

**CABINET**  
**Thursday, 26 January 2017 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 Mike Danvers, Portfolio Holder for Resources  
Councillor Tony Durcan, Portfolio Holder for Regeneration & Enterprise  
Councillor Waida Forman, Portfolio Holder for Governance  
Councillor Danny Purton, Portfolio Holder for Environment  
Councillor Mark Wilkinson, Portfolio Holder for Housing

**Other Attendees**

Councillor Mark Ingall  
Councillor Lanie Shears  
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 8 December 2016.
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.

a) Parking Facilities Located Below Sherwood House

Petition from Mr Robert Svoboda.

“Most of the streets surrounding the Sherwood House area have restrictions on parking during the day. Furthermore, the nearby car park has a one hour free limit between the hours of 8am – 6pm. The car-parking options for the residents are extremely limited and residents are often forced to park their vehicles in another street completely. With a mixed community of old, young families and disabled residents who require the use of their cars during the day we need access to facilities built in its own area.”

8. Forward Plan (Pages 12 - 20)

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 2017/18 (Pages 21 - 70)

11. Medium Term Financial Strategy 2017/18 (Pages 71 - 102)

12. General Fund Budget 2017/18 (Pages 103 - 171)

13. Housing Revenue Account Business Plan 2016-2046 (Pages 172 - 242)

14. Housing Revenue Account Budget 2017/18 (Pages 243 - 266)

15. Capital Programmes 2017/18 - 2019/20 (Pages 267 - 284)

16. Treasury Management Strategy 2017/18 (Pages 285 - 324)

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

None.

18. 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, 8 November 2016 of Housing Standards Board (Pages 325 - 326)
- b) Minutes of meeting Thursday, 24 November 2016 of Shareholders Sub Committee (Pages 327 - 328)
- c) Minutes of meeting Thursday, 1 December 2016 of Cabinet Overview Working Group (Pages 329 - 331)

19. Matters of Urgent Business

To deal with any matters of an urgent nature.

**MINUTES OF THE CABINET  
HELD ON**

8 December 2016

7.30 - 8.36 pm

**PRESENT**

**Committee Members**

Councillor Jon Clempner, Leader of the Council  
Councillor Emma Toal, Deputy Leader and Portfolio Holder for Youth and Community  
Councillor Mike Danvers, Portfolio Holder for Resources  
Councillor Tony Durcan, Portfolio Holder for Regeneration and Enterprise  
Councillor Waida Forman, Portfolio Holder for Governance  
Councillor Danny Purton, Portfolio Holder for Environment  
Councillor Mark Wilkinson, Portfolio Holder for Housing

**Additional Attendees**

Councillor Mark Ingall  
Councillor Lanie Shears

**Other Councillors**

Councillor David Carter  
Councillor Simon Carter  
Councillor Joel Charles  
Councillor Andrew Johnson  
Councillor Russell Perrin  
Councillor Clive Souter

**Officers**

Malcolm Morley OBE, Chief Executive  
Brian Keane, Head of Governance  
Graeme Bloomer, Head of Place  
Simon Freeman, Head of Finance  
Andrew Murray, Head of Housing  
Adam Rees, Corporate and Governance Support Officer

74. **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor John Strachan.

75. **DECLARATIONS OF INTEREST**

None.

76. **MINUTES**

**RESOLVED** that the minutes of the meeting held on 10 November 2016 are agreed as a correct record and signed by the Leader.

77. **MATTERS ARISING**

None.

78. **WRITTEN QUESTIONS FROM THE PUBLIC**

None.

79. **WRITTEN QUESTIONS FROM COUNCILLORS**

The questions together with the answers are appended to the minutes.

80. **PETITIONS**

a) **Petition Relating to the Stow**

A presentation was made by the petition organiser, Robert Halfon MP.

**RESOLVED** that the petition was noted.

81. **FORWARD PLAN**

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

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

None.

83. **TREASURY MANAGEMENT STRATEGY STATEMENT 2016/17: MID-YEAR REVIEW**

Cabinet considered a mid-year review of the Treasury Management Strategy Statement 2016/17, which set out the case for the individual counterparty limit for unsecured investments with institutions which had long term ratings of 'A' and higher being raised from £2million to £4million.

Proposed by Councillor Mike Danvers (seconded by Councillor Jon Clempner) it was:

**RESOLVED** that:

**A** The mid-year review of the Treasury Management Strategy which accompanied the report as Appendix A was noted and referred to Full Council for consideration.

**B** It was recommended to Full Council that the individual counterparty limit for unsecured investments with institutions having long-term ratings of 'A' and higher be increased from £2million to £4million with immediate effect, such that Table 2 of the 2016/17 of the Treasury Management Statement was (as shown in paragraph 23 of Appendix A to the report) to increase the relevant individual counterparty limits.

84. **AWARD OF ASSET MANAGEMENT SERVICES FRAMEWORK AGREEMENT**

Cabinet received a report which sought approval for the Council to enter into a further call-off contract with Savills (UK) Limited until March 2020 subject to formal contract.

Proposed by Councillor Mark Wilkinson (seconded by Councillor Waida Forman) it was:

**RESOLVED** that the Council enters into a further call-off contract with Savills (UK) Limited for a period of three years to March 2020 subject to formal contract, for works not exceeding the values set out in the report.

85. **JOINT FINANCE AND PERFORMANCE REPORT QUARTER 2 2016/17**

Cabinet received a report which set out both the Council's financial performance, along with its performance against its own performance indicators for the second quarter of 2016/17.

Proposed by Councillor Jon Clempner (seconded by Councillor Mike Danvers) it was:

**RESOLVED** that Cabinet acknowledged:

- A** The projected outturn set out in sections three and four of Appendix A to the report for the second quarter (July – September) of 2016/17 which were as follows:
- (i) A favourable variation on controllable budgets of £342,000 representing a net favourable variance of -0.55 percent of the gross General Fund Budget.
  - (ii) A total projected underspend of £590,000 representing a forecast underspend of -0.95 percent of the gross General Fund Budget.
- B** That the Council performed on target or above target for 43 out of 48 (90 percent) of performance indicators.

86. **HOUSING REVENUE ACCOUNT, QUARTER 2 FINANCE REPORT 2016/17**

Cabinet received a report which provided an update on the Housing Revenue Account (HRA) for the second quarter of 2016/17 and asked that Cabinet noted variances in the HRA budget and the forecast budget of the HRA and Major Repairs Reserve.

Proposed by Councillor Mike Danvers (seconded by Councillor Mark Wilkinson) it was:

**RESOLVED** that Cabinet noted:

- A** A favourable variation against the approved Housing Revenue Account (HRA) operational/controllable budget of £339,000 representing 0.60% of the gross HRA budget.
- B** A favourable non-operational variance of £2,620,000 representing 4.66% of the gross HRA budget which includes adjustments to capital programme financing as a result of the revised outturn for 2016/17.
- C** The forecast balances at 31 March 2017 of £9,150,000 in respect of the HRA and nil in respect of the Major Repairs Reserve.

87. **CAPITAL PROGRAMMES QUARTER 2 FINANCE REPORT 2016/17**

Cabinet received a report which provided an update on the Council's Housing and Non-Housing Capital Programmes, approval of two business cases and approval for schemes totalling £541,000 to be carried over until 2017/18.

Proposed by Councillor Mike Danvers (seconded by Councillor Mark Wilkinson) it was:

**RESOLVED** that Cabinet:

- A** Noted the progress made in the delivery of the Council's Housing and Non-Housing Capital Programmes as at 2 October 2016 which was as follows:
  - 1. Housing Capital Programme with a forecast outturn of £22,714,000.
  - 2. Non-Housing Capital Programme with a forecast outturn of £6,988,000.
- B** Noted the revised outturn in the Housing Capital Programme and the movement of £1million of external works programme and £100,000 of work to temporary accommodation to 2017/18 as set out in paragraph 7 of the report.
- C** Approved:
  - 1. A business case for creating a secure room at the Leah Manning Centre (£7,000) to enhance the services provided by the Centre to its varied user group.
  - 2. The business case to replace electrical apparatus that provides emergency power in the event of an interruption

to the power supply to the Civic Centre so protecting essential IT servers. The allocation of £12,352 will be met from the approved Civic Centre funding pot of £10,000 plus a revenue contribution from the General Fund.

3. Schemes totalling £541,000 in the Non-Housing Capital Programme to be carried over to 2017/18 to enable consultation, tendering of schemes and completion of work already started.

**D** Noted.

1. The virement of £130,000 within the Non-Housing Capital Programme to enable the demolition of the Hummingbird Public House to proceed. Funding will be allocated from within the approved 2016/17 programme, resulting in other works being deferred to 2017/18.
2. The virement of £64,000 from within the Non-Housing Capital Programme to complete the refurbishment of the flats at Spurriers House. This will enable the properties to be let and generate an income to the Council.

88. **HARLOW LOCAL PLAN UPDATE**

Cabinet received a report which provided an update on the preparation of the Council's Local Plan.

Proposed by Councillor Danny Purton (seconded by Councillor Jon Clempner) it was:

**RESOLVED** that Cabinet noted:

- A** The progress towards submission of the Council's Regulation 19 draft Local Plan.
- B** The response from East Hertfordshire District Council on its formal position regarding the capacity and delivery trajectory of housing development at Gilston Park to the north of Harlow.
- C** The allocation of sites to the south and west of Harlow in the Epping Forest District Council Regulation 18 consultation and the Portfolio Holder for Environment's signalling of the Council's objection to such allocations.
- D** The work being undertaken by Essex County Council to complete traffic modelling and traffic calming/flow interventions on the Harlow and wider roads network.

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

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

Cabinet received a report referred from the Cabinet Overview Working Group which aimed to ensure that any impacts arising from the Autumn Statement 2016, the proposals for full business rates retention, any impact arising from Brexit were fully considered.

Proposed by Councillor Mike Danvers (seconded by Councillor Jon Clempner) it was:

**RESOLVED** that Cabinet would ensure that the details of the 2016 Autumn Statement were fully considered fully, including the impacts of the Government's proposals for full business rates retention, as well as any impacts that the Brexit decision may have on investment returns in the development of the Council's financial planning for 2017/18 and future years.

b) **Referral from Cabinet Overview Working Group - Local Council Tax Support Scheme Proposals 2017/18**

Cabinet received a report on Local Council Tax Support Scheme proposals for 2017/18 which had been referred to it by the Cabinet Overview Working Group.

Proposed by Councillor Mike Danvers (seconded by Councillor Jon Clempner) it was:

**RESOLVED** that Cabinet recommended to Full Council that the following amendments to the 2017/18 Local Council Tax Support Scheme be approved:

**A** The 2017/18 Local Council Tax Support Scheme be amended as follows.

- (i) Reduce the period for which a person can be absent from Great Britain and still receive Council Tax Support to 4 weeks.
- (ii) Remove the element of Work Related Activity Component in the calculation of the current scheme for new Employment and Support Allowance applicants.
- (iii) Remove entitlement to the Severe Disability Premium where another person is paid Universal Credit (Carers Element) to look after them.

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

**C** The proposal to limit the number of dependent children within the calculation for Council Tax Support to a maximum of two is deferred for 12 months.

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

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

- a) Minutes of meeting Tuesday, 18 October 2016 of Housing Standards Board
- b) Minutes of meeting Thursday, 20 October 2016 of Cabinet Overview Working Group

91. **MATTERS OF URGENT BUSINESS**

None.

LEADER OF THE COUNCIL

**CABINET – 8 DECEMBER 2016  
QUESTIONS FROM COUNCILLORS**

Agenda item 6 refers

1. **Councillor Andrew Johnson to Councillor Mike Danvers, Portfolio Holder for Resources**

Can the Cabinet Member assure members that all tenders awarded under contract standing orders are being handled correctly, in line with those standing orders and national best practice with regards to the tender process?

**Reply from Councillor Mike Danvers, Portfolio Holder for Resources**

To the best of my knowledge, all tenders awarded under contract standing orders are handled correctly and in accordance with national best practice.

However, if any Councillor has good reason to believe that this may not be the case they should raise the matter directly with a Senior Officer or Internal Audit in accordance with the Council's Officer / Councillor Protocol.

2. **Councillor Andrew Johnson to Councillor Jon Clempner, Leader of the Council**

Is the Leader satisfied that his Council is treating opposition members fairly with regard to access to information and responses to questions within agreed timeframes?

**Reply from Councillor Jon Clempner, Leader of the Council**

To the best of my knowledge I am not aware of Officers not making reasonable effort to respond to requests for information in a timely manner and in accordance with the Council's Access to Information or Officer / Councillor Protocols.

Should a Councillor have genuine cause for such concern the Protocols clearly set out what escalation steps a Councillor may take.

## 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
I005 993	Corporate Plan 2017/18	Cabinet	26 Jan 2017	Key decision: <b>Yes</b>  Likely exemption status: <b>Open</b>	Officer's report	Councillor Jon Clempner  Malcolm Morley OBE
I005 994	Medium Term Financial Strategy 2017/18	Cabinet	26 Jan 2017	Key decision: <b>Yes</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Resources (Councillor Mike Danvers)  Simon Freeman
I005 992	General Fund Budget 2017/18	Cabinet	26 Jan 2017	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
I006 017	Housing Revenue Account Business Plan 2016-2046	Cabinet	26 Jan 2017	Key decision: <b>Yes</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Resources (Councillor Mike Danvers), Portfolio Holder for Housing (Councillor Mark Wilkinson)  Simon Freeman, Andrew Murray
I006 003	Housing Revenue Account Budget 2017/18	Cabinet	26 Jan 2017	Key decision: <b>Yes</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Resources (Councillor Mike Danvers), Portfolio Holder for Housing (Councillor Mark Wilkinson)  Simon Freeman, 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
I006 002	Capital Programmes 2017/18 - 2019/20	Cabinet	26 Jan 2017	Key decision: <b>Yes</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Resources (Councillor Mike Danvers), Councillor Mark Wilkinson  Simon Freeman, Andrew Murray
I006 004	Treasury Management Strategy 2017/18	Cabinet	26 Jan 2017	Key decision: <b>Yes</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Resources (Councillor Mike Danvers)  Simon Freeman
I006 849	Local Development Plan - approval of statutory consultation document	Cabinet	23 Feb 2017 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 Environment (Councillor Danny Purton)  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
I006 954	Enterprise Zone Investment Proposal	Cabinet	23 Feb 2017  Church Langley; Mark Hall; Old Harlow	Key decision: <b>Yes</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Regeneration & Enterprise (Councillor Tony Durcan)  Simon Freeman
I006 955	Regeneration of Lister House and surrounding area of Staple Tye	Cabinet	23 Feb 2017  Staple Tye	Key decision: <b>Yes</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Regeneration & Enterprise (Councillor Tony Durcan)  Jane Greer
I003 040	Contract Award - Lift Maintenance	Cabinet	23 Feb 2017	Key decision: <b>Yes</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Housing (Councillor Mark Wilkinson)  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
I005 696	Award of contract for Legionella Risk Assessments and Water Hygiene	Cabinet	23 Mar 2017	Key decision: <b>Yes</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Housing (Councillor Mark Wilkinson)  Andrew Murray
I005 989	Joint Finance and Performance Report, Quarter 3 2016/17	Cabinet	23 Mar 2017	Key decision: <b>No</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Resources (Councillor Mike Danvers)  Simon Freeman
I006 000	Housing Revenue Account, Quarter 3 Finance Report 2016/17	Cabinet	23 Mar 2017	Key decision: <b>No</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Housing (Councillor Mark Wilkinson)  Simon Freeman
I005 997	Capital Programmes Quarter 3 Finance Report 2016/17	Cabinet	23 Mar 2017	Key decision: <b>No</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Resources (Councillor Mike Danvers), Councillor Mark Wilkinson  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
I005 709	HMO Annual Licensing	Cabinet	23 Mar 2017	Key decision: <b>No</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Environment (Councillor Danny Purton)  Graeme Bloomer
I007 054	Procurement of domestic waste and recycling collection services	Cabinet	23 Mar 2017	Key decision: <b>Yes</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Environment (Councillor Danny Purton)  Graeme Bloomer
I004 195	Economic Development Strategy for Harlow	Cabinet	23 Mar 2017 Subject to OWG review	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
I006 011	Debt write offs	Cabinet	23 Mar 2017	Key decision: <b>Yes</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Resources (Councillor Mike Danvers)  Simon Freeman
I006 953	Harlow Enterprise Zone - appointment of an infrastructure contractor	Cabinet	23 Mar 2017  Church Langley; Mark Hall; 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)  Andrew Bramidge
I004 191	Health and Wellbeing Strategy	Cabinet	Jun 2017 (date of meeting to be confirmed)  Subject to Scrutiny review	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

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	Sep 2017 (date of meeting to be confirmed)	Key decision: <b>Yes</b>  Likely exemption status: <b>Open</b>	Officer's report	Portfolio Holder for Regeneration & Enterprise (Councillor Tony Durcan)  Graeme Bloomer

**REPORT TO:** CABINET

**DATE:** 26 JANUARY 2017

**TITLE:** CORPORATE PLAN 2017/18

**PORTFOLIO HOLDER:** COUNCILLOR JON CLEMPNER, LEADER OF THE COUNCIL

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

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

**This is a Key Decision**

**It is on the Forward Plan as Decision number: I005993**

**This decision is not subject to Call-in procedures for the following reasons:**

The decision stands as a recommendation to Full Council

**This decision will affect no ward specifically**

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

- A** The updates to the Corporate Plan 2017/18 – 2019/20, which is appended 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 inconsequential amendments to the Corporate Plan.

**REASON FOR DECISION**

- A** The Corporate Plan provides the Council with important context for decision making and the allocation of its resources. 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 (included 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 update helps to ensure that the Council continues to focus on the right priorities for Harlow and to take work forward for the next three years within the budget available.

## **ISSUES/PROPOSALS**

4. The Corporate Plan 2017/18 – 2019/20 sets out the Council's priorities for the next three years and how these will be delivered within the financial resources available. It gives updates on the work completed toward the achievement of these priorities during the 2016-17 financial year.
5. The Plan:
- a) Sets out the 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 carried out in this area.
6. Subsequent service plans and team plans will be drawn up during February and March 2017 which will feed into Personal Performance Plans (PPPs) for staff from April 2017.

## **IMPLICATIONS**

### **Place**

None beyond those contained in the report.

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

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

The resources earmarked for delivering the 2017/18 – 2019/20 Corporate Plan are detailed within the Medium Term Financial Strategy elsewhere in the Cabinet agenda.

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

**Housing**

None beyond those contained in the report.

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

**Community Wellbeing**

None beyond those contained in the report.

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 2017/18 – 2019/20

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

**Corporate Plan 2017/18 - 2019/20**

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

I am pleased to present this update to Harlow Council's Corporate Plan: Working Together for Harlow 2017-2020. 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 regenerating the Town Park, driving forward the delivery of the Enterprise Zone, modernising thousands of Council homes, and continuing to promote the Living Wage.

A new company has been set up by Harlow Council to provide a range of environmental services and property maintenance. Services for council housing repairs, street cleaning, grass cutting and pest control will be provided by HTS (Property and Environment) Ltd.

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.

It was in 1947 that Harlow first became a new town which gave people the opportunity to live and work in a bright, vibrant and welcoming place. This year it is Harlow's 70<sup>th</sup> birthday and we will proudly celebrate the town's history, its community spirit and its diversity and look ahead to the next 70 years where more history will be made and new opportunities for people will continue to be created.

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.

We will continue to robustly make the case for investment in Harlow on much needed infrastructure, including road, rail and health facilities. This includes the proposed new junction 7a for the M11 that would create access to the motorway from the north of the town.

It is more important than ever that the Council is open and transparent about the decisions it needs to make and that it 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.

## **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 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, visit 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.

These priorities will be embedded within the emerging Harlow Local Plan and will inform the vision and strategic objectives relating to policies and proposals for growth and regeneration across the district. In this respect the Local Plan will be a spatial expression of the Corporate Plan. The Local Plan will shape Harlow over the next 15 years ensuring the efficient use of land and securing future development which is sustainable and delivers what our communities want to see.

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 will mark its 70<sup>th</sup> Anniversary with events and celebrations in 2017. Harlow is an enterprising and compact New Town in West-Essex at the centre of the London-Stansted-Cambridge-Corridor. It is made up of self-contained local neighbourhoods with a variety of shopping hatches and employment areas. Harlow is home to Harlow College, The University Centre Harlow and the Sir Charles Kao University Technical College. Harlow also has a 51 hectare Enterprise Zone (EZ), which is one of the 48 sites across the U.K selected by Government to provide a platform for economic growth and deliver benefits for business. The Enterprise Zone 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.

Further development to the town will include Public Health England's (PHE) laboratories moving to a new integrated hub in Harlow. The hub, which will include PHE's headquarters, will provide the expert science to ensure that the U.K 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.

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 level of council housing in Essex. The Council has prioritised investment in this area to ensure decent homes for all.

Harlow has a variety of green spaces such as parks, marshes, nature reserves and wildlife sites.

- The Town Park has 164 acres with scenic landscapes, riverside walks, sculptures, adventure playground, skate park, an outdoor paddling pool and Pets Corner. Following a regeneration and restoration project it has been awarded its first ever Green Flag award in 2016.
- Harlow Marshes nature reserve provides a range of wetland habitats that can be accessed along marked paths and boardwalks.
- Parndon Wood Nature Reserve has been recorded as a woodland for at least 900 years and is officially one of the finest parks in the country, with its sought after Green Flag award retained in 2016 for the eighth consecutive year.
- Thirty Four allotment sites. All sites have water provided and are enclosed by secure hedges and fences.

## **A young population**

Harlow has a young population with those aged under 10 accounting for 14.8 per cent of the population. The average for local authorities in England and Wales is 12.4 per cent. The average age of people in Harlow is 37.4 years.

Harlow is, for the first time, above the indicated England average for early years children showing a Good Level of Development (GLD) and only a single percentage point below the Essex average: With Harlow at 71%, Essex at 72% and England at 69%. Harlow has seen a performance rise of 32.5% since 2013.

## **A diverse population**

Harlow has a more diverse population than ten years ago. Around 16 per cent of the population are from black or minority ethnic groups, many of whom are from Eastern Europe, Africa and South-Asia.

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 under 69 percent, while social housing makes up just over 31 per cent.

## **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. For the years 2010 to 2016 Harlow had a higher rate of growth in the number of business enterprises compared to the rest of Great Britain. (33% for Harlow compared to 22% for Great Britain).

However, there are variations in different parts of Harlow. On average household incomes of residents are just under 10 per cent lower than Harlow workplace wages 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 an annual net General Fund expenditure of £11 million and 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 affect the lives of everybody living in, working in or visiting Harlow and as part of its transformation over the last ten years, and in response to the financial challenges it has faced, the Council has achieved significant financial savings totaling £19.2m in its General Fund over that period.

The Council has achieved all of this whilst managing to protect front line services with partnership working and 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	16/17
	£'000	£'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	1,527
Cumulative Savings	2,415	5,675	7,858	9,337	11,444	13,350	14,852	16,386	17,650	19,177
Annual Budget (NET)	15,268	15,557	15,969	16,042	13,532	12,744	12,444	11,801	10,804	10,500
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	14.54

The Council has also made significant savings over the same period in its Housing Revenue Account. Again this has been achieved whilst improving the standard of housing to meet Government Decency standards, maintaining access to services and in fact performance has been improved.

The Council will have seen a 70 per cent reduction in its Government funding for the General Fund over the review period 2010 to 2020. Based upon the figures released as part of the Government's four year funding deal there will be a year on year reduction of 15.2 per cent or £630,000 from 2016/17 to 2017/18. 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 £1.4m

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.

## Working together for Harlow

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 unique 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 London Stansted Cambridge consortium (LSCC) and local businesses to ensure that this profile is improved. Harlow Council will be working in partnership with Epping Forest and East Herts District Councils to deliver the new Garden Town. The new Garden Town will be called Harlow and Gilston and will be a development of more than 10,000 homes.

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 significant 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 working hard to make Harlow an even better and more enjoyable place to live, work and visit. It cannot do this 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 this openness and transparency in the way we operate our business and how we communicate with the public.

## Delivering the Corporate Plan

The Council will measure its aim of 'Working Together for Harlow' by **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.

Service planning processes set out key milestones that are regularly monitored and help ensure it delivers its objectives.

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:

<b>Integrity</b>	Clear, meaningful and honest two way communication with staff, customers and partners.
<b>Value People</b>	Treating everyone fairly, equally and with mutual respect. Investing in staff, recognising individual and team contributions to achieve success.
<b>Inspirational</b>	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 Housing and Planning Act 2016 has brought significant changes to the provision and management of affordable housing that will change social housing in England. In particular the centrally set rent levels, the sale of high value voids (or financial equivalent) to pay for housing associations right to buy and the re-definition of secure tenancies will impose significant and additional pressures together with uncertainty around current housing allocation policy priorities.*

*There is expected to be fewer resources for priorities, and I have begun to anticipate the impact, implications and opportunities that arise from this new legislation by assessing the financial impact on the Housing Revenue Account (HRA) Business Plan, consulting with Tenant and Leaseholder Representatives, and raising awareness of the expected changes. It is a difficult and challenging financial environment that the Council is having to manage, and it is necessary to both reflect the lower overall investment that can be afforded and to ensure that appropriate resource levels are directed towards local priorities. The Council will continue to work towards making more housing available in Harlow, with a wider choice of housing types which are genuinely affordable and by helping to improve the choices for those in housing need, as well as improving health and wellbeing by improving housing conditions.*

*The ongoing challenges are:*

- *Implementing the expected changes from the Housing and Planning Act (2016) and Neighbourhood Planning Bill, and planning for further changes to make the 30 year HRA Business Plan sustainable.*
- *Redeveloping The Briars, Copshall Close and Aylets Field (BCA) Estates and implementing the Housing Investment Programme (HIP), investing in the priorities for maintaining the Council’s housing stock.*
- *Continuing to make the best use of the Council’s stock, tackling local priorities, and prioritising energy efficiency schemes that can make a difference in tackling fuel poverty.*
- *Continuing to raise the awareness of the ongoing Welfare Reform changes, working with local agencies providing support and budget advice to residents so they can fully understand their choices.*

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

- *Making 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.”*

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

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

- Work with our partners to provide evidence to support the need to develop high quality housing in the Harlow Local Plan and future infrastructure requirements in Harlow.
- 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.
- Developing options for building more housing and Council housing taking advantage of funding initiatives and new organisational opportunities.

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

- Provide high quality housing stock, with all Council homes in the town meeting Modern Homes standards. Publish an annual Housing Investment Programme (HIP) and continue to invest in improvements to housing conditions.
- Implement a programme of energy efficiency which tackles fuel poverty and high energy use dwellings that have low thermal efficiency.
- Continue to 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).
- Work towards improving choices for those in housing need.
- Provide effective tenancy enforcement and support, tackling health and wellbeing.

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

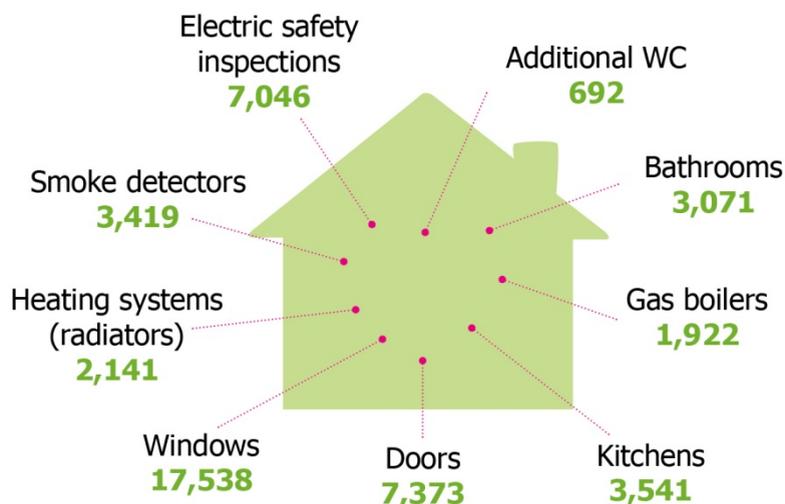
- Encourage and facilitate effective tenant and leaseholder engagement.
- Continuing to implement the revised Tenant and Leaseholder Engagement Strategy in response to national and local priorities and applying it to increase representation and widen engagement, ensuring that tenant and leaseholder representatives influence policy and shape priorities.
- Ensuring 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:

- 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.
- 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 revised Tenancy Strategy making best use of the Council's housing and providing support and targeted assistance for tenants living in Council accommodation.
- Continue to provide additional help and advice to those residents impacted by the Government's Welfare Reform Programme so that they are fully aware of their options.

#### What we have achieved so far:

**Better housing for Harlow - modernising Council homes** - Harlow Council's biggest ever investment and transformation of Council homes continues with over 40,600 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, window installations, roofing, fencing, communal entrances, high rise windows, bin store replacement, wall finishes, and insulation. The external works programme will focus on roofs, external fascia and works to tower blocks. 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, investing **£25m** in continuing to deliver improvements to its housing stock to improve the living conditions of its tenants and tackle local priorities. Volumes of work achieved to November 2016 are as below:



The Council has prioritised energy efficiency schemes, significantly improved the energy efficiency of the Council's homes to tackle fuel poverty. Work is on-going on the major estate regeneration programme at The Briars, Copshall Close and Aylets Field (BCA). All residents from the first phase have been rehoused and new houses and flats are being constructed.

**Social Housing** - Strong landlord performance in key landlord areas of rent collection, service charge collection, turning round empty properties, and repairing our homes.

**Tackle homelessness** - Continued to implement the revised Homelessness Strategy in conjunction with partners targeting limited resources to priorities.

**Implemented the Government's social mobility scheme to encourage national mobility within social housing providers, increasing choice of housing.**

**Tackling housing need** - The Housing Register continues to grow and the Council continues to work to let our homes in a fair and transparent manner, meeting local priorities.

- Achieved accreditation for our Careline Scheme which offers security to our most vulnerable residents in the town.
- Put more resources into our Tenancy Support Service, recognising this is a growing area but enforcing tenancy conditions fairly where required.
- The Council celebrated for the third year running, our partnership working with Essex County Council and Manorcourt Homecare in providing extra care housing at Sumners Farm Close for the most elderly and vulnerable.

**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. A Landlord Survey has recently taken place and the results will be available in early 2017.

## **What we will do next (our objectives for 2017/18):**

- Maintain the Council's investment in its housing assets. Continue the implementation of the Modern Homes Programme directing resources to reduce the energy bills to our tenants and continue to tackle fuel poverty.
- Continue to implement the priorities in the Homelessness Strategy and Tenancy Strategy.
- Work towards increased communication by providing more opportunities for tenants and leaseholders to be involved in their service.
- Consult on our preferred options for housing growth in the Local Plan.
- Commence the planning for 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.

- Commence the feasibility and development of a longer-term programme of new Council house building, making use of the new Local Authority Trading Company (LATC) and any funding opportunities.
- Continue with the estate regeneration programme of The Briars, Copshall Close and Aylets Field (BCA).

### **Local Authority Trading Company (LATC)**

A new company has been set up by Harlow Council to provide a range of property maintenance and environmental services and is on track to commence early in 2017. Services currently delivered by Kier Harlow Ltd for Council housing repairs, street cleaning, grass cutting and pest control will be provided by HTS (Property and Environment) Ltd from 1 Feb 2017.

The move will help towards saving money while also giving the Council flexibility to meet its future financial challenges.

## 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 in 2015, and the establishment of the Enterprise Zone 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 lobbying to ensure we have the right infrastructure in place to enable sustainable growth.***

***This year, Harlow’s 70<sup>th</sup> year, the Council will continue with its plans to improve 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.
- Take forward the creation of a new science park incorporating the Anglia Ruskin University MedTech Campus.
- To improve the environment and infrastructure at Templefields Industrial Estate.

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

- To continue the regeneration of The Briars, Copshall Close and Aylets Field (BCA) housing estates in order to deliver new homes.
- Take forward the regeneration of Prentice Place neighbourhood area.
- 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 continue to lobby and help to identify a funding package for a new junction 7a on the M11 motorway.

#### 4. Preparing for growth:

- Continue the 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:

- Continue with implementation of the Town Centre Improvement Plan which includes attracting investment and creating opportunities for residents and businesses, 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 OLC, ECC, SELEP and central Government. (see glossary below)
- 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 businesses 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 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 (EZ)** – Harlow Council has spearheaded the development of the EZ sites at London Road. At London Road South (now known as Kao Park), the Council's investment in site infrastructure, along with the Homes and Communities Agency, has resulted in a transformation of that site with 120,000 square feet of office space now occupied and work underway on one of the country's largest data centre developments. At London Road North, Harlow Council completed land acquisitions to facilitate the development of a new Science Park. This will create more than 500,000 square feet of high quality space for technology based businesses in the Life Sciences, ICT and Advanced Manufacturing sectors and further develop Harlow's position as a leading business location in the London Stansted Cambridge Corridor.

Achievements include:

- Completion of demolition works (July 2015) and infrastructure works (July 2016) at Kao Park (London Road South).
- Planning consent secured for 320,000 square feet data centre development with construction commenced (Autumn 2016).
- New tenants (Arrow Electronics and Raytheon UK) for Kao Park (Autumn 2016).
- Acquisition of 25 acres to enable the development of a new Science Park.
- Developer selected for London Road North Science Park.
- Construction of the new access road at London Road North.
- Provision of Superfast Broadband to the Templefields Enterprise Zone.

**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 (ARU) MedTech Campus will provide one of the world's largest health innovation spaces for companies of all sizes - from start-ups and micro, Small Medium Enterprises (SMEs) to large corporates - with the aim of establishing the UK as a global force in a sector worth £170bn per year. It will have a base at the Harlow Enterprise Zone with development by ARU of a Med Tech Innovation Centre due to open in early 2018.

**Public Health England's (PHE's) Science Hub** - In September 2015 the Chancellor announced that PHE's laboratories at Porton, Wiltshire 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.

## **Prentice Place**

In 2016 a Cabinet report on the regeneration of Prentice Place neighbourhood area in Potter Street was agreed. Work will now proceed on developing the plans for Prentice Place which include transforming the buildings for retail and residential use and the public areas. Consultation will take place with residents and businesses in the area.

## **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 (BCA) housing estates.

The relocation of residents who were living in phase one of the scheme is now complete and Countryside and Home Group have now begun development. The regeneration will take about five years to complete.

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

The Heritage Lottery Funded capital works have been completed. This involved landscaping works across the park including restoring the Water Garden, new planting schemes and the introduction of new paths to improve access across the park.

Refurbishment works were also undertaken to Pets' Corner, Spurriers House and the Bandstand and a new straw bale Learning Centre has been constructed. As a result of these works the park's facilities have been improved for visitors to the park including a new café that is being created on the ground floor of Spurriers House and a new educational room that is available to hire in the Learning Centre.

The capital works have been supported by a wide variety of activities such as a weekly volunteering programme to help maintain and improve the park, educational provision linked both to Pets' Corner and the wider park and achieving Green Flag status for the park for the first time in 2016.

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

Harlow Council and Essex County Council continue to look at regeneration options for Harlow Town Centre. The Town Centre has a valuable role as a sub-regional destination. The Council is 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 to meet short, medium and long term goals which include:

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

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

The Council has continued to work with Essex County Council, the London, Stansted, Cambridge Consortium (LSCC) and South East Local Enterprise Partnership (SELEP) to ensure that Harlow's needs are recognised and projects developed and supported to meet those needs. Funding bids were submitted for inclusion to the SELEP Growth Deal 2016.

The Council continues to work pro-actively with the London, Stansted, Cambridge Consortium and hosted the third inquiry session of the LSCC Growth Commission on Competitive Location and Quality of Place early 2016 at Harlow Civic Centre.

Confirmation of the Public Health England (PHE) move to Harlow will be a major attractor to businesses seeking to locate. Ongoing dialogue with PHE will focus on achieving employment opportunities for local people and opportunities for local businesses.

The Council has successfully retendered the Harlow Enterprise Hub ensuring continuity of quality business accommodation and business support and advice services for the town.

The Advanced Manufacturing and Engineering Centre will be launched at Harlow College this Spring. The Council supported the College's bid for funding through SELEP, for this much needed facility aligned to local employers skills training needs, and will offer local people and especially young people, greater opportunities to enter employment and progress.

## What we will do next (our objectives for 2017/18):

- The Council will continue with the regeneration of the Briars, Copshall Close and Aylets Field (BCA) estates.
- Continue to 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.
- 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 Prentice Place and Staple Tye neighbourhood areas.
- A process has been agreed for wider discussion and development of the Economic Development Strategy through the Council's Cabinet Overview and Working Group.
- The Council will continue to work with Essex County Council, contributing to the Greater Essex Infrastructure Framework and the Economic Plan for Essex, ensuring that Harlow's needs and opportunities continue to be raised and addressed. The Council will also contribute to the next version of the SELEP Strategic Economic Plan.
- The Council will launch a new inward investment website 'Harlow Business' at [www.harlowbusiness.co.uk](http://www.harlowbusiness.co.uk) upgrading the existing product which aims to attract and assist new businesses to Harlow.
- The Council will continue to support the M11 Health Enterprise Forum which provides support to the Life Science and Medical Technology sectors in Harlow and the London, Stansted, Cambridge Consortium.
- The Council will deliver a project to encourage local people to consider employment at London Stansted Airport, particularly training and employment opportunities for young people. This will address issues like transport and accessibility, and pre-employment options. The Council will support Jobs Fairs for Stansted Airport in partnership with Stansted Airport and the DWP (Department for Works and Pensions). The Council will support the Harlow College bid to SELEP to deliver a Professional and Technical Skills Training Centre at the airport.
- The Council will continue to support Harlow Chamber of Commerce as a Committee member and will be hosting a joint Business Forum.
- The Council will have three principal objectives for the Enterprise Zone in 2017/18:
  1. Commence construction of the first buildings for the Harlow Science Park at London Road North.
  2. Support the landowner at Kao Park in securing additional tenants for both the office buildings and the data centres.
  3. Ensure the delivery of the new link road at Templefields connecting River Way to Cambridge Road.

## Wellbeing and social inclusion

*“Harlow has a proud history of celebrating its residents 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.*

*Harlow Council continues to do all that it can to tackle domestic abuse. A national initiative providing contact points to help victims of domestic abuse has been launched in Harlow. The Civic Centre is one of a number of local contact points with Council staff at the Civic trained to signpost advice and spot the signs of domestic abuse. Each venue has a safe place where victims can access information and use a phone.*

*The Council has made a commitment to explore options for alternative delivery models for the Playhouse Theatre venue 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. The Playhouse is currently out to tender and Pets’ Corner is currently exploring options for increased revenue.”*

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 Health and Wellbeing Strategy and associated action plans.**

Our priorities are to:

- Address health inequalities.
- To protect the most vulnerable in terms of health, social and emotional inequalities.
- Minimise social exclusion, deprivation and isolation.
- Champion positive mental health for all.
- Reduce the prevalence of lifestyle choices that have a negative impact on health and wellbeing such as smoking.
- Address Winter pressures.
- Assist older people to stay independent at home.
- Increase the number of residents leading physically active lifestyles to reduce the prevalence of illness and diseases associated with physical inactivity.
- Develop community mobilisation in the delivery of Health and Wellbeing.

These priorities will be addressed by working in partnership with key stakeholders to deliver outcomes against the three strategic themes within the Health and Wellbeing Strategy. The three strategic themes and outcomes are:

- **Early help and start well**  
To ensure that every child from pre-birth to 18 years old in Harlow has the best start in life.

- **Be well, work well and stay well:**  
Encourage residents aged 19 to 65 years old to be physically active and make healthy lifestyle choices that help them to avoid preventable illnesses and diseases associated with negative behaviours and physical inactivity.
- **Age well:**  
Older people aged 65 and over maintaining independence, continue to be physically active, feel safe and valued, have healthy relationships and are treated with dignity.

### **Active Harlow** - The Community Sport and Physical Activity Network

This past 12 months has seen Active Harlow undertake work in partnership with the Chief Culture and Leisure Officers Association, Sport England and Active Essex to improve strategic alignment with the Council and its strategic partners. This developed five shared outcomes that are covered in an Action Plan:

- Improved quality of life
- Improved health and wellbeing
- Reduced health inequalities
- Improved community engagement
- Improved personal choice and control.

Active Harlow will continue to support the work of the Health and Wellbeing Board and will drive local delivery, promote physical activity and active living. In excess of 3,000 attendances have been recorded at Active Harlow projects in the past 12 months.

### **2. 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 (PCC).
- 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.

### **3. Develop a partnership approach to the provision of discretionary services.**

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

### **4. Implement the Action Plan from the Customer Services Review.**

- To improve the way that customers can interact with Harlow Council by further developing the self-serve element of the Council's website. By making the website

fully transactional and available to use on mobile, desktop and tablet devices, this will encourage channel shift from the more traditional methods of face-to-face and telephone enquiries.

- In conjunction to this and in the run up to full cash office closure by September 2018, implement a range of alternative methods of payment that satisfies customer's needs and demands whilst reducing the Council's operating costs.
- This will ensure that the Council can continue to focus its resources on dealing with the most vulnerable customers and those that require extra assistance

### **What we have achieved so far:**

**The Council has recruited a Public Health Improvement Practitioner** in partnership with Epping Forest District Council and Uttlesford District Council funded by Essex County Council.

**The Health and Wellbeing Board for Harlow** has been established with a new strategic approach and framework for delivery, agreed by partners.

**A successful 'Age Well' Group** has formed and agreed an action plan for driving an agenda forward to address inequalities and deliver outcomes against priorities for older people in Harlow. Public Health funding has been allocated to delivering the projects and initiatives that relate to the priorities.

A number of successful projects have included Safe and Social Days, 'Stay Well This Winter' campaign, improving physical health through seated exercises, falls prevention and support for carers.

**Active Harlow** successfully recruited an apprentice to deliver targeted interventions aiming to address physical inactivity. Parkrun regularly attracts over 150 participants, Harlow Sports Awards returned bigger and better to recognise and celebrate the contribution local residents make to sport and physical activity and three 'This Girl Can' Ambassadors have been recruited for Harlow. The ambassadors are advocates for promoting physical activity opportunities to female residents of all ages.

### **Leah Manning Centre**

The Leah Manning Centre continues to provide specialist day care for older people under contract with Essex Social Care and partners. Daytime activities and a wide range of other activities are delivered to support individuals to maximise independence and to gain and maintain skills for everyday living, enabling them to continue to be part of their local community and meet new people in an effort to reduce social isolation and loneliness. A person centered approach is given to support clients and this is delivered through individual support plans.

### **Pets' Corner and The Walled Garden**

The Heritage Lottery Fund has provided a new learning centre at Pets' Corner that is delivering opportunities for work with schools, college providers and land based studies. The Walled Garden has been reinstated to be used as a multi-activity hub where 12 activities/ events are planned to be delivered.

### **The Playhouse Theatre**

The Playhouse will continue to present a programme of high quality theatre, music, comedy, dance and circus arts. The premises provide accommodation for artists, groups and companies to maximise the available resources.

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

The Council has introduced a corporate Anti-social Behaviour Policy introducing the new anti-social behaviour legislation that provides Councils with powers to use the new legislation where necessary.

The work of the **Harlow Independent Advisory Group** is currently contributing to identifying health and social inequalities within Harlow communities. This includes updating the Community Cohesion plan, mapping and understanding the current demographic as well as building upon community partnerships and engaging with new partners to better represent and communicate inequalities and local deprivation. The Independent Advisory Group is currently being newly established to better represent and improve its membership in order for Harlow's diverse community to be fully represented.

**A Public Art Strategy for Harlow** is being developed to provide a vision for future commissioning of public art within the town. The main objective of the strategy is to act as guidance to assist developers by providing an overview of the cultural organisation and provision in Harlow.

### **Supporting Mental Health**

As part of the Council's commitment to mental health, Councillors have appointed a Mental Health Champion to drive this agenda forward. The Council is currently exploring ways to promote positive mental wellbeing for all members of the community.

### **Supporting Mental Health Awareness Week May 2016**

As the theme for this year's Mental Health Awareness Week was relationships, Active Harlow and Harlow Council encouraged residents to form positive relationships through physical activity.

- Active Harlow promoted physical activity opportunities that promote good mental wellbeing such as Active Harlow Social Strollers which is a fortnightly led walk accredited by Walking for Health along with other opportunities such as Parkrun and Walking Football.

### **Battle of the Somme 100 year commemoration service**

Councillors, residents and faith leaders all spoke on the centenary of the beginning of the First World War battle. After two loud bangs sounded which signified the first mines exploding at 7.20am 100 years ago, Col Stephen Foakes TD, DL Regimental President of the Essex Yeomanry, spoke about the Essex Regiment's preparations and actions in the battle. A two-minute silence began at 7.28am, which was the exact time the Battle of the Somme began on 1 July 1916. Part of the ceremony was streamed live on Facebook, so those who were unable to make it could still be a part of the event.

An exhibition on the Battle of the Somme and the 13 people from the Harlow area who died in the battle was shown in the Harvey Centre shopping centre and toured around the town for 141 days which is the length of time the battle lasted.

### **Scamnesty bins placed in Civic and Latton Bush Centres**

Harlow Council supported National Scam Awareness Month (July 2016) by placing sealed Scamnesty bins in the Civic Centre and Latton Bush Centre reception areas. The campaign, 'drop in and drop them in it', encouraged residents to fill them with any mail or printed off emails, which they thought might be a scam. The material was collated by Trading Standards and used to co-ordinate further work regionally, nationally and internationally.

### **Living Wage**

The Council continues to provide a Living Wage for all of its employees:

- In 2013 Harlow Council became the first Council in Essex to become an accredited Living Wage Employer and today the Council is one of nearly 3,000 employers to pay the rate.
- Becoming an accredited Living Wage employer with the Living Wage Foundation means the Council pays its staff at least the voluntary Living Wage rate.
- On 31 October 2016, the new UK Living Wage rate of £8.45 per hour (rising from £8.25) was announced by the Living Wage Foundation.
- Kier Harlow Ltd became a Living Wage Employer in 2014. The new Local Authority Trading Company – HTS (Property and Environment) Ltd, commencing February 2017 – will also pay the voluntary Living Wage Rate. The Council encourages all its suppliers to pay the Living Wage through its procurement processes.
- The Living Wage Foundation rate is set independently and updated annually and is based on the cost of living. It is higher than the Government's national living wage for under 25s of £7.20 per hour, which was introduced in April 2016.

### **Social inclusion and community cohesion**

Harlow Council is mapping its communities and working with its Regeneration Service to develop deprived areas. In addition it is looking at ways to bring people together in order to celebrate difference through the culture of food, art and music. This includes:

- 2016 Harlow Black History Multicultural Festival.
- Harlow Festival 2016.
- Gibberd Gallery exhibitions.
- Harlow Council's annual firework and bonfire night.

