

Cabinet AGENDA

Tuesday, 5th September 2017 at 7:15 PM

**Council Chamber, Braintree District Council, Causeway House,
Bocking End, Braintree, CM7 9HB**

THIS MEETING IS OPEN TO THE PUBLIC
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Members of the Cabinet are requested to attend this meeting to transact the business set out in the Agenda.

Membership:-

Portfolio

Leader of the Council	Councillor G Butland (Chairman)
Environment and Place	Councillor Mrs W Schmitt (Deputy Leader of the Council) Councillor R van Dulken
Planning and Housing	Councillor Mrs L Bowers-Flint Councillor Mrs G Spray
Economic Development	Councillor T Cunningham Councillor K Bowers
Health and Communities	Councillor P Tattersley Councillor F Ricci
Finance and Performance	Councillor D Bebb
Corporate Services and Asset Management	Councillor J McKee

Invitees

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

Members unable to attend the meeting are requested to forward their apologies for absence to the Governance and Members Team on 01376 552525 or email governance@braintree.gov.uk by 3pm on the day of the meeting.

A WRIGHT
Acting Chief Executive

INFORMATION FOR MEMBERS - DECLARATIONS OF INTERESTS

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

Any member with a Disclosable Pecuniary Interest, other Pecuniary Interest or Non-Pecuniary Interest must declare the nature of their interest in accordance with the Code of Conduct. Members 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.

Question Time

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AGENDA

No	Title and Purpose of Report	Pages
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	Minutes of the Previous Meeting To approve as a correct record the minutes of the meeting of Cabinet held on 10th July 2017 (copy previously circulated).	
4	Public Question Time (See paragraph above)	
5	OVERALL CORPORATE STRATEGY AND DIRECTION	
5a	Leader's Update Leader of the Council to give a brief update on key issues and activities.	
5b	North Essex Garden Communities – Progress to date and key developments	5 - 23
6	FINANCE AND PERFORMANCE	
6a	First Quarter Performance Management Report 2017-18	24 - 53
6b	Medium-Term Financial Strategy 2017-18 to 2020-21	54 - 75
7	REPORTS/ DELEGATED DECISIONS/MINUTES TO BE NOTED	

7a [Local Plan Sub-Committee – 11th July 2017](#)

8 URGENT BUSINESS AUTHORISED BY THE CHAIRMAN

9 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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North Essex Garden Communities – Progress to date and key developments		Agenda No:5b
Portfolio	Overall Corporate Strategy and Direction Environment and Place Planning and Housing Economic Development Finance and Performance Corporate Services and Asset Management	
Corporate Outcome:	A sustainable environment and a great place to live, work and play A well connected and growing district with high quality homes and infrastructure A prosperous district that attracts business growth and provides high quality employment opportunities Residents live well in healthy and resilient communities where residents feel supported A high performing organisation that delivers excellent and value for money services Delivering better outcomes for residents and businesses and reducing costs to taxpayers	
Report presented by:	Councillor Graham Butland, Leader of the Council	
Report prepared by:	Jon Hayden, Corporate Director	
Background Papers:		Public Report
Cabinet report and minutes 4th February 2016 Cabinet report and minutes 29th November 2016 Council report and minutes 12th December 2016		Key Decision: Yes
Executive Summary:		
<p>The vision and objectives for the Garden Communities in North Essex are wide-ranging and innovative, seeking to achieve multiple benefits for the communities and those who live and work in them. They remain as they were agreed by the Councils in late 2016 and have been captured in the governing documents of North Essex Garden Communities Limited.</p> <p>The vision for the Garden Communities, as agreed previously, sets out a clear statement of local ambition and establishes a strategic basis for the project. It enables the four Councils to plan positively for the future homes and jobs needed across the area, the provision of high quality infrastructure (transport, telecommunications, education, health, community and cultural infrastructure); and the creation of quality places including the conservation and enhancement of the natural and historic environment. The creation of these communities will also bring wider spatial planning</p>		

benefits across Essex as they seek to reduce urban sprawl and unfettered expansion of smaller heritage communities.

Alongside the vision is a set of related objectives designed to help achieve the vision for the area and to provide a basis for achieving the necessary outcomes. The objectives include:

- Delivering for local communities;
- Providing New Homes;
- Fostering Economic Development and job creation;
- Providing New and Improved Infrastructure;
- Ensuring High Quality Outcomes;
- Managing change effectively;
- Long Term Stewardship.

In order to achieve this vision the Councils are using a range of approaches. Principally the Local Plans set a clear and strong planning framework setting out strategic requirements for any development in these areas. In addition through seeking control of the land it is anticipated that this will enable the Councils to ensure the momentum and pace of delivery as well as delivering the high quality of development sought.

This report describes the progress made since the Cabinet last considered the North Essex Garden Communities project and goes on to introduce the very significant opportunities presented by recent changes in legislation to allow the delivery of Garden Communities through a New Town Development Corporation. It goes on to consider the potential for using Compulsory Purchase powers to acquire the land for the Communities and to seek a further financial contribution of £250,000 from each of the four partner Councils to fund the joint work.

Recommended Decision:

That Cabinet:

- 1 Notes the progress made in respect of the North Essex Garden Communities project and to endorse the work of NEGC Ltd.
- 2 Notes the updated position on the control of land and supports the continued work by the Local Delivery Vehicle (LDV) Directors to achieve control of the land for each Community by way of voluntary agreements with the current land owners in accordance with the LDV structure.
- 3 Supports the approach proposed by NEGC Limited that Directors actively engage with Government to promote the positioning of the NEGC Limited as a “Responsible Body” for the establishment of a single new locally-controlled Development Corporation across all three of the proposed North Essex Garden Communities – subject to final consideration of this approach by Members after the publication of the Regulations.
- 4 Supports the signing of a letter (attached as Appendix A) to be sent by the Leaders of all four of the Councils together with NEGC Limited to the relevant Secretary of State to support the promotion of regulations which enable the formation of a New Town Development Corporation with a locally accountable body in a timely and effective way.

- 5 Notes that detailed work is being undertaken by NEGC Limited to assess the financial and legal implications and requirements relating to the use of Compulsory Purchase Orders (CPO) to enable future decisions to be taken by the respective Councils / Development Corporation.
- 6 Supports the principle of using compulsory purchase powers (either as individual Councils or potentially through a new Development Corporation) to secure control of the land if voluntary land agreements cannot be achieved in a reasonable time.
- 7 Agrees to provide a further contribution of £250,000 to fund the work of NEGC Limited in the development of the project and to recommend to Council that the funds are allocated from unallocated New Homes Bonus.

That Cabinet Recommends to Council that it:

- 1 Notes the progress made in respect of the North Essex Garden Communities project and to endorses the work of NEGC Ltd.
- 2 Notes the decisions of the Cabinet and endorses the approach to the progression of the project.
- 3 Allocates £250,000 of unallocated New Homes Bonus to fund the work of NEGC Limited in the development of the project.

Purpose of Decision:

To provide an update on progress made and the current position regarding the Garden Communities project and in particular:

- To note that the joint Part One of the Local Plans has been agreed by the three District Councils;
- To note that the proposed governance arrangements approved by the four authorities have been established and that whilst no land deals have been secured, discussions and negotiations are continuing in respect of all three areas.
- To advise Members of the emergence of the potential to deliver the Garden Communities through the delivery model of a locally controlled Development Corporation and to seek support for the approach proposed by North Essex Garden Communities (NEGC) Limited.
- To advise Members of the potential use of compulsory purchase powers to gain control of the land to deliver the Garden Communities and to seek support in principle to the development of an approach to Compulsory Purchase Order (CPO) powers.
- To provide Members with an update on the financial position of the project and to seek a further financial contribution of £250,000 to the project from each of the Councils.

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

Financial:	Save for the commitment to fund the work of NEGC Limited with the sum of £250,000 which can be accommodated from unallocated New Homes Bonus this report has no further direct financial implications. However in line with previous commitments the Council has agreed in principle to provide an appropriate proportion of the necessary funding required to support the development of the two garden communities within its area, subject to satisfactory business cases and consideration of the full terms of the funding requirements. This report does not seek to adjust this commitment.
Legal:	The Council has the power to pursue the indicated approaches through the Localism Act 2011. However should specific powers be sought or implemented a future report will have to consider the detailed provisions relating to that decision.
Safeguarding:	There are no direct implications from this report in relation to safeguarding.
Equalities/Diversity:	The report does not create any specific equality or diversity impacts; the communities which are ultimately developed will need to take into account these issues in their design, construction and management and this will be an ongoing commitment.
Customer Impact:	The proposals will enable the delivery of sustainable communities which have the delivery of infrastructure as a key requirement ensuring that they are good quality places to live and work.
Environment and Climate Change:	The design and delivery of these communities will take into account garden community principles. This is managed through the Local Plan process and the planning frameworks. By having a strong stake in the delivery of the communities the Council will be in a position to support suitable standards and infrastructure to mitigate impacts.
Consultation/Community Engagement:	The Local Plan process including the master planning processes for these communities enables significant public consultation and engagement.
Risks:	There is a full consideration of the current risk profile within the report, however principally this report considers approaches to mitigate the risks within the project to ensure the adopted approach is successful.

Officer Contact:	Jon Hayden
Designation:	Corporate Director
Ext. No:	2560
E-mail:	Jon.Hayden@braintree.gov.uk

1 Background and Project Update

- 1.1 The strategic vision identified through the joint working of Braintree, Colchester, Essex and Tendring Councils and common approach to the development of the project was approved by Cabinet [and Council] reports in November and December 2016. These established a dedicated delivery structure through the creation of North Essex Garden Communities Limited (NEGC Limited) and individual, site-focussed Local Delivery Vehicles (LDVs). These bodies were made responsible for bringing the projects forward through, land assembly, further design and planning stages, and into implementation through the direct delivery of infrastructure alongside the disposal of serviced plots to developers.
- 1.2 In November 2016 Cabinet and subsequently Council in December 2016 agreed to:
- Set up North Essex Garden Communities Limited;
 - Approve the NEGC Limited Shareholder Agreement;
 - Appoint the Leader, Cllr Butland, to be a Director;
 - Endorse formation of LDVs (by NEGC Limited);
 - Approve the LDV Shareholder agreement;
 - Appoint Jon Hayden as Director to Colchester Braintree Borders Limited and West of Braintree Limited;
 - Agreed in principle to provide an appropriate proportion of funding to the LDVs subject to business case and funding options in the future.
- 1.3 Since the approval of each of the Councils involved NEGC Limited has been formally established and transferred to the Councils, with Directors being appointed. The Board of NEGC Limited is currently chaired by Essex County Councillor John Spence and since January 2017 has been meeting regularly to oversee the project.
- 1.4 The three individual Local Delivery Vehicles have been established and ownership transferred to NEGC Limited and Directors appointed. The LDV Directors have sought to progress the separate negotiations with land owners and developers with interests in the three sites; this has been supported by independent property and legal advice.
- 1.5 There is ongoing dialogue with all the interested parties in respect of the land, including landowners and those holding relevant option and/or promotion agreements. Whilst this work is ongoing, no formal agreements with landowners have been signed.
- 1.6 Lord Kerslake has undertaken a peer review of the project, supported by a strong and experienced team. This provided a significant level of assurance that this was a project with scope and ambition; although it raised a number of challenges, including the need to significantly increase the capacity of the project team and consider alternative delivery models in the context of balancing flexibilities and risks. Although the aim of the landowner discussions to date has been for the LDVs to secure control of the land there remains a willingness to explore other mechanisms proposed by landowners that would secure the delivery of the Garden Communities.

- 1.7 As Members will be aware, the approval of the Local Plan has its own statutory process and is entirely separate but integral to the success of the joint project. Each of the Local Planning Authorities approved the Publication Draft Local Plan at their meetings in May and June this year. Public consultation was undertaken over the summer and comments received will be submitted to the Inspector with the Publication Draft Local Plan and Sustainability Appraisal in October 2017. It is expected that the independent public examination will be in the early part of 2018.
- 1.8 The Local Planning Authorities are currently developing site-specific Development Plan Documents for each of the Garden Communities and it is anticipated that an Issues and Options Consultation will commence in October 2017 to assist in formalising the detailed policy framework for each site.

2. Local Development Corporation

- 2.1 It was originally envisaged that land would be acquired via the governance structure created by the Councils, or via a CPO made by the planning authorities if necessary. However, changes to the law made by the Neighbourhood Planning Act 2017 mean that the prospect of a New Town Development Corporation with local accountability has now emerged as a realistic option for the onward development of the project. Whilst this would change the current delivery model, it would be based on the same vision and delivery principles as outlined above; particularly early development of infrastructure and it being public sector led.
- 2.2 The Board of NEGC Limited has recognised the potential significant benefits but also the issues arising from the prospect of a locally accountable New Town Development Corporation (NTDC).
- 2.3 The key characteristics of NTDCs are that they are statutory bodies, created by the Secretary of State acting under the authority of Parliament, with specific features including:
- (i) operation within an area designated as a new town by the Secretary of State, with the implication that the Secretary of State accepts the need, if necessary, to confirm Compulsory Purchase Orders;
 - (ii) the power to acquire land, if necessary by compulsory purchase at 'no scheme' values;
 - (iii) the ability to develop proposals for their areas and promote development orders that grant planning permission for the new towns;
 - (iv) the power to carry out their own development and to sell/lease land to others;
 - (v) the power to borrow money to fund their operations including investment in infrastructure and running costs;
 - (vi) the power to make provision for the long-term ownership and care of public amenities such as parks and community meeting places; and
 - (vii) closure of NTDCs can only be brought about by Parliament. This will normally be when the task for which they were set up 'has been substantially completed'.

- 2.4 If a NTDC was created, the use of NTDC planning powers would be supported by land ownership since this provides a stronger mechanism than planning agreements or Community Infrastructure Levy (CIL) for the recovery of investment and an absolute safeguard against opportunistic planning applications that are contrary to the agreed plans. It was standard practice for NTDCs to seek control of relevant land at an early stage. In the previous experience of NTDCs much of the land was acquired by agreement while plans for CPO were being prepared.
- 2.5 Recent amendments to the legislation allow the Secretary of State to appoint one or more local authorities to 'oversee' the delivery of the new town and the NTDC; with the details of how this oversight would work to be fleshed out by regulations. In North Essex, NEGC Limited is proposing that it should position itself as a potential "Responsible Body", a joint local authority body providing oversight for the authorities. It is understood that regulations will, when made, as far as possible put the Local Authorities / NEGC Limited in the place of the Secretary of State. Clearly we are unable to say for sure how this will operate until the final regulations are made by the Secretary of State. Officers are working closely with DCLG to ensure that the emerging regulations, and any future designation orders, can accommodate the proposed North Essex garden community model. Part of this work aims to secure comfort that a Development Corporation and any assets, and the dissolution of a Corporation, will only be controlled by the Local Authorities rather than the Secretary of State.
- 2.6 Under the locally-led model, Local Authorities will bring forward proposals for an area to be designated as a locally-led new town, demonstrating that they have the capabilities to deliver and local support. If the Secretary of State is satisfied with the proposals, following consultation with local interested people, parties and any other necessary bodies, they will designate the area as a new town, to be delivered through the locally-led model.
- 2.7 One of the main advantages of a Development Corporation model is that it is likely to lead to earlier agreements regarding the acquisition of land, in addition to acquisition by compulsion in those cases where agreement proves impossible. The designation of an area as a new town, likely to follow closely after the adoption of the Local Plan, would be a clear signal that the Secretary of State would be likely to confirm a subsequent CPO. That, in itself, would encourage landowners to reach a voluntary agreement. A Development Corporation would also be able to start the CPO process earlier than a Local Planning Authority, being able to rely on the approved proposals/Local Plan rather than having to wait for a planning permission to have been developed.
- 2.8 If agreed as an approach in order to submit a proposal, key issues which will need to be considered, and ultimately approved by the Councils, are:
1. Which of the Garden Community sites should be covered by NTDC arrangements and the proposed boundaries of each site.
 2. Whether to create one overall NTDC or one for each selected area.
 3. When to request that the NTDC(s) should be established.
 4. What governance changes, if any, might be needed to the constitution of NEGC Limited.

