

Cabinet



The Cabinet will meet at Council Chamber , Braintree District Council, Causeway House,
Bocking End, Braintree, Essex, CM7 9HB on MONDAY, 28 SEPTEMBER 2015 at 19:15

Membership

Portfolio

Leader of the Council

Environment and Place

Planning and Housing

Economic Development

Health and Communities

Finance and Performance

Corporate Services and

Asset Management

Councillor G Butland (Chairman)

Councillor Mrs W Schmitt (Deputy Leader of the Council)

Councillor R Mitchell

Councillor Lady Newton

Councillor Mrs L Bowers-Flint

Councillor T Cunningham

Councillor Mrs J Beavis

Councillor P Tattersley

Councillor D Bebb

Councillor J McKee

Invitees

Other invitees:- Representatives of the Labour Group, Halstead Residents Association Group
and Green Party and Chairman of the Overview and Scrutiny Committee.

For enquiries on this agenda please contact:
Governance and Members Team – 01376 552525

e.mail: demse@braintree.gov.uk

This agenda is available on
www.braintree.gov.uk/Braintree/councildemocracy

Nicola Beach
Chief Executive

PUBLIC INFORMATION

Question Time

Immediately after Declarations of Interests, there will be a period of up to 30 minutes when members of the public can speak about Council business or other matters of local concern. Whilst members of the public can remain to observe the whole of the public part of the meeting, Councillors with a Disclosable Pecuniary Interest or other Pecuniary Interest must withdraw whilst the item of business in question is being considered.

Members of the public wishing to speak should contact the Governance and Members Team on 01376 552525 or email demse@braintree.gov.uk at least 2 working days prior to the meeting.

Health and Safety

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Mobile Phones

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Webcast and Audio Recording

Please note that this meeting will be webcast and audio recorded.

INFORMATION FOR MEMBERS

Declarations of Disclosable Pecuniary Interest, Other Pecuniary Interest or Non-Pecuniary Interest:-

- To declare the existence and nature of any Disclosable Pecuniary Interest, other Pecuniary Interest or Non-Pecuniary Interest relating to items on the agenda having regard to paragraphs 6 to 10 [inclusive] of the Code of Conduct for Members and having taken appropriate advice where necessary before the meeting.
- Any member with a Disclosable Pecuniary Interest or other Pecuniary Interest to indicate in accordance with paragraphs 10.1(a)(i)&(ii) and 10.2(a)&(b) of the Code of Conduct. Such Member must not participate in any discussion of the matter in which they have declared a Disclosable Pecuniary Interest or other Pecuniary Interest or participate in any vote, or further vote, taken on the matter at the meeting. In addition, the Member must withdraw from the chamber where the meeting considering the business is being held unless the Member has received a dispensation from the Monitoring Officer.

AGENDA

1 Apologies for Absence

2 Declarations of Interest

To declare the existence and nature of any Disclosable Pecuniary Interest, other Pecuniary Interest or Non-Pecuniary Interest relating to items on the agenda having regard to the Code of Conduct for Members and having taken appropriate advice where necessary before the meeting.

3 Public Question Time

(See paragraph above)

4 Minutes of the Previous Meeting

To approve as a correct record the minutes of the meeting of the Cabinet held on 20th July 2015 (copy previously circulated).

No	Title and Purpose of Report	Pages
5	OVERALL CORPORATE STRATEGY AND DIRECTION	
5a	Leader's Update The Leader of the Council to provide a brief update on key issues and activities.	
5b	Greater Essex Devolution	5 - 17
6	FINANCE AND PERFORMANCE	
6a	Statement of Accounts 2014-15	18 - 20
6b	Medium-Term Financial Strategy 2015-16 to 2018-19 Update	21 - 36
6c	First Quarter Performance Management Report 2015-16	37 - 67

6d	Treasury Management Review – Annual Report 2014-15 and Mid-Year Review 2015-16	68 - 90
7	CORPORATE SERVICES AND ASSET MANAGEMENT	
7a	Strategic Risk Management	91 - 106
8	REFERENCES FROM COUNCIL/COMMITTEES/GROUPS	
9	REPORTS/ DELEGATED DECISIONS/MINUTES TO BE NOTED	
9a	Local Plan Sub-Committee - 7th September 2015	107 - 110
9b	Cabinet Member Decisions made under Delegated Powers	111 - 112
10	URGENT BUSINESS AUTHORISED BY THE CHAIRMAN	
11	EXCLUSION OF PUBLIC AND PRESS TO CONSIDER REPORTS IN PRIVATE SESSION for reasons set out in Paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.	

AGENDA – PRIVATE SESSION

No	Title and Purpose of Report	Pages
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Greater Essex Devolution		Agenda No: 5b
Portfolio	Overall Corporate Strategy and Direction	
Corporate Priority:	Boost employment skills and support business, Securing appropriate infrastructure and housing growth Providing value for money, Improving our services through innovation	
Report presented by:	Cllr Graham Butland, Leader	
Report prepared by:	Nicola Beach, Chief Executive	
Background Papers:	Public Report	
30 th March 2015 Cabinet report on devolution	Key Decision: No	
Executive Summary:		
<p>The fifteen local councils of Greater Essex (Essex County Council, Essex district, borough and city councils and Southend-on-Sea and Thurrock Councils) have been working together to explore devolution ideas and draft proposals which could see the transfer of powers and funding from central Government to Greater Essex authorities. This is seen by many as a unique opportunity for local government.</p> <p>Devolution could bring many benefits such as growing the local economy, greater control on skills funding to ensure training matches business need now and in the future, creating new jobs, increasing inward investment and tackling some of the transport and infrastructure challenges of the area.</p> <p>Work commenced on the devolution programme in December 2014 and an expression of interest was made to Government in March 2015 by the Greater Essex partnership. This report provides a further update on progress to date and sets out the next stages over the next 6-8 months.</p> <p>A high-level submission was made to Government on 4th September 2015 to confirm the Greater Essex Partnership’s continued interest in a devolution deal. The letter was signed by all fifteen Leaders across Greater Essex. (A copy is included in Appendix A). This submission has received positive feedback from civil servants, with Government interested in working with the Greater Essex partnership to develop our proposals further. We believe this is based on the ambition of our proposals, the scale and location of Greater Essex and our collaboration as a partnership.</p> <p>This next phase of work and negotiation with Government will commence in September and it is envisaged that most of the elements of a devolution deal will be in place by the end of the calendar year, subject to political agreement locally and nationally. Therefore</p>		

the aim is to make a further submission to Government in December 2015 and this submission will need sign-off by each authority. After this phase, we envisage finalising a devolution deal in early 2016.

From this report, Cabinet are asked to continue to support the devolution programme and the emerging shape of the devolution deal for further development. Members will be kept updated on progress and a further report will be taken to Cabinet on 30th November 2015.

Decision

Cabinet are asked to support:

- a) Braintree District Council's continued participation in the devolution programme.
- b) A further contribution of £10,000 to support the devolution programme.

Purpose of Decision:

For Cabinet to be updated on the work to develop a devolution deal for Greater Essex.

Any Corporate implications in relation to the following should be explained in detail	
Financial:	<p>Braintree District Council (along with other partner authorities) has previously contributed £5,000 to this programme. Cabinet are asked to support a further contribution of £10,000. This can be met from existing budgets.</p> <p>Braintree District Council will continue to act as banker for this partnership funding as the Chief Executive of the Council is the lead officer in this project.</p>
Legal:	A Combined Authority is a legal entity which can be formed under the Local Democracy, Economic Development and Construction Act 2009.
Safeguarding	None at this stage
Equalities/Diversity	None at this stage.
Customer Impact:	None at this stage
Environment and Climate Change:	None at this stage
Consultation/Community Engagement:	<p>Consultation is part of the governance review that has to be carried out as part of the process to establish a Combined Authority, but the partnership has not reached this stage yet.</p> <p>An engagement plan has been developed and is being implemented. To date, there has been engagement of other public sector partners including police, police and crime commissioner, Essex Fire and Rescue Service, Community Rehabilitation Company (probation), business forums and health sector. Members of Parliament have also been contacted.</p> <p>A Member briefing session was held on the 17th September by the Leader and Chief Executive.</p>
Risks:	<p>The partnership starts to fragment (i.e. not all authorities agree to continue participation) and so does not deliver the scale or ambition sought by Government for a viable devolution deal.</p> <p>The devolution deal negotiated with Government does not result in the benefits envisaged by Greater Essex local authorities and so is not pursued.</p> <p>The governance ask of local authorities by Government is</p>

	<p>deemed undeliverable by the partnership.</p> <p>Financial and reputation risk transfers from Government to local government –a risk register will be developed to assess more detailed risks as the deal and governance proposals are developed.</p>
Officer Contact:	Nicola Beach
Designation:	Chief Executive
Ext. No.	01376 557700
E-mail:	Nicola.beach@braintree.gov.uk

1. Background

- 1.1. The fifteen local councils of Greater Essex (Essex County Council, Essex district, borough and city councils and Southend-on-Sea and Thurrock Councils) have been working together to explore devolution ideas and draft proposals which could see the transfer of powers and funding from central Government to Greater Essex authorities.
- 1.2. Any devolution deal must deliver stronger economic growth (nationally and locally) and improve wellbeing.
- 1.3. To date the following process has been followed:
 - Leaders and Chief Executives working together with all fifteen authorities represented.
 - Two devolution meetings were held:
 - 19th February – discussing our ambition, vision and strategic problems to address;
 - 5th March – more detail on ambition, possible ‘offers and asks’ to Government and discussion on future governance models;
- 1.4. On 13th March 2015, a letter was sent to then Secretary of State for Communities and Local Government expressing an interest in devolution for Greater Essex and requesting further dialogue with Government post elections. A copy of the letter has been shared with all MPs in the Greater Essex area.
- 1.5. During March and April, Chief Executives progressed the work on devolution proposals, working with civil servants from the DCLG and BIS.

2. What are the key strategic issues in Greater Essex that devolution could help to tackle?

- Over the past decade productivity in Greater Essex has been lower than in all comparable areas of the UK.
- We have limited transport integration and our system is near to full capacity.
- We are experiencing considerable skills shortages in key areas that businesses need.
- The population of Greater Essex is projected to increase to 1.93m by 2025, a growth of over 8% from the current (2015) population of 1.78m.
- Recent home build levels are nearly 50% short of housing needs.
- Our health economy and social care systems are under huge pressure and we are now part of the NHS Success Regime.

3. Benefits of Devolution

- 3.1 This is seen by many as a unique opportunity for local government and other partners. At the LGA conference in July 2015, the Secretary of State for Communities and Local Government, the Rt. Hon. Greg Clark, MP, made a number of points in his speech outlining the opportunities devolution brings:
 - This is a chance of a lifetime.

- An opportunity to take control of the future and destiny of your areas.
- There are substantial rewards – additional income and power.
- Puts power back into local hands.
- Local areas and experience can do things better.

3.2 In addition, other benefits identified include:

- Powers and funds to come from central government to local government; the devolution prize is securing greater control of these.
- Enhancing the role and strength of local government.
- Decisions will be made locally by people who know more about the local situation.
- Opportunity to reform public services including the devolution of health services to support the NHS Success Regime.
- Others are seizing the opportunity and we risk competitive disadvantage.
- Improve outcomes – we will be better able to increase productivity, and secure growth in our economy and communities if we can shape services/interventions to better reflect local needs and circumstances.
- Unlock investment from a wider range of sources – allowing local partners to attract additional money from private sector investors and developers.

4. Activity Post May 2015

- 4.1 The Cities and Local Government Devolution Bill will enable devolution to other areas such as county areas as well as cities. The Secretary of State for Communities and Local Government is leading on devolution with a focus on decentralisation and housing; he is taking a 'bottom up' and bespoke approach to the development of devolution deals for each area, so there is no fixed framework.
- 4.2 Greater Essex authorities are developing devolution proposals under the strategic headings of:
- Connectivity and Infrastructure
 - New homes and communities
 - Employability and skills
 - Fiscal proposals
 - Health economy, social care, prevention and early intervention
 - Public service reform
- 4.3 In addition to our work at a strategic level to develop a coherent and compelling devolution deal to Government, we are also working within the current quadrants to explore benefits and the 'offers and asks' at a more local level. Braintree District Council is a member of the Haven Gateway quadrant and discussions have been held at a quadrant level.
- 4.4 The schematic below shows our approach and key work streams of the overall devolution programme.

Our strategic priorities - overview



4.5 Further devolution discussions have been held with Leaders:

- 18th June – update on national picture post-elections; consensus to continue the development of a devolution proposal;
- 9th July – more detail on devolution ideas and possible offers and asks;
- 20th July - agreement of Leaders to meet fortnightly with consensus to submit a devolution proposal in the autumn;
- August - fortnightly workshops with Leaders and senior officers commenced.

5. Governance Arrangements

5.1 Partners recognise that devolution deals will need to be supported by the development of enhanced governance structures.

5.2 As well as developing the offers and asks of any devolution deal, Greater Essex authorities must also develop a governance approach and model to demonstrate to Government that the partnership has robust and accountable arrangements in place through which it would make decisions and deliver the outcomes.

5.3 The test of any governance model is that it will have:

- Democratic mandate
- Effective and functioning relationships
- Ability to take difficult decisions
- Willingness to resource and develop its capability
- Ability to pool resources

5.4 The Cities and Local Government Devolution Bill refers to a Combined Authority model (Government's descriptor). Whilst there are other governance models in existence such as joint committees and Economic Prosperity Boards, the message we are receiving is that the combined authority model appears to be the preferred governance model through which powers and funds are devolved.

5.5 The term 'combined authority' (CA) can cause some misunderstanding as to its purpose and scope. The points below seek to clarify this:

- A CA is not about centralising power - rather it is a way of combining and strengthening local partnerships so that we work more effectively across Greater Essex and have decisions made at the most appropriate level to deliver the best outcomes.
- Partners are working together to consider a range of options to ensure any approach has the right scale and sufficiently reflects Greater Essex's economic areas and quadrants.
- Partners do not yet have a fixed view as to how any CA should be configured or the powers it should wield, but are committed to a process of working through this detail together with buy-in from all authorities.
- It is not a reorganisation of local government; a CA does not replace existing authorities and it is not a unitary council.
- Proposals to form a CA must be approved by each of the Councils involved before being submitted to the Government.

5.6 There is a detailed process that has to be followed to establish a Combined Authority with stages at local government and central government levels which results in the proposal going before Parliament for approval. The process can take at least 12-18 months from when the formal process is triggered. The Greater Essex partnership is not yet at this stage of work.

5.7 The stages set out by Government are:

Stage 1: Local Authority led stage – benefits, proposals and governance review

From idea to submission of detailed proposal

Stage 2: DCLG led stage

From proposal to the draft Order to establish the Combined Authority being laid in Parliament (subject to Ministerial approval)

Stage 3: Parliamentary stage

Draft Order debated in both the House of Commons and the House of Lords. Making of the Order and establishing the Combined Authority. (subject to Parliamentary approval)

6. Next Steps and Timetable

6.1 At the devolution meeting on 20th July 2015, Leaders agreed to continue to develop a devolution deal with the aim of submitting proposals to Government

in the autumn ahead of the comprehensive spending review. Fortnightly workshops are being held with Leaders (or their representatives) to support this.

- 6.2 A high-level submission was made to Government on 4th September 2015 to confirm the Greater Essex Partnership's continued interest in a devolution deal. The letter was signed by all fifteen Leaders across Greater Essex. (A copy is included in Appendix A). This submission has received positive feedback from civil servants, with Government interested in working with the Greater Essex partnership to develop our proposals further. We believe this is based on the ambition of our proposals, the scale and location of Greater Essex and our collaboration as a partnership.
- 6.3 This next phase of work and negotiation with Government will commence in September and it is envisaged that most of the elements of a devolution deal will be in place by the end of the calendar year, subject to political agreement locally and nationally. Therefore the aim is to make further submission to Government in December 2015 and this submission will need sign-off by each authority. After this phase, we envisage finalising a deal in early 2016.
- 6.4 As well as the strategic view of any devolution deal, Leaders also agreed the importance of engaging at a local level with individual authorities and the quadrants of Essex – South Essex, West Essex, Heart of Essex and Haven Gateway. This is now underway.
- 6.5 Leaders also supported the engagement of the wider partnership such as health, fire and rescue service, police, police and crime commissioner and businesses. This is underway.
- 6.6 Leaders recognised the importance of keeping MPs informed and a copy of the 4th September submission has been shared with all Greater Essex MPs. Meetings will also be held when required over the next few months.

Appendix A – 4th September 2015 Letter of Submission

4th September 2015

The Rt. Hon. George Osborne, MP,
Chancellor of the Exchequer, HM Treasury
And The Rt. Hon. Greg Clark, MP,
Secretary of State for Communities and Local Government,

By email

Contact details:

*Nicola Beach,
Chairman of Essex Chief Executives'
Association,
Chief Executive of Braintree DC
c/o Braintree District Council,
Causeway House, Braintree,
ESSEX, CM7 9HB*

*Tel: 01376 557700
nicola.beach@braintree.gov.uk*

Dear Chancellor and Secretary of State,

Greater Essex Devolution – Submission Outline

In March 2015 we wrote to the Rt. Hon Sir Eric Pickles MP registering our interest in developing a devolution deal for Greater Essex (covering the geographic county of Essex comprising the twelve Districts/Boroughs/City councils, the two Unitary councils of Southend and Thurrock and Essex County Council). Since that time, as the fifteen Leaders of these local authorities, we have been meeting regularly to shape an exciting new agenda for our communities, which we believe will provide long-term economic growth, increased productivity, provide greater certainty on housing delivery and world-class, financially sustainable public services. The Greater Essex area has been described as the most complex public service environment in the country. We recognise that challenge and we are now meeting with a renewed spirit of collaboration and partnership on a fortnightly basis to turn the high-level ambitions and proposals set out below into more detailed plans. We are already a major player in the Government's drive for economic prosperity and in ensuring our residents benefit from this. We would welcome continued engagement with you and your civil servants in the development of this next phase of the work, in time to contribute to the Spending Review.

Ambition

Our ambition is for Greater Essex to become the fastest growing UK economy outside London that delivers the opportunity of a high quality standard of living for our residents, with increased and accelerated local and national dividends that are re-invested into world-class public services and infrastructure. We have a strong track record of delivery, for example enabling major port development and expansion at London Gateway and Port of Tilbury in Thurrock; the delivery of the South East's only City Deal and a £20m forward funding for road infrastructure; and a primary school that enabled a stalled housing site of 1,500 homes in N. Colchester to be developed. We have airports which have over 19m passengers a year and ports that provide the throughput for over 40m tonnes of goods. We are ranked third by the Stock Exchange, after London and Manchester, in having the most innovative companies, and in 2013 we saw 10,220 new business start-ups, justifying our reputation for entrepreneurialism.

However we also have untapped potential, where, with the right mechanisms, freedoms and flexibilities in place, we can:

- bring productivity into line with comparable areas;
- accelerate economic growth;

- close the gap between current rates of house building and the level required to meet needs within our communities;
- improve skills levels to better meet the needs of business now and in the future;
- attract foreign investment;
- increase the resilience and robustness of Greater Essex to adapt to economic shocks and shifts in the future;
- and enable strategic planning and investment in infrastructure, including attracting more private sector investment.

Underpinning our devolution approach is a new approach to investment, including attracting private sector investment. Our ambition is to become increasingly self-sufficient of government grant. Greater Essex people and businesses are already net contributors to the Exchequer and our proposals present a real opportunity to significantly increase that contribution. To stimulate increased growth and re-investment in infrastructure, homes, skills and public services we want to enter into a **gainshare agreement** under which the additional revenues generated through local growth would be shared between local and national partners.

We know that given the diverse nature of the Greater Essex economies, a centralised one-size fits all approach will not work. We need an approach which enables and supports our natural economic markets, whether they are rural, coastal, the Thames Gateway, commuter belt or part of the London-Cambridge corridor. That is why we are adopting a bespoke, pragmatic and powerful approach through our strategic growth areas, rather than the City region model which is more relevant in other parts of the country. This understanding will underpin our governance principles.

We believe that a devolution deal will be the spring-board to give us the freedoms, flexibilities and opportunities to deliver a step-change in outcomes, with benefits for the people and businesses of Greater Essex, London and neighbouring areas and, through our increased contribution to the Exchequer, to the wider country. Our ambition is that by 2025, with a devolution deal in place, we will have:

- The strongest economy outside London, increasing our economic output from £33.5bn to £60bn by supporting our economic growth areas to realise their full potential.
- A reputation as an internationally recognised and successful location for inward investment and have doubled the number of our businesses exporting from 7% to 14% in line with UKTI targets to double output by 2020.
- Outstanding connectivity, both transport and digital, that enables our businesses to grow and flourish and strengthens links between key transport hubs, including our airports and ports, with London and neighbouring areas.
- Further improved the rate and reliability of housing delivery to meet local housing plans, by promoting a targeted number of locally identified large-scale developments, including those on garden settlement principles, and utilising brownfield and public land. This will also provide opportunities for science and business parks and inward investment, and utilise SmartCity thinking to provide 'places' designed for healthy living and wellbeing. Due to Green Belt constraints a number of Greater Essex authorities have found it challenging to fulfil their Local Plan targets whilst others who are more ambitious for housing growth are held back by a lack of infrastructure, particularly roads. We seek to work with Government to bring forward schemes and approaches which can address housing need in Greater Essex with greater certainty, quality and pace and ensure that new businesses can locate to our excellent county.

- The most technically skilled workforce in the UK. We will increase by 20% the number of higher apprenticeships completed, focusing upon key growth sectors across the growth areas, such as advanced manufacturing and engineering, health and life sciences, low carbon and renewables, digital and creative industries and ports and logistics.
- Financially sustainable solutions that transform complex public services, focused on supporting sustainable communities, promoting economic wellbeing and healthy lifestyles
- Increased our net return to HMT and through gainshare models which we will be reinvesting in our growth areas and in public services across Greater Essex, to create a virtuous investment circle

Governance

The local authorities of Greater Essex are exploring a combined authority model which captures the cumulative strength and advantage of Greater Essex, but which is based upon our natural economic areas and proposed growth area boards. These arrangements will strengthen the joint public and private sector leadership of growth and, in addition, will strengthen democratic accountability for delivery of our shared ambition and outcomes.

The principles we are developing assume a subsidiarity model where decisions are taken at the most effective level to deliver outcomes with the most impact at the most efficient cost. We see our growth area boards creating an opportunity for strategic localised decision-making and public service transformation through local leadership, shared services and collaboration. The Combined Authority, consisting of leaders of the fifteen authorities, will take decisions and commission activity where there are strategic benefits or gains from economies of scale. We are also exploring the appropriate devolution of powers by County, City, District & Borough councils to lower tier authorities and communities as part of our commitment to ensure all communities gain from the benefits of devolution.

We will ensure that any governance proposals are aligned to the current federated working model within SELEP and that strong business engagement is continued through bodies such as the Greater Essex Business Board, the Growth Partnership for South Essex and the Greater Essex Skills Board.

Our intention is to bring forward a timetable for a formal governance review to support our combined authority proposals.

Next Steps

Our officers have had early discussions with your civil servants and would like to intensify these over the next few weeks, so that we can develop these ideas for the Spending Review. They will be writing to your civil servants with more detailed proposals to explore further. At the same time we will be intensifying our engagement with business leaders, wider public service partners and with our communities. We would also welcome the opportunity to explore some of these issues with you in more detail.

