/19 as earlier years funding is phased out more quickly. The draft finance settlement

shows an indicative level of receipt for Harlow of £1,203,307 in 2016/17, £787,000 of which is to be contributed to the Discretionary Services Fund; the balance (estimated at £416,307) will be contributed to the Regeneration and Enterprise Reserve.

21. It is proposed that this sum contributed to the Regeneration and Enterprise Reserve will be utilised to support the non-housing assets stock condition survey, implementation of the proposed Local Authority Trading Company (LATC) and initiatives that may help to stimulate the regeneration of the Town Centre.

### General Reserves

22. The position with regard to the Council's uncommitted General Reserves is set out in Table 2. The table shows the planned one-off use of reserves in the original budget for the current year, together with in-year changes arising from consideration of the 2014/15 Final Accounts report in July 2015. The forecast has also been updated for latest budget monitoring forecasts as reported to Cabinet in December 2015.

**TABLE 2 General Reserves Projection**

	£millions
<b>Uncommitted General Fund Reserve as at 1 April 2015</b>	<b>4.376</b>
<b>Carry-forward and Reserve Movements per Council/ Cabinet approvals:-</b>	
- Budget carry-forwards from 2014/15 (approved Cabinet July 2015)	<b>(0.224)</b>
- Transfer to Discretionary Services Fund (approved Council July 2015)	<b>(0.450)</b>
- Transfer to other Reserves (Joint Finance & Performance report to Cabinet July 2015)	<b>(0.154)</b>
<b>Forecast Budget Variations in 2015/16</b>	<b>0.255</b>
<b>Projected Year-end Balance 31 March 2016</b>	<b>3.803</b>

23. The Local Government Act 2003, section 25 (1) (b) requires that the Chief Financial Officer reports to the Council on the adequacy of reserves when the Budget and Council Tax are set. It is important to distinguish between committed or earmarked reserves and general or uncommitted reserves. A statement by the Council's Head of Finance is attached as Appendix D. It recommends that the minimum level of uncommitted reserves be set at £2,500,000 to reflect adequate provision to meet known or anticipated future risks. The General Fund balance (i.e. the uncommitted reserves) as at 31 March 2016 is currently projected at £3,803,000, and therefore above the

recommended minimum level. However, with ongoing funding reductions and significant service delivery changes taking place in areas such as the JVCo, it is prudent and advisable to be operating above the minimum recommended level.

### **Earmarked Reserves**

24. The Council holds a number of earmarked reserves and, as detailed in this report, one of the reserves, the Discretionary Services Fund, will be increasingly important in the sustained delivery of services during the pursuit of identified services for transfer to other organisations. It will also provide financial support to services such as the Playhouse, providing further time to consider options for their future delivery. Appendix E lists the Council's earmarked reserves, and provides a schedule of the indicative proposed movements into and out of the various reserves, for which Full Council approval is required.

### **Prudential Code and Borrowing**

25. The Council may decide to borrow to fund its capital programme. However, this must be done in compliance with the Prudential Code of Borrowing published by the Chartered Institute of Public Finance and Accountancy (CIPFA). Borrowing must be affordable on the basis of the impact of the cost of borrowing on the Council's revenue budgets and Council Tax. Further detail is contained in the separate report on the Council's Treasury Management Strategy included elsewhere on the Cabinet agenda.
26. There is a separate report to this meeting on the Housing and Non-Housing Capital Programmes. Due to the continuing economic downturn which impacts on the value and timing of receipts from asset disposals and the reduced numbers of assets available for disposal, the MTFS makes provision for a Minimum Revenue Provision as a mechanism for the repayment of borrowing within the General Fund Budget. Provision has also been made to ensure that the requirements to make a Minimum Revenue Provision against capital borrowing is sufficient and details of the MRP requirement are routinely reported as part of the Treasury Management reports to Cabinet.

### **Council Tax**

27. The proposed General Fund Budget will result in an increase of 1.5% in Harlow's element of the Council Tax for 2016/17. This includes the impact of the Collection Fund balance.
28. As part of setting the Council Tax for 2016/17, the estimated balance on the Collection Fund at 31 March 2016 has to be taken into account. Under Government regulations this had to be estimated by the Council's Head of Finance on 15 January 2016 and notified to the precepting bodies accordingly (precepting bodies are those for which Harlow Council, as the billing authority, collects Council Tax and Business Rates). As a result of the local government finance reform introduced in 2013/14, the Collection Fund balance is separated into two elements: one for Council Tax, the second for

Business Rates. Each of the precepting bodies receives an allocation of surpluses and losses on different bases, and the DCLG carries a part of the element of losses attributable to Business Rates. For this reason, the distribution of a surplus or loss between each of the precepting bodies may appear inconsistent.

29. The balance on the Collection Fund is based on a number of factors as follows: –
- The level of bad debt provision.
  - The number of properties being liable for Council Tax and associated exemptions and discounts.
  - The number of businesses being liable for Business Rates (this may vary extensively in the event of businesses developing or closing).
  - Any adjustments required to the balance on the Collection Fund (such as accounting adjustments under the Safety Net mechanism).
30. Taking all of these factors into account, the overall position has resulted in a projected surplus for Council Tax of £1,870,300 and a projected deficit on Business Rates of £570,023 as at 31 March 2016. The allocations of these balances are set out in the table below. Provisions for Business Rates appeals, already set aside by each of precepting authorities, are included in the figures shown (the provision being £7,040,000 as at 31 March 2015). The maximum Business Rates exposure of Harlow Council stands at £212,260. Above this level, the Council is currently protected by the Government's Safety Net mechanism, resulting in additional liability being charged back to the Government.
31. The Council Tax surplus is shared in accordance with the regulations with all precepting bodies whilst the allocation of the deficit on Business Rates is allocated in accordance with the proportional shares set out in the Local Government Finance Acts 1988 and 2012. Table 3 shows this allocation:

**TABLE 3 - Allocation of Projected Collection Fund Balance in 2016/17**

<b>Allocation of Projected Collection Fund Balance in 2016/17</b>	<b>Total</b>	<b>Harlow DC</b>	<b>Essex CC</b>	<b>PCC for Essex</b>	<b>Essex Fire Authority</b>	<b>Government</b>
	£000s	£000s	£000s	£000s	£000s	£000s
Council Tax	(1,870,300)	(314,680)	(1,300,100)	(176,060)	(79,460)	
Business Rates	570,020	228,010	51,300		5,700	285,010
Adjustments (Safety Net)	0	(15,750)				15,750
Total Deficit / (Surplus) to be allocated	(1,316,030)	(102,420)	(1,248,800)	(176,060)	(73,760)	300,760

(Surplus balances are shown in brackets)

32. As will be noted from the table, Harlow District Council's share of the

projected Council Tax surplus is £314,680 equivalent to a Council Tax charge of -£12.89 at band D (this compares to a £8,680 deficit for the previous year, equivalent to £0.36 for a Band D property). However, under the new Business Rates Retention Scheme, Harlow Council also bears the benefits and/ or losses arising from variations in the Business Rates collected each year (previously this variation was a risk met entirely by the Government and the National Non-Domestic Rates Pool). The combined effect of the components listed in paragraph 29, above, together with indicative collection rates, has resulted in a forecast deficit of £570,020 of which £228,010 is attributable to Harlow Council. As mentioned above, the Safety Net arrangements limit the Council's exposure to £212,260. The loss on Business Rates collection is equivalent to a Council Tax charge of £8.69 per Band D property. Combining the overall impact on the Collection Fund of Council Tax and Business Rates has resulted in a net surplus of £102,420 for Harlow, equal to a charge of -£4.19 per Band D property.

33. A meeting of Full Council is scheduled for 4 February 2016 to approve the Council's element of the Council Tax for 2016/17. The final level of Council Tax will depend on decisions by Essex County Council, the Police and Crime Commissioner for Essex and Essex Fire Authority. All three bodies are not due to meet to set their elements of the Council Tax until dates after the Cabinet meeting.

**TABLE 4 – Composition of Council Tax charge per average Band D property for each authority**

	<b>2015/16 Band D Council Tax</b>	<b>2016/17 Band D Council Tax</b>	<b>Annual Increase</b>	<b>Increase %</b>
	<b>£</b>	<b>£</b>	<b>£</b>	
Harlow DC	263.02	266.97	3.95	1.50
Essex County Council	1,086.75	tbc	tbc	tbc
Essex Police and Crime Commissioner	147.15	tbc	tbc	tbc
Essex Fire Authority	66.42	tbc	tbc	tbc
<b>TOTAL</b>	<b>1,563.34</b>	tbc	tbc	tbc

[Note- the Council Tax decisions for the County, Police and Fire authorities are to be confirmed (tbc) whilst the Council awaits determination of budgets by each of those bodies.]

#### **LOCAL GOVERNMENT ACT AND REVIEW OF BUDGETS**

34. The Local Government Act 2003 (Part 2) has placed further requirements on the Council's financial management, in particular to:-
- a) Consider each year a report on the Council's reserves.
  - b) Consider as part of the budget-setting a report by the Chief

Financial Officer on the robustness of the estimates and the assumptions made in compiling the budget (see Appendix D).

- c) To monitor expenditure and income during the year and to take steps to correct any departures from planned outcomes.
35. It is the view of the Council's Head of Finance, following consultation with senior officers of the Council, that the estimates contained in this report are reasonable, robust and based on prudent assumptions. Nevertheless, as outlined in Appendix D, there are a number of risks and opportunities that will require careful and on-going management.

## **CONSULTATION**

36. In formulating spending priorities reflected in the MTFS and the 2016/17 Budget, the Administration and senior management team have been mindful of protecting front line services and key operations carried out by the Council. Despite the significant challenge the 2016/17 budget has presented, the proposals set out within this report represent no direct service reductions to users. The Corporate Plan 2016/17-2018/19, featuring elsewhere on the Cabinet agenda, has set priorities influenced by Harlow residents and findings of the "Have Your Say Survey". The budget proposals underpin the delivery of those priorities and the formal budget consultation undertaken during 2014 will be used to help influence future budget decisions.
37. The Localism Act 2011 places a responsibility on the Council to prepare a pay policy statement. This statement must set out the Council's policies relating to the pay of its chief officers (as defined by section 43(2)) and the relationship between their remuneration and the remuneration of those employees not designated as chief officers. It should also set out its policies relating to its lowest paid staff. The Cabinet will be aware that the statement affects individual employees' terms and conditions of employment which are contractual, and cannot be changed unilaterally. The Council's Pay Policy Statement is set out at Appendix G.

## **IMPLICATIONS**

### **Place (includes Sustainability)**

Contained within the report.

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

### **Finance (includes ICT)**

Implications are contained within the report.

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

### **Housing**

None other than as contained within the report.

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

### **Community Wellbeing**

Implications are contained within the report.

Author: **Jane Greer, Head of Community Wellbeing**

### **Governance (includes HR)**

Implications are contained within the report. Consultation with unions will continue on employee related issues.

Author: **Brian Keane, Head of Governance.**

### **APPENDICES**

- Appendix A General Fund Budget Summary
- Appendix B Efficiency savings (B1), increased income schedules (B2) and schedule of pressures (B3)
- Appendix C Fees & charges increases 2016-17
- Appendix D Statement of the Chief Financial Officer
- Appendix E Projected Earmarked Reserves balances
- Appendix F Detailed budget analysis
- Appendix G Pay Policy Statement 2016/17

### **Background Papers:**

None

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

CIPFA	Chartered Institute of Public Finance and Accountancy
CMT	Corporate Management Team
DCLG	Department for Communities and Local Government
DSF	Discretionary Services Fund
HRA	Housing Revenue Account
MRP	Minimum Revenue Provision
MTFS	Medium Term Financial Strategy

## GENERAL FUND BUDGET SUMMARY

	2014/15 Actual	2015/16 Original Budget	2016/17 Budget
	£	£	£
<b>HEAD OF SERVICE</b>			
Chief Executive	7,958	(49,230)	1,780
Community Wellbeing	4,261,216	4,165,530	4,189,060
Finance	2,748,929	3,572,520	3,636,730
Governance	486,477	675,580	636,280
Housing	912,165	1,095,827	1,071,100
Place	5,146,966	4,467,650	5,650,540
<b>Total</b>	<b>13,563,711</b>	<b>13,927,877</b>	<b>15,185,490</b>
Contingency	0	15,250	0
Capital charges	(3,971,751)	(2,313,250)	(2,889,090)
Interest	249,802	205,790	217,200
Minimum Revenue Provision	99,000	122,000	166,000
Provision for bad debts	49,324	194,585	168,470
Miscellaneous Income	(1,642,783)	0	0
Essex Council Tax Collection Sharing Agreement	(27,521)	(159,120)	(200,000)
Community Rights to Challenge New Burdens Grant	(67,801)	0	0
New Homes Bonus Grant	(713,275)	(787,000)	(1,210,110)
<b>Expenditure Before Use Of Reserves</b>	<b>7,538,706</b>	<b>11,206,132</b>	<b>11,437,960</b>
Contribution to / (from) Earmarked Reserves:			
Perpetuity Reserves	35,237	31,050	5,140
Insurance Fund	52,677	(5,800)	(3,680)
Invest to Save	(23,813)	2,920	(247,110)
MMI	80,458	50,000	50,000
Environment Fund	9,392	7,240	4,750
Risk Reserve	29,271	0	0
Severance Reserve	265,409	0	0
Discretionary Services Fund	3,366,938	(1,910,040)	(852,820)
Regeneration & Enterprise Reserve	234,000	0	223,110
Housing Benefits Subsidy Reserve	71,107	0	0
Regeneration Reserve	0	1,000,000	0
Debt Financing Reserve	837,840	837,840	237,840
Planning LDF	(10,728)	(40,000)	(40,000)
Grants Reserves (for deferred payments)	36,592	(22,650)	(69,450)
Contribution to / (from) General Fund Reserve	(377,380)	(7,930)	19,000
<b>Budget Requirement</b>	<b>12,145,706</b>	<b>11,148,762</b>	<b>10,764,740</b>

## HARLOW COUNCIL'S ELEMENT OF THE COUNCIL TAX

	2014/15 Actual	2015/16 Original Budget	2016/17 Budget
	£	£	£
Budget Requirement	12,145,706	11,148,762	10,764,740
Less Formula Grant comprising:			
Settlement Funding Assessment	(4,271,483)	(3,352,506)	(3,977,228)
Homelessness Grant	(165,993)	(165,938)	(165,750)
Collection Fund Deficit / (Surplus)	51,000	217,980	(102,403)
Local Council Tax Support Scheme Grant	(1,281,756)	(1,282,000)	0
Council Tax Freeze Grant	(179,407)	(178,724)	0
	<b>6,298,067</b>	<b>6,387,574</b>	<b>6,519,359</b>
Divided by:			
Taxbase	24,304.66	24,285.51	24,419.82
<b>Band D Council Tax</b>	<b>259.13</b>	<b>263.02</b>	<b>266.97</b>

## GENERAL FUND 2016/17 BUDGET

## EFFICIENCY SAVINGS

The following table provide details regarding the significant efficiency gains, proposed to be made as part of the 2016-17 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>		
Reduce Capital/Debt Financing budget	600,000	Able to reduce following MRP work and EY assessments.
<b>Sub-Total Corporate Services</b>	<b>600,000</b>	
<b>COMMUNITY WELLBEING</b>		
Contact Harlow	11,000	Realignment of duties
ENTP subscription	5,000	Delete ENTP subscription as organisation no longer exists
Market	20,000	Review of market resourcing
HLF	9,000	Remove HLF match funding provision following completion of the project
Grants	8,500	Delete budget for accommodation grant for St. Elizabeth's Centre re: 10 Staple Tye
Sports Partnership	42,000	Reduce budget to Harlow and District Sports Trust in line with favourable Leisure Zone business plan performance
<b>Sub-Total Community Wellbeing</b>	<b>95,500</b>	

SERVICE & ACTIVITY	AMOUNT OF PROPOSED EFFICIENCY SAVINGS	DETAILS
	£	
<b>FINANCE</b>		
Finance Miscellaneous	30,000	External Audit fees, further reductions under E&Y contract.
Accountancy	5,000	Development Work. Agresso implementation project now fully funded.
ICT Telephony	15,000	Renegotiated telephony contracts have delivered savings.
<b>Sub-Total Finance</b>	<b>50,000</b>	
<b>GOVERNANCE</b>		
Policy & Performance	44,000	Vacant Policy & Performance Team Leader post deleted.
Policy & Performance	100	Reduction to IT consumables and subsistence.
Corporate Support	1,000	Meeting expenses.
Chairmans Allowance	300	Reduction to Equipment & materials and provisions.
Members Services	1,300	Reduction to books, conference expenses and data protection.
Human Resources Training	3,000	Reduction to training courses and course fees.
Corporate HR Costs	4,000	Gratuities, reflects reducing costs.
Relationship & Commissioning	1,000	Reduction to car allowance, staff travel, tracing agency and subsistence.
<b>Sub-Total Governance</b>	<b>54,700</b>	

SERVICE & ACTIVITY	AMOUNT OF PROPOSED EFFICIENCY SAVINGS	DETAILS
	£	
<b>PLACE</b> Refuse & Recycling	34,000	Change nappy / incontinent waste collection to fortnightly collection
<b>Sub-Total Place</b>	<b>34,000</b>	
<b>HOUSING (General Fund)</b>		
Housing Options & Advice	41,000	Efficiencies from procurement of Temporary Accommodation and charges
<b>Sub-Total Housing (General Fund)</b>	<b>41,000</b>	
<b>GRAND TOTAL FOR EFFICIENCY SAVINGS</b>	<b>875,200</b>	

## GENERAL FUND 2016/17 BUDGET

## INCOME

The following table provides details regarding the significant additional income proposed to be made as part of the 2016-17 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>Housing</b>	£	
Housing Options and Advice	147,000	Transfer of costs of Temporary Accommodation to HRA in line with guidance
<b>Sub-Total Housing</b>	<b>147,000</b>	
<b>PLACE</b>		
Bulky waste	6,000	Increase bulky waste collection charges for 1 to 5 items from £10.50 to £15.00
Latton Bush Centre	25,000	Review of archiving arrangements releasing lettable office space
<b>Sub-Total Place</b>	<b>31,000</b>	
<b>GRAND TOTAL INCOME</b>	<b>178,000</b>	

## GENERAL FUND 2016/17 BUDGET

## SERVICE INVESTMENT

The following table provide details regarding the funding adjustments to be made as part of the 2016/17 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>COMMUNITY WELLBEING</b> Reintroduce Head of Community Wellbeing post to base budget	94,000	Reintroduce Head of Community Wellbeing post to base budget from Discretionary Services Fund
<b>Sub-Total Community Wellbeing</b>	<b>94,000</b>	
<b>GRAND TOTAL SERVICE INVESTMENT</b>	<b>94,000</b>	

**ANALYSIS OF FEES AND CHARGES****(all fees include VAT where applicable)**

SERVICE		2015/16	2016/17	
		Current Fee	Proposed Increase	Proposed Fee
		with effect from 01/04/2016		
		£.p	%	£.p
<b>Community Wellbeing</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>	<b>Rail Passes</b>	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>Communications</b>	<b>Harlow Times Advertising</b>			
	<b>Inside Full Page</b>			
	Full Rate	800.00	0.00	800.00
	10% Discount	720.00	0.00	720.00
	20% Discount	640.00	0.00	640.00
	<b>Half Page</b>			
	Full Rate	400.00	0.00	400.00
	10% Discount	360.00	0.00	360.00
	20% Discount	320.00	0.00	320.00
	<b>Quarter Page</b>			
	Full Rate	200.00	0.00	200.00
	10% Discount	180.00	0.00	180.00
	20% Discount	160.00	0.00	160.00
	<b>Eighth Page</b>			
	Full Rate	100.00	0.00	100.00
	10% Discount	90.00	0.00	90.00
	20% Discount	80.00	0.00	80.00
<b>Pets Corner</b>	<b>Sponsorship scheme</b>			
	<b>Package A</b>			
	Individual sponsors	50.00	0.00	50.00
	Corporate sponsors	500.00	0.00	500.00
	<b>Package B</b>			
	Individual sponsors	35.00	0.00	35.00
	Corporate sponsors	350.00	0.00	350.00
	<b>Package C</b>			
	Individual sponsors	25.00	0.00	25.00
	Corporate sponsors	250.00	0.00	250.00
	<b>Sales of Animals</b>	various	0.00	various
	<b>School visits</b>			
	Harlow Schools (45 minutes)	1.95	0.00	1.95
	Harlow Schools (1.5 hours)	3.85	0.00	3.85
	Non Harlow Schools (45 mins)	2.60	0.00	2.60
	Non Harlow Schools (1.5 hours)	4.95	0.00	4.95
	Pre School Nurseries	22.00	0.00	22.00
	<b>Reindeer Hire</b>			
	Harlow Schools	240.00	0.00	240.00
	Non Harlow Schools	295.00	0.00	295.00
	<b>Events</b>	4.65	0.00	4.65
	<b>Birthday Parties (Price per head)</b>	7.40	0.00	7.40

SERVICE		2015/16	2016/17	
		Current Fee	Proposed Increase	Proposed Fee
		with effect from 01/04/2016		
		£.p	%	£.p
Community Enforcement Team	<b>Clean Neighbourhoods and Environment Act 1990:</b>			
	Disposing litter S87/88	80.00	0.00	80.00
	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
	<b>Clean Neighbourhoods and Environment Act 1996:</b>			
	Failing to remove dog faeces	50.00	0.00	50.00
	<b>Clean Neighbourhoods and Environment Act 2005:</b>			
	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>Clean Neighbourhoods and Environment Act 2014:</b>			
	Section 43 (Breach of Community Protection)	100.00	0.00	100.00
	Section 63 and 67 (Breach of Public Space Protection Order)	100.00	0.00	100.00
The Playhouse	<b>Box Office Booking and Exchange Fee</b>			
	Promotions (not Playhouse Supporters)	1.50	0.00	1.50
	Hires (not Playhouse Supporters)	1.50	0.00	1.50
	<b>Postage Charge</b>			
	Postage charge to customers requesting that tickets are delivered to them	1.00	0.00	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</b>			
	Performance Fee (for 4.5 hour period)	750.00	0.00	750.00
	Second Performance in a Day (for 4 hour period)	630.00	0.00	630.00
	<b>Additional Hourly Fees</b>			
	Hourly theatre hire (not a performance)	140.00	0.00	140.00
	Additional staff (per person per hour)	21.00	0.00	21.00
	Blocking rehearsal (per hour)	100.00	0.00	100.00
	<b>Weekly Rates</b>			
	Weekly fee			
	Up to 37 hours over 6 days	5,200.00	0.00	5,200.00
	Hourly fee	140.00	0.00	140.00
	Additional staff	21.00	0.00	21.00
	<b>Studio Theatre</b>			
	<b>Performance Fees</b>			
Performance Fee (for 4 hour period)	300.00	0.00	300.00	
Second performance call in a day (4 hours)	240.00	0.00	240.00	
<b>Additional Hourly Fees</b>				
Hourly theatre hire (not a performance)	90.00	0.00	90.00	
Additional Staff per person, per hour	21.00	0.00	21.00	
Use as Dressing Room	30.00	0.00	30.00	
<b>Standard Hire Charges</b>				
Performance call (4 hours)	1,200.00	0.00	1,200.00	
Second performance call in a day (4 hours)	900.00	0.00	900.00	
<b>Additional Hourly Fees</b>				
Hourly theatre hire (not a performance)	200.00	0.00	200.00	
Additional staff per person, per hour	21.00	0.00	21.00	
Blocking rehearsal per hour	140.00	0.00	140.00	

SERVICE	2015/16	2016/17	
	Current Fee	Proposed Increase	Proposed Fee
	with effect from 01/04/2016		
	£.p	%	£.p
<b>Weekly Rates</b>			
Weekly fee			
Up to 37 hours over 6 days	7,400.00	0.00	7,400.00
Hourly fee	200.00	0.00	200.00
Additional staff	21.00	0.00	21.00
<b>Studio Theatre</b>			
<b>Performance Fees</b>			
Performance call (4 hours)	480.00	0.00	480.00
Second performance call in a day (4 hours)	360.00	0.00	360.00
<b>Additional Hourly Fees</b>			
Hourly theatre hire (not a performance)	100.00	0.00	100.00
Additional Staff per person, per hour	21.00	0.00	21.00
Use as Dressing Room	30.00	0.00	30.00
<b>Studio Room Hires</b>			
(50% discount applies for hire of second space within 1 session)			
Up to 20 hours per week	19.00	0.00	19.00
20+ hours per week	13.00	0.00	13.00
40+ hours per week	10.00	0.00	10.00
<b>Market</b>			
<b>Pitch Rentals per day</b>			
Fixed fee for first pitch	20.00	0.00	20.00
Each additional pitch	15.00	0.00	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	33.00	0.00	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>Financial Services</b>			
<b>Accountancy</b>			
Statement of accounts	15.00	13.33	17.00
(post and packing)	1.50	0.00	1.50
<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	90.65	0.00	90.65
several parcels of land:			
- first parcel	90.65	0.00	90.65
- each additional parcels	15.00	0.00	15.00

SERVICE		2015/16	2016/17	
		Current Fee	Proposed Increase	Proposed Fee
		with effect from 01/04/2016		
		£.p	%	£.p
	<b>CON29R &amp; LLC1 Together</b>			
	one parcel of land	110.65	0.00	110.65
	several parcels of land:			
	- first parcel	110.65	0.00	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>Land Charges VAT note:-</b> Following HMRCs very recent decision that CON29R , CON290 and fee inspection enhanced service products are considered to be subject to VAT at the standard rate of 20% effective from 1st February 2016, these additional costs will be passed to clients as appropriate. LLC1 fees will remain VAT free.				
<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>	<b>Bed and Breakfast charges</b>	132.40	-2.32	129.33
<b>Place</b>				
<b>Structural Engineering</b>	<b>Dropped Crossing Application Fee</b>	100.00	0.00	100.00
<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	220.34	3.00	226.95
	2 Plots	260.40	3.00	268.21
	3 Plots	300.47	3.00	309.48
	4 Plots	340.53	3.00	350.75
	5 Plots	380.59	3.00	392.01
	Flats			
	1	200.31	3.00	206.32
	2	220.34	3.00	226.95
	3	280.43	3.00	288.84
	4	280.43	3.00	288.84
	5	320.50	3.00	330.12
	Conversion to:-			
	Single dwelling house	220.34	3.00	226.95
	Single Flat	200.31	3.00	206.32
	Inspection Charge			
	1 Plot	440.68	3.00	453.90
	2 Plots	520.81	3.00	536.43
	3 Plots	600.93	3.00	618.96
	4 Plots	681.05	3.00	701.48
	5 Plots	801.24	3.00	825.28

SERVICE	2015/16	2016/17	
	Current Fee	Proposed Increase	Proposed Fee
	with effect from 01/04/2016		
	£.p	%	£.p
Flats			
1	280.43	3.00	288.84
2	400.62	3.00	412.64
3	480.74	3.00	495.16
4	560.87	3.00	577.70
5	681.05	3.00	701.48
Conversion to:-			
Single dwelling house	320.50	3.00	330.12
Single Flat	280.43	3.00	288.84
<i>Building Notice</i>			
Houses or Bungalows less than 4 storeys			
1 Plot	742.56	3.00	764.84
2 Plots	872.55	3.00	898.73
3 Plots	997.54	3.00	1,027.47
4 Plots	1,122.54	3.00	1,156.22
5 Plots	1,310.03	3.00	1,349.33
Flats			
1	497.57	3.00	512.50
2	685.06	3.00	705.61
3	810.95	3.00	835.28
4	935.05	3.00	963.10
5	1,122.54	3.00	1,156.22
Conversion to:-			
Single dwelling house	560.07	3.00	576.87
Single Flat	497.57	3.00	512.50
<i>Regularisation Charge</i>			
Houses or Bungalows less than 4 storeys			
1 Plot	776.20	3.00	799.49
2 Plots	893.05	3.00	919.84
3 Plots	1,009.90	3.00	1,040.20
4 Plots	1,126.74	3.00	1,160.54
5 Plots	1,402.17	3.00	1,444.24
Flats			
1	542.51	3.00	558.79
2	717.78	3.00	739.31
3	934.78	3.00	962.82
4	1,068.32	3.00	1,100.37
5	1,268.63	3.00	1,306.69
Conversion to:-			
Single dwelling house	600.93	3.00	618.96
Single Flat	542.51	3.00	558.79
Notifiable Electrical Work (in addition to the above where applicable)	240.00	10.00	264.00
<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			

SERVICE	2015/16	2016/17	
	Current Fee	Proposed Increase	Proposed Fee
	with effect from 01/04/2016		
	£.p	%	£.p
<b>Plan checking charge</b>			
Single storey extension with floor area not exceeding 40m2	200.31	3.00	206.32
Single storey extension with floor area exceeding 40m2 but not exceeding 100m2	240.37	3.00	247.58
Extension with some part 2 or 3 storeys in height and a total floor area not exceeding 40m2	260.40	3.00	268.21
Extension with some part 2 or 3 storeys in height and a total floor area exceeding 40m2 but not exceeding 100m2	280.43	3.00	288.84
Erection of a non exempt domestic extension comprising of a garage, carport or store not exceeding 100m2	180.28	3.00	185.69
Erection of a non exempt detached non habitable domestic building with total floor area not exceeding 50m2	160.25	3.00	165.06
<b>Conversions</b>			
First floor & second floor loft conversions	220.34	3.00	226.95
Other work	160.25	3.00	165.06
<b>Alterations</b>			
Re Roofing, Installation of Solar Panels or Photovoltaic cells	100.16	3.00	103.16
Replacement of windows, roof lights, roof windows or external glazed doors	120.19	3.00	123.80
Cost of work not exceeding £5,000	140.22	3.00	144.43
Cost of work exceeding £5,000 & not exceeding £25,000	180.28	3.00	185.69
Cost of work exceeding £25,000 & not exceeding £100,000	280.43	3.00	288.84
<b>Inspection Charge</b>			
Single storey extension with floor area not exceeding 40m2	320.50	3.00	330.12
Single storey extension with floor area exceeding 40m2 but not exceeding 100m2	360.56	3.00	371.38
Extension with some part 2 or 3 storeys in height and a total floor area not exceeding 40m2	400.62	3.00	412.64
Extension with some part 2 or 3 storeys in height and a total floor area exceeding 40m2 but not exceeding 100m2	440.68	3.00	453.90
Erection of a non exempt domestic extension comprising of a garage, carport or store not exceeding 100m2	240.37	3.00	247.58
Erection of a non exempt detached non habitable domestic building with total floor area not exceeding 50m2	200.31	3.00	206.32
<b>Conversions</b>			
First floor & second floor loft conversions	320.50	3.00	330.12
Other work	240.37	3.00	247.58
<b>Alterations</b>			
Re Roofing, Installation of Solar Panels or Photovoltaic cells	80.12	3.00	82.52
Replacement of windows, roof lights, roof windows or external glazed doors	120.19	3.00	123.80
Cost of work not exceeding £5,000	160.25	3.00	165.06
Cost of work exceeding £5,000 & not exceeding £25,000	280.43	3.00	288.84
Cost of work exceeding £25,000 & not exceeding £100,000	480.74	3.00	495.16

SERVICE	2015/16	2016/17	
	Current Fee	Proposed Increase	Proposed Fee
	with effect from 01/04/2016		
	£.p	%	£.p
<b>Building Notice Charges</b>			
Extension & New Build			
Single storey extension with floor area not exceeding 40m2	560.07	3.00	576.87
Single storey extension with floor area exceeding 40m2 but not exceeding 100m2	622.56	3.00	641.24
Extension with some part 2 or 3 storeys in height and a total floor area not exceeding 40m2	685.06	3.00	705.61
Extension with some part 2 or 3 storeys in height and a total floor area exceeding 40m2 but not exceeding 100m2	747.56	3.00	769.99
Erection of a non exempt domestic extension comprising of a garage, carport or store not exceeding 100m2	435.07	3.00	448.12
Erection of a non exempt detached non habitable domestic building with total floor area not exceeding 50m2	372.58	3.00	383.76
Conversions			
First floor & second floor loft conversions	560.07	3.00	576.87
Other work	435.07	3.00	448.12
Alterations			
Re Roofing, Installation of Solar Panels or Photovoltaic cells	185.09	3.00	190.64
Replacement of windows, roof lights, roof windows or external glazed doors	247.58	3.00	255.01
Cost of work not exceeding £5,000	310.08	3.00	319.38
Cost of work exceeding £5,000 & not exceeding £25,000	497.57	3.00	512.50
Cost of work exceeding £25,000 & not exceeding £100,000	810.05	3.00	834.35
<b>Regularisation Charges</b>			
Extension & New Build			
Single storey extension with floor area not exceeding 40m2	614.28	3.00	632.71
Single storey extension with floor area exceeding 40m2 but not exceeding 100m2	659.35	3.00	679.13
Extension with some part 2 or 3 storeys in height and a total floor area not exceeding 40m2	717.78	3.00	739.31
Extension with some part 2 or 3 storeys in height and a total floor area exceeding 40m2 but not exceeding 100m2	776.20	3.00	799.49
Erection of a non exempt domestic extension comprising of a garage, carport or store not exceeding 100m2	484.08	3.00	498.60
Erection of a non exempt detached non habitable domestic building with total floor area not exceeding 50m2	425.66	3.00	438.43
Conversions			
First floor & second floor loft conversions	600.93	3.00	618.96
Other work	484.08	3.00	498.60
Alterations			
Re Roofing, Installation of Solar Panels or Photovoltaic cells	250.39	3.00	257.90
Replacement of windows, roof lights, roof windows or external glazed doors	308.81	3.00	318.07
Cost of work not exceeding £5,000	367.24	3.00	378.26
Cost of work exceeding £5,000 & not exceeding £25,000	542.51	3.00	558.79
Cost of work exceeding £25,000 & not exceeding £100,000	834.63	3.00	859.67
Notifiable Electrical Work (in addition to the above where applicable)	300.16	3.00	309.16
<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>			
Extension & New Build			

SERVICE	2015/16	2016/17	
	Current Fee	Proposed Increase	Proposed Fee
	with effect from 01/04/2016		
	£.p	%	£.p
<b>Plan checking charge</b>			
Single storey building with a floor area not exceeding 40m2	240.37	3.00	247.58
Single storey building with a floor area exceeding 40m2 but not exceeding 100m2	280.43	3.00	288.84
Building with some part 2 or 3 storeys in height and a total floor area not exceeding 40m2	300.47	3.00	309.48
Building with some part 2 or 3 storeys in height and a total floor area exceeding 40m2 but not exceeding 100m2	320.50	3.00	330.12
<b>Alterations</b>			
Cost of work not exceeding £5,000	180.28	3.00	185.69
Replacement of windows, roof lights, roof windows or external glazed doors (not exceeding 20 units)	180.28	3.00	185.69
Renewable energy systems not exceeding £20,000	200.31	3.00	206.32
Installation of new shop front not exceeding £5,000	200.31	3.00	206.32
Cost of work exceeding £5,000 & not exceeding £25,000	220.34	3.00	226.95
Replacement of windows, roof lights, roof windows or external glazed doors (exceeding 20 units)	200.31	3.00	206.32
Installation of a raised storage platform not exceeding 250m2 within an existing building	280.43	3.00	288.84
Cost of works exceeding £25,000 & not exceeding £100,000	320.50	3.00	330.12
Fit out building up to 100m2	340.50	3.00	350.72
<b>Inspection charges</b>			
<b>Extension &amp; New Build</b>			
Single storey building with a floor area not exceeding 40m2	320.50	3.00	330.12
Single storey building with a floor area exceeding 40m2 but not exceeding 100m2	360.56	3.00	371.38
Building with some part 2 or 3 storeys in height and a total floor area not exceeding 40m2	400.62	3.00	412.64
Building with some part 2 or 3 storeys in height and a total floor area exceeding 40m2 but not exceeding 100m2	440.68	3.00	453.90
<b>Alterations</b>			
Cost of work not exceeding £5,000	120.19	3.00	123.80
Replacement of windows, roof lights, roof windows or external glazed doors (not exceeding 20 units)	80.12	3.00	82.52
Renewable energy systems not exceeding £20,000	80.12	3.00	82.52
Installation of new shop front not exceeding £5,000	80.12	3.00	82.52
Cost of work exceeding £5,000 & not exceeding £25,000	240.37	3.00	247.58
Replacement of windows, roof lights, roof windows or external glazed doors (exceeding 20 units)	160.25	3.00	165.06
Installation of a raised storage platform not exceeding 250m2 within an existing building	160.25	3.00	165.06
Cost of works exceeding £25,000 & not exceeding £100,000	480.74	3.00	495.16
Fit out building up to 100m2	200.31	3.00	206.32
<b>Regularisation Charge</b>			
<b>Extension &amp; New Build</b>			
Single storey building with a floor area not exceeding 40m2	717.78	3.00	739.31
Single storey building with a floor area exceeding 40m2 but not exceeding 100m2	809.59	3.00	833.88
Building with some part 2 or 3 storeys in height and a total floor area not exceeding 40m2	884.70	3.00	911.24
Building with some part 2 or 3 storeys in height and a total floor area exceeding 40m2 but not exceeding 100m2	959.82	3.00	988.61
<b>Alterations</b>			
Cost of work not exceeding £5,000	375.58	3.00	386.85
Replacement of windows, roof lights, roof windows or external glazed doors (not exceeding 20 units)	317.16	3.00	326.67
Renewable energy systems not exceeding £20,000	333.85	3.00	343.87

SERVICE		2015/16	2016/17	
		Current Fee	Proposed Increase	Proposed Fee
		with effect from 01/04/2016		
		£.p	%	£.p
	Installation of new shop front not exceeding £5,000	333.85	3.00	343.87
	Cost of work exceeding £5,000 & not exceeding £25,000	584.24	3.00	601.77
	Replacement of windows, roof lights, roof windows or external glazed doors (exceeding 20 units)	467.39	3.00	481.41
	Installation of a raised storage platform not exceeding 250m2 within an existing building	517.47	3.00	532.99
	Cost of works exceeding £25,000 & not exceeding £100,000	1,018.24	3.00	1048.79
	Fit out building up to 100m2	625.97	3.00	644.75
	<b>Works not included in Tables A, B and C. Charged derived from hourly rate</b>	76.92	3.00	79.23
<b>Covenant Control</b>	<b>Copy decision notices, etc</b>	0.10	0.00	0.10
	<b>Covenant application for a new dwelling</b>	150.00	0.00	150.00
	<b>Covenant Control application for window replacement, minor alterations, sheds and trees</b>	60.00	0.00	60.00
	<b>Covenant Control application for extensions (including front porch)</b>	92.00	0.00	92.00
	<b>Covenant Control application where planning permission is required for extensions and out buildings</b>	123.00	0.00	123.00
	<b>Retrospective decision for window replacement, minor alterations, sheds and trees</b>	92.00	0.00	92.00
	<b>Retrospective decision for extensions (including front porches)</b>	120.00	0.00	120.00
	<b>Retrospective decision for where planning permission was required</b>	185.00	0.00	185.00
	<b>Copy of the covenant plans</b>	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
	Core Strategy Issues and Options Consultation Summary Report	48.00	0.00	48.00
	Emerging Strategy Consultation Document	24.00	0.00	24.00
	Emerging Strategy Sustainability Appraisal	24.00	0.00	24.00
	Emerging Strategy Consultation Summary Report	24.00	0.00	24.00
	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 Review 2014	6.00	0.00	6.00
	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 (ORS 2014)	40.00	0.00	40.00

SERVICE	2015/16	2016/17	
	Current Fee	Proposed Increase	Proposed Fee
	with effect from 01/04/2016		
	£.p	%	£.p
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
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
Retail Study Update 2010	24.00	0.00	24.00
Retail Study Addendum 2011	10.00	0.00	10.00
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 Indoor Sports Hall Facilities 2012	15.00	0.00	15.00
Harlow Swimming Pool Facilities 2011	15.00	0.00	15.00
Harlow Playing Fields Assessment 2015	40.00	0.00	40.00
Harlow Employment Land Review 2013	24.50	0.00	24.50
Harlow Future Prospects Study 2013	48.00	0.00	48.00
Harlow Spatial Options Study 2014	24.00	0.00	24.00
Green Belt Review Stages 1 & 2 2015 (available mid-2015/2016)	24.00	0.00	24.00
Green Wedge Review 2014	40.00	0.00	40.00
Harlow Open Spaces and Green Infrastructure Study 2013	80.00	0.00	80.00
Greater Essex Demographics Forecasts Phase 1 & 2	32.50	0.00	32.50
Greater Essex Demographics Forecasts Phase 3	32.50	0.00	32.50
Greater Essex Demographics Forecasts 4 2013	32.50	0.00	32.50
Greater Essex Demographics Forecasts Phase 5	32.50	0.00	32.50
Greater Essex Demographics Forecasts Phase 6	32.50	0.00	32.50
Greater Essex Demographics Forecasts Phase 7	32.50	0.00	32.50
LCB Sub-region Strategic Housing Market Analysis Update 2013	10.00	0.00	10.00
Strategic Housing Land Availability Assessment 2014	20.00	0.00	20.00
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
Templefields North East Design Code	12.00	0.00	12.00
Templefields North East Order and Schedule	12.00	0.00	12.00
Templefields North East Statement of Reasons	6.00	0.00	6.00

SERVICE	2015/16	2016/17	
	Current Fee	Proposed Increase	Proposed Fee
	with effect from 01/04/2016		
	£.p	%	£.p
<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
A0 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
- 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

SERVICE	2015/16	2016/17	
	Current Fee	Proposed Increase	Proposed Fee
	with effect from 01/04/2016		
	£.p	%	£.p
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			
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

SERVICE	2015/16	2016/17	
	Current Fee	Proposed Increase	Proposed Fee
	with effect from 01/04/2016		
	£.p	%	£.p
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

SERVICE		2015/16	2016/17	
		Current Fee	Proposed Increase	Proposed Fee
		with effect from 01/04/2016		
		£.p	%	£.p
Staff Car Parking	Car parking permit per year	250.00	0.00	250.00
	Individual vouchers (Members)	1.20	0.00	1.20
Parking Permits	<b>Special Permits</b>			
	Care/Health	30.00	0.00	30.00
	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
	<b>Market Traders</b>			
	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
	<b>Post Office Road season</b>			
	1 year	640.00	0.00	640.00
	6 months	350.00	0.00	350.00
	3 months	175.00	0.00	175.00
	<b>Harlow Mill Station season</b>			
	1 year	500.00	0.00	500.00
	3 months	130.00	0.00	130.00
	<b>Wych Elm season</b>			
	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	
Bus Station	Departure fees	0.55	0.00	0.55
Latton Bush Centre	<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
	Evenings and weekends only (per hour, max 2 hours)	20.00	0.00	20.00
	<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	

SERVICE		2015/16	2016/17	
		Current Fee	Proposed Increase	Proposed Fee
		with effect from 01/04/2016		
		£.p	%	£.p
	<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 Numbering</b>			
	<b>Renaming a house</b>	100.00	0.00	100.00
	<b>Renaming of a street where requested by residents (per property)</b>	450.00	0.00	450.00
	<b>Renaming/numbering of development plots (per plot)</b>	120.00	0.00	120.00
	<b>Repositioning of street on new development (per street)</b>	210.00	0.00	210.00
	<b>Confirmation of postal address for residents/occupants</b>	15.00	0.00	15.00
	<b>Confirmation of postal address for solicitors or conveyancers</b>	40.00	0.00	40.00
	<b>Naming new house</b>	65.00	0.00	65.00
	<b>Naming new industrial unit (per unit)</b>	110.00	0.00	110.00
	<b>Naming of new industrial zone (not including units)</b>	200.00	0.00	200.00
	<b>Numbering new house</b>	65.00	0.00	65.00
	<b>Naming/numbering of new developments</b>			
	up to 5 plots	150.00	0.00	150.00
	more than 5 plots	310.00	0.00	310.00
	20 or more plots	375.00	0.00	375.00
	<b>Numbering a block of flats (per 5 flats)</b>	125.00	0.00	125.00
	<b>Naming block of flats (inclusive of numbering)</b>	310.00	0.00	310.00
	<b>Provision of new street name</b>	450.00	0.00	450.00
	<b>Property &amp; Facilities Team</b>			
	<b>Skips</b>	50.00	0.00	50.00
	<b>Hoardings</b>	50.00	0.00	50.00
	<b>Scaffolding</b>	50.00	0.00	50.00
	<b>Access</b>	50.00	0.00	50.00
	<b>Domestic Refuse</b>			
	<b>Sales of Bins</b>	38.00	5.26	40.00
	180l Wheelie Bins	38.00	5.26	40.00
	240l Wheelie Bins	36.00	5.56	38.00
	Kitchen Caddies	15.00	5.33	15.80
	Delivery	at cost	0.00	at cost
	Food waste flat bins	60.00	0.00	65.00
	<b>Flat Block Refuse Bins Charge to Developers</b>			
	1100 litre Bin	410.00	0.00	410.00
	960 litre Bin	410.00	0.00	410.00
	<b>Special Refuse</b>			
	<b>Bulky Waste</b>			
	1 to 5 items	10.50	42.86	15.00
	6 to 8 items	21.50	4.65	22.50

SERVICE		2015/16	2016/17	
		Current Fee	Proposed Increase	Proposed Fee
		with effect from 01/04/2016		
		£.p	%	£.p
Recycling	<b>Green Waste</b>			
	premium fortnightly collection (wheeled bin)	95.00	1.05	96.00
	bookable service (per bag)	0.80	6.25	0.85
	Christmas Trees	2.00	0.00	2.00
	<b>Flat block Recycling Bins - Charges to Developers</b>			
	1100 litre bin	390.00	5.13	410.00
	240 litre bin	36.00	5.56	38.00
	Sales of Kitchen Caddies	2.60	7.69	2.80
	Delivery	at cost	0.00	at cost
	<b>Sales of food waste flat bins</b>	60.00	0.00	63.00
Abandoned Vehicles	<b>Costs Recoverable</b>	27.00	7.41	29.00
	<b>Voluntary Surrender of Vehicles</b>	27.00	7.41	29.00
Street Scene	<b>Abandoned Shopping Trolleys</b>	90.00	5.56	95.00
Allotments	<b>Rents - per square metre</b>	0.17	0.00	0.17
	<b>Peppercorn rent for self managed sites</b>	0.50	0.00	0.50
Hackney Carriages & Private Hire	<b>HC &amp; PH Drivers Licence</b>			
	New Driver (annual)	129.00	50.39	194.00
	New driver (3 year)	356.00	0.00	356.00
	Renewal (annual)	111.00	6.31	118.00
	Renewal (3 year)	280.00	0.00	280.00
	<b>HC Vehicle Licence</b>			
	New Vehicle	330.00	-1.82	324.00
	Renewal	309.00	-5.50	292.00
	<b>PH Vehicle Licence</b>			
	New Vehicle	304.00	6.58	324.00
	Renewal	284.00	2.82	292.00
	<b>Transfer of Vehicle Licence</b>	0.00	0.00	0.00
	<b>Replacement Items</b>			
	- badge	0.00	0.00	0.00
	- plate	0.00	0.00	0.00
	- platemate	0.00	0.00	0.00
	<b>Annual Private Hire Operator Licence</b>			
	1 to 2 Vehicles	232.00	0.00	232.00
	3 to 5 Vehicles	424.00	0.00	424.00
	6 to 10 Vehicles	730.00	0.00	730.00
	11 to 15 Vehicles	1,113.00	0.00	1,113.00
	16 and above	1,648.00	0.00	1,648.00
	<b>Private Hire Five Year Operator Licence</b>			
	1 to 2 Vehicles	692.00	0.00	692.00
	3 to 5 Vehicles	1,649.00	0.00	1,649.00
	6 to 10 Vehicles	3,181.00	0.00	3,181.00
	11 to 15 Vehicles	5,096.00	0.00	5,096.00
16 and above	7,777.00	0.00	7,777.00	
<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	3.85	27.00	
Officer Fee for work undertaken per hour	45.00	4.44	47.00	

SERVICE		2015/16	2016/17	
		Current Fee	Proposed Increase	Proposed Fee
		with effect from 01/04/2016		
		£.p	%	£.p
Environmental Health	Breeding of Dogs Licences (+ vets fees)	120.00	4.17	125.00
	Animal Boarding establishment licence	120.00	4.17	125.00
	Pet shop licence	120.00	4.17	125.00
	Riding establishment licence (+ vets fees)	185.00	2.70	190.00
	Dangerous wild animal licence (+ vets fees)	140.00	0.00	140.00
	Special treatment registration	105.00	4.76	110.00
	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			
	stray dogs	25.00	0.00	25.00
	admin charge	23.00	4.35	24.00
	kennelling charges	at cost	0.00	at cost
	Zoo License (not including veterinary fee)	560.00	2.68	575.00
	Veterinary Fees	at cost	0.00	at cost
	Contaminated land enquiry	155.00	3.23	160.00
	Homeboarding	62.00	4.84	65.00
	HMO Lice 3 story 5 year licence	775.00	3.23	800.00
	DBS Check for HMO Licence	44.00	0.00	44.00
	HMO Licence Renewal	380.00	2.63	390.00
	HMO Licence Variation	0.00	0.00	0.00
	Large HMO Additional Licensing Scheme			
	application full fee	490.00	3.06	505.00
	application reduced fee	400.00	3.00	412.00
	annual renewal full fee	180.00	5.56	190.00
	annual renewal reduced fee	160.00	3.13	165.00
	re-inspection full fee	150.00	2.67	154.00
	re-inspection reduced fee	150.00	2.67	154.00
	Smaller HMO - Additional Licensing Scheme			
	application full fee	380.00	3.95	395.00
	application reduced fee	300.00	3.33	310.00
	annual renewal full fee	160.00	3.13	165.00
	annual renewal reduced fee	140.00	3.57	145.00
	re-inspection full fee	100.00	3.00	103.00
	re-inspection reduced fee	100.00	3.00	103.00
	Additional charges small and large HMOs - Additional Licensing			
	application form incomplete	25.00	4.00	26.00
	avoided licence application until found by Council investigation	200.00	2.50	205.00
	avoided licence application reminder letter	40.00	5.00	42.00
	missed appointment house inspection	100.00	3.00	103.00
	licence holder change once granted	110.00	2.73	113.00
	sending a final reminder	25.00	4.00	26.00
	recommencing licensing process following final reminder	40.00	5.00	42.00
	recovery fee - dishonoured cheque	30.00	3.33	31.00
	LAPPC charges			
	Application fee			
	Standard process (includes solvent emission activities)	1579.00	0.00	1579.00
	Additional fee for operating without a permit	1137.00	0.00	1137.00
PVR I,SWOBs and Dry Cleaners	148.00	0.00	148.00	
PVR I & II combined	246.00	0.00	246.00	
VRs and other Reduced Fee Activities	346.00	0.00	346.00	
Reduced fee activities: Additional fee for operating without a permit	68.00	0.00	68.00	
Mobile plant**	1579.00	0.00	1579.00	
for the third to seventh applications	943.00	0.00	943.00	
for the eight and subsequent applications	477.00	0.00	477.00	

SERVICE	2015/16	2016/17	
	Current Fee	Proposed Increase	Proposed Fee
	with effect from 01/04/2016		
	£.p	%	£.p
<b>Where an application for any of the above is for a combined Part B waste application, add an extra £297 to the above amounts</b>			
<b>Annual Subsistence Charge</b>			
Standard process Low	739 (+£99)*	0.00	739 (+£99)*
Standard process Medium	£1111 (+£149)*	0.00	£1111 (+£149)*
Standard process High	£1672 (+£198)*	0.00	£1672 (+£198)*
PVRI,SWOBs and Dry Cleaners Low	76.00	0.00	76.00
PVRI,SWOBs and Dry Cleaners Medium	151.00	0.00	151.00
PVRI,SWOBs and Dry Cleaners High	227.00	0.00	227.00
PVR I & II combined Low	108.00	0.00	108.00
PVR I & II combined Medium	216.00	0.00	216.00
PVR I & II combined High	326.00	0.00	326.00
VRs and other Reduced Fee Low	218.00	0.00	218.00
VRs and other Reduced Fee Medium	349.00	0.00	349.00
VRs and other Reduced Fee High	524.00	0.00	524.00
Mobile plant, for first and second permits Low**	618.00	0.00	618.00
Mobile plant, for first and second permits Medium**	989.00	0.00	989.00
Mobile plant, for first and second permits High**	1484.00	0.00	1484.00
for the third to seventh permits Low	368.00	0.00	368.00
for the third to seventh permits Medium	590.00	0.00	590.00
for the third to seventh permits High	884.00	0.00	884.00
for the eight and subsequent permits Low	189.00	0.00	189.00
for the eight and subsequent permits Medium	302.00	0.00	302.00
for the eight and subsequent permits High	453.00	0.00	453.00
Late Payment Fee	50.00	0.00	50.00
<b>* the additional amounts in brackets must be charged where a permit is for a combined Part B and waste installation</b>			
<b>Where a Part B installation is subject to reporting under the E-PRTR Regulation, add an extra £99 to the above amounts</b>			
<b>Transfer and Surrender</b>			
Standard process transfer	162.00	0.00	162.00
Standard process partial transfer	476.00	0.00	476.00
New operator at low risk reduced fee activity (extra one - off subsistence charge - see Art 15(2) of charging system)	75.00	0.00	75.00
Surrender: all Part B activities	0.00	0.00	0.00
Reduced fee activities: transfer	0.00	0.00	0.00
Reduced fee activities: partial transfer	45.00	0.00	45.00
<b>Temporary transfer for mobiles</b>			
First transfer	51.00	0.00	51.00
Repeat following enforcement or warning	51.00	0.00	51.00
<b>Substantial Change</b>			
Standard process	1005.00	0.00	1005.00
Standard process where the substantial change results in a new PPC activity	1579.00	0.00	1579.00
Reduced fee activities	98.00	0.00	98.00
<b>LAPPC mobile plant charges (Not using simplified permits)</b>			
<b>Application fee</b>			
1 to 2 Permits	1579.00	0.00	1579.00
3 to 7 Permits	943.00	0.00	943.00
8 and Over	477.00	0.00	477.00
<b>Subsistence fee</b>			
1 to 2 Permits Low	618.00	0.00	618.00
1 to 2 Permits Medium	989.00	0.00	989.00
1 to 2 Permits High	1484.00	0.00	1484.00
3 to 7 Permits Low	368.00	0.00	368.00
3 to 7 Permits Medium	590.00	0.00	590.00
3 to 7 Permits High	884.00	0.00	884.00

SERVICE		2015/16	2016/17	
		Current Fee	Proposed Increase	Proposed Fee
		with effect from 01/04/2016		
		£.p	%	£.p
	8 and Over Low	189.00	0.00	189.00
	8 and Over Medium	302.00	0.00	302.00
	8 and Over High	453.00	0.00	453.00
	<b>LA-IPPC Charges</b>			
	<b>Every subsistence charge below includes the additional £99 charge to cover LA extra costs in dealing with reporting under the E-PRTR Requalification</b>			
	Application - LA element	3218.00	0.00	3218.00
	Additional fee for operating without a permit - LA element	1137.00	0.00	1137.00
	Annual Subsistence Low - LA element	1384.00	0.00	1384.00
	Annual Subsistence Medium - LA element	1541.00	0.00	1541.00
	Annual Subsistence High - LA element	2233.00	0.00	2233.00
	Late Payment Fee	50.00	0.00	50.00
	Substantial Variation	1309.00	0.00	1309.00
	Transfer	225.00	0.00	225.00
	Partial Transfer	668.00	0.00	668.00
	Surrender	668.00	0.00	668.00
<b>Town Centre Management</b>	<b>Access charge</b>			
	Access charge	51.00	1.96	52.00
	<b>Promotional Pitches</b>			
	Monday - Thursday (per day)	122.00	2.46	125.00
	Friday - Sunday	194.00	3.09	200.00
	Weekly	750.00	2.67	770.00
	<b>Small Promotional Pitches (New)</b>			
	Monday - Thursday (per day)	0.00	0.00	100.00
	Friday - Sunday (per day)	0.00	0.00	150.00
	Weekly	0.00	0.00	500.00
	<b>Trading Pitches</b>			
	Monday - Sunday (per day)	34.00	2.94	35.00
	Weekly	143.00	2.10	146.00
	Monthly	560.00	2.68	575.00
	<b>Not for profit pitches</b>			
	Monday - Sunday (per day)	25.00	4.00	26.00
	Weekly	100.00	3.00	103.00
	Monthly	300.00	1.67	305.00
<b>Licensing</b>	<b>Miscellaneous Licences (new)</b>			
	Sex Shops	1,060.00	3.77	1,100.00
	<b>Miscellaneous Licences (renew)</b>			
	Sex Shops	1,060.00	3.77	1,100.00
	<b>Miscellaneous Licences (transfer)</b>			
	Sex Shops	585.00	2.56	600.00
	<b>Miscellaneous Licences (variation)</b>			
	Sex Shops	1,060.00	3.77	1,100.00
	<b>Highways Act (new)</b>			
	Tables & chairs			
	- table	17.50	2.86	18.00
	- chair	12.00	4.17	12.50
	<b>Highways Act (renew)</b>			
	Tables & chairs			
	- table	18.50	2.70	19.00
	- chair	12.00	4.17	12.50
	<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

SERVICE	2015/16	2016/17	
	Current Fee	Proposed Increase	Proposed Fee
	with effect from 01/04/2016		
	£.p	%	£.p
<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	325.00	4.62	340.00
<b>Street Trading (renew)</b>			
Street trading licence	325.00	4.62	340.00
<b>Premises Licences and Club Premises Certificates (application fee)</b>			
<b>Band</b>			
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
<b>city/town centre pub</b>			
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>			
<b>Band</b>			
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
<b>city/town centre pub</b>			
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	290.00	3.45	300.00
Site fee	390.00	2.56	400.00
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
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

SERVICE	2015/16	2016/17	
	Current Fee	Proposed Increase	Proposed Fee
	with effect from 01/04/2016		
	£.p	%	£.p
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

**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.

Factor	Response
<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 the budget monitoring process and reported to Cabinet if necessary. The Council has an excellent track record of effectively managing within its overall approved budget and has anticipated future years’ savings proposals within the in-year budget monitoring process wherever possible.