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

- **A week of Community Action** where partners worked together to combat anti-social behaviour in Harlow. Work undertaken included opening void Council garages to locate possible stored stolen goods and identify and appropriately signpost rough sleepers. Properties were also visited and discussion with residents took place in regards to 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. A firework purchasing exercise was carried out by Trading Standards and 100 percent of premises tested passed.

### **Hate Crime Awareness**

An event to encourage the public to report hate crime was held in the Harvey Centre shopping centre as part of National Hate Crime Awareness week October 2016. The week was backed by Essex Police which run a campaign called "Stop the Hate". Members of Harlow's Hate Crime Panel, were on hand to give out information on what is considered as a hate crime and where to report it.

Nine centres based in Harlow from within the public and voluntary sectors have received specialist training from Essex Police Hate Crime Officers to open as Hate Incident Reporting Centres. The centres, which include the Civic Centre, provide an alternative place to report hate crime and hate incidents, either as a victim or a witness, when people feel uncomfortable reporting directly to the police. The centres will work in partnership with the Police and other partner agencies to provide support and advice on hate crime. Hate Crime ambassadors, which include a number of front-line Council staff, will receive training from Essex Police to equip them with the knowledge and information to recognise a hate incident or hate crime, take an effective report and provide advice and support.

**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, new courses have been created for Harlow Council employees to undertake.

### **Network of support set up to help domestic abuse victims**

A new initiative providing contact points to help victims of domestic abuse has been launched in Harlow. Named after Janine Mundy, who was killed by her estranged husband while he was on police bail, the J9 national initiative sees local venues offering confidential help displaying pink J9 stickers in their windows.

Over 175 staff so far from more than 30 public and voluntary organisations in west Essex including the Council and The Princess Alexandra Hospital NHS Trust have been trained so they can put victims in touch with professional help.

The initiative is backed and facilitated by domestic abuse charity Safer Places. A sub-group of the Harlow Domestic Abuse Forum including staff from the Council, hospital and Safer Places has led on the roll out of the initiative.

The Civic Centre is a J9 contact point. Council staff have been trained to signpost advice and spot the signs of domestic abuse. Each J9 venue has a safe place where victims can access information and use a phone.

The Safer Harlow Partnership has been providing training to raise awareness and increase understanding of domestic abuse among staff working in the public and voluntary organisations.

### What we will do next (our objectives for 2017/18):

- Adopt the Harlow new strategic approach to Health and Wellbeing.
- Develop action plans for the three strategic themes.
- Monitor Health and Wellbeing outcomes and initiatives and report to Cabinet Committee.
- Adopt the 'Live Well' branding.
- Identify options for the Leah Manning Centre and prepare for the Essex tender exercise.
- Actively explore options for delivery models for retained discretionary services such as the Playhouse Theatre and Pets' Corner.
- Stimulate the regeneration of Harlow town centre.
- Promote the town's 70<sup>th</sup> anniversary bringing together arts and culture.
- Implement a prioritised action plan to combat anti-social behaviour and environmental crime.
- Implement the Action Plan from the Customer Service Review 2016.

## A clean and green environment

***“The masterplan of Sir Frederick Gibberd took a landscape-led approach to developing Harlow New Town where the compact urban structure was formed around the protection of natural features. Land was saved by concentrating housing development and this was added to the landscape which separated one neighbourhood area from another. This led to the creation of the Green Wedge network, fundamental to Harlow’s unique character.***

***Just under half of the entire land in Harlow is formed of open space – with around one fifth being designated as Green Wedge and one fifth designated as Green Belt. As the Council prepares for the publication of the Draft Local Plan in 2017 such assets will be protected against the threat of unwarranted intrusion and inappropriate development for the benefit of both current and future generations.***

***I know from talking to residents and from previous budget consultations 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.***

***Protection and maintenance of these spaces, of course, comes at a cost and efficiency savings have been reinvested in extra grass cutting and green space management and have made a positive impact. As the Council prepares for the transfer of grounds maintenance and street cleansing from Kier Harlow Ltd to HTS (Property and Environment) Ltd from 1 February 2017, I look forward to continuous improvements in the care of our streets and green spaces.”***

Councillor Danny Purton – 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.
- Set out 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 HTS (Property and Environment) Ltd.

## **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.
- 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:**

- To continue with a highway inspection regime that ensures that defects are identified sooner, to minimise trips and slips.
- To review the Highway Strategy to ensure that defects are appropriately risk assessed and prioritised to create budget efficiencies whilst providing a well maintained unadopted highway network.
- The system of inspection and recording will be further enhanced by the ongoing development and use of a hand held Geographical Information System that details the condition at the time of inspection, records any defect and where necessary instigates 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.

## 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 achieved ongoing improvements and performance has overall, remained within target this year. The percentage of land affected by fly posting and graffiti continue to compare well with similar areas.

**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 lowest amount of residual (black bag) waste collected per household.

**Communication strategy for optimised waste management to be implemented** - The Council as part of the Essex Waste Management Partnership is supporting a communication campaign targeting waste that can easily be taken out of the residual waste stream like food waste and textiles.

**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 the roll-out of its food waste from flats service and the number of subscribers to the discretionary garden waste service continues to increase.

Despite a national trend towards increased residual waste, and a reduced weight of recyclable materials 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. The Council will continue as a partner in the North Essex Parking Partnership.

### Helping to Regenerate the Town Park

During 2015 and into 2016 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 as well as restoring the Water Garden area and extending the rhododendron 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 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 led monthly guided walks and fortnightly health walks which have helped the public appreciate the various features and habitats within the park.

### **Prosecutions for littering**

Three people have been successfully prosecuted by the Council for littering in Harlow. Unacceptable and irresponsible behaviour similar to this is being challenged and the Council is upholding its duty as Community Leader to maintain a clean environment for those who live and visit Harlow.

Littering and dropping cigarette butts is damaging to the environment and makes the town look messy. It also contributes to the annual cost of nearly £2m the Council spends in cleaning up litter and rubbish found on the town's streets and housing estates.

### **Harlow now has two green flags to be proud of**

Harlow Town Park and Parndon Wood Nature Reserve both received Green Flag Awards (the mark of a quality park or green space) in July 2016.

Parndon Wood Nature Reserve won its eighth Green Flag in a row. While the Town Park has been awarded its' first ever Green Flag following its major regeneration and restoration project. Completion of the project was celebrated with an event held at the new Learning Centre next to Pets' Corner. Attendees included representatives from the Heritage Lottery Fund and Big Lottery and Chair of Harlow Council Councillor Edna Stevens.

### **Call to end unauthorised estate agent boards**

The Council has been running a campaign in conjunction with estate agents to bring to an end the competitive nature of putting up extreme numbers of unauthorised advertising boards along the public highway.

Harlow Council wants estate agents to agree to a code of practice which covers where boards can go, how long they can stay up for and who is responsible for taking boards down.

### **Work to help reduce dog harming ticks**

Harlow Council has been undertaking work to prevent Babesiosis, a disease that can have serious implications for dogs. This has involved fencing off the affected area, removing bushes and undergrowth, burning these on site and reducing the length of the grass. The measures and their timing are designed to disrupt the life cycle of ticks by discouraging small animals from the area that act as hosts for these ticks as they develop. Following this work the fence will remain in place to stop dogs accessing the area with further tick monitoring activity planned to review what affect this work has had.

### **What we will do next (our objectives for 2017/18):**

- 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.
- Implement a revised highway inspection regime, to ensure that problems are identified sooner, to minimise trips and slips.
- The Council will continue to further its commitment to minimising domestic municipal waste and increasing recycling through the ongoing programme of increasing 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 annually in November the Harlow Educational Progress Awards are held. 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 2017-2020.***

***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 town’s decision makers and have their opinions heard.***

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:**

- To continue to 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 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

- Support 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

- In terms of new or expanding business or other employment generation uses, 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 Harlow 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's 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 84 young people was recognised at the third annual Harlow Educational Progress Awards in November 2016. All 84 young people were nominated by their schools and for the first time this year, Harlow College, for the progress and contributions they have made at different learning stages often overcoming significant challenges to do so.

**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. Since the inception of the project there has been a significant rise in the percentage of early years children who have reached a Good Level of Development (GLD). (38.1% 2013 rising to 70.6% 2016).

### **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 Essex County Council Youth Workers to work with project groups and ensure that priority work streams can be moved forward effectively.

**Three schools take over Council Chamber for debate** - In June 2016 the Council Chamber hosted its first ever Harlow Primary Schools Council meeting. Pupils from Harlowbury, Fawbert and Barnard and Tanys Dell schools took part in the meeting, which aimed to enhance their understanding of democracy. Each school came up with an idea for a new leisure activity in the town and considered the benefits and the impact it could have on the local area. The schools presented their ideas in the Council Chamber before debating each one and voting for the best idea.

### **Youth Council hosts speed-networking session**

In July 2016 the Harlow Youth Council held a speed-networking session with adult Councillors. The event began by organising the adult Councillors on their own around the room and inviting Youth Councillors to join them for a short introduction to get to know a little bit about each other. The session continued with both the adults and Youth Councillors coming together in one large group and exchanging questions and ideas around how the Council and Councillors serve the residents of Harlow.

Youth Councillors raised issues around the impact of the referendum result to leave the European Union. Issues also raised included employment, housing and the development of Harlow in the future, transport, mental health, community cohesion and future funding for projects.

## **Crucial Crew**

Crucial Crew, the annual event organised by Harlow Council and designed to put local schoolchildren's safety skills to the test, took place in March 2016.

Crucial Crew is led and coordinated by Harlow Council. Organisations which helped to deliver the safety lessons included:

The Essex County Council Road Safety Team (Road Safety), The East of England Ambulance Service (Basic First Aid and Recovery Position), Kier Harlow Ltd (Safety on Construction Sites), Lea Valley Parks (Safety Around Water), Sainsbury's (Safety around Large Goods Vehicles), Essex County Fire and Rescue Service (Fire Safety), Harlow Domestic Abuse Forum (Healthy Relationships) and Essex Police (Online Safety).

## **Supporting Apprenticeships for young people**

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

## **What we will do next (our objectives for 2017/18):**

- Continue to develop the Youth Council.
- Continue to work with partners to improve the educational attainment of Harlow's young people.
- The Harlow Educational Attainment Awards will continue.
- Continue to support Officers to attend a range of multi-agency partnership meetings that promote the health, safety and wellbeing of all Harlow children.
- 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

- Continue to 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, Harlow Council 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. Continue to 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 will be further updated to reflect recent legislative changes.
- 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 as a community leader

#### Lobbying

**Neighbourhood Planning Act** – The Council has lobbied Government to highlight its opposition to the tabled amendment to the Neighbourhood Planning Act. This Act gives powers to the Secretary of State to invite a County Council to produce a Local Plan for a community of a District Council area if the Council, as planning authority, is not making timely progress with its production. Harlow Council also opposes the imposition of any costs of doing so on District Councils.

**M11 Junction 7a** – The Council continues to lobby 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.

**Unauthorised Encampments** – The Council will continue to lobby the Secretary of State for Communities and Local Government, 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 the Government urging them to enforce traveller provision in other parts of the Country and within Essex.

**Princess Alexandra Hospital** – The Council, working in partnership with the Hospital Trust and the District Councils of Broxbourne, East Hertfordshire, Epping Forest and Uttlesford, is playing a leading role in lobbying the Government and the Clinical Commissioning Group in order to:

- Address the short, medium and longer term revenue and capital funding requirements of the hospital.
- Develop a longer term plan to secure financially sustainable, appropriate and sufficient access to health services for the communities served by the hospital.
- Clarify the longer term future role of the hospital and its role within the health economy of Essex and Hertfordshire.
- Support the hospital in reducing demand for its services through improving access to primary health care services and preventing ill-health.
- Achieve more economic, efficient and effective integration of health and social care.

The Council is committed to support the improvement of the hospital after the Trust was rated as “inadequate” in 2016 by the Care Quality Commission (CQC).

As part of the Local Development Plan process the Council, working with its partners, will seek to identify an alternative site for the development of a new hospital to serve the Harlow community.

**Infrastructure** – The Council will continue to make representations for investment in infrastructure to meet the current and future needs of the Harlow community.

The Council will promote and work in partnership to seek to achieve:

- Four tracking of the West Anglia Main Line.
- Extension of Crossrail 2 to Harlow.
- M11 motorway Junction 7A.
- Town Centre regeneration.
- Relocation of the Princess Alexandra Hospital to meet the needs of a growing population and increasing demand and to free up land for development.
- Re-focusing of the New Homes Bonus to encourage areas where the housing market is not functioning as successfully as others.
- The retention of 100% of Business Rates in areas committed to a joint investment plan in enabling infrastructure to improve the economic performance of their areas.

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

**VCS grants** – The Council gave a total of £131,000 in partnership grants to voluntary and community organisations in the district for the period 2016/17.

**Electoral Register** – Continue to encourage a high proportion of eligible electors to be included on the Electoral Register.

**Improve communication with the public** – The Council's website places an emphasis on extending the range of services that customers can use to self-serve. This adds convenient ways for residents to interact with the Council and find essential information, complementing the existing face-to-face and telephone services available. From April 2015 to March 2016 there were 521,120 visits to the Council's website compared with the previous year of 415,512 visits, an increase of 25 per cent.

The full range of services available to residents online is continually expanding. Customers can pay Council bills, book a wide range of services and report fraud or environmental issues such as fly-tipping as well as applying for services such as benefits, allotments and housing.

Between 1 April 2015 and 31 March 2016 just under £5.3 million was taken via the internet in payments and £11 million on the automated phone system. In the same period the previous year, £4.3 million was taken via the internet and £9.9 million was taken respectively. These methods of payment are becoming increasingly popular.

**Transparency agenda** - The Council has been working to ensure that details are published in line with the 2015 Code of Transparency. The Council is regularly publishing the required information on its website on the Open Data webpage.

**The Council's procurement rules** - Through the review of the Public Contracts Regulations 2015 the Council's Procurement Strategy and aspirations have been updated regarding the promotion of ethical behavior, Fair Trade, the Living Wage, Black Listing and more recently the Modern Slavery Act.

## **What we will do next (our objectives for 2017/18):**

- Continue to lobby Essex County Council and the Government for key infrastructure improvements for Harlow including M11 junction 7a.
- Actively explore how the Council can improve openness and transparency, and improve resident engagement.
- Continue to lobby the Government to relocate the Princess Alexandra Hospital in order to meet the needs of a growing population and increasing demand.
- Continue to lobby the Government in regards to Harlow Council keeping control of its Local Plan.

## 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.
- 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 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 to its overall asset holdings.
- Implement the Customer Service Strategy to improve customer contact channels and develop customer interaction to achieve a range of benefits that will ensure the future needs of both customers and the Council are met.

## 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. The Strategy will be reviewed during 2017 to reflect work completed and to revisit objectives for future years.

As well as new working practices that have been introduced, the Council is continuing to look at new and alternative technologies in the workplace. Options for interaction with customers through mediums such as tablets and smart phones are being explored and implemented 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.

### **Data matching with other local Councils to cut Council Tax Fraud**

The Council has entered into a data sharing agreement with all local Councils in the county, including Essex County Council, as well as the Essex County Fire and Rescue Service and Essex Police as part of its commitment to identifying fraud and error in its Council Tax base.

### **Budget protects services despite national funding cuts**

To help protect services in 2016/2017 and save £1.1 million Harlow Council's share of Council Tax increased by 9p a week for the average Band C Council Tax bill. Around £1.4 million of savings will be made and extra income raised.

Although the Council is responsible for collecting the overall Council Tax bill, only £17 of every £100 collected is kept by Harlow Council.

## **Budget Headlines 2016/2017**

- Spending protected on parks, playgrounds, grass cutting, street cleaning, tackling anti-social behaviour and regeneration.
- Spending also protected on pavement and road repairs (those maintained by Harlow Council) and waste and recycling collections which every home uses.
- No cuts to the Playhouse Theatre, paddling pools, Pets' Corner, bonfire and fireworks night, the Community Safety Team and Harlow Youth Council.
- No cuts or impact on the Skate Park or the Council-run Leah Manning Centre.
- Council-owned car park charges frozen for the third year running and no change to one-hour free parking.
- No compulsory redundancies.
- No increases in Councillor allowances.

There are no plans for services to be closed or major cuts that will impact on residents and businesses as part of the Council's budget for 2017/18. This is despite tackling unprecedented cuts in the Council's grant funding from the Government in recent years.

## **What we will do next (our objectives for 2017/18):**

- 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.
- The 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 its constitution and embedded across the culture of the organisation.
- The Council is reviewing and updating its Corporate Equalities 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, the Council may use an Equality Impact Assessment (EIA) to assess the proposed changes. An EIA 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?

### Consultations

The Council ran a community consultation from August 2016 to October 2016 on how the Local Council Tax (LCTS) scheme is funded. Decisions about how to fund the LCTS scheme include varying the maximum level of help given under the scheme, as well as considering alternative funding options such as reducing spending on other services, or increasing the Council Tax overall. The scheme provides help to around 8,400 households.

Other service consultations ranging from car parking to leaseholder satisfaction and website use have taken place or are taking place throughout 2016/2017 and are normally available on the Council's website at the time the consultation is run.

### The 2018 Boundary Review

The Commission published the initial proposals for new Parliamentary constituency boundaries in the Eastern region on 13 September 2016. The Eastern region has been allocated 57 constituencies, a reduction of one from the current number.

## What we will do next (our objectives for 2017/18):

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

**REPORT TO:** CABINET

**DATE:** 26 JANUARY 2017

**TITLE:** MEDIUM TERM FINANCIAL STRATEGY  
2017/18 – 2020/21

**PORTFOLIO HOLDERS:** COUNCILLOR MIKE DANVERS, PORTFOLIO  
HOLDER FOR RESOURCES

**LEAD OFFICERS:** SIMON FREEMAN, HEAD OF FINANCE  
(01279) 446228

**This is a Key Decision**

**It is on the Forward Plan as Decision number I005994**

**This decision is not subject to Call-in procedures for the following reasons:**

The decision stands as 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 2017/18 to 2020/21 is adopted.
- B** That the proposals in relation to reserves as set out in this report at paragraphs 24 to 25 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 four year Medium Term Financial Plan and agree the financial strategy for the period 2017/18 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 four years. The revision of the MTFS has incorporated the agreed funding under the Government's four year deal through to 2019/20. The Chancellor's Autumn Statement and the draft Local Government Finance Settlement haven't provided much in the way of detail relating to other changes that may still affect councils looking forward into the future years of the planning

period.

2. There are a number of areas 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 and the ongoing restrictions that this approach places upon the overall public sector finance settlements through to 2019/20.
  - (b) Welfare reform and the Universal Credit proposals which are currently being rolled out nationally. It is still difficult to predict the costs of running the scheme and the impacts on local residents.
  - (c) The rent reductions policy as set out in the HRA Business Plan report.
  - (d) Uncertainty regarding the Right to Buy extension to housing associations which are financed by Councils' RTB receipts.
  - (e) The future plans to phase out one element of the Councils' core funding, the Revenue Support Grant (RSG).
  - (f) The future 100% retention of Business Rates, subject to conditions being applied and the transfer of additional responsibilities.

One of the main factors which creates difficulty in the financial planning supporting the MTFS is the volume of change and funding reductions which have or will impact Councils at the same time.

3. There are new and ongoing issues which create uncertainties and influence the national and local economic situation. These include the global economic situation, key elections in other European countries in the near future, and the outcome of the EU Referendum in June 2016. Proposed changes to the formula grant system and the impacts on national funding control totals set by the Government will be areas of proposed change that will be watched closely after the approval of the current MTFS. 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.

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 2016)**

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 15 December 2016.
6. Proposed key amendments to the Strategy are set out below:
  - a) As a result of the significant uncertainties surrounding the funding changes proposed for local government, the planning period covered by the MTFS will not be rolled forward by one year as part of the 2017/18 budget setting process but will cover a four year period instead being 2017/18 to 2020/21.
  - b) Changes are made to the reserves as set out in paragraphs 24 – 35 below.
7. The resulting General Fund Medium Term Financial Plan (MTFP) (included as Appendix E to the report) shows that there remains a funding shortfall over the three years from 2018/19 to 2020/21. If the Council is to set a sustainable and balanced budget allowing for at least a 1.99% annual increase in Council Tax levels, the following savings will need to be identified and delivered :-

Year	Budget Gap £'000
2018-19	£172
2019-20	£379
2020-21	£110

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 last 10 financial years -

	2007/08 to 2012/13	2013/14	2014/15	2015/16	2016/17
	£'000	£'000	£'000	£'000	£'000
Annual Savings	-	1,502	1,534	1,264	1,527
Cumulative Savings	13,350	14,852	16,386	17,650	19,177

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 the Revenue Support Grant (RSG) element of the Council's Settlement Funding Assessment (SFA), the protection of services cannot be guaranteed in future years.

### Council Tax Levels

10. The MTFS forms a key planning tool for budget setting purposes. Economic indicators as at November 2016 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 16	Sep 16	2017
CPI	0.3	1.0	2.7
RPI	1.3	2.0	3.5

Source – HM Treasury

- i. The Council Tax Band D amount proposed in the 2017/18 Budget represents an increase in the district element of 1.99% when compared with 2016/17.
- 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 2017/18 will be 2.0% or £5.00 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 MTF5**

### **The Comprehensive Spending Review**

11. 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%

12. The draft settlement released on 15 December 2016 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 councils 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. The release of the draft settlement has also confirmed that the funding available under the Government's four year deal, agreed by Cabinet at its meeting on 13 October 2016, has been met and subject to there being no changes in the final settlement in early 2017 this will not create any further financial pressure for the Council.
13. The proposals contained within the MTF5 and the General Fund Revenue Budget 2017/18 paper elsewhere on the Cabinet agenda will be sufficient, if agreed, to meet the budget gap in 2017/18 which has been created mainly as a result of the funding reduction in SFA announced in the draft Local Government Finance Settlement.

### **Business Rate Retention**

14. 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 23 November 2016, 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.

15. The new funding mechanism system currently retains the 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 council 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. Given the Chancellor's announcements these assumptions have been shown to be correct.
16. 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.
17. It is hoped that over the period from 2016/17 to 2019/20 the Government's consultation on the changes it proposes to the BRR system, which is linked to the phasing out of RSG and the eventual design of the new proposals for local government funding, will simplify and make the whole distribution mechanism for local government funding more transparent. It is anticipated that the redesign of the BRR and SFA arrangements will not impact until 2020/21, although speculation exists that suggest the changes may be accelerated by one year in to 2019/20.

### **Business Rates Pooling**

17. A business rates pool has operated within Essex during 2016, 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 2016/17 budget papers presented to Cabinet in January 2016. Ongoing uncertainty and volatility in the business rates income, especially in light of the new rating list effective from April 2017 and the increased likelihood of increased rating appeals has resulted in Harlow opting not to join the Essex Pool again for 2017/18 financial year.

### **Welfare Reform**

18. 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 continues to work 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 is minimised as far as possible.

19. 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 2017/18. The Fund has been fully utilised in each of the years since it was established and is likely to be so again in 2016/17. To provide as much stability as possible to those households impacted by the introduction of the LCTSS, the Council's scheme will remain largely unchanged again in 2017/18, as agreed by Full Council at its meeting on 15 December 2016.

### **The Economic Conditions**

20. Although the economy has shown 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.
21. The Council's budgets, particularly its income budgets, have been an area of on-going concern during the recession. However, there are now signs that there are improvements in the income targets set within the existing budget. Good financial management across the Council's 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 Council's 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. These are shown in the General Fund Budget report elsewhere on the Cabinet agenda.

### **Reserves**

22. A key aspect to the management of risk and service transformation or transition is to establish appropriate and effective reserves to help the Council 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.
23. 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.

24. 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.
25. As part of the revision of the MTFP and in light of changes introduced through the Localism Act 2011 this report reaffirms the commitment to :
  - i. The on-going receipt of New Homes Bonus payments from the Government. The existing planned allocations are applied to the Discretionary Services Fund (DSF) in 2017/18 through to 2019/20.
  - 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.
  - iii. The General Fund Reserve minimum balance being maintained at £2.5 million 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 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. Any further windfall income received during 2017/18 being 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.
26. 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 into its fifth 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 in order 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. This is 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.
  - vi. The increased risks associated with the Council's treasury management activities and the changes to "bail in" arrangements introduced by the Government that would expose the Council to higher risks that previously experienced.
27. 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**

28. 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 £7.4million by the end of 2016/17 and whilst asset sales are forecast to continue during 2017/18 they will not be sufficient 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.

29. 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 Government's 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 Government's proposals, over the MTFS planning period and beyond. A report has already been presented to the Cabinet meeting in October 2015, in order to agree revised guiding principles for the HRA Business Plan in light of the changes announced in July 2015.

## **Conclusions**

30. 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.
31. 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 – General Fund Budget Parameters 2017/18 – 2021/22

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 MTF(S)

**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 2017/18 – 2021/22

February 2016 Assumption		Proposed Change
<b>Costs</b>		
Pay inflation	1.0% per annum onwards in line with government Announcements.	No Change.
National Insurance	Rates to be increased effective from April 2016 by 3.4%	No Change
General inflation	Only applied where contractually/statutorily required	No change
Staff vacancy savings target	2% p.a.	No change.
Pension Fund triennial revaluation March 2017	Reflects actuarial recommendations	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	Increase to 1.99% in line with Government Spending Power assumptions.
Investment interest rates	2016/17 0.49%	Will be reviewed during budget process but likely to reduce given further reduction on BoE base rate.
<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.	RSG will end – Government Funding Assumed to be aligned with 4 year funding offer

General Fund Budget Parameters 2017/18 – 2021/22

	Likely to see zero RSG by end of the MTFS period with reliance purely on retained business rates for core funding.	made as part of the 2016/17 settlement.
<b>Borrowing</b>		
Prudential borrowing	HRA Business Plan principles reviewed to include non-repayment of debt. MRP to cover £2m borrowing per annum from 2013/14 incorporated in MTFP for Non Housing Capital Programme.	No change.
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***

**2017/18 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 2016/17 to 2020/21 in February 2016.
- 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 2017:
  - 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.
  - 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 £10.4 million.
  - b) Total gross expenditure on the Housing Revenue Account will be £52.2 million, which will be funded from rents, service charges and interest.
  - c) The Council's total planned capital expenditure will be £23.9 million, split between £18.5 million allocated for housing and £5.4 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 2017/18 and beyond incorporates a reduction in Formula Funding of 15.21% in 2017/18, in line with the announcements contained within the draft Local Government Finance Settlement made on 15 December 2016, and further reductions of 9.4% in 2018/19 and 11.52% in 2019/20. Given the funding review taking place regarding Business Rates Retention there are currently no indications of funding levels relating to 2020/21.
- 3.4. Through the changes introduced as a result of the move to Settlement Funding Assessment (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 but will in fact be penalised through an adverse adjustment in its Tariff payments to match assumed negative RSG payments.
- 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 draft Local Government Finance Settlement the Government has clarified the outcomes of the consultation undertaken in 2016. The anticipated reduction in NHB funding is being delivered through a top slice from the NHB pot determined as reflecting natural housing growth combined with a phased reduction in the number of years the payments are made for from six years to five in 2017/18 followed by a further reduction to four years in 2018/19. The annual payment proposed in the draft settlement will be £889,496 and despite the reduction the planned contribution to the Discretionary Services Reserve can be maintained at £721,000 with a reduced contribution being made to the Regeneration and Enterprise reserve of £168,500.

**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 including rent reductions of 1% per year until 2019/20 to comply with Government legislation and an increase in the minimum working balance to allow for 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 (and from 1 February 2017 HTS (Property & Environment 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 2017/18 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 (£49.2m as at 31 December 2016 including £3.6m 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	4.3
Earmarked Reserves	17.0
HRA Working Balance	10.2
Growth Area Funding Grant	3.6
Working Capital	14.1
<b>Total</b>	<b>49.2</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 Statement.

## **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 ten year 2007/08 to 2016/17 it has achieved General Fund savings of over £19 million to ensure that this objective is achieved and has sensibly and prudently reviewed and replenished reserves as appropriate whenever possible. In addition the 2017/18 budget proposals contain total savings proposals and other base budget adjustments of a further £1.4m. 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.
  - 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 CPI or the Government prescribed limit. The revised MTFP at Appendix E shows the net reduction in General Fund expenditure over each of the next five years required to maintain a balanced budget. For illustrative purposes Appendix E is based on an assumed 1.99% per cent increase in Council Tax for 2017/18 and 1.99% in each subsequent year of the MTFS period.
- 7.6. Work will be required during the early part of 2017 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 2017/18 to 2021/22 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 2017/18 to 2020/21 is attached at Appendix E. The net reductions in General Fund expenditure required over the planning period, inclusive of a 1.99% increase in Council Tax, are:
  - £172,000 for 2018/19
  - £379,000 for 2019/20
  - £110,000 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 £4.1 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.

## **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. Following a Cabinet decision in 2015 the work currently undertaken by the JVCo will transfer to the wholly Council owned company Harlow Trading Services (Property and Environment) Ltd with effect from 1 February 2017. This is a significant operational and strategic change for the Council and whilst the financial planning that has been undertaken to ensure the effective transition of the business has been extremely detailed there may be unforeseen risks in the early stages of the trading activity.
- 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 2017/18 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

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
<b>CAPITAL FUNDING</b>					
<b><u>HOUSING CAPITAL PROGRAMME</u></b>					
<b><u>Resources</u></b>					
Capital receipts: RTB	1,466	637	646	656	666
Major Repairs Reserve	10,928	10,935	11,052	11,237	11,425
Revenue Contributions	6,136	4,173	4,553	4,263	4,427
<b>Total</b>	<b>18,530</b>	<b>15,745</b>	<b>16,251</b>	<b>16,156</b>	<b>16,518</b>

### **Expenditure / Bids**

Housing	18,530	15,745	16,251	16,156	16,518
<b>Total</b>	<b>18,530</b>	<b>15,745</b>	<b>16,251</b>	<b>16,156</b>	<b>16,518</b>

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
<b><u>NON HOUSING CAPITAL PROGRAMME</u></b>					
<b><u>Resources</u></b>					
Capital receipts: RTB	207	214	220	227	233
Prudential Borrowing	1,602	2,847	1,216	874	838
Asset Disposal Programme	624	450	200	0	0
Revenue Contributions	366	260	265	270	299
Other Resources	2,626	660	505	505	505
<b>Total</b>	<b>5,425</b>	<b>4,431</b>	<b>2,406</b>	<b>1,876</b>	<b>1,875</b>

### **Expenditure / Bids**

Non Housing	5,425	4,431	2,406	1,876	1,875
<b>Total</b>	<b>5,425</b>	<b>4,431</b>	<b>2,406</b>	<b>1,876</b>	<b>1,875</b>

## APPENDIX D

### HOUSING REVENUE ACCOUNT MEDIUM TERM FINANCIAL STRATEGY 2017/18 - 2021/22

#### Operating Account

	2017/18 Estimates £'000	2018/19 Estimates £'000	2019/20 Estimates £'000	2020/21 Estimates £'000	2021/22 Estimates £'000
<u>Expenditure</u>					
General Management	11,379	10,720	10,721	10,863	11,007
Special Management	6,709	6,803	7,035	7,317	7,609
Repairs	9,937	10,330	10,737	10,952	11,171
Rents, Rates, Taxes & Other Charges	46	30	30	31	31
Supporting People Transitional Relief	5	5	3	2	0
Provision for Bad & Doubtful Debts	300	300	300	300	300
Major Repairs Reserve Contribution	10,928	10,989	11,106	11,292	11,481
Revenue Contribution to Capital Programme	6,136	4,116	4,495	4,204	4,368
Debt Management Expenses	16	16	16	16	16
Capital Charges: Principal	0	0	0	0	0
Capital Charges: Interest	6,765	6,757	6,750	6,703	6,650
	<u>52,221</u>	<u>50,067</u>	<u>51,194</u>	<u>51,680</u>	<u>52,633</u>
<u>Income</u>					
Dwelling Rents	44,211	43,350	43,481	43,775	44,936
Garage Rents	1,103	1,159	1,240	1,277	1,341
Other Rents	22	22	22	22	22
Service Charges: Tenants	947	966	985	1,005	1,025
Service Charges: Leaseholders	1,747	1,782	1,818	1,854	1,891
Other Charges for Services	1,497	1,769	1,882	2,008	2,263
Transfers from General Fund	539	552	566	580	595
Interest on Revenue Balances	47	43	41	48	54
	<u>50,113</u>	<u>49,643</u>	<u>50,035</u>	<u>50,570</u>	<u>52,128</u>
Balance at 1 April	10,240	8,132	7,709	6,550	5,440
Surplus / (Deficit) for year	-2,108	-423	-1,159	-1,110	-505
Balance in hand at 31 March	<u>8,132</u>	<u>7,709</u>	<u>6,550</u>	<u>5,440</u>	<u>4,935</u>

#### Major Repairs Reserve

	2017/18 Estimates £'000	2018/19 Estimates £'000	2019/20 Estimates £'000	2020/21 Estimates £'000	2021/22 Estimates £'000
<u>Expenditure</u>					
Capital Programme Financing	10,928	10,989	11,106	11,292	11,481
Repayment of Debt	0	0	0	0	0
	<u>10,928</u>	<u>10,989</u>	<u>11,106</u>	<u>11,292</u>	<u>11,481</u>
<u>Income</u>					
Transfer from HRA	10,928	10,989	11,106	11,292	11,481
	<u>10,928</u>	<u>10,989</u>	<u>11,106</u>	<u>11,292</u>	<u>11,481</u>
Balance at 1 April	0	0	0	0	0
Surplus for year	0	0	0	0	0
Balance in hand at 31 March	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
<b>A RESERVES</b>					
brought forward	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 from 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>					
Budget from previous year	10,885	10,606	10,062	9,971	9,852
<b>B BUDGET CHANGE PROJECTIONS</b>					
<b>B1 STANDSTILL PRESSURES</b>					
Pay awards	140	142	135	135	140
Price increases	139	232	150	150	150
<b>Total Inflation</b>	<b>279</b>	<b>374</b>	<b>285</b>	<b>285</b>	<b>290</b>
Pension fund re-valuation	0	99	0	0	100
Increased employer contribution	157				
HO Cummunity Wellbeing/Community Safety	94				
Redundancy costs provision	50	0	0	0	0
Interest costs	11	(215)	50	0	0
HB/council tax admin subsidy	175	50	50	50	0
Capital funding (MRP Provision)	44	111	100	100	100
<b>Sub-total</b>	<b>810</b>	<b>419</b>	<b>485</b>	<b>435</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>					
HTS Dividend			(150)	(100)	
Contract Extension	(20)				
<b>Sub-total</b>	<b>(20)</b>	<b>0</b>	<b>(150)</b>	<b>(100)</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>					
Transfer of Community Safety Team		250			
Harlow's 70th Anniversary		20	(20)		
Business Rate Relief		50			
<b>Support to the Arts</b>		20			
Efficiencies and Service adjustments	(874)	(1,120)			
Additional income/recharges	(178)	(166)			
Sports Partnership			(104)		
Veolia 2 yr extension			(38)		
Garage rent increases			(75)	(75)	(75)
Garages - Reduced RCCO					
<b>Sub-total</b>	<b>(1,052)</b>	<b>(946)</b>	<b>(237)</b>	<b>(75)</b>	<b>(75)</b>
	<b>10,606</b>	<b>10,062</b>	<b>10,143</b>	<b>10,231</b>	<b>10,267</b>
<b>B6 ONE-OFF ITEMS</b>					
<b>BUDGET FOR YEAR</b>	10,606	10,062	10,143	10,231	10,267
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>10,166</b>	<b>10,247</b>	<b>10,335</b>	<b>10,371</b>
<b>C SAVINGS NEEDED</b>					
Savings needed to achieve 1.99% increase in Council Tax (Harlow Element)	<b>0</b>	<b>(0)</b>	<b>(172)</b>	<b>(379)</b>	<b>(110)</b>
<b>BUDGET REQUIREMENT AFTER SAVINGS</b>	<b>10,598</b>	<b>10,166</b>	<b>10,075</b>	<b>9,956</b>	<b>10,261</b>
<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	4,143	3,515	3,184	2,817	2,902
Less Homeless Grant included in base budget	(166)	(165)	(165)	(165)	(165)
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	6,816	7,056	7,304	7,524
<b>TOTAL EXTERNAL FINANCE AND COUNCIL TAX</b>	<b>10,598</b>	<b>10,166</b>	<b>10,075</b>	<b>9,956</b>	<b>10,261</b>
<b>Council Tax Band D</b>	<b>267</b>	<b>272</b>	<b>278</b>	<b>283</b>	<b>289</b>
<b><i>Increase in Council Tax</i></b>	<b>1.5%</b>	<b>1.99%</b>	<b>1.99%</b>	<b>1.99%</b>	<b>1.99%</b>

**REPORT TO:** CABINET

**DATE:** 26 JANUARY 2017

**TITLE:** GENERAL FUND REVENUE BUDGET  
2017/18

**PORTFOLIO HOLDER:** COUNCILLOR MIKE DANVERS,  
PORTFOLIO HOLDER FOR RESOURCES

**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 I005992**

**This decision is not subject to Call-in procedures for the following reasons:**

The decision stands as 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 2017/18, as set out in Appendix A, are approved.
- B** The proposed transfers between the General Fund and Earmarked Reserves, referred to in paragraphs 20 and 24 of this report and set out in Appendix C, are approved.
- C** The proposed Fees and Charges, as set out in Appendix E, are approved.
- D** The Pay Policy Statement, as set out in Appendix G, is approved.
- E** The Council's Band D Council Tax for 2017/18 is set at £272.28, which represents a 1.99% increase compared to the Band D Council Tax for 2016/17.

**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 2017/18 General Fund Budget is prepared alongside the Medium Term Financial Strategy covering the period 2017/18 to 2021/22, 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 and proposes the resulting Council Tax charge required to maintain a balanced budget for the year.

### **Government Grant**

2. Following its Spending Review in 2015, the Government published its Local Government Finance Settlement for 2016/17 and, in a step away from its usual annual arrangements, has provided indicative settlement figures at individual authority level for the three subsequent years 2017/18 to 2019/20. This was accompanied by an option for councils to formally accept the four-year deal in order to provide greater certainty in future years. At its meeting on 13 October 2016, the Cabinet resolved to accept the four-year local government funding settlement on the basis of it minimising the risk of further funding reductions in the remaining years of its MTFS.
3. The Council's main Government grant funding to support General Fund services has already reduced by over 50 percent over the period 2013/14 to 2016/17. The settlement applied to the Council for 2017/18 indicates that the Council faces further reduction of 15.9 percent in Government support. The MTFS (considered earlier in the agenda) considers the impact of these funding changes and Business Rates Retention.

### **Proposed Original General Fund Estimate 2017/18**

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 2017/18 to 2021/22. The General Fund Budget for 2017/18 sets out these details for every service, and 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 2016, Full Council approved the MTFS that assumes a 1.5 percent increase in the level of Council Tax in 2016/17 and for each year over the life of the five-year Strategy. The MTFS projection at that point in time identified a budget savings target for 2017/18 of £1,425,000. However the 2017 MTFS, set out earlier in this agenda, identifies a required increase in Council Tax from 2017/18, and subsequent years, of 1.99 percent. As a result of this, as well as the Council's adoption of the four-year Government funding settlement, offset by a reduction in the annual New Homes Bonus grant paid by Government, the funding gap to be achieved in 2017/18 was revised to £1,346,000.

6. Cabinet will recall the Chancellor's Autumn Statement placed before Parliament in 2015, which announced continued deep cuts in future years' public sector expenditure. Following the latest Statement, delivered in November 2016, the Government provided no respite from the austerity stream reducing councils' budgets although, in seeking to re-align its fiscal stance, there were no new shocks to local council finances. This highlights the importance given by Officers, working closely with the Administration, to develop a balanced budget proposal for 2017/18 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 has already become extremely difficult. The MTFS report identifies this as a key issue and growing risk for the Council in future years and also highlights that, whilst financing of the budget becomes even tighter and more volatile, 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 2017/18, together with the budget for the current year approved by Full Council in February 2016. 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 2017/18 Budget compared with assumptions in the February 2016 MTFS are shown in Table 1 (see overleaf).

**TABLE 1 - Changes in 2017/18 Budget Compared with Assumptions in MTFS**  
(as originally approved in February 2016)

	£000s	£000s
<b>Original MTFS Savings Target (Council February 2016)</b>		<b>1,425</b>
<b>Decrease/ (Increase) in Grants</b>		
Revenue Support Grant		<b>(4)</b>
<b>Council Tax Setting Changes</b>		
Adjust from Council Tax Base		<b>(179)</b>
<b>Identified Budget Pressures</b>		
Partial transfer of Community Safety Team	250	
Business Rates Relief	50	
Harlow 70th Anniversary	20	
Support to the Arts	20	<b>340</b>
<b>Other Changes</b>		
Reduced impact of Salary increases	(23)	
Additional Price Inflation	82	
Pension fund re-valuation	(1)	
Redundancy costs provision	(50)	
Interest costs	(265)	
HB/ Council Tax admin subsidy	(50)	
Capital funding (MRP Provision)	11	<b>(296)</b>
<b>Total Revised Savings Target</b>		<b>1,286</b>
<b>Financed By:-</b>		
Efficiency Savings (Appendix B1)	1,120	
Income/ Recharges (Appendix B2)	166	
<b>Total Financing</b>		<b>1,286</b>

### Provision for Pay Awards and Inflation

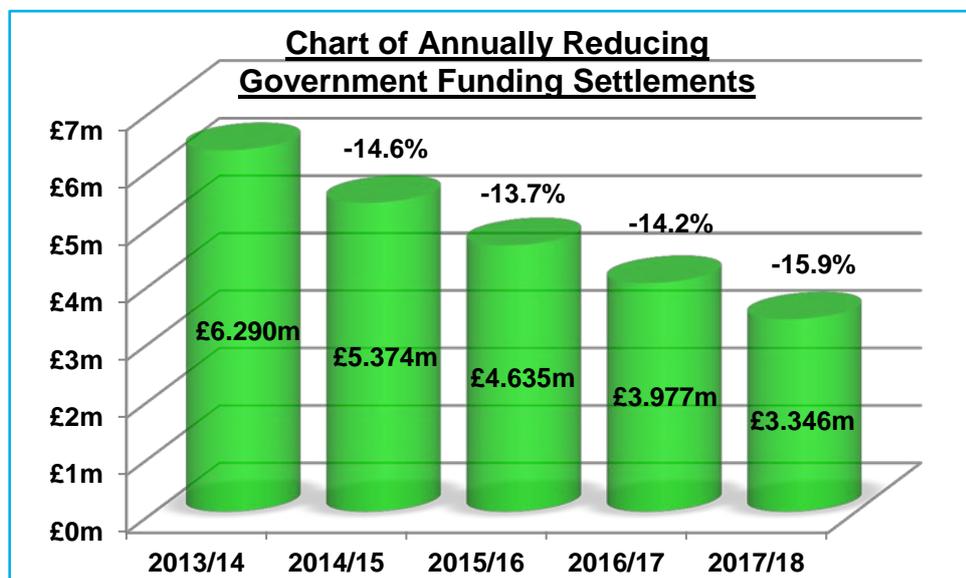
9. Following the Government's announcement that it will only fund public sector workforces for a pay award of one percent for four years from 2016-17 onwards, provision is built into the 2017/18 budget for additional expenditure as a result of the capped national pay settlement at one percent. Contractual inflation has also been incorporated into the figures contained within the 2017/18 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. 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 Independent Remuneration 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 2017/18.
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 the Council's 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 stated the Council has adopted the Government's four-year Formula Funding settlement. Whilst this has protected against further funding cuts, the Government's formula drives annual reductions in the grant it provides to the Council. The impact on the 2017/18 budget places a reduction in Government grant of nearly £631,000, equating to a cut of 15.9 percent 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 and the scope for year-on-year income variations has become volatile 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 £179,000 as a result of a declared 2016/17 Council Tax Collection Fund surplus. The tax base, for the purpose of computing the average Band D Council Tax in 2017/18, equates to 25,032.14 equivalent Band D properties. Meanwhile, the deficit of £218,238 attributable to Business Rates Collection and falling upon the General Fund is limited by the Government's safety net mechanism. In view of the extreme volatility of collectable Business Rates and in order to mitigate against future adverse variations in Business Rates collection, a transfer of £266,320 to the Business Rates Equalisation Reserve is proposed to be made within Paragraph 23 of this report (as included within Table 3).

### **Council Tax**

15. The MTFS presented to Full Council in February 2016 included an assumption that Council Tax increases for 2017/18 and future years would be at 1.5 percent. The proposed budget now includes an increase of 1.99 percent in Council Tax for 2017/18.

### **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 2017/18 budget setting process income has been reviewed and the income budgets for next year will be increased in line with Appendix B2 and the agreed increases to fees and charges set out in Appendix E to this report.

### **Pension Contributions**

17. Since 2014/15, the impact of auto enrolment changes have been built into the annual budget setting process and added into the Council's employee budgets. Furthermore, following the 2016 revaluation of the pension fund, the employer's pension fund contribution rate has increased from an average of 14.6 percent to 16.3 percent, a movement of 1.7 percent. The new higher contribution rate has been incorporated into the MTFS and Council's 2017/18 budget, generating a pressure of nearly £140,000 on the General Fund. Meanwhile, the Council has achieved savings since 2015/16 against previous MTFS assumptions by exercising the ability to pay annual pension contributions in advance. The latest valuation of the pension fund has, once again, provided an opportunity to extend the advantage of this saving amounting to £70,800 in 2017/18, which is incorporated into the 2017/18 budget and taken account of in future financial years in the MTFS.

### **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 quantifiable in 2013/14. Since that time, it has been included within the Revenue Support Grant, which has continued to reduce year on year. The Council has agreed to leave the Scheme unchanged for 2017/18, but equally 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 opportunity to identify alternative means of provision and/or sources of finance for these popular services and was created as a result of previous Council budget decisions. The fund continues to provide financing throughout the 2017/18 budget, and its continuation has been notably supported by the allocation of New Homes Bonus grant and dividend payments from Kier Harlow Ltd to top up the fund.

### **New Homes Bonus**

20. The New Homes Bonus (NHB) was first introduced in 2011/12 and was treated as a windfall item in the 2011/12 budget setting process. The grant has been subjected to a Government review in 2016. As a consequence of the review, the method of calculation, its distribution and the period for which it is payable have changed. The funding period for which the grant is paid has reduced from six years to five, with a further reduction to four years in 2018/19 expected. This reduction in the funding period has resulted in an immediate impact in 2017/18, as previous years' funding is phased out more quickly. In last year's Funding Settlement, the Government projected that the Council's NHB could be worth £1.66million in 2017/18. In this year's finance settlement, the Government has scaled this back to an indicative level of receipt for the Council of £889,000 in 2017/18. Of this sum, £721,000 is proposed to be contributed to the Discretionary Services Fund in 2017/18 (see paragraph 19).
21. In line with previous Cabinet approvals, the balance of NHB (indicated at approximately £168,000) will be contributed to the Regeneration and Enterprise Reserve, in the same way as last year, in order to support town centre 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 Fund Reserve is set out in Table 2. The table shows the planned one-off use of the Reserve in the original budget for the current year, together with in-year changes arising from consideration of the 2015/16 Final Accounts report in July 2016. The forecast has also been updated for latest budget monitoring forecasts as reported to Cabinet in December 2016.