5. What governance arrangements need to be introduced for the Development Corporation.
 6. How the initial funding of the NTDC(s) will be supported, all of which might be through borrowing either by the NTDC acting as main borrower or by Local Authorities borrowing and onward lending to NTDC. If the latter option is selected we would need to consider the subsequent impact on Local Authority budgets.
 7. The role of the LDVs and the possibility/benefit of the LDV being a subsidiary of the Development Corporation.
- 2.9 Initial consideration of the key issues above indicates that speedy establishment of an NTDC has major advantages, both in terms of ensuring effective delivery in line with the aspirations of the Councils through the Vision, and in respect of delivering effective funding arrangements.
- 2.10 Whilst a final decision cannot be made at this point it is worth considering the advantages of one comprehensive NTDC as against site-specific ones.
- 2.11 A single NTDC would have advantages in terms of economies of scale, recruitment of key staff and/or Board members, negotiating power with Government, Statutory Undertakers, private investors, employers wishing to buy land and premises and house builders. This scale of development controlled by a single entity would enable NTDC to flex resources and maximise opportunities. The NTDC would be able to respond to changes within local markets across the three areas whilst maintaining the pace and growth agenda of the Councils.
- 2.12 Whilst individual NTDCs would lose the economies of scale that a single one would achieve, each new settlement would still represent a major project which would attract significant economic power. The core advantage of three separate NTDCs is that each of them could become more aligned with the needs and aspirations of the specific community they are developing; creating a sense of place and ownership with the community and avoiding allegations of favouring one community over the others. Furthermore, if Local Authorities have to borrow or underwrite debt they may wish to ensure that their taxpayers are not underwriting debt unrelated to their area. Three NTDCs could still work harmoniously together – as the four sovereign Local Authorities have to date acted in such a manner.
- 2.13 At its Board meeting on 27th July 2017 NEGC Limited agreed the following:
- That NEGC supports the direction of discussion regarding the allocation of powers between the Secretary of State and a locally “Responsible Body” (RB) and seeks to position the NEGC as an RB including amendments to its Articles as may be required.*
- That NEGC agrees to recommend to its constituent Local Authorities the progression of a single locally accountable NTDC, subject to final consideration of published Regulations, and seeks its officers to progress matters to take full advantage of such powers, including a*

response to items 1-6 above. [1-6 relates principally to the items in paragraph 4.8 above]

That the Directors of the NEGC write to the appropriate Government Minister(s) stating that given the NEGC's commitment to use the proposed new Regulations for a locally led NTDC, that they ensure that sufficient priority is given to the preparing of such Regulations which would allow them to be acted upon in a timely manner and avoid them being lost to other Parliamentary work programmes.

3. Control of Land Update – Consideration of Compulsory Purchase Orders (CPO)

- 3.1 The land within the project areas remains outside the control of the Councils and LDVs. The emphasis to date has rightly been on seeking agreement to acquire land voluntarily. It remains the preferred option that land deals will be entered into between the relevant landowners / developers and the LDV with the view that each LDV will then have the rights to control the delivery of its scheme ensuring that the delivery is undertaken on Garden Community principles. The LDV Directors have continued to have positive ongoing discussions and have continued to build working relationships with the relevant landowners and promoters of the sites with a view to the LDV securing a controlling interest in the land and the landowners working with the LDV to deliver the Garden Communities.
- 3.2 The Neighbourhood Planning Act 2017 (NPA) has recently changed the climate and timetable for the use of compulsory purchase powers. There has been a very clear signal from Government that they are encouraging authorities and communities to promote new Garden Communities and are willing to use the New Towns legislation and powers to create a locally-led model for delivering New Towns including establishment of Development Corporations, which would have land assembly and CPO powers for use if required.
- 3.1 Despite the new legislation, a CPO remains a last resort, therefore negotiations must continue, with CPO powers only ever being used as a fall-back option. That does not, however, prevent authorities starting the process of preparing for a CPO alongside negotiations which may improve the likelihood of reaching negotiated settlements, since landowners see that the CPO route is being taken seriously.
- 3.2 The use of CPO powers outside of any development corporation rests with individual local authorities. Cabinet is being requested to support a view that negotiations should continue but that the Councils be willing to consider the principle of using CPO as a means of acquisition. [In practice it is likely that any C P O would be made by the relevant planning authority and the County Council would provide support to the process but would not make the order].
- 3.3 To be able to make a CPO, the Local Authorities would be required to make a detailed decision taking into account relevant considerations including specific legal and financial implications and therefore, a future report to the Councils would be required, when and if this becomes necessary.

3.4 The Board of NEGC Limited agreed, on 27th July 2017,

That the land negotiations should continue and that progress should be made to ensure that, if necessary, a CPO can be made either by the relevant Local Authorities and / or by a future Development Corporation.

3.5 Accordingly Cabinet is asked to endorse the approach recommended by NEGC Limited and to confirm its willingness in principle to recommend in due course that a CPO be pursued by the Council should it be needed, and subject to the detailed decision making that will be required and to take the initial preparatory steps to establish the viability of a future CPO.

4 Business Planning and Finance

4.1 As set out in section 1 above, there has been significant progress on a number of aspects of the project. This includes securing support from DCLG; raising the programme's profile with Government; making progress with Local Plans; and establishing a new governance and delivery structure.

4.2 During this period the project has also been reviewed by Lord Kerslake, which identified a series of recommendations that have an influence over project resourcing, risk management and appropriate timescales.

4.3 Whilst good progress has been made, there is still considerable work to be done, especially in areas of securing appropriate land agreements and defining a strategy to address the programme's long-term funding needs. The following 12-18 months will be a pivotal stage in the programme's evolution and will need to address these important aspects which in turn will define the level of commitment and nature of the Councils' role for the longer term.

4.4 In accordance with the Articles of NEGC Limited, a long-term Business Plan is currently being prepared to set out the overall context to the next phases of delivery of the project, with a particular focus on the initial five year period from 2017/18 to 2021/22. This Business Plan will further inform the scope of operations and potential resource implications and set out more information on:

- Key programme objectives & considerations;
- Progress to date;
- Overview of approach and operating model;
- Resource needs including staffing structure;
- Timetable/milestones and work streams;
- Forecast capital and revenue budget 2017/18 to 2021/22;
- Funding options; and
- Project risks and mitigation strategy.

4.5 The preparation of a comprehensive Business Plan, incorporating a more detailed five year strategy, enables workstreams, activities and resource needs to be put into a wider context in terms of the overall programme scope and related objectives. It will enable a considered approach to defining the key

actions required to enable delivery and provides a context to operations necessary within the first five years of operation.

4.6 It is anticipated that a number of key milestones will occur over the following 18 months, some of which will involve decision-making by NEGC Limited and individually by the Councils. Clearly each milestone and the nature of related decisions/approvals will differ and be subject to the amount of background work and advice available at each date. Key anticipated project milestones are:

- September 2017
 - Preparation by NEGC Limited of Long-Term Business Plan and Funding Strategy.
 - Due diligence review on scheme viability.
- March 2018: Decision points on:
 - Land position: review which sites to move forward (in respect of a delivery role), whether any suitable agreements are in place and/or agree whether to pursue CPO, or alternatively to take no role in land or direct delivery;
 - Development Corporation: whether to apply for the creation of a locally-led Development Corporation;
 - Scheme viability and funding: viability review/outline business case to inform whether to take a role in scheme funding, initiate formal external private sector funding/delivery partner procurement process and/or source direct funding from Public Works Loan Board /Government;
- September 2018: Decision points on:
 - Adoption of the Local Plan by individual Local Authorities;
 - Viability review / business case position for market procurement to secure external funding/delivery partners;
 - Contingent on the Local Plan adoption and viability, the formal establishment of Development Corporation;
 - Initiation of CPO processes;
 - Taking the lead on preparation of site-specific planning applications. Depending on the outcome of the NTDC regulations it may be possible to use a development order process to grant planning permission which would potentially reduce the cost.

4.7 From September 2018 onwards the programme will potentially be committed to a long-term delivery process, with site-specific planning activities required to prepare masterplans and secure all necessary approvals. This would then enable the appointment of infrastructure contractors and a start on-site on infrastructure, land sales to secure initial incomes streams, and initial infrastructure and housing completions.

4.8 This is an ambitious programme and will depend heavily upon:

- Government progress with regulations related to the potential Development Corporation model, and specific eventual procedural requirements;
- Interdependencies with strategic infrastructure provision and status of wider Government funding opportunities;
- Outcomes of investigation of cost of long term financing; and
- Adequate resourcing to undertake all the related work required.

Budget Update

- 4.9 A programme budget is being actively managed and monitored to deliver the necessary workload and meet the project programme. This budget has evolved in response to influences such as the Kerslake Review, progress with planning and land negotiations, and discussions with Government.
- 4.10 Current areas of spend and activity in 2017/18 include:
- **Project Resources:** Continuation of current project management resources; recruitment of Managing Director and PA/administrative support and Planning Specialist roles.
 - **Governance:** Board costs, administration & overheads;
 - **Legal:** Support to consider current arrangements and evolution to Development Corporation; support to planning processes and risk mitigation; support to land agreements process;
 - **Finance:** corporate finance consultancy to lead on soft market testing and evolution of funding strategy; property consultancy to support approach to land;
 - **Planning and Design:** design work and feasibility of early interventions (infrastructure and exemplar first phase opportunities); other technical evidence-base studies to support evolution of planning documents and proposals (such as transport, economic development, smart cities/technology, environmental and sustainability including low carbon and other innovation / future proofing elements);
 - **Engagement:** provision of community enablers; marketing and communication activities, and development of long term stewardship arrangements.
- 4.11 As part of ongoing liaison with Government, a bid for additional grant support has been made to the Homes and Communities Agency (HCA). This has included bringing forward potential work to accelerate the programme of works, notably in respect of possible early infrastructure interventions. At the current time there is no confirmation on any award amount.
- 4.12 The table below sets out the latest budget forecasts for the 2017/18 period. This includes additional items of work identified in response to the Kerslake Review, together with aspects of work carried over from 2016/17.

NEGC Limited Programme Budget Headlines 2017/18

	Total '£'000
Project Resource Delivery Team	390
Governance	123
Legal Support	350
Finance & Delivery	375
Planning & Design	850
Engagement & Marketing	100
Contingency (@ 10%)	218
Sub Total: Revenue Expenditure	2,393
Balance carried over	1,479
Balance Required	914

- 4.13 The overall scope of work and budget requirements show a shortfall of £914,000 for 2017/18. The four Councils are requested to make further equal contributions of £250,000 per Authority to ensure the budget is sufficient for 2017/18. This contribution forms part of the development costs of the project, which may not be recoverable. NEGC Limited will continue to seek opportunities for grant funding from the HCA and other bodies which would, if successful, reduce cost pressures; however because this funding cannot be guaranteed it is prudent to allocate the contribution above.
- 4.14 The process to prepare a Long-Term Business Plan will involve a further budget review and set out an analysis of funding needs going beyond the end of 2017/18. This budget review, together with the anticipated confirmation of funding support from the HCA, is anticipated to provide sufficient resources to take the work programme forward beyond the end of 2017/18 to the September 2018 milestone, at which point the project may change status. Further work is ongoing in this area and a more detailed approach and funding strategy will be prepared alongside the Business Plan for subsequent consideration and approval by NEGC Limited and the Councils.

5 Legal Powers

- 5.1 The General Power of Competence ("the Power") provided for by the Localism Act 2011 is relied upon as the authority for the District/Borough/County Council to establish and subscribe to North Essex Garden Communities Limited and to subscribe for B shares in relevant Local Delivery Vehicles.
- 5.2 In exercising the General Power of Competence Local Authorities must do so in a way which does not contravene any pre-existing statutory limitations. The actions identified in this report do not contravene any such restrictions. Any activity which Local Authorities wish to take under the Power for a commercial purpose must be undertaken via a company, given the need for the LDVs to act in a commercially aware way and to develop the projects commercially (although within the requirements of the Garden Community principles the use of a company structure enables reliance on the General Power of Competence in this respect).

- 5.3 The power of the Council to use CPO powers relies on detailed legislative provisions. There are provisions within planning legislation which authorise the making of CPO for ensuring the proper planning of an area, and housing legislation allows the use of powers for the development of housing. Were the Councils to need to pursue a CPO then a detailed report would consider the detailed proposals and the relevant powers. An NTDC would have its own powers to pursue compulsory acquisition.
- 5.4 NTDCs are subject to a range of detailed legal restrictions and provisions. The current work within DCLG to promote regulations following the Neighbourhood Planning Act 2017 means that the detailed analysis of these structures is not possible until regulations are made; however they represent a potentially powerful option which could secure development with local accountability, and enable the earlier acquisition of land than is likely to be possible if CPOs needed to be promoted by the local authorities. Should a proposal to formally set up an NTDC be presented this will include a review of the legal position once the regulations are known.

6 Risk Assessment

- 6.1 At the present time there are a significant number of risks for the overall project which are actively managed as part of the overall programme. Key relevant strategic risks and mitigation approaches are reported to the Board of NEGC Limited on a regular basis.
- 6.2 The Local Plans across the three District Authorities have progressed and the three proposed settlements remain areas of search for Garden Communities. These are now progressing towards public examination, and therefore remain a significant risk to the project, as without a planning allocation the project becomes unviable.
- 6.3 Although there are no current land deals, the report notes the continuing need to continue negotiations and to contemplate the use of CPO powers to mitigate the risk.
- 6.4 The project has a number of break points, particularly the development of the detailed business plan. Should this demonstrate a scenario which provides an unacceptable commercial viability, or other significant uncontrolled risk, then it is open to the partner Councils to terminate the project at that juncture. The Councils will receive the NEGC Limited's Long-Term Business Plan and budget for approval.

7 Equalities Impact Assessment

- 7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
- a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful.

- b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).
- 7.3 The proposals are to create an inclusive community which meets the needs of all residents regardless of whether or not they have a protected characteristic. The intention is to provide housing and facilities for all. By participating in the development in the way proposed the Local Authorities will have a greater influence over the content and layout than a development undertaken in a traditional way. The differing needs of people, including those with different protected characteristics, will need to be considered during the design and planning of the development and kept under review as the scheme progresses.

8 Conflicts of Interest

- 8.1 It has been raised by some responders to the Local Plan consultations that they consider there is a potential conflict between the Councils' role as Planning Authority and its role with respect to NEGC Limited and LDVs. Given that the Councils will be playing a significant role in the delivery of Garden Communities within their area it has been suggested that this could prejudice proper decision making.
- 8.2 This position has been carefully considered and external legal advice has been obtained. Decision making procedures and arrangements are in place which prevent any conflict arising that would justify a successful challenge to decisions. It is, however, equally important to manage the perception of such conflicts so far as is practicable. Equally it should be noted that planning legislation allows CPO of land for planning purposes and there is no reason why land cannot, once acquired, be developed by the Planning Authority.
- 8.3 The three Local Planning Authorities are promoting the allocation of the Garden Community sites through their Draft Local Plans. The soundness of the Local Plan will be determined by an independent Inspector appointed by the Secretary of State. The work undertaken to deliver the Vision is separate to, and does not pre-judge, the outcome of the Local Plan examination processes. This report does not adjust or alter the approach to the Local Plan provisions regarding these communities and as such each Planning Authority should ensure that this report is considered in its capacity as potential developer rather than in its capacity as Local Planning Authority.

9 Corporate Priorities

The project fits with each of the four partner Council's corporate priorities and in particular regarding Braintree District Council as highlighted in the Corporate Outcomes section above. As well as meeting the Councils earlier commitments to this project.



Alok Sharma MP
Minister of State for Housing and Planning
House of Commons,
London
SW1A 0AA

Dear Minister,

Many congratulations on your appointment as the Minister of State for Housing and Planning. We enjoyed a productive relationship with both your department and predecessor, Gavin Barwell, which we hope to continue with you.

