

CABINET AGENDA

Monday, 12th September 2016 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

Environment and Place

Planning and Housing

Economic Development

Health and Communities

Finance and Performance

Corporate Services and

Asset Management

Councillor G Butland (Chairman)

Councillor Mrs W Schmitt (Deputy Leader of the Council)

Councillor R Mitchell

Councillor Lady Newton

Councillor Mrs L Bowers-Flint

Councillor T Cunningham

Councillor B Rose

Councillor P Tattersley

Councillor D Bebb

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
demse@braintree.gov.uk by 3pm on the day of the meeting.

N BEACH
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 18th July 2016 (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 issue and activities.	
6	PLANNING AND HOUSING	
6a	Housing Development Company	6 - 14
6b	Greenfields and Council CHIP Growth Fund and changes to governance arrangements	15 - 19

7 HEALTH AND COMMUNITIES

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| 7a | Cabinet Response to the Recommendations from the Overview & Scrutiny Committee's review into Health in the Braintree District | 20 - 32 |
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8 FINANCE AND PERFORMANCE

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| 8a | Medium-Term Financial Strategy 2016-17 to 2019-20 | 33 - 67 |
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9 ENVIRONMENT AND PLACE

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| 9a | Adoption of Fixed Penalty Notices for Fly-Tipping | 109 - 113 |
| 10 | Cabinet Member Decisions made under Delegated Powers | 114 - 115 |

11 URGENT BUSINESS AUTHORISED BY THE CHAIRMAN

12 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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Item Title

There are no business items for private session.

Housing Development Company		Agenda No: 6a
Portfolio Corporate Outcome:	Planning and Housing 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 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 John McKee, Cabinet Member for Corporate Service and Asset Management	
Report prepared by:	Andrew Hull, Head of Projects	
Background Papers:	Public Report	
	Key Decision: No	
1. Corporate Strategy 2016-2020 2. Report to Cabinet 23rd May 2016 - District Investment Strategy		
Executive Summary:		
<p>The purpose of this report is to seek approval for the resources to develop a full business case relating to the establishment of a Housing Development Company (HDC).</p> <p>The proposed HDC has the potential to bring forward a robust delivery programme of new homes across the District, to include a range of tenures, such as private sale, affordable rent, private rent, keyworker and starter homes. It would also contribute to wider objectives, including the generation of a financial return, the development of under-utilised Council-owned land and the stimulation of economic growth through the provision of high-quality training and employment opportunities through on-site developments.</p> <p>The proposals would enable the Council to take a lead in meeting overall housing stock needs and raising the quality of design and delivery in the District.</p>		
Recommended Decision:		
1. To approve in principle the recommended outline proposal to commence a programme of direct new build housing development on Council-owned sites, subject to a full business case being approved by Cabinet at a later date.		

2. To approve in principle the creation of a wholly owned Housing Development Company to deliver, or be capable of entering into a joint venture to deliver, the potential programme of development, subject to approval of the full business case, to include further site pre-development work, viability testing, market testing, financial modelling and specialist legal advice.
3. To authorise officers to work up the full business case including company structure, further site pre-development work and viability and market testing.
4. To approve the allocation of £100,000 of unallocated New Homes Bonus monies to fund the necessary pre-development and due diligence activities.

Purpose of Decision:

To enable officers to undertake the necessary detailed due diligence activities to inform a full business case for the creation of a Housing Development Company.

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

Financial:	<p>There are a number of financial matters which will need to be considered in detail as part of the full business case to be brought back to Cabinet. These will include areas such as:</p> <ul style="list-style-type: none"> • The Council's need to borrow and terms of any funding requirement to enable the proposed housing development. • The impact of any borrowing on the Council's overall capital plans and treasury management arrangements. • The impact on the Council's General Fund of any borrowing costs, including State Aid issues. • Consideration of accounting arrangements, tax issues and financial structure of any new company. • Assessment of financial returns. • Consideration of financial risks and sensitivity of overall financial forecast and business case. <p>In relation to procurement there may be the opportunity to join new frameworks for the procurement of services and delivery of the properties. This will require further more detailed analysis once the vehicle for delivery has been confirmed. However any company with shares wholly owned by the Council will need to comply with the Council's procurement structure.</p> <p>There is an existing budget of £30,000 to fund the due diligence required in respect of the proposed HDC. Following a review of costs and analysis of the expenditure of other authorities undertaking similar projects, approval is sought for an additional £100,000 from unallocated New Homes Bonus funds.</p>
Legal:	<p>There are likely to be a number of legal implications associated with the formation of a HDC. These include: State Aid, impact of Right-to-Buy legislation, procurement regulations, accounting treatment and potential Homes and Communities Agency regulation. Appropriate legal advice will be sought as part of the due diligence process, in order to ensure mitigation of all legal risks and compliance with all relevant legislation and regulations.</p>
Safeguarding:	Not applicable.
Equalities/Diversity:	<p>The provision of new mixed-tenure homes will have a positive impact on equality and diversity, by improving housing availability and choice. Income generated from investment will support further delivery of services.</p>
Customer Impact:	<p>The provision of new, directly-developed, high-quality homes will provide improved housing options for customers. The</p>

	delivery of a range of tenures, to include potentially, private sale, affordable rent, private sector rent and starter homes, will assist in meeting housing need and help residents to gain a foothold on the housing ladder.
Environment and Climate Change:	By controlling design, the HDC will be able to ensure that the new homes will be built to high levels of energy efficiency. This will result in a reduction in carbon emissions and minimise cost-in-use for occupiers.
Consultation/Community Engagement:	Initial high-level consultation has taken place with officers from Finance, Planning, Governance and Marketing. A consultation plan will be required if the project progresses. Each individual development will require planning permission and appropriate consultations with the local community would be carried out. The proposals are likely to attract significant press and public interest; therefore consultation will be a key consideration. A communication plan would be developed for the whole programme to include branding and proactive marketing. The delivery of this plan would need to be suitably resourced and this may involve external resource. Any development of private sector housing would require additional expert resource to undertake marketing of the products during the delivery phase.
Risks:	A full risk register will be appended to the full business case when a recommendation is presented to Cabinet.
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1.0 Background

- 1.1 There are a number of challenges facing the Council in terms of residential housing, including:
- A need to provide 845 new homes per annum across the District for the period 2016 to 2033.
 - Significant demand for affordable housing. Whilst the Council has been successful in securing housing supply on new developments via Section 106 Agreements, future opportunities may be limited by the introduction of starter homes. Furthermore, due to current rent restructure policy, many housing associations are unwilling or unable to produce homes for affordable rent.
 - Rising house prices in the District over recent years have outpaced wage inflation. Consequently, it has become increasingly difficult for a large section of the community to gain a foothold on the housing ladder.
- 1.2 The creation of a HDC has been identified as a means of addressing these challenges. A HDC would effectively allow the Council to develop new homes, across a variety of tenures. The potential results of this approach are:
- The delivery of new homes across the District, assisting the Council in meeting the required growth targets.
 - Enhancing the housing offer to all sections of the community via the development of a diverse range of new homes: e.g. private sale, private rented, affordable rent, keyworker homes.
 - The provision of new homes for affordable rent will assist in reducing pressure on the District's Housing Register.
 - The development of under-utilised Council-owned asset sites.
 - Stimulating economic growth in the construction sector through the creation of employment and training opportunities
 - Providing the Council with opportunities to set the standard in housing design, ensuring the development of high-quality, energy efficient new homes.
 - The generation of a financial return to the Council.
- 1.3 A number of exploratory activities have been undertaken to date to inform the HDC proposals. These include:
- Officer meeting with Gloriana Homes, an existing HDC set-up by Thurrock Council.
 - Member visit South Cambridgeshire District Council, which piloted the HDC approach through the creation of Ermine Street Housing.
 - Member Visit to Basildon District Council, which has set-up a HDC, Sempra Homes.
 - Attendance of LGA Housing Conference and registration with LGA Housing Company Network.
- 1.4 Additionally, meetings have been held with Colchester BC (CBC), which has similar ambitions to create a HDC and is currently undergoing pre-development due diligence. Given the track record of successful joint-

working, it is proposed that officers explore the potential for partnering with CBC. This could result in the sharing of best practice and enhanced value for money, as it may be possible to generate economies of scale in terms of professional fees.

- 1.5 A number of Council-owned sites have been identified which offer potential residential development opportunities. The majority of the sites are included in the Local Plan 2016 to 2033 draft site allocation.

2. Models for delivery

- 2.1 Based on research, initial legal advice, advice from the Chartered Institute of Housing and reviewing the best practices of other local authorities the following solutions for delivery were explored by officers:

Delivery Vehicle	Advantages	Disadvantages
<p>Wholly Owned Company (WOC):</p> <p>By establishing a WOC the Council will create a special purpose vehicle (SPV), a limited liability company in which the shares are owned by the Council.</p>	<ul style="list-style-type: none"> • Provides a robust commercial opportunity as the Council would use the WOC to develop, rent and dispose of housing units and retain developer profit and residual land value which could be recycled to provide more money for future land buying or a higher provision of affordable units or provision of other services. • WOC can stimulate economic growth in the construction sector through the creation of employment and training opportunities. • The WOC could be incorporated on a lean structure with limited directly employed staff but could have management agreements with the Council and its partners to utilise existing services and procure development team and contractors to deliver programme as required. • Tried and tested vehicle for Councils to deliver commercial opportunities and housing units. 	<ul style="list-style-type: none"> • Uncertainty in respect of central government support for Councils acting as developers. • Peak finance/borrowing would place additional cost into the schemes but this is no different to any other commercial development.

<p>Joint Ventures:</p> <p>The Council partners with a private investor to create a development vehicle. This model could be set-up so that the Council provides land to the vehicle and the partner could support the finance and carry out the development.</p>	<ul style="list-style-type: none"> • Risk is split between the parties depending on the contractual arrangements, usually split on value of assets and actual funding put into the development. • Partner may bring existing team and expertise and save time. • This could be arranged as a Limited Partnership or a Local Housing Company with a house builder or a partnership with a housing association. • A partner may be able to bring their own development sites to the programme. • Tried and tested route for housing delivery in both private and public sectors. • Speed of delivery could be enhanced by tapping into an existing team. • Economic growth opportunities within the construction sector for employment and training. 	<ul style="list-style-type: none"> • Rewards are split between the parties depending on the contractual arrangement. This could represent a loss of some profit for the Council. • Council will have reduced control over development quality and numbers of affordable homes etc. • Risk of lengthy procurement process for a development partner.
<p>Charitable Arrangements:</p> <p>The Council could set up a charity and use this as a vehicle for development.</p>	<ul style="list-style-type: none"> • Possible taxation advantages. • Possible ethical advantages around reinvestment of profits. 	<ul style="list-style-type: none"> • Complex governance arrangements mean that it would be difficult to separate the charity's activities from the objectives of the Council thus meaning that the benefit of having charitable status would be lost. • It might also be difficult from a profit/surplus angle.

<p>Site Disposals:</p> <p>Gain planning permission and remove constraints and de-risk sites or packages of sites and sell on the open market.</p>	<ul style="list-style-type: none"> • No development risk to the Council. • No development or construction costs. • Receipts generated more quickly. 	<ul style="list-style-type: none"> • Upfront costs for gaining planning consent and removing constraints and risks. • No future commercial opportunity once sites are sold and no benefit of additional development profit for recycling into Council services • Lack of control over what is developed and when.
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- 2.2 It is recommended that the potential developments be delivered through a WOC, either through the company directly or through the company entering into a joint venture set up to maximise capital receipts and seek income generating opportunities for reinvestment into wider District objectives.

3. Proposals

- 3.1 It is proposed in principle that the Council commences a pipeline of housing delivery to stimulate economic growth in the District, maximise land assets in its ownership and provide high quality mixed-tenure homes for residents.
- 3.2 Rigorous testing of each site will be undertaken for the full business case, covering financial viability, feasibility, consultation and risk.
- 3.3 It is proposed that as part of the development of the full business case, specialist legal advisers in this field are appointed to provide advice and guidance to the Council on the creation of a HDC and to assist in the formation of the company structure.
- 3.4 Delivery would be based upon a cross-subsidy model to ensure sufficient funding is secured for the provision of a high percentage of affordable homes through the development and subsequent disposal of private market housing.
- 3.5 In order to complete the detailed work required to produce a full business case, it is proposed that a budget of £130,000 is approved. This sum represents the existing budget of £30,000, plus £100,000 to be allocated from the available New Homes Bonus fund. Research into work undertaken by other local authorities indicates that this is an appropriate benchmark figure. The work will be tendered on a competitive basis via established framework arrangements to obtain legal and financial advice. Where possible, we will seek to reduce costs by working with an appropriate partner.
- 3.6 The budget would be allocated to develop the full business case and

would cover the following specific tasks:

- Agree the development proposals, costs and value assumptions for in principle sites to be taken forwards.
- Develop a detailed financial model for the proposed commercial funding structure.
- Model the impact of various scenarios around ratios of affordable homes within developments.
- Assess the options for the WOC constitutional structure.
- Develop detailed governance arrangements, outline constitutional documents and articles of association.
- Consider the accounting implications of the WOC.
- Undertake a detailed assessment of the Council's ability to provide the necessary equity to the WOC.
- Consider in detail the Corporation Tax, VAT and Stamp Duty Land Tax impact of the proposals.
- Detailed financial modelling of the projected impact of the WOC on the accounts of the Council.
- Establishing the WOC.
- Governance and the duties of directors of the WOC
- The transfer of land to the WOC.
- The power of entities involved to borrow.
- The provision of financial assistance to the WOC.
- Consider the potential benefits of partnering arrangements with CBC, in terms of generating economies of scale and promoting value for money.
- State Aid.
- Competition law.
- Procurement law in relation to the establishment of the company.

- 3.7 It is expected that, should the business case be approved, there will be further work to facilitate the establishment of the WOC, the costs of which will be outlined in the forthcoming full business case.

4.0 Recommendation

- 4.1 That Cabinet approves the recommended decisions detailed above, in order to provide officers with the authority and budget to put together a full business case relating to the creation of a Housing Development Company.

Greenfields and Council CHIP Growth Fund and changes to governance arrangements		Agenda No:6b
Portfolio	Planning and Housing	
Corporate Outcome:	A well connected and growing district with high quality homes and infrastructure	
Report presented by:	Councillor Graham Butland, Leader of the Council	
Report prepared by:	Jon Hayden, Corporate Director	
Background Papers:	Public Report	
<u>Cabinet Agenda and Minutes 20 July 2015</u>	Key Decision: No	
Executive Summary:		
<p>At the Cabinet meeting of 20th July 2015 Cabinet agreed that the Community Housing Investment Partnership (CHIP) Growth Fund held jointly with Greenfields Community Housing should be divided equally between the two organisations. This proposal has now been ratified by the Greenfields Board. The CHIP Board decision is now to implement the split of the growth fund and this will be progressed in September/October 2016.</p> <p>Greenfields Community Housing has undertaken a review of its governance arrangements to reflect changes in legislation, best practice and its own operational requirements. At their forthcoming annual general meeting Greenfields Community Housing proposes to put to its shareholders a new set of rules. Within the changes proposed to the rules it is proposed to discontinue the Council's right to appoint three members to the Greenfields Board, and to remove the Council's 30% shareholding in the company. Whilst these changes would mark a change in the formal relationship between the organisations, it would have no direct impact on operational working or the other rights enshrined within the transfer agreement.</p>		
Recommended Decision:		
<ol style="list-style-type: none">1. To note the decision of Greenfields Board to agree to the split of the Community Housing Investment Partnership (CHIP) Growth Fund in line with the previous Cabinet decision.2. To approve the principal of the governance changes proposed by Greenfields Community Housing and to:<ol style="list-style-type: none">a. Give consent to the changes.b. Authorise the Council representative to vote for the proposed governance changes at an annual general meeting of Greenfields Community Housing.		

Purpose of Decision:

To note changes in respect of the CHIP Growth fund, and consent to proposed changes to the governance structures within Greenfields Community Housing.

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

Financial:	<p>The District Council will need to decide how its share of the growth fund should be used to deliver affordable homes; this decision need not be made as part of this report and will be subject to future consideration.</p> <p>There are no specific financial implications for the Council from the changes to the governance arrangements.</p>
Legal:	<p>The CHIP board is in a position to determine whether or not to divide the Growth fund within the terms of the legal framework created through the Housing Stock Transfer. Once funds are transferred to the District Council these will have to be held and used to ensure delivery of affordable homes, this can be undertaken through existing financial arrangements.</p> <p>Whilst the governance arrangements for Greenfields Community Housing are a matter for their own consideration, given the requirement for the Council to consent to changes without this Greenfields Community Housing will be unable to proceed.</p>
Safeguarding:	None arising out of this report.
Equalities/Diversity:	None arising out of this report.
Customer Impact:	<p>There is no direct customer impact until the resources released from the splitting of the CHIP fund are invested.</p> <p>Although the revised governance arrangements will alter the balance of the relationship between the Council and Greenfields Community Housing there is no direct customer impact.</p>
Environment and Climate Change:	None arising out of this report.
Consultation/Community Engagement:	<p>Appropriate consultation and community engagement will be undertaken on projects funded from relevant funds at the appropriate point.</p> <p>Greenfields Community Housing has undertaken consultative work with its tenants and stakeholders in considering changes to its governance arrangements.</p>
Risks:	As set out in the previous consideration around splitting the growth fund, care will be required to ensure that separate

	<p>investment decisions are undertaken in a co-ordinated fashion and do not cause problems for either party. This can be undertaken through usual working arrangements.</p> <p>In agreeing to a new relationship with Greenfields Community Housing there is a risk that this is seen as a weakening of the overall relationship between the two organisations; joint working where appropriate and appropriate collaboration will continue on relevant projects.</p>
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1. Community Housing Investment Partnership (CHIP) Growth Fund

- 1.1 At the meeting of Cabinet on 20th July 2015 Members approved the proposal to equally divide the CHIP growth fund between Braintree District Council and Greenfields Community Housing Association.
- 1.2 The Community Housing Investment Partnership (CHIP) Fund was set up at the time of the stock transfer in 2007. The fund being managed by a board comprising 3 members appointed by Greenfields and 3 appointed by the Council. It was previously agreed to change the way the CHIP Fund was split between the themes of 'People', 'Place' and 'Growth' to reflect both organisations' priorities. £7.35m was set aside for the 'Growth' theme. Funding identified for 'Growth' was allocated to new affordable housing schemes and it assisted in enabling some new affordable homes to be built in the District.
- 1.3 In 2015 a proposal was made to equally divide the remaining balance of the 'Growth' fund between the Council and Greenfields. At 1st April 2015, the Growth Fund stood at £5.4million and the Council and Greenfields had slightly different priorities in relation to how the remainder of the fund should be used.
- 1.4 The proposal to equally divide the funding was originally taken to Greenfields Board on 30th July 2015 when the Board agreed to "defer" a decision, given they were reviewing their Business Plan in light of the rent cut requirement at that time.
- 1.5 On 28th July 2016 Greenfields held a Board meeting where Board Members gave approval to equally divide the £5.5m growth fund and provide the opportunity for both partners to use their respective share to deliver affordable homes in the District with the key focus being delivery of new homes.

2. Changes to Governance Arrangements

- 2.1 Greenfields Community Housing has recently undertaken a review of its governing rules; this is taking into account the National Housing Federation's Model Rules 2015 and the outcome of the Governance and Board Effectiveness Review which was supported by an external adviser Strategy Support Services.
- 2.2 The outcome of this work will mean a set of rules which largely follow the national model rules reflecting current regulatory best practice, legislative change, and a certain amount of simplification.
- 2.3 There are two proposed changes to rules which have a significant impact on the relationship between the Council and Greenfields Community Housing, and which require further scrutiny.
- 2.4 Under the current arrangements the Council holds a 30% shareholding in the company; this entitles the Council to exercise shareholder rights at annual and extraordinary general meetings. Whilst shareholding rights do

not directly control the day-to-day activity of the organisation, they are an important check and balance to the overall governance framework and ensure that as a key stakeholder the District Council is consulted in respect of key policies and strategic decision-making.

- 2.5 In addition the Council has nomination rights to appoint up to 3 members of the board. Board membership enables those Councillors to exert direct influence, and hold the organisation to account within the internal governance structures. It must however be noted that when acting as Directors of Greenfields Community Housing the appointed Councillors have a duty to act in the best interests of the company, even if this would not be the best interests of the Council. Whilst such conflict would be unusual it does potentially create difficulties for those who have been appointed.
- 2.6 In respect of both of these rights, through enabling provisions within the Housing and Planning Act 2016 the Government has made a clear indication that it will prohibit local authorities from holding direct share interests, and rights to appoint directors to registered social landlords such as Greenfields Community Housing. Whilst at the present time the relevant provisions have not been brought into force, this shows a clear direction of travel.
- 2.7 Whilst the Council wishes to retain a strong working relationship with Greenfields Community Housing, it is not considered that these two rights provide the only (or potentially even the most effective) way of achieving this. The rights themselves have over the last nine years enabled the establishment of long-term close working relationships, and given the assurance of the Council's involvement to both tenants and wider residents alike. However in light of Government Policy and the fact that Greenfields Community Housing is now a mature and established organisation it is not considered that to agree to these changes would have any material disadvantage to the Council, tenants, or wider residents.
- 2.8 In removing these two rights the Council does not alter other aspects of the existing transfer agreement which enshrined the key relationships which were the basis for the stock transfer in 2007. Particularly the Council will still retain its nomination rights, and the other tenant promises remain unaffected.