**TABLE 2 General Reserves Projection**

	£millions
<b>Uncommitted General Fund Reserve as at 1 April 2016</b>	<b>3.888</b>
<b>Carry-forward and Reserve Movements per Council/ Cabinet approvals:-</b>	
- Budget carry-forwards from 2015/16 (approved Cabinet July 2016)	<b>(0.137)</b>
<b>Forecast Budget Variations in 2016/17</b>	<b>0.590</b>
<b>Projected Year-end Balance 31 March 2017</b>	<b>4.341</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 the known or anticipated future risks. The General Fund balance (i.e. the uncommitted reserves) as at 31 March 2017 is currently projected at £4,341,000, and therefore above the recommended minimum level. However, with ongoing funding reductions and significant service delivery changes taking place in areas such as the Council's new company, HTS (Property & Environment) Limited, it is prudent and advisable to be operating with uncommitted reserves at this level above the recommended minimum.

### **Earmarked Reserves**

24. The Council holds a number of earmarked reserves and, as set out in Paragraph 19 of 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. The reserve will also provide financial support to services such as the Playhouse, providing further time to consider options for their future delivery. Table 3 provides a summary of the proposed movements for each of 2016/17 (latest revision to the original budget) and 2017/18 in respect of the General Fund earmarked reserves, for which Council's approval is required within the recommendations to this report. Full details of the balances of all earmarked reserves, together with indicative/proposed movements are provided in Appendix C to this report.

**TABLE 3 – Summary of Proposed Movements on Earmarked Reserves**

Earmarked Reserves	Net Movement To/ (From) Reserves		Details
	2016/17 Revised £	2017/18 Original Budget £	
Perpetuity Reserves	2,485	(1,000)	Routine property maintenance funding obligations.
Debt Financing Reserve	105,210	237,840	Set aside for debt financing costs; 2016/17 includes £132k use of reserve to finance non-housing stock condiation survey.
Discretionary Services Fund	(806,527)	(732,480)	Drawn down to cover cost of discretionary services, net of NHB grant.
Environment Reserve (previously Energy Fund)	730	4,270	Reserve replenishment programme and interest allocation.
Insurance claims - GF	50,000	50,000	Self-insurance.
Insurance Fund - GF (see Note 4.)	(4,610)	(6,160)	Self-insurance.
Invest To Save & Improve Reserve - see Note 5.	(184,070)	(23,910)	Utilised for investment in HTS
Business Rates Equalisation Reserve	0	266,320	Set aside to help mitigate future Collection Fund deficit stemming from volatility in funding caused by the new Business rates Retention scheme.
Planning Reserve	(75,000)	(60,000)	Applied for Local Development Framework
Regeneration & Enterprise Reserve	216,306	168,490	Indicative NHB balances set aside for town development.

### **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 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 limited scope for asset disposals, 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 1.99 percent in Harlow's element of the Council Tax for 2017/18. This includes the impact of the Collection Fund balance.
28. As part of setting the Council Tax for 2017/18, the estimated balance on the Collection Fund at 31 March 2017 has to be taken into account. Under Government regulations this had to be estimated by the Council's Head of Finance on 15 January 2017 with the precepting bodies notified accordingly (precepting bodies are those for which the 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: –
  - a) The level of bad debt provision.
  - b) The number of properties being liable for Council Tax and associated exemptions and discounts.
  - c) The number of businesses being liable for Business Rates (this may vary extensively in the event of businesses developing or closing).
  - d) Any adjustments required to the balance on the Collection Fund (such as accounting adjustments under the Government's Safety Net mechanism).
30. Taking all of these factors into account, the overall position has resulted in a projected surplus for Council Tax of £1,891,957 and a projected deficit on Business Rates of £4,266,272 as at 31 March 2017. 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 £5,195,170 as at 31 March 2016) for March 2016. The maximum Business Rates exposure of the Council stands at £218,238. 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 4 shows this allocation.

**TABLE 4 - Allocation of Projected Collection Fund Balance in 2016/17**

<b>Allocation of Projected Collection Fund Balance in 2017/18</b>	<b>Total</b> £000s	<b>Harlow DC</b> £000s	<b>Essex CC</b> £000s	<b>PCC for Essex</b> £000s	<b>Essex Fire Authority</b> £000s	<b>Government</b> £000s
Council Tax	(1,891,957)	(312,362)	(1,322,478)	(177,844)	(79,273)	
Business Rates	4,266,272	1,706,509	383,964		42,663	2,133,136
Adjustments (Safety Net)	0	(1,488,271)				1,488,271
Total Deficit / (Surplus) to be allocated	2,374,315	(94,124)	(938,514)	(177,844)	(36,610)	3,621,407

**Note: Surplus Balances are shown in brackets ( )**

32. As will be noted from the table, the Council's share of the projected Council Tax surplus is £312,362 equivalent to a Council Tax charge of -£12.48 at band D (this compares to a £314,680 deficit for the previous year, equivalent to -£12.89 for a Band D property). However, under the new Business Rates Retention Scheme, the 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 £4,266,272 of which £1,706,509 is attributable to the Council. As mentioned above, the safety net arrangements limit the Council's exposure to £218,238. The loss on Business Rates collection is equivalent to a Council Tax charge of £8.72 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 £94,124 for the Council, equal to a charge of -£3.76 per Band D property.
33. A meeting of Full Council is scheduled for 23 February 2017 to approve the Council's element of the Council Tax for 2017/18. 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 5 – Composition of Council Tax charge per average Band D property for each authority**

	<b>2016/17 Band D Council Tax</b>	<b>2017/18 Band D Council Tax</b>	<b>Annual Increase</b>	<b>Increase %</b>
	<b>£</b>	<b>£</b>	<b>£</b>	
Harlow DC	266.97	272.28	5.31	1.99
Essex County Council	1,130.13	tbc	tbc	tbc
Essex Police and Crime Commissioner	152.10	tbc	tbc	tbc
Essex Fire Authority	67.68	tbc	tbc	tbc
<b>TOTAL</b>	<b>1,616.88</b>	tbc	tbc	tbc

[Note- the Council Tax decisions for the County, Police and Fire authorities are to be confirmed (tbc) whilst we await 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 2017/18 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 2017/18 budget has presented, the proposals set out within this report represent no direct service reductions to users. The Corporate Plan 2017/18-2012/20, featuring elsewhere on the 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.

37. Chapter 20, Part 1 of The Localism Act 2011 places a responsibility on the Council under section 38(1) 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 – Projected Earmarked Reserves balances

Appendix D – Statement of the Chief Financial Officer

Appendix E – Fees & charges increases 2017-18

Appendix F – Detailed budget analysis

Appendix G – Pay Policy Statement 2017/18

### **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
HCA	Homes and Communities Agency
HRA	Housing Revenue Account
HTS	Harlow Trading Services
LATC	Local Authority Trading Company
MRP	Minimum Revenue Provision
MTFS	Medium Term Financial Strategy
NHCP	Non-Housing Capital Programme
NHB	New Homes Bonus

## GENERAL FUND BUDGET SUMMARY

	2015/16 Actual	2016/17 Original Budget	2017/18 Budget
	£	£	£
<b>HEAD OF SERVICE</b>			
Chief Executive	(12,102)	1,780	2,690
Community Wellbeing	4,854,649	4,203,860	3,811,790
Finance	2,390,638	3,636,730	3,710,260
Governance	525,370	636,280	716,260
Housing	1,302,612	1,071,100	1,320,808
Place	12,662,318	5,635,740	2,384,230
<b>Total</b>	<b>21,723,485</b>	<b>15,185,490</b>	<b>11,946,038</b>
Capital charges	(9,614,973)	(2,889,090)	(521,080)
Interest	84,287	217,200	2,480
Minimum Revenue Provision	0	166,000	224,000
Provision for bad debts	590,000	168,470	0
Miscellaneous Income	(41,728)	0	0
Essex Council Tax Collection Sharing Agreement	(215,788)	(200,000)	(200,000)
Community Rights to Challenge New Burdens Grant	(27,130)	0	0
Section 31 Grants	(234,695)	0	0
New Homes Bonus Grant	(991,486)	(1,210,110)	(896,520)
<b>Expenditure Before Use Of Reserves</b>	<b>11,271,972</b>	<b>11,437,960</b>	<b>10,554,918</b>
Contribution to / (from) Earmarked Reserves:			
Perpetuity Reserves	2,096	5,140	(1,000)
Insurance Fund	175,923	(3,680)	(6,160)
Invest to Save	(36,367)	(247,110)	(23,910)
MMI	(35,518)	50,000	50,000
Environment Fund	7,152	4,750	4,270
Risk Reserve	50,326	0	0
Severance Reserve	337,195	0	0
Residual Land Transfer	41,728	0	0
Street Lighting	54,089	0	0
Discretionary Services Fund	(1,406,333)	(852,820)	(732,480)
Regeneration & Enterprise Reserve	186,000	223,110	168,490
Housing Benefits Subsidy Reserve	315,000	0	0
Revenues and Benefits Service	87,240	0	0
Regeneration Reserve	1,000,000	0	0
Debt Financing Reserve	750,509	237,840	237,840
Business Rates Equalisation Reserve	0	0	266,320
Planning LDF	(12,171)	(40,000)	(60,000)
Grants Reserves (for deferred payments)	(1,151,731)	(69,450)	(47,550)
Contribution to / (from) General Fund Reserve	(488,239)	19,000	11,500
<b>Budget Requirement</b>	<b>11,148,871</b>	<b>10,764,740</b>	<b>10,422,238</b>

## HARLOW COUNCIL'S ELEMENT OF THE COUNCIL TAX

	2015/16 Actual	2016/17 Original Budget	2017/18 Budget
	£	£	£
Budget Requirement	11,148,871	10,764,740	10,422,238
Less Formula Grant comprising:			
Settlement Funding Assessment	(3,353,199)	(3,977,228)	(3,346,389)
Homelessness Grant	(165,354)	(165,750)	(165,978)
Council Tax Freeze Grant	(178,724)	-	-
Collection Fund Deficit / (Surplus)	217,980	(102,403)	(94,120)
Local Council Tax Support Scheme Grant	(1,282,000)	-	-
	<b>6,387,574</b>	<b>6,519,359</b>	<b>6,815,751</b>
Divided by:			
Taxbase	24,285.51	24,419.82	25,032.14
<b>Band D Council Tax</b>	<b>263.02</b>	<b>266.97</b>	<b>272.28</b>

## GENERAL FUND 2017/18 BUDGET

## EFFICIENCY SAVINGS

The following table provide details regarding the significant efficiency gains, proposed to be made as part of the 2017-18 General Fund budget. As with any proposed reductions in expenditure there are implications for service provision. There are also implications for the budget if those savings are not met.

SERVICE & ACTIVITY	AMOUNT OF PROPOSED EFFICIENCY SAVINGS	DETAILS
	£	
<b>CORPORATE SERVICES</b>		
Corporate Management Team	3,000	Consultancy Fees. May require one off funding in future years
<b>Sub-Total Corporate Services</b>	<b>3,000</b>	
<b>COMMUNITY WELLBEING</b>		
Sports Partnership	312,000	Support ceases June 2017. Part year effect
Regeneration Team	15,000	Reduction in running expenses and deletion of vacant post
Central Costs	14,000	Funding agreement ended March 2016
Reprographics	21,000	Reduced cost of new colour photocopier and saving from vacant post
<b>Sub-Total Community Wellbeing</b>	<b>362,000</b>	

SERVICE & ACTIVITY	AMOUNT OF PROPOSED EFFICIENCY SAVINGS	DETAILS
	£	
<b>FINANCE</b> Housing Benefit Administration Subsidy Finance Miscellaneous Pensions Underfunding and Other Non Distributed Costs	50,000 20,000 40,000	Lower reduction than forecast previously Reduction to Audit Fees Added Years reduction
<b>Sub-Total Finance</b>	<b>110,000</b>	
<b>GOVERNANCE</b>		
Corporate HR Costs	2,000	Reduction to Gratuities payments
Land Charges	500	Reduction to archiving costs
Legal Services	7,000	Reduction to books and publications costs
Legal Services	1,500	Reduction to archiving costs
Members Services	500	Reduction to equipment costs
Members Services	400	Reduction to photocopier expenses
Members Services	4,000	Reduction to mobile phone costs
Relationship & Commissioning	200	Reductions to travel, tracing agency, IT consumables and subsistence expenses
<b>Sub-Total Governance</b>	<b>16,100</b>	

SERVICE & ACTIVITY	AMOUNT OF PROPOSED EFFICIENCY SAVINGS	DETAILS
	£	
<b>PLACE</b>		
Refuse & Recycling	151,000	Savings following waste contract extension
Public Conveniences	15,000	Reduced cleaning
Covenant Control	8,000	Net saving from ceasing service provision
Efficiency Savings	30,000	General efficiency savings across service plan
Garages GF	425,000	By product of slowing HRA capital programme
<b>Sub-Total Place</b>	<b>629,000</b>	
<b>GRAND TOTAL FOR EFFICIENCY SAVINGS</b>	<b>1,120,100</b>	

120

## GENERAL FUND 2017/18 BUDGET

## INCOME

The following table provides details regarding the significant additional income proposed to be made as part of the 2017-18 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>GOVERNANCE</b>		
Land charges	10,000	Additional search fees income
<b>Sub-Total Housing</b>	<b>10,000</b>	
<b>PLACE</b>		
Garages GF	150,000	5% rent increase 2016-17 (agreed) and 2017-18
Commercial Property	6,000	Increased rental income
<b>Sub-Total Place</b>	<b>156,000</b>	
<b>GRAND TOTAL INCOME</b>	<b>166,000</b>	

**GENERAL FUND 2017/18 BUDGET**  
**SERVICE INVESTMENT**

The following table provide details regarding the funding adjustments to be made as part of the 2017/18 General Fund budget.

SERVICE & ACTIVITY	AMOUNT OF FUNDING ADJUSTMENTS	DETAILS
	£	
<b>COMMUNITY WELLBEING</b>		
Partial transfer of Community Safety Team to base budget	250,000	Reintroduce part of Community Safety Team to base budget from Discretionary Services Fund
Business Rates Relief	50,000	Additional Relief - cost to HDC
Harlow 70th anniversary	20,000	Budget to reflect Harlow 70th anniversary celebrations
<b>Sub-Total Community Wellbeing</b>	<b>320,000</b>	
<b>PLACE</b>		
Civic Centre	20,000	Extend Gibberd Gallery weekend opening
<b>Sub-Total Place</b>	<b>20,000</b>	
<b>GRAND TOTAL SERVICE INVESTMENT</b>	<b>340,000</b>	

**Proposed Movements on Earmarked Reserves - 2016/17 and 2017/18**

Earmarked Reserve	Balance as at 31 Mar 2016	2016/17		Balance as at 31 Mar 2017	2017/18		Balance as at 31 Mar 2018
		Add To Reserve Balance	Use of Reserves (see Note 3)		Add To Reserve Balance	Use of Reserves	
	£	£	£	£	£	£	£
<b>GENERAL FUND RESERVES</b>							
Perpetuity Reserves	943,631	5,990	(3,505)	946,116	4,810	(5,810)	945,116
Debt Financing Reserve	1,882,672	237,840	(132,630)	1,987,882	237,840		2,225,722
Discretionary Services Fund	3,094,079	787,000	(1,593,527)	2,287,552	721,002	(1,453,482)	1,555,072
Environment Reserve (previously Energy Fund) - see Note 5.	114,995	730		115,725	4,270		119,995
Housing Benefits Subsidy Reserve	536,107			536,107			536,107
Insurance claims - GF	533,044	50,000		583,044	50,000		633,044
Insurance Fund - GF (see Note 4.)	1,204,855	121,390	(126,000)	1,200,245	119,840	(126,000)	1,194,085
Invest To Save & Improve Reserve - see Note 5.	399,971	1,960	(186,030)	215,901	1,040	(24,950)	191,991
New Burdens Grant Reserve	87,240			87,240			87,240
Partnership Fund	200,000			200,000			200,000
Planning Reserve	169,267		(75,000)	94,267		(60,000)	34,267
Regeneration Reserve	1,000,000			1,000,000			1,000,000
Regeneration & Enterprise Reserve	420,000	416,306	(200,000)	636,306	168,490		804,796
Risk Management Reserve - GF	157,187			157,187			157,187
Residual Land Transfer	134,528			134,528			134,528
Severance Reserve	1,537,297			1,537,297			1,537,297
Standards Committee Contingency Reserve	50,461			50,461			50,461
Business Rates Equalisation Reserve	0			0	266,320		266,320
Street Lighting Reserve	54,089			54,089			54,089
<b>Total General Fund</b>	<b>12,519,423</b>	<b>1,621,216</b>	<b>(2,316,692)</b>	<b>11,823,947</b>	<b>1,573,612</b>	<b>(1,670,242)</b>	<b>11,727,317</b>
<b>HRA RESERVES</b>							
Perpetuity Reserves	1,495,263	526,835	(357,350)	1,664,748	326,970	(370,088)	1,621,630
Insurance claims - HRA	529,881	50,000		579,881	50,000		629,881
Insurance Fund - HRA (see Note 4.)	1,696,663	222,440	(92,000)	1,827,103	220,910	(79,000)	1,969,013
Housing Insurance Property Reserve	0	10,030		10,030	10,080		20,110
HRA OJEU Contract 2015 Reserve	403,090		(403,090)	0			0
Risk Management Reserve - HRA	216,759			216,759			216,759
<b>Total HRA</b>	<b>4,341,656</b>	<b>809,305</b>	<b>(852,440)</b>	<b>4,298,521</b>	<b>607,960</b>	<b>(449,088)</b>	<b>4,457,393</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 2016 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 2016/17 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.

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

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

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

Factor	Response
<p>The treatment of planned efficiency savings / productivity gains.</p>	<p>Efficiency savings of almost £1.2million are factored into the 2017/18 budget.</p> <p>The Council continues to hold an Invest to Save and Improve Reserve 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>There will be exposure to performance and financial related risks during 2017/18 as the newly formed LATC model is implemented for the delivery of its Housing Repairs and Environmental Services operations. Risks have been identified during the transition project and mitigated as far as possible.</p> <p>Whilst the new company is projected to generate dividend payments for the Council as sole shareholder these are not factored in to the 2017/18 base budget at this time due to the need to evaluate the impact of start-up costs being written off against year one profits during 2017/18. Increases in dividends receivable are reflected in years two and three of the MTFS.</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. The benefits of the contract extension have been included in the Councils budget and any future pressures arising from the retendering of the contract will be included once tender prices are known.</p>

Factor	Response
	<p>The Council has a contractual arrangement with a private sector operator of the Parndon Wood Cemetery and Crematorium. The contract operates on a profit share basis.</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 entered into Loan agreements in respect of the Enterprise Zone to enable significant private sector funding to be levered into the project. The first loan advance of £1million was advanced in March 2016 with the second advance of £1.5 million anticipated before the end of the 2016/17 financial year. Both advances have or 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>An option agreement to purchase an industrial site from the existing freeholder will not be exercised by the owners as a result of an agreement to sell the site to a third party.</p> <p>The Council has also entered 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</p>	<p>The Council's MTFs continues to stress the importance of using general reserves only for one-off items of expenditure, i.e.</p>

## APPENDIX D

<b>Factor</b>	<b>Response</b>
contingencies and the adequacy of provisions.	<p>not to support on-going expenditure. In view of the changing funding arrangements and welfare benefits reforms by the Government, the MTFs assumes an on-going minimum General Reserve balance of £2.5million and recommends that the Council operates at a level above this to allow flexibility.</p> <p>The budget for 2017/18 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>	
The overall financial standing of the authority (level of borrowing, debt outstanding, council tax collection rates, etc).	The Council's forecast level of general reserves is forecast to be at or above the revised minimum recommended level of £2.5m for 2017/18.
The authority's track record in budget and financial management including the robustness of the medium term plans.	<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 with no ongoing reliance within the budget of reserves.</p>
The authority's capacity to manage in-year budget pressures.	<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 2016/17 quarterly General Fund revenue budget monitoring report, presented to Cabinet on 8 December for forecasts overall under spending of £590,000 representing a -0.95% variation against the overall gross expenditure. The corresponding figure for 2015/16 was -</p>

Factor	Response
	<p>0.55% and for both 2014/15 and 2013/14 it was -0.52% and -0.20% respectively. Such figures demonstrate an excellent track record to managing in-year budgets, especially in light of the unprecedented government austerity and funding reductions.</p>
<p>The strength of the financial information and reporting arrangements.</p>	<p>In addition to the budget monitoring process referred to above, the financial information and reporting processes are also underpinned by Budget Monitoring Guidelines, Financial Regulations and Contract Standing Orders.</p> <p>The Council's annual accounts for 2015/16 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 external assessment of the Councils delivery under the Value for Money assessment was also unqualified by Ernst &amp; Young.</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 and that where possible services have looked to deliver against 2017/18 savings proposals in the current year to ensure that they are deliverable.</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 Councils 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</p>

Factor	Response
	<p>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 investment returns 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 workforce reductions will be met from the Council's own resources. In light of the uncertainties surrounding the Governments proposals to radically change the funding arrangements for local authorities with effect from 2020/21 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 difficult to predict and subject to fluctuations linked to the performance of the wider economy. Whilst prudent assumptions have been made about income utilising current information and performance, the budgets will continue to be subject to on-going review throughout 2017/18 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 change to the delivery of Housing/non housing repairs and Environmental works from the JVCo to HTS (P&E) Ltd is likely to cause some volatility as the transition of such a significant contract takes place from one provider to another. The associated wind up of the JVCo entity will also be closely monitored and managed so as to minimise any financial impacts of the financial issues for the Council as a shareholder.
- 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 has been further increased to £4.2 million as recommended within the HRA Business Plan report to Cabinet in January 2016. 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 as far as is possible at the current time 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.
- f) The budget assumes that the general level of reserves at 31 March 2017 will be £4,300,000 excluding any budget carry-forward request from 2016/17 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 £660,000 will need to be made over the period 2018/19 to 2020/21. In the absence of any additional external resources being made available it is likely that the Council will face further financial pressure beyond 2017/18 as a result of future Government proposals and policy/funding changes.

**Conclusion:** Although the Council has undertaken steps through the 2017/18 budget-setting process to reduce its exposure to a number of significant risks, it still faces risks that could potentially adversely affect it. 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 2017/18 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.

ANALYSIS OF FEES AND CHARGES		(all fees include VAT where applicable)		
SERVICE		2016/17	2017/18	
		Current Fee	Proposed Increase	Proposed Fee
		with effect from 01/04/2017		
		£.p	%	£.p
<b>Community Wellbeing</b>				
<b>Leah Manning Centre</b>	<b>Lettings</b>			
	Weekdays	31.00	3.23	32.00
	Weekends	51.00	3.92	53.00
<b>Contact Harlow</b>	<b>Rail Passes</b>	at cost + £1	0.00	at cost + £1
	<b>Disabled WC Keys</b>	2.50	0.00	2.50
	<b>Leisure card</b>	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>Individual sponsors</b>			
	Package A	50.00	0.00	50.00
	Package B	35.00	0.00	35.00
	Package C	25.00	0.00	25.00
	<b>Corporate sponsorship</b>			
	Corporate sponsorship A	250.00	0.00	250.00
	Corporate sponsorship B	500.00	0.00	500.00
	<b>School visits</b>			
	Harlow Schools (45 minutes)	1.95	2.56	2.00
	Harlow Schools (1.5 hours)	3.85	3.90	4.00
	Non Harlow Schools (45 mins)	2.60	15.38	3.00
	Non Harlow Schools (1.5 hours)	4.95	1.01	5.00
	Pre School Nurseries	22.00	13.64	25.00
	<b>Reindeer Hire</b>			
	Harlow Schools	240.00	2.08	245.00
	Non Harlow Schools	295.00	1.69	300.00
	<b>Sales of Animals</b>	various	0.00	various
	<b>Events</b>	4.65	1.08	4.70
	<b>Birthday Parties (Price per head)</b>	7.40	1.35	7.50
<b>Community Enforcement Team</b>	<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
<b>The Playhouse</b>	<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	3.33	775.00
	Second Performance in a Day (for 4 hour period)	630.00	3.17	650.00

SERVICE		2016/17	2017/18	
		Current Fee	Proposed Increase	Proposed Fee
		with effect from 01/04/2017		
		£,p	%	£,p
	<b>Additional Hourly Fees</b>			
	Hourly theatre hire (not a performance)	140.00	3.57	145.00
	Additional staff (per person per hour)	21.00	4.76	22.00
	Blocking rehearsal (per hour)	100.00	5.00	105.00
	<b>Weekly Rates</b>			
	Weekly fee			
	Up to 37 hours over 6 days	5,200.00	3.08	5,360.00
	Hourly fee	140.00	3.57	145.00
	Additional staff	100.00	5.00	105.00
	<b>Studio Theatre</b>			
	<b>Performance Fees</b>			
	Performance Fee (for 4 hour period)	300.00	3.33	310.00
	Second performance call in a day (4 hours)	240.00	4.17	250.00
	<b>Additional Hourly Fees</b>			
	Hourly theatre hire (not a performance)	90.00	3.33	93.00
	Additional Staff per person, per hour	21.00	4.76	22.00
	Use as Dressing Room	30.00	3.33	31.00
	<b>Standard Hire Charges</b>			
	Performance call (4 hours)	1,200.00	3.33	1,240.00
	Second performance call in a day (4 hours)	900.00	3.33	930.00
	<b>Additional Hourly Fees</b>			
	Hourly theatre hire (not a performance)	200.00	5.00	210.00
	Additional staff per person, per hour	21.00	4.76	22.00
	Blocking rehearsal per hour	140.00	3.57	145.00
	<b>Weekly Rates</b>			
	Weekly fee			
	Up to 37 hours over 6 days	7,400.00	3.38	7,650.00
	Hourly fee	200.00	5.00	210.00
	Additional staff	21.00	4.76	22.00
	<b>Studio Theatre</b>			
	<b>Performance Fees</b>			
	Performance call (4 hours)	480.00	4.17	500.00
	Second performance call in a day (4 hours)	360.00	2.78	370.00
	<b>Additional Hourly Fees</b>			
	Hourly theatre hire (not a performance)	100.00	5.00	105.00
	Additional Staff per person, per hour	21.00	4.76	22.00
	Use as Dressing Room	30.00	3.33	31.00
	<b>Studio Room Hires</b>			
	(50% discount applies for hire of second space within 1 session)			
	Up to 20 hours per week	19.00	2.63	19.50
	20+ hours per week	13.00	3.85	13.50
	40+ hours per week	10.00	5.00	10.50
	<b>Financial Services</b>			
	<b>Accountancy</b>			
	<b>Statement of accounts</b>	17.00	5.88	18.00
	(post and packing)	1.50	73.33	2.60
	<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	20.19	108.95
	several parcels of land:			
	- first parcel	90.65	20.19	108.95
	- each additional parcels	15.00	20.00	18.00
	<b>CON29R &amp; LLC1 Together</b>			
	one parcel of land	110.65	16.54	128.95
	several parcels of land:			
	- first parcel	110.65	16.54	128.95
	- each additional parcels	20.00	20.00	24.00
	<b>CON29O Optional Enquiries</b>			
	each printed enquiry	12.00	20.00	14.40
	Q22 Common Land Question	14.00	20.00	16.80
	<b>Additional Enquiries</b>			
	Solicitors Own	18.00	20.00	21.60
	<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>	129.23	0.00	129.23

SERVICE		2016/17	2017/18	
		Current Fee	Proposed Increase	Proposed Fee
		with effect from 01/04/2017		
		£,p	%	£,p
<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	226.95	0.00	226.95
	2 Plots	268.21	0.00	268.21
	3 Plots	309.48	0.00	309.48
	4 Plots	350.75	0.00	350.75
	5 Plots	392.01	0.00	392.01
	Flats			
	1	206.32	0.00	206.32
	2	226.95	0.00	226.95
	3	288.84	0.00	288.84
	4	288.84	0.00	288.84
	5	330.12	0.00	330.12
	Conversion to:-			
	Single dwelling house	226.95	0.00	226.95
	Single Flat	206.32	0.00	206.32
	Inspection Charge			
	1 Plot	453.90	0.00	453.90
	2 Plots	536.43	50.00	804.64
	3 Plots	618.96	60.00	990.33
	4 Plots	701.48	80.00	1,262.67
	5 Plots	825.28	90.00	1,568.02
	Flats			
	1	288.84	0.00	288.84
	2	412.64	50.00	618.96
	3	495.16	60.00	792.36
	4	577.70	80.00	1,039.85
	5	701.48	100.00	1,402.97
	Conversion to:-			
	Single dwelling house	330.12	0.00	330.12
	Single Flat	288.84	0.00	288.84
	<i>Building Notice</i>			
	Houses or Bungalows less than 4 storeys			
	1 Plot	769.88	0.00	769.88
	2 Plots	898.73	46.56	1,317.14
	3 Plots	1,027.47	56.39	1,606.81
	4 Plots	1,156.22	75.72	2,031.66
	5 Plots	1,349.33	85.87	2,508.01
	Flats			
	1	512.50	0.00	512.50
	2	705.61	45.61	1,027.47
	3	835.28	55.38	1,297.83
	4	963.10	74.86	1,684.06
	5	1,156.22	94.65	2,250.53
	Conversion to:-			
	Single dwelling house	576.87	0.00	576.87
	Single Flat	512.50	0.00	512.50
	<i>Regularisation Charge</i>			
	Houses or Bungalows less than 4 storeys			
	1 Plot	799.49	0.00	799.49
	2 Plots	919.84	42.52	1,310.99
	3 Plots	1,040.20	52.06	1,581.78
	4 Plots	1,160.54	70.52	1,978.94
	5 Plots	1,444.24	81.43	2,620.25
	Flats			
	1	558.79	0.00	558.78
	2	739.31	40.70	1,040.19
	3	962.82	51.43	1,457.99
	4	1,100.37	70.00	1,870.63
	5	1,306.69	89.47	2,475.83
	Conversion to:-			
	Single dwelling house	618.96	0.00	618.96
	Single Flat	558.79	0.00	558.79
	Notifiable Electrical Work (in addition to the above where applicable)	264.00	0.00	264.00
	<b>Table B - Work To A Single Dwelling</b>			
	Limited to work not more than 3 storeys above ground level			
	<i>Full Plans Submissions</i>			
	Extension & New Build			
	<b>Plan checking charge</b>			
	Single storey extension with floor area not exceeding 40m2	206.32	2.00	210.45
	Single storey extension with floor area exceeding 40m2 but not exceeding 100m2	247.58	2.00	252.54
	Extension with some part 2 or 3 storeys in height and a total floor area not exceeding 40m2	268.21	2.00	273.58
	Extension with some part 2 or 3 storeys in height and a total floor area exceeding 40m2 but not exceeding 100m2	288.84	2.00	294.63

SERVICE		2016/17	2017/18	
		Current Fee	Proposed Increase	Proposed Fee
		with effect from 01/04/2017		
		£,p	%	£,p
	Erection of a non exempt domestic extension comprising of a garage, carport or store not exceeding 100m2	185.69	2.00	189.40
	Erection of a non exempt detached non habitable domestic building with total floor area not exceeding 50m2	165.06	2.00	168.36
	Conversions			
	First floor & second floor loft conversions	226.95	2.00	231.49
	Other work	165.06	2.00	168.36
	Alterations			
	Re Roofing, Installation of Solar Panels or Photovoltaic cells	103.16	1.99	105.22
	Replacement of windows, roof lights, roof windows or external glazed doors	123.80	2.00	126.27
	Cost of work not exceeding £5,000	144.43	2.00	147.31
	Cost of work exceeding £5,000 & not exceeding £25,000	185.69	2.00	189.40
	Cost of work exceeding £25,000 & not exceeding £100,000	288.84	2.00	294.63
	<b>Inspection Charge</b>			
	Single storey extension with floor area not exceeding 40m2	330.12	2.00	336.72
	Single storey extension with floor area exceeding 40m2 but not exceeding 100m2	371.38	2.00	378.81
	Extension with some part 2 or 3 storeys in height and a total floor area not exceeding 40m2	412.64	2.00	420.90
	Extension with some part 2 or 3 storeys in height and a total floor area exceeding 40m2 but not exceeding 100m2	453.90	2.00	462.99
	Erection of a non exempt domestic extension comprising of a garage, carport or store not exceeding 100m2	247.58	2.00	252.54
	Erection of a non exempt detached non habitable domestic building with total floor area not exceeding 50m2	206.32	2.00	210.45
	Conversions			
	First floor & second floor loft conversions	330.12	2.00	336.72
	Other work	247.58	2.00	252.54
	Alterations			
	Re Roofing, Installation of Solar Panels or Photovoltaic cells	82.52	2.01	84.18
	Replacement of windows, roof lights, roof windows or external glazed doors	123.80	2.00	126.27
	Cost of work not exceeding £5,000	165.06	2.00	168.36
	Cost of work exceeding £5,000 & not exceeding £25,000	288.84	2.00	294.63
	Cost of work exceeding £25,000 & not exceeding £100,000	495.16	2.00	505.08
	<b>Building Notice Charges</b>			
	Extension & New Build			
	Single storey extension with floor area not exceeding 40m2	576.87	2.00	588.41
	Single storey extension with floor area exceeding 40m2 but not exceeding 100m2	641.24	2.00	654.07
	Extension with some part 2 or 3 storeys in height and a total floor area not exceeding 40m2	705.61	2.00	719.73
	Extension with some part 2 or 3 storeys in height and a total floor area exceeding 40m2 but not exceeding 100m2	769.99	2.00	785.39
	Erection of a non exempt domestic extension comprising of a garage, carport or store not exceeding 100m2	448.12	2.00	457.09
	Erection of a non exempt detached non habitable domestic building with total floor area not exceeding 50m2	383.76	2.00	391.43
	Conversions			
	First floor & second floor loft conversions	576.87	2.00	588.41
	Other work	448.12	2.00	457.09
	Alterations			
	Re Roofing, Installation of Solar Panels or Photovoltaic cells	190.64	2.00	194.45
	Replacement of windows, roof lights, roof windows or external glazed doors	255.01	2.00	260.11
	Cost of work not exceeding £5,000	319.38	2.00	325.77
	Cost of work exceeding £5,000 & not exceeding £25,000	512.50	2.00	522.75
	Cost of work exceeding £25,000 & not exceeding £100,000	834.35	2.00	851.05
	<b>Regularisation Charges</b>			
	Extension & New Build			
	Single storey extension with floor area not exceeding 40m2	632.71	2.00	645.38
	Single storey extension with floor area exceeding 40m2 but not exceeding 100m2	679.13	2.00	692.73
	Extension with some part 2 or 3 storeys in height and a total floor area not exceeding 40m2	739.31	2.00	754.11
	Extension with some part 2 or 3 storeys in height and a total floor area exceeding 40m2 but not exceeding 100m2	799.49	2.00	815.49

SERVICE		2016/17	2017/18	
		Current Fee	Proposed Increase	Proposed Fee
		with effect from 01/04/2017		
		£,p	%	£,p
	Erection of a non exempt domestic extension comprising of a garage, carport or store not exceeding 100m2	498.60	2.00	508.58
	Erection of a non exempt detached non habitable domestic building with total floor area not exceeding 50m2	438.43	2.00	447.20
	Conversions			
	First floor & second floor loft conversions	618.96	2.00	631.35
	Other work	498.60	2.00	508.58
	Alterations			
	Re Roofing, Installation of Solar Panels or Photovoltaic cells	257.90	2.00	263.06
	Replacement of windows, roof lights, roof windows or external glazed doors	318.07	2.00	324.44
	Cost of work not exceeding £5,000	378.26	2.00	385.82
	Cost of work exceeding £5,000 & not exceeding £25,000	558.79	2.00	569.96
	Cost of work exceeding £25,000 & not exceeding £100,000	859.67	2.00	876.87
	Notifiable Electrical Work (in addition to the above where applicable)	309.16	0.00	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			
	<b>Plan checking charge</b>			
	Single storey building with a floor area not exceeding 40m2	247.58	2.00	252.53
	Single storey building with a floor area exceeding 40m2 but not exceeding 100m2	288.84	2.00	294.62
	Building with some part 2 or 3 storeys in height and a total floor area not exceeding 40m2	309.48	2.00	315.67
	Building with some part 2 or 3 storeys in height and a total floor area exceeding 40m2 but not exceeding 100m2	330.12	2.00	336.71
	Alterations			
	Cost of work not exceeding £5,000	185.69	2.00	189.40
	Replacement of windows, roof lights, roof windows or external glazed doors (not exceeding 20 units)	185.69	2.00	189.40
	Renewable energy systems not exceeding £20,000	206.32	2.00	210.45
	Installation of new shop front not exceeding £5,000	206.32	2.00	210.45
	Cost of work exceeding £5,000 & not exceeding £25,000	226.95	2.00	231.49
	Replacement of windows, roof lights, roof windows or external glazed doors (exceeding 20 units)	206.32	2.00	210.45
	Installation of a raised storage platform not exceeding 250m2 within an existing building	288.84	2.00	294.62
	Cost of works exceeding £25,000 & not exceeding £100,000	330.12	2.00	336.71
	Fit out building up to 100m2	350.72	2.01	357.76
	<b>Inspection charges</b>			
	Extension & New Build			
	Single storey building with a floor area not exceeding 40m2	330.12	2.00	336.71
	Single storey building with a floor area exceeding 40m2 but not exceeding 100m2	371.38	2.00	378.80
	Building with some part 2 or 3 storeys in height and a total floor area not exceeding 40m2	412.64	2.00	420.89
	Building with some part 2 or 3 storeys in height and a total floor area exceeding 40m2 but not exceeding 100m2	453.90	2.00	462.98
	Alterations			
	Cost of work not exceeding £5,000	123.80	2.00	126.27
	Replacement of windows, roof lights, roof windows or external glazed doors (not exceeding 20 units)	82.52	2.01	84.18
	Renewable energy systems not exceeding £20,000	82.52	2.01	84.18
	Installation of new shop front not exceeding £5,000	82.52	2.01	84.18
	Cost of work exceeding £5,000 & not exceeding £25,000	247.58	2.00	252.53
	Replacement of windows, roof lights, roof windows or external glazed doors (exceeding 20 units)	165.06	2.00	168.36
	Installation of a raised storage platform not exceeding 250m2 within an existing building	165.06	2.00	168.36
	Cost of works exceeding £25,000 & not exceeding £100,000	495.16	2.00	505.07
	Fit out building up to 100m2	206.32	2.00	210.45
	Regularisation Charge			
	Extension & New Build			
	Single storey building with a floor area not exceeding 40m2	739.31	2.00	754.10

SERVICE		2016/17	2017/18	
		Current Fee	Proposed Increase	Proposed Fee
		with effect from 01/04/2017		
		£,p	%	£,p
	Single storey building with a floor area exceeding 40m2 but not exceeding 100m2	833.88	2.00	850.55
	Building with some part 2 or 3 storeys in height and a total floor area not exceeding 40m2	911.24	2.00	929.47
	Building with some part 2 or 3 storeys in height and a total floor area exceeding 40m2 but not exceeding 100m2	988.61	2.00	1,008.38
	Alterations			
	Cost of work not exceeding £5,000	386.85	2.00	394.59
	Replacement of windows, roof lights, roof windows or external glazed doors (not exceeding 20 units)	326.67	2.00	333.21
	Renewable energy systems not exceeding £20,000	343.87	2.00	350.74
	Installation of new shop front not exceeding £5,000	343.87	2.00	350.74
	Cost of work exceeding £5,000 & not exceeding £25,000	601.77	2.00	613.80
	Replacement of windows, roof lights, roof windows or external glazed doors (exceeding 20 units)	481.41	2.00	491.04
	Installation of a raised storage platform not exceeding 250m2 within an existing building	532.99	2.00	543.65
	Cost of works exceeding £25,000 & not exceeding £100,000	1,048.79	2.00	1,069.76
	Fit out building up to 100m2	644.75	2.00	657.64
	<b>Works not included in Tables A, B and C. Charged derived from hourly rate</b>	79.23	0.00	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 &amp; trees</b>	60.00	0.00	60.00
	<b>Covenant Control application for extensions (including front porch)</b>	92.00	33.70	123.00
	<b>Covenant Control application where planning permission is required for extensions and out buildings</b>	123.00	0.00	N/A
	<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	54.17	185.00
	<b>Retrospective decision for where planning permission was required</b>	185.00	0.00	N/A
	<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
	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

SERVICE		2016/17	2017/18	
		Current Fee	Proposed Increase	Proposed Fee
		with effect from 01/04/2017		
		£,p	%	£,p
	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
	<b>Development Management 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 Management Work</b>			
	Planning History Search (per hour)	51.60	0.00	51.60
	<b>Development Management Planning Fees</b>			
	1) The erection of dwellinghouses (other than development within category 6)			
	a) where the application is for outline planning permission			

SERVICE	2016/17		2017/18	
	Current Fee	Proposed Increase	Proposed Fee	Proposed Fee
with effect from 01/04/2017				
	£,p	%	£,p	
- 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	19,049.00	0.00	19,049.00	
- + for each 75sqm to maximum £250,000	115.00	0.00	115.00	
3) The erection of land used for the purposes of agriculture (other than buildings within category 4)				
a) where the application is for outline planning permission				
- not exceeding 2.5 hectares (for each 0.1 hectare)	385.00	0.00	385.00	
- exceeding 2.5 hectares	9,527.00	0.00	9,527.00	
- + for each 0.1 hectare in excess of 2.5 hectares to maximum £125,000	115.00	0.00	115.00	
b) in other cases				
- where the area of gross floor space does not exceed 465sqm	80.00	0.00	80.00	
- where the area of gross floor space exceeds 465sqm but not 540sqm	385.00	0.00	385.00	
- where the area of gross floor space exceeds 540sqm but not 4215sqm	385.00	0.00	385.00	
- + for each 75sqm	385.00	0.00	385.00	
- where the area of gross floor space exceeds 4215sqm	19,049.00	0.00	19,049.00	
- + for each 75sqm to maximum £250,000	115.00	0.00	115.00	
4) The erection of glasshouses on land used for the purposes of agriculture				
- where the area of gross floor space does not exceed 465sqm	80.00	0.00	80.00	
- where the area of gross floor space exceeds 465sqm	2,150.00	0.00	2,150.00	
5) The erection, alteration or replacement of plant or machinery				
- not exceeding 5 hectares (for each 0.1 hectare)	385.00	0.00	385.00	
- exceeding 5 hectares	19,049.00	0.00	19,049.00	
- + for each 0.1 hectare in excess of 5 hectares to maximum £250,000	115.00	0.00	115.00	
6) The enlargement, improvement of other alteration of existing dwellinghouses				
- 1 dwellinghouse	172.00	0.00	172.00	
- 2 or more	339.00	0.00	339.00	
7) the carrying out of operations within the curtilage of an existing dwellinghouse				
the carrying out of operations within the curtilage of an existing dwellinghouse	172.00	0.00	172.00	
or				
- the construction of car parks, service roads etc	195.00	0.00	195.00	
8) The carrying out of any operations connected with exploratory drilling				
- not exceeding 7.5 hectares (for each 0.1 hectare)	385.00	0.00	385.00	
- exceeding 7.5 hectares	28,750.00	0.00	28,750.00	
- + for each 0.1 hectare in excess of 7.5 hectares to maximum £250,000	115.00	0.00	115.00	
9) The carrying out of any operations not coming within any of the above				
- not exceeding 15 hectares (for each 0.1 hectare)	195.00	0.00	195.00	
- exceeding 15 hectares	29,112.00	0.00	29,112.00	
- + for each 0.1 hectare in excess of 15 hectares to a maximum of £65,000	115.00	0.00	115.00	
- in any other case (for each 0.1 hectare) to maximum of £1,690	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	

SERVICE		2016/17	2017/18	
		Current Fee	Proposed Increase	Proposed Fee
		with effect from 01/04/2017		
		£,p	%	£,p
	-- + 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 Management 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</b>			
	Per hour	0.00	0.00	0.00
	<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
	Prior Approvals	80.00	0.00	80.00
	Prior Approvals	172.00	0.00	172.00
	Prior Approvals	385.00	0.00	385.00
	Application for approval of reserved matters	Full fee or if full feed paid 385.00	0.00	Full fee or if full feed paid 385.00
	Approval/Variation of condition following planning permission	195.00	0.00	195.00
	Confirmation of compliance with conditions - householder	28.00	0.00	28.00
	Confirmation of compliance with conditions - other	97.00	0.00	97.00
	<b>Lawful Development Certificates</b>			
	Existing use or operation	same as full	0.00	same as full
	Existing use or operation - lawful not to comply with any condition or limitation	195.00	0.00	195.00
	Proposed use or operation	Half normal fee	0.00	Half normal fee
<b>Car Parks</b>	<b>Post Office Road</b>			
	0-2 hours	1.25	0.00	1.25
	2-3 hours	1.75	0.00	1.75
	3-4 hours	2.75	0.00	2.75
	more than 4 hours	7.75	0.00	7.75
	<b>Wych Elm</b>			
	0-2 hours	1.65	0.00	1.65
	2-3 hours	1.95	0.00	1.95
	3-4 hours	3.15	0.00	3.15
	more than 4 hours	7.75	0.00	7.75
	<b>Post Office Road Commercial</b>			
	0-2 hours	1.25	0.00	1.25
	2-3 hours	1.75	0.00	1.75
	3-4 hours	2.75	0.00	2.75
	more than 4 hours	7.75	0.00	7.75
	<b>Bush Fair, The Stow and Old Harlow Car Parks</b>			
	0-1 hour	0.00	0.00	0.00
	1-2 hours	0.85	0.00	0.85
	2-3 hours	1.75	0.00	1.75
	3-4 hours	3.60	0.00	3.60
	more than 4 hours	6.55	0.00	6.55
	Weekends	0.00	0.00	0.00
	<b>Town Park</b>			
	0-1 hour	0.00	0.00	0.00
	1- 5 hours	1.10	0.00	1.10
	5+ Hours	6.20	0.00	6.20
	Sat - Sunday 0-2 hours	0.00	0.00	0.00
	more than 2 hours	1.25	0.00	1.25
<b>Staff Car Parking</b>	<b>Car parking permit per year</b>	250.00	0.00	250.00
	Individual vouchers (Members)	1.20	0.00	1.20
<b>Parking Permits</b>	<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