**APPENDIX D**

<b>Factor</b>	<b>Response</b>
<p>The treatment of planned efficiency savings / productivity gains.</p>	<p>Efficiency savings of almost £1.1million are factored into the 2016/17 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 re-negotiated 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>There will be exposure to performance and financial related risks during 2016/17 as the Council moves towards the implementation of the LATC model for the delivery of its Housing Repairs and Environmental Services operations. Risks will be identified during the transition project and mitigated as far as possible through the project.</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</p>

Factor	Response
	<p>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 of the Parndon Wood Cemetery and Crematorium. The contract will operate on a profit share basis. The MTFS has anticipated 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 be advanced in the late stages of 2015/16 and early 2016/17 but will only be made 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 Council will also enter into a Development Agreement for the promotion, development and ongoing management of its land holding at London Road South as part of the Enterprise zone initiative.</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</p>

Factor	Response
	<p>of £2.5million and recommends that the Council operates at a level above this to allow flexibility.</p> <p>The budget for 2016/17 and the revised MTFS include provision for any future redundancy costs that may arise as a result of service changes or transformation.</p>
<b>Financial standing and management</b>	
<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 2016/17.</p>
<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 10 December for 2015/16, forecasts overall under spending of £382,000 representing a -0.55% variation against the overall gross expenditure. The corresponding figure for 2014/15 was -0.52% and for both 2013/14 and 2012/13 it was -0.2% and 0.27% respectively. Such figures demonstrate a track record to managing in-year budgets, especially in light of the unprecedented government austerity and funding reductions.</p>

Factor	Response
<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 2014/15 were unqualified by the Council's auditors and the Auditor again recognised significant and on-going improvements being made to this aspect of the Council's financial reporting regime.</p>
<p>The authority's virement and end of year procedures in relation to budget under/overspends at authority and departmental level.</p>	<p>The latest monthly budget monitoring reports forecast that the Council will adhere to the budgets it has set with only minor total variances reported.</p>
<p>The adequacy of the authority's insurance arrangements to cover unforeseen risks.</p>	<p>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 Council's budget includes on-going provision for this work to continue. 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 Council's Insurer, Zurich, has also recognised the good work being undertaken to reduce the Council's exposure to risk with major premiums being held at existing levels wherever possible. A major procurement exercise was 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 Council's operations.</p>

**Key Financial Risks**

In preparing the budget prudent assumptions have been made in respect of increases 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 2016/17 as part of normal budget monitoring processes. 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 and will now be further increased to £4.2 million as recommended within the HRA Business Plan report to Cabinet. Further changes relating to the treatment of capital charges and the Government's recent proposals regarding rent reductions, earnings caps and extension of the RTB scheme to Housing Associations has been assessed and incorporated into the HRA Business Plan and budgets.
- 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 2016/17.
- f) The budget assumes that the general level of reserves at 31 March 2016 will be £3,803,000 excluding any budget carry-forward request from 2015/16 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 £3.0million will need to be made over the period 2017/18 to 2020/21. In

the absence of any additional external resources being made available the Council will face further significant financial pressure beyond 2016/17 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 2016/17 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 exceeds 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 2016/17 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 - 2015/16 and 2016/17**

Earmarked Reserve	2015/16			2016/17			Balance as at 31 Mar 2017
	Balance as at 31 Mar 2015	Add To Reserve Balance	Use of Reserves (see Note 3)	Balance as at 31 Mar 2016	Add To Reserve Balance	Use of Reserves	
	£	£	£	£	£	£	£
<b>GENERAL FUND RESERVES</b>							
Perpetuity Reserves	941,535	5,374	(3,450)	943,459	8,663	(3,520)	948,602
Debt Financing Reserve	1,132,163	837,840	(225,000)	1,745,003	237,840		1,982,843
Discretionary Services Fund	4,500,412	1,237,000	(2,697,040)	3,040,372	787,000	(1,639,820)	2,187,552
Environment Reserve (previously Energy Fund) - see Note 5.	107,843	7,131		114,974	4,746		119,720
Housing Benefits Subsidy Reserve	221,107			221,107			221,107
Insurance claims - GF	568,562	50,000		618,562	50,000		668,562
Insurance Fund - GF (see Note 4.)	1,028,932	119,597	(211,000)	937,529	122,319	(126,000)	933,848
Invest To Save & Improve Reserve - see Note 5.	436,338	2,490		438,828	2,887	(250,000)	191,715
New Burdens Grant Reserve	0	186,000		186,000			186,000
Partnership Fund	200,000			200,000			200,000
Planning Reserve	181,438		(40,000)	141,438		(40,000)	101,438
Regeneration Reserve	0	1,000,000		1,000,000			1,000,000
Regeneration & Enterprise Reserve	234,000		(10,000)	224,000	423,110	(200,000)	447,110
Risk Management Reserve - GF	106,861	34,000		140,861			140,861
Residual Land Transfer	92,800			92,800			92,800
Severance Reserve	1,200,102	10,000		1,210,102			1,210,102
Standards Committee Contingency Reserve	50,461			50,461			50,461
Street Lighting Reserve	0	59,000		59,000			59,000
<b>Total General Fund</b>	<b>11,002,554</b>	<b>3,548,432</b>	<b>(3,186,490)</b>	<b>11,364,496</b>	<b>1,636,565</b>	<b>(2,259,340)</b>	<b>10,741,721</b>
<b>HRA RESERVES</b>							
Perpetuity Reserves	1,449,715	355,180	(354,548)	1,450,347	327,664	(357,677)	1,420,334
Insurance claims - HRA	580,370	50,000		630,370	50,000		680,370
Insurance Fund - HRA (see Note 4.)	1,560,713	220,645	(46,100)	1,735,258	227,823	(79,000)	1,884,081
Housing Insurance Property Reserve				0	10,000		10,000
HRA OJEU Contract 2015 Reserve	480,155		(480,155)	0			0
Risk Management Reserve - HRA	105,759	51,000		156,759			156,759
<b>Total HRA</b>	<b>4,176,712</b>	<b>676,825</b>	<b>(880,803)</b>	<b>3,972,734</b>	<b>615,487</b>	<b>(436,677)</b>	<b>4,151,544</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 2015 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 2015/16 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 received by the Council for specific expenditure in future years.

<b>CHIEF EXECUTIVE SERVICES</b>	<b>2014/15 Actual £</b>	<b>2015/16 Original £</b>	<b>2016/17 Original £</b>
Employees Expenses	263,868	244,040	243,550
Premises Related Expenses	0	0	0
Transport Related Expenses	27	150	150
Supplies & Services	21,865	23,830	23,830
Central Support Services	105,356	116,090	125,180
Recharges	0	360	360
Capital Charges	0	0	0
<b>Total Expenditure</b>	<b>391,116</b>	<b>384,470</b>	<b>393,070</b>
Income	(-)28	(-)100	(-)100
Recharges	(-)383,130	(-)433,600	(-)391,190
<b>Net Expenditure</b>	<b>7,958</b>	<b>(-)49,230</b>	<b>1,780</b>

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

**Corporate Management Team**

Expenditure	388,219	382,690	391,290
Income	(-)28	(-)100	(-)100
Recharges	(-)383,130	(-)433,600	(-)391,190
<b>Net expenditure</b>	<b>5,061</b>	<b>(-)51,010</b>	<b>0</b>

**Harlow Education Progression Awards**

Expenditure	2,897	1,780	1,780
Income	0	0	0
Recharges	0	0	0
<b>Net expenditure</b>	<b>2,897</b>	<b>1,780</b>	<b>1,780</b>

<b>Net Expenditure</b>	<b>7,958</b>	<b>(-)49,230</b>	<b>1,780</b>
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<b>COMMUNITY WELLBEING</b>	<b>2014/15 Actual £</b>	<b>2015/16 Original £</b>	<b>2016/17 Original £</b>
Employees Expenses	2,757,244	2,882,690	2,950,000
Premises Related Expenses	389,096	419,790	391,490
Transport Related Expenses	39,992	45,580	46,160
Supplies and Services	2,234,124	2,024,420	1,976,700
Third Party Payments	0	0	0
Central Support Services	1,009,201	955,990	980,640
Recharges	268,756	264,290	263,970
Capital Charges	891,079	687,480	755,570
<b>Total Expenditure</b>	<b>7,589,492</b>	<b>7,280,240</b>	<b>7,364,530</b>
Income	(-)2,103,390	(-)1,802,110	(-)1,824,380
Recharges	(-)1,224,886	(-)1,314,420	(-)1,351,090
<b>Net Expenditure</b>	<b>4,261,216</b>	<b>4,163,710</b>	<b>4,189,060</b>

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

**Community Safety & Initiatives**

Expenditure	621,670	530,890	556,240
Income	(-)25,041	(-)23,000	(-)35,650
Recharges	(-)160,203	(-)155,400	(-)169,970
<b>Net Expenditure</b>	<b>436,426</b>	<b>352,490</b>	<b>350,620</b>

**Youth and Citizenship & Initiatives**

Expenditure	137,571	142,090	167,350
Income	(-)6,692	(-)1,500	(-)1,500
Recharges			
<b>Net Expenditure</b>	<b>130,878</b>	<b>140,590</b>	<b>165,850</b>

**Art Gallery**

Expenditure	54,252	52,500	53,150
Income	(-)615	0	0
Recharges			
<b>Net Expenditure</b>	<b>53,637</b>	<b>52,500</b>	<b>53,150</b>

<b>Playhouse</b>			
Expenditure	2,081,474	1,886,910	1,948,710
Income	(-1,118,470)	(-1,065,530)	(-1,071,380)
Recharges			
Net Expenditure	<u>963,004</u>	<u>821,380</u>	<u>877,330</u>
<b>Museum Of Harlow</b>			
Expenditure	28,563	26,150	27,420
Income	(-6,069)	(-5,850)	(-6,820)
Recharges			
Net Expenditure	<u>22,494</u>	<u>20,300</u>	<u>20,600</u>
<b>Grant Aid</b>			
Expenditure	377,635	372,360	364,920
Income			
Recharges	(-20,000)	(-20,000)	(-20,000)
Net Expenditure	<u>357,635</u>	<u>352,360</u>	<u>344,920</u>
<b>Community Services: Central Costs</b>			
Expenditure	382,163	431,350	416,640
Income	(-5,920)	0	0
Recharges	(-254,887)	(-272,710)	(-261,350)
Net Expenditure	<u>121,356</u>	<u>158,640</u>	<u>155,290</u>
<b>Discretionary Services Fund (payments to external service providers)</b>			
Expenditure	161,869	91,000	80,000
Income			
Recharges			
Net Expenditure	<u>161,869</u>	<u>91,000</u>	<u>80,000</u>
<b>Contact Harlow</b>			
Expenditure	1,073,185	1,178,970	1,183,250
Income	(-1,944)	0	0
Recharges	(-708,587)	(-787,330)	(-792,100)
Net Expenditure	<u>362,654</u>	<u>391,640</u>	<u>391,150</u>
<b>Communications</b>			
Expenditure	216,690	233,140	236,260
Income	(-1,650)	0	0
Recharges	(-219,726)	(-233,800)	(-236,080)
Net Expenditure	<u>(-4,686)</u>	<u>(-660)</u>	<u>180</u>
<b>Community Strategy</b>			
Expenditure	3,518	0	0
Income	(-850)	0	0
Recharges			
Net Expenditure	<u>2,668</u>	<u>0</u>	<u>0</u>

**Leah Manning Centre**

Expenditure	452,993	406,070	426,940
Income	(-)335,276	(-)337,540	(-)351,060
Recharges	(-)11,928	(-)12,490	(-)12,120
Net Expenditure	<u>105,790</u>	<u>56,040</u>	<u>63,760</u>

**Sam's Place**

Expenditure	61,532	76,800	72,920
Income	(-)72,652	(-)72,220	(-)65,000
Recharges			
Net Expenditure	<u>(-)11,120</u>	<u>4,580</u>	<u>7,920</u>

**Youth and Community**

Expenditure	41,374	34,040	36,050
Income	(-)3,985	0	0
Recharges			
Net Expenditure	<u>37,389</u>	<u>34,040</u>	<u>36,050</u>

**Youth Council**

Expenditure	31,621	33,560	34,130
Income	(-)2,828	0	0
Recharges			
Net Expenditure	<u>28,793</u>	<u>33,560</u>	<u>34,130</u>

**Leisure Services**

Expenditure	117,510	103,950	110,940
Income	(-)26,386	0	0
Recharges	(-)4,332	(-)6,000	0
Net Expenditure	<u>86,792</u>	<u>97,950</u>	<u>110,940</u>

**Firework Display**

Expenditure	19,273	15,340	15,600
Income	(-)2,200	(-)2,540	(-)2,540
Recharges			
Net Expenditure	<u>17,073</u>	<u>12,800</u>	<u>13,060</u>

**Sports Partnership**

Expenditure	321,141	448,800	415,780
Income			
Recharges			
Net Expenditure	<u>321,141</u>	<u>448,800</u>	<u>415,780</u>

**Paddling Pools**

Expenditure	74,471	90,170	88,550
Income			
Recharges			
Net Expenditure	<u>74,471</u>	<u>90,170</u>	<u>88,550</u>

**Other Leisure Services**

Expenditure	1,736	4,230	4,280
Income	(-3,000)	(-3,000)	(-3,000)
Recharges			
Net Expenditure	<u>(-1,264)</u>	<u>1,230</u>	<u>1,280</u>

**Pets Corner**

Expenditure	254,293	230,500	244,120
Income	(-59,640)	(-50,050)	(-52,100)
Recharges			
Net Expenditure	<u>194,654</u>	<u>180,450</u>	<u>192,020</u>

**Welfare Rights & Advice Service**

Expenditure	91,625	96,970	97,210
Income			
Recharges	(-32,850)	(-32,850)	(-32,850)
Net Expenditure	<u>58,775</u>	<u>64,120</u>	<u>64,360</u>

**Regeneration Team**

Expenditure	746,284	759,750	749,480
Income	(-92,684)	(-96,710)	(-96,710)
Recharges	(-83,102)	(-64,840)	(-66,370)
Net Expenditure	<u>570,498</u>	<u>598,200</u>	<u>586,400</u>

**Market**

Expenditure	53,539	57,150	28,700
Income	(-39,634)	(-39,290)	(-35,000)
Recharges			
Net Expenditure	<u>13,905</u>	<u>17,860</u>	<u>(-6,300)</u>

**Roundabouts**

Expenditure	6,721	7,840	7,930
Income	(-8,187)	(-4,000)	(-5,990)
Recharges			
Net Expenditure	<u>(-1,466)</u>	<u>3,840</u>	<u>1,940</u>

**Regeneration and Enterprise Reserve**

Expenditure	10,000	0	0
Income			
Recharges			
Net Expenditure	<u>10,000</u>	<u>0</u>	<u>0</u>

**Externally Funded Projects**

Expenditure	186,299	0	0
Income	(-178,667)	0	0
Recharges			
Net Expenditure	<u>7,631</u>	<u>0</u>	<u>0</u>

<b>Depots</b>			
Expenditure	251,219	240,710	237,710
Income	(-) <b>111,000</b>	(-) <b>100,880</b>	(-) <b>97,630</b>
Recharges			
Net Expenditure	<u><b>140,219</b></u>	<u><b>139,830</b></u>	<u><b>140,080</b></u>
<b>Net Expenditure</b>	<u><u><b>4,261,216</b></u></u>	<u><u><b>4,163,710</b></u></u>	<u><u><b>4,189,060</b></u></u>

<b>FINANCE</b>	<b>2014/15 Actual £</b>	<b>2015/16 Original £</b>	<b>2016/17 Original £</b>
Employees Expenses	2,505,472	2,684,700	2,708,290
Pension & Redundancy Costs	3,791,507	4,024,560	4,074,560
Transport Related Expenses	3,242	5,330	5,330
Supplies and Services	2,303,423	2,377,490	2,471,750
Transfer Payments	38,115,512	41,462,210	36,278,399
Central Support Services	1,686,935	1,444,440	1,778,130
Other Recharges	71,928	61,120	1,399,470
Capital Financing Cost	175,505	170,840	115,040
<b>Total Expenditure</b>	<b>48,653,524</b>	<b>52,230,690</b>	<b>48,830,969</b>
Income	(-)39,937,362	(-)43,048,870	(-)37,637,499
Recharges	(-)5,967,233	(-)5,609,300	(-)7,556,740
<b>Net Expenditure</b>	<b>2,748,929</b>	<b>3,572,520</b>	<b>3,636,730</b>

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

**Accountancy**

Expenditure	696,429	746,680	749,870
Income	(-)2,025	0	0
Recharges	(-)724,092	(-)742,500	(-)750,020
<b>Net expenditure</b>	<b>(-)29,688</b>	<b>4,180</b>	<b>(-)150</b>

**Central Finance**

Expenditure	450,794	624,000	611,350
Income	(-)1,954	0	0
Recharges	(-)466,094	(-)608,600	(-)635,100
<b>Net expenditure</b>	<b>(-)17,254</b>	<b>15,400</b>	<b>(-)23,750</b>

**Audit**

Expenditure	154,313	145,350	168,620
Income	(-)307	0	(-)9,170
Recharges	(-)157,949	(-)145,900	(-)159,070
<b>Net expenditure</b>	<b>(-)3,943</b>	<b>(-)550</b>	<b>380</b>

<b>Insurance</b>			
Expenditure	1,219,212	1,166,700	1,167,490
Income	0	0	0
Recharges	(-1,223,692)	(-1,087,870)	(-1,167,460)
Net expenditure	<u>(-4,480)</u>	<u>78,830</u>	<u>30</u>
<b>ICT</b>			
Expenditure	1,177,905	1,278,430	1,239,260
Income	(-21,411)	(-10,000)	(-10,000)
Recharges	(-1,177,782)	(-1,281,900)	(-1,279,230)
Net expenditure	<u>(-21,288)</u>	<u>(-13,470)</u>	<u>(-49,970)</u>
<b>Telephony</b>			
Expenditure	153,266	169,600	154,200
Income	(-29,927)	(-28,350)	(-28,350)
Recharges	(-123,340)	(-141,000)	(-140,860)
Net expenditure	<u>(-1)</u>	<u>250</u>	<u>(-15,010)</u>
<b>Revenues &amp; Benefits</b>			
Expenditure	2,769,602	2,646,540	3,669,010
Income	(-1,305,749)	(-1,186,600)	(-1,076,160)
Recharges	(-750,049)	(-642,910)	(-1,570,940)
Net expenditure	<u>713,804</u>	<u>817,030</u>	<u>1,021,910</u>
<b>Council Tax Rebates</b>			
Expenditure	(-62,717)	(-35,000)	0
Income	713	0	0
Recharges	0	0	0
Net expenditure	<u>(-62,004)</u>	<u>(-35,000)</u>	<u>0</u>
<b>Central Services Residual Recharge Balances</b>			
Expenditure	39,204	0	0
Income	0	0	0
Recharges	(-31,296)	0	0
Net expenditure	<u>7,908</u>	<u>0</u>	<u>0</u>
<b>Corporate &amp; Democratic Core - Democratic Representation &amp; Management</b>			
Expenditure	524,160	555,100	532,710
Income	0	0	0
Recharge	(-262,080)	(-277,550)	(-319,630)
Net Expenditure	<u>262,080</u>	<u>277,550</u>	<u>213,080</u>

**Corporate & Democratic Core -  
Corporate Management**

Expenditure	705,605	1,030,680	1,000,010
Income	0	0	0
Recharge	<b>(-)383,491</b>	<b>(-)515,340</b>	<b>(-)600,010</b>
Net Expenditure	<b><u>322,114</u></b>	<b><u>515,340</u></b>	<b><u>400,000</u></b>

**Pension Fund Underfunding and  
Other Non-Distributed Costs**

Expenditure	3,791,987	4,029,860	4,075,050
Income	0	0	0
Recharge	<b>(-)1,805,443</b>	<b>(-)1,783,490</b>	<b>(-)1,782,280</b>
Net Expenditure	<b><u>1,986,544</u></b>	<b><u>2,246,370</u></b>	<b><u>2,292,770</u></b>

**Housing Benefits**

Expenditure	38,171,839	41,490,510	36,311,259
Income	<b>(-)38,576,702</b>	<b>(-)41,823,920</b>	<b>(-)36,513,819</b>
Recharge	0	0	0
Net Expenditure	<b><u>(-)404,863</u></b>	<b><u>(-)333,410</u></b>	<b><u>(-)202,560</u></b>

<b>Net Expenditure</b>	<b><u><u>2,748,929</u></u></b>	<b><u><u>3,572,520</u></u></b>	<b><u><u>3,636,730</u></u></b>
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<b>GOVERNANCE SERVICES</b>	<b>2014/15 Actual £</b>	<b>2015/16 Original £</b>	<b>2016/17 Original £</b>
Employees Expenses	1,279,926	1,324,210	1,315,250
Premises Related Expenses	798	800	800
Training & Development Expenses	41,592	72,820	69,820
Transport Related Expenses	3,053	3,830	3,630
Supplies and Services	275,191	274,130	290,630
Members Allowances	177,357	178,510	178,510
Central Support Services	428,392	432,220	611,290
Other Recharges	51,482	74,560	95,090
Capital Financing Costs	0	0	0
<b>Total Expenditure</b>	<b>2,257,791</b>	<b>2,361,080</b>	<b>2,565,020</b>
Income	(-)319,486	(-)162,050	(-)162,050
Recharges	(-)1,451,828	(-)1,523,450	(-)1,766,690
<b>Net Expenditure</b>	<b>486,477</b>	<b>675,580</b>	<b>636,280</b>

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

**Occupational Health**

Expenditure	23,878	27,110	27,010
Income	0	0	0
Recharges	(-)23,878	(-)27,800	(-)27,070
<b>Net expenditure</b>	<b>0</b>	<b>(-)690</b>	<b>(-)60</b>

**Corporate HR Costs**

Expenditure	43,026	43,700	39,700
Income	0	0	0
Recharges	(-)43,026	(-)64,600	(-)43,700
<b>Net expenditure</b>	<b>0</b>	<b>(-)20,900</b>	<b>(-)4,000</b>

**Human Resources**

Expenditure	352,861	374,750	383,900
Income	0	0	0
Recharges	(-)368,722	(-)353,200	(-)378,340
<b>Net expenditure</b>	<b>(-)15,861</b>	<b>21,550</b>	<b>5,560</b>

**Training & Development**

Expenditure	43,695	78,030	72,040
Income	0	0	0
Recharges	<u>(-)43,697</u>	<u>(-)76,100</u>	<u>(-)74,980</u>
Net expenditure	<u>(-)2</u>	<u>1,930</u>	<u>(-)2,940</u>

**Union Facilities**

Expenditure	9,717	14,670	14,690
Income	(-)18	0	0
Recharges	<u>(-)9,699</u>	<u>(-)12,900</u>	<u>(-)14,690</u>
Net expenditure	<u>0</u>	<u>1,770</u>	<u>0</u>

**Health & Safety**

Expenditure	64,855	63,180	68,930
Income	0	0	0
Recharges	<u>(-)62,741</u>	<u>(-)63,200</u>	<u>(-)69,630</u>
Net expenditure	<u>2,114</u>	<u>(-)20</u>	<u>(-)700</u>

**Relationship & Commissioning (Procurement)**

Expenditure	183,485	201,880	187,420
Income	(-)20	0	0
Recharges	<u>(-)188,157</u>	<u>(-)205,100</u>	<u>(-)187,810</u>
Net expenditure	<u>(-)4,692</u>	<u>(-)3,220</u>	<u>(-)390</u>

**Policy & Performance**

Expenditure	120,443	174,670	119,550
Income	(-)8,206	0	0
Recharges	<u>(-)114,050</u>	<u>(-)168,100</u>	<u>(-)163,640</u>
Net expenditure	<u>(-)1,813</u>	<u>6,570</u>	<u>(-)44,090</u>

**Land Charges**

Expenditure	107,896	102,390	104,510
Income	(-)207,948	(-)115,600	(-)115,600
Recharges	0	0	0
Net expenditure	<u>(-)100,052</u>	<u>(-)13,210</u>	<u>(-)11,090</u>

**Governance**

Expenditure	161,716	183,190	208,310
Income	9,293	0	0
Recharges	<u>(-)171,010</u>	<u>(-)183,400</u>	<u>(-)208,310</u>
Net expenditure	<u>(-)1</u>	<u>(-)210</u>	<u>0</u>

**Legal Services**

Expenditure	554,422	527,390	598,180
Income	(-)46,606	(-)44,500	(-)44,500
Recharges	<u>(-)527,086</u>	<u>(-)472,800</u>	<u>(-)540,830</u>
Net expenditure	<u>(-)19,270</u>	<u>10,090</u>	<u>12,850</u>

**Electoral Services**

Expenditure	347,424	291,220	310,460
Income	(-65,911)	(-1,850)	(-1,850)
Recharges	0	0	0
Net expenditure	<u>281,513</u>	<u>289,370</u>	<u>308,610</u>

**Corporate Support Team**

Expenditure	252,043	246,080	242,630
Income	0	0	0
Recharges	(-250,950)	(-231,600)	(-243,620)
Net expenditure	<u>1,093</u>	<u>14,480</u>	<u>(-990)</u>

**Chairman's Allowance**

Expenditure	5,049	9,980	9,680
Income	0	0	0
Recharges	0	0	0
Net Expenditure	<u>5,049</u>	<u>9,980</u>	<u>9,680</u>

**Members Services**

Expenditure	340,927	358,090	363,840
Income	0	0	0
Recharges	0	0	0
Net Expenditure	<u>340,927</u>	<u>358,090</u>	<u>363,840</u>

**Data Protection & Freedom of Information**

Expenditure	55,094	57,050	53,850
Income	(-70)	(-100)	(-100)
Recharges	(-57,552)	(-56,950)	(-53,750)
Net Expenditure	<u>(-2,528)</u>	<u>0</u>	<u>0</u>

**Net Expenditure**

	<u>486,477</u>	<u>675,580</u>	<u>636,280</u>
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<b>HOUSING GENERAL FUND</b>	<b>2014/15 Actual £</b>	<b>2015/16 Original £</b>	<b>2016/17 Original £</b>
Employees Expenses	1,045,265	1,050,836	1,025,420
Premises Related Expenses	0	0	0
Transport Related Expenses	9,138	13,500	10,980
Supplies and Services	562,306	635,325	505,360
Third Party Payments	0	0	0
Central Support Services	276,755	273,620	300,010
Recharges	601,104	638,648	695,350
Capital Charges	19,163	19,163	19,160
<b>Total Expenditure</b>	<b>2,513,731</b>	<b>2,631,092</b>	<b>2,556,280</b>
Income	(-)583,082	(-)482,027	(-)483,840
Recharges	(-)1,018,484	(-)1,053,238	(-)1,001,340
<b>Net Expenditure</b>	<b>912,165</b>	<b>1,095,827</b>	<b>1,071,100</b>

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

**Amenity Cleaning**

Expenditure	303,842	316,304	330,890
Income			
Recharges			
<b>Net Expenditure</b>	<b>303,842</b>	<b>316,304</b>	<b>330,890</b>

**Supporting People**

Expenditure	895,748	938,178	960,700
Income	(-)505,906	(-)384,030	(-)377,660
Recharges	(-)584,393	(-)651,459	(-)519,490
<b>Net Expenditure</b>	<b>(-)194,551</b>	<b>(-)97,311</b>	<b>63,550</b>

**Landscaping**

Expenditure	166,746	174,013	182,800
Income			
Recharges			
<b>Net Expenditure</b>	<b>166,746</b>	<b>174,013</b>	<b>182,800</b>

**Housing Options and Advice**

Expenditure	1,147,395	1,202,597	1,081,890
Income	(-)77,176	(-)97,997	(-)106,180
Recharges	(-)434,091	(-)401,779	(-)481,850
Net Expenditure	<u>636,128</u>	<u>702,821</u>	<u>493,860</u>
<b>Net Expenditure</b>	<u><u>912,165</u></u>	<u><u>1,095,827</u></u>	<u><u>1,071,100</u></u>

<b>PLACE</b>	<b>2014/15 Actual £</b>	<b>2015/16 Original £</b>	<b>2016/17 Original £</b>
Employees Expenses	2,688,295	2,674,620	2,978,450
Premises Related Expenses	4,114,979	4,138,630	4,242,650
Transport Related Expenses	34,241	39,570	40,980
Supplies & Services	4,406,370	4,441,560	4,719,200
Third Party Payments	140,495	76,780	76,920
Central Support Services	1,318,235	1,399,580	1,387,570
Recharges	152,235	401,110	437,490
Capital Charges	3,363,814	2,111,290	2,974,860
<b>Total Expenditure</b>	<b>16,218,663</b>	<b>15,283,140</b>	<b>16,858,120</b>
Income	(-)8,736,453	(-)8,533,280	(-)8,970,300
Recharges	(-)2,335,244	(-)2,280,390	(-)2,237,280
<b>Net Expenditure</b>	<b>5,146,966</b>	<b>4,469,470</b>	<b>5,650,540</b>

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

**Office Accommodation**

Expenditure	1,258,705	1,180,000	1,163,580
Income	(-)6,352	(-)6,350	(-)6,350
Recharges	(-)1,189,966	(-)1,150,030	(-)1,169,260
Net expenditure	<b>62,387</b>	<b>23,620</b>	<b>(-)12,030</b>

**Reprographics**

Expenditure	197,488	186,610	183,350
Income	(-)111	(-)200	(-)200
Recharges	(-)197,378	(-)186,410	(-)183,150
Net expenditure	<b>0</b>	<b>0</b>	<b>0</b>

**Messenger and Post Service**

Expenditure	202,758	193,930	157,420
Income	(-)36,743	(-)39,000	0
Recharges	(-)182,810	(-)193,930	(-)157,420
Net expenditure	<b>(-)16,796</b>	<b>(-)39,000</b>	<b>0</b>

<b>Car Parks</b>			
Expenditure	257,806	253,780	261,940
Income	(-)554,578	(-)518,410	(-)534,410
Recharges	(-)1,542	(-)1,480	(-)1,480
Net expenditure	<u>(-)298,314</u>	<u>(-)266,110</u>	<u>(-)273,950</u>
<b>Water Gardens Car Park</b>			
Expenditure	41,519	47,230	15,770
Income	(-)530,003	(-)538,550	(-)538,550
Recharges			
Net expenditure	<u>(-)488,483</u>	<u>(-)491,320</u>	<u>(-)522,780</u>
<b>Commercial Property</b>			
Expenditure	1,519,226	1,687,190	1,909,390
Income	(-)2,003,511	(-)3,571,310	(-)3,603,880
Recharges	(-)140,237	(-)127,990	(-)124,330
Net expenditure	<u>(-)624,522</u>	<u>(-)2,012,110</u>	<u>(-)1,818,820</u>
<b>Pavilions, Sports Pitches &amp; Common Rooms</b>			
Expenditure	169,547	182,680	187,750
Income	(-)50,084	(-)51,110	(-)51,620
Recharges	(-)14,921	(-)14,920	(-)14,830
Net expenditure	<u>104,543</u>	<u>116,650</u>	<u>121,300</u>
<b>Emergency Plan</b>			
Expenditure	33,134	27,680	24,100
Income			
Recharges			
Net expenditure	<u>33,134</u>	<u>27,680</u>	<u>24,100</u>
<b>Property &amp; Facilities Management</b>			
Expenditure	673,629	731,930	810,280
Income	(-)79,943	(-)76,860	(-)64,170
Recharges	(-)315,731	(-)310,010	(-)322,000
Net expenditure	<u>277,955</u>	<u>345,060</u>	<u>424,110</u>
<b>Latton Bush Centre</b>			
Expenditure	900,338	721,380	743,000
Income	(-)720,186	(-)672,560	(-)725,560
Recharges	(-)236,678	(-)238,730	(-)243,420
Net expenditure	<u>(-)56,526</u>	<u>(-)189,910</u>	<u>(-)225,980</u>
<b>Public Conveniences</b>			
Expenditure	47,931	52,770	49,740
Income			
Recharges			
Net expenditure	<u>47,931</u>	<u>52,770</u>	<u>49,740</u>

<b>Bus Terminus</b>			
Expenditure	287,890	225,250	226,340
Income	(-)162,362	(-)159,270	(-)159,270
Recharges	(-)21,070	(-)21,310	(-)22,040
Net expenditure	<u>104,458</u>	<u>44,670</u>	<u>45,030</u>
<b>Bus Shelters</b>			
Expenditure	3,482	8,220	4,300
Income			
Recharges			
Net expenditure	<u>3,482</u>	<u>8,220</u>	<u>4,300</u>
<b>Street Name Signs</b>			
Expenditure	52,190	47,660	48,120
Income	(-)11,528	(-)3,000	(-)3,000
Recharges			
Net expenditure	<u>40,662</u>	<u>44,660</u>	<u>45,120</u>
<b>Unadopted Highways</b>			
Expenditure	203,500	147,130	143,530
Income	(-)34,559	0	0
Recharges	(-)84,684	(-)71,250	(-)67,500
Net expenditure	<u>84,256</u>	<u>75,880</u>	<u>76,030</u>
<b>Town Centre Management</b>			
Expenditure	140	200	170
Income	(-)32,042	(-)27,000	(-)25,000
Recharges			
Net expenditure	<u>(-)31,902</u>	<u>(-)26,800</u>	<u>(-)24,830</u>
<b>Town Centre Enhancements</b>			
Expenditure	28,061	22,590	27,320
Income	(-)50	0	0
Recharges			
Net expenditure	<u>28,011</u>	<u>22,590</u>	<u>27,320</u>
<b>Externally Funded Projects (including Enterprise Zone)</b>			
Expenditure	199,999	204,700	207,880
Income	(-)444,780	(-)200,000	(-)199,590
Recharges			
Net expenditure	<u>(-)244,782</u>	<u>4,700</u>	<u>8,290</u>
<b>Building Control</b>			
Expenditure	233,054	262,830	273,350
Income	(-)102,221	(-)101,000	(-)100,500
Recharges	(-)39,650	(-)35,910	(-)36,470
Net expenditure	<u>91,183</u>	<u>125,920</u>	<u>136,380</u>

<b>Structural Engineering</b>			
Expenditure	74,648	78,310	79,710
Income	(-)13,296	(-)9,000	(-)9,000
Recharges	(-)28,750	(-)16,000	(-)16,000
Net expenditure	<u>32,602</u>	<u>53,310</u>	<u>54,710</u>
<b>Covenant Control</b>			
Expenditure	42,453	42,880	43,820
Income	(-)12,532	(-)10,100	(-)10,100
Recharges			
Net expenditure	<u>29,921</u>	<u>32,780</u>	<u>33,720</u>
<b>Planning Services</b>			
Expenditure	1,283,645	959,350	1,105,000
Income	(-)767,476	(-)286,050	(-)373,050
Recharges	(-)45,485	(-)45,740	(-)48,280
Net expenditure	<u>470,684</u>	<u>627,560</u>	<u>683,670</u>
<b>Highways Infrastructure</b>			
Expenditure	464,307	493,450	508,880
Income	(-)108,472	(-)41,500	(-)41,500
Recharges			
Net expenditure	<u>355,835</u>	<u>451,950</u>	<u>467,380</u>
<b>Joint Venture Company</b>			
Expenditure	109,848	135,980	377,750
Income	(-)500,000	(-)50,000	(-)50,000
Recharges	(-)91,174	(-)104,560	(-)97,730
Net expenditure	<u>(-)481,326</u>	<u>(-)18,580</u>	<u>230,020</u>
<b>JVCo (Holding)</b>			
Expenditure	267,255	236,960	239,780
Income			
Recharges	(-)161,199	(-)164,690	(-)165,090
Net expenditure	<u>106,056</u>	<u>72,270</u>	<u>74,690</u>
<b>Central Costs</b>			
Expenditure	254,944	311,520	302,540
Income			
Recharges	(-)254,944	(-)311,520	(-)302,540
Net expenditure	<u>0</u>	<u>0</u>	<u>0</u>
<b>Refuse/Recycling</b>			
Expenditure	3,848,314	3,873,310	3,904,810
Income	(-)1,551,309	(-)1,510,270	(-)1,476,260
Recharges			
Net Expenditure	<u>2,297,005</u>	<u>2,363,040</u>	<u>2,428,550</u>

<b>Environmental Health</b>			
Expenditure	1,366,656	801,330	1,657,120
Income	(-)322,629	(-)12,100	(-)312,100
Recharges	(-)151,120	(-)157,140	(-)144,770
Net Expenditure	<u>892,907</u>	<u>632,090</u>	<u>1,200,250</u>
<b>Cemetery &amp; Crematorium</b>			
Expenditure	42,571	45,490	45,830
Income	(-)410,956	(-)422,060	(-)439,060
Recharges			
Net Expenditure	<u>(-)368,385</u>	<u>(-)376,570</u>	<u>(-)393,230</u>
<b>Hackney Carriages &amp; Private Hire</b>			
Expenditure	198,185	214,420	229,000
Income	(-)133,749	(-)119,670	(-)119,670
Recharges	(-)41,167	(-)43,270	(-)42,040
Net Expenditure	<u>23,269</u>	<u>51,480</u>	<u>67,290</u>
<b>Licensing</b>			
Expenditure	171,476	179,460	176,160
Income	(-)87,319	(-)91,050	(-)86,350
Recharges	(-)4,643	(-)4,760	(-)27,350
Net Expenditure	<u>79,513</u>	<u>83,650</u>	<u>62,460</u>
<b>Townwide Nature Reserves</b>			
Expenditure	18,886	6,740	5,560
Income	(-)6,661	(-)6,040	(-)4,700
Recharges			
Net Expenditure	<u>12,225</u>	<u>700</u>	<u>860</u>
<b>Land Trust</b>			
Expenditure	0	0	26,070
Income	0	0	(-)26,070
Recharges			
Net Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
<b>Street Cleaning</b>			
Expenditure	827,530	849,660	853,590
Income	(-)989	(-)450	(-)520
Recharges			
Net Expenditure	<u>826,542</u>	<u>849,210</u>	<u>853,070</u>
<b>Sheltered Employment Team</b>			
Expenditure	166,686	172,250	175,210
Income			
Recharges			
Net Expenditure	<u>166,686</u>	<u>172,250</u>	<u>175,210</u>

<b>Town Park</b>			
Expenditure	181,494	185,370	189,840
Income			
Recharges			
Net Expenditure	<u>181,494</u>	<u>185,370</u>	<u>189,840</u>
<b>Neighbourhood Parks</b>			
Expenditure	25,213	25,930	26,380
Income			
Recharges			
Net Expenditure	<u>25,213</u>	<u>25,930</u>	<u>26,380</u>
<b>Allotments</b>			
Expenditure	23,063	11,240	12,920
Income	(-6,657)	(-8,210)	(-8,210)
Recharges			
Net Expenditure	<u>16,406</u>	<u>3,030</u>	<u>4,710</u>
<b>Open Spaces</b>			
Expenditure	1,025,934	1,002,530	1,008,220
Income	(-45,205)	(-1,810)	(-1,610)
Recharges			
Net Expenditure	<u>980,729</u>	<u>1,000,720</u>	<u>1,006,610</u>
<b>Playgrounds</b>			
Expenditure	88,632	90,640	90,840
Income			
Recharges			
Net Expenditure	<u>88,632</u>	<u>90,640</u>	<u>90,840</u>
<b>Sportsfields</b>			
Expenditure	24,418	22,120	23,200
Income	(-151)	(-350)	0
Recharges			
Net Expenditure	<u>24,267</u>	<u>21,770</u>	<u>23,200</u>
<b>Place Other</b>			
Expenditure	270,014	279,700	286,980
Income			
Recharges			
Net Expenditure	<u>270,014</u>	<u>279,700</u>	<u>286,980</u>
<b>Net Expenditure</b>	<u>5,146,966</u>	<u>4,469,470</u>	<u>5,650,540</u>



<h2>PAY POLICY STATEMENT 2016/17</h2>
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### **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 differentials 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. At time of going to press consultation is still on-going with the trade unions and a nationally negotiated award has not been agreed for 2016/17. If any nationally negotiated changes are subsequently agreed and ratified these will be implemented accordingly.
16. In 2000 with the implementation of Single Status, a new salary structure was agreed and implemented with trade unions which continue to be operated.
17. The Council uses a pay spine that commences at national spinal column point (SCP) 6 (as amended following national union agreement in Oct 2015) and ends at local SCP 57. This pay spine is divided into 15 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 have regard to the "Living Wage" which following the most recent announcement of November 2015 increased the rate by 40p per hour to £8.25 per hour meaning this increase impacts on more employees and casual staff specifically those who are on grades 2 and 3 resulting in increases for SCPs 6, 7, 8 and 9 which received an additional uplift to the Living Wage level.
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. In exceptional circumstances with appropriate senior management approval the Council may pay a market supplement in addition to the salary for the role where, in the absence of such a payment, it would not be possible to recruit and retain suitable employees. The value of the market supplement takes into account the labour market pay information for similar jobs. Any market supplements are to be reviewed on an annual basis and are varied or cease as necessary according to the labour market evidence for the role in question. Such a supplement is lawful under the Equal Pay Act (1970) where there is evidence to justify that market factors are the "material reason" for the post attracting a higher rate of pay than other posts graded similarly.

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

22. 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.
23. 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**

24. 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.

25. 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.
26. 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.
27. At the time of going to press no nationally negotiated decision on pay has been publicised for Chief Officers. There has been no annual pay award to Chief Officers since April 2008.

### **Chief Operating Officer**

28. 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).**

29. 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.**

30.

	2016/ 17
Ratio of the Chief Executive's FTE salary to the median FTE salary of the Council (£30,211.94 inclusive of Living Wage)	4.68 : 1
Ratio of the Chief Executive's FTE salary to the lowest paid FTE employees (£15,915.74 inclusive of Living Wage).	8.88 : 1

### **Part Time/ Full time.**

31. 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**

32. 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.

33. 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.
34. The Council does not apply performance-related pay or bonuses.
35. The minimum point of a pay grade will not be lower than the maximum point of the preceding pay grade.

### **Pensions and Termination Payments**

36. 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.
37. 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).
38. 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.
39. 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**

40. The following contribution rates in accordance with full time equivalent salary continue to apply from April 2015. At the time of going to press no further change/updates have been advised, although it does state that the pay band ranges will be increased each April in line with the cost of living, any changes implemented by the Essex LGPS will be followed:-

<u>Whole time equivalent pay range</u>	<u>Employee contribution rate</u>
£0 - £13,600	5.5%
£13,601 - £21,200	5.8%
£21,201 - £34,400	6.5%
£34,401 - £43,500	6.8%
£43,501 - £60,700	8.5%
£60,701 - £86,000	9.9%
£86,001 - £101,200	10.5%
£101,201 - £151,800	11.4%
More than £151,800	12.5%

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

41. Ad hoc allowances are paid as and when a duty is carried out and will be paid monthly in arrears.
42. Where possible allowances will be paid as a monthly allowance, for example where staff follow a set pattern of work.
43. Professional membership fees when associated with the role being undertaken for the Council are reimbursed to employees at the rate of 100% of fees incurred and only one membership per employee is reimbursed in any financial year.
44. In accordance with the People Resource Plan (PRP) to enhance employee motivation and assist with employee retention it is necessary to consider the total rewards package available to the Council's employees. The Council currently offer many benefits including the Local Government Pension Scheme, flexi scheme (for 98 per cent of the Council's employees), childcare vouchers and a dedicated Harlow Council employee benefits discount scheme which includes access to the cycle to work scheme. Over the forthcoming year it is intended to continue to promote the non-cash benefits employees receive.

## **Review**

45. If it should be necessary to amend this 2016/17 Policy during the year it applies, an appropriate resolution will be made by Full Council.

**REPORT TO:** CABINET

**DATE:** 28 JANUARY 2016

**TITLE:** HOUSING REVENUE ACCOUNT BUSINESS PLAN 2015-2045

**PORTFOLIO HOLDER(S):** COUNCILLOR MIKE DANVERS  
COUNCILLOR ROD TRUAN

**LEAD OFFICER:** CORPORATE MANAGEMENT TEAM (01279)  
446099

**CONTRIBUTING OFFICERS:** SIMON FREEMAN, HEAD OF FINANCE  
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ANDREW MURRAY, HEAD OF HOUSING  
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(01279) 446212

**This is a Key Decision**

**It is on the Forward Plan as Decision number I004241**

**It is not subject to call in as it is a reference to Full Council.**

**This decision will affect no ward specifically.**

**RECOMMENDED** that it is RECOMMENDED to Full Council that:

- A** The Housing Revenue Account (HRA) Business Plan, as set out in Appendix A to this report, be approved.
- B** Authority be delegated to the Chief Operating Officer, in consultation with the Portfolio Holder for Housing, to make minor amendments to the Plan, if necessary, following consultation.

