

CABINET AGENDA

Monday 23rd November 2020 at 7:15pm

In accordance with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020, this meeting will be held via Zoom and by the Council's YouTube channel – Braintree District Council Committees.

Members of the public will be able to view and listen to this meeting via YouTube.

To access the meeting please use the link below:

<http://www.braintree.gov.uk/youtube>

Members of the Cabinet are requested to attend this meeting to transact the business set out in the Agenda.

Overall Vision and Strategic Direction	Councillor G Butland (Leader of the Council)
Economic Development and Infrastructure	Councillor T Cunningham (Deputy Leader of the Council)
Communities, Culture and Tourism	Councillor F Ricci
Corporate Transformation	Councillor J McKee
Environment and Place	Councillor Mrs W Schmitt
Finance and Performance Management	Councillor D Bebb
Health and Wellbeing	Councillor P Tattersley
Homes	Councillor K Bowers
Planning	Councillor Mrs G Spray

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

A WRIGHT
Chief Executive

INFORMATION FOR MEMBER – DECLARATIONS OF MEMBERS' INTERESTS

Declaration of Disclosable Pecuniary Interests (DPI), Other Pecuniary Interests (OPI) or Non-Pecuniary Interests (NPI).

Any Member with a DPI, OPI or NPI 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 DPI or OPI 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.

Public Question Time – Registration and Speaking:

In response to the Coronavirus the Council has implemented procedures for Public Question Time for its virtual meetings which are hosted via Zoom.

The Agenda allows for a period of up to 30 minutes for Public Question Time.

Participation will be via the submission of a written question or statement which will be read out by an Officer or the Registered Speaker during the meeting. All written questions or statements should be concise and should be able to be read **within 3 minutes** allotted for each question/statement.

Members of the public wishing to participate are requested to register by contacting the Governance and Members Team on 01376 552525 or email governance@braintree.gov.uk by midday on the working day before the day of the Committee meeting. For example, if the Committee meeting is due to be held on a Tuesday, the registration deadline is midday on Monday, (where there is a bank holiday Monday you will need to register by midday on the previous Friday).

The Council reserves the right to decline any requests to register for Public Question Time if they are received after the registration deadline.

Upon registration members of the public may indicate whether they wish to read their question/statement or to request an Officer to read their question/statement on their behalf during the virtual meeting. Members of the public who wish to read their question/statement will be provided with a link to attend the meeting to participate at the appropriate part of the Agenda.

All registered speakers are required to submit their written questions/statements to the Council by no later than 9am on the day of the meeting by emailing them to governance@braintree.gov.uk. In the event that a registered speaker is unable to connect to the virtual meeting their question/statement will be read by an Officer.

Questions/statements received by the Council will be published on the Council's website. The Council reserves the right to remove any defamatory comment in the submitted questions/statements.

The Chairman of the Committee has discretion to extend the time allocated for public question time and to amend the order in which questions/statements are presented to the Committee.

Documents: Agendas, Reports, Minutes and Public Question Time questions and statements can be accessed via www.braintree.gov.uk

Data Processing: During the meeting the Council will be collecting performance data of participants' connectivity to the meeting. This will be used for reviewing the functionality of Ms Teams/Zoom and YouTube as the Council's platform for virtual meetings and for monitoring compliance with the legal framework for Council meetings. Anonymised performance data may be shared with third parties.

For further information on how the Council processes data, please see the Council's Privacy Policy. https://www.braintree.gov.uk/info/200136/access_to_information/376/privacy_policy

We welcome comments to make our services as efficient and effective as possible. If you have any suggestions regarding the meeting you have attended, you can send these to governance@braintree.gov.uk

PUBLIC SESSION		Page
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 21st October 2020 (copy previously circulated).	
4	Public Question Time (See paragraph above)	
5	FINANCE & PERFORMANCE MANAGEMENT	
5a	Second Quarter Performance Report 2020-21	5 - 42
5b	Medium-Term Financial Strategy 2021-22 to 2024-25	43 - 83
6	CORPORATE TRANSFORMATION	
6a	Award of the Temporary Labour Contract	84 - 89
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6c	Arrangements for development of land at Horizon 120, Great Notley	95 - 101
PRIVATE SESSION		Page