Here in North Essex, our four local authorities have been working on ambitious and costed proposals to deliver three Garden Communities creating up to 45,000 homes, and 45,000 new jobs.

A partnership of different political hues, the North Essex Garden Communities project is a unique opportunity to deliver a continuous supply of homes and jobs where people actually want to be, driving economic growth across Stansted, Colchester and Harwich as well as creating significant employment opportunities within the communities themselves.

By directly investing in land acquisition and infrastructure provision, the councils involved will be able to exert greater control and extract greater value, ensuring quality design and sustainability, and full community facilities and infrastructure contemporaneous with, rather than subsequent to, the housing.

One of the key enablers will be to establish Locally Accountable New Town Development Corporations in England, and our four constituent councils have now given their full support to this approach

Establishing a Locally Accountable New Town Development Corporation would speed up delivery by several years and increase viability and housing throughput.

The legislation for this has already been passed in the Neighbourhood Planning Act earlier this year, but the secondary legislation still needs to be settled and the supporting guidance prepared. We are very keen that the Government continues its support for locally led NTDCs by bringing the regulations forward as soon as possible.



We are very conscious that the parliamentary timetable is busy, but having the regulations in place by March 2018, and the designation of the areas for new towns and establishment of New Town Development Corporations as soon as Local Plans are adopted will allow us to start delivering the new communities much sooner and with far greater control over the timing and quality of the development than the traditional planning routes..

We would welcome the opportunity to come to Westminster to brief you on this significant opportunity, and as your diary permits, would like to invite you to see our proposals in North Essex.

Yours faithfully,

John Spence CBE, Chairman of NEGC, Cabinet Member at Essex County Council

Graham Butland, Leader, Braintree District Council

Paul Smith, Leader, Colchester Borough Council

Neil Stock OBE, Leader, Tendring District Council

First Quarter Performance Management Report 2017/18		Agenda No:6a
Portfolio	Finance and Performance	
Corporate Outcome:	A high performing organisation that delivers excellent and value for money services	
Report presented by:	Councillor David Bebb	
Report prepared by:	Tracey Headford – Performance and Improvement Manager	
Background Papers:		Public Report
First Quarter Performance Management Report 2017/18		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 2017 to June 2017).</p> <p>As at the end of the first quarter, five projects have been completed and a further 55 projects are on track and progressing well.</p> <p>Eleven performance indicators have achieved or exceeded target, four have missed target by less than 5% and three have missed target by more than 5%.</p> <p>The performance indicators that have missed target by less than 5% relate to the tonnage of waste not recycled, the percentage of waste recycled, the time taken to process housing benefit claim changes and the collection rates for Business Rates.</p> <p>The performance indicators that have missed target by more than 5% are in relation to the number of visits to our leisure facilities which includes participation levels for the under 16's and the number of passenger journeys on the community transport scheme.</p> <p>Full reasons for missing targets are detailed in the report.</p>		
Financial Performance		
<p>This part of the report provides an updated review of the financial position for the year up to the end of June 2017. It examines the latest forecast for 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.</p>		
Summary:		
<ul style="list-style-type: none">• An overall positive variance for the year of £543,000 (3.8%) is projected against the budget• Income is projected to be overachieved by £629,000; with an overall overspend of £86,000 forecast on Staffing and Other Expenditure.		

- The Quarter 1 projected variance, along with last year's outturn, will be used to inform a review undertaken by managers to identify potential cost reductions or additional income which could assist in reducing the current anticipated budget shortfall of £0.5million in 2018/19.

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 each quarter is 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. This will include supporting residents and businesses in lowering the cost of their energy bills and energy consumption , 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 2017



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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 the 'Annual Plan 2017/18'. This sets out the key activities and measures used to check our performance for the year and along with the Corporate Strategy 2016-20 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 the 'Annual Plan 2017/18'.




Corporate Priorities	Status of projects and actions				
					
Environment and Place	0	8	0	0	0
Strategic Growth and Infrastructure	1	9	0	0	0
Economic Development	1	12	0	0	0
Health and Communities	1	12	0	0	1
Finance and Performance	1	9	0	0	0
Overall Strategy and Direction	0	5	0	0	0
TOTAL	4	55	0	0	1

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 the 'Annual Plan 2017/18'.

Corporate Priorities	Status of indicators			
				Data Only
Environment and Place	1	2	0	0
Strategic Growth and Infrastructure	2	0	0	0
Health and Communities	3	0	3	0
Finance and Performance	5	2	0	0
TOTAL	11	4	3	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 as we enter the second year of our four year Corporate Strategy with four projects completed and a further 55 projects on track and progressing well.

Eleven performance indicators have exceeded target, four performance indicators have missed target by less than 5% and three performance indicators have missed target by more than 5%. There is room for improvement in some key areas of the business which are experiencing an increase in demand on their services and we need to ensure that we continue to monitor our performance and focus our resources to deliver and achieve our corporate objectives. It is anticipated that any areas of downturn in performance will be mitigated throughout the year.




Environment and Place

Project description and comments	Target Date	Status
Continue to support the Essex Waste Management Partnership to reduce waste, increase recycling and participate in countywide campaigns		
Authorities across Essex have agreed to participate in a framework agreement for the treatment of street sweeping recyclable waste. Tender documentation will be issued by the Essex Procurement Hub in the summer.	March 2018	▶
Upgrade and improve recycling bring bank sites in the Braintree District to ensure they are fit for purpose and meet customer demand		
Consultants have been engaged in reviewing the current bring bank sites with a view to upgrading and/or improving facilities. A report has been produced and funding is to be sought to implement recommendations.	March 2018	▶
Increase recycling by working with businesses to review their waste disposal requirements and provide a high quality commercial waste and recycling service		
A new database has been implemented and historic data has now been transferred. Collection crews are now able to see details of the type of container used by businesses to assist in reviewing requirements.	March 2018	▶
Protect larger public open spaces in the District from unauthorised access, including illegal encampments, to maintain the quality of the local area and prevent disruption and inconvenience to local residents		
Contract has been awarded to provide fencing and bollards around open spaces across the District. Work on open spaces will start in July.	March 2018	▶
Organise energy switching schemes throughout the year for both residents and businesses in the District to lower the cost of their energy bills, to address fuel poverty		
An energy switching scheme took place in May with 793 residents registering with the scheme and 201 residents switching to an alternative provider. A drop in session was also held at Causeway House in Braintree inviting residents to discuss any issues in relation to switching providers.	March 2018	▶
Work with other Essex Councils and the Environment Agency to tackle fly tipping in the District and across the County to keep the area clear of rubbish		
Essex Authorities are working together on campaign #crimenottocare due to be launched in September with the aim of raising awareness to the public over their duty of care regarding fly tips. Braintree District Council is also working with the National Farmers Union to combat fly-tipping on farmland. In the first quarter of the year, 163 fly tips have been cleared within 24 hours of being reported.	March 2018	▶
Maintain a focus on investigating and enforcing littering and dog fouling incidents to help keep the District looking clean and tidy		
Braintree District Council continues to maintain a focus on investigating and enforcing littering and dog fouling incidents. Eight fixed penalty notices have been issued in the first quarter of the year.	March 2018	▶
Deliver a dog fouling campaign to change the behaviour of irresponsible dog owners		
The dog fouling campaign will commence in October 2017 as there is a noticeable increase in dog fouling when the nights draw in.	March 2018	▶










Strategic Growth and Infrastructure

Project description and comments	Target Date	Status
Produce a Draft Local Plan to submit to Government for examination		
The evidence base to support the Local Plan has now been completed and is published to support the current consultation on the Draft Local Plan.	June 2017	✓
A six week consultation on the Publication Draft Local Plan commenced in June. A number of events are being held across the District to ensure residents can view the Local Plan before being submitted to the Planning Inspectorate in the Autumn.	October 2017	▶
Continue to explore the development of Garden Communities alongside the decisions in the Local Plan to provide housing, employment and supporting infrastructure to address our long term housing and community needs		
In respect of the submission for the west of Braintree Garden Community, work has started to support the production of a development plan document which includes work on the feasibility and concept in relation to Highways.	November 2018	▶
Work is in progress to support the development plan document for the Garden Community for the west of Colchester and further concept work is currently underway.	November 2018	▶
Explore the viability of setting up a Housing Development Company to deliver new mixed-tenure homes across the District.		
A strategy workshop with Cabinet members was held on 30 th June to discuss and set the way forward for a Housing Development Company. A member working group will be established to monitor progress.	March 2022	▶
Develop a new Homelessness Strategy for 2018 to 2023 to prevent and alleviate homelessness		
Meetings have been held with stakeholders and staff to discuss the direction the strategy will take. A new funding regime has been secured to support the Foyer in Braintree to support those in housing need.	March 2018	▶
Work with partner agencies to continue to drive forward strategic improvements to the Braintree and Witham rail link		
Governance for Railway Investment Projects (GRIP) study has now restarted in partnership with Network Rail and Essex County Council. A benefits management workshop has taken place in April and a further workshop is scheduled for the summer.	September 2017	▶
Continue to work with Essex County Council and Highways England to identify and deliver improvements to the A120 and A12		
Braintree District Council is working with Essex County Council and Highways England to progress delivery of A120 slip road to reduce congestion and improve access to Braintree Town Centre. Highways England now has indicative costs and is working on an Economic Assessment to show the benefits of the slip road and Essex County Council has submitted a bid for the Government's National Productivity Investment fund (NPIF) for the A120 slip roads and Braintree District Council has sent a letter confirming its support for this bid.	March 2018	▶
Work with Essex County Council to tackle congestion at Springwood Drive and Panfield Lane		
Essex County Council is looking at different options for the Springwood Drive roundabout and now has indicative costs. These options are being looked at	March 2018	▶

in conjunction with the S106 requirements for the land West of Panfield Lane, Braintree.		
A planning application has been submitted for the provision of a spine road at Panfield Lane and indicative costs have been received.	September 2017	



Economic Development












Project description and comments	Target Date	Status
Improve existing industrial estates and business parks to retain businesses within the District and support business growth		
Work continues on signage improvements for Springwood Industrial Estate to improve the appearance of the site and to assist visitors in finding businesses. Braintree District Council has also been working with a number of companies to facilitate new premises to meet their growing requirements.	March 2018	
Attract investment to the District by delivering the Braintree Enterprise Centre grow-on space and securing at least one pre-let tenant from within one of the District's key sectors		
A revised planning application has been submitted and a second stage tender is now being undertaken based on the new design concurrent to the planning process.	March 2018	
Secure the required funding package to deliver the Witham Enterprise Centre		
Braintree District Council is working with Haven Gateway to identify the evidence base for sectoral strengths within the District and with economic consultants to understand the unit types and uses required for the Enterprise Centre.	March 2018	
Strengthen business engagement by delivering a programme of business events and monthly visits to ensure two way communications with businesses		
In partnership with the Braintree Chamber of Trade and Commerce a workshop was held in June with businesses to start developing a shared vision for the town centre going forward. A further event has been held to unveil the latest concept ideas for the Manor Street redevelopment and as part of the Local Plan consultation process, a breakfast briefing was attended by over 40 local business representatives.	March 2018	
Support the Haven Gateway Partnership in establishing a Sectoral Business Network that has strong engagement from Braintree businesses		
A sectoral analysis is underway by specialist consultants which will help to identify specific sectors to target.	March 2018	
Launch an Employment and Skills Partnership Board to address educational attainment and employment skills needs within the District		
The Employment and Skills Partnership Board has been established and the first meeting held in June was attended by eight external stakeholders.	June 2017	
Ensure businesses understand the Apprenticeship Levy and utilise it for the best outcome for young people		
An officer from Braintree District Council is now a member of the South East Apprenticeship Ambassador Network. The network feeds into the National Apprenticeship Ambassador Network and is designed to drive employer engagement and apprenticeship delivery in England, which includes information on the Levy. This role, combined with acceptance from the Department of Education as an Apprenticeships Champion, provides insight	September 2017	



into central Government's apprenticeship plans.		
Engage with schools to encourage students to realise the benefits of apprenticeships and vocational further education in STEM (Science, Technology, Engineering and Maths) subjects		
A monthly newsletter has been distributed to all eight senior schools across the District to inform them of opportunities relating to apprenticeships and STEM activities. Stansted Airport's Asset Maintenance Operations Manager visited a school in the District in support of Women in Engineering Day on 23 rd June to provide a talk to a whole year group of girls to provide careers inspiration.	March 2018	▶
Agree a vision and strategy for Braintree Town Centre to complement the regeneration of Manor Street and to enhance the appeal of the town centre to visitors		
The first public exhibition was held in June to unveil the latest concept ideas for the Manor street redevelopment and the majority of attendees are in favour of the scheme.	March 2020	▶
In partnership with Essex County Council, deliver the regeneration schemes in Witham and Halstead		
In respect of the improvements for Halstead, meetings have been held with Essex Highways Network Management to look at what is and isn't possible on the highway and Braintree District Council is currently liaising with the Highways Authority to move the project forward.	March 2018	▶
A series of studies and reports have been completed to look at the impact of the proposals on the highway network, market rights and other private rights that relate to the site area in Witham. A summary report recommending options to proceed is being prepared for a decision on next steps.	March 2018	▶
Deliver the business hub on the Premdor site in Sible Hedingham		
The business hub is currently being constructed with completion expected by the end of the year.	December 2017	▶
Continue to work with Essex County Council on implementation of the Superfast Essex programme to increase superfast broadband coverage across the District		
Braintree District Council will not be investing in phase III of the project as this is not financially viable. However, we continue to work with Superfast Essex and Braintree District Council is considering options for a final whole district solution that will tackle the mix of urban and rural areas not yet covered in our District.	August 2017	▶



Health and Communities






Project description and comments	Target Date	Status
Introduce the 'Livewell Child' project in selected schools across the District to support children and families to make healthy lifestyle choices, with the ambition of halting the accelerated growth in childhood obesity		
Marketing material 'Eat like a Superhero', 'Eat, Play, Grow' and 20 day challenge charts have been delivered to all schools involved in the project. Further promotion will be taking place at schools sports days. Nike store at Freeport will be donating 22 hours per month of physical activity to the Livewell schools. Currently liaising with the schools to see how they would like their sessions delivered. An Xplorer event held in May was well attended by families with young children. Further Xplorer events will be held across the District during the school summer holidays.	March 2019	▶

Install state of the art disability access hoists at Halstead and Braintree swimming pools		
The disability access hoists have been placed on order for Halstead and Braintree swimming pools.	August 2017	
Install a drainage system at the sports pitches in Deanery Gardens and King George V playing field to ensure the pitches can be used throughout the year		
This project has been transferred into next year's delivery plan as the installation of a piped drainage system needs to take place outside the football season to minimise the impact on residents using the facilities.	May 2017	
Improve the playing experience at Witham Sports Ground by replacing the artificial surface and installing a new 2G surface		
Works to replace the artificial surface at the sports ground are currently underway and due to be completed in early September.	September 2017	
Replace the safety surfacing where needed at various play areas across the District to provide a better and safer environment for visitors		
Urgent works have now been completed to the play area at Bridport Way, Braintree. Works to other sites will start over the summer.	March 2018	
Recognise the contribution volunteers make to our District by holding a Community Awards event to celebrate success in this field		
More than 50 nominations were received highlighting people who make a great contribution to their communities. At an event held in April, six winners were celebrated with one person crowned as the overall winner.	April 2017	
Continue to invest in local health facilities across the District by providing doctors surgeries that can meet current and future needs as the District grows including towns and rural areas, e.g. Witham and Sible Hedingham		
A project meeting between Braintree District Council, NHS and New River Retail in Witham was held in May to discuss the possible options of the preferred location for the new healthcare facility.	March 2018	
Braintree District Council is currently in discussions with doctors and the NHS to explore the opportunity to bring forward a new health facility at the Premdor site in Sible Hedingham.	March 2018	
Develop and deliver better ways of providing support for disabled and frail residents by improving the allocation of the Better Care Fund		
A presentation was made to members in June for political approval and support on the extension of the handyman scheme to see how the Better Care fund could be used innovatively to help vulnerable and frail residents stay in their homes and to prevent hospital admissions.	March 2018	
Deliver an awareness campaign and initiatives to support isolated and lonely residents		
Research and data analysis has been carried out to identify particular areas of isolation and loneliness within the District. A 'Live well, Keep safe' event will be held in Witham in October to provide vulnerable residents with information on fire safety, tips on saving money and crime prevention advice whilst also providing lunch and refreshments and a tea dance demonstration.	March 2018	
Develop the Braintree District Community Transport Scheme Action Plan 2017-2019 to ensure we have a scheme to support our residents with their travel needs		
Following the review of the Community Transport Scheme, an action plan has been formulated and agreed at Cabinet in May. A number of processes are being looked at to identify improvements.	March 2018	
Deliver a range of 'age well' activities across the District to encourage inactive over 60's to become active again		
A number of 'age well' activities are being held across the District such as walking football, racketball, chair based exercise, sports for confidence and a seated dance. All activities have been well attended with around 600 people participating in the first quarter.	March 2018	