Yours sincerely,

Leaders of :





Cllr Phil Turner
Basildon Council



Cllr Graham Butland
Braintree District Council



Cllr Louise McKinlay
Brentwood Borough Council



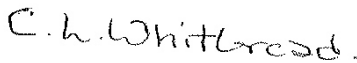
Cllr Colin Riley
Castle Point Borough Council



Cllr Roy Whitehead
Chelmsford City Council



Cllr Paul Smith
Colchester Borough Council



Cllr Chris Whitbread
Epping Forest District Council



Cllr David Finch
Essex County Council



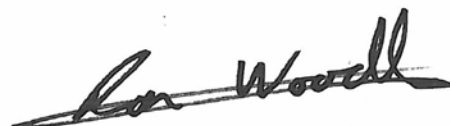
Cllr Jon Clempner
Harlow Council



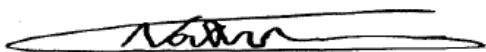
Cllr Miriam Lewis
Maldon District Council



Cllr Terry Cutmore
Rochford District Council



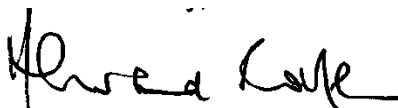
Cllr Ron Woodley
Southend-on-Sea Borough Council



Cllr Neil Stock
Tendring District Council



Cllr John Kent
Thurrock Council



Cllr Howard Rolfe
Uttlesford District Council

Statement of Accounts 2014/15		Agenda No: 6a
Portfolio	Finance and Performance	
Corporate Priority:	Providing value for money,	
Report presented by:	Cllr David Bebb	
Report prepared by:	Phil Myers, Financial Services Manager	
Background Papers:	Public Report	
Braintree District Council's Statement of Accounts 2014/15	Key Decision: No*	
Executive Summary:		
<p>The Statement of Accounts for the financial year to 31 March 2015, were compiled and signed as representing a 'true and fair view' by Chris Fleetham, Corporate Director, on 26 June 2014. This authorisation is in accordance with section 8(2) of the Accounts and Audit (England) Regulations 2011.</p> <p>The Council's External Auditor, BDO LLP (BDO), commenced the audit of the accounts on Monday 6 July 2015, the findings from which were reported to the Governance Committee on 16th September, in line with the requirement of the 2011 regulations that the Statement of Accounts are subject to scrutiny by a committee of members with the benefit of having received the external auditors report.</p> <p>The accounts were available for public inspection between 8 July and 4 August 2015, with the 5 August 2015 designated as the "day of rights". From this date up to the conclusion of the audit any local government elector for the district (or their representative) can ask the auditor questions and/ or raise an objection to an item(s) in the accounts. No requests to inspect the accounts or any questions for the external auditor were received.</p> <p>At the time of writing this report the findings of the External Auditor had not been finalised, however it is anticipated that their report will give:</p> <ul style="list-style-type: none">• an unqualified true and fair opinion on the financial statements for the year ended 31st March 2015; and• an unqualified value for money conclusion <p>(Cabinet will be informed verbally at this meeting if this is not the case)</p> <p>A copy of the Statement of Accounts can be found on the Council's website at: http://www.braintree.gov.uk/Braintree/councildemocracy/acc_info/</p>		

The statutory deadline for publication of the audited Statement of Accounts is 30 September 2015

The format of the Statement of Accounts is governed by the Code of Practice on Local Authority Accounting (the Code), published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code reflects International Financial Reporting Standards (IFRS) as adapted for the public sector.

The requirements of IFRS result in a number of additional 'paper' transactions and adjustments being put through the income and expenditure account, however, these items are ultimately replaced with credits or debits to reconcile the Council's revenue and capital resources to those determined under statutory regulations.

The Statement of Accounts contain a number of specified statements and reports along with the core financial statements comprising: the Comprehensive Income and Expenditure Account (CI+ES); the Movement in Reserves Statement (MIRS); a Balance Sheet; and Cash Flow Statement. These statements are supported by Notes which are either required under the Code or statute. The Council is also required to publish a Collection Fund account demonstrating the income raised from council taxpayers and business ratepayers and how this is distributed to the major preceptors within Essex, the Council, and Central Government. Additional information over and above the Code requirements is included providing further details concerning the cost of services, and Members' allowances and expenses.

There are a number of future developments in local authority financial reporting which are likely to have an impact:

- Earlier closure with the accounts having to be prepared by the end of May (currently 30 June) and published with the audit opinion by the end July (currently 30 September) commencing with the 2017/18 reporting year. In readiness of this change it is intended to work to the earlier deadline for the preparation of the accounts for the 2015/16 and 2016/17 reporting years.
- Changes to the Code requiring recognition of Highways Network Assets on a depreciated replacement cost basis. Whilst significant for highway authorities this may impact on the Council as it has some assets that appear to fall within the definition. Currently this requirement is expected (subject to consultation) to be introduced from 2016/17 accounts but will require 2015/16 comparatives.
- Improving the presentation of accounts by changing the Code requirements to allow local authorities to prepare their accounts on the basis of how they organise themselves rather than following the current standardised approach. This would provide a clearer link to the budget information. Again, subject to consultation this may be introduced from 2016/17 but with the possibility of earlier adoption.

Decision	
Members are asked to receive and note the Council's Statement of Accounts for 2014/15.	
Purpose of Decision:	
To formally receive the Council's Statement of Accounts for 2014/15 following the external audit and consideration by the Governance Committee.	
Any Corporate implications in relation to the following should be explained in detail	
Financial:	No new financial implications. The Provisional Financial Outturn 2014/15 was reported to Cabinet at the meeting held on 15 th June 2015, and this position has not changed as a result of the preparation and audit of the Statement of Accounts.
Legal:	The approval process for the Statement of Accounts is required under statutory rules set out in the Accounts and Audit Regulations. For 2014/15 the audited and approved Statement of Accounts must be published by 30 September 2015.
Safeguarding	None
Equalities/Diversity	None
Customer Impact:	None
Environment and Climate Change:	None
Consultation/Community Engagement:	The draft Statement of Accounts was made available for public inspection over the period 8 July to 4 August 2015. On 5 August 2015 and until the conclusion of the audit any local government elector (or their representative) may raise questions with the external auditor and/ or raise an objection to an item(s) in the accounts.
Risks:	None
Officer Contact:	
Designation:	Phil Myers
Ext. No.	2810
E-mail:	Phil.myers@braintree.gov.uk

Medium-Term Financial Strategy 2015/16 to 2018/19 Update		Agenda No: 6b
Portfolio	Finance and Performance	
Corporate Priority:	Providing value for money, Delivering excellent customer service	
Report presented by:	Cllr David Bebb	
Report prepared by:	Trevor Wilson	
Background Papers: Council Budget and Council Tax 2015/16 and Medium Term Financial Strategy report to Cabinet 2 nd February 2015 and Full Council 16 th February 2015.		Public Report
		Key Decision: No
Executive Summary:		
1. Background and Purpose of report		
1.1 The Medium-Term Financial Strategy (MTFS) 2015/16 to 2018/19 was agreed by Council on 16 th February 2015. Whilst the base budget for 2015/16 was balanced a net allocation from the general balance was agreed to meet one-off investment in priority areas. The level of council tax for 2015/16 was held at £159.57 (Band D) the same as the previous year.		
1.2 The budget projection for 2016/17 was a relatively modest shortfall of £128,616. With the projections for 2017/18 and 2018/19 being shortfalls of £698,702 and £612,773 respectively.		
1.3 During the period since the current MTFS was agreed information has been received from a number of sources which give an indication of areas/issues which will have an impact on the Council's finances over the next four-year period as the MTFS is rolled forward. The sources include announcements from the Government (July 2015 Budget and notice of the 2015 Spending Review) ; a paper 'Future funding outlook for councils 2019/20' published by the Local Government Association; and an initial high level assessment of the Council's income and expenditure budgets		
1.4 The announcements made in the Budget statement which will impact on and/or need to be considered in the development of the MTFS include: welfare changes (benefit cap, freeze on working age benefits, social housing rent reductions); National Living Wage; Insurance Premium Tax increase; funding for public sector pay to be limited to a 1% p.a. pay award over the next four years.		
1.5 'A country that lives within its means – Spending Review 2015' was issued by HM Treasury on 21 st July 2015. The paper outlines the approach to delivering the remaining		

£20billion of savings required from Government departments over the next four years.

1.6 'Future funding outlook for councils 2019/20 – interim 2015 update' paper was published by the Local Government Association on 26th June 2015. Using the OBR's outlook to inform a change in the Government Departmental Expenditure Limit this suggests reductions in grant funding to local government from 2016/17 to 2018/19 of 12.1%, 11.6% and 4.7%, respectively, and an increase of 7.1% in 2019/20.

1.7 An initial high level assessment of the pressures and/or events which will impact on the Council's financial position over the next four years has been undertaken. The issues identified include:

- ICT contract;
- Waste Management Refuse Collection;
- Waste Management Recycling – sale of mixed recyclates;
- Pension Fund costs – the next triennial review of the Essex Pension Fund will be determined as at 31st March 2016;
- Transfer of Service – Land Charge Searches are due to be transferred to the Land Registry;
- Transfer of Service – Building Control service – an exercise is in progress looking at the viability of establishing a shared building control service across a number of Essex councils;
- Transfer of service – Housing Benefit is to be incorporated within the Universal Credit;
- Local Council Tax Support scheme;
- Homelessness – the changes to Welfare announced by the Government are likely to cause increased pressures on the Council's homeless service; and
- Contributions from Essex County Council – the Council receives in excess of £2.2million per annum in respect of Waste Collection, Community Transport and a Council Tax Sharing Arrangement.

1.8 At this stage, in recognition of the issues above, provisions for increased costs of £300,000 in 2016/17 and a further increase of £300,000 in 2017/18 are to be allowed to assist in determining the size of the budget shortfall each year.

1.9 With the anticipated housing growth in the District over the coming years it is appropriate to increase the allowance, included in the financial profile, for growth in the Council's taxbase from 0.5% per annum to 1% per annum for 2016/17 and 2017/18 and to 1.5% per annum for 2018/19 and 2019/20.

1.10 Detail of the changes to assumptions are provided at Appendix A. A summary of the anticipated changes referred to above result in an increase in the shortfalls against the base budgets over the next three years to:

- £680,000 for 2016/17
- £1,170,000 for 2017/18
- £390,000 for 2018/19

With the suggested increase in Government Grant in 2019/20 the financial profile shows a balanced budget with a small addition to balances of £135,000 for that year.

1.11 With the anticipated increase in the budget shortfall to £2.24million over the next

three years it is proposed that all services are reviewed to identify opportunities to make savings or increase income over the next twelve months. Whilst it is expected that some proposals will be made to address the shortfall for 2016/17 the majority of proposals will be developed for delivery in 2017/18 and will be considered during 2016/17 and the 2017/18 Budget process.

1.12 The customary annual review of current levels of discretionary fees and charges for services will be undertaken by service managers. This will be in accordance with the Council's Charging Policy: the general principle of which is that service users should make a direct contribution to the cost of providing services at their point of use.

1.13 The current research and opportunities being explored under each of the three workstreams from the Peer Challenge Action Plan will continue and will sit alongside the proposed reviews of services.

1.14 Senior managers and Members will have opportunity over the coming weeks to submit requests for funding of new capital projects. The anticipated capital resources available to finance the capital programme will be assessed over the coming months.

2. Business Rates Retention – Pooling

2.1 The Council agreed together with seven district/borough/city councils, Essex County Council and Essex Fire Authority to enter into a Business Rates pooling arrangement (the Essex Pool) for 2015/16. On the basis that all eight billing authorities achieve the predicted growth, the Council could receive an additional amount of business rates of approximately £250,000, which will be received in 2016/17.

2.2 It is proposed that this Council participates in the development of a pooling scheme for Essex for 2016/17, on the basis that the estimate of business rates collectable, assessed over the next two weeks, exceeds the Baseline amount.

2.3 In view of the timescale for the development of a proposal to be submitted to the Department for Communities and Local Government by 31st October 2015 it is proposed that authority be delegated to the Cabinet Member for Performance and Efficiency and the Corporate Director (Finance) to determine the Council's participation in an Essex pooling arrangement for 2016/17.

3. Local Council Tax Support Scheme (LCTS)

3.1 The Council's Local Council Tax Support (LCTS) scheme was introduced on 1st April 2013. The scheme retains a significant proportion of the principles and elements of the previous Council Tax Benefit scheme and the scheme has remained the same over the three years since implementation.

3.2 As a result of continued reductions in Revenue Support Grant the amount paid to claimants under the LCTS is greater than the grant received by the Council. Therefore, in an attempt to reduce that gap it is proposed to consult on increasing the minimum liability by up to 4% and increasing the non-dependants reduction by up to £10 per week, together with two minor amendments for administrative and consistency purposes.

4. Budget Timetable

4.1 Details of the budget timetable are contained in the report.

Decision

Members are asked:

- To note the 2016/17 budget process timetable as detailed in the report;

Business Rates pooling:

- That in principle agreement be given to joining an Essex pool for non-domestic rates for 2016/17; and
- That authority be delegated to the Cabinet Member for Performance and Efficiency and the Corporate Director (Finance) to give final agreement of the Council's participation in an Essex pooling arrangement.

Local Council Tax Support Scheme:

- To consult on:
 - increasing the percentage that the support is based on by up to 4%
 - increasing the deduction for non-dependants in the household by up to £10 per week
 - reducing the amount of time a claim can be backdated from 3 months to 4 weeks.
 - To introduce a minimum level of income for claimants who are self-employed. (The level proposed is the National Living Wage).

Purpose of Decision:

Good governance arrangements through the proactive management of the Council's finances over the short and medium term.

Any Corporate implications in relation to the following should be explained in detail

Financial:	<p>Estimated levels of Government funding over the next four years have been drawn from a report produced by the Local Government Association. The Council expects to receive notification of its Settlement Funding Assessment for 2016/17 in mid-December 2015.</p> <p>The Council has opportunity to join with other local authorities in Essex to enter into a pooling arrangement for 2016/17 which will make it possible to retain more of the additional funds from growth in business rates within the county wide area.</p> <p>The cost of the Local Council Tax Support awards is estimated to exceed the funding received from the Government.</p>
Legal:	None at this stage but legal implications will be considered, as necessary, for all budget saving proposals as they are prepared as part the budget setting process.
Safeguarding	None.
Equalities/Diversity	None at this stage but equalities and/or diversity implications will be considered, as necessary, for all budget saving proposals as they are prepared as part the budget setting process.
Customer Impact:	None at this stage but customer impact will be considered, as necessary, for all budget saving proposals as they are prepared as part the budget setting process.
Environment and Climate Change:	None at this stage but environment and/or climate change implications will be considered, as necessary, for all budget saving proposals as they are prepared as part the budget setting process.
Consultation/Community Engagement:	Identified in the report.
Risks:	The assumptions made prove to be incorrect resulting in an increase in the savings required.
Officer Contact:	Trevor Wilson
Designation:	Head of Finance
Ext. No.	2801
E-mail:	Trevor.wilson@braintree.gov.uk

1. Background

1.1 The Medium-Term Financial Strategy (MTFS) 2015/16 to 2018/19 was agreed by Council on 16th February 2015. Whilst the base budget for 2015/16 was balanced a net allocation from the general balance was agreed to meet one-off investment in priority areas. The level of council tax for 2015/16 was held at £159.57 (Band D) the same as the previous year.

1.2 At the time the MTFS was agreed the anticipated position for the following three years was as follows:

	2016/17	2017/18	2018/19
Budget Requirement	£13,965,524	£13,806,772	£13,680,629
Budget shortfall to be addressed	£128,616	£698,702	£612,773
Council Tax at Band D (assumed)	£162.72	£165.96	£169.29

1.3 The budget projection for 2016/17 was a relatively modest shortfall of £128,616. This was based on: savings already identified and agreed – both those implemented in the current year and those planned to be delivered in 2016/17; an increase of 2% in the level of council tax; and a provisional Settlement Funding Assessment (SFA) from the Government of £5.32million (a reduction of 7% on 2015/16).

1.4 The projections for 2017/18 and 2018/19, of shortfalls of £698,702 and £612,773 respectively, were based on further reductions in Settlement Funding Assessment from the Government of 7% per annum and an increase in council tax of 2% per annum.

1.5 The approach to address the projected shortfalls over the three year period currently being progressed was developed as an action plan responding to the findings from the Peer Challenge, undertaken in October 2013. The action plan focusses on three principal workstreams:

- Commercialisation – ‘Better at Business’;
- Growing our economy – economic development; and
- Investment Strategy.

1.6 This report outlines:

- an initial review of the assumptions contained in the current MTFS;
- the approach on developing the budget for 2016/17 and rolling the MTFS period forward to cover the period 2016/17 to 2019/20;
- approaches to addressing the financial shortfalls;
- an option to participate in an Essex Business Rates pooling arrangement for 2016/17;
- the proposed Local Council Tax Support scheme for 2016/17; and
- the timetable to achieve the setting of the council tax and budget for 2016/17 at the meeting of the Full Council on 22nd February 2016.

2. Update on financial assumptions in the MTFS

2.1 During the period since the current MTFS was agreed, in February 2015, information has been received from a number of sources which give an indication of areas/issues which will have an impact on the Council's finances over the next four-year period as the MTFS is rolled forward. The sources include announcements from the Government; a paper 'Future funding outlook for councils 2019/20' published by the Local Government Association; and an initial high level assessment of the Council's income and expenditure budgets. An assessment of the potential implications of each of these is outlined below:

2.2 On 8th July 2015 the Chancellor of the Exchequer delivered the Government's July 2015 Budget. This was followed by an accompanying report 'Fixing the Foundations' published on 10th July 2015.

2.2.1 The Budget statement identified that the level of savings required is £37billion and announced how the Government intends to achieve £17billion of the target through changes to the welfare budgets (saving £12billion) and tackling tax evasion, avoidance and imbalances in the tax system generating additional revenue of £5billion. The balance of £20billion will be identified through the 2015 Spending Review which is scheduled to be reported on 25th November 2015.

2.2.2 The announcements made in the Budget statement which will impact on and/or need to be considered in the development of the MTFS include:

Welfare changes

- Benefit Cap – the cap on the total amount of benefits an out of work family can receive is to be lowered from £26,000 to £20,000 per annum;
- Freeze on most working-age benefits, including tax credits and the Local Housing Allowances, for four years from 2016/17;
- To assist with the above and other welfare changes impacting on claimants' finances is a commitment to provide a fund of £800million for Discretionary Housing Payments which will be available to local authorities over the next five years;
- Rents in social housing will be reduced by 1% per year over the next 4 years.

Living Wage Premium

- A new National Living Wage is to be introduced for workers aged 25 years and over, commencing at £7.20 from April 2016 and rising to the Government's target of £9.00 by 2020.

Insurance Premium Tax

- The level of the tax is to be raised by 3.5% to 9.5% with effect from November 2015. This tax is not recoverable from the Government.

Public Sector Pay

- The Government will fund public sector workforces for a pay award of 1% for 4 years from 2016/17 onwards.

2.3 The report 'Fixing the Foundations: creating a more prosperous nation' sets out the Government's ambition to raise productivity and thereby increase household

incomes and support sustainable growth for the long term, as well as contribute to fiscal consolidation. The full report is available at the following address:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443897/Productivity_Plan_print.pdf

2.3.1 The Government's framework for raising productivity is built around two pillars:

- Encouraging long-term investment in economical capital, including infrastructure, skills and knowledge; and
- Promoting a dynamic economy that encourages innovation and helps resources flow to their productive use.

2.4 'A country that lives within its means – Spending Review 2015' was issued by HM Treasury on 21st July 2015. The paper outlines the approach to delivering the remaining £20billion of savings required from Government departments over the next four years. The full report is available at the following address:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/447101/a_country_that_lives_within_its_means.pdf

2.4.1 In establishing the approach to the review the paper sets out the Government's commitments to specific priority areas of spending including:

- Increasing NHS funding in England by £10billion in real terms by 2020/21;
- Raising the Ministry of Defence budget by 0.5% per year in real terms;
- Protection of per-pupil funding for schools; and
- Spend 0.7% of Gross National Income (GNI) on Official Development Assistance.

2.4.2 Alongside protecting these specific areas, the Spending Review will prioritise spending according to a number of core outcomes:

- Promoting innovation and greater collaboration in public services
- Promoting growth and productivity, including through radical devolution of powers to local areas in England
- Delivering high-quality public services, such as the NHS
- Promoting choice and competition
- Driving efficiency and value for money across the public sector

2.4.3 In order to assist the development of plans to achieve £20billion savings, the HM Treasury has invited government departments to set out reductions to their resource budgets based on two scenarios, of 25% and 40% savings in real terms by 2019/20.

2.4.4 Written representations regarding the Spending Review were to be submitted to HM Treasury by 4th September 2015. This includes proposals to devolve and integrate public services at a local level.

2.5 'Future funding outlook for councils 2019/20 – interim 2015 update' paper was published by the Local Government Association on 26th June 2015. The report is based on applying the projections for Government departmental spending implied by the March 2015 edition of the Office of Budget Responsibility's (OBR) economic and fiscal outlook. The full report is available at the following address:

2.5.1 Using the OBR's outlook to inform a change in the Government Departmental Expenditure Limit this suggests reductions in grant funding to local government from 2016/17 to 2018/19 of 12.1%, 11.6% and 4.7%, respectively, and an increase of 7.1% in 2019/20.

2.5.2 Applying these changes to the Council's Settlement Funding Assessment provides the following:

	2015/16	2016/17	2017/18	2018/19	2019/20
	£	£	£	£	£
Government Grant - Revenue Support Grant	2,556,001	1,800,487	1,152,609	877,828	1,111,439
Retained Business Rates - Baseline amount	3,164,806	3,228,102	3,292,664	3,358,517	3,425,687
Settlement Funding Assessment	5,720,807	5,028,589	4,445,273	4,236,345	4,537,126
Change - Amount		- 692,218	- 583,316	- 208,928	300,781
Change - %		-12.1%	-11.6%	-4.7%	7.1%

2.6 Assessment of the Council's income and expenditure budgets and contracts.

2.6.1 An initial high level assessment of the pressures and/or events which will impact on the Council's financial position over the next four years has been undertaken. The issues identified include:

- ICT contract – the initial contract period terminates on 31st March 2017 – future service delivery and procurement options are currently being assessed – expectation that costs will be higher than current budget;
- Waste Management (new refuse/recycling routes & in-cab technology) – this project has been largely successful, both in terms of customer service and delivering efficiencies. However, the original model for re-routing was designed to operate with 4 vehicles less, but operationally a decision was taken to increase this to 6 vehicles fewer, thus increasing the savings over and above those previously identified. Despite every effort by Operations over the past 7 months to deliver the service with 6 vehicles less, this has proved unachievable and 2 vehicles and staff together with a budget of £150,000 need to be added back into base;
- Waste Management Recycling – the current contract for the sale of mixed recyclates terminates on 31st March 2017. The current budget is £515,100. Experience of recent tender exercises by a number of councils in Essex is that the income offered has decreased dramatically due to a change in the market for recycled materials;
- Pension Fund costs – the next triennial review of the Essex Pension Fund will be determined as at 31st March 2016. This will set the employer contribution rate and deficit payments for the period 2017/18 to 2019/20;
- Transfer of Service – Land Charge Searches are due to be transferred to the Land Registry – implications are currently being determined;
- Transfer of Service – Building Control service – an exercise is in progress looking at the viability of establishing a shared building control service across a number of Essex councils;

- Transfer of service – Housing Benefit is to be incorporated within the Universal Credit. The payment of universal credit will be administered by the Department for Work and Pensions. The transfer from the Council is to be phased from October 2015 with the expectation that all housing benefit will be made by DWP by 2019;
- Local Council Tax Support scheme – the grant funding for the scheme is contained within the Settlement Funding Assessment. As the SFA will reduce next year consideration will need to be given to possibly offsetting this by making an adjustment(s) to the Council's current scheme. More detail is contained at section 4 below;
- Homelessness – the changes to Welfare announced by the Government are likely to cause increased pressures on the Council's homeless service, with the potential for increased costs in providing temporary accommodation;
- Contributions from Essex County Council – the Council receives in excess of £2.2million per annum in respect of Waste Collection, Community Transport and a Council Tax Sharing Arrangement. These arrangements are likely to be subject of discussion as the County Council also faces significant financial challenges over the medium-term.