SERVICE		2016/17	2017/18	
		Current Fee	Proposed Increase	Proposed Fee
		with effect from 01/04/2017		
		£,p	%	£,p
	<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
	<b>Commercial vehicle permit for residential zones</b>	250.00	0.00	250.00
<b>Bus Station</b>	<b>Departure fees</b>	0.55	0.00	0.55
<b>Latton Bush Centre</b>	<b>Commercial</b>			
	<b>Meeting Room</b>			
	Session	80.00	0.00	80.00
	Day	135.00	0.00	135.00
	Evening and weekends only (per hour, max 2 hours)	20.00	0.00	20.00
	<b>Griffin Suite</b>			
	Session	155.00	0.00	155.00
	Day	265.00	0.00	265.00
	Evening and weekends only (per hour, max 2 hours)	30.00	0.00	30.00
	<b>Dining Hall</b>			
	Session	135.00	0.00	135.00
	Day	220.00	0.00	220.00
	Evening and weekends only (per hour, max 2 hours)	20.00	0.00	20.00
	<b>Latton Hall</b>			
	Session	225.00	0.00	225.00
	Day	395.00	0.00	395.00
	Evening 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>Harlow Registered Charities only</b>			
	<b>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
	Evenings and weekends only (per hour, max 2 hours)	30.00	0.00	30.00
	<b>Dining Hall</b>			
	Session	75.00	0.00	75.00
	Day	110.00	0.00	110.00
	Evenings and weekends only (per hour, max 2 hours)	20.00	0.00	20.00
	<b>Latton Hall</b>			
	Session	140.00	0.00	140.00
	Day	200.00	0.00	200.00
	Evenings and weekends only (per hour, max 2 hours)	30.00	0.00	30.00
	<b>Studio 2</b>			
	Per hour	15.00	0.00	15.00
	<b>LBC Tenants</b>			
	<b>Meeting Room</b>			
	Session	58.00	0.00	58.00
	Day	100.00	0.00	100.00
	Evenings and weekends only (per hour, max 2 hours)	20.00	0.00	20.00
	<b>Griffin Suite</b>			
	Session	115.00	0.00	115.00
	Day	197.00	0.00	197.00
	Evenings and weekends only (per hour, max 2 hours)	20.00	0.00	20.00
	<b>Dining Hall</b>			
	Session	98.00	0.00	98.00
	Day	165.00	0.00	165.00
	Evenings and weekends only (per hour, max 2 hours)	20.00	0.00	20.00
	<b>Latton Hall</b>			
	Session	166.00	0.00	166.00
	Day	293.00	0.00	293.00
	Evenings and weekends only (per hour, max 2 hours)	30.00	0.00	30.00
	<b>All rooms booked on day only by Tenants per hour</b>	15.00	0.00	15.00
	<b>Private Functions (Childrens Parties/Wakes/Churches)</b>			

SERVICE		2016/17	2017/18	
		Current Fee	Proposed Increase	Proposed Fee
		with effect from 01/04/2017		
		£,p	%	£,p
	Weekends only per 4 hour session			
	Latton Hall Session (am or pm)	140.00	0.00	140.00
	Dinning Hall Session (am or pm)	75.00	0.00	75.00
	Latton Hall Full Day	200.00	0.00	200.00
	Dining Hall Full Day	110.00	0.00	110.00
	<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>Add Alias Name to Numbered Property</b>	40.00 per property	0.00	40.00 per property
	<b>Naming of Building, Flat Block or Industrial Area</b>	110.00 per block or area	0.00	110.00 per block or area
	<b>New Development of 1-5 plots</b>	70.00 per plot	0.00	70.00 per plot
	<b>New Development of 6-50 plots</b>	10.00 per plot + 300.00	0.00	10.00 per plot + 300.00
	<b>New Development of 51+ plots</b>	5.00 per plot + 550.00	0.00	5.00 per plot + 550.00
	<b>The schedule has been issued</b>	50.00/plot	0.00	50.00/plot
	<b>Renaming of existing property</b>	100.00 per property	0.00	100.00 per property
	<b>Confirmation of postal address for solicitors or conveyancers</b>	40.00	0.00	40.00
	<b>Confirmation of postal address for residents/occupants</b>	15.00	0.00	15.00
	<b>Provision of new street name</b>	300.00	0.00	300.00
	<b>Renaming of a street where requested by residents</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 inc Town Centre</b>	52.00	0.00	52.00
<b>Domestic Refuse</b>	<b>Sales of Bins</b>			
	180l Wheelie Bins	40.00	5.00	42.00
	240l Wheelie Bins	38.00	5.26	40.00
	Kitchen Caddies	15.80	4.43	16.50
	Delivery	at cost	0.00	at cost
	Food waste flat bins	65.00	7.69	70.00
	<b>Flat Block Refuse Bins Charge to Developers</b>			
	1100 litre Bin	410.00	4.88	430.00
	960 litre Bin	410.00	4.88	430.00
	Delivery	at cost	0.00	at cost
<b>Special Refuse</b>	<b>Bulky Waste</b>			
	1 to 5 items	15.00	6.67	16.00
	6 to 8 items	22.50	6.67	24.00
<b>Recycling</b>	<b>Green Waste</b>			
	premium fortnightly collection (wheeled bin)	96.00	0.00	96.00
	bookable service (per bag)	0.85	5.88	0.90
	Christmas Trees	2.00	0.00	2.00
	<b>Flat block Recycling Bins - Charges to Developers</b>			
	1100 litre bin	410.00	4.88	430.00
	240 litre bin	38.00	5.26	40.00
	Sales of Kitchen Caddies	2.80	7.14	3.00
	Delivery	at cost	0.00	at cost
	<b>Sales of food waste flat bins</b>	63.00	5.56	66.50
	Delivery	at cost	0.00	at cost
<b>Abandoned Vehicles</b>	<b>Costs Recoverable</b>	29.00	3.45	30.00
	<b>Voluntary Surrender of Vehicles</b>	29.00	3.45	30.00
<b>Street Scene</b>	<b>Abandoned Shopping Trolleys</b>	95.00	5.26	100.00
<b>Allotments</b>	<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

SERVICE		2016/17	2017/18	
		Current Fee	Proposed Increase	Proposed Fee
		with effect from 01/04/2017		
		£,p	%	£,p
<b>Hackney Carriages &amp; Private Hire</b>	<b>HC &amp; PH Drivers Licence</b>			
	New Driver (annual)	194.00	0.00	194.00
	New driver (3 year)	356.00	0.00	356.00
	Renewal (annual)	118.00	0.00	118.00
	Renewal (3 year)	280.00	0.00	280.00
	<b>HC Vehicle Licence</b>			
	New Vehicle	324.00	0.00	324.00
	Renewal	292.00	0.00	292.00
	<b>PH Vehicle Licence</b>			
	New Vehicle	324.00	0.00	324.00
	Renewal	292.00	0.00	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	27.00	3.70	28.00	
Officer Fee for work undertaken per hour	47.00	4.26	49.00	
<b>Environmental Health</b>				
<b>Breeding of Dogs Licences (+ vets fees)</b>	125.00	4.00	130.00	
<b>Animal Boarding establishment licence</b>	125.00	4.00	130.00	
<b>Pet shop licence</b>	125.00	4.00	130.00	
<b>Riding establishment licence (+ vets fees)</b>	190.00	2.63	195.00	
<b>Dangerous wild animal licence (+ vets fees)</b>	140.00	3.57	145.00	
<b>Special treatment registration</b>	110.00	2.73	113.00	
<b>Wasp nest treatment (one treatment)</b>	50.00	0.00	50.00	
<b>Wasp nest treatment (two treatments)</b>	53.14	12.91	60.00	
<b>Fleas</b>	50.00	0.00	50.00	
<b>Rats</b>	50.00	0.00	50.00	
<b>Mice</b>	50.00	0.00	50.00	
<b>Pest Control concessionary rate (wasps/fleas/rats/mice)</b>	11.50	0.00	11.50	
<b>Stray dogs</b>				
stray dogs	25.00	0.00	25.00	
admin charge	24.00	4.17	25.00	
kennelling charges	at cost	0.00	at cost	
<b>Zoo Licence (not including veterinary fee)</b>	575.00	4.35	600.00	
<b>Veterinary Fees</b>	at cost	0.00	at cost	
<b>Contaminated land enquiry</b>	160.00	3.13	165.00	
<b>Homeboarding</b>	65.00	4.62	68.00	
<b>HMO Lice 3 story 5 year licence</b>	800.00	5.00	840.00	
<b>DBS Check for HMO Licence</b>	44.00	0.00	44.00	
<b>HMO Licence Renewal</b>	390.00	2.56	400.00	
<b>HMO Licence Variation</b>	0.00	0.00	0.00	
<b>Large HMO Additional Licensing Scheme</b>				
application full fee	505.00	3.96	525.00	
application reduced fee	412.00	1.94	420.00	
annual renewal full fee	190.00	4.21	198.00	
annual renewal reduced fee	165.00	1.82	168.00	
re-inspection full fee	154.00	3.90	160.00	
re-inspection reduced fee	154.00	0.00	154.00	
<b>Smaller HMO - Additional Licensing Scheme</b>				
application full fee	395.00	5.06	415.00	
application reduced fee	310.00	3.23	320.00	
annual renewal full fee	165.00	3.03	170.00	
annual renewal reduced fee	145.00	2.07	148.00	
re-inspection full fee	103.00	2.91	106.00	
re-inspection reduced fee	103.00	0.00	103.00	
<b>Additional charges small and large HMOs - Additional Licensing Scheme</b>				
application form incomplete	26.00	3.85	27.00	
avoided licence application until found by Council	205.00	3.41	212.00	
avoided licence application reminder letter	42.00	2.38	43.00	
missed appointment house inspection	103.00	1.94	105.00	
licence holder change once granted	113.00	1.77	115.00	
sending a final reminder	26.00	3.85	27.00	
recommencing licensing process following final reminder	42.00	2.38	43.00	
recovery fee - dishonoured cheque	31.00	3.23	32.00	
<b>LAPPC charges</b>				

SERVICE		2016/17	2017/18	
		Current Fee	Proposed Increase	Proposed Fee
		with effect from 01/04/2017		
		£,p	%	£,p
	<b>Application fee</b>			
	Standard process (includes solvent emission activities)	1,579.00	0.00	1,579.00
	Additional fee for operating without a permit	1,137.00	0.00	1,137.00
	PVRI,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**	1,579.00	0.00	1,579.00
	for the third to seventh applications	943.00	0.00	943.00
	for the eight and subsequent applications	477.00	0.00	477.00
	<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	£1,111 (+£149)*	0.00	£1,111 (+£149)*
	Standard process High	£1,672 (+£198)*	0.00	£1,672 (+£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**	1,484.00	0.00	1,484.00
	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	1,005.00	0.00	1,005.00
	Standard process where the substantial change results in a new PPC activity	1,579.00	0.00	1,579.00
	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	1,579.00	0.00	1,579.00
	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	1,484.00	0.00	1,484.00
	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
	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

SERVICE		2016/17	2017/18	
		Current Fee	Proposed Increase	Proposed Fee
		with effect from 01/04/2017		
		£,p	%	£,p
	<b>LA-IPPC Charges</b>			
	Every subsistence charge below includes the additional £99 charge to cover LA extra costs in dealing with reporting under the E-PRTR Regulation			
	Application - LA element	3,218.00	0.00	3,218.00
	Additional fee for operating without a permit - LA element	1,137.00	0.00	1,137.00
	Annual Subsistence Low - LA element	1,384.00	0.00	1,384.00
	Annual Subsistence Medium - LA element	1,541.00	0.00	1,541.00
	Annual Subsistence High - LA element	2,233.00	0.00	2,233.00
	Late Payment Fee	50.00	0.00	50.00
	Substantial Variation	1,309.00	0.00	1,309.00
	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>Promotional Pitches</b>			
	Monday - Thursday (per day)	125.00	1.60	127.00
	Friday - Sunday	200.00	2.50	205.00
	Weekly	770.00	2.60	790.00
	<b>Small Promotional Pitches (New)</b>			
	Monday - Thursday (per day)	100.00	2.00	102.00
	Friday - Sunday (per day)	150.00	2.67	154.00
	Weekly	500.00	3.60	518.00
	<b>Trading Pitches</b>			
	Monday - Sunday (per day)	35.00	2.86	36.00
	Weekly	146.00	2.74	150.00
	Monthly	575.00	2.61	590.00
	<b>Not for profit pitches</b>			
	Monday - Sunday (per day)	26.00	3.85	27.00
	Weekly	103.00	2.91	106.00
	Monthly	305.00	2.30	312.00
<b>Licensing</b>	<b>Miscellaneous Licences (new)</b>			
	Sex Shops	1,100.00	9.09	1,200.00
	<b>Miscellaneous Licences (renew)</b>			
	Sex Shops	1,100.00	4.55	1,150.00
	<b>Miscellaneous Licences (transfer)</b>			
	Sex Shops	600.00	3.33	620.00
	<b>Miscellaneous Licences (variation)</b>			
	Sex Shops	1,100.00	4.55	1,150.00
	<b>Highways Act (new)</b>			
	Tables & chairs			
	- table	18.00	5.56	19.00
	- chair	12.50	4.00	13.00
	<b>Highways Act (renew)</b>			
	Tables & chairs			
	- table	19.00	0.00	19.00
	- chair	12.50	4.00	13.00
	<b>Charity Collections (new)</b>			
	Lottery	40.00	0.00	40.00
	Street collection	0.00	0.00	0.00
	House to house collection	0.00	0.00	0.00
	<b>Charity Collections (renew)</b>			
	Lottery	20.00	0.00	20.00
	Street collection	0.00	0.00	0.00
	House to house collection	0.00	0.00	0.00
	<b>Street Trading (new)</b>			
	Street trading licence	340.00	5.88	360.00
	<b>Street Trading (renew)</b>			
	Street trading licence	340.00	5.88	360.00
	<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>			

SERVICE	2016/17		2017/18	
	Current Fee	Proposed Increase	Proposed Fee	Proposed Fee
	with effect from 01/04/2017			
	£,p	%	£,p	
Collectors fee	300.00	3.33	310.00	
Site fee	400.00	2.50	410.00	
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	
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	

SERVICE		2016/17	2017/18	
		Current Fee	Proposed Increase	Proposed Fee
		with effect from 01/04/2017		
		£,p	%	£,p
<b>Market</b>	<b>Pitch Rentals per day</b>			
	Fixed fee for first pitch	20.00	5.00	21.00
	Each additional pitch	15.00	3.33	15.50
	<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	3.03	34.00
	Tuesday	33.00	3.03	34.00
	Friday	33.00	3.03	34.00
	Saturday	33.00	3.03	34.00
	<b>Trailers - Vehicles up to 6.01 - 8 metres</b>			
	Monday	45.00	2.22	46.00
	Tuesday	45.00	2.22	46.00
	Friday	45.00	2.22	46.00
	Saturday	45.00	2.22	46.00
	<b>Trailers - Vehicles up to 8.01 - 11 metres</b>			
	Monday	55.00	1.82	56.00
	Tuesday	55.00	1.82	56.00
	Friday	55.00	1.82	56.00
	Saturday	55.00	1.82	56.00

<b>CHIEF EXECUTIVE SERVICES</b>	<b>2015/16 Actual £</b>	<b>2016/17 Original £</b>	<b>2017/18 Original £</b>
Employees Expenses	244,792	243,550	247,800
Premises Related Expenses	0	0	0
Transport Related Expenses	275	150	150
Supplies & Services	16,881	23,830	22,950
Central Support Services	108,299	125,180	116,850
Other Recharges	0	360	360
Capital Financing Costs	0	0	0
<b>Total Expenditure</b>	<b>370,248</b>	<b>393,070</b>	<b>388,110</b>
Income	0	(-)100	(-)100
Recharges	(-)382,350	(-)391,190	(-)385,320
<b>Net Expenditure</b>	<b>(-)12,102</b>	<b>1,780</b>	<b>2,690</b>

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

**Corporate Management Team**

Expenditure	367,875	391,290	384,210
Income	0	(-)100	(-)100
Recharges	(-)382,350	(-)391,190	(-)385,320
<b>Net expenditure</b>	<b>(-)14,475</b>	<b>0</b>	<b>(-)1,210</b>

**Harlow Education Progression Awards**

Expenditure	2,373	1,780	3,900
Income	0	0	0
Recharges	0	0	0
<b>Net expenditure</b>	<b>2,373</b>	<b>1,780</b>	<b>3,900</b>

<b>Net Expenditure</b>	<b>(-)12,102</b>	<b>1,780</b>	<b>2,690</b>
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<b>COMMUNITY WELLBEING</b>	<b>2015/16 Actual £</b>	<b>2016/17 Original £</b>	<b>2017/18 Original £</b>
Employees Expenses	2,899,679	3,012,400	3,135,490
Premises Related Expenses	347,112	372,840	418,570
Transport Related Expenses	39,163	46,160	47,890
Supplies and Services	2,327,017	2,055,290	1,889,850
Third Party Payments	0	0	0
Central Support Services	1,027,208	1,020,630	966,390
Recharges	319,724	315,830	296,440
Capital Charges	1,600,408	752,460	505,220
<b>Total Expenditure</b>	<b>8,560,311</b>	<b>7,575,610</b>	<b>7,259,850</b>
Income	(-2,090,257)	(-1,692,870)	(-1,803,570)
Recharges	(-1,615,404)	(-1,666,280)	(-1,644,490)
<b>Net Expenditure</b>	<b>4,854,649</b>	<b>4,216,460</b>	<b>3,811,790</b>

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

**Community Safety**

Expenditure	521,830	528,590	528,350
Income	(-20,301)	(-8,000)	(-8,000)
Recharges	(-164,027)	(-169,970)	(-170,230)
<b>Net Expenditure</b>	<b>337,502</b>	<b>350,620</b>	<b>350,120</b>

**Emergency Planning**

Expenditure	23,894	24,100	13,680
Income			
Recharges			
<b>Net Expenditure</b>	<b>23,894</b>	<b>24,100</b>	<b>13,680</b>

**Youth and Citizenship & Initiatives**

Expenditure	178,894	195,000	192,320
Income	(-68,847)	(-29,150)	(-28,250)
Recharges			
<b>Net Expenditure</b>	<b>110,047</b>	<b>165,850</b>	<b>164,070</b>

**Art Gallery**

Expenditure	54,337	53,150	48,840
Income	(-1,035)	0	0
Recharges			
<b>Net Expenditure</b>	<b>53,302</b>	<b>53,150</b>	<b>48,840</b>

<b>COMMUNITY WELLBEING</b>	<b>2015/16 Actual £</b>	<b>2016/17 Original £</b>	<b>2017/18 Original £</b>
<b>Playhouse</b>			
Expenditure	2,122,933	1,980,830	1,962,550
Income	(-1,160,682)	(-1,071,380)	(-1,135,330)
Recharges	0	(-32,120)	(-32,760)
Net Expenditure	<u>962,250</u>	<u>877,330</u>	<u>794,460</u>
<b>Museum Of Harlow</b>			
Expenditure	60,281	27,420	22,700
Income	(-6,787)	(-6,820)	(-6,220)
Recharges			
Net Expenditure	<u>53,494</u>	<u>20,600</u>	<u>16,480</u>
<b>Grant Aid</b>			
Expenditure	338,751	364,920	406,810
Income			
Recharges	(-20,000)	(-20,000)	(-20,000)
Net Expenditure	<u>318,751</u>	<u>344,920</u>	<u>386,810</u>
<b>Concessionary Travel</b>			
Expenditure	0	0	0
Income			
Recharges			
Net Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
<b>Community Services: Central Costs &amp; Initiatives</b>			
Expenditure	411,506	416,640	422,800
Income	(-15,210)		
Recharges	(-254,105)	(-261,350)	(-248,880)
Net Expenditure	<u>142,191</u>	<u>155,290</u>	<u>173,920</u>
<b>Discretionary Services Fund (payments to external service providers)</b>			
Expenditure	92,415	80,000	119,000
Income			
Recharges			
Net Expenditure	<u>92,415</u>	<u>80,000</u>	<u>119,000</u>
<b>Contact Harlow</b>			
Expenditure	1,171,390	1,183,250	1,188,360
Income	(-15,114)	0	0
Recharges	(-773,036)	(-792,100)	(-795,470)
Net Expenditure	<u>383,240</u>	<u>391,150</u>	<u>392,890</u>
<b>Reprographics</b>			
Expenditure	182,013	180,350	158,940
Income	(-40)	(-200)	(-200)
Recharges	(-181,972)	(-183,150)	(-179,740)
Net Expenditure	<u>0</u>	<u>(-3,000)</u>	<u>(-21,000)</u>

<b>COMMUNITY WELLBEING</b>	<b>2015/16 Actual £</b>	<b>2016/17 Original £</b>	<b>2017/18 Original £</b>
<b>Communications</b>			
Expenditure	238,057	236,260	243,940
Income	(-2,840)	0	0
Recharges	(-236,370)	(-236,080)	(-235,350)
Net Expenditure	<b>(-1,153)</b>	<b>180</b>	<b>8,590</b>
<b>Leah Manning Centre</b>			
Expenditure	1,071,623	426,940	430,240
Income	(-344,999)	(-351,060)	(-351,060)
Recharges	(-12,489)	(-12,120)	(-12,120)
Net Expenditure	<b>714,134</b>	<b>63,760</b>	<b>67,060</b>
<b>Sam's Place</b>			
Expenditure	72,631	72,920	41,650
Income	(-68,609)	(-65,000)	(-36,000)
Recharges			
Net Expenditure	<b>4,022</b>	<b>7,920</b>	<b>5,650</b>
<b>Youth and Community</b>			
Expenditure	40,759	36,050	37,090
Income	(-392)	0	0
Recharges			
Net Expenditure	<b>40,367</b>	<b>36,050</b>	<b>37,090</b>
<b>Youth Council</b>			
Expenditure	33,174	34,130	34,460
Income	(-296)	0	0
Recharges			
Net Expenditure	<b>32,878</b>	<b>34,130</b>	<b>34,460</b>
<b>Leisure Services</b>			
Expenditure	121,585	110,940	107,450
Income	(-23,500)	0	0
Recharges	0	0	0
Net Expenditure	<b>98,085</b>	<b>110,940</b>	<b>107,450</b>
<b>Firework Display</b>			
Expenditure	23,689	15,600	15,860
Income	(-2,450)	(-2,540)	(-2,540)
Recharges			
Net Expenditure	<b>21,239</b>	<b>13,060</b>	<b>13,320</b>
<b>Sports Partnership</b>			
Expenditure	315,448	415,780	104,310
Income			
Recharges			
Net Expenditure	<b>315,448</b>	<b>415,780</b>	<b>104,310</b>

<b>COMMUNITY WELLBEING</b>	<b>2015/16 Actual £</b>	<b>2016/17 Original £</b>	<b>2017/18 Original £</b>
<b>Paddling Pools</b>			
Expenditure	91,388	88,550	120,400
Income			
Recharges			
Net Expenditure	<b>91,388</b>	<b>88,550</b>	<b>120,400</b>
<b>Other Leisure Services</b>			
Expenditure	63,948	4,280	7,140
Income	(-3,000)	(-3,000)	0
Recharges			
Net Expenditure	<b>60,948</b>	<b>1,280</b>	<b>7,140</b>
<b>Pets Corner</b>			
Expenditure	206,582	244,120	222,800
Income	(-61,957)	(-52,100)	(-63,100)
Recharges			
Net Expenditure	<b>144,625</b>	<b>192,020</b>	<b>159,700</b>
<b>Welfare Rights &amp; Advice Service</b>			
Expenditure	96,690	97,210	97,180
Income			
Recharges	(-32,850)	(-32,850)	(-32,850)
Net Expenditure	<b>63,840</b>	<b>64,360</b>	<b>64,330</b>
<b>Regeneration Team</b>			
Expenditure	968,836	749,480	751,180
Income	(-92,846)	0	0
Recharges	(-169,697)	(-163,080)	(-147,610)
Net Expenditure	<b>706,293</b>	<b>586,400</b>	<b>603,570</b>
<b>Roundabouts</b>			
Expenditure	8,303	7,930	9,440
Income	(-13,242)	(-5,990)	(-5,990)
Recharges			
Net Expenditure	<b>(-4,939)</b>	<b>1,940</b>	<b>3,450</b>
<b>Externally Funded Projects</b>			
Expenditure	151,587	0	0
Income	(-97,068)	0	0
Recharges			
Net Expenditure	<b>54,520</b>	<b>0</b>	<b>0</b>
<b>Depots</b>			
Expenditure	126,910	237,710	125,130
Income	(-91,041)	(-97,630)	(-89,130)
Recharges			
Net Expenditure	<b>35,869</b>	<b>140,080</b>	<b>36,000</b>
<b>Net Expenditure</b>	<b>4,854,649</b>	<b>4,216,460</b>	<b>3,811,790</b>

<b>FINANCE</b>	<b>2015/16 Actual £</b>	<b>2016/17 Original £</b>	<b>2017/18 Original £</b>
Employees Expenses	2,545,875	2,708,290	2,768,070
Pension & Redundancy Costs	3,657,091	4,074,560	3,839,080
Transport Related Expenses	3,551	5,330	6,170
Supplies and Services	2,206,747	2,471,750	2,535,390
Transfer Payments	36,410,756	36,278,399	33,600,180
Central Support Services	1,543,316	1,778,130	1,722,620
Other Recharges	62,238	1,399,470	1,434,310
Capital Financing Cost	69,243	115,040	115,040
<b>Total Expenditure</b>	<b>46,498,817</b>	<b>48,830,969</b>	<b>46,020,860</b>
Income	(-)38,424,698	(-)37,637,499	(-)34,735,640
Recharges	(-)5,683,481	(-)7,556,740	(-)7,574,960
<b>Net Expenditure</b>	<b>2,390,638</b>	<b>3,636,730</b>	<b>3,710,260</b>

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

**Accountancy**

Expenditure	721,055	749,870	740,400
Income	(-)1,469	0	0
Recharges	(-)764,630	(-)750,020	(-)757,180
Net expenditure	<b>(-)45,044</b>	<b>(-)150</b>	<b>(-)16,780</b>

**Central Finance**

Expenditure	357,353	611,350	578,080
Income	0	0	0
Recharges	(-)525,430	(-)635,100	(-)555,530
Net expenditure	<b>(-)168,077</b>	<b>(-)23,750</b>	<b>22,550</b>

**Audit**

Expenditure	145,743	168,620	163,220
Income	(-)9,302	(-)9,170	(-)9,450
Recharges	(-)153,650	(-)159,070	(-)153,530
Net expenditure	<b>(-)17,209</b>	<b>380</b>	<b>240</b>

**Insurance**

Expenditure	1,009,024	1,167,490	1,224,290
Income	0	0	0
Recharges	(-)1,033,422	(-)1,167,460	(-)1,223,390
Net expenditure	<b>(-)24,398</b>	<b>30</b>	<b>900</b>

<b>FINANCE</b>	<b>2015/16 Actual £</b>	<b>2016/17 Original £</b>	<b>2017/18 Original £</b>
<b>ICT</b>			
Expenditure	1,107,221	1,239,260	1,253,930
Income	(-)8,999	(-)10,000	(-)10,000
Recharges	(-)1,249,840	(-)1,279,230	(-)1,244,300
Net expenditure	<u>(-)151,618</u>	<u>(-)49,970</u>	<u>(-)370</u>
<b>Telephony</b>			
Expenditure	179,225	154,200	152,700
Income	(-)28,364	(-)28,350	(-)28,350
Recharges	(-)133,360	(-)140,860	(-)124,330
Net expenditure	<u>17,501</u>	<u>(-)15,010</u>	<u>20</u>
<b>Revenues &amp; Benefits</b>			
Expenditure	3,013,899	3,669,010	3,771,920
Income	(-)1,323,971	(-)1,076,160	(-)1,071,590
Recharges	(-)940,721	(-)1,570,940	(-)1,671,720
Net expenditure	<u>749,207</u>	<u>1,021,910</u>	<u>1,028,610</u>
<b>Corporate &amp; Democratic Core - Democratic Representation &amp; Management</b>			
Expenditure	522,120	532,710	511,260
Income	0	0	0
Recharge	(-)261,060	(-)319,630	(-)306,700
Net expenditure	<u>261,060</u>	<u>213,080</u>	<u>204,560</u>
<b>Corporate &amp; Democratic Core - Corporate Management</b>			
Expenditure	974,001	1,000,010	953,560
Income	0	0	(-)15,000
Recharge	(-)444,240	(-)600,010	(-)557,140
Net expenditure	<u>529,761</u>	<u>400,000</u>	<u>396,420</u>
<b>Pension Fund Underfunding and Other Non-Distributed Costs</b>			
Expenditure	3,657,591	4,075,050	3,884,580
Income	0	0	0
Recharge	(-)1,771,690	(-)1,782,280	(-)1,769,750
Net expenditure	<u>1,885,901</u>	<u>2,292,770</u>	<u>2,099,830</u>
<b>Housing Benefits</b>			
Expenditure	36,406,146	36,311,259	33,575,530
Income	(-)37,052,593	(-)36,513,819	(-)33,601,250
Recharge	0	0	0
Net expenditure	<u>(-)646,447</u>	<u>(-)202,560</u>	<u>(-)25,720</u>
<b>Net Expenditure</b>	<u><u>2,390,638</u></u>	<u><u>3,636,730</u></u>	<u><u>3,710,260</u></u>

<b>GOVERNANCE SERVICES</b>	<b>2015/16 Actual £</b>	<b>2016/17 Original £</b>	<b>2017/18 Original £</b>
Employees Expenses	1,366,527	1,315,250	1,341,850
Premises Related Expenses	581	800	800
Training & Development Expenses	79,000	69,820	65,820
Transport Related Expenses	3,223	3,630	3,580
Supplies and Services	323,100	290,630	296,900
Members Allowances	177,405	178,510	178,510
Central Support Services	596,552	621,520	644,980
Other Recharges	83,863	95,090	74,070
Capital Financing Costs	0	0	0
<b>Total Expenditure</b>	<b>2,630,251</b>	<b>2,575,250</b>	<b>2,606,510</b>
Income	(-)397,842	(-)162,050	(-)172,050
Recharges	(-)1,707,040	(-)1,776,920	(-)1,718,200
<b>Net Expenditure</b>	<b>525,370</b>	<b>636,280</b>	<b>716,260</b>

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

**Occupational Health**

Expenditure	23,884	27,010	27,010
Income	2,157	0	0
Recharges	(-)27,770	(-)27,070	(-)27,840
<b>Net expenditure</b>	<b>(-)1,730</b>	<b>(-)60</b>	<b>(-)830</b>

**Corporate HR Costs**

Expenditure	39,020	39,700	37,700
Income	0	0	0
Recharges	(-)52,551	(-)43,700	(-)35,800
<b>Net expenditure</b>	<b>(-)13,531</b>	<b>(-)4,000</b>	<b>1,900</b>

**Human Resources**

Expenditure	387,057	383,900	389,350
Income	(-)293	0	0
Recharges	(-)385,370	(-)378,340	(-)389,760
<b>Net expenditure</b>	<b>1,394</b>	<b>5,560</b>	<b>(-)410</b>

**Training & Development**

Expenditure	81,540	72,040	67,830
Income	(-)479	0	0
Recharges	(-)104,460	(-)74,980	(-)71,840
<b>Net expenditure</b>	<b>(-)23,399</b>	<b>(-)2,940</b>	<b>(-)4,010</b>

<b>GOVERNANCE SERVICES</b>	<b>2015/16 Actual £</b>	<b>2016/17 Original £</b>	<b>2017/18 Original £</b>
<b>Union Facilities</b>			
Expenditure	6,120	14,690	14,300
Income	0	0	0
Recharges	(-11,229)	(-14,690)	(-14,190)
Net expenditure	<u>(-5,109)</u>	<u>0</u>	<u>110</u>
<b>Health &amp; Safety</b>			
Expenditure	62,658	68,930	66,110
Income	0	0	0
Recharges	(-65,975)	(-69,630)	(-65,540)
Net expenditure	<u>(-3,317)</u>	<u>(-700)</u>	<u>570</u>
<b>Relationship &amp; Commissioning (Procurement)</b>			
Expenditure	184,700	187,420	196,840
Income	0	0	0
Recharges	(-186,083)	(-187,810)	(-196,050)
Net expenditure	<u>(-1,383)</u>	<u>(-390)</u>	<u>790</u>
<b>Policy &amp; Performance</b>			
Expenditure	114,927	119,550	137,430
Income	(-8,103)	0	0
Recharges	(-110,170)	(-163,640)	(-136,550)
Net expenditure	<u>(-3,346)</u>	<u>(-44,090)</u>	<u>880</u>
<b>Land Charges</b>			
Expenditure	114,994	104,510	103,370
Income	(-204,668)	(-115,600)	(-125,600)
Recharges	0	0	0
Net expenditure	<u>(-89,674)</u>	<u>(-11,090)</u>	<u>(-22,230)</u>
<b>Governance</b>			
Expenditure	198,340	208,310	177,510
Income	0	0	0
Recharges	(-201,870)	(-208,310)	(-177,530)
Net expenditure	<u>(-3,530)</u>	<u>0</u>	<u>(-20)</u>
<b>Legal Services</b>			
Expenditure	578,531	598,180	633,420
Income	(-58,681)	(-44,500)	(-44,600)
Recharges	(-546,615)	(-540,830)	(-559,780)
Net expenditure	<u>(-26,765)</u>	<u>12,850</u>	<u>29,040</u>
<b>Electoral Services</b>			
Expenditure	470,000	310,460	338,900
Income	(-124,221)	(-1,850)	(-1,850)
Recharges	0	0	0
Net expenditure	<u>345,779</u>	<u>308,610</u>	<u>337,050</u>
<b>Corporate Support Team</b>			
Expenditure	234,403	242,630	254,990
Income	(-3,312)	0	0
Recharges	(-237,530)	(-243,620)	(-252,730)
Net expenditure	<u>(-6,439)</u>	<u>(-990)</u>	<u>2,260</u>

<b>GOVERNANCE SERVICES</b>	<b>2015/16 Actual £</b>	<b>2016/17 Original £</b>	<b>2017/18 Original £</b>
<b>Chairman's Allowance</b>			
Expenditure	9,470	9,680	9,680
Income	0	0	0
Recharges	0	0	0
Net Expenditure	<u>9,470</u>	<u>9,680</u>	<u>9,680</u>
<b>Members Services</b>			
Expenditure	346,950	363,840	361,480
Income	0	0	0
Recharges	0	0	0
Net Expenditure	<u>346,950</u>	<u>363,840</u>	<u>361,480</u>
<b>Data Protection &amp; Freedom of Information</b>			
Expenditure	25,166	53,850	0
Income	(-)240	(-)100	0
Recharges	(-)24,926	(-)53,750	0
Net Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Expenditure</b>	<u><u>525,370</u></u>	<u><u>636,280</u></u>	<u><u>716,260</u></u>

<b>HOUSING GENERAL FUND</b>	<b>2015/16 Actual £</b>	<b>2016/17 Original £</b>	<b>2017/18 Original £</b>
Employees Expenses	1,070,892	1,025,420	982,140
Premises Related Expenses	0	0	0
Transport Related Expenses	9,163	10,980	9,650
Supplies and Services	782,003	503,625	658,440
Third Party Payments	0	0	0
Central Support Services	293,677	300,010	267,280
Recharges	667,278	695,350	708,640
Capital Charges	151,635	19,160	12,780
<b>Total Expenditure</b>	<b><u>2,974,648</u></b>	<b><u>2,554,545</u></b>	<b><u>2,638,930</u></b>
Income	(-)668,705	(-)480,745	(-)450,600
Recharges	(-)1,003,330	(-)1,002,700	(-)1,033,500
<b>Net Expenditure</b>	<b><u>1,302,612</u></b>	<b><u>1,071,100</u></b>	<b><u>1,154,830</u></b>

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

**Amenity Cleaning**

Expenditure	319,311	330,890	339,470
Income			
Recharges			
<b>Net Expenditure</b>	<b><u>319,311</u></b>	<b><u>330,890</u></b>	<b><u>339,470</u></b>

**Supporting People**

Expenditure	953,321	960,700	973,510
Income	(-)507,406	(-)377,660	(-)367,750
Recharges	(-)548,157	(-)519,490	(-)561,500
<b>Net Expenditure</b>	<b><u>(-)102,242</u></b>	<b><u>63,550</u></b>	<b><u>44,260</u></b>

**Landscaping**

Expenditure	179,850	182,800	189,530
Income			
Recharges			
<b>Net Expenditure</b>	<b><u>179,850</u></b>	<b><u>182,800</u></b>	<b><u>189,530</u></b>

**Housing Options and Advice**

Expenditure	1,522,166	1,080,155	1,136,420
Income	(-)161,299	(-)103,085	(-)82,850
Recharges	(-)455,173	(-)483,210	(-)472,000
<b>Net Expenditure</b>	<b><u>905,694</u></b>	<b><u>493,860</u></b>	<b><u>581,570</u></b>

<b>Net Expenditure</b>	<b><u>1,302,612</u></b>	<b><u>1,071,100</u></b>	<b><u>1,154,830</u></b>
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<b>PLACE</b>	<b>2015/16 Actual £</b>	<b>2016/17 Original £</b>	<b>2017/18 Original £</b>
Employees Expenses	2,870,159	2,930,740	3,025,420
Premises Related Expenses	4,307,220	4,257,820	4,376,040
Transport Related Expenses	35,609	40,980	41,460
Supplies & Services	4,592,825	4,662,610	4,191,690
Third Party Payments	91,559	76,920	79,590
Central Support Services	1,353,525	1,347,580	1,337,110
Recharges	409,560	440,700	330,490
Capital Charges	10,811,891	2,977,970	769,630
<b>Total Expenditure</b>	<b>24,472,348</b>	<b>16,735,320</b>	<b>14,151,430</b>
Income	(-9,596,821)	(-9,006,190)	(-9,770,740)
Recharges	(-2,213,209)	(-2,105,990)	(-1,996,460)
<b>Net Expenditure</b>	<b>12,662,318</b>	<b>5,623,140</b>	<b>2,384,230</b>

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

**Office Accommodation**

Expenditure	2,257,396	1,163,580	1,108,970
Income	(-6,352)	(-6,350)	(-6,350)
Recharges	(-1,189,979)	(-1,169,260)	(-1,069,130)
<b>Net expenditure</b>	<b>1,061,065</b>	<b>(-12,030)</b>	<b>33,490</b>

**Messenger and Post Service**

Expenditure	174,823	157,420	159,020
Income	(-21,453)	0	0
Recharges	(-174,823)	(-157,420)	(-159,020)
<b>Net expenditure</b>	<b>(-21,453)</b>	<b>0</b>	<b>0</b>

**Car Parks**

Expenditure	(-34,253)	261,940	(-36,460)
Income	(-651,456)	(-534,410)	(-569,410)
Recharges	(-1,830)	(-1,480)	(-1,780)
<b>Net expenditure</b>	<b>(-687,539)</b>	<b>(-273,950)</b>	<b>(-607,650)</b>

**Water Gardens Car Park**

Expenditure	15,565	15,770	31,050
Income	(-547,177)	(-538,550)	(-538,550)
Recharges			
<b>Net expenditure</b>	<b>(-531,613)</b>	<b>(-522,780)</b>	<b>(-507,500)</b>

PLACE	2015/16 Actual £	2016/17 Original £	2017/18 Original £
<b>Commercial Property</b>			
Expenditure	3,576,201	1,909,390	619,240
Income	(-3,621,325)	(-3,603,880)	(-3,986,900)
Recharges	(-151,508)	(-124,330)	(-125,390)
Net expenditure	<u>(-196,632)</u>	<u>(-1,818,820)</u>	<u>(-3,493,050)</u>
<b>Pavilions, Sports Pitches &amp; Common Rooms</b>			
Expenditure	251,206	187,750	127,720
Income	(-44,792)	(-51,620)	(-45,200)
Recharges	(-14,831)	(-14,830)	(-14,830)
Net expenditure	<u>191,584</u>	<u>121,300</u>	<u>67,690</u>
<b>Property &amp; Facilities Management</b>			
Expenditure	726,476	810,280	832,050
Income	(-57,162)	(-64,170)	(-74,000)
Recharges	(-319,485)	(-322,000)	(-336,430)
Net expenditure	<u>349,829</u>	<u>424,110</u>	<u>421,620</u>
<b>Latton Bush Centre</b>			
Expenditure	626,992	743,000	556,660
Income	(-750,356)	(-725,560)	(-744,330)
Recharges	(-247,537)	(-243,420)	(-231,120)
Net expenditure	<u>(-370,901)</u>	<u>(-225,980)</u>	<u>(-418,790)</u>
<b>Public Conveniences</b>			
Expenditure	(-7,459)	49,740	77,390
Income			
Recharges			
Net expenditure	<u>(-7,459)</u>	<u>49,740</u>	<u>77,390</u>
<b>Bus Terminus</b>			
Expenditure	216,613	226,340	222,620
Income	(-160,447)	(-159,270)	(-151,550)
Recharges	(-21,360)	(-22,040)	(-22,570)
Net expenditure	<u>34,806</u>	<u>45,030</u>	<u>48,500</u>
<b>Bus Shelters</b>			
Expenditure	3,914	4,300	3,100
Income			
Recharges			
Net expenditure	<u>3,914</u>	<u>4,300</u>	<u>3,100</u>
<b>Street Name Signs</b>			
Expenditure	41,857	48,120	51,020
Income	(-4,880)	(-3,000)	(-5,000)
Recharges			
Net expenditure	<u>36,977</u>	<u>45,120</u>	<u>46,020</u>
<b>Unadopted Highways</b>			
Expenditure	214,387	143,530	140,590
Income	(-62,562)	0	0
Recharges	(-72,439)	(-67,500)	(-67,500)
Net expenditure	<u>79,386</u>	<u>76,030</u>	<u>73,090</u>

<b>PLACE</b>	<b>2015/16 Actual £</b>	<b>2016/17 Original £</b>	<b>2017/18 Original £</b>
<b>Town Centre Management</b>			
Expenditure	150	170	150
Income	(-)15,364	(-)25,000	(-)20,000
Recharges			
Net expenditure	<u>(-)15,214</u>	<u>(-)24,830</u>	<u>(-)19,850</u>
<b>Town Centre Enhancements</b>			
Expenditure	30,499	27,320	35,410
Income	(-)635	0	0
Recharges			
Net expenditure	<u>29,864</u>	<u>27,320</u>	<u>35,410</u>
<b>Enterprise Zone</b>			
Expenditure	5,434,793	207,880	213,000
Income	(-)274,073	(-)199,590	(-)199,920
Recharges			
Net expenditure	<u>5,160,720</u>	<u>8,290</u>	<u>13,080</u>
<b>Building Control</b>			
Expenditure	250,604	273,350	275,350
Income	(-)90,073	(-)100,500	(-)100,500
Recharges	(-)36,030	(-)36,470	(-)36,920
Net expenditure	<u>124,500</u>	<u>136,380</u>	<u>137,930</u>
<b>Structural Engineering</b>			
Expenditure	77,824	79,710	80,130
Income	(-)23,915	(-)9,000	(-)23,000
Recharges	(-)12,000	(-)16,000	(-)7,000
Net expenditure	<u>41,908</u>	<u>54,710</u>	<u>50,130</u>
<b>Covenant Control</b>			
Expenditure	43,348	43,820	24,400
Income	(-)14,489	(-)10,100	0
Recharges			
Net expenditure	<u>28,859</u>	<u>33,720</u>	<u>24,400</u>
<b>Planning Services</b>			
Expenditure	1,118,167	1,108,000	1,150,220
Income	(-)407,289	(-)373,050	(-)340,050
Recharges	(-)44,140	(-)48,280	(-)49,300
Net expenditure	<u>666,739</u>	<u>686,670</u>	<u>760,870</u>
<b>Highways Infrastructure</b>			
Expenditure	481,537	508,880	567,250
Income	(-)56,186	(-)41,500	(-)41,500
Recharges			
Net expenditure	<u>425,351</u>	<u>467,380</u>	<u>525,750</u>
<b>Joint Venture Company</b>			
Expenditure	236,354	377,750	157,210
Income	(-)50,000	(-)50,000	(-)50,000
Recharges	(-)168,224	(-)97,730	(-)101,470
Net expenditure	<u>18,130</u>	<u>230,020</u>	<u>5,740</u>



<b>PLACE</b>	<b>2015/16 Actual £</b>	<b>2016/17 Original £</b>	<b>2017/18 Original £</b>
<b>JVCo (Holding)</b>			
Expenditure	232,548	239,780	256,850
Income			
Recharges	<u>(-159,039)</u>	<u>(-165,090)</u>	<u>(-165,090)</u>
Net expenditure	<u><b>73,509</b></u>	<u><b>74,690</b></u>	<u><b>91,760</b></u>
<b>Central Costs</b>			
Expenditure	298,691	302,540	271,700
Income			
Recharges	<u>(-298,691)</u>	<u>(-302,540)</u>	<u>(-301,700)</u>
Net expenditure	<u><b>0</b></u>	<u><b>0</b></u>	<u><b>(-30,000)</b></u>
<b>Refuse/Recycling</b>			
Expenditure	3,888,105	3,904,810	3,855,630
Income	<u>(-1,557,554)</u>	<u>(-1,476,260)</u>	<u>(-1,487,010)</u>
Recharges			
Net Expenditure	<u><b>2,330,551</b></u>	<u><b>2,428,550</b></u>	<u><b>2,368,620</b></u>
<b>Environmental Health</b>			
Expenditure	1,487,604	1,657,120	1,697,110
Income	<u>(-417,666)</u>	<u>(-312,100)</u>	<u>(-659,100)</u>
Recharges	<u>(-141,298)</u>	<u>(-144,770)</u>	<u>(-148,760)</u>
Net Expenditure	<u><b>928,639</b></u>	<u><b>1,200,250</b></u>	<u><b>889,250</b></u>
<b>Cemetery &amp; Crematorium</b>			
Expenditure	<u>(-316,622)</u>	45,830	<u>(-323,760)</u>
Income	<u>(-441,745)</u>	<u>(-439,060)</u>	<u>(-459,710)</u>
Recharges			
Net Expenditure	<u><b>(-758,367)</b></u>	<u><b>(-393,230)</b></u>	<u><b>(-783,470)</b></u>
<b>Hackney Carriages &amp; Private Hire</b>			
Expenditure	262,793	229,000	247,870
Income	<u>(-138,829)</u>	<u>(-119,670)</u>	<u>(-119,050)</u>
Recharges	<u>(-47,518)</u>	<u>(-42,040)</u>	<u>(-44,750)</u>
Net Expenditure	<u><b>76,446</b></u>	<u><b>67,290</b></u>	<u><b>84,070</b></u>
<b>Licensing</b>			
Expenditure	189,855	176,160	187,090
Income	<u>(-82,006)</u>	<u>(-86,350)</u>	<u>(-81,350)</u>
Recharges	<u>(-24,815)</u>	<u>(-27,350)</u>	<u>(-28,860)</u>
Net Expenditure	<u><b>83,034</b></u>	<u><b>62,460</b></u>	<u><b>76,880</b></u>
<b>Market</b>			
Expenditure	564,214	28,700	23,390
Income	<u>(-37,780)</u>	<u>(-35,000)</u>	<u>(-31,000)</u>
Recharges			
Net Expenditure	<u><b>526,434</b></u>	<u><b>(-6,300)</b></u>	<u><b>(-7,610)</b></u>
<b>Townwide Nature Reserves</b>			
Expenditure	<u>(-9,510)</u>	5,560	52,500
Income	<u>(-9,274)</u>	<u>(-4,700)</u>	<u>(-3,440)</u>
Recharges			
Net Expenditure	<u><b>(-18,783)</b></u>	<u><b>860</b></u>	<u><b>49,060</b></u>

<b>PLACE</b>	<b>2015/16 Actual £</b>	<b>2016/17 Original £</b>	<b>2017/18 Original £</b>
<b>Land Trust</b>			
Expenditure	26,138	27,160	35,160
Income	(-)26,009	(-)27,160	(-)26,150
Recharges			
Net Expenditure	<u>129</u>	<u>0</u>	<u>9,010</u>
<b>Street Cleaning</b>			
Expenditure	827,153	853,590	896,080
Income	(-)835	(-)520	(-)460
Recharges			
Net Expenditure	<u>826,318</u>	<u>853,070</u>	<u>895,620</u>
<b>Sheltered Employment Team</b>			
Expenditure	172,827	175,210	217,380
Income			
Recharges			
Net Expenditure	<u>172,827</u>	<u>175,210</u>	<u>217,380</u>
<b>Town Park</b>			
Expenditure	186,934	189,840	227,310
Income			
Recharges			
Net Expenditure	<u>186,934</u>	<u>189,840</u>	<u>227,310</u>
<b>Neighbourhood Parks</b>			
Expenditure	26,021	26,380	37,420
Income			
Recharges			
Net Expenditure	<u>26,021</u>	<u>26,380</u>	<u>37,420</u>
<b>Allotments</b>			
Expenditure	40,382	12,920	17,390
Income	(-)7,098	(-)8,210	(-)7,210
Recharges			
Net Expenditure	<u>33,284</u>	<u>4,710</u>	<u>10,180</u>
<b>Open Spaces</b>			
Expenditure	1,012,429	1,008,220	776,140
Income	(-)8,763	(-)1,610	0
Recharges			
Net Expenditure	<u>1,003,667</u>	<u>1,006,610</u>	<u>776,140</u>
<b>Playgrounds</b>			
Expenditure	115,485	90,840	130,860
Income			
Recharges			
Net Expenditure	<u>115,485</u>	<u>90,840</u>	<u>130,860</u>
<b>Sportsfields</b>			
Expenditure	344,793	23,200	22,770
Income	(-)215	0	0
Recharges			
Net Expenditure	<u>344,578</u>	<u>23,200</u>	<u>22,770</u>

<b>PLACE</b>	<b>2015/16 Actual £</b>	<b>2016/17 Original £</b>	<b>2017/18 Original £</b>
<b>Place Other</b>			
Expenditure	297,851	286,980	281,000
Income	(-9,060)	0	0
Recharges	0	0	(-239,390)
Net Expenditure	<u>288,790</u>	<u>286,980</u>	<u>41,610</u>
<b>Net Expenditure</b>	<u><u>12,662,318</u></u>	<u><u>5,623,140</u></u>	<u><u>2,384,230</u></u>



## PAY POLICY STATEMENT 2017/18

### **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. This Pay Policy Statement covers all employees.

## **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. On 16 May 2016 the National Joint Council agreed a two year pay deal resulting in a one percent pay rise each year to implemented (and backdated) to 1 April 2016, and a further one percent rise to be implemented on 1 April 2017. The Council will have regard to all NJC approved pay agreements.
16. In 2000 with the implementation of Single Status, a new salary structure was agreed and implemented with trade unions, this continues 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. Post 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 0.49% of the workforce). The Council will have regard to the “Living Wage” which following the most recent announcement of November 2016 increased the rate by 20p per hour to £8.45 per hour meaning this increase impacts on employees and casual staff specifically those who are on grade 2 SCPs 6.
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. On 17 March 2016 the Joint Negotiating Committee for Chief Officers' pay agreed a two year pay deal resulting in a one percent pay rise each year for implementation on 1 April 2016, and 1 April 2017.