Second Quarter Performance Report 2020/21		Agenda No: 5a
Portfolio	Finance and Performance Management	
Corporate Outcome:	A high performing organisation that delivers excellent and value for money services	
Report presented by:	Councillor D Bebb, Cabinet Member for Finance & Performance Management	
Report prepared by:	Tracey Headford, Business Solutions Manager	
Background Papers:		Public Report
Second Quarter Performance Management Report 2020/21		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 second quarter (July 2020 to September 2020).</p> <p>Like many Councils across the Country, the Council continues to deal with the impact of Coronavirus on our residents, communities and businesses as they start to recover from lockdown. In some instances, this has meant resources on day to day delivery of services are redirected to deal with the challenges we still face and new powers provided to Councils to enforce the restrictions in place.</p> <p>As at the end of September 2020, even though we are dealing with the pandemic, projects are continuing with one project completed and a further 46 projects on track and progressing well. Five projects have an amber status due to impact of the pandemic and one project has been cancelled due to missing the planting season in 2020. This project will now be undertaken in Spring/Summer of 2021.</p> <p>Targets have not been set for all our performance indicators this year due to the disproportionate impact the coronavirus is having. For the targets that remain, seven performance indicators have met or exceed target and seven performance indicators have missed their target. Three have missed target by less than 5% and four missed their target by more than 5%. The areas of underperformance are in relation to recycling rates (>5%), average waiting time for disabled facility grants (>5%), average call answering time in the Customer Service Centre (>5%), the collection rate for Business rates (>5%), the percentage of stage one complaints responded to within 7 working days (<5%), the collection rate for Council Tax (<5%) and the percentage of invoices paid within 30 days (<5%).</p>		
Financial Performance		
<p>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;</p>		

projected movements on the General Fund balance; and a summary of spending to date on capital projects. The following summarises the financial position for the whole year as projected at this quarter (Q2):

- An overall adverse variance before government COVID-19 support is projected of £2.651 million.
- Across all services, staffing budgets are forecast to be underspent by £402,000; however, after allowing for the corporate efficiency target of £300,000, this results in a net projected underspend of £102,000. Other expenditure is projected to be over budget by £584,000.
- Income is projected to be under achieved by £2.169 million.
- The estimated impact of COVID-19 on the Council's finances for the year is £3.255million: £1.079million of additional expenditure and £2.176million reduction in income. The amount of government support received from the Emergency Fund for Local Government and the estimated amount expected from the Income Compensation Scheme is a total of £2.668 million. The net impact of the COVID-19 pandemic on the General Fund revenue account is therefore a £587,000 overspend.
- Other projected budget variances, including the return on the investment in the Suffolk Waste plant, staff vacancies in Finance and Sustainable Development and reduced fuel costs for Operations' services, net to a positive amount of £604,000 resulting in the overall General Fund position being a projected positive variance of £17,000.

Recommended Decision:

Cabinet is asked to note and endorse the Council's performance as at the end of the second quarter, as detailed in the attached 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:	There has been some impact due to the Covid-19 pandemic and the report will include detail of the Council's response. Information is included on how we intend to support residents, communities and businesses moving forward. A summary of complaints received each quarter, analysed by outcome (justified, partially justified or not justified) is provided.
Environment and Climate Change:	The Enhancing our Environment priority has a number of actions that are designed to have a positive impact on the environment and climate change.
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:	Business Solutions Manager
Ext. No.	2442
E-mail:	tracey.headford@braintree.gov.uk

SECOND QUARTER PERFORMANCE MANAGEMENT REPORT

1ST JULY 2020 TO 30TH SEPTEMBER 2020

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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 second quarter in relation to the publication of the 'Annual Plan 2020/21'. This sets out the key activities and measures used to check our performance for the year and along with the Corporate Strategy 2020-2024 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 performance indicators used to measure the outcomes are available upon request.

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

The following table provides updates for the end of the second quarter in relation to the key activities in the 'Annual Plan 2020/21'




Corporate Priorities	Status of projects and actions				
					
Connecting People and Places	0	9	1	0	0
Enhancing our Environment	1	6	1	0	1
Supporting our Communities	0	12	2	0	0
Promoting Prosperity	0	10	0	0	0
Delivering and Innovating	0	9	1	0	0
TOTAL	1	46	5	0	1

KEY:




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

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

The following table shows the performance for the end of the second quarter in relation to the quarterly reported Performance Indicators that have targets set as defined in the 'Annual Plan 2020/21'.