2.6.2 Further work will obviously be undertaken on each of these areas over the coming months to gain a better understanding and assessment of the impact on the Council's finances over the medium-term.

2.6.3 At this stage, in recognition of the issues above, provisions for increased costs of £300,000 in 2016/17 and a further increase of £300,000 in 2017/18 are to be allowed to assist in determining the size of the budget shortfall each year.

2.6.4 With the anticipated housing growth in the District over the coming years it is appropriate to increase the allowance, included in the financial profile, for growth in the Council's taxbase from 0.5% per annum to 1% per annum for 2016/17 and 2017/18 and to 1.5% per annum for 2018/19 and 2019/20.

2.7 Detail of the changes to assumptions are provided at Appendix A. A summary of the anticipated changes referred to above result in an increase in the shortfalls against the base budgets over the next three years to:

- £680,000 for 2016/17
- £1,170,000 for 2017/18
- £390,000 for 2018/19

With the suggested increase in Government Grant in 2019/20 the financial profile shows a balanced budget with a small addition to balances of £135,000 for that year.

Therefore, over the next three years the combined shortfall to be addressed has risen to £2.24million, from £1.44million identified in the current MTFS.

3. Developing the Budget and Council Tax for 2016/17 and rolling forward the Medium-Term Financial Strategy for 2016/17 to 2019/20

3.1 With the anticipated increase in the budget shortfall to £2.24million over the next three years it is proposed that all services are reviewed to identify opportunities to make savings or increase income over the next twelve months. Whilst it is expected

that some proposals will be made to address the shortfall for 2016/17 the majority of proposals will developed for delivery in 2017/18 and will be considered during 2016/17 and the 2017/18 Budget process.

3.2 The customary annual review of current levels of discretionary fees and charges for services will be undertaken by service managers. This will be in accordance with the Council's Charging Policy: the general principle of which is that service users should make a direct contribution to the cost of providing services at their point of use.

3.3 The current research and opportunities being explored under each of the three workstreams from the Peer Challenge Action Plan will continue and will sit alongside the proposed reviews of services.

3.4 Senior managers and Members will have opportunity over the coming weeks to submit requests for funding of new capital projects. The anticipated capital resources available to finance the capital programme will be assessed over the coming months.

4. Business Rates Retention – Pooling

3.1 Under the Business Rates Retention scheme any growth in business rates above a Baseline figure, determined by the Government, is shared 50/50 locally (by this Council, Essex CC and Essex Fire Authority) and the Government. However the 50% (levy) paid over to the Government can be retained locally if a number of authorities in an area agree to enter into a business rates pool.

3.2 The Council agreed together with seven district/borough/city councils, Essex County Council and Essex Fire Authority to enter into a Business Rates pooling arrangement (the Essex Pool) for 2015/16.

3.3 The decision to join was based on an assessment that estimated business rates income for 2015/16 will exceed the baseline amount. Each of the other seven district/borough/city councils (billing authorities) also made a similar assessment. On the basis that all eight billing authorities achieve the predicted growth, the Council could receive an additional amount of business rates of approximately £250,000. The determination and receipt of the actual amount of the share for 2015/16 will be in 2016/17; i.e. after year-end returns have been collated from each of the authorities in the Essex Pool.

3.4 Pooling arrangements between authorities are agreed for a one-year period only and a new agreement is required each year. It is for each authority to decide whether it wishes to enter into a pooling arrangement but this must be on the basis that it expects its estimated business rates collected will exceed its baseline amount. Requests to establish a pool must be submitted to the Secretary of State for Communities and Local Government by 31st October.

3.5 It is proposed that this Council participates in the development of a pooling scheme for Essex for 2016/17, on the basis that the estimate of business rates collectable, assessed over the next two weeks, exceeds the Baseline amount.

3.6 In view of the timescale for the development of a proposal to be submitted to the Department for Communities and Local Government by 31st October 2015 it is

proposed that authority be delegated to the Cabinet Member for Performance and Efficiency and the Corporate Director (Finance) to determine the Council's participation in an Essex pooling arrangement for 2016/17.

4. Local Council Tax Support Scheme

4.1 The Council's Local Council Tax Support (LCTS) scheme was introduced on 1st April 2013. The scheme retains a significant proportion of the principles and elements of the previous Council Tax Benefit scheme and the scheme has remained the same over the three years since implementation. The main elements of the scheme, which applies to claimants of working age only, are as follows:

- The calculation of support is based on 80% of the Council Tax liability rather than the full amount as under council tax benefit;
- An upper limit on the council tax banding, on which support will be calculated, is set at Band D;
- Child Benefit for the first child only will be excluded from the assessment of a claimant's income;
- The deduction for non-dependants in the household is set at £10.00 per week;
- The period of backdating a claim (with good cause) is three months;
- The amount of earnings excluded from a claimant's overall income is set at £40.00 per week with an additional earnings allowance for those claimants in receipt of working tax credit (where working a minimum of 30 hours) set at £5.00 per week;
- The full amount of War Widows pension is excluded from the assessment of the claimant's income; and
- The limit on savings held by the claimant is £16,000. Savings above this limit precludes the claimant from support under the scheme.

4.2 The Government specified that support given to claimants of pensionable age will continue to be calculated using the same rules as existed under the former Council Tax Benefit scheme.

4.3 The LCTS scheme is accounted for as a discount rather than a benefit with the Council's taxbase being reduced by an estimate of the amount of support that will be awarded each year.

4.4 The Government provides funding toward the costs of the LCTS this is now contained within the overall Settlement Funding Assessment of each of the major precepting authorities. For the first year of the LCTS the Government specified the amount of grant that each of the major precepting authorities would receive. The amount of the grant was cash-limited equivalent to 90% of Council Tax Benefit funding.

4.5 At the Cabinet meeting on 16th July 2012 it was agreed that the reduction in government funding for Council Tax Support scheme would be met from a reduction in the support awarded under the Braintree District Council LCTS scheme, i.e. the new scheme will be cost neutral to all precepting authorities.

4.6 Using the reductions in Settlement Funding Assessment and Police Grant for 2014/15 and 2015/16 for the major preceptors enables an estimate to be calculated of the notional amount of government funding for the LCTS:

Major Precepting Authority	Government Grant for 2013/14 £'000	Reduction in SFA/Grant 2014/15 %	Assumed Grant re LCTS 2014/15 £'000	Reduction in SFA/Grant 2015/16 %	Assumed Grant re LCTS 2015/16 £'000	Band D 2015/16 £	Value of LCTS awards for 2015/16 £'000	Difference between assumed grant and value of awards £'000
Essex County Council	6,391	8.3	5,860.5	12.8	5,110.4	1,086.75	5,262.0	-151.6
Essex Police	804	4.7	766.2	4.7	730.2	147.15	712.5	17.7
Essex Fire Authority	391	7.4	362.1	8.6	330.9	66.42	321.6	9.3
Braintree District Council (including town and parish councils)	1,148	13.5	993.0	15.4	840.1	193.92	938.9	-98.8
	8,734		7,981.8		7,011.6	1,494.24	7,235.0	-223.4

4.7 The notional amount of grant for LCTS in 2015/16 is £7.012million. As at 25th August 2015 the value of LCTS awarded for the year is £7.234million. The difference between the assessed grant and the value of awards is £223,000; the table above shows this difference is not, however, shared equally between the precepting authorities.

4.8 The expected reduction in government funding for all four preceptors for 2016/17 will create a further widening of the difference. For example, if the average reduction in funding across all four authorities is 8.5% then the overall difference between LCTS awards (assuming no change in the scheme and the same number of claimants) would increase to £819,000. Of this total, the difference applicable to this Council, using the anticipated reduction in SFA of 12.1%, would be £201,000.

4.9 The value of LCTS awards for 2016/17 will increase, however, if the preceptors increase their council tax level and also due to the impact of some of the welfare changes proposed by the Government e.g. reductions to tax credits.

4.10 A snap shot of the number of claims, split between working age and pensioners, and the respective value of LCTS awarded for the year as at 25th August 2015 is provided in the table below:

Local Council Tax Support Scheme						
	Pensioners		Working Age		Totals	
Number of Claims	4,928	46.1%	5,768	53.9%	10,696	
Value of Council Tax Support awarded	4,102,605	56.7%	3,132,381	43.3%	7,234,986	

4.9 As claimants of pensionable age are protected from any local changes, any change to the existing scheme will apply solely to Working Age claimants.

4.10 It is proposed to retain the £40 per week earnings allowance and the £16,000 savings limit (Both are the highest in Essex), as well as excluding Child Benefit for the first child and War Widows pensions and also maintaining the upper limit to Band D.

4.11 However it is proposed to consult on:

- increasing the percentage that the support is based on by up to 4%

- increasing the deduction for non-dependants in the household by up to £10 per week

4.12 In addition it is proposed that two minor amendments are made to the LCTS scheme for 2016/17 for administrative and consistency purposes, these being:

- To reduce the amount of time a claim can be backdated from 3 months to 4 weeks. This will keep the LCTS scheme the same as housing benefit in this respect; and
- To introduce a minimum level of income for claimants which are self-employed. The level proposed is the National Living Wage. This is the approach used by the DWP for Universal Credit.

4.13 It is anticipated that these changes could reduce the total cost of the scheme by up to £383,250 and by up to £49,820 for this Council.

4.14 The government requires that the LCTS scheme for 2016/17 is agreed by Full Council by 31st January 2016. It is proposed that this Council's LCTS scheme will be agreed at the Council meeting on 15th December 2015. The proposed LCTS scheme for 2016/17 will be subject of consultation for a period of six weeks, during October/November. Comments received will be considered at the Cabinet meeting on 30th November 2015.

5. Budget Process and Timetable

5.1 Timetable

Key dates for the proposed Budget process 2016/17 are provided in the table below:

28 th September 2015	Cabinet	Budget process and timetable for 2016/17
2 nd October 2015	All Councillors	Invitation to councillors to submit requests for capital funding for projects in their locality.
9 th October 2015	Strategy Workshop	Priorities, Finances and Savings
25 th November 2015	Overview and Scrutiny Committee	Initial budget proposals - Cabinet to present - All members invited. Consideration and prioritisation of requests for capital funding received from Councillors.
25 th November 2015	Government announcement	Spending Review 2015
30 th November 2015	Cabinet	Initial budget proposals
14 th December 2015	Council	Agree Local Council Tax Support scheme for 2016/17
Mid December 2015	Government announcement	Government Settlement Funding Assessment and

		New Homes Bonus notification received
January 2016	Braintree District Business Leaders Board	Consultation
27 th January 2016	Overview and Scrutiny Committee	Consultation on final budget proposals and updated MTFS - All members invited
8 th February 2016	Cabinet	Final budget proposals and updated MTFS
22 nd February 2015	Council	2016/17 Budget and Council Tax approved

General Fund Revenue Profile 2015/16 to 2019/20

	2015/16	2016/17	2017/18	2018/19	2019/20
	£	£	£	£	£
Base Budget brought forward from previous year	15,317,986	15,624,426	13,714,116	13,387,099	13,486,385
Inflation:					
Pay - annual award and incremental progression	256,100	381,570	366,660	359,120	359,120
Other Expenditure Inflation	66,040	57,570	69,400	70,760	70,760
Income Inflation	0	(50,000)	(50,000)	(50,000)	(50,000)
Pension Fund and National Insurance contribution adjustments	80,710	309,650	126,970	63,270	63,270
New Demands:					
Priority Area Investment, Bids and Unavoidable Budget Changes previously profiled	(1,078,360)	(24,910)	0	0	0
New Bids Ongoing	272,380				
One-off Growth Items 2015/16	2,101,106	(2,101,106)			
Reduction of Council Tax Support and Housing Benefit Administration Subsidy	97,920	50,270	46,750	43,480	43,480
Allowance for Reduced Income/Increased costs		300,000	300,000		
Reductions:					
Savings Proposals previously profiled	(691,690)	(162,034)	(19,830)	0	0
New Savings/Additional Income Proposals for 2015/16 onwards	(798,600)	(78,380)	0	0	0
Council Tax Freeze Grant 2014/15 and 2015/16	834	87,084	0		
Additional Savings Required	0	(680,024)	(1,166,967)	(387,344)	0
Updated Base Budget	15,624,426	13,714,116	13,387,099	13,486,385	13,973,015
(Use of) / Addition to Balances	(864,574)				134,418
Contribution from Balances for one-off growth items / Investment Bids 2013/14 and 2014/15	(29,910)	0			
Contribution from Earmarked reserves					
Budget Requirement	14,729,942	13,714,116	13,387,099	13,486,385	14,107,433
Government Grant - Revenue Support Grant	(2,556,001)	(1,800,487)	(1,152,609)	(877,828)	(1,111,439)
Retained Business Rates - Baseline amount	(3,164,806)	(3,228,102)	(3,292,664)	(3,358,517)	(3,425,687)
- Growth above baseline	(573,934)	(510,637)	(520,850)	(531,267)	(541,892)
Collection Fund Balance - Business Rates (Surplus)/Deficit	(325,570)				
Collection Fund Balance - Council Tax (Surplus)/Deficit	(172,300)				
BDC Requirement from Council Taxpayers	7,937,331	8,174,890	8,420,976	8,718,773	9,028,415
Tax base (+1% p.a growth in properties for 2016/17 and 2017/18 and +1.5% for 2018/19 and 2019/20 and collection rate of 99% wef 2015/16)	49,742	50,239	50,741	51,502	52,275
Council Tax (Band D)	£ 159.57	£ 162.72	£ 165.96	£ 169.29	£ 172.71
Council Tax per week	£ 3.07	£ 3.13	£ 3.19	£ 3.26	£ 3.32
Percentage Increase	0.0%	2.0%	2.0%	2.0%	2.0%
Increase per week	£ -	£ 0.06	£ 0.06	£ 0.07	£ 0.06

First Quarter Performance Management Report 2015/16		Agenda No: 6c
Portfolio	Finance and Performance	
Corporate Priority:	Delivering excellent customer service	
Report presented by:	Councillor David Bebb	
Report prepared by:	Tracey Headford – Performance and Improvement Manager	
Background Papers:		Public Report
First Quarter Performance Management Report 2015/16		Key Decision: No
Executive Summary:		
<p>The purpose of the attached report is to summarise the performance of the Council at the end of the first quarter (April to June 2015).</p> <p>As at the end of June, three projects have been completed, 35 are on track to meet their target dates and one project has an amber status as the project has been delayed.</p> <p>For performance indicators at the end of the first quarter, six have met target and seven haven't met target. Three of the performance indicators have missed target by less than 1% percent and it is anticipated that targets will be achieved in the following quarters.</p> <p>The processing of planning applications has improved following recruitment although missed target by less than 1% in the first quarter. The department is not yet fully resourced and performance is expected to improve further.</p> <p>The response times to stage one complaints just missed target by less than 1% due to receiving a higher number of complaints in respect of waste collections which required further investigations. Customers were kept informed at all times and it is expected that there will be fewer complaints due to the introduction of in-cab technology providing real time information to customers regarding their waste collections.</p> <p>The collection rates for Council Tax and Business Rates missed target in the first quarter. Council tax amounting to £23.2million was collected in the first quarter which is £330k higher than last year although the collection rate is down marginally (less than 1%) against the profiled target for the quarter. The collection of Business Rates has not met target due to a significant increase in the rateable value due to the Valuation Office issuing assessments for a number of new business premises identified across the district. The collection rate has improved since May as the new businesses commence payment.</p> <p>The number of visits to leisure facilities continues to increase but did not meet the 2% increase target in June this year. Target was met in April and May; however, this</p>		

particular target is an annual target of an increase of 2% on last year's figures. In June last year there was a large increase in the number of visits due to the impact of improvements to the facilities.

The number of passenger journeys on the community transport scheme has not met target. There has been a rise in the number of journeys but with fewer passengers and there are varying factors contributing to the reduction.

Meeting the recycling performance target remains a challenge. The tonnage for recycle and garden waste is lower than profiled and waste to landfill also rose resulting in a lower recycling rate than anticipated. Braintree District Council is actively working with Essex County Council and the other waste collection authorities throughout Essex to tackle this issue.

Ignite supported 16 business start-ups in the first quarter against a target of 18. A reduction in unemployment levels has seen a reduction in those seeking self-employment but marketing and communications have been adjusted to reflect this and enquiry levels are now rising.

It has been a steady start to the first quarter of the year although there is room for improvement in some key areas of the business. It is anticipated that the downturn in performance will be mitigated throughout the year as service areas focus their resources to deliver and achieve our corporate objectives.

Financial Performance

The financial information in the performance management report details the financial position as at the end of June 2015. It includes the latest forecast spending on day-to-day service provision compared to the budget for the year. Also included is a summary of treasury management activities; projected movements on the General Fund balance; and a summary of spending to date on capital investment projects.

An overall positive variance is forecast for the year of £109,000 (<-1%) against the budget of £15.624 million. Income is projected to be overachieved by £283,000, due mainly to fees and charges (£113,000) in respect of car parking, planning fees, land charges and an increased amount expected from the council tax sharing arrangement with major preceptors (£65,000), partially offset by a predicted net shortfall of £174,000 against achieving the corporate efficiency target.

For a detailed explanation of the financial performance, please refer to page 18 onwards of the full report.

Decision
To note and endorse the report.
Purpose of Decision:
To inform the Cabinet of the performance of the Council.

Any Corporate implications in relation to the following should be explained in detail	
Financial:	An assessment of the Council's financial position against the agreed budget for the year is provided and is based on income and expenditure during the year.
Legal:	There are no legal issues raised by this report.
Safeguarding	There are no safeguarding issues raised by this report.
Equalities/Diversity	Equalities and diversity issues are considered fully in the Council's key projects, where appropriate.
Customer Impact:	Performance of front line services, including Customer Services, Housing Benefits and Planning, for the quarter is provided. A summary of complaints received in the quarter, analysed by outcome (justified, partially justified or not justified) is provided.
Environment and Climate Change:	The report provides details of progress in the delivery of the Council's key projects, including: installation of solar panels at the sports centres, anti-litter campaigns, expansion of our recycling service and campaigns encouraging recycling,
Consultation/Community Engagement:	Consultation is considered fully in the Council's key projects, as appropriate.
Risks:	Risks regarding the assumptions used in determining the predicted financial outturn for the year are identified
Officer Contact:	Tracey Headford
Designation:	Performance and Improvement Manager
Ext. No.	2442
E-mail:	Tracey.headford@braintree.gov.uk

FIRST QUARTER PERFORMANCE MANAGEMENT REPORT

1ST APRIL TO
30TH JUNE 2015



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Section 1: Introduction and Summary






Purpose of the Report

The purpose of the report is to demonstrate the performance of the Council at the end of the first quarter in relation to the publication of 'Our plans for the District 2015/16'. This sets out the key activities and measures used to check our performance for the year and along with the Corporate Strategy 2012-16 sets out the priorities we are working towards. Further detail is given in relation to a set of business performance indicators covering finances, customer focus, our people and health and safety.






This report does not contain details of the numerous activities ongoing in each service area that also contribute to delivering what is important and will make a difference to all in the District. Full details of all projects and local and national indicators used to measure the outcomes are available upon request.

Summary of the Corporate Projects current position for the end of the first quarter

The following table provides updates for the end of the first quarter in relation to the key activities in 'Our plans for the District 2015/16'




Corporate Priorities	Status of projects and actions				
					
Place	0	7	0	0	0
People	2	7	0	0	0
Prosperity	1	6	1	0	0
Performance	0	4	0	0	0
Partnership	0	11	0	0	0
TOTAL	3	35	1	0	0

KEY:




-  Project completed
-  Project on target
-  Project scope/target date requires attention
-  Project requires amendment
-  Project aborted/closed

Summary of the Performance Indicators position for the end of the first quarter

The following table shows the performance for the end of the first quarter in relation to the quarterly and annually reported Performance Indicators that have targets set as defined in 'Our plans for the District 2015/16'.

Corporate Priorities	Status of indicators			
				Data Only
Place	1	1	0	0
People	0	1	2	0
Prosperity	2	0	1	0
Performance	3	3	1	0
TOTAL	6	5	4	0

KEY:

-  Performance Indicator has achieved target
-  Performance Indicator is up to 5% below target
-  Performance Indicator is 5% or more off target

Summary Position

It has been a good start to the year for projects as we enter the last year of our four year Corporate Strategy, with three projects completed and the majority of the remaining projects on track and progressing well.

Some of our key performance indicators have met their targets although there is room for improvement in some key areas of the business. Three of the amber performance indicators have missed target by less than 1% and it is anticipated that the downturn in performance will be mitigated throughout the year as service areas focus their resources to deliver and achieve our corporate objectives.