Support community groups to deliver local projects and activities through the Councillors' Community Grant Scheme		
Since April, 16 Councillors have awarded a total of £12,640 to 18 organisations through the scheme	March 2018	
Work with the Braintree District Dementia Action Alliance to develop a dementia friendly community to raise awareness and transform the lives of people living with dementia		
A number of events were held across the District during dementia awareness week in May and a peer support group has been set up providing people with the opportunity to meet with others and share experiences. Church Lane surgery in Braintree has joined as a member of the Braintree District Dementia Action Alliance. Councillors and staff have recently undertaken a virtual dementia tour providing them with insight into living with dementia and an understanding of how to help transform the lives of people living with dementia.	March 2018	



Finance and Performance





Project description and comments	Target Date	Status
Increase the amount of Council Tax collected by participating in an Essex wide initiative to compare data to help detect and address errors or possible fraud		
A data matching system has been developed and data from a number of sources within the Council has been uploaded to compare and to investigate anomalies between data with the aim of reducing the number of Council Tax discounts and exemptions granted.	March 2018	
Implement a new discretionary business rate relief scheme for charities and not-for-profit organisations which is clear and transparent to all applicants supporting the organisation's activities which directly benefit Braintree District residents		
A new discretionary business rates scheme for charities starts in October 2017. All recipients of relief under the current scheme have been written to either informing of their entitlement under the new scheme or requesting an application form be completed to determine entitlement. Updated business rate bills will be sent to charities in September 2017.	October 2017	
Take a commercial approach to how we operate to protect front line services by maximising the potential to generate income		
The Council is currently considering options for establishing a public open space management company to undertake grounds maintenance works. Income continues to be generated through sponsorship and advertising opportunities.	March 2018	
Support local businesses by offering sponsorship and advertising opportunities		
A number of businesses have agreed contracts for roundabout sponsorship and discussions with potential customers are ongoing. Officers promoted sponsorship opportunities at a business exhibition in June and we continue to investigate advertising opportunities.	March 2018	
Use our assets (e.g. land, buildings, money) to deliver value for money for taxpayers whilst seeking to generate a reasonable revenue return for reinvestment		
£1million invested in pooled equity funds in April has taken the total investments in pooled funds to the limit of £15million under the Council's	March 2018	

Investment Policy. A proposal to purchase the lease of a doctor's surgery will be considered by Cabinet and Council in July.		
Improve customer focused services by delivering a programme of continuous improvement to maintain the Customer Service Excellence accreditation		
The Council has successfully achieved the Customer Service Excellence accreditation for a further year gaining full compliance in all areas assessed and nine areas of compliance plus. The certificate will be presented at Full Council in July.	July 2017	✓
Raise awareness of the services available on-line and support customers to be able to use them		
A campaign to promote and encourage customers to transact with the Council more on line went live in April. Access points have been set up in the reception of Causeway House and are also available in the libraries throughout the District. A Digital Strategy is currently being developed to look at how we can meet the needs of customers and support them to transact with us online.	March 2018	▶
Improve our website and associated technologies to ensure they are convenient and easy for customers to use		
A business case to procure an online booking system is currently being developed to enable customers to self-serve and to increase the number of services available on line. A project start up meeting was held in May and future meetings are being arranged.	March 2018	▶
An options appraisal is being developed for a Customer Relationship Manager (CRM) system to enable better engagement with customers. Research has taken place into what CRM systems if any are used by other Councils and discussions have taken place with services regarding their requirements for a CRM system.	March 2018	▶
A new email service called 'tell me more' will be launched in July where residents and businesses will be able to receive information that really matters to them from the Council allowing them to stay informed and be signposted to the growing range of services and information that is available online.	July 2017	▶










Overall Strategy and Direction












Project description and comments	Target Date	Status
Deliver projects under the District Investment Strategy to achieve better outcomes for the District and a return for the taxpayers purse by: <ul style="list-style-type: none"> • Working in partnership to improve health provision across the District • Carrying out improvements to our three Town Centres • Providing increased opportunity for new business and employment • Identifying and delivering improvements to our most congested roads • Delivering investment opportunities that support growth and provide a return for the District Council 		
We continue to work in partnership to improve health provision and are currently looking at options for new healthcare facilities in Witham and Sible Hedingham. The redevelopment works at Manor Street in Braintree were recently unveiled and we are working with Haven Gateway to explore the potential opportunities for innovation and grow on units across the District to provide opportunities for new businesses and employment. The consultations	March 2018	▶

for the A120 options and widening of the A12 are currently being analysed and we are exploring funding opportunities with Essex County Council to deliver the Millennium Way slip roads. Projects under the District Investment Strategy are reported on throughout this report and will ensure a reasonable level of return.		
Work effectively with Highways England, Essex County Council and other key partners to support the planned A12 widening scheme from Chelmsford to A120 and the campaign for improvements to the A120 (Braintree Town to A12) with the recommendation of a preferred option to be considered by Government for inclusion in the next Road Investment Strategy (runs from 2020 to 2025)		
The consultation exercise on the preferred routes for the A120 and preferred widening schemes for the A12 closed in March. The responses have been collated and analysed by Essex County Council and the preferred options route for the A120 and widening scheme for the A12 will be announced in the Autumn.	March 2018	
To continue to work collaboratively with partner authorities (Tendring District Council, Colchester Borough Council and Essex County Council) and other public and private sector organisations to plan for and enable sustainable growth in homes and jobs in the north Essex area		
Braintree District Council continues to work with three other local authorities on proposals for North Essex Garden Community projects to deliver over 40,000 homes and 10,000 jobs in the north Essex area which includes a shared part one of the proposed Local Plan.	March 2018	
Create the conditions for economic growth by refreshing the Economic Growth Prospectus which sets out how we intend to grow existing businesses and attract new businesses in key sectors		
The Economic Growth Prospectus is currently being developed and will be going out to consultation in the Summer.	March 2018	
Undertake a review in conjunction with Essex County Council to identify opportunities to enhance the visitor experience at Great Notley Country Park making full use of the leisure, recreational and natural facilities the park has to offer and to improve and sustain the Park financially for future generations to use and enjoy		
Braintree District Council and Essex County Council are at the early stage of discussing ideas to enhance the existing facilities at the Country Park including a proposal to increase the adventure theme play to complement the existing high ropes course and proposed zip wire. Detailed proposals will be taken to the next Join Venture Partnership Board meeting in September 2017.	March 2018	

Section 3: Managing the Business

Our Performance Indicators in Detail

	2017/18						Comments
Performance Indicator	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	
Environment and Place							
Percentage of land that falls below cleanliness standards for litter	n/a					n/a	Recorded three times a year – July, November and March
Percentage of household waste sent for reuse, recycling and composting	52.06%				53.50%		The estimated outturn for recycling has fallen just short of the target. The reduction in recycling is a trend being seen across the county and the UK generally. We continue to doorstep customers to encourage recycling and take part in a number of campaigns with other Authorities to increase recycling rates
Tonnage of residual household waste not recycled	110kgs				108kgs		The tonnage of residual household waste is slightly higher than targeted and the outturn is still to be verified by Essex County Council. The increase in tonnage reflects a trend across the county and the UK generally. There is no single factor to explain the trend, however growth in the economy and population are considered contributing factors to the increase.
Number and percentage of fly tips cleared within 24 hours of being reported	100% (163)				100%		163 fly tips have been cleared within 24 hours of being reported in the first quarter of the year
Number of fuel poverty and domestic energy reduction installations carried out	Annually reported indicator					n/a	
Strategic Growth and Infrastructure							
Number of affordable homes delivered	34				34		
Number of homes granted planning permission	279				250		
Health and Communities							
Percentage of substantial Disabled Facilities Grants approved within timescales	88%				80%		24 out of 27 substantial grants have been approved within timescales in the first quarter
Percentage of critical Disabled Facilities Grants approved within timescales	100%				80%		2 critical grants approved in timescales in the first quarter

Performance Indicator	2017/18						Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	
Total number of visits to our Leisure facilities	217,193				264,303		<i>The closure of the Braintree Pool for essential works has impacted on participation levels as expected. The pool re-opened in the middle of June</i>
Number of passenger journeys on the Community Transport Scheme	13,067				13,937		<i>Passenger numbers on the Community Transport scheme were lower at the beginning of the quarter which can be attributed to Easter being in April and less demand on the service in respect of schools and clubs who use the service. All other demand for the service has been met.</i>
Participation of over 60's in sport and health activities across the District	16,154				15,000		
Participation of under 16's in sport and health activities across the District	36,931				62,400		<i>The closure of the Braintree Pool for essential works has impacted on participation levels as expected. The pool re-opened in the middle of June</i>
Finance and Performance							
Average call answer time in the Customer Service Centre	15 seconds				15 seconds		
Time taken to process housing benefit/council tax benefit new claims	17.68 days				18 days		
Time taken to process housing benefit claim changes	6.1 days				6 days		<i>Performance has been marginally above target due to the high number of changes received (5,251) during May which was due to the increase in the Government's minimum wage being effective from April 2017.</i>
Percentage of Stage 1 complaints responded to within target	93%				90%		
Collection rate for Council Tax	30.82%				30.81%		
Collection rate for Business Rates	30.84%				31.25%		<i>The collection rate is less than the previous year as £379k property charges were raised in the last 2 weeks of June and the instalment repayments on these charges are not due to commence until 1st August. Variations of this nature may occur during the course of the year but it is expected that the target collection rate will be achieved for the year.</i>
Percentage of invoices paid within 30 days of receipt	99.49%				99%		

Complaints

The quarterly complaints analysis for the first quarter of 2017/18 and the end of the year is detailed below. This is compared with 2016/17 figures shown in brackets. The figures represent all three stages of the complaints process.

Complaint Category	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18	TOTAL
Justified	63 (112)	(52)	(46)	(63)	(273)
Not Justified	69 (72)	(104)	(73)	(62)	(311)
Partially Justified	27 (31)	(24)	(23)	(15)	(93)
Not known	0 (0)	(3)	(0)	(0)	(3)
Total	159 (215)	(183)	(142)	(140)	(680)

Comments

The number of complaints received in the first quarter of the year has increased slightly from the fourth quarter but is noticeably lower than the number of complaints received for the first quarter in 2016/17.

For the complaints received in the first quarter, the majority relate to missed waste collections. There have been a number of road closures across the District restricting access for the waste vehicles. Crews have returned to collect the missed collections as soon as is possible. The service continues to monitor issues with missed waste collections and endeavour to return within 48 hours of the missed bin being reported.

In the first quarter of 2017/18, of the 159 complaints received:

- 155 are stage one complaints
- 3 are stage two complaints
- 1 is a stage three complaint

A summary of Local Government Ombudsman cases:

In the first quarter of 2017/18, the LGO has received two new complaints which the LGO declined to investigate.

The LGO also issued three final decisions on complaints received in the last year. The LGO confirmed that there had been fault in all three instances. In the first instance, the LGO considered that there was no injustice to the complainant and considered the Council's early apology as an adequate remedy. In the second instance, the LGO directed the Council to compensate which was off set against debts owed to the Council. A further complaint investigated did not find any injustice had been caused to the complainant.

There is one complaint from the fourth quarter of last year that is still being investigated by the LGO.

Our Organisation

The following is a selection of our people performance measures:

People: Indicators of Performance	Q1 17/18	Q2 17/18	Q3 17/18	Q4 17/18	Change on previous period	Yearly Target
Total headcount	467				+3	-
Total number of posts	477				-3	-
Number of temporary staff	33				-7	-
Total staff FTE	421.71				+4.18	-
Level of employee turnover	1.93%				-0.01%	-
Number of leavers	9				-	-
Number of starters	12				+7	-
Working days lost to sickness per employee	1.93 days				-0.4	8.0 days
Percentage of staff with nil sickness	75.8%				N/A	-
Number of learning hours	6329				-850.50	-
Number of delegates	221				+10	-
Number of apprentices **	11				-2	-

Year on Year Headcount Analysis	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	485	466	478	472	470	464

** BDC's apprenticeship programme runs from September each year. The figures reflect level 2 and level 3 apprenticeships.

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	
	(2016/17 figure in brackets)				
Total number of reported accidents/ incidents, calculated from:	10 (11)	(12)	(6)	(10)	
<i>Accidents/ incidents to employees</i>	8 (8)	(9)	(6)	(10)	<i>Four waste management accidents involving cuts or muscular skeletal injuries. The other four accidents were office based accidents including falls and cuts.</i>
<i>Accidents/ incidents to contractors</i>	1 (1)	(1)	(0)	(0)	<i>Ankle sprain sustained by an agency worker</i>
<i>Accidents/ incidents to non-employees</i>	1 (2)	(2)	(0)	(0)	<i>A customer of the community transport bus slipped off the step.</i>
Time lost in days due to employee accidents/ incidents	0 (105)	(16)	(40)	(2)	
Number of reported verbal/ physical incidents to employees	0 (1)	(1)	(0)	(1)	
Number of near miss incidents	0 (0)	(0)	(1)	(1)	
Number of Accidents/ incidents registered resulting in insurance/ compensation claim	0 (0)	0 (0)	0 (0)	(1)	
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 examines the latest forecast for 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.

Background

Full Council approved a Budget of £14.389 million for the 2017/18 financial year. This included planned spending across all services totalling £11.964 million; corporate items amounting to £2.575 million; and an overall efficiency target to be achieved in-year of £150,000.

The Budget was to be financed from a combination of: general government grants (£848,000); business rates (£4.611 million); and Council Tax (£8.930 million).

During the year individual budgets may be updated in accordance with the Council's Budget and Policy Framework Procedure, and against which quarterly performance is monitored.

Summary Financial Position at Quarter 1

- An overall positive variance for the year of £543,000 (3.8%) is projected against the budget
- Income is projected to be overachieved by £629,000; with an overall overspend of £86,000 forecast on Staffing and Other Expenditure.
- The Quarter 1 projected variance, along with last year's outturn, will be used to inform a review undertaken by managers to identify potential cost reductions or additional income which could assist in reducing the current anticipated budget shortfall of £0.5million in 2018/19.