Corporate Priorities	Status of indicators			
				Data Only
Connecting People and Places	2	0	0	1
Enhancing our Environment	3	0	1	0
Supporting our Communities	0	0	1	4
Promoting Prosperity	0	0	0	5
Delivering and Innovating	2	3	2	1
TOTAL	7	3	4	11

KEY:

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

Summary Position

Like many Councils across the Country, the Council continues to deal with the impact of Coronavirus on our residents, communities and businesses as they start to recover from lockdown. In some instances, this has meant resources on day to day delivery of services are redirected to deal with the challenges we still face and new powers provided to Councils to enforce the restrictions in place.

Despite this, the Council has performed well in the second quarter with 46 projects on track and progressing well. Five projects have an amber status due to impact of the pandemic and one project has been cancelled due to missing the planting season in 2020. This project will now be undertaken in Spring/Summer of 2021.

Targets have not been set for all our performance indicators this year due to the disproportionate impact the coronavirus is having. For the targets that remain, seven performance indicators have met or exceed target and seven performance indicators have missed their target. Three have missed target by less than 5% and four missed their target by more than 5%. The areas of underperformance are in relation to recycling rates (>5%), average waiting time for disabled facility grants (>5%), average call answering time in the Customer Service Centre (>5%), the collection rate for Business rates (>5%), the percentage of stage one complaints responded to within 7 working days (<5%), the collection rate for Council Tax (<5%) and the percentage of invoices paid within 30 days (<5%).

We will continue to monitor our performance whilst focusing on the support required in the recovery of our district.


Section 2: Delivering our Corporate Strategy

CONNECTING PEOPLE AND PLACES







Actions carried out by Braintree District Council

Project description and comments	Status
Develop the Braintree District Local Plan and provide a vision for the future growth of the district	
Following the public inspection of the joint plan which centred around the three garden communities, the Inspector recommended some key modifications to Section 1 of the Local Plan. The changes to the draft Local Plan went out to consultation at the end of August for a six week period. The consultation will close on the 9 th October 2020.	▶
Complete the pedestrianisation of Braintree Town Centre improving the attractiveness of the area and creating a safer and healthier environment	
In September 2020, the High Street permanently closed to allow essential construction work to start on the pedestrianisation scheme. Over the next few months, a complete resurfacing of the High Street, Great Square and Market Place will take place along with installing trees, lighting, new modern street furniture, CCTV and Wi-Fi hotspots. The pedestrianisation scheme will help to encourage movement around the town centre, boost footfall and aid the town's recovery from the impact of the coronavirus pandemic.	▶
Progress construction of the Victoria Square development creating a vibrant hub for the Braintree Town centre	
Building work on the regeneration project is now well underway and progressing according to plan having allowed for the 5 week delay caused by the suspension of work during lockdown. Planning conditions have now been discharged allowing above ground construction to progress.	▶
Continue to work on the redevelopment of the entrance of Witham Town Park providing greater accessibility and improved public realm	
Progress on the redevelopment of the entrance of Witham Town Park has been delayed due to the impact of the pandemic. Consultation on the required works took place earlier this year prior to the pandemic and in the second quarter, the council have been able to progress the tender process for the works to resurface the car park and the removal of the foundations of a previous building.	▲
Enable to delivery of 150 affordable homes across the district	
In the second quarter of the year, a total of 82 affordable homes have been delivered across the district	▶
Support our town centres to open for business safely and recover from the impact of the Covid-19 pandemic	

Ongoing support is being provided to businesses in the town centres under our Safer Places working group. Activities to support the safe reopening of high streets and neighbourhood shopping areas across the Braintree district include daily patrols/monitoring of shopping areas, signage to remind shoppers to shop safely, provision of floor and window stickers to businesses reminding residents to keep a safe distance and wear a face covering and updated relevant businesses in respect of changes to legislation.	
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Actions carried out in partnership with others