Our Priorities

- Keep our district clean and tidy
- Protecting our environment
- Provide green space for everyone to enjoy

Project description and comments	Target Date	Status
Continue a seven day cleaning programme in the town centres, including mechanical sweeping and targeted litter picking		
Work is on-going in all town centres to maintain a high standard of cleanliness and reduce the levels of litter including the use of barrow beats to litter pick, street washing and mechanical sweeping.	March 2016	▶
Maintain a programme of mechanical sweeping in rural areas on a quarterly basis		
Schedules went out to Parishes at the beginning of the quarter and the new programme of mechanical sweeping will commence in July	March 2016	▶
Continue to support an anti-litter campaign across Essex		
A new anti-litter campaign is due to go live in August.	March 2016	▶
As part of the Essex waste partnership, participate in campaigns that aim to reduce waste and boost recycling		
The Essex Waste Partnership is looking at a 10 year plan to minimise waste, increase recycling and efficiency.	March 2016	▶
Expand our recycling waste service in flats to an additional 50 sites		
17 sites have been completed. Work to install additional recycling waste services has been boosted by funding from a successful bid to the DCLG Recycling Reward Scheme.	March 2016	▶
Expand our trade waste recycling service to businesses in rural areas		
This project will commence in October 2015	March 2016	Not Yet Started
Install additional solar panels in Witham Leisure Centre and new solar panels on the Discovery Centre and George Yard car park, and replace the wind turbine at the Discovery Centre to improve the energy efficiency of Council assets.		
The projects to deliver the solar panels and replace the wind turbine to improve the energy efficiency of Council assets will commence in August.	March 2016	Not Yet Started
Working with Essex County Council Highways, install directional signage in Braintree and Witham to increase customer awareness and accessibility to car parks and leisure facilities		
Essex County Council is completing an audit of the signage in Braintree and Witham also looking at the Highways England Signage. A programme of works will be developed following analysis looking at inconsistencies in the signage.	September 2015	▶
Work with Essex County Council on developing a new Adventure Sky Line visitor attraction at Great Notley Country Park that will open this summer		
The skyline visitor attraction is underway will be opening to the public in July. The 9.5m high rope course and smaller junior course will give visitors the chance to get a unique bird's eye view of the park as they traverse various ropes, bridges and beams	September 2015	▶



Our Priorities

- Support vulnerable people in our community
- Promote safe and healthy living
- Encourage flourishing communities

Project description and comments	Target Date	Status
Reduce hip fractures amongst older residents by working with Housing Improvement Agency and other agencies to introduce a 'Handyman service' to help frail residents and other partners to build resilience to the community		
A meeting has been organised with ECC Commissioning to look at what is available for residents from the Home Improvement Agency. Data has been requested from Essex County Council and the Clinical Commissioning Group to enable us to ascertain the causes of falls and trips which will be assessed to look at preventative measures.	September 2015	▶
Reduce obesity levels across the District by working with Health and Wellbeing panel partners to deliver local activities to enable residents to eat well and increase activity levels		
A targeted takeaway healthy eating project has been set up to help tackle obesity issues in the district. 50 takeaways will be invited to be part of a scheme to ensure positive action is taken to reduce excessive fat, salt and sugar consumption.	September 2015	▶
A '30 minutes a day' project in partnership with Active Braintree, Fusion and Greenfields will be set up in September to promote 30 minutes of exercise a day. Current activities are promoted on the Livewell website.	December 2015	▶
An exercise referral scheme has been launched and promoted on the Livewell website in partnership with Provide, health professionals and Fusion. The scheme provides a 12 week program designed to guide and support individuals wishing to increase activity levels.	June 2015	✓
Refurbish three play areas at: Rosebay Close, Witham, John Ray Park, Braintree and Tabor Field, Braintree		
Public consultation letters have been sent out to residents in the areas of the play areas for them to have their say on the improvements proposed	February 2016	▶
Work with 'Active Braintree District' partner organisations to increase access to sports and activities so that the District becomes a place where all individuals and communities have the opportunity to take part in their chosen activity		
A number of activities are now underway including junior park runs which launched in June. Further activities planned include a staff bootcamp and a triathlon come and try event at Halstead Leisure Centre	March 2016	▶
Deliver the second stage start of the Friends Life Women's Tour and follow up Festival to encourage cycling and other physical activities		
A successful start to stage 2 of the race took place on the 18 th June. The tour started in Braintree Town Centre and passed through Halstead, Sible Hedingham, Castle Hedingham, Great Yeldham and the Belchamps before eventually finishing in Clacton. To celebrate the visit of the Aviva Women's Tour, a 'Pedal in the Park' family festival took place on the 20 th June to celebrate cycling, sport and activity.	June 2015	✓





Deliver an improvement programme to preserve, interpret and promote the unique Archive, Museum and District's heritage for the public benefit through a sustainable partnership with Braintree Museum Trust Ltd		
New directors have been recruited to the Museum Trust including the appointment of Councillor Jo Beavis to represent Braintree District Council. The first sales agreement has been signed by Warner Textiles Limited for their Warner Fabrics Collection and promoted at a successful Textile Fair. Braintree District Museum have launched the Magna Carta exhibition commissioned by Castle Hedingham Parish Council and a ceremony was held to mark the 70th anniversary of the loss of the B17 bomber at Bocking	March 2016	▶
Supporting community groups to deliver local projects through the Mi Community fund		
More than £160,000 has been awarded to twenty one local community projects in the fourth round of funding from Braintree District Council's Mi Community programme. Thirteen grants have been paid in full and the council remains in contact with other applicants regarding the progress of the grants not yet paid.	March 2016	▶



Our Priorities

- Boost employment skills and support business
- Promote and improving our town centres
- Securing appropriate infrastructure and housing growth

Project description and comments	Target Date	Status
Complete the Springwood Drive Enterprise Centre extension, improving business start-up and growth support for new businesses in the District		
Construction of the Springwood Drive Enterprise Centre extension is underway and is making good progress.	February 2016	▶
Deliver 75 new business start-ups in conjunction with IGNITE		
Ignite supported 16 business start-ups in the first quarter against a target of 18, provided advice to 74 customers and held 5 events. A reduction in unemployment levels has seen a reduction in those seeking self-employment but marketing and communications have been adjusted to reflect this and enquiry levels are expected to rise.	March 2016	▲
Deliver two area business forums providing business support and helping to improve District Council services to businesses		
Two area Business Forums are being planned in Braintree (October 2015) and Witham (February/March 2016) involving constituency MP's.	March 2016	▶
Promote inward investment through a dedicated website and increased marketing activities		
A dedicated webpage for businesses has been launched in June to provide more effective service delivery. A further version of the website will be launched later in the year which will be more interactive and suitable for use on a range of devices.	June 2015	✓

Deliver an industrial estate improvement scheme supporting business growth across the District		
The programme of improvements on Witham Industrial Estate has been delivered by Witham Industrial Watch. Programmes of improvements for Springwood Drive Industrial Estate in Braintree and Bluebridge Industrial Estate in Halstead are in development prior to consultation with businesses on the estates.	March 2016	
Produce a draft District Local Plan providing sustainable housing and employment growth for the future		
The issues and scoping document has been completed and went out for public consultation. The comments received as a result of the consultation were presented to members at the Local Plan Sub Committee in June	September 2016	
Invest £500,000 in a business loan scheme to help the District's businesses expand and grow to create new jobs and support enterprise in town and rural areas		
The application process for the business loan scheme and a communication plan to market the scheme are being developed, prior to launching the scheme in September 2015.	September 2015	
Work with Housing Associations to enable the delivery of 70 affordable homes as part of our four year target to build 400 affordable homes by March 2016		
In the first quarter of the year, a total of 18 affordable homes have been delivered and we are on track to meet the annual target to deliver 70 affordable homes.	March 2016	



Our Priorities







- Provide value for money
- Deliver excellent customer service
- Improving our services through innovation

Project description and comments	Target Date	Status
Work with our public sector partners to review the use of property assets across the District to ensure they are providing the best value for money for the taxpayer		
As part of the Governments One Public Estate initiative, the council together with other public sector partners carried out a review of all public sector land and property within the Braintree district. With the assistance of the East of England Local Government Association (EELGA), 291 sites were inspected with a view to identifying underutilised assets, opportunities for sharing or disposing of assets and the potential for developing sites for additional housing. Following the inspection of sites a meeting was held with our public sector partners that resulted in a number of sites being identified for further investigation. This led to six sites being identified which Essex County Council are taking the lead on and are currently investigating the potential for development of these sites.	March 2016	▶
Increase income from our services by identifying commercial opportunities that will generate revenue to support us in addressing the District's priorities		
A link has been added to the homepage of the website taking users directly to the business pages and the information has been reviewed to ensure it is more useful. Other projects ongoing include identifying potential income from sponsorship work streams, business service packs have been designed and approved, and we are exploring training opportunities to provide a range of skills training around the better at business agenda	March 2016	▶
Continue to use a range of new technologies to improve the way that we deliver services and ensure that they are easier to access for our customers		
Meetings have been held with the service provider regarding upgrading our Content Management System and to provide a more responsive website to improve access on a range of devices for our customers. A channel strategy programme meeting was held in June to review the actions in the strategy around how we deliver services.	March 2016	▶
Continue to review our investments to ensure that they are generating the maximum income		
Following a review of investment opportunities for surplus monies, a Cash Plus Fund account was opened in May with an initial investment of £2million and was increased to £4million in late June. Returns on this type of account are expected to exceed those achieved on short term investments with UK banks and Money Market Funds. The Council's funds available for investment are kept under review to determine whether further monies are not expected to be needed over the medium term (3 years +) and could therefore be added to the Council's investments in pooled funds.	March 2016	▶








The majority of our services and improvements are provided in partnership with others, whether it is with community groups, voluntary organisations, public sector or private sector organisations.











Project description and comments	Target Date	Status
Work in partnership with other Essex Authorities and other public sector organisations to develop a devolution proposal for greater Essex which will enhance local government in Greater Essex with the possible transfer from central Government of powers and funds to a Combined Authority		
The fifteen local councils of Greater Essex have been working together to explore devolution ideas and draft proposals. A meeting was held in June with Leaders to provide an update on the national picture post elections and the consensus was to continue with the development of Greater Essex devolution proposals which will be submitted to Government in the Autumn.	March 2015	▶
Continue to work in partnership with key partners such as local business leaders, Haven Gateway Partnership, Essex local Authorities and Stansted Airport to continue to drive forward economic growth and infrastructure improvements in the District and surrounding area. In particular try to ensure that the South East Local Enterprise Partnership is more responsive to the priorities of the District and surrounding areas		
A commitment to developing options for the improvement of the A120 was included in the Chancellors budget report. Highways England and Essex County Council are leading that work which will include a study on options for dualling the A120 between Braintree and Marks Tey. A project plan will be produced by September 2015 with a view to completing the work by 2017. The District Council, Highways England and Essex County Council are in the process of commissioning further design feasibility work on A120 access improvements at Braintree.	March 2016	▶
The council is lobbying to improve the frequency and reliability of the Braintree/Witham rail link. Shortlisted bidders for the Anglia Route Franchise have been invited to discuss how their bids will help meet the Council's aspirations for an improved service.	March 2016	▶
Work with neighbouring Essex (and Suffolk) Districts, Essex County Council and other partners such as the Health and Education sectors on strategically planning for the significant housing and economic growth required in the District with the necessary supporting infrastructure to support the work on the new Local Plan.		
Discussions have taken place with Highways England and Essex County Councils Highways department regarding the need to provide the necessary infrastructure to support the Housing and Economic growth in the Local Plan	March 2016	▶
We will continue to work with health partners, including the mid-Essex Clinical Commissioning Group, and other organisations to create a Living safe and wellbeing partnership. This will support individuals and communities to act for themselves, helping to improve residents health and independence, thereby reducing the pressure on the local NHS system		
The council is piloting a Social Prescribing Model for the residents of the district. The model will connect people to non-medical sources of support	September 2016	▶

including linking them up to activities in the community that they will benefit from to relieve the pressure on the local health and social care system. In the first quarter, partners have been identified to take part in launching the model in September.		
An IT referral and sign posting portal for 'Mid Essex' is being developed to sign post residents and professionals to the local groups available to provide support. Organisations are signing up as members of the portal and training on the new database will commence in the second quarter.	September 2016	
A damp, cold and mould campaign will commence in the Autumn to improve community health by securing better housing conditions. Visiting agents will advise households on damp and mould and will look at enforcement action in tenanted properties to improve standards	October 2015	
In partnership with the RCCE, continue to work with Parish and Town Councils to support their local priorities		
The RCCE were appointed on the 1st April 2015 and they continue to work with Parishes and Town Councils on neighbourhood plans	March 2016	
Work with ECC and local schools and academies to improve the educational standard and attainment of young people in the District		
Discussions underway with Essex County Council on the formation of an Education Improvement Board for the District. The next meeting is due to take place in July.	March 2016	
Participate in Business Rates pooling arrangement with nine Essex Authorities. This will increase the amount of business rates retained within Essex, of which the Council will receive a proportion to spend in the District		
Business Rates pooling arrangement approved and established for 2015/16. The financial benefit will not be determined until after year end.	March 2016	
Work with other local authorities in Essex to develop a business case for establishing a building control shared service across the Authority		
The Business case for an Essex shared service has been issued to nine participating Authorities. Each Authority has to confirm if they wish to proceed to the next stage by the 31st July 2015	March 2016	

Section 3: Managing the Business

Our Performance Indicators in Detail

Performance Indicator	2015/16						Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	
Place							
Percentage of land that falls below cleanliness standards for litter	n/a				7%	n/a	Recorded 3 times a year – July, November and March
Percentage of household waste sent for reuse, recycling and composting	56.16%				58.70%		Meeting the recycling performance continues to be challenging. The tonnage for recycle and garden waste is lower than profiled and waste to landfill also rose resulting in a lower recycling rate than anticipated. Braintree District Council is actively working with Essex County Council and the other waste collection authorities throughout Essex to tackle this issue.
Percentage of fly tips cleared within 24 hours of being reported	100%				100%		Represents 133 fly-tips
Public Satisfaction with parks and open spaces	Annually reported indicator				88%	n/a	
People							
Total number of visits to our leisure facilities	246,800				251,481		Target was met in April and May but missed in June. However, this particular target is an annual target of an increase of 2% on last year's figures. In June last year there was a large increase in the number of visits due to the impact of improvements to the facilities.
Number of visitors to our leisure facilities from under-represented groups	210,994				224,417		
Number of passenger journeys on the Community Transport Scheme	15,181				17,115		There has been a reduction in all journey types and various factors contributing to the reduction. There has been an increase number of journeys but with less passengers, four groups who were former regular users now have their own mini bus, some long term regular members of the scheme are now too frail to travel.
Percentage of Mi Community projects successfully completed	Annually reported indicator				100%	n/a	

Performance Indicator	2015/16						Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	
Prosperity							
Number of empty homes in the district returned to use	21				19		
Number of affordable homes delivered	18				18		
Number of new business start-ups in the district created in partnership with IGNITE Business	16				18		A reduction in unemployment levels has seen a reduction in those seeking self-employment. Marketing and communications have been adjusted to reflect this and enquiry levels are now rising.
Performance							
Percentage of enquiries resolved at first point of contact within the Customer Service Centre	96.26%				85%		Represents 15,004 enquires dealt with at first point of contact within the Customer Service Centre
Time taken to process housing benefit/council tax benefit new claims	16.08 days				18 days		
Time taken to process housing benefit/council tax claim changes	4.78 days				6 days		
Percentage of minor planning applications processed within 8 weeks	71.60%				72%		Represents 58 out of 81 applications determined within timescales. Resourcing remains an issue within the department but performance is slowly improving
Percentage of stage 1 complaints responded to within target	89.40%				90%		Represents 126 out of 141 complaints responded to within timescales. There were a higher than usual number of complaints received in April and May regarding waste collections which required further investigation and subsequently were responded to over timescales. Customers were kept informed at all times.
Collection rate for Council Tax	30.70%				30.81%		Council tax amounting to £23.2million was collected in quarter whilst this is £330k higher than last year the collection rate is down marginally. It is anticipated that the target collection rate for the year will be achieved.
Collection rate for business rates	30.20%				31.80%		Gross debit for the year, before mandatory and discretionary reliefs, has increased by £1.5million approximately since original estimate was set in

Performance Indicator	2015/16						Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	
							December. This is due to a significant increase in the rateable value due to the Valuation Office issuing assessments for a number of new business premises identified across the district. The collection rate has improved since May as the new businesses commence payment. It is expected that the collection rate will improve as the year progresses and that the target will be achieved.

Customer Services & Views

The following is a selection of our customer service performance measures:

Customer Service: Indicators of Performance					
	Q1	Q2	Q3	Q4	Target
Average telephone response time in the Customer Service Centre	16 seconds				15 Seconds
Number of transactions carried out via the Council website	28,698				28,750
Number of unique visitors to the Council website	119,136				95,000
Percentage of avoidable contacts (collected half yearly)	n/a		n/a		Data only

Comments

Performance around answering times has steadily improved throughout the quarter and in June it met target. Sickness has been managed and continues to be monitored closely. Resource planning is currently being reviewed and will be undertaken regularly to minimise the impact that further fluctuations in workload has on response times.

The number of transactions carried out via the website has just missed target. There has been a drop in the number of customers paying online and a drop in the number of choice based letting bids which cannot be attributed to any one thing. A reduction in the number of transactions occurred in the first quarter last year and we will consider profiling the targets to take account of trends.

Complaints

The quarterly complaints analysis for the first quarter of 2015/16 is detailed below. This is compared with 2014/15 figures shown in brackets. The figures represent all three stages of the complaints process.

Complaint Category	Q1 2015/16	Q2 2015/16	Q3 2015/16	Q4 2015/16	TOTAL
Justified	83 (36)	(39)	(32)	(189)	(296)
Not Justified	45 (48)	(105)	(44)	(81)	(278)
Partially Justified	17 (12)	(22)	(13)	(26)	(73)
Not known	0 (0)	(2)	(0)	(0)	(2)
Total	145 (96)	(168)	(89)	(296)	(649)

Comments

The number of complaints received in the first quarter of 2015/16 is lower than the number of complaints received in the last quarter of 2014/15.

The majority of complaints received relate to missed waste collections and were received at the beginning of the quarter. This is due to all customers being affected by the re-routing of the district following the introduction of in-cab technology to all waste vehicles. Over the quarter, the numbers of complaints are reducing and the service is monitoring any issues with collections.

In the first quarter of 2015/16, of the 145 complaints received:

- 141 are stage one complaints
- 2 are stage two complaints
- 2 are stage three complaints

A summary of Local Government Ombudsman cases:

In the first quarter of 2015/16 the LGO has not received any complaints.

Our Organisation

The following is a selection of our people performance measures:

People: Indicators of Performance	Q1 15/16	Q2 15/16	Q3 15/16	Q4 15/16	Change on previous period	Yearly Target
Total headcount	470				- 2	-
Total number of posts	480				- 2	-
Number of temporary staff	49				- 3	-
Total staff FTE	425.25				- 0.88	-
Level of employee turnover	2.6%				+ 0.1%	-
Number of vacant posts	16				- 9	-
Number of leavers	12				0	-
Number of starters	10				+ 1	-
Working days lost to sickness per employee	2.3 days				-0.8 days	8.0 days
Percentage of staff with nil sickness	74%				+ 7%	-
Number of learning hours	3997.5				- 3413.50	-
Number of delegates	125				- 23	-
Number of apprentices	14				- 4	-

Year on Year Headcount Analysis	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
	541	503	485	466	478	472

Health & Safety

The following is a selection of our health and safety performance measures. The data is for information purposes only.

Health and safety is a crucial responsibility of everyone within the organisation. This information is used to improve the management of health and safety of staff, our customers, residents and other non-employees we come into contact with. Monitoring is undertaken by the corporate health and safety committee and action plans will be put in place where necessary.

Health & Safety: Indicators of Performance	Q1	Q2	Q3	Q4	
	(2014/15 figure in brackets)				
Total number of reported accidents/ incidents, calculated from:	6 (11)	(6)	(9)	(14)	
<i>a. Accidents/ incidents to employees</i>	4 (9)	(5)	(5)	(13)	<p>The incidents to employees are:</p> <ul style="list-style-type: none"> • crushed foot caused by a reversing vehicle. • A twisted back caused when strapping down a ride on mower on a trailer. • Another twisted back and knee caused by entrapment of an operative's foot between a mower and a grave stone. • And a bruised shin whilst exiting the step of a vehicle
<i>b. Accidents/ incidents to contractors</i>	2 (2)	(1)	(3)	(1)	<p>Two incidents to Agency Workers. The first incident whilst litter picking on a grass verge a twig from an overhanging tree caught the operative's eye. The second incident occurred due to an operative running towards the refuse vehicle and tripping over a speed bump and fracturing their arm. The accident was reported to the HSE and remedial action is to be taken to prevent a recurrence.</p>
<i>c. Accidents/ incidents to non-employees</i>	0 (0)	(0)	(1)	(0)	
Time lost in days due to employee accidents/ incidents	3 (5)	(27)	(17)	(61)	
Number of reported verbal/ physical incidents to employees	0 (2)	(1)	(0)	(0)	
Number of near miss incidents	0 (1)	(0)	(0)	(2)	
Number of Accidents/ incidents registered resulting in insurance/ compensation claim	1 (1)	(0)	(0)	(0)	
Number of claims settled	0 (0)	(0)	(0)	(0)	

Financial Performance

This part of the report provides an updated review of the financial position for the year. It includes the latest forecast spending on day-to-day service provision compared to the budget for the year. Also included is a summary of treasury management activities; projected movements on the General Fund balance; and a summary of spending to date on capital investment projects.

First Quarter Financial Position Statement

Key Points:

- An overall positive variance is forecast for the year of £109,000 (<-1%) against the budget of £15.624 million.
- Income is projected to be overachieved by £283,000, offsetting a predicted net shortfall of £174,000 against achieving the corporate efficiency target (after allowing for a projected underspend on Other Expenditure)

Financial Forecast of Revenue Spending by Services

Business Plan Service	Budget £'000	Forecast Spend £'000	Adverse (Positive) variance against budget				RAG Status
			Staffing £'000	Other Expenditure £'000	Gross Income £'000	Total £'000	
Asset Management	(1,809)	(1,858)	-	14	(63)	(49)	-3%
Business Solutions	1,965	1,938	(6)	(21)	-	(27)	-1%
Community Services	560	554	-	(3)	(3)	(6)	-1%
Corporate Management Plan	1,319	1,334	2	13	-	15	1%
Cultural Services	266	266	-	-	-	-	-
Environment	968	913	(20)	(15)	(20)	(55)	-6%
Finance	1,258	1,123	(103)	(7)	(25)	(135)	-11%
Governance	948	947	-	3	(4)	(1)	-
Housing Services	741	734	9	(15)	(1)	(7)	-1%
Human Resources	365	364	-	(1)	-	(1)	-
Leisure Services	(22)	(22)	-	-	-	-	-
Marketing and Communications	458	450	-	-	(8)	(8)	-2%
Operations	3,943	3,984	39	9	(7)	41	1%
Sustainable Development	2,164	2,013	(51)	4	(104)	(151)	-7%
Service Total	13,124	12,740	(130)	(19)	(235)	(384)	-3%
Corporate Financing	2,834	2,775	-	(11)	(48)	(59)	-2%
Efficiency target	(334)	-	334	-	-	334	-
Total	15,624	15,515	204	(30)	(283)	(109)	-1%

RAG Status: G = favourable or nil variance, A = up to 5% adverse variance or <£50k, R = > 5%

Staffing

Across service business plans there are projected salary underspends of £130,000. The corporate efficiency target was set at £334,000 for the year, which for a number of years had been met through staff turnover, although over the last three years this has not happened and the efficiency factor has been covered by additional income and underspends on other expenditure. At this quarter's review there is a projected shortfall against meeting the target solely from salaries for the year of £204,000, based on known staffing changes to date.

Business Plan – Salary Budgets	Budget	Forecast Spend for the year	Adverse/ (positive) variance	RAG Status
	£'000	£'000	£'000	
Asset Management	265	265	-	-
Business Solutions	856	850	(6)	-1%
Community Services	415	415	-	-
Corporate Management Plan	1,125	1,127	2	<1%
Cultural Services	186	186	-	-
Environment	1,548	1,528	(20)	-1%
Finance	2,342	2,239	(103)	-4%
Governance	426	426	-	-
Housing Services	716	725	9	1%
Human Resources	282	282	-	-
Leisure Services	139	139	-	-
Marketing and Communications	276	276	-	-
Operations	4,590	4,629	39	1%
Sustainable Development	1,665	1,614	(51)	-3%
Service Total	14,831	14,701	(130)	-1%
Efficiency target	(334)		334	
Net Total	14,497	14,701	204	1%

RAG Status: G = favourable or nil variance, A = up to 5% adverse variance, R = > 5% (Net Total adverse > Efficiency target)

Commentary on staffing variations:

- Financial Services** – currently predicting an underspend of £103,000. Effort has been made to improve efficiency through reviewing post requirements as vacancies have arisen. Savings are anticipated in Housing Benefits, Revenues and System Support, and Insurance Administration through a combination of holding posts vacant, re-appointments at lower scale points, and reductions in contractual hours. A one-off saving of £21,000 is included which is expected from the transfer of one member of staff to the Department for Work and Pension's new Single Fraud Investigation Service. In future years it is expected that the Council will receive less Housing Benefit Administration grant because of the transfer of the housing benefit fraud service.
- Sustainable Development** – a predicted underspend of £51,000, including a saving of £42,000 (£53,000 in a full-year) following deletion of an Area Manager post which contributes towards the overall Management Savings target previously agreed by the Council as part of the Medium Term Financial Strategy.
- Business Solutions** – This service area has recently conducted a restructure which identified staff savings of £25,000, along with a further £10,000 of savings from other service budgets. The review also identified an anticipated reduction in staff time spent on capital related projects in the future, hence the savings have been applied to reduce the on-going base budget for recharges to capital. The outcomes from this review has provided opportunity to put in place a structure that better supports the Council and its services and is also financially neutral to the General Fund revenue account.
- Operations** – This service is showing a net projected overspend on staffing of £39,000. Within this position there are overspends totalling £121,000, of which the largest relates to Refuse and Recycling (+£107,000) as additional labour resources have been required to support implementation of the new integrated commercial and domestic waste collection routes. Partially offsetting these are projected underspends totalling £82,000, due mainly to vacancies (including the Waste Operations Manager post) and receipt of external funding which has been used to fund the cost of a Recycling Officer post.