Revenue Spending

Service	Budget £'000	Actual Spend £'000	Adverse (Positive) variance against budget				RAG Status
			Staffing £'000	Other Expenditure £'000	Gross Income £'000	Total £'000	
Asset Management	(2,066)	(1,929)	(5)	12	130	137	R
Business Solutions	1,907	1,875	(9)	(23)	-	(32)	G
Community Services	376	375	2	(20)	17	(1)	G
Corporate Management Plan	1,270	1,158	(111)	(1)	-	(112)	G
Cultural Services	245	245	-	-	-	-	G
Environment	664	635	(11)	5	(23)	(29)	G
Finance	1,235	1,123	(74)	(18)	(20)	(112)	G
Governance	1,017	998	(10)	27	(36)	(19)	G
Housing Services	874	854	(7)	(20)	7	(20)	G
Human Resources	319	325	6	-	-	6	A
Leisure Services	(44)	(44)	-	-	-	-	G
Marketing and Communications	399	363	4	1	(41)	(36)	G
Operations	4,905	4,755	(7)	(7)	(136)	(150)	G
Sustainable Development	863	506	(2)	161	(516)	(357)	G
Service Total	11,964	11,239	(224)	117	(618)	(725)	G
Corporate Financing	2,575	2,607	85	(42)	(11)	32	A
Efficiency target	(150)	-	150	-	-	150	
Total	14,389	13,846	11	75	(629)	(543)	G

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

Staffing

Further analysis of the staffing budget variances is provided in the following table:

Service – Staffing Budgets	Budget	Actual Spend	Adverse/ (Positive) variance	RAG Status
	£'000	£'000	£'000	
Asset Management	282	277	(5)	G
Business Solutions	905	896	(9)	G
Community Services	358	360	2	A
Corporate Management Plan	1,228	1,117	(111)	G
Cultural Services	197	197	-	G
Environment	1,319	1,308	(11)	G
Finance	2,412	2,338	(74)	G
Governance	471	461	(10)	G
Housing Services	770	763	(7)	G
Human Resources	254	260	6	A
Leisure Services	150	150	-	G
Marketing and Communications	322	326	4	A
Operations	4,969	4,962	(7)	G
Sustainable Development	1,668	1,666	(2)	G
Service Total	15,305	15,081	(224)	G
Corporate Financing	(245)	(160)	85	R
Efficiency target	(150)	-	150	
Net Total	14,910	14,921	11	A

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

Commentary on staffing variations:

Savings on staffing budgets are expected to be achieved through a combination of retirements, vacant posts, reductions in contracted hours, appointments being made at lower grade/scale points, and through other service restructures and efficiency reviews. Based on the information known at the end of the quarter it is projected that across all services there will be a net underspend of £224,000 for the year against staffing budgets.

The areas contributing mainly to this position are **Corporate Management Plan** which includes savings in the current year following the resignation of the Chief Executive and implementation of interim arrangements for the remainder of the year and as a result of the flexible retirement of a Corporate Director. Savings are also being made in **Finance** including holding a post vacant pending further clarification about the administrative arrangements required once Universal Credit is fully implemented by the Department for Work and Pensions (DWP).

Whilst **Operations** is showing a net underspend of £7,000 this is comprised of extra costs incurred on the **Waste Management** service of £90,000. This is due to a combination of reasons: agency staff rates have been increased by the supplier following the introduction by HMRC of new off-payroll worker rules from April; sickness levels remaining abnormally higher than allowed for in the budget; and additional catch-up costs as the current year includes an additional Bank Holiday (the base budget provides for the normal 8 days). These projected increased costs are expected to be more than offset by a forecast saving of £117,000 on **Operations' Management & Administration** where external funding has been applied to meet the costs of three posts, and other savings are expected from vacancies/ retirements.

The projected total service variance is offset by the following:

- **Capital salaries** - a reduction of £85,000 in staff costs attributable to time spent on capital projects (which would otherwise be funded from capital resources as opposed

to being a charge against the General Fund). The original budget made an allowance for the value of this time which inevitably varies depending upon progress of capital projects and the nature of the works being carried out. The current variance is based on last year's outturn position.

- **Corporate Efficiency Target** - the approved budget provided for a corporate efficiency target of £150,000 to be achieved from in-year staffing variances.

Taking these two items into account overall staffing budgets are currently projected to be £11,000 over budget for the year.

Other Service Expenditure

In total there is a projected overspend against non-staffing expenditure budgets of £75,000. The main issues arising are:

- **Waste Management** – increased costs are forecast on gates fees payable to the Council's material recovery facility (MRF) operator. Under a new contract which came into effect from April fees payable are now linked to market indices and reviewed quarterly. The budget was set based on an assumed fee of £7.60 per tonne, whereas the actual fee paid for the first quarter was £11.33 per tonne. At the most recent review the fee chargeable from Quarter 2 has risen to £22.83 per tonne. At present the assumption is that the fee continues at this level for the remainder of the year (subject to future quarterly reviews) and results in a forecast spend for the year of £202,000 compared to the budget of £77,000. Partially offsetting this predicted overspend are: £35,000 savings on green waste collections as Cabinet has reaffirmed the decision to continue the December-February suspension; £18,000 saving on medical waste collections due to a lower take-up of the service (the Council had previously approved a bid of £30,000 for the introduction of this new service); a reduction in the cost of recycling sacks (£37,000) due to a combination of lower usage and compensation from the supplier due to past quality issues.
- **Sustainable Development** – the service is currently experiencing an increased number of planning applications (see comments under the income section below) which has resulted in the need to engage more temporary consultancy support leading to a projected spend that is £66,000 higher than the budget. A further consequence of increased planning activity over the last couple of years has meant increased costs from planning appeals. In 2015/16 Members approved the establishment of a reserve of £300,000 to meet these costs. At 1 April 2017, the reserve had a balance of £197,000, which is now expected to be fully utilised in the current year along with a further £82,000 of costs to be met from the additional in-year income.
- **Corporate Financing** – the Council's pension fund contributions relating to retirements approved in prior years is expected to be £42,000 lower than provided in the budget.

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 £49 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 can be largely offset by commensurate changes in expenditure, e.g. subsidy received on housing benefits is related to the level of payments made.

The amount of business rates ultimately retained depends on the actual amounts collectable (taking into account changes in the Valuation List, exemptions and reliefs granted, and provisions for non-collection and rating appeals). Variances are accounted for via the Collection

Fund and taken into account when determining future budgets and Council Tax setting. Fluctuations from those elements which have a direct impact on the General Fund revenue account, e.g. the levy payable on growth or grants received from Government to fund certain discretionary reliefs, are managed via the Business Rate Retention reserve.

As a participant in the Essex Business Rates Pool the Council is entitled to a share of the extra business rates retained “locally” which will be rebated against the 2017/18 levy. The final determination and receipt of the actual amount of the Council’s share will be made after year-end returns have been collated from each of the participating authorities. At the time of setting the budget it was anticipated that Braintree’s share for 2017/18 could be around £360,000, which will be transferred to the Business Rate Retention reserve (adding to the £881,675 already received for 2015/16 and 2016/17).

Other external income for which the Council has budgeted £13.227million 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 £629,000, as shown in the table below:

Service	Updated Budget £000	Joint Financing & Other Reimburs.	Sales, Fees & Charges	Rents	Other Income	Total	RAG status
		4,882	4,570	2,815	1,010	13,277	
<i>Adverse (Positive) Variance £000 against Budget :</i>							
Asset Management	2,855	-	85	48	(2)	131	A
Business Solutions	15	-	-	-	-	-	G
Community Services	205	11	9	-	(3)	17	A
Corporate Management Plan	-	-	-	-	-	-	G
Cultural Services	112	-	-	-	-	-	G
Environment	772	-	(18)	-	(5)	(23)	G
Finance	2,392	(21)	-	-	-	(21)	G
Governance	34	-	1	-	(37)	(36)	G
Housing	48	-	-	7	-	7	A
Human Resources	-	-	-	-	-	-	G
Leisure Services	345	-	-	-	-	-	G
Marketing & Communications	100	-	(15)	-	(26)	(41)	G
Operations	4,693	(27)	(113)	14	(10)	(136)	G
Sustainable Development	1,180	(16)	(500)	-	-	(516)	G
Service Total	12,751	(53)	(551)	69	(83)	(618)	G
Corporate Financing	526	(3)	-	-	(8)	(11)	G
Total	13,277	(56)	(551)	69	(91)	(629)	G

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

Joint Financing & Other Reimbursements

The total budget for income from joint financing and other reimbursements is £4.882million, against which it is currently predicted to be over-achieved by £56,000. The main sources of income and forecast outturn are:

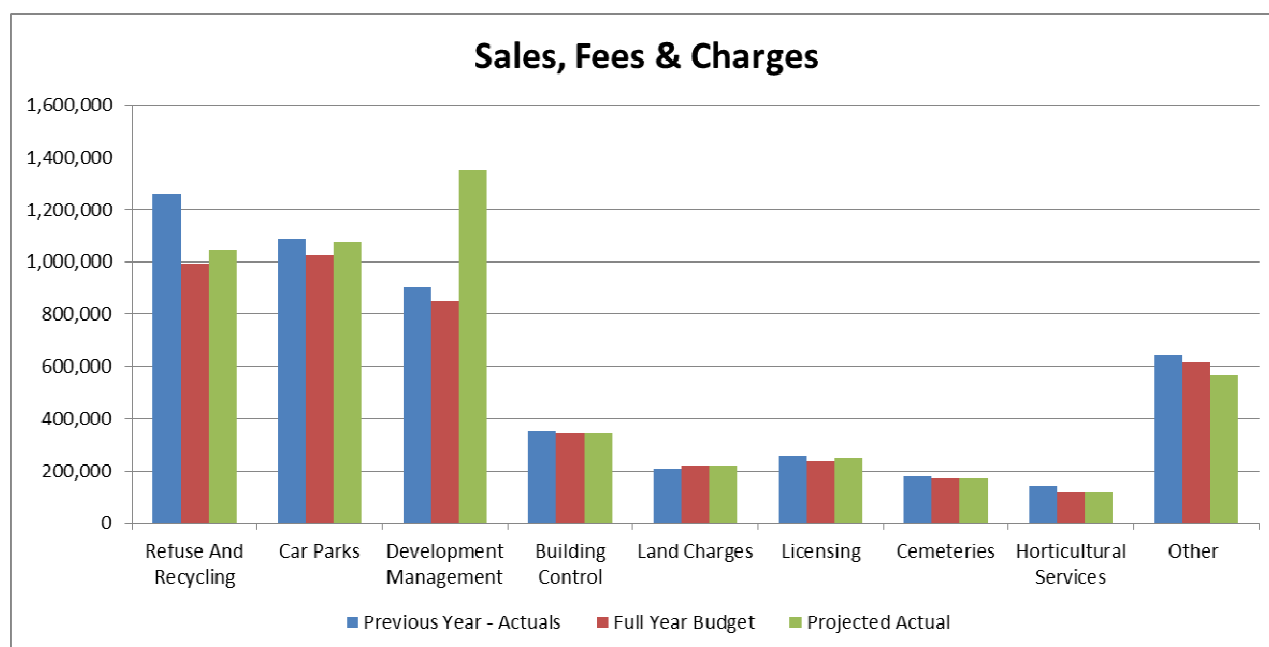
- **Essex County Council:** a £2.135million budget for contributions towards services such as community transport, horticultural services, food waste service, and recycling. An adverse variance of £16,000 is currently forecast, including a 14.4% reduction in grant funding for community transport which was notified to the Council after the budget was agreed. The impact of this reduction and the proposed action to be taken was reported to Cabinet at its meeting held on 10th July 2017.
- **Procurement Hub:** subscriptions from participating authorities along with rebates receivable from the use by other organisations of the procurement frameworks set-up by

the Hub give a total budget of £463,000. Arrangements with the participating authorities provide for rebates (shown as expenditure) against their subscriptions based on the overall financial performance of the Hub in the year. The amount of rebates received is currently lower than budgeted; whilst this can be met from a reserve in the current year if this continues Hub members will have to recommence paying a subscription for the procurement services received.

- **Council Tax sharing and other collection investment arrangements:** £526,000 was provided in the budget as Braintree's share from the major precepting bodies of additional Council Tax being collected – this was increased by £100,000 from the previous year's budget to reflect the level of improved performance being achieved. In addition, the Council has budgeted for arrangements with the major precepting bodies to provide £112,000 towards the temporary costs incurred in improving Council Tax collection arrangements, including prevention and detection of fraud, and partial funding towards the exceptional hardship fund.
- **Benefit overpayment recoveries and administrative penalties:** Currently it is projected that £441,000 of recoveries will be achieved – this is £18,000 higher than the budget which was increased for 2017/18 by £140,000 based on past performance.
- **Costs recovered and allowances:** The Council is able to recover costs across many aspects of service activity which for 2017/18 was originally budgeted to be £1.223million but is currently forecast to be £1.244million. Income includes: local taxation recovery costs (£380,000); the business rate collection allowance (£193,000); charges levied for providing planning pre-application advice (£105,000); fees payable to the Council by the leisure management operator (£189,000); and other recoveries and income (£377,000).

Sales, Fees & Charges

The budget for income from sales, fees & charges is £4.570million which is projected to be over achieved by a net £551,000. The following chart shows the main income streams:



Commentary on Fees and Charges:

- **Refuse & Recycling:** The budget for income is £991,000 which was significantly reduced from that achieved in 2016/17 reflecting new contractual arrangements which has meant that the Council is now required to pay a gate fee for the processing of recycling material

whereas before the Council received income. Against this reduced budget it is currently projected that there will be an over achievement of £55,000, mainly due to increased income from trade waste and bulky waste collections where the service has been successful in targeting resources to increase the number of customers.

- **Car Parks:** In light of the increased income achieved in recent years the budget for 2017/18 was increased by £70,000 to an overall total of £1.024million. Current forecasts indicate an over achievement by around £31,000 coupled with additional income from penalty charge notices of £20,000.
- **Development Management:** Planning application income for the first quarter of 2017/18 was £319,000 compared to £197,000 received for the same period last year. Analysis of applications show 18 major applications received during the quarter compared to 11 received in 2016/17 Q1. Based on historical trends, the projection for the whole of 2017/18 is for income of £1.341million which is £500,000 over the budget of £841,000. Actual income over recent years has fluctuated with £883,000 in 2016/17 and £1.24 million in 2015/16. The higher number and complexity of applications received has meant an increase in the requirement to buy-in external support, and potentially increases the risk associated with incurring appeal costs as reflected in the variances reported above under Other Service Expenditure.
- **Other – Causeway House Letting:** Following Essex County Council's vacation of part of the second floor in June income from the service charge element of the rental agreement is predicted to be lower by £69,000 as the majority of this space is expected to be vacant for the remainder of the year whilst a new tenant is found.

Rental Income

The budget for rental income from land & property is £2.815million – comprising the investment & commercial property portfolio, markets, housing properties, and other let properties. The current projected outturn for the year is £2.746million, an overall under achievement of £69,000.

Commentary on Rental Income:

Causeway House Letting: The main variance predicted for the year is due to the partial vacation of the second floor of Causeway House by Essex County Council, reducing the rent receivable for the year by £48,000 (after allowing for a small part of the area to be re-let). Agents have been engaged to seek an alternative tenant for the remainder of the unoccupied area.

Market rents: Rent collected from market stalls in the first quarter is down 13% on the amount received for the same period last year. This appears to indicate a continued downward trend as seen over the last three years: £106,000 in 2014/15, £90,000 in 2015/16, and £85,000 in 2016/17). The projection for the current year is an outturn of £80,000 which is £15,000 lower than the budget.

Other Service & Corporate Income

Total budgeted Other Income is £1.01million which comprises mainly the following streams:

- **Investment & Other Interest Income:** The budgeted amount is £813,000, which is expected to be achieved, principally through the Council's investments in long-term pooled funds.
- **Solar Panel Feed-in-Tariffs:** the budget provides for an expected £93,000 of income from investment in solar panels at various Council facilities.

The overall projection is for Other Income to be over achieved by £91,000, mainly due to a number of unbudgeted government grants (£45,000) and increased work undertaken by the graphic and reprographics team (£26,000).

Treasury Management

The Council's treasury management activity for the year is summarised in the table below:

Amount Invested at start of the year	Activity for the year		Amount Invested at end of the quarter
	New Investments	Investments Sold or Matured	
£39.32m	£24.46m	£10.50m	£53.28m
Average amount invested to end of the quarter			£51.84m
Highest amount invested			£56.24m

In May the Council increased the amount invested for the long-term by £1million taking the total to £15million spread across a mixture of property and equity funds. Remaining investments have been in short-term instruments including call accounts and term deposits with UK and Non-UK financial institutions, deposits with other local authorities, and Money Market Funds (MMF).