**REASON FOR DECISION**

- A** The HRA Business Plan 2015-2045 is a formal update on the Council's landlord service over the next 30 years. Housing stock holding councils need to demonstrate that their business is sustainable over the long term.

## **BACKGROUND**

1. This new Business Plan has been prepared against the background of developing government policy, especially in response to changes made by the Government to social housing, welfare reform and work. With mandatory reductions in rent levels over the next four years, the Council has needed to reprioritise and make changes to some of the Business Plan's principles.
2. The HRA Business Plan attached at Appendix A complements and is influenced by other reports submitted to this meeting for approval including :
  - HRA Budget 2016/17
  - Capital Programme 2015/16-2020/21
  - Treasury Management Strategy Statement 2016/17.

## **WHAT ARE THE PLAN'S KEY THEMES?**

3. The key principles agreed in October 2015 which underpin the HRA Business Plan are:
  - (a) To implement government legislation to reduce rents annually.
  - (b) Renew the Public Works Loan Board (PWLB) debt of £208.837m upon maturity of each loan, beginning 2026, keeping repayment under review.
  - (c) Maintain a minimum HRA working balance at 31 March 2016 at £2.727m.
  - (d) Revise housing management asset plans.
  - (e) Assume annual increases of at least 5% per year for garages and increases / decreases in service charges related to changes in expenditure.

## **HOW HAS THE PLAN BEEN CHANGED?**

4. The Business Plan incorporates the latest forecasted income and expenditure projections produced in consultation with tenant and leaseholder representatives. The Council is committed to resident involvement and believes that this is a way in which residents can be involved in the management of their homes.

## **TAKING THE PLAN FORWARD**

5. The Plan is a working document subject to ongoing updates and reporting, and effectively establishes the HRA Medium Term Financial Strategy.
6. The HRA Business Plan will be reviewed together with the other landlord housing related policies and priorities with an updated plan to be reported to Cabinet in September 2016, following the Council's closure of accounts for

2015/16. In the event that developing government policy adversely threatens the viability of the plan, Officers will review and report back to Cabinet and Council at the earliest opportunity.

7. The Council's Housing Management Standards Board and Tenant and Leaseholder Panels will jointly monitor service delivery against the national housing standards regulated by the Homes and Communities Agency (HCA).

## **IMPLICATIONS**

### **Place Services**

Investment in the housing stock can have regenerative benefits for residential areas.

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

### **Finance (Includes ICT)**

The financial implications are set out within the HRA Business Plan .

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

### **Housing**

Service implications are contained in the report and accompanying Business Plan.

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

### **Community Wellbeing (includes Equalities and Social Inclusion)**

The Business Plan has been developed in consultation with tenants and leaseholders, ensuring an inclusive approach to forward planning for the Council's Housing Services.

Author: **Jane Greer, Head of Community Wellbeing**

### **Governance (includes HR)**

None specific.

Author: **Brian Keane, Head of Governance**

### **Appendices**

Appendix A – HRA Business Plan 2015-2045

### **Background Papers**

None

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

HCA: Homes and Communities Agency

HRA: Housing Revenue Account

**APPENDIX A**



# **Harlow Council Housing Services Business Plan**

**2015 – 2045**

## **HRA Business Plan 2015 – 2045 Contents**

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## Foreword by Portfolio Holder – Housing

Last year saw the development of a new Welfare Reform and Work Bill 2015 that has removed the freedom Councils to set rents locally.

This has had a major impact on Councils' HRA Business Plan which had previously assumed annual rent increases equivalent to CPI+1% until 2024/25 in line with government guidance. The Act is expected to gain Royal Assent in January 2016 and may be subject to further amendment as it progresses through the Parliamentary process.

Despite these challenges, the Council has continued to:

- (a) Implement a sustainable 30-year Business Plan.
- (b) Implement its five year Housing Investment Programme (HIP) to modernise Council Homes. Investing over £100m and delivering 34,688 improvements to its homes. Improving the living conditions of its tenants, tackling local priorities, and prioritising energy efficiency schemes (tackling fuel poverty).
- (c) Work towards ensuring that all the Councils housing continues to comply with the Government's Decent Homes Standard.
- (d) Significantly improved the energy efficiency of the Council's homes, and tackling fuel poverty with external wall insulation and enhanced energy efficient windows and doors.
- (e) Undertaken the first programme of new build Council properties for rent in 25 years; completing 18 new homes on redundant garage sites.
- (f) Become one of the councils in England that is delivering the Government's Social Mobility Fund aspirations.

The landscape for housing that the Council has been used to has changed. The changes to the national housing policy, housing benefit rules, and other welfare reforms have placed and will place many Harlow residents, including many Council tenants/leaseholders, under increased financial pressure.

Tackling the acute housing need, however, is the Council's key priority which are:

- More housing available in Harlow, with a wider choice of housing types, which are genuinely affordable.
- Tackle the growing need for "supported housing".
- Help to improve the choices for those in housing need.
- Improve the health and wellbeing by improving housing conditions.

As one of the largest stock holding authorities, the recent government announcements will have significant social as well as financial impacts on the Council, its landlord role, and shaping the service priorities.

The Council needs to ensure that it is able to plan effectively and with confidence the housing revenue and capital programme over the next few years.

This updated plan outlines the Council's on-going landlord priorities and approach for the short, medium, and long term.

Like every year, the Council wants these priorities to directly address what is important locally. Whilst there are going to be less resources in place to tackle these priorities,

but, the Council wants to ensure that it addresses this appropriately, and believes that these priorities directly address what is important locally.

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

Councillor Rod Truan  
Portfolio Holder - Housing

## **Executive Summary**

### **Introduction**

The Welfare Reform and Work Bill 2015 will remove freedom Councils have to set rents locally. Reducing tenants' rents by 1% per annum over the next four years (2016/17 to 2019/20) will have a major impact on the Council's HRA Business Plans which had previously assumed annual rent increases equivalent to CPI+1% until 2024/25 in line with Government guidance. The Act is expected to gain Royal Assent in January 2016 and may be subject to further amendment as it progresses through the Parliamentary process.

The other key proposed changes to Government housing/welfare policies include the sale of high value void properties and families earning over £30,000 being charged a higher market rent. The proposals support the financing (discounts) given by housing associations for their tenants exercising the Right To Buy. There has been little detail released by the Government to date. It is anticipated, however, that there will be a direct financial impact upon the Council currently estimated to be in the region of £1.6m-£10m per annum, depending on the formula used for the high value void properties alone.

This completely revised Housing Revenue Account (HRA) Business Plan sets out Harlow Council's priorities in responding to these changes and outlines its plans for the housing service in response to the changes in Government policy. **Chapter 1** provides an '**Introduction**' to this year's plan, and its main themes.

The plan continues to link the management and ownership of the Council's housing stock clearly to the Council's Corporate Plan, and Housing / Regeneration Strategies 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
- 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. **Chapter 6** covers '**Financial Forecasts**'.

## **The Council's Housing Stock**

Harlow Council's housing stock is large compared to many other authorities in the 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 was done to Council properties throughout the town to achieve decent homes for all tenants by 31 March 2015. The Council is also committed to maintain its properties at decent homes standard within the severely constrained cash income available. **Chapter 4** is devoted to the Council's '**Asset Management**'.

In 2012 the withdrawal of Government regulation brought about by self-financing placed Harlow Council more at the heart of service delivery. The Council now must act within the new regulatory environment introduced by the Government during 2015. This includes rent setting which is statutory for the next four financial years to 31 March 2020. Whilst the Council retain decision-making powers, tenants, in particular, have a 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.

## **Building Council Housing**

The financial constraints upon Councils as a result of the changed Government policy cast doubt over future council house building plans.

The Council built 18 new homes during 2015 on empty garages sites at Fesants Croft, Felmongers and The Hill. These were the first new council homes for a quarter of a century, and has directly contributed to reducing the numbers on the Council's Housing Needs Register.

## **Customer Perceptions**

An updated Landlords survey will be published in 2016 as part of the Annual Report to tenants and leaseholders. The survey assists the Council in the planning and resource allocation of its landlord services by measuring tenants' satisfaction with the services they receive from their landlord. An action plan will be updated with the key priorities identified.

## **Demand and Housing Need**

The number of local residents on the Council's Housing Needs Register continues to grow and is a key measure of the local housing need.

New Government planning rules will affect Local Planning Authorities Strategic Housing Market Assessments (SHMA) and the local housing plans. The emphasis remains to continue to work with neighbouring authorities, where housing market areas cross administrative boundaries, and identify tangible solutions. Harlow's housing market covers the area of Harlow, Epping Forest, East Herts and Uttlesford.

Harlow's strategic housing need 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 Housing Needs Register shows that 1078 (30%) 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. However the Council is seeing a rise in homelessness acceptances of approximately 20%, the main reason being due to loss of a private sector tenancy.

Significantly, there remains an acute 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 Background

The election of a Conservative majority Government in May 2015 has resulted in a significant shift in national housing policy with more emphasis on welfare reform, work and home ownership. In the Budget on 8 July 2015, the Chancellor of the Exchequer made a number of announcements which affected the financial sustainability of the Council's HRA Business Plan and the need to refocus priorities.

The Council approved what was then a sustainable 'Harlow Council Housing Services Business Plan 2014-2044' on 5 February 2015. The plan assumed a set of key principles, which included:

- To repay the debt in full within the life of the [original] 30-year Business Plan (i.e. by 31 March 2042);
- Achieving decent homes for all properties by April 2015; and maintain decency with an approved set of asset management short, medium, and long term priorities;
- Building new council owned homes as a priority (e.g. Pathfinder Scheme), and to develop a longer term plan, within resources available;
- Minimum reserve balance increased to £2.727m (as at 31 March 2016), ensuring a sustainable Business Plan with fair and affordable rents.

The Housing Revenue Account (HRA) debt settlement was **£208.837m**, which, in 2012, created a self-financed HRA through the abolition of an out-of-date HRA Subsidy system. Harlow's debt is financed by five maturity loans repayable in 2026, 2030, 2034, 2038 and 2042. Interest payable on this debt is approximately £6.8m a year. Maturity loans have interest only repayments with the principal sum advanced at the end (i.e. maturity) of each loan: £41.767m becomes repayable on each of the five occasions.

### 1.2 Summary of Policy Changes and Financial Implications

The Chancellor of the Exchequer unexpectedly announced that legislation would be brought forward to reduce tenants' rents by 1% per annum over the next four years (2016/17 to 2019/20). The change has been announced in order to reduce the housing benefit bill to the Exchequer.

This has a major impact on the Councils' HRA Business Plan's Medium Term Financial Strategy (MTFS) which had assumed annual rent increases equivalent to CPI+1% in line with Government guidance. The Welfare Reform and Work Act will effectively remove the freedom Councils have to set rents locally.

Significantly, it is expected that the required rent reductions will be met by efficiencies.

In addition, changes to Government housing/welfare policies will also include the following:

- From April 2017, families earning over £30,000 outside London will be required to pay a higher, perhaps market rent, not social rent, in a policy described as 'pay to stay' – the extra cash collected would be paid by

Councils **direct** to the Treasury. Figures will be confirmed following the passage through Parliament of the Housing and Planning Bill (see *Chapter 6.1.1.2*);

- The cap on benefits to out of work families will be reduced from £26,000 to £20,000;
- The Government is “unwavering in its support for home ownership” and would give tenants of Housing Associations the right to buy. Discounts given to tenants by housing associations will be funded from the sale of high value void properties in the Council’s housing stock. Figures will be confirmed when the Housing and Planning Bill becomes legislation. This policy will be implemented from April 2016 (*see Chapter 6.1.1.1*).

Further commentary on the Government’s other reforms is given in **Chapter 6.1**.

At first sight the required rent reduction appears to be good news for council tenants. It should be noted that only those tenants who currently pay rent without housing benefit will gain from these rent reductions. However the forecasted reductions in rental income require a significant change to the HRA Business Plan’s key principles and approved objectives.

Councils produced their HRA Business Plans on the assumption of a sustainable income stream linked to the debt settlement. Setting rents at a constrained level between 2016/17 and 2019/20 will reduce significantly the resources available to deliver the desired service.

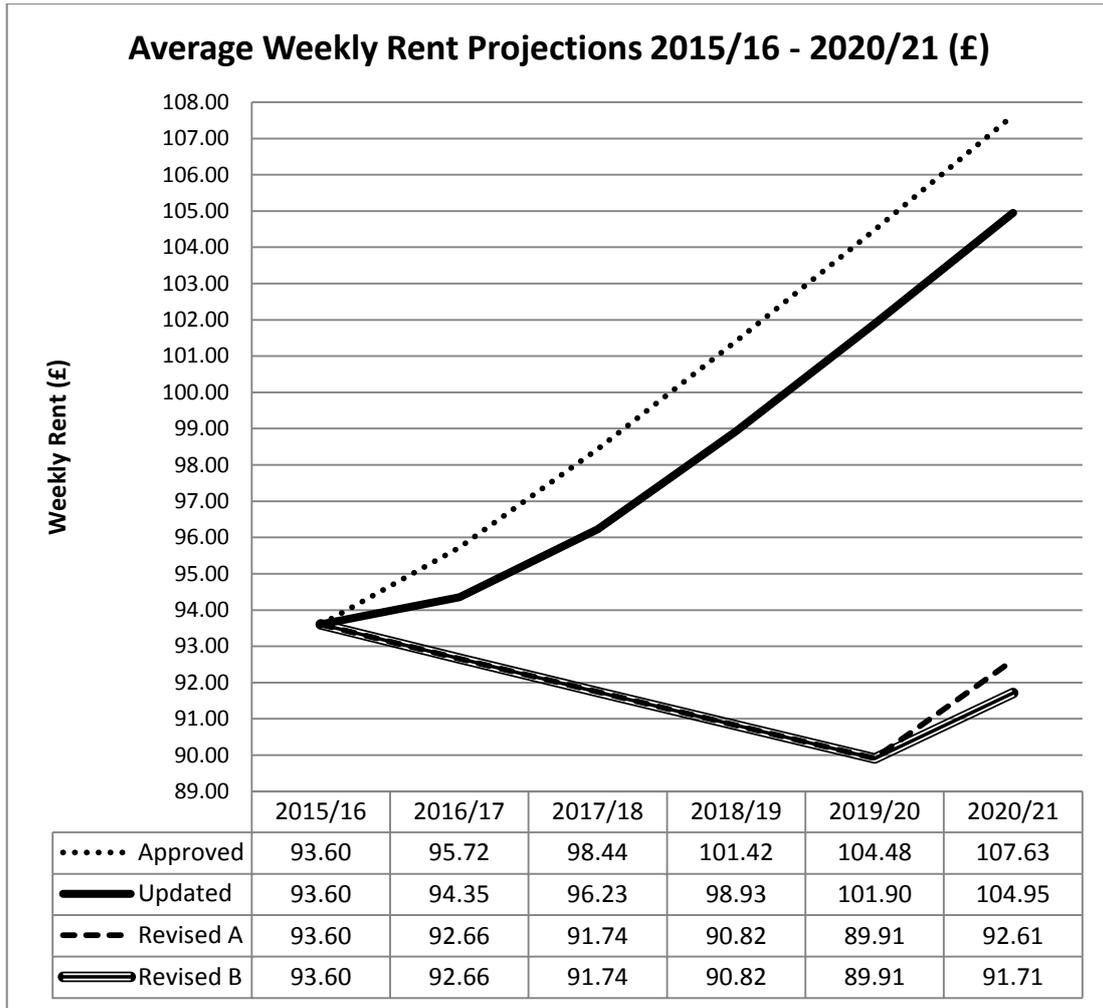
By 2020, having taken into account a lower level of anticipated inflation since the publication of the last Business Plan, average rent levels will be about 12% lower than forecast.

### **1.3 Initial analysis**

The Welfare Reform and Work Bill will legislate the mandatory changes required for rent setting. It is expected to gain Royal Assent in January 2016 with final details, adjustments, exclusions etc. announced shortly afterwards by regulation.

A 1% reduction in rents will mean Harlow Council’s average rent is expected to be £92.66 per week in 2016/17, not £94.35 per week. This represents a loss of income of £0.8m in 2016/17.

There is a cumulative effect to rent reductions: Harlow Council’s average rent is expected to be £89.91 per week in 2019/20, not £101.90 per week. This is illustrated in the graph below.



Inflation assumptions given in the graph above:

Assumed annual increases / decreases in dwellings rent					
	2016/17	2017/18	2018/19	2019/20	2020/21
<b>Approved</b>	2.2%	2.8%	3.0%	3.0%	3.0%
<b>Updated</b>	0.8%	2.0%	2.8%	3.0%	3.0%
<b>Revised A</b>	(-)1.0%	(-)1.0%	(-)1.0%	(-)1.0%	3.0%
<b>Revised B</b>	(-)1.0%	(-)1.0%	(-)1.0%	(-)1.0%	2.0%

The Chancellor's announcement has also created uncertainty over rent projections after 2019/20. If rents increase by CPI+1% (with CPI at 2%), it is assumed that average rents will rise to £92.61 per week (shown as "Revised A"). If rent levels are set at CPI only, then rents in 2020/21 will be £91.71 per week (shown as "Revised B").

At the time of writing it is assumed that rents will increase by CPI+1% annually after 2019/20.

The table below illustrates that by 2020 Harlow Council's average rents will be £635.47 lower per year, equivalent to a cumulative loss of rental income to the Council's HRA of £12.8m.

#### The Effect of Rent Reductions to Tenants and on the HRA

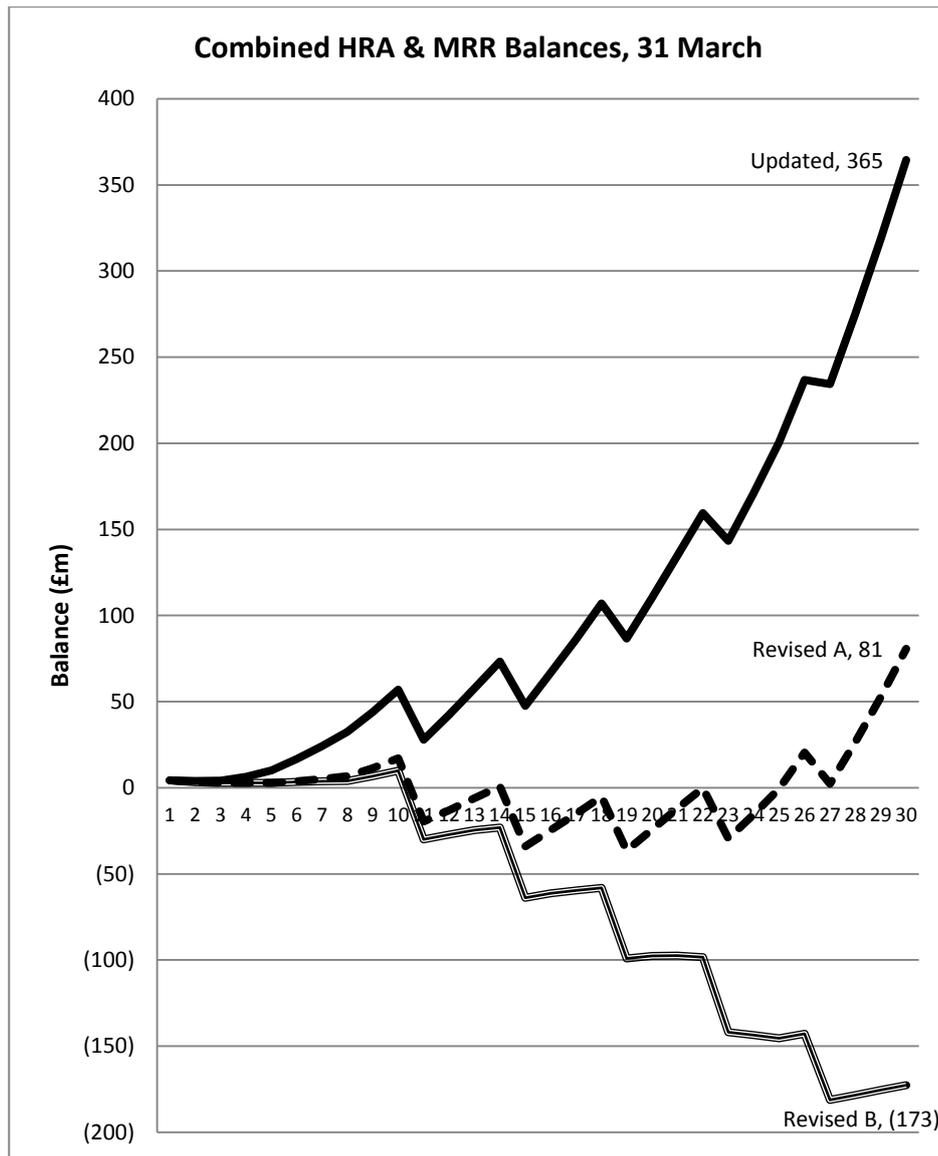
	2016/17	2017/18	2018/19	2019/20
Proposed rent (pw)	£92.66	£91.74	£90.82	£89.91
Projected rent (pw)	£94.35	£96.23	£98.93	£101.90
<b>Average</b> reduction per week	<b>-£1.69</b>	<b>-£4.49</b>	<b>-£8.11</b>	<b>-£11.99</b>
No of Weeks in year	52	52	52	53
<b>Saving per year per tenant</b>	<b>£87.88</b>	<b>£233.48</b>	<b>£421.72</b>	<b>£635.47</b>
No. of properties in HRA	9,530	9,405	9,316	9,286
Number of empty	-81	-80	-79	-79
	9,449	9,325	9,237	9,207
Rent reduction (£m)	0.8	2.2	3.9	5.9
Cumulative (£m)		3.0	6.9	12.8

The loss of rent exceeded the anticipated working balance on the HRA on 31 March 2020 by £2.2m. (see **Appendix 6.2**). There is also a requirement to maintain a minimum working balance which as at 31 March 2020 was £2.9m. This presented a budget deficit of £5.1m which needed to be addressed in order to create a sustainable HRA Business Plan over the medium term (5 years).

In the preparation of budgets for 2016/17 it was necessary to take a medium term view. The 'HRA Estimates 2016/17' report provides a full analysis of how the net saving of £5.1m to March 2020 has been achieved.

Reducing the budget deficit by £5.1m would however mean achievement of a minimum working balance without any resources set aside for debt repayment or ambition to build further council homes.

The HRA Business Plan 2015-2045 assumes that rents will increase by CPI+1% annually. Even so, and once the budget deficit of £5.1m had been addressed over the medium term, the HRA suffers ongoing losses (upwards from £284m). It is clear that in both of the Revised scenarios there are insufficient balances to repay debt from 2025/26 (year 11).



The sustainability or otherwise of the HRA Business Plan is highly dependent on future rental income. Rent increases of CPI+1% per year from 2020/21 cannot be guaranteed. This Plan considers different scenarios and indicates the point where expenditure levels projected fail (see **Appendix 6.4**).

Some may consider that the creation of a Plan covering thirty years is of little use given the Government’s announcements which cover only the first five years of the Plan (2015-2020). This notion is rejected because any forward forecast provides an indication of the challenges ahead. As noted above, it is necessary to take action in 2016/17 to create a sustainable plan to 2020. Likewise as 2020 becomes closer it will be necessary to take appropriate action at the appropriate time.

#### 1.4 A new set of Business Plan principles

Faced with the need to make efficiencies, the Council approved a new set of principles in October 2015 to be employed in the HRA Business Plan 2015-2045:

- Implement Government legislation to reduce dwelling rents annually by 1% in each of the four years commencing 2016/17;

- Renew the Public Works Loan Board (PWLB) debt of £208.837m upon maturity of each loan, keeping repayment under review;
- Maintain a minimum HRA working balance at 31 March 2016 at £2.727m.;
- Revise housing asset management plans (see **Chapter 4**);
- Assume annual increases of at least 5% per year for garages and increases / decreases in service charges related to changes in expenditure.

### 1.5 HRA Business Plan 2015-2045

The HRA Business Plan 2015-2045 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, including new Government legislation and directives; 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. **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 2015, Harlow Council managed 9,637 Council dwellings, a further 2,418 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>5,962</b>	<b>61.87</b>
<b>Flats and Maisonettes</b>	<b>3,666</b>	<b>38.04</b>
<b>Other</b>	<b>9</b>	<b>0.09</b>
<b>Total</b>	<b>9,637</b>	<b>100.00</b>

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

<b>Bedsitters</b>	<b>412</b>	<b>4.28</b>
<b>1 bedroom</b>	<b>2,082</b>	<b>21.60</b>
<b>2 bedrooms</b>	<b>3,661</b>	<b>37.99</b>
<b>3 bedrooms</b>	<b>3,104</b>	<b>32.20</b>
<b>4 bedrooms</b>	<b>343</b>	<b>3.56</b>
<b>5 bedrooms</b>	<b>26</b>	<b>0.27</b>
<b>Hostels</b>	<b>9</b>	<b>0.10</b>
<b>Total</b>	<b>9,637</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 and associated housing related services regulated by the Homes and Communities Agency (HCA) including:

- Tenancy and Property management.
- Income management and tenancy support.
- Housing estates management.
- Empty Property Management.
- Right to Buy applications.
- Tenants and leaseholder engagement.
- Leasehold Management.
- Garage and Hardstand Management.
- Rent and service charge collection.
- Tenancy Enforcement.
- Tackling Anti-social Behaviour.
- Tackling Poor Health and Wellbeing.

#### **3.2 Key objectives**

As the landlord for 9,637 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. The Housing Needs Register is made up as follows:

- Homeseeker applicants           69%
- Transfer applicants               29%
- Homeless applicants            2%  
(accepted duty)

The key service priorities are:

- Tackle housing need and improve housing choices
- Maintain “decency” and compliance of the Council’s housing stock to statutory targets.
- Target resources in order to safeguard the well-being and safety of the Council’s tenants in their homes.
- Prioritise energy efficiency initiatives that alleviate fuel poverty.
- Prioritise resources for disabled adaptations.
- Maximise the availability of future Housing Related Support (HRS) funding for the services currently commissioned by Essex County Council.

### **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 are maintained by prioritising investment and deliver programmes of work.

#### **Implement its Tenancy Strategy**

#### **Implement its 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.

#### **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:**

- Tackle housing need and recently celebrated achieving an invite to apply for the “Gold Challenge” following our recent Peer Review.
- Continue to provide a “Tenancy Support” Service assisting vulnerable tenants in maintaining their tenancies.
- Enforce tenancy and leaseholder conditions where appropriate.
- Continue to strive to assist local people in offering housing advice with a range of options to prevent homelessness.
- Reduce Anti-Social Behaviour by conducting fair and impartial investigations with the aim to resolve to a satisfactory conclusion.
- Tackle housing need by prioritising the scarce resources.
- Safeguard vulnerable and elderly residents and enhance provision of extra care housing at Sumners Farm Close.
- Ensure repairs performance targets are met.

The Council aims to further develop the way it consults and communicates with tenants and leaseholders. By doing this the Council expects to see an improvement in the proportion of Council tenants who are satisfied with Harlow Council as a landlord.<sup>1</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**

Harlow Council’s Supported Housing service consists of sixteen sheltered housing schemes, one extra care scheme for the frail elderly, and a community support function for 1,200 private clients living across the town.

Essex County Council (ECC) formally act as the responsible organisation, and commission Housing Related Support (HRS) services from the Council on a contractual basis. HRS commissioning services funded by ECC form part of the Government’s Health and Social Care agenda that promotes Older Persons wellbeing and independence. The Act does not stipulate specific services to fulfil this

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<sup>1</sup> BV74a Satisfaction - with Council tenants overall ( per cent)

requirement. The Council's role, as a landlord, is to maintain the fabric of the building, deliver the contractual HRS services, and manage its tenancies.

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.

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 what priority the Council can award. The Council no longer manages an open waiting list to which any person can apply. The strategy will be reviewed in 2016.

### **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 Programmes**

Harlow Council's biggest ever investment and transformation of Council homes continues with 34,600 improvements completed so far in more than 8,200 different homes and a five-year £100 million investment in Council housing renewal, making a real transformation. Works included kitchen, bathroom, and window installations.

From 2015/16, the programme has involved external works to Council owned tenanted and leasehold properties. Components include roofing, fencing, communal entrances, high rise windows, bin store replacement, wall finishes, and insulation.

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. A new programme of external works commenced 2015/16.

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.

Investment in Garage capital budgets have been included within the Business Plan covering priorities identified in the Garage and Hard standing Strategy.

The Council continued to prioritise remedial works caused by dampness and design issues its properties.

### Tackling Fuel Poverty

The external walls of over 450 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. Energy Efficiency improvements will 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 properties and support the challenges faced by tenants associated to fuel poverty.
- external insulation and upgrade the appearance of Tower Blocks: to improve energy efficiency of homes, safety and security features.

### Providing Housing Support

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 2015, 18 two bed houses were handed over to families on the Housing Needs Register. At the end of 2014/15, the Council turned round its void properties within 18 days which is top quartile performance.

These efficiencies mean more services can be provided to tenants.

### Tackling Homelessness

This prevented 250 people from losing their home. There is a forecast increase of 25% in households placed in temporary accommodation: The Council's commitment is to have no families staying in bed and breakfast, only in an emergency.

### Collecting Rent and Service Charges

Welfare Reform changes 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 region.

- 98.77% of rent collected in 2014/15.
- 99.17% of leasehold service charges were collected in 2014/15.

### Repairs

Performance is being reported by Kier Harlow Ltd on their response to tenants' requests. This needs to be even better, dealing consistently well with the 33,000 repair requests on an annual basis. Prioritising vulnerable tenants, and responding effectively to feedback regarding experiences. The Council continues to work effectively with its contractors 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. Taking a multi-agency approach (involving the Police, Social Care, schools and other support agencies) is attributed to the continued success in reducing the number of complaints and need for enforcement action.

## Tenant and Leaseholder Engagement

The Council continues to work in “co-regulation” with tenants and leaseholders using different methods in order to scrutinise, challenge, putting them at the “heart of the housing service”.

## Right to Buy

Applications for Right To Buy have stayed at a level of three a week with a total number of completions for 2014/15 at 78.

## Homebuyer Grant

A Homebuyers scheme is being run for 2015/16 which will attract Government funding of £20,000 for each successful application up to a total of 10. This will enable current tenants who are eligible to purchase a home on the open market. This will assist in freeing up accommodation that is in demand.

## Major works to flat blocks

The Council has embarked on a programme for external works that will be carried out to flat blocks. The Council will continue to ensure that leaseholders are consulted in line with their statutory obligations and involved in the decisions that are made in respect of this. The Council recognises that this will have a financial impact on leaseholders and have put in place a range of repayment options available to them to spread costs. An incentive has also been introduced for leaseholders who can afford to pay promptly.

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

## **4. Asset Management**

### **4.1 Stock Condition and Revised 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". 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 commencing 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 minimise tenant and leaseholder disruption and achieve value for money.

A revised list of short medium and long term priorities aligned to reduced financial resources 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 a programme of works. In the period April 2013 to March 2016 the Council will have invested £75m of capital funding on its housing assets with a further £60m to be spent over the next three years. This investment will have to reduce to align with new Government housing policy announcements.

The external works programme, commenced in May 2015 and will focus on the primary elements required in order to ensure decency and safeguard the structural integrity of the housing stock (roofs, chimney stacks, balconies, wall finishes, fascias).

The commencement of these External Works represents a major step and achievement for the Council as we seek, having achieved full Decent Homes Standard Compliance in March 2015 in regard to individual properties, to also improve the wider estate environment.

A major step and achievement within the Council's Investment and Procurement strategy for improving the condition of its housing stock was attained in March 2015 with the entire stock reaching the Decent Homes Standard (DHS). This followed the delivery of an investment programme totalling some £41.6m during 2013/14–2014/15, covering volumes of component replacements as below:

Element	Total Completed 1 <sup>st</sup> April 2013 to 31 <sup>st</sup> March 2014	Total Completed 1 <sup>st</sup> April 2014 to 31 <sup>st</sup> March 2015	Total Completions
Kitchens	1,144	1,516	2,660
Bathrooms	734	1,413	2,147
Additional WC	127	466	593
EICR Inspections	3,247	2,812	6,059
CCU	846	820	1,666
Smoke Alarms	1,415	965	2,380
Boilers	544	775	1,319
Heating Distribution	802	846	1,648
Doors	2,733	1,845	4,578
Windows	7,242	4,396	11,638
Totals	18,834	15,854	34,688

The achievement of the DHS by the Council has been confirmed both the annual Local Authority Housing Statistics return to the Department of Communities and Local Government (CLG) and the Internal Audit Service in regard to the grant monies received from the Homes and Communities Agency to contribute towards backlog works.

The reduction in rent will have a significant impact upon the Council's funding to capital investment.

Maintaining decency across the whole housing stock, as a minimum standard, of property condition will continue and remains the priority for the Council's investment within its housing stock. However, the Council's discretion and financial capacity/ability to extend above decency within its housing stock – which was to previously be summarised within the 'Harlow Standard' – have been subject to significant constraint following the Government's Summer Budget in July 2015.

In order to reflect both the lower overall investment that can now be sustained in the period to March 2020, and appropriate resourcing of issues and priorities which have gained greater importance and prominence post-DHS compliance, revised priorities and programmes were approved by Cabinet in October 2015, as follows:

- (a) Maintain compliance of the Council's housing stock to the Homes and Communities Agency's regulatory requirements – the Homes Standard (incorporating the Decent Homes Standard) – by operating a reduced 'just in

time' replacement regime for key components such as kitchens, bathrooms, central heating systems, roofs and the external structure of our homes.

- (b) Target resources to safeguard the well-being and safety of the Council's tenant in their homes in regard to increased statutory and legislative landlord requirements for fire safety, electrical (communal) safety, asbestos management and lift maintenance.
- (c) Prioritise Energy Efficiency initiatives which serve to alleviate Fuel Poverty.
- (d) Prioritise resources for Disabled Adaptations to meet statutory requirements and keep under review annually.
- (e) Defer the development of a longer-term programme of new Council House building and review annually.
- (f) Reduce resources to garage-related works – in order to redirect these to the works within tenanted rented properties – and re-prioritise the approved Garage and Hardstand Strategy.
- (g) Realise further efficiencies from responsive repairs programmes and scope of works.

A revised set of short, medium, and long term priorities is outlined in Appendix 4.1.

### **4.3 Maintain compliance of the Council's housing stock to the Homes and Communities Agency's regulatory requirements – the Homes Standard (incorporating the Decent Homes Standard)**

Using updated Stock Condition Data, both the Council's Internal (covering key components such as kitchens, bathrooms and central heating systems) and External (roofs, wall finishes, fascia et al) Works Programmes will be planned and delivered in order to ensure a maintained 100% Decent Homes Standard compliance position – with Internal key components continuing to be replaced on a 'just in time' basis in terms of their life cycle, based upon both age and condition.

A continued contingency budget exists in order to ensure that properties which become void during each year – and which have had Modern Homes component replacement work refused by the previous tenant(s) – can then be brought up to the required, decent standard before re-letting.

In order to ensure a continued focus on Value for Money whilst the Council's Housing Stock is maintained to the DHS, a process of cost benchmarking and scrutiny of pricing rates for all components takes place annually with each of the Council's external Service Providers.

### **4.4 Safeguard the well-being and safety of the Council's tenant in their homes**

As a responsible social landlord, the Council recognises its primary responsibility to ensure the health and safety of its tenants and obligation to ensure comprehensive

compliance with the range of legislative requirements and statutory duties in regard to fire, gas, electricity and water safety as well as asbestos management.

This has been reflected within budgetary planning and subsequent resources – particularly in 2016/17 – in regard to:

- completion of all recommended works resulting from renewed Fire Risk Assessments carried out in late 2015.
- upgrading of all communal electricity supply installations to modern, required standards.
- establishment of a programme of installing Carbon Monoxide detectors in all properties considered to be at greater/greatest risk due to the presence of a gas back boiler, remaining solid fuel heating system or (due to design/space limitations within some properties) a boiler located within a bedroom.
- commencing an annual programme of testing of Smoke Detector installations across the Council's Housing Stock.

#### **4.5 Prioritise Energy Efficiency initiatives which serve to alleviate Fuel Poverty**

This is a crucial area of asset management priority and focus for the Council, as it recognises the impact on household incomes of rising household energy costs, particularly when – for many Council tenants – this is combined with welfare reform.

In order to shape and inform the Council's asset management and investment approach in this vital area of work, in 2015/16 an in-depth, bespoke study was commissioned from a specialist energy and sustainability consultancy – Rickaby Thompson Associates.

This work confirmed the positive impact on the energy efficiency and performance of the Council's Housing Stock of the Modern Homes Programme work to date in regard to the fitting of new boilers, windows and doors, external wall insulation et al – with the Standard Assessment Procedure (SAP) rating for the stock increased to an average of 68, compared to 65 in 2012/13 and the current national average SAP of 57.

The study also identified 386 households currently in fuel poverty – in accordance with the Government's measure and definition – and details of the property archetypes which represent the highest risk of incurring excessively high energy costs. This hugely valuable study and insight has enabled the Council to identify for 2016/17 a clear framework of initiatives, with commensurate budget resources, to pursue:

- Specific energy efficiency works targeted to improve the affordable warmth performance of the 54 worst performing Council properties (as per their current F and G rating within their Energy Performance Certificate (EPC) assessment rating – improving this rating to a minimum of C).

- A similar level of targeted works – to be planned in 2016-17 – to also bring to EPC level C minimum the further 771 properties identified within the Rickaby Thompson Associates study as currently being rated at level E.
- Commencing in 2016-17 the programme of replacement and improvement works – beginning with the scheme at Tanys Dell in April 2016 – for the Council's portfolio of 10 District and 15 Communal Heating Systems.

#### **4.6 Prioritise resources for Disabled Adaptations to meet statutory requirements (and review annually)**

This area of work, supported by budget resources, for the Council continues to be vital in terms of the health, safety and welfare of some of the most vulnerable members of the community – and ensuring that their tenancies, and quality of life within their home, remain sustainable via works such as level access showers, ramped access et al.

With some 17.09% of Harlow's population (within the 2013 Population Profile) considering themselves to have a long-term illness and/or severe disability – which is likely to be concentrated to higher level within the Council's own Housing Stock – demand pressure on this service area is likely to continue at its present high level. A continued focus of seeking efficiencies in relation to disabled adaptations – such as, for example, ensuring closer integration with the property lettings and allocations to ensure best use of existing adapted housing stock via internal transfers et al – and improved Value for Money in terms of completed works will therefore be a priority.

#### **4.7 Deferred development of a longer-term programme of new Council House building (and review annually)**

2015/16 saw the completion and letting of 18 new houses on sites at Felmongers, Fesants Croft and The Hill. This has assisted directly housing applicants on the Council's Housing Needs Register. Future council house building programmes are being deferred, and will be reviewed annually.

#### **4.8 Reduced resources for garage-related works and re-prioritisation of the approved Garage and Hardstand Strategy**

Whilst, as set out earlier within this Business Plan, the Council continues to retain a large portfolio of garages and hardstandings the demands and challenge presented by the required capital budget savings for the period 2016/17 to 2019/20 mean that the spending priority and approach to these must change.

From 2016/17, a greater emphasis upon lower level remedial repairs and maintenance – rather than substantial refurbishment and/or remodelling – will be followed.

This is essential in order to allow a continued focus upon internal works (kitchens, bathrooms, central heating systems et al) within tenanted properties as set out above in Chapter.4.2, and is also in the Council's view justifiable in view of comparatively high levels of previous spend upon garages and hardstanding areas during 2012/13 to 2015/16.

#### **4.9 Realise further efficiencies from responsive repairs programmes and scope of works.**

The expiry of the Kier Harlow Ltd (JVCo) contract from February 2017 – to be replaced with the Council's own Local Authority Trading Company (LATC) – represents an opportunity to realise efficiencies and enhance further the Council's Value for Money approach in regard to both responsive repairs and the elements of capital works.

In order to secure these additional efficiency and Value for Money gains, throughout 2016/17 all teams across Housing Services – and substantially across many parts of the Council's corporate structure – will need to actively engage with key discussions and decision-making around issues such as Scope of Works, Service Specifications, Repairs Reporting/Customer Contact function location, Technical Services, relative Client/Contractor Roles and Responsibilities et al.

All of this dialogue and detailed preparation must be balanced with the constant need to maintain current service delivery to the Council's customers.

Whilst all of the revised Asset Management priorities from 2016/17 will be key focuses for service delivery, these are only possible due to corresponding reductions in budget spend, and previous level of aspiration, within other service areas. These are principally:

- **Cyclical Painting of External and Communal Areas** – which will decrease in frequency to a 10 year programme commencing in 2016/17, rather than the seven year cycle previously planned.
- **Tenant Initiatives** – this element of discretionary spending, directed via consultation with Tenant Representatives, is no longer sustainable and has been removed.
- **External Works Programme** – budget provision for elements which do not directly affect decency, in particular fencing, footpaths and door entry systems, have been substantially reduced within the eight year programme (though sufficient budget resources remain to ensure Health and Safety hazard-related issues can be addressed).
- **Rechargeable Repairs Policy** – the Council's approach to costs incurred as a result of deliberate tenant misuse/abuse of their home and its facilities will be more vigorous in terms of enforcement.
- **Harlow Standard** – this Standard, as set out within a previous version of the HRA Business Plan, was intended to operate on a 'Decent Homes Plus' basis in regard to the replacement cycle for key property components/elements. However, as set out above in Chapter.4.2, the Council's position is now one of maintaining decency compliance as opposed to seeking to exceed/surpass this.

## **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 Council recognises the genuine shared commitment to embrace tenant participation, working together, placing them at the “heart” of what the Council does, shape and improve services. There is a requirement to “widen representation”, to focus on the issues most important, and importantly to embrace modern engagement/information sharing techniques to further encourage participation.

- A new model of tenant and leaseholder engagement was introduced in 2015. The model is developing a new structure linked to a clear strategy for service development, which should link to the outcomes of the review of Community Engagement. Key objectives are:
  - Restructure tenant and leaseholder involvement service delivery and customer involvement routes.
  - Improve strategic partnership working through the development of an integrated approach to the strategic direction with clearer priorities for the service.
  - Establish more effective and robust performance management across tenant participation activity.
  - Increase staff capacity within the tenant and leaseholder involvement team.

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 referred to by Officers, and is subject to regular review.

HRA self-financing gave Councils greater control over service delivery, but also brought 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. The Government decision to reduce rents annually by 1% over the next four years (to 31 March 2020) and to require, in the words of the Chancellor of the Exchequer, "landlords in the social sector ... to play their part and deliver the efficiency savings needed" means that debt cannot now be repaid within the timescale originally envisaged.

Government intervention in matters such as rent setting brings to an effective end a self-financed, self-determined business.

A realistic and sustainable HRA Business Plan is an essential tool in the current and future management of the housing service. The need to produce an entirely new HRA Business Plan, rather than a rolled forward plan, has become necessary.

The change in emphasis by Government has brought a huge number of uncertainties not least, at the time of publication, detailed Government policy has not been fully developed. Recognising and addressing these known unknowns has been an integral part of the development of this Business Plan.

In presenting this Business Plan three objectives have been followed:

The Council's immediate legal obligation is to prepare a budget at a level to avoid a deficit on the HRA operating 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". This Plan ensures this objective is met.

The second objective is to ensure that across the medium term (which is regarded as the period to 31 March 2020, although the Council's Medium Term Financial Strategy stretches to 31 March 2021) the plan is sustainable in light of enforced rent reductions which rise from a cumulative £0.8m in 2016/17 to £12.8m by 31 March 2020. Closing the budget deficit in order to ensure a minimum working balance is maintained is important. Proposals are being put in place now to plan for an acute shortfall in income in the year 2019/20. Savings therefore have been made during 2016/17 to help reshape the service although, of itself, the legal obligation would have been met without intervention. This underlines the need to forward plan. The reduction in budget deficit is illustrated in Appendix 6.2 and amplified in the 'HRA Estimates 2016/17' report.

The third objective is to recognise the uncertainty over rent income from 2020/21 but to make tentative plans in light of the lower rent income base. The baseline plan, which assumes a rent increase returning to CPI+1% per annum, demonstrates a sustainable plan across the 30 years to 2045.

The Council therefore has produced a baseline plan. Factors which might influence the figures produced either favourably or adversely are considered in a section of the text referred to as Sensitivity Analysis (see *Appendix 6.4*).

The Council's HRA Business Plan 2015–2045 is summarised below, *and detailed in Appendix 6.1*.

### **6.1.1 The Government's commitment to 'Right to Buy' for housing association tenants.**

The Chancellor of the Exchequer in his Summer Budget Speech said that, "[this is] a Government that is unwavering in its support for home ownership. ... That's why we're giving housing association tenants the right to buy". Funding of housing associations, by way of compensation for the loss of income through discounts granted, will be supported by Treasury from two interventions into local government finance: firstly, the sale of high value void properties; and secondly, the requirement for households with incomes over £30,000 to pay near the market rent rather than social rent.

Both were introduced to the House of Commons in the Housing and Planning Bill in October 2015.

#### **6.1.1.1. Sale of high value void properties**

The Government is introducing the extension of Right to Buy (RTB) to housing association tenants.

As a means of providing financial compensation to housing associations for the loss of properties under this proposal, and to support a one for one replacement programme, the Government has indicated that high value void Council properties should be sold and amounts raised by local authorities. It gave illustrative high values of properties by region. Locally it was estimated that 64 council properties in Harlow may fall into this category.

Details are yet to be finalised but the Housing and Planning Bill, before Parliament is expected to require Councils to pay the Treasury equivalent to the market value of high value housing likely to come vacant in the financial year, and consider selling high value homes.

At this stage the market value of "high value housing" has not been determined and it should be noted that Councils will be under no obligation to sell homes but would otherwise need to find the resources to make the necessary mandatory payments.

The policy when finalised will take effect from 2016/17.

Councils will be assessed on a notional amount ahead of the new financial year, which will be subject to consultation and a determination much like the pre self-financing subsidy system. The notional amount will be based on the market value of high value properties becoming void in the previous year. It is anticipated, but not clear, that Councils will receive an adjustment for loss of future rental income in a similar way as it currently does for RTB reinvigoration receipts.

The notional amount is intended to pay for deposits given by housing associations to their tenants exercising a Right To Buy. It is unclear how the Exchequer will, if at all, correlate the receipts from Councils with the actual demand for Right To Buy.

At the time of publication of this Plan, the Department for Communities and Local Government (CLG) has “gathered detailed local data to inform development of the Sale of High Value Assets policy”. Councils were required during December 2015 to provide “granular data” on the market value of each property as at 31 March 2015 as well as information on tenure type and void turnover.

The outcome of CLG’s deliberations over the development of policy, and the impact of this policy, is unknown at this stage. Professional housing bodies have suggested a wide range of notional sums payable, in one instance as high as £10m per year for Harlow. To include such an amount in a set of estimates for 2016/17 would be speculative.

It is reasonable to assume that Harlow would need to sell high value dwellings and to administer this will create a time lag between decision and receipt from sale. Based on 64 properties there may be a temporary cash flow effect of approximately £1.6m. This amount has been included as an addition to the Minimum HRA Working Balance. Should consultation, which might be expected to commence at the earliest in February 2016 (i.e. after formal Council approval of the Annual Budget), and the determination create a situation in which an HRA surplus is at risk, officers will take action to amend the budget and bring an emergency set of estimates before a future Council meeting.

#### **6.1.1.2. Higher rents to be charged to households on higher incomes**

The Government’s ‘Pay To Stay’ policy is equally, if not more, unclear despite the circulation of a consultation paper, “Pay to Stay: Fairer Rents in Social Housing” (CLG, October 2015).

The Consultation Paper confirms that “social housing tenants with household incomes of ... £30,000 ..., will be required to pay an increased level of rent for their accommodation if their rent is currently being subsidised below market rent levels”. This indicates a potential tapering of rent increases towards market rent levels as opposed to a sudden step to market rents should household incomes rise above the threshold. The Bill extends guidance introduced last year to voluntarily charge tenants market rent whose household income was above £60,000. Many Councils dismissed this as unworkable because there was no mechanism for identifying households with high incomes.

Broadly the policy is expected to work as follows:

- A “household” relates to the tenant(s) named on the tenancy agreement and their named spouse, civil partner, or partner (where they reside in the same accommodation) and, where there are several people living in a property the highest two incomes;
- “income” is the taxable income for the year ending in the year prior to the rent year (i.e. for 2017/18 this would be 2015/16 taxable income);
- Rents may be reviewed if the household experiences a sudden or ongoing reduction in income.

The Consultation Paper concentrated on two key areas: the operation of tapers above the threshold limit; and, estimated administrative costs to local authorities.

The Housing and Planning Bill proposes that the Secretary of State will be able to specify to landlords the rents which must be charged to “high income tenants”, and to “set different rents for different areas or different income levels”. It would give the Secretary of State powers to set any rent, not necessarily the market rent. Secondary legislation – through regulation – will determine the assumed additional income collected by Councils to be paid to Treasury. There is also a gamut of regulations to be introduced to ensure tenants on high incomes comply with the rules, that Councils charge appropriate amounts, and, for example, whether HMRC (Her Majesty’s Customs and Revenues) will be able to disclose tenants’ incomes to landlords. Introduction is proposed from April 2017.

The Government has estimated that nationally 340,000 households, about 9%, would be affected and that market rent will raise £250m a year, being on average £70 extra per week, for the Treasury by 2018/19. Locally rents are likely to more than double for tenants on higher incomes. It is not known how many tenants will be affected by this policy and how much additional income will be handled by Harlow Council. RTB may be a more attractive option to some tenants, providing that they are able to raise a deposit and obtain a mortgage. There may be others who for personal reasons have chosen not to be a home owner. Again this cannot be quantified.

## **6.2 Key principles**

The key principles which underpin this HRA Business Plan were approved by Cabinet in October 2015 following a report to Housing Standards Board on 16 September 2015 and consultation at a Special Tenants Forum on 30 September 2015.

- Implement Government legislation to reduce dwelling rents annually by 1% in each of the four years commencing 2016/17;
- Renew the Public Works Loan Board (PWLB) debt of £208.837m upon maturity of each loan, keeping repayment under review;
- Maintain a minimum HRA working balance at 31 March 2016 at £2.727m.;
- Revise housing asset management plans (see **Chapter 4**);
- Assume annual increases of at least 5% per year for garages and increases / decreases in service charges related to changes in expenditure.

### **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.

Previous HRA Business Plans had prepared to raise sufficient surpluses for future repayment of debt. As stated earlier the reduction in income to the HRA means that debt cannot initially be repaid but will have to be renewed on maturity.

### **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 2016/17 will be presented to Cabinet on 28 January 2016.

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. £2.727m as at 31 March 2016 and £2.727m as at 31 March 2017). A further £1.6m will be added to the minimum balance to allow for a time lag in the sale of high value voids (see 6.1.1.1. above).

A detailed assessment of the HRA Minimum Working Balance is given in the HRA Budget 2016/17 report.

### **6.2.3 Major Repairs Reserve**

HRA self-financing 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 plan 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 2015-2045 does not make additional transfers from the HRA to MRR towards the future repayment of debt.

### **6.2.4 Investment Planning**

The Council has previously 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 indicated 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 previously led to the current identification of garage sites for demolition and redevelopment and the priority estates at The Briars, Copshall Close

and Aylets Field.