**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 (£27,485 inclusive of Living Wage)	5.19 : 1
Ratio of the Chief Executive's FTE salary to the lowest paid FTE employees (£16,301.57 inclusive of Living Wage).	8.75 : 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 2016. 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>Actual Pensionable Pay</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 2017/18 Policy during the year it applies, an appropriate resolution will be made by Full Council.

**REPORT TO:** CABINET

**DATE:** 26 JANUARY 2017

**TITLE:** HOUSING REVENUE ACCOUNT BUSINESS PLAN 2016-2046

**PORTFOLIO HOLDER(S):** COUNCILLOR MIKE DANVERS, PORTFOLIO HOLDER FOR RESOURCES  
COUNCILLOR MARK WILKINSON, PORTFOLIO HOLDER FOR HOUSING

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**This is a Key Decision**

**It is on the Forward Plan as Decision number I006017**

**The decision is not subject to Call-in procedures for the following reasons:**

The decision stands as a recommendation 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.

**REASON FOR DECISION**

- A** The HRA Business Plan 2016-2046 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 is presented in response to changes made by the Government in its approach 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 change the principles. It has been prepared against the background of developing Government policy.
2. The HRA Business Plan attached at Appendix A complements and is influenced by other reports submitted to this meeting for approval including:
  - (a) HRA Budget 2017/18.
  - (b) Capital Programme 2016/17- 2021/22.
  - (c) Treasury Management Strategy 2017/18.

### **What are the Plan's key themes?**

3. The key principles which underpin the HRA Business Plan are:
  - (a) To comply with the Government's legislation to reduce rents annually by 1% in each of the four years commencing 2016/17.
  - (b) Renew the Public Works Loan Board (PWLB) debt of £208.837million upon maturity of each loan, beginning 2026, keeping repayment under review.
  - (c) Maintain a minimum HRA working balance at 31 March 2017 of £4.327million, increasing the amount by CPI annually.
  - (d) Revise housing management asset plans.
  - (e) Assume annual increases of at least 5 percent per year for garages and increases/decreases in service charges related to changes in expenditure.

### **How has the Plan been changed?**

4. The HRA 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 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 2016-2046

### **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**

**2016 – 2046**

**HRA Business Plan 2016 – 2046  
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## Foreword by Portfolio Holder – Housing

Housing remains a top priority for me and the Administration.

The controversial Housing and Planning Act 2016 has brought in additional significant changes to the provision and management of affordable housing in England that will change social housing in England un-recognisably.

In particular the centrally setting rent levels, the potential sale of high value council owned valuable properties or financial equivalent to pay for housing associations right to buy, and the re-definition of secure tenancies will impose significant and additional pressures together with uncertainty around current housing management and allocation policy priorities.

There are expected to be less resources for priorities, and I have begun to anticipate the impact, implications and opportunities that arise from this new legislation by assessing the financial impact on the HRA Business Plan, consult with Tenant Representatives on priorities, and have raised the awareness of the expected changes.

Despite these challenges the Council has:

- Implemented the immediate changes from the new Housing and Planning Act 2016, making the 30 year HRA Business sustainable.
- Commenced the redevelopment of The Briars, Copshall Close and Ayletts Field estates and implementing the Housing Investment Programme (HIP), investing in the priorities for maintaining its housing stock.
- Continued to make best use of its stock, tackling local priorities, prioritizing energy efficiency schemes that can make a difference in tackling fuel poverty.
- Continued to raise awareness and offer support in response to the Welfare Reform changes, working with local agencies providing support and budget advice to residents to carefully understand their choices.

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

It is a difficult and challenging financial environment, and it is necessary to both reflect the lower overall investment that can be afforded, and ensure that appropriate resource levels are directed towards the Council's priorities.

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.

The plan identifies the Council's continued commitment to working for, and with, all the tenants and leaseholders of Harlow to achieve its priorities.

Mark Wilkinson  
Portfolio Holder - Housing

## Executive Summary

### Introduction

Major changes to local authority housing finance were heralded by the passing of two Acts of Parliament during the first half of 2016.

The 'Welfare Reform and Work Act 2016' removed freedom Councils had to set rents locally by reducing rents by a fixed 1% per year over four financial years (2016/17 to 2019/20).

The 'Housing & Planning Act 2016' proposed changes to Government housing/welfare policies including the sale of high value void properties and paving the way for higher rent charges to households earning over £31,000. The proposals were intended to support the financing (discounts) given by housing associations for their tenants exercising the Right to Buy. 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 high value void properties. The policy of Higher Income Social Tenants (or "Pay to Stay") has recently been made non-compulsory by Government.

No financial planning can ignore the decision of the EU Referendum for Britain to leave the European Union. As we see in the news, Brexit is uncharted territory bringing uncertainties regarding the nation's economy. Interest rates have reduced to an historic and perhaps long term low, and inflation is predicted to rise due in large part to the fall in the exchange rate of sterling against other currencies. These uncertainties need to be factored into the HRA Business Plan. The prospect of increasing inflation against a backdrop of fixed reductions in rent income adds pressure to the sustainability of the Plan.

Locally the transfer of work from Kier Harlow Ltd to the new wholly owned subsidiary, HTS (Property and Environment) Ltd. (HTS), has presented a new budget and contractual amount to include in the Council's accounts, including the Housing Revenue Account (HRA) and Housing Capital Programme. The HRA Business Plan picks up the lion's share of the work and budget.

This HRA Business Plan sets out Harlow Council's priorities in responding 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.

- 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.
- Transfer of housing repairs and environment maintenance to HTS.

**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 was one of the ‘new towns’ designated after the Second World War to provide public sector housing for those who needed homes. It celebrates its 70th anniversary in 2017. Harlow Council’s housing stock is therefore large compared to many other authorities in the region. 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 the achievement of decent homes for all tenants by 31 March 2015. The Council remains committed to maintain its properties at decent homes standard within the severely constrained cash income available. The Council will be looking to update the Stock Condition Survey to ensure limited resources are properly targeted. **Chapter 4** is devoted to the Council’s ‘**Asset Management**’.

While the Council retains many decision-making powers regarding its stock, 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 casts doubt over future council house building plans.

The revised Corporate Plan will prioritise the commencement of a feasibility study for the development of a longer-term programme of new house building and council house building, making use of the new Local Authority Trading Company (i.e. HTS (Property and Environment) Ltd.) and any funding opportunities.

### **Customer Perceptions**

Housing Services conducts its Biennial Landlord Survey once every two years.

The statutory requirement to produce a customer satisfaction survey (known as the Status Survey) ended in 2010/11, however the completion of an alternative survey is important to both the Housing Service and Tenant Engagement as the results can be used to measure and assist in shaping and developing future services.

The survey covers questions around the overall tenant satisfaction with Housing Services as a whole but also how satisfied tenants are when receiving housing and communal repairs, cleaning and ground maintenance, modern homes or major works and tenant engagement and empowerment. The Survey also asks tenants for their perception on different aspects of the Housing Service which includes moving home, reporting anti-social behaviour, garages, contact and communication with Housing Services, complaints and value for money.

With collecting customer profiling / insight information included as a priority of the action plan for the Tenant and Leaseholder Engagement Strategy, the landlord survey is also used as a tool to assist in collecting this information.

An updated Landlord's Survey will be published in 2017 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, Homelessness and Housing Need**

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. 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. In addition, the trends for homelessness generally and for those for whom the Council has a statutory duty has increased by over 30%.

The government is pressing ahead with a new "Homelessness Reduction" Bill which it is expected to be on the statute books in April 2017. The main element of this Bill seeks to amend Part 7 (Homelessness) of the Housing Act 1996 and will place duties on councils to take steps to prevent families from becoming homeless. The key element is to intervene to prevent homelessness happening in the first place rather than focussing on accommodating people who are already homeless.

The proposals will place a statutory duty on councils to support people at risk of homelessness much earlier. It is also expected that the government will provide more resources in addition to the current homelessness grant of £166,000.

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.

Significantly, there remains an acute shortage of housing generally and in particular 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.

## **Welfare Reform**

**Universal Credit (UC):** In the Autumn Statement 2016, the Chancellor announced a cut in the taper rate for UC, from 65% to 63%. This means that working households on UC will be able to keep an additional 2p in every £1 they earn. However they will still be worse off overall because of the cuts to the Work Allowance.

Resolution Foundation analysis shows that a worker on the Government's National Living Wage will gain £250 a year from the 2p reduction in the UC taper, but lose up to £2,800 a year from the cut to the Work Allowance.

**Credit Unions:** From 2018, the government will expand an existing scheme which "incentivizes" credit union membership in communities at risk of being targeted by loan sharks. These will be funded from funds recovered under the 'Proceeds of Crime Act' from convicted loan sharks.

**Welfare Cap:** The Welfare Cap is the government target cap on overall welfare expenditure. It is retained as a target, but has changed its terms and its level. It will now:

- apply in only one year: 2021/22, with a 'pathway' set for the intervening period;
- be set at £126.0 billion, in line with the latest forecast. Spending will be permitted to rise up to 3% above the cap, for any reason, so in effect the true cap could be £129.7 billion.

The Council will continue to implement its "can't pay, won't pay" approach, offering support for those in need and enforcing those who refuse to pay.

**Housing Related Support (HRS):** It is expected that the funding for Housing Related Support (formerly known as Supporting People) care element will be removed completely from service users leaving the council to either find a way to fund those care elements (charging), or ceasing the service. Initial indications show that this amounts to a further £160,000 income reduction from Essex County Council

(ECC) affecting the 16 sheltered housing blocks (i.e. weekly visits and intensive management). The Business Plan proposes an increased charge to service users phased over three years.

This reduction is in addition to previous year's 50% reduction for funding in relation to Care-line services, Summers Farm Close and community support activities. The HRS charging mechanism will continue recommending that charges for Sheltered Housing, Supported Housing, and Extra Care services whilst having measures to ensure that the Council works with affected individuals to identify how any additional financial burdens can be mitigated.

A review of the Supported Housing Service is to be undertaken in 2017 and will make recommendations on how the Council's objectives for HRS should be pursued within the resources available to the Council from ECC.

### **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.

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## 1. Introduction

### 1.1 Background

Twelve months ago, the HRA Business Plan 2015-2045 was substantially revised to reflect proposed changes in Government housing policy. These policy changes at that time included:

- a reduction in tenants' rents by 1% per annum over four years (2016/17 to 2019/20);
- 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 'Higher Income Social Tenants' (or 'pay to stay') – the extra cash collected would be paid by Councils **direct** to the Treasury. Details would follow in regulations after legislation had been passed;
- The cap on benefits to out of work families will be reduced from £26,000 to £20,000;
- A contribution by local authorities to the Treasury in support of giving tenants of housing associations the right to buy. Discounts given to tenants by housing associations would be funded from the sale of high value void properties in the Council's housing stock. Details would, again, follow after legislation had been passed. It was proposed that the policy would be implemented from April 2016.

More recently some of the Government's plans have been revised. The policy of 'High income Social Tenants' will not now be compulsory. Also the policy around the sale of high value voids has been deferred while a pilot scheme is undertaken, so will not take effect until 2018/19 at the earliest. Further commentary is given in **Chapter 6.1**.

At first sight the required rent reduction appears to be good news for council tenants. However it meant a significant change to the HRA Business Plan's key principles as well as the need to save £5.1m by 2020. Plans were put in place twelve months ago to achieve this.

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.

### 1.2 A new set of Business Plan principles

Due to the centrally setting of rents by the Government, and faced with the need to make efficiencies, the Council approved a new set of business plan 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., but from 1 April 2016 to add £1.6m to provide for the loss resulting from the sale of high value voids;

- Revise the housing asset management plans and its priorities;
- Revise the garage management strategy, investment, and its priorities, and assume annual increases of at least 5% per year for garages and increases / decreases in service charges related to changes in expenditure.

### **1.3 HRA Business Plan 2016-2046**

The HRA Business Plan 2016-2046 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.

#### **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 at the centre of the London Stansted Cambridge Corridor. It is made up of suburban communities as well as shopping hatches 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 48 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. The Science Centre will be 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. 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. 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 highest proportion of Council housing in the county. The Council has prioritised investment in this area to ensure decent homes for all.

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 built around the same time: the third highest in England and Wales. This

remains a huge contextual issue for Harlow as it shapes its regeneration plans.

- 51% of Harlow's homes are terraced houses – the fourth highest rate in England and Wales, and 24% are flats.
- House prices and average incomes 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 around seven 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 2016, Harlow Council managed 9,583 Council dwellings (as shown in the table below), a further 2,418 leasehold flats purchased under the 'Right To Buy' scheme plus 16 homes managed under the shared ownership scheme.

<b>Analysis of Housing Stock</b>	<b>Number</b>
<b>Analysis by Type of Dwelling</b>	
<b>Houses &amp; Bungalows</b>	<b>5,922</b>
<b>Flats and Maisonettes</b>	<b>3,650</b>
<b>Other</b>	<b>11</b>
<b>Total</b>	<b>9,583</b>

<b>Analysis by Number of Bedrooms</b>	
<b>Bedsitters</b>	<b>410</b>
<b>1 bedroom</b>	<b>2,079</b>
<b>2 bedrooms</b>	<b>3,645</b>
<b>3 bedrooms</b>	<b>3,073</b>
<b>4 bedrooms</b>	<b>339</b>
<b>5 bedrooms</b>	<b>26</b>
<b>Hostels</b>	<b>11</b>
<b>Total</b>	<b>9,583</b>

## 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 formally 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 9,583 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, and there are over 3,500 households on the Housing Needs Register. Average house prices are around seven times' average earnings. This context increases the acute housing shortage in Harlow and too many successful Harlow residents end up leaving the town, in part because they cannot find suitable housing. The Housing Needs Register is made up as follows:

- |                                       |     |
|---------------------------------------|-----|
| • Homeseeker applicants               | 69% |
| • Transfer applicants                 | 29% |
| • Homeless applicants (accepted duty) | 2%  |

The Council will continue to work towards making more housing available in Harlow, with a wider choice of housing types which are genuinely affordable, by helping to improve the choices for those in housing need as well as improving the health and wellbeing by improving housing conditions.

The ongoing challenges are:

Tackling housing need is a key priority, in all its forms:

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

### **The housing service goals for the next three years:**

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

- Work with our partners, to provide evidence to support the need to develop high quality housing in the Local Plan and associated infrastructure requirements in Harlow.
- Making 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.

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

- Provide and maintain high quality housing stock, with all Council homes in the town meeting Modern Homes standards. Publish an annual Housing Investment Programme (HIP) and invest in improvements to 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).
- Work towards improving choices for those in housing need.
- Encourage and facilitate effective Tenant and Leaseholder Engagement.
- Provide effective tenancy enforcement, tenancy support, and tackling health and wellbeing.

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

- Provide opportunities for tenant and leaseholder representatives to have their say on service improvement activities.
- Continuing to Implement the revised 'Tenant and Leaseholder Engagement Strategy' in response to national and local priorities and applying it to increase representation and widen engagement, ensuring that housing work 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:**

- Working towards improving choices for those in housing need, and increase the promotion of wider housing options including the private sector.
- Continue to review the Allocations Policy in response to national and local housing priorities.
- Publish a Tenancy Strategy making best use of housing stock and providing support and targeted assistance for tenants living in Council accommodation.
- Continue to provide additional help and support to those residents impacted by the Government's Welfare Reform programme.

#### **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:**

- Deliver high performance on key landlord activities of rent collection, empty property turnaround, and repairs.
- Tackle housing need, prepare for the introduction of the government's new 'Homelessness Reduction Bill', and bid for any available funding.
- Continue to provide a "Tenancy Support" Service assisting the growing number of vulnerable tenants in maintaining their tenancies, but enforcing tenancy and leaseholder conditions where appropriate.
- Strive to assist local people in offering housing advice with a range of options to prevent homelessness, tackling housing need by prioritising the scarce resources.
- Reduced Anti-Social Behaviour by conducting fair and impartial investigations with the aim to resolve to a satisfactory conclusion.
- Safeguarding vulnerable and elderly residents and enhance provision of extra care housing at Sumners Farm Close.
- Ensuring 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>

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<sup>1</sup> BV74a Satisfaction - with Council tenants overall ( per cent)

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.

### **3.3 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 acts 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 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.

HRS was originally Supporting People funding which was the care element of Housing Benefit. The care element of Housing Benefit was removed because it was identified by the government as not being part of bricks and mortar housing support and was given to ECC to administer. Harlow Council has continued to provide that care element support with reducing resources, and year on year reductions in funding.

The funding for that care element, it is expected, will be removed completely for many service users leaving the Council to either find a way to fund those care elements or cease the service altogether.

A review of the Supported Housing Service is to be undertaken in 2017 and will make recommendations on how the Council’s objectives for HRS housing should be pursued within the reducing resources available to the Council from ECC.

### 3.4 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 2017 following the expected introduction of Fixed Term Tenancies in consequence of the 'Housing and Planning Act 2016'.

### 3.5 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:

- Strong landlord performance in key landlord areas of rent collection, service charge collection, turning round empty properties, and repairing our homes.
- Completion of Phase 1 of a major estate regeneration programme at The Briars, Copshall Close, and Ayletts Field.
- Addressing the Housing Register which continues to grow, increasing in incidence of homelessness: continuing to work to let homes in a fair and transparent manner.
- Achieved accreditation for the Careline Scheme which offers security to the most vulnerable residents in the town.
- More resources put into "Tenancy Support" Service, recognising this is a growing area but enforcing tenancy conditions fairly where required.
- Celebrating for the third year running the partnership working with Essex County Council and Manorcourt Homecare in providing extra care housing at Sumners Farm Close for the most elderly and vulnerable.

A tenant satisfaction survey is carried out biennially by Housing Services. In the last survey in 2014 satisfaction with the overall service was at 74% (increased by 1% since 2012). 74% of respondents were satisfied with the quality of their home. The next Landlord Survey is due to take place at the end of 2016.

**Tackle homelessness** – Continue to implement the revised Homelessness Strategy in conjunction with partners targeting the limited resources to priorities.

- Implemented the government's social mobility scheme to encourage national mobility within social housing providers, increasing choice.

**Tackling housing need** - Housing register continues to grow, increase in incidences of homelessness and we continue to work to let our homes in a fair and transparent manner, meeting local priorities.

- Continue the implementation of the Modern Homes Programme investing in the Council's housing assets and directing resources in improving energy efficiency, reducing the energy bills to tenants and tackling fuel poverty.
- Continue to implement the priorities in the Homelessness Strategy and Tenancy Strategy and delivery their priorities.

- Working towards increased communication by providing more opportunities for tenants and leaseholders to be involved in their service.
- Consult on our preferred options for housing growth in the Local Development Plan.
- Commence the planning for 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.
- Commencing the feasibility and development of a longer-term programme of new Council House building, making use of the new Local Authority Trading Company (i.e. HTS) and any funding opportunities.

### **3.6 Modern Homes Programmes**

The Modern Homes Programme has to date reached over 8,000 homes with 42,000 improvements illustrating the ambition and scale of delivery, and transforming Council housing in Harlow. There is a robust inspection and performance management framework established which ensures that predetermined standards are met, contractors meet performance standards, and value for money can be demonstrated. Overall, performance is meeting targets which include customer satisfaction levels and the quality of the finished product.

#### **Tackling Fuel Poverty**

Tackling fuel poverty is a main policy priority for the Council.

A proactive, targeted use has been made of the 2015/16 Harlow Home Energy Study by Rickaby Thompson Associates, with the identified 54 worst energy inefficient properties. Work continues to be focussed on reducing this list and work plans prioritised in order to improve their Energy Performance Certificate (EPC) rating and alleviate the risk of fuel poverty to those properties – an approach which will continue into 2017/18 and beyond.

A milestone was also reached in 2016/17 with the commencement of work to replace its District Heating schemes over a planned period following an extensive period of resident consultation. The replacement and modernisation of some of the Council's oldest (some more than 30 years old) systems began in 2016/17 at Tanys Dell, Risdens, Rosemary Close and Commonfields / Halling Hill.

Alongside the commencement of this long-awaited £1.9m modernisation programme, work has also been undertaken to ensure the Council's compliance with new legal requirements under the 'Heat Network (Metering and Billing) Regulations 2014' through the installation of individual property Heat Meters at the above schemes (in order to facilitate billing for energy use on a property-by-property basis based upon individual energy use / consumption).

#### **Providing Housing Related Support**

The Careline and Supported Housing Team achievements included installing 238 alarm units in the twelve months to November 2016, attaining the Tele-care Services Association (TSA) accreditation for the **sixth** 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 provides 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 continues to be 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 shortage of housing generally and affordable housing specifically 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. The scheme will be reviewed in 2017 following further details being provided by the Government on the introduction of fixed term tenancies as part of the implementation of the 'Housing and Planning Act 2016'.

### **Tenant Moves Incentive scheme and mutual exchanges**

The main priorities remain:

- Make the most efficient and effective use of existing Council housing stock.
- Offer practical and financial support to encourage downsizing.
- Increase the availability of larger Council properties for re-allocation to help alleviate homelessness and address overcrowding in Council accommodation.
- Demonstrate value for money.
- Assist tenants negatively impacted by the bedroom subsidy who cannot afford to remain in existing accommodation.
- The number of financial incentive payments processed since the introduction of the new policy are: 2014/15 – 107, 2015/16 – 85, 2016/17 – 55.

### **Tackling Homelessness**

Harlow has a number of issues relating to homelessness provision:

- The town faces huge problems caused by its accessibility to London and its cheaper housing market.
- It is in the top 10 areas where London Borough Councils place their homeless households for temporary accommodation and prevention.
- Harlow is a small authority with pressurised resources and cannot compete with London boroughs in accessing accommodation / accommodation initiatives – this includes temporary accommodation and homelessness prevention.
- There are no rough sleeping commissioned services since Supporting People regime ended.

There is a forecast increase of 35% in households placed in temporary accommodation: the Council's commitment is to have no families staying in bed and breakfast, other than only in an emergency.

The Council will continue to focus its resources on the prevention / relief of homelessness. The requirement to separate a “housing advice and assistance” service to those homeless or threatened with homelessness will save costs in the long run, and prevent the incidence of homelessness with early intervention.

The Council continues to manage the increases in expenditure between the Housing Revenue Account (HRA) and General Fund (GF). In addition it uses empty properties from the Priority Estates Areas aligned to the current Phasing Plan. As well as using more of its own stock of available small flats, the Council is reviewing procurement opportunities for securing properties, making use of derelict council land reducing its reliance on private sector accommodation, and associated costs.

The Council is also considering the potential impact and opportunities arising from the new ‘Homelessness Reduction Bill’ which will increase the statutory role of the council to prevent homelessness.

The Government is reviewing its policies in response to the growing homelessness problem due to the shortage of housing which is genuinely affordable.

The Council has bid for additional funding to develop interventions to help new rough sleepers, or people at imminent risk of sleeping rough, to get the rapid support they need to recover and move-on from a rough sleeping crisis.

A proposal is being put forward by a number of organisations drawn from the Harlow Homelessness Partnership. This partnership was reinvigorated in 2010 and has been responsible for the development of the Council’s Homelessness Strategy and Housing Allocations policy. The partners with a particular focus on tackling rough sleeping have drafted this proposal together. This comprises:

Harlow Council  
Streets2Homes Harlow  
NACRO  
CAB Harlow  
Harlowsave Credit Union

The Council believes that it offers a unique coalition of partners dedicated to tackling early intervention to keep people from sleeping on the streets.

### **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.

- 99.33% of rent collected in 2015/16.
- 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 transition to HTS is expected to be a seamless transfer ensuring the customer sees no change to their service level from 1 February 2017. The Council also 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 2015/16 at 73.

## **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 Key Investment Principles**

In 2016/17, the Council continued to use data gathered through the 2012 Stock Condition Survey to establish a clear Programme of Works to its housing stock in order to maintain compliance with the Government's Decent Homes Standard.

Savills UK Ltd administers the Council's Housing Investment Programme (HIP) which has established an ambitious five year £100m Modern Homes Programme, establishing a set of internal / external works packages to Council homes. These work packages target resources to ensure homes meet the Government's Decent Homes Standard, and that local priorities are tackled. High standards of workmanship in all the programmes are expected to ensure that they are delivered on time, within the budget envelope allocated, and to a constant high customer experience.

The Modern Homes Programme has reached to date over 8,000 homes with 42,000 improvements illustrating the ambition and scale of delivery, transforming Council housing in Harlow. There is a robust inspection and performance management framework established which ensures that predetermined standards are met, contractors meet performance standards, and value for money can be demonstrated.

In addition to maintaining decency in 2016/17, additional asset management priorities shape investment within the housing stock over the next five year period, as follows:

- Continuation of the Council's External Works Programme in 2016/17 against a revised specification and standards resulting from the impact of a reduced budget resource due to enforced reductions in rent levels to 2020;
- Significantly increased focus and planning upon the Council's compliance (health and safety) obligations;
- Addressing the Energy Efficiency of the Council's housing stock in regard to replacement and renewal of the Council's Communal and District Heating Systems and the poorest performing properties which pose a risk of fuel poverty to our tenants;
- Works identified in the Garage Strategy approved in December 2015;
- Review of the existing portfolio of the Council's own Temporary Accommodation with a view to increasing its quantity and quality and reducing the reliance upon Bed and Breakfast and other more expensive external options;
- Maintaining the Council's significant investment in adaptations to the homes of some of our most vulnerable customers (disabled, long term illness etc.) to ensure that tenancies remain sustainable;
- Re-profiling the programme of cyclical painting in 2016/17 addressing immediate priorities of worst condition and undertook a surveying exercise to shape subsequent schemes from 2017/18;

- Continuing the Council's aspiration to develop new, affordable housing for rent in Harlow and reviewing this on an annual basis and as individual opportunities arise; and,
- Supporting the transition of the Council to HTS with effect from 1 February 2017.

*A full list of short, medium and long-term priorities are identified in Appendix 4.1.*

#### **4.2 Asset Management Programme Performance and Delivery**

The Council achieved full compliance with the Decent Homes Standard in March 2015. Since then the external / internal works programmes have maintained this position – as reflected within the component delivery set out in the table below:

<b>Element</b>	<b>Total Completed 1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2014</b>	<b>Total Completed 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015</b>	<b>Total Completed 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016</b>	<b>Total Completions</b>
Kitchens	1,144	1,516	481	3,141
Bathrooms	734	1,413	534	2,681
Additional WC	127	466	54	647
EICR Inspections	3,247	2,812	772	6,831
CCU	846	820	617	2,283
Smoke Alarms	1,415	965	549	2,929
Boilers	544	775	305	1,624
Heating Distribution	802	846	264	1,912
Doors	2,733	1,845	1,594	6,172
Windows	7,242	4,396	2,748	14,386
<b>Totals</b>	<b>18,834</b>	<b>15,854</b>	<b>7,918</b>	<b>42,606</b>

By continuing to hold contractors delivering this work properly to account, in addition to delivering the required volume of works, very high standards of customer experience and satisfaction have been maintained throughout 2015/16 and into 2016/17. This is reflected within excellent customer satisfaction scores and complaint rates as per the table below:

Year 3 (2015-16) Customer Satisfaction		Poor	Acceptable	Average	Good	Excellent	% rated Good or Excellent	Return Total
United Living	Year 3	4	10	21	116	320		471
	Year 3 %	1%	2%	4%	25%	68%	93.0%	
Kier Harlow	Year 3	4	3	8	43	27		85
	Year 3%	5%	4%	9%	51%	32%	83.0%	
Kier Harlow W&D	Year 3	0	0	9	59	222		290
	Year 3 %	0%	0%	3%	20%	77%	97.0%	
Mulalley	Year 3	0	0	1	11	2		14
	Year 3%	0%	0%	7%	79%	14%	93.0%	
Totals	TOTAL	8	13	38	218	569		846
	TOTAL %	1%	2%	4%	26%	67%	93.0%	

Year 4 (2016-17 Customer Satisfaction Year to Date (October 2016)		Very Dissatisfied	Dissatisfied	Satisfied	Very Satisfied	% rated Good or Excellent	Return Total
United Living	2016/17	2	2	36	244		284
	%	1%	1%	12%	86%	98.0%	100%
Kier Harlow Internals	2016/17	0	2	5	53		60
	%	0%	3%	8%	88%	96.0%	100%
Kier Harlow W & D	2016/17	0	1	31	215		247
	%	0%	0%	13%	87%	100.0%	100%
Mulalley	2016/17	0	0	0	0		0
	%	0%	0%	0%	0%		0%
Energy Works (Lorne Stewart)	2016/17	0	0	0	13		13
	%	0%	0%	0%	100%	100.0%	100%

### 4.3 Maintaining compliance of the Council's Housing Stock to the Government's Decent Homes Standard

As a result of government legislation, the Council has planned its housing stock investment and programme delivery (HIP) to meet, rather than as had originally been the intention to exceed, the Decent Homes Standard due to reduced resources being available.

Nonetheless, component / element delivery volumes remain high and – with a total budget of £24.7m in 2016/17 – the Council's capital investment into its Modern Homes Programme remains genuinely transformational for the town of Harlow and, in particular, the tenants within the Council's own housing stock.

Robust and effective contractor management continues to be vital to ensuring optimum value for money is obtained for the Council's capital investment, with tight cost, quality and payment control secured through a continuous rolling monthly

process of works handover, sign-off and valuation, holding contractors to account. This, combined with a strong commercial focus – which saw, for example the main external contractor completing Internal Property Works (kitchens, bathrooms, heating systems) in 2016/17 hold its main component prices at the previous year's level – will continue to be of huge importance over the next 2017/18 Programme Year and beyond.

#### **4.4 Continuation of the Council's External Works Programme in 2016/17, against a revised specification and standards resulting from the impact of Government legislation**

The delivery of the Council's External Works Programme in 2016/17 has proved to be a significant challenge with budget resources being carried forward into 2017/18.

The position is reflective of the Council's robust approach to contractor performance and delivery. Despite the challenges faced, nine scheme locations have benefitted from the completion of a range of external works – ranging from replacement fascias / soffits to new paving and communal area redecoration – with (as of end of October 2016) a further five with works on site and 23 more scheme locations with projected start-on-site dates before the end of the financial year 2016/17.

#### **4.5 Significantly increased focus and planning upon the Council's compliance with (health and safety) obligations**

As a responsible social landlord, Harlow Council has no greater asset management priority than ensuring the health, safety and welfare of its tenants via full compliance with its statutory, regulatory and legal obligations across the full range of issues related to fire, gas, electrical and water safety as well as asbestos management.

During 2016/17, the Council's commitment to this area of work was reflected in activities and dedicated budget resourcing which included:

- £1.5m dedicated to completion of all priority recommendations from the Fire Risk Assessments completed across the Council's Housing Stock;
- £356,000 allocated to the upgrade and renewal of the communal electrics supply to 75 flat block schemes (covering 856 individual dwellings); and,
- In-Year procurement activity to secure additional contractor resource in order to accelerate the rate of completion of electrical safety inspections and certification within the Council's Housing Stock by some 1,300 properties in 2016/17.

The Council's continued focus upon its compliance (health and safety) obligations is reflected within the substantial (£1.3m) funding allocation to this area of work during 2017/18.

#### **4.6 Addressing the Energy Efficiency of the Council's housing stock in regard to replacement and renewal of the Council's Communal and District Heating Systems (and the poorest performing properties which pose a risk of fuel poverty to our tenants)**

A milestone was reached in 2016/17 in regard to the Council's asset management approach, with the commencement of works – following an extensive period of resident consultation – for the replacement and modernisation of some of our oldest District Heating Systems at Tanys Dell, Risdens, Rosemary Close and Commonfields / Halling Hill.

Work commenced at Tanys Dell in July 2016 and, with a total of ten District and 15 Communal Heating Systems scheduled for modernisation works over a five year period, valuable lessons have been learnt from the challenges which have been encountered during 2016/17 by virtue of the age of these installations and the previous absence of an effective programme of planned maintenance.

Alongside the commencement of this long-awaited £1.9m modernisation programme, work has also been undertaken to ensure the Council's compliance with new legal requirements under the 'Heat Network (Metering and Billing) Regulations 2014' through the installation of individual property Heat Meters at the above schemes (in order to facilitate billing for energy use on a property-by-property basis based upon individual energy use / consumption).

The Council will commence its transition to such individual billing based upon actual energy consumption from April 2017 (at Netteswellbury Farm, Tilegate House and St. Michaels Close), with the above four schemes (Tanys Dell, Risdens, Rosemary Close and Commonfields / Halling Hill) representing the next phase of the roll-out from April 2018.

In addition, proactive, targeted use has continued to be made of the 2015/16 Harlow Home Energy Study by Rickaby Thompson Associates, with the identified 54 worst energy inefficient properties focussed upon in order to improve their Energy Performance Certificate (EPC) rating and alleviate the risk of fuel poverty to those properties – an approach which will continue into 2017/18 and beyond.

#### **4.7 Works identified in the Garage Strategy approved in December 2015**

The Council's Housing Garage and Hardstanding Strategy was first introduced in 2007.

The strategy recognised the large portfolio and prioritised it according to retention, disposal, and redevelopment of further affordable housing. An investment appraisal was completed in 2014 which identified and strengthened sites for retention and / or disposal.

As noted within the HRA Business Plan 2015-2045, the budgetary resources available to this area of work were significantly reduced in 2016/17 in preference to works within domestic tenanted properties. In addition an appropriation was completed adding to the approach of either maintaining or disposing of garage sites. Works completed were prioritised according to, and consistent with, the strategy priorities. Sites for refurbishment included Jerounds, Five Acres and Linford Close.

Derelict garage sites form part of the Council's wider regeneration approach which seeks to maximise scarce council land resources, taking advantage of appropriate funding opportunities, where available.

#### **4.8 Review of the existing portfolio of the Council's own Temporary Accommodation with a view to increasing its quantity and quality and reducing the reliance upon Bed and Breakfast and other more expensive external options**

The Council continues to face very considerable challenges and pressures in relation to its statutory obligations for meeting local housing need, including homelessness, as a result of demand considerable exceeding affordable housing supply.

This has resulted in progressively increased pressure upon the Council's provision of temporary accommodation, and the budget related to this.

To assist with addressing these pressures, during 2016/17 a comprehensive assessment of the Council's existing portfolio of temporary accommodation within its own housing stock, in order to seek to improve both its quality and capacity. This identified a programme of prioritised remedial repairs, and conversion works to produce additional capacity in terms of available units.

#### **4.9 Maintaining the Council's significant investment in adaptations to the homes of some of our most vulnerable customers (disabled, long term illness etc.) to ensure that tenancies remain sustainable**

In common with the above duties of the Council in regard to housing need and homelessness, work to disabled adaptations continues to be marked by levels of demand which substantially exceed the budgetary resources available.

As a result, 2016/17 saw more resources were allocated to budgets to support this area of work's original budget (of £812,000). A fundamental Service Review, covering all aspects of service and delivery structure and process, will take place in 2017/18 in order to seek to ensure that the Council – and the vulnerable tenants and their families for whom adaptations work is so vital - is obtaining maximum Value for Money and efficiency for the monies it continues to allocate to this investment priority, making best use of the stock.

#### **4.10 Implementing a programme of cyclical painting in 2016/17 which addressed immediate priorities of worst condition and undertook a surveying exercise to shape subsequent schemes from 2017/18**

During 2016/17, a re-profiling of painting activity focussing upon immediate priorities of worst condition, with works programmes commissioned for Milwards and tower block schemes at The Lawn, Stort Tower and Netteswell Tower. In 2017/18 a pilot scheme will commence on one of the Council's tower blocks upgrading internal communal areas, structural and roof upgrades as well as the external appearance and energy efficiency of the property.

For 2017/18, this area of work will benefit from a considerably enhanced pre-works survey and prioritisation exercise carried out in 2016/17, which has identified a targeted programme of works focussed on worst condition schemes outside of the

Council's wider External Works Programme – encompassing 25 flat block schemes and 365 individual properties.

#### **4.11 Continuing the Council's aspiration to develop new, affordable housing for rent in Harlow and reviewing this on an annual basis and as individual opportunities arise**

The Housing White Paper is currently delayed, and it is expected to be published shortly. It is expected to outline a comprehensive package of reform to increase housing supply and halt the decline in housing affordability.

The following detail was announced by government in November 2016:

- New Housing Infrastructure Fund of £2.3 billion by 2020/21, funded by the NPIF (Northern Powerhouse Investment Fund) and allocated to local government on a competitive basis, will provide infrastructure targeted at unlocking new private house building in the areas where housing need is greatest. This will help to deliver up to 100,000 new homes.
- The government will relax restrictions on grant funding to allow housing associations only (not Councils) to deliver a mix of homes for affordable rent and low cost ownership, to meet the housing needs of people in different circumstances and at different stages of their lives. The NPIF will provide an additional £1.4billion to deliver an additional 40,000 housing starts by 2020/21
- In early October, the government announced that it would pilot accelerated construction on public sector land, backed by up to £2billion of funding. To meet this commitment, the government will invest £1.7billion by 2020/21 through the NPIF to speed up house building on public sector land in England through partnerships with private sector developers. The devolved administrations will receive funding through the Barnett formula in the usual way.

#### **4.12 Supporting the transition of the Council to HTS (Property and Environment) Ltd. effect from 1 February 2017.**

From the perspective of the Council's Modern Homes Programme, and its asset management and investment priorities, it is vital that HTS is in a fit-for-purpose position from February 2017 to deliver its allocation of the Council's Capital / Major Works for 2017/18.

With some £5.8m of direct Planned Major Works to be delivered by HTS from February 2017 – covering vital areas of work and key asset management priorities such as disabled adaptations, energy efficiency and compliance (Health and Safety) – all sections of the Council's Housing Service have in 2016/17 actively and positively supported the process of transitioning services from Kier Harlow Limited from this date, ensuring a seamless transition and processes are enhanced where appropriate.

This positive approach and spirit of partnership will continue during 2017/18.

## **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 to ensure the Council’s housing regulatory role is delivered effectively.

The Tenant and Leaseholder Participation Agreement was reviewed and amended in January 2016 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.

It is recognised, 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.

The new model of tenant and leaseholder engagement 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, aligning closely to any outcomes from the scheduled review of community engagement which is anticipated in 2017.

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).

### **5.3 Landlord Survey**

Housing Services conducts its Landlord Survey once every two years. The Statutory requirement to produce a customer satisfaction survey (known as the Status Survey) ended in 2010/11, however the completion of an alternative survey is important to both the Housing Service and Tenant Engagement as the results can be used to measure and assist in shaping and developing future services.

The survey covers questions around the overall tenant satisfaction with Housing Services as a whole but also how satisfied tenants are when having housing and communal repairs, cleaning and ground maintenance, modern homes or major works and tenant engagement and empowerment. The Survey also asks tenants for their perception on different aspects of the Housing Service which includes moving home, reporting anti-social behaviour, garages, contact and communication with Housing Services, complaints and value for money.

Collecting customer profiling / insight information has now been included as one of the priorities of the action plan for the Tenant and Leaseholder Engagement Strategy, the landlord survey is also used as a tool to assist in collecting this information.

## **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. Government legislation to reduce rents annually by 1% over four years (to 31 March 2020) means that debt cannot now be repaid within the timescale originally envisaged so priorities were changed twelve months ago.

The Council's HRA Business Plan 2016–2046 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 Government is determined to give tenants of housing association properties the right to buy. In summer 2015 it was announced that funding of housing associations, by way of compensation for the loss of income through discounts granted, would 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 higher incomes to pay an additional rent rather than social rent.

Both of these measures were included in the 'Housing and Planning Act 2016' but are subject to further regulation.

##### **6.1.1.1. Sale of high value void properties**

As a means of providing financial compensation to housing associations for the loss of properties and to support a one for one replacement programme, the Government indicated that consideration should be given by Councils to the sale of high value void Council properties and make Higher Value Asset payments to the Treasury. It gave illustrative high values of properties by region. Locally it was estimated that 64 council properties in Harlow may fall into this category.

The Act included an expectation that Councils will be required 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.

In the Autumn Statement 2016 the Government announced that it would be undertaking a regional pilot of the sale of housing association properties under 'Right to Buy' and would be providing funding for the purpose. Consequently it would not be requiring Higher Value Asset payments from Councils in 2017/18.

The policy is therefore in abeyance.

At the time of writing, the Department for Communities and Local Government (CLG) continues to gather detailed local data to inform development of the policy.

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, it was estimated twelve months ago that, there may be a temporary cash flow effect of approximately £1.6m. This amount was added to the Minimum HRA Working Balance on 1 April 2016. Should consultation and the determination create a situation in which an HRA deficit 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 precedes the passing of the 'Housing and Planning Act 2016'. Councils were permitted to voluntarily charge tenants the market rent of the property if their household income was above £60,000. The Act would require Councils to set higher rents if the income in tenants' households exceeded £31,000.

Having completed consultation the Government announced in the Autumn Statement 2016 that it would not proceed with the policy. Charging higher rents would not be compulsory but discretionary based on the guidelines issued in 2014.

The Plan does not assume additional rents will be charged to higher earning households.

## **6.2 Key principles**

The key principles which underpin this HRA Business Plan were approved by Cabinet in October 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;
- Set the minimum HRA working balance at 31 March 2017 at £4.327m, increasing the amount by CPI annually;
- 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.

Changing circumstances meant that with effect from the HRA Business Plan 2015-2045, the reduction in income 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 2017/18 will be presented to Cabinet on 26 January 2017.

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. £4.327m as at 31 March 2017 and £4.436m as at 31 March 2018).

A detailed assessment of the HRA Minimum Working Balance is given in the HRA Budget 2017/18 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 2016-2046 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 Ayletts 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's approach to "rent restructuring" has, in effect, been abandoned.

Under the 'Welfare Reform and Work Act 2016', the Government requires Councils to reduce individual dwelling rents by 1% annually from 2016/17 to 2019/20. 2017/18 will be the second year of four. No formal announcement has been made by Government in respect of rent changes from 2020/21 onwards. This Business Plan assumes that rents will increase by CPI+1% annually. The implications of different rent increases are considered in Appendix 6.4. There is a requirement for the Council to review its long term approach to the setting of rents, affordability, incomes, and fairness. A review will be scheduled in 2019/29 when more is likely to be known with regards government intentions.

### **6.2.6 Priority Estates**

Harlow Council has three estates classified as "priority".

The vision for The Briars, Copshall Close and Ayletts 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 been completed, with Phase 2 has commenced with residents being decanted, and targeted to be completed by 31 March 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.