3. Recommendation

- 3.1 It is recommended that Cabinet notes the decision by Greenfields Community Housing to agree to divide the growth element of the CHIP fund in order to enable each organisation to use their proportion of the fund for the provision of affordable housing.
- 3.2 That Cabinet agrees to give the Council's consent to the request from Greenfields Community Housing for consent to the changes to its rules, and agrees that the Council should exercise its voting rights at the forthcoming annual general meeting of Greenfields Community Housing to facilitate this.

Cabinet Response to the Recommendations from the Overview & Scrutiny Committee's review into Health in the Braintree District.		Agenda No:7a
Portfolio	Overall Corporate Strategy and Direction Health and Communities	
Corporate Outcome:	Residents live well in healthy and resilient communities where residents feel supported.	
Report presented by:	Councillor Peter Tattersley Cabinet Member for Health & Communities.	
Report prepared by:	Lee Crabb Head of Environment & Leisure	
Background Papers:	Public Report	
Reports and Minutes of Overview and Scrutiny Committee of: 23rd September 2015 , 9th December 2015 , 24th February 2016 , 9th March 2016 and 8th June 2016 . Minutes of Council held on 27th June 2016		Key Decision: No
Executive Summary:		
<p>Further to the Overview and Scrutiny Committee's review in to Health in the Braintree District, the recommendations were presented to Full Council in July 2016. In line with corporate process, Council requested Cabinet to respond to the Committee's recommendations. Therefore, the Cabinet Member for Health & Communities has considered these and has provided a considered response to each of the recommendations put forward by the Overview and Scrutiny Committee.</p> <p>Cabinet is requested to consider the responses to the recommendations contained within this report and if in agreement, request Officers to take forward the recommendations.</p> <p>For ease of reference the recommendations are set out in the attached table. The table includes the Cabinet Members response and any subsequent response from our partner organisations where there may be an impact on their work.</p>		
Recommended Decision:		
Cabinet approves this response put forward by the Cabinet Member for Health & Communities and delegates any actions to the Corporate Director and/or Head of Environment & Leisure to take forward.		

Purpose of Decision:

To consider and respond to the recommendations made by the Overview & Scrutiny Committee to Full Council on improvements that can be made to the local health system.

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

Financial:	The Council as part of the £28 million District Investment Strategy has made a pledge to improve health facilities in the district. Significant sums are being made available to strengthen the local General Practice provision in the district.
Legal:	No significant impact
Safeguarding:	No significant impact
Equalities/Diversity:	All the recommendations will act to reduce health inequalities where they exist in the district.
Customer Impact:	The actions taken by key partners in response to the recommendations will only serve to improve the Health & Wellbeing of the residents in the Braintree District.
Environment and Climate Change:	No significant impact
Consultation/Community Engagement:	Any fundamental change in the local health system will have to result in public consultation. As an example to changes in the Urgent care system as part of the "Success Regime" are currently open for public consultation.
Risks:	Success of the recommendations is dependant mainly on the work of our partner organisations which the Council has little influence over.
Officer Contact:	Lee Crabb
Designation:	Head of Environment & Leisure
Ext. No:	2227
E-mail:	lee.crabb@braintree.gov.uk

The Cabinet Response

- 1.1 The Cabinet wishes to thank the Overview & Scrutiny Committee for its comprehensive and timely report on the local health system and notes the recommendations made by the Committee.
- 1.2 Cabinet also wishes to acknowledge the input from our partner organisations into the Committee's review of health.
- 1.3 Most of the recommendations relate to the following subject matters;
 - Essex County Council Public Health
 - Essex County Council – Health & Wellbeing Board
 - Mid Essex Clinical Commissioning Group
 - Essex Primary Care Inter-Professional Centre (EPIC) project.
 - Health Facilities in the District
 - The subject of Mental health
 - Review of the Open Space Action Plan
- 1.4 Therefore, in responding to the recommendations it has been simpler to rearrange the recommendations in order of subject matter, as some of the recommendations can be covered by the same response. Hence in the attached table, the left hand column the reference represents the reference assigned by the Overview and Scrutiny Committee.
- 1.5 The middle column contains the Cabinet Member's response and the far right column the partner organisations response. As some of the recommendations refer to work being delivered solely by our partner organisations it was thought appropriate to try and capture their response to the recommendations being put forward by the Committee at this stage.
- 1.6 With particular reference to Mid Essex Clinical Commissioning Group, they are currently heavily involved in the "Success Regime" and due to resource constraints a response is still outstanding at the time of drafting this report.

Ref	Overview & Scrutiny Recommendation	Cabinet's Response	Partner Response
	ECC Public Health		
1:	<p>Braintree District Council should continue to support the work being undertaken by Essex County Council's Public Health by:-</p> <ol style="list-style-type: none"> 1. Continuing to "own" public health at a local level. 2. Driving economic development and regeneration in the district. 3. Supporting "early years" and "school readiness" interventions and opportunities. 	<p>The Council has made a commitment in its Corporate Strategy to maintaining and improving the health & wellbeing of its residents. It states that it is the Council's vision that "resident's live well in healthy and resilient communities. The Council also commits to providing excellent health and wellbeing opportunities for its residents.</p> <p>As part both of the Council's Strategic Plan and Annual Plan for this year, the Council has made economic development as its main priority. The Council has committed to support our local businesses, with business growth loans and building employment sites and premises.</p> <p>The Council is an active partner in the Mid Essex Children's, Partnership Board. As a partner the Council is committed to support all children, young people and their families to reach their full potential. One important project the Council is currently working on and supporting is the creation of a family guide for parents. The guide will contain information and signposting to a range of services alongside vouchers to incentivise take-up and access.</p>	<p>Mike Gogarty, Director of Public Health Essex County Council.</p> <p><i>"In reviewing the recommendations made by the Overview and Scrutiny Committee of the Council that directly relate to the work of my department. All I can say is that these recommendations are great and can I thank the Council for its extremely valuable support in our Public Health initiatives."</i></p>

	<p>4. Supporting vulnerable people via a facilitative and flexible housing approach.</p> <p>5. Continuing to support and promote physical activity.</p> <p>6. Promoting active transport.</p> <p>7. Ensuring community safety.</p>	<p>The guidebook is designed to positively influence new parents of children up to 5 years of age to ensure their child gets the best start in life.</p> <p>The Council has made a commitment to growing the district. Once again it's an essential part of the Council's Corporate strategy, "a well-connected and growing district with high quality homes and infrastructure." The Council is especially committed to "improving the availability of affordable homes in the District".</p> <p>In the Council's Corporate Strategy it makes a commitment to provide excellent leisure, health and wellbeing opportunities for its residents.</p> <p>The Council is fully committed to improving the infrastructure in the district and the Council has made the commitment in its Corporate Strategy to supporting the delivery of strong sustainable transport infrastructure links.</p> <p>In the Council's Corporate strategy the Council clearly commits to safeguarding our residents, it makes a clear commitment to creating "resilient communities where residents feel supported", this is about creating safe and resident communities throughout the district.</p>	
4:	In light of the fact that 57% of "Reception Year" children living in the Braintree District have not been adequately prepared for school, the Braintree District Council should work alongside	See answer to 1 (3)	

	its health partners and other local stakeholders to tackle the rising issues surrounding school readiness .		
9:	<p>It is recommended that Braintree District Council:</p> <ol style="list-style-type: none"> 1. Continues to support ECC Public Health's "Tuck In" project. This looks at encouraging independent takeaways to provide better healthier menu options and use more healthy cooking practices. 2. Work with ECC Public Health in the creation of a whole systems approach model to childhood obesity specific to the Braintree District. 	<p>The Environmental Health Department will commit resources in this year's work programme to this project. They will attempt to encourage more take away restaurants in our district to provide healthier options.</p> <p>Braintree District Council and Essex County Council have partnered up to develop a project to address childhood obesity. The project, with foundations in an internationally recognised EPODE model will target weight issues in primary school children, will run for 3 years. Working with a number of partners including schools, community groups, the voluntary sector, planning, housing, Active Essex, our school nurse partner and the NHS we are developing a 'whole systems approach' to try and address obesity issues. We will also be working with local businesses including take-away providers and supermarkets. We currently have nearly 20% of schools engaged from a number of different areas of the district. The intention is that the project will focus on 6 'mini-campaigns' to try and change behavior, these will include a mix of physical activity and healthy eating campaigns; Each campaign will be evaluated afterwards to</p>	

		ensure outcomes are met and to track project progress.	
3.	Encourage the adoption of the daily mile in local schools. It involves students running or walking for one mile every day, it has been scientifically proven that running a mile per day reduces obesity and improves children's fitness, behavior and increases concentration levels.	Our officers are in discussions with Active Essex (ECC) to introduce a form of the "Daily Mile" in to our local schools. Starting with the 10 schools that will be engaged in the Livewell Child Obesity project. The intention will then be to roll this out across all schools in in the Braintree District.	
4.	Look at ways of promoting the use of green open spaces to increase the availability of areas to carry out structured activity.	As a pilot the Council ran an event to celebrate the opening of a new cycle and footway on the Fairview Estate. The idea behind the celebration was to raise awareness of the new access but more importantly show local residents that this green space can be used for all forms of physical activity. The day itself was a great success and the formula will be used elsewhere in the district to encourage local communities to use the green space on their door step to be more active.	
5.	Continues to see health and wellbeing as a growing concern and a main priority for the Council going forward.	See answer provided in 1.1	
6.	Continue to support the funding of the Council's Health & Wellbeing Programme manager post.	This post is fully part of the Council's permanent establishment.	

10:	It is recommended that Essex County Council continue with the provision of public health expertise to the council via the employment and hosting of a Health Improvement Officer by Braintree District Council.	The Council will write to Dr. Mike Gogarty - Director for Public Health, Essex County Council, expressing Cabinet's desire to maintain the shared post of Health Improvement Officer.	
Essex County Council			
2:	Essex County Council should re-visit the role/terms of reference of the Essex Health and Wellbeing Board recommending they switch their focus on local public health issues and actions.	The Cabinet Member for Health and Communities will write to the Chairman of the Essex Health & Wellbeing Board requesting their comments on the Council's request that the Board should focus more on local issues and actions.	
Mid Essex CCG			
3:	Braintree District Council should continue to support the Mid Essex Clinical Commissioning Group's clinical 'livewell' initiative and further develop our own lifestyle Livewell programme and in doing so creating an effective working partnership to address all aspects of our resident's health and wellbeing.	The Council first came up with the concept of the "livewell" brand and Mid Essex CCG saw the value of the brand and adapted it to meet their needs to promote the "clinical" elements of living well. In fact the Cabinet Member for Health and Communities has been joined by colleagues from the Mid Essex CCG to promote their livewell road show and will commit this organisation to support the Mid Essex CCG in meeting their future plans.	Awaiting a response from Caroline Russell Accountable Officer MECCG / Interim SRO Success Regime (Locality Health and Care)
8:	Braintree District Council needs to be instrumental in educating the public on how to use the local health services, for example: <ul style="list-style-type: none"> when to go to the Accident and Emergency Department when to go to see a doctor 	The Council is already doing a great deal in helping to publicise the correct use of health services and will continue to work with its health partners to develop future publicity programmes.	

	<ul style="list-style-type: none"> when to call NHS 111 service 		
6 (3)	<p>Braintree District Council needs to:</p> <ol style="list-style-type: none"> Work with local health partners to place more emphasis on preventative self-care to keep residents out of the clinical services, with special emphasis on post discharge care. 	<p>At the heart of this Council's livewell campaign is the concept of ensuring that our residents do all they can to look after themselves for longer and not placing an unnecessary burden on the already stretched health system.</p> <p>Our Environmental Health Team work closely with the Essex County Council occupational Health service to ensure that patients have their home adapted following hospital discharge.</p>	
EPIC Project			
6 (1)	<p>Braintree District Council needs to:</p> <ol style="list-style-type: none"> Support the continued work of the Essex Primary Inter-professional Care (EPIC) Project to attract more GP's to the County. 	<p>It is vitally important that as a District we are able to attract sufficient numbers of GP's in to our district. Through our District investment Strategy the Council has made a commitment to support the provision of new purpose built health facilities for GP's to work in. This coupled with the work of the EPIC workforce project it is hoped that this will attract an influx of GP's to serve the needs of our residents.</p>	<p>Dr Kamilla Porter – Clinical Lead for the EQUIP and EPIC Project</p> <p><i>"The Essex Primary Care Inter-Professional Centre (EPIC) for Workforce Development is an innovative scheme to support and attract more GPs and nurses to Essex and to enhance the skills of the wider primary care workforce. This virtual workforce center is the result of collaboration between all Essex Clinical Commissioning Groups, NHS England East, Health Education East of England, North and South Essex Local Medical Committees."</i></p> <p><i>"Braintree Council can lend support to EPIC Workforce</i></p>

			<i>Development by raising awareness of this project to a wide range of council members in order to highlight the need to attract GPs, practice nurses and other primary care professionals to Essex; furthermore promoting the EPIC Workforce Development website and work streams such as recruitment events to local schools and colleges will help to improve understanding about primary care career opportunities."</i>
Health Facilities			
6: (2)	<p>Braintree District Council needs to:</p> <p>2. Recognise that the traditional small GP practice model which is prevalent in our district, is going to struggle with the projected increase in the population and the proposed 7 day per week working practice and therefore support the local NHS in the investment in of new larger "health hubs" in the District.</p>	<p>As part of the £28 million District Investment Strategy, support will be given to help improve health facilities in the district. At least £13 million will be used to invest in new and improved health facilities throughout the district, in some cases as part of other broader developments.</p>	<p>Kerry Harding, NHS England <i>"The Council, NHS England and the CCG are working extremely well together to develop plans to ensure sustainability of primary care services within the District. Two new build developments are already being progressed and a third solution for Witham will be the subject of a options and financial appraisal in the coming months."</i></p>
7:	<p>The Committee require regular updates on the following surgery developments:</p> <p>1. St Lawrence 4 Bocking End, Braintree CM7 9AA 2. Mount Chambers, Coggeshall Rd, Braintree CM7 9BY</p>	<p>Cabinet recently approved plans for investing in the development of new surgeries for St Lawrence and Mount Chambers. The Council is currently working with NHS England to develop a new surgery for Sible and Castle Hedingham on the new development in</p>	<p><i>"Premdor – the GP's have identified a 3rd party developer to work with them to deliver a new build facility at this site. Approval</i></p>

	<p>3. Premdor Site, Sible Hedingham</p> <p>4. Maltings Lane Site, Witham</p>	<p>Sible Hedingham.</p> <p>Maltings Lane site will be considered as a possible option for the new Health Hub concept for Witham.</p>	<p><i>for the project will need to be achieved via the NHS England prioritisation and approval process. A Project Initiation Document is being finalized and is expected to be submitted within the next month.</i></p> <p><i>“Malting lane – this will be incorporated into the options and financial appraisal referred to above.”</i></p>
11:	<p>Closer working with NHS England at pre-application stages to provide a better coordinated and holistic approach to developing new health care facilities (Health Hubs) in the District.</p>	<p>Work is already underway to identify potential sites for a health hub in Witham. The Chief Executive and the Deputy Leader along with officers, recently attended a meeting call by Priti Patel MP with the specific aim to explore the concept of what a health hub would look like. Obviously this work is ongoing and officers will continue to work with partners to introduce the health hub concept in to Witham and roll it out across the rest of the district as and when necessary.</p>	
12:	<p>The Council continues to support the Mid Essex Clinical Commissioning Group in the creation of their Strategic Estates Plan so that there is established a coordinated plan for health facilities throughout the whole district.</p>	<p>The Council will commit officer resources to the development of the Mid Essex Clinical Commissioning Group’s Strategic Estates Plan. Officers from either Development Control or Planning Policy will attend meetings of the working group.</p>	
13:	<p>That The Council’s Development Services need to ensure where possible that residents have access to affordable housing and that developers meet minimum standards, providing open spaces and sports facilities, allotment provision as well as well-designed plans that encourage people to partake in active travel.</p>	<p>The Development Management Team is responsible for handling planning applications and aware of the importance of promoting health and well-being through new residential development.</p> <p>Affordable Housing In line with National Planning Policy the Council are required to significantly increase the supply of new housing within the District. This increase</p>	

		<p>in new housing development should also increase the supply of Affordable Housing as current local planning policies require either 30% or 40% make up of Affordable Housing in new developments.</p> <p>Housing Standards The Government has in recent years made it clear that housing standards should principally be a matter for Building Regulations and there is far less scope for local planning authorities to create and apply local standards.</p> <p>Planning officers do strive to get “Developers” to provide homes that are “future proofed”, the new Local Plan will specify that the Council wants 10% of all new market homes on larger sites to be built to either category 2 (accessible and adaptable) or category 3 (wheelchair accessible) of the Building Regulations.</p> <p>Open spaces Depending on the number of dwellings being erected, Developers are required to either provide Public Open Space on-site, or make a financial contribution towards improvements to existing Public Open Space. In the future there will be a requirement on Developers to provide even more open space on new developments or contributions to existing areas of the district.</p> <p>Active Travel The Council seeks to encourage Active Travel</p>	
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		<p>through the planning system in different ways. The large new proposed developments in the local plan have been selected on the basis that future residents are more likely to be able to regularly walk or cycle because every day destinations (schools, places of work, shops, Open Spaces, train stations, doctor's surgeries, etc.) are located within walking / cycling distance of new housing.</p> <p>Officers also look to secure attractive pedestrian and cycle links through the design and layout of new development.</p>	
15:	The Council must work with NHS England to try and identify sites within Witham for new purpose built medical facilities (Health Hubs) which would then attract new GP's in to the district.	See answer provided in 11.	
Mental Health			
5:	The Committee request that it is provided with more information on the work being carried out locally on mental health to establish if there are areas where the Council can support Mid Essex Clinical Commissioning Group.	The subject of Mental Health will be placed on the agenda of a future meeting of the Braintree Health & Wellbeing Panel. The Panel will be asked to discuss the best approach of tackling this subject and making it a future priority of the Panel.	N/A
Open Space Action Plan			
14:	The Committee is provided with an update on the review that has been carried out on the open spaces standards.	Stephen Wenlock will be asked to present to an appropriate meeting of Overview & Scrutiny the outcome of the recent review of the open spaces action plan and explain the process that is followed and how the plan is used to improve resents access to open spaces in the district.	N/A

Medium-Term Financial Strategy 2016/17 to 2019/20		Agenda No:8a
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:	Councillor David Bebb, Cabinet Member for Finance and Performance	
Report prepared by:	Trevor Wilson, Head of Finance	
Background Papers:		Public Report
Council Budget and Council Tax 2016/17 and Medium-Term Financial Strategy 2016/17 to 2019/20 report to Cabinet 4th February 2016 and Full Council 22nd February 2016		Key Decision: No
Executive Summary:		
1. Background and Purpose		
1.1	<p>The Medium-Term financial Strategy (MTFS) 2016/17 to 2019/20 was agreed by Council on 22nd February 2016. The level of council tax (Band D) for 2016/17 was set at £162.72, an increase of £4.95 or 3.1%. Whilst the revenue raised would be added to balances in 2016/17 the decision to increase by the maximum permissible was made on the basis of the forecast shortfalls in resources over the medium-term due to the reductions in Government funding.</p>	
1.2	<p>The projected total shortfall over the three-year period, 2017/18 to 2019/20, was £1.375million. 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"> the Council's proposed response to the Government's offer to local authorities to accept the Settlement Funding Assessment figures for 2016/17 to 2019/20; an initial review of the assumptions contained in the current MTFS; the approach on developing the budget for 2017/18 and rolling the MTFS period forward to cover the period 2017/18 to 2020/21; approaches to addressing the financial shortfalls; an option to participate in an Essex Business Rates pooling arrangement 	

for 2017/18;

- details of the initial consultation of the Government's proposal for local government to retain 100% of business rates;
- the proposed Local Council Tax Support scheme for 2017/18;
- proposed additions to the capital programme and an update on capital resources; and
- the timetable to achieve the setting of the council tax and budget for 2017/18 at the meeting of the Full Council on 22nd February 2017.

2. Government Funding – Efficiency Plans

- 2.1 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 is produced.
- 2.2 The benefit of the offer is that it will provide a level of certainty and assist the Council's financial planning over the medium term.
- 2.3 The Council has, for many years, produced a plan of its finances over the medium-term, which has been updated annually, and has a history of actively working with authorities in Essex to achieve efficiencies and savings. It is proposed that the Council accepts the offer and accordingly a draft efficiency plan has been prepared (Appendix B). The deadline for sending the efficiency plan to the Department for Communities and Local Government is 14th October.