The Council's priorities moving forward continue to be a focus on high rise (in particular involving investment decisions in regard to heating systems and thermal efficiency), 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. In addition, the Council will be actively assessing its portfolio of Temporary Accommodation, in terms of whether this remains fit-for-purpose, financially sustainable and able to meet ongoing demand.

### **6.2.5 Rent policy**

The Government has brought forward legislation that requires individual dwelling rents to be reduced by 1% annually from 2016/17 to 2019/20. All local arrangements are superseded. Previous government guidance is no more. Rent restructuring in any form is dead although, at the time of writing, it is suggested that re-letting of properties may be at Formula Rent.

No announcements have been made by Government in respect of 2020/21 onwards. This baseline Business Plan assumes that rents will increase by CPI+1% annually. The implications of different rent increases are considered in Appendix 6.4.

### **6.2.6 Priority Estates**

Harlow Council has three estates classified as "priority".

The vision for The Briars, Copshall Close and Aylets Field (BCA) to be met by the redevelopment of the estates on a phased basis which will require the demolition of the 218 bungalows in three phases.

Phase 1 of the scheme has commenced with residents being decanted, and targeted to be completed by 2017. The overall scheme is scheduled to be completed by 2021.

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.

### **6.2.7 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 69 sales in 2015/16 and 60 in 2016/17.

The Council is 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.

There are no new projects proposed in this Business Plan.

### **6.2.8 Creating New Council Housing**

2015/16 saw the completion and letting of 18 new houses on sites at Felmongers, Fesants Croft and The Hill.

Future programmes of council house building have been put on hold following changes on national housing policy funding and will be subject to annual review.

### **6.2.9 Garage Strategy**

Whilst, as set out earlier within this Business Plan, the Council continues to retain a large portfolio of garages and hardstandings the demands and challenge presented by the required capital budget savings for the period 2016/17 to 2019/20 mean that the spending priority and approach to these must change.

From 2016/17, a greater emphasis upon lower level remedial repairs and maintenance – rather than substantial refurbishment and/or remodelling – will be followed.

### 6.3 General assumptions.

The table below sets out the assumptions applied in the HRA Business Plan. A full commentary is given in Appendix 6.3.

<b>Business Plan Assumptions</b>				
<b>Inflation indices</b>				
	RPI	Pay	Repairs & JVCo annual uplift	CPI
Year 2 (2016/17)		1%	0.1%	
Year 3 (2017/18)	2%	1%	2%	1%
Year 4 (2018/19)	2.5%	1%	2.5%	2%
Thereafter	2.5%	1%	2.5%	2%
	Dwelling Rents	Garage Rents	Interest Rate paid on Borrowing	Interest Rate received on Working Balances
Year 2 (2016/17)	(-1)%	5%	3.55%	0.92%
Year 3 (2017/18)	(-1)%	5%	3.49%	1.43%
Year 4 (2018/19)	(-1)%	5%	3.45%	1.87%
Year 5 (2019/20)	(-1)%	5%	3.42%	2.41%
Thereafter	3% (CPI+1%)	5%		2.6%
<b>Rents</b>				
	Average weekly rent per tenant (£)	Average weekly service charge per tenant (£)	Local Formula Rent (£)	National Formula Rent (£)
2015/16	93.60	2.01	93.76	94.78
2016/17	92.66	2.05	N/A	N/A
2017/18	91.74	2.11	N/A	N/A
2018/19	90.82	2.16	N/A	N/A
2019/20	89.91	2.22	N/A	N/A
<b>Stock</b>				
Number of tenanted properties as at 1 April 2015				9617
Number of leasehold properties as at 1 April 2015				2418
Annual changes	Right To Buy sales	New leasehold properties	"New Build"	Demolitions
2015/16	(-)69	28	18	(-)77
2016/17	(-)60	24	0	(-)69
2017/18	(-)50	20	0	(-)59
2018/19	(-)30	12	0	0
2019/20	(-)30	12	0	0
Thereafter	(-)30	12	0	0
<b>Other assumptions (figures at 31 March 2016)</b>				
Settlement payment (on 28 March 2012)				£208,837,000
Limit of Indebtedness / Borrowing cap				£208,837,000
Housing Capital Financing Requirement				£187,370,000
Borrowing headroom				£21,467,000.
Minimum working balance on Housing Revenue Account				£2,727,000

## **6.4 Risks and opportunities**

### **6.4.1 Development of Government policy**

This has been considered in the introduction to this Chapter. Government policy is currently a work in progress so this Business Plan needs to be flexible and to make reasonable assumptions. Uncertainty however brings risk, so the sensitivity analysis in this Business Plan is longer than in previous years.

### **6.4.2 Welfare Reform**

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 following is a summary of welfare reform changes to date:

- Permanent reduction in Local Housing Allowance (LHA) rates for private sector rents
- Increase in the age limit for LHA single room rate from under 25 years, to under 35 years
- Increases in benefits and allowances to be limited to 1% for next three years (pensions and some disability benefits are excluded from this limit)
- Incapacity benefit replaced by Employment Support Allowance
- Abolition of Council Tax Benefit, and localisation of support
- Under occupancy surcharge for those of working age in the social rented sector
- Financial cap on the total welfare benefits for those of working age.

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 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 advice 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 known in the following areas:

- The timetable for the implementation of Universal Credit (UC) which brings together the majority of welfare benefits, including housing benefit, under one claim process and one monthly payment has commenced, and has been rolled out in four tranches to single non-homeowners in the first instance. Harlow is to be rolled out within Tranche 4, which is due to take place in February 2016, with a completed national expansion expected during the Spring of 2016.
- 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.

It is difficult to assess whether sufficient resources have been allowed given the radical change in culture which Welfare Reform will bring.

Discretionary Housing Payments (DHPs) are effectively additional payments of housing benefit that can be made in certain circumstances. DHPs provide customers with further financial assistance in addition to any other welfare benefits, when a local authority considers that help with housing costs is required. The Department of Work & Pensions provide a ring fenced annual grant of DHP to each local authority, which can then be topped up by the local authority, subject to certain financial limits. The Discretionary Financial Assistance Regulations 2001 provide the legal framework that allows local authorities to pay Discretionary Housing Payments (DHPs). For an award of DHP to be made, Housing Benefit must be in payment to the applicant. A copy of the guidance for awards can be found at

<http://www.harlow.gov.uk/content/discretionary-housing-payments-policy.pdf>

### **6.4.3 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. Under self-financing the Council's plan was always to repay debt but, as demonstrated elsewhere, enforced lower rent levels and consequential efficiencies to the service make this impractical. This baseline Business Plan proposes the renewal of debt on maturity at an estimated annual interest rate of 5% per annum.

### **6.4.4 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 as at 1 April 2015 produced 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 £187.370m.

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

#### **6.4.5 End of Joint Venture Company arrangements**

Harlow Council's arrangement with Kier Services comes to an end on 31 January 2017 with the winding up of Kier Harlow Ltd. In future services will be undertaken by a Local Authority Trading Company (LATC). At the time of compilation reworked costs have not been finalised so various assumptions have been made.

#### **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. Work is under way to explore the impact of componentisation and depreciation to the HRA with the objective to achieving a benign position. 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.

**APPENDIX 3.1  
HOUSING SERVICE PLAN 2015-16**

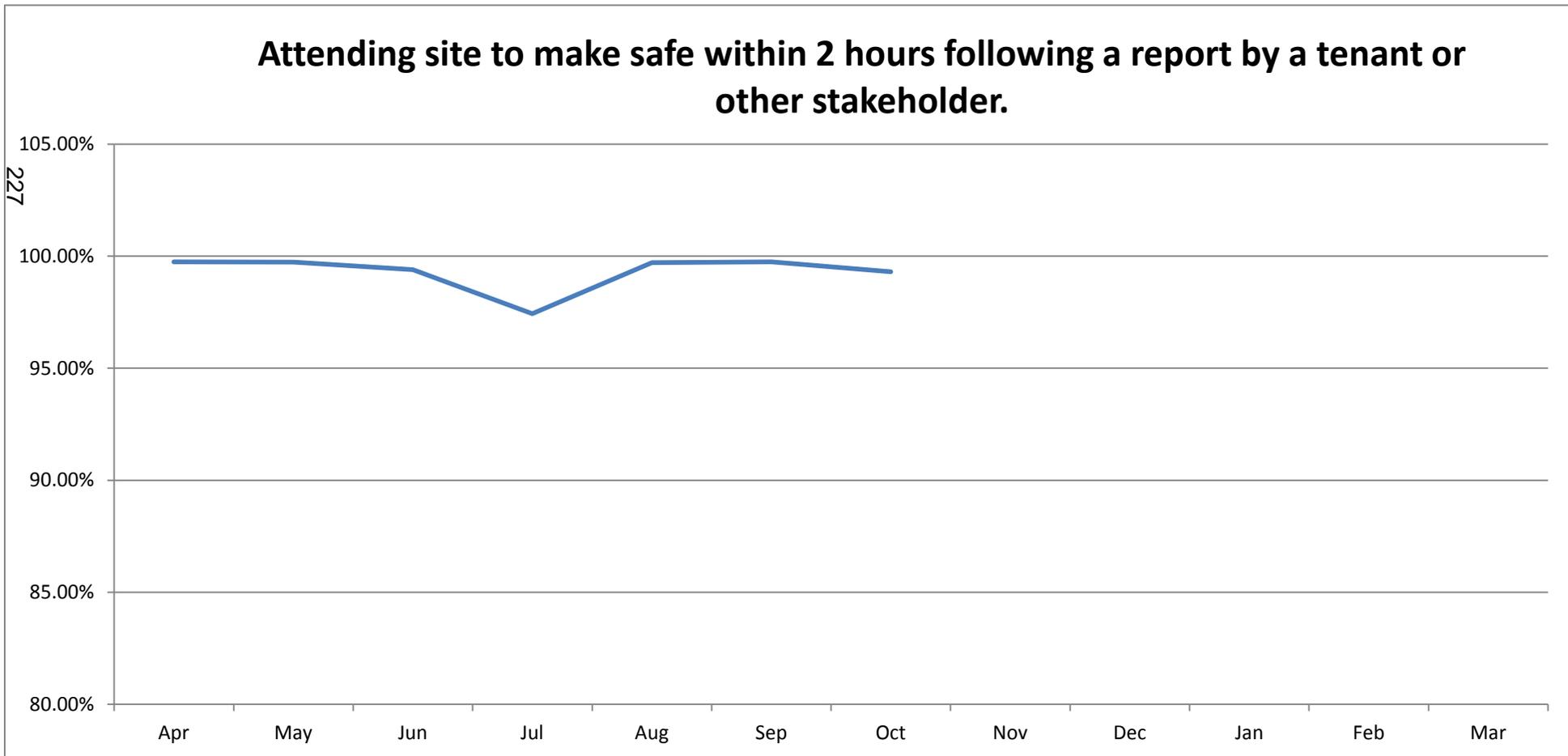
Objectives	Actions	Milestones	When	By Whom
<b>HSG 1 Improve the quality of Council Housing stock, maintain stock in good order beyond achieving Decent Homes Targets by April 2015</b>	1.1 Procure Housing Investment Programme	1.1.1 Internal contracts awarded	Complete	Head of Housing
		1.1.2 External contracts awarded	Complete	
		1.1.3 Programme and project management processes established	Complete	
	1.2 Updated Housing Revenue Account Business Plan approved	1.2.1.Cabinet approval	Complete	
		1.2.2 Revised rent restructuring proposals approved	Complete	
		1.2.3 Annual work plans published to Tenants and Leaseholders	Complete	
		1.2.4 Performance Management Framework established	Complete	

Objectives	Actions	Milestones	When	By Whom
<b>HSG 2 Review the Allocations Policy and update the Tenancy Strategy</b>	2.1 Review the impact of Policy changes	2.1.1 Impact assessment made	Complete	Housing Options & Advice Manager
	2.2 Develop Action Plan for service requirements aligned to budget levels	2.2.1 Action Plan in place	November 2015	
		2.2.2 Introduce revised processes and policies in line with updated Tenancy Strategy	December 2015	
<b>HSG 3 Implement revised Homelessness Strategy</b>	3.1 Implement Action Plan from revised Homelessness Strategy	3.1.1 Action Plan completed	March 2016	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 2016	
		3.2.2 Revised Rent Deposit Guarantee Scheme implemented	Complete	
		3.2.3 Business Case proposal for lettings agency to be completed	Complete	
	3.3 Continue to develop Harlow Homelessness Partnership targeting resources and joint working with agencies to prevent and tackle Homelessness	3.3.1 Allocate Government grant for 2015/16	Complete	
		3.3.2 Partnership reporting framework established	Complete	

Objectives	Actions	Milestones	When	By Whom
	3.4 Ensure all residents are provided with a range of Housing Options, choices and opportunities available for their situation	3.4.1 Options reviewed	March 2016	
<b>HSG 4 Increase availability of Housing to rent at low cost</b>	4.1 Complete pathfinder programme of council house building	4.1.1 New build established	December 2015	Head of Housing
		4.1.2 Progress reviewed	Mar 2015	
	4.2 Evaluate proposal to establish a local housing company using land where appropriate to support the development of increased housing of all types	4.2.1 Evaluation complete	Complete	
		4.2.2 New garage feasibility studies started	Complete	
<b>HSG 5 Increase engagement and Participation of tenants and leaseholders</b>	5.1 Review and consult on the Tenant and Leaseholder Engagement Strategy	5.1.1 Independent review completed	Complete	Head of Housing
		5.1.2 Plan published	Complete	
	5.2 Ensure that Housing works programmes are communicated in advance of commencement and monitoring arrangements established	5.2.1 HIP Programmes 2015/16 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 Ongoing	Mar 2016	

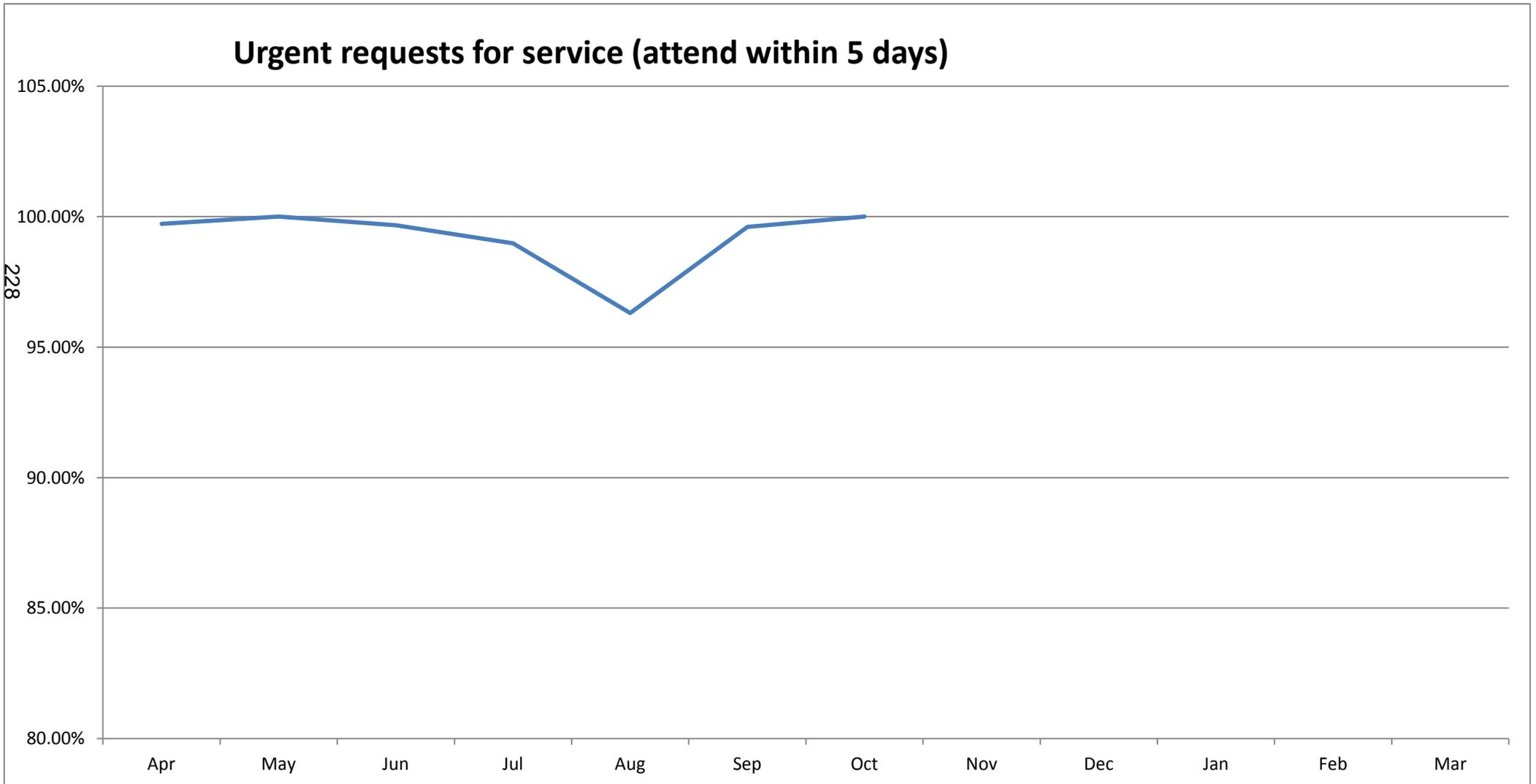
Objectives	Actions	Milestones	When	By Whom
<b>HSG 6 Review Housing related support (HRS) provision</b>	6.1 Establish a new five year Supported Housing Plan	6.1.1 ECC commissioning arrangements in place	Complete	
		6.1.2 Options appraisal complete	Complete	
		6.1.3 Action Plan established	To be reviewed by Scrutiny Committee in Nov 2016	
<b>HSG 7 Improve tenant satisfaction with Housing Landlord Services</b>	7.1 Implement revised organisational arrangements for Housing	7.1.1 Arrangements in place	Complete	Head of Housing
	7.2 Review customer satisfaction measurements	7.2.1 Action Plan approved	Complete	
		7.2.2 Major Works measurements revised	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	Apr 2016	Housing Options and Advice Manager
	8.2 Promote sustainable tenancies by providing timely advice and support	8.2.1 Ongoing.	Mar 2016	

H098 Repairs - Attending site to make safe within 2 hours following a report by a tenant													
2015	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.	99.75%	99.73%	99.40%	97.43%	99.71%	99.74%	99.30%					



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

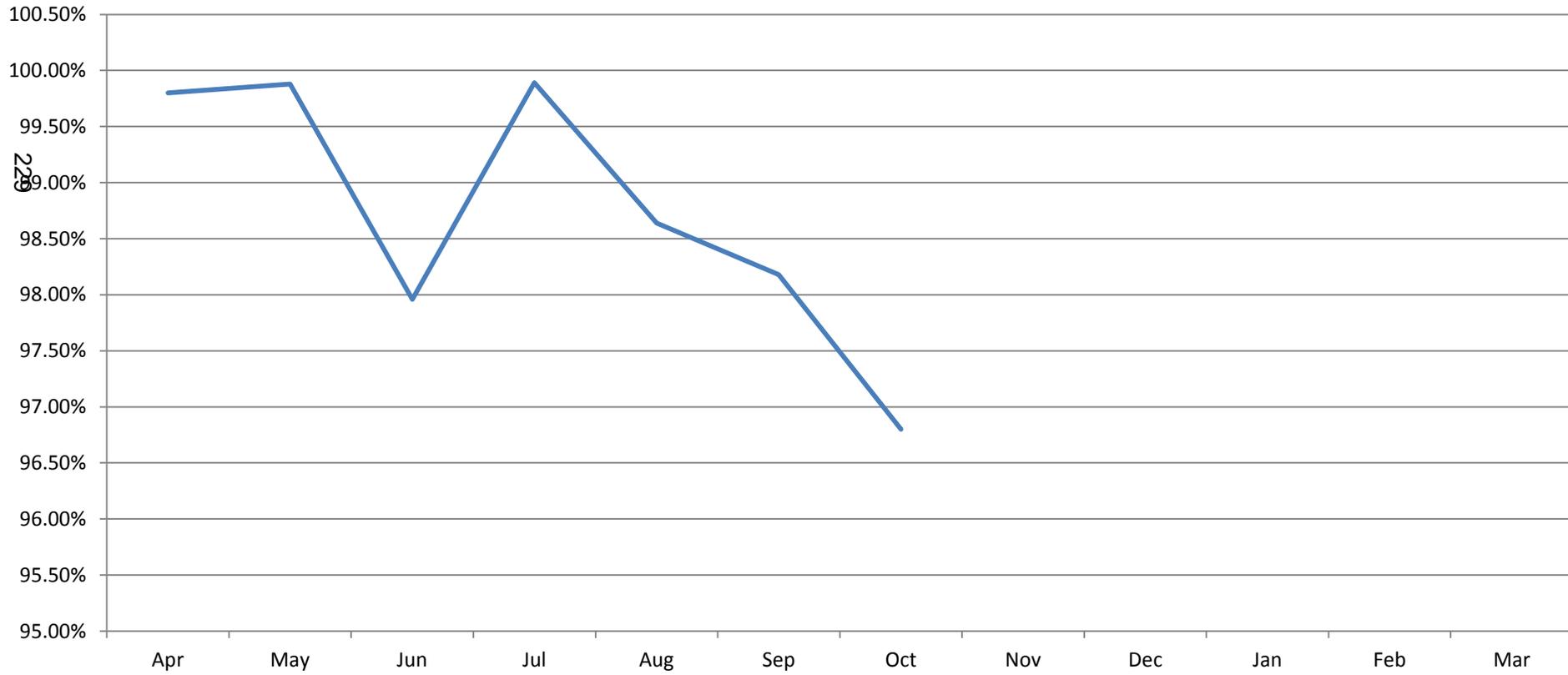
2015	KPI	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
H101	Urgent requests for service (attend within 5 days)	99.72%	100.00%	99.67%	98.98%	96.30%	99.61%	100.00%					



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

2015	KPI	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
H103	Standard requests for service (attend within 20 days)	99.80%	99.88%	97.96%	99.89%	98.64%	98.18%	96.80%					

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



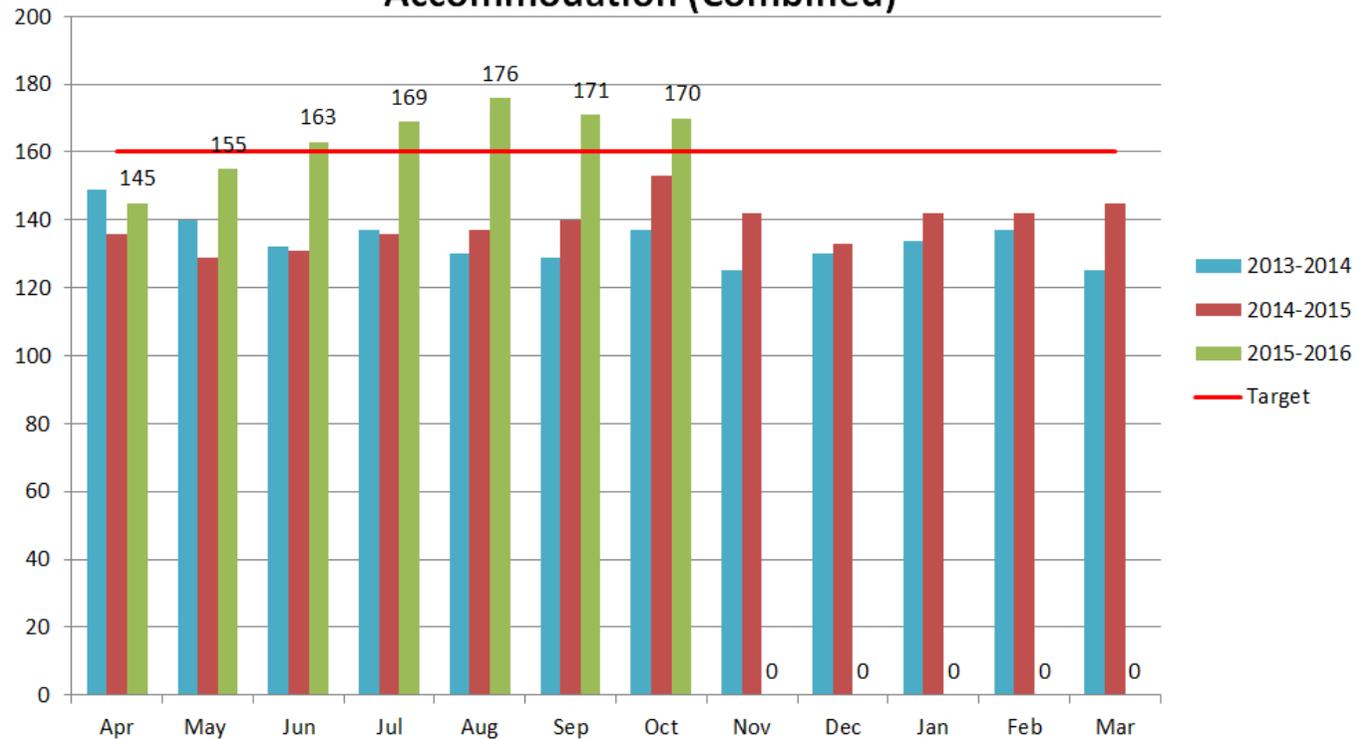
## Housing Options and Advice

Quarterly Corporate and Scorecard Indicator

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

PI CODE	2014/15 Outturn	2015/16 Target	May Week 8	June Week 13	July Week 17	August Week 21	September Week 26	October Week 30	Status	Trend Arrow
NI 156	145	160	155	163	169	176	171	170	RED	↓

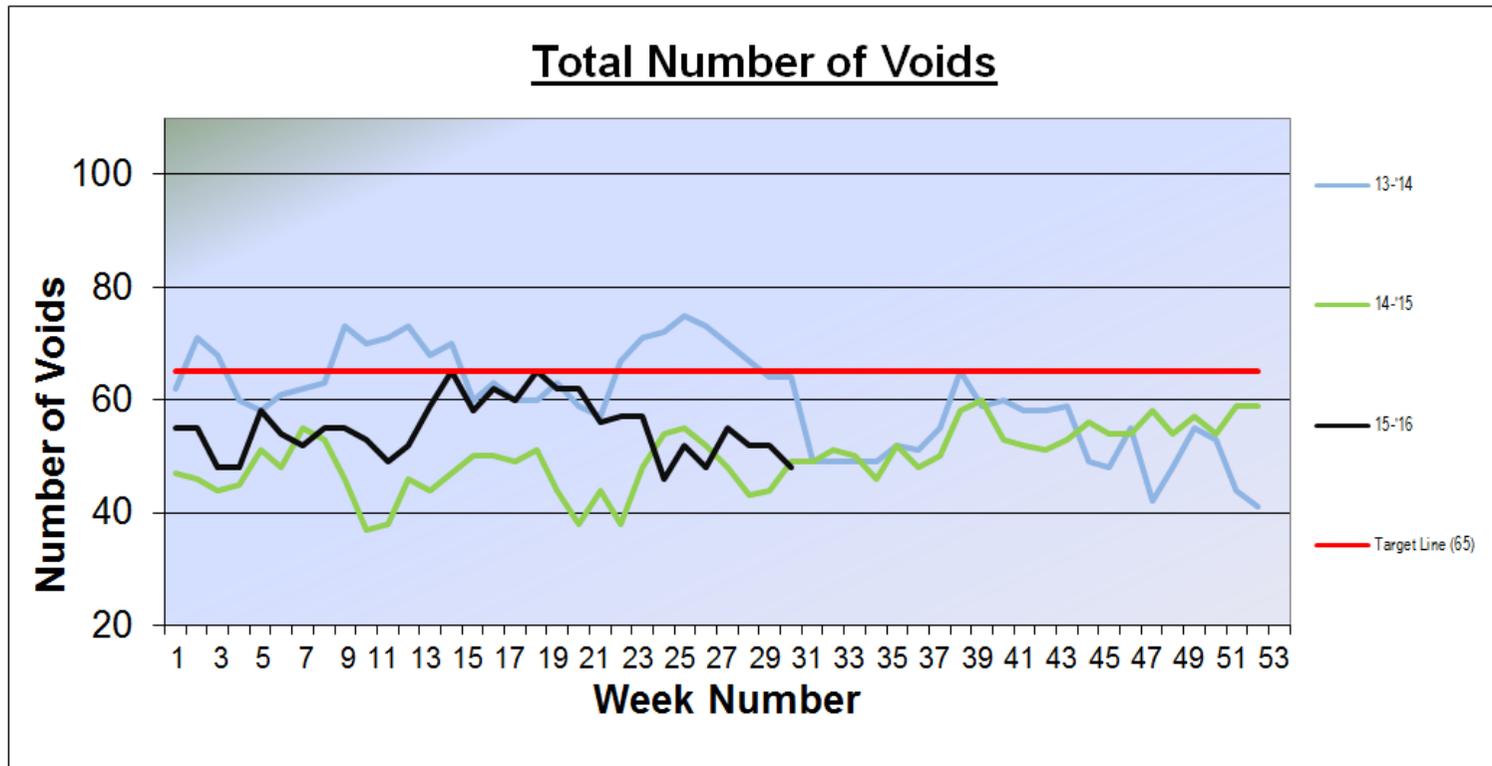
### NI 156 – Number of Households Living in Temporary Accommodation (Combined)



## Empty Homes Team

### HMS8 - Number of empty Council homes

PI CODE	2014/15 Outturn	2015/16 Target	May Week 8	June Week 13	July Week 17	August Week 21	September Week 26	October Week 30	Status	Trend Arrow
HMS 8	59	60	55	59	60	56	48	48	GREEN	➔



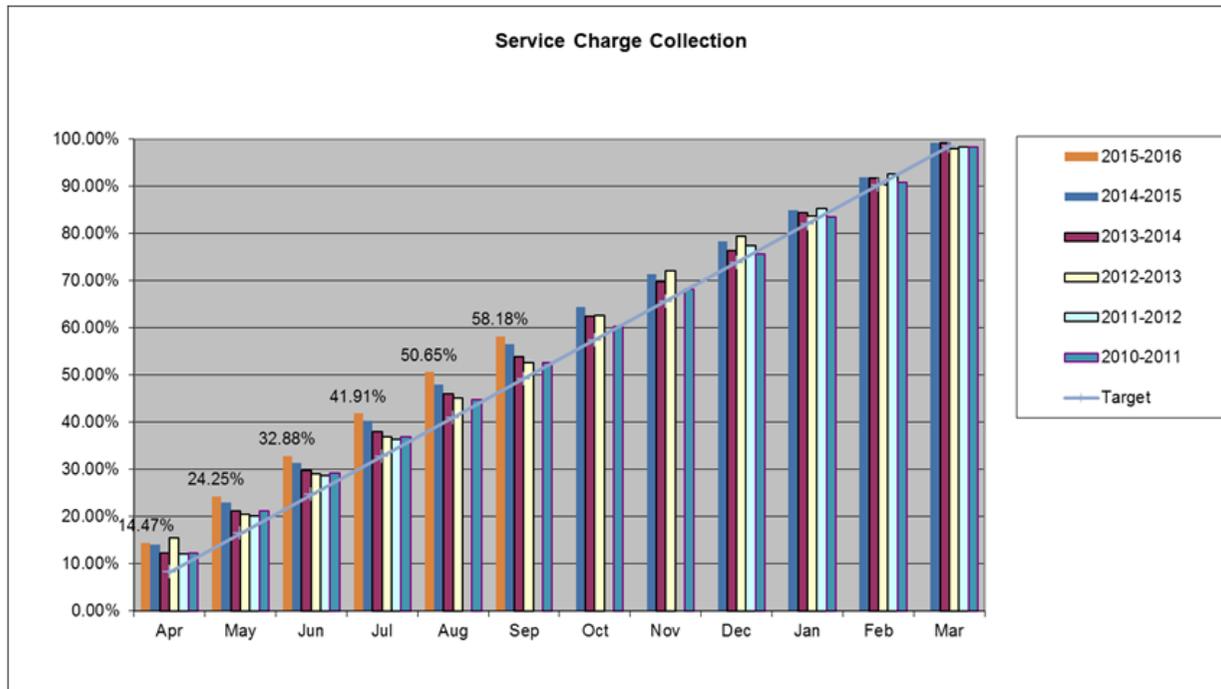
## Home Ownership

to be updated by income

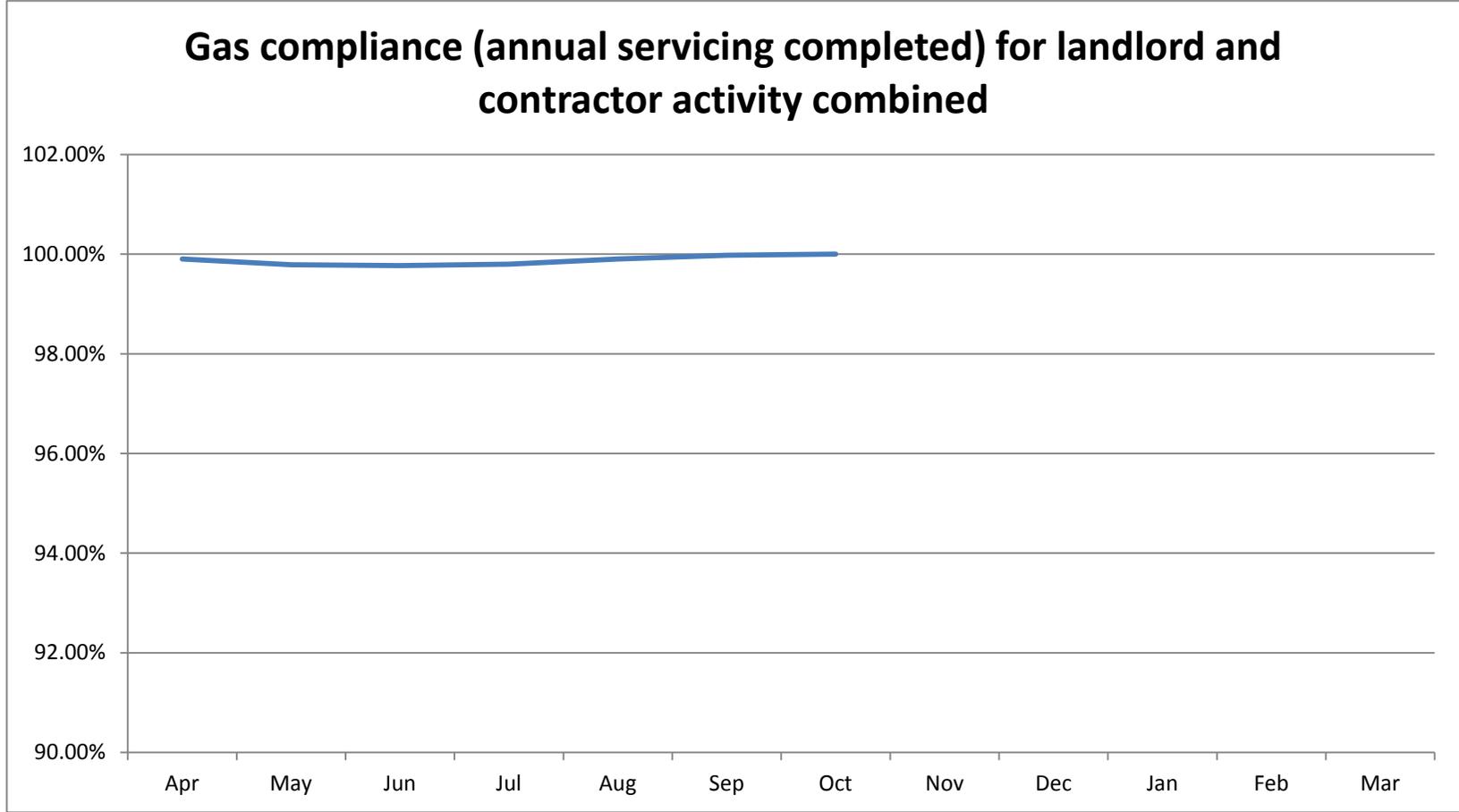
### Annual Service Charges

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

Outturn 2014-15	Target 2015-16	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	Status	Trend Arrow
TARGET INDICATOR %	98.5%	8.21%	16.42%	24.62%	32.83%	41.04%	49.25%	57.46%	65.67%		
99.17%		14.47%	24.25%	32.88%	41.91%	50.65%	58.18%	65.66	72.37%	<b>GREEN</b>	<b>↑</b>



Gas compliance (annual servicing completed) for landlord and contractor activity combined													
2015	KPI	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
HO98	Gas compliance (annual servicing completed) for landlord and contractor activity combined	99.90%	99.79%	99.77%	99.80%	99.90%	99.98%	100.00%					



## APPENDIX 4.1: ASSET MANAGEMENT PLAN

Element	2015/16	2016/17	2017/18	2018/19	2019/20	2020/2025	2025/30	2030/35	2035/40	2040/45	Total
	(£)	Year2 (£)	Year 3 (£)	Year 4 £	Year 5 £	Years 6 to 10	Years 11 to 15	Years 16 to 20	Years 21 to 25	Years 26 to 30	
Internals	£8,631,655	£8,013,000	£6,424,000	£4,024,000	£4,105,000	£20,252,000	£26,198,000	£30,579,340	£29,072,000	£29,690,640	£166,989,635
Windows and Doors	£3,100,000	£1,930,000	£0	£226,000	£231,000	£2,742,220	£4,132,870	£2,890,640	£3,389,470	£6,030,650	£24,672,850
Dampness / Structural	£177,000	£0	£0	£0	£0	£0	£0	£0	£0	£0	£177,000
External Major Works Package	£4,509,300	£3,800,000	£3,907,000	£7,224,000	£7,369,000	£33,802,526	£21,448,464	£17,278,393	£11,482,451	£16,577,509	£127,398,643
Contingent Major Repairs	£1,089,000	£415,000	£355,000	£400,000	£408,000	£1,703,903	£1,553,385	£1,522,451	£1,318,320	£1,575,814	£10,340,873
Leaseholders costs	£576,000	£579,000	£590,000	£2,159,000	£2,202,000	£8,818,477	£4,771,264	£1,732,414	£1,072,865	£1,548,922	£24,049,942
GARAGES	£501,000	£508,000	£519,000	£528,000	£539,000	£5,391,707	£6,049,981	£4,662,110	£855,240	£855,240	£20,409,278
Garage transfer to GF	£-213,000	£-271,000	£-225,000	£-252,000	£-257,000	£-2,478,000	£-2,714,021	£-2,091,422	£-383,660	£-383,660	£-9,268,763
Barley Croft & Lower Meadow	£1,000,000	£0	£0	£0	£0	£0	£0	£0	£0	£0	£1,000,000
Lift Programme	£110,000	£0	£0	£0	£0	£0	£0	£0	£0	£0	£110,000
Environmental Works	£141,000	£0	£0	£0	£0	£100,000	£100,000	£100,000	£100,000	£100,000	£641,000
Disabled Aids and Adaptations	£965,000	£812,000	£828,000	£665,000	£679,000	£3,150,000	£3,150,000	£3,150,000	£3,150,000	£3,150,000	£19,699,000
Energy Efficiency	£683,000	£1,972,000	£2,252,000	£1,628,000	£1,826,000	£1,615,000	£0	£0	£0	£228,320	£10,204,320
Electrical Upgrade and Fire Safety	£1,071,000	£1,450,000	£1,035,000	£106,000	£108,000	£0	£0	£0	£0	£0	£3,770,000
											£0
Fees	£1,559,000	£1,260,000	£414,000	£370,000	£377,000	£1,750,000	£1,750,000	£1,750,000	£1,750,000	£1,750,000	£12,730,000
Housing IT	£255,589	£442,000	£255,000	£100,000	£100,000	£500,000	£500,000	£500,000	£500,000	£500,000	£3,652,589
<b>Grand Total</b>	<b>£24,155,544</b>	<b>£20,910,000</b>	<b>£16,354,000</b>	<b>£17,178,000</b>	<b>£17,687,000</b>	<b>£77,347,833</b>	<b>£66,939,943</b>	<b>£62,073,926</b>	<b>£52,306,686</b>	<b>£61,623,435</b>	<b>£416,576,367</b>
<b>Total Per Annum</b>	<b>£24,155,544</b>	<b>£20,910,000</b>	<b>£16,354,000</b>	<b>£17,178,000</b>	<b>£17,687,000</b>	<b>£77,347,833</b>	<b>£66,939,943</b>	<b>£62,073,926</b>	<b>£52,306,686</b>	<b>£61,623,435</b>	<b>£416,576,367</b>

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

**Short Term: up to 5 years**

- **Maintain the Decent Homes Standard as a minimum requirement** in Harlow and incorporate this within a **broader ‘Harlow Standard’** which also includes, and sets out to customers, details of:
  - Key Service Standards – including target timescales for kitchen, bathroom and boiler replacement works
  - Targets for Customer Satisfaction with all categories of Repair and Maintenance Works
  - Our approach and commitment to ensuring the Health and Safety of residents in our homes
  
- Build upon the **learning and experience of the Year 1 (2015-16), Pilot Phase of the External Works Programme** and continue to ensure – in particular following the impact of the 2016-2020 -1% rent regime and resulting required cost savings – the targeting of works to those elements which:
  - Contribute to maintaining Decent Homes Standard compliance and ensure the structural soundness of the Council’s housing stock
  - Eliminate any and all issues which could be considered a hazard via the Housing Health and Safety Rating System (HHSRS)
  
- Ensure that sufficient budget and other resource requirements are in place to **ensure the Council, as a responsible landlord, continues to meet its duties in complying with all statutory, legislative and regulatory requirements in regard to Health and Safety**. This will include:
  - Completion of all recommended and required works resulting from the renewed Fire Risk Assessments carried out in late 2015
  - Enhancing the provision of information and advice to tenant customers in regard to the risks associated with, and best practice approach to the management of, asbestos containing materials within their home
  - Commencing in 2016-17 the operation of an annual programme of servicing/testing of Smoke Detector installations across the Council’s Housing Stock
  - Targeting 2016-17 Modern Homes Works Programme to secure removal (subject to tenant consent) of all remaining Gas Back Boiler and Solid Fuel Heating Systems

- Full upgrading of all communal electricity supply installations to modern, required standards
- Significantly **contribute to alleviating fuel poverty within the Council's tenant base** via improvements in the Energy Efficiency of our housing stock, to include:
  - Targeted Improvement Works in 2016-17 to the 54 worst performing, most energy inefficient housing units (Energy Performance Certificate rated F and G) in order to bring these to rating C or above
  - Planning further works after 2016-17 to then similarly address a further 771 properties rated at EPC level E in order to ensure that the Council is compliant with the requirements of the Energy Act 2011 (which states that no properties can be re-let which have an energy rating below Band E after April 2018)
  - Commencing in 2016-17 the programme of replacement and improvement works for the Council's portfolio of ageing (+30 years) District (10) and Communal (15) Heating Systems
  - Continuing to explore – whilst acknowledging the significantly reduced opportunities available since May 2015 – potential sources of external funding and support for Energy Efficiency
- Continue to **meet the Council's obligations to provide Disabled Adaptations to tenant customers in need**, whilst also seeking to improve our practice and approach, via:
  - A procurement review to examine Value for Money, and seek efficiencies, in regard to the completion of adaptations works
  - An update to the Council's Disabled Adaptations Policy in order to ensure compliance with the latest legislative requirements, clarity for tenant customers and effective integration/linkage with the Council's Allocations and Lettings Process (in regard to optimum use of the housing stock which has already been adapted)
- **Improve both the quality of the Council's existing portfolio of Temporary Accommodation and the quantity available** via implementation of the works recommended within the Temporary Accommodation Survey and Review 2015

- Continue to **invest within the Council's stock of Garages and Hard Standings within Harlow**, though with a revised approach and increased premium upon repairs and maintenance – as opposed to large-scale refurbishment/replacement – due to the impact of the funding constraints in the period 2016-2020 as set out within the HRA Business Plan
- **Retain the Council's clear aspiration to develop its own New Build properties to provide affordable homes for rent in Harlow and meet housing need**, whilst accepting the funding constraints upon this aspiration resulting from the 2016-2020 -1% rent regime and other associated policy changes (this aspiration will be subject to annual review throughout this period)
- Successfully **complete the transition from the expiry (February 2017) of the Kier-Harlow Ltd. (JVCo.) to a Local Authority Trading Company (LATC)** as the new delivery model for responsive repairs, voids and other services, and in doing so:
  - Introduce improved targets (time allocation, right first time, customer satisfaction) for the completion of responsive repairs via a new, revised Scope of Works
  - Ensure that the Council meets all its statutory, legislative (including via the Right To Repair) and regulatory (in accordance with the Homes and Communities Agency's Homes Standard) obligations
  - Realise efficiency savings and gains through the new Scope of Works for the services provided by the LATC, optimum use of ICT systems and reformed delivery structures

#### **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
  - 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 – continue to ensure 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 continue a programme of new build with annual review

## APPENDIX 6.1: ESTIMATES 2015-2045. BASELINE SCENARIO

### HRA Operating Account 30 Year Business Plan

	2015.16	2016.17	2017.18	2018.19	2019.20	2020.21	2024.25	2029.30	2034.35	2039.40	2044.45
	Estimates	Estimates									
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Expenditure</u>											
General Management	11,685	11,710	11,723	11,059	11,115	11,319	12,173	13,333	14,607	16,004	17,536
Special Management	5,391	5,573	5,655	5,759	5,872	5,990	6,484	7,158	7,903	8,726	9,634
Repairs	9,246	9,478	9,653	9,804	10,011	10,261	11,326	13,135	15,233	17,665	20,487
Rents, Rates, Taxes & Other Charges	8	30	26	12	12	12	13	14	15	16	17
Supporting People Transitional Relief	6	6	4	2	0	0	0	0	0	0	0
Provision for Bad & Doubtful Debts	200	200	300	300	300	300	300	300	300	300	300
Major Repairs Reserve Contribution	10,811	10,777	10,845	10,989	11,228	11,472	12,500	13,913	15,482	17,222	19,152
Revenue Contribution to Capital Programme	10,498	7,559	3,813	4,562	4,997	3,097	2,346	2,850	4,618	4,191	12,571
Debt Management Expenses	14	16	16	16	16	16	16	16	16	16	16
Capital Charges: Principal	0	0	0	0	0	0	0	0	0	0	0
Capital Charges: Interest	6,784	6,677	6,568	6,473	6,358	6,317	6,317	7,199	8,614	9,257	9,884
	<b>54,643</b>	<b>52,026</b>	<b>48,602</b>	<b>48,976</b>	<b>49,908</b>	<b>48,783</b>	<b>51,474</b>	<b>57,919</b>	<b>66,787</b>	<b>73,397</b>	<b>89,597</b>
<u>Income</u>											
Dwelling Rents	46,184	45,183	44,159	43,383	43,650	43,943	49,760	55,613	63,362	72,171	82,181
Garage Rents	974	1,005	1,055	1,108	1,185	1,221	1,513	1,894	2,418	2,939	3,751
Other Rents	22	22	22	22	22	22	22	22	22	22	22
Service Charges: Tenants	1,001	1,024	1,045	1,071	1,098	1,125	1,242	1,405	1,590	1,799	2,035
Service Charges: Leaseholders	1,541	1,658	1,691	1,733	1,777	1,821	2,010	2,274	2,573	2,911	3,294
Other Charges for Services	707	585	617	655	697	740	952	1,302	1,800	2,646	3,671
Transfers from General Fund	519	524	529	540	550	561	608	671	741	818	903
Interest on Revenue Balances	51	57	79	105	121	130	393	1,028	1,868	3,279	4,484
	<b>50,999</b>	<b>50,058</b>	<b>49,196</b>	<b>48,617</b>	<b>49,100</b>	<b>49,563</b>	<b>56,499</b>	<b>64,209</b>	<b>74,374</b>	<b>86,585</b>	<b>100,339</b>
Balance at 1 April	10,870	7,226	5,257	5,852	5,493	4,684	12,800	36,899	69,010	121,184	169,317
Surplus / (Deficit) for year	-3,644	-1,969	594	-359	-808	780	5,024	6,290	7,586	13,189	10,742
Balance in hand at 31 March	<b>7,226</b>	<b>5,257</b>	<b>5,852</b>	<b>5,493</b>	<b>4,684</b>	<b>5,465</b>	<b>17,825</b>	<b>43,189</b>	<b>76,596</b>	<b>134,373</b>	<b>180,059</b>
<i>Minimum Working Balance</i>	<i>2,727</i>	<i>4,327</i>	<i>4,371</i>	<i>4,458</i>	<i>4,547</i>	<i>4,638</i>	<i>5,020</i>	<i>5,543</i>	<i>6,120</i>	<i>6,757</i>	<i>7,460</i>

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

	2015.16	2016.17	2017.18	2018.19	2019.20	2020.21	2024.25	2029.30	2034.35	2039.40	2044.45
	£'000	Estimates £'000									
<u>Expenditure</u>											
Capital Programme Financing	10,811	10,777	10,845	10,989	11,228	11,472	12,500	13,913	15,482	17,222	19,152
Repayment of Debt	0	0	0	0	0	0	0	0	0	0	0
	<u>10,811</u>	<u>10,777</u>	<u>10,845</u>	<u>10,989</u>	<u>11,228</u>	<u>11,472</u>	<u>12,500</u>	<u>13,913</u>	<u>15,482</u>	<u>17,222</u>	<u>19,152</u>
<u>Income</u>											
Transfer from HRA	10,811	10,777	10,845	10,989	11,228	11,472	12,500	13,913	15,482	17,222	19,152
	<u>10,811</u>	<u>10,777</u>	<u>10,845</u>	<u>10,989</u>	<u>11,228</u>	<u>11,472</u>	<u>12,500</u>	<u>13,913</u>	<u>15,482</u>	<u>17,222</u>	<u>19,152</u>
Balance at 1 April	0	0	0	0	0	0	0	0	0	0	0
Surplus / (Deficit) for year	0	0	0	0	0	0	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>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

**Housing Capital Programme**

	2015.16	2016.17	2017.18	2018.19	2019.20	2020.21	2024.25	2029.30	2034.35	2039.40	2044.45
	£'000	Estimates £'000									
<u>Expenditure</u>											
Core Programme	23,258	20,910	16,355	17,178	17,684	17,589	18,119	19,285	22,354	23,378	34,404
New Build	1,845	0	0	0	0	0	0	0	0	0	0
	<u>25,103</u>	<u>20,910</u>	<u>16,355</u>	<u>17,178</u>	<u>17,684</u>	<u>17,589</u>	<u>18,119</u>	<u>19,285</u>	<u>22,354</u>	<u>23,378</u>	<u>34,404</u>
<u>Financed by:</u>											
Major Repairs Reserve	10,811	10,777	10,845	10,989	11,228	11,472	12,500	13,913	15,482	17,222	19,152
Revenue Contribution to Capital Programme	10,498	7,559	3,813	4,562	4,997	3,097	2,346	2,850	4,618	4,191	12,571
Right To Buy Receipts	1,574	1,356	1,117	601	613	627	681	756	837	926	1,032
Grants etc	2,220	1,218	580	1,027	846	2,394	2,592	1,766	1,417	1,040	1,649
	<u>25,103</u>	<u>20,910</u>	<u>16,355</u>	<u>17,178</u>	<u>17,684</u>	<u>17,589</u>	<u>18,119</u>	<u>19,285</u>	<u>22,354</u>	<u>23,378</u>	<u>34,404</u>

## APPENDIX 6.2: CLOSING THE BUDGET GAP 2016/17 to 2019/20

The effect of the Government's Summer Budget on the Council's HRA – as reported to Special Tenants Forum, 30 September 2015.