Other Service Expenditure

Services are currently forecast to underspend against their non-staffing expenditure budgets by a net £30,000. Contained within this net position are the following items:

- **Corporate systems** – forecast underspend totalling £29,000 on website/ intranet maintenance, voice and data networks.
- **Council Tax Benefits** – recovery of overpaid benefit that was originally paid prior to April 2013 is retained by the Council rather than been offset against government subsidy. In the current year a credit of £19,000 has been generated.
- **Corporate Costs** – an unbudgeted estimated cost of £17,000 relating to the quinquennial valuation of Council assets that is required under accounting rules. The cost is partially offset by savings on bank charges and is also subject to the outcome of a current procurement process.
- **Refuse and Recycling** – overall non-staffing costs are forecast to more or less break-even. Within this position, however, the service is anticipating additional vehicle operating costs of £92,000 (excluding fuel) as more vehicles are retained than originally anticipated for the new collection routes. However, with fuel prices low these unbudgeted costs have been partially offset by an estimated reduction in the cost of diesel by £68,000.

External Income

A significant proportion of the Council's budget is reliant on external income. Grants and subsidies from government, alongside income from business rates are major elements, totalling over £54 million. These income streams are either fairly predictable as they are determined at the start of the year as part of the annual Local Government Finance Settlement; or variations are largely offset by commensurate changes in expenditure where government fund certain transactions, e.g. housing benefits. The final amount of business rates retained will depend on the actual amounts collectable (taking into account changes in the Valuation List and exemptions and reliefs) which will also influence the additional amount (if any) the Council receives from the Essex Business Rates Pool arrangement.

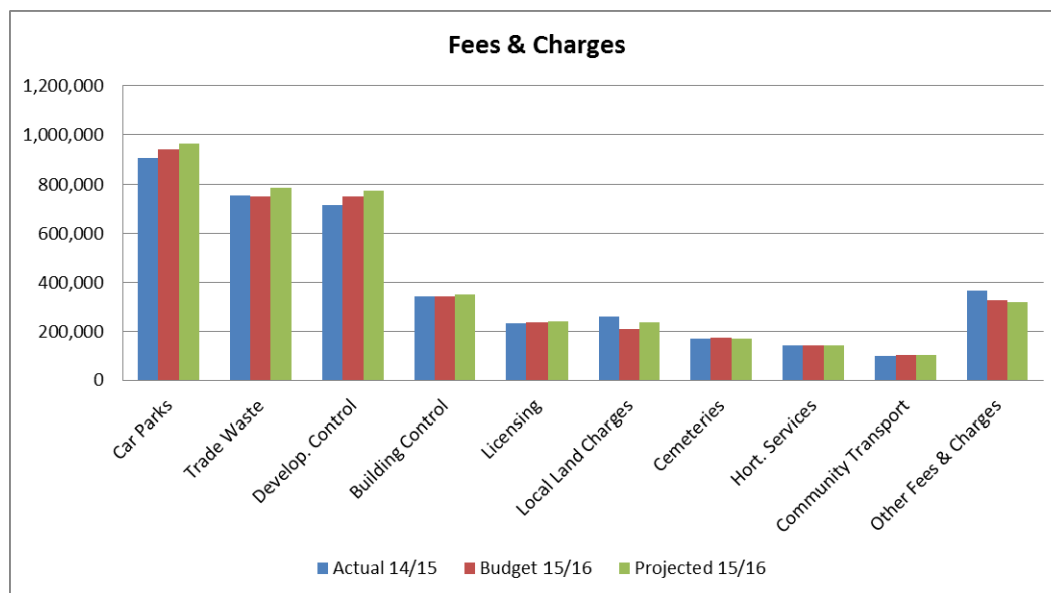
Other external income comes from a variety of sources that are subject to external demands and other influences, meaning these are more susceptible to variations against budget. It is currently forecast that services will over achieve against their income budgets by a net £283,000, as shown in the table below:

Other External Income								
Business Plan	Budget	Adverse or (Positive) variance against budget						RAG Status
		Fees & Charges	Land & Property income	ECC Joint Financing & contributions	Sale of Recycling Materials	Other Income	Total	
	£'000	£'000	£'000	£000	£'000	£'000	£000	
Asset Management	(2,607)	6	(64)	-	-	(5)	(63)	2%
Business Solutions	(67)	-	-	-	-	-	-	-
Community Services	(248)	-	-	-	-	(3)	(3)	1%
Corporate Management Plan	-	-	-	-	-	-	-	-
Cultural Services	(102)	-	-	-	-	-	-	-
Environment	(817)	(7)	-	-	-	(13)	(20)	2%
Finance	(1,399)	-	-	-	-	(25)	(25)	2%
Governance	(34)	-	-	-	-	(4)	(4)	12%
Housing Services	(46)	-	(1)	-	-	-	(1)	2%
Human Resources	-	-	-	-	-	-	-	-
Leisure Services	(404)	-	-	-	-	-	-	-
Marketing and Communications	(20)	-	-	-	-	(8)	(8)	40%
Operations	(5,234)	(58)	11	(17)	71	(14)	(7)	<1%
Sustainable Development	(1,128)	(54)	-	-	-	(50)	(104)	9%
Service Total	(12,106)	(113)	(54)	(17)	71	(122)	(235)	2%
Corporate Financing	(296)	-	-	-	-	(48)	(48)	16%
Total	(12,402)	(113)	(54)	(17)	71	(170)	(283)	2%

RAG Status: G = positive or nil variance, A = up to 5% adverse variance or <£50k, R = adverse variance greater than 5% and >£50k at Individual Business Plan level

Fees & Charges

The budget for income from fees & charges is £3.966 million, and is projected to be over achieved by £113,000. The following chart shows the main income streams:



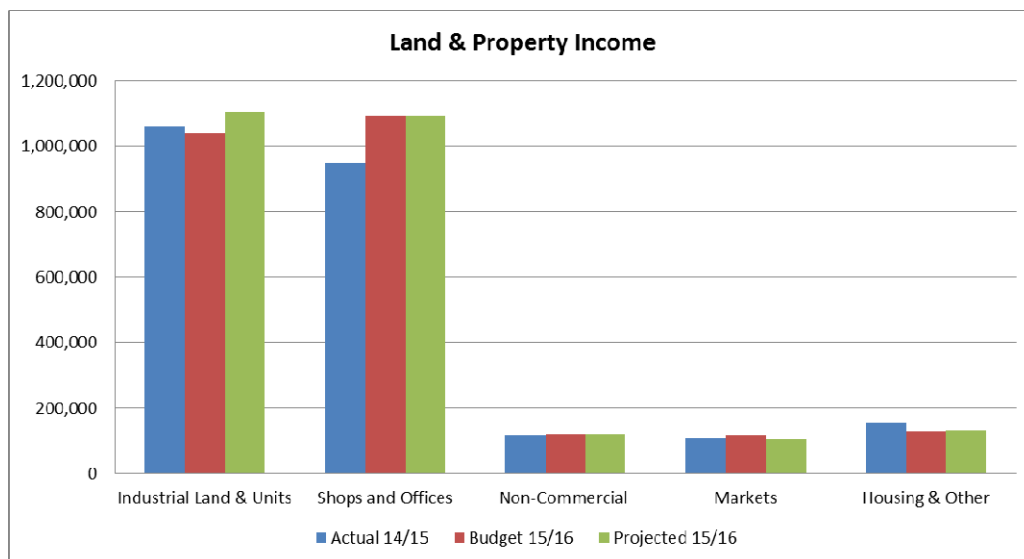
Commentary on Fees and Charges:

- **Car parks** income is projected to be £25,000 higher than budget (and £57,000 higher than that achieved in 2014/15). Changes to tariffs were made during last year and the first quarter income from pay and display is 25% higher than the same period last year.

- **Trade Waste** income is predicted to be £35,000 higher than budget based on amounts billed to date, the majority of which is invoiced annually in advance based on contracts in place.
- **Development Control** – an upturn in income had been experienced in the last financial year and which prompted an upward revision in budget for 2015/16 of £150,000. Based on current information regarding the status of prospective major application sites across the district it is predicted that application income will be around £18,500 higher than budget. In addition, a further £7,500 income (total income £15,000) is forecast from charges for street naming and numbering.
- **Land Charges** search fee income for the year is currently projected to be £236,000, which is £28,000 higher than the budget. However, this is down on last year's outturn of £260,000, as search numbers are lower for the first quarter than for the same period last year.

Land & Property Income

The budget for rental income from land & property is £2.502 million – comprising the investment property portfolio, markets, housing properties, and other let properties. The forecast for the year is an overall over achievement of £54,000.



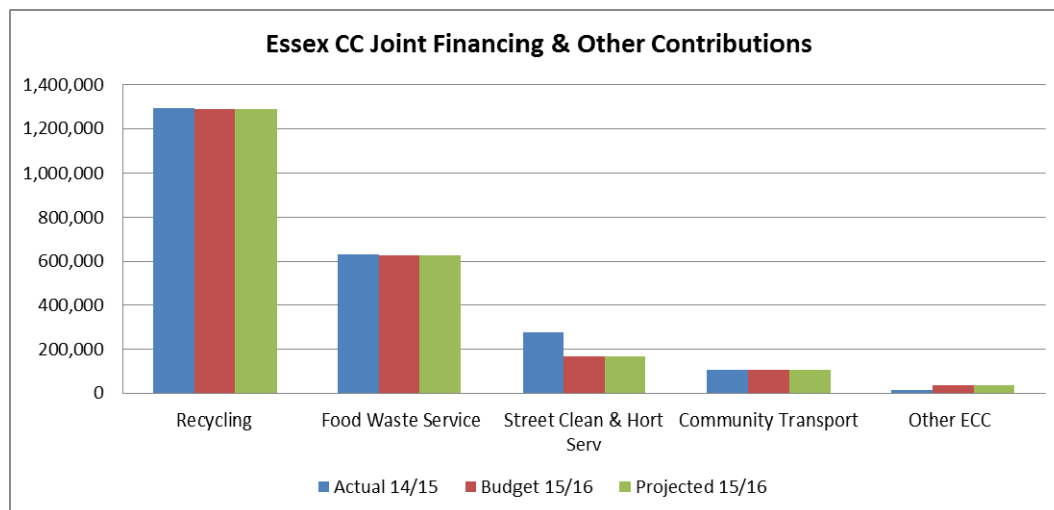
Commentary on Land & Property Income

- **Industrial land and Units** – rental income is forecast to be higher than budgeted by £63,000. This is due in part to the impact of rent reviews (which also includes a backdated one-off element of £10,000) and a lower level of empty units which has reduced the overall void provision required from around 4% to 2.5% of expected income:- this is the equivalent of an increase in collectable rent of £28,000. The forecast also takes into account the acquisition of the head lease at 4 Crittall Drive, Springwood Drive, which was completed after the budget was set and has led to a net increase in rental income of £16,000 per annum.
- **Market rents** – income is projected in line with last year's outturn resulting in a predicted shortfall of £14,000 against the budget for the year of £117,000.

- **Shops and Offices** – income is expected to be higher this year than the previous year outturn (as also reflected in the original budget) due mainly to the full year impact of the additional income generated from the acquisition of 850 The Crescent, Colchester, which is let as offices.

Essex County Council Joint Financing & Contributions

The Council receives a significant amount of income from service arrangements with Essex County Council (ECC). The total budget for the year is £2.223 million and the current forecast is a small increase of £17,000 in respect of unbudgeted works carried out on maintaining rural highway verges.



Sale of Recycling Materials

The budget for income from the sale of recycling materials is £624,000 against which there is currently a projected shortfall of £71,000. Income in this area is susceptible to the recycling market and demand/ supply of materials which ultimately influences pricing. The latest projection currently reflects reductions in the price of the following materials: Glass - where a shortfall in income of £50,000 is predicted as the average price received per tonne has reduced by over 50% from around £33 to less than £15; and Mixed Dry material which the Council collects around 10,000 tonnes and where the price has reduced by £1.50 per tonne leading to an estimated reduction in income of £15,000.

Other Service & Corporate income

Total budgeted other income is £3.087 million, with a current forecast net over achievement of £163,000. The main income streams budgeted within this category, includes: £661,000 of benefit and local tax recoveries and penalties; £500,000 relating to the Procurement Hub; £339,000 from a sharing arrangement with major precepting authorities where additional council tax is collected as a result of changes in discounts and exemptions; £259,000 from the leisure management partnership and joint-use agreements, including the Council's financial return on past capital improvements; and £393,000 under various third party arrangements (e.g. Greenfields service level agreement, community/ partnership funding, and energy management schemes)

The following areas contribute mainly to the forecast variance:

- **Council Tax Sharing Arrangement:** an over achievement of £65,000 is currently projected. The extra income is anticipated as a result of proactive reviews of council tax discounts and exemptions. As the additional income received is dependent on finding discounts and exemptions which are no longer applicable no provision was made in the original budget. It is anticipated that the additional income could be as high as £130,000 for the year, however, as the reviews only started in early June it is considered prudent to provide only a proportion at this early point in the year.
- **Development Control Pre-Application Advice Income:** As a way of demonstrating a positive and proactive service the Council provides pre-application advice on prospective planning applications. Charges are made for this discretionary service which are based on the principle of cost recovery. Use of this service had been steady since its introduction in 2010, with income averaging around £50,000 per annum. A new charging structure was introduced from April 2014, and combined with continued take-up of the service income increased to over £87,000 in 2014/15. Service management are predicting that use of this service will continue to grow and are estimating income for the year of £120,000, which exceeds the base budget by £50,000.

Treasury Management

The Council's treasury management activities during the first quarter are summarised in the table below:

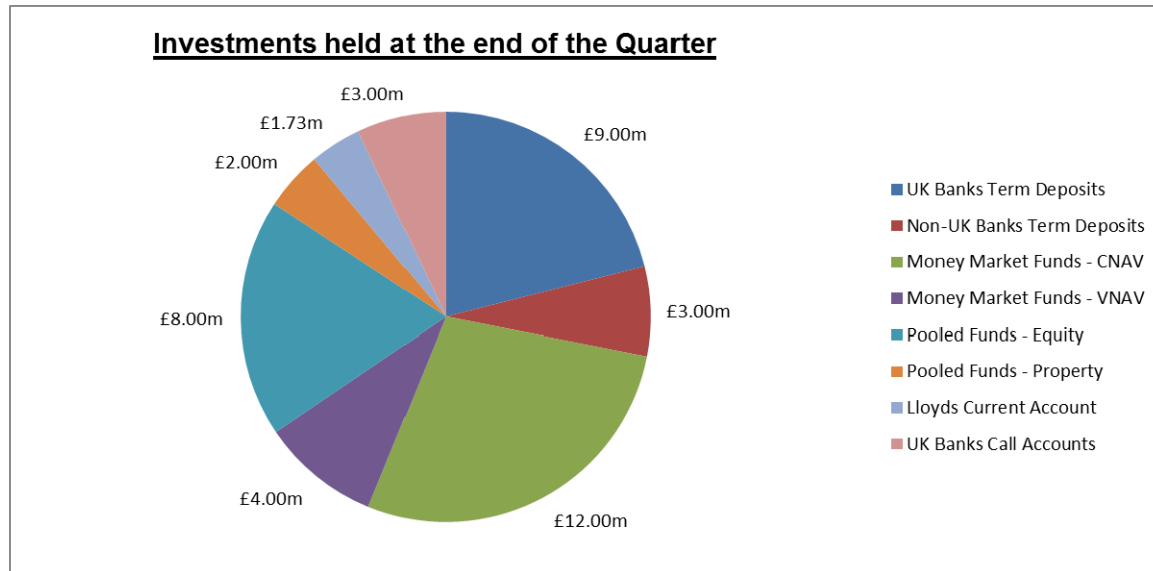
Amount Invested at the Start of the Year	Activity during the Quarter		Amount Invested at End of the Quarter
	New Investments	Investments Sold or Matured	
£27.96m	£55.04m	£40.27m	£42.73m
Average amount invested over the Quarter			£42.24m
Highest amount invested during the Quarter			£49.18m

The amount invested includes £10 million of long-term investments placed into three equity funds and one property fund. These investments are intended to yield higher returns over the long-term but may experience short-term volatility in terms of value. Remaining investments are in short-term instruments including call accounts and term deposits with UK and Non-UK banks, deposits with the Debt Management Office (i.e. UK Government), and Money Market Funds.

Interest and dividends earned to the end of the Quarter total £174,000, which is equivalent to an annualised rate of return of 1.65%:

Investments	Average amount invested	Interest & Dividends earned	Annualised Return %
Long-Term Pooled Funds	£10.00m	£140,000	5.60%
Short-Term	£32.24m	£34,000	0.43%
Total	£42.24m	£174,000	1.65%

At the end of the quarter the Council's portfolio was as shown in the following chart:



CNAV = Constant Net Asset Value i.e. the Fund value is expected to remain constant

VNAV = Variable Net Asset Value i.e. the Fund value and therefore amounts invested can fluctuate

General Fund Balances

General Fund balances are held for the following reasons:

- As a contingency against unforeseen events that may require funding above that originally provided for in the approved budget
- To meet short-term or non-recurrent one-off costs that are not provided in the base budget and/ or are incurred to achieve future savings and efficiencies.

Based on the forecast set out above, the movement on the General Fund balance is projected as follows:

	£'000
Balance at 1 April 2015	7,829
Less:	
Budgeted withdrawal	(894)
Add:	
Projected variance at this quarter	103
Unbudgeted Government New Burdens grant	96
Est. Balance at 31 March 2016	7,134

Movements shown on the General Fund balance are in respect of:

- The budget approved by Council for 2015/16 included an anticipated drawdown from balances of £894,484.
- Projected full-year variance as per this quarter's review of £103,000
- In April 2015 the Government announced it would be paying a New Burdens grant in respect of property search litigation claims settled by the Council for which provision had been made in prior years' budget outturns.

Risks and Assumptions

The forecasts reflect the service managers' "best estimate" of the predicted outturn for the year. Previous year outturn and trends in-year have been considered, however, as always, these are subject to changing circumstances and unforeseen events. Directors and service managers continue to scrutinise all expenditure commitments in light of the planned savings set out in the Medium Term Financial Strategy.

Other external income is inherently difficult to predict as it is substantially demand led and impacted by external factors. Planning application fee projections are based on the available information as to when developers may submit plans for the growth locations across the district. Tariff changes were made to parking charges in 2014/15 and the first quarter for 2015/16 has shown a higher level of income than last year. However, it is still fairly early in terms of the changes before any longer term trend can be established.

A New Burdens grant has been received to compensate for costs arising out of the property search litigation with indications that further monies may be received in respect of other claims settled by the Council. As provision for this possibility has previously been made from corporate resources any contributions will be added back to General Fund balances

Waste management collection tonnages and associated recycling credits and sales income are subject to fluctuation. Green waste is weather dependent and mixed dry materials may alter once recycling is introduced to flats in the Autumn. The introduction of the new integrated commercial and domestic waste collection routes has led to some operational issues and additional staffing and vehicle costs. The service is currently reviewing the scheme and anticipates making some adjustment to routes which will be reflected in future quarterly projections.

Fuel costs for the fleet are significantly below budget due primarily to lower pump prices. However, as prices are subject to many external factors these costs are susceptible to change.

The Leisure Services budget includes a £100,000 allowance for contract variations and there are further funds set aside in an earmarked reserve to deal with a combination of service issues that are currently ongoing. Depending upon the outcome of these issues this will determine whether there will be any budget variation in the year and the extent of drawdown from reserve required. Therefore, currently no variance is projected for this service area.

Capital Investment

The total capital investment expected in the year is as follows:

	£'000s
Approved New Programme for 2015/16	3,187
<u>Add:</u>	
Projects approved previously where spending is profiled into the current year	3,938
Projects approved in-year	158
<u>Less:</u>	
2015/16 projects profiled into future years	-
Programme for 2015/16	7,283

The capital investment programme is reported over two themes:

- General Fund Services – Spending on Council owned/ used assets and services.
- Housing investment – mainly spent on partnership schemes with social landlords, and providing disabled facilities grants and home improvements grants.

The current spend against the programme for the year is shown below:

	Programme 2015/16	Actual spend	Grants approved but not yet claimed	Budget Remaining	Spend/ Grants approved at end of Quarter
	£'000	£'000	£'000	£'000	%
General Fund Services	5,118	165	-	4,953	3%
Housing Investment	1,808	150	138	1,520	16%
Capital Salaries	357	80	-	277	22%
Total	7,283	395	138	6,750	7%

The General Fund Services programme for the year includes:

- The main build phase of new business start-up units at Springwood Drive, Braintree
- Town centre improvement works
- A programme of planned maintenance and other refurbishment works to Council owned buildings and community facilities, including parks and open spaces, play areas, and car parks.
- Investment in new technology
- Solar panel installed on Council assets under 'invest to save' projects
- New cycleways and footpaths

The housing investment programme includes £708,000 for disabled facility grants, and £1.040 million for social housing grants which has been pledged as 'in principle' support allowing social landlords to develop affordable home schemes which may in turn attract funding from other sources such as the Homes and Communities Agency.

As at the end of this first quarter expenditure across the programme is projected to be within budget.

Capital resources

The main sources of new capital resources anticipated for the year are the sale of assets (£2.415 million), preserved right-to-buy (RTB) receipts (£500,000) and the Council's share of the VAT shelter operating in conjunction with Greenfields Community Housing (£547,000).

In the first quarter the sale of the Forest Road site was agreed which subsequently completed in July providing a receipt of £500,000. Other anticipated sales expected to generate around £1.6 million are at draft contract stage and will be subject to planning consents.

Greenfields have reported that there were only 4 RTB sales completed in the first three months generating £238,000 for the Council – whilst this indicates that the Council is likely to achieve the budgeted amount this is much lower than the numbers recorded in 2014/15 (23 sales in the first quarter generating £1.3 million), suggesting last year's increase may have been a one-off impetus following changes to RTB rules and the availability of mortgage assistance schemes.

Government grants received include £418,000 to part fund the Council's disabled facility grant programme and the receipt of £8,000 of Repair and Renewal grant for flood defence works.

Treasury Management Review – Annual Report 2014-15 and Mid-Year Review 2015-16 Recommendations from the Governance Committee - 16th September 2015	Agenda No: 6d
Background Papers:	Public Report

Minute Extract:

GOVERNANCE COMMITTEE – 16TH SEPTEMBER 2015

21 Treasury Management Review – Annual Report 2014-15 and Mid-Year Review 2015-16

DECISION:

1. That the Treasury Management Review – Annual Report 2014/15 and Mid-Year Review 2015/16, be received
2. That the Treasury Management Review - Annual Report 2014/15 and Mid-Year Review 2015/16 be recommended to Cabinet and Full Council.

REASON FOR DECISION: The Council has adopted the CIPFA Code of Practice for Treasury Management in Public Services which requires that Full Council receive an annual report and mid-year review of its treasury management function in order to exercise its ultimate responsibility for treasury management activities. Under the Council's Constitution the Governance Committee should initially review the report and recommend to Cabinet before Full Council receive the report.