Immediate pressures are being realised on the Council's Housing Needs register as the estate residents are prioritised for re-relocation whilst the estates are being demolished, impacting on the increased use of emergency temporary accommodation.

### **6.2.7 Reinvigorating "Right To Buy"**

The Government substantially increased the discounts available to tenants from in 2012 to encourage an increase in "Right To Buy" sales to support the replacement of homes. The HRA Business Plan assumes 99 sales in 2016/17 and 60 in 2017/18.

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 and therefore no reinvigoration receipts claimed.

### **6.2.8 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.

The Garage Strategy was updated in 2015 and determines sites for retaining and disposal. From 2016/17, a greater emphasis upon lower level remedial repairs and maintenance – rather than substantial refurbishment and/or remodelling – will be followed, although selective demolition to free development land and/or garage rebuild will continue to a smaller scale.

### 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>				
	CPI	Pay	Repairs & HTS annual uplift	
Year 2 (2017/18)	2.5%	1%	2.9%	
Year 3 (2018/19)	2%	1%	2.5%	
Year 4 (2019/20)	2%	1%	2.5%	
Thereafter	2%	2%	2.5%	
	Dwelling Rents	Garage Rents	Interest Rate paid on Borrowing	Interest Rate received on Working Balances
Year 2 (2017/18)	(-1)%	5%	3.61%	0.51%
Year 3 (2018/19)	(-1)%	5%	3.60%	0.55%
Year 4 (2019/20)	(-1)%	5%	3.60%	0.58%
Year 5 (2020/21)	3% (CPI+1%)	5%	3.57%	0.80%
Thereafter	3% (CPI+1%)	5%		
<b>Rents</b>				
	Average weekly rent per tenant (£)	Average weekly service charge per tenant (£)		
2016/17	92.66			
2017/18	91.73	1.97		
2018/19	90.81	1.99		
2019/20	89.90	2.04		
2020/21	92.60	2.09		
<b>Stock</b>				
Number of tenanted properties as at 1 April 2016				9583
Number of leasehold properties as at 1 April 2016				2447
Annual changes	Right To Buy sales	New leasehold properties	"New Build"	Demolitions
2016/17	(-)99	36	0	(-)78
2017/18	(-)60	26	0	(-)75
2018/19	(-)30	11	0	(-)56
2019/20	(-)30	11	0	0
2020/21	(-)30	11	0	0
Thereafter	(-)30	11	0	0
<b>Other assumptions (figures at 31 March 2017)</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				£4,327,000

## **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.

### **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 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 been affected by a number of the recent initiatives introduced as part of the ongoing Welfare Reform legislation, in particular through the 1% reduction in rent introduced by the 'Welfare Reform and Work Act 2016', the introduction of Universal Credit (UC) in Harlow for single non-home owners, and the further Benefit Cap introduced on 7 November 2016. 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.

Tenancy Support Officers continue 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. Assisting and supporting tenants on UC has commenced with vulnerable tenants being identified and providing budgeting advice, 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 implementation of UC which brings together the majority of welfare benefits, including housing benefit, under one claim process and one monthly payment has commenced for single non home owners in Harlow. A National Expansion for all other benefit users is due to be rolled out in full in the Summer of 2017.
- 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. DHP's 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 3.5% 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, and a further transfer sum to the General Fund, as at 31 March 2015, of minus £10.937m in respect of garages. This reduces the HRA Capital Financing Requirement to £187.370m. The difference is an additional, or "headroom", amount which may be borrowed.

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. From 1 February 2017 services will be undertaken by HTS, within the same general affordability envelope and priorities.

#### **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 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 ensure the impact of componentisation and depreciation to the HRA has a benign position.

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 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 2016-17**

Objectives	Actions	Milestones	Date Due	By Whom
<b>HSG 1 Improve the quality of Council Housing stock, maintain stock in good order beyond achieving Decent Homes Targets by April 2016</b>	1.1 Procure Housing Investment Programme	1.1.1 Internal contracts awarded	Feb 2017	Head of Housing Services
		1.1.2 External contracts awarded	Feb 2017	
		1.1.3 Programme and project management processes established	Feb 2017	
		1.1.4 Asset Management Services Framework awarded.	Dec 2016	
	1.2 Updated Housing Revenue Account Business Plan approved	1.2.1.Cabinet approval	Jan 2017	
		1.2.2 Revised rent restructuring proposals approved	Jan 2017	
		1.2.3 Annual work plans published to Tenants and Leaseholders	Complete	

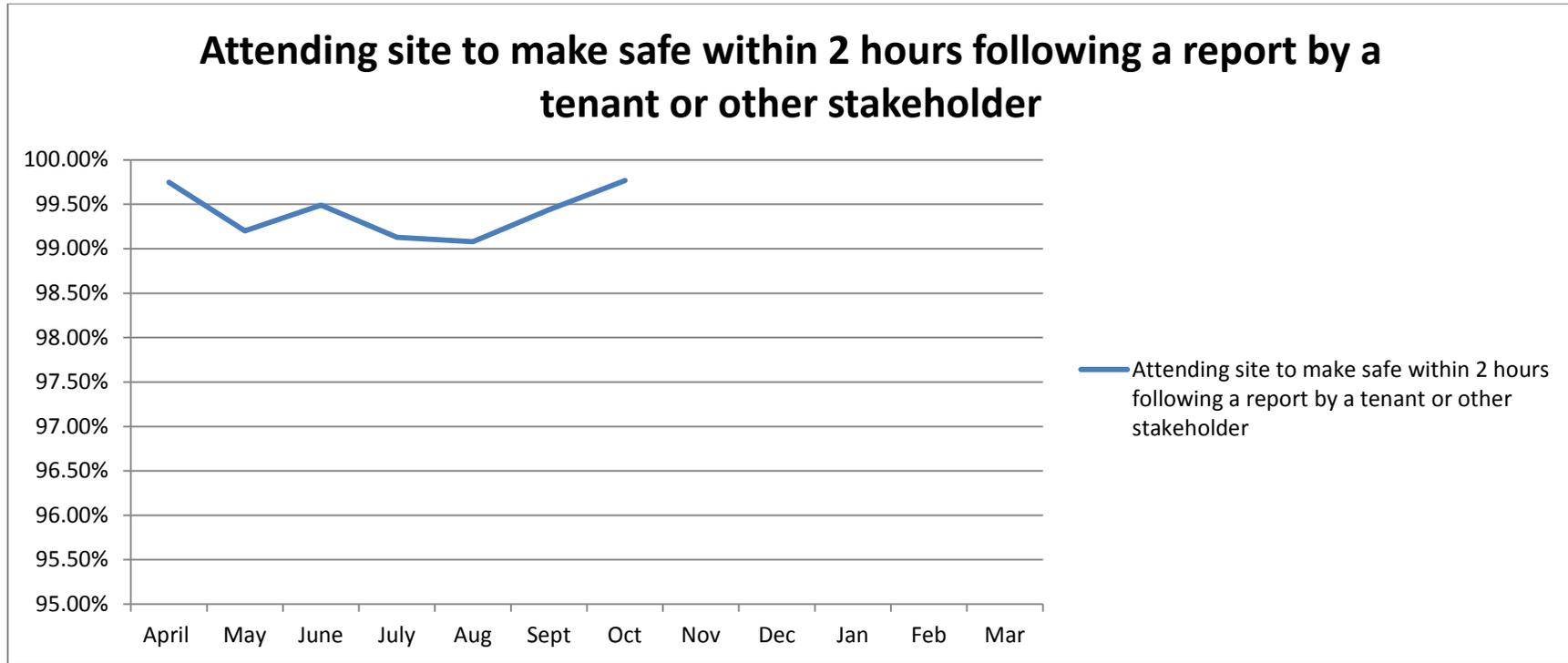
Objectives	Actions	Milestones	Date Due	By Whom
		1.2.4 Performance Management Framework established	Mar 2017	
		1.2.5 Establish new LATC (HTS) governance business planning arrangements allocating resource to the HRA/General Fund	Oct 2016	
<b>HSG 2 Implement the new Housing and Planning Bill</b>	2.1 Review impact of Policy changes	2.1.1 Impact assessment made	Oct 2016 Delayed due to awaiting Government guidance	Head of Housing Services
	2.2 Develop action Plan for service requirements aligned to budget levels	2.2.2 HRA Review completed	Dec 2016	
		2.2.3 Introduce revised processes and policies in line with updated rent restructuring arrangements	Jan 2017	
<b>HSG 3 Review Homelessness Strategy</b>	3.1 Implement Action Plan from Homelessness Strategy	3.1.1 Action Plan completed	Mar 2017	Housing Options and Advice Manager
	3.2 Increase promotion of wider housing options and use of the private sector	3.2.1 Options and Advice services reviewed	Mar 2017	

Objectives	Actions	Milestones	Date Due	By Whom
	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 2016/17	Complete	
		3.3.2 Partnership reporting framework reported	Mar 2017	
	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	Mar 2017	
<b>HSG 4 Increase Engagement and participation of tenants and leaseholders</b>	4.1 Ensure that Housing works programmes are communicated in advance of commencement and monitoring arrangements established	4.1.1. HIP Programmes 2016/17 published	Complete	Head of Housing Services
	4.2 Ensure tenants and leaseholders have opportunities to choose, be consulted on and receive feedback when seeking to influence and be involved in the management of their homes	4.2.1 Ongoing	Mar 2017	
<b>HSG 5 Review Housing related support (HRS) provision</b>	5.1 Establish a five year Supported Housing Plan	5.1.1 Revised Essex CC commissioning arrangements in place	Dec 2016	Supported Housing Manager
		5.2.1 Options appraisal complete	Nov 2016	
		5.3.1 Action Plan established	Mar 2017	

Objectives	Actions	Milestones	Date Due	By Whom
		5.4.1 HRA Business Plan updated	Jan 2017	
<b>HSG 6 Improve tenant satisfaction with Housing Landlord Services</b>	6.1 Implement revised organisational arrangements for Housing	6.1.1 Arrangements in place	Dec 2016	Head of Housing Services
	6.2 Update customer satisfaction measurements	6.2.1 Action Plan established	Jan 2017	
<b>HSG 7 Ensure all residents are provided with the full range of Housing Options, choices and opportunities available for their situation</b>	7.1 Implement Housing Strategy	7.1.1 Plans implemented	Mar 2017	Housing Options and Advice Manager
	7.2 Promote sustainable tenancies by providing timely advice and support	7.1.2 Ongoing.	Mar 2017	
<b>HSG 8 Establish new LATC arrangements for Housing and Environment maintenance</b>	8.1 Establish new governance arrangements	8.1.1 Shareholder Committee and HTS board in place	Complete	Head of Housing Services
		8.1.2.Revised performance management arrangements in place	Feb 2017	

Objectives	Actions	Milestones	Date Due	By Whom
		8.1.3 Repairs and maintenance information (JVCO) archived and retrieval mechanisms established	Nov 2016	

H098 (4.7) Repairs - Attending site to make safe within 2 hours following a report by a tenant													
2016	KPI	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
	Attending site to make safe within 2 hours following a report by a tenant or other stakeholder.	99.75%	99.20%	99.49%	99.13%	99.08%	99.44%	99.77%					

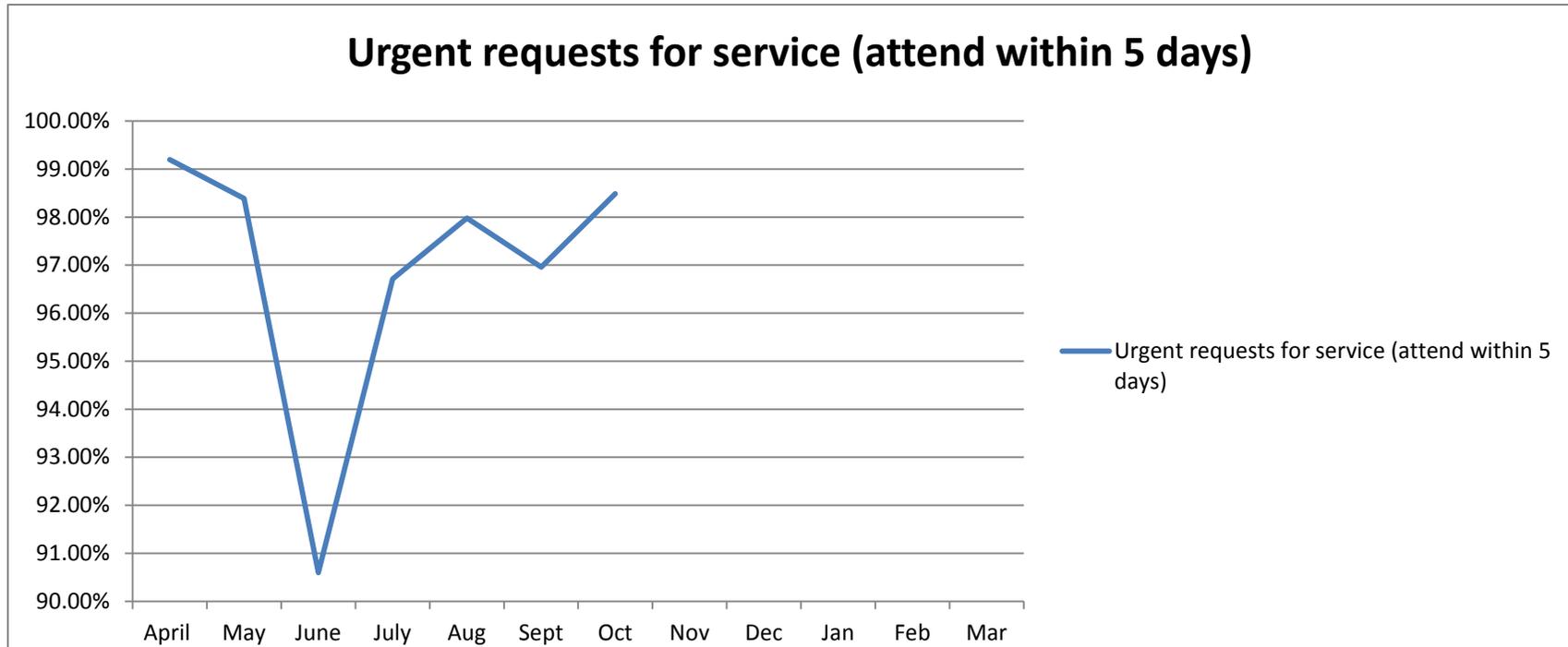


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**H101 (4.8) Repairs – Urgent requests for service (attend within 5 days)**

2016	KPI	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
	Urgent request for service (attend within 5 days).	99.20%	98.39%	90.60%	96.71%	97.98%	96.96%	98.49%					

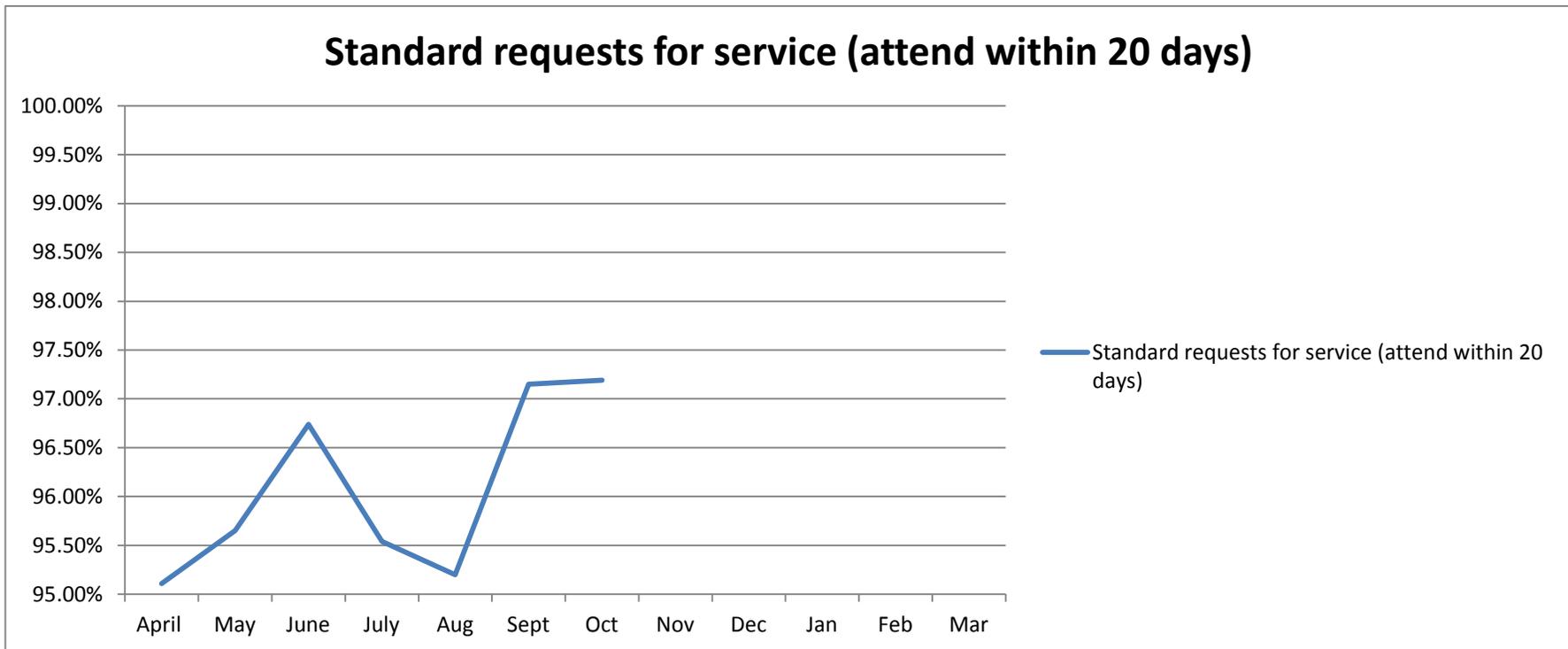
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**H103 (4.9)– Standard requests for service (attend within 20 days)**

2016	KPI	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
	Standard requests for service (attend within 20 days)	95.11%	95.65%	96.74%	95.54%	95.20%	97.15%	97.19%					

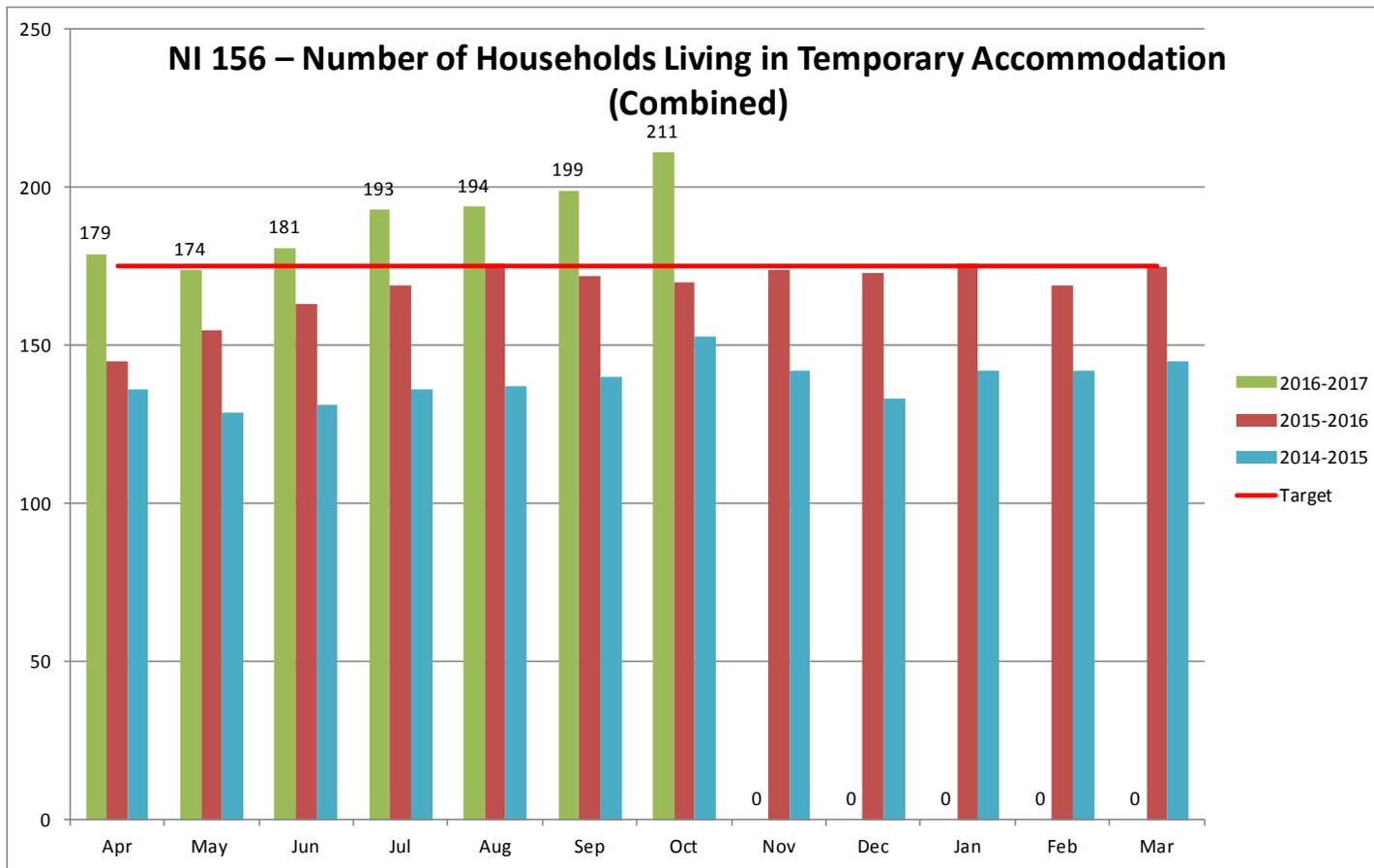
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# Housing Options and Advice

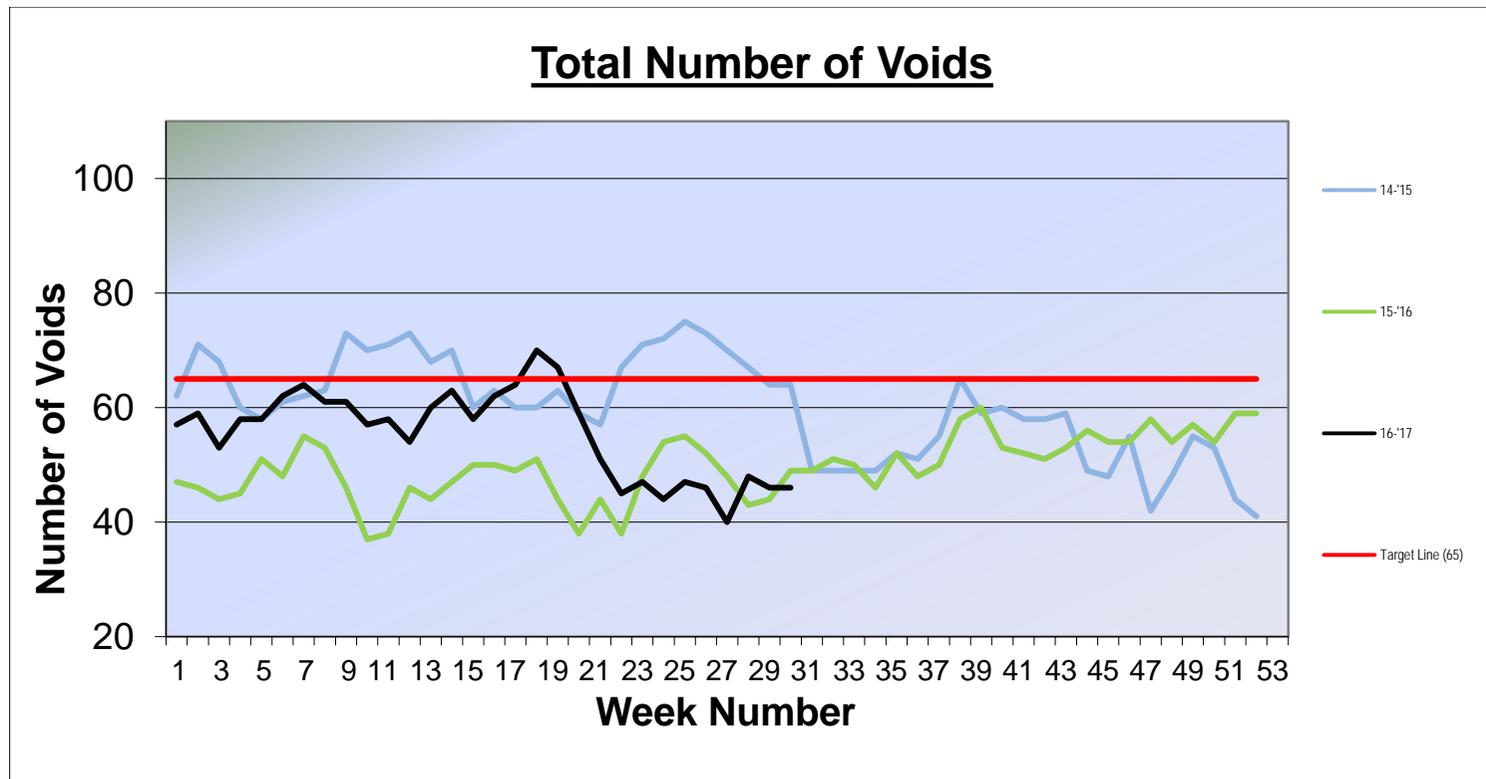
## NI 156 – Number of Households Living in Temporary Accommodation (Combined)

PI CODE	2015/16 Outturn	2016/17 Target	May Week 8	June Week 13	July Week 17	August Week 21	September Week 26	October Week 30	Status	Trend Arrow
NI 156	175	175	174	181	193	194	199	211	RED	↓



**Empty Homes Team**  
**HMS8 - Number of empty Council homes**

PI CODE	2015/16 Outturn	2016/17 Target	May Week 8	June Week 13	July Week 17	August Week 21	September Week 26	October Week 30	Status	Trend Arrow
HMS 8	63	60	61	60	64	51	46	46	GREEN	➔

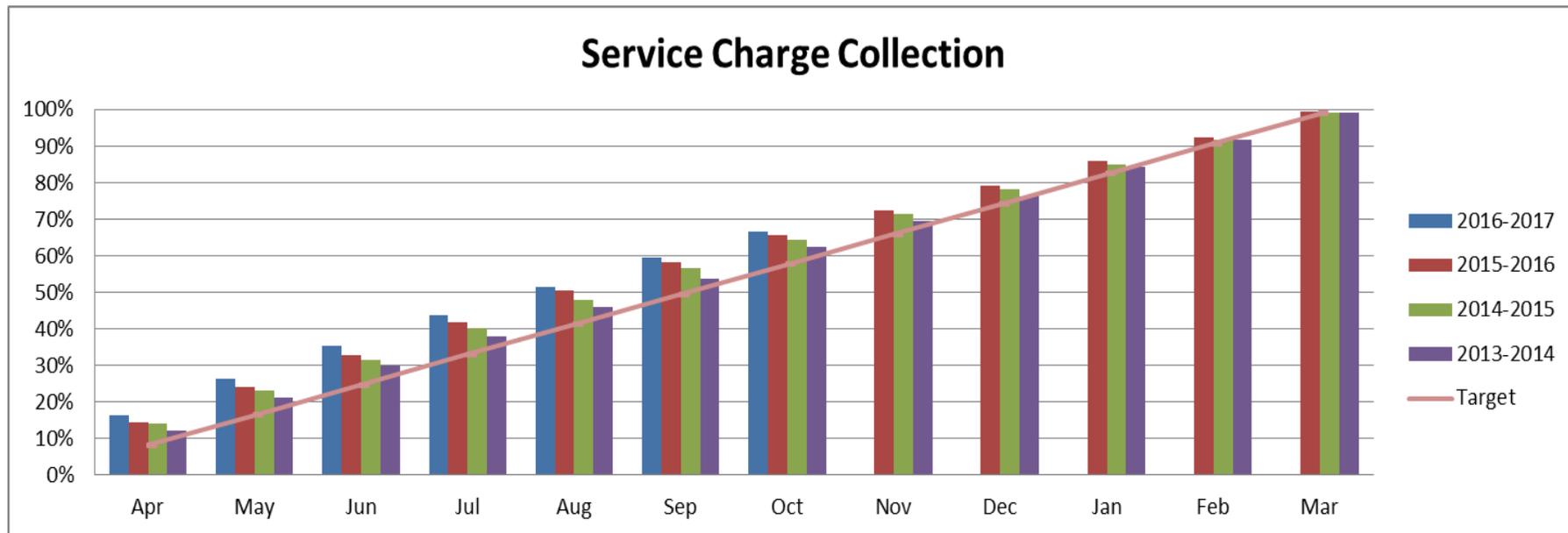


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## Home Ownership Annual Service Charges

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

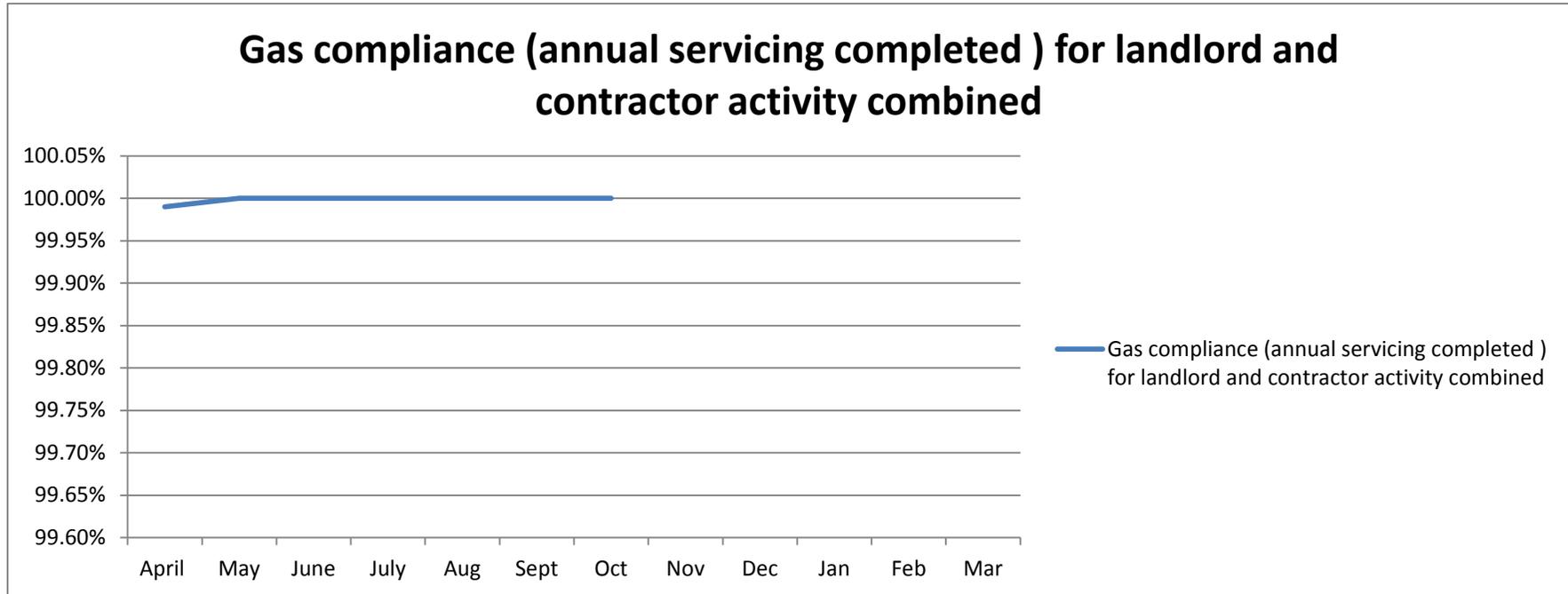
Outturn 2015-16	Target 2016-17	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	Status	Trend Arrow
TARGET INDICATOR %	99%	8.25%	16.50%	24.75%	33.00%	41.25%	49.50%	57.75%	66.00%		
99.56%		16.51%	26.22%	35.28%	43.76%	51.66%	59.55%	66.61%		<b>GREEN</b>	↑



**(4.11) Gas compliance (annual servicing completed) for landlord and contractor activity combined**

2016	KPI	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
	Gas compliance (annual servicing completed) for landlord and contractor activity combined	99.99%	100%	100%	100%	100%	100%	100%					

**Gas compliance (annual servicing completed ) for landlord and contractor activity combined**



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## APPENDIX 4.1: ASSET MANAGEMENT PLAN

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/27	2027 /2032	2032/37	2037/42	2042/47
	£,000s										
ASC Voids - internals (gas/electric/kitchens)	1,295	931	931	931	931	931	5,123	5,588	6,054	6,520	6,986
Internals	6,437	3,944	3,861	3,950	3,900	4,250	24,893	33,541	38,969	41,048	45,471
Windows and Doors	2,419	700	250	299	225	500	3,628	4,363	4,017	6,224	11,427
Property Conversions	80	100	0	0	0	0	0	0	0	0	0
External Major Works Package	3,501	6,850	6,369	6,900	6,800	7,803	31,747	23,736	19,448	18,928	29,504
Leaseholders costs - within Externals	-3	0	0	0	0	0	0	0	0	0	0
Asbestos removal - other	660	54	50	50	50	75	275	300	325	350	375
Related Assets - Garages	493	500	500	500	500	500	2,750	3,000	3,250	3,500	3,750
Garage transfer to GF	0	-215	-215	-215	-215	-215	-1,183	-1,290	-1,398	-1,505	-1,613
Lift Programme	0	430	393	200	60	0	77	1,200	312	0	0
Disabled Aids and Adaptations	1,106	900	750	799	730	800	4,400	4,800	5,200	5,600	6,000
Energy Efficiency and Fuel Poverty	2,138	0	0	0	0	251	550	600	650	700	750
Energy Efficiency Communal boilers	0	2,080	1,700	1,700	1,619	200	550	600	8,366	9,884	0
Compliance / Electrical Upgrade and Fire Safety	1,622	1,300	300	281	750	507	1,100	1,200	1,300	1,400	1,500
Fees/HTS from 17/18	1,219	436	436	436	436	436	2,398	2,616	2,834	3,052	3,270
CDM	0	20	20	20	20	30	165	180	195	210	225
Contingency	0	300	200	250	200	300	1,650	1,800	1,950	2,100	2,250
<b>Work to Property</b>	<b>20,967</b>	<b>18,330</b>	<b>15,545</b>	<b>16,101</b>	<b>16,006</b>	<b>16,368</b>	<b>78,123</b>	<b>82,235</b>	<b>91,472</b>	<b>98,011</b>	<b>109,895</b>
Housing IT	399	200	200	150	150	150	825	900	975	1,050	1,125
<b>TOTAL HOUSING CAPITAL PROJECTS</b>	<b>21,366</b>	<b>18,530</b>	<b>15,745</b>	<b>16,251</b>	<b>16,156</b>	<b>16,518</b>	<b>78,948</b>	<b>83,135</b>	<b>92,447</b>	<b>99,061</b>	<b>111,020</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**’

- Continuation of the Council’s External Works Programme against a revised specification and standards resulting from the impact of a reduced budget resource due to enforced reductions in rent levels to 2020;
- 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 the operation of an annual programme of installing and servicing/testing of Smoke Detector and Carbon Monoxide installations in relevant properties across the Council’s Housing Stock
  - Targeting 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 and domestic electricity supply installations to modern, required standards backed by an up to date Electrical Installation Condition Report
  - Including the pilot in 2017/18 of an upgrade to structure, internal communal areas the energy efficiency and aesthetics of one of the Council’s Tower Blocks.
- Significantly **contribute to alleviating fuel poverty within the Council’s tenant base** through improvements in the Energy Efficiency of the housing stock, to include:
  - Targeted Improvement Works to the worst performing, most energy inefficient housing units (Energy Performance Certificate rated E, F and G) in order to bring these to rating D/C or above ensuring 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)

- Continuing 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 statutory obligations to provide Disabled Adaptations to tenant customers in need**, whilst also seeking to improve our practice and approach, through:
  - 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 revised Garage Strategy (2015) and 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**, accepting the funding constraints from 2016-2020
- Successfully **complete the transition from the expiry (February 2017) of the Kier Harlow Ltd. to HTS (Property & Environment) Ltd.** as the new delivery model for responsive repairs, voids and other services, and in doing so:
  - Introduce enhanced processes (time allocation, right first time, customer satisfaction) for the completion of responsive repairs through constant review of 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 HTS, optimum use of ICT systems and reformed delivery structures

- Enhance the Council's methodology to assess the performance of its existing assets. 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 will provide a framework for investment decisions.
- Enhance and refine a programme of cyclical painting which addresses immediate priorities of worst condition

### **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 2016-2046. BASELINE SCENARIO

### HRA Operating Account 30 Year Business Plan

	2016.17	2017.18	2018.19	2019.20	2020.21	2021.22	2025.26	2030.31	2035.36	2040.41	2045.46
	£'000	Estimates £'000									
<b>Expenditure</b>											
General Management	11,616	11,379	10,720	10,721	10,863	11,007	11,605	12,400	13,250	14,161	15,137
Special Management	5,647	6,709	6,803	7,035	7,317	7,609	8,902	10,830	13,177	16,031	19,036
Repairs	9,302	9,937	10,330	10,737	10,952	11,171	12,092	13,050	14,697	16,551	18,639
Rents, Rates, Taxes & Other Charges	40	46	30	30	31	31	33	36	39	42	45
Supporting People Transitional Relief	6	5	5	3	2	0	0	0	0	0	0
Provision for Bad & Doubtful Debts	200	300	300	300	300	300	300	300	300	300	300
Major Repairs Reserve Contribution	10,859	10,928	10,989	11,106	11,292	11,481	12,266	13,321	14,462	15,697	17,032
Revenue Cont'n to Capital Prog.	8,010	6,136	4,116	4,495	4,204	4,368	3,779	4,270	7,251	10,081	14,996
Debt Management Expenses	16	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	6,738	6,765	6,757	6,750	6,703	6,650	6,452	6,809	6,863	6,880	6,880
	<b>52,434</b>	<b>52,221</b>	<b>50,067</b>	<b>51,194</b>	<b>51,680</b>	<b>52,633</b>	<b>55,445</b>	<b>61,032</b>	<b>70,055</b>	<b>79,759</b>	<b>92,080</b>
<b>Income</b>											
Dwelling Rents	44,974	44,211	43,350	43,481	43,775	44,936	49,892	57,967	66,032	73,752	83,969
Garage Rents	1,051	1,103	1,159	1,240	1,277	1,341	1,630	2,121	2,707	3,389	4,326
Other Rents	22	22	22	22	22	22	22	22	22	22	22
Service Charges: Tenants	880	947	966	985	1,005	1,025	1,109	1,225	1,352	1,493	1,649
Service Charges: Leaseholders	1,609	1,747	1,782	1,818	1,854	1,891	2,047	2,260	2,495	2,755	3,042
Other Charges for Services	1,248	1,497	1,769	1,882	2,008	2,263	1,974	2,405	2,904	4,180	5,436
Transfers from General Fund	521	539	552	566	580	595	657	743	841	951	1,076
Interest on Revenue Balances	72	47	43	41	48	54	204	585	1,078	1,718	2,500
	<b>50,377</b>	<b>50,113</b>	<b>49,643</b>	<b>50,035</b>	<b>50,570</b>	<b>52,128</b>	<b>57,535</b>	<b>67,328</b>	<b>77,431</b>	<b>88,261</b>	<b>102,019</b>
Balance at 1 April	12,298	10,240	8,132	7,709	6,550	5,440	9,255	26,407	50,759	82,504	121,258
Surplus / (Deficit) for year	-2,058	-2,108	-423	-1,159	-1,110	-505	2,090	6,296	7,376	8,502	9,938
Balance in hand at 31 March	<b>10,240</b>	<b>8,132</b>	<b>7,709</b>	<b>6,550</b>	<b>5,440</b>	<b>4,935</b>	<b>11,345</b>	<b>32,702</b>	<b>58,135</b>	<b>91,006</b>	<b>131,196</b>
<i>Minimum Working Balance</i>	<i>4,327</i>	<i>4,436</i>	<i>4,524</i>	<i>4,615</i>	<i>4,707</i>	<i>4,801</i>	<i>5,197</i>	<i>5,738</i>	<i>6,335</i>	<i>6,994</i>	<i>7,722</i>

### Major Repairs Reserve: 30 Year Business Plan

	2016.17	2017.18	2018.19	2019.20	2020.21	2021.22	2025.26	2030.31	2035.36	2040.41	2045.46
	£'000	Estimates £'000									
<b>Expenditure</b>											
Capital Programme Financing	10,859	10,928	10,989	11,106	11,292	11,481	12,266	13,321	14,462	15,697	17,032
Repayment of Debt	0	0	0	0	0	0	0	0	0	0	0
	<u>10,859</u>	<u>10,928</u>	<u>10,989</u>	<u>11,106</u>	<u>11,292</u>	<u>11,481</u>	<u>12,266</u>	<u>13,321</u>	<u>14,462</u>	<u>15,697</u>	<u>17,032</u>
<b>Income</b>											
Transfer from HRA	10,859	10,928	10,989	11,106	11,292	11,481	12,266	13,321	14,462	15,697	17,032
	<u>10,859</u>	<u>10,928</u>	<u>10,989</u>	<u>11,106</u>	<u>11,292</u>	<u>11,481</u>	<u>12,266</u>	<u>13,321</u>	<u>14,462</u>	<u>15,697</u>	<u>17,032</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	0	0	0	0	0	0	0	0	0	0	0

### Housing Capital Programme

	2016.17	2017.18	2018.19	2019.20	2020.21	2021.22	2025.26	2030.31	2035.36	2040.41	2045.46
	£'000	Estimates £'000									
<b>Expenditure</b>											
Core Programme	21,366	18,530	15,745	16,251	16,156	16,518	16,756	18,358	22,538	26,665	32,994
	<u>21,366</u>	<u>18,530</u>	<u>15,745</u>	<u>16,251</u>	<u>16,156</u>	<u>16,518</u>	<u>16,756</u>	<u>18,358</u>	<u>22,538</u>	<u>26,665</u>	<u>32,994</u>
<b>Financed by:</b>											
Major Repairs Reserve	10,859	10,928	10,989	11,106	11,292	11,481	12,266	13,321	14,462	15,697	17,032
Revenue Contribution to Capital Programme	8,010	6,136	4,116	4,495	4,204	4,368	3,779	4,270	7,251	10,081	14,996
Right To Buy Receipts	2,497	1,466	640	649	659	670	711	767	825	887	966
	<u>21,366</u>	<u>18,530</u>	<u>15,745</u>	<u>16,251</u>	<u>16,156</u>	<u>16,518</u>	<u>16,756</u>	<u>18,358</u>	<u>22,538</u>	<u>26,665</u>	<u>32,994</u>

## APPENDIX 6.2 HRA BUSINESS PLAN 2016-2046: 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 2016/17 (year 1) to 2045/46. Data input for 2016/17 (year 1) and 2017/18 (year 2) replicates the HRA Revised Estimates 2016/17 and Estimates 2017/18, which will be submitted to Cabinet on 26 January 2017. The report shows growth and savings for 2017/18 (in paragraphs 40 and 41).

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;
- Set the minimum HRA working balance at 31 March 2017 at £4.327m, increasing the amount by CPI annually;
- 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 2.5% 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 2016/17 is 0.64%, 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 2016, 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 2016/17.

<b>Harlow Council: HRA Borrowing 2016/17</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	0.64%	(-)137,389
<b>Total</b>	<b>187,370.0</b>			<b>3.60%</b>	<b>6,737,525</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 0.64% in 2016/17, 0.51% in 2017/18; 0.55% in 2018/19, 0.58% in 2019/20, 0.80% in 2020/21, 1.05% in 2021/22, and 1.5% thereafter.

## **5. Stock and Rents**

The Council had 9,637 tenanted and 2,418 leasehold properties as at 1 April 2016. The tenanted dwellings include the equivalent of 7 shared ownership dwellings.

The average weekly rent was £92.66 in 2016/17, and will decrease to £91.73 in 2017/18.

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 2016/17, rises 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 £2.05 per week in 2016/17. This will rise (or fall) in line with expenditure levels. On average service charges will decrease to £1.97 in 2017/18. This includes an adjustment of +3p in respect of 2015/16 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 2017/18 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 2017/18 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 £1,051,000 in 2016/17. 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 99 in 2016/17, 60 in 2017/18, and 30 thereafter. Sales values are assumed at an average £176,847, increasing in line with CPI, with an average discount of £72,595 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**

The Plan assumes that 209 properties in The Briars, Aylets Field, and Copshall Close will be demolished between 2016/17 and 2018/19.

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, and 2% thereafter.
- Other costs are anticipated to increase in line with CPI.
- HTSs budget is based on the former Kier Harlow contractual sum, uplifted by a Buildings Maintenance Index. For planning purposes this is assumed to be 2.5% annually from 2018/19.

## **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 HTS. In 2017/18 of the total budget of £9.9m, £8.1m forms part of the contract. 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 2017/18 capital expenditure will total £18.5m. Of this, £6.1m will be financed directly from the HRA and £10.9m from the Major Repairs Reserve. Throughout the Plan the programme is reliant on these income streams.

RTB sales contribute £2.497m to the programme in 2016/17 and £1.466m in 2017/18.

The Business Plan has been simplified such that any income from leaseholders in respect of tendered works to flats is taken to revenue rather than capital. Income from leaseholders represents a proportion of work carried out in the Asset Management Plan.