3. Update on Financial assumptions in the current MTFS

- 3.1 An assessment of the Council's financial position in the current year indicates that there are a number of movements, positive and negative, which are expected to be ongoing into future years. The net position is an expected improvement of £137,000.
- 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:
- The proposal to let part of office space in Causeway House achieving an estimated rent of £110,000 per annum is to be withdrawn following an assessment of accommodation needs over the short term;
 - Apprenticeship Levy – employers with a pay bill in excess of £3million will be subject to this new levy from April 2017. The cost to the Council will be approximately £45,000 per annum;
 - Waste Management Recycling – the current contract for the sale of mixed dry recyclates terminates on 31st March 2017. The current MTFS anticipates that the Council will no longer receive any income under the new contract (budget for 2016/17 is £515,100). The contract has been renegotiated but with the downturn in the recyclates market the Council will be paying a gate fee from 1st April 2017. It is anticipated that a budget growth bid of £70,000 will be required for 2017/18. A further budget increase of £120,000 will be required in 2019/20;
 - Planning Application fee income - In 2015/16 the Council experienced a

significant spike in planning application fee income: £1.248million against a budget of £0.75million. The approved budget for 2016/17 reflected an element of this growth with an addition to base budget of £100,000. Whilst it is expected that this increased budget will be achieved it is difficult to predict whether this will be exceeded as this is subject to the plans and actions of developers;

- Pension Fund costs – the next triennial review of the Essex Pension Fund will be determined as at 31st March 2016. This will set the employer contribution rate and deficit payments for the period 2017/18 to 2019/20. The outcome of the review is expected in October/ November 2016;
- Transfer of Service – Land Charge Searches are due to be transferred to the Land Registry – implications are being determined;
- Shared Service – Building Control service – the Council has agreed to enter into a shared service with Colchester BC taking lead responsibility. The number of councils participating and financial implications in the shared service are currently being finalised;
- 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. The transfer is being undertaken as a phased approach and this commenced in October 2015 with the expectation that all housing benefit for working age claimants will be processed by the DWP by 2020; and
- Contributions from Essex County Council – the Council receives in excess of £2.3million per annum in respect of Waste Collection, Community Transport and a Council Tax Sharing Arrangement. These arrangements are likely to be subject of discussion as the County Council also faces significant financial challenges over the medium-term.
- National Living Wage. This was introduced from April 2016, for workers aged 25 years and over, and was set at £7.20 with the objective that this will rise to over £9.00 by 2020. The Government has asked the Low Pay Commission to recommend the level to apply from April 2017 and an indicative level for April 2018, in October 2016. Whilst the level of increase will not impact on the Council's staff budget it is likely to have an impact on the budget for agency staff.

3.3 On the basis of the information available at this time, the updated position over the three-year period shows a small reduction of £62,000 in the overall shortfall to be addressed, from £1.375million to £1.313million.

4. Developing the Budget and Council Tax for 2017/18 and rolling forward the MTFS for 2017/18 to 2020/21

4.1 The approach to address the anticipated budget shortfall of £1.313million over the next three years is a continuation of the work developed under the Peer Challenge Action Plan. The plan provides for a focus on:

- Commercialisation and 'Better at Business';
- Grow our economy – increase business rate pot and secure external funds;
- Finance and Investment Strategy;
- Review contracts and procurement;
- Increase our income;

- Management and Service Reviews; and
- Sharing services or joint work.

4.2 With regard to Finance and Investment the Council has recently agreed a District Investment Strategy, with £28million of funding identified; including New Homes Bonus received, balances and borrowings. The estimated financial returns on investments will be included in the MTFS as and when the projects are agreed.

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

4.4 Senior managers and Members will have opportunity over the coming weeks to submit requests for funding of new capital projects.

5. Business Rates Retention – Pooling

5.1 The Council agreed to participate in an Essex Business Rates Pool in both 2015/16 and 2016/17. 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.

5.2 Ten authorities participated in 2015/16. Whilst final shares will not be determined until early October 2016 it is anticipated that the Council could receive approximately £265,000. Eleven authorities are participating in the Essex Pool in 2016/17.

5.3 Whilst no details have been issued regarding pooling arrangements for 2017/18 at this time it is expected that the opportunity to form an Essex Pool will be available. Based on the timescale for the last two years the request to DCLG must be submitted by 31st October. In view of this timescale 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 2017/18.

6. Self-sufficient Local Government: 100% Business Rates Retention - Consultation

6.1 The Government has commenced consultation on its intent that 'by the end of this Parliament, local government will retain 100% of taxes raised locally. This will give local councils in England control of around an additional £12.5billion of revenue from business rates to spend on local services. In order to ensure that the reforms are fiscally neutral, councils will gain new responsibilities, and some Whitehall grants will be phased out.'

6.2 The Government has been working closely with the Local Government Association (LGA) and other representatives of local government to develop the principles that the reforms will be based upon. The work has been undertaken across five themes:

- Devolution of responsibilities;

- Operation of the system, including how growth is rewarded and risk is shared;
- Assessment of councils' needs and redistribution of resources;
- Local tax flexibilities; and
- Accountability and accounting in a reformed system

The report includes a brief commentary on the issues raised under each of the themes.

- 6.3 The introduction of the new Business Rates Retention scheme by 2020 and the assessment of councils' relative needs, which will determine the baseline of business rates to be retained in the first year of the new scheme, are key and could therefore, have a significant impact on the Council's funding for 2020/21. As such it is essential that responses are made to these initial consultations and other consultations that will follow over the next two years. Accordingly officers are working with peers across Essex councils to develop responses. The closing date for responses to both of these current papers is 26th September 2016. Responses on behalf of the Council will be agreed by the Cabinet Member for Finance and Performance.

7. Local Council Tax Support Scheme

- 7.1 The Council's Local Council Tax Support (LCTS) scheme was introduced on 1st April 2013. The scheme retains a significant proportion of the principles and elements of the previous Council Tax Benefit scheme. Whilst the scheme remained unchanged for the first three years, four changes, including the reduction from 80% to 76% of the amount on which support is calculated, were agreed to be applied for 2016/17.
- 7.2 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 desire to limit the frequency of changes thereby providing a level of stability and continuity in the scheme for claimants. On this basis it is not proposed to make any changes to the Council's LCTS scheme for 2017/18.

8. Capital Programme 2016/17

- 8.1 **North Essex Garden Communities.** It is proposed that a contribution of £250,000 from this Council toward the cost of this project with Colchester BC, Essex CC and Tendring DC comes from the allocated New Homes Bonus pot set aside for Project Feasibility and Development (current balance of £481,810).
- 8.2 Feasibility into the **establishment of a Housing Development Company.** An allocation of £30,000 was made from earmarked reserves to meet the costs of an initial investigation into the feasibility of the Council setting up a Housing Development Company. With Colchester Borough Council also exploring the feasibility of a Housing Development Company it is proposed to pool resources and investigate opportunity for creating a joint company. A request for a sum of £100,000 is contained in a separate report on this Cabinet agenda.

9. Capital Resources

- 9.1 An initial review of the capital resources available to the Council for future capital projects has identified the following two issues:
- 9.2 **New Homes Bonus.** The Government has consulted on potential changes to the scheme which are to be effective from 1st April 2017. Whilst the consultation closed on 10th March 2016 no details of the revised scheme have as yet been published.
- 9.3 One option is to reduce the period from 6 years to 4 years over which the annual allocation payments are received. The impact on the Council would be a reduced payment in 2017/18 of £1.19million from £2.27million.
- 9.4 **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 £500,000 for 2016/17. The amount received in the first quarter of the current year is £1.356million (from 14 sales). This provides an additional resource for the capital programme; however the estimation of future receipts will continue to be difficult given the demand-led nature of this resource.
- 10. Budget Timetable**
- 10.1 Details of the budget timetable are contained in the report.

Recommended Decision:

Members are asked:

1. To note the 2017/18 budget process timetable as detailed in the report;

Efficiency Plan:

2. To agree the draft Efficiency Plan, as detailed in Appendix B to the report;
3. That authority is delegated to the Cabinet Member for Finance and Performance and the Corporate Director (Finance) to make any final updates to the Efficiency Plan considered necessary prior to submitting to the Department for Communities and Local Government by the deadline of 14th October;

Business Rates pooling:

4. That in principle agreement be given to joining an Essex pool for non-domestic rates for 2017/18; and
5. 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:

6. To agree that as it is proposed to continue with the scheme unchanged for 2017/18 there is no requirement for consultation to be undertaken.

Capital Programme 2016/17:

7. To agree a capital contribution of £250,000 toward the cost of the development of the North Essex Garden Communities project. The funding to come from the New Homes Bonus pot set aside for Project Feasibility and Development.

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 estimated levels of Government funding over the next three years have been drawn from the Financial Settlement for local government announced on 17th December 2015. Confirmation of these allocations is dependent on acceptance by the DCLG of the Council's Efficiency Plan for the period 2016/17 to 2019/20.</p> <p>The Council is anticipating an opportunity to join with other local authorities in Essex to enter into a pooling arrangement for 2017/18 which will make it possible to retain more of the additional funds from growth in business rates within the county wide area.</p> <p>Changes to the Business Rates Retention scheme proposed by the Government are being consulted upon and these could have a significant impact on the amount of business rates retained by the Council when the scheme is implemented in 2020. A response will be made to the consultation.</p> <p>Two requests for capital resources are to be considered at this Cabinet meeting. The total value of the requests is £350,000 and it is proposed that this is funded from the New Homes Bonus pot set aside for Project Feasibility and Development (current balance of £481,810).</p>
Legal:	None at this stage but legal implications will be considered, as necessary, for all budget saving proposals as they are prepared as part the budget setting process.
Safeguarding:	None.
Equalities/Diversity:	None at this stage but equalities and/or diversity implications will be considered, as necessary, for all budget saving proposals as they are prepared as part the budget setting process.
Customer Impact:	None at this stage but customer impact will be considered, as necessary, for all budget saving proposals as they are prepared as part the budget setting process.

Environment and Climate Change:	None at this stage but environment and/or climate change implications will be considered, as necessary, for all budget saving proposals as they are prepared as part the budget setting process.
Consultation/Community Engagement:	Identified in the report.
Risks:	The assumptions made prove to be incorrect resulting in either an increase or reduction in the savings required.
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1. Background

- 1.1 The Medium-Term financial Strategy (MTFS) 2016/17 to 2019/20 was agreed by Council on 22nd February 2016. The level of council tax (Band D) for 2016/17 was set at £162.72, an increase of £4.95 or 3.1%. Whilst the revenue raised would be added to balances in 2016/17 the decision to increase by the maximum permissible was made on the basis of the forecast shortfalls in resources over the medium-term due to the reductions in Government funding.
- 1.2 At the time the MTFS was agreed the anticipated position for the three-years; 2017/18 to 2019/20, was as follows:

	2017/18	2018/19	2019/20
Budget Requirement	£13,503,005	£13,362,978	£13,245,908
Budget shortfall to be addressed	£540,745	£406,157	£427,780
Council Tax at Band D	£167.76	£171.09	£174.42
Council Tax increase	1.97%	1.98%	1.95%

- 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 maximum of 2%; and provisional Settlement Funding Assessment (SFA) figures announced by the Government.
- 1.4 The Provisional SFA figures for 2017/18 to 2019/20 are:

	2017/18	2018/19	2019/20
Revenue Support Grant	£777,347	£272,480	Nil
Retained Business Rates - Baseline	£3,253,945	£3,349,939	£3,457,008
Business Rates tariff adjustment			-£291,482
Total Settlement Funding Assessment	£4,031,292	£3,622,419	£3,165,526

- 1.5 The options to address the projected shortfalls over the three-year period included:
- savings and additional income. A programme of reviews of a number of services has been commissioned over the next nine months to identify savings and/or additional income. In addition the identification of opportunities to improve returns on investments will continue to be sought going forward;
 - applying New Homes Bonus to support the revenue account; or
 - use balances; or
 - a combination of these options.

1.6 This report outlines:

- the Council's proposed response to the Government's offer to local authorities to accept the Settlement Funding Assessment figures for 2016/17 to 2019/20;
- an initial review of the assumptions contained in the current MTFS;
- the approach on developing the budget for 2017/18 and rolling the MTFS period forward to cover the period 2017/18 to 2020/21;
- approaches to addressing the financial shortfalls;
- an option to participate in an Essex Business Rates pooling arrangement for 2017/18;
- details of the initial consultation of the Government's proposal for local government to retain 100% of business rates;
- the proposed Local Council Tax Support scheme for 2017/18;
- proposed additions to the capital programme and an update on capital resources; and
- the timetable to achieve the setting of the council tax and budget for 2017/18 at the meeting of the Full Council on 22nd February 2017.

2. Government Funding – Efficiency Plans

- 2.1 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 is produced.
- 2.2 On 10th March 2016 the Secretary of State provided some detail of the offer and the requirements for local authorities wanting to accept the offer. The efficiency plan should cover the full four-year period and be open and transparent about the benefits this will bring to both the council and the local community. It should identify collaboration with local neighbours and public sector partners and link into devolution deals where appropriate. Councils wanting to accept the offer must send their efficiency plan to the DCLG by 14th October. A copy of the letter and the associated annex are provided at Appendix A.
- 2.3 The benefit of the offer is that it will provide a level of certainty and assist the Council's financial planning over the medium term.
- 2.4 The Council has, for many years, produced a plan of its finances over the medium-term, which has been updated annually, and has a history of actively working with authorities in Essex to achieve efficiencies and savings. It is proposed that the Council accepts the offer and accordingly a draft efficiency plan has been prepared and is provided at Appendix B.

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 2015/16 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 that there are a number of movements, positive and negative, which are expected to be ongoing into future years:

Negative impact (totalling £360,000):

- Sale of mixed dry recyclates – Following negotiation the contract with Viridor has been extended for five years. The terms of the extension includes the deferral of 50% of the income receivable in 2016/17 to the following two years. The deferred receipts will help smooth the transition to paying a gate fee, which is now the position in the market for recyclates. The variance against the income budget in the current year is a reduction of £270,000;
- Sale of glass recyclates – the reduced price receivable is expected to continue with an estimated shortfall against budget of £60,000;
- Waste Inter-Authority Agreement – Essex County Council has identified and corrected an error in the calculation of sums due to district councils under the agreement. The impact is a reduction of income of £30,000 per annum;

Positive impact (totalling £497,000):

- Council Tax sharing agreement – additional income under the agreement with the major preceptors was received in 2015/16 and this is set to continue for the duration of the current agreement i.e. up to 31st March 2018. An extra sum of £100,000 is anticipated for both 2016/17 and 2017/18, however, it is expected that the terms of the agreement will be re-negotiated for 2018/19;
- Investment income – net interest of £86,000 in respect of the additional sum of £2million invested in the equity and property funds, which was not reflected in the 2016/17 budget;
- External Audit fees – reduction following the demise of the Audit Commission of £25,000 per annum;
- Housing Benefit Overpayments recovered – the monies recovered over the last few years have exceeded the budget provision and this is expected to continue. Addition of £140,000 per annum;
- Car park income – outturn for 2015/16 was higher than anticipated due primarily to the opening of Easton Road car park in Witham. Increase in budget provision of £70,000 per annum;
- Benefits Administration grant - additional £66,000 allocated toward administration of the Local Council Tax Support scheme, notification of which was not received until after the Council had agreed the budget for 2016/17; and
- Staff purchase of annual leave – introduced for 2016/17 but with no financial provision as demand-led. With income for 2016/17 marginally in excess of £10,000 it is proposed to include a base budget provision of £10,000 for 2017/18.

- 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 issues, not all of which are quantifiable at this time. The issues include:

Issues where an estimated financial impact is available (total estimated additional cost of £225,000):

- Potential savings for 2017/18 in the current MTFS includes a proposal to let part of office space in Causeway House achieving an estimated rent of £110,000 per annum. Following further assessment of accommodation needs over the short term it is not considered that there will be space surplus to requirements to offer for rent;
- Apprenticeship Levy – employers with a pay bill in excess of £3million will be subject to this new levy from April 2017. The cost to the Council will be approximately £45,000 per annum;
- Waste Management Recycling – the current contract for the sale of mixed dry recyclates terminates on 31st March 2017. The current MTFS anticipates that the Council will no longer receive any income under the new contract (budget for 2016/17 is £515,100). As mentioned above the contract has been renegotiated but with the downturn in the recyclates market the Council will be paying a gate fee from 1st April 2017. It is anticipated that a budget growth bid of £70,000 will be required for 2017/18, after allowing for the receipt of the deferred income from the current year. A further budget increase of £120,000 will be required in 2019/20 assuming gate fees remain at the level anticipated for 2017/18;

Financial impact not quantifiable at this time:

- Planning Application fee income - In 2015/16 the Council experienced a significant spike in planning application fee income: £1.248million against a budget of £0.75million. The approved budget for 2016/17 reflected an element of this growth with an addition to base budget of £100,000. Whilst it is expected that this increased budget will be achieved it is difficult to predict whether this will be exceeded as this is subject to the plans and actions of developers;
- Pension Fund costs – the next triennial review of the Essex Pension Fund will be determined as at 31st March 2016. This will set the employer contribution rate and deficit payments for the period 2017/18 to 2019/20. The outcome of the review is expected in October/ November 2016;
- Transfer of Service – Land Charge Searches are due to be transferred to the Land Registry – implications are being determined;
- Shared Service – Building Control service – the Council has agreed to enter into a shared service with Colchester BC taking lead responsibility. The number of councils participating and financial implications in the shared service are currently being finalised;
- 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. The transfer is being undertaken as a phased approach and this commenced in October 2015 with the expectation that all housing benefit for working age claimants will be processed by the DWP by

2020. Housing benefit payments to pensionable age claimants will continue to be administered by the Council. Unfortunately, the impact is not quantifiable at this time; and

- Contributions from Essex County Council – the Council receives in excess of £2.3million per annum in respect of Waste Collection, Community Transport and a Council Tax Sharing Arrangement. These arrangements are likely to be subject of discussion as the County Council also faces significant financial challenges over the medium-term. An approach has already been received about a review of the Community Transport scheme and requesting the Council to consider the impact of potential reduction in the County Council's contribution of between 30% and 70%.
- National Living Wage. This was introduced from April 2016, for workers aged 25 years and over, and was set at £7.20 with the objective that this will rise to over £9.00 by 2020. The Government has asked the Low Pay Commission to recommend the level to apply from April 2017 and an indicative level for April 2018, in October 2016. Whilst the level of increase will not impact on the Council's staff budget it is likely to have an impact on the budget for agency staff.

3.4 The changes to the assumptions, where determinable, have been summarised and included in a revised financial profile and is provided in Appendix C. This summary shows an updated financial position of:

- £359,000 shortfall for 2017/18
- £406,000 shortfall for 2018/19
- £548,000 shortfall for 2019/20
- The estimated position for 2020/21 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 a small reduction of £62,000 in the overall shortfall to be addressed, from £1.375million to £1.313million.

3.5 Finally, for Members information regarding progress with the implementation of the Government's welfare reform. On 21st July 2016, the Council received notice that the reductions in the Benefit Cap, from £26,000 to £20,000 applied to the total amount of benefits an out of work family can receive and from £18,200 to £13,400 for single claimants, will start to be implemented from 7th November 2016. Officers in the Housing Benefits and Housing teams together with staff from Job Centre Plus are working with claimants to provide advice on options available to address their impending reduction in benefit income.

4. Developing the Budget and Council Tax for 2017/18 and rolling forward the MTFS for 2017/18 to 2020/21

4.1 The approach to address the anticipated budget shortfall of £1.313million over the next three years is a continuation of the work developed under the Peer Challenge Action Plan; which was established, following the Peer Review in October 2013, 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 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.
- 4.2 The Council has agreed a District Investment Strategy, with £28million of funding identified; including New Homes Bonus received, balances and borrowings. Two investment opportunities have already been considered by the Cabinet in July, with recommendations for approval by Council. The investments will provide a financial return and also benefits to the local economy and local communities. The estimated financial returns have not been included in the updated MTFS at this stage.
- 4.3 The annual review of current levels of discretionary fees and charges for services will be undertaken by service managers. This will be in accordance with the Council's Charging Policy: the general principle of which is that service users should make a direct contribution to the cost of providing services at their point of use.
- 4.4 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 2017/18 onwards in the current MTFS. An increase of £4.95 on the Band D council tax for 2017/18 would raise an additional sum of £87,500 over the current assumed increase of £3.24 (1.97%).
- 4.5 Senior managers and Members will have opportunity over the coming weeks to submit requests for funding of new capital projects.

5. Business Rates Retention – Pooling

- 5.1 The Council agreed to participate in an Essex Business Rates Pool in both 2015/16 and 2016/17. 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 Ten authorities participated in 2015/16. Whilst final shares will not be determined until early October 2016 it is anticipated that the Council could receive approximately £265,000. No provision was included in the 2015/16 Budget for this, as the shares are dependent on the business rates collected in each of the participating districts.
- 5.3 The Pooling arrangement is agreed annually, by the Department for Communities and Local Government (DCLG), and eleven authorities have

agreed to participate in 2016/17. No provision has been included in the 2016/17 Budget, again for the reason mentioned above.

- 5.4 Whilst no details have been issued regarding pooling arrangements for 2017/18 at this time and the Business Rates Retention scheme is the subject of consultation, see section 6 below, it is expected that the opportunity to form an Essex Pool will be available. Based on the timescale for the last two 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 2016 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 2017/18.

6. Self-sufficient Local Government: 100% Business Rates Retention - Consultation

- 6.1 The Government has commenced consultation on its intent that 'by the end of this Parliament, local government will retain 100% of taxes raised locally. This will give local councils in England control of around an additional £12.5billion of revenue from business rates to spend on local services. In order to ensure that the reforms are fiscally neutral, councils will gain new responsibilities, and some Whitehall grants will be phased out.' The consultation document 'Self-sufficient local government: 100% Business Rates Retention' can be viewed at:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/535022/Business_Rates_Retention_Consultation_5_July_2016.pdf
- 6.2 The Government has been working closely with the Local Government Association (LGA) and other representatives of local government to develop the principles that the reforms will be based upon. The work has been undertaken across five themes:
- Devolution of responsibilities;
 - Operation of the system, including how growth is rewarded and risk is shared;
 - Assessment of councils' needs and redistribution of resources;
 - Local tax flexibilities; and
 - Accountability and accounting in a reformed system.