Treasury Management Review – Annual Report 2014/15 and Mid-Year Review 2015/16		Agenda No:
Portfolio	Finance and Performance	
Corporate Priority:	Providing value for money	
Report presented by:	Phil Myers, Financial Services Manager	
Report prepared by:	Phil Myers, Financial Services Manager	
Background Papers:		Public
Treasury Management Strategy Statement 2014/15 and 2015/16 approved by Council as part of the annual Budget and Council Tax Setting		Key Decision: No
Executive Summary:		
<p>The Council's treasury management activities are regulated by statutory requirements and by a Code of Practice ("the Code") issued by the Chartered Institute of Public Finance (CIPFA).</p> <p>One of the key requirements of the Code is that, along with an annual strategy to be approved prior to the commencement of the financial year, the Council should also receive an annual report after the financial year-end and, as a minimum, a mid-year report. This report incorporates both these latter requirements:</p> <ul style="list-style-type: none"> • Part 1 – Treasury Management Review – Annual Report 2014/15 • Part 2 – Treasury Management Review – Mid-Year Report 2015/16 <p>The Treasury Management Strategy Statement (TMSS) is approved annually by the Council in February as part of the overall Budget and Council Tax setting for the forthcoming financial year. The on-going theme of the TMSS over recent years has reflected the following position:</p> <ul style="list-style-type: none"> • Capital spending plans have generally been based on a self-funded programme – largely reliant on capital receipts. • The availability of cash balances for investment and the need to manage the associated risks. The strategy has had to adapt to changing conditions in the financial markets and focus on achieving added value through diversification. • The existence of legacy borrowing which reflects in the amount of cash balances available. Given the current cost of this borrowing the Council has sought to utilise the cash in ways that increase revenue income, either from direct investment in capital projects and acquisitions, or by taking a longer view on its investment strategy. <p>At the 31 March 2015, the Council's treasury management position comprised:</p>		

- Financial Liabilities: amounting to £10.759 million, comprising market loans, finance lease commitments, and a repayable advance from Essex County Council for the Braintree Local Authority Mortgage Scheme (LAMS)
- Financial assets: amounting to £30.003 million, comprising loans and deposits, cash & bank balances, and the carrying value of impaired deposits
- Net financial assets of £19.244 million

Treasury Management activities are affected by many external factors which impact on the inherent risks and ultimately the income earned from investments and the potential costs incurred on borrowings. The environment in which the function has operated for a number of years has been one of low interest rates and significant changes in the regulatory frameworks to mitigate future risks of failure by banks on governments. Economically the UK has experienced an upturn which now drives the speculation over when the first rise in the official Bank Rate will be made by the Monetary Policy Committee. In any event the message is that any increases will be stepped and gradual and the “normal” level of interest rates going forward is still likely to remain below those of the historical levels experienced prior to the financial crisis of 2008.

A key indicator of treasury management is the Capital Financing Requirement (CFR) which measures the extent to which the Council has a need to borrow for the purpose of capital investment. Actual borrowing may differ from the CFR but the reasons for this should be understood. At 31 March 2015, the CFR was £8.823 million, compared to actual borrowing and other liabilities of £10.759 million, a difference of £1.936 million. This difference between CFR and actual debt was reduced in 2014/15 by almost £4.3million. Typically the Council has funded its capital programme from receipts generated from the sale of assets and other arrangements in place with Greenfields Community Housing, along with other capital grants, contributions and revenue balances. This has negated the need to incur new borrowing and therefore historically actual debt has exceeded the CFR mainly due to legacy borrowing amounting to £6 million. Given that this borrowing is unlikely to be repaid in the medium term, the Council has proactively sought to use the underlying cash to invest in assets or projects that generate an annual return to the Council which is better than would be achieved by placing the funds with banks and other financial institutions. This strategy is referred to as “internal borrowing” and effectively means capital expenditure has been higher than that actually financed from other resources. Over time this internal borrowing will be repaid from the annual returns generated on the projects which will replenish cash balances that can then be used at a future date to repay the legacy borrowing.

The only new borrowing in 2014/15 was a net increase in finance lease liabilities which relates to vehicles replaced by Riverside Truck Rentals and charged to the Council via annual lease payments. Under accounting rules these assets are effectively treated as the Council's with the future lease rentals recognised as long-term liabilities. Annual repayment of these liabilities are accounted for in the Operational Services budget.

The TMSS contains the Council's Annual Investment Strategy which is based on the key priorities of:

- Security – minimising the risk of cash not being repaid; and
- Liquidity – having cash available when it is required.

Only when these two priorities are met does the Council consider highest yield.

The level of cash balances have been reducing over recent years mainly due to the use of cash for internal borrowing referred to above. However, the amounts available are still higher than originally assumed when setting the budget due to re-profiling of capital programme spend, revenue underspends, higher capital receipts from preserved right-to buy sales, and receipts of monies for partnership projects where the Council is the lead authority or is acting as banker.

Funds have typically been placed with banks and building societies meeting the Council's definition of "highly credit rated", along with money market funds (MMFs), and the Debt Management Office.

Having identified that £10m of the projected cash balances could be invested for a longer duration, i.e. at least 3-5 years or more, consideration was given to investments in pooled funds to diversify into asset classes other than cash without the need to own and manage the underlying investments. An evaluation of the risk/reward characteristics of several alternative asset classes was undertaken in conjunction with Arlingclose resulting in the decision that equity income pooled funds and property pooled funds would best suit the objective for the medium-term. Monies were invested in two tranches between October and November 2014 utilising three equity funds and one property fund. The distributing share class was selected for each of the funds in order to receive regular income.

In 2014/15, the average amount invested in total was £38.52 million, generating income of £381,043, a return of 0.99%. This total includes dividends earned from the pooled funds amounting to £182,999, a return equivalent to 4.67%. At 31 March 2015, the market value of the pooled funds had increased by £414,000, representing an unrealised gain. However, to illustrate the volatility of these funds by the end of July the overall market value of these funds had reduced by £272,000 to £10.142 million. In the current year investment income earned to the end of July was £211,259, equivalent to an annualised return of 1.46%, of which the pooled funds element was £163,983 or 4.91%. This demonstrates the added value that the pooled funds have been able to bring to the portfolio, accepting also that market valuations are susceptible to changes in the financial markets.

Decision

1. That the Treasury Management Review – Annual Report 2014/15 and Mid-Year Review 2015/16, be received
2. To consider whether the Committee would like to make any comments or observations which the Cabinet Member for Finance and Performance can take into account when presenting the report to Cabinet and Full Council
3. To agree to the submission of the Treasury Management Review - Annual Report 2014/15 and Mid-Year Review 2015/16 to Cabinet and Full Council.

Purpose of Decision:

The Council has adopted the CIPFA Code of Practice for Treasury Management in Public Services which requires that Full Council receive an annual report and mid-year review of its treasury management function in order to exercise its ultimate responsibility for treasury management activities. Under the Council's Constitution the Governance Committee should initially review the report and recommend to Cabinet before Full Council receive the report.

Any Corporate implications in relation to the following should be explained in detail

Financial:	There are no new financial implications from the report which provides a commentary on events and performance on treasury management activities over the 2014/15 financial year and the period April to end of July 2015. The report is not proposing any changes to the current Treasury Management Strategy Statement or Investment Policy that was approved by Council at its meeting held in February 2015.
Legal:	None
Safeguarding	None
Equalities/Diversity	None
Customer Impact:	None
Environment and Climate Change:	None
Consultation/Community Engagement:	None
Risks:	No new risks. The report highlights some of the risks associated with treasury management activities that have been recognised in the approved Treasury Management Strategy Statement.
Officer Contact:	Phil Myers
Designation:	Financial Services Manager
Ext. No.	2810
E-mail:	Phil.myers@braintree.gov.uk

1. Background

The Council's treasury management activities are regulated by statutory requirements and by a Code of Practice ("the Code") issued by the Chartered Institute of Public Finance (CIPFA).

One of the key elements of the Code is that, along with an annual strategy to be approved prior to commencement of the financial year, the Council should also receive an annual report after the financial year-end.

The Council invests substantial sums of money and continues to hold borrowing and is therefore exposed to a range of financial risks. The successful identification, monitoring and control of risk is therefore central to the Council's Treasury Management Strategy.

2. Treasury Management Policy and Strategy

The Council has adopted the following CIPFA definition of treasury management:

"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."

The Treasury Management Strategy Statement (TMSS) is approved annually by the Council in February as part of the Budget and Council Tax Setting for the forthcoming financial year.

The on-going theme of the TMSS over recent years has reflected the following position:

- Capital spending plans have generally been based on a self-funded programme – largely reliant on capital receipts.
- The availability of cash balances for investment and the need to manage the associated risks. The strategy has had to adapt to changing conditions in the financial markets and focus on achieving added value through diversification.
- The existence of legacy borrowing which reflects in the amount of cash balances available. Given the current cost of this borrowing the Council has sought to utilise the cash in ways that increase revenue income, either from direct investment in capital projects and acquisitions, or by taking a longer view on its investment strategy.

3. Treasury Management Position

The treasury management position at the year-end (with the previous year shown for comparison) is set out below:

	31 Mar 2014 Principal £'000	31 Mar 2015 Principal £'000
Market Loans	6,000	6,000
Finance Lease Liabilities	3,595	3,759
Other Long-Term Liability	1,000	1,000
Financial Liabilities	£10,595	£10,759
Investments and Deposits	24,500	25,000
Repayable Advance	2,000	2,000
Cash & Cash Equivalents	5,683	2,901
Escrow Account	205	72
Impaired Deposit	38	30
Financial Assets	£32,426	£30,003
Net Financial Assets	£21,831	£19,244

Market Loans comprise two Lender's Option, Borrower's Option (LOBO) type loans of £3 million each, which permit the lender to vary the interest rate at six month call dates, subject to the Council being able to repay the loans without penalty. To date the lender has not sought to exercise this option – the loans currently run at an average interest rate of 4.7% and have 27 years remaining until maturity.

Finance lease liabilities relate to the outstanding principal element of leases used to acquire property, vehicles, and plant. Annual payments are made to repay these liabilities over the lease term. New leases were recognised in 2014/15 relating to the provision of replacement vehicles through the contract with Riverside Truck Rental.

Other Long-Term Liability relates to the Essex County Council's share towards a cash backed indemnity provided for the Braintree Local Authority Mortgage Scheme (LAMS). Payment to the LAMS provider (Lloyds Bank), including this Council's share, is shown under Financial Assets as a repayable advance.

Investments and Deposits include amounts placed with UK and Non-UK banks and building societies, money market funds, and other local authorities.

Cash and cash equivalents includes money held in call accounts with immediate access, balances held on the Council's current bank accounts, and petty cash floats.

The escrow account relates to the sterling equivalent of distributions made by the insolvent Icelandic bank, Glitnir, which was paid in krona and is subject to currency controls.

Impaired deposit relates to the carrying value of amounts still expected to be received from the insolvent Icelandic bank, Kaupthing, Singer and Friedlander.

3. External Context to the 2014/15 Financial Year

Growth and Inflation: The robust pace of Gross Domestic Product (GDP) growth of 3% in 2014 was underpinned by a buoyant services sector, supplemented by positive contributions from the production and construction sectors. Resurgent house prices, improved consumer confidence and healthy retail sales added to the positive outlook for the UK economy given the important role of the consumer in economic activity.

Annual Consumer Price Inflation (CPI) fell to zero for the year to March 2015, down from 1.6% a year earlier. The key driver was the fall in the oil price (which fell to a level not seen since March 2009) and a steep drop in wholesale energy prices with extra downward momentum coming from supermarket competition resulting in lower food prices. Bank of England Governor Mark Carney wrote an open letter to the Chancellor in February, explaining that the Bank expected CPI to temporarily turn negative but rebound around the end of 2015 as the lower prices dropped out of the annual rate calculation.

Labour Market: The UK labour market continued to improve and remains resilient across a broad base of measures including real rates of wage growth. January 2015 showed a headline employment rate of 73.3%, while the rate of unemployment fell to 5.7% from 7.2% a year earlier. Comparing the three months to January 2015 with a year earlier, employee pay increased by 1.8% including bonuses and by 1.6% excluding bonuses.

UK Monetary Policy: The Bank of England's Monetary Policy Committee (MPC) maintained interest rates at 0.5% and asset purchases (formally known as Quantitative Easing or QE) at £375bn. Its members held a wide range of views on the response to zero CPI inflation, but just as the MPC was prepared to look past the temporary spikes in inflation to nearly 5% a few years ago, they felt it appropriate not to get panicked into responding to the current low rate of inflation. The minutes of the MPC meetings reiterated the Committee's stance that the economic headwinds for the UK economy and the legacy of the financial crisis meant that increases in the Bank Rate would be gradual and limited, and below average historical levels.

Political uncertainty had a large bearing on market confidence. The possibility of Scottish independence was of concern to the financial markets, however this dissipated following the outcome of September's referendum. The risk of upheaval (the pledge to devolve extensive new powers to the Scottish parliament; English MPs in turn demanding separate laws for England) lingers on. The March Budget heralded the start of what was thought to be a closely contested general election campaign and markets were braced for another hung parliament.

On the continent, the European Central Bank lowered its official benchmark interest rate from 0.15% to 0.05% in September and the rate paid on commercial bank balances held with it was from -0.10% to -0.20%. The much-anticipated quantitative easing, which will expand the ECB's balance sheet by €1.1 trillion was finally announced by the central bank at its January meeting in an effort to steer the euro area away from deflation and invigorate its moribund economies. The possibility of a Greek exit from the Eurozone refused to subside and continued to dominate events into the first quarter of 2015/16.

The US economy rebounded strongly in 2014, employment growth was robust and there were early signs of wage pressures building, albeit from a low level. The Federal Reserve ("the Fed") made no change to US policy rates. The central bank however continued with 'tapering', i.e. a reduction in asset purchases by \$10 billion per month, and ended them altogether in October 2014. With the US economy resilient enough to weather the weakness of key trading partners and a strong US dollar, in March 2015 the Fed removed the word "patient" from its statement accompanying its rates decisions, effectively leaving the door open for a rise in rates later in the year.

Market reaction: From July, gilt yields were driven lower by a combination of factors: geo-political risks emanating from the Middle East and Ukraine, the slide towards deflation within the Eurozone and the big slide in the price of oil and its transmission through into lower prices globally. 5yr, 10yr and 20-year gilt yields fell to their lows in January (0.88%, 1.33% and 1.86% respectively) before ending the year higher at 1.19%, 1.57% and 2.14% respectively.

The UK Bank Rate was maintained at 0.5% throughout the year and short term money market rates also remained at very low levels:

	Bank Rate	O/N LIBID	7-day LIBID	1-MTH LIBID	3-MTH LIBID	6-MTH LIBID	12-MTH LIBID
Minimum	0.50	0.24	0.36	0.42	0.46	0.56	0.84
Average	0.50	0.39	0.44	0.43	0.50	0.67	0.95
Maximum	0.50	0.50	0.62	0.43	0.51	0.81	1.00
Spread	--	0.26	0.26	0.01	0.05	0.25	0.16

LIBID = London Interbank Bid Rate

4. Capital Financing Requirement

The Capital Financing Requirement (CFR) is a balance sheet derived amount which measures the extent to which the Council has invested in capital but not resourced from internal resources (e.g. capital receipts from asset sales, grants etc.), and which, therefore, theoretically could be matched by external borrowing. Actual borrowing may differ from the CFR, the circumstances of which should be understood.

The change in CFR is shown in the table below:

	2014/15 Actual £'000s
CFR at start of the year	4,372
Capital expenditure in the year	13,832
Resourced by:	
Capital receipts	(6,250)
Capital grants and contributions	(1,091)
Sums set aside from revenue	(1,666)
Sub-total resources applied	(9,007)
Change in Long-Term Debtor	(1)
Finance Lease principal repaid	(373)
Net increase in CFR in the year	4,451
CFR at end of the year	8,823

The main reason for the increase in the CFR is the Council's proactive policy to utilise cash from legacy borrowing to invest in assets or projects that generate an annual return to the Council, which after repayment of the capital, is better than would otherwise be achieved by placing funds with banks and other financial institutions. These include:

- Acquisition of the former Eckard House site to redevelop into a new Easton Road car park, providing additional parking facilities whilst also generating extra income;
- Installation of solar panels on the Council's leisure facilities generating cost savings and additional income;
- Building a new vehicle maintenance workshop to support the Council's Operational Services and generating revenue savings; and
- Acquisition of 850 The Crescent, Colchester Business Park – an investment property.

The comparison of the CFR with actual debt is shown below:

	2014/15 Actual £'000s
Closing CFR	8,823
Actual borrowing and other liabilities	10,759
Difference between actual debt and CFR	1,936

Whilst actual debt is greater than the CFR, over the last few years this gap has been reducing in line with the Council's policy of utilising its surplus cash balances for invest to save projects.

Taking account of the balance of investments at 31 March 2015, the Council's net investment position is £19.244 million meaning that the Council complies with the requirement that net borrowing should not exceed the CFR.

5. **Borrowing and Finance Lease Liabilities**

The following table shows the change in actual borrowing and other liabilities in the 2014/15 financial year.

	Borrowing	Finance Leases	Other Long-Term Liability	Total
	£000	£000	£000	£000
Balance 1 April 2014	6,000	3,595	1,000	10,595
Additions	-	537	-	537
Repayments	-	(373)	-	(373)
Balance 31 March 2015	6,000	3,759	1,000	10,759

In 2015/16 the estimated amount of debt to be repaid is £334,000, being the principal element to be paid in finance lease rentals.

The Council sets borrowing limits within its Strategy, including an Operational limit to cover potential borrowings and liabilities – the limit for 2014/15 was set at £10 million. Actual debt may fluctuate around this limit. An Authorised limit is also set which cannot be breached without prior Council approval. This limit was set at £15 million for 2014/15.

6. **Investments**

The Treasury Management Strategy Statement includes the Annual Investment Strategy (AIS), approved by Council in accordance with statutory guidance issued by the Department for Communities and Local Government. The AIS sets out the parameters used by the Council when selecting suitable counterparties for investment along with any limits on duration and amounts.

The AIS is based on investment priorities being:

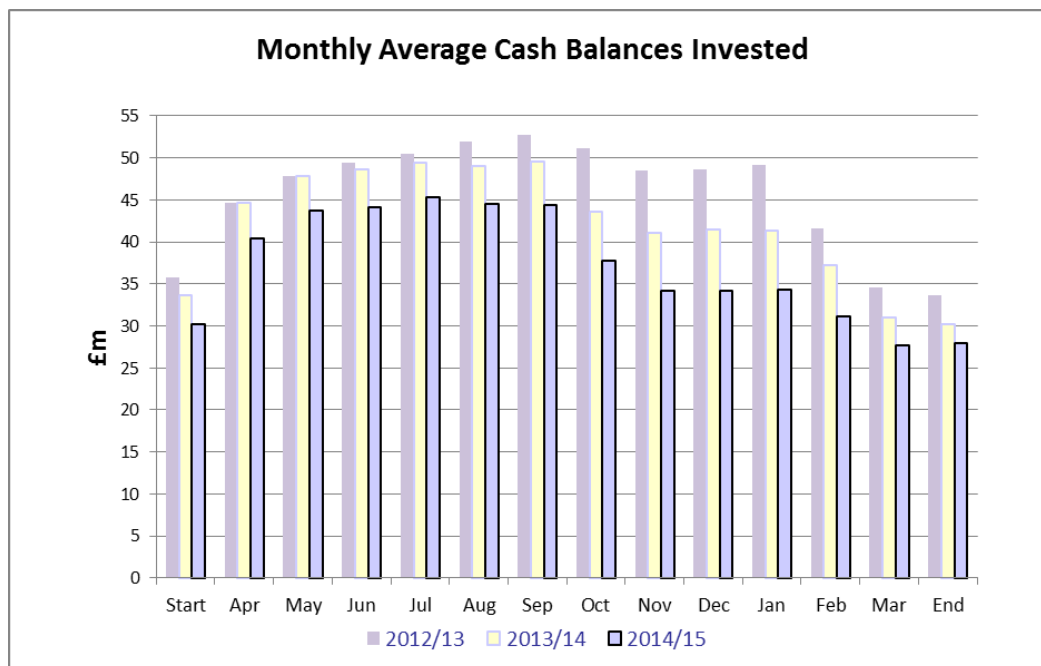
- Security – minimising the risk of cash not being repaid
- Liquidity - having cash available when it is required

Only when having ensured these two priorities are met, the Council will then consider highest yield.

Cash Balances for Investment

Investment activity is dependent upon the level of cash balances and requirement for liquid funds to meet day-to-day spending needs. A level of “core” cash is available for the medium-longer term, reflected in revenue and capital reserves.

Over the 2014/15 year, cash balances for investment averaged £38.52 million (a reduction on the previous year of £5.25 million), with a range of between £25.42 million and £50.09 million:



Although generally falling, cash balances have been higher than originally assumed in the Budget due to re-profiling of the capital programme spend, revenue underspends, and receipt of external funding where the Council is acting as lead authority.

Investment Policy

The investment policy sets the parameters over what types of investments will be used by the Council, what criteria potential counterparties must meet, and what limits (amounts/ duration) will be applied.

The policy was approved at Full Council in February 2014.

Applying the investment policy, funds placed during 2014/15 were typically:

- Fixed term deposits with the major UK banks, Australia & New Zealand Banking Corporation, and the Nationwide Building Society, which met the Council’s criteria of “high credit quality”.
- Deposits on call or instant access accounts with major UK banks
- AAA rated Money Market Funds, including Ignis (now Standard Life), Deutsche Bank, and Goldman Sachs
- Pooled Funds – equity and property funds

- Direct with the UK Government via the Debt Management Office
- Lloyds Bank held in current accounts as the main banking services provider.

Investment Activity & Returns

The change in investment balances¹ during 2014/15 is shown in the table below.

	Investments:			
	Balance 01/04/14	Placed	Mature d/ Sold	Balance 31/03/15
	£m	£m	£m	£m
Pooled Funds (Equity and Property)	-	10.00	-	10.00
<i>Fixed Term Deposits:</i>				
UK Banks & Building Societies	15.00	18.00	-28.00	5.00
Non UK Banks	3.00	9.00	-12.00	-
Debt Management Office	-	35.00	-35.00	-
Sub-Total	18.00	62.00	-75.00	5.00
<i>Instant Access Deposits:</i>				
Money Market Funds	6.50	33.00	-29.50	10.00
UK Banks Call Accounts	5.00	1.50	-4.50	2.00
Lloyds Current Account*	0.68	0.28	-	0.96
Sub-Total	12.18	34.78	-34.00	12.96
Total	30.18	106.78	-109.00	27.96

*Net Movement

Interest earned on investments for 2014/15 was £381,043 equating to an overall average rate of return of 0.99%. The return comprised the following:

	Average Invested during the year £m	Interest & Dividends £	Annualise d Return %
Pooled Funds	3.92	182,999	4.67%
Non UK Banks & Building Societies	16.17	122,586	0.75%
Non-UK Banks	2.93	13,192	0.45%
Debt Management Office	0.68	1,716	0.25%
Money Market Funds	8.82	36,223	0.41%
UK Banks Call Accounts	4.67	18,798	0.40%
Lloyds Current Account	1.33	5,529	0.42%
Total	38.52	381,043	0.99%

Investment income was higher than the budget of £220,000 by £161,043, which was mainly as a result of the investment into pooled funds boosting overall returns.

¹ For this purpose investment balances excludes the deposit for LAMS, escrow account and impaired deposit, and petty cash balances

The low rates of return on the Council's short-dated money market investments reflect the prevailing market conditions.

Pooled Funds

Having identified that £10m of the Council's projected cash balances could be invested for a longer duration, i.e. at least 3-5 years or more, the Council considered investments in pooled funds to diversify into asset classes other than cash without the need to own and manage the underlying investments. Pooled funds provide a greatly diversified portfolio of underlying securities than the Council could individually manage at a reasonable price.

The Council evaluated the risk/reward characteristics of several alternative asset classes such as bond, equity, property and multi-asset strategies, as each asset class comes with its own set of opportunities and risks associated with the underlying investments. The Council determined investments in equity income pooled funds and property pooled funds would best suit its objectives for its medium-term balances.

With advice from the Council's treasury advisors Arlingclose, the Council interviewed fund management companies whose funds aim to provide regular income as well as grow the capital value over time. The exercise resulted in the selection of the funds, below. Monies were invested in two tranches between October and November 2014. The distributing share class was selected for each of the funds in order to receive regular income.