## **14. Balances**

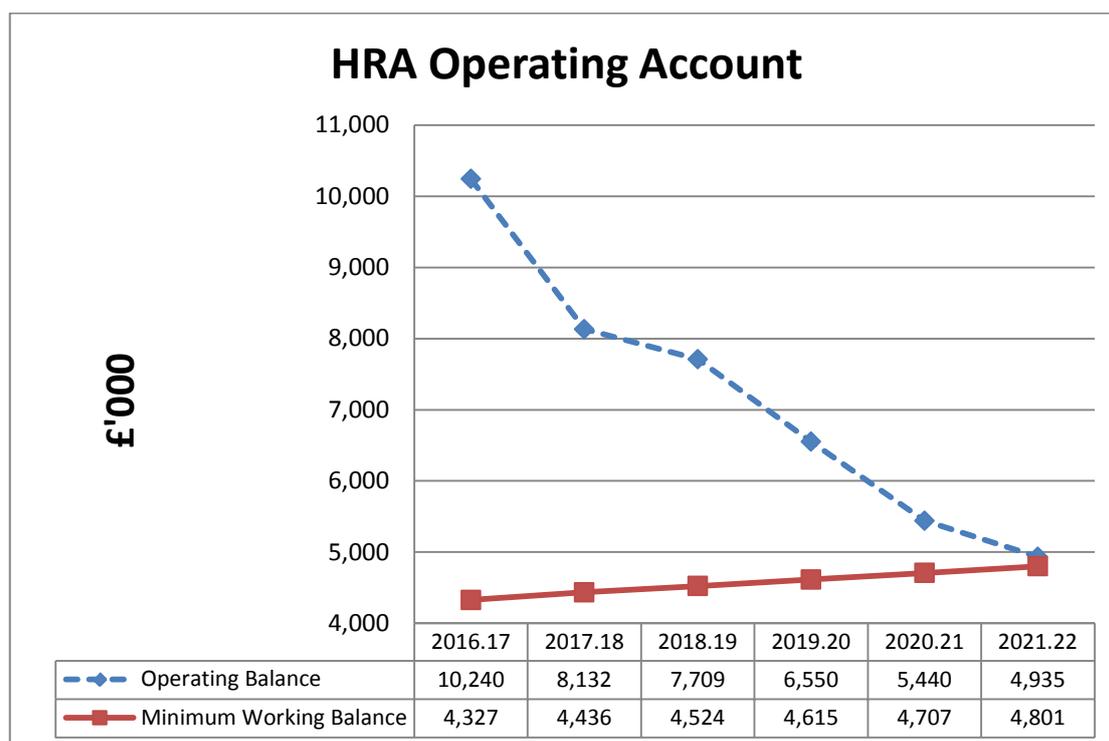
Balances brought forward as at 1 April 2016 were £12.298m on the HRA Operating Account and £nil in respect of the Major Repairs Reserve. It has been agreed that the HRA Operating Account must have a minimum working balance. At 31 March 2017 this is £4.327m. This will increase by CPI annually to keep pace with general inflation.

## **15. Borrowing Strategy**

The significant change in the plan means that the five fixed term maturity loans taken out in 2012 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 6.3  
HRA BUSINESS PLAN: SENSITIVITY ANALYSIS  
Baseline Plan**

The baseline HRA Business Plan has been described in 6.3 above. It shows that throughout the life of the plan the HRA is sustainable, avoiding a capital deficit in all years albeit that the headroom between the projected balance and minimum acceptable working balance at 31 March 2022 is small. *The baseline plan is illustrated in Appendix 6.1.*



**Sensitivity A: 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.

Following the EU Referendum, interest rates have reduced to an historic and perhaps long term low, and inflation is predicted to rise due in large part to the fall in the exchange rate of sterling against other currencies. The Bank of England expects that by mid-2017 inflation (CPI) levels will exceed 2%, with some commentators suggesting that the effect could be as bad as 4%. The Council's Business Plan includes a fixed amount for the services provided by HTS, and employees costs rising by the Government directive of 1% annually. The Plan is therefore at risk where other expenditure and income exceeds the target of 2.5%. Inflationary adjustments in early years have an ongoing impact on the sustainability of the Business Plan.

By way of illustration a +/-1% change in CPI in 2017/18, on what is a net expenditure of £8.4m, would be +/-£82,000.

## **Sensitivity B: Erosion of Rent Income**

The Government has set a course for social rents over the four years to 2019/20 but given no firm indication of rent levels from 2020/21, 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 medium term, 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 2021/22 of £1.2m, and in every year thereafter until 2045/46 which would need to be addressed, principally, by a reduction in expenditure.

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 £1.016m in 2020/21 and £2.352m in 2021/22. Action would be needed to reduce expenditure until 2024/25 when the Business Plan would otherwise be in balance.

## **Sensitivity C: 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.*). At the time of writing the Government has deferred consultation and commencement of this policy in 2017/18. Various annual amounts were suggested by professional bodies twelve months ago, one being £1,100 per property per year, or about £10m p.a. for Harlow.

This uncertainty places great risk to the Business Plan.

The impact of any regulatory changes will be considered and if necessary further reports will be presented through Housing Standards Board and Cabinet during 2017/18.

## **Sensitivity D: Transfer of contract from Kier Harlow Ltd to HTS (Property & Environment) Ltd., and payments under the arrangement**

The present contract with Kier Harlow Ltd comes to an end on 31 January 2017. The Council has created a new wholly owned subsidiary, HTS, to take over all services provided.

These services 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 will continue to be based on the Buildings Maintenance Index (BMI), which for March 2016, under Kier Harlow Ltd., was forecast to be 0.1% but changed to (-)0.2%. This reduced the contract sum payable in 2016/17 by about £70,000 in total. HTS will inherit the contract sum with effect from 1 February 2017. The uplift for March 2017, to be applied from April 2017, is estimated at 2.9% and has been treated as the fixed baseline for HTS expenditure for 2017/18. There will be no

adjustment to the Business Plan during 2017/18 as a consequence of changes to the index.

### **Sensitivity E: 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.

Universal Credit is new and brings uncertainties regarding rent income.

### **Sensitivity F: 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 3.5% per year. Having now addressed the shortfall in the medium term to 31 March 2020, and assuming accuracy of the Business Plan to 2046 despite uncertainties, it is possible to model renewal of loans in 2026, 2030 and 2034 and repayment of loans in 2038 and 2042.

Given that the investment strategy plans for the longer term, decisions do not have to be made at this stage.

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

The Council achieved the Decent Homes Standard for all properties by 31 March 2015. It has 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 H: 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 +/- £44,500 in 2017/18, reducing by 1% annually until 2019/20.

## **GLOSSARY**

BCA	The Briars, Copshall Close & Aylets Field Priority Estate
BMI	Building Maintenance Index
CAB	Citizens' Advice Bureau
CLG	Department for Communities and Local Government
CPI	Consumer Price Index
DHP	Discretionary Housing Payment
ECC	Essex County Council
EPC	Energy Performance Certificate
EU	European Union
EZ	Enterprise Zone
GF	General Fund
HCA	Homes and Communities Agency
HHP	Harlow Homelessness Partnership
HMO	Household in Multiple Occupation
HIP	Housing Investment Programme
HRA	Housing Revenue Account
HRS	Housing Related Support
HTS	HTS (Property and Environment) Ltd
KPI	Key Performance Indicator
LATC	Local Authority Trading Company
LHA	Local Housing Allowance
MRR	Major Repairs Reserve
NACRO	National Association for the Care and Resettlement of Offenders
NPIF	Northern Powerhouse Infrastructure Fund
PWLB	Public Works Loan Board
RTB	Right To Buy
SHMA	Strategic Housing Market Assessment
TSA	Tele-care Services Association
UC	Universal Credit
W&D	Windows and Doors

## **FURTHER READING**

Welfare Reform and Work Act 2016.

Housing and Planning Act 2016.

Harlow Council Corporate Plan 2013 – 2016.

'Housing Revenue Account (HRA) Business Plan 2016-2046'. Report to Housing Standards Board, 6 December 2016.

'HRA Budget 2017/18'. Report to Cabinet, 26 January 2017.

'Capital Programmes 2016/17 – 2021/22'. Report to Cabinet, 26 January 2017.

Presentations to:

Property Standards Panel, 4 January 2017.

Tenancy Standards Panel, 4 January 2017.

Tenants Forum, 10 January 2017.

Leaseholder Standards Panel, 19 January 2017.

**REPORT TO:** CABINET

**DATE:** 26 JANUARY 2017

**TITLE:** HOUSING REVENUE ACCOUNT BUDGET  
2017/18

**PORTFOLIO HOLDERS:** COUNCILLOR MIKE DANVERS, PORTFOLIO  
HOLDER FOR RESOURCES

COUNCILLOR MARK WILKINSON, PORTFOLIO  
HOLDER FOR HOUSING

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**This is a Key Decision**

**It is on the Forward Plan as Decision Number I006003**

**This decision is not subject to Call-in procedures for the following reasons**

The decision stands as a recommendation 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 3 April 2017. This equates to an average weekly rent of £91.73, a statutory reduction of one percent.
- B** Service charges for individual dwellings, as set out in paragraphs 15 to 20 of this report, effective from 3 April 2017 for tenants and 1 April 2017 for leaseholders. This equates to an average weekly service charge to tenants of £1.97.
- C** Heating charges as set out in paragraphs 29 to 36 of this report, effective from 3 April 2017 for tenants and 1 April 2017 for leaseholders. Average weekly

general needs charges are £7.20 per week (leaseholders £14.83 per week, equivalent) and, for sheltered accommodation, £6.63 per week.

- D** Garage rents are increased by five percent, to £9.22 per week (for a standard garage) and proportionate increases for other garages, car ports and car spaces, from 3 April 2017, as set out in paragraphs 37 and 38 of this report.
- E** Housing related support charges as set out in paragraphs 21 to 27 and Table 2. For service users effective from 1 April 2017.
- F** Other charges are increased, as set out in paragraphs 28 and 39 of this report, with effect from 1 April 2017.
- G** The growth and savings outlined in paragraphs 40 and 41 in respect of 2017/18 are approved.
- H** The Housing Revenue Account (HRA) budget as set out at Appendix A of this report is approved.
- I** A minimum HRA working balance of £4,327,000 at 31 March 2017, rising to £4,436,000 at 1 April 2017, as set out in paragraph 42 and Appendix C to this report, is agreed.

## **REASON FOR DECISION**

- A** This report sets out the Housing Revenue Account (HRA) budget for 2017/18 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 Government passed legislation which made the following changes:
  - (a) That tenants' rents would decrease by one percent per year over the four years (2016/17-2019/20).
  - (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. In the November 2016 Autumn Statement, the Government announced a regional pilot scheme to evaluate this

policy. CLG has advised that no payment will be required in 2017/18. Further details including how the payment will be calculated are to be advised. It is currently estimated that the direct financial impact on the Council could be in the region of £1.6million - £10million per year depending on the formula used (see Appendix B).

- (c) Tenanted households earning over £31,000 would not now be compulsorily charged a higher 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 53).
3. From 1 February 2017, housing property and environmental services will be provided by HTS (Property and Environment) Ltd in place of Kier Harlow Ltd. HTS Ltd is a wholly owned subsidiary of Harlow Council. The new contract may result in changes to expenditure budgets in line with changed priorities.

## **Principles**

4. The principles within the HRA Business Plan remain:
- a) Implement legislation to reduce dwelling rents annually by one percent in each of the four years commencing 2016/17.
  - b) Renew the Public Works Loan Board (PWLB) debt of £209million upon maturity of each loan and the repayment be kept under review.
  - c) Set a minimum HRA working balance as at 31 March 2017 of £4.327million, increasing the amount by CPI annually.
  - d) Retain the housing asset management plans as outlined below, and as detailed in Chapter 4 of the 'HRA Business Plan 2016-2046':
    - 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.
    - 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.

- Prioritise energy efficiency initiatives that alleviate fuel poverty.
  - Defer the development of a longer term programme of Council house building and review annually.
  - Prioritise resources for disabled adaptations to meet statutory requirements and keep this under review annually.
  - Reduce resources to garage-related works and re-prioritise the approved Garage and Hardstand Strategy.
  - Realise further efficiencies from responsive repairs programmes and scope of works.
- e) Assume annual increases of at least five percent per year for garages and increases/decreases in service charges related to changes in expenditure.

## **Implications**

5. 2017/18 is the second year in which dwelling rents are statutorily reduced by one percent. This has a direct impact on income to the HRA and on the funding of the Housing Capital Programme.
6. The policy for councils to contribute towards the discount payable on the sale of housing association homes from the sale of high value voids has not been deferred (Appendix B). 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 assumed that the Council would need to sell high value dwellings and to administer this would create a time lag between the decision and the receipt from sale. The annual levy could be between £1.6million and £10million depending on the way the scheme is implemented. On 28 January 2016, Cabinet approved the addition of £1.6million to the Minimum HRA Working Balance as a provision in respect of this potential liability. It is likely that the policy will be implemented from 2018/19. (Appendix B).
7. In order to ensure that the operating balance is above the minimum working balance, as at 31 March 2021 many of the savings identified in 2016/17 in respect of 2017/18 have been included in the estimates along with additional efficiencies. A total £823,000 savings have been identified (see Table 4).
8. The estimated operating balance as at 31 March 2022 is £4.935million, £134,000 above the minimum working balance. This does not allow for any resources to be set aside for debt repayment, or to build further Council homes.

9. The Cabinet is invited to note the revised budget and projected outturn for 2016/17 and approve the HRA Estimates for 2017/18 as set out in Appendix A. The report should be read in conjunction with the HRA Business Plan 2016-46 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 an HRA budget for 2017/18 (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 one percent a year. Estimates for employee costs have therefore been prepared including a one percent pay award totaling £24,850 from 1 April 2017 and an assumed vacancy rate in 2017/18 of two percent, which is an equivalent saving of £63,720 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. Under the Welfare Reform and Work Act 2016 the rents for social housing are reduced by one percent a year for four years from 2016/17. For 2017/18, this reduction of one percent is applied to the 2016/17 rent of each property and equates to an average weekly rent of £91.73.
14. Service Charges are made in addition to rents and are discussed below.

### **Service Charges**

15. 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.
16. 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 2015/16 charges will be collected/refunded in 2017/18).

- b) Charges should be consistent to tenants and leaseholders and be fully recovered wherever possible. Following the new contract with HTS (Property and Environment) Ltd the cost of services and therefore of charges will be reviewed in 2017/18 to determine the level of service charges to be levied in future years.

17. There is adjustment of three pence over all service charges in respect of 2015/16 for tenants.

18. Proposals for service charges based on the above methodology are set out in Table 1 and will apply to both tenants and leaseholders.

**TABLE 1:**

<b>Service Charges to tenants and leaseholders, 2017/18</b>				
	<i>Highest weekly charge</i>	<i>Lowest weekly charge</i>	<i>Average weekly charge</i>	<i>Average weekly charge (for all tenants)</i>
	<i>(£)</i>	<i>(£)</i>	<i>(£)</i>	<i>(£)</i>
Amenity Cleaning – gully cleaning	1.20	0.01	0.08	0.06
Amenity Cleaning –bins	1.32	0.06	0.30	0.02
Caretaking	13.87	0.81	6.38	0.49
Cleaning	14.82	0.16	4.76	0.70
Door Entry Management	1.31	1.31	1.31	0.11
Grounds Maintenance	2.25	0.01	0.33	0.27
Landlord's Lighting	3.75	0.33	0.93	0.29
Sub Total				1.94
<b>Adjustment in respect of tenants 2015/16</b>				0.03
<b>Total</b>				<b>1.97</b>

19. In addition to the above, the following service charges apply to leaseholders only from 1 April 2017:

- a) Lift maintenance (plus associated charges for powering the lift). The annual charge will be in the range £98.70 to £295.60 per leaseholder.
- b) The management cost is a flat rate estimate of £180.65 per leaseholder.
- c) The charge for the registration of a sublet will increase to £82.53 (£81.71 in 2016/17). 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 £86.15 per leaseholder.
  - e) Routine repairs and major repairs are recharged at the full actual cost to the Council.
20. 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 3 April 2017 for tenants and 1 April 2017 for leaseholders.
  21. 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 private clients living across the town.
  22. Essex County Council formally acted as the commissioning body for housing related support (HRS) services delivered by the Council on a contractual basis.
  23. It is expected that the funding for the Housing Related Support (HRS) care element will be removed completely for service users leaving the Council to either, find a way to fund those care elements (e.g. charging), or the service ceasing altogether. Initial indications show that this amounts to a further £160,000 income reduction from Essex County Council affecting the 16 sheltered housing blocks (e.g. weekly visits and intensive management).
  24. This further reduction is in addition to the previous year's 50 percent reduction for funding in relation to Care-line Services, Sumners Farm Close and community support activities. The HRS charging mechanism will continue recommending charges for Sheltered Housing, Supported Housing, and Extra Care services, whilst having measures to ensure that the Council works with affected individuals to identify how any additional financial burdens can be mitigated.
  25. A review of the Supported Housing Service is to be undertaken in 2017 and will make recommendations on how the Council's objectives for HRS should be pursued within the resources available to the Council from Essex County Council.
  26. Table 2 shows the anticipated charges reported to Scrutiny Committee and those proposed due to the loss of funding from ECC. As in 2016/17 the new service charges relate to existing users only. New users from 1 April 2017 will pay the full service charge applicable. It is proposed that the sheltered housing

support charges will be phased over a 3 year period to fully recover costs of service delivery, from £4.10 per week in 2017/18 to £10.14 in 2019/20.

**TABLE 2:**

<b>Service</b>	<b>Current Charge 2016/17</b>	<b>HRS Charge from April 2017</b>
Dispersed Community Alarms	£1.95	£3.89
Harlow Community Support	£3.56	£7.12
Sheltered Housing Support net of Housing Benefit	£0.84	£2.94
Sheltered Housing Support (benefit not payable)	2.00	4.10
Extra Frail Support, Summers Farm Close	£1.29	£1.68

27. Current HRS charges are met in full from Essex County Council grant funding for service users in receipt of Housing Benefit. In 2017/18 the grant funding for Sheltered Housing Support will be £4.10 per week, with £1.16 being met from Housing Benefits, therefore requiring a charge to tenants of £2.94 per week. The Council will continue to work with individuals affected by the proposed service charges to identify how any additional financial burden can be mitigated.
28. 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 increase in line with CPI of one percent (September 2016) to £5,207 (2016/17 £5,155).

### **Heating Charges**

29. 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.
30. Under new Government legislation (Heat Network (Metering and Billing) Regulations 2014), the Council must ensure that tenants and leaseholders on communal and district heating schemes are charged for the actual costs of fuel (gas) consumed in their individual homes. This will be achieved by installing individual heat meters in each home, which will ensure they pay fairly for their

own heat consumption, provide control over their energy bills and incentive to reduce energy consumption. Residents must also receive regular invoices which are expected to be raised quarterly. Officers have therefore been piloting a new billing system and heat meters in three schemes, working with residents to understand any anomalies between the current system and the new that have arisen.

Details of the new scheme are included as Appendix D to this report. It is anticipated that the first three schemes will be invoiced under the new system from 1 April 2017. There are no leasehold properties in the schemes commencing in April 2017 but a programme to cover all heating schemes will be rolled out over the next 5 years.

As part of the review of heating systems it was noted that the electricity usage to power such systems is negligible, the major cost being the use of gas. It is therefore proposed from April 2017 to recover the cost of electricity supplied to general and sheltered properties through the electricity charge for landlords lighting.

31. Market forces have resulted in a small increase in electricity costs and a minor fall in the cost of gas in 2016/17 which has been reflected in the prices paid by the Council for gas and electricity supplies. These changes will be passed on to tenants and leaseholders through the proposed estimates for 2017/18.
32. It is recommended that tenants will not be re-charged for the management and maintenance costs at this time until the pilots have concluded, as it is included within the weekly rent charge. Leaseholders will still be expected to pay this charge.
33. Tenants and leaseholders are fully recharged the respective cost of the service. The average charge to tenants for fuel provided will be £7.20 per week (2016/17: £7.80) prior to any adjustment for the difference between the estimated and actual charges in 2015/16; and for leaseholders for fuel and non-fuel, £14.83 per week (2016/17: £15.94).
34. 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 CPI in the previous September (CPI was one percent at September 2016: State Pension increases are expected to be two and a half percent from April 2017) so that for 2017/18 charges will not exceed £17.58 for a one bed property and £23.72 for a two or three bed property.
35. The average charge for sheltered accommodation will be £6.63 per week (2016/17: £6.42). In 2017/18 no sheltered properties out of 460 have charges

that will be limited by the fuel poverty caps.

36. 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**

37. It is proposed to increase all garage related charges by five percent. The rent of a standard garage would rise by 44 pence per week to £9.22.

38. It is proposed that changes in garage rents are effective from 3 April 2017.

### **Other Charges**

39. It is proposed that the charges for other miscellaneous items be as follows:

- a) Solicitor's enquiries with copy of an insurance schedule will rise from £136.45 to £137.81 (inclusive of VAT at 20 percent).
- b) Solicitor's enquiries without copy of an insurance schedule will rise from £99.68 to £100.68 (inclusive of VAT at 20 percent).
- c) Solicitor's enquiries for additional information will rise from £36.26 to £36.62 (inclusive of VAT at 20 percent).
- d) Interest free loans and voluntary charges available to leaseholders in respect of major works are subject to an administration fee of £309.70 (2016/17 £306.64).
- e) The administration fee for a Lease Extension will increase from £157.56 to £159.14 (inclusive of VAT).
- f) The administration fee for Mandatory Loans will increase from £130.00 to £131.30 per loan agreed.
- g) Meal charges at Sumners Farm Close will move from £5.65 to £5.70, with effect from 1 April 2017.
- h) The contract for laundry charges within sheltered housing schemes was re-tendered in 2016/17. The new charges will remain the same for three years with a review in 2019/20. 2017/18 charges: £2 per wash and 20 pence per each 10 min dry.
- i) The rent charged for temporary accommodation will remain at £35 per week per single room and £50 per week for a double room.

- j) A new charge for the use of sheltered housing communal rooms by external organisations of £10 per half day and £20 per full day, as per “Review of Sheltered Housing Phase 2”, Scrutiny Committee 29 November 2016.

### Growth Bids

40. A growth bid for a new role within housing services for a Tenancy Fraud Officer to support the implementation of the new Corporate Fraud Strategy, focusing initially on tenancy enforcement, Right to Buy applications and housing applications

The proposed Corporate Plan will prioritise the development of a new programme of Council house building, with commencement in early 2017 of a feasibility study looking at different models of delivery and their financing, making use of the new HTS Group Ltd opportunities and funding opportunities.

The Homes and Communities Agency (HCA) which oversees housing regulation for all providers is proposing to separate into two separate bodies, one regulatory body and the other investment orientated. The increased funding for the regulatory organisation is required to be levied from registered housing providers, including councils on the basis of the amount of stock held.

**TABLE 3:**

<b>2017/18 HRA GROWTH</b>	<b>£'000s</b>
Fraud Officer – Area Housing	37
Feasibility Study re. building of Council Dwellings	50
HCA regulatory fee	50
<b>TOTAL</b>	<b>137</b>

### Savings

41. Efficiencies detailed below as part of the savings required to ensure the HRA maintains a balance above the minimum required.

**TABLE 4:**

<b>2017/18 HRA SAVINGS</b>	<b>£'000S</b>
2 vacant staff posts Area Management	(-)67
1 vacant staff post Business Support Team	(-)37
Drainage and lighting	(-)16
Void security	(-)10
Priority Estate homeloss and compensation payments	(-)551
Programme and project management fees	(-)129
Equipment and maintenance	(-)5

Training	(-)3
Outside contractors	(-)5
<b>TOTAL</b>	<b>823</b>

### Working Balance

42. 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 being set by reference to a number of factors considered in Appendix C. It has been recommended that the minimum HRA working balance should be increased from £4,327,000 at 31 March 2017 to £4,436,000 at 31 March 2018. The higher balance since 2016/17 reflects the potential payment to Government for the sale of high value voids
43. 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 C. The forecast working balance will continue to rise in order to mitigate the potential risks identified (see HRA Business Plan 2016-46).
44. Based upon the budget figures set out at Appendix A, the movement of the Operating Account Working Balance is as follows:-

**TABLE 5:**

<b>HRA OPERATING ACCOUNT WORKING BALANCE</b>	<b>£'000s</b>
Working Balance at 1 April 2016	12,298
Budgeted deficit 2016/17	(-)2,056
Working Balance at 31 March 2017	10,242
Budgeted deficit, 2017/18	(-)2,109
<b>Working Balance at 31 March 2018</b>	<b>8,133</b>

### Major Repairs Reserve

45. 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 £10.859 million (Original 2016/17: £10.777 million) and is made by debiting the HRA and crediting the MRR.
46. 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 2016-

2046 proposes the renewal rather than the repayment of debt.

47. The Housing Capital Programme can be found as a separate item on this agenda. It is estimated that there will be a nil Balance on the MRR at 31 March 2017, as the estimated depreciation of £10.859 million to be transferred to the MRR at year end will be used to support the Housing Capital Programme in 2016/17.
48. The estimate for 2017/18 also has a nil balance at the 31 March 2018 as the full depreciation of £10.928 million charged to the HRA and credited to the MRR will be used to support the Housing Capital Programme.

**TABLE 6:**

<b>MAJOR REPAIRS RESERVE</b>	<b>£,000's</b>
Balance at 1 April 2016	0
Depreciation charge	10,859
Capital Financing	(-)10,859
	<hr/>
Balance at 31 March 2017	0
Depreciation charge	10,928
Capital Financing	(-)10,928
<b>Estimated Balance at 31 March 2018</b>	<b>0</b>

### Risks

49. 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 £52.22million and £50.11million respectively. The following risks have been identified:-
- (i) Inflationary Risk – a +/-1% change on CPI in 2017/18 for items which are not fixed price charges, would be +/-£82,000 (see HRA Business Plan 2016-2046, sensitivity A).
  - (ii) The proportion of void empty properties to the whole stock is estimated as 0.70%. Therefore a 0.1 percent change in the level of voids is +/- £44,210.
  - (iii) A 0.5% change in employee pay levels is +/- £15,495.
  - (iv) The unknown cost in respect of high value voids and impact on the working balance is delayed until 2018/19.
  - (v) Impact of Welfare Reform on the bad debt provision.

- (vi) Componentisation of housing assets from April 2017 – see ‘HRA Business Plan 2016-2046’ for further information.
- (vii) Guidance on rent levels after 2019/20 has not been announced but it is assumed it will return to CPI+ one percent per year.
- (viii) Managing the transition from the current Joint Venture Company (Kier Harlow Ltd) for the provision of housing repairs and environment maintenance services to the new HTS (Property and Environment) Ltd.
- (ix) Uncertainty concerning the future commissioning and funding of Housing Related Support as it effects the provision of Sheltered Housing.
- (x) Implementation of the Government’s proposed policy in respect of fixed term tenancies.
- (xi) Other risks identified in Appendix C to this report.

### **Housing Capital Programme**

- 50. A separate report on the proposed Housing Capital Programme 2016/17 to 2021/22 appears elsewhere on the agenda.
- 51. It should be noted that a further £6.136 million has been planned as a revenue contribution to capital in 2017/18. This is because the balance on the Major Repairs Reserve will be exhausted (see Table 6).

### **Human Resources Issues**

- 52. The proposed 2017/18 budget has no identified human resource implications.

### **Welfare Reform**

- 53. The Government’s Welfare Reform legislation, including the introduction of Universal Credit in Harlow from February 2016 has brought together the majority of welfare benefits including Housing Benefit under one claim process. This has impacted on over 50 Harlow Council tenants so far. In addition, the Department of Work and Pensions have announced that from 7 November 2016, the Benefit Cap will be decreased further from £500 to £385 per week for families and couples and from £350 to £258 per week for single claimants which will impact on over 100 Council tenants.

## **Consultation**

54. The Council has engaged in consultation through the Housing Standards Board on which tenant and leaseholders are represented, in line with the Tenant Engagement Strategy. This report was reviewed at its meeting on 24 January 2017.
55. Tenants and Leaseholders have been consulted through the Property Standards Panel and Tenancy Standards Panel on 4 January 2017, the Leasehold Standards Panel on 19 January 2017 and at Tenants Forum which met on 10 January 2017.

## **Conclusion**

56. The proposed budget shows an estimated net deficit for the year of £2.109 million and a projected working balance at 31 March 2018 of £8.133 million.

## **IMPLICATIONS**

### **Place Services (includes Regeneration)**

Contained within the report.

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

### **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 (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 – HRA Estimates

Appendix B – Impact of High Value Voids

Appendix C – Re-assessing the HRA minimum working balance

Appendix D – Heating Charges Metering and Billing

## **Background Papers**

CIPFA. LAAP Bulletin 55 – February 2003. Guidance Note on Local Authority Reserves and Balances.

Welfare Reform and Work Act 2016

Local Government & Housing Act 1989.

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

CIPFA	Chartered Institute of Public Finance and Accountancy
CLG	Department for Communities and Local Government
CPI	Consumer Price Index
ECC	Essex County Council
GF	General Fund
HCA	Homes and Communities Agency
HRA	Housing Revenue Account
HRS	Housing Related Support
HTS	HTS (Property and Environment) Ltd
JVCo	Joint Venture Company (i.e. Kier Harlow Ltd)
MRR	Major Repairs Reserve

## APPENDIX A

### Housing Revenue Account Summary

	2015/16 Actual £	2016/17 Original £	2016/17 Revised £	2017/18 Original £
<b>EXPENDITURE</b>				
General Management	10,729,287	11,710,084	11,615,485	11,379,124
Special Management	5,276,568	5,573,057	5,647,071	6,709,837
Repairs & Insurance Appropriations	9,003,825	9,477,990	9,302,252	9,936,724
Rents Rates Taxes & Other Charges	22,043	30,000	40,000	46,000
Provision for Bad & Doubtful Debts	123,222	200,000	200,000	300,000
Supporting People Transitional Arrangements	5,996	6,100	5,500	5,100
Major Repairs Reserve (Net Depreciation)	11,105,061	10,777,000	10,859,000	10,928,000
Debt Management Expenses	6,832	16,520	16,520	16,520
Interest Charges	6,739,672	6,677,000	6,737,525	6,765,000
Revenue Contribution to Capital Expenditure	6,426,115	7,559,000	8,010,000	6,136,000
	<b>49,438,620</b>	<b>52,026,751</b>	<b>52,433,353</b>	<b>52,222,305</b>
<b>INCOME</b>				
Dwelling Rents	46,226,033	45,183,000	44,974,000	44,210,000
Garage Rents	991,950	1,005,000	1,050,900	1,103,000
Other Rents	19,784	22,000	22,000	22,000
Charges for Services & Facilities	3,555,663	3,791,197	4,258,017	4,731,570
Interest Receivable	73,774	57,000	72,130	47,000
	<b>50,867,205</b>	<b>50,058,197</b>	<b>50,377,047</b>	<b>50,113,570</b>
<b>Balance in hand at 1 April</b>	<b>10,869,802</b>	<b>7,225,847</b>	<b>12,298,386</b>	<b>10,242,079</b>
<b>Surplus / (Deficit) for year</b>	<b>1,428,585</b>	<b>(-1,968,554)</b>	<b>(-2,056,307)</b>	<b>(-2,108,735)</b>
<b>Balance in hand at 31 March</b>	<b>12,298,386</b>	<b>5,257,293</b>	<b>10,242,078</b>	<b>8,133,344</b>
<i>Figures based on:</i>				
<b>Housing Stock</b>				
	No.	No.	No.	No.
Housing Stock at 1 April	9,637	9,509	9,583	9,406
Less Right To Buy Disposals	(-)73	(-)60	(-)99	(-)60
Other Disposals	0	(-)69	(-)78	(-)75
Plus Additions	19	0	0	0
Housing Stock at 31 March	<b>9,583</b>	<b>9,380</b>	<b>9,406</b>	<b>9,271</b>
<b>Weekly Charges</b>				
Average Rent (per dwelling)	£93.54	£92.66	£92.66	£91.73
Average Service Charge (per dwelling)	£1.92	£2.05	£2.05	£1.95
Average Rent (per garage)	£8.36	£8.78	£8.78	£9.22

## **APPENDIX B**

### **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. The Housing and Planning Act 2016, requires 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 is now expected to take effect from 2018/19.

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”. CLG in November 2016 requested an update on the information gathered to be submitted by 20 December 2016 and advised that no payment would be required in 2017/18.

In the Autumn Statement the Government announced a substantial regional pilot scheme to assess RTB sales in Housing Associations which will advise CLG’s deliberations over the development of policy. The impact of the policy is still unknown. 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 2017/18 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 and it is likely to be integral to the 2018/19 budget setting process.

## APPENDIX C

### Re-assessing the HRA Minimum Working Balance

Under the Local Government and Housing Act 1989 the Council has a statutory responsibility to set an 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 99 RTB sales in 2016/17 and 60 sales in 2017/18. 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 ends 31 January 2017 and will be replaced by HTS Ltd a wholly owned subsidiary of the Council. Some variation in contract pricing has been taken account of in the expenditure charged to the HRA which is based largely on a fixed contract fee. Repairs subject to schedule of rates but monitored. A joint risk management methodology will be in operation between HTS Ltd and the Council. About 83% of the business has an impact on the housing service. The uplift in 2016/17 is based on the projected Building Maintenance Index at March 2016, of (-)0.2%.The new contract commences 1 February 2017 and includes an uplift of 2.9% and reallocation of resources. Any change in estimated uplift will have a positive or adverse effect on balances.

<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 area of high value void sales (see Appendix B), with the date of implementation to be advised. No payment will be required 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><i>Financial standing and management</i></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% a year for 4 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 procedures in relation to	Closure of accounts – free of qualification from auditor. New regulations are challenging for the Council. Proposals on accounting for depreciation will

<b>Factor</b>	<b>Response</b>
budget under/overspends at authority and departmental level.	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 2017/18 budget.

**Conclusion:** The minimum working balance should be maintained at or above £4,327,000 at 31 March 2017 and £4,436,000 at 31 March 2018 the higher balances being held to mitigate the possible impact of high value voids on the HRA.

## **APPENDIX D**

### **HEATING CHARGES METERING AND BILLING**

#### **BACKGROUND**

The Heat Network (Metering and Billing) Regulations 2014 impose a requirement for all providers of communal or district heating schemes to provide the fair and transparent charging of tenants and leaseholders for heat used, based on actual consumption.

As part of its programme to upgrade its communal and district heating systems the Council have been installing individual Heat Meters to tenant and leaseholder properties, and have been collecting the data on actual consumption of energy, on three schemes for over 12 months in preparation for a new approach to charging.

From April 2017 this is to be implemented for the following “pilot” schemes:

- Tilegate House
- St Michaels Close
- Netteswellbury Farm

#### **CURRENT ARRANGEMENTS**

Tenants and leaseholders currently pay a proportion of the gross cost of gas supply to the scheme according to a formula based on the size of their home, with a proportion charged to communal areas.

The current charging arrangement does not provide tenants and leaseholders with any control over their energy bills or provide any incentive to reduce energy consumption. It also no longer meets the new regulatory requirements. Charges for heating costs are estimated for the year ahead and collected weekly.

An analysis in October 2016 on the three pilot schemes showed that in some instances there are over 100% differences in the amount of consumption between residents in similar properties within the same scheme. This demonstrates that the current procedure is unfair and may leave the Council open to challenge.

Consultation on the principle has been held with Tenant and Leaseholder Panels and Forums, and has been well received.

## NEXT STEPS

The current pilot has shown approximately 62% will pay less and 38% more, the majority only by a small amount. Experience has shown that individuals when faced with individual bills based on usage are more economical and reduce usage.

Individual meetings and consultations on the process at the three proposed schemes will be held during w/c 23 January 2017. Individual tenants whose readings show very high usage, and therefore additional costs have already been visited on a one to one basis, and will be visited again to talk through the information being recorded.

The Council will learn from the “pilot” scheme, and will consult widely continuing the installation of heat meters and additional schemes on a “phased” basis after 12 months of piloting usage through newly installed heat meters.

It is expected tenants and leaseholders in receipt of district heating will:

- Pay for their actual, or estimated, consumption based on actual usage over the previous 12 months and still be reconciled annually.
- Pay a fixed daily charge which reflects the cost of administering and managing the metering system.
- Leaseholders will continue to make contributions to the maintenance and future replacement of the heat network as part of their service charge.
- Reviews of charges/tariffs will take place at least annually to reflect changing costs to Harlow Council.
- Charges will continue to be recovered as part of rent charges and administered through Orchard, or any future financial system of Harlow Council.
- Recovery of unpaid charges will follow the existing Harlow debt recovery.

Heating charges on an annual basis will be subject to approval as part of the wider Fees and Charges report to Cabinet.

**REPORT TO:** CABINET

**DATE:** 26 JANUARY 2017

**TITLE:** CAPITAL PROGRAMMES 2016/17 TO 2021/22

**PORTFOLIO HOLDERS:** COUNCILLOR MIKE DANVERS,  
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COUNCILLOR MARK WILKINSON,  
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**This is a Key Decision**

**It is on the Forward Plan as decision number I006002**

**This decision is not subject to Call-in procedures for the following reasons:**

The decision stands as a recommendation 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 2017/18 is approved, as set out in Appendices A and B.
- B** The forecast programme for the period 2018/19 to 2021/22 is noted, as set out in Appendices A and B.
- C** The Housing Capital Programme 2016/17 revised outturn is approved.

**Non Housing Capital Programme**

- D** The revised Non Housing Capital Programme 2016/17 is approved, as set out

in paragraphs 19 to 30.

- E** The Non Housing Capital Programme for 2017/18 is approved, as set out in Appendices C and D.
- F** Aggregate borrowing of £7.42 million up to 31 March 2017, and a further £1.602 million, in 2017/18 be approved to support the Non Housing Capital Programme.
- G** The Non Housing Capital Programme forecast for 2018/19 to 2021/22 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 2017/18 as well as an indicative forward plan for the period through to 2021/22 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 2016/17, a programme for approval in respect of 2017/18, and a forward forecast to 2021/22.
2. It should be noted that the Housing Capital Programme is a purely HRA related programme and aligns with the HRA Business Plan 2016-2046 which is a separate item on the agenda.
3. In 2016/17 the Housing Capital Programme continued investment in Council dwellings to maintain the decent homes standard. It has also recognised new priorities in respect of work arising from fire risk assessments and electrical works and begun to update and refurbish communal heating systems.

### **Housing Capital Programme 2016/17**

4. The Council's Housing Investment Programme (HIP) has established an ambitious five year £100 million Modern Homes Programme, establishing a set of internal and external works packages to Council homes. These work packages target resources to ensure homes meet the Government's Decent Homes Standard and that local priorities are tackled. High standards of workmanship in all the programmes are expected to ensure that they are delivered on time, within the budget envelope allocated, and to a constant high customer experience. The Modern Homes Programme has, to date, reached over 8,000 homes with 42,000 improvements illustrating the

ambition and scale of delivery transforming Council housing in Harlow. There is a robust inspection and performance management framework, which ensures that predetermined standards are met, contractors meet performance standards, and value for money can be demonstrated.

5. The projected outturn for 2016/17 is £21,366,000 being £456,000 above the original approved budget.

**TABLE 1 Housing Capital Programme Summary**

<b>2016-17 Projected Outturn</b>	<b>£000s</b>	<b>Date Approved</b>
Original Budget	20,910	4 Feb 16
Carryovers from 2015/16	3,284	23 Jul 16
	24,734	
2016/17 Revisions (Quarter 1)	(-)1,000	15 Sept 16
2016/17 Revisions (Quarter 2)	(-)1,100	8 Dec 16
2016/17 Revisions (Quarter 3)	(-)1,500	26 Jan 17
Disabled Adaptations	200	
Other variances	32	
<b>Projected Outturn 2016/17</b>	<b>21,366</b>	

6. The variances reported to Cabinet noted in Table 1 were due to the following budgets carried over to 2017/18:
  - a) £3,500,000 relating to external work arising from contractor resource scheduling and delays in leaseholder consultation.
  - b) £100,000 to extend temporary accommodation properties delayed by planning issues. The work will provide an additional two units and accommodate eight people.
7. A summary of the forecast outturn expenditure for individual projects in the Housing Capital Programme in 2016/17, together with their financing, is given in Table 2 below.

**TABLE 2: Housing Capital Programme 2016/17**

	<b>Original Estimate Feb 2016</b>	<b>Revised Estimate 2016/17</b>	<b>Variance</b>	Notes
	<b>£000s</b>	<b>£000's</b>	<b>£000s</b>	
Internal Works	8,948	7,732	-1,216	i
Windows & Doors	508	2,419	1,911	ii
Dampness	0	80	80	
External Major Works	4,305	3,496	-809	iii
Other works: Asbestos Removal/ Garages	652	1,155	503	iv
Electrical Upgrades and Fire Safety	1,523	1,622	99	

	Original Estimate Feb 2016	Revised Estimate 2016/17	Variance	Notes
	£000s	£000's	£000s	
Energy Efficiency and Fuel Poverty	2,459	2,138	-321	v
Disabled Adaptations	812	1,106	294	vi
Fees	1,261	1,219	-42	
Housing IT Development	442	399	-43	
<b>TOTAL EXPENDITURE</b>	<b>20,910</b>	<b>21,366</b>	<b>456</b>	
<b>Financed by:</b>				
Capital receipts – Right to Buy	-1,356	-2,497	-1,141	Para 10
Major Repairs Reserve	-10,777	-10,859	-82	
Leasehold contributions	-1,218	0	1,218	
Direct Revenue Contribution	-7,559	-8,010	-451	
<b>TOTAL FINANCING</b>	<b>-20,910</b>	<b>-21,366</b>	<b>-456</b>	

## 8. Notes to Table: Expenditure

- a) Internal works – outturn lower than original estimate following re-allocation of budgets in order to meet priorities within the Housing Capital Programme identified in part through the tendering process. This also includes the carryover of £100,000 for work to temporary accommodation (see paragraph 6b).
- b) Windows and Doors – additional budget required to complete the programme of work due to changes in specification and number of units to be renewed.
- c) External major works – delays in starting the work, due to contractor issues and time required for leasehold consultation has meant that this scheme is behind schedule, resulting in a £3.5 million carryover to 2017/18 and the reprogramming of works to years three and four of this eight year programme.
- d) Other works – funding made available for asbestos removal work and work to garages.
- e) Energy Efficiency – original budgets for schemes to upgrade communal heating schemes and combat fuel poverty have been amended in light of anticipated expenditure in 2016/17 and to prioritise other compliance work.
- f) A review of disabled adaptations indicates that the current agreed over-programming of works against the 2016/17 budget by £200,000 will enable the Council to fulfil its statutory duties with regard to applications on hand and those likely to arise in this financial year.

9. The original estimated programme included 60 Right to Buy (RTB) sales in 2016/17. However, analysis of applications in progress indicates that the level of sales could reach 99 in 2016/17. The impact of this projection on the financing of the Housing Capital Programme increases the income from RTB sales to £2,497,000 (Original estimate: £1,356,000). The sale of properties continues to be driven by the Government's re-invigoration of RTB sales which increased the discount available and raised tenant awareness.
10. The external works programme includes work to leasehold properties, the income from which will, from 2016/17, be accounted for in the HRA. The change in accounting procedure will result in a higher direct revenue contribution from the HRA to support the Housing Capital Programme (£8,010,000). For details refer to the Housing Revenue Account Budget report.
11. In addition, the Housing Capital Programme will be financed from resources contained within the Major Repairs Reserve (£10.859 million).

**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 2016	0	0	0
Depreciation Charge 2016/17	(-)10,777	(-)10,859	2,676
Capital Financing	10,777	10,859	(-)2,676
<b>Estimated Balance at 31 March 2017</b>	<b>0</b>	<b>0</b>	<b>0</b>

### **Housing Capital Programme: 2017/18 to 2021/22 Resources Projected**

12. The statutory reduction in rent levels from 2016/17 for four years 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 2017/18 to 2021/22 are set out in Appendix A.
13. Resources likely to be available to the Housing Capital Programme, 2017/18 to 2021/22 are shown at Appendix B. These assume:
  - a) Direct Revenue Financing of £6.136 million from the HRA which is outlined in the 'HRA Estimates 2017/18' report.
  - b) The application in full of the Major Repairs Reserve (£10.928 million).
  - c) Applying a proportion of retained RTB 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 2017/18, and 30 per year thereafter.

## **Housing Capital Expenditure Projected**

14. The 2017/18 programme of work reflects continuing investment in the housing stock, albeit at a slower rate than previously planned. Schemes will be carried out either by HTS (Property and Environment) Ltd, or by contractors following a tender process. Statutory priorities will continue to be addressed, in particular those that reduce fire risk, and carryout electrical testing and energy efficiency work including the on-going work to upgrade communal heating systems, which will have an impact on tackling fuel poverty.
15. Other work will include the refurbishment of void properties and internal works, continuing the window and doors programme, external works, work to garages and disabled adaptations to Council homes.
16. The longer term programme of capital works has been planned to ensure that work is carried out in a timely manner and with regard to the long term reduction in funding.
17. The balance in the Major Repairs Reserve (£10.928 million) at 31 March 2018 will be used to fund the Housing Capital Programme along with a direct revenue contribution from the HRA of £6.136 million.

## **Consultation**

18. Consultation is regularly undertaken through various tenant panels and the Housing Standards Board (HSB). In addition, the Tenant Forum on 10 January 2017 received a presentation on the Council's housing finances.

## **Non Housing Capital Programme 2016/17**

19. In February 2016, Full Council approved a Non-Housing Capital Programme totalling £4,284,000. As a consequence of closure of accounts, £2,762,000 was carried forward to 2016/17.
20. The 2016/17 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.
21. The projected outturn for 2016/17 is £7,043,000 being £55,000 above the revised budget reported to Cabinet in December 2016 (£2,759,000 above the original annual programme).

**TABLE 4 Non-Housing Capital Programme Summary**

2016-17 Budget Stage	£000s	Date Approved
Original Budget	4,284	4 Feb 15
Carryovers from 2015/16	2,762	23 Jul 16
	7,045	
	(-)27	
Revised budget Quarter 1	7,019	15 Sept 16
	(-)31	
Projected outturn Quarter 2	6,988	8 Dec 16
<b>Revised Outturn 2016/17</b>	<b>7,043</b>	

22. The total Non Housing Capital Programme outturn is £8.850 million with the inclusion of the Enterprise Zone scheme funded by CLG grant (reference paragraph 29).
23. Details of the Non Housing Capital Programme expenditure and financing are contained in Table 5 below.

**TABLE 5 Non Housing Capital Programme 2016/17**

	Original Estimate 2016/17 £'000s	Revised Estimate 2016/17 £'000s	Variance £'000	Note
<b>Expenditure:</b>				
Governance	15	0	-15	
Finance	481	586	105	i
Community Wellbeing	781	1,689	908	ii
Place Services	2,736	3,504	763	iii
Place Services (Town Park HLF)	0	334	334	iv
GF Garages	271	280	9	
Land Purchase	0	650	650	v
<b>TOTAL EXPENDITURE</b>	<b>4,284</b>	<b>7,043</b>	<b>2,759</b>	
<b>Financed by:</b>				
Capital Receipts - Right To Buy	-201	-201	0	i
Asset Disposals	-874	-807	67	ii
Direct Revenue Contribution	-320	-620	-300	iii
Earmarked Resources	-17	-1,184	-1,167	iv
Disabled Facilities Grant-Strategic Housing	-300	-615	-315	v
Renovation Loan	-5	-5	0	
Prudential Borrowing	-2,567	-3,611	-1,044	vi
<b>TOTAL FINANCING:</b>	<b>-4,284</b>	<b>-7,043</b>	<b>-2,759</b>	

24. Notes to table: Expenditure

a) The Finance Service includes IT schemes where carryovers from

2015/16 and work to systems in revenues and benefits, with the latter funded from reserves, which have resulted in an increased projected outturn.