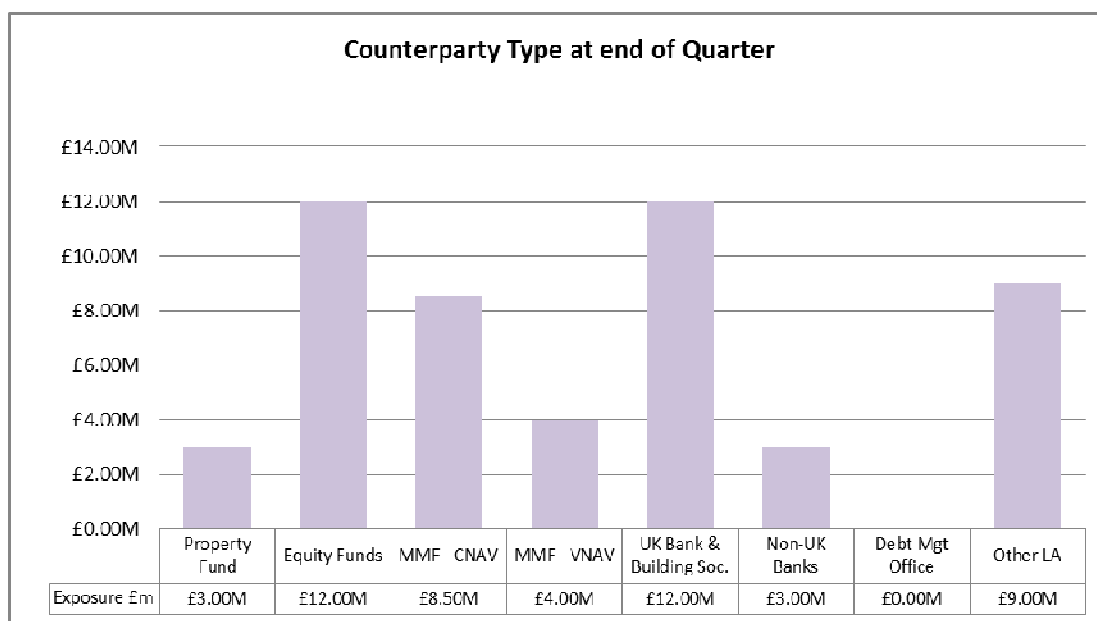
Interest and dividends earned to the end of the quarter total £283,000, which is equivalent to an annualised rate of return of 2.20%:

Investments	Average Amount Invested	Interest & Dividends Earned	Annualised Return %
Long-Term Pooled Funds	£14.94m	£246,000	6.61%
Short-Term	£36.90m	£38,000	0.41%
Total	£51.84m	£284,000	2.20%

Investment returns have been increased by the dividend income from the long-term investments. In addition, being exposed to equities and property, the value of these funds fluctuate based on prevailing market conditions. At the end of the quarter the market valuation for all the long-term pooled funds was £16.46million, representing an unrealised gain of £1.46million on the original amounts invested.

The FTSE-100 reached a record high of 7548 in May but dropped off slightly towards the end of the quarter. FTSE-250 and FTSE All Share indices also rose. Money market rates have remained low: 1-month, 3-month and 12-month London Inter-Bank Bid Rates (LIBID) have average 0.25%, 0.33% and 0.66% in the quarter respectively.

At the end of the quarter the Council's investment portfolio comprised the following:



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
- 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 projected outturn set out above, the movement on the General Fund balance is estimated to be:

Balance at 1 April 2017	£'000
	2,036
Add:	
Budgeted addition	179
Projected in-year variance	543
Estimated Balance at 31 March 2018	2,758

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

- The budget approved by Council for 2017/18 included an anticipated addition to balances of £179,125.
- The projected outturn variance for the year is currently a £543,000 addition.

Risks and Assumptions

The forecasts reflect service managers' "best estimate" of the predicted outturn for the year. The 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.

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 best information available regarding when developers are likely to submit planning applications for growth locations within the District - this could change and income could be significantly higher or lower than projected. Projections are based on historical trends and will be influenced by both the number and type of planning applications received.

New contractual arrangements mean that payments made by the Council for processing of its recycling material collected from households is subject to a quarterly review of market indices. Consequently gate fees may fluctuate +/- from that currently projected changing the overall cost to the Council.

Capital Investment

In February 2017 the Council approved new capital projects totalling £2.252million. Taking into account projects which were in progress and carried forward from earlier years and in-year approvals, the overall programme totals £19.497million. The amount expected to be spent in the current year is £6.897million:

	Total Programme £000	Profiled into Future Years £000	Expected Spend 2017/18 £000	Actual Spend to end of Quarter £000	Actual Spend as % of Expected Spend
Braintree town centre regeneration	11,427	11,077	350	7	2%
Town centre improvements	979	977	2	2	100%
Springwood Drive "grow-on" units and parking	947	-	947	3	-
Planned maintenance to Council operated premises	770	105	665	13	2%
Commercial and investment property acquisitions	498	-	498	497	99%
Replacement vehicles and plant	481	45	436	-	-
Sports and leisure facilities improvements	397	-	397	134	34%
Refurbishment of play areas and parks and open spaces	353	131	222	24	11%
Environmental improvements – Spa Road	298	150	148	-	-
Paths, cycleways and other infrastructure	214	90	124	41	33%
Information technology systems	134	-	134	10	7%
Industrial estate improvements	129	-	129	21	16%
Operational equipment	76	25	51	1	1%
Cordons Farm waste transfer station	63	-	63	-	-
Grants to registered social landlords	1,169	-	1,169	-	-
Grants to private home owners –disabled facilities and heating systems	1,168	-	1,168	189	16%
Capital salaries	394	-	394	77	20%
Total	19,497	12,600	6,897	1,019	15%

Capital resources

The main sources of new capital resources anticipated for the year was from the sale of Council owned assets (£4.981million), preserved right-to-buy (RTB) receipts (£1million) and the Council's share of the VAT shelter operating in conjunction with Greenfields Community Housing (£350,000).

Greenfields has reported that 5 RTB sales were completed in the first quarter generating £406,000 for the Council, with a further 45 RTB applications in progress. Based on the timing and likelihood of progression to completion, experience indicates an estimated 25 RTB sales for the year, which would generate approximately £1.9million. This compares to 38 sales completed last year generating £3.907million.

VAT shelter monies due to the Council for the first quarter are £43,000. The works programme planned by Greenfields for the year would suggest that the final total for the year could be around the amount budgeted.

The Council has also received £796,000 grant from the Better Care Fund via Essex County Council to fund the majority of the Council's disabled facility grant programme. This is an increase of £378,000 against the budgeted sum of £418,000.

Medium-Term Financial Strategy 2017/18 to 2020/21		Agenda No:6b
Portfolio	Finance and Performance	
Corporate Outcome:	A high performing organisation that delivers excellent and value for money services Delivering better outcomes for residents and businesses and reducing costs to taxpayers	
Report presented by:	Cllr. David Bebb	
Report prepared by:	Trevor Wilson, Head of Finance	
Background Papers:		Public Report
Council Budget and Council Tax 2017/18 and Medium-Term Financial Strategy 2017/18 to 2020/21 report to Cabinet 6th February 2017 and Full Council 22nd February 2017		Key Decision: No
Executive Summary:		
1. Background and Purpose		
1.1	<p>The Medium-Term financial Strategy (MTFS) 2017/18 to 2020/21 was agreed by Council on 22nd February 2017. The level of council tax (Band D) for 2017/18 was set at £169.47, an increase of £4.95 or 3.0%. A proportion of the revenue raised was added to balances in 2017/18 but the decision to increase by the maximum permissible by the Government was made on the basis of the forecast shortfalls in resources over the medium-term due primarily to the reductions in Government funding.</p>	
1.2	<p>The projected total shortfall over the three-year period, 2018/19 to 2020/21, was £1.092million. This was based on savings and additional income identified to be delivered over the period; increases in the level of council tax at the previous maximum of 2%; and provisional Settlement Funding Assessment (SFA) figures announced by the Government.</p>	
1.3	<p>This report outlines:</p> <ul style="list-style-type: none"> • an update on the Government's proposal for local government to retain 100% of business rates; • an initial review of the assumptions contained in the current MTFS; • the approach on developing the budget for 2018/19 and rolling the MTFS period forward to cover the period 2018/19 to 2021/22; • approaches to addressing the financial shortfalls; • an option to participate in an Essex Business Rates pooling arrangement for 2018/19, assuming the opportunity will be offered by the Government; 	

- the proposed Local Council Tax Support scheme for 2018/19;
- request for budget increase for an agreed capital project and an update on capital resources; and
- the timetable to achieve the setting of the council tax and budget for 2018/19 at the meeting of the Full Council on 19th February 2018.

2. Future Funding of Local Government

- 2.1 The previous Government's intention had been to introduce 100% business rate retention in either 2020/21 or if possible 2019/20. This was to be introduced via the Local Government Finance Bill. The new Government has announced that it will not be re-introducing this Bill to Parliament and that it is re-assessing its policy on business rate retention.
- 2.2 In July 2017 the Funding Advisory Service (part of CIPFA) published a paper on 'Future Funding for Local Government' in which it argues based on recent statements by DCLG, the most likely arrangement for business rates over the medium to long term is the continuation of the current 50% retention arrangement. Although a full reset of the Baseline Funding Level is anticipated for 2020/21, with partial (50%) resets every five years (i.e. 2025/26, 2030/31, etc).
- 2.3 The Baseline Funding Level will be determined by the Fair Funding Review. At the time of the reset the local share of business rates growth above the current Baseline will be returned to local government. The Funding Advisory Service assumes that the returned growth will then be allocated based on 'need' and will be pro-rata to the Baseline Funding Level for each local authority.
- 2.4 If this assumption is correct the Council could lose a significant amount of its current income. The estimated amount of business rate growth above the Baseline and retained in 2017/18 is £923,000.
- 2.5 The last fundamental review of the approach to assessing a local authority's relative need, and the costs it can be expected to incur in delivering services was in 2005 although some changes were made for 2013/14. There are many aspects to assessing a local authority's relative need to spend and the Fair Funding Review is an attempt to update this need.
- 2.6 The Funding Advisory Service anticipates the Review will result in a shift from districts to counties in two-tier areas to reflect the increased importance of funding for social care and will also take into account changes in retained business rate growth. For many district councils, including this Council, the loss of above-baseline rates growth could be the biggest change in their funding and this it suggests will need to be taken into account in damping arrangements.

3. Update on Financial assumptions in the current MTFS

- 3.1 An assessment of the Council's financial position in the current year indicates a net positive variance of £543,000. The majority of the variance relates to income and most of this is one-off in nature, however, there are a number of movements, positive and negative, which are expected to be ongoing into future years (net additional cost of £186,000):

Negative impact (£271,000)

- Disposal of recyclates – £150,000
- Recyclable waste processing – £56,000
- Waste Management agency staff costs – £50,000
- Braintree & Witham Markets – reduced income – £15,000

Positive impact (£85,000)

- Winter waste collection suspension – £35,000
- Efficiency Target – £50,000

3.2 A high level assessment of the pressures and/or events which will impact on the Council's financial position over the next four years has identified a number of issues, not all of which are quantifiable at this time. The issues include:

- Apprenticeships - A budget increase of £12,000 will be required to meet the additional match funding to increase new apprenticeship starts per annum from 8 to 11.
- Corporate Management – savings are being achieved in the current year as a result of the interim arrangements implemented from July.
- Rental of office space at Causeway House – whilst part of the office space relinquished by Essex County Council in June 2017 has been re-let the larger part, although being actively marketed, is still to be re-let.
- Pension Fund – the next review will be based on an assessment of the Fund as at 31st March 2019 and the outcome will be released in October/November 2019 and will be effective for 2020/21 to 2022/23.
- Transfer of service – Housing Benefit for working age claimants is to be incorporated within the Universal Credit. The potential impacts of a reduction in the administration subsidy received from the DWP and of the staffing levels required are not quantifiable at this time.
- Pay award – the annual allowance provided in the current MTFS is 1%. The pay award is determined by the Employers Organisation following negotiation with the Unions.
- Homelessness – New responsibilities placed on local housing authorities under the Homelessness Reduction Act 2017.
- Museum Trust – discussions are in progress for a new service level agreement between the Council and the Museum Trust to include the transfer of staff.
- Sustainable Development – the Government has indicated that it will increase planning application fees by 20%. Local authorities will be able to apply the increased fees as long as the additional income generated is ring-fenced to the Planning service. An announcement on the commencement date is awaited.
- Planning Appeal Costs – In 2015/16 Members approved the establishment of a reserve of £300,000 to meet these costs. This is expected to be fully utilised in the current year.
- Councillor Grant Scheme – the new scheme was introduced with funding set aside for the two years 2016/17 and 2017/18.
- Essex County Council contributions – the Council receives in excess of £2.4million per annum in respect of Waste Collection, Community Transport and a Council Tax Sharing Arrangement. Aspects of each of these will be subject to review by ECC.
- Essex County Council – a second tranche of supported housing contracts

for vulnerable young people, for whom ECC has a statutory responsibility, are due to be awarded in 2018/19.

- Collection Fund surplus - Council Tax and Business Rates. The final determination of the amount of surpluses available will be made later in the year enabling a review of the collection rates in the current year to be taken into account, as appropriate.
- Investment Programme proposals – income streams receivable from proposed investments are only included in the Council's Budget when a scheme has been approved by Members.
- It is anticipated that the United Kingdom's withdrawal from the European Union will have an impact on the Council during the MTFS period but this will only become clear as the terms of the departure and new agreements are determined.

3.3 On the basis of the information available at this time, the updated position over the three-year period shows an increase of £198,000 in the overall shortfall to be addressed, from £1.092million to £1.29million.

4. Developing the Budget and Council Tax for 2018/19 and rolling forward the MTFS for 2018/19 to 2021/22

4.1 The approach to address the anticipated budget shortfall of £1.29million over the next three years will be the delivery of the Organisational Improvement Plan. The Organisational Improvement Plan incorporates the Action Plan developed following the Peer Review in October 2013, which was focussed on the Council being grant free over the medium-term.

4.2 The Organisational Improvement Plan encompasses:

Better at Business

- Commercialisation
- Business Awareness & Skills
- Procurement
- Contract Management

Smart Working

- Service Improvements
- Digital Strategy
- Accommodation Review
- Mobile & Flexible working

Investment Programme

- District Investment Strategy
- Asset Management Strategy
- Treasury Management Strategy

4.3 Senior Managers are currently conducting a review of service budgets to identify possible cost reductions and/or income generation. The annual review of discretionary fees and charges for services will also be undertaken over the coming months.

4.4 The Council's approach to the delivery of the housing growth agenda includes the Garden Communities project and the potential establishment of a Housing Development Company. Both, if agreed, will have a significant impact on the Council's finances over the medium to long-term. However, at this time with the projects in the development stages the only financial requirements have been for contributions for feasibility work and to set-up North Essex Garden Communities Limited and the three Local Development Vehicles: an initial contribution of £250,000 made and a second similar contribution, requested in a separate report on this agenda, for the Garden Communities and a provision of £130,000 for the preparation of a full business case on the establishment of a Housing Development Company.

4.5 At this time other than the financial budgets approved/requested for these two major projects no allowance for potential expenditure, income and borrowings is included in this update of the MTFS. Proposals regarding each of these projects will be subject to detailed reports for decision of Cabinet and the Council as required at the relevant time.

5. Business Rates Retention – Pooling

5.1 The Council has participated in an Essex Business Rates Pool for three years. Under this arrangement growth in business rates, above a baseline figure, which would normally be passed to the Government is retained and shared between the authorities in the Essex Pool (this includes Essex County Council and Essex Fire Authority as well as a number of district councils).

5.2 On the assumption that the current Business Rates Retention scheme will continue in its current format over the short-term it is expected that the opportunity to form an Essex Pool will be available for 2018/19. Based on the timescale for the last three years the request to DCLG must be submitted by 31st October.

5.3 In view of this timescale for a proposal to be submitted to DCLG by 31st October 2017 it is proposed that authority be delegated to the Cabinet Member for Finance and Performance and the Corporate Director (Finance) to determine the Council's participation in an Essex pooling arrangement for 2018/19.