Fund	Initial Investment	Value at 31/3/2015	Income earned during 2014/15
Schroder UK Income Maximiser Fund: The fund seeks to provide income and capital growth and aims to deliver a target income of 7% p.a., investing predominantly in UK equities.	£2.5m	£2.594m	£74,021
Threadneedle UK Equity Income Fund: The fund has an objective of steadily growing income and acceptable capital growth. It aims for a yield greater than 110% of the FTSE All Share yield.	£3.0m	£3.235m	£52,698
M&G Global Dividend Fund: The fund aims to deliver a dividend yield above the market average, by investing mainly in a range of global equities. The Fund aims to grow distributions over the long term whilst also	£2.5m	£2.617m	£15,909

Fund	Initial Investment	Value at 31/3/2015	Income earned during 2014/15
maximising total return.			
Local Authorities Property Fund. The fund aims to provide long-term capital and income return. The fund must pay out the income it generates to investors.	£2.0m	£1.968m	£40,371
Total	£10.0m	£10.414	£182,999

All the above funds operate on a variable net asset value (VNAV) basis, i.e. the Council's investments are susceptible to fluctuations in their pricing. The Council acknowledges the funds offer the potential for enhanced returns over the medium- to longer-term targeted return but may be volatile in the short term. The Council also acknowledges that the targeted income and increase in capital values are not guaranteed and performance will be determined by each fund's individual strategy and prevailing market conditions. Monies can be withdrawn from the funds at short notice if required, however it is the Council's intention to hold these investments over a 3-5 year time frame, subject to acceptable performance.

Arlingclose will assist the Council by regularly monitoring the funds' performance and their continued suitability to meet the Council's investment objectives.

8. Credit Developments and Credit Risk Management

Counterparty credit quality was assessed and monitored with reference to credit ratings; credit default swaps; GDP of the country in which the institution operates; the country's net debt as a percentage of GDP; and share price. The minimum long-term counterparty credit rating set by the Council has been A- based on the three leading rating agencies: Fitch, Standard & Poor's (S&P), and Moody's. This is supplemented by other market intelligence.

The European Parliament approved the EU Bank Recovery and Resolution Directive (BRRD) on 15 April 2014. Taking the view that potential extraordinary government support available to banks' senior unsecured bondholders will likely diminish, Moody's revised the Outlook of several UK and EU banks from Stable to Negative and S&P placed the ratings of UK and German banks on Credit Watch with negative implications, following these countries' early adoption of the bail-in regime in the BRRD.

The Bank of England published its approach to bank resolution which gave an indication of how the reduction of a failing bank's liabilities might work in practice. The Bank of England will act if, in its opinion, a bank is failing, or is likely to fail, and there is not likely to be a successful private sector solution such as a takeover or share issue; a bank does not need to be technically insolvent (with liabilities exceeding assets) before regulatory intervention such as a bail-in takes place.

The combined effect of the BRRD and the UK's Deposit Guarantee Scheme Directive (DGSD) is to promote deposits of individuals and Small and Medium

Enterprises (SMEs) above those of public authorities, large corporates and financial institutions. Other EU countries, and eventually all other developed countries, are expected to adopt similar approaches in due course.

In December the Bank's Prudential Regulation Authority (PRA) stress tested eight UK financial institutions to assess their resilience. Institutions which 'passed' the tests but would be at risk in the event of a 'severe economic downturn' were Lloyds Banking Group and Royal Bank of Scotland. Lloyds Banking Group, [whose constituent banks are on the Council's lending list], is taking measures to augment capital and the PRA does not require the group to submit a revised capital plan. RBS, which had previously been removed from the Council's lending list for investments, has updated plans to issue additional Tier 1 capital (e.g. equity) that could absorb potential losses.

The European Central Bank also published the results of the Asset Quality Review (AQR) and stress tests, based on December 2013 data. 25 European banks failed the test, falling short of the required threshold capital by approximately €25bn (£20bn) in total – none of the failed banks featured on the Council's lending list.

In October following sharp movements in market signals driven by deteriorating global growth prospects, especially in the Eurozone, Arlingclose advised a reduction in investment duration limits for unsecured bank and building society investments to counter the risk of another full-blown Eurozone crisis.

The outlawing of bail-outs, the introduction of bail-ins, and the preference being given to large numbers of depositors other than local authorities means that the risks of making unsecured deposits rose relative to other investment options. The Council therefore increasingly favoured diversified alternatives such as money market funds and other pooled funds over unsecured bank and building society deposits.

The Council's counterparty credit quality has remained fairly consistent as demonstrated by the Credit Score Analysis² summarised below.

Quarter Ending	Value Weighted Average Credit Rating	Time Weighted Average Credit Rating	Average life of portfolio (days)
31/03/2014	A+	A	97
30/06/2014	A+	A	95
30/09/2014	A+	A	61
31/12/2014	A+	A	45
31/03/2015	A+	A	17

The value and time weighted credit ratings are based on the following range of investment ratings:

AAA*	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-
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* Highest credit rating achievable

Liquidity Management

The Council maintains a sufficient level of liquidity, as a significant portion of investments remain in money market funds (for purposes of diversification), or in

² Excludes Pooled Funds which are not credit rated

immediate access/ call accounts, where these continue to pay interest at favourable rates when compared with term deposits. The Council's financial plans, both short and longer-term, provide the context for the cash flow forecasts used to determine the maximum period for which funds may prudently be committed.

9. Update on Impaired Investments

Glitnir

Previously a single, full distribution was made by the Glitnir Winding-up Board. This included an amount paid in Icelandic krona which was deposited by the Winding-Up Board into an interest bearing escrow account as currency controls imposed by the Central Bank of Iceland (CBI) prevented the funds being withdrawn from Iceland and converted to Sterling.

Having considered options for repatriation of these funds, the Council took opportunity to participate in a currency auction held by the CBI in February 2015. This resulted in a partial sale of the funds held in escrow at a discounted price and the Council ultimately receiving £73,878 into its account. The Council continues to explore options to obtain the remaining balance of funds, which at 31 March 2015 had a book value of £81,190.

Kaupthing, Singer and Friedlander (KSF)

The Council has received a total of twelve distributions to date from the Administrators totalling £848,804 (including interest), equivalent to a recovery rate of 82.5p in the £. The Administrator has maintained the estimate of the likely final recovery rate within the range of between 85p and 86.5p in the £.

10. Use of Treasury Management Advisors

Arlingclose Ltd continues to be retained to provide on-going treasury management advice and information. This service is separate to the services of brokers who occasionally are used to transact deposits. The contract with Arlingclose was renewed in November 2014 for a period of three-years after conducting a competitive tender process.

The Institutional Cash Distributors Ltd Money Market Fund portal is used which facilitates trades with the Council's money market funds and provides reports analysing fund holdings for individual funds and/ or aggregated across all active funds. The tool allows performance and features of other funds to be assessed. This service is provided to the Council at no charge as fees are paid by the actual funds.

Whilst the Council may engage external advisors, it is accepted that overall responsibility for treasury management remains with the Council.

11. Treasury Management Training

It is a professional requirement that the Corporate Director should ensure that members tasked with treasury management responsibilities, including the scrutiny of the treasury management function, receive appropriate training.

Senior finance officers have an on-going professional responsibility to keep up to date with the regulatory regime and professional codes on treasury management.

Through the services of Arlingclose officers have had access to regular training events and workshops covering current treasury management matters. These events also provide opportunity to network with other local authorities and share best practice, in addition to the established Essex-wide officer groups.

Part 2 - Treasury Management Review – Mid-Year Report 2015/16

1. Background

The Council's treasury management activities are regulated by statutory requirements and by a Code of Practice ("the Code") issued by the Chartered Institute of Public Finance (CIPFA).

One of the key elements of the Code is that, along with an annual strategy to be approved prior to commencement of the financial year, and an annual report after the financial year-end the Council should receive a mid-year update. This part of the report provides an update on the current year, including activity up to the end of July 2015.

2. External Context

During the first quarter of the financial year economic data was largely overshadowed by events in Greece and the risk of a disorderly exit from the Euro. With the country's politicians and the representatives of the 'Troika' of its creditors in disagreement, Greece failed to make a scheduled repayment to the International Monetary Fund (IMF) on 30th June. The Prime Minister Tsipras then called a referendum on 5th July on reform proposals which by then were off the table anyway. The European Central Bank froze liquidity assistance provided to Greek banks and capital controls within the country severely restricted individuals' and corporates' access to cash.

Greece exiting the euro would not be without fall-out and a detrimental impact on other economies including the UK with the small, but by no means dismissive, risk of contagion into other Eurozone peripheral economies, such as Portugal, Ireland and Spain. After 61% of voters chose to endorse Tsipras' call for a "no" to more austerity, Greece's creditors refused to compromise. A default to the ECB on 20th July was however averted at the last minute. Following intense negotiations with its new Finance Minister, which has required the Greek government to ultimately agree to fiscal and economic reform and privatisations, a third bailout for the country has now been agreed with its creditors. This latest bail-out does not solve Greece's problems, but buys the country time and allows its banks to receive some injection of much-needed capital.

UK Economy: The economy remained resilient over the first quarter. Although economic growth slowed in Q1 2015 to 0.4%, year/year growth to March 2015 was a relatively healthy 2.9%. The first estimate of Q2 has showed the UK economy growing by another 0.7% over the quarter and 2.6% year/year, which were in line with market expectations. GDP has now increased for ten consecutive quarters, breaking a pattern of slow and erratic growth from 2009. The annual rate for consumer price inflation (CPI) briefly turned negative in April, falling to -0.1%, and after turning slightly positive in May to 0.1%, fell back to zero in June. The Bank of England has stated that it expected inflation to hover around zero in the near-term as falls in energy and food prices remained in the annual data series. The Bank was confident that negative inflation would prove temporary without any damaging consequences for the UK economy. Further improvement in the labour market saw the International Labour

Organisation's (ILO) unemployment rate for March fall to 5.5% of the economically active population. Average earnings excluding bonuses rose 2.2% year/year.

The outcome of the UK general election, largely fought over the parties' approach to dealing with the consequences of the structural deficit and the pace of its removal, saw some very big shifts in the political landscape and put the key issue of the UK's relationship with the EU at the heart of future politics.

The Chancellor's Summer Budget contained a number of surprises and notable among them was the announcement of a National Living Wage to be made compulsory for workers aged over 25 to be phased in from April 2016. Also, a slowdown in the speed of deficit reduction which means public finances return to budget surplus in 2019-20 – a year later than previously suggested - and an increase in government borrowing by £18bn to £133bn over the five year forecast period.

The UK Bank Rate continues to be held at 0.5% although the pressure to intervene and increase the bank rate is building as outlined by Governor Mark Carney in his July speech given in Lincoln. In the latest Bank of England Inflation Report the MPC judges that it is currently appropriate to set interest rate policy so that it is likely that inflation will return to the 2% target within two years. Conditional on a gradual rise in Bank Rate, such as that currently implied by market yields, that is judged likely to be achieved.

Market interest rates for the period April to end July 2015 were as follows:

	Bank Rate	O/N LIBID	7-day LIBID	1-MTH LIBID	3-MTH LIBID	6-MTH LIBID	12-MTH LIBID
Minimum	0.50	0.30	0.40	0.43	0.51	0.55	0.97
Average	0.50	0.40	0.47	0.43	0.52	0.76	0.98
Maximum	0.50	0.48	0.58	0.56	0.65	0.86	1.07
Spread	--	0.18	0.18	0.13	0.14	0.31	0.10

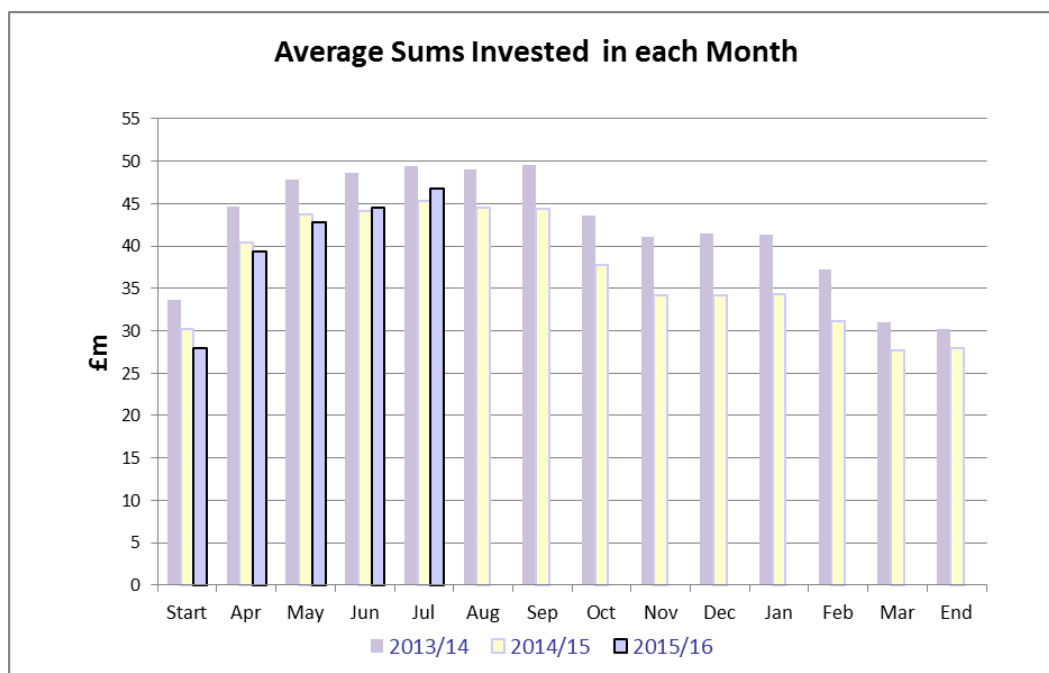
Arlingclose is currently forecasting the first rise in official interest rates in the second quarter of 2016 (i.e. March – June 2016), and then projecting a slow rise in Bank Rate over the subsequent two years up to 1.75%. In the longer term, the forecast is for the appropriate level for Bank Rate to be lower than the previous norm expecting it to be between 2 and 3%. Arlingclose also project gilt yields (and consequently the cost of borrowing by local authorities) to rise over the medium term, but with some short-term volatility due to the uncertainties around the timing of UK monetary policy tightening and global concerns around the slowdown in the Chinese economy .

3. Capital Financing Requirement (CFR) & Borrowing

The approved capital programme for 2015/16 was based on being fully financed, largely from capital receipts, and therefore no change in either the CFR or new borrowing was anticipated and at present this remains the current position.

4. Investments

For the period April to end July 2015, cash balances for investment averaged £43.39 million, and are typically following the profile of recent years:



Although generally falling, cash balances remain higher than originally assumed in the Budget, partly due to a higher opening position as spend on the capital programme was re-profiled and funds were set aside in earmarked reserves as part of the 2014/15 outturn.

Investment Activity & Returns

The change in investment balances during the period April to July 2015 is shown in the table below.

	Investments:			
	Balance 01/04/15	Placed	Mature d/Sold	Balance 31/07/15
	£m	£m	£m	£m
Pooled Funds	10.00	-	-	10.00
<i>Fixed Term Deposits:</i>				
UK Banks & Building Societies	5.00	11.00	-7.00	9.00
Non UK Banks	-	3.00	-	3.00
Debt Management Office	-	45.50	-41.50	4.00
Sub-Total	5.00	59.50	-48.50	16.00
<i>Instant Access Deposits:</i>				
Money Market Funds – CNAV	10.00	2.00	-	12.00
Money Market Funds – VNAV	-	4.00	-	4.00
UK Banks Call Accounts	2.00	1.00	-	3.00
Lloyds Current Account*	0.96	0.13	-	1.09
Sub-Total	12.96	7.13	-	20.09
Total	27.96	66.63	-48.50	46.09

*Net Movement

To aid further diversification and to seek to enhance returns on cash balances held for use later in the year, a new money market fund was opened with Royal London. This fund operates on a variable net asset value basis (VNAV) i.e. where the fund valuation and therefore sums deposited can fluctuate, as opposed to a constant net asset value (CNAV) where the objective of the fund is to maintain the value of the fund at par.

Interest and dividends earned on investments in the period was £211,259 equating to an overall average annualised return of 1.46%, comprised as shown in the table:

	Average Invested April-End July 15	Interest & Dividends	Annualised Return³
	£m	£	%
Pooled Funds	10.00	163,983	4.91
UK Banks & Building Societies	7.80	14,048	0.54
Non-UK Banks	2.02	3,235	0.48
Debt Management Office	5.30	4,431	0.25
Money Market Funds – CNAV	12.00	17,140	0.43
Money Market Funds – VNAV	1.90	2,576	0.41
UK Banks Call Accounts	2.67	3,573	0.40
Lloyds Current Account	1.70	2,273	0.40
Total	43.39	211,259	1.46

Pooled Funds

At the end of July the position regarding pooled funds was as follows:

Fund	Initial Investment	Value at 31/7/2015	Income earned Apr-Jul	Annualised Return⁴
	£m	£m	£	%
Schroder UK Income Maximiser .	2.5m	2.482	£66,108	7.91
Threadneedle UK Equity Income	3.0m	3.202	£46,999	4.69
M&G Global Dividend	2.5m	2.437	£27,257	3.29
Local Authorities Property.	2.0m	2.021	£23,619	3.53
Total	10.00	10.142	163,983	4.91

³ Annualised return excludes changes in market value

⁴ See note 3

5. Credit Developments and Credit Risk Management

All three credit ratings agencies have reviewed their ratings to reflect the loss of government support for most financial institutions and the potential for varying “loss given defaults” as a result of new bail-in regimes in many countries. Despite reductions in government support many institutions have seen upgrades due to an improvement in their underlying strength and an assessment that the level of loss given default is low.

Fitch reviewed the credit ratings of multiple institutions in May. Most UK banks had their support rating revised from 1 (denoting an extremely high probability of support) to 5 (denoting external support cannot be relied upon). This resulted in the downgrade of the long-term ratings of a number of banks including Royal Bank of Scotland (RBS) to BBB+ from A; however, the Lloyds Banking Group received a one notch upgrade from A to A+.

Moody's concluded its review in June and upgraded the long-term ratings of Close Brothers, Standard Chartered Bank, ING Bank, Goldman Sachs International, HSBC, RBS, Coventry Building Society, Leeds Building Society, Nationwide Building Society, Svenska Handelsbanken and Landesbank Hessen-Thüringen.

S&P reviewed UK and German banks in June downgrading Barclays' long-term rating to A- from A, RBS to BBB+ from A- and Deutsche Bank to BBB+ from A. S&P has also revised the outlook of the UK as a whole to negative from stable, citing concerns around a planned referendum on EU membership and its affect on the economy.

In July Arlingclose issued further investment guidance extending the duration limits for certain major UK and other European banks, and bringing back on to the recommended list the National Westminster Bank and Royal Bank of Scotland for short term deposits (i.e. up to 35 days). The context of this recent advice was an assessment that overall global credit risk had improved allowing some lengthening of exposure where unsecured deposits were being used.

Strategic Risk Management		Agenda No: 7a
Portfolio	Corporate Services and Asset Management	
Corporate Priority:	Delivering excellent customer service	
Report presented by:	Councillor John McKee	
Report prepared by:	Trevor Wilson, Head of Finance	
Background Papers: Risk Policy, Strategy and Implementation Plan – Council 19 th April 2006. Strategic Risk Management report to Cabinet on 30 th March 2015		Public Report
		Key Decision: No
Executive Summary:		
<p>The report provides members with an updated Strategic Risk Register for the Council. The Strategic Risk Register agreed by the Cabinet on 30th March 2015 was reviewed by Members attending the Members Development evening on 28th July 2015; the outcome is an updated draft register for approval by Cabinet.</p> <p>The register details the risks which have potential to impact on the delivery of the Corporate Strategy over the medium-term. In addition to undertaking this review of the register the Management Board ensures that the register continues to be current by regularly reviewing and updating the strategic risks, as necessary.</p> <p>The strategic risk register forms one part of the Council’s overall approach to risk management, other facets include:</p> <ul style="list-style-type: none">• processes for identifying and recording operational risks,• risk registers for major projects,• business continuity planning, and• emergency planning. <p>The number of strategic risks identified has been increased from seven to nine, due solely to the risk regarding the Local Plan being divided into three elements based on the three triggers which have been identified could apply to the Local Plan. The reason for the division is that the likelihood of the triggers occurring and the associated consequences are different and warrant an individual risk rating.</p> <p>Members debated the risk rating of the Affordable Housing risk, in particular whether this should be increased from C2 to B2. On balance it was agreed to leave at C2 as the risk will continue to be actively managed.</p>		

Amendments/additions to the narrative of a number of the risks were suggested by Members and these have been incorporated in the updated register, attached at Appendix B.

A suggestion of adding a new risk about Causeway House being unavailable due to some adverse event and the consequential impact on service delivery was made. Officers explained that this was covered in the operational risks register for individual departments, as appropriate, and by the Business Continuity Plan which is currently subject to review following a fire at the offices of South Oxfordshire District Council in January 2015.

The number of risks above the Risk Tolerance Line (See Appendix A) and therefore requiring active management has increased to seven, with one of the three risks regarding the Local Plan being assessed as a B2 risk rating (High Likelihood and Critical Impact). The risk ratings of the other risks remain unaltered.

A summary of the changes to the risk ratings made at the reviews are shown in the table below:

Risk Rating	Feb. 2015	July 2015
B2 (<i>High likelihood/ Critical impact</i>)		1
C2 (<i>Significant likelihood/ Critical impact</i>)	5	6
D2 (<i>Low likelihood/ Critical impact</i>)	2	2
Total number of risks on Strategic Register	7	9

Management Action Plans for managing each of the seven risks above the risk tolerance line are owned and maintained by a Corporate Director. Details of the risks together with the Management Action Plans are provided at Appendix B.

The risk register will be further reviewed after next year's budget has been set and any suggested amendments will be reported to Cabinet in March 2016.

Decision

Members are asked to agree the draft Strategic Risk Register and the Action Plans, for managing the high rated risks, as detailed in Appendix B to the report.

Purpose of Decision:

To demonstrate that the Council regularly identifies the strategic risks which may affect the achievement of its objectives and that it actively manages them, as appropriate.