Project description and comments	Status
Invest in resource and connectivity to support business growth and expansion including the planning and delivery of highway schemes across the district	
There are a number of highway schemes planned across the district and Braintree District Council and Essex County Council meet regularly to discuss delivery of the schemes. The scheme to extend the A120 to the A12 is included in the Governments latest Road Investment Strategy as a pipeline scheme to be taken forward by Highways England with the road scheme being further developed between now and 2025 for subsequent construction. Essex County Council is in the process of handing over to Highways England all work to date on the project. Highways England are continuing to develop designs for the widening of the A12 between junction 19 and junction 25 to ease congestion and cope with increasing traffic demands. A further public consultation will take place in 2021 to get feedback on the more detailed designs for the overall project.	
Continue to support and monitor Superfast Essex in the delivery of Superfast Broadband across the district	
Phase three of the rollout programme is complete and 89% of the district can now access superfast broadband.	
Continue to support NHS England to improve health facilities across the district	
The Council continues to support NHS England to improve health facilities across the district. The regeneration scheme in Braintree Town centre includes provision for a Livewell Hub which is progressing well. The Council continues to explore delivery options for the Surgeries at Sible Hedingham and Silver End and discussions continue with NHS England to obtain commitment from them regarding the Witham Health Hub before proceeding with a planning application.	
Support our residents and businesses to develop the skills needed to support the economy	
<p>The Government issued Plan for Jobs identifies a number of schemes that businesses will be able to access to help with the recovery of the economy. These plans include:</p> <ul style="list-style-type: none"> • introducing a new Job Retention Bonus to encourage firms to keep on furloughed workers • supporting jobs with direct help to find work and to gain the skills people need to get a job • protecting jobs in the hard-hit hospitality and accommodation sectors and at attractions by supporting demand for these businesses, giving them confidence to reopen • creating jobs with action to get the property market moving, to increase and bring forward infrastructure investment, and to make homes greener, warmer and cheaper to heat. <p>Officers within the Councils Economic Development team will continue to inform, signpost and refer to the relevant schemes.</p>	



ENHANCING OUR ENVIRONMENT



Actions carried out by Braintree District Council

Project description and comments	Status
Carry out improvements to our recreational open spaces including the provision of all-inclusive play facilities for young people to enjoy	
Improvements are planned to Albert Moss Recreational Gardens in Rivenhall, Bramble Road in Witham, Braintree and Bocking public gardens in Braintree and Notley Community Hall play area in Notley Green. Site visits have taken place and we are currently awaiting quotations from suppliers for the required improvement works.	▶
Investigate the provision of an eco-friendly woodland alternative to traditional burials at Braintree Cemetery in London Road	
A feasibility study has been carried out which concluded that an eco-friendly woodland alternative to traditional burials is not suitable at Braintree Cemetery. However, the feasibility study has identified that there is additional capacity at the cemetery for traditional burials subject to drainage works being carried out.	✓
Create gardens of remembrance at some of our cemeteries providing peaceful environments for families to visit	
Due to the impact of the pandemic, the project has been unable to progress as the majority of the works need to be carried out during the planting season. It has been decided to delay this project until the next planting season in the Spring/Summer of 2021.	■
Protect further areas of public open space against unauthorised encampments	
Four sites have been identified across the district to install protection measures to public open spaces. Quotations to carry out the works are currently being sought	▶
Respond to requirements from the Environment Bill in relation to waste and resources efficiency whilst supporting our climate change objectives	
There have been no new consultations received in the second quarter.	▶
Research and trial alternative fuel vehicles for some of our front line services	
The vehicle replacement programme has identified vehicles due for replacement next year. To accommodate changing the vehicles to electric vehicles, capital bids are being submitted in the 2021/22 budget to allow for an electric fleet and the required charging points and upgrades to the infrastructure.	▶
Raise awareness of duty of care and fines in relation to litter and waste offences through targeted campaigns	
The 'Tosser' litter campaign was launched in August and has address a number of littering and fly-tipping issues. Parish Councils were provided with posters to display in high littering areas and the fines relating to littering were highlighted though social media campaigns.	▶