6. Local Council Tax Support Scheme

6.1 The Council's Local Council Tax Support (LCTS) scheme was introduced on 1st April 2013. The scheme is only applicable to working age claimants and it retains a significant proportion of the principles and elements of the previous Council Tax Benefit scheme.

6.2 The changes agreed to the Council's LCTS scheme for 2016/17 were made with reference to the Council's financial position over the medium-term and with the aim to limit the frequency of changes thereby providing a degree of stability and continuity in the scheme for claimants. In addition, it is noted that the number of requests made to the DWP for an attachment to benefit as a method of recovering outstanding arrears rose from 271 in 2015/16 to 456 in 2016/17. As only one attachment to benefit can be applied at a time a number of these requests are held as 'pending'. It is expected that the number of requests for an attachment to benefit will continue to grow; this is evidenced by the number of liability orders

granted as at July 2017 being 423 and for the majority of these the recovery method will be a request for an attachment to benefit.

- 6.3 It is proposed therefore to leave the existing scheme unchanged for a second year. On the basis of there being no changes there is therefore no requirement for consultation.

7. Capital Programme 2017/18

- 7.1 The budget for the construction of four grow-on units and car park on Springwood Drive was approved by Council in September 2016. Following a competitive tender process, the lowest tender for the works was £975,027 from Cadman Construction. The recommended contract sum plus contingency (of £30,000) and on-costs generates a total scheme cost of £1,082,100. This is £121,800 above the approved budget of £960,300.
- 7.2 It is proposed that the additional budget requested is funded from the remaining balance of Growth Area Funding, of £35,000, and £86,800 from the unallocated balance of New Homes Bonus.

8. Capital Resources

- 8.1 An initial review of the capital resources available to the Council for future capital projects has identified the following two issues:
- 8.2 **New Homes Bonus.** The Government made changes to the scheme for 2017/18 onwards:
- a move to 5 year payments for both existing and future Bonus allocations in 2017/18 and then to 4 years from 2018/19 (the scheme originally provided for annual allocations being paid for a 6 year period);
 - introduction of a national baseline of 0.4% for 2017/18 below which allocations will not be made. This provides a baseline of approximately 240 properties for this Council, on which no New Homes Bonus will be received.
- 8.3 The Government has indicated that further changes to the scheme for 2018/19 onwards are possible as it will retain the option of making adjustments to the baseline in future years to reflect significant and unexpected housing growth. In addition it will revisit the case for withholding New Homes Bonus from local authorities that are not planning effectively, making positive decisions on planning applications and delivering housing growth. Finally, it will also consider withholding payments for homes that are built following an appeal.
- 8.4 **Capital Receipt from Right to Buy Sales.** The estimated receipt from Greenfields Community Housing for the Council's share of the sale proceeds of former council houses was £1million for 2017/18. The amount received in the first quarter of the current year is £0.406million (from 5 sales).
- 8.5 Receipts in previous years have been £3.8million, £1.7million and £3.1million in 2016/17, 2015/16 and 2014/15 respectively. Whilst it is forecast that additional resource is likely in 2017/18 for the capital programme, the estimation of future receipts will continue to be difficult given the demand-led nature of this resource.

9. Budget Timetable

9.1 Details of the budget process timetable are contained in the report.

Recommended Decision:

Members are asked to:

- Note the 2018/19 budget process timetable as detailed in the report;

Business Rates pooling:

- Agree, in principle, that the Council participates in an Essex pool for non-domestic rates for 2018/19; and
- Agree that authority is delegated to the Cabinet Member for Finance and Performance and the Corporate Director (Finance) to give final agreement of the Council's participation in an Essex pooling arrangement.

Local Council Tax Support Scheme:

- Agree that as it is proposed to continue with the scheme unchanged for 2018/19 there is no requirement for consultation to be undertaken.

Capital Programme 2017/18:

- Agree an additional capital allocation of £121,800 to the project for the construction of four Grow-on units and associated works at Springwood Drive, Braintree. To be funded from the remaining balance of Growth Area Funding, of £35,000, and £86,800 from the unallocated balance of New Homes Bonus.

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>The levels of Government funding over the next two years have been drawn from the Financial Settlement for local government for 2016/17 to 2019/20 announced on 17th December 2015.</p> <p>Future funding arrangements for 2020/21 onwards are unclear at the current time as no Parliamentary time has been allotted for the Local Government Finance Bill under which the proposal for 100% Business Rate Retention scheme was to have been introduced.</p> <p>The Fair Funding Review is still in progress and this will update a local authority's relative need which in turn will be used to determine the Baseline Funding Level for an authority. When the Baseline is re-set the business rate growth currently retained by the Council will be redistributed between all authorities. The Council's estimated business rate growth above the Baseline and retained for 2017/18 is £923,000.</p> <p>The Council is anticipating an opportunity to join with other local authorities in Essex to enter into a pooling arrangement for 2018/19 which will make it possible to retain more of the additional funds from growth in business rates within the county wide area.</p> <p>Whilst the initial update of the financial profile includes a number of proposed changes, which increases the shortfall by £198,000, there are a large number of emerging issues for which it is not currently possible to quantify the financial impact.</p>
Legal:	<p>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.</p>
Safeguarding:	<p>None.</p>
Equalities/Diversity:	<p>It is considered that none of the people with protected characteristics, under the Equalities Act, will be disproportionately impacted by the proposal to continue with the current Local Council Tax Support scheme for 2018/19. The Council will consider retaining the Exceptional Hardship Fund, for council taxpayers experiencing financial hardship, at the meeting on 11th December 2017.</p> <p>Equalities and/or diversity implications will be considered,</p>

	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:	<p>The assumptions made prove to be incorrect resulting in either an increase or reduction in the savings required.</p> <p>If as a consequence of the Fair Funding Review the Council loses the amount of business rates growth above the existing Baseline figure and no damping adjustment is applied to lessen the impact this would add significantly to the shortfall in 2020/21 from that currently identified in the report.</p> <p>The impact on the public sector as a result of the United Kingdom's withdrawal from the European Union.</p>
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) 2017/18 to 2020/21 was agreed by Council on 22nd February 2017. The level of council tax (Band D) for 2017/18 was set at £169.47, an increase of £4.95 or 3.0%. A proportion of the revenue raised was added to balances in 2017/18 but the decision to increase by the maximum permissible by the Government was made on the basis of the forecast shortfalls in resources over the medium-term due primarily to the reductions in Government funding.
- 1.2 At the time the MTFS was agreed the anticipated position for the three-years; 2018/19 to 2020/21, was as follows:

	2018/19	2019/20	2020/21
Budget Requirement	£13,629,238	£13,525,014	£13,845,657
Budget shortfall to be addressed	£330,872	£524,234	£237,387
Council Tax at Band D	£172.80	£176.22	£179.73
Council Tax increase for financial planning purposes	1.96%	1.98%	1.99%

- 1.3 The projections include savings and additional income identified to be delivered over the period; increases in the level of council tax at the previous permitted maximum of 2%; and provisional Settlement Funding Assessment (SFA) figures announced by the Government.
- 1.4 The Financial Settlement for local government announced by the Secretary of State for Communities and Local Government on 17th December 2015 provided funding figures for each authority for the four-year period 2016/17 to 2019/20. The announcement included an offer to local authorities to receive the settlements for the four years on condition that an Efficiency Plan was produced. This Council's Efficiency Plan was accepted by the Minister for Local Government on 16th November 2016.
- 1.5 The Provisional SFA figures under the agreement for 2018/19 to 2019/20 are:

	2018/19	2019/20
Revenue Support Grant	£272,480	Nil
Retained Business Rates - Baseline	£3,361,095	£3,480,650
Business Rates tariff adjustment		-£291,482
Total Settlement Funding Assessment	£3,633,575	£3,189,168

- 1.6 Future funding arrangements for 2020/21 onwards were expected to be determined under the proposed 100% Business Rates Retention scheme.
- 1.7 The approach to address the anticipated budget shortfall of £1.092million over the next three years was to be a continuation of the work developed under the Peer Challenge Action Plan; which was to address the issue of the Council being grant free over the medium-term. The plan provides for a focus on:

- Commercialisation and ‘Better at Business’;
- Grow our economy – increase our share of the 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.

1.8 This report outlines:

- an update on the Government’s proposal for local government to retain 100% of business rates;
- an initial review of the assumptions contained in the current MTFS;
- the approach on developing the budget for 2018/19 and rolling the MTFS period forward to cover the period 2018/19 to 2021/22;
- approaches to addressing the financial shortfalls;
- an option to participate in an Essex Business Rates pooling arrangement for 2018/19, assuming the opportunity will be offered by the Government;
- the proposed Local Council Tax Support scheme for 2018/19;
- request for budget increase for an agreed capital project and an update on capital resources; and
- the timetable to achieve the setting of the council tax and budget for 2018/19 at the meeting of the Full Council on 19th February 2018.

2. Future funding of Local Government

- 2.1 The previous Government’s intention had been to introduce 100% business rate retention in either 2020/21 or if possible 2019/20. This was to be introduced via the Local Government Finance Bill. The new Government has announced that it will not be re-introducing this Bill to Parliament and that it is re-assessing its policy on business rate retention.
- 2.2 A letter from the Department for Communities and Local Government to the Business Rates Working Group in June 2017 included the following statements:
- “Local Government Finance Billwill not form part of the Parliamentary timetable for this session”
 - “We are engaging ministers on the options for future reform without an immediate Bill....”
 - “If the Government is planning to introduce any reform by executive order, it needs to make sure they take the sector with them.”
- 2.3 The comments suggest that the prospect of 100% retention is still possible, and that the Government are considering what can be implemented without primary legislation. The Government will however need to take a legal view about what is and what is not possible without legislation.

- 2.4 In July 2017 CIPFA through its Funding Advisory Service published a paper on 'Future Funding for Local Government' in which it argues based on the statements by DCLG, including those above, the most likely arrangement for business rates over the medium to long term is the continuation of the current 50% retention arrangement. Although a full reset of the Baseline Funding Level is anticipated for 2020/21, with partial (50%) resets every five years (i.e. 2025/26, 2030/31, etc).
- 2.5 The Baseline Funding Level will be determined by the Fair Funding Review. At the time of the reset the local share of business rates growth above the current Baseline will be returned to local government. The Funding Advisory Service assumes that the returned growth will then be allocated based on 'need' and will be pro-rata to the Baseline Funding Level for each local authority.
- 2.6 If this assumption is correct then this Council could lose a significant proportion of the business rates growth above the Baseline Funding Level. The Council's estimated business rate growth above the Baseline and retained in 2017/18 is £923,000.
- 2.7 The last fundamental review of the approach to assessing a local authority's relative need, and the costs it can be expected to incur in delivering services was in 2005 although some changes were made for 2013/14. There are many aspects to assessing a local authority's relative need to spend and the Fair Funding Review is an attempt to update this need. There are a number of elements included in the Review, including:
- Change in demography. The last population update was for the 2013/14 settlement and this was based on the mid-2011 population;
 - Increased focus on adult social care and children's services. These services are now a much larger proportion of total local government spending than it was in 2013/14;
 - Effect of past reviews not implemented. There are still large damping allocations within the existing authority funding allocations – which effectively means that changes in previous settlements have not been fully implemented;
 - Desire to move towards more-simple funding. An aim which has consistently been called for but has always been difficult to achieve.
- 2.8 The Government is expected to publish its next technical consultation paper on Fair Funding, possibly after the next meeting of the Fair Funding Working Group. The first meeting of the working group since the General Election was held on 19th July 2017.
- 2.9 The Funding Advisory Service anticipates the Review will result in a shift from districts to counties in two-tier areas to reflect the increased importance of funding for social care and will also take into account changes in retained business rate growth. For many district councils, including this Council, the loss of above-baseline rates growth could be the biggest change in their funding and this it suggests will need to be taken into account in damping arrangements.

3. Update on Financial assumptions in the current MTFS

- 3.1 Initial work on updating the MTFS has included a review of the current year's budgets in light of the 2016/17 financial outturn, review of the savings/additional income proposals to be delivered, review of other assumptions and assessment of information received which have financial consequences for the Council.
- 3.2 An assessment of the Council's financial position in the current year indicates a net positive variance of £543,000. The majority of the variance relates to income and which is one-off in nature, however, there are a number of movements, positive and negative, which are expected to be ongoing into future years (net additional cost of £186,000):

Negative impact (£271,000)

- Disposal of recyclates – the current contract allows for the gate fee chargeable to be determined by reference to the relevant market index on a quarterly basis. The charge of £11.33 per tonne in Quarter 1 has been increased to £22.83 per tonne for Quarter 2. Assuming the gate fee remains at this latter level for the remainder of the year a budget increase of £150,000 will be required.
- Recyclable waste processing at Cordon's Farm – Following changes to operations at the site Essex CC is requesting an increased charge of £56,000 per annum.
- Waste Management – Agency staff costs – increased costs due to the rates charged having increased to ensure compliance with the new off-payroll worker rules introduced by HMRC in April 2017 and an increase in the number of agency staff engaged to cover sickness absences. Estimated impact of £50,000 per annum.
- Braintree and Witham Markets income – the rental income has been in decline since 2014/15 with the shortfall against budget is currently predicted to be £15,000.

Positive impact (£85,000)

- Winter waste collection suspension – Following a review of the outcomes of the suspension over the Winter 2016/17, the Cabinet agreed that the suspension would become a permanent arrangement and the saving of £35,000 will be ongoing.
- Efficiency Target – reduced to £150,000 for 2016/17 this was achieved comfortably in that year and is projected to be achieved again in the current year. It is proposed to increase the target by £50,000 for 2018/19.

- 3.3 A high level assessment of the pressures and/or events which will impact on the Council's financial position over the next four years has identified a number of emerging issues, not all of which are quantifiable at this time. The issues include:

Issues where an estimated financial impact is available

- Apprenticeships - public bodies, in England, that have 250 or more employees have a duty under the Enterprise Act 2016 to have a

minimum number of apprenticeship starts each year; the target is based on 2.3% of the number of employees working for the organisation. For Braintree this equates to 11 new apprenticeship starts each year. The current central budget for apprenticeships, of £25,000, provides match funding for 8 apprentices (the other 50% funding comes from the relevant service). A budget of £12,000 will be required to meet the additional match funding to increase to 11 new apprenticeship starts per annum.

Financial impact not quantifiable at this time:

- Corporate Management – savings are being achieved in the current year as a result of the interim arrangements implemented from July following the departure of Nicola Beach. The degree to which the savings may be ongoing will be determined by the Chief Executive in due course.
- Rental of office space at Causeway House – whilst part of the office space relinquished by Essex County Council in June 2017 has been re-let (3% of the 18% available) the larger part, of 15%, although being actively marketed is still to be re-let. The impact on the budget will be the loss of rent whilst vacant and the amount of rent agreed with the new tenant(s) when let.
- Pension Fund – the recent triennial review of the Fund set the Council's contribution rate and deficit payments for the three year period 2017/18 to 2019/20. The next review will be based on an assessment of the Fund as at 31st March 2019 and the outcome will be released in October/November 2019 and will be effective for 2020/21 to 2022/23.
- Transfer of service – Housing Benefit for working age claimants is to be incorporated within the Universal Credit. The payment of universal credit will be administered by the Department for Work and Pensions (DWP). The transfer is being undertaken on a phased approach, with a second phase going live in October 2017. The expectation is that all housing benefit for working age claimants will be processed by the DWP by 2020. Housing benefit payments to pensionable age claimants together with local council tax support to pensioners and working age claimants will continue to be administered by the Council. The potential impacts of a reduction in the administration subsidy received from the DWP and of the staffing levels required are not quantifiable at this time.
- Pay award – the annual allowance provided in the current MTFS is 1%. The pay award is determined by the Employers Organisation following negotiation with the Unions. For information a 1% variation from this allowance will result in a budget change of £155,000.
- Homelessness – New responsibilities placed on local housing authorities under the Homelessness Reduction Act 2017. An assessment of the requirements and potential costs will be developed as Regulations are issued. It is anticipated that the Government will allocate a New Burdens Grant towards meeting these costs.
- Museum Trust – discussions are in progress for a new service level agreement between the Council and the Museum Trust to include the transfer of staff. Expectations are that this will involve a reduction in the financial grant provided by the Council but will also involve the Council

meeting apportioned costs which will no longer be recharged to the Trust.