A brief commentary on each of the themes and the issues to be addressed is provided below.

- 6.3 **Devolution of responsibilities** – local government will be required to take on the funding for a range of responsibilities from retained business rates. The Government has provided a list of responsibilities or policies that it has identified which could be funded through retained business rates, the list includes:

Impact for district councils

- Revenue Support Grant;

- Rural Services Delivery Grant;
- Local Council Tax Support Administration and Housing Benefit Pensioner Administration Subsidy;

Impact for county councils, London boroughs, unitaries

- Public Health Grant;
- Improved Better Care Fund;
- Independent Living Fund;
- Early Years Grant;
- Youth Justice;
- Attendance Allowance

- 6.4 **Rewarding growth and sharing risk** – the Government has announced that the existing 50% levy on growth will be scrapped, however, it identifies that a balance needs to be struck between providing strong incentive growth in local areas and considering the distribution of funding between local authorities. This balance is to be achieved by ‘resetting’ the system on a fixed basis, allowing it reconsider relative need and to recalculate the redistributable amounts.
- 6.5 **Assessment of needs and redistribution of resources** – the Government is clear that there will still need to be a system of redistribution between local authorities to balance revenue and relative needs. It is proposed to continue with the current system of tariffs and top-ups to redistribute funding from those local authorities that collect more in business rates than their identified need (like this Council) to those who do not collect enough for their needs. The top-ups and tariffs will be fixed for the period between resets, whilst this will give local authorities certainty about their baseline funding level it does mean that any gain from growth will only be retained within that reset period.
- 6.6 **Local tax flexibilities** – Although the Government will continue to set the level of the business rates multiplier it will give local authorities the power to reduce the level of the multiplier for their area. In addition, Combined Authority Mayors are to be given the power to levy a supplement on business rates bills to fund new infrastructure projects.
- 6.7 **Accountability and accounting** – As policy development around system design continues, and decisions about new responsibilities are devolved are made, the Government will work with councils and others to explore the implications and consequences of the new system. This will include accountability and accounting terms and also the type of information that the Government needs to collect from councils as part of the system.
- 6.8 In addition to the above consultation, the Government is also undertaking a **Fair Funding Review** which was announced as part of the 2016/17 Local Government Finance Settlement. The last fundamental review of the approach to assessing a council’s relative needs, and the costs it can be expected to incur in delivering services was in 2013/14. To help shape the Fair Funding Review, the Government has issued an initial call for evidence on needs and redistribution. The paper ‘Business Rates Reform – Fair Funding Review: Call for evidence on Needs and Redistribution’ can be viewed at:

- 6.9 The introduction of the new Business Rates Retention scheme by 2020 and the assessment of councils' relative needs, which will determine the baseline of business rates to be retained in the first year of the new scheme, are key and could therefore, have a significant impact on the Council's funding for 2020/21. As such it is essential that responses are made to these initial consultations and other consultations that will follow over the next two years. Accordingly officers are working with peers across Essex councils to develop responses. The closing date for responses to both of these current papers is 26th September 2016. Responses on behalf of the Council will be agreed by the Cabinet Member for Finance and Performance.

7. Local Council Tax Support Scheme

- 7.1 The Council's Local Council Tax Support (LCTS) scheme was introduced on 1st April 2013. The scheme retains a significant proportion of the principles and elements of the previous Council Tax Benefit scheme. Whilst the scheme remained unchanged for the first three years, four changes were agreed to be applied for 2016/17. 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 (reduced from three months in 2015/16);
 - 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 introduced for 2016/17: the level set being the National Living Wage; and
 - Removal of the Family Premium for new claims after 1st May 2016.
- 7.2 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.

- 7.3 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 2016/17 this was estimated to be £7.1million. The variation between the actual and estimated amount awarded is reflected in the balance on the Council Tax Collection Fund at the year-end.
- 7.4 In December 2015, the Secretary of State asked Eric Ollerenshaw OBE to undertake an independent review of local council tax support schemes, in order to fulfil the legislative commitment outlined in Schedule 9 of the Local Government Finance Act 2012. The report: 'Three years on: An independent review of local Council Tax Support Schemes' was published in March 2016. A copy of the report can be viewed at:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/514767/Local_Council_Tax_support_schemes_-_review_report.pdf
 At the time of writing, the Government has not published a response to the report.
- 7.5 The report contains ten recommendations for Government and three recommendations for councils. The recommendations to councils together with comment on this Council's position on each are provided below:
- Where possible, councils should work in partnership in designing future schemes. Councils should consider options around joint procurement of software providers, and joint schemes with neighbouring councils, where appropriate.
Response: Council officers worked with peers across Essex to determine as much commonality of schemes when they were first introduced on 1st April 2013 and a similar approach will be adopted if and when alternative schemes are required in the future.
 - Councils should ensure their debt collection practices remain in line with latest Government guidance, and that their processes are proportionate to the debt involved. Councils should consider signing up to the Citizens Advice "Council Tax Arrears: Good Practice Protocol", developed in partnership with the Local Government Association.
Response: The Council's collection practices meet the items identified in the protocol.
 - Departments and teams within councils should work closely with each other and with partner organisations to develop a holistic approach to LCTS council tax collection, identifying and supporting people who are struggling to pay.
Response: The Council's council tax service works closely with the internal housing benefit team and housing department and with external partner organisations including the Citizens Advice Bureau and Greenfields CH and other social landlords.
- 7.6 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 8th August 2016 is provided in the table below:

	Pensioners		Working Age		Totals
Local Council Tax Support awarded	£4,028,800	57.5%	£2,980,526	42.5%	£7,009,326
Number of awards	4,588	47.2%	5,132	52.8%	9,720

7.7 The snapshot shows that the majority of claimants are of working age (52.8%) but they only receive 42.5% of the LCTS awarded. These accords with the findings of Eric Ollerenshaw OBE in his report: 'It is clear from the evidence I have seen that the national scheme for pensioners has led to an additional cost burden on low-income working-age residents. Councils have less money to provide support to working-age residents, and less money to design work incentives into the scheme'.

7.8 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 desire to limit the frequency of changes thereby providing a level of stability and continuity in the scheme for claimants. On this basis it is not proposed to make any changes to the Council's LCTS scheme for 2017/18.

8. Capital Programme 2016/17

8.1 Requests for funding allocations in the current year in respect of two projects, the first is presented for approval below and the second is presented in a separate report on this Cabinet agenda:

8.2 **North Essex Garden Communities.** At its meeting in May 2016, the Shadow Delivery Board reiterated its support for the Garden Communities project noting that there will be further costs to the project for which funding is not yet in place and that whilst there may well be further opportunities to bid for and secure further DCLG funding, there would be a requirement for each Council to underwrite a contribution towards further work on the project. A paper outlining the costs and funding of the project is provided at Appendix D.

8.3 The Delivery Board resolved to request a further contribution of £250,000 from each of the four partnership authorities to enable further project resourcing.

8.4 It is proposed that the £250,000 contribution from this Council comes from the allocated New Homes Bonus pot set aside for Project Feasibility and Development (current balance of £481,810).

8.5 Feasibility into the **establishment of a Housing Development Company.** An allocation of £30,000 was made from earmarked reserves to meet the costs of an initial investigation into the feasibility of the Council setting up a Housing Development Company.

8.6 With Colchester Borough Council also exploring the feasibility of a Housing Development Company it is proposed to pool resources for and investigate opportunity for creating a joint company. A sum of £100,000 is requested in the separate report on this Cabinet agenda. The proposed source of the

funding is from the allocated New Homes Bonus pot set aside for Project Feasibility and Development (current balance of £481,810).

- 8.7 Assuming these two requests are approved the balance remaining on the New Homes Bonus – Project Feasibility and Development will be £131,810.

9. Capital Resources

- 9.1 An initial review of the capital resources available to the Council for future capital projects has identified the following two issues:

- 9.2 **New Homes Bonus.** The Government has consulted on potential changes to the scheme which are to be effective from 1st April 2017. Whilst the consultation closed on 10th March 2016 no details of the revised scheme have as yet been published.

- 9.3 The table below shows a summary of the cash received or allocated to be received up to 31st March 2017:

NHB Summary - 2011/12 to 2016/17 - Current scheme with 6-Year allocation							
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	Totals
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Year 1	509.0	509.0	509.0	509.0	509.0	509.0	3,054.2
Year 2		472.6	472.6	472.6	472.6	472.6	2,363.0
Year 3			606.0	606.0	606.0	606.0	2,423.8
Year 4				266.9	266.9	266.9	800.6
Year 5					247.1	247.1	494.3
Year 6						680.5	680.5
Total per annum	509.0	981.6	1,587.6	1,854.5	2,101.6	2,782.1	9,816.5
Less: Allocations Agreed	79.0	79.0	66.4	32.3	99.7	95.7	452.1
Totals	430.0	902.6	1,521.2	1,822.2	2,001.9	2,686.4	9,364.4

The balance of £9.36million has been allocated to:

Infrastructure projects including development fund/feasibility studies
 - £5million
 Affordable Homes - £0.75million
 District Investment Strategy - £3.6million

- 9.4 The Government's options for change include:

- Reducing the period over which the annual allocation payments are received from 6 years to 4 years. This would reduce the payment in 2017/18 to £1.19million from £2.27million in respect of years 1 to 6;
- The annual allocation for years after 2016/17 (i.e. year 7 onwards) could be calculated using revised criteria including: payment dependent on councils having produced a Local Plan; reducing payments for homes built on appeal; or the number of new dwellings delivered is limited to those above a specified threshold.

9.5 **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 £500,000 for 2016/17. The amount received in the first quarter of the current year is £1.356million (from 14 sales).

9.6 Whilst this will provide additional resource for the capital programme, the estimation of future receipts will continue to be difficult given the demand-led nature of this resource.

10. Budget process and Timetable

10.1 Key dates for the proposed Budget process 2017/18 are provided in the table below:

30 th August 2016	All Councillors	Invitation to councillors to submit requests for capital funding for projects in their locality.
12 th September 2016	Cabinet	Budget process and timetable for 2017/18
15 th September 2016	Member Evening	Financial issues update
21 st October 2016	Strategy Workshop	Priorities, Finances and Savings
23 rd November 2016	Overview and Scrutiny Committee	Initial budget proposals (revenue and capital) - Cabinet to present - All members invited.
29 th November 2016	Cabinet	Initial budget proposals (revenue and capital)
12 th December 2016	Council	Agree Local Council Tax Support scheme for 2017/18
Mid December 2016	Government announcement	Government Settlement Funding Assessment and New Homes Bonus notification received
January 2017	Business Community	Consultation on budget proposals
1 st February 2017	Overview and Scrutiny Committee	Consultation on final budget proposals and updated MTFS - All members invited

6 th February 2017	Cabinet	Final budget proposals and updated MTFS
22 nd February 2017	Council	2017/18 Budget and Council Tax approved



Department for
Communities and
Local Government

The Rt Hon Greg Clark MP
*Secretary of State for Communities and Local
Government*

**Department for Communities and Local
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10 March 2016

Dear Colleagues

MULTI-YEAR SETTLEMENTS AND EFFICIENCY PLANS

On 17 December I announced a historic opportunity for councils to achieve greater certainty and confidence from a 4-year budget. I see this as a key step to supporting you to strengthen your financial management, at the same time as working collaboratively with your local partners and reforming the way services are provided.

The settlement consultation process showed great support for this approach and identified a number of queries about what the offer includes and the requirements for applying to accept this offer. I have therefore set out some further details in the attached annex. But I want to reiterate that I want this offer, and the production of an efficiency plan, to be as simple and straightforward as possible, and reassure you that this is not about creating additional bureaucracy.

If you wish to apply to accept the offer you simply need to send an email or letter to MultiYearSettlements@communities.gsi.gov.uk by **5pm on Friday 14th October** and include a link to your published efficiency plan.

I do not intend to provide further guidance on what efficiency plans should contain – they should be locally owned and locally driven. But it is important that they show how this greater certainty can bring about opportunities for further savings. They should cover the full 4-year period and be open and transparent about the benefits this will bring to both your council and your community. You should collaborate with your local neighbours and public sector partners and link into devolution deals where appropriate.

Of course this offer is entirely optional. It is open to any council to continue to work on a year-by-year basis, but I cannot guarantee future levels of funding to those who prefer not to have a four year settlement.

I have been delighted by the response of councils all over the country to the offer of four year budgets and I look forward to hearing from you if you would like to avail yourself of it.

For any further queries, please contact officials at the above address.

Yours sincerely

A handwritten signature in black ink, appearing to be 'G Clark', written in a cursive style.

THE RT HON GREG CLARK MP

Annex

Conditions of the multi-year settlement

The Government will offer any council that wishes to take it up a four-year funding settlement to 2019-20. This includes:

- Common Council of the City of London
- London borough councils
- district councils
- county councils
- Council of the Isles of Scilly
- Greater London Authority
- metropolitan county fire and rescue authorities
- combined fire and rescue authorities.

The Government is making a clear commitment to provide minimum allocations for each year of the Spending Review period, should councils choose to accept the offer and if they have published an efficiency plan.

What the offer includes

On 9 February we provided summaries and breakdown figures for each year to your s151 Officer. From those figures the relevant lines that are included in the multi-year settlement offer, where appropriate, are:

- Revenue Support Grant;
- Transitional Grant; and
- Rural Services Delivery Grant allocations.

In addition, tariffs and top-ups in 2017-18, 2018-19 and 2019-20 will not be altered for reasons related to the relative needs of local authorities, and in the final year may be subject to the implementation of 100% business rates retention.

The Government is committed to local government retaining 100% of its business rate revenues by the end of this Parliament. This will give them control over an additional £13 billion of tax that they collect.

To ensure that the reforms are fiscally neutral local government will need to take on extra responsibilities and functions. DCLG and the Local Government Association will soon be publishing a series of discussion papers which will inform this and other areas of the reform debate.

The new burdens doctrine operates outside the settlement, so accepting this offer will not impact on any new burden payments agreed over the course of the four years.

The Government will also need to take account of future events such as the transfer of functions to local government, transfers of responsibility for functions between local authorities, mergers between authorities and any other unforeseen events. However, barring exceptional circumstances and subject to the normal statutory

consultation process for the local government finance settlement, the Government expects these to be the amounts presented to Parliament each year.

Process for applying for the offer

Interest in accepting this offer will only be considered if a link to a published efficiency plan is received by 5pm Friday 14th October. We will provide confirmation of the offer shortly after the deadline.

Efficiency Plans

Efficiency plans do not need to be a separate document. They can be combined with Medium Term Financial Strategies or the strategy set out in the guidance (<https://www.gov.uk/government/publications/guidance-on-flexible-use-of-capital-receipts>) on how you intend to make the most of the capital receipt flexibilities if appropriate.

The Home Office will provide guidance on the criteria and sign off process for efficiency plans for single purpose Fire and Rescue authorities. All Fire and Rescue authorities, including those which are county councils, should set out clearly in their efficiency plans how they will collaborate with the police and other partners to improve their efficiency.

Process for those who do not take up the offer

Those councils that chose not to accept the offer, or do not qualify, will be subject to the existing yearly process for determining the local government finance settlement.

Allocations could be subject to additional reductions dependant on the fiscal climate and the need to make further savings to reduce the deficit.

At present we do not expect any further multi-year settlements to be offered over the course of this parliament

Braintree District Council

Efficiency Plan 2016/17 to 2019/20

Our Efficiency Plan 2016/17 to 2019/20 has been developed so that the Council can qualify for the four year funding settlement from Government for the period 2016/17 to 2019/20.

The four-year settlement is essential to the medium-term financial planning of the Council although it only relates to the Revenue Support Grant which is a decreasing proportion of total council funding. It has, however, provided a helpful and improved basis to the Medium-Term Financial Strategy (MTFS) agreed by Council in February 2016. <https://www.braintree.gov.uk/meetings/meeting/824/cabinet>

Strategic Context

Our Budget Strategy is to:

- Deliver a balanced budget – 4 year period
- Use New Homes Bonus for investment
- Reduce costs and increase income
- Support the Corporate Strategy
- Maintain our good services
- Minimise impact on customers
- Manage our risks

Our Approach

We are pro-active in reducing our costs and generating income through innovative investments. This allows us to continue to make plans that not only deliver value for money but also deliver better outcomes for the District.

We have a proven track record in managing the finances and responding to the financial pressures in local government:

- Reducing costs and generating income have delivered budget savings of £10million between 2010/11 and 2015/16
- Our workforce of 423 full-time equivalents, at March 2016, has reduced by 65 or 13% since March 2010
- During the five years, 2011/12 to 2015/16, council tax has been frozen for three years and reduced by 1% in each of the other two years
- New Homes Bonus – £9.36million or 95.4% of the total grant received has been allocated to part fund our District Investment Strategy including infrastructure projects and provision of affordable homes. The balance has been used to support economic development

The planned savings of £1.13million in 2016/17 are being delivered.

In 2013, we identified that on the trajectory of reducing Government funding the Council would be grant free within 5 or 6 years. A Peer Review was commissioned to help determine the approach the Council needed to adopt to meet this challenge. https://www.braintree.gov.uk/info/200328/council_reports_plans_and_strategies/657/peer_challenge

We have a long standing priority of providing value for money whilst not increasing the rate of Council Tax any more than is necessary for our residents. Corporate Strategy 2016 to 2020: https://www.braintree.gov.uk/download/downloads/id/5370/corporate_strategy_2016-2020_overview.pdf

The approach adopted is to focus activity on three key workstreams designed to complement each other:

1. Economic and Housing growth – The Braintree District is set to grow significantly over the coming decades. The District needs to prepare for growth by ensuring District infrastructure improvements/facilities are not only delivered for existing residents, but are able to provide for the future growth in the District as well. It is also important that the additional council tax revenue generated is used effectively. The economic growth will benefit the local economy and the business rates generated will improve the Council's finances.
2. Investment Strategy – We need to ensure that our assets are being used in a way that gains maximum value for the District and supports delivery of our Corporate Strategy. The Medium Term Financial Strategy and Treasury Management Strategy set out our financial planning over the next four years and are reviewed regularly to respond to changes in external factors and needs of the Council.
3. Better at Business (Commercialisation of services) – The purpose of the programme is to generate income to invest in front line services. We are doing this by raising levels of business awareness and cost management across the organisation and maximising the potential of appropriate services and assets for income generation. We aim to become more commercial as an organisation without compromising our public service values.

We have a pro-active approach to managing financial risk. Funds are set aside in earmarked reserves to meet potential costs, where appropriate. For example, dispute with the contractor over swimming pool repair liability, treasury management – investment return volatility and business rates retention scheme. An unallocated balance is maintained as a contingency against unforeseen events and to meet short-term or non-recurrent one-off costs including providing seed funding for future savings and efficiencies.

Key actions delivered to-date

Economic and Housing Growth

Infrastructure Investment

- Purchase of land to develop a new car park in Witham

Employment site investment

- Built new business starter units to support new businesses to start and grow

Community Investment

- Investment in leisure facilities

Investment Strategy

Treasury Management

- Investment in pooled funds - £12million achieving 5% return
- Local Authority Mortgage Scheme

Optimising assets

- Purchase of investment property outside of District
- Installed solar panels on council properties

Better at Business

Reviewing Service delivery models

- ICT contract – Castle Point BC, Colchester BC and Rochford DC
- Waste Management

Working with neighbouring authorities and other partners:

- Council tax sharing agreement with Essex CC, Essex Police and Essex Fire Authority
- Payroll/HR system – Colchester BC and Epping Forest DC
- Vehicle maintenance contract – Colchester BC
- Business Rates pool – Essex authorities
- Sharing office accommodation with ECC and Essex Police
- Leisure management contract with Fusion

Improving Business awareness and skills

- Management Development Programme
- Business skills development programme

Generating income

- Commercial audit
- Integrated domestic and commercial waste, In-cab technology and expansion of trade waste service
- Town Hall weddings
- Sponsorship

Contract Management and Procurement

- Review of contract procedure rules – governance arrangements for bidding to supply a service
- Procurement hub led by Braintree, procurement service provided to five Essex councils at nil cost to all
- Review of contracts register

Service Efficiency Reviews

- Management review
- Efficiency factor

- Fundamental review of all services over the last four years
- Use of technology to improve our business processes

Channel Strategy

- Responsive website and improved access to 24/7 self service
- Channel shift from face to face to web over the last five years
- Reduction in cost of customer service centre

Over the three years, 2014/15 to 2016/17, a total of £2.9million or 67% of the budget savings were identified through our Better at Business approach.

Delivering the Plan 2017 to 2020

Our approach will be to achieve savings and deliver additional income early wherever possible to mitigate against future financial risks. Our plans include:

District Investment Strategy:

- Property investment enabling the relocation of a Doctors surgery
- Town centre redevelopment scheme – relocation of Doctors surgery
- Proceeds from sale of former sports centre site have been earmarked for Doctors surgery in Witham
- Business starter units on parcel of redundant council owned land
- North Essex Garden Communities – Colchester BC, Tendring DC, Essex CC. Supported by DCLG.
- Economic growth investment – aim to attract businesses to district. Growth will lead to increased business rates base which will contribute towards the financial resilience and sustainability of the Council.
- Investigate option of establishing a Housing Development Company to deliver homes and provide an income stream.
- New Local Plan to meet the needs of District. Growth will lead to increased council tax base which will contribute towards the financial resilience and sustainability of the Council.