Housing Revenue Account	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
<b>HRA Business Plan 2014-2044</b>					
Balance at 31 March <i>note: adjustments are cumulative</i>	-3,388	-3,021	-3,496	-6,545	-11,201
<b>Updating adjustments</b>					
Improvement in HRA balance on closure, 2014/15	-1,172	-1,172	-1,172	-1,172	-1,172
Expenditure carried over to 2015/16	415	415	415	415	415
Lower CPI - reduced rent increases	0	570	1,535	2,625	3,773
Support to Housing Capital Programme	113	-352	-847	-816	-785
Other adjustments	-273	-485	-715	-966	-1,213
	-917	-1,024	-784	86	1,018
<b>Amended Balance at 31 March</b>	<b>-4,305</b>	<b>-4,045</b>	<b>-4,280</b>	<b>-6,459</b>	<b>-10,183</b>
Summer budget					
Restriction of rent increases to minus 1%		823	2,991	6,880	12,762
Other adjustments, mainly restricted salary increase	0	-14	-75	-185	-344
	0	809	2,916	6,695	12,418
<b>"Summer Budget" Balance at 31 March</b>	<b>-4,305</b>	<b>-3,236</b>	<b>-1,364</b>	<b>236</b>	<b>2,235</b>
<b>HRA Shortfall addressed</b>					
"Summer Budget" Balance at 31 March					2,235
Minimum Working Balance (before adjustment for "High Value Voids")	-2,727	-2,727	-2,755	-2,810	-2,866
<b>HRA Shortfall</b>					<b>5,101</b>

## Cumulative Growth and Savings (2015-2020)

**Housing Revenue Account 2019/20****HRA deficit at 31 March 2020****£'000****2,235**

Revised housing asset management plans and delivery.	-4,618	Reduction in work programmes. Maintaining compliance of the Council's housing stock to regulatory requirements. Operating a 'just in time' replacement regime for key components such as kitchens, bathrooms, central heating systems, roofs and external structure of homes. Reduction in fees as a result of the reduction in programmes with efficiency savings from procurement.
Carbon Monoxide monitors	150	Statutory requirement. Statutory and regulatory requirement for the landlord to respond to health and safety priorities. Installing carbon monoxide monitors assists with fire regulatory orders and is considered best practice.
Cyclical Maintenance	840	Regulatory requirement. Requirement for an increase in work programmes, to assist the Council's responsive and programmed works.
Drainage feasibility, street lighting, lift maintenance etc	-165	Reduced demand. Drainage surveys will be undertaken on a priority basis.
Void security	-260	Reduced demand. Reduction due to the disposal of sites, including Phase I of the Priority Estates redevelopment and efficiencies following procurement exercise.
Garage painting and repairs	-400	Reduced programme. 'Just in time' replacement regime for key maintenance programmes forming part of the revised Garage Strategy.
External garage programme	-600	Reduced programme. 'Just in time' replacement regime for key maintenance programmes forming part of the revised Garage Strategy.
Moving Incentives	-50	Reduced demand.

<b>Housing Revenue Account 2019/20</b>	<b>£'000</b>	
Redecoration Allowances	-30	Reduced demand.
Priority Estates Home Loss Payments	-751	Reduced demand. Removal of Priority Estate from original programme.
Level of dwelling voids from 0.85% to 0.7%	-280	Projected void performance
Bad Debt Provision	-346	Deferral of the introduction of Universal Credit.
Annual increase in garages of 5%	-240	Forms part of on-going Garage Strategy.
Other adjustments	-169	
	<u>-6,919</u>	
<b>"Business Plan" Balance at 31 March 2020</b>	<u><b>-4,684</b></u>	
New Minimum Working Balance	-4,547	£1.6m added in respect of High Value Voids (see Appendix A)
<b>Balance above Minimum Working Balance</b>	<u><u><b>137</b></u></u>	

Housing Capital Programme changes: Cumulative 2015/16 to 2019/20.

<b>Housing Capital Programme</b>	<b>Cumulative £'000</b>
<b>HRA Business Plan 2014-2044</b>	
<b>Approved Housing Capital Programme</b>	<b>101,292</b>
<b>Additions</b>	
Loft Insulation	571
Windows and Doors	582
Energy Efficiency and Fuel Poverty	4,242
Electrical Upgrade and Fire Safety	2,500
Housing IT	447
<b>Savings</b>	
Procurement efficiencies	-3,850
Dampness	-200
Garages	-2,050
Garages (reduction to Non Housing Capital Programme)	920
Reductions	-6,391
Carry forward from 2014/15	959
Other adjustments	-1,792
	-4,062
<b>Amended Housing Capital Programme</b>	<b>97,230</b>

## APPENDIX 6.3 HRA BUSINESS PLAN 2015-2045: ASSUMPTIONS

### 1. Over-Arching Assumptions

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.

Harlow Council's HRA Business Plan covers a period of thirty years, from 2015/16 (year 1) to 2044/45. Data input for 2015/16 (year 1) and 2016/17 (year 2) replicates the HRA Revised Estimates 2015/16 and Estimates 2016/17, which will be submitted to Cabinet on 28 January 2016. The report shows growth and savings for 2016/17 (in paragraphs 39 and 40).

The HRA Business Plan is based on the following key principles:

- Implement Government legislation to reduce dwelling rents annually by 1% in each of the four years commencing 2016/17;
- Renew the Public Works Loan Board (PWLB) debt of £208.837m upon maturity of each loan, keeping repayment under review;
- Maintain a minimum HRA working balance at 31 March 2016 at £2.727m.;
- Revise housing asset management plans (see **Chapter 4**);
- Assume annual increases of at least 5% per year for garages and increases / decreases in service charges related to changes in expenditure.

### 2. Stock Categories

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

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 1% in 2017/18, and 2% thereafter.

### 4. Interest Rates

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 2015/16 is 0.57%, and is based on the Council's investment interest achieved on surplus funds it holds.

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.

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 to, of course, being able to service this debt.

After 1 April 2015, with the transfer of garages to the General Fund, the borrowing headroom increased to £21.467m.

The table below summarises the HRA borrowing position for 2015/16.

<b>Harlow Council: HRA Borrowing 2015/16</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	(21,467.0)	Ongoing	Variable	0.57%	(122,362)
<b>Total</b>	<b>187,370.0</b>				<b>6,752,552</b>

Interest is also earned on the HRA working balances. The rate, or yield, is based on the anticipated return from the investment of surplus cash and calculated by reference to the Bank Base Rate which is expected to increase over time. The Council usually achieves earnings slightly above the Base Rate. The model assumes earnings of 0.57% in 2015/16, 0.92% in 2016/17; 1.43% in 2017/18, 1.87% in 2018/19, 2.41% in 2019/20, and 2.6% thereafter.

## **5. Stock and Rents**

The Council had 9,637 tenanted and 2,418 leasehold properties as at 1 April 2015. The tenanted dwellings include the equivalent of 7 shared ownership dwellings.

The average actual rent was £93.60 in 2015/16, and will decrease to £92.66 in 2016/17.

Void loss is set at 0.70% throughout the life of the Business Plan.

An annual provision for bad and doubtful debts is made, which offsets any approved write off of old debts. The annual calculation is £200,000 in 2015/16 and 2016/17, rising to £300,000 from 2017/18 to cover the risk arising from the potential impact of welfare reform.

## **6. Service Charges**

The Council “unpooled” service charges in April 2007. The weekly service charges to all tenants average £1.99 per week in 2015/16. This will rise (or fall) in line with expenditure levels. On average service charges will increase to £2.05 in 2016/17. There is no adjustment applicable in respect of 2014/15 service charges.

Leaseholders in addition to the standard service charges to tenants also pay a management charge, repairs and maintenance and insurance. Once again, these costs will rise or fall in line with relevant expenditure.

In addition to these charges, the plan also includes income in 2016/17 from properties where there is communal heating. The cost of heating will change depending on the Council's fuel supply contract which enables fuel to be purchased when prices are advantageous. The figures for 2016/17 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**

HRA garages income, net of voids, is estimated at £974,000 in 2015/16. The plan assumes annual increases of 5%.

## **8. "Right to Buy" sales**

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 69 in 2015/16, 60 in 2016/17, 50 in 2017/18, and 30 thereafter. Sales values are assumed at an average £167,392, increasing in line with the Retail Price Index, with an average discount of £70,051 assumed.

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.

Generally, three-quarters of receipts are subject to pooling by Government.

## **9. Other Stock Changes**

Eighteen new homes were added to the Council's housing stock in 2015/16 as a result of the 'Pathfinder Scheme'. Another property was repossessed.

The Plan assumes that 204 properties in The Briars, Aylets Field, and Copshall Close will be demolished between 2015/16 and 2017/18.

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.

The plan has ignored any receipts which might arise from the sale of HRA land.

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

The model is based on the existing HRA budgets. Inflationary increases applied are as follows:

- Employees: 1% from 2016/17 to 2019/20 in line with an announcement by the Chancellor of the Exchequer on 8 July 2015, and 2% thereafter.
- Services provided by the Council's Joint Venture partner (Kier Harlow Ltd) are automatically increased / decreased annually by the Buildings Maintenance Index. For 2015/16 this was 1.4%. For 2016/17 this is expected to be 0.1%. The present contract arrangements end on 31 January 2017. Thereafter increases in costs are assumed to be in line with the Consumer Price Index.

- Other costs are anticipated to increase in line with CPI.

#### **11. Other Expenditure**

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.

#### **12. Maintenance and Investment Expenditure**

Maintenance work is predominantly undertaken by Kier Harlow Ltd. In 2016/17 of the total budget of £9.1m, £8.1m forms part of the JVCo contract (the figure is annualised). Annual uplifts are therefore as set out, under the heading management costs.

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.

#### **13. Capital Programme**

The Council's Housing Capital Programme is financed mainly from rent income received to the Housing Revenue Account. In 2016/17 capital expenditure will total £20.7m. Of this, £7.6m will be financed directly from the HRA and £10.8m 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.

RTB sales contribute £1.574m to the programme in 2015/16 and £1.356m in 2016/17.

The model allows for £0.6m of leaseholder contributions for 2015/16 and £1.2m in 2016/17. Income from leaseholders represents a proportion of work carried out in the Asset Management Plan.

#### **14. Balances**

Balances brought forward as at 1 April 2015 were £10.870m on the HRA Operating Account and £nil 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 2016 this is £2.727m rising to £4.327m in 2016/17. This will increase by CPI annually to keep pace with general inflation.

#### **15. Borrowing Strategy**

The significant change in the plan as a consequence of the Government's Summer Budget 2015 means that the five fixed term maturity loans will be not be repaid but renewed on maturity of each loan: i.e. £41,767,400 will be renewed on 28 March 2026, 28 March 2030, 28 March 2034, 28 March 2038 and 28 March 2042.

## **APPENDIX 6.4**

### **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. *The baseline plan is illustrated in Appendix 6.1.*

#### **Sensitivity A: Erosion of Rent Income**

The Government has set a course for social rents over the four years to 2019/20 but given no indication of rent levels from 2020/21 either by way of guidance or indicative legislation, although it is anticipated to be annual increases of CPI+1%. Rents for 2020/21 will need to be set before the end of this Parliament.

The key objective in this Business Plan has been to set a sustainable view over the next four years, so any departure from the annual increase of CPI+1% (i.e. 3%) from 2020/21 will need to be accommodated in the future.

The following scenarios are illustrative.

If rents increased by CPI only annually from 2020/21 there would be a budget shortfall commencing 2034/35 which would by 2045 total £65m.

If rents reduced by a further 1% in 2020/21 before increasing by CPI+1% from 2021/22, there would be a total budget shortfall of £1.65m in 2020/21 and 2021/22, but would otherwise be in balance.

If rents were frozen for four years, from 2020/21 to 2023/24, before increasing by CPI+1% thereafter, there would be a budget shortfall of £2.1m in 2020/21 and 2021/22, and in every year thereafter to 2045 with the exception of 2035-2041, with a total budget shortfall of £33m.

If rents continued to reduce by 1% until 2023/24, there would be a budget shortfall in 2020/21 and 2021/22 of £3.3m. and in every year thereafter totalling £87m.

#### **Sensitivity B: High Value Voids policy**

The baseline Business Plan has included a one-off increase in working balances of £1.6m for a government policy which will assess a payment to Treasury in support of Right To Buy for housing associations (*see Chapter 6.1.1.1.*). Various annual amounts have been suggested by professional bodies, one being £1,100 per property per year, or about £10m p.a. for Harlow.

The baseline Business Plan has been prepared such that there is no real headroom above the minimum working balance as at 31 March 2020. Any increase in the levy above £1.6m would need action to reduce expenditure elsewhere, possibly immediately depending on its severity.

### **Sensitivity C: Market Rents to tenants on higher incomes**

Again the policy has not been developed on near market rents for higher earning households. It is not possible to quantify the impact at this stage other than to take comfort that changes are proposed to be effective from 2017/18.

### **Sensitivity D. 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 (BMI), which for March 2015 was forecast to be 1.1% but changed to 1.4%, reflecting the depressed state of the market in current economic conditions. This added just over £50,000 to the contract sum payable in 2015/16. The uplift for March 2016, to be applied from April 2015, is estimated at 0.1%. 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 2016 was 0.6%, not 0.1% (i.e. 0.5% higher), then there would be an additional sum payable to the JVCo totalling £71,000.

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

The present contract with Kier Harlow Ltd comes to an end on 31 January 2017, which is the immediate forthcoming year, "Year 2" of this Business Plan. The Council is planning to create a Local Authority Trading Company (LATC) which will take over all current services (see above). The baseline Business Plan assumes that current contract costs will increase by CPI annually (i.e. 1% from 2017/18, and 2% thereafter) but has allowed for a reduction in costs to 31 March 2020. Should CPI increase or decrease by 0.1% then this would produce a +/-£71,000 variance.

Generally BMI has been historically lower than CPI. However for 2017/18 BMI is projected to be 1.9%, compared to a CPI of 1%. It should be noted that all services are not directly related to building maintenance costs and therefore the true inflationary effect may be neither BMI or CPI.

The final costs of the LATC will not be known for some while and will need to be accommodated after the 2016/17 budget has been set.

### **Sensitivity F: Inflationary Risk**

Income to the HRA from dwelling rents is approximately 90% of total income collectable. With this income stream fixed over the next four years this makes fluctuations in inflation on net expenditure more susceptible.

CPI is expected to increase from its current zero base to around a mid-point of 2% per year but fluctuations around the mid-point according to Bank of England official forecasts can be as wide as 1%.

By way of illustration a +/-1% change in CPI in 2016/17, on what is a net controllable expenditure (ignoring garage income) of £11.3m, would be +/-£113,000.

### **Sensitivity G: Welfare Reform**

Despite avoiding altogether Tax Credit reductions in the Autumn Statement 2015, the Government remains committed to make savings to housing welfare costs. The baseline Business Plan has assumed the effect of Universal Credit on tenants might have an adverse effect on payments. It has assumed £300,000 as a bad debt provision from 2017/18. The impact of these reforms is not likely to be widely felt in 2016/17.

### **Sensitivity H. Investment Strategy**

Cabinet in October 2015 agreed a revised principle to “renew the Public Works Loan Board (PWLB) debt of £208.837m upon maturity of each loan, keeping repayment under review”.

The baseline Business Plan assumes renewal of borrowing of £41.7674m in 2026, 2030, 2034, 2038 and 2042 at a rate of 5% per year. Having now addressed the shortfall in the medium term to 31 March 2020, and assuming accuracy of the Business Plan to 2045 despite uncertainties, it is possible to model renewal of loans in 2026 and 2030 and repayment of loans in 2034, 2038 and 2042.

Stress testing the rate of interest, which Arlingclose Ltd. the Council's treasury advisors believe to be reasonable, the Business Plan could remain sustainable for this pattern of renewals and repayments even if the borrowing rate increased to 7% per annum.

Given that the investment strategy plans for the longer term, decisions do not have to be made at this stage.

From 1 April 2015, the Council has available permitted borrowing of £21.467m but will only use this 'headroom' if absolutely necessary. The problem faced is that a new £1m loan at 4% p.a. would create a budget shortfall in 2019/20 so without other measures to reduce expenditure the option to borrow is unaffordable.

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

The Council achieved the Decent Homes Standard for all properties by 31 March 2015. It has now had to reprioritise work in light of recent announcements (see *Chapter 4 and Appendix 6.2*). 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 to achieve the target which will mean reprofiling and disappointment to some tenants.

Borrowing could be an option in an emergency situation but, as noted above, it would mean reductions in expenditure elsewhere.

This indicates no scope for innovative council house building schemes in the short term.

### **Sensitivity J. Empty Properties**

The proportion of empty properties to the whole stock is estimated as 0.70%. Therefore a 0.1% change in the level of voids is +/- £45,500 in 2016/17, reducing by 1% annually until 2019/20.

## **GLOSSARY**

BMI	Building Maintenance Index
CLG	Department for Communities and Local Government
CPI	Consumer Price Index
DHP	Discretionary Housing Payment
DHS	Decent Homes Standard
ECC	Essex County Council
EPC	Energy Performance Certificate
HHSRS	Housing, Health and Safety Rating System
HCA	Homes and Communities Agency
HIP	Housing Investment Programme
HMRC	Her Majesty's Revenues and Customs
HRA	Housing Revenue Account
HRS	Housing Related Support
JVCo	Joint Venture Company
LATC	Local Authority Trading Company
LHA	Local Housing Allowance
LIP	Local Investment Plan
MRR	Major Repairs Reserve
PWLB	Public Works Loan Board
RPI	Retail Price Index
RTB	Right To Buy
SAP	Standard Assessment Procedure
SHMA	Strategic Housing Market Assessment
TPAS	Tenant Participation Advisory Service
UC	Universal Credit

## **FURTHER READING**

Budget Speech to House of Commons. The Chancellor of the Exchequer. 8 July 2015.

Housing Finance Excellence Network. Technical Briefing: Sector Risk Profile. HQN, September 2015.

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Housing and Planning Bill 2015.

Harlow Council Corporate Plan 2013 – 2016.

'Housing Revenue Account (HRA) Business Plan 2015-2045'. Report to Housing Standards Board, 16 September 2015 in which the issues and timetable for completion of the Business Plan were publicly made.

'Housing Revenue Account (HRA) Business Plan 2015-2045'. Report to Cabinet, 15 October 2015 in which Councillors agreed a revised set of principles in preparation of this Business Plan.

'Housing Revenue Account (HRA) Business Plan 2015-2045'. Report to Housing Standards Board, 15 December 2015.

'HRA Budget 2016/17'. Report to Cabinet, 28 January 2016.

'Capital Programmes 2015/16 – 2020/21'. Report to Cabinet, 28 January 2016.

Presentations to:

Special Tenants Forum, 30 September 2015.

Property Standards Panel, 6 January 2016.

Tenancy Standards Panel, 6 January 2016.

Leaseholder Standards Panel, 7 January 2016.

Tenants Forum, 12 January 2016.

**REPORT TO:** CABINET

**DATE:** 28 JANUARY 2016

**TITLE:** HOUSING REVENUE ACCOUNT BUDGET  
2016/17

**PORTFOLIO HOLDERS:** COUNCILLOR ROD TRUAN  
COUNCILLOR MIKE DANVERS

**LEAD OFFICERS:** CORPORATE MANAGEMENT TEAM (01279)  
446004  
SIMON FREEMAN, HEAD OF FINANCE (01279)  
446228

**CONTRIBUTING OFFICERS:** ANDREW MURRAY, HEAD OF HOUSING (01279)  
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ALISON CURTIS, SENIOR SERVICE  
ACCOUNTANT (01279) 446211

**This is a Key Decision**

**It is on the Forward Plan as Decision Number I004242.**

**This decision is not subject to Call-in procedures as it is a referral to Full Council.**

**This decision will affect no ward specifically.**

**RECOMMENDED** that Cabinet RECOMMENDS to Full Council that:

- A** The rent reductions for individual dwellings as set out in paragraph 13 of this report are effective from 4 April 2016. This equates to an average weekly rent of £92.66, a statutory reduction of 1%.
- B** Any further rent setting measures, per paragraph 14 of this report, introduced upon Royal Assent of the Welfare Reform and Work Bill 2015, requiring compliance, will be effective from 4 April 2016, and that in the event of a significant change to the approved budget will be reported to a subsequent meeting of Cabinet.
- C** Service charges for individual dwellings, as set out in paragraphs 19 to 25 of this report, effective from 4 April 2016 for tenants and 1 April 2016 for leaseholders. This equates to an average weekly service charge to tenants of £2.05.
- D** Heating charges as set out in paragraphs 33 to 39 of this report, effective from 4 April 2016 for tenants and 1 April 2016 for leaseholders. Average weekly

general needs charges are £7.80 per week (leaseholders £15.94 per week, equivalent) and, for sheltered accommodation, £6.42 per week.

- E** Garage rents are increased by 5%, to £8.78 per week (for a standard garage) and proportionate increases for other garages, car ports and car spaces, from 4 April 2016, as set out in paragraphs 40 and 41 of this report.
- F** Housing related support charges as set out in paragraphs 26 to 32 and Table 3. For service users effective from 1 April 2016.
- G** Other charges are increased, as set out in paragraph 42 of this report, with effect from 1 April 2016.
- H** The growth and savings outlined in paragraphs 43 and 44 in respect of 2016/17 are approved.
- I** The Housing Revenue Account (HRA) budget as set out at Appendix B of this report is approved.
- J** A minimum HRA working balance of £2,727,000 at 31 March 2016, rising to £4,327,000 at 1 April 2016, as set out in paragraph 5 and Appendix D of this report, is agreed.

## **REASON FOR DECISION**

- A** To set out the Housing Revenue Account (HRA) budget for 2016/17 and forecast outturn for the current year together with the information necessary to set a balanced budget as required by legislation.

## **BACKGROUND**

1. The HRA is the statutory landlord account for the Council and expresses in financial terms the level of housing service to be delivered within agreed policy guidelines. The Council has a legal duty to set a balanced budget in the February prior to the beginning of the financial year to which the budget relates.
2. The formation of a new Government following the 2015 General Election has heralded a significant and radical shift in housing policy, with emphasis on welfare reform, work and home ownership. It announced major housing policy changes in its Summer Budget which adversely affect the financial sustainability of the Council's HRA. Namely:
  - (a) That tenants' rents will by law decrease by 1% per year over the next four years (2016/17-2019/20). The HRA Business Plan had previously assumed annual rent increases equivalent to CPI+1%

until 2024/25 in line with Government guidance. This will create a 12% reduction in rent income by 2020.

- (b) The sale of the Council's high value void properties to support the payment of discounts to tenants of housing associations exercising their Right to Buy. With little detail available as to how this will be calculated it is currently estimated that the direct financial impact on the Council could be in the region of £1.6m-£10m per year depending on the formula used (see Appendix C).
- (c) Tenanted households earning over £30,000 to be charged a higher, perhaps market, rent from April 2017, with the additional rental charge being payable to the Treasury in support of funding Housing Association Right to Buys.
- (d) The Government's subsequent change of policy on tax credits will mean changes to Universal Credit and possible implications for the bad debt provision (see paragraph 56).

### **REVISED SET OF PRINCIPLES**

3. Following the announcements, Cabinet in October 2015 agreed a new set of principles to guide Officers in the completion of a sustainable HRA Business Plan. These are:
  - a) Implement legislation to reduce dwelling rents annually by 1% in each of the four years commencing 2016/17.
  - b) Renew the Public Works Loan Board (PWLB) debt of £209m upon maturity of each loan and the repayment be kept under review.
  - c) Maintain the minimum HRA working balance as at 31 March 2016 of £2.727m.
  - d) Revise the housing asset management plans as outlined below, and as detailed in Chapter 4 of the 'HRA Business Plan 2015-2045':
    - (i) Maintain compliance of the Council's housing stock to the housing regulatory requirements by operating a reduced 'just in time' replacement regime for key components such as kitchens, bathrooms, central heating systems, roofs and external structure of homes.
    - (ii) Target resources to safeguard the well-being and safety of the Council's tenants in their homes in regard to increased statutory and legislative landlord requirements for fire safety, electrical

- (communal) safety, asbestos management and lift maintenance.
- (iii) Prioritise energy efficiency initiatives that alleviate fuel poverty.
  - (iv) Prioritise resources for disabled adaptations to meet statutory requirements and keep under review annually.
  - (v) Defer the development of a longer term programme of Council house building and review annually.
  - (vi) Reduce resources to garage-related works and re-prioritise the approved Garage and Hardstand Strategy.
  - (vii) Realise further efficiencies from responsive repairs programmes and scope of works.
- e) Assume annual increases of at least 5% per year for garages and increases / decreases in service charges related to changes in expenditure.

## **IMPLICATIONS**

4. The reduction in dwelling rents of 1% per year has a direct impact on income to the HRA and on the funding of the Housing Capital Programme.
5. In addition the developing policy for Councils to contribute towards the sale of housing association homes and to consider selling high value voids has not been quantified (Appendix C). It is proposed that the government will make an assessment of the sum due, which will be payable in advance of any potential sale. It is reasonable to assume that the Council would need to sell high value dwellings and, to administer, this will create a time lag between decision and receipt from sale. The annual levy could be between £1.6m and £10m depending on the way the scheme is implemented. It is recommended that £1.6m is added to the Minimum HRA Working Balance. (Appendix D).
6. The impact of the Government's announcements on the HRA is that savings of £6.7m needed to be identified in order to maintain the Minimum Working Balance as at 31 March 2020. Setting rents at the new level between 2016/17 and 2019/20 will reduce significantly the resources available to deliver the HRA Business Plan's short, medium, and long term objectives. Efficiencies will have to be made within the HRA, especially in relation to the current asset management plans.
7. Officers have considered how to close the budget deficit of £5.1m to achieve a Minimum Working Balance as at 31 March 2020. The amount needs to increase to £6.7m in order to plan for an expected charge to be made to the Council from the Government's high value void policy. Set out in Appendix A is

a summary of the proposals for closing the budget gap. These assumptions will be reviewed on an ongoing basis.

8. Reducing the budget deficit by £6.7m would however mean achievement of a Minimum Working Balance without any resources set aside for debt repayment or ambition to build further Council homes.
9. The Cabinet is invited to note the revised budget and projected outturn for 2015/16 and approve the HRA Estimates for 2016/17 as set out in Appendix B. The report should be read in conjunction with the HRA Business Plan 2015-45 which forms a separate report on the Cabinet's agenda.

## **BASIS OF ESTIMATES**

10. 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". This report proposes a HRA budget for 2016/17 (the "relevant year") that avoids a deficit. The HRA Business Plan sets out the medium and long term finances of the Council and likewise must plan to avoid a deficit.
11. The budget has been prepared in line with the Government's budget guidelines which limits public sector pay awards to 1% per year. Estimates for employee costs have therefore been prepared including a 1% pay award totaling £32,650 from 1 April 2016 and an assumed vacancy rate in 2016/17 of 2%, which is an equivalent saving of £64,810 for the year.
12. The budget also takes account of proposed dwelling rent levels, and service charges, which were unpooled from tenants' rents for the first time in 2007/08.

## **RENT SETTING**

13. The Government will require rents of social housing to be reduced by 1% per year for four years from 2016/17. Generally, for 2016/17, this reduction is to be applied to the 2015/16 rent of each property as at 8 July 2015. This equates to an average weekly rent of £92.66, a statutory reduction of 1%.
14. Compliance with the Welfare Reform and Work Bill 2015, upon Royal Assent, may add further regulations to the setting of rents. The Council will need to comply with any such changes. Royal Assent is anticipated during January 2016. Should there be any developments subsequent to the publication of this report officers will provide either a written or oral update.
15. The loss of income from a 1% reduction in rents, although only £0.8m in

2016/17, has a cumulative effect over four years of removing £12.8m and creates a shortfall of £6.1m in HRA balances by 31 March 2020.

**TABLE 1:**

<b>Projected HRA Balance, 31 March 2020</b>	
	<b>£m</b>
Forecast balance per approved HRA Business Plan, 2014-2044	11.2
Adjustments to HRA Business Plan since February 2015	(-)1.0
	10.2
Rent Reductions 2016/17 to 2019/20 inclusive	(-)12.8
Other adjustments – including. local govt. salaries at 1% p.a.	0.4
<b>Forecast deficit balance</b>	<b>(-)2.2</b>
Required Minimum Working Balance at 31 March 2020	4.5
<b>Difference – budget gap (or capital shortfall) to address</b>	<b>6.7</b>

16. Savings are required to ensure that the HRA maintains a Minimum Working Balance over the medium and longer term as required by law and to ensure sufficient reserves to safeguard its obligations to tenants.
17. The Council will be unable to repay debt beginning over four yearly periods from 2026. New borrowing will be required to cover the loss of future income. The first repayment, of five equal instalments of £41.767m, was due in March 2026.
18. Service charges are made in addition to rents and are discussed below.

### **SERVICE CHARGES**

19. Seven service charges were unpooled from rents in 2007/08. In addition, the Council has published a range of service standards to support the implementation of service charges. These are regularly reviewed in consultation with tenants and leaseholders to ensure the principles of service charges in terms of transparency, improved service delivery and greater accountability are delivered in practice.
20. The key features to the calculation of service charges are:
  - a) Actual, not estimated, cost of service charges are recovered from both tenants and leaseholders, subject to the availability of reasonable data. This means that any difference between the actual cost and estimated cost will be collected or refunded in the year following closure of accounts (i.e. any difference in 2014/15 charges will be collected / refunded in 2016/17).

- b) Charges should be consistent to tenants and leaseholders and be fully recovered wherever possible.
21. There is no discernable adjustment over all service charges in respect of 2014/15 for tenants.
22. Proposals for service charges based on the above methodology are set out in Table 2 and will apply to both tenants and leaseholders.

**TABLE 2:**

<b>Service Charges to tenants and leaseholders, 2016/17</b>				
	<b>Highest weekly charge</b>	<b>Lowest weekly charge</b>	<b>Average weekly charge</b>	<b>Average weekly charge (for all tenants)</b>
	<b>(£)</b>	<b>(£)</b>	<b>(£)</b>	<b>(£)</b>
Amenity Cleaning – gully cleaning	1.14	0.01	0.08	0.06
Amenity Cleaning –bins	1.29	0.06	0.29	0.02
Caretaking	13.43	0.78	6.18	0.58
Cleaning	14.64	0.16	4.70	0.67
Door Entry Management	1.24	1.24	1.24	0.10
Grounds Maintenance	2.17	0.01	0.32	0.26
Landlord's Lighting	3.42	0.44	0.95	0.36
Sub Total				2.05
<b>Adjustment in respect of tenants 2014/15</b>				0.00
<b>Total</b>				<b>2.05</b>

23. In addition to the above, the following service charges apply to leaseholders only from 1 April 2016:
- a) Lift maintenance (plus associated charges for powering the lift). The annual charge will be in the range £94.77 to £298.70 per leaseholder.
- b) The management cost is a flat rate estimate of £180.33 per leaseholder.
- c) The charge for the registration of a sublet will increase to £81.71 (£80.90 in 2015/16). The charge applies to individuals who acquire a leasehold property for the purpose of sub-letting under the Right to Buy or on the open market for the purpose of subletting the dwelling. Under the terms of the leases, all landlords must advise the Council of any under lease and these must be registered appropriately and that a fee may be charged.
- d) The insurance cost is an average estimate of £88.83 per leaseholder.

- e) Routine repairs and major repairs are recharged at the full actual cost to the Council.
24. Leaseholders pay an annual charge. Tenants pay the same charge, if relevant, divided into equal weekly instalments. It is proposed that changes in service charges are effective from 4 April 2016 for tenants and 1 April 2016 for leaseholders.
  25. Tenants who exercise their Right to Buy make a one-off contribution into an In Perpetuity Fund for grounds maintenance, amenity cleaning and litter picking. The contribution to the fund is intended to cover future maintenance for 80 years. It is proposed that this charge will reduce in line with CPI of -0.1% (September 2015) to £5,155 (2015/16 £5,160).
  26. The Council's Supported Housing Service consists of 16 sheltered housing schemes, one extra care scheme for the frail elderly and a community support function for 1,200 clients living across the town.
  27. Essex County Council (ECC) formally acts as the Commissioning body for housing related support (HRS) services delivered by the Council on a contractual basis.
  28. Current HRS charges are met in full from ECC grant funding for those service users in receipt of housing benefit, however, ECC has given notice that the funding for HRS services delivered by the Council is to be reduced by £188,268 from 2016/17.
  29. From 2016/17, the grant funding for sheltered housing support will reduce by £2 per week with £1.16 met from housing benefit. In addition, the grant funding for dispersed community alarms and Harlow community support will cease, whilst the extra frail support service at Sumners Farm Close will receive funding of 41p per week from ECC and therefore require a new weekly charge to tenants of £1.29.
  30. Scrutiny Committee on 8 December 2015 considered the options and recommended the introduction of new service charges as a way to recover the reduced payments. This recommendation to be subject to having measures in place to ensure that the Council works with affected individuals to identify how any additional financial burdens can be mitigated.
  31. The proposed new service charges from 2016/17 are outlined in Table 3 and relate to existing users only. It is expected that new users from 1 April 2016 will pay the full service charge if they choose to have the service. It is also proposed that the charges for dispersed community alarms and Harlow community support to be phased over two years.

**TABLE 3:**

<b>Housing Related Support: Current and Proposed Weekly Service Charges</b>			
<b>Service</b>	<b>2015/16*</b>	<b>2016/17</b>	<b>2017/18</b>
Sheltered Housing Support	£10.14	£0.84	£0.84
Dispersed Community Alarms	£3.89	£1.95	£3.89
Harlow Community Support	£7.12	£3.56	£7.12
Extra Frail Support, Summers Farm Close	£1.70	£1.29	£1.29

\*Currently grant funded from ECC

32. Supported Housing Officers will work with all service users and their families to explore choices and alternative funding avenues.

### **HEATING CHARGES**

33. Heating charges are made in respect of blocks of flats and clustered properties where communal heating is provided. The charges have been reviewed to take into account previous over and under-recoveries in expenditure. Costs are split between fuel and non fuel charges. Non-fuel charges (e.g. boiler maintenance, management costs) are admissible for housing benefit unlike the cost of providing gas, electricity and oil.
34. It is the Council's policy that tenants will not be charged for the management and maintenance costs as it is included within their rent, although leaseholders will still be expected to pay this charge.
35. Market forces have reduced fuel costs in 2015/16 which has been reflected in the prices paid by the Council for gas and electricity supplies. The savings will be passed on to tenants and leaseholders through the proposed estimates for 2016/17.
36. Tenants and leaseholders are fully recharged the respective cost of the service. The average charge to tenants for fuel provided will be £7.80 per week (2015/16: £13.10) prior to any adjustment for the difference between the estimated and actual charges in 2014/15; and for leaseholders for fuel and non-fuel, £15.94 per week (2015/16: £18.67).
37. Residents in sheltered accommodation also benefit from communal heating. In 2007 the Housing Committee agreed to safeguard against fuel poverty, so as to limit the amount paid by tenants in sheltered accommodation. The fuel poverty caps are adjusted annually based on the State Pension annual increase (CPI was -0.1% at September 2015: State Pension increases are expected to be 2.89% from April 2016) so that for 2016/17 charges will not

exceed £17.41 for a one bed property and £23.49 for a two or three bed property.

38. The average charge for sheltered accommodation will be £6.42 per week (2015/16: £10.24). In 2016/17 no sheltered properties out of 460 have charges that will be limited by the fuel poverty caps.
39. Heating charges to tenants in properties that were re-designated from sheltered housing to general needs in 2010/11 will have the same fuel poverty caps applied as sheltered tenants.

## **GARAGE RENTS**

40. It is proposed to increase all garage related charges by 5%. The rent of a standard garage would rise by 42p per week to £8.78.
41. It is proposed that changes in garage rents are effective from 4 April 2016.

## **OTHER CHARGES**

42. It is proposed that the charges for other miscellaneous items be as follows:
  - a) Meal charges at Sumners Farm Close will move from £5.60 to £5.65, with effect from 1 April 2016.
  - b) Solicitors' enquiries with copy of an insurance schedule will rise from £135.10 to £136.45 (inclusive of VAT at 20%).
  - c) Solicitors' enquiries without copy of an insurance schedule will rise from £98.70 to £99.68 (inclusive of VAT at 20%).
  - d) Solicitors' enquiries for additional information will rise from £35.90 to £36.26 (inclusive of VAT at 20%).
  - e) Laundry charges within sheltered housing schemes are subject to the contract being re-tendered by 31 March 2016. (2015/16 charges £1.70 per wash and 20p for each ten-minute dry).
  - f) The rent charge for temporary accommodation will be £35.00 per week per single room and £50.00 per week for a double room (2014/15: £26.20 per room).
  - g) Interest-free loans and voluntary charges in respect of major works are subject to an administration fee of £306.64 (2014/15: £304).
  - h) The administration fee for a lease extension will increase from £156.00

to £157.56 (inclusive of VAT).

- i) The administration fee for mandatory loans will remain at £130.00 per loan agreed.

## GROWTH BIDS

43. The growth bids support the Council's landlord function in respect of health and safety, by complying with the increased statutory requirements and housing regulatory framework.

**TABLE 4:**

<b>2016/17 HRA GROWTH</b>		<b>£'000s</b>
Carbon monoxide Monitoring		75
Cyclical Maintenance		210
Statutory Testing Compliance Officer		46
Temporary Accommodation:		
Transfer of costs (see General Fund estimate)	147	
Growth – increased demand	<u>120</u>	
		<u>267</u>
<b>TOTAL</b>		<b>598</b>

## SAVINGS

44. Efficiencies detailed below as part of the savings required to ensure the HRA maintains a balance above the minimum required.

**TABLE 5:**

<b>2016/17 HRA SAVINGS</b>		<b>£'000S</b>
Drainage feasibility, street lighting and lifts		(-)15
Void Security		(-)50
Garage painting and repairs		(-)100
External garage programme		(-)150
Equipment and Maintenance		(-)5
Programme and Project Management fees		(-)293
Under Occupation Moving Incentives		(-)5
Redecoration Allowances		(-)4
Training		(-)1
Priority Estates Home Loss Payments		<u>(-)15</u>
<b>TOTAL</b>		<b>(-)638</b>

## WORKING BALANCE

45. The Local Government Act 2003 requires that the Chief Financial Officer reports to the Council on the adequacy of reserves when the budget and Council Tax are being set by reference to a number of factors considered in

Appendix D. It has been recommended that the minimum HRA working balance should be increased from £2,727,000 at 31 March 2016 to £4,327,000 at 31 March 2016 to reflect the potential payment to Government for the sale of high value voids.

46. The HRA Minimum Working Balance is set by the Chief Financial Officer to ensure that the account will not fall into a deficit and to mitigate for various risks as set out in Appendix D. The forecast working balance will continue to rise in order to mitigate the potential risks identified (see HRA Business Plan 2015-45).
47. Based upon the budget figures set out at Appendix B, the movement of the Operating Account Working Balance is as follows:-

**TABLE 6:**

<b>HRA OPERATING ACCOUNT WORKING BALANCE</b>	<b>£'000s</b>
Working Balance at 1 April 2015	10,870
Budgeted surplus 2015/16	(-)3,644
Working Balance at 31 March 2016	7,226
Budgeted deficit, 2016/17	(-)1,969
<b>Working Balance at 31 March 2017</b>	<b>5,257</b>

### **MAJOR REPAIRS RESERVE**

48. The Major Repairs Reserve (MRR) is the statutory account which holds the annual depreciation charge on HRA properties. The charge for depreciation in 2016/17 is estimated at £10.777m (revised 2015/16: £10.811m) and is made by debiting the HRA and crediting the MRR.
49. The rules require that the MRR balance can be used either to finance the capital programme or to repay housing debt. The HRA Business Plan 2015-2045 proposes the renewal, rather than the repayment of debt.
50. The Housing Capital Programme can be found as a separate item on the agenda for this meeting. It is estimated that there will be a nil balance on the MRR at 31 March 2016, as the estimated depreciation of £10.811m to be transferred to the MRR at year end will be used to support the Housing Capital Programme in 2015/16.
51. The estimate for 2016/17 also has a nil balance at 31 March 2017 as the full depreciation of £10.777m charged to the HRA and credited to the MRR will be used to support the Housing Capital Programme.

**TABLE 7:**

<b>MAJOR REPAIRS RESERVE</b>	<b>£,000's</b>
Balance at 1 April 2015	0
Depreciation charges	10,811
Capital Financing	(-)10,811
	<hr/>
Balance at 31 March 2016	0
Depreciation charge	10,777
Capital Financing	(-)10,777
<b>Estimated Balance at 31 March 2017</b>	<b>0</b>

**RISKS**

52. Budgets are prepared using the best assumptions available at the time. The size of the Housing Revenue Account is large, with income and expenditure totalling £52.03m and £50.06m respectively. The following risks have been identified:-

- (i) The proportion of void empty properties to the whole stock is estimated as 0.70%. Therefore a 0.1% change in the level of voids is +/- £45,183.
- (ii) A 0.5% change in employee pay levels is +/- £15,710.
- (iii) The unknown cost in respect of high value voids and impact on the working balance may require an amended budget to be reported to Cabinet.
- (iv) Impact of Welfare Reform on the bad debt provision.
- (v) Market rents for higher earning households from April 2017.
- (vi) Componentisation of housing assets from April 2017 – see 'HRA Business Plan 2015-2045' for further information.
- (vii) Guidance on rent levels after 2019/20 has not been announced but it is assumed it will return to CPI+1% per year.
- (viii) Managing the transition from the current Joint Venture Company (Kier Harlow Ltd) for housing repairs and environment maintenance services provided to a new Local Authority Trading Company (LATC).
- (ix) Other risks identified in Appendix D to this report.

**HOUSING CAPITAL PROGRAMME**

53. A separate report on the proposed Housing Capital Programme 2015/16 to 2020/21 appears elsewhere on the Cabinet's agenda.

54. It should be noted that a further £10.498m has been planned as a revenue contribution to capital in 2015/16. This is because the balance on the Major Repairs Reserve will be exhausted (see Table 7).

## **HUMAN RESOURCE ISSUES**

55. The proposed 2016/17 budget has no identified human resource implications.

## **WELFARE REFORM:**

56. Following the introduction of the Government's Welfare Reform legislation, including the implementation of the Under-Occupation Surcharges, delays have been experienced with the roll-out of Universal Credit and Direct Payment. Universal Credit brings together the majority of welfare benefits including Housing Benefit under one claim process which is then paid directly to the tenants, rather than benefit being credited to the tenant's individual rent account. The roll out of Universal Credit for single non-home owners in Harlow is due to take place in February 2016.

## **CONSULTATION**

57. The Council has engaged in consultation with tenants following the Government's announcement, specifically at a Special Tenants Forum held on 30 September 2015 and other reports to the Housing Standards Board on which tenant representatives sit and speak.
58. Tenants and Leaseholders have been consulted through the Property Standards Panel and Tenancy Standards Panel on 6 January 2016, the Leasehold Standards Panel on 7 January 2016 and at Tenants Forum which met on 12 January 2016.
59. Housing Standards Board reviewed this report at its meeting on 18 January 2016.

## **CONCLUSION**

60. The proposed budget shows an estimated net deficit for the year of £1.969m and a projected working balance at 31 March 2017 of £5.257m.

## **APPENDICES**

- Appendix A - HRA Cumulative Growth and Savings
- Appendix B - HRA Estimates
- Appendix C - Impact of High Value Voids
- Appendix D - Re-assessing the HRA Minimum Working Balance

## **IMPLICATIONS**

### **Place Services (includes Regeneration)**

Contained within the report.

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

### **Finance (Includes ICT)**

The financial implications are contained in the report.

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

### **Housing**

As outlined in the body of the report.

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

### **Community Wellbeing**

None specific.

Author: **Jane Greer, Head of Community Wellbeing**

### **Governance (includes HR)**

None specific.

Author: **Brian Keane, Head of Governance**

### **Background Papers**

CIPFA. LAAP Bulletin 55 – February 2003. Guidance Note on Local Authority Reserves and Balances.

Welfare Reform and Work Bill

Local Government & Housing Act 1989.

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

CIPFA	Chartered Institute of Public Finance and Accountancy
CPI	Consumer Price Index
GF	General Fund
HRA	Housing Revenue Account
HRS	Housing Related Support
JVCo	Joint Venture Company (ie. Kier Harlow Ltd)
LATC	Local Authority Trading Company
MRR	Major Repairs Reserve

## APPENDIX A: - HRA Cumulative Growth and Savings (2016-20120).

Housing Revenue Account 2019/20  
HRA deficit at 31 March 2020

£'000  
2,235

Revised housing asset management plans and delivery.	-4,618	Reduction in work programmes. Maintaining compliance of the Council's housing stock to regulatory requirements. Operating a 'just in time' replacement regime for key components such as kitchens, bathrooms, central heating systems, roofs and external structure of homes. Reduction in fees as a result of the reduction in programmes with efficiency savings from procurement.
Carbon Monoxide monitors	150	Statutory requirement. Statutory and regulatory requirement for the landlord to respond to health and safety priorities. Installing carbon monoxide monitors assists with fire regulatory orders and is considered best practice.
Cyclical Maintenance	840	Regulatory requirement. Requirement for an increase in work programmes, to assist the Council's responsive and programmed works.
Drainage feasibility, street lighting, lift maintenance etc	-165	Reduced demand. Drainage surveys will be undertaken on a priority basis.
Void security	-260	Reduced demand. Reduction due to the disposal of sites, including Phase I of the Priority Estates redevelopment and efficiencies following procurement exercise.
Garage painting and repairs	-400	Reduced programme. 'Just in time' replacement regime for key maintenance programmes forming part of the revised Garage Strategy.
External garage programme	-600	Reduced programme. 'Just in time' replacement regime for key maintenance programmes forming part of the revised Garage Strategy.
Moving Incentives	-50	Reduced demand.

	<b>£'000</b>	
Redecoration Allowances	-30	Reduced demand.
Priority Estates Home Loss Payments	-751	Reduced demand. Removal of Priority Estate from original programme.
Level of dwelling voids from 0.85% to 0.7%	-280	Projected void performance
Bad Debt Provision	-346	Deferral of the introduction of Universal Credit.
Annual increase in garages of 5%	-240	Forms part of on-going Garage Strategy.
Other adjustments	-169	
	<u>-6,919</u>	
<b>"Business Plan" Balance at 31 March 2020</b>	<b><u>-4,684</u></b>	
New Minimum Working Balance	-4,547	£1.6m added in respect of High Value Voids (see Appendix A)
<b>Balance above Minimum Working Balance</b>	<b><u><u>137</u></u></b>	

## APPENDIX B

### Housing Revenue Account Summary

	2014/15 Actual £	2015/16 Original £	2015/16 Revised £	2016/17 Original £
<b>EXPENDITURE</b>				
General Management	10,210,656	12,363,002	11,684,690	11,710,084
Special Management	5,246,872	5,635,261	5,391,475	5,573,057
Repairs & Insurance Appropriations	9,145,177	9,417,366	9,246,187	9,477,990
Rents Rates Taxes & Other Charges	16,755	30,000	8,350	30,000
Provision for Bad & Doubtful Debts	152,475	360,000	200,000	200,000
Supporting People Transitional Arrangements	7,226	6,900	6,120	6,100
Major Repairs Reserve (Net Depreciation)	11,003,990	11,270,000	10,811,000	10,777,000
Debt Management Expenses	10,676	13,770	13,770	16,520
Interest Charges	6,824,052	6,768,000	6,784,000	6,677,000
Revenue Contribution to Capital Expenditure	2,533,185	12,110,000	10,498,000	7,559,000
	<b>45,151,064</b>	<b>57,974,298</b>	<b>54,643,592</b>	<b>52,026,751</b>
<b>INCOME</b>				
Dwelling Rents	45,769,430	46,143,000	46,184,000	45,183,000
Garage Rents	2,482,126	957,000	974,000	1,005,000
Other Rents	20,574	22,000	22,000	22,000
Charges for Services & Facilities	3,603,775	4,082,862	3,768,634	3,791,197
Interest Receivable	31,720	44,000	51,000	57,000
	<b>51,907,625</b>	<b>51,248,862</b>	<b>50,999,634</b>	<b>50,058,197</b>
<b>Balance in hand at 1 April</b>	<b>4,113,244</b>	<b>9,698,168</b>	<b>10,869,805</b>	<b>7,225,847</b>
<b>Surplus / (Deficit) for year</b>	<b>6,756,561</b>	<b>(-)6,725,437</b>	<b>(-)3,643,959</b>	<b>(-)1,968,554</b>
<b>Balance in hand at 31 March</b>	<b>10,869,805</b>	<b>2,972,731</b>	<b>7,225,846</b>	<b>5,257,293</b>
<i>Figures based on:</i>				
<b>Housing Stock</b>				
	No.	No.	No.	No.
Housing Stock at 1 April	9,715	9,617	9,637	9,509
Less Right to Buy Disposals	(-)78	(-)60	(-)69	(-)60
Other Disposals	-1	(-)65	(-)77	(-)69
Plus Additions	1	18	18	0
Housing Stock at 31 March	9,637	9,510	9,509	9,380
<b>Weekly Charges</b>				
Average Rent (per dwelling)	£91.59	£93.60	£93.60	£92.66
Average Service Charge (per dwelling)	£1.79	£1.92	£1.92	£2.05
Average Rent (per garage)	£8.20	£8.36	£8.36	£8.78

## **APPENDIX C**

### **Government Announcement on the Sale of “High Value” Council Homes**

The Government is introducing the extension of Right to Buy (RTB) to housing association tenants.

As a means of providing financial compensation to housing associations for the loss of properties under this proposal and to support a one for one replacement programme, the Government has indicated that high value void Council properties should be sold and amounts raised by local authorities. It gave illustrative high values of properties by region. Locally it was estimated that 64 Council properties in Harlow may fall into this category. Details are yet to be finalised but the Housing and Planning Bill, before Parliament is expected to require councils to pay the Treasury equivalent to the market value of high value housing likely to come vacant in the financial year, and consider selling high value homes

At this stage, the market value of “high value housing” has not been determined and it should be noted that Councils will be under no obligation to sell homes, but would otherwise need to find the resources to make the necessary mandatory payments. The policy when finalised will take effect from 2016/17.

Councils will be assessed on a notional amount ahead of the new financial year, which will be subject to consultation and a determination much like the pre self-financing subsidy system. The notional amount will be based on the market value of high value properties becoming void in the previous year. It is anticipated, but not clear, that Councils will receive an adjustment for loss of future rental income in a similar way as it currently does for RTB reinvigoration receipts.

The notional amount is intended to pay for deposits given by housing associations to their tenants exercising a Right to Buy. It is unclear how the Exchequer will, if at all, correlate the receipts from Councils with the actual demand for Right to Buy.

At the time of publication, the Department for Communities and Local Government (DCLG) has “gathered detailed local data to inform development of the Sale of High Value Assets policy”. Councils were required during December 2015 to provide “granular data” on the market value of each property as at 31 March 2015 as well as information on tenure type and void turnover.

The outcome of DCLG’s deliberations over the development of policy, and the impact of this policy, is unknown at this stage. Professional housing bodies have suggested a wide range of notional sums payable, in one instance as high as £10m per year for Harlow. To include such an amount in a set of estimates for 2016/17 would be speculative.