- Sustainable Development – the Government has indicated that, in order to increase capacity and capability to deliver and improve the speed and quality with which planning cases are handled, it will increase planning application fees by 20%. Local authorities will be able to apply the increased fees as long as the additional income generated is ring-fenced to the Planning service. An announcement on the commencement date is awaited.
- Planning Appeal Costs – In 2015/16 Members approved the establishment of a reserve of £300,000 to meet these costs. At 1st April 2017, the reserve had a balance of £197,000, which is now expected to be fully utilised in the current year. During the budget process an assessment will be made of the potential need for and likely level required of a further provision.
- Councillor Grant Scheme – the new scheme was introduced with funding set aside for the two years 2016/17 and 2017/18. The scheme is to be reviewed and the outcome will be reported in due course.
- Essex County Council contributions – the Council receives in excess of £2.4million per annum in respect of Waste Collection, Community Transport and a Council Tax Sharing Arrangement. Aspects of each of these will be subject to review by ECC. Waste Collection: the vehicles used for the food waste service were purchased with a capital grant from ECC. ECC has confirmed that when the vehicles need to be replaced (expected to be 2018/19) this will be at this Council's expense. The reduced grant for the community transport service received for 2017/18 was allocated for one-year only. The current Council Tax Sharing Agreement between ECC, Essex Police & Crime Commissioner, Essex Fire Authority and the Essex district councils ceases on 31st March 2018. Negotiations are currently in progress regarding a new agreement for 2018/19.
- Essex County Council – a second tranche of supported housing contracts for vulnerable young people, for whom ECC has a statutory responsibility, are due to be awarded in 2018/19. Accommodation provided by the successful housing organisations is expected to be exclusive for ECC clients and as a consequence this could reduce the volume of units available for this Council to meet its statutory housing duties. Potential accommodation affected includes Digby Court, Leahurst, New Directions and Glen House.
- Collection Fund surplus - Council Tax and Business Rates. As at 31st March 2017 the Council had surpluses of £2,901,390 on council tax and £2,894,532 on business rates of which £1,502,454 and £1,080,356 respectively have been used in setting the 2017/18 Council Tax. This means that the balances available to support the 2018/19 Budgets of the major preceptors will be £1,389,936 and £1,814,176, of which £181,609 and £725,670 will be due to this Council. The final determination of the amount of surpluses available will be made later in the year enabling a review of the collection rates in the current year to be taken into account, as appropriate.
- Investment Programme proposals – income streams receivable from proposed investments are only included in the Council's Budget when a scheme has been approved by Members.

- Finally, it is anticipated that the United Kingdom's withdrawal from the European Union will have an impact on the Council during the MTFS period but this will only become clear as the terms of the departure and new agreements are determined.

3.4 The changes to the assumptions, where determinable, have been summarised and show an updated financial position of:

- £529,000 shortfall for 2018/19
- £524,000 shortfall for 2019/20
- £237,000 shortfall for 2020/21
- The estimated position for 2021/22 will be determined as the estimate process is progressed.

On the basis of the information available at this time, the updated position over the three-year period shows an increase of £198,000 in the overall shortfall to be addressed, from £1.092million to £1.29million.

4. Developing the Budget and Council Tax for 2018/19 and rolling forward the MTFS for 2018/19 to 2021/22

4.1 The approach to address the anticipated budget shortfall of £1.29million over the next three years will be the delivery of the Organisational Improvement Plan. The Organisational Improvement Plan incorporates the Action Plan developed following the Peer Review in October 2013, which was focussed on the Council being grant free over the medium-term.

4.2 The Organisational Improvement Plan encompasses:

Better at Business

- Commercialisation
- Business Awareness & Skills
- Procurement
- Contract Management

Smart Working

- Service Improvements
- Digital Strategy
- Accommodation Review
- Mobile & Flexible working

Investment Programme

- District Investment Strategy
- Asset Management Strategy
- Treasury Management Strategy

4.3 Senior Managers are currently conducting a review of service budgets to identify possible cost reductions and/or income generation. Work will continue to determine the financial implications of the emerging issues raised in section 3.3 and to refine the levels of budget variations identified in the current year (section 3.2).

- 4.4 The annual review 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.
- 4.5 The Government's Local Government Financial Settlement announcement in February 2015 gives council's the option to increase the level of council tax by a maximum of £5.00 or 2%. The previous limit of 2% was retained, for planning purposes, for 2018/19 onwards in the current MTFS. An increase of £4.95 on the Band D council tax for 2018/19 would raise an additional sum of £84,800 over the current assumed increase of £3.33 (1.96%).
- 4.6 Whilst the Council has the option to use balances to help meet a funding shortfall this is not a sustainable solution over the medium-term as the balances can only be used once. In addition monies held in balances prior to being needed form part of the Council's investment portfolio, including the pooled funds, and generate returns to support the revenue budget. However, Balances can provide an option to meet short-term funding shortfalls for example during the development phase of an investment project and prior to an income stream being received.
- 4.7 The estimated amounts of unallocated balances held are:

General Fund Balance at 1 st April 2017	£2.036m
Anticipated addition to balance for 2017/18	£0.722m
General Fund Balance at 31 st March 2018	£2.758m
Planned addition to balance for 2018/19	£1.411m
General Fund Balance at 31 st March 2019	£4.169m
Planned addition to balance for 2018/19	£1.411m
General Fund Balance at 31 st March 2020	£5.580m

Receipts from the Essex Business Rate Pool

Balance at 1 st April 2017	£0.882m
Potential share for 2017/18	£0.360m
Balance at 31 st March 2018	£1.242m

- 4.8 The Council's approach to the delivery of the housing growth agenda includes the Garden Communities project and the potential establishment of a Housing Development Company. Both, if agreed, will have a significant impact on the Council's finances over the medium to long-term. However, at this time with the projects in the development stages the only financial requirements have been for contributions for feasibility work and to set-up North Essex Garden Communities Limited and the three Local Development Vehicles: an initial contribution of £250,000 made and a second similar contribution, requested in a separate report on this agenda, for the Garden Communities and a provision of £130,000 for the preparation of a full business case on the establishment of a Housing Development Company.
- 4.9 With regard to the Garden Communities project it is anticipated that the contributions made and requested will support the project programme up to

September 2018. The 'North Essex Garden Communities – Progress to date and key developments' report, included as a separate item on this agenda, includes a timeline for key anticipated project milestones.

- 4.10 At this time other than the financial budgets approved/requested for these two major projects no allowance for potential expenditure, income and borrowings is included in this update of the MTFS. Proposals regarding each of these projects will be subject to detailed reports for decision of Cabinet and the Council as required at the relevant time.

5. Business Rates Retention – Pooling

- 5.1 The Council has participated in an Essex Business Rates Pool for each of the last three years. Under this arrangement growth in business rates, above a baseline figure, which would normally be passed to the Government is retained and shared between the authorities in the Essex Pool (this includes Essex County Council and Essex Fire Authority as well as a number of district councils).
- 5.2 Eleven authorities participated in 2016/17 and 2017/18. Whilst final shares will not be determined for 2017/18 until early October 2017 it is anticipated that the Council could receive approximately £360,000. No ongoing budget provision has been included in base budget for this, as the shares are dependent on the business rates collected in each of the participating districts and the Government determines annually whether the opportunity is to be offered for groups of authorities to form a Pool for the coming year.
- 5.3 Pooling arrangements are agreed annually, by the Department for Communities and Local Government (DCLG).
- 5.4 On the assumption that the current Business Rates Retention scheme will continue in its current format over the short-term it is expected that the opportunity to form an Essex Pool will be available for 2018/19. Based on the timescale for the last three years the request to DCLG must be submitted by 31st October.
- 5.5 In view of this timescale for a proposal to be submitted to DCLG by 31st October 2017 it is proposed that authority be delegated to the Cabinet Member for Finance and Performance and the Corporate Director (Finance) to determine the Council's participation in an Essex pooling arrangement for 2018/19.

6. Local Council Tax Support Scheme

- 6.1 The Council has operated a Local Council Tax Support (LCTS) scheme since 1st April 2013. The scheme retains a significant proportion of the principles and elements of the previous Council Tax Benefit scheme. The main elements of the scheme, which applies to claimants of working age only, are as follows:

- The calculation of support is based on 76% (reduced from 80% for 2015/16) 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 one month;
- 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;
- The limit on savings held by the claimant is £16,000. Savings above this limit precludes the claimant from support under the scheme;
- Minimum level of income for claimants who are self-employed is set at National Living Wage; and
- Removal of the Family Premium for new claims after 1st May 2016.

6.2 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.

6.3 The LCTS scheme is accounted for as a discount rather than a benefit: with the Council's council taxbase being reduced by an estimate of the amount of support that will be awarded each year. For 2017/18 this was estimated to be £6.93million. The variation between the actual and estimated amount awarded is reflected in the balance on the Council Tax Collection Fund at the year-end.

6.4 A snap shot of the number of claims, split between claimants of working age and pensioners, and the respective value of LCTS awarded for the year as at 17th July 2017 is provided in the table below:

	Pensioners		Working Age		Totals
Local Council Tax Support awarded	3,930,467	57.58%	2,896,015	42.42%	6,826,482
Number of awards	4,306	47.52%	4,756	52.48%	9,062

6.5 Local authorities are required to agree the details of their LCTS scheme by the preceding 31st January. This Council's LCTS scheme for 2018/19 will be considered by Full Council on 11th December 2017.

6.6 If any changes to the scheme are proposed then these must be subject of consultation for a minimum of six weeks.

- 6.7 The changes agreed to the Council's LCTS scheme for 2016/17 were made with reference to the Council's financial position over the medium-term and with the aim to limit the frequency of changes thereby providing a degree of stability and continuity in the scheme for claimants. In addition, it is noted that the number of requests made for an attachment to benefit as a method of recovering outstanding arrears rose from 271 in 2015/16 to 456 in 2016/17. As only one attachment to benefit can be applied at a time a number of these requests are held as 'pending'. It is expected that the number of requests for an attachment to benefit will continue to grow; this is evidenced by the number of liability orders granted as at July 2017 being 423 and for the majority of these the recovery method will be a request for an attachment to benefit.
- 6.8 Taking the above into consideration it is proposed to leave the existing scheme unchanged for a second year. As no changes are proposed to the Council's LCTS scheme for 2018/19 there is therefore no requirement for consultation.

7. Capital Programme 2017/18

- 7.1 A request for an additional budget allocation in the current year for the construction of four new business units, car parking, landscaping and infrastructure works at land off Springwood Drive, Braintree.
- 7.2 Following a competitive tender process, the three best prices received for the construction of the four grow-on units and car park ranged from £975,000 to £1,005,000. The Employer's Agent has recommended that the contract be let to the lowest bidder, Cadman Construction, for the sum of £975,027 and that BDC includes a contingency of £30,000. The recommended contract sum plus contingency and on-costs generates a total scheme cost of £1,082,100. This is £121,800 above the total scheme costs, of £960,300, approved by Council in September 2016. This cost increase has arisen due to a combination of build cost inflation in the period between approval and tender returns and necessary design and structural elements revealed through technical due diligence and detailed design (sustainable drainage, foundation design, structural elements to facilitate future provision of mezzanine floors).
- 7.3 It is proposed that the additional budget requested is funded from the remaining balance of Growth Area Funding, of £35,000, and £86,800 from the unallocated balance of New Homes Bonus.

8. Capital Resources

- 8.1 An initial review of the capital resources available to the Council for future capital projects has identified the following two issues:
- 8.2 **New Homes Bonus.** The Government made changes to the scheme for 2017/18 onwards:
- a move to 5 year payments for both existing and future Bonus allocations in 2017/18 and then to 4 years from 2018/19 (the scheme originally provided for annual allocations being paid for a 6 year period);

- introduction of a national baseline of 0.4% for 2017/18 below which allocations will not be made. This provides a baseline of approximately 240 properties for this Council, on which no New Homes Bonus will be received.

8.3 Further changes to the scheme for 2018/19 onwards are possible as the Government has indicated that it will retain the option of making adjustments to the baseline in future years to reflect significant and unexpected housing growth. In addition it will revisit the case for withholding New Homes Bonus from local authorities that are not planning effectively, making positive decisions on planning applications and delivering housing growth. Finally, it will also consider withholding payments for homes that are built following an appeal.

8.4 The table below shows a summary of the cash received up to 31st March 2018, estimated receipt for 2018/19, allocations agreed/proposed and balance available. The shaded areas in the table show the periods when payments will not be made as a consequence of the Government reducing the payment period from 6 to 5 and ultimately to 4 years:

New Homes Bonus Summary - 2011/12 to 2018/19									
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Year 1 (2011/12)	509.0	509.0	509.0	509.0	509.0	509.0			3,054.2
Year 2 (2012/13)		472.6	472.6	472.6	472.6	472.6			2,363.0
Year 3 (2013/14)			606.0	606.0	606.0	606.0	606.0		3,029.8
Year 4 (2014/15)				266.9	266.9	266.9	266.9		1,067.5
Year 5 (2015/16)					247.1	247.1	247.1	247.1	988.5
Year 6 (2016/17)						680.5	680.5	680.5	2,041.6
Year 7 (2017/18)							328.7	328.7	657.4
Year 8 (2018/19) Estimate								300.0	300.0
Total receivable in Year	509.0	981.6	1,587.6	1,854.5	2,101.6	2,782.1	2,129.2	1,556.4	13,502.0
Less:									
Allocations Agreed	79.0	79.0	66.4	32.3	99.7	95.7	70.0	70.0	592.1
Economic Development & Project Delivery							144.8	144.8	289.6
Net Resource for Capital	430.0	902.6	1,521.2	1,822.2	2,001.9	2,686.4	1,914.4	1,341.6	12,620.3
Allocated to District Investment	430.0	152.6	1,521.2	1,822.2	2,001.9	2,572.1			8,500.0
Allocated for Affordable Homes		750.0							750.0
Proposed allocations:									
Garden Communities							250.0		250.0
Grow-on Units, Springwood							86.8		86.8
Resource Available	-	-	-	-	-	114.3	1,577.6	1,341.6	3,033.5

- 8.5 The request for a second allocation of £250,000 for the Garden Communities project is contained in a separate report on this Cabinet meeting agenda.
- 8.6 **Capital Receipt from Right to Buy Sales** – the estimated receipt from Greenfields Community Housing for the Council's share of the sale proceeds of former council houses was £1million for 2017/18. The amount received in the first quarter of the current year is £0.406million (from 5 sales).
- 8.7 Receipts in previous years have been £3.8million, £1.7million and £3.1million in 2016/17, 2015/16 and 2014/15 respectively.
- 8.8 Whilst it is forecast that additional resource is likely in 2017/18 for the capital programme, the estimation of future receipts will continue to be difficult given the demand-led nature of this resource.

9. Budget process and Timetable

- 9.1 Key dates for the proposed Budget process 2018/19 are provided in the table below:

5 th September 2017	Cabinet	Budget process and timetable for 2018/19
13 th October 2017	Strategy Workshop	Priorities, Finances and Savings
22 nd November 2017	Overview and Scrutiny Committee	Initial budget proposals (revenue and capital) - Cabinet to present - All members invited.
27 th November 2017	Cabinet	Initial budget proposals (revenue and capital)
11 th December 2017	Council	Agree Local Council Tax Support scheme for 2018/19
Mid December 2017	Government announcement	Government Settlement Funding Assessment and New Homes Bonus notification received
January 2018	Business Community	Consultation on budget proposals
31 st January 2018	Overview and Scrutiny Committee	Consultation on final budget proposals and updated MTFS - All members invited
5 th February 2018	Cabinet	Final budget proposals and updated MTFS
19 th February 2018	Council	2018/19 Budget and Council Tax approved