Actions carried out in partnership with others

Project description and comments	Status
Trial anti-littering signage along some of our strategic routes across the district to discourage roadside littering.	
<p>The Lockdown earlier in the year meant that the original launch date of the trial to coincide with the Keep Britain Tidy spring clean campaign had to be postponed as traffic levels reduced significantly. Discussions have taken place with Essex County Council to launch the trial in the third quarter to run for a period of 12 months.</p>	
<p>Review and update the Climate Change Local Strategy for the next four years focusing on the areas below to support the delivery of our 2030 targets through the Climate Change Working Group.</p> <ul style="list-style-type: none"> - Resources - Energy Use - Planning and Development - Transport - Council Assets and Operations - Natural Environment - Adapting to climate change 	
<p>The Council continues to work on the revised Climate Change Strategy and action plan which is due to go to Cabinet in the fourth quarter before being published for public consultation. The Climate Change working group continue to meet regarding the priority areas identified.</p> <p>Resources - A number of campaigns have been implemented to encourage residents to reduce their carbon footprint. This includes videos shared on social media from Council staff, climate change champions and local businesses sharing their thoughts on plastic, climate change, litter and sharing innovative ideas to engage with the younger demographics in the climate change debate.</p> <p>Energy Use – Discussions are taking place with Greater South East Energy Hub to identify projects to support the delivery of our targets and to signpost communities to grant funding opportunities for energy projects.</p> <p>Planning and Development – The Council have commissioned a water cycle study to look into our water supply for housing developments.</p> <p>Transport – The Braintree cycle plan is being updated and a cycling group has been set up to take forward the cycling and walking agenda. A bid has been submitted to the Office for Low Emission Vehicles for electric vehicle charging points in Braintree car parks.</p> <p>Council Assets and Operations – a vehicle replacement programme has been commissioned to fully explore the purchasing of electric vehicles and a capital bid has been submitted to install rapid charging posts and slow chargers. The grounds maintenance teams continue to trial battery operated equipment.</p> <p>Natural Environment – The Council are developing a Tree Strategy to set out how the council will protect and improve trees and woodlands and we continue to support the Essex Forest Initiative run by Essex County Council to plant one million trees across Essex.</p> <p>Adapting to climate change – The council is considering how it can encourage residents and communities to adopt measures to change habits.</p>	

SUPPORTING OUR COMMUNITIES











Actions carried out by Braintree District Council

Project description and comments	Status
Improve the sport facilities at Braintree Sports and Leisure Centre, creating high quality amenities for the community to use	
The planned improvements to replace the 3G surface and refurbish the athletics track surface at Braintree Sports and Leisure Centre have been delayed and are currently on hold due the impact of the Coronavirus pandemic.	
Provide a new footpath and resurface the rear of Rivenhall village hall to improve accessibility to a much used community building	
The design plans for the provision of a footpath have been circulated and are awaiting approval from the Rivenhall Playing Fields Association and the Rivenhall Parish Council	
Upgrade the CCTV in Halstead and Braintree using new technology to improve the effectiveness of the systems	
Quotations are currently being sought from BT to upgrade the CCTV cameras in Halstead to fibre optic.	
One camera in the town centre of Braintree has been replaced. Further upgrades will be carried out following completion of the pedestrianisation work which includes providing for the CCTV upgrade to ensure no further ground works are required.	
Commence development of the 3G pitch at Halstead Leisure Centre	
There has been a delay in the legal sign off of the leases with Essex County Council and Fusion due to Fusion staff being furloughed. Planning Permission has been granted and funding agreed for the project and once the leases have been signed, the work will start.	

Actions carried out in partnership with others

Project description and comments	Status
Continue with Livewell Child initiatives to support families to live healthier lives and become more active	
During the lockdown period and the summer holidays, the team have looked into new ways of engaging with Primary schools safely and to deal with emerging issues that reflect the current situation. They will be engaging with the 'Embers the Dragon' programme which provides support to teachers, parents and children on school readiness and emotional wellbeing. In addition to this, the Council are looking to work with a personal trainer to provide information on healthy recipes and exercise videos through the provision of an app.	