It is reasonable to assume that Harlow would need to sell high value dwellings and, to administer this, will create a time lag between decision and receipt from sale. Based on 64 properties there may be a temporary cash flow effect of approximately £1.6m. This amount has been included as an addition to the Minimum HRA Working Balance. Should consultation, which might be expected to commence at the earliest in February 2016 (i.e. after formal Council approval of the Annual Budget) and the determination create a situation in which an HRA surplus is at risk, Officers will take action to amend the budget and bring an emergency set of estimates before a future Council meeting.

## APPENDIX D

### Re-assessing the HRA Minimum Working Balance

Under the Local Government and Housing Act 1989 the Council has a statutory responsibility to set a HRA budget which, at all times, avoids a deficit working balance.

The Chief Financial Officer (s151 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.

Factor	Response
<b>Budget assumptions.</b>	
The treatment of inflation and interest rates	Included in the report. The Council receives regular economic bulletins from its Treasury Management advisors which include advice on investments and take into account rapidly changing economic and market conditions.
Estimates of the level and timing of capital receipts.	Right to Buy sales continue at a steady rate as a result of the Government’s RTB Reinvigoration Policy. Revised Estimate 69 RTB sales in 2015/16 and 60 sales in 2016/17. Significant variances would affect income receivable, although offset by an adjustment to pooling payment.
The treatment of demand led pressures.	Through budget monitoring process.
The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments.	The Kier Harlow Joint Venture Partnership began 1 February 2007, and has been extended to 31 January 2017. Charges to the HRA are based largely on fixed contract fee. Repairs subject to schedule of rates but monitored. A joint risk management methodology is in operation between Kier Harlow and the Council. About 83% of the business has an impact on the housing service. The uplift in 2015/16 is based on the projected Building Maintenance Index at March 2015, of 1.4% and estimated at 0.1% at March 2016 to take effect from 1 April 2016. Any change in estimated uplift will have a positive or adverse effect on balances. Planning for the transfer of services supplied by the JVCo contract to a Local Authority Trading Company (LATC) from January 2017 is in hand. The exercise may cause unforeseen variances in pricing.

<b>Factor</b>	<b>Response</b>
The availability of other funds to deal with major contingencies and the adequacy of provisions.	Government policy is not fully developed in the areas of high value void sales (see Appendix C), due to be implemented in 2016/17, and in higher rents for households on higher incomes, due to be implemented in 2017/18. It is reasonable to assume at this stage that £1.6m <i>might</i> be the cashflow impact of a high value sales policy. Provisions are made for bad and doubtful debts. There is a risk that arrears may increase following full implementation of Welfare Reform. This impact and the payment behaviour of tenants is one of the greatest unknowns again in this year's budget setting process. A regular review is undertaken to ensure that provisions are adequate. There are also in perpetuity funds (e.g. grounds maintenance) but these are mostly weak, however, the grounds maintenance reserve has benefitted in recent years from the increase in Right to Buy sales.
<b>Financial standing and management</b>	
The overall financial standing of the authority (level of borrowing, debt outstanding, council rate tax collection rates etc).	High rent collection percentage. Welfare Reform is likely to have a negative, unquantified impact on rent collection rates and costs.
The authority's track record in budget and financial management including the robustness of the medium term plans.	The HRA Business Plan includes assumptions for rents in line with draft Government rent policy. The financial security of the Council is undermined by the change in Government rent policy whereby rents are reduced by 1% per year for four years from April 2016. This resulted in a detailed review of service provision to ensure that there is long term sustainable funding for services. Additionally HRA Business Planning has taken on increased focus to ensure the sustainability of the HRA over 30 years.
The authority's capacity to manage in-year budget pressures.	A process of monthly budget monitoring is in place with meetings of Cost Centre Managers and the Head of Service held. Corrective action is taken where the minimum balance is likely to be breached. Reports are provided to Corporate Management Team and Cabinet.
The strength of the financial information and reporting arrangements.	
The authority's virement and end of year	Closure of accounts – free of qualification from auditor. New regulations are challenging for the

Factor	Response
procedures in relation to budget under/overspends at authority and departmental level.	Council. Proposals on accounting for depreciation will have to be finalised by 2017/18. The guidance required that non-dwellings are treated differently in the accounts from 2012/13.
The adequacy of the authority's insurance arrangements to cover unforeseen risks.	The Council will continue to replenish the Insurance Fund as approved when setting the 2015/16 budget.

**Conclusion:** The Minimum Working Balance should be maintained at or above £2,727,000 at 31 March 2016 and £4,327,000 at 31 March 2017 the latter increasing to mitigate the possible impact of high value voids on the HRA.

**REPORT TO:** CABINET

**DATE:** 28 JANUARY 2016

**TITLE:** CAPITAL PROGRAMMES  
2015/16 TO 2020/21

**PORTFOLIO HOLDERS:** COUNCILLOR ROD TRUAN  
COUNCILLOR MIKE DANVERS

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**This is a Key Decision**

**It is on the Forward Plan as decision number I004243**

**This decision is not subject to Call-in procedures as it is a referral to Full Council**

**This decision will affect no ward specifically.**

**RECOMMENDED** that Cabinet recommends to Full Council that:

*Housing Capital Programme*

- A** The Housing Capital programme 2016/17 is approved, as set out in Appendices A and B.
- B** The forecast programme for the period 2017/18 to 2020/21 is noted, as set out in Appendices A and B.
- C** The application to DCLG under section 11(6) of the Local Government Act 2003 to exempt sale receipts from being pooled that arise from the sale of new council housing, and other eligible properties, as detailed in paragraph 11, is noted.

*Non Housing Capital Programme*

- D** The revised Non Housing Capital Programme 2015/16 is approved, as set out in paragraphs 23 to 32.
- E** The Non Housing Capital Programme for 2016/17 is approved, as set out in Appendices C and D.

- F** Aggregate borrowing of £5.1 million up to 31 March 2016, and a further £2.6 million, in 2016/17 be approved to support the Non Housing Capital Programme.
- G** The Non Housing Capital Programme forecast for 2017/18 to 2020/21 be noted, as set out in Appendices C and D.

### **REASON FOR DECISION**

- A** Full Council must approve the Council's Capital Programmes. Such programmes are necessary for the achievement of the Council's priorities and fulfilment of health and safety requirements.
- B** Cabinet is being asked to approve and recommend to Full Council Housing and Non Housing Capital programmes for 2016/17 as well as an indicative forward plan for the period through to 2020/21 to enable Officers to make long term effective planning, procurement and resourcing decisions to deliver these programmes.

### **BACKGROUND**

1. This report provides Cabinet with an update of the Capital Programme for both housing (HRA) and non-housing (GF) for 2015/16, a programme for approval in respect of 2016/17, and a forward forecast to 2020/21.
2. It should be noted that the Housing Capital Programme is a purely HRA related programme and aligns with the 'HRA Business Plan 2015-2045' which is a separate item on the agenda for this meeting.
3. The commencement of self financing in 2012/13 brought about new opportunities and greatly improved the ability of the Council to make long term strategic planning decisions within the Housing Capital Programme.
4. As a result, the Council continued the programme of investment in its housing stock in 2015/16 and recognised new priorities in respect of work arising from fire risk assessments and electrical works. Work to update and refurbish communal heating systems was also begun.
5. The Chancellor of the Exchequer in the Summer Budget 2015 announced that legislation would be put in place to require Registered Providers (including Councils) to reduce rents by 1% per year for four years from 2016/17. This results in less resources being available to fund the Housing Capital Programme. More information is given in the 'HRA Budget 2016/17' report elsewhere on the agenda for this meeting.

### **HOUSING CAPITAL PROGRAMME 2015/16**

6. The projected outturn for 2015/16 is £25,103,000, being £1,669,000 below the original approved budget.

**TABLE 1 Housing Capital Programme Summary**

2015-16 Projected Outturn	£000s	Date Approved
Original Budget	26,772	5 Feb 15
Carryovers from 2014/15	76	23 Jul 15
	26,848	
2015/16 Revisions (Quarter 1)	201	17 Sep 15
2015/16 Revisions (Quarter 2)	(1,946)	10 Dec 15
Budget as at Quarter 2	25,103	
<b>Projected Outturn 2015/16</b>	<b>25,103</b>	

7. The variance reported to Cabinet on 10 December 2015 was due mainly to budgets carried over to 2016/17:
- i) £1,450,000 relating to planned energy efficiency work which is in the preparation and consultation stage, but which will not start on site until April 2016.
  - ii) £450,000 planned internal works at Sumners Farm Close, now due for completion in 2016/17.
8. A summary of the forecast outturn expenditure for individual projects in the Housing Capital Programme in 2015/16, together with their financing, is given in Table 2.

**TABLE 2 Housing Capital Programme 2015/16**

	Original Estimate including carryovers Feb 2015 £000s	Revised Estimate 2015/16 £000's	Variance £000s	Notes
Internal Works	6,330	7,543	1,213	i
Structural: Barley Croft and Lower Meadow	3,286	1,000	(-)2,286	
Windows & Doors	3,530	3,100	(-)430	
Dampness	152	174	22	
External Works	4,420	4,509	89	
Environmental Works	51	141	90	ii
Other Works	1,496	2,027	531	iii
Leasehold Works	576	576	0	
Electrical Upgrades and Fire Safety	1,011	1,071	60	
Energy Efficiency	1,769	683	(-)1,086	iv
Disabled Adaptations	809	965	156	v
Pathfinder Project – New Build	1,856	1,845	(-)11	
Total Fees	1,256	1,214	(-)42	
Housing IT Development	306	256	(-)50	vi
<b>TOTAL EXPENDITURE</b>	<b>26,848</b>	<b>25,103</b>	<b>(-)1,745</b>	

	Original Estimate including carryovers Feb 2015 £000s	Revised Estimate 2015/16 £000's	Variance £000s	Notes
<b>Financed by:</b>				
Capital receipts – Right to Buy	1,338	1,574	(-)236	
Other Capital Receipts	551	553	(-)2	
Major Repairs Reserve	11,270	10,811	459	
Leaseholder Contributions	486	600	(-)114	
Grant Funding	1,017	1,067	(-)50	
Direct Revenue Contribution	12,186	10,498	1,688	
<b>TOTAL FINANCING</b>	<b>26,848</b>	<b>25,103</b>	<b>1,745</b>	

9. Notes to Table 2 – expenditure:

- i) Internal works- work brought forward from future years as additional budget available due to a lower budget requirement for structural works at Barley Croft and Lower Meadow. Subsequently priorities associated with compliance work required budget to be reallocated.
  - ii) Environmental works- additional programme of work identified to fund a number of health and safety schemes across the town (£120,000) and a reduction in tenant initiatives work (£30,000).
  - iii) Other works - include garages, asbestos removal, work to lifts and communal works. Additional costs associated with the installation of lifts at Brenthall Towers and work to communal stairwells.
  - iv) Energy efficiency – preparatory works being undertaken in respect of replacement district heating schemes at Tanys Dell, Hughs Tower and The Hides, but carryover of £1.4m required to complete work in 2016/17.
  - v) Disabled adaptations – additional costs associated with the installation of disabled adaptations and of stairlifts.
  - vi) Housing IT – saving identified in 2015/16 from revised programme.
10. The original estimated programme included 60 Right to Buy (RTB) Sales in 2015/16. However, analysis of applications in progress indicates that the level of sales could reach 69 in 2015/16. The impact of this projection on the financing of the Housing Capital Programme increases the income from RTB sales to £1,574,000 (original estimate: £1,338,000). The sale of properties continues to be driven by the Government's re-ignition of RTB sales which increased the discount available and raised tenant awareness.
11. There is an opportunity to apply to the Department for Communities and Local Government (DCLG) to exempt from pooling the capital receipts arising from

future sales under Right to Buy of new build Council properties, those purchased on the open market and other re-acquired properties. Harlow Council has 18 new Council homes (constructed under the Pathfinder programme), five houses purchased on the open market between November 2013 and April 2014, and a flat re-possessed following legal action. These properties are thought to be eligible for exemption from pooling upon application to DCLG.

12. The external works programme includes work to leasehold properties, from which it is estimated that the income from leaseholders will increase to £600,000 for 2015/16 (original estimate £486,000).
13. In addition the Housing Capital Programme will be financed from resources contained within the Major Repairs Reserve (£10.811m) and from Direct Revenue Financing from the HRA (£10.498m).

**TABLE 3: MAJOR REPAIRS RESERVE**

	<b>Original Estimate £000's</b>	<b>Forecast Outturn £000's</b>	<b>Variance £'000s</b>
Balance at 1 April 2015	0	0	0
Depreciation Charge 2015/16	(-)11,270	(-)10,811	459
Capital Financing	11,270	10,811	(-)459
<b>Estimated Balance at 31 March 2016</b>	<b>0</b>	<b>0</b>	<b>0</b>

14. Grant funding includes external funding to support the construction of 18 new properties which were added to the Council's housing stock in 2015/16.
15. At year end of 2014/15 (31 March 2015) unused capital receipts were held in a Capital Receipts Reserve totalling £1,088,000. This is a mix of retained pooling receipts and grant funding available at year end to support the Pathfinder Programme in 2015/16. In-year receipts will be applied to support capital expenditure.

**TABLE 4: CAPITAL RECEIPTS RESERVE**

	<b>Balance at 1 April 2015 £'000s</b>	<b>Estimated Capital Receipts 2015/16 £'000s</b>	<b>Estimated Capital Funding 2015/16 £'000s</b>	<b>Balance at 31 March 2016 £'000s</b>
<b>Housing Capital Receipts:</b>				
Residual and reinvigoration capital receipts	545	8	(-)553	0
RTB receipts	0	1,574	(-)1,574	0
<b>Sub Total</b>	<b>545</b>	<b>1,582</b>	<b>(-)2,127</b>	<b>0</b>
Non Housing Receipts	543	0	(-)543	0
<b>TOTAL</b>	<b>1,088</b>	<b>1,582</b>	<b>(-)2,670</b>	<b>0</b>

**HOUSING CAPITAL PROGRAMME: 2016/17 TO 2020/21 – RESOURCES PROJECTED**

16. The Government's announcement on future rent levels has resulted in significantly reduced resources to deliver the HRA's short, medium, and long term objectives. This has required a reprioritisation of the Housing Capital Programme. Expenditure projections for 2016/17 to 2020/21 are set out in Appendix A.
17. Resources likely to be available to the Housing Capital Programme, 2016/17 to 2020/21 are shown at Appendix B. This assumes:
- a) Direct Revenue Financing of £7.559m from the HRA which is outlined in the 'HRA Budget 2016/17' report.
  - b) The application in full of the Major Repairs Reserve (£10.777m).
  - c) Applying a proportion of retained Right to Buy receipts to the Housing Capital Programme in line with the self-financing debt model underlying the funding of the programme. It is assumed that there will be 60 disposals in 2016/17, 50 in 2017/18; and 30 per year thereafter.
  - d) Contributions arising from works to leasehold properties where work is programmed to increase in 2016/17.

## **HOUSING CAPITAL EXPENDITURE PROJECTED**

18. The programme of work reflects continuing investment in the housing stock, albeit at a slower rate than previously planned; statutory priorities arising from fire risk; and electrical testing work and energy efficiency work including the upgrade of communal heating schemes. Work to Tanys Dell heating system, external cladding to Hughs Tower and refurbishment of properties in The Hides are planned to start in 2015/16 and complete in 2016/17. These schemes are expected to have a direct impact on tackling fuel poverty.
19. The installation of windows over a two-year period will complete in 2016/17 and will further assist with insulation and the tackling of fuel poverty.
20. In some areas of work, such as internal and external schemes, the planned programme has been extended over a longer timescale to accommodate the long term reduction in funding.
21. The balance of the Major Repairs Reserve (£10.777m) at 31 March 2017 will be used to fund the Housing Capital Programme along with a direct revenue contribution from the HRA (of £7.559m).

## **CONSULTATION**

22. Consultation is regularly undertaken through various tenant panels and the Housing Standards Board (HSB). In addition, the Tenant Forum on 12 January 2016 received a presentation on the Council's housing finances.

## **NON HOUSING CAPITAL PROGRAMME 2015/16**

23. In February 2015 Council approved a Non-Housing Capital Programme totalling £5,840,000. As a consequence of closure of accounts, £883,000 was carried forward from 2014/15 to 2015/16.
24. The 2015/16 Non-Housing Capital Programme budget was set to enable expenditure on schemes required to meet health and safety, legally committed and statutory expenditure to properties within the Asset Management Plan.
25. The projected outturn for 2015/16 is £6,945,000, being £162,000 above the revised budget that was approved in September (£1,105,000 above the original annual programme).

**TABLE 5 Non-Housing Capital Programme Summary**

2015-16 Budget Stage	£000s	Date Approved
Original Budget	5,840	5 Feb 15
Carryovers from 2014/15	883	23 Jul 15
	6,723	
2015/16 Revisions (Quarter 1)	60	17 Sept 15
2015/16 Revisions (Quarter 2)	162	10 Dec 15
Budget at Quarter 2	6,945	
<b>Projected Outturn 2015/16</b>	<b>6,945</b>	

26. Details of the Non Housing Capital Programme expenditure and financing are contained in Table 6.

**TABLE 6: Non Housing Capital Programme 2015/16**

	Original Estimate 2015/16 £'000s	Revised Estimate 2015/16 £'000s	Variance £'000	Note
<b>Expenditure:</b>				
Governance	15	0	(-)15	
Finance	236	174	(-)62	i
Community Wellbeing	763	1,003	240	
Place Services	2,878	2,642	(-)236	ii
Place Services (Town Park HLF)	1,300	2,158	858	iii
GF Garages	648	258	(-)390	iv
Land Purchase		710	710	v
<b>TOTAL EXPENDITURE</b>	<b>5,840</b>	<b>6,945</b>	<b>1,105</b>	
<b>Financed by:</b>				
Capital Receipts - Right To Buy	204	199	5	
Asset Disposals	1,124	600	524	
Direct Revenue Contribution	719	286	433	
Earmarked Resources	1,693	3,247	(-)1,554	
Disabled Facilities Grant- Strategic Housing	323	323	0	
Renovation Loans	5	5	0	
Prudential Borrowing	1,772	2,285	(-)513	
<b>TOTAL FINANCING:</b>	<b>5,840</b>	<b>6,945</b>	<b>(-)1,105</b>	

27. Notes to Table 6 – expenditure:

- i) Financial Management System - transfer of implementation costs to 2016/17 in order to reduce impact on closure of accounts processes for 2015/16.
- ii) Variances arising in Place Services include the addition of the business case for work to Fernhill Travellers site with associated grant funding as reported to Cabinet in December 2015. Two

schemes at Latton Bush Centre are to be deferred to 2016/17. In the Commercial Properties Portfolio, funding has been allocated but schemes are awaiting the development of business cases and procurement processes prior to commencement.

- iii) Work in the Town Park which has external funding of £2.58m including Heritage Lottery Funding is drawing to a close. Additional costs have been incurred in respect of the landscaping and building contracts due to unforeseen changes and the complexity of the contracts. Additional grant funding of £136,000 from programme of development funds will support the work.
- iv) Re-alignment of capital works budgets in respect of garages appropriated to the General Fund in 2015/16.
- v) In March 2015 Cabinet approved the sale of land at Ram Gorse and the purchase of land at Latton Farm to enable Harlow Rugby Club to move to a larger site. Housing will be built at Ram Gorse, including a proportion of social housing to which the Council will have nomination rights. The Council will receive a capital receipt of £600,000 to offset the anticipated overall cost of £710,000 (including stamp duty).

28. Notes to Table 6 – financing:

- i) The capital receipt due to the Non Housing Capital Programme from Right to Buy disposals remains at £191,000 in line with the original estimate. Additional RTBs do not increase the capital receipt to the Non Housing Capital Programme as through the pooling mechanism, the income from additional sales is effectively the debt associated to the properties sold. This is strictly housing debt and therefore cannot be used in the funding of the Non Housing Capital Programme.
- ii) Projected asset disposals of £600,000 from the sale of land at Ram Gorse.
- iii) Direct revenue contribution of £286,000 from the General Fund in respect of work relating to the Financial Management System, garages and the restoration of the Gibberd Collection.
- iv) Grant funding for specific schemes, including funding from the Homes and Communities Agency (HCA) £490,000 and Essex County Council (ECC), £70,000 for the upgrade of sites at Fernhill Travellers Site and funding from ECC of £50,000 to support flood alleviation work.
- v) Additional grant funding of £323,000 from DCLG is made available to support work on disabled adaptations to owner occupied properties.

29. It is anticipated that borrowing of £2.285m will be required to support the programme in 2015/16, (original estimate £1,772,000).

**TABLE 7: Borrowing in support of Non Housing Capital Programme**

	<b>£000</b>
Cumulative borrowing as at 31 March 2015	2,795
New borrowing to finance shortfall in Non Housing Capital Programme, 2015/16	2,285
<b>Cumulative borrowing as at 31 March 2016</b>	<b>5,080</b>

30. The following carry overs were requested at Cabinet, 10 December 2015.

**TABLE 8: Carry Over of Non Housing Capital Programme to 2016/17**

<b>SERVICE</b>	<b>DETAIL</b>	<b>£</b>
Finance	Financial management system: major part of upgrade to be carried out in 2016/17 following closure of accounts.	170,000
Community Wellbeing	Playhouse boiler – delayed due to lead in time required on the installation	42,000
Place Services	Re-roofing at LBC – work deferred pending asbestos removal	65,000
	Refurbishment of LBC old dining hall and kitchen delayed to 2016/17	77,000
	Re-roofing work to Sherards Hatch common room to be scheduled in summer holiday period	62,000
	Bush Fair CCTV – timing and scale of project under review	6,000
	Church Langley Playing Fields parking – subject to a match funding agreement with SEHSYA	22,000
	Town Centre public realm Improvements awaiting working group direct on content of scheme	320,000
	EA/DDA access to Civic Centre – awaiting advice from relevant Officers on whether this scheme is required.	20,000
	<b>Sub Total Place Services</b>	<b>572,000</b>
	<b>TOTAL CARRYOVER</b>	<b>784,000</b>

31. There will be no requirement to capitalise financial strain payments in 2015/16.
32. In 2014/15, the Council received £11.205m funding from DCLG in respect of

the Enterprise Zone for work to be carried out by Essex County Council in the London Road and Templefields areas of Harlow. Expenditure incurred in 2015/16 is accounted for through the Capital Programme and is fully covered by the grant received.

### **NON HOUSING CAPITAL PROGRAMME 2016/17**

33. A summary of resources to be used is given in Appendix D. Total resources available in 2016/17 are estimated at £1,717,000 of which:

- £874,000 will be asset disposal receipts.
- £201,000 Capital receipts from Right to Buy sales
- £322,000 Grant income
- £320,000 Revenue contributions.

### **RECOMMENDED NON HOUSING CAPITAL PROGRAMME 2016/17**

34. The 2016/17 Non Housing Capital Programme totalling £5,091,000 (see Appendix C) is based on schemes of work that are required to meet the Council's statutory, health and safety and contractual commitments. Within these parameters a number of schemes also provide for the refurbishment of commercial properties, so maintaining the Council's ability to rent the properties at a commercial rate and fulfil its statutory duties as landlord.
35. Finance and IT Services include a business case to upgrade the Council's current virtual infrastructure, associated hardware and storage capacity. This is a vital part of the disaster recovery strategy required in the event of a major failure or destruction of the building/servers. It will also improve the efficiency of all systems, allow the upgrade of all servers to a supported platform and be compliant with PSN regulations.
36. Within the Community Wellbeing Service there are business cases to improve allotment site security, improve biodiversity in open areas, maintain equipped playgrounds and upgrade townwide CCTV. In addition there are schemes to add a canopy and shutters to the Learning Centre at Pets Corner, re-roof the stable block and gift shop and with the addition of containers enable the walled garden area to be used for educational and storage purposes. Work to maintain and enhance Harlow Showground is also proposed.
37. A stock condition report and theatre management report commissioned in 2015/16 form the basis of a business case for future investment in the Playhouse over four years (£500,000 per annum). Emergency, urgent and routine priorities are identified with planned works to meet long term maintenance and refurbishment requirements.
38. Demand for disabled adaptations in owner occupied homes is expected to remain high with a budget of £820,000 which will also cover Home Loan Assistance payments. Grant funding to support in part this expenditure from DCLG is anticipated.

39. In Place Services, the proposed programme of work is based on estimated costs of planned work to the Latton Bush Centre, commercial properties, public buildings and community buildings. There will be a particular focus on work to commercial properties which will support income generation, maintain the Council's stock and meet health and safety issues. In addition a business case for improvements to neighbourhood shopping centres to promote business retention is included in the programme.

## **RISKS**

40. Budgets are prepared using the best assumptions at the time. The following risks should be noted:

### **HOUSING CAPITAL PROGRAMME: RISKS**

41. a) The continued investment in the Council's housing stock is dependent on the direct revenue contribution from the HRA which is under pressure from the reduction of rental income as reported in the 'HRA Budget 2016/17' and 'HRA Business Plan 2015-2045' reports elsewhere on the agenda for this meeting.
- b) The outcome of the process to establish a Local Authority Trading Company (LATC) in place of the current Joint Venture Company. The LATC will take over from the JVCo contract in January 2017, supporting the Housing Service, providing housing maintenance, street scene and municipal services.

### **NON HOUSING CAPITAL PROGRAMME: RISKS**

42. a) A key risk for the Non Housing Capital Programme is the delay in tendering the Stock Condition Survey contract. The focus and delivery of the programme is dependent upon the outcome of this work which will also influence the Council's Asset Management Plan for future years.
- b) There is risk in respect of asset disposals, whereby in the current economic climate developers may be unable to find the necessary resources in the expected timescale, causing a delay to capital receipts and increasing the Council borrowing requirement.
- c) The Non Housing Capital Programme will be impacted by legislation from the Energy Act 2011 which comes into force in 2018 and will significantly affect the Council's ability to let commercial properties if they are not energy efficient enough. The cost of ensuring all commercial properties meet the required energy efficiency rating is not yet quantifiable.

## **CONCLUSIONS**

43. The proposed Housing Capital Programme 2016/17 for £20,910,000 and Non

Housing Capital Programme for £5,091,000 support the aims and aspirations of the Council.

## **APPENDICES**

<b>APPENDIX A</b>	Housing Capital Programme 2015/16 to 2020/21
<b>APPENDIX B</b>	Housing Capital Programme Resources
<b>APPENDIX C</b>	Non Housing Capital Programme 2015/16 to 2020/21
<b>APPENDIX D</b>	Non Housing Capital Programme Resources

## **IMPLICATIONS**

### **Place Services (includes Regeneration)**

Contained within the report.

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

### **Finance (Includes ICT)**

As contained in the body of the report.

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

### **Housing**

As outlined in the body of the report.

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

### **Community Wellbeing (includes Equalities and Social Inclusion)**

None specific.

Author: **Jane Greer, Head of Community Wellbeing**

### **Governance (includes HR)**

None specific.

Author: **Brian Keane, Head of Governance**

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

DCLG – Department for Communities and Local Government

ECC – Essex County Council

FMS – Financial Management System

GF – General Fund

HCA – Homes and Communities Association

HR – Human Resources

HRA - Housing Revenue Account

JVCo – Joint Venture Company with Kier Harlow Ltd

LATC – Local Authority Trading Company

RTB – Right to Buy

SCAPE – Scape is the procurement vehicle owned by a number of Midlands based Local Authorities.

SEHSYA – South East Harlow Sport Youth Association

## APPENDIX A – Housing Capital Programme 2015/16 – 2020/21

<b>PROJECT AREA</b>	<b>Revised Estimate £'000s</b>	<b>2016/17 £'000s</b>	<b>2017/18 £'000s</b>	<b>2018/19 £'000s</b>	<b>2019/20 £'000s</b>	<b>2020/21 £'000s</b>
Internal Work	7,764	9,776	6,594	4,113	4,195	4,551
Barley Croft & Lower Meadow Project	1,000	0	0	0	0	0
Windows and Doors	3,718	646	0	231	236	616
Dampness / Structural Work	201	0	0	0	0	0
Loft Insulation	0	0	606	0	0	0
External Major Works Package including Leasehold Works	5,085	4,305	4,616	9,592	9,780	9,578
Contingent Major Repairs and Other Works	1,670	415	364	409	417	383
Garages	446	312	302	280	288	714
Lift Programme	163	0	0	0	0	0
Environmental Works	147	0	0	0	0	22
Disabled Aids and Adaptations	1,138	1,032	850	680	694	708
Energy Efficiency and Fuel Poverty	683	2,459	1,706	1,664	1,866	908
Electrical Upgrade and Fire Safety	988	1,523	1,062	108	110	0
New Council Homes	1,845	0	0	0	0	0
Housing IT	255	442	255	100	100	110
<b>TOTAL HOUSING CAPITAL PROJECTS</b>	<b>25,103</b>	<b>20,910</b>	<b>16,355</b>	<b>17,179</b>	<b>17,684</b>	<b>17,590</b>

APPENDIX B – Housing Capital Programme 2015/16 to 2020/21

PROJECT AREA	Revised Estimate £'000s	2016/17 £'000s	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s
<b>FUNDED BY:-</b>						
RTB Capital Receipts	-1,574	-1,356	-1,117	-601	-613	-627
Retained Pooling Receipts	-553	0	0	0	0	0
Major Repairs Reserve (Depreciation)	-10,811	-10,777	-10,845	-10,989	-11,228	-11,472
Other Grants and Leasehold Contributions	-1,667	-1,218	-580	-1,027	-846	-2,394
Direct Revenue Financing	-10,498	-7,559	-3,813	-4,562	-4,997	-3,097
<b>TOTAL FUNDING</b>	<b>-25,103</b>	<b>-20,910</b>	<b>-16,355</b>	<b>-17,179</b>	<b>-17,684</b>	<b>-17,590</b>

APPENDIX C – Non Housing Capital Programme 2015/16 – 2020/21

PROJECT AREA	Revised Estimate £'000s	2016/17 £'000s	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s
<b>REGENERATION</b>						
Latton Bush Centre	184	142	75	75	75	75
Commercial Properties	611	605	500	500	500	500
Highways & Car Parks	107	187	125	125	100	100
Drainage work	161	50	50	50	50	50
Community Buildings	60	113	20	20	20	20
Other Public Schemes	793	567	90	90	90	90
Civic Centre	19	30	10	10	10	10
Planning and Building Control	32	0	0	0	0	0
Environmental Health inc. Strategic Housing	675	880	670	670	640	640
Town Park HLF	2,158	0	0	0	0	0
Sub-total Regeneration	4,800	2,574	1,540	1,540	1,485	1,485
Governance	0	15	15	15	15	15
Finance - ICT	174	481	36	36	36	36
Community Wellbeing	1,003	943	580	580	580	70
Garages	258	271	223	252	257	484
Land Purchases	710	0	0	0	0	0
Sub Total Non Housing Capital Projects	6,945	4,284	2,394	2,423	2,373	2,090
Enterprise Zone	6,730	807	0	0	0	0
<b>TOTAL NON-HOUSING CAPITAL PROJECTS</b>	<b>13,675</b>	<b>5,091</b>	<b>2,394</b>	<b>2,423</b>	<b>2,373</b>	<b>2,090</b>

APPENDIX D - Non Housing Capital Programme Resources 2015/16 - 2020/21

PROJECT AREA	Aggregate Borrowing at 31/03/15	Revised Estimate £'000s	2016/17 £'000s	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s
<b>FUNDED BY:-</b>							
RTB Capital Receipts		-199	-201	-207	-215	-222	-230
Asset Disposals		-600	-874	-750	-450	0	0
Grant Funding (Pitch Regeneration & HLF/POD)		-3,247	-17	0	0	0	0
Disabled Facilities Grant		-323	-300	-300	-300	-300	-300
Home Renovation Loan repayments		-5	-5	-5	-5	-5	-5
Direct Revenue Financing		-286	-320	-223	-252	-257	-484
Borrowing requirement		-2,285	-2,567	-909	-1,201	-1,589	-1,071
<b>Total Project Funding</b>		<b>-6,945</b>	<b>-4,284</b>	<b>-2,394</b>	<b>-2,423</b>	<b>-2,373</b>	<b>-2,090</b>
Grant Funding - Enterprise Zone		-6,730	-807	0	0	0	0
<b>Total in year funding</b>		<b>-13,675</b>	<b>-5,091</b>	<b>2,394</b>	<b>2,423</b>	<b>2,373</b>	<b>-2,090</b>
<b>Underlying Requirement for Prudential Borrowing</b>		<b>-2,795</b>	<b>-5,080</b>	<b>-7,647</b>	<b>-8,556</b>	<b>-9,757</b>	<b>-12,417</b>

**REPORT TO:** CABINET

**DATE:** 28 JANUARY 2016

**TITLE:** TREASURY MANAGEMENT STRATEGY  
STATEMENT 2016/17

**PORTFOLIO HOLDER:** COUNCILLOR MIKE DANVERS

**LEAD OFFICER:** SIMON FREEMAN, HEAD OF FINANCE  
(01279) 446228

**CONTRIBUTING OFFICERS:** JOHN DYSON, PRINCIPAL FINANCE  
MANAGER (01279) 446225

ANDREW SMITH, FINANCE MANAGER  
(01279) 446212

**This is a Key Decision**

**It is on the Forward Plan as Decision number I004249**

**This decision is not subject to Call-in procedures as it is a referral to Full Council**

**This decision will affect no ward specifically.**

**RECOMMENDED** that Cabinet recommends to Full Council that the proposed revised Treasury Management Strategy Statement 2016/17 (attached as Appendix A) be approved for implementation with immediate effect, including specifically:

- i. The Prudential Indicators (set out in Annex C of the Statement).
- ii. The Treasury Management Indicators (set out in paragraphs 55 to 58 of the Statement).
- iii. The approved counterparty methodology (set out in paragraphs 33 to 54 and Annex E of the Statement).
- iv. The Minimum Revenue Provision Statement (Annex D of the Statement).
- v. The reporting arrangements (Annex F of the Statement).

**REASON FOR DECISION**

- A** Statutory DCLG Guidance and CIPFA Codes of Practice on Treasury Management and Prudential Borrowing require Councils to determine a Treasury Management Strategy Statement and Prudential (and Treasury Management) Indicators on an annual basis.
- B** The lending list methodology requires regular review by Full Council because it steers a major risk aspect of the Council's operational investment decisions.

- C** DCLG Regulations have been issued which require the Full Council to approve a Statement of Minimum Revenue Provision in advance of each year.
- D** Treasury management reporting arrangements are an important aspect governed by DCLG guidance and influenced by the CIPFA Code.
- E** The Council is required by DCLG guidance to report on its policy for borrowing in advance of need.
- F** In the same way as E above, the Annual Investment Strategy determines the direction of travel for borrowing in the coming year and reflects the Council's preferred approach to investment and associated risk.

## **BACKGROUND**

1. Treasury management is defined as “the management of the Council's investments and cash flows, its banking, money market and capital market transactions: the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.”
2. The Council has previously recognised and adopted the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (as revised November 2011) – “the CIPFA Code” as the guidance it will follow in the development and management of its treasury management activities.
3. The primary requirements of the CIPFA Code are as follows:
  - (a) Creation and maintenance of a Treasury Management Policy Statement.
  - (b) Creation and maintenance of Treasury Management Practices (TMPs).
  - (c) Receipt by Council of an annual Treasury Management Strategy Statement (TMSS), including the annual Investment Strategy, a Minimum Revenue Provision Policy for the year ahead, and a range of other specific policies,
  - (d) Presentation of a mid-year Review of the Treasury Management Strategy Statement and an Annual Report (stewardship report) to Full Council.
  - (e) Delegation by the Council for responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
  - (f) Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For the

Council the current TMSS specifies the responsibility for the delegated scrutiny role is delegated to the Cabinet Overview Working Group, as well as to the Audit and Standards Committee as may be required.

## ISSUES

4. As part of the primary requirements for reporting to Full Council, the annual TMSS has been prepared in compliance with CIPFA's Code of Practice, and is attached as Appendix A of this report.
5. Key elements of the Strategy Statement are:
  - (a) The Scheme of Delegation for Treasury Management / reporting arrangements (as set out in Annexes F and G).
  - (b) Borrowing Strategy (paragraphs 23 to 32).
  - (c) Investment Strategy (paragraphs 33 to 52).
  - (d) The Approved Counterparty List and review of Monetary Limits, including country limits (paragraphs 53 and 54, with an example shown in Annex E).
  - (e) Policy of apportioning interest to the HRA (paragraph 60).
  - (f) Policy on investment of money in advance of need (paragraphs 64 and 65).
  - (g) The Minimum Revenue Provision Statement for 2015/16 (Annex D).
  - (h) The estimated Prudential Indicators (Annex C).
  - (i) The estimated Treasury Management Indicators (paragraphs 55 to 58).

## IMPLICATIONS

### Place

None specific.

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

### Finance (Includes ICT)

The indicative costs associated with borrowing, offset by investment income, are included in the MTFS, Capital and Revenue budgets presented within this agenda. The mid-year review of the TMSS and the annual report on treasury management are both routinely reported to Councillors, including to Full Council as required by DCLG Guidance and the CIPFA Code of Practice; any financial considerations are contained herewith in the accompanying reports.

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

### Housing

None specific.

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

### **Community Wellbeing (includes Equalities and Social Inclusion)**

None specific.

Author: **Jane Greer, Head of Community Wellbeing**

### **Governance (includes HR)**

None specific.

Author: **Brian Keane, Head of Governance**

### **Appendices**

Appendix A - Treasury Management Strategy Statement 2016/17

### **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 2015-2045.

Capital Programme 2015/16 – 2020/21.

Arlingclose Ltd treasury management advisory documents.

Treasury Management and Accounting records.

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

See Appendix A, Annex I for glossary of terms.

# Harlow Council

## Treasury Management Strategy Statement

### 2016/17

#### 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 practice.
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. As a Council with a particularly large housing stock, its financial position is affected by new legislation restricting rent increases over the next four years which, in turn, will have an impact throughout the 'HRA Business Plan 2015-2045'. The planned accumulation of balances to repay debt will not now come to fruition and, consequently, balances

available for investment will fall rather than rise in the medium term (see Table 1, under paragraph 20).

### **Introduction**

7. Harlow Council has adopted the Chartered Institute of Public Finance and Accountancy's 'Treasury Management in the Public Services: Code of Practice 2011 Edition' (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year.
8. 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.
9. 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.
10. 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:**

11. Domestic demand has grown robustly, supported by sustained real income growth and a gradual decline in private sector savings. Low oil and commodity prices were a notable feature of 2015, and contributed to annual CPI (Consumer Price Index) inflation falling to (-)0.1% in October. Wages are growing at 3% a year, and the unemployment rate has dropped to 5.4%. Mortgage approvals have risen to over 70,000 a month and annual house price growth is around 3.5%. These factors have boosted consumer confidence, helping to underpin retail spending and hence GDP (Gross Domestic Product) growth, which was an encouraging 2.3% a year in the third quarter of 2015. Although speeches by the Bank of England's Monetary Policy Committee (MPC) members sent signals that some were willing to countenance higher interest rates, the MPC held policy rates at 0.5% for the 82nd consecutive month at its meeting in December 2015. Quantitative easing (QE) has been maintained at £375bn since July 2012.

12. The outcome of the UK general election, which was largely fought over the parties' approach to dealing with the deficit in the public finances, saw some big shifts in the political landscape and put the key issue of the UK's relationship with the EU at the heart of future politics. Uncertainty over the outcome of the forthcoming referendum could put downward pressure on UK GDP growth and interest rates.
13. China's growth has slowed and its economy is performing below expectations, reducing global demand for commodities and contributing to emerging market weakness. US domestic growth has accelerated but the globally sensitive sectors of the US economy have slowed. Strong US labour market data and other economic indicators however suggest recent global turbulence has not knocked the American recovery off course. The Federal Reserve increased its rate to 0.25% in December 2015 with further increases over the next twelve months a real possibility. In contrast, the European Central Bank finally embarked on QE in 2015 to counter the perils of deflation.

**Credit outlook:**

14. The varying fortunes of different parts of the global economy are reflected in market indicators of credit risk. UK Banks operating in the Far East and parts of mainland Europe have seen their perceived risk increase, while those with a more domestic focus continue to show improvement. The sale of most of the government's stake in Lloyds and the first sale of its shares in RBS (Royal Bank of Scotland) have generally been seen as credit positive.
15. Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the UK, USA and Germany. The rest of the European Union will follow suit in January 2016, while Australia, Canada and Switzerland are well advanced with their own plans. Meanwhile, changes to the UK Financial Services Compensation Scheme and similar European schemes in July 2015 mean that most private sector investors are now partially or fully exempt from contributing to a bail-in. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Council; returns from cash deposits however remain stubbornly low.

**Interest rate forecast:**

16. The Council's treasury advisor Arlingclose projects the first 0.25% increase in UK Bank Rate (to 0.75%) in the third quarter (July to September) of 2016, rising by 0.5% a year thereafter, finally settling between 2% and 3% in several years' time. Persistently low inflation,

subdued global growth and potential concerns over the UK's position in Europe mean that the risks to this forecast are weighted towards the downside.

17. A shallow upward path for medium term gilt yields is forecast, as continuing concerns about the Eurozone, emerging markets and other geo-political events weigh on risk appetite, while inflation expectations remain subdued. Arlingclose projects the 10 year gilt yield to rise from its current 2.0% level by around 0.3% a year. The uncertainties surrounding the timing of UK and US interest rate rises are likely to prompt short-term volatility in gilt yields.
18. A more detailed economic and interest rate forecast provided by Arlingclose is attached at Annex A.
19. For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 0.92%. No new external long-term loans are planned to be taken out in 2015/16 and 2016/17 at the time of writing this strategy.

### **Local Context**

20. The Council currently has £211.837m of borrowing and £53.303m of investments (as at 31 December 2015). 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

	31.3.15 Actual £m	31.3.16 Estimate £m	31.3.17 Forecast £m	31.3.18 Forecast £m	31.3.19 Forecast £m
General Fund CFR	28.093	40.807	43.144	43.888	44.910
HRA CFR	198.307	187.370	187.370	187.370	187.370
<b>Total CFR</b>	<b>226.400</b>	<b>228.177</b>	<b>230.514</b>	<b>231.258</b>	<b>232.280</b>
Less: Other debt liabilities	(-)0.110	0	0	0	0
<b>Borrowing CFR</b>	<b>226.290</b>	<b>228.177</b>	<b>230.514</b>	<b>231.258</b>	<b>232.280</b>
Less: External borrowing	(-)211.837	(-)211.837	(-)211.837	(-)211.837	(-)211.837
<b>Internal borrowing</b>	<b>14.463</b>	<b>16.340</b>	<b>18.677</b>	<b>19.421</b>	<b>20.443</b>
Less: Usable reserves	(-)49.851	(-)40.051	(-)32.334	(-)26.972	(-)22.768
Less: Working capital	(-)9.098	(-)9.098	(-)9.098	(-)9.098	(-)9.098
<b>Investments</b>	<b>(-)44.496</b>	<b>(-)32.809</b>	<b>(-)23.755</b>	<b>(-)16.649</b>	<b>(-)11.423</b>

21. 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, sometimes known as internal borrowing. This provides protection by minimising investment balances and reducing exposure to market risks associated with such balances.

22. 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 this period.

### **Borrowing Strategy**

23. 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. £208.837m of this external borrowing relates to loans taken for HRA self-financing in 2012. The balance sheet forecast in table 1 shows that the Council does not expect to borrow externally in 2016/17. The Council may however borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £265m (see Annex C).
24. **Objectives:** The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.
25. **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.
26. 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. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2016/17 with a view to keeping future interest costs low, even if this causes additional cost in the short-term. Therefore, if the outlook for switching from internal to external borrowing becomes favourable the forecast in Table 1 will change to reflect this.

27. In addition, the Council may borrow short-term loans (normally for up to one month) to cover unexpected cash flow shortages.
28. **Sources:** The approved sources of long-term and short-term borrowing are:
- Public Works Loan Board (PWLB) and any successor body
  - 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
  - UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues
29. 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
30. The Council has previously raised all of its long-term borrowing from the PWLB but it would continue to investigate other sources of finance, such as local authority loans and bank loans that may be available at more favourable rates.
31. **LGA Bond Agency:** UK Municipal Bonds Agency plc 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 local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities may be required to provide bond investors with a joint and several guarantee over the very small risk that other local authority borrowers default on their loans; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.
32. **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**

33. The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In 2015/16, the Council's investment balance will range between £34m and £57.4m. With pressure on HRA balances and the use of the Discretionary Services Fund, as well as meeting capital expenditure obligations, it is anticipated that the amount available to invest will diminish over the next year and into the medium term (see Table 1).
34. **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.
35. **Strategy:** Given the increasing risk and continued low returns from short-term unsecured bank investments, the Council will continue to maintain diversification in more secure and/or higher yielding asset classes during 2016/17. In 2015/16 it invested £2m in The Local Authorities' Property Fund. This is intended as a long-term investment at potentially attractive dividends. The majority of the Council's surplus cash is currently invested in short-term unsecured bank deposits, certificates of deposit and money market funds.
36. **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 maximum 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
None	£1m 6 months	n/a	£4m 25 years	£50,000 5 years	£2m 5 years
Pooled funds	£4m per fund				

This table must be read in conjunction with the notes below

37. **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.
38. **Banks Unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. 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 investments with banks rated "BBB" or "BBB-" other than fully liquid deposits with the Council's own bankers, Barclays Bank plc.
39. The use of an account to leave overnight deposits with Barclays Bank is an important tool in cost effective cash flow management.
40. **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 higher 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.

41. **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 an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.
42. **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 insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.
43. **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.
44. **Pooled Funds: Shares** in diversified investment vehicles consisting of the 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. The Council invested in a Local Authority Pooled Property Fund in 2015/16. Money Market Funds that offer same-day liquidity 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.
45. 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.

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

46. 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.
47. 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:**

48. The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support 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.
49. 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 for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

### **Specified Investments:**

50. 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”.
51. The Council defines “high credit quality” organisations and securities as those having a credit rating of A- (A minus) 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:**

52. 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 2016/17, 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

	<b>Cash limit</b>
Total long-term investments	£4m
Total investments without credit ratings or rated below A- (A minus)	£10m
Total investments with institutions domiciled in foreign countries rated below AA+	£1m
Total non-specified investments	£12m

### **Investment Limits:**

53. The Council’s revenue reserves available to cover investment losses are forecast to be £40.6m on 31 March 2016. 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. This excludes any accumulated interest.

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
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:**

54. The Council uses its own cash flow forecasting spreadsheet to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a pessimistic basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium term financial plan and cash flow forecast.

### **Treasury Management Indicators**

55. The Council measures and manages its exposures to treasury management risks using the following indicators.
56. **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:

	2016/17	2017/18	2018/19
Upper limit on fixed interest rate exposure	£238m	£244m	£249m
Upper limit on variable interest rate exposure	(-)£4m	(-)£3m	(-)£3m

57. Fixed rate investments and borrowings are those where the rate of interest is fixed for the whole financial year. All other instruments are classed as variable rate.
58. **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	100%	0%
12 months and within 24 months	100%	0%
24 months and within 5 years	100%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%

### **Other Items**

59. There are a number of additional items that the Council is obliged by CIPFA or CLG to include in its Treasury Management Strategy.
60. **Policy on Apportioning Interest to the HRA:** On 1 April 2012, the Council defined the 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.
61. **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.
62. 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.

63. **Investment Advisers:** The Council has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues.
64. **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.
65. The total amount borrowed will not exceed the authorised borrowing limit of £265m. The maximum period between borrowing and expenditure is expected to be two years.
66. **Policy on 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 local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
67. 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.
68. 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**

69. The estimate for investment income in 2016/17 is £255,600, based on an average investment portfolio of £27.782m at an interest rate of 0.92%. The estimate for debt interest paid in 2016/17 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 2015-2045', Appendix 6.3.) 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**

70. 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 anticipated to be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income anticipated to be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs anticipated will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower, based on current interest rate forecasts	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

## **Annex A**

### **Arlingclose Economic & Interest Rate Forecast November 2015**

#### **Underlying assumptions:**

1. UK economic growth softened in Q3 2015 but remained reasonably robust; the first estimate for the quarter was 0.5% and year-on-year growth fell slightly to 2.3%. Negative construction output growth offset fairly strong services output, however survey estimates suggest upwards revisions to construction may be in the pipeline.
2. Household spending has been the main driver of GDP growth through 2014 and 2015 and remains key to growth. Consumption will continue to be supported by real wage and disposable income growth.
3. Annual average earnings growth was 3.0% (including bonuses) in the three months to August. Given low inflation, real earnings and income growth continue to run at relatively strong levels and could feed directly into unit labour costs and households' disposable income. Improving productivity growth should support pay growth in the medium term. The development of wage growth is one of the factors being closely monitored by the Bank of England's Monetary Policy Committee (MPC).
4. Business investment indicators continue to signal strong growth. However the outlook for business investment may be tempered by the looming EU referendum, increasing uncertainties surrounding global growth and recent financial market shocks.
5. Inflation is currently very low and, with a further fall in commodity prices, will likely remain so over the next 12 months. The CPI rate is likely to rise towards the end of 2016.
6. China's growth has slowed and its economy is performing below expectations, which in turn will dampen activity in countries with which it has close economic ties; its slowdown and emerging market weakness will reduce demand for commodities. Other possible currency interventions following China's recent devaluation will keep sterling strong against many global currencies and depress imported inflation.
7. Strong US labour market data and other economic indicators suggest recent global turbulence has not knocked the American recovery off course. Although the timing of the first rise in official interest rates remains uncertain, a rate rise by the Federal Reserve seems

significantly more likely in December given recent data and rhetoric by committee members.

8. Longer term rates will be tempered by international uncertainties and weaker global inflation pressure.

### Forecast:

9. Arlingclose forecasts the first rise in UK Bank Rate in Q3 (July to September) 2016. Further weakness in inflation, and the MPC's expectations for its path, suggest policy tightening will be pushed back into the second half of the year. Risks remain weighted to the downside. Arlingclose projects a slow rise in Bank Rate, the appropriate level of which will be lower than the previous norm and will be between 2% and 3%.
10. The projection is for a shallow upward path for medium term gilt yields, with continuing concerns about the Eurozone, emerging markets and other geo-political events, weighing on risk appetite, while inflation expectations remain subdued.
11. The uncertainties surrounding the timing of UK and US monetary policy tightening, and global growth weakness, are likely to prompt short term volatility in gilt yields.