Medium Term Financial Strategy

- Borrowing to fund the District Investment Strategy meets the prudential indicators for 2016/17. All investment opportunities require a robust business plan and are assessed using an Investment Appraisal tool and evaluated by a Member led investment board.
- The Council is aware of the direction enabling the flexible use of capital receipts between 2016 and 2019 and will consider the option in future if appropriate. Currently, there are no plans to use this flexibility as we continue to use capital receipts to fund capital projects.
- Unallocated balance available to meet short-term funding shortfall.

Better at Business

- Building Control shared service
- Continuing to grow market share in income generating services
- Identify opportunities to diversify current income streams and generate new income streams

- Improve business awareness and skills through our performance management framework
- Review our governance arrangements and business planning to improve our commercial focus
- Continue to review the services that we deliver and the way that we deliver them to ensure that they provide best value for money for our residents
- Work in partnership with others to reduce costs of service delivery
- Delivery of the Channel Strategy

With our track record we are confident of addressing the anticipated shortfalls in resources.

Monitoring this Efficiency Plan

This Efficiency Plan will be published in accordance with the guidance and will be monitored as part of any review and update of the MTFS and our performance management framework.

We will continue to benchmark with other authorities and organisations to identify best practice and use this to continue to improve our approach.

We will also ensure that we regularly monitor customer satisfaction and get specific feedback from our customers to understand the impact of changes and ensure that we are continuing to meet their needs.

General Fund Revenue Profile 2016/17 to 2020/21

	<u>2016/17</u> £	<u>2017/18</u> £	<u>2018/19</u> £	<u>2019/20</u> £	<u>2020/21</u> £
Base Budget brought forward from previous year	15,624,426	13,464,192	13,503,005	13,362,978	13,245,908
<u>Inflation:</u>					
Pay - annual award and incremental progression	189,590	255,790	213,230	202,520	
Other Expenditure Inflation	74,910	68,770	82,330	102,890	
Income Inflation	0	(50,000)	(10,000)	(10,000)	
Pension Fund and National Insurance contribution adjustments	293,420	99,820	61,410	63,270	
<u>New Demands:</u>					
Priority Area Investment, Bids and Unavoidable Budget Changes previously profiled	(24,910)	0	0	0	
New Bids Ongoing					
One-off Growth Items 2015/16	(2,101,106)				
Reduction of Council Tax Support and Housing Benefit Administration Subsidy	126,060	46,750	43,480	43,480	
Allowance for Reduced Income/Increased costs	260,580	515,100			
Priority Investment - one-off provision	200,362	(200,362)			
<u>Reductions:</u>					
Savings/Additional Income agreed previously profiled	(79,844)	(19,830)	0	0	
Proposed savings - Members' decision	(131,340)	(85,420)	(111,100)	(84,450)	
New savings - Agreed by Management	(485,250)	(6,350)	(1,750)		
New additional income	(432,790)	(181,710)	(11,470)	(7,000)	
Council Tax Freeze Grant 2014/15 and 2015/16	87,084	0			
Budget assumptions - initial changes - 2016/17	(137,000)	(270,000)			
Budget assumptions - initial changes - 2017/18 onwards		225,000		120,000	
Additional Savings Required		(358,745)	(406,157)	(547,780)	TBD
Updated Base Budget	13,464,192	13,503,005	13,362,978	13,245,908	13,245,908
(Use of) / Addition to Balances	663,234				
Contribution from Earmarked reserves	(411,135)				
Budget Requirement	13,716,291	13,503,005	13,362,978	13,245,908	13,245,908
Government Grant - Revenue Support Grant	(1,602,495)	(777,347)	(272,480)	0	0
Retained Business Rates - Baseline amount	(3,191,180)	(3,253,945)	(3,349,939)	(3,457,008)	TBD
- Growth above baseline	(800,493)	(816,237)	(840,317)	(575,693)	TBD
Transition and Rural Services grants and returned funding	(82,533)	(70,415)	(13,657)	(17,754)	TBD
Collection Fund Balance - Business Rates (Surplus)/Deficit	411,135				
Collection Fund Balance - Council Tax (Surplus)/Deficit	(114,990)				
BDC Requirement from Council Taxpayers	8,335,735	8,585,061	8,886,585	9,195,453	
Tax base (+1% p.a growth in properties for 2017/18 and +1.5% for 2018/19 and 2019/20 and collection rate of 99%)	50,667	51,174	51,942	52,721	53,512
Council Tax (Band D)	£164.52	£167.76	£171.09	£174.42	
Council Tax per week	£3.16	£3.23	£3.29	£3.33	
Percentage Increase	3.10%	1.97%	1.98%	1.95%	
Increase per week	£0.09	£0.07	£0.06	£0.06	

North Essex Garden Communities

The North Essex Garden Communities Project is continuing to gather significant momentum with ongoing project and financial support received from DCLG as well as the continued commitment of considerable officer time across each of the partner authorities. A draft Plan has been prepared to support the evolution of the project, and the following gives an indications of the key dates and decisions going forward which include:

An initial project budget was agreed by the Steering Group in December 2015 and brought to the Joint Shadow Delivery Board early in 2016. This primarily related to the original grant funding secured from the DCLG (£640k) as well as an additional contribution from Essex County Council (£15k) in 2015/16. The majority of this funding is now allocated and committed, and some has already been spent.

Further discussions have been held with DCLG who have advised that additional funding is available in 2016/17 to be distributed between the current partners in the wider national Garden City Programme (Bicester, North Northants, Basingstoke, Didcot and North Essex). A bidding process has been initiated with confirmation that another £204,000 has been secured. It is also anticipated that further funding would be available from DCLG for the remaining years of the Spending Review period, but any such amounts would be subject to HM Treasury approvals on a year by year basis.

It is recognised that all current partners are committing significant time and resource to the project with particular pressures on planning, transport, legal and financial staff together with senior management. An exercise is currently underway to identify the impact on existing workloads as well as against the skills/knowledge needs going forward. Through the investment from each authority towards the Garden Communities work, there will be a freeing up of some of the time and resource each authority is current committing to the project.

Due to the progress being made in relation to the Garden Communities it is important to move away from a one year budget to a three year budget. A three year work programme and project budget has therefore been evolved which sets out current position on resource requirements and external commissioned support. This provides the best estimate of resource needs based upon the current position. This resource projection will be subject to ongoing monitoring and change but includes allowances across the following key areas:

- Project Resources: Support for project and programme management and a range of focussed roles dedicated to planning, infrastructure, funding and legal inputs;
- Legal: External legal support with respect to the planning process, establishment of LDV/s and evolution of legal agreements with landowners;
- Finance: Commissioned work to investigate funding opportunities, consider tax implications;
- Planning and Infrastructure: Further concept development and master-planning of selected sites, together with wider evidence gathering to support plan examinations;
- Land Agreements: Allowances for landowner professional costs associated with evolving land agreements;
- Others: Other evidence base studies, communications and consultation activities.
- Auditing and reporting to the Steering Group and Shadow Board.

At its meeting in May 2016, the Shadow Delivery Board reiterated its support for the Garden Communities project noting that there will be further costs to the project for which funding is not yet in place and that whilst there may well be further opportunities to bid for and secure further DCLG funding, there would be a requirement for each Council to underwrite a contribution towards further work on the project.

As such, the Board resolved to request a further contribution of £250,000 from each of the four partnership authorities to enable further project resourcing. It is intended that the £250,000 contribution from Braintree District Council comes from the allocated New Homes Bonus pot set aside for Project Feasibility and Development (current balance of £481,810). This contribution was subject to each authority gaining the necessary approvals in line with their own financial procedure rules and constitution. This contribution will ensure that the work programme can be delivered going forward and would principally enable the delivery of the project budget highlighted in the following table. The actual funding requirement will relate to the schedule of work undertaken each year, net of any residual and/or additional capacity funding support provided by DCLG. As has already been mentioned, funding requirements will be expected to change subject to working up detailed delivery arrangements and the need for formalised LDV's.

NEGC - PARTNER ACTIVITY				Total £'000
	2016/17 £'000	2017/18 £'000	2018/19 £'000	
ESTIMATED REVENUE BUDGET				
Project Resource	144	334	376	854
Legal	200	200	80	480
Finance	35	35	35	105
Planning	215	100	0	315
Infrastructure	50	50	0	100
Land Agreements	100	140	0	240
Others	300	43	25	367
Total	1,044	902	516	2,461
FUNDING SOURCES				
DCLG - committed	655			655
DCLG - forecast	204	300	300	804
ECC	250	0	0	250
Braintree	250	0	0	250
Colchester	250	0	0	250
Tendring	250	0	0	250
Total	1,859	300	300	2,459
NET POSITION (0) = negative				
Net position	815	(602)	(216)	(2)
		213	(2)	

It is proposed that project spend will be administrated by Colchester Borough Council as the accountable body. This will be monitored through the Finance Working Group and Steering Group. Regular updates on the resource budget will be made the Steering Group and Shadow Board. Any significant additional and currently unforeseen requirements which cannot be accommodated within the project budget will be brought back to the Board for consideration.

It is anticipated that the positive relationship with DCLG officials and the ambitious growth agenda in North Essex means that it is well placed to secure further external funding. A key part of the approach going forward will be to maintain such positive relationships, and make considerable efforts to monitor and bid for further funding as opportunities arise.

Jon Hayden, Corporate Director

First Quarter Performance Management Report 2016/17		Agenda No:8b
Portfolio	Finance and Performance	
Corporate Outcome:	A high performing organisation that delivers excellent and value for money services	
Report presented by:	Councillor David Bebb, Cabinet Member for Finance and Performance	
Report prepared by:	Tracey Headford – Performance and Improvement Manager	
Background Papers:		Public Report
First Quarter Performance Management Report 2016/17		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 2016 to June 2016).</p> <p>Performance in the first quarter of the year has got off to a good start as we enter the first year of our new Corporate Strategy and the new key priorities for the District.</p> <p>As at the end of first quarter, two projects have been completed in relation to the Council achieving the Customer Service Excellence Standard and the publication of a new Housing Allocations Policy. A further 42 projects are on track to meet their target dates and three projects have an amber status due to dedicated resource not being available in the first quarter to start the projects.</p> <p>For performance indicators at the end of the first quarter, 15 have exceeded target, one has missed target by less than 5% and three have missed target by more than 5%.</p> <p>The performance indicator that has missed target by less than 5% relates to the percentage of recycling. The outturn for this indicator is 54.13% against a target of 56.05%.</p> <p>The performance indicators that have missed target by more than 5% are in relation to tonnage of residual waste, high speed broadband connection and time taken to process housing benefit claim changes.</p> <p>The indicator measuring the tonnage in waste achieved 120kgs against a target of 99kgs. The tonnage of waste is being monitored to understand the reasons for the increase. In the meantime, we continue to door step customers to encourage participation in recycling and increase the recycling rate which will also positively impact on the tonnage of waste.</p> <p>The performance indictor measuring the percentage of the District on high speed</p>		

broadband has achieved 73% against the two year target of 95%. It is anticipated that this will not meet target until the end of the two year project being delivered by Superfast Essex.

The time taken to process housing benefit claim changes has not met target in the last quarter due to changes to pension credit which have increased the number of claim changes received over the first quarter. It is expected that target will be met in the future as resources are allocated to deal with the increase in workload.

Financial Performance

The financial information in the performance management report details the financial position as at the end of June 2017 providing 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.

Summary:

- An overall positive variance for the year is forecast of £204,000 (-1%) against the budget of £13.107million.
- Income is forecast to be overachieved by £98,000; and there is a projected net underspend of £106,000 on staffing and other expenditure.

For a detailed explanation of the financial performance, please refer to page 15 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 2016

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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 2016/17'. 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 2016/17'




Corporate Priorities	Status of projects and actions				
					
Environment and Place	-	7	1	-	-
Strategic Growth and Infrastructure	1	7	-	-	-
Economic Development	-	8	1	-	-
Health and Communities	-	9	1	-	-
Finance and Performance	1	4	-	-	-
Overall Strategy and Direction	-	7	-	-	-
TOTAL	2	42	3	-	-

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 2016/17'.

Corporate Priorities	Status of indicators			
				Data Only
Environment and Place	1	1	1	-
Strategic Growth and Infrastructure	2	-	-	-
Economic Development	2	-	1	-
Health and Communities	3	-	-	-
Finance and Performance	6	-	1	-
TOTAL	14	1	3	-

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 first year of our new Corporate Strategy and the new key priorities for the District. Two projects are completed and 42 projects are progressing well. Three projects have experienced delays due to dedicated resource not being available in the first quarter to start the projects. Once resources have been allocated, if the delays affect the end date of the project, the correct change control process will be adhered to.

Fourteen of our key performance indicators set to measure the success of our new priorities have met target, one performance indicator has missed target by less than 5% and three performance indicators have missed target by more than 5%. It is anticipated that any areas of downturn in performance will be mitigated throughout the year as service areas focus their resources to deliver and achieve our corporate objectives. Reasons for not meeting targets are detailed in the report together with any action being taken to turn performance around.



Environment and Place

Project description and comments	Target Date	Status
Expand the recycling waste service to all flats where suitable and introduce food waste recycling at participating primary schools within the District		
The recycling waste service has now been expanded to 201 blocks and 2563 flats. 32 junior and infant schools have signed up to the food recycling scheme. A scheme will be launched in October to encourage new users to recycle.	March 2017	▶
Expand our trade waste collection service to businesses across the District		
Work has commenced on the trade waste operational plan to market and develop the trade waste service.	March 2017	▶
Work with other Essex Councils on waste minimisation campaigns to reduce residual waste		
Analysis of the recent food waste recycling trial funded by Essex County Council has shown an increase in participation across the pilot area in Braintree. Further evaluation will be taking place by Essex County Council regarding an Essex wide roll out. The Essex Waste Management Partnership has established a work stream around waste prevention and further initiatives to reduce waste are being looked into.	March 2017	▶
Refurbish two play areas at Goldingham Drive, Braintree and Milton Avenue, Braintree to improve local play provision		
The project has been delayed whilst a new project officer is identified to move the project forward.	February 2017	▲
Repair and resurface the path network to our open spaces, sports grounds and cemeteries in Braintree and Witham providing a better and safer environment for visitors		
Site visits have been completed and plans drawn up. Quotations for the works are now being sought.	November 2016	▶
Help residents and businesses lower the costs of their energy bills and reduce energy consumption through our energy switching schemes		
An energy switching scheme for both residents and businesses in the district is due to take place in July 2016 and will run until October 2016.	March 2017	▶
Encourage residents to take pride in the District by reporting litter hotspots and litterbugs under the 'see-it, report-it' initiative		
In the first quarter of the year, residents have reported 726 incidents under the 'see-it, report-it' initiative.	March 2017	▶
Run a change in behaviour campaign to reduce litter and keep the District clean and tidy		
A new campaign is due to be launched in August 2016 in partnership with a number of businesses and local authorities across Essex.	March 2017	▶



Strategic Growth and Infrastructure

Project description and comments	Target Date	Status
Produce a draft Local Plan to ensure new homes, sustainable growth and economic development for the District		
The background evidence base studies that feed into the Local Plan have been completed for the preferred options draft. The infrastructure delivery plan, viability and water cycle study will be completed shortly.	September 2016	▶
The draft local plan has been approved by the Local Plan Sub-Committee and by Council. An eight week consultation period is now taking place across the district.	February 2017	▶
Support the development of planning applications relating to the delivery of major sites in the District		
Two major planning applications have been determined in the first quarter of the year providing a total of 395 homes.	March 2017	▶
Help make sure housing needs of the District are met over the next 5 years		
The new Housing Allocations Policy which sets out the requirements for allocating affordable housing has been agreed by Cabinet and is now published on the Gateway to Homechoice website.	August 2016	✓
Consultation on the draft version of the new Housing Strategy commenced in June and runs until August 2016. This will establish aims and priorities to ensure needs are met over the next five years.	March 2017	▶
Work with partner agencies to continue to drive forward strategic improvements to the A12/A120 and the Braintree to Witham rail link		
A project has been set up to progress delivery of the A120 slip road. Highways England have commissioned a study for west facing slip roads between the A120 and B1018 to the south east of Braintree to reduce congestion at Galleys Corner roundabout and improve access to the Town Centre.	December 2016	▶
Braintree District Council continues to lobby for improvements to the frequency and reliability of the Braintree/Witham rail link. Discussions have been held with Essex County Council and Network Rail to explore the potential for bringing forward service improvements which has resulted in Network Rail producing a specification for a GRIP (Governance for Railway Investment Projects) study which is currently being costed to consider whether to jointly commission the study with Essex County Council.	March 2017	▶
Work with Essex County Council to reduce congestion at Springwood Drive roundabout		
Following a meeting with local businesses on Springwood Industrial Estate in June, suggestions for improvements to congestion will be submitted to the Local Highways Panel for consideration.	March 2017	▶



Economic Development

Project description and comments	Target Date	Status
Complete a programme of improvements to key industrial estates and business parks to support business growth and attract investment to the District		
Industrial estate improvements at Springwood Drive in Braintree are progressing. A meeting was held in June with Essex County Council Highways and local businesses to discuss congestion issues and long term mitigation plans.	March 2017	▶
Estimated costs for priority improvement works in Witham have been received from Witham Industrial Watch. Discussions are ongoing with Essex County Council regarding funding allocations.	March 2017	▶
To strengthen business engagement by delivering a programme of events in collaboration with Essex Chambers of Commerce		
A special business breakfast consultation on the local plan will be taking place in July with local businesses and an Essex Chambers of Commerce Business breakfast has been scheduled for September.	March 2017	▶
Support 77 business start-ups in conjunction with IGNITE		
The extension to Springwood Drive Enterprise Centre has been completed and the Ignite Chairman has signed the lease agreement taking possession of the building providing support to additional business start-ups.	March 2017	▶
Support the establishment of a District education and skills board to address educational attainment and employment skills needs within the District		
Braintree District Council is in the process of appointing a manager whose key priority will be to assess resource needs of the service. This will include capacity to develop proposals for the District Education and Skills board.	March 2017	▲
Work with a range of partners and stakeholders to improve the three town centres in the District		
Braintree Town Centre – A masterplan for a package of public realm, pedestrianisation and highway improvements is currently being scoped in partnership with Essex County Council.	March 2017	▶
Halstead Town Centre –the Masterplan regeneration proposals have been presented at workshops for local residents, businesses and the Town Council. Plans are now being prepared for consultation.	October 2016	▶
Witham Town Centre - the Masterplan regeneration proposals have been presented at workshops for local residents, businesses and the Town Council. Plans are now being prepared for consultation.	October 2016	▶
Maximise superfast broadband coverage across the District by working with Superfast Essex		
Superfast Essex has confirmed current district coverage levels at 73% at the end of phase one. Discussions are due to take place in July on the allocation of funding and alternative delivery options to secure coverage levels of 95% by the end of Phase 2 of the programme.	March 2018	▶



Health and Communities

Project description and comments	Target Date	Status
Work with Active Braintree Network to increase access to new sporting opportunities and activities		
The Bocking Blackwater Festival took place in June bringing together a host of activities for all to enjoy. The 'Get Outdoors' campaign was launched by Fusion at the Festival to encourage activity outside during the summer.	September 2017	
Encourage residents to be more active by developing a 'Be-Well' strategy		
The production of the 'Be-well' strategy will take place when Sport England and Active Essex have published their strategies in the Autumn to mirror the Governments Sporting Future – A new strategy for an Active Nation.	March 2017	
Ensure the football pitches on the Deanery Gardens sports ground and the rugby pitch on King George V playing field are in year-round condition through the installation of a piped drainage system		
The project has been delayed as the original project engineer is unavailable to take on the design of the drainage scheme and new legislation on sustainable drainage systems (SUDS) will have an impact on the project. Once a project manager has been appointed, the project will go through the correct change control procedures to amend the end date of the project.	September 2016	
Address the priorities for the District in a co-ordinated way through the Braintree District Health and Wellbeing Panel		
A healthy eating recipe book is being created for the summer which will be published and promoted through the Livewell website	September 2016	
The childhood obesity project called Livewell Child aimed at key stage one children has started. Ten primary schools across the District have shown an interest in the project and six schools have so far been visited. The schools are working towards achieving a healthy school status which will be incorporated into the project	March 2017	
Invest in local health facilities to help provide primary care services that can meet current and future needs as the District grows		
The District Investment Strategy agreed at Cabinet in May sets out the proposals to invest in local health facilities across the district. A further report will be presented to Cabinet in July requesting approval for the purchase of premises at Braintree College to convert to a Doctors Surgery.	March 2017	
Improve the living conditions, access to services and the health and wellbeing of vulnerable people on low incomes		
Braintree District Council are currently exploring the availability of grants to improve the thermal efficiency of caravans	February 2017	
Run a winter warmth campaign to provide advice to residents on improving energy efficiency to help keep warm during the winter months		
Project due to commence in September 2016	February 2017	Not Yet Started
Work towards making the District dementia friendly through the work of our Braintree District Dementia Action Alliance		
A dementia awareness week was held in May to increase the support currently being provided. Braintree District Council has been officially	March 2017	

recognised for the work it is doing to achieve a dementia friendly status		
Support community groups to deliver local projects and activities through the introduction of a Councillor Community Grant Scheme		
A report was taken to Full Council in June on the new Councillor Community Grant scheme to provide Councillors with £1,500 each per year which they can allocate to community projects and initiatives in their local area.	September 2016	▶
Engage with young people by developing a young person's on-line forum helping them to have a voice on topics and concerns that affect them		
An action plan is being developed on a way forward to engage with young people through the development of an on-line forum.	March 2017	▶