Improve awareness of mental health services, identifying gaps in service provision and potential opportunities for partnership working	
Discussions have taken place with partners to discuss the impact of the coronavirus pandemic on people's emotional wellbeing and what can be done collectively moving forward. A Mental Health Workshop will be held in October to allow organisations to provide an update on how the pandemic has impacted the service they provide and to discuss future priorities.	
Work with communities to influence the planning of the area in which they live through the development of local neighbourhood plans	
There are a number of local neighbourhood plans proceeding at various stages with support from the Rural Community Council for Essex (RCCE) and officers within the planning policy team. The Coggeshall Neighbourhood Plan has been sent to an examiner for its Inspection and the Saling Neighbourhood Plan is currently out for final consultation and an examiner will be appointed shortly.	
Reduce the number of rough sleepers across the district by developing a range of support services	
Our bid for 'Next Steps' funding, working jointly with ECC, Chelmsford CC, Epping DC, Rochford DC and Maldon DC was successful. MHCLG awarded £300,000 and the group is now planning the implementation of the project	
Continue to develop a range of initiatives to address social isolation and loneliness across the district	
The Peartree pantry in Hatfield Peverel has come on board as a Meet Up Monday venue taking the number of Meet Up groups to eight. A befriending service was set up during lockdown and the service continue to signpost people to this as some of the social activities and support groups that people would normally be referred to are not open. Discussions are taking place with some of the social prescribers in the district to understand the issues they are seeing.	
Continue to work with Community 360 to support volunteers across the district harnessing the energy of new volunteers	
In the first half of the year, Community 360 have recruited an additional 138 volunteers and we continue to signpost volunteers that assisted in their communities during lockdown to Community 369 if they are keen to continue volunteering moving forward.	
Provide support and assistance to the most vulnerable people across our district in response to Covid-19 through the Community Hub	
A community hub was established at the beginning of lockdown to deal with residents within the district that were shielding and required support and assistance. To date, the team have dealt with 350 referrals for food or prescription collections, mental health issues or befriending calls. In addition to this, over 2000 people were contacted who were deemed extremely clinically vulnerable to ascertain whether they required any support. The role of the community transport team changed to deal with collecting and delivering shopping, prescriptions, food parcels and transporting people to medical appointments. Despite shielding ending in August, the team continue to deal with referrals from the Priority Me system and preparations are being made should further lockdown restrictions be put in place.	
Support our communities and local organisations to respond to issues that have emerged from the Covid-19 pandemic increasing long term strength and resilience	
Funding has been received from DEFRA for emergency assistance for food and essential supplies. This funding has been allocated to 8 groups including First Stop, Witham Community Hub and Rethink Braintree to support those most in need A Community Recovery Action Plan has been developed with four priority areas: People, Places, Communities and Health & Wellbeing. The action plan has been shared with our Health & Wellbeing partners who have contributed and provided feedback to the plan.	
The Councillor Community Grant scheme was reviewed and re-launched in June to focus the Councillor Community Grants on supporting communities through the recovery of the pandemic. To date £26,979 of the annual budget has been spent with six of the projects being Covid related.	

PROMOTING PROSPERITY






Actions carried out by Braintree District Council

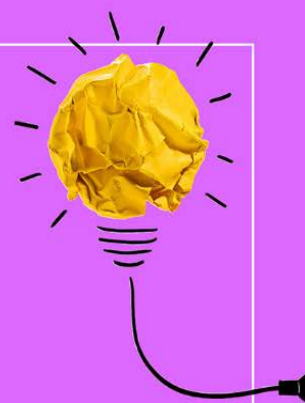
Project description and comments	Status
Commence construction of the Horizon 120 Business and Innovation Park	
Work has started on the southern access to provide vehicle access, to the Gridserve site by the required date of 19th October. The contract for delivery of infrastructure has now been let to Balfour Beatty with a programme completion date of April 2021. Contracts have been exchanged on the first land sale of a 4.4 acre site which will bring 80 plus jobs into the District.	▶
Commence the build of the I-Construct Innovation in Construction Hub at the Braintree Enterprise Centre	
The Council is currently in the process of discharging pre-commencement conditions and work will start on site in the third quarter.	▶
Carry out restoration works to the Bocking Windmill to preserve the building for future generations to enjoy	
Works to replace one of the sails on Bocking windmill continue and an order has been submitted. Applications for Listed building consent and a heritage statement are being prepared to submit to the planning team for the restoration works to be carried out.	▶
Raise the profile of the Braintree District as a place to do business	
Promotion of the district as a place to visit and do business continues through the use of social media channels by promoting the Eat out to Help out scheme throughout August including videos of places offering the scheme which had a high number of views as well as promoting and supporting the Visit Britain 'Escape the Everyday' campaign. New businesses opening up in the district were promoted through the visit Braintree District facebook page.	▶
Provide business and employment support and advice for those affected by the Covid-19 pandemic	
Support has been provided to businesses and individuals through either the business newsletter, closed Facebook page, over the phone or through the daily patrols of the Town centres and interactions with businesses. Information provided to businesses includes links to the Government support packages, self-employment income support scheme, Loans as well as signposting to support organisations.	▶
Minimise the barriers to economic growth and support the needs of businesses to start up, innovate and grow.	
The Council continues to provide support to businesses and to signpost those looking to start or to grow schemes to advice and support that will aid their business. This includes the young entrepreneur grant scheme and working with colleagues in strategic investment	▶

on the provision of new space at I-Construct and the Horizon 120 hub	
Continue to work with businesses to make physical improvements to industrial areas in the district	
500 businesses across the district have been identified as potentially meeting the criteria for a match funding scheme to improve the exterior of industrial units. Letters will be sent out in the third quarter inviting them to apply.	