	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
<b>Official Bank Rate</b>													
Upside risk		0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.25	1.25	1.50	1.50	1.75	1.75
Downside risk				-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-1.00	-1.00	-1.25	-1.25
<b>3-month LIBID rate</b>													
Upside risk	0.20	0.30	0.30	0.30	0.35	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	0.55	0.60	0.70	0.80	0.95	1.05	1.15	1.30	1.40	1.55	1.65	1.80	1.85
Downside risk		-0.20	-0.30	-0.45	-0.55	-0.65	-0.80	-0.90	-1.05	-1.10	-1.20	-1.20	-1.20
<b>1-yr LIBID rate</b>													
Upside risk	0.25	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.45	0.45	0.45	0.45	0.45
Arlingclose Central Case	1.10	1.20	1.35	1.45	1.55	1.70	1.80	1.95	2.00	2.10	2.15	2.15	2.15
Downside risk	-0.15	-0.25	-0.35	-0.50	-0.60	-0.70	-0.85	-0.95	-1.10	-1.15	-1.25	-1.25	-1.25
<b>5-yr gilt yield</b>													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
Arlingclose Central Case	1.50	1.55	1.60	1.70	1.80	1.90	2.00	2.10	2.20	2.25	2.30	2.35	2.35
Downside risk	-0.35	-0.45	-0.55	-0.60	-0.70	-0.80	-0.90	-1.00	-1.10	-1.15	-1.20	-1.25	-1.25
<b>10-yr gilt yield</b>													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
Arlingclose Central Case	2.00	2.05	2.10	2.20	2.30	2.40	2.50	2.60	2.65	2.70	2.75	2.80	2.80
Downside risk	-0.35	-0.45	-0.55	-0.60	-0.70	-0.80	-0.90	-1.00	-1.10	-1.15	-1.20	-1.25	-1.25
<b>20-yr gilt yield</b>													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
Arlingclose Central Case	2.45	2.50	2.55	2.55	2.60	2.65	2.70	2.75	2.80	2.85	2.90	2.95	2.95
Downside risk	-0.30	-0.40	-0.50	-0.55	-0.65	-0.75	-0.85	-0.95	-1.05	-1.10	-1.15	-1.20	-1.20
<b>50-yr gilt yield</b>													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
Arlingclose Central Case	2.45	2.50	2.55	2.60	2.65	2.70	2.75	2.80	2.85	2.90	2.95	3.00	3.00
Downside risk	-0.25	-0.35	-0.45	-0.50	-0.60	-0.70	-0.80	-0.90	-1.00	-1.05	-1.10	-1.15	-1.15

## Annex B Existing Investment & Debt Portfolio Position

	31.12.15 Actual Portfolio £m	31.12.15 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	0.110	
<b>Total Gross External Debt</b>	<b>211.947</b>	
<b>Investments:</b>		
<i>Managed in-house</i>		
Short-term investments	(-)41.033	0.59%
Pooled Fund (Money Market Funds)	(-)10.270	0.45%
<i>Managed externally</i>		
Pooled Funds (Property Fund)	(-)2.000	4.00%
<b>Total Investments</b>	<b>(-)53.303</b>	<b>0.69%</b>
<b>Net Debt</b>	<b>158.644</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 2016/17

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 local authorities 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	2015/16 Revised £m	2016/17 Estimate £m	2017/18 Estimate m	2018/19 Estimate m
General Fund	13.675	5.091	2.394	2.423
HRA	25.103	20.910	16.355	17.179
<b>Total Expenditure</b>	<b>38.778</b>	<b>26.001</b>	<b>18.749</b>	<b>19.602</b>
Capital Receipts	2.926	2.431	2.074	1.266
Government Grants	11.372	1.129	0.305	0.305
Major Repairs Reserve	10.811	10.777	10.845	10.989
Revenue	11.384	9.097	4.616	5.841
Borrowing	2.285	2.567	0.909	1.201
Leasing and PFI	0	0	0	0
<b>Total Financing</b>	<b>38.778</b>	<b>26.001</b>	<b>18.749</b>	<b>19.602</b>

**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	31.03.16 Revised £m	31.03.17 Estimate £m	31.03.18 Estimate £m	31.03.19 Estimate £m
General Fund	40.807	43.144	43.888	44.910
HRA	187.370	187.370	187.370	187.370
<b>Total CFR</b>	<b>228.177</b>	<b>230.514</b>	<b>231.258</b>	<b>232.280</b>

The CFR is forecast to rise by £4.1m 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	31.03.16 Revised £m	31.03.17 Estimate £m	31.03.18 Estimate £m	31.03.19 Estimate £m
Borrowing	211.837	211.837	211.837	211.837
Finance leases	0.110	0	0	0
PFI liabilities	0	0	0	0
<b>Total Debt</b>	<b>211.947</b>	<b>211.837</b>	<b>211.837</b>	<b>211.837</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	2015/16 Revised £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m
Borrowing	250.000	252.000	252.000	253.000
Other long-term liabilities	1.500	1.500	1.500	1.500
<b>Total Debt</b>	<b>251.500</b>	<b>253.500</b>	<b>253.500</b>	<b>254.500</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	2015/16 Revised £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m
Borrowing	260.000	260.000	260.000	265.000
Other long-term liabilities	5.000	5.000	5.000	5.000
<b>Total Debt</b>	<b>265.000</b>	<b>265.000</b>	<b>265.000</b>	<b>270.000</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	2015/16 Revised %	2016/17 Estimate %	2017/18 Estimate %	2018/19 Estimate %
General Fund	3.94	2.76	3.55	4.20
HRA	11.56	11.97	11.79	11.77

**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.

Incremental Impact of Capital Investment Decisions	2016/17 Estimate £	2017/18 Estimate £	2018/19 Estimate £
General Fund - increase in annual band D Council Tax	25.11	18.63	20.96
HRA - increase in average weekly rents	15.58	8.10	9.79

**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 2016/17**

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 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 2016/17 will not be subject to a MRP charge until 2017/18.

Based on the Council's latest estimate of its Capital Financing Requirement on 31 March 2016, the budget for MRP has been set as follows:

	31.03.2016 Estimated CFR £m	2016/17 Estimated MRP £
Capital expenditure before 01.04.2008	5.455	0
Capital expenditure after 31.03.2008	34.920	166,000
Finance leases	0.432	110,000
<b>Total General Fund</b>	<b>40.807</b>	<b>276,000</b>
Assets in the Housing Revenue Account	187.370	0
<b>Total Housing Revenue Account</b>	<b>187.370</b>	<b>0</b>
<b>Total</b>	<b>228.177</b>	<b>276,000</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 reconciled against credit developments sourced from Bloomberg. Arlingclose also provide a commentary on any breaking economic news giving clear advice. The Head of Finance, or his representative, will then consider what action to take and provide clear instructions to those colleagues authorised to deal on behalf of the Council. Generally dealing staff will be instructed to use the Lending List which determines authorised counterparties, maximum limits of investment and maximum duration in lending. Investments with counterparties and the period of such investments will remain at the discretion of the Head of Finance or his representative.

Arlingclose recommends that the Council diversifies its investment portfolio. The Council's expectation is that the amount available for investment will reduce from £33m at 1 April 2016, to £22m at 31 March 2017 (see Table 1). The flow of cash through the Council's bank accounts is uneven. This means that the upper amount of £33m is likely to be exceeded.

The Council would want to hold a reasonable amount of cash which is liquid (i.e. is immediately available to pay bills). As a guide, the minimum amount of liquid investments – held in Business Reserve Accounts and Money Market Funds – should not be less than £10m. Other than £2m invested long-term in a Property Fund, the remainder may be placed as temporary investments, either as term deposits with counterparties, certificates of deposit with banks, or other authorised instruments.

The following tables show the Lending List issued by Arlingclose on 18 December 2015 and therefore operable from the week commencing 21 December. **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 and securities as those having a credit rating of A- (A minus) 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.

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

Listed below are those countries and counterparties which fit this definition. 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 BBB+ and above.

The limits of £4m for each counterparty (£5m for a Group) have been established as representing, broadly, 10% of the Council's maximum likely investment balances for 2016/17 (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.

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

**HARLOW COUNCIL - APPROVED COUNTERPARTY LIST** As at: **18/12/2015**

Name	COUNTRY	Moody's Long-Term Ratings	Fitch Long-Term Rating	S&P Long-Term Rating	Council Specific Limits		
					Individual Cash Limit (£)	Group Cash Limit (£/%)	Arlingclose Max Investment period
<b>COMMONWEALTH OF AUSTRALIA</b>	<b>AU</b>	<b>Aaa</b>	<b>AAA</b>	<b>AAAu</b>			
AUST AND NZ BANKING GROUP	AU	Aa2	AA-	AA-	4m		6 Months
COMMONWEALTH BANK OF AUSTRAL	AU	Aa2	AA-	AA-	4m		6 Months
NATIONAL AUSTRALIA BANK LTD	AU	Aa2	AA-	AA-	4m		6 Months
WESTPAC BANKING CORP	AU	Aa2	AA-	AA-	4m		6 Months
<b>GOVERNMENT OF CANADA</b>	<b>CA</b>	<b>Aaa</b>	<b>AAA</b>	<b>AAA</b>			
BANK OF MONTREAL	CA	Aa3	AA-	A+	4m		13 Months
BANK OF NOVA SCOTIA	CA	Aa2	AA-	A+	4m		13 Months
CAN IMPERIAL BK OF COMMERCE	CA	Aa3	AA-	A+	4m		13 Months

ROYAL BANK OF CANADA	CA	Aa3	AA	AA-	4m		13 Months
TORONTO-DOMINION BANK	CA	Aa1	AA-	AA-	4m		13 Months
KINGDOM OF DENMARK	DE	Aaa	AAA	AAA			
DANSKE BANK A/S	DE	A2	A	A	£2m		100 Days
REPUBLIC OF FINLAND	FI	Aaa	AAA	AA+			
POHJOLA BANK OYJ-A SHS	FI	Aa3	A+	AA-	4m		6 Months
UNITED KINGDOM	GB	Aa1	AA+	AAAu			
BANK OF SCOTLAND PLC	GB	A1	A+	A	4m	5m	13 months
LLOYDS BANK PLC	GB	A1	A+	A	4m		13 months
BARCLAYS BANK PLC	GB	A2	A	A-	4m		100 Days
CLOSE BROTHERS LTD	GB	Aa3	A		4m		6 months
						£4m total including Other Building Societies	
COVENTRY BUILDING SOCIETY	GB	A2	A		1m		6 Months
GOLDMAN SACHS INTERNATIONAL	GB	A1	A	A	4m		100 Days
HSBC BANK PLC	GB	Aa2	AA-	AA-	4m		13 months
						£4m total including Other Building Societies	
LEEDS BUILDING SOCIETY	GB	A2	A-		1m		100 Days
NATIONWIDE BUILDING SOCIETY	GB	A1	A	A	4m		6 Months
NATIONAL WESTMINSTER BANK	GB	A3	BBB+	BBB+	4m	5m	35 days
ROYAL BANK OF SCOTLAND PLC/T	GB	A3	BBB+	BBB+	4m		35 days
SANTANDER UK PLC	GB	A2 *+	A	A	2m		6 months
STANDARD CHARTERED BANK	GB	Aa2	AA-	A+	4m		6 Months

<b>UNRATED BUILDING SOCIETIES</b>						
CUMBERLAND BUILDING SOCIETY	GB				1m	100 Days
SCOTTISH BUILDING SOCIETY	GB				1m	100 Days
VERNON BUILDING SOCIETY	GB				1m	100 Days
DARLINGTON BUILDING SOCIETY	GB				1m	100 Days
FURNESS BUILDING SOCIETY	GB				1m	6 Months
HARPENDEN BUILDING SOCIETY	GB				1m	100 Days
HINCKLEY & RUGBY BUILDING SOCIETY	GB				1m	6 Months
LEEK UNITED BUILDING SOCIETY	GB				1m	6 Months
LOUGHBOROUGH BUILDING SOCIETY	GB				1m	100 Days
MANSFIELD BUILDING SOCIETY	GB				1m	6 Months
MARKET HARBOROUGH BUILDING SOCIETY	GB				1m	6 Months
MARSDEN BUILDING SOCIETY	GB				1m	6 Months
MELTON MOWBRAY BUILDING SOCIETY	GB				1m	6 Months
NEWBURY BUILDING SOCIETY	GB				1m	6 Months
STAFFORD RAILWAY BUILDING SOCIETY	GB				1m	6 Months
TIPTON & COSELEY BUILDING SOCIETY	GB				1m	6 Months
NATIONAL COUNTIES BUILDING SOCIETY	GB				1m	6 Months
£4m total including other Building Societies						
<b>FEDERAL REPUBLIC OF GERMANY</b>	<b>GE</b>	<b>Aaa</b>	<b>AAA</b>	<b>AAAu</b>		
DEUTSCHE BANK AG-REGISTERED	GE	A3	A	BBB+	4m	35 days
LANDESBANK HESSEN-THURINGEN	GE	A1	A+	A	4m	6 months
<b>KINGDOM OF THE NETHERLANDS</b>	<b>NE</b>	<b>Aaa</b>	<b>AAA</b>	<b>AA+u</b>		
BANK NEDERLANDSE GEMEENTEN	NE	Aaa	AA+	AA+	4m	13 months
COOPERATIEVE CENTRALE RAIFFE	NE	Aa2	AA-	A+	4m	13 months
ING BANK NV	NE	A1	A	A	4m	100 Days

REPUBLIC OF SINGAPORE	SI	Aaa	AAA	AAAu			
DBS BANK LTD	SI	Aa1	AA-	AA-	4m		13 Months
OVERSEA-CHINESE BANKING CORP	SI	Aa1	AA-	AA-	4m		13 Months
UNITED OVERSEAS BANK LTD	SI	Aa1	AA-	AA-	4m		13 Months
KINGDOM OF SWEDEN	SW	Aaa	AAA	AAAu			
NORDEA BANK AB	SW	Aa3	AA-	AA-	4m		13 months
SVENSKA HANDELSBANKEN-A SHS	SW	Aa2	AA-	AA-	4m		13 months
SWISS CONFEDERATION	SZ	Aaa	AAA	AAAu			
CREDIT SUISSE AG	SZ	A1	A	A	4m		100 Days

### Pooled Funds: Money Market Funds

Money Market Funds (MMFs) are inherently secure (carrying the highest AAA rating) and each fund provides a wide spread of investments. Each provide immediate access to funds (thus meeting liquidity requirements) and can deliver competitive yields for liquid investments.

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 2016/17.
- 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. All MMFs with which the Council holds an account has a fund size exceeding £800m.

Money Market Funds used by Harlow					Council Specific Limits		
					Place of Domicile	Moody's Long-Term Ratings	Fitch Long-Term Rating
BLACKROCK	IR	Aaa-mf	-	AAAm	4m	20m	
FEDERATED INVESTORS (UK)	GB	-	AAAmf	AAAm	4m		
GOLDMAN SACHS ASSET MANAGEMENT	IR	Aaa-mf	AAAmf	AAAm	4m		
STANDARD LIFE (FORMERLY IGNIS) LIQUIDITY FUNDS	IR	-	AAAmf	AAAm	4m		
INSIGHT INVESTMENTS	IR	-	AAAmf	AAAm	4m		
INVESCO AIM	IR	Aaa-mf	AAAmf	AAAm	4m		
MORGAN STANLEY INVESTMENT MANAGEMENT	IR	Aaa-mf	AAAmf	AAAm	4m		

## 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. The maximum investment will be £4m, in line with limits for other counterparties.

## 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:** Chartered Institute of Public Finance and Accountancy.

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

This represents official practitioners' guidance, which is produced by CIPFA. 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.

**CLG:** Department of Communities and Local Government.

### **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 2015-2045 \*

Capital Programmes 2015/16-2020/21 \*

Arlingclose Ltd treasury management advisory documents

Treasury Management and Accounting records

\*These are separate reports submitted to Cabinet, 28 January 2016.

**REPORT TO:** CABINET

**DATE:** 28 JANUARY 2016

**TITLE:** AWARD OF CONTRACT - UPGRADE OF FINANCIAL MANAGEMENT SYSTEM, PROJECT NO. 15/029

**PORTFOLIO HOLDER:** COUNCILLOR MIKE DANVERS

**LEAD OFFICER:** SIMON FREEMAN, HEAD OF FINANCE (01279) 446228

**CONTRIBUTING OFFICERS:** JEAN COLE, FINANCE MANAGER (01279) 446279

TINA MCDERMOTT, CONTRACTS MANAGER (01279) 446175

**This is a Key Decision.**

**It is on the Forward Plan as Decision Number I004482**

**This decision may be subject to Call-in procedures.**

**This decision will not affect any wards specifically.**

**RECOMMENDED that (subject to formal contract)** Authority is delegated to the Chief Operating Officer, in consultation with the Portfolio Holder for Resources, to approve the award of separate contracts for the following services:

- (i) Full Implementation of Upgrade from Agresso v5.4.5 to Milestone 5, and implementation of Budget Planner.
- (ii) Project management expertise and advice to oversee and manage the full implementation of Milestone 5.

#### **REASON FOR DECISION**

**A** To allow sufficient time for the tenders to be evaluated for the supply and installation of the finance modules and to enable the procurement of an Implementation Manager to immediately follow this process. This is necessary to achieve the completion of the upgrade by 31 October 2016, and a Go Live date of 30 November 2016.

#### **BACKGROUND**

1. The Council's existing Financial System, provided by Unit 4, called

“Agresso” (v 5.4.5) was implemented in 2006 and is currently operating several versions behind the latest version of Agresso (Milestone 5). The version that the Council is operating is no longer supported by the supplier, with the Council receiving only essential critical support. The longer this position continues, the greater is the Council’s exposure to critical system failure.

2. The Council has an approved budget of £200,000 to deliver all aspects of the implementation.
3. The Council is obliged to appoint an implementation partner through one of Unit 4’s accredited partners, this requirement is to ensure that Unit 4 provide ongoing support for the system. Therefore, the Council has published the availability of the tender to all accredited partners, of which there are eleven.
4. There are many strands to the implementation, including establishing user groups, user acceptance testing, reporting to project board, scheduling training, keeping the project to time and budget and ensuring sign off at each milestone of the project. This requires an independent project manager, with significant knowledge and experience. They will work with and support the Council’s management team, and ensure that the supplier’s project manager is working to quality, cost and time.

## **PROCUREMENT PROCESS**

5. Eleven Unit 4-approved suppliers have been given the opportunity to bid for the supply and installation of the finance modules. One supplier has declined to tender and the closing date for the receipt of tenders is noon on 18 January 2016.

## **TENDER EVALUATION – FINANCE MODULES**

6. An analysis of the tenders will be undertaken on the basis of 70% quality and 30% price. The three stage evaluation process will incorporate the following:
  - Stage 1: Qualitative evaluation
  - Stage 2: Price evaluation
  - Stage 3: Moderation exercise
7. The qualitative assessment will be measured against a series of questions raised within the tender documents that cover the following themes:
  - a) Similar commissions
  - b) Project manager and resources
  - c) Training

- d) Business continuity and constraints
  - e) Project plan and methodology.
8. For ease of assimilating the scores, a rating system for assessment of the bids has been established. The response to each question will be marked out of 0-5 and weighted according to its relative importance.
9. The moderation exercise will highlight areas that may require further clarification before the tender evaluation scores can be calculated, in order to identify the most economically advantageous tender.

## **PROCUREMENT OF AN IMPLEMENTATION PROJECT MANAGER**

10. The procurement of a Project Manager will immediately follow the award of the supplier contract to ensure that the implementation of the software will not be delayed. The two exercises need to be performed in this order, to ensure that there is no overlap and full clarity of responsibilities between the two roles.
11. The level of Council specific project management will in part be dependent on the delivery model of the preferred supplier. It is anticipated that this could be in the region of £50,000, but the actual requirement will depend on the outcome of the tendering process.

## **IMPLICATIONS**

### **Place (includes Sustainability)**

None specific.

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

### **Finance (Includes ICT)**

The replacement of the Council's existing financial system is essential to guarantee the provision of a fit for purpose and fully supported financial and management reporting system for the future. The budget for the replacement project has been included within the Council's Non Housing Capital Programme.

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

### **Housing**

None specific.

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

### **Community Wellbeing (includes Equalities and Social Inclusion)**

None specific.

**Author: Jane Greer, Head of Community Wellbeing**

### **Governance (includes HR)**

By following a proper and transparent procurement process the Council will be in a position to refute any challenges that may be made.

**Author: Amanda Julian, Legal Service Manager on behalf of Brian Keane, Head of Governance**

**Background Papers**

None

**REPORT TO:** CABINET

**DATE:** 28 JANUARY 2016

**TITLE:** SUPPORTED HOUSING OUT OF HOURS  
EMERGENCY RESPONSE SERVICE

**PORTFOLIO HOLDER:** COUNCILLOR ROD TRUAN

**LEAD OFFICERS:** ANDREW MURRAY, HEAD OF HOUSING  
(01279) 446676

**CONTRIBUTING OFFICERS:** VIV HALES, SUPPORTED HOUSING  
MANAGER (01279) 446317

TINA MCDERMOTT, CONTRACTS  
MANAGER (01279) 446175

**This is a Key Decision.**  
**It is on the Forward Plan as Decision Number I004992.**  
**This decision may be subject to Call-in procedures.**  
**This decision will affect no ward specifically.**

**RECOMMENDED** that the tender submitted by Contractor A is accepted for an out of hours emergency response services on the basis of Option 2 as specified in the report.

### **REASON FOR DECISION**

- A** To provide an efficient and cost effective service that will continue to assist service users to remain and live independently in their own homes.

### **BACKGROUND**

1. The Council's Supported Housing Service provides a housing-related support service to 16 Sheltered Housing Schemes and one Extra-Care Housing Scheme for which Harlow Council is the landlord, plus approximately 1,200 telecare emergency alarm systems installed in individual properties throughout the town.
2. The Service currently provides responsive out of hours, weekend and bank holiday housing related support, which assists service users to remain and live independently in their own homes.
3. There are many difficulties around service delivery and lone working. Staff feel very isolated, fearful of their safety and vulnerable having to go out

alone at night, even though the Council provides appropriate personal protection equipment and lone worker monitoring systems, staff continue to find this element of their role stressful and challenging, leading to an increase in work-related stress and increased absenteeism.

4. There are an increasing number of nights each month when there is no capacity to deliver the service through sickness or annual leave as other members of staff are unable to provide cover and carry out additional work.
5. There is no consistency in service provision due to the compensatory rest scheme which exists for Officers carrying out the out of hours service. Officers do not attend work the following morning if they are contacted after midnight as compensatory rest in actual hours is given on the next working day following any call-outs. This results in reduced resources during the day which adds to the pressure on staff and their ability to perform their duties.
6. Outsourcing the out of hours service will give greater stability when delivering the daytime services. It will remove the uncertainty around whether a member of staff will be in work the morning following an overnight standby shift, relieving the burden of their colleagues who have to carry out their role whilst they are not at work.
7. Friends, neighbours or next of kin will be required to attend any emergency call-outs between midnight and 8.30am. The emergency services will be called out in circumstances where there is no local support.
8. This report on the procurement process was presented to the Scrutiny Committee on 8 December 2015. The details of the Committee's consideration are given in the 'Communications from Committees' agenda item for this meeting.
9. The successful service provider will be expected to deliver a high quality customer focused service to the standard currently being delivered by the Supported Housing Team and in line with the Telecare Services Association accredited code of practice.
10. Tenants will continue to use their alarm system as they currently do and the call handling provider will process the calls to the appropriate responder, depending on the nature of the call. This could be emergency services, next of kin or the out of hours response provider.
11. A robust handover process is in place to ensure that any follow up actions or information are carried out and regular surveys will be carried out to ensure the service provision remains at the standard expected by the Council.

## PROCUREMENT PROCESS

12. Tenders were initially invited on the basis of Option 3 shown below and no tenders were received by the deadline. Following discussions with service providers, it became clear that the market was not in a position to provide a full service and a further tendering exercise was undertaken against a revised specification.
13. Five organisations were invited to submit a tender based on the three options shown below and one compliant bid was received by the deadline of 19 October 2015.
14. The tender submitted by Contractor A has been evaluated against pre-determined criteria included in the invitation to tender documentation on the basis of 70% quality and 30% price. The qualitative assessment has been measured against a series of questions raised within the tender documents that cover the following themes:
  - a) Management structure, qualifications and experience
  - b) Business continuity
  - c) Employment opportunities and benefits to local community, Living Wage
  - d) Performance indicators
  - e) Helpdesk
  - f) Equalities issues
  - g) Training
  - h) Lone working
  - i) Disclosure and barring checks
  - j) Added value/enhancements to the services.
15. Contractor A scored highly and was awarded 430 quality points out of 500. All support workers will undergo disclosure and barring checks every three years and the organisation will become a Living Wage Employer in April 2016.
16. Tenderers were given the opportunity to price for one, or more than one of the following options:

Option	Hours of Working	Comments	Cost £'s Per Annum
1	Monday to Friday 5pm to 10pm Saturday, Sunday and Bank Holidays 8.30 am to 10pm	Option 1 provides a service up to 10pm. However, call volumes remain high until 12 midnight. This would realise a saving of <b>£17,788 p.a.</b> but would reduce the number of hours when a	£40,000

		response service is available.	
2	Monday to Friday 5pm to midnight Saturday, Sunday and Bank Holidays 8.30am to midnight	Option 2 provides the option of delivering the service when the call volumes are highest whilst remaining within the budget whilst making a saving of <b>£7,788 p.a.</b> Option 2 will offer a service that exceeds the services provided by neighbouring councils.  From midnight until 8.30am, family members, friends, neighbours and the emergency services are able to provide assistance. Statistics confirm that call volumes during this period are extremely low.	£50,000
3	Option 3 provides a cost for the existing 24 hour services delivered to the current model.  Total costs:	Further efficiency savings of <b>£38,749</b> would need to be made to deliver this option.	£46,537.50  £50,000 <hr/> £96,537.50
4	No service provision	Not delivering the out of hours service would deliver a cost saving to the Council of <b>£57,788 p.a.</b>	

17. The out of hours response service is delivered at the sole discretion of the Council as it is not a statutory service. It is not provided by all local councils and neighbouring councils such as Epping and Uttlesford have opted not to deliver a response service.
18. The number of calls received reduces substantially after midnight, averaging three calls per month compared to 14 calls per month between the hours of 5pm and 12 midnight. Option 2 will provide the service users with cover from 8.30am until midnight.
19. Only one bid has been received, from Contractor A, despite two separate tendering exercises being undertaken. However, the Supported Housing Manager is confident that Contractor A is capable of delivering the services to the standard required by the Council. In addition, Contractor A is

currently working with the Council to deliver a successful extra care service for the frail elderly at Sumners Farm Close.

20. It is proposed that the contract will commence on Monday, 7 March 2016. The contract will be for an initial period of two years with an option to extend the contract, at the sole discretion of the Council, for up to two years.

## **IMPLICATIONS**

### **Place Services (includes Sustainability)**

None specific.

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

### **Finance (Includes ICT)**

The financial implications are set out in the report. If the recommendation is approved the cost of the new service will be delivered below the existing budget and will produce a saving for the Council.

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

### **Housing**

The contract award will maintain the emergency response service and provide certainty with the support required to frail and elderly tenants, ensuring continuity of the service.

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

### **Community Wellbeing (includes Equalities and Social Inclusion)**

None specific

Author: **Jane Greer, Head of Community Wellbeing**

### **Governance (includes HR)**

The Council by following the procurement process will have reduced the possibility of a successful challenge to the decision to award the contract to the sole bidder.

Author: **Amanda Julian, Legal Services Manager on behalf of Brian Keane, Head of Governance**

### **Background Papers**

None

**REPORT TO:** CABINET

**DATE:** 28 JANUARY 2016

**TITLE:** REFERRAL FROM SCRUTINY COMMITTEE –  
REVIEW OF THE COUNCIL'S SHELTERED  
HOUSING SERVICE (PHASE 1)

**PORTFOLIO HOLDER:** COUNCILLOR ROD TRUAN

**LEAD OFFICERS:** BRIAN KEANE, INTERIM HEAD OF  
GOVERNANCE (01279) 446037

ANDREW MURRAY, HEAD OF HOUSING (01279)  
446676

**This is not a Key Decision  
Call-in Procedures may apply  
This decision will affect no ward specifically.**

**RECOMMENDED** that Cabinet notes the findings of the Scrutiny Committee of its review the Council's Sheltered Housing Service (Phase 1) and has regard to the Committee's advice in reaching a decision on the Award of Contract for Out of Hours Supported Housing Services item, elsewhere on the agenda for this meeting.

#### **REASON FOR DECISION**

- A** The Scrutiny Committee considered final report on its Review of the Council's Sheltered Housing Service (Phase 1) at its last meeting. The Committee has asked the Cabinet to agree changes to some aspects of the Sheltered Housing Service.

#### **BACKGROUND**

1. At its meeting on 8 December 2015, the Scrutiny Committee received a final report on its review of the Council's Sheltered Housing Service (Phase 1).
2. The Committee considered proposals for changes to some aspects of the Sheltered Housing Service, specifically a proposal to introduce service charges to users and a proposal to outsource emergency response services to a specialist provider.
3. The Committee **RESOLVED**:
  - A** To inform Cabinet that it is broadly in agreement with the proposal to

introduce new service charges to Housing Related Support users as a way to recover reduced payments from Essex County Council from April 2016/17 over a two-year phased period, subject to having measures to ensure that the Council works with affected individuals to identify how any additional financial burdens can be mitigated.

- B** That the proposal to outsource the emergency response service to a specialist provider be forwarded to Cabinet together with further information on how the service will operate under such an arrangement.
4. A report on the Award of Contract for Out of Hours Supported Housing Services appears elsewhere on the Cabinet agenda for this meeting. Cabinet are asked to have regard to the Scrutiny Committee's advice when considering this and related matters.
  5. The Committee has also expressed a desire to examine eligibility criteria for Sheltered Housing Services and will conduct a Phase 2 review on this matter in 2016/17.

## **IMPLICATIONS**

Implications of the recommended decision are outlined in the 'Implications' section of the original report, which is attached as Appendix 1.

## **APPENDICES**

**Appendix A** – Original report to the Scrutiny Committee, 'Review of the Council's Sheltered Housing Service (Phase 1), Final Report', incorporating:  
Appendix 1 – Terms of Reference for Scrutiny Committee Review  
Appendix 2 – Consultation results on Proposed Funding Changes  
Appendix 3 – Tender results (Confidential).

## **BACKGROUND PAPERS**

All original reports to the Scrutiny Committee can be viewed from <http://moderngov.harlow.gov.uk/ieListDocuments.aspx?CId=119&MId=653&Ver=4>

**REPORT TO:** SCRUTINY COMMITTEE

**DATE:** 8 DECEMBER 2015

**TITLE:** REVIEW OF SHELTERED HOUSING (Phase 1)

**AUTHORS:** ANDREW MURRAY HEAD OF HOUSING  
(01279) 446676

**CONTRIBUTING OFFICERS:** VIV HALES SUPPORTED HOUSING  
MANAGER (01279) 446317  
SAILA HAQ-MORAN, PROJECT OFFICER  
(01279) 446378

**RECOMMENDED that**

The Scrutiny Committee considers the report and the policy considerations, and makes recommendations to Cabinet for approval.

**SUMMARY**

1. The Terms of Reference for this review (copy of the scoping report attached at Appendix 1) was to consider and make recommendations on how the Council's objectives for sheltered housing should be pursued within the reducing resources available to the Council.
2. This report identifies the immediate budget and service issues needing to be addressed, and makes recommendations on the proposed changes to service charging and delivery.

**BACKGROUND**

3. The Council's Supported Housing Service consists of 16 sheltered housing schemes, 1 extra care scheme for the frail elderly, and a community support function for 1,200 private clients living across the town.
4. Essex County Council (ECC) formally act as the responsible organisation, and commissions Housing Related Support (HRS) services from the Council on a contractual basis. HRS commissioning services funded by ECC form part of the Government's Health and Social Care agenda that promotes older persons wellbeing and independence. Legislation does not stipulate specific services to fulfil this requirement. The Council's role, as a landlord, is to maintain the fabric of the building, deliver the contractual HRS services and manage its tenancies.
5. The availability of future funding for the services currently commissioned by ECC has been under review, and it is anticipated that there will be a reduction of income to the Council of £188,268 per annum from 2016/17. This reduction in funding is in addition to the summer budget announcements made by the Government on 8 July 2015 which introduced a number of new housing policy changes which the Council

anticipates will have both short and long term negative impacts on its Housing Revenue Account (HRA) Business Plan. Efficiencies of at least £5.1m are required by 31 March 2020 and the proposed legislation to lower rents will result in a forecast loss of income to the Council of £12.8m by 31 March 2020. The loss of income will mean that the HRA would be overdrawn (with an illegal deficit) by £2.2m. Longer term there will be a shortfall of at least £284m by 31 March 2045.

6. There is a need, therefore, to review the affordability of future HRS services and its funding.

### WHAT ARE THE ISSUES?

7. ECC has given notice that they intend to extend the contracts for the delivery of HRS to older people's services for a year from April 2016 with a reduced financial contribution to providers, based on the following terms:

1)	Reduce the payments to sheltered housing services by £2 per person per week.
2)	Cap the payment to community alarms in sheltered housing at £2 per unit per week (or less if sub-contracted at a lower rate).
3)	Not to extend any contract for the provision of funding for "dispersed" community alarms.

Table A (below) details the expected new contract values:

**TABLE A. Proposed Funding Reductions:**

Service	Existing Annual Contract Value £	Potential Reduction in Contract Value £	New Approximate Contract Value £
Sheltered Housing Support	189,284	37,232	152,052
Alarm System in Sheltered Housing	31,647	24,014.44	7,632.56
Dispersed Community Alarms	102,911	102,911	-
Harlow Community Support Service	21,733	21,733	-
Extra Frail Support	3,124	2,377.80	746.20
<b>Total</b>	<b>348,699</b>	<b>188,268.24</b>	<b>160,430.76</b>

8. Sheltered housing support services include daily wellbeing visits, installation of telecare alarm equipment and a 24 hour 365 day response service. The 1,200 dispersed community alarms installed in the local community provide service users with 24 hour 365 day support at the push of a button, giving peace of mind and promoting independence. Community Support provides an alarm monitoring service as well as weekly wellbeing visits for service users living independently in the local community. Sumners Farm Close provides additional support for frail elderly tenants

through joint working with ECC where Harlow Council provides the housing management and ECC provide the 24 hour care required.

9. The current charge for a hardwired alarm system installed in sheltered housing schemes is £1.70 per unit per week, which is under the HRS proposed cap. The call monitoring service is currently out-sourced at cost of £0.41p per unit. Under the new capping proposals for outsourced arrangements, there will be a reduction of income of £24,014 per annum. These proposals will affect tenants living in sheltered housing schemes and those at Sumners Farm Close. The current weekly charges for individual service users are outlined in Table B below:

**TABLE B: Current Weekly Charges**

Service	Weekly Charge
Sheltered Housing Support	10.14
Alarm system in sheltered Housing	1.70
Dispersed Community Alarms	3.89
Community Support	7.12
Extra Frail Support	1.70

## WHAT ARE THE OPTIONS?

10. There is a need to identify which services are affordable and that meet the needs of existing and future service users. Listed below are the options considered:-
  - a) Pass on HRS support charges (i.e. increase service charging).
  - b) Subsidise from Council budgets.

### *Service Charging*

11. Current service delivery is on a wants led basis, with clients opting for the service they choose, rather than the service that can be evidenced to meet their support needs through risk assessments. Other HRS service providers are migrating towards a needs led service, delivering housing related support based on the individual tenants risk and associated support plan.
12. The current weekly charge for Sheltered Housing Support does not attract housing benefit. Housing benefit regulations stipulate that service charges for tenants living in sheltered housing schemes could be eligible for housing benefits providing tenants are paying for them:-
  - a) As a condition of occupying the property.
  - b) Are not listed in the regulations as ineligible.
  - c) Are not excessive.
  - d) Must be in regards to the provision of adequate accommodation.
13. It is expected that some of the existing weekly HRS charges associated with maintaining the fabric of the building and statutory testing would be classified as

intensive housing management and will be eligible for housing benefit. The eligible amounts will need to be extracted from the existing weekly charge and processed for housing benefit separately.

The proposed new HRS service charges are outlined in Table C:

**TABLE C: Proposed New Service Charges**

Service	Charge £	Continued ECC Funding £	Charge HB £	Proposed New Charge to Service User £
Sheltered Housing	10.14	8.14	1.16	0.84
Dispersed Community Alarms	3.89	None	Not eligible	3.89
Harlow Community Support	7.12	None	Not eligible	7.12
Extra Frail Support	1.70	0.41	Not eligible	1.29

14. Supported housing officers will work with all service users and their families to explore alternative funding avenues for those most vulnerable which include other allowances and benefits.

*Further Subsidies from Council Budgets*

15. Council's budgets continue to reduce following the summer Budget announcements made on 8 July 2015, by the Chancellor of the Exchequer. The additional pressure on Council budgets has impacted on the availability of funding to support HRS services through the HRA. There is little scope for future subsidy and it is expected further efficiency savings will have to be made going forward as Council budgets continue to reduce.

16. It is recommended that service users are re-charged the reduction values in ECC funding for the HRS services they receive, phased over a two year period commencing April 2016/17.

**OUT OF HOURS EMERGENCY RESPONSE**

17. The out of hour's monitoring service is delivered by Tunstall Response Ltd and funded through the ECC HRS budget, with the response service provided in-house by supported housing officers, funded separately from the HRA outside of the income received from ECC.

18. The response service is outside of normal working hours, including weekends and bank holidays, and assists service users to remain and live independently in their own homes. It is delivered at the sole discretion of the Council not being a statutory service. It is not provided by all councils and neighboring councils such as Epping and Uttlesford have opted not deliver this service. The number of call outs is relatively infrequent, and the calls received reduce substantially after midnight.

averaging three calls per month compared to 14 calls per month between the hours of 5pm and 12 midnight.

19. There are many difficulties around service delivery and health and safety issues regarding lone working, especially during anti-social hours. Officers feel very isolated, fearful of their safety and vulnerable having to go out alone at night, even though the Council provides appropriate Personal Protective Equipment (PPE) and lone worker monitoring systems. They find this element of their role stressful and challenging, leading to an increase in work-related stress and increased absenteeism. There are an increasing number of nights each month when there is no capacity to deliver the service through sickness or annual leave as other members of staff are unwilling or unable to provide cover and carry out additional work.
20. It is proposed to outsource the emergency response service to a specialist provider with a fixed contract value and specification. This approach will provide consistency, and certainty of service provision, as well as realising ongoing efficiencies to assist with addressing the current budget pressures. The approach will ensure sustainability of the activity as well as providing greater stability when delivering the daytime services. It will remove the uncertainty around whether a member of staff will be in work the morning following an overnight standby shift, relieving the burden of their colleagues who have to carry out their role whilst they are not at work.
21. Officers recommend that Option 2 be adopted as the tenderer can provide the same standard of HRS that is currently being delivered by Council Officers, with a reduction in hours due to the low call volumes and to provide efficiency saving. Contractor A has demonstrated the capability of delivering services to the standard required by the Council. Next of kin will be required to attend any emergency call-outs between midnight and 8.30 am, with the emergency services being called out, where appropriate. Where there are no next of kin to respond to a service user emergency, the emergency services would be asked to carry out a welfare check, with the out of hours emergency social work team being involved where needed.

## **CONSULTATION**

22. Extensive engagement has been held with service users to identify the impact of the budget reductions and the funding options being considered. Consultation on the proposed changes ran from 24 September to 13 November 2015, and included staff. Overall, 85% of staff and 58% of tenants accepted the need to re-charge the cost to the service user. A copy of the consultation findings is outlined in (Appendix 2).

## **NEXT STEPS**

23. ECC have confirmed the proposed funding reductions, which have been approved by their governance arrangements and Cabinet. Further engagement with sheltered housing tenants and service users will be ongoing to manage the implementation of the proposed changes, and the choices available to them.
24. Recommended fees and charges (e.g. service charging) will form part of the Cabinet's budget approval process and it is expected that revised revenue approvals

will be presented in January 2016, together with a request for a formal contract award for the emergency out of hours response service.

25. A report on the Phase 2 review of sheltered housing services will be presented to Scrutiny Committee in October 2016.

## **IMPLICATIONS**

### **Place (includes Sustainability)**

None specific beyond those contained in the report.

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

### **Finance (includes ICT)**

Contained within the report.

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

### **Housing**

Contained within the report.

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

### **Community Wellbeing (includes Equalities and Social Inclusion)**

Contained within the report.

Author: **Jane Greer (Acting) Head of Community Wellbeing**

### **Governance (includes HR)**

Contained within the report.

Author: **Brian Keane Head of Governance**

### **Background Papers**

None.

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

## SHELTERED HOUSING REVIEW-Terms of Reference

<b>Review Topic</b>	Review of the Council's Sheltered Housing Service, including its eligibility.
<b>Links to the Council's priorities</b>	More and better Housing  Wellbeing and social inclusion
<b>Terms of reference (to include the scope of the review)</b>	<p>The Terms of Reference for this review is to consider and make recommendations on how the Council's objectives for sheltered housing should be pursued within the reducing resources available to the Council.</p> <p>It is proposed to undertake the review and to complete it in <b>two</b> phases.</p> <p><b>Phase 1</b> (2015/16) to include the availability of future funding for the Telecare and Support Services currently commissioned by Essex County Council, identifying the short term budget implications and making recommendations.</p> <p><b>Phase 2</b> (2016/17) to include an options appraisal of all supported housing services, including care-line and Community Support Services (2016/17) and to consider:</p> <ul style="list-style-type: none"> <li>• Current and future need.</li> <li>• Stock condition</li> <li>• Cost efficiency and viability</li> <li>• Flexible models of support</li> <li>• Fair access to services</li> <li>• Community empowerment</li> <li>• Security and Health &amp; Safety</li> <li>• Benchmarking existing service provision with other providers/market testing</li> </ul>

	<ul style="list-style-type: none"> <li>• Assessment of the extent to which the service meets the requirement of national best practice and accreditation.</li> <li>• Benchmarking of unit costs with other providers.</li> </ul>
<b>Purpose and objective of the review (what the review should achieve)</b>	To provide a high quality high performing customer focussed service to meet the needs of prospective & current service users within the financial constraints available.
<b>Methodology/approach (methods to be used for gathering evidence)</b>	<ul style="list-style-type: none"> <li>• Consideration of scheme/activity viability and financial strategy including apportionment of user service charges.</li> <li>• Analysis of potential service models including the production of several models and costing these against the financial modelling to ensure that they provide value for money within educating external commissioning resources.</li> <li>• Financial modelling of Harlow Council's services costs.</li> </ul>
<b>Written evidence required</b>	See above
<b>Potential witnesses</b>	Portfolio Holder Head of Housing Supported Housing Manager Supported Housing Service Users
<b>Potential Stakeholder involvement (who are the stakeholders and how will their views be sought)</b>	Consultation to be undertaken with: Service Users, Registered Providers (RP`s), Essex County Council (commissioning Body), staff
<b>Site visits (where and when)</b>	As required
<b>Publicity (methods to be used)</b>	Staff Survey Supported Housing Tenants Users Survey Careline Service Users Survey
<b>Resources (people, expenditure)</b>	Within Existing resources

<b>Barriers/dangers/risks (any weaknesses or potential pitfalls in the review)</b>	None identified at present
<b>Measures of success (how will the success of the review be measured)</b>	Key principles to be established underpinning the future service requirements making recommendations to Cabinet that will have considered the concept, objectives and best practice for supported housing activities service user engagement.

### **NEXT STEPS**

3. Following approval of the scoping report, members of the Committee are asked to forward any objectively gathered evidence to the Chairman, or alternatively to the Corporate Governance Support Team at [scrutiny@harlow.gov.uk](mailto:scrutiny@harlow.gov.uk) to the results can be collated in the final written report.
4. Consultation on the proposed changes to the funding arrangements will be undertaken with service users in October and November 2015. A final report will be reported to the Committee at their meeting in December



## APPENDIX 2

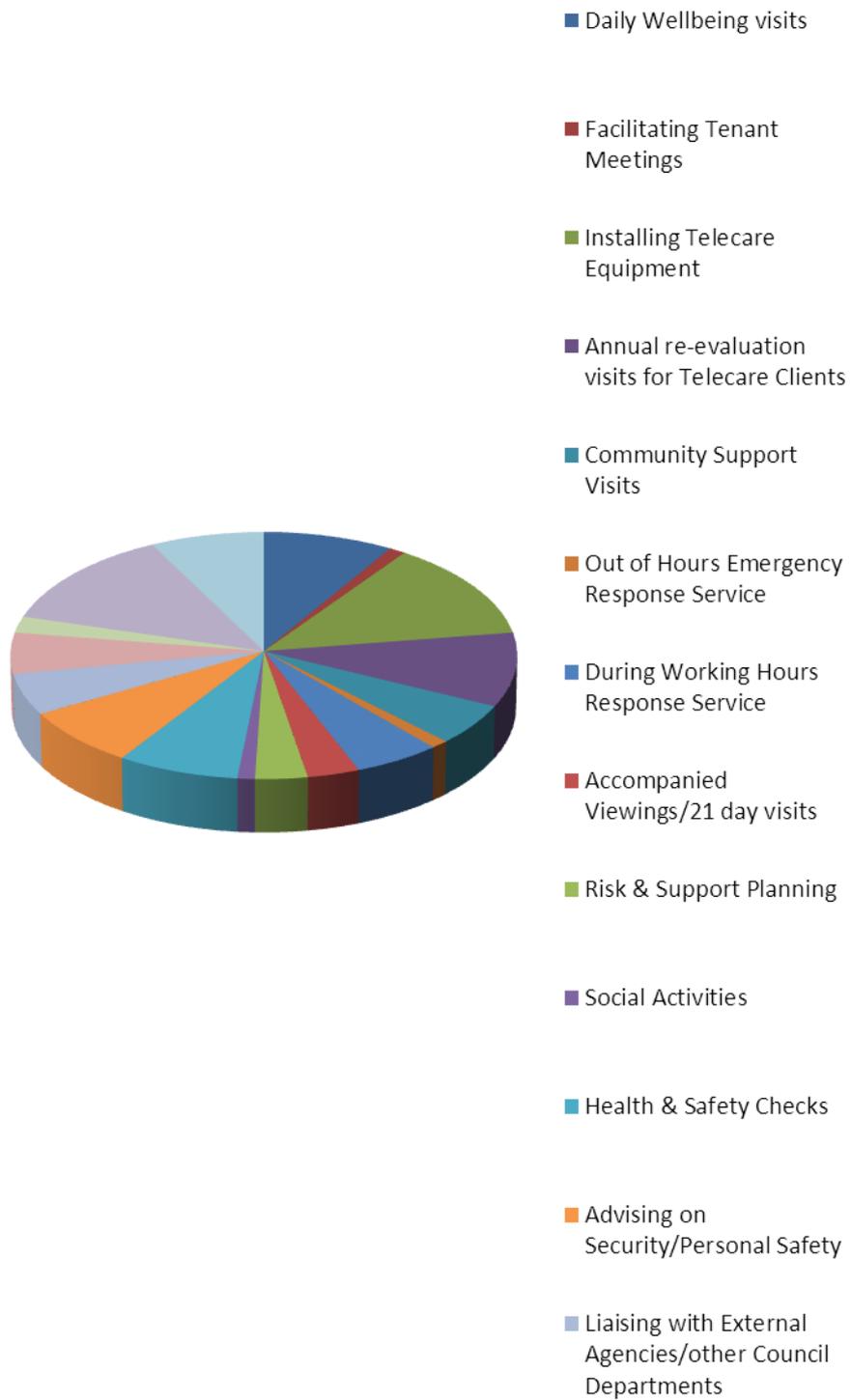
### HOUSING RELATED SUPPORT- Consultation on Proposed Funding Changes

#### STAFF CONSULTATION RESULTS

Respondents were asked to prioritise the services currently being delivered as the most important in providing a need led support service to vulnerable clients.

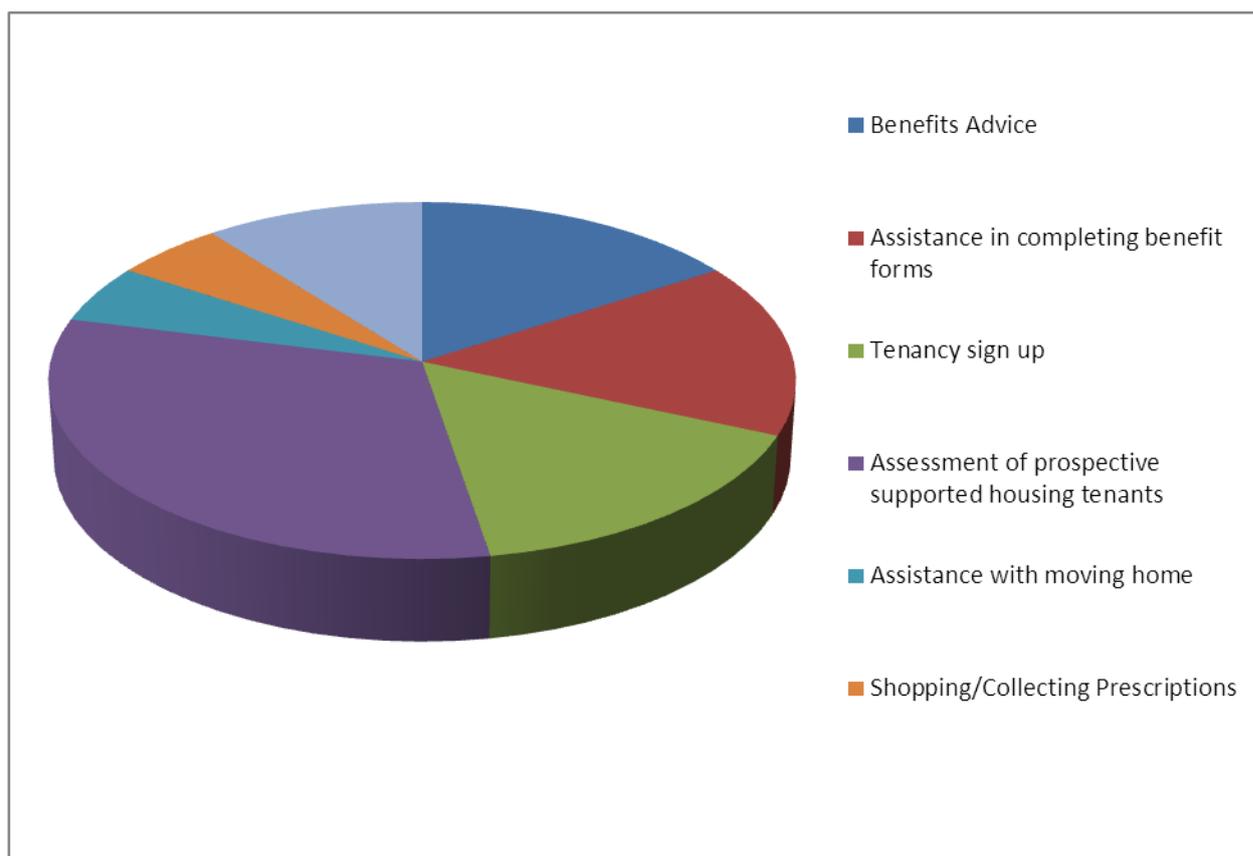
The highest priority identified was the installation of Telecare equipment, annual re-evaluation visits for Telecare clients and ensuring accuracy of data.

<b>Daily Wellbeing visits</b>	8	62%
<b>Facilitating Tenant Meetings</b>	1	8%
<b>Installing Telecare Equipment</b>	12	92%
<b>Annual re-evaluation visits for Telecare Clients</b>	9	69%
<b>Community Support Visits</b>	5	38%
<b>Out of Hours Emergency Response Service</b>	1	8%
<b>During Working Hours Response Service</b>	5	38%
<b>Accompanied Viewings/21 day visits</b>	3	23%
<b>Risk &amp; Support Planning</b>	3	23%
<b>Social Activities</b>	1	8%
<b>Health &amp; Safety Checks</b>	7	54%
<b>Advising on Security/Personal Safety</b>	7	54%
<b>Liaising with External Agencies/other Council Departments</b>	5	38%
<b>Managing the communal areas of Supported Housing Schemes</b>	5	38%
<b>Cleaning the Communal areas</b>	2	15%
<b>Admin - ensuring accuracy of data</b>	12	92%
<b>Testing Equipment eg alarm equipment, water tests</b>	7	54%



Respondents were asked to prioritise the services currently **NOT** being delivered as the most important in providing needs led support service to vulnerable clients. The highest priority identified was the assessment of prospective supported housing tenants.