Finance and Performance

Project description and comments	Target Date	Status
Continue to review how we deliver our services ensuring we provide value for money and focus our resources on what is important to those living and working in our District		
A schedule of planned service reviews is currently being updated to inform reviews planned for 2016/17 with the aim of minimising the budget gap	March 2017	▶
Develop commercial opportunities to generate income and identify further opportunities for income growth		
Strategic resource has been procured from the East of England Local Government Association (EELGA) to deliver the skills required and a Business Development Manager has been appointed to support the development of commercial opportunities. Business cases and options appraisals are being developed for identified projects which will be assessed using the Council's internal Investment Tool.	March 2017	▶
Use our Investment Strategy to maximise income and strengthen the Councils financial independence, supporting our ability to invest in the District		
Cabinet agreed in May a District Investment Strategy with resources of £28million identified for investment projects. Projects will be considered and approved on an individual basis. Three investment opportunities will be considered by Cabinet and Council in July.	March 2017	▶
Improve customer focused services by delivering a programme of continuous improvement and achieve the Customer Service Excellence Standard for the third year		
Customer Service Excellence accreditation has been achieved for a further year with just one area of partial compliance and six areas achieving compliance plus. A further assessment is planned to take place in June 2017.	June 2016	✓
Improve our services through the use of technology to make sure they are easy and convenient to use		
Following the launch of the new responsive website in March, the information on the website is being reviewed and improvements implemented to the ways in which customers access information. Work has also started on a module enabling customers to view their council tax bills securely on line.	March 2016	▶













Overall Strategy and Direction









Project description and comments	Target Date	Status
Continue to work in partnership with other Essex Authorities and other public and private sector organisations to develop devolution proposals for Essex to achieve greater local control of decisions and funds to deliver better outcomes for residents and businesses across the County and District		
The Devolution Board met in May and all fifteen local authorities across Greater Essex were represented. The meeting focused on governance and a mayor-led combined authority. A vote was held to say yes or no to continuing to explore devolution on the basis of the mayor; this vote was very close with the result being 8 voting no and 7 voting yes. A second vote was then held asking Leaders to say yes or no to continuing to explore devolution without a mayor, this was a unanimous yes. As a next step, it was agreed at the meeting that a letter would be sent to the Minister setting out Gt. Essex's position and seeking a meeting to explore options and a possible way forward.	March 2017	
Contribute to the work of the Essex Waste Management Partnership to lower collection and disposal costs across Essex		
The Essex waste officers delivery group have established work streams around Biodegradable waste, waste prevention, procurement and the review of the joint municipal waste strategy	March 2017	
Work with other local authorities in Essex to establish a building control shared service across the county which will deliver higher standards of customer service, retain and attract staff to reduce costs		
A revised business case has been approved by SEAX board for the remaining partner authorities to make a decision on whether they join the shared building control service by August 2016.	March 2017	
Drive forward economic growth and infrastructure improvements in the District and surrounding areas by continuing to work with the Haven Gateway Partnership		
Braintree District Council supported Haven Gateway to deliver a business engagement event in June 2016 which was attended by 100 business representatives, and involved the Braintree MP James Cleverly.	March 2017	
Work with Essex County Council, Highways Agency and other Essex District councils on the options for the new A120 route		
Braintree District Council is actively participating in a number of different forums that Essex County Council and their consultants have set up. The options for the new A120 route have been discussed at the recent business engagement event attended by Braintree MP James Cleverly.	March 2017	
Continue to work with key partners including neighbouring councils on the strategic planning for the housing and economic growth required in the District to support the work in the new Local Plan		
Meetings are held on a regular basis with neighbouring councils. The consultation on the Local Plan commenced in June and key partners including neighbouring councils have been contacted to request their input.	March 2017	
Develop and deliver a District Investment Strategy that invests in improved and new infrastructure, economic growth and regeneration projects and new health facilities to meet the needs of the District now and in the future		
In May, the Council approved its £28 million District Investment Strategy to help improve the district and support current and future growth. A number of reports will be going to Cabinet in July to obtain approval to deliver a mixed use regeneration scheme including health facilities on the site behind the Town Hall	March 2017	

in Braintree and to deliver and fund two schemes acquiring new premises to lease to health providers in Braintree and Witham.		
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Section 3: Managing the Business

Our Performance Indicators in Detail

Performance Indicator	2016/17						Comments
	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				6%	n/a	Recorded 3 times a year – July, November and March
Percentage of household waste sent for reuse, recycling and composting	54.13%				56.05%		The increase in tonnage is being monitored to understand the reasons for the increase. In the meantime, we continue to door step customers to encourage participation in recycling.
Tonnage of residual household per household waste not recycled	120kgs				99kgs		
Percentage of fly tips cleared within 24 hours of being reported	100%				100%		Represents 133 fly-tips
Number of fuel poverty and domestic energy reduction installations carried out							Annually reported
Strategic Growth and Infrastructure							
Number of affordable homes delivered	8				8		
Number of homes granted planning permission	571				215		Two large developments have been determined in the first quarter of the year which accounts for 395 homes
Economic Development							
Number of new business start-ups in the District created in partnership with Ignite Business	22				20		Figures provided by Ignite
Number of jobs created through business advice and support	30				28		Figures provided by Ignite
Percentage of District on high speed broadband connection	73%				95%		Target is a two year target to be delivered by Superfast Essex.
Health and Communities							
Number of Disabled Facilities Grants processed	42				37		
Total number of visits to our Leisure facilities	262,357				251,736		

Performance Indicator	2016/17						Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	
Number of passenger journeys on the Community Transport Scheme	14,168				13,937		
Finance and Performance							
Average call answer time in the Customer Service Centre	13 seconds				15 seconds		
Time taken to process housing benefit/council tax benefit new claims	17.75 days				18 days		
Time taken to process housing benefit claim changes	6.41 days				6 days		The changes to pension credit have increased the number of claim changes received over the first quarter. It is expected that target will be met in the future as resources are allocated to deal with the increase in workload.
Percentage of Stage 1 complaints responded to within target	98.59%				90%		
Collection rate for Council Tax	30.81%				30.70%		
Collection rate for Business Rates	31.25%				30.20%		
Percentage of invoices paid within 30 days of receipt	99.40%				98.50%		

Complaints

The quarterly complaints analysis for the first quarter of 2016/17 is detailed below. This is compared with 2015/16 figures shown in brackets. The figures represent all three stages of the complaints process.

Complaint Category	Q1 2016/17	Q2 2016/17	Q3 2016/17	Q4 2016/17	TOTAL
Justified	112 (83)	(90)	(108)	(125)	(406)
Not Justified	71 (45)	(65)	(70)	(101)	(281)
Partially Justified	31 (17)	(30)	(21)	(24)	(95)
Not known	1 (0)	(1)	(1)	(0)	(2)
Total	215 (145)	(186)	(200)	(250)	(784)

Comments

The number of complaints received in the first quarter of 2016/17 is higher than the number of complaints received when comparing against the first quarter of 2015/16. The number of

complaints steadily increased throughout 2015/16 and we are now starting to see a reduction on the number of complaints received compared with the end of the previous quarter (250 complaints).

The beginning of the first quarter in 2016/17 saw a high number of complaints in the Operations service area relating to missed waste collections and deliveries of recycling sacks. Information has been added to our website regarding the annual delivery of recycling sacks which commenced in June to keep customers informed and information is being gathered from customers requesting additional recycling sacks to further understand demand. The service is monitoring any issues with missed waste collections.

In the first quarter of 2016/17, of the 215 complaints received:

- 213 are stage one complaints
- 2 are stage two complaints
- No stage three complaints received.

A summary of Local Government Ombudsman cases:

In the first quarter of 2016/17 the LGO has received three complaints. One complaint was received by the LGO prior to the customer going through the Councils complaints process and was not investigated. Investigations for the two other complaints received did not find any maladministration.

Our Organisation

The following is a selection of our people performance measures:

People: Indicators of Performance	Q1 16/17	Q2 16/17	Q3 16/17	Q4 16/17	Change on previous period	Yearly Target
Total headcount	466				- 4	-
Total number of posts	476				- 7	-
Number of temporary staff	44				- 4	-
Total staff FTE	420.36				- 2.53	-
Level of employee turnover	2.78%				+ 1.38%	-
Number of vacant posts	Currently unavailable				-	-
Number of leavers	13				+ 6	-
Number of starters	9				+ 1	-
Working days lost to sickness per employee	2.7 days				+ 0.5 days	8.0 days
Percentage of staff with nil sickness	74%				+ 8%	-
Number of learning hours	9140.50				- 510.50	-
Number of delegates	192				+ 3	-
Number of apprentices	19				0	-

Year on Year Headcount Analysis	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	503	485	466	478	472	470

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	
	(2015/16 figure in brackets)				
Total number of reported accidents/ incidents, calculated from:	11 (6)	(12)	(5)	(11)	
<i>Accidents/ incidents to employees</i>	8 (4)	(9)	(5)	(9)	The majority of accidents involved waste operatives.
<i>Accidents/ incidents to contractors</i>	1 (2)	(1)	(0)	(2)	Agency worker employed by Operations injured their back attempting to move a heavy bin.
<i>Accidents/ incidents to non-employees</i>	2 (0)	(1)	(0)	(0)	Two incidents involving members of the public attending the Town Hall. The first involved cleaning fluid in a vending machine and the second was a member of public tripping on a step to the entrance door
Time lost in days due to employee accidents/ incidents	105 (3)	(76)	(42)	(5)	There were four incidents resulting in lost days which occurred in Waste Management. Two of the incidents involved ankle injuries which accounts for 97 of the 105 lost days.
Number of reported verbal/ physical incidents to employees	1 (0)	(1)	(0)	(2)	A member of staff was subjected to verbal abuse from a member of public who was sitting on a bench in the Braintree museum playground.
Number of near miss incidents	0 (1)	(0)	(1)	(0)	
Number of Accidents/ incidents registered resulting in insurance/ compensation claim	0 (1)	(0)	(0)	(0)	
Number of claims settled	0 (0)	(2)	(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.

Summary:

- An overall positive variance for the year is forecast of £204,000 (-1%) against the budget of £13.107million.
- Income is forecast to be overachieved by £98,000; and there is a projected net underspend of £106,000 on staffing and other expenditure.

Revenue Spending by Services

Business Plan Service	Budget £'000	Projected Spend £'000	Adverse (Positive) variance against budget				RAG Status
			Staffing £'000	Other Expenditure £'000	Gross Income £'000	Total £'000	
Asset Management	(1,917)	(1,905)	12	2	(2)	12	A
Business Solutions	1,841	1,799	(8)	(22)	(12)	(42)	G
Community Services	563	547	(8)	(9)	1	(16)	G
Corporate Management Plan	1,362	1,329	(2)	(31)	-	(33)	G
Cultural Services	240	240	-	-	-	-	G
Environment	627	628	(31)	1	31	1	A
Finance	1,350	979	(72)	(1)	(298)	(371)	G
Governance	987	1,008	0	21	0	21	A
Housing Services	769	757	14	(25)	(1)	(12)	G
Human Resources	309	316	1	6	-	7	A
Leisure Services	(54)	(55)	(3)	2	-	(1)	G
Marketing and Communications	432	408	2	(6)	(20)	(24)	G
Operations	4,277	4,492	23	(76)	268	215	A
Sustainable Development	668	694	(14)	5	35	26	A
Service Total	11,454	11,237	(86)	(133)	2	(217)	G
Corporate Financing	1,803	1,679	-	(24)	(100)	(124)	G
Efficiency target	(150)	(13)	137	-	-	137	
Total	13,107	12,903	51	(157)	(98)	(204)	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:

Business Plan – Staffing Budgets	Budget £'000	Projected Spend £'000	Adverse/ (Positive) variance £'000	RAG Status
Asset Management	298	310	12	A
Business Solutions	843	835	(8)	G
Community Services	345	337	(8)	G
Corporate Management Plan	1,166	1,164	(2)	G
Cultural Services	189	189	-	G
Environment	1,314	1,283	(31)	G
Finance	2,387	2,315	(72)	G
Governance	453	453	-	G
Housing Services	731	745	14	A
Human Resources	314	315	1	A
Leisure Services	138	135	(3)	G
Marketing and Communications	285	287	2	A
Operations	4,872	4,895	23	A
Sustainable Development	1,813	1,799	(14)	G
Service Total	15,148	15,062	(86)	G
Efficiency target	(150)	(13)	137	
Net Total	14,998	15,049	51	A

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

Commentary on staffing variations:

Savings on staffing budgets are expected to be achieved through a combination of vacant posts, reductions in hours worked, 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 £86,000 for the year against staffing budgets. The approved budget provided for a corporate efficiency target of £150,000 to be achieved from in-year staffing variances. Taking into account the projected net underspend across services and a corporate saving of £13,000 from the implementation of an annual leave purchase scheme for staff, it is currently anticipated that there will be a shortfall in meeting this target for the year by £51,000.

Asset management is predicting an overspend due to temporary external cover being extended whilst a restructure of the service is completed. **Housing Services** have had to put in place arrangements to cover a long-term sickness.

The projected overspend on **Operations** is £23,000. This is comprised of a projected overspend on the **refuse and recycling** service of £110,000 where additional agency support is being required to cover a combination of factors: abnormally high sickness levels, holiday cover, and vacancies. The service is closely monitoring the position and taking action where possible to contain costs. The suspension of the green waste service during December to February may provide opportunity to reduce the need for agency staff as directly employed staff can be redirected during this period. Mitigating this position the service has a projected underspend of £72,000 within **management & administration** where external funding is being applied to meet the costs of certain posts, and vacancies held over.

Other Service Expenditure

Services are currently forecast to underspend against their non-staffing expenditure budgets by a net £157,000. Contained within this net position are the following items:

Main positive variances:

- **Waste Management:** currently there is a projected underspend for this service of £78,000, which is mainly due to the cost of fuel continuing at a lower level than anticipated due to the prolonged reduction in global oil prices, and lower purchase costs of refuse sacks due to both price reductions and a lower number of sacks being used than was allowed for when setting the original budget. The Council has been promoting to the public the proper use of the recycling sacks provided to households and introduced measures to monitor their use.
- **Corporate systems:** forecast underspend totalling £25,000 on voice and data networks, and spend on the Capita contract where service volumes have reduced.
- **Corporate Costs:** External audit fees are expected to be lower than budget by £25,000 coupled with a further reduction in bank charges (£5,000).

Offset by:

- **Governance:** a projected net overspend of £21,000, which includes £20,000 of additional costs being incurred for the hiring of sound system equipment for the committee areas which has been necessary pending the procurement of a new system.

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 £52 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 2016/17 levy. The 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 and as such no estimate of the amount was included in the original budget.

Other external income for which the Council has budgeted £13.217million 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 £98,000, as shown in the table below:

Business Plan	Approved Budget £000	Joint Financing & Other Reimburs.	Sales, Fees & Charges	Rents	Other Income	Total	RAG status
		4,611	5,237	2,543	826	13,217	
		<i>Adverse (Positive) Variance £000 against Budget :</i>					
Asset Management	2,579	-	-	(2)	-	(2)	G
Business Solutions	15	(12)	-	-	-	(12)	G
Community Services	210	(7)	7	-	1	1	A
Corporate Management Plan	-	-	-	-	-	-	G
Cultural Services	108	-	-	-	-	-	G
Environment	803	-	(3)	-	34	31	A
Finance	2,139	(142)	-	-	(156)	(298)	G
Governance	34	-	-	-	-	-	G
Housing	33	-	(2)	1	-	(1)	G
Human Resources	-	-	-	-	-	-	G
Leisure Services	324	-	-	-	-	-	G
Marketing & Communications	27	-	(5)	-	(15)	(20)	G
Operations	5,297	20	250	(2)	-	268	A
Sustainable Development	1,222	-	35	-	-	35	A
Service Total	12,791	(141)	282	(3)	(136)	2	A
Corporate Financing	426	(100)	-	-	-	(100)	G
Total	13,217	(241)	282	(3)	(136)	(98)	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

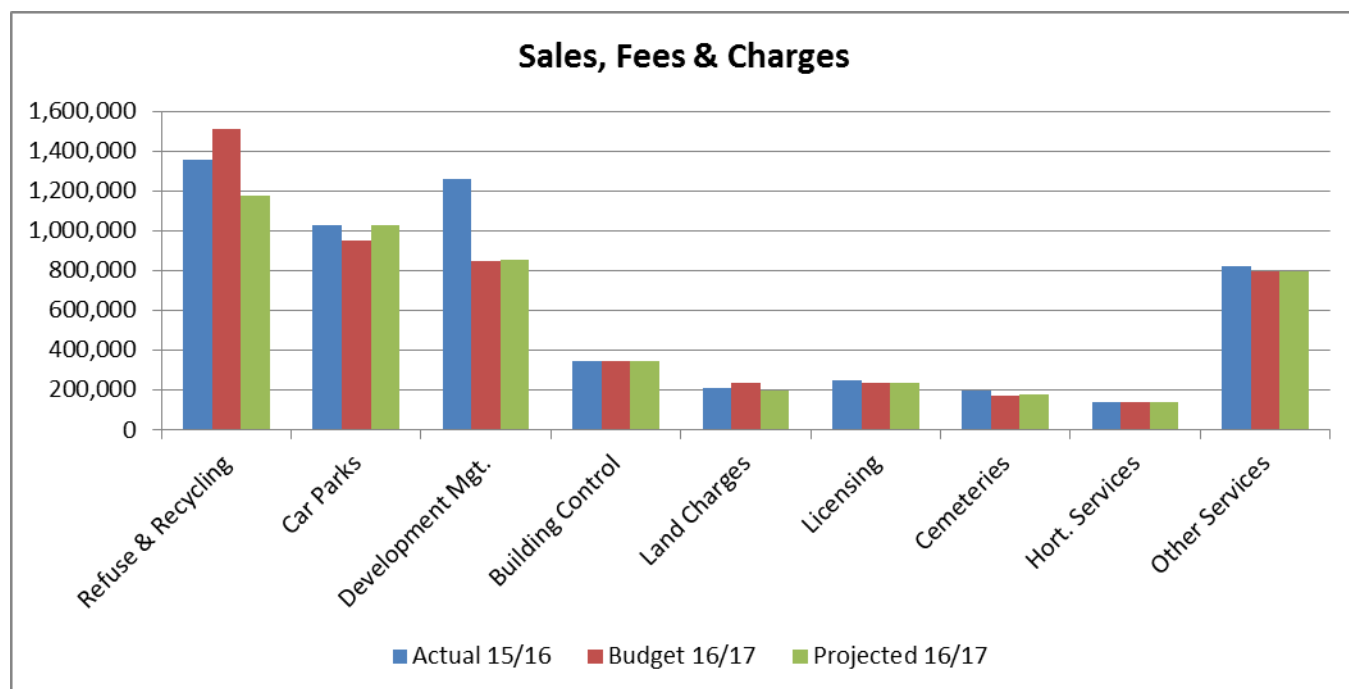
Joint Financing & Other Reimbursements

The total budget for income from joint financing and other reimbursements is £4.611million, against which it is currently predicted to be over-achieved by £241,000. The main sources of income and forecast outturn are:

- **Essex County Council:** a £2.274million budget for contributions towards services such as community transport, horticultural services, food waste service, and recycling. An adverse variance of £13,000 is currently forecast.
- **Procurement Hub:** subscriptions from participating authorities along with commission's receivable from the use by other organisations of the procurement frameworks set-up by the Hub give a total budget of £543,000. 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.
- **Council Tax sharing and other collection investment arrangements:** £426,000 was provided in the budget as Braintree's share from the major precepting bodies of the additional council tax being collected. Based on last year's performance it is expected that income growth will continue into 2016/17 giving a projected over-achievement of £100,000. In addition, the Council has budgeted for arrangements with the major precepting bodies to provide £112,000 towards 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:** based on last year's outturn it is anticipated that recoveries will be higher than the original budget allowance of £284,000 by £148,000.

Sales, Fees & Charges

The budget for income from sales, fees & charges is £5.237million. The current projection is for an overall under achievement of £282,000. The following chart shows the main income streams:



Commentary on Fees and Charges:

- **Refuse & Recycling - Sale of Recycling Materials:** The budget for income from sales is £624,000. The Council has recently agreed a 5-year extension to its current contract for mixed dry materials, the financial arrangements of which involve the income receivable for the current year being reduced by 50%. This will then be recovered over the following two years by a reduction in the gate fee charged by the contractor. The market for recyclable materials has deteriorated over recent months such that local authorities are now paying a gate fee rather than receiving income for disposal of recyclable materials. The impact in the current year is a reduction in income of £270,000. In addition, the Council is receiving a lower price for glass materials than was provided in the original budget following on from the reductions experienced over the 2015/16 financial year giving a predicted shortfall of £59,000.
- **Car Parks:** Early indications suggest income from pay and display car parks will be higher than the budget in line with the outturn for 2015/16 providing additional income of £73,000.
- **Development Management:** In 2015/16 the Council experienced a significant spike in planning application fee income. The approved budget for 2016/17 reflected an element of this growth with an addition to base budget of £125,000. Based on the amount of income received in the first quarter and using past experience, service management are confident that income is on track to achieve at least the higher budgeted amount. Achieving similar levels of income to the previous year is uncertain as income is subject to the actions of developers, which could be influenced by the recent changes in the economic climate.
- **Land Charges:** Income for the first quarter is currently around 20% down from the same period last year partly impacted by reduced capacity within the service due to long-term sickness and vacancies. Initial indications suggest income for the year could be around £200,000, including a one-off major receipt, which would result in an underachievement against budget of £38,000.