Any Corporate implications in relation to the following should be explained in detail	
Financial:	Risks and associated management action plans concerning the Council's finances are highlighted in risks numbers 1 and 7.
Legal:	There are no specific risks of a legal nature at this time.
Safeguarding	There are no specific risks regarding safeguarding at this time.
Equalities/Diversity	The Council's processes and approach to equalities and diversity are well developed and are not regarded as a risk.
Customer Impact:	The potential impact on a proportion of residents in the district, in particular vulnerable groups, of the Government's Welfare Reforms is identified at risk number 4. A management action plan is included detailing the actions taken and planned to reduce the risk.
Environment and Climate Change:	Risk concerning the Council's approach to climate change is identified as an operational risk by the relevant services.
Consultation/Community Engagement:	No specific risk identified concerning consultation and community engagement however these are important elements in a number of the strategic risks on the register e.g. Local Plan and Community Resilience.
Risks:	A robust Risk Management process is an important element of the Council's governance arrangements.
Officer Contact:	Trevor Wilson
Designation:	Head of Finance
Ext. No.	2801
E-mail:	Trevor.wilson@braintree.gov.uk

STRATEGIC RISK PROFILE

Braintree District Council July 2015

<div>↑</div> <div>likelihood</div>	A				
	B			3a	
	C			1, 2, 3b&c, 4, 6	
	D			5, 7	
	E				
	F				
		IV	III	II	I

Impact →

Likelihood:

A	Very high
B	High
C	Significant
D	Low
E	Very low
F	Almost impossible

Impact:

I	Catastrophic
II	Critical
III	Marginal
IV	Negligible

Strategic Risk Register including Management Action Plans (where appropriate)

Medium-Term Financial Strategy – 1

Risk Rating C2 (C2 Feb. 15)

Management Board Owner – Corporate Director (CF)

Vulnerability	Trigger	Consequence
<p>The Council sets a Medium-Term Financial Strategy (MTFS), covering a four-year period, which is reviewed and updated annually.</p> <p>Assumptions are made about anticipated changes on the revenue account e.g. government grant levels, income levels, inflation, pay awards, council tax collection rates, etc. together with planned and anticipated efficiency savings, council tax levels and the use of balances.</p> <p>Assumptions are also made regarding capital resources with a capital programme being planned and agreed against these resources.</p> <p>The Government's Summer Budget announced on 8th July 2015 and the notice of the 2015 Spending Review both confirm the intention to identify £20billion of savings from the public sector by 2019/20. HM Treasury has invited government departments to set out plans for budget reductions using two scenarios, of 25% and 40% savings in real terms by 2019/20. The Government also announced that it would be increasing spend on Health and Defence and protecting the spend on Official Development Assistance and schools funding.</p>	<ul style="list-style-type: none"> • Government funding settlements are reduced by more than anticipated. • Other organisations which provide significant contributions to the Council face their own funding pressures and may require greater reductions than expected. • Circumstances change which render the planned savings unachievable. • Other financial assumptions prove incorrect. Including income budgets not achieved, particularly interest receivable from the £10m invested in equity and property funds. • Economic conditions and market fluctuations cause changes at or before contract renewal e.g. contract for sale of recyclates. • Capital receipts are not received as planned. • Capital resources insufficient to finance capital programme. 	<ul style="list-style-type: none"> • Priorities and projects are not delivered. • Cuts necessary to services • Rushed decisions to find other savings • Staff unsettled and de-motivated. • Financial savings are not achieved; balances used more than planned. • Assets not fit for purpose • Satisfaction levels with the Council fall • Cannot implement low council tax strategy

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>Robust budget review and setting process involving Management Board and Cabinet members developed over a number of years</p> <p>Unallocated balances significantly exceed minimum level of £1.5million.</p> <p>Regular Budgetary Control and monitoring processes in place, including:</p> <ul style="list-style-type: none"> • Amount of council tax support awarded • awards made from the Exceptional Hardship Fund; and • Business rates and council tax collection rates. <p>Action Plan developed and agreed following Peer Challenge, managed by the Local Government Association, in October 2013.</p> <p>Monitoring of investment counter-parties and returns on investments by Arlingclose, the Council's Treasury Management advisor.</p>	<p>Continue work to improve financial modelling for business rates income, cashflow and New Homes Bonus grant.</p> <p>Improve monitoring and forecasting of income.</p> <p>Delivery against the workstreams contained in the Action Plan consisting of:</p> <ul style="list-style-type: none"> • Commercialisation and 'Better at Business'; • Grow our economy – increase business rate pot and secure external funds; • Finance and Investment Strategy; • Review contracts and procurement; • Increase our income; • Management and Service Reviews; and • Sharing services or joint work. 	Corporate Director (CF)	<p>Financial savings delivered on time and as budgeted.</p> <p>Setting a balanced base budget and having plans to meet funding shortfalls in subsequent years of MTFS.</p> <p>Service and performance levels delivered as planned.</p> <p>Collection rates of council tax and business rates achieve planned levels.</p> <p>Budget variations reported in timely manner with explanation and action plan, where appropriate</p>	Monthly	<p>Sept. 2015 – commence budget process for 2016/17</p> <p>Feb. 2016 – Full Council sets council tax and budgets for 2016/17</p>	<p>MTFS updated with the final financial settlement figure for 2015/16.</p> <p>MTFS provides a plan to provide a balanced base budget with the proposed freeze in council tax for 2015/16 at £159.57 (Band D). For planning purposes an increase in council tax of 2% is included for 2016/17 onwards.</p> <p>Estimated unallocated balance as at 31st March 2016 is £6.935million.</p> <p>Investment Strategy reviewed with £10m invested in equity and property funds and utilising borrowed monies, of £6m, to fund investments (e.g. commercial property and solar panels) to achieve improved rate of return over the medium-term.</p> <p>Revised MTFS reported to Cabinet 28th September 2015</p>

Infrastructure (formerly Economic Development) – 2

Risk rating C2 (C2 July 14)

Management Board Owner – Corporate Director (JH)

Vulnerability	Trigger	Consequence
<p>The Council has identified Economic Development as a key Corporate priority for the District as set out in the Corporate Strategy.</p> <p>The District is looking for inward investment, job creation, business growth and investment in infrastructure. There is also a programme to sustain/grow our town centres.</p>	<p>Lack of investment in infrastructure prevents business growth and job creation.</p>	<ul style="list-style-type: none">• Reduction in new jobs• Loss of revenue / growth in business rates• Less employment• Lower inward investment• Fewer new businesses being created• Less investment in infrastructure as a result of less development

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>Strong working relationship with Essex County Council, Haven Gateway, e South East Local Enterprise Partnership (LEP), and the Essex Business Board on key priorities for economic development.</p> <p>Partnership with Essex County Council, Colchester and Tendring Councils and the Highways Agency on establishing a business case for improvements to the A120.</p> <p>District Economic Development Prospectus agreed, setting clear economic priorities</p> <p>District Investment into capital/revenue projects to create business growth in the District.</p> <p>Working in partnership with Ignite Business to provide new business start-ups and to grow businesses.</p> <p>Close engagement with strategic businesses through the District Business Leaders Board</p>	<p>Continuing to develop a strong relationship with strategic businesses and working with them to lobby the South East LEP; Highways Agency; Network rail etc. to invest in the District's economic priorities</p> <p>Developing our inward investment offer through an Investment Prospectus and website</p> <p>Ensuring that we have a realistic delivery plan and maximising the use of available resources to lever investment in delivery, including New Homes Bonus</p> <p>Supporting Town Teams to develop a clear vision and ensuring that they have the capacity to deliver town centre regeneration</p>	Corporate Director (JH)	<p>Creation of new jobs</p> <p>New Business starts</p> <p>Business growth in the District</p> <p>Inward Investment in the District</p> <p>Investment into District infrastructure</p>	Quarterly		<p>Capacity of Economic Development Team strengthened to support delivery.</p> <p>Business community consulted on District Economic Development Prospectus, which sets clear economic priorities for the period to 2026.</p> <p>Work to ensure that key infrastructure projects are included in the Essex and LEP Strategic Plans.</p> <p>Springwood Drive Enterprise Units extension under construction and due to be completed by March 2016.</p> <p>Feasibility study underway for Witham Enterprise Centre</p> <p>Delivery of town centre infrastructure improvement projects in Braintree, Halstead and Witham underway</p> <p>Range of Portas Pilot initiatives delivered in three towns</p> <p>Investment in Town Centres and award from Government of Portas Pilot status.</p> <p>Allocation of £5m of New Homes Bonus funds to infrastructure projects agreed.</p>

Local Plan – 3

Risk Ratings: a) – B2 and b) & c) – C2 (C2 Feb. 15)

Management Board Owner – Corporate Director (JH)

Vulnerability	Trigger	Consequence
<p>Braintree District Council has an adopted Core Strategy and is in the process of preparing a new Local Plan. In line with government policy this will need to deliver a substantially higher target for housing numbers than is currently set out in the Core Strategy, as set out at Local Plan Committee in September 2014, this is likely to be in the range of 750-950 new homes each year.</p> <p>The Local Plan will be subject to an examination in 2016/17 and if found sound will hold full weight in planning decisions, up till this point it will hold limited weight based on its progress and the level of unresolved objections.</p> <p>Whilst the Local Plan is being produced, the Council may be at risk of being challenged by developers on its housing numbers.</p>	<p>a) Land owners submitting planning applications on unallocated sites.</p> <p>b) Lack of housing or economic growth leading to failure of allocated sites to deliver.</p> <p>c) Local Plan being found unsound when submitted for examination by the Planning Inspector.</p>	<p>a) & c)</p> <ul style="list-style-type: none">• Council may have to approve planning applications on sites outside of those proposed resulting in development which conflicts with the agreed spatial strategy• Loss of appeals on planning applications for development on unallocated sites outside of development boundaries. <p>b) & c)</p> <ul style="list-style-type: none">• Infrastructure requirements of new developments may not be sufficiently met.• Lack of new jobs in the District and failure to deliver job target• Inability to attract inward investment or business growth• Inability to attract skilled workers to the District• Council not able to meet its objectively assessed need for housing including affordable housing

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>Engaging at a regional level.</p> <p>Joint working with other authorities.</p> <p>Good working relationships with Town and Parish Councils and community groups.</p> <p>Infrastructure implications will be a key part of the new Plan.</p> <p>Programme of reporting and decision making through Local Plan Sub Committee.</p> <p>Strong working relationship with major developers on key housing/commercial sites in the District.</p> <p>An Interim Planning Policy Statement which supports the development of proposed allocated sites in the Site Allocations and Development Management Plan and removes the phasing from the Core Strategy growth location sites.</p> <p>A specific Local Plan budget of £480,000 has been agreed for 2015/16 to ensure the funds are available to provide the necessary evidence base documents and other work required to produce the Local Plan in the timescales proposed.</p> <p>An Appeals reserve fund of £300,000 has been agreed in the budget for 2015/16 to ensure the Council has sufficient funds to refuse applications which we consider unacceptable.</p>	<p>Work programme keeps to timetable to ensure adoption of the Local Plan in line with the project plan.</p> <p>Close working relationship with major landowners and agents in the District to work together on delivery rather than in opposition.</p>	Corporate Director (JH)	<p>Ensuring Local Plan process is adopted/ approved on target.</p> <p>Outcome of appeal decisions relating to non-allocated sites.</p>	Quarterly	Ongoing	<p>Core Strategy adopted 2011 pending adoption of new Local Plan</p> <p>Statement of Community Involvement adopted</p> <p>Approval of Interim Planning Policy Statement September 2014</p> <p>New Local Plan Issues and Scoping document consultation completed March 2015</p> <p>Local Plan evidence base in process of being commissioned</p> <p>Call for sites completed and assessment underway</p>

Community Resilience – 4

Risk Rating C2 (C2 Feb. 15)

Management Board Owner – Corporate Director (CF)

Vulnerability	Trigger	Consequence
<p>There is a small proportion of the district's population that is affected by the recent changes to welfare reforms. The Summer Budget 2015 outlined the Government's intention to make further reforms to Welfare payments with the aim to achieve £12billion of savings by 2019/20. These changes will commence in 2016 and are in addition to a number of the previously notified changes some of which are still working through and the impacts are uncertain, in particular, Universal Credit is due to be introduced under a phased approach in the Braintree district from October 2015 and to be fully operational by 2017.</p> <p>There are a number of deprived areas in the district with children in poverty, health inequalities, lack of skills and higher unemployment.</p> <p>A number of the schools in the district are low rated and educational attainment in the district (based on English and Maths GCSE results) is low compared to the rest of the county.</p> <p>There is a growing population of elderly people, within the district and nationally, a proportion of whom will require public services.</p>	<p>Demand for services from the Council and other public sector organisations increases which exceed supply.</p>	<ul style="list-style-type: none">• Some people do not receive the help they need.• Increase in homelessness and potential use of bed & breakfast accommodation• Increased demands on the Council's Housing and Customer Services• Increased health inequalities• Increase in number of households in fuel poverty• Increase in number of children in poverty• Requests for Discretionary Housing Payments and/or Exceptional Hardship Fund payments exceed resources allocated.

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>Additional staff taken on in Housing, Revenues and Benefits and Customer Services to meet increased demand for services and assistance as a consequence of welfare reforms.</p> <p>Increased partnership working with Citizens Advice Bureau, Greenfields CH, Department for Work and Pensions and Fusion to assist those affected by the welfare changes.</p> <p>Discretionary Housing Payments allocation from the Government of £204,936 in 2014/15. Short-term assistance available to tenants facing difficulty with their rent.</p>	<p>Delivery of action plan prepared by Officer Welfare Reform group.</p> <p>Regular reviews of the impact the changes are having on those affected.</p> <p>Work jointly with Job Centre Plus to agree a formal partnership agreement regarding Universal Credit.</p>	Corporate Director	<p>Services able to meet increased demand</p> <p>Funding sufficient to support those residents in extreme financial difficulties with council tax and/or rent.</p> <p>Increased number of residents in employment</p>	Quarterly		<p>Service Level Agreement with Citizens Advice Bureau to provide money advice service to residents, extended to 31st March 2016.</p> <p>Discretionary Housing Payments – allocation of £162,654 for 2015/16.</p> <p>Exceptional Hardship Fund of £15,240 for 2015/16. Short-term support available to council tax support claimants facing financial hardship.</p> <p>Health and Wellbeing Panel for the District established and working with a range of partners.</p> <p>Meetings held with Job Centre plus regarding the working arrangements for the roll-out of Universal Credit in the Braintree District.</p> <p>Issuing Essential Living Fund pay cards to claimants in the District on behalf of Essex CC.</p>

Service Resilience and Workforce planning – 5
Risk Rating D2 (D2 Feb. 15)
Management Board Owner – Corporate Director (CF)

Vulnerability	Trigger	Consequence
<p>Reduced resources impact on the Council's ability to deliver good quality services. Service delivery and resilience requires a well managed and motivated workforce. The Council has recognised the important challenges around workforce planning and talent management for the future.</p>	<p>Some key people leave.</p> <p>The organisation is stretched too far and resulting in service delivery failure</p>	<ul style="list-style-type: none"> • Service failure or performance declines • Mistakes made and corners cut • Customer satisfaction falls • Employees are demoralised. • Loss of good people. • Increased key person dependency • Loss of corporate memory • Failure to deliver Council's priorities and Annual Plan • Remaining staff fail to cope • Change programmes difficult to implement

Affordable Housing – 6

Risk rating C2 (C2 Feb. 15)

Management Board Owner – Corporate Director (JH)

Vulnerability	Trigger	Consequence
<p>The Council has challenging affordable housing needs. There are a declining number of sites for development in the district and the value of housing is intrinsically high. Increasing gap between the availability of affordable housing and those needing them.</p> <p>The Government is proposing to extend the Right to Buy entitlement to assured tenants of Housing Associations.</p>	<p>Potential number of affordable houses not provided</p>	<ul style="list-style-type: none">• Affordable housing need not met• Homeless households remain longer in temporary accommodation as fewer rented homes become available for letting through 'Gateway to Homechoice'• Cost to the Council of temporary accommodation increases• Young people/key workers leave the district

Action/controls already in place	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates	Progress to-date
<p>Affordable Housing Strategy 2009-14 adopted</p> <p>Affordable Housing Strategy Action Plan for 2011/12</p> <p>Reviewed planning policy to ensure opportunities are maximised</p> <p>The Community Housing Investment Partnership (CHIP) fund was established as part of the transfer agreement. Currently £7m of this fund is available to invest into the delivery of further affordable housing.</p> <p>Underwriting schemes and purchase of land for affordable housing developments as opportunity and finance allow.</p>	<p>Housing Research and Development Team continue to look for innovative ways of increasing affordable housing with developers and Registered Social Landlords.</p> <p>Use of Stat Nav toolkit to help identify need across the District.</p> <p>Build working relationships with developers to deliver affordable housing through S.106 agreements.</p>	Corporate Director (JH)	Local target for an average 100 dwellings per annum	Quarterly		<p>Local Plan in progress. Affordable Housing Viability Study has been commissioned.</p> <p>Housing Strategy update in progress.</p> <p>Proposal to share the balance of the CHIP fund equally between the Council and Greenfields, being considered by both parties.</p> <p>StatNav toolkit now up and running on BDC web-site</p> <p>Over 200 new affordable homes started on site during 2013/14. In 2014/15, we expect 173 affordable homes to be completed. In 2015/16 we are expecting around 70 completions.</p> <p>Authority delegated to Cabinet Members for Planning and Property and Performance and Efficiency to agree acquisitions and funding commitments within the overall affordable housing budget in order to allow timely decisions to be taken and prevent opportunities being lost.</p>

Investment Strategy (formerly Investment of Surplus Monies) – 7

Risk Rating D2 (D2 Feb. 15)

Management Board Owner – Corporate Director (CF)

Vulnerability	Trigger	Consequence
<p>The Council has an Investment Strategy which seeks to optimise use of available resources by investing in property and other assets as well as investing surplus monies with financial institutions to achieve a reasonable rate of return.</p> <p>The security of the money invested is paramount but the Investment Strategy distinguishes between the investment of monies available only in the short-term due to cashflow requirements and monies (core funds) which are available for investment over the medium to long-term.</p> <p>£10million of the Council's core funds were invested in pooled funds (equities and property) in October/November 2014 with the aim of achieving higher rates of return and capital growth over the medium term (3 to 5 years).</p> <p>The impact of the current economic climate on financial institutions makes the selection of: a strong counterparty, with which to invest; the selection of an asset, to purchase, and the tenant, to occupy and rent property, crucial.</p> <p>Regular monitoring of investment counterparties is essential and this is currently undertaken by Arlingclose, our Treasury Advisors.</p>	<p>Failure of investment counterparty.</p> <p>Tenant ceases trading leading to void period and requirement to find a new tenant.</p> <p>Collapse in the equity market at a time when the Council needs to release money by selling the equity pooled funds.</p>	<ul style="list-style-type: none">• Loss of the principal sum and / or interest due• Loss of rental income and increased costs (e.g. unoccupied business rates)• Unplanned service cuts and / or use of balances• Decline in Council reputation



Minutes

Local Plan Sub-Committee

7th September 2015

Present:

Councillors	Present	Councillors	Present
D Bebb	Yes	Mrs J Money	Yes
Mrs L Bowers-Flint (Chairman)	Yes	Lady Newton	Yes
G Butland	Yes	J O'Reilly-Cicconi	Yes
T Cunningham	Yes	Mrs W Scattergood	Yes
D Hume	Apologies	Miss M Thorogood	Yes

Councillors Abbott and Schwier were also in attendance.

14 DECLARATIONS OF INTEREST

INFORMATION: There were no interests declared.

15 MINUTES

INFORMATION: The Minutes of the meeting of the Local Plan Sub-Committee held on 8th July 2015 were confirmed as a correct record and signed by the Chairman.

16 QUESTION TIME

INFORMATION: There was one statement made. Details of the person who spoke at the meeting are contained in the Appendix to these Minutes.

Principally, these Minutes record decisions taken only and, where appropriate, the reasons for the decisions.

17 OBJECTIVELY ASSESSED HOUSING NEED

INFORMATION: Consideration was given to a report on the forecast demand for new homes over the period 2013- 2037 in the Housing Market Area comprising Braintree; Chelmsford; Colchester and Tendring districts.

Members of the Sub-Committee were advised that as part of the preparation of the new Local Plan, the Council had identified its full objectively assessed housing need and the sustainable capacity to meet the need in full.

The assessment initially looked at the government's population and household projections; these suggested that the district would need around 686 new homes going forward. A number of processes were carried on the official projections including looking at whether they were a reasonable guide, whether they met the needs for new workers and if evidence on affordability or other factors required the Council to increase their supply further.

The Essex Planning Officer Association on behalf of all Essex authorities worked with the commissioner consultancy, Edge Analytics who produced a series of demographic forecasts taking in to account additional factors and produced a range of scenarios based on migration trends. Taking these scenarios, Braintree along with colleagues at Chelmsford; Colchester and Tendring had commissioned Peter Brett Associates (PBA) a leading planning consultancy, to be advised on the objectively assessed need

The first stage of the report was to ensure that the area being assessed was an appropriate one. A whole housing market area was looked at and so the consultants looked at Braintree, Chelmsford; Colchester and Tendring together and found that these areas had strong links in terms of commuting between authorities and house moves between the authorities and so it was agreed that this was an appropriate way to plan for the Council's housing market area.

The report considered a number of factors including in-migration projections, employment projections and past patterns of the provision of housing in the districts as well as market signals, in particular in relation to overcrowding and price.

The main impact for both Braintree District Council and the housing market area was the need to provide homes for workers and the predicted new jobs required in the housing market area. A range of different data sources had been looked at by both Braintree District Council and Consultants in order to consider the figures; these are outlined in the report. After considering these figures the consultants had concluded that the housing market area and Braintree and Chelmsford in particular needed more homes than the government starting point projections in order to fill the forecast number of new jobs that would be required in the area, which as a result required an uplift in the housing numbers.

The overall conclusion of the report was that in terms of the housing market area, the average yearly figure would be 3137 new homes on average per year and that Braintree district would provide 845 of those.

DECISION: That the report on Objectively Assessed Housing Need as part of the evidence base for the new Local Plan be approved.

18 **EMPLOYMENT LAND NEEDS ASSESSMENT**

INFORMATION: As part of the new Local Plan an Employment Land Needs Assessment (ELNA) had been produced by consultants Aecom to help provide the

evidence base necessary to support the employment and economic development policies within the Plan.

Following an analysis of the current market and likely future trends the report concluded that the Local Plan should provide between 7.5ha and 11ha of additional industrial land and between 53,400sqm and 66,800sqm of office space. The assessment included assessing all the sites currently allocated for employment uses too see if they were fit for purpose, or should be allocated for other uses.

The report also looked at sites which had been submitted for employment uses or mixed use during the Call for Sites and recommended which sites could be considered for new employment allocations.

Members were advised that the ELNA made recommendations but did not set policies. These will be set by the draft Local Plan.

DECISION: That the Employment Land Needs Assessment as evidence base for the new Local Plan be approved.

19 **AFFORDABLE HOUSING VIABILITY ASSESSMENT**

INFORMATION: Braintree District Council had commissioned Andrew Golland Associates to update its Affordable Housing Viability Assessment evidence base. The report reviewed the Council's affordable housing targets and thresholds and made recommendations on whether a policy change was needed in the new local plan and took in to account housing market changes.

The study was based on a residual development appraisal model to assess development viability. This mimicked the approach of virtually all developers when purchasing land. High level testing of the District, calculation of residual values and benchmarking and viability for residential development had all been used to determine the likely viability of residential developments in the District and therefore what an appropriate threshold for development would of been.

The report demonstrated that the current affordable housing policy for the District is viable and provided evidence for a new policy which will be included in the new Local Plan.

DECISION: That the Affordable Housing Viability Assessment as part of the evidence base for the new Local Plan be approved.

The meeting commenced at 6.00pm and closed at 6.55pm.

Councillor Mrs L Bowers-Flint
(Chairman)

APPENDIX
LOCAL PLAN SUB-COMMITTEE
7TH SEPTEMBER 2015
PUBLIC QUESTION TIME

Details of Questions Asked / Statements Made During Public Question Time

- 1 Statement Relating to Item 6 – Employment Land Needs Assessment

Statement by Councillor J Abbott, 1 Waterfall Cottages, Park Road, Rivenhall,
Witham

Cabinet Member Decisions made under Delegated Powers		Agenda No: 9b
Portfolio	See body of report	
Corporate Priority:		
Report presented by:	Not applicable –Report for noting	
Report prepared by:	Emma Wisbey, Governance and Member Manager	
Background Papers:	Public Report	
Cabinet Decisions made by individual Cabinet Members under delegated powers	Key Decision: No	
Executive Summary:		
<p>All delegated decisions taken by individual Cabinet Members are required to be published and listed for information on next Cabinet Agenda following the decision.</p> <p>Since the last Cabinet meeting the following delegated decisions have been taken (details as at time of decision):-</p> <p>Councillor John McKee – Cabinet Member for Corporate Services and Asset Management</p> <p>Decision taken on 29th July 2015</p> <p>The approval of the freehold transfer of the land to the rear of 23-43 Glebe Road, Kelvedon, to Kelvedon Parish Council for a consideration of £1.00.</p> <p>Councillor John McKee – Cabinet Member for Corporate Services and Asset Management</p> <p>Decision taken on 29th July 2015</p> <p>The approval of the freehold transfer of the recreation ground, Ramsey Road, Halstead to Halstead Town Council with a commuted sum of £37,800.</p> <p>Cabinet Decisions made by individual Cabinet Members under delegated decisions can be viewed on the Access to Information page on the Council’s website.</p> <p>www.braintree.gov.uk</p>		

Decision For Cabinet to note the delegated decisions.
Purpose of Decision: The reasons for decision can be found in the individual delegated decision.

Any Corporate implications in relation to the following should be explained in detail	
Financial:	None arising out of this report.
Legal:	None arising out of this report.
Safeguarding	None arising out of this report.
Equalities/Diversity	None arising out of this report.
Customer Impact:	None arising out of this report.
Environment and Climate Change:	None arising out of this report.
Consultation/Community Engagement:	None arising out of this report.
Risks:	None arising out of this report.
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