<b>Benefits Advice</b>	3	23%
<b>Assistance in completing benefit forms</b>	3	23%
<b>Tenancy sign up</b>	3	23%
<b>Assessment of prospective supported housing tenants</b>	6	46%
<b>Assistance with moving home</b>	1	8%
<b>Shopping/Collecting Prescriptions</b>	1	8%
<b>Housing advice eg. Transfer or move to more suitable accommodation</b>	2	15%



- 77% of respondents agreed that the completion of the risk & support plan helped to identify the visit schedule required to meet the tenant's needs.
- 54% of respondents would recommend reducing weekly visits to two visits a week.
- If a tenant were to develop an acute support need 34% would recommend 5 day a week visits for a two week period.
- 54% of respondents would recommend a phased implementation of service charges over a period of 2/3 years and 31% would pass on all charges to service users from April 2016, leaving 8% who would reduce the service.

- **Staff were asked to comment on how a reduction in service could be achieved and the following suggestions were made:-**

Visits on a needs basis

Possibly less visits 3 times a week with optional increase if required

Properties allocated outside of CBL to ensure those in need are housed in Sheltered Accommodation

Increase the age eligibility in line with new retirement ages

Reduce the number of visits to couples unless necessary

If a tenant is working should they be eligible for Supported Housing?

By replacing physical visits with an intercom system and follow up visit if required

Supported Housing Officer led activities seem to be less popular and should be reduced/cancelled.

- **Officers felt that the following should NOT be reduced/changed if the service delivery were to change:-**

Daily visits to vulnerable tenants

Personal contact with those who really need it rather than those who may not need it as much

Do not reduce the extra care facilities

Increase the extra care facilities

Installing alarm equipment

Visiting tenants on schemes and in the community

Emergency Response in hours

Testing alarm equipment

Health & Safety Checks

Annual re-evaluations

- Overall Officers have commented on the future of the Supported Housing Service by recommending it be led by tenants "needs".

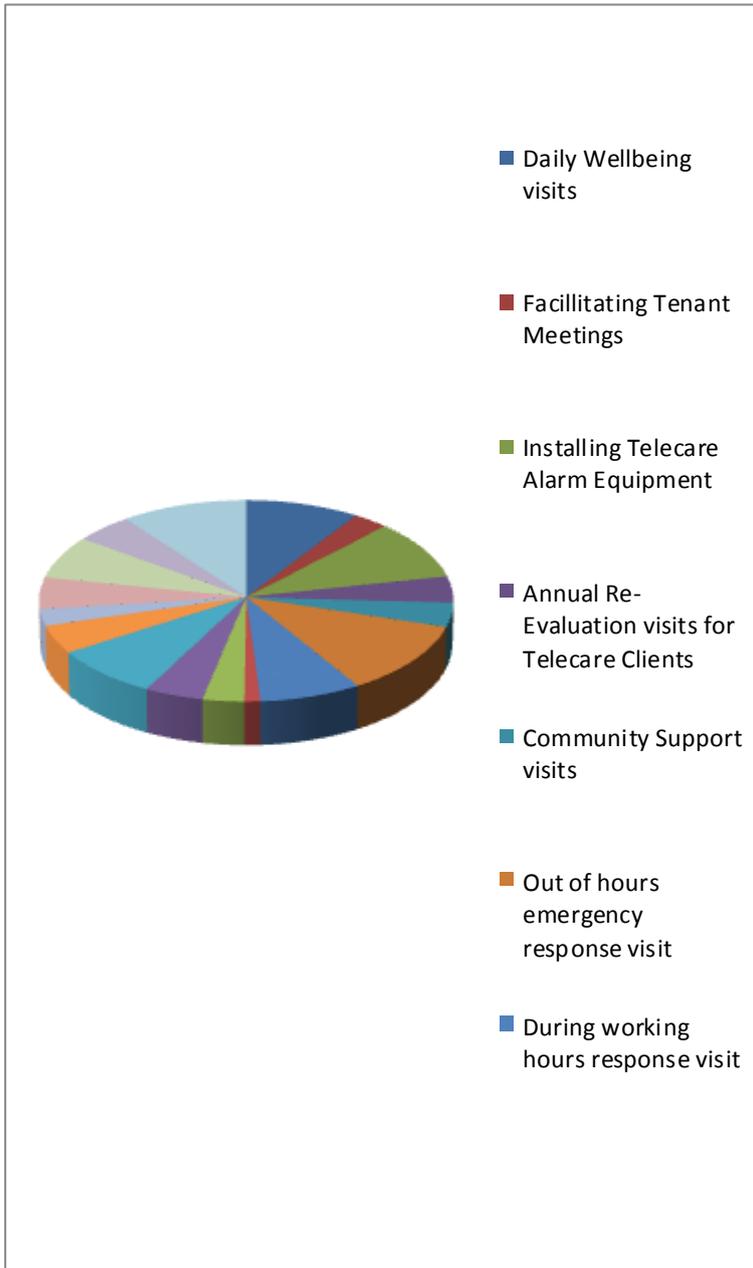
## **SERVICE USER CONSULTATION RESULTS**

Respondents were asked to prioritise the services currently being delivered as the most important.

The highest priorities identified were:-

- the out of hours emergency response visits
- testing alarm equipment
- installing telecare alarm equipment
- daily well-being visits

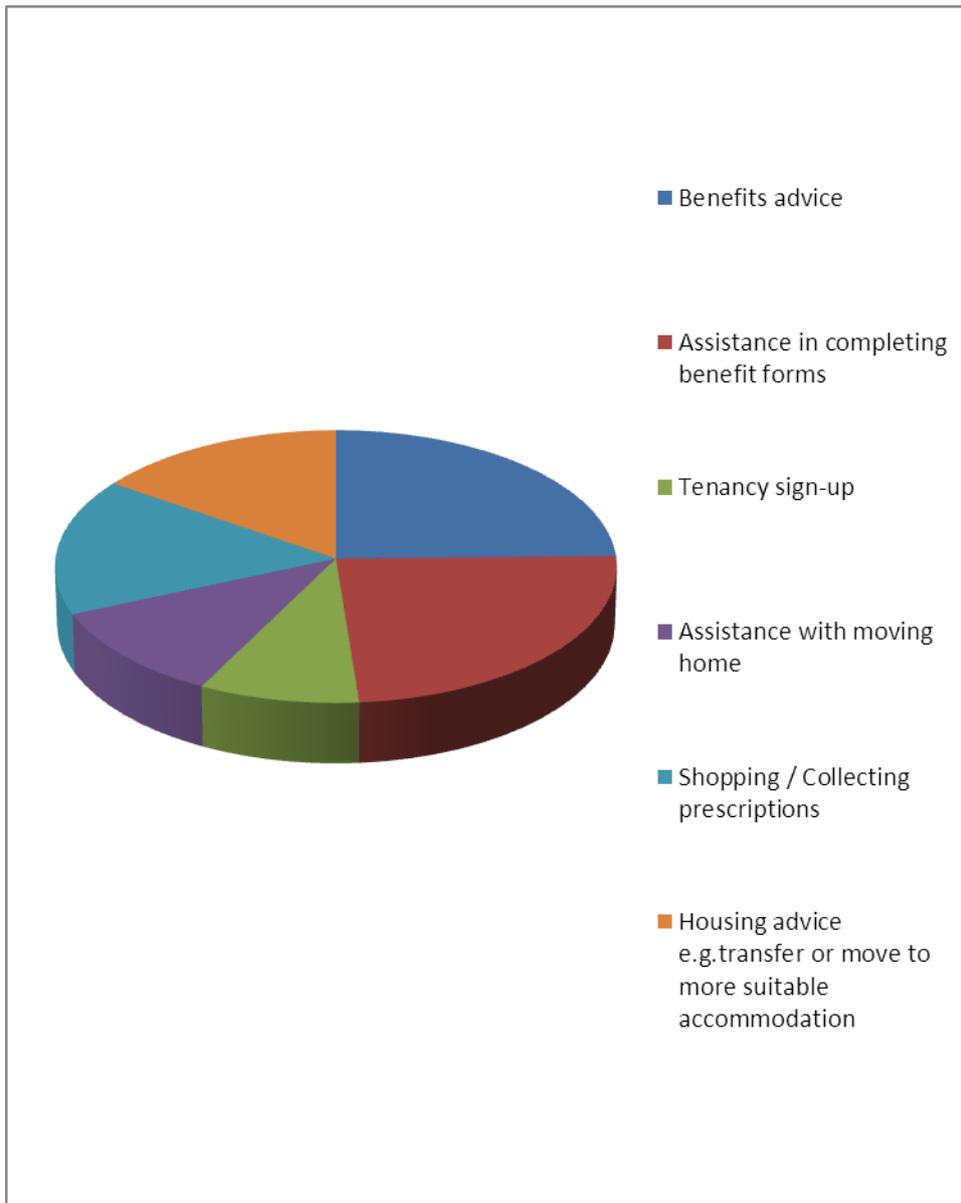
Daily Wellbeing visits	100	47%
Facilitating Tenant Meetings	31	15%
Installing Telecare Alarm Equipment	104	49%
Annual Re-Evaluation visits for Telecare Clients	46	22%
Community Support visits	42	20%
Out of hours emergency response visit	125	59%
During working hours response visit	83	39%
Accompanied viewings / 21 day visits	13	6%
Risk & Support Planning	34	16%
Social activities	48	23%
Health & Safety checks	89	42%
Advising on Security / Personal Safety	49	23%
Liaising with External Agencies / Other Council Depts	29	14%
Managing the communal areas of Supported Housing Schemes	55	26%
Cleaning the communal areas	75	35%
Admin - ensuring accuracy of data e.g.service user information	51	24%
Testing equipment, e.g.alarm equipment, water tests	111	52%



Respondents were asked to prioritise the services currently **NOT** being delivered that they feel should be provided.

The highest priorities identified were:-

- Benefits advice
- Assistance in completing forms
- Shopping/Collecting Prescriptions

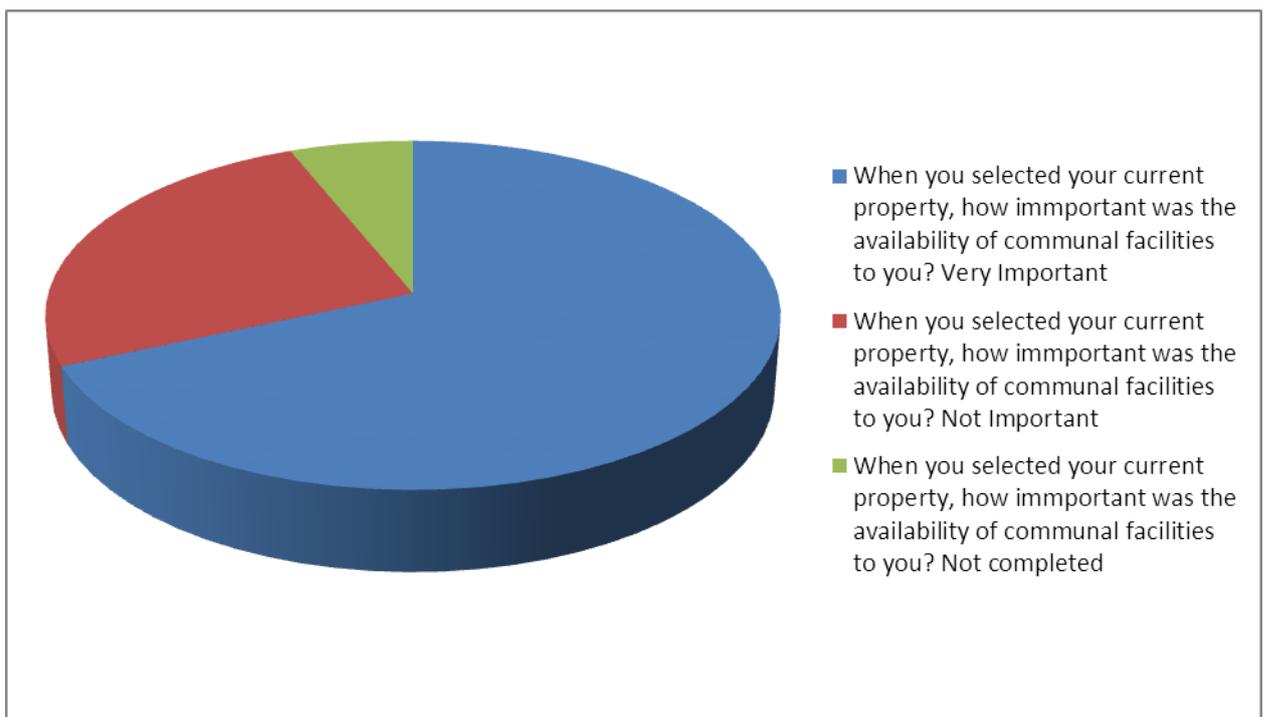


Respondents were asked if they felt that the current visit schedule with Supported Housing Officers met their support needs:-

- 92% agreed that the current schedule meets their support needs

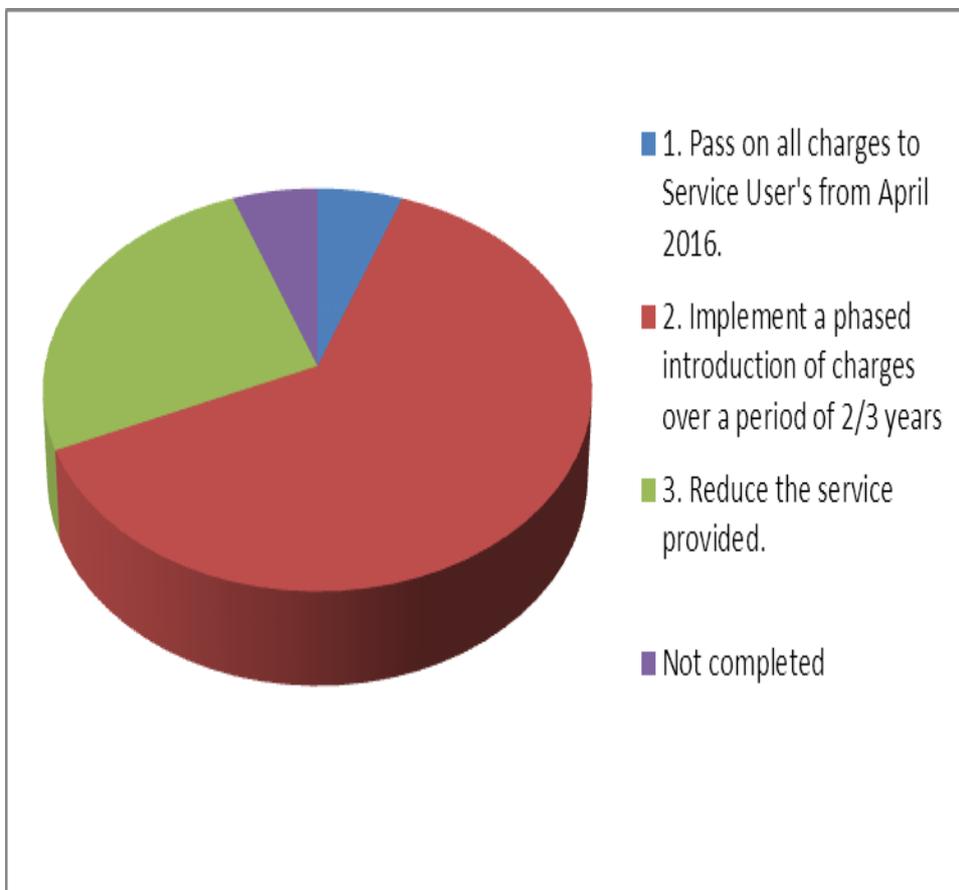
Respondents were asked if the number of visits offered on a weekly basis were reduced, what do you think would be the most appropriate number of visits?

- 45% felt the minimum number of visits should be 3
  - 22% felt the minimum number of visits should be 2
  - 21% felt the minimum number of visits should be 1
- 
- 45% of respondents would consider a chargeable support service banded according to individual need, with Gold being the highest and Bronze being the lowest.
- 
- 68% of respondents considered the availability of communal facilities very important when selecting their property



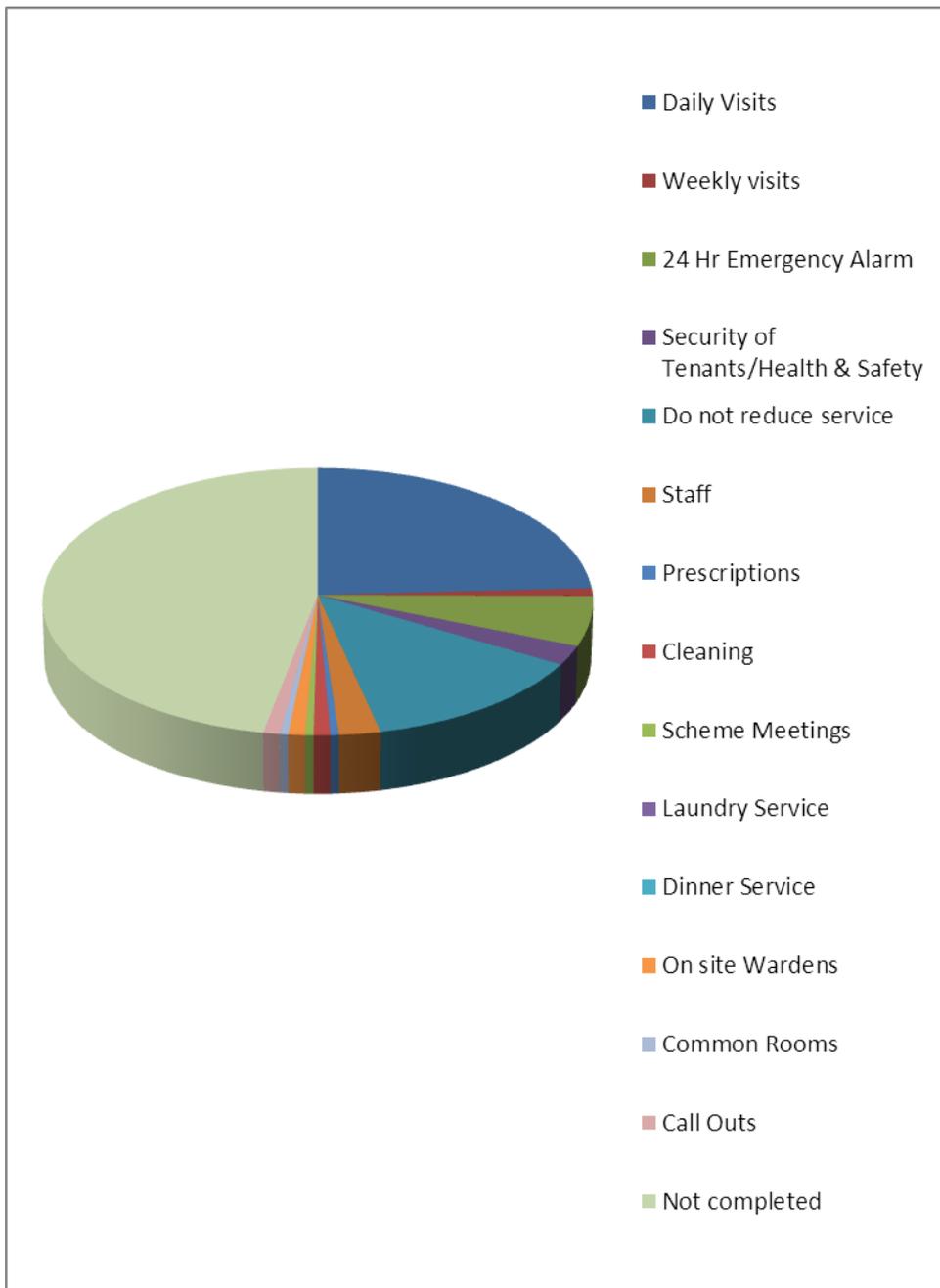
Respondents were advised of the reduction in funding available to ECC for the delivery of Housing Related Support Services which will impact on the funding provided to Harlow Council from April 2016.

They were asked to select the option they considered to be the most appropriate way forward:-



- 58% of Respondents selected the option to implement a phased introduction of charges over a period of 2/3 years.

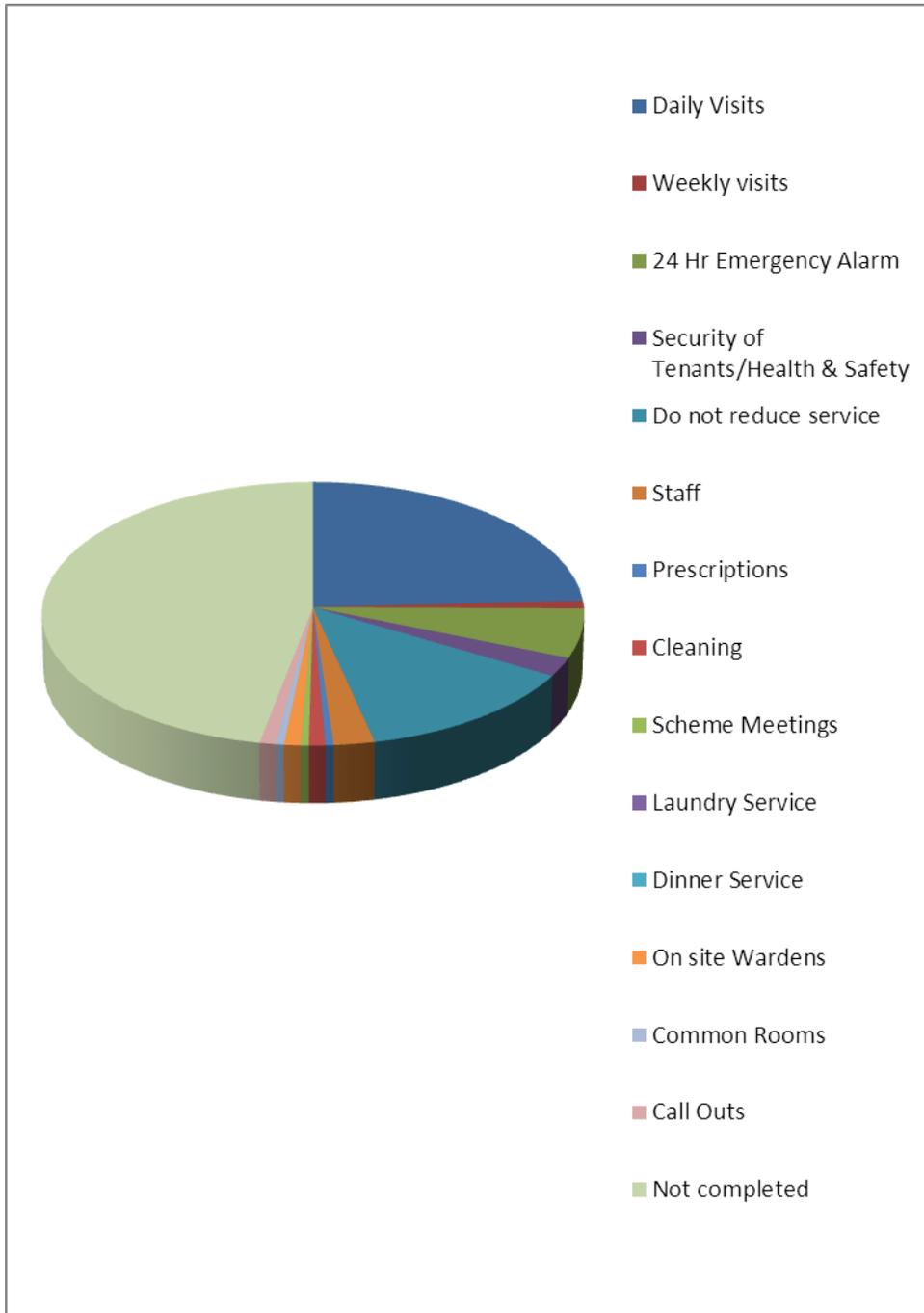
Respondents were asked when considering changing the service delivery, is there any part of the service that they feel should NOT be reduced/changed?;-



- 47% of Respondents did not complete this question
- 25% felt that the daily visits should not be changed/reduced

- 13% did not want a reduction in the current service

Respondents were asked their opinion on when considering changing the service delivery, is there any part of the service that you feel should NOT be reduced/changed:-

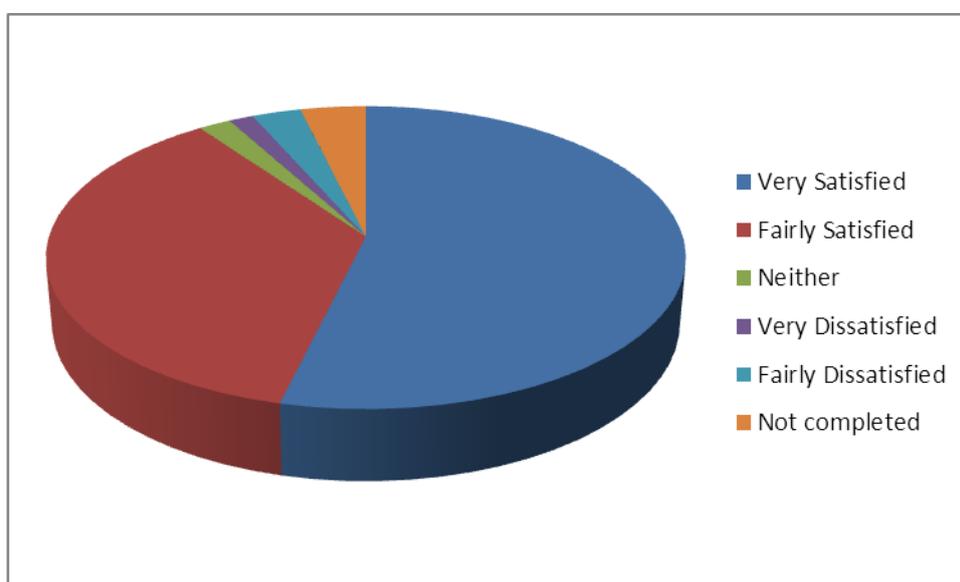


- 48% of respondents did not complete this question.
- 25% felt that daily visits should not be reduced

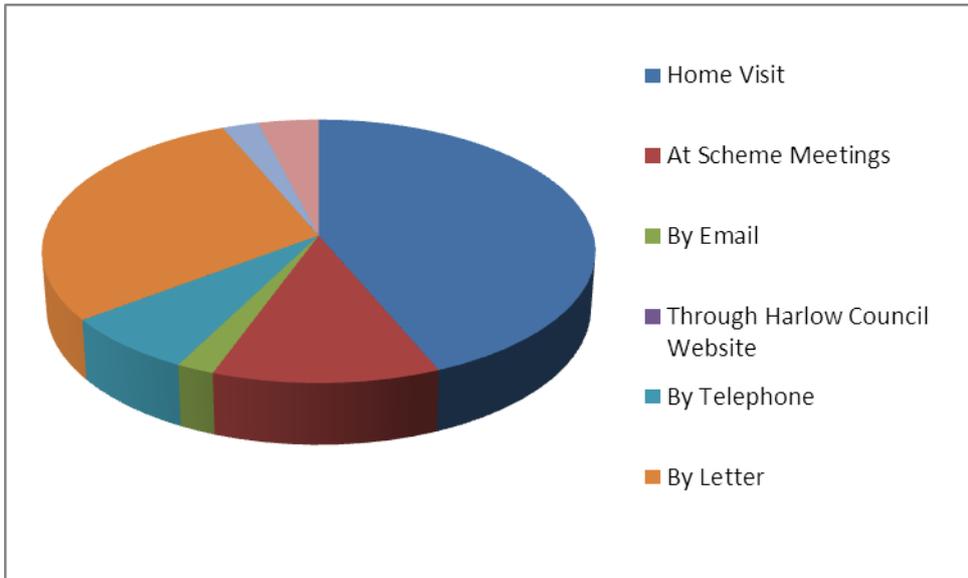
- 83% of Respondents did not wish to comment on the future of the Supported Housing Service
- 12% preferred the Supported Housing Service not to change

Respondents were asked how satisfied they were with the information provided about issues that might affect them:-

- 54% were very satisfied
- 36% were fairly satisfied

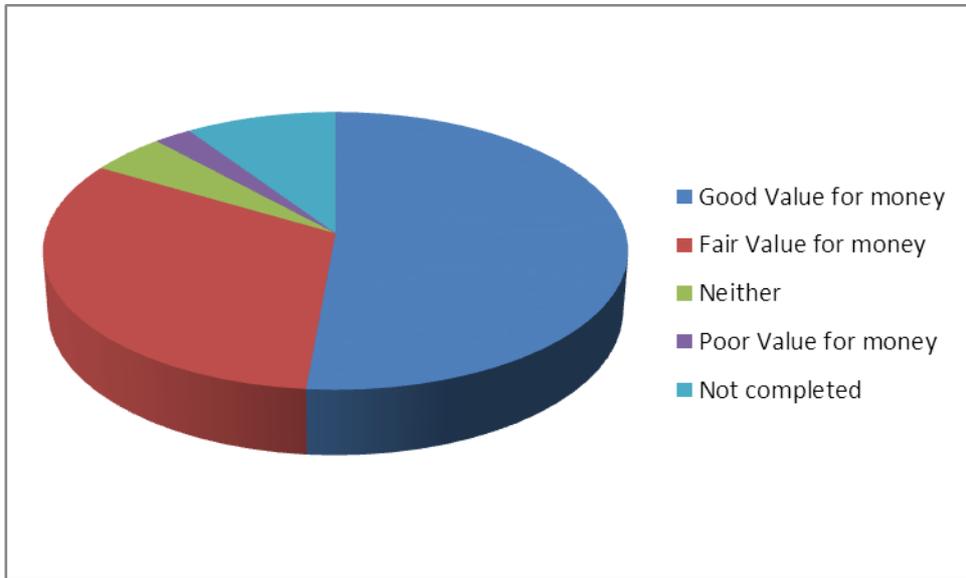


Respondents preferred home visits as a communication method at 52% followed by letter at 34%.

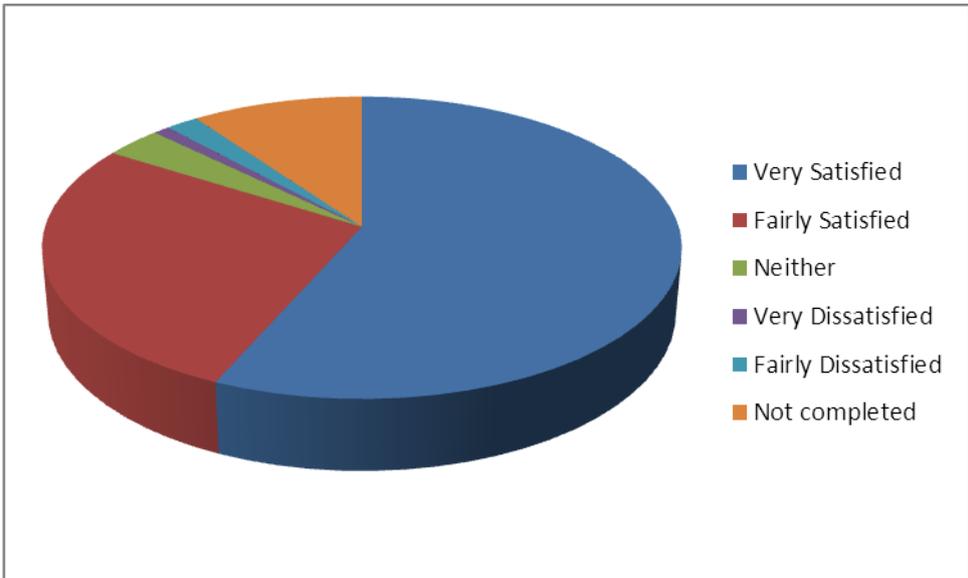


Respondents were asked if they consider the support service provided to be good value for money.

- 51% agreed it was good value for money
- 32% agreed it was fair value for money

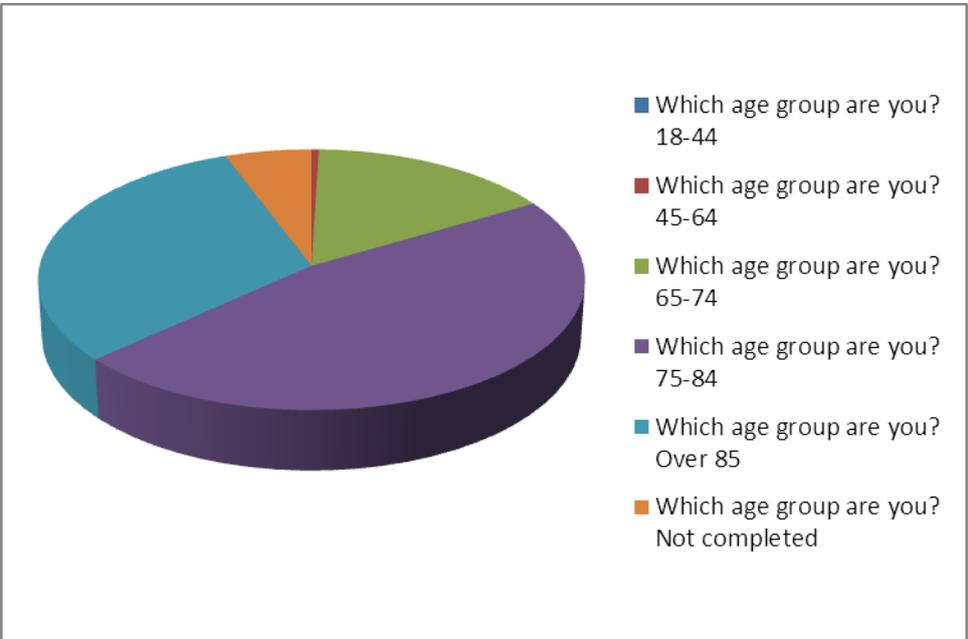


Respondents were asked overall how satisfied are you with the support service you receive?

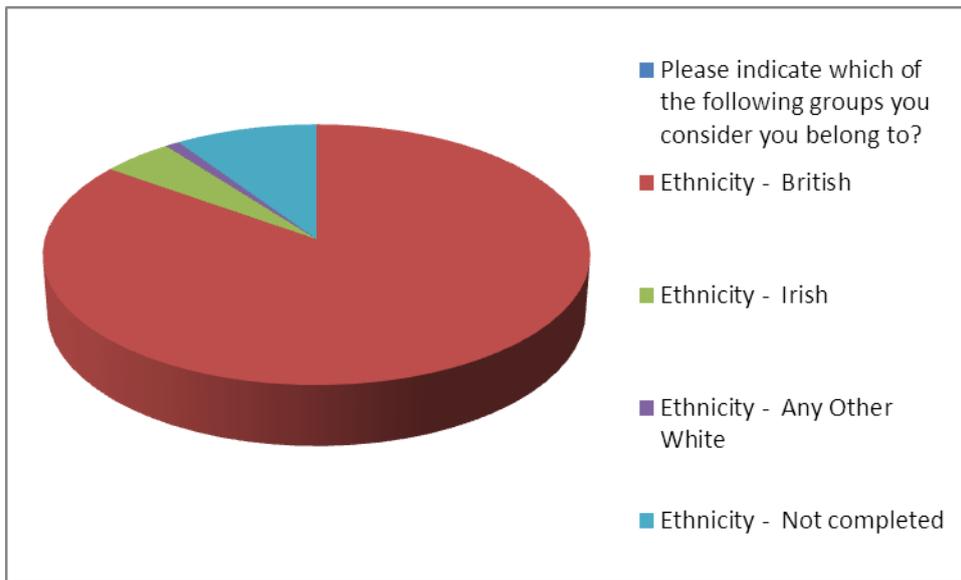


- 56% were very satisfied
- 27% were fairly satisfied

- 47% of respondents were aged 75-84
- 31% of respondents were over 85



- 85% of Respondents consider themselves to be of British ethnicity



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

# HOUSING STANDARDS BOARD

## Minutes

3 November 2015

7.00pm – 7.30pm

### PRESENT:

#### Committee Members

Cllr Rod Truan (Chairman) (RT),  
 Cllr Bob Davis (BD)  
 Cllr Simon Carter (Shadow Portfolio Holder  
 - Housing (SC)  
 Cllr Bill Pryor (BP)

Hugh Hoad (HH)  
*Tenancy Standards Panel:*  
 Jo West (JW)

#### Officers:

Cara Coxhead (CC)  
 Wendy Makepeace (WM)  
 Zulfi Kiani (ZK)  
 Jenny Pearce (JP)

#### Tenant Representatives:

*Property Standards Panel:*  
 Shaun Russell (SR)

		Action
1.	<p><b><u>Apologies</u></b></p> <p>Darrell Thomas (Leaseholders Standards Panel) (DT), Jerry Gleeson (Leaseholders Standards Panel) (JG), Jane Steer (Tenancy Standards Panel) (JS), Andrew Murray (AM).</p>	
2.	<p><b><u>Minutes of last meeting and Matters arising</u></b></p> <p>Minutes of the last meeting were approved with an amendment to the Apologies for Cllr Simon Carter (SC).</p>	Noted
3.	<p><b>Cabinet Work plan 2015/16</b></p> <p>The draft cabinet work plan was noted.</p> <p>The contract award for Lift Maintenance has been allocated to the 2016/17 Council Forward Work Plan. No exact date known at present.</p>	Noted Noted
4.	<p><b>Briefing Notes</b></p> <p>There were no briefing notes.</p>	Noted
5.	<p><b>Current Consultations:</b></p> <p><i>Pay to Stay: Fairer Rents in Social Housing (Department for Communities and Local Government):</i>                      The consultation began on 9 October 2015 for a six week period</p>	Noted

	<p>ending on 20 November 2015. The Consultation asks whether tenants with a household income of £40,000 and above in London, and £30,000 and above in the rest of England should be required to pay an increased rent for their property if their rent is currently below market rent levels.</p> <p>The consultation has been sent to the Tenancy and Leaseholder Standards panel for feedback which will be included in the Council's response. Any individual can also respond directly.</p> <p>No responses have yet been received.</p> <p>It is unknown how many tenants in Harlow could be affected. Until the completion of the Consultation no further information is available. As soon as more detail is known it will be reported to the HSB and the Panels.</p>	
6.	<p><b>Annual Report</b></p> <p>The Council is collating all the information required for the Annual Report and further information will be available at the next HSB</p>	Noted
7.	<p><b>Engagement Strategy</b></p> <p>As part of phase two of the independent review of the Tenant and Leaseholder Participation Agreement, a new strategy is currently being drafted. Areas currently being included within the Strategy are:</p> <ul style="list-style-type: none"> <li>• To widen engagement</li> <li>• To understand and improve service delivery that meets the needs of Tenants and Leaseholders.</li> <li>• Improve communication methods.</li> <li>• To reach out to less represented and vulnerable groups.</li> </ul> <p>An Impact Assessment Tool has also been developed for engagement going forward which will look at value for money for each route the Council uses to engage.</p> <p>This will also feed into the current engagement section of the Housing Service Plan, bringing it in line with new strategy.</p> <p>A Training Programme has been drafted, to include 10 half day sessions. This will consist of seven compulsory sessions as well as a choice of 3 optional sessions, chosen by representatives. This will equate to five days training in total. Any sessions not completed this year will run in to the next financial year.</p> <p>An implementation plan timetable for the Strategy has been</p>	Noted

	<p>produced, which includes consultation with all representatives. The document will be sent either by email or post for feedback. It is intended that the final draft will be brought to the HSB in January 2016 for sign off.</p>	ZK
8.	<p><b>Formal questions and answers</b></p> <p>None</p> <p>A set of questions has been received for inclusion in the December 2015 HSB. These will be responded to in the normal way, in writing as part of the December papers.</p>	Noted
9.	<p><b>Any other Business</b></p> <p>The Leasehold Standards Panel has asked if the Property Standards Panel can look at writing a policy which covers the guidelines for erecting satellite dishes. Including areas such as ensuring that the dishes do not cause a nuisance, restrict light, location, who is able to install them and what the size should be.</p> <p>It was agreed that the Property Standards Panel will look into this and report back.</p> <p>A question was raised as to the reasoning behind the re-opening of Passmores as a Free school and whether there would be any cost implications to Harlow Council?</p> <p>As this is a Government funded scheme, this would not be a Harlow issue.</p> <p>A question was raised asking with the requirement to reduce rents by 1% per year over the next 5 years, has the Administration looked at the impact that the loss of rental income from council tenants currently housed within Copshall Close/Aylets Field/The Briars will have on the HRA, and how does the Administration intend to deal with this loss?</p> <p>The decision to demolish had already been factored into the HRA Business Plan as the properties are defective and the cost to bring these up to Decent Homes Standards were balanced against the cost of replacing these homes.</p> <p>Whilst a statement had already been made by the Portfolio Holder for Housing on the implications to the HRA, a further statement will be made in response to this question.</p> <p>A question was raised as to the date of the renaming of Fosters Court?</p>	<p>WM/ZK</p> <p>Noted</p> <p>RT</p> <p>ZK</p>

	This will be reported at the next HSB.	
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The Date of the Next meeting is: 1 December 2015

Minutes of the Environmental SIT meeting were attached the papers but were for information only.

**Background Papers**

NB: These are papers referred to in the minutes of this meeting and are not attached as appendices but that are available for the public or Councillors to study.

Reports:  
None

DRAFT

**MINUTES OF THE CABINET OVERVIEW WORKING GROUP  
HELD ON**

26 November 2015

7.30 - 8.35 pm

**PRESENT**

**Overview Working Group Members**

Councillor Ian Beckett (Chair)  
Councillor Maggie Hulcoop (Vice-Chair)  
Councillor David Carter  
Councillor Simon Carter  
Councillor Clive Souter

**Officers**

Simon Freeman, Head of Finance  
Donna Beechener, Revenues and Benefits Manager  
Janet Jackson, Corporate and Governance Support Team Leader

23. **APOLOGIES FOR ABSENCE**

Apologies were received from Councillors Danny Purton and John Strachan.

24. **DECLARATIONS OF INTEREST**

None.

25. **MINUTES**

**RESOLVED** that the minutes of the meeting held on 13 October 2015 be agreed as a correct record.

26. **MATTERS ARISING**

None

27. **WORK PLAN**

The Overview Working Group received a report that outlined its Work Plan for the current year.

**RESOLVED** that:

- (i) Process for Child Protection is added to the 14 January 2016 meeting of this Group.

- (ii) Financial future of Harlow Playhouse is added to the 11 February 2016 meeting of this Group.

28. **LOCAL COUNCIL TAX SUPPORT SCHEME**

The Overview Working Group received a report from Simon Freeman, Head of Finance, on the Review of the Local Council Tax Support Scheme. Donna Beechener, Revenues and Benefits Manager, introduced and summarised the report.

In response to questions from Councillors, Donna provided more details on the Scheme and explained when that the Universal Credit is scheduled to be rolled out by 2020. Donna then explained the introduction of the minimum income floor for self-employed claimants and the proposal to defer the removal of the family premium for a further 12 months.

The Overview Working Group asked if it was possible to have a breakdown of the summons which had been issued as follows:

- (i) how many were issued
- (ii) how many were resolved at the summons
- (iii) how many went to Court

It was also asked if it was possible to find out how many have accepted the support.

**RESOLVED** that the Overview Working Group:

- A** Acknowledges the current position regarding the 2015/16 Local Council Tax Support Scheme and endorses continuing stability within the scheme for 2016/17.
- B** Recommends to Cabinet that, following the results of the consultation process, the 2016/17 scheme is amended as follows:
  - (i) The introduction of a minimum income floor for self-employed claimants of Local Council Tax Support.
  - (i) The award of backdated Local Council Tax Support is limited to one month.
- C** Recommends to Cabinet that the proposal to remove the Family Premium in calculating an award of Local Council Tax Support is deferred for a further 12 months.

29. **MEDIUM TERM FINANCIAL STRATEGY REPORT**

Simon Freeman, Head of Finance, gave a presentation to the Group on the MTFS which outlined the current financial position of the Council.

However, in light of the Autumn Statement it was as yet unclear how this may further affect the finances.

The Group then discussed the current financial situation.

**RESOLVED** that:

**A** the report and the underpinning principles that support the MTFS is noted.

**B** that the Working Group asks Cabinet to ensure that the details of the 2015 Autumn Statement and in particular but not exclusively the impact on the HRA, Capital and Discretionary Fund are considered fully in the development of the Councils financial plans for 2016/17 and future years once the Local Government Finance Settlement is announced later in December.

30. **MATTERS OF URGENT BUSINESS**

None.

CHAIRMAN OF THE OVERVIEW  
WORKING GROUP

# HOUSING STANDARDS BOARD

## Minutes

1 December 2015

7.00pm – 8.00pm

**PRESENT:**

**Committee Members**

Cllr Rod Truan (Chairman) (RT),  
 Cllr Bob Davis (BD)  
 Cllr Simon Carter (Shadow Portfolio Holder  
 - Housing (SC)

Jane Steer (JS)  
*Leaseholders Standards Panel:*  
 Darrell Thomas (DT)

**Tenant Representatives:**

*Property Standards Panel:*  
 Shaun Russell (SR)

**Officers:**  
 Andrew Murray (AM)  
 Cara Coxhead (CC)  
 Wendy Makepeace (WM)  
 Zulfi Kiani (ZK)  
 Nikki Blackburn (NB)

*Tenancy Standards Panel:*  
 Jo West (JW)

		Action
1.	<p><b><u>Apologies</u></b></p> <p>Cllr Bill Pryor, Hugh Hoad (Property Standards Panel), Jenny Pearce.</p>	
2.	<p><b><u>Minutes of last meeting and Matters arising</u></b></p> <p>Minutes of the last meeting were approved.</p> <p><i>Engagement Strategy –</i></p> <p>Full details will be presented to the January HSB to be signed off.</p> <p><i>Foster Court –</i></p> <p>The handover’s and sign off for the new properties were to take place on 2 December 2015.</p>	Noted
3.	<p><b>Cabinet Work plan 2015/16</b></p> <p>The draft cabinet work plan was noted.</p> <p>It was noted that both Portfolio Holders for both Resources and Housing should be named in the Portfolio Holder and Lead Officer column for the HRA Quarter 2 Finance Report 2015/16 item.</p>	AM

<p><b>4.</b></p>	<p><b>Briefing Notes</b></p> <p><i>Governance and Structure of Local Authority Trading Company (LATC)</i></p> <p>This report is a follow up from the September report, regarding the Council's approach to shareholders committee, the structure of the LATC and the role of Councillors. Cabinet will be asked to approve the structure. A number of questions were raised, and each was answered respectively:</p> <p>Thee "mapping" of the new relationships will aid understanding. This will be put forward.</p> <p><i>Joint Finance and Performance Report (Quarter 2)</i></p> <p>An outline of the report was made. The report predominately deals with the General Fund and recognises the current budget and messages that come forward. Housing Need resources continue to reduce and there is increased demand for temporary accommodation.</p> <p>Essex County Council has changed Supporting People arrangements. A report is due to go to Scrutiny Committee in order to make recommendations.</p> <p><i>Housing Revenue Account Budget/Capital Monitoring Period 6, 2015/16</i></p> <p>An outline of the reports was made. The report identifies monthly reporting as well as wider actions .A number of questions were raised, and each was answered respectively:</p> <p>Further details to be provided on the reduction in benefit changes. The benefit cap will impact some households, whilst regular meetings are held with Housing Benefit and the DWP, details of the cap are not yet known. The Council will work with the families involved similarly to the original benefit cap.</p> <p>Further detail on Appendix 1 has been requested. .</p>	<p>ZK</p> <p>Noted</p> <p>AM</p> <p>Noted</p> <p>Noted</p> <p>Noted</p> <p>Noted</p> <p>Noted</p>
<p><b>5.</b></p>	<p><b>Current Consultations:</b></p> <p>None.</p>	<p>Noted</p>
<p><b>6.</b></p>	<p><b>Annual Report</b></p> <p>Information for the Annual Report has been put together and passed</p>	<p>ZK</p>

	to Communications in order to discuss layout. It is intended that the Report will be presented to the January Standard Panels and Housing Standard Board.	
<b>7.</b>	<b>Formal questions and answers</b>  Questions were received from HH and Cllr BP, answers were provided within the papers, although clarification is to be sought on some questions.	Noted
<b>9.</b>	<b>Any other Business</b>  Special meeting of the HSB confirmed on 15 December 2015 to discuss HRA Business Plan.	Noted

The Date of the Special meeting is: 15 December 2015

The Date of the Next meeting is: 11 January 2016

Minutes of the Environmental SIT meeting were attached the papers but were for information only.

### **Background Papers**

NB: These are papers referred to in the minutes of this meeting and are not attached as appendices but that are available for the public or Councillors to study.

Reports:

- *Governance Arrangements for the Local Authority Trading Company (LATC)*
- *Finance Reports (Quarter 2)*

# SPECIAL HOUSING STANDARDS BOARD

## Minutes

15 December 2015

7.00pm – 7.50pm

**PRESENT:**

**Committee Members**

Cllr Rod Truan (Chairman) (RT),  
 Cllr Bob Davis (BD)  
 Cllr Simon Carter (Shadow Portfolio Holder  
 - Housing (SC)  
 Cllr Bill Pryor (BP)

*Leaseholders Standards Panel:*

Darrell Thomas (DT)

**Officers:**

Andrew Murray (AM)  
 Cara Coxhead (CC)  
 Wendy Makepeace (WM)  
 Zulfi Kiani (ZK)  
 Jim Preston (JPr)  
 Andrew Smith (AS)  
 Viv Hales (VH)  
 Jenny Pearce (JPe)

**Tenant Representatives:**

*Tenancy Standards Panel:*

Jo West (JW)  
 Jane Steer (JS)

		Action
1.	<p><b><u>Apologies</u></b></p> <p>Shaun Russell (SR) (Property Standards Panel, Hugh Hoad (Property Standards Panel), Jerry Gleeson (Leaseholders Standards Panel)</p>	
2.	<p><b><u>Briefing Notes</u></b></p> <p><i>HRA Business Planning (2015-2045)</i></p> <p>A report which updated the information provided in September, showing the progress in putting together the HRA Business Plan (2015-2045) was presented.</p> <p>It was noted that there is still a number of known and unknown factors which will need to be considered as part of the final HRA Business Plan (2015-2045).</p> <p>A number of questions were raised, and each was answered respectively.</p> <p><i>Review of Sheltered Housing (Phase 1)</i></p> <p>A report of the Review of the Sheltered Housing (Phase 1) was</p>	

	presented. This report had already been to Scrutiny  A number of questions were raised, and each was answered respectively.	
<b>3.</b>	<b>Any Other Business</b>  None	

The Date of the Next meeting is: 18 January 2016

### **Background Papers**

NB: These are papers referred to in the minutes of this meeting and are not attached as appendices but that are available for the public or Councillors to study.

Reports:

- *HRA Business Planning (2015-2045)*
- *Review of Sheltered Housing (Phase 1)*