Rental Income

The budget for rental income from land & property is £2.543million – comprising the investment & commercial property portfolio, markets, housing properties, and other let properties. The forecast for the year is currently for a small positive variance.

Other Service & Corporate Income

Total budgeted Other Income is £826,000 which comprises mainly the following streams:

- **Investment & Other Interest Income:** The budgeted amount is £621,000, but is now expected to be higher by £86,000 as an extra £2million was added to the Council's long-term pooled funds in December 2015.
- **Solar Panel Feed-in-Tariffs:** the budget provides for an expected £124,000 of income from investment in solar panels at various Council facilities. However, due to changes by the Government in the tariff arrangements the Council halted its investment in panels at the George Yard car park and its extension of the installation at Witham Leisure Centre. Consequently, it is predicted that, after taking account of slightly better returns on existing schemes, there will be a net shortfall against the budget of £34,000.
- **Government grant:** included in the overall variance is an additional £66,000 of government grant towards administration of the Local Council Tax Support scheme, for

which details of entitlement were not announced until after the Council had agreed the budget for 2016/17.

Treasury Management

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

Amount Invested at the Start of the Year	Activity for the year		Amount Invested at 30 June
	New Investments	Investments Sold or Matured	
£36.27m	£28.66m	£14.69m	£50.24m
Average amount invested to end of quarter			£49.49m
Highest amount invested			£54.01m

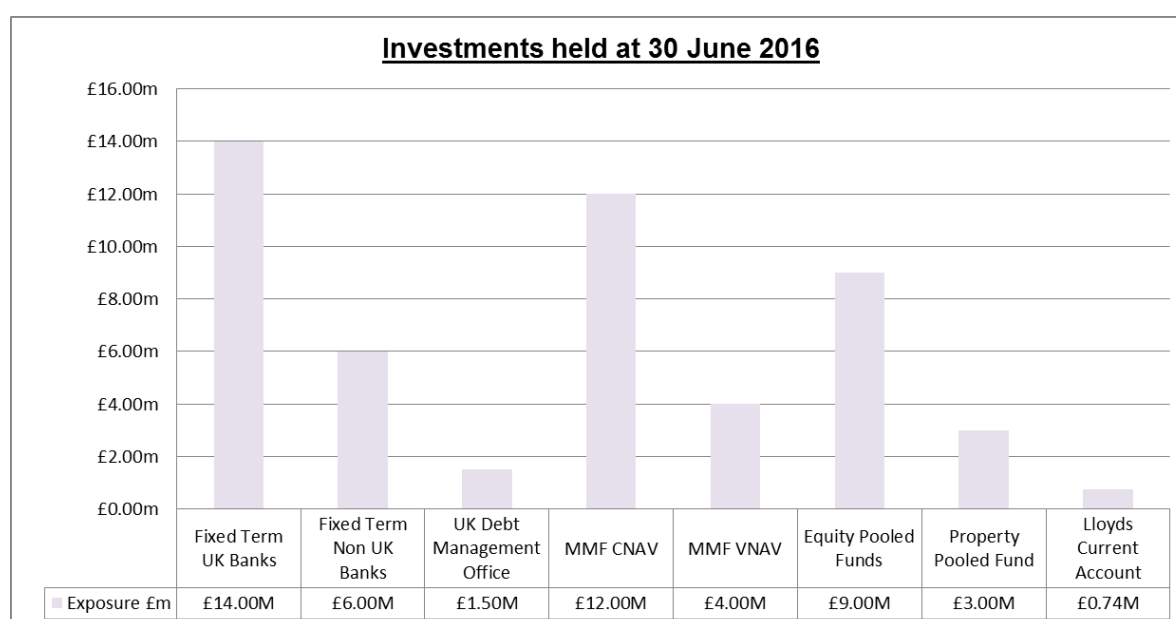
The Council has £12million invested for the long-term in a mixture of property and equity funds. Remaining investments have been in short-term instruments including call accounts and term deposits with UK and Non-UK banks, deposits with the UK Government Debt Management Office (DMO), and Money Market Funds (MMF).

Interest and dividends earned for the quarter total £235,000, which is equivalent to an annualised rate of return of 1.90%:

Investments	Average Amount Invested	Interest & Dividends Earned	Annualised Return %
Long-Term Pooled Funds	£12.00m	£180,000	6.00%
Short-Term	£37.49m	£55,000	0.58%
Total	£49.49m	£235,000	1.90%

Investment returns have been increased by the dividend income from the long-term investments; however, as the funds are exposed to market conditions their value can fluctuate. At the end of the quarter the market valuation for all funds was £11.780million, representing an unrealised loss of £220,000 against the amount invested.

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

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

	£'000
Balance at 1 April 2016	8,421
Add:	
Budgeted addition	526
Projected variance at Q1	204
Less:	
Allocated to Investment Strategy	5,000
Start-up costs of shared service	250
Est. Balance at 31 March 2017	3,901

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

- The budget approved by Council for 2016/17 included an anticipated addition to balances of £526,234.
- The projected outturn variance for the year is currently results in an addition of £204,000.
- Cabinet approved a district investment strategy at its meeting on 23 May 2016, which included proposals to allocate £5million of the General Fund unallocated balances.
- At the meeting of Full Council on 27 June 2016, it was approved that any start-up costs associated with a potential shared services for building control would be met from the unallocated General Fund balance (See comments under risks & assumptions)

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.

At present the quarterly review has not included any revenue impact from the decision by Full Council to approve the discharge of the building control function by Colchester Borough Council under a shared service arrangement. Implementation of the shared service is subject to final confirmation of the participating authorities and establishment of the final business case. The Council's share of the estimated one-off costs that would be incurred in setting up the shared service were agreed to be met from the unallocated General Fund balance.

Capital Investment

In February 2016 the Council approved new capital projects for 2016/17 totalling £1.993million. Taking into account projects in progress carried forward from earlier years, the in-year approval of new projects, and the estimated timing of delivery of all projects, the overall amount expected to be spent on capital in the current year is £3.789 million.

The capital investment programme is reported over two themes:

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

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

	Programme 2016/17	Actual spend	Grants approved not yet paid	Budget remaining	Spend & grants approved at end of Quarter
	£'000	£'000	£'000	£'000	%
General Fund Services	2,258	205	-	2,053	9%
Housing Investment	1,260	196	192	872	31%
Capital Salaries	271	68	-	203	25%
Total	3,789	469	192	3,128	17%

The General Fund Services programme for the year includes:

- A programme of planned maintenance and other refurbishment works to Council owned buildings and community facilities, including parks and open spaces, play areas, and car parks.
- Purchase of replacement vehicles for operational services
- Investment in new technology
- New cycleways and footpaths

The housing investment programme includes spending on provision of disabled facility grants, and financial support to social landlords to develop affordable home schemes.

At its meeting held on 23 May 2016, the Cabinet approved a District Investment Strategy which would utilise a combination of new borrowing, New Homes Bonus, and currently unallocated reserves giving a total of £28million to support the District's strategic growth ambitions. As individual projects are developed and approved, these will be added into the overall capital programme.

Capital resources

The main sources of new capital resources anticipated for the year are the sale of assets (£3.515million), preserved right-to-buy (RTB) receipts (£500,000) and the Council's share of the VAT shelter operating in conjunction with Greenfields Community Housing (£589,000).

Greenfields has reported that 14 RTB sales were completed by the end of the Quarter generating £1.356million for the Council, which already exceeds the amount anticipated by £856,000. This compares to 23 sales and £1.713million received for the whole of 2015/16. VAT shelter monies due to the Council up to the end of the Quarter is £55,000, suggesting that the level of works being undertaken by Greenfields is lower than previously anticipated and may

result in a shortfall against the amount budgeted for the year. Clarification is being sought from Greenfields about its programme of future works.

Under the housing transfer agreement with Greenfields the Council has received £97,000 under clawback arrangements where land transferred from the Council has now been sold.

Grants received include £730,000 from the Better Care Fund via Essex County Council to part fund the Council's disabled facility grant programme. This is an increase of £312,000 against the budgeted sum of £418,000.

Recommendation from Governance Committee 30th June 2016	Agenda No: 8c
Treasury Management Annual Report 2015/16	
Background Papers:	Public Report
Minutes of Governance Committee 30th June 2016 Treasury Management Annual Report 2015/16	

Minute Extract:
<p>GOVERNANCE – 30TH JUNE 2016</p> <p>14 <u>TREASURY MANAGEMENT ANNUAL REPORT 2015/16</u></p> <p>INFORMATION: The Treasury Management Strategy Statement (TMSS) was approved by the Council in February 2016 as part of the overall Budget and Council Tax setting for the forthcoming financial year. The treasury management position acknowledged two loans totalling £6million owed by the Council. These loans were taken out for capital purposes when the Council was still in control of housing stock in the District. A further £1million was owed to Essex County Council as a result of funding given to the Council in relation to the Local Authority Mortgage Scheme (LAMS).</p> <p>It was noted that uncertainty persisted ahead of the outcome of the US presidential election and also the consequences of the UK referendum on membership of the European Union. The Bank Rate remained at 0.5% for its eighth consecutive year as of March 2016. Members were reminded of the Council's decision to approve borrowing limits within the TMSS, including an Operational limit to cover potential borrowing and other liabilities. For 2015/16, the Operational borrowing limit was set at £11million. An Authorised limit was also set which could not be breached without prior Council approval. This was set at £15million for 2015/16, and was increased to £25million for 2016/17.</p> <p>Over the 2015/16 year, cash balances for investment averaged £45.99million, an increase on the previous year of £7.47million, and operated within a range of daily totals of between £35.52million and £55.50million. During 2015/16, £159million of investments were made by the Council, with £150.69million having matured or sold. Interest and dividends earned on investments was £694,000, equating to an overall average rate of return of 1.51%. The annual return on pooled funds stood at 4.84%. An increase to the amount held in</p>

equity funds was being considered going forward, with other investment directions being explored, and borrowing was to be utilised. The Council's investment strategy had not been amended as a result of reported changes to credit ratings, but daily updates regarding this were being monitored.

DECISION: Members decided to recommend to Cabinet the acceptance of the Treasury Management Annual Report 2015/16 prior to its submission to Full Council.

REASON FOR DECISION: To recommend to Cabinet before submission to Full Council with the benefit of any proposed changes or comments from the Governance Committee.

RECOMMENDED DECISION:

1. To consider the Treasury Management Annual Report 2015/2016
2. Refer the Treasury Management Annual Report 2015/2016 to Full Council

Treasury Management Annual Report 2015/16

1. Background

- 1.1. The Council's treasury management activities are regulated by statutory requirements and by a Code of Practice ("the Code") issued by the Chartered Institute of Public Finance (CIPFA).
- 1.2. One of the key elements of the Code is that, along with an annual strategy to be approved prior to commencement of the financial year, the Council should also receive an annual report after the financial year-end.
- 1.3. The Council invests substantial sums of money and continues to hold legacy borrowing and is therefore exposed to a range of financial risks. The successful identification, monitoring and control of risk are therefore central to the Council's Treasury Management Strategy.

2. Treasury Management Strategy

- 2.1. The Treasury Management Strategy Statement (TMSS) is approved annually by the Council in February as part of the Budget and Council Tax Setting for the forthcoming financial year.
- 2.2. The TMSS approved in February 2015, reflected the following circumstances:
 - A fully funded capital programme, largely reliant on capital receipts.
 - The availability of cash balances for investment – the assumption was that whilst these would remain significant there was an expectation that cash balances would be lower than in previous years.
 - No new borrowing would be required other than via lease type arrangements for vehicles and plant obtained through the Riverside Truck Rental (RTR) contract.
 - Diversification and maintaining a longer-term view on investments to counter the risks associated with banking regulatory changes and other credit conditions.

3. Treasury Management Position

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

	31 Mar 2015 Principal £'000	31 Mar 2016 Principal £'000
Market Loans	6,000	6,000
Finance Lease Liabilities	3,759	3,526
Other Long-Term Liability	1,000	1,000
Financial Liabilities	£10,759	£10,526

	31 Mar 2015 Principal £'000	31 Mar 2016 Principal £'000
Investments and Deposits	25,000	35,500
Local Authority Mortgage Scheme (LAMS) Repayable Advance	2,000	2,000
Cash & Cash Equivalents	2,901	648
Escrow Account	72	-
Impaired Deposit	30	19
Financial Assets	£30,003	£38,167
Net Financial Assets	£19,244	£27,641

- 3.2. Market loans comprise two Lender's Option, Borrower's Option (LOBO) type loans of £3 million each, which give the lender the option to vary the interest rate at six month intervals, subject to the Council then having the option to repay the loans without penalty. To date the lender has not sought to exercise this option – the loans currently run at an average interest rate of 4.7% and have 26 years remaining until maturity. The opportunity to redeem earlier (at a negotiated penalty) is kept under review.
- 3.3. Finance Lease Liabilities relate to the outstanding principal element of leases used to acquire property, vehicles, and plant. Annual payments are made to repay these liabilities over the lease term. A new lease was recognised in 2015/16 relating to the provision of a replacement vehicle through RTR.
- 3.4. Other Long-Term Liability relates to funding previously received from Essex County Council's towards the Braintree Local Authority Mortgage Scheme (LAMS). A deposit of £2 million was made to the LAMS provider (Lloyds Bank) which is shown under Financial Assets.
- 3.5. Investments and Deposits include amounts placed with UK and Non-UK banks and building societies; and Pooled Funds and other Money Market Funds.
- 3.6. Cash and Cash Equivalents is money held in call accounts with immediate access, balances held on the Council's current bank accounts, and petty cash floats.
- 3.7. The Escrow account related to the sterling equivalent of distributions made by the insolvent Icelandic bank, Glitnir. These funds were transferred to a third party during the year with the Council receiving an agreed settlement.
- 3.8. Impaired deposit relates to the carrying value of amounts still expected to be received from the insolvent Icelandic bank, Kaupthing, Singer and Friedlander. A further dividend of £12,860 was received in the year.

4. External Context to the 2015/16 Financial Year

4.1. **Appendix A** provides an economic and market commentary covering the 2015/16 financial year written by Arlingclose, the Council's treasury management advisors.

4.2. In summary:

- UK growth slowed in 2015 and inflation remained low hovering around zero percentage with deflationary spells in April, September, and October.
- The slowdown in the Chinese economy added to the global economic risks and heightened volatility in the equity markets. Uncertainty persists with the outcome of the US presidential election and the consequences of the UK referendum on membership of the EU.
- The Bank of England's Monetary Policy Committee made no change to policy, maintaining the Bank Rate at 0.5% (its eighth consecutive year in March 2016), and asset purchases (Quantitative Easing) at £375bn. On interest rates the Bank has continued to stress that future rate movements will be gradual and lower than previous economic cycles.
- UK Government Gilt yields across all periods ended the year lower than at the start of the year with the upward trend in the first quarter being reversed due to the global uncertainties and consequential impacts on stock markets and the price of oil and other commodities.

4.3. The table below summarises market interest rates during the financial year:

	Bank Rate	Overnight LIBID	7-day LIBID	1-MTH LIBID	3-MTH LIBID	6-MTH LIBID	12-MTH LIBID
Average	0.50	0.38	0.45	0.43	0.54	0.76	0.99
Maximum	0.50	0.48	0.58	0.57	0.66	0.92	1.02
Minimum	0.50	0.17	0.35	0.43	0.51	0.55	0.84
Spread	-	0.31	0.23	0.14	0.15	0.37	0.18

LIBID = London Interbank Bid Rate

5. Capital Financing Requirement

5.1. The Capital Financing Requirement (CFR) is a balance sheet derived amount which measures the extent to which the Council has invested in capital but has not resourced it from internal resources (e.g. capital receipts from asset sales, grants etc.). It is therefore a measure of the amount of borrowing the authority could potentially justify as being required to meet its capital expenditure requirements. Actual borrowing may differ from the CFR, e.g. if the Council has used its own cash balances instead of borrowing, and therefore where the CFR differs to actual borrowing the circumstances should be understood.

5.2. The change in CFR is shown in the table below:

	2015/16 Actual £'000s
CFR at start of the year	8,823
Capital expenditure in the year	5,127
Resourced by:	
Capital receipts	(2,287)
Capital grants and contributions	(1,838)
Sums set aside from revenue	(889)
Sub-total resources applied	(5,014)
Change in Long-Term Debtor	(2)
Minimum Revenue Provision	(505)
Net decrease in CFR in the year	(394)
CFR at end of the year	8,429

5.3. The CFR reduced as capital expenditure was largely funded from internal resources other than one new lease entered into for a replacement vehicle. Minimum revenue provision included £159,000 repayment of internal borrowing on past invest to save projects, with the balance represented by the principal element of lease repayments.

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

	2015/16 Actual £'000s
Closing CFR	8,429
Actual borrowing and other liabilities	10,526
Difference between actual debt and CFR	2,097

5.5. Whilst actual debt is greater than the CFR, over the last few years this gap has been reducing in line with the Council's policy of utilising its cash balances for invest to save projects, rather than investing in banks and financial institutions. This approach has resulted in an improved rate of return on cash balances whilst also mitigating credit risk. Excluding outstanding finance lease liabilities of £3.526 million, the comparison between the borrowing CFR and debt is negative by £1.429 million providing some headroom to incur additional capital expenditure without the requirement to charge a Minimum Revenue Provision (or MRP) – a statutory sum set aside to repay debt - to the General Fund revenue account.

5.6. Taking account of the balance of investments at 31 March 2016, the Council's net investment position is £27.641 million meaning that the Council complies with the requirement that net borrowing should not exceed the CFR.

6. Borrowing and Finance Lease Liabilities

6.1. The following table shows the change in actual borrowing and other liabilities in the 2015/16 financial year.

	Borrowing	Finance Leases	Other Long-Term Liability	Total
	£000	£000	£000	£000
Balance 1 April 2015	6,000	3,759	1,000	10,759
Additions	-	114	-	114
Repayments	-	(347)	-	(347)
Balance 31 March 2016	6,000	3,526	1,000	10,526

6.2. In 2016/17 the estimated amount of debt to be repaid is £325,000, being the principal element of finance lease rentals.

6.3. The Council approved borrowing limits within the TMSS, including an Operational limit to cover potential borrowing and other liabilities – the limit for 2015/16 was set at £11 million. Actual debt could fluctuate around this limit. An Authorised limit was also set which could not be breached without prior Council approval. This limit was set at £15 million for 2015/16. Actual debt was contained within these limits.

7. Investments

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

7.2. The AIS is based on investment priorities being:

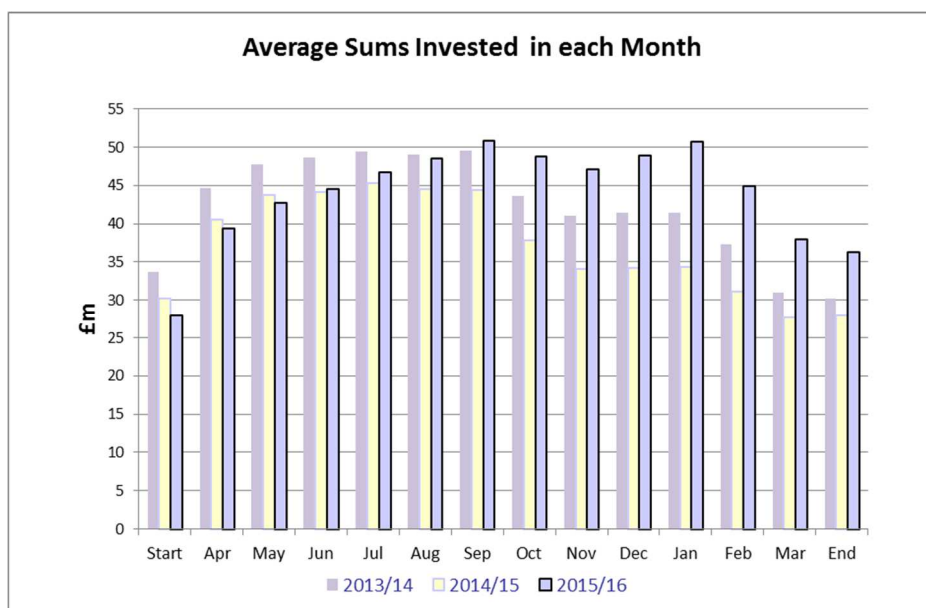
- Security – minimising the risk of cash not being repaid
- Liquidity - having cash available when it is required

7.3. Only when having ensured these two priorities are met is highest yield considered.

Cash Balances for Investment

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

7.5. Over the 2015/16 year, cash balances for investment averaged £45.99 million (an increase on the previous year of £7.47 million), and operated within a range of daily totals of between £35.52 million and £55.50 million:



7.6. Cash balances have increased through a combination of re-profiling of capital programme spending, underspends (over achievement of income) against the revenue budget, and a general increase in provisions and reserves, including New Homes Bonus.