- b) The increased outturn in respect of schemes within Community Wellbeing is a result of carryovers from 2015/16 (£707,000) and Cabinet approval on 15 September 2016 of additional funding to complete the work at Nichols Field Pavilion, carried out under the Pitch Regeneration Scheme
- c) The increased outturn in Place Services is due to the carryovers of £1,231,000, supported by grant funding of £605,000 from 2015/16 to complete schemes in progress. Re-allocation of resources has resulted in major works to refurbish Spurriers Flats and to demolish Hummingbird Public House, along with other works to maintain the Council's commercial assets. Carryovers to 2017/18 totalling £454,000 have been identified to enable works to complete in 2017/18. (see paragraph 27)
- d) 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. In 2016/17 the Council has received a capital receipt of £600,000 against an overall cost of £650,000.

#### 25. Financing:

- a) The capital receipt due to the Non Housing Capital Programme from Right to Buy disposals remains at £201,000 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.
- b) Capital receipts have been received in respect of the disposal of Ram Gorse (£600,000) and overage from the Fifth Avenue Development (£207,000).
- c) Direct revenue contributions of £620,000 from the General Fund in respect of various schemes, including the Financial Management System, Garages, Town Park and Nichols Field Pavilion.
- d) Grant funding of £1,184,000 for specific schemes including funding from the Homes and Communities Agency (HCA) £508,000 for the upgrade of sites at Fernhill Travellers Site, £33,000 for work to Parndon Lock Meadows and £17,000 from ECC Arts Fund for Neighbourhood Centres.

- e) Additional grant funding of £615,000 from Communities and Local Government (CLG) is made available through the Better Care Fund to support work on disabled adaptations to owner occupied properties.

26. It is anticipated that borrowing of £3.611 million will be required to support the programme in 2016/17 (original estimate £2,567,000).

**TABLE 6: Borrowing in support of Non Housing Capital Programme**

	<b>£000</b>
Cumulative borrowing as at 31 March 2016	3,809
New borrowing to finance shortfall in Non Housing Capital Programme, 2016/17	3,611
<b>Cumulative borrowing as at 31 March 2017</b>	<b>7,420</b>

27. The following are noted for carry over at year end.

**TABLE 7: Carry Over of Non Housing Capital Programme to 2017/18**

<b>SERVICE</b>	<b>DETAIL</b>	<b>£</b>
Community Wellbeing	Pitch Regeneration to complete refurbishment of Nichols Field Pavilion	80,000
Place Services	Commercial Properties:	
	Latton Bush Centre Boiler	60,000
	Re-roofing to units Latton Bush Centre	80,000
	Bush Fair CCTV	6,000
	Ladyshot Sports Pavilion	55,000
	Security Measures	10,000
	Spicers Lane Garage Roofing & Guttering	40,000
	Stewards Farm (cladding)	56,000
	Bush House Office Refurbishment	40,000
	Other:	
	Church Langley Playing Fields - Parking	22,000
	Unadopted Street Lighting	20,000
	Town Park WCs	20,000
	Bush Fair 2nd Storey Pavilion Refurbishment	45,000
	Sub Total Place Services	454,000
	<b>TOTAL CARRYOVER</b>	<b>534,000</b>

28. There will be no requirement to capitalise Financial Strain payments in 2016/17.
29. In 2014/15 Harlow Council received £11.205 million funding from the 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 2016/17 is accounted for through the capital programme and is

fully covered by the grant received. In addition, further expenditure will be required to ensure all utilities, infrastructure and appropriate ICT connections are in place to facilitate the delivery of the proposed development. At this time the estimated expenditure in excess of the grant received is expected to be £3.65m and this investment will be funded through the uplift in business rates achieved on the site and returned to the Council from the South East Local Enterprise Partnership.

### **Non Housing Capital Programme 2016/17**

30. A summary of resources to be used is given in Appendix D. Total resources available in 2016/17 are estimated at £3,358,000 of which:
- a) £807,000 will be asset disposal receipts.
  - b) £201,000 from capital receipts from Right to Buy sales.
  - c) £1,804,000 from grants and other income.
  - d) £620,000 from revenue contributions.

### **Recommended Non Housing Capital Programme 2017/18**

31. The 2017/18 Non Housing Capital Programme totalling £5,425,000 (see Appendix C) is based on schemes of work which 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, maintaining the Council's ability to rent the properties at a commercial rate and fulfil its statutory duties as a landlord.
32. Funding to replace IT equipment is included in the programme for 2017/18 along with a business case to update the Legal Case Management System. This will bring efficiencies and time savings through having a standalone system. In addition, a scheme to upgrade Council websites will directly support the visitor economy and small businesses in Harlow.
33. Within Community Wellbeing there are new business cases to improve the fencing around the Pets' Corner paddocks and the CCTV at The Stow. Work is ongoing to refurbish the Playhouse and complete the work to Nichols Field Pavilion.
34. A business case to replace the microphones in the Civic Centre to improve the sound quality at meetings is included in the proposed programme.
35. Environmental health related schemes include work to maintain playgrounds allotments and the biodiversity of the open areas around the town, which assists with controlling fly tipping and the unlawful use of land.
36. Demand for disabled adaptations in owner occupied homes is expected to remain high with a budget of £800,000, which will also cover Home Loan

Assistance payments. Grant funding from the CLG to support this expenditure in part.

37. 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.
38. A scheme to refurbish Prentice Place is included in the programme for 2017/18 and 2018/19, totalling £4 million, with funding in the first year from land receipts from the Growth Area Funding initiative ring-fenced for this purpose.
39. A business case for £50,000 is included to enable the Council to respond to the effect of the Energy Act 2011 legislation which means that all commercial properties have to meet a minimum energy efficiency rating before they are re-let. The budget of £50,000 is for any initial capital works required in 2017/18. Future funding requirements will be determined once the result of survey work is complete.

### **Risks**

40. Budgets are prepared using the best assumptions at the time. The following risks should be noted:

### **Housing Capital Programme: Risks**

41. 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 Estimates 2017/18' report and 'HRA Business Plan 2016-2046.
42. The new relationship with HTS (Property and Environment) Ltd which will replace the current Joint Venture Contract. HTS Ltd will take over from Kier Harlow Ltd from 1 February 2017, providing housing maintenance, street scene and municipal services.

### **Non Housing Capital Programme: Risks**

43. Key risks in the Non-Housing Capital Programme are centred around the impact of the stock condition surveys on the asset management programme and the implications for future capital budgets.
44. There is risk in respect of asset disposals, whereby if disposals do not take place resulting in a capital receipt there will be increased pressure on the Council's borrowing requirement.
45. 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 Councils 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**

46. The proposed Housing Capital Programme 2017/18 for £18,530,000 and Non Housing Capital Programme for £5,425,000 support the aims and aspirations of the Council.

## **IMPLICATIONS**

### **Place Services (includes Regeneration)**

Contained within the report.

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

### **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**

## **Appendices**

Appendix A – Housing Capital Programme 2016/17 to 2021/22

Appendix B – Housing Capital Programme Resources

Appendix C – Non Housing Capital Programme 2016/17 to 2021/22

Appendix D – Non Housing Capital Programme Resources

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

CLG	Department for Communities and Local Government
ECC	Essex County Council
FMS	Financial Management System
HCA	Homes and Communities Association
HR	Human Resources

HRA	Housing Revenue Account
HTS	HTS (Property and Environment) Ltd
JVCo	Joint Venture contract 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 2016/17 – 2021/22

<b>PROJECT AREA</b>	<b>Revised Estimate £'000s</b>	<b>2017/18 £'000s</b>	<b>2018/19 £'000s</b>	<b>2019/20 £'000s</b>	<b>2020/21 £'000s</b>	<b>2021/22 £'000s</b>
Internal Work	7,732	4,875	4,792	4,881	4,831	5,181
Windows and Doors	2,419	700	250	299	225	500
Property Conversions	80	100	0	0	0	0
External Major Works Package	3,496	6,850	6,369	6,900	6,800	7,803
Other works including Asbestos removal	662	54	50	50	50	75
Related Assets – including Garages	493	285	285	285	285	285
Lift Programme	0	430	393	200	60	0
Disabled Aids and Adaptations	1,106	900	750	799	730	800
Energy Efficiency and Fuel Poverty	2,138	2,080	1,700	1,700	1,619	451
Compliance / Electrical Upgrade and Fire Safety	1,622	1,300	300	281	750	507
Fees/HTS from 17/18	1,219	436	436	436	436	436
CDM	0	20	20	20	20	30
Contingency	0	300	200	250	200	300
Housing IT	399	200	200	150	150	150
<b>TOTAL HOUSING CAPITAL PROJECTS</b>	<b>21,366</b>	<b>18,530</b>	<b>15,745</b>	<b>16,251</b>	<b>16,156</b>	<b>16,518</b>

**APPENDIX B – Housing Capital Programme 2016/17 to 2021/22**

<b>PROJECT AREA</b>	<b>Revised Estimate £'000s</b>	<b>2017/18 £'000s</b>	<b>2018/19 £'000s</b>	<b>2019/20 £'000s</b>	<b>2020/21 £'000s</b>	<b>2021/22 £'000s</b>
<b>FUNDED BY:-</b>						
RTB Capital Receipts	-2,497	-1,466	-637	-646	-656	-666
Major Repairs Reserve (Depreciation)	-10,859	-10,928	-10,935	-11,052	-11,237	-11,425
Direct Revenue Financing	-8,010	-6,136	-4,173	-4,553	-4,263	-4,427
<b>TOTAL FUNDING</b>	<b>-21,366</b>	<b>-18,530</b>	<b>-15,745</b>	<b>-16,251</b>	<b>-16,156</b>	<b>-16,518</b>

APPENDIX C – Non Housing Capital Programme 2016/17 – 2021/22

<b>PROJECT AREA</b>	<b>Revised Estimate £'000s</b>	<b>2017/18 £'000s</b>	<b>2018/19 £'000s</b>	<b>2019/20 £'000s</b>	<b>2020/21 £'000s</b>	<b>2021/22 £'000s</b>
<b>PLACE SERVICES;</b>						
Latton Bush Centre	109	413	75	75	75	75
Commercial Properties	729	610	500	500	500	500
Highways & Car Parks	177	117	125	125	100	100
Drainage work	112	50	50	50	50	50
Community Buildings	1,096	150	20	20	20	20
Other Public Schemes	130	110	90	90	90	90
Civic Centre	12	10	10	10	10	10
Environmental Health inc. Strategic Housing	1,139	921	720	690	680	650
Town Park HLF	334	0	0	0	0	0
<b>Sub total Place Services</b>	<b>3,838</b>	<b>2,381</b>	<b>1,590</b>	<b>1,560</b>	<b>1,525</b>	<b>1,495</b>
Governance	0	67	15	15	15	15
Finance - ICT	586	36	36	36	36	36
Community Wellbeing	1,689	637	530	530	30	30
Garages	280	254	260	265	270	299
Land Purchases	650	0	0	0	0	0
Energy Performance Schemes	0	50	0	0	0	0
<b>Sub total Other Services</b>	<b>3,205</b>	<b>1,044</b>	<b>841</b>	<b>846</b>	<b>351</b>	<b>380</b>
Enterprise Zone	1,807	0	0	0	0	0
Prentice Place	0	2,000	2,000	0	0	0
<b>TOTAL NON-HOUSING CAPITAL PROJECTS</b>	<b>8,850</b>	<b>5,425</b>	<b>4,431</b>	<b>2,406</b>	<b>1,876</b>	<b>1,875</b>

APPENDIX D - Non Housing Capital Programme Resources 2016/17 - 2021/22

PROJECT AREA	Aggregate Borrowing at 31/03/16	Revised Estimate £'000s	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s
<b>FUNDED BY:-</b>							
RTB Capital Receipts		-201	-207	-214	-220	-227	-233
Asset Disposals		-807	-624	-450	-200	0	0
Grant Funding (Pitch Regeneration & HLF/POD)		-1,184	-21	0	0	0	0
Disabled Facilities Grant		-615	-600	-500	-500	-500	-500
Home Renovation Loan repayments		-5	-5	-5	-5	-5	-5
Direct Revenue Financing		-620	-366	-260	-265	-270	-299
Borrowing requirement		-3,611	-1,602	-2,847	-1,216	-874	-838
<b>Total Project Funding</b>		<b>-7,043</b>	<b>-3,425</b>	<b>-4,276</b>	<b>-2,406</b>	<b>-1,876</b>	<b>-1,875</b>
Grant Funding - Enterprise Zone		-1,807	0	0	0	0	0
Prentice Place		0	-2,000	-155	0	0	0
<b>Total in year funding</b>		<b>-8,850</b>	<b>-5,425</b>	<b>-4,431</b>	<b>-2,406</b>	<b>-1,876</b>	<b>-1,875</b>
<b>Underlying Requirement for Prudential Borrowing</b>		<b>-3,809</b>	<b>-7,420</b>	<b>-9,022</b>	<b>-11,869</b>	<b>-13,959</b>	<b>-14,797</b>



**REPORT TO:** CABINET

**DATE:** 26 JANUARY 2017

**TITLE:** TREASURY MANAGEMENT STRATEGY STATEMENT 2017/18

**PORTFOLIO HOLDER:** COUNCILLOR MIKE DANVERS, PORTFOLIO HOLDER FOR RESOURCES

**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 I006004**

**This decision is not subject to Call-in procedures for the following reasons:**

The decision stands as a recommendation 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 2017/18 (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 61 to 64 of the Statement).
- iii. The approved counterparty methodology (set out in paragraphs 42 to 60).
- iv. The Minimum Revenue Provision Statement (set out in Annex D of the Statement).
- v. The reporting arrangements (set out in Annex E 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 Full 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 E and F).
  - (b) Borrowing Strategy (paragraphs 28 to 37).
  - (c) Investment Strategy and approved Counterparty List (paragraphs 38 to 60).
  - (d) Policy of apportioning interest to the HRA (paragraph 66).
  - (e) Policy on investment of money in advance of need (paragraphs 70 and 71).
  - (f) The Minimum Revenue Provision Statement for 2016/17 (Annex D).
  - (g) The estimated Prudential Indicators (Annex C).
  - (h) The estimated Treasury Management Indicators (paragraphs 61 to 64).

## **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 2017/18

### **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.

<p style="text-align: center;"><b>Harlow Council</b> <b>Treasury Management Strategy Statement</b> <b>2017/18</b></p>
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**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 focusses on the major issues of 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 has been the Council's appointed advisor for a five year term since December 2012.
4. Economic background and commentary has been provided by Arlingclose and included throughout the Statement. Never before have interest rates been so low, and with the prospect of increasing inflation during 2017/18 this makes treasury management a particularly challenging environment.
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.** which includes the following, some of which might appear contradictory:
    - Reducing risk in order to protect the return of capital sums, particularly in relation to the Council's investments;
    - The repayment of the sum invested; and / or,
    - A total return equal to or higher than the prevailing rate of inflation
  - **Liquidity:** availability of cash when needed (adequate but not excessive liquidity)
  - **Yield:** a return commensurate with the level of risk.

6. No financial planning can ignore the decision of the EU Referendum for Britain to leave the European Union. As we see in the news, Brexit is uncharted territory bringing uncertainties regarding the nation's economy. Interest rates have reduced to an historic and perhaps long term low, and inflation is predicted to rise due in large part to the fall in the exchange rate of sterling against other currencies. There is also what is described as political risk with elections looming in France and Germany, with outcomes far from certain. These uncertainties need to be factored into this Strategy.
7. A further consideration is the exposure local government has to a catastrophic outcome of a bank failing, or having a potential to fail. Rules are in place which place onus on banks to be "bailed in" by their creditors, rather than government, with public bodies such as Councils higher on the list to recompense. This then questions whether the small yield receivable from banks and building societies is worth the risk. Of course, one would expect a bank to be a safe haven for surplus cash. One way of limiting the risk of bail in is to invest in pooled funds which are highly diversified and, by implication, means that if one investment from a pooled fund into an institution fails then the loss is mitigated to the lender. Arlingclose advises the use of Cash Plus and Short-dated Bond Funds and multi-asset income funds which provide diversification of investment counterparties, opportunity for an income return as well as capital return.
8. In September 2015 the Council invested £2m in the CCLA Property Fund. It has, to date, provided a reasonable yield on the investment but the downside has been the recent reduction in capital values following the Brexit decision. Such Property Funds are available to a long-term investor and carry a cost of legal expenses and Stamp Duty on purchase. Further investment in the CCLA Property Fund remains an option in this strategy but would be one entered only with careful consideration.

### **Introduction**

9. 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.
10. 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.

11. 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.
12. 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.
13. **Revised strategy:** In accordance with the CLG Guidance, Full Council will be asked to approve a revised Treasury Management Strategy Statement should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, or in the Council's capital programme or in the level of its investment balance.

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

##### **Economic background:**

14. The major external influence on the Council's treasury management strategy for 2017/18 will be the UK's progress in negotiating a smooth exit from the European Union. Financial markets, wrong-footed by the referendum outcome, have since been weighed down by uncertainty over whether leaving the Union also means leaving the single market. Negotiations are expected to start once the UK formally triggers exit in early 2017 and last for at least two years. Uncertainty over future economic prospects will therefore remain throughout 2017/18.
15. The fall and continuing weakness in sterling and the near doubling in the price of oil in 2016 have combined to drive inflation expectations higher. The Bank of England is forecasting that Consumer Price Inflation will breach its 2% target in 2017, the first time since late 2013, but the Bank is expected to look through inflation overshoots over the course of the next few years when setting interest rates so as to avoid derailing the economy.
16. Initial post-referendum economic data showed that the feared collapse in business and consumer confidence had not immediately led to lower GDP growth. However, the prospect of a leaving the single market has dented business confidence and resulted in a delay in new business

investment and, unless counteracted by higher public spending or retail sales, will weaken economic growth in 2017/18.

17. Looking overseas, with the US economy and its labour market showing steady improvement, the market has priced in a high probability of the Federal Reserve further increasing interest rates in 2017. The Eurozone meanwhile has continued to struggle with very low inflation and lack of momentum in growth, and the European Central Bank has left the door open for further quantitative easing.
18. The impact of political risk on financial markets remains significant over the next year. With challenges such as immigration, the rise of populist, anti-establishment parties and negative interest rates resulting in savers being paid nothing for their frugal efforts or even penalised for them, the outcomes of Italy's referendum on its constitution (December 2016), the French presidential and general elections (April – June 2017) and the German federal elections (August – October 2017) have the potential for upsets.

**Credit outlook:**

19. Markets have expressed concern over the financial viability of a number of European banks recently. Sluggish economies and continuing fines for pre-crisis behaviour have weighed on bank profits, and any future slowdown will exacerbate concerns in this regard.
20. 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 European Union, Switzerland and USA, while Australia and Canada are progressing with their own plans. 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 continue to fall.

**Interest rate forecast:**

21. The Council's treasury adviser Arlingclose's central case is for UK Bank Rate to remain at 0.25% during 2017/18. The Bank of England has discussed the possibility of further interest rate cuts, especially if economic growth slows. Negative Bank Rate is currently perceived by some policymakers to be counterproductive, but this cannot be ruled out later in 2017/18, particularly if the UK enters recession as a result of concerns over leaving the European Union.
22. Gilt yields and PWLB rates are expected to trend broadly flat from current levels, albeit with much short-term volatility. Long-term economic fundamentals remain weak, and the quantitative easing (QE)

stimulus provided by central banks globally has only delayed the fallout from the build-up of public and private sector debt. The Bank of England has defended QE as a monetary policy tool, and further QE in support of the UK economy in 2017/18 remains a distinct possibility, to keep long-term interest rates low.

23. A more detailed economic and interest rate forecast provided by Arlingclose is attached at **Appendix A**.
24. For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 0.51%. No new external long-term loans are planned to be taken out in 2016/17 and 2017/18 at the time of writing this strategy.

### **Local Context**

25. On 31 December 2016, the Council held £211.837m of borrowing and £49.239m of investments. This is set out in further detail at **Appendix B**. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance Sheet Summary and Forecast

	31.3.16 Actual £m	31.3.17 Estimate £m	31.3.18 Forecast £m	31.3.19 Forecast £m	31.3.20 Forecast £m
General Fund CFR	39.524	42.892	44.269	46.862	47.753
HRA CFR	187.370	187.370	187.370	187.370	187.370
<b>Total CFR</b>	<b>226.894</b>	<b>230.262</b>	<b>231.639</b>	<b>234.232</b>	<b>235.123</b>
Less: Other debt liabilities	0	0	0	0	0
<b>Borrowing CFR</b>	<b>226.894</b>	<b>230.262</b>	<b>231.639</b>	<b>234.232</b>	<b>235.123</b>
Less: External borrowing	(-)211.837	(-)211.837	(-)211.837	(-)211.837	(-)211.837
<b>Internal borrowing</b>	<b>15.057</b>	<b>18.425</b>	<b>19.802</b>	<b>22.395</b>	<b>23.286</b>
Less: Usable reserves	(-)41.390	(-)34.476	(-)29.509	(-)26.946	(-)25.642
Less: Working capital	(-)17.090	(-)27.090	(-)27.090	(-)27.090	(-)27.090
<b>Investments</b>	<b>(-)43.423</b>	<b>(-)43.141</b>	<b>(-)36.797</b>	<b>(-)31.641</b>	<b>(-)29.446</b>

26. 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.

27. 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 2017/18.

### **Borrowing Strategy**

28. 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. The balance sheet forecast in table 1 shows that the Council does not need to borrow in 2017/18. The Council may however borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £270m (see Annex C).
29. **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.
30. **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.
31. 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 modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2017/18 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
32. In addition, the Council may borrow short-term loans (normally for up to one month) to cover unplanned cash flow shortages.
33. **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
34. 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
35. 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.
36. **Municipal 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 will be required to provide bond investors with a joint and several guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Full Council.
37. **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

38. The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's investment balance has ranged between £35.7m and £58.4m, and similar levels are expected to be maintained in the forthcoming year.
39. **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 of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
40. **Negative Interest Rates:** In the unlikely event that the UK enters into a recession in 2017/18, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.
41. **Strategy:** Given the increasing risk and falling returns from short-term unsecured bank investments, the Council aims to further diversify into more secure and/or higher yielding asset classes during 2017/18 without compromise to excessive risk. The majority of the Council's surplus cash remains invested in short-term unsecured bank deposits, certificates of deposit and money market funds. This diversification will represent a continuation of the new strategy begun in 2015/16 when the Council invested £2m in The Local Authorities' Property Fund through CCLA. This is intended as a long-term investment at potentially attractive dividends (of at least 4% p.a.) but has recently been affected by a reduction in property values following the EU Referendum, which has lowered the capital value of the sum invested. Further, less volatile, investments for durations of 1, 3 or 5 years will be considered, for example, through Cash Plus and Short-dated Bond Funds and Multi-Asset Income funds. Any investments through new asset

classes, or an extension of investment through The Local Authorities' Property Fund, will be made in consultation with the Portfolio Holder.

42. **Approved Counterparties:** The Council may invest its surplus funds with any of the counterparty types in table 2 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 2: Approved Investment Counterparties and Limits

Credit Rating	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£4m 5 years	£4m 20 years	£4m 50 years	£2m 20 years	£2m 20 years
AA+	£4m 5 years	£4m 10 years	£4m 25 years	£2m 10 years	£2m 10 years
AA	£4m 4 years	£4m 5 years	£4m 15 years	£2m 5 years	£2m 10 years
A-	£4m 3 years	£4m 4 years	£4m 10 years	£2m 4 years	£2m 10 years
A+	£4m 2 years	£4m 3 years	£4m 5 years	£2m 3 years	£2m 5 years
A	£4m 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
<b>Pooled funds</b>	£5m per fund				

This table must be read in conjunction with the notes below

43. **Credit Rating:** Investment limits are set 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. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.
44. **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 the 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. The maximum which may be invested with each institution with a high credit rating is £4m, so typically might be 10% of total surplus cash available. During 2017/18 the Council will look to mitigate risk by diversifying investments into other asset classes.

45. The Council will not place unsecured investments with poorly rated institutions other than fully liquid deposits with the Council's own bankers, Barclays Bank plc., should the bank fail to reach the grade. The use of an account to leave overnight deposits with our own bankers is an important tool in cost effective cash flow management. Other than over the Christmas period (see Table 4 below) the maximum amount which may be held in the overnight account is £4m.
46. **Banks Secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. To date the Council has not used any of these products. 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.
47. **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. Investments through the Debt Management Agency Deposit Facility (DMADF) are risk free but this is reflected in a lower interest yield than investments with other institutions. The maximum the Council would normally invest through this facility is £20m for specified periods up to six months, and only does so when other deposit takers are limited. If another banking crisis struck then the DMADF would be a safe haven for surplus cash. The Council has not invested in Treasury Bills to date. Local authority lending has become more popular in recent times but, again, yields tend to be lower than banks. The vast majority do not have a credit rating. The Council permits a maximum of £4m to be invested.
48. **Corporates:** Loans, bonds and commercial paper issued by individually named companies other than banks and registered providers. To date the Council has not used any of these products.

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.

49. **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 the likelihood of receiving government support if needed.
50. **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. Investment in shares, within a pooled fund, have the potential of high volatility, changing with market prices, and/or have a notice period will be used for longer investment periods. Short-term Money Market Funds (MMFs) that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts. Arlingclose recommend that no more than 50% of surplus cash is invested in MMFs, which would typically mean a total of £20m on a cash surplus of £40m as has been the case until now. The Council has seven MMFs, so could allow a maximum investment of £5m per fund would stretch the limit to £35m in extremis.
51. **Pooled Funds: 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. The Council invested £2m in a Local Authority Pooled Property Fund in September 2015. It will consider investing in other products.
52. **Risk Assessment and Credit Ratings:** Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
  - no new investments will be made,
  - any existing investments that can be recalled or sold at no cost will be, and

- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
53. 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:**

54. 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.
55. 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:**

56. 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”.
57. 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- (A minus) or higher.

**Non-specified Investments:**

58. Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in table 3 below.

Table 3: Non-Specified Investment Limits

	Cash limit
Total long-term investments	£10m
Total investments without credit ratings or rated below A- (A minus)	£15m
Total investments (except pooled funds) with institutions domiciled in foreign countries rated below AA+	£1m
Total non-specified investments	£26m

**Investment Limits:**

59. The Council’s revenue reserves available to cover investment losses are forecast to be £34.5m on 31 March 2017. 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 £4 million. 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	£10m per manager
Registered Providers	£10m in total
Unsecured investments with Building Societies	£4m in total
Loans to unrated corporates	£4m in total
Money Market Funds	£35m in total

**Liquidity Management:**

60. 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 prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium term financial plan and cash flow forecast.

**Treasury Management Indicators**

61. The Council measures and manages its exposures to treasury management risks using the following indicators.
62. **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:

	2017/18	2018/19	2019/20
Upper limit on fixed interest rate exposure	£246m	£259m	£265m
Upper limit on variable interest rate exposure	(-)£2m	(-)£1m	-

63. Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the

financial year or the transaction date if later. All other instruments are classed as variable rate.

64. **Maturity Structure of Borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Current Portfolio	Upper	Lower
Under 12 months	-	25%	0%
12 months and within 24 months	-	50%	0%
24 months and within 5 years	-	100%	0%
5 years and within 10 years	19.7%	100%	0%
10 years and above	80.3%	100%	0%

### **Other Items**

65. There are a number of additional items that the Council is obliged by CIPFA or CLG to include in its Treasury Management Strategy.
66. **Policy on Apportioning Interest to the HRA:** On 1 April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured each month and interest transferred between the General Fund and HRA at the Council's average interest rate on investments.
67. **Investment Training:** The needs of the Council's treasury management staff for training in investment management are assessed on an ongoing basis. Officers meet formally at regular intervals – typically monthly – to discuss operational treasury management plans. Colleagues will talk informally where appropriate in making daily investment decisions. Additional training is necessary when the responsibilities of individual members of staff change.
68. Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant staff are also encouraged to undertake Continued Professional Development in accordance with their respective accounting / finance qualification requirements.

69. **Investment Advisers:** The Council appointed Arlingclose Limited as treasury management advisers in December 2012 and receives specific advice on investment, debt and capital finance issues.
70. **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.
71. The total amount borrowed will not exceed the authorised borrowing limit of £270m. The maximum period between borrowing and expenditure is expected to be two years, although the Council is not required to link particular loans with particular items of expenditure.
72. **Policy on Use of Financial Derivatives:** Local authorities 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).
73. 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 and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
74. 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**

75. The budget for investment income in 2017/18 is £204,000, based on an average investment portfolio of £40m at an interest rate of 0.51%. The budget for debt interest paid in 2017/18 is £6.97m, based on an average debt portfolio of £211.837m at an average interest rate of 3.292%. (Details of HRA investment earnings and borrowing is given in the 'HRA Business Plan 2016-2046', 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**

76. The CLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Head of Finance, having consulted the Portfolio Holder for Resources, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

<b>Alternative</b>	<b>Impact on income and expenditure</b>	<b>Impact on risk management</b>
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

**Annex A**  
**Arlingclose Economic & Interest Rate Forecast September 2016**  
**Underlying assumptions:**

1. The economic trajectory for the UK has been immeasurably altered following the vote to leave the European Union. The long-term position of the UK economy will be largely dependent on the agreements the government is able to secure with the EU and other countries.
2. The short to medium-term outlook is somewhat more downbeat due to the uncertainty generated by the result and the forthcoming negotiations (notwithstanding the Olympic and summer feel-good effects). The rapid installation of a new Prime Minister and cabinet lessened the political uncertainty, and the government / Bank of England have been proactive in tackling the economic uncertainty.
3. Purchasing Managers Index data, and consumer and business confidence surveys presented a more positive picture for August following the shock-influenced data for July, in line with expectations for an initial overreaction. However, many indicators remain at lower levels than pre-Referendum.
4. Over the medium term, economic and political uncertainty will likely dampen investment intentions and tighten credit availability, prompting lower activity levels and potentially a rise in unemployment. These effects will dampen economic growth through the second half of 2016 and in 2017.
5. UK Consumer Price Index inflation will rise close to target over the coming year as previous rises in commodity prices and the sharp depreciation in sterling begin to drive up imported material costs for companies.
6. The rise in inflation is highly unlikely to prompt monetary tightening by the Bank of England, with policymakers looking through import-led CPI spikes to the negative effects of Brexit on economic activity and, ultimately, inflation.
7. There is a debatable benefit to further interest rate cuts (particularly with regard to financial stability). Negative Bank Rate is currently perceived by policymakers to be counterproductive, but there is a possibility of close-to-zero Bank Rate. QE will be used to limit the upward movement in bond yields.
8. Following significant global fiscal and monetary stimulus, the short term outlook for the global economy is somewhat brighter than a few months ago. However, financial market volatility is likely at various points

because the stimulus has only delayed the fallout from the build-up of public and private sector debt (particularly in developing economies, e.g. China).

### Forecast:

9. The likely path for Bank Rate is weighted to the downside. The Arlingclose central case is for Bank Rate to remain at 0.25%, but there is a 40% possibility of a drop to close to zero, with a small chance of a reduction below zero later in the forecast period.
10. Gilt yields will be broadly flat from current levels, although there will likely be much volatility as reports of negotiations between the UK and the remaining EU affect market perceptions of both parties' economic growth potential.

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19
<b>Official Bank Rate</b>													
Upside risk	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25
<b>Arlingclose Central Case</b>	<b>0.25</b>												
Downside risk	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>3-month LIBID rate</b>													
Upside risk	0.05	0.05	0.10	0.10	0.10	0.15	0.25	0.25	0.25	0.25	0.25	0.25	0.25
<b>Arlingclose Central Case</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.30</b>									
Downside risk	0.20	0.25	0.25	0.25	0.30	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
<b>1-yr LIBID rate</b>													
Upside risk	0.10	0.10	0.15	0.15	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30
<b>Arlingclose Central Case</b>	<b>0.60</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.60</b>	<b>0.70</b>	<b>0.85</b>	<b>0.90</b>	<b>0.90</b>	<b>0.90</b>
Downside risk	0.10	0.15	0.15	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
<b>5-yr gilt yield</b>													
Upside risk	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
<b>Arlingclose Central Case</b>	<b>0.30</b>	<b>0.30</b>	<b>0.30</b>	<b>0.30</b>	<b>0.35</b>	<b>0.40</b>	<b>0.40</b>	<b>0.40</b>	<b>0.40</b>	<b>0.45</b>	<b>0.45</b>	<b>0.50</b>	<b>0.50</b>
Downside risk	0.40	0.45	0.45	0.45	0.50	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
<b>10-yr gilt yield</b>													
Upside risk	0.30	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
<b>Arlingclose Central Case</b>	<b>0.75</b>	<b>0.75</b>	<b>0.80</b>	<b>0.80</b>	<b>0.80</b>	<b>0.80</b>	<b>0.80</b>	<b>0.80</b>	<b>0.85</b>	<b>0.90</b>	<b>0.90</b>	<b>0.95</b>	<b>0.95</b>
Downside risk	0.40	0.45	0.45	0.45	0.50	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
<b>20-yr gilt yield</b>													
Upside risk	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
<b>Arlingclose Central Case</b>	<b>1.25</b>	<b>1.30</b>	<b>1.35</b>	<b>1.35</b>	<b>1.40</b>	<b>1.40</b>							
Downside risk	0.50	0.55	0.55	0.55	0.60	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
<b>50-yr gilt yield</b>													
Upside risk	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
<b>Arlingclose Central Case</b>	<b>1.25</b>	<b>1.30</b>	<b>1.35</b>	<b>1.35</b>	<b>1.40</b>	<b>1.40</b>							
Downside risk	0.50	0.55	0.55	0.55	0.60	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70

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

	<b>31.12.16</b>	<b>31.12.16</b>
	<b>Actual Portfolio</b>	<b>Average Rate</b>
	<b>£m</b>	<b>%</b>
<b>External Borrowing:</b>		
Public Works Loan Board: Fixed Rate	211.837	3.31%
<b>Total External Borrowing</b>	<b>211.837</b>	<b>3.31%</b>
<b>Total Gross External Debt</b>	211.837	
<b>Investments:</b>		
Managed in-house		
Short term investments	(-)39.239	0.36%
Pooled Fund: Money Market Funds	(-)8.000	0.28%
Managed externally		
Pooled Funds (Property Fund)	(-)2.000	4.55%
<b>Total Investments</b>	<b>(-)49.239</b>	<b>0.52%</b>
<b>Net Debt</b>	<b>162.598</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 2017/18

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	2016/17 Revised £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
General Fund	8.850	5.425	4.441	2.416
HRA	21.366	18.530	15.745	16.251
<b>Total Expenditure</b>	<b>30.216</b>	<b>23.955</b>	<b>20.186</b>	<b>18.667</b>
Capital Receipts	3.505	2.297	1.301	1.066
Government Grants	3.611	2.626	0.660	0.505
Major Repairs Reserves	10.859	10.928	10.935	11.052
Revenue Contributions	8.630	6.502	4.433	4.818
Borrowing	3.611	1.602	2.857	1.226
<b>Total Financing</b>	<b>30.216</b>	<b>23.955</b>	<b>20.186</b>	<b>18.667</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	31.03.17 Revised £m	31.03.18 Estimate £m	31.03.19 Estimate £m	31.03.20 Estimate £m
General Fund	42.892	44.269	46.862	47.753
HRA	187.370	187.370	187.370	187.370
<b>Total CFR</b>	<b>230.262</b>	<b>231.639</b>	<b>234.232</b>	<b>235.123</b>

The CFR is forecast to rise by £4.9m 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	31.03.17 Revised £m	31.03.18 Estimate £m	31.03.19 Estimate £m	31.03.20 Estimate £m
Borrowing	211.837	211.837	211.837	211.837
Finance leases	0	0	0	0
<b>Total Debt</b>	<b>211.837</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	2016/17 Revised £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Borrowing	257.000	260.000	267.000	269.000
Other long-term liabilities	1.500	1.500	1.500	1.500
<b>Total Debt</b>	<b>258.500</b>	<b>261.500</b>	<b>268.500</b>	<b>270.500</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	2016/17 Limit £m	2017/18 Limit £m	2018/19 Limit £m	2019/20 Limit £m
Borrowing	260.000	265.000	275.000	280.000
Other long-term liabilities	5.000	5.000	5.000	5.000
<b>Total Debt</b>	<b>265.000</b>	<b>270.000</b>	<b>280.000</b>	<b>285.000</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	2016/17 Revised %	2017/18 Estimate %	2018/19 Estimate %	2019/20 Estimate %
General Fund	0.94	2.14	2.92	4.27
HRA	11.00	11.53	11.71	11.86

**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	2017/18 Estimate £	2018/19 Estimate £	2019/20 Estimate £
General Fund - increase in annual band D Council Tax	23.85	21.35	24.23
HRA - increase in average weekly rents	12.73	8.79	9.65

**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 2017/18**

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 asset 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.

Capital expenditure incurred during 2017/18 will not be subject to a MRP charge until 2018/19.

Based on the Council's latest estimate of its Capital Financing Requirement on 31 March 2017, the budget for MRP has been set as follows:

	31.03.2017 Estimated CFR £m	2017/18 Estimated MRP £
Capital expenditure before 01.04.2008	5.455	0
Capital expenditure after 31.03.2008	37.436	224,000
Finance leases	0	0
<b>Total General Fund</b>	<b>42.891</b>	<b>224,000</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>230.261</b>	<b>224,000</b>

## Annex E 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 F**

### **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 G**  
**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 H**

### **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 I**  
**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 2016-2046 \*

Capital Programmes 2016/17-2021/22 \*

Arlingclose Ltd treasury management advisory documents

Treasury Management and Accounting records

\*These are separate reports submitted to Cabinet, 26 January 2017.

# HOUSING STANDARDS BOARD

## Minutes

8 November 2016

7.00pm – 7.30pm

**PRESENT:**

**Committee Members**

Cllr Bob Davis (Chairman) (BD),  
Cllr Bill Pryor (BP)

**Leasehold Representative:**

Darrell Thomas

**Tenant Representatives:**

**Property Standards Panel:**

Hugh Hoad (HH)

**Tenancy Standards Panel:**

None

**Officers:**

Andrew Murray (AM)

Zulfi Kiani (ZK)

Cara Coxhead (CC)

Jim Preston (JPr)

Jordan Gallagher (JG)

		Action
1.	<b><u>Apologies</u></b>  Cllr Mark Wilkinson (MK), Sheila Robson (SR), Wendy Makepeace (WM), Jenny Pearce (JP), Jo West (JW)	Noted
2.	<b><u>Declaration of Interest</u></b>  None.	Noted
3.	<b><u>Minutes of last meeting (13.09.16) and Matters arising</u></b>  A further copy of the Housing Business Plan Review Timetable 2016/17 was provided at the meeting and changes noted.	Noted
4.	<b>Cabinet Work plan 2016/17</b>  The work plan was noted	Noted
5.	<b>Briefing Notes:</b>  The briefing notes were noted  A verbal update on the Review of the Sheltered Housing Report was made. Comments were made to strengthen which included support required for those in receipt of HRS and additional charges. Scrutiny Committee will now consider the next steps.	Noted  Noted
6.	<b>Current Consultations:</b>	

	None.	Noted
<b>10.</b>	<b>Formal questions and answers</b>  None	Noted
<b>11.</b>	<p><b>Any other Business</b></p> <p><i>Tenant and Leaseholder Engagement Strategy.</i> Previous timescales were that, after six months a review would take place including the potential for joint chairing of panels. Since the introduction of Phase 1 of the review, the frequency of the panels have been reduced and to enable the Council to carry out a full review of the process, including behaviours, a full year of meetings is required to establish what works well and what if anything needs changing or amending needs to be undertaken. Phase 2 of the engagement strategy deals with wider engagement and aims to link with the Council's wider Customer Services Strategy which is due to be completed by 31 January 2017, where it will be presented to the Scrutiny Committee for approval. The review of the Housing's Tenant and Leaseholder Engagement Strategy has been deferred until February 2017.</p> <p><i>Tenant &amp; Leaseholder Conference 2016</i> At the recent conference, no mention of homelessness was made in the presentations, however it was noted that reference had been made in the Annual Housing Update.</p> <p>The queries raised concerning the closure of the Cash Office have been passed onto the Portfolio Holder of Youth and Community. The Council has made the decision to close the Cash Office and consultation will take place in order to spread awareness of what payment methods residents can use once the Cash Office has closed. The Consultation period will run up until the Cash Office closes.</p> <p><i>Meeting Board in Foyer of Civic Centre</i> It was requested that the correct time for these meetings is displayed in the foyer.</p>	<p>Noted</p> <p>Noted</p> <p>Noted</p> <p>ZK</p>

The Date of the Next meeting is: 6 December 2016

There were no Minutes of the Environmental SIT meeting attached.

### 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.

There were no additional reports.

**MINUTES OF THE SHAREHOLDER SUB COMMITTEE  
HELD ON**

24 November 2016

7.30 - 8.22 pm

**PRESENT**

**Sub Committee Members**

Councillor Jon Clempner (Chairman)  
Councillor Joel Charles  
Councillor Danny Purton  
Councillor Mark Wilkinson

**Officers**

Brian Keane, Head of Governance  
Adam Rees, Corporate and Governance Support Officer

**Additional Attendees**

John Phillips, Managing Director, HTS (Property and Environment) Limited  
Michael Harrowven, Non-Executive Chair of the HTS (Property & Environment)  
Limited Board

41. **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Andrew Johnson.

42. **DECLARATIONS OF INTEREST**

None.

43. **MINUTES**

**RESOLVED** that the minutes of the meeting held on 19 October 2016 are agreed as a correct record and signed by the Leader.

44. **MATTERS ARISING**

None.

45. **SUB COMMITTEE WORK PLAN**

The Work Plan was noted.

46. **TRANSITION PLAN UPDATE**

The Sub-Committee received an update on the transition from the current Joint Venture Company to HTS (Property and Environment) Limited and noted the progress which had been made on fleet leasing, IT and securing indemnity insurance.

The Leader asked that the plan include scheduled start dates for all items and that the budget report included a forecast to complete.

John Phillips, Managing Director of HTS (Property and Environment) Limited, explained how the installation of cabling for critical and non-critical areas was progressing. He then provided a high-level overview of the current fleet arrangements and the changes which were due to be introduced as part of the transition. He explained how consultants had been utilised as part of the transition.

**RESOLVED** that the Transition Plan Update was noted.

47. **REFERENCES FROM THE LATC BOARD OF DIRECTORS**

- a) HTS (Property and Environment) Limited Business Plan and Budget

The Sub-Committee received a report which sought approval of the HTS (Property and Environment) Limited Business Plan and Budget.

The Leader noted that the forecast level of pre-tax profit for the 2019/20 financial year in section 12.3 (Balanced Scorecard) was £1.5million, but in section 14 (Commercial Model) it was £1.151million. It was agreed that the reason for this difference would be looked at.

It was agreed that Section 2.3 of the Business Plan would be amended to include a reference to equality and fairness. This reference would replicate wording in the Council's Corporate Plan.

**RESOLVED** that the Sub-Committee:

- A. Approves the HTS (Property and Environment) Limited Business Plan subject to the amendment to Section 2.3 detailed above.
- B. Notes the provisional operating budget approved by the HTS (Property and Environment) Limited Board.

48. **MATTERS OF URGENT BUSINESS**

None.

49. **DATE OF NEXT MEETING**

19 January 2017.

CHAIRMAN OF THE SUB COMMITTEE

**MINUTES OF THE CABINET OVERVIEW WORKING GROUP  
HELD ON**

1 December 2016

7.30 - 9.14 pm

**PRESENT**

**Overview Working Group Members**

Councillor Ian Beckett (Chair)  
Councillor Mark Ingall (Vice-Chair)  
Councillor David Carter  
Councillor Simon Carter  
Councillor Michael Garnett  
Councillor Stefan Mullard  
Councillor Clive Souter  
Councillor John Strachan  
Councillor Rod Truan

**Officers**

Simon Freeman, Head of Finance  
Donna Beechener, Revenues and Benefits Manager  
John Dyson, Principal Finance Manager  
Lisa Purse, Corporate and Governance Support Officer

18. **APOLOGIES FOR ABSENCE**

None.

19. **DECLARATIONS OF INTEREST**

None.

20. **MINUTES**

**RESOLVED** that the minutes of the meeting held on 20 October 2016 be agreed as a correct record subject to adding Councillor David Carter to Agenda Item 7 'apologies for absence'.

21. **MATTERS ARISING**

None.

22. **TREASURY MANAGEMENT STRATEGY REVIEW**

The Overview Working Group received a report, from Simon Freeman, Head of Finance, on the Treasury Management Strategy Review. John Dyson, Principal Finance Manager, introduced and summarised the report.

The Group discussed current financial markets, the Council's current financial position and the role of Arlingclose, the Council's financial advisors.

**RESOLVED** that:

- A. the Working Group noted the report and the underpinning principles that support the Council's Treasury Management Strategy.
- B. whilst the Working Group identified no specific issues, it did note the volatility and unpredictability of the current financial situation set out by Officers and Advisors and expressed that it would be willing to consider any critical additional interim reports, for diligence and overview, should there be a requirement.

23. **LOCAL COUNCIL TAX SUPPORT SCHEME**

The Overview Working Group received a report, from Simon Freeman, Head of Finance, on the Annual Review of the Local Council Tax Support Scheme (LCTSS). Donna Beechener, Revenues and Benefits Manager, introduced and summarised the report.

In response to questions from Councillors, Donna provided more details on the consultation methodology that had taken place on Government changes to support including the period for which a person can be absent from Great Britain and still receive Council Tax support, Work Related Activity allowance and the Severe Disability Premium.

Councillors discussed the recommendation to reduce the period for which a person can be absent from Great Britain and still receive Council Tax Support to four weeks (Bi). The discussions included possible exceptions to the rule and the implications involved in not approving the recommendation.

**RESOLVED** that the Overview Working Group:

- A. acknowledged the current position regarding the 2016/17 Local Council Tax Support Scheme and endorses continuing stability within the scheme for 2017/18.
- B. recommended to Cabinet that, following the results of the consultation process, the scheme is amended with effect from 1 April 2017 as follows:
  - i. reduce the period for which a person can be absent from Great Britain and still receive Council Tax Support to four weeks

- ii. remove the element of a Work Related Activity Component in the calculation of the current scheme for new Employment and Support Allowance applicants
  - iii. remove entitlement to the Severe Disability Premium where another person is paid Universal Credit (Carers Element) to look after them
- C. recommended 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.
- D. recommended to Cabinet that the proposal to limit the number of dependent children within the calculation for Council Tax Support to a maximum of two is deferred for 12 months.

24. **WORK PLAN**

The Cabinet Overview Working Group received a report that outlined its Work Plan for the current year.

The Group discussed the practical reasons why the Economic Development Strategy Work Group had not been able to meet as often as desired.

**RESOLVED** that:

- a) the 2016/17 Work Plan is noted.
- b) it is unlikely that the Interim Report of the Economic Development Strategy would be considered at the January meeting of the Cabinet Overview Working Group.

25. **MATTERS OF URGENT BUSINESS**

None.

CHAIRMAN OF THE OVERVIEW  
WORKING GROUP