Investment Policy

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

7.8. The policy was approved at Full Council in February 2015.

7.9. Applying the investment policy, funds placed during the year were typically:

- Fixed term deposits with the major UK and non-UK banks and building societies, which met the Council's criteria of "high credit quality".
- Deposits on call or instant access accounts with major UK banks
- AAA rated Constant Net Asset Value (CNAV) Money Market Funds, where the value of principal invested is expected to remain constant – funds used are: Standard Life Liquidity, Deutsche Managed Sterling, and Goldman Sachs Asset Management.
- A new Variable Net Asset Value (VNAV) Money Market Fund, where small fluctuations in the principal invested can occur – the fund used is with Royal London Asset Management
- Pooled Funds – equity and property funds (see paragraphs 7.14 to 7.16 below)

- Direct with the UK Government via the Debt Management Office for short-term deposits to accommodate timing differences between receipt and payment of monies
- Lloyds Bank held in current accounts as the main banking services provider.

Investment Activity & Returns

7.10. The change in investment balances¹ during 2015/16 is shown in the table below.

	Investments:			
	Balance 01/04/15	Made	Mature d/ Sold	Balance 31/03/16
	£000	£000	£000	£000
Pooled Funds (Equity and Property)	10,000	2,000	-	12,000
<i>Fixed Term Deposits:</i>				
UK Banks & Building Societies	5,000	41,000	-34,000	12,000
Non UK Banks	-	12,000	-12,000	-
Debt Management Office	-	82,500	-82,500	-
Sub-Total	5,000	135,500	-	12,000
<i>Instant Access Deposits:</i>				
Money Market Funds – CNAV	10,000	16,500	-19,000	7,500
Money Market Funds – VNAV	-	4,000	-	4,000
UK Banks Call Accounts	2,000	1,000	-3,000	-
Lloyds Current Account*	960	-	-190	770
Sub-Total	12,960	21,500	-22,190	12,270
Total	27,960	159,000	-	36,270
			150,690	

*Net Movement

7.11. Interest and dividends earned on investments was £694,000 equating to an overall average rate of return of 1.51%. The return comprised the following:

	Average Invested during the year £000	Interest & Dividends £000	Annualise d Return %
Pooled Funds	10,520	509	4.84%
UK Banks & Building Societies	12,030	74	0.61%
Non-UK Banks	3,710	22	0.60%
Debt Management Office	2,540	6	0.25%
Money Market Funds – CNAV	11,260	50	0.44%
Money Market Funds – VNAV	3,300	22	0.67%
UK Banks Call Accounts	980	4	0.41%
Lloyds Current Account	1,650	7	0.41%
Total	45,990	694	1.51%

¹ For this purpose investment balances excludes the deposit for LAMS, escrow account and impaired deposit, and bank accounts held for operational reasons and other petty cash.

7.12. Investment income was higher than the updated budget of £596,000 by £98,000 due to cash balances being higher than originally anticipated.

7.13. The continued rate of return on the Council's short-dated money market investments continues to reflect the prevailing low interest rate environment.

Pooled Funds

7.14. In 2014/15 the Council invested £10million into four Pooled Funds to achieve a greater diversified portfolio of underlying securities than the Council could individually manage at a reasonable price. These investments were made on the basis that, if held for the medium-long term, they would offer the potential for enhanced returns whilst recognising there could be short-term volatility in their market pricing. The distributing share class was selected for each of the funds in order to receive regular income.

7.15. A further £2million was added to Pooled Funds after Full Council approved an increase in the limit on long-term investments of £5million, taking to the total limit to £15million. The position for each fund is shown in the table below:

Fund	Initial Invested £000	Amount Added £000	Total Invested 31/3/16 £000	Market Value 31//3/16 £000	Dividend Income £	Income Yield %
Schroder UK Income Maximiser: Seeks to provide income and capital growth with target income of 7% p.a. by investing in mainly UK equities	£2,500	-	£2,500	£2,226	£183,243	7.3%
Threadneedle UK Equity Income: Steady growth in income and acceptable capital growth. Aims for a yield greater than 110% of the FTSE All Share	£3,000	£1,000	£4,000	£4,127	£135,068	4.1%
M&G Global	£2,500	-	£2,500	£2,450	£78,126	3.1%

Fund	Initial Invested £000	Amount Added £000	Total Invested 31/3/16 £000	Market Value 31/3/16 £000	Dividend Income £	Income Yield %
Dividend Fund: Aims to deliver income yield above market average and aims to grow distributions over the long-term.						
CCLA Local Authorities Property Fund: Aims to provide long-term capital and income return. The fund must pay out the income it generates.	£2,000	£1,000	£3,000	£3,015	£112,915	5.0%
All Funds	£10,000	£2,000	£12,000	£11,818	£509,352	4.84%

7.16. At the end of the year the Pooled Funds had an overall market valuation of £11.818 million which represents a net unrealised loss of £182,000. This comprised two funds with a total positive market valuation of +£142,000 and two with a total negative market valuation of -£324,000. Market valuations will fluctuate in response to changing market conditions and may vary between funds as each fund operates to its own stated objectives.

8. Credit Developments and Credit Risk Management

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

8.2. The transposition of two European Union Directives into UK legislation placed the burden of rescuing failing EU banks disproportionately onto unsecured institutional investors which include local authorities. During the year, all three credit rating agencies reviewed their ratings to reflect the loss of government support for most financial institutions and the potential for loss given default as a result of new bail-in

regimes. Despite reductions in government support many institutions saw upgrades due to an improvement in their underlying strength and an assessment that the level of loss given default is low.

- 8.3. In July, the Council's treasury management advisors, Arlingclose, advised an extension of recommended durations for unsecured investments in certain UK and European institutions following improvements in the global economic situation and the receding threat of another Eurozone crisis. A similar extension was advised for some non-rated UK building societies and non-European banks in September.
- 8.4. In December the Bank of England released the results of its latest stress tests on the seven largest UK banks and building societies which showed that the Royal Bank of Scotland and Standard Chartered Bank were the weakest performers. However, the regulator did not require either bank to submit revised capital plans, since both firms had already improved their ratios over the year.
- 8.5. The first quarter of 2016 was characterised by financial market volatility and weakening outlook for global economic growth. In March 2016, following publication of many banks' full-year results, Arlingclose advised the suspension of Deutsche Bank and Standard Chartered Bank from the counterparty list for unsecured investments. This change did not affect the Deutsche Sterling Money Market Fund which is ring-fenced from the parent Bank.
- 8.6. The end of bank bail-outs, the introduction of bail-ins, and the preference being given to depositors other than local authorities means that the risk of making unsecured deposits continues to be elevated relative to other investment options. The Council has therefore continued to favour diversified alternatives such as Money Market Funds and other Pooled Funds over unsecured bank and building society deposits.
- 8.7. The Council's counterparty credit quality has remained fairly consistent as demonstrated by the Credit Score Analysis² summarised below.

Quarter Ending	Value Weighted Average Credit Rating	Time Weighted Average Credit Rating	Average life of portfolio (days)
31/03/2015	A+	A	17
30/06/2015	A+	A	23
30/09/2015	A+	A+	68
31/12/2015	A+	A	39
31/03/2016	A+	A	80

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

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

² Excludes Pooled Funds which are not credit rated.

9. **Treasury Management Advisors**

- 9.1 The Council has continued to employ Arlingclose as treasury management advisors. Regular communications and updates on related matters have been received by officers during the year and a strategy meeting held involving Members.

Appendix A - Economic and Market Commentary

Growth, Inflation, Employment: The UK economy slowed in 2015 with GDP growth falling to 2.3% from a robust 3.0% the year before. CPI inflation hovered around 0.0% through 2015 with deflationary spells in April, September and October. The prolonged spell of low inflation was attributed to the continued collapse in the price of oil from \$67 a barrel in May 2015 to just under \$28 a barrel in January 2016, the appreciation of sterling since 2013 pushing down import prices and weaker than anticipated wage growth resulting in subdued unit labour costs. CPI picked up to 0.3% year/year in February, but this was still well below the Bank of England's 2% inflation target. The labour market continued to improve through 2015 and in Q1 2016, the latest figures (Jan 2016) showing the employment rate at 74.1% (the highest rate since comparable records began in 1971) and the unemployment rate at a 12 year low of 5.1%. Wage growth has however remained modest at around 2.2% excluding bonuses, but after a long period of negative real wage growth (i.e. after inflation) real earnings were positive and growing at their fastest rate in eight years, boosting consumers' spending power.

Global influences: The slowdown in the Chinese economy became the largest threat to the South East Asian region, particularly on economies with a large trade dependency on China and also to prospects for global growth as a whole. The effect of the Chinese authorities' intervention in their currency and equity markets was temporary and led to high market volatility as a consequence. There were falls in prices of equities and risky assets and a widening in corporate credit spreads. As the global economy entered 2016 there was high uncertainty about growth, the outcome of the US presidential election and the consequences of June's referendum on whether the UK is to remain in the EU. Between February and March 2016 sterling had depreciated by around 3%, a significant proportion of the decline reflecting the uncertainty surrounding the referendum result.

UK Monetary Policy: The Bank of England's MPC (Monetary Policy Committee) made no change to policy, maintaining the Bank Rate at 0.5% (in March it entered its eighth year at 0.5%) and asset purchases (Quantitative Easing) at £375bn. In its *Inflation Reports* and monthly monetary policy meeting minutes, the Bank was at pains to stress and reiterate that when interest rates do begin to rise they were expected to do so more gradually and to a lower level than in recent cycles.

Improvement in household spending, business fixed investment, a strong housing sector and solid employment gains in the US allowed the Federal Reserve to raise rates in December 2015 for the first time in nine years to take the new Federal funds range to 0.25%-0.50%. Despite signalling four further rate hikes in 2016, the Fed chose not to increase rates further in Q1 and markets pared back expectations to no more than two further hikes this year.

However central bankers in the Eurozone, Switzerland, Sweden and Japan were forced to take policy rates into negative territory. The European Central Bank also announced a range of measures to inject sustained economic recovery and boost domestic inflation which included an increase in asset purchases (Quantitative Easing).

Market reaction: From June 2015 gilt yields were driven lower by the a weakening in Chinese growth, the knock-on effects of the fall in its stock market, the continuing fall in the price of oil and commodities and acceptance of diminishing effectiveness of central bankers' unconventional policy actions. Added to this was the heightened uncertainty surrounding the outcome of the UK referendum on its continued membership of the EU as well as the US presidential elections which culminated in significant volatility in equities and corporate bond yields.

10-year gilt yields moved from 1.58% on 31/03/2015 to a high of 2.19% in June before falling back and ending the financial year at 1.42%. The pattern for 20-year gilts was similar, the yield rose from 2.15% in March 2015 to a high of 2.71% in June before falling back to 2.14% in March 2016. The FTSE All Share Index fell 7.3% from 3664 to 3395 and the MSCI World Index fell 5.3% from 1741 to 1648 over the 12 months to 31 March 2016.

Money Market Data

Table: Bank Rate, Money Market Rates

Date	Bank Rate	O/N LIBID	7-day LIBID	1-month LIBID	3-month LIBID	6-month LIBID	12-month LIBID
01/04/2015	0.50	0.35	0.46	0.43	0.51	0.76	0.97
30/04/2015	0.50	0.35	0.48	0.43	0.52	0.74	0.98
31/05/2015	0.50	0.43	0.50	0.43	0.52	0.75	0.98
30/06/2015	0.50	0.35	0.45	0.43	0.52	0.79	0.99
31/07/2015	0.50	0.32	0.43	0.43	0.53	0.79	1.01
31/08/2015	0.50	0.42	0.40	0.43	0.54	0.82	1.02
30/09/2015	0.50	0.37	0.41	0.43	0.54	0.74	1.00
31/10/2015	0.50	0.36	0.41	0.43	0.54	0.77	1.00
30/11/2015	0.50	0.30	0.42	0.43	0.54	0.88	1.00
31/12/2015	0.50	0.43	0.35	0.43	0.54	0.76	1.01
31/01/2016	0.50	0.43	0.42	0.43	0.54	0.71	0.99
29/02/2016	0.50	0.25	0.43	0.43	0.54	0.73	0.99
31/03/2016	0.50	0.30	0.44	0.52	0.62	0.71	0.93
Average	0.50	0.38	0.45	0.43	0.54	0.76	0.99
Maximum	0.50	0.48	0.58	0.57	0.66	0.92	1.02
Minimum	0.50	0.17	0.35	0.43	0.51	0.55	0.84
Spread	--	0.31	0.23	0.14	0.15	0.37	0.18

Adoption of Fixed Penalty Notices for Fly-Tipping		Agenda No:9a
Portfolio	Environment and Place	
Corporate Outcome:	A sustainable environment and a great place to live, work and play.	
Report presented by:	Councillor Wendy Schmitt, Deputy Leader of the Council and Cabinet Member for Environment and Place	
Report prepared by:	Paul Partridge, Head of Operations	
Background Papers:	Public Report	
The Environmental Protection Act 1990 The Unauthorised Deposit of Waste (Fixed Penalties) Regulations 2016 Braintree District Council's Enforcement Policy 2011	Key Decision: No	
Executive Summary:		
<p>On 9 May 2016 new regulations came into force under Section 33 of the Environmental Protection Act 1990 that enables local authorities to issue Fixed Penalty Notices (FPNs) for small-scale fly-tipping (up to a small van-load). This will provide an additional deterrent to fly-tipping and ensure that small-scale incidents are dealt with more quickly and at a lower cost to the Council.</p> <p>For the most serious of cases or where repeat offences have been committed, local authorities will continue to have the option of prosecuting an individual or business, with penalties ranging from a fine not exceeding £50,000 and/or a year's imprisonment if convicted by a Magistrates Court or an unlimited fine and/or up to 5 years' imprisonment if convicted by the Crown Court.</p> <p>The new legislation - The Unauthorised Deposit of Waste (Fixed Penalties) Regulations 2016 - allows for local authorities to set what they consider to be an appropriate level of penalty, which must not be less than £150 or more than £400. A reduced fee of not less than £120 may also be considered if the penalty is paid within 10 days of the date of issue. Otherwise, the default penalty set out in the Regulations is £200 reduced to £120 for early payment.</p> <p>Based on FPNs that are already being issued by the Council for lesser offences, it is proposed that Cabinet agrees the maximum penalty of £400 for each offence, discounted to £300 if paid within 10 days.</p>		
Recommended Decision:		
Cabinet is RECOMMENDED to:		

- (1) Adopt the new powers available to local authorities to deal with small-scale fly-tipping; and
- (2) Set the level of FPN for small-scale fly-tipping in the Braintree District at £400 reduced to £300 if paid within 10 days of issue.

Purpose of Decision:

To enable the Council to implement new powers for issuing Fixed Penalty Notices for small-scale fly-tipping as an alternative to prosecution.

Any Corporate implications in relation to the following should be explained in detail.	
Financial:	<p>Potential income of £3-5k p.a. based on current trends of fly-tipping where it is possible to identify the source.</p> <p>There will also be a saving in officer time and court costs, although this is difficult to quantify.</p>
Legal:	The relevant legislation and legal implications are set out in the body of this report.
Safeguarding:	Not applicable.
Equalities/Diversity:	No negative equality impacts have been identified should the recommendations of this report be agreed by Cabinet.
Customer Impact:	<p>A cleaner environment for residents and visitors.</p> <p>Satisfaction in knowing that offenders have been penalised for their anti-social behaviour.</p>
Environment and Climate Change:	The new legislation provides for a prompt and effective deterrent to small scale fly-tipping, helping to maintain a clean environment.
Consultation/Community Engagement:	<p>A Government consultation on proposals to enhance measures to tackle waste crime was undertaken between 26 February and 6 May 2015. The responses indicated support for the use of fixed penalty notices for small-scale fly-tipping, with prosecutions for more serious cases.</p> <p>To introduction of the new FPN powers will be advertised through news releases, social and web media and included in any fly-tipping campaigns.</p>
Risks:	Failure to adopt the new powers will result in the Council continuing to prosecute fly-tippers which is time-consuming and costly, with no guarantee of a successful outcome.
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1. Purpose

To inform Cabinet of new legislation that has been introduced to help control fly-tipping and determine an appropriate level of penalty for small-scale offences in the Braintree District within the parameters set out in the legislation.

2. Background

The unauthorised depositing of waste - commonly known as fly-tipping - is an offence under Section 33 (1) (a) of the Environmental Protection Act 1990 and can result in a fine and/or imprisonment on conviction by a court.

On 9 May 2016, new legislation was introduced under The Unauthorised Deposit of Waste (Fixed Penalties) Regulations 2016 which allows local authorities to issue Fixed Penalty Notices (FPNs) for small-scale fly-tipping as an alternative to prosecution. 'Small scale' would be anything up to a small van load e.g. a Ford Transit Connect, Nissan NV200 or RAM Promaster.

For the most serious of cases or where repeat offences have been committed, local authorities still have the option of prosecuting an individual or business. This carries a penalty not exceeding £50,000 and/or 12 months' imprisonment on conviction by a Magistrates Court and an unlimited fine and/or up to 5 years' imprisonment if convicted by the Crown Court.

For individual fly tipping offences, the decision to issue an FPN or take an alternative form of action will continue to be determined with reference to the Council's Enforcement Policy.

3. Key Issue for Consideration

The new Regulations allow local authorities to determine what they consider to be an appropriate penalty, but this must not be less than £150 or more than £400. A reduced fee of not less than £120 may also be considered if the penalty is paid within 10 days of the date of issue. If local authorities choose not to set an amount, the default penalty set out in the Regulations is £200 discounted to £120 for early payment.

Failure to pay the fixed penalty renders the offender liable for prosecution for the original fly-tipping offence.

4. Proposal

Currently, the Council issues FPNs of £300 to unauthorised waste carriers and businesses failing to provide Duty of Care Waste Transfer Notes.

Given that fly-tipping is arguably a more serious offence, it is proposed that the FPN should be set at the maximum amount of £400, reduced to £300 if paid within 10 days of issue.

5. Financial Implications

The ability to issue FPNs for fly-tipping will enable the Council to partly offset the cost of enforcement and clearance of waste, although this does of course depend on whether or not the perpetrator can be identified (which is often not the case).

In 2015, the Council took 7 prosecutions for what would be considered 'small-scale' fly-tipping. In addition, a further 7 incidents were dealt with by the issue of formal cautions, written warnings or £75 FPNs for littering.

The cost of taking court actions is high and very time consuming and even if prosecutions are successful, the Council does not always recover the full costs. Had FPNs been issued under the new powers for these 14 incidents, this would not only have saved time, but also generated income of up to £5,600 based on the maximum penalty allowed.

Clearly the new legislation is not about generating income, but it does offer a more cost effective alternative to prosecution and helps to recover some of the cost of removing these small fly-tips.

6. Legal Implications

The legal implications are set out in the body of the report.

7. Environmental Implications

Fly-tipping is not only unsightly, but may also be hazardous, and can have a detrimental impact on areas where it is prevalent. The new powers should provide an effective deterrent to this type of anti-social behaviour, enabling local authorities to take a much faster and more direct approach to ensuring that perpetrators, where identified, are held to account where an offence is committed.

8. Recommendation

Members are **RECOMMENDED** to adopt the new powers available to local authorities and approve the proposed level of FPN within the Braintree District for small-scale fly-tipping at £400 discounted to £300 if paid within 10 days of issue, as provided for under The Unauthorised Deposit of Waste (Fixed Penalties) Regulations 2016.

Cabinet Member Decisions made under delegated powers		Agenda No: 10
Portfolio		See body of report
Corporate Outcome:		
Report presented by:		Not applicable – report for noting
Report prepared by:		Emma Wisbey, Governance and Member Manager
Background Papers:		Public Report
Cabinet Decisions made by individual Cabinet Members under delegated powers.		Key Decision: No
Executive Summary:		
All delegated decisions taken by individual Cabinet Members are required to be published and listed for information on next Cabinet Agenda following the decision.		
Since the last Cabinet meeting the following delegated decisions have been taken (details as at time of decision):		
Councillor John McKee – Cabinet Member for Corporate Services and Asset Management.		
Decision taken on 1st June 2016.		
That the Council purchases the freehold interest in recreational land to the east of Courtauld Road, Braintree at a purchase price of £1 and simultaneously complete a surrender of the unexpired term of a lease granted to Braintree College (now vested in Colchester Institute) for offices at 1 Freebournes Court, Witham.		
Councillor Joanne Beavis - Cabinet Member for Health and Communities		
Decision taken on 14th July 2016*		
To agree a set price for the booking of the Town Hall Centre meeting rooms for the internal departments of Braintree Council with a rate of discount set at 20% off the current 2016/17 pricelist agreed by Cabinet on 4 th February 2016.		
*This decision was made under the delegated powers prior to the changes to the Leader of the Council's changes to the Cabinet.		
Cabinet Decisions made by individual Cabinet Members under delegated decisions can be viewed on the Council's website .		

Recommended Decision:

For Cabinet to note the delegated decisions.

Purpose of Decision:

The reasons for decision can be found in the individual delegated decision.

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

Financial:	None arising out of this report.
Legal:	None arising out of this report.
Safeguarding:	None arising out of this report.
Equalities/Diversity:	None arising out of this report.
Customer Impact:	None arising out of this report.
Environment and Climate Change:	None arising out of this report.
Consultation/Community Engagement:	None arising out of this report.
Risks:	None arising out of this report.
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