Actions carried out in partnership with others

Project description and comments	Status
Help to strengthen economic recovery across the district working towards the shared vision in the North Essex Economic Strategy	
The Economic Board continues to meet regularly and a number of workshops have been scheduled to consider what actions in response to the pandemic can be undertaken across north Essex. Chelmsford City Council have also been invited to join the partnership and Maldon District Council are taking a watching role.	
Identify education and retraining programmes and actively promote these enabling access new work opportunities	
Essex County Council have agreed to facilitate the Governments Kickstart scheme to provide funding to employers to create job placements for 16 to 24 year olds and we will be encouraging as many businesses as possible to take advantage of this. In the meantime, the Education and Skills Board have met and changes are being proposed to the focus of the group around activities to deal with the response to the pandemic in the medium term.	
Maximise opportunities for businesses in the district to access grant funding	
The discretionary grant scheme was launched in the second quarter for businesses to apply for. Where businesses did not meet the eligibility criteria for any of the grant schemes, referrals have been made to our partners to explore alternate routes to business support. To date, the Council has paid out £30.9 million in business grants either through the small business grant, retail grants or discretionary grant scheme	

DELIVERING AND INNOVATING







Actions carried out by Braintree District Council

Project description and comments	Status
Address the challenges of reduced income from Government funding and as a result of Covid-19, by working collectively across the organisation to reduce costs and improve services without impacting on service delivery by being efficient, effective and commercially focussed.	
The Government is providing specific support to local authorities which have lost income from sales, fees and charges. This compensation scheme provides for a proportion of the income lost to be reimbursed by the Government. The Council has submitted a claim for £411k for the losses incurred between April and July. Further claims will be submitted in December and April 2021. Further detail of the estimated impact on the Council's income streams is contained in the Financial Performance section of this report.	▶
Address the challenges and recognise the opportunities of the changing work environment as a result of Covid-19 for the whole organisation including steering staff and members through the recovery journey	
The Council is developing a structured programme to consider how we move through the recovery journey. This will focus on the financial impact, how staff have adapted to the change and understanding the impact on service demand and the way services are delivered. Meetings have taken place with Heads of Service across the organisation and a survey sent to all staff to identify opportunities.	▶
Upgrade our website to comply with the web accessibility regulations enabling residents, visitors and businesses to transact with us easily	
An Accessibility Policy has been developed together with a Content Strategy and the Council continues to work on the development of the content on our website to ensure it meets accessibility standards.	▶
Review our Asset Management Strategy to ensure Council assets are fit for purpose, managed effectively and provide a valuable income stream for the Council	
A draft Asset Management Strategy has been prepared and circulated to Management Board for their consideration and comments. The Strategy will also be presented to members at a later date.	▶
Use customer information and feedback to improve services ensuring they remain customer friendly whilst working towards retaining the customer service excellence standard for the authority	
The Customer Service Excellence Assessment is scheduled to take place in April 2021. Evidence to support the assessment is being collated and discussions are taking place with the assessor to understand any additional areas of focus for the assessment	▶
Continue to develop relationships with Town and Parish Councils	
Regular meetings are taking place with each of the Town Council Clerks and Senior	▶








officers from the Council. Three meetings have been held with Parish Clerks to discuss local issues relating to Covid support and any other issues at the request of the Parish Council. Weekly newsletters to Town and Parish Councils provide updates on any key issues.	
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Actions carried out in partnership with others








Project description and comments	Status
Consider and determine the future approach of our leisure services	
The Council has supported Fusion in the phased reopening the Leisure Centres across the district following the closures in March to slow the spread of Covid. A report was presented at a special meeting of Cabinet in July to approve the financial support required for remobilisation costs between August 2020 and March 2021.	
Look to develop health priorities in various localities within the district in partnership with the newly formed NHS Primary Care Networks	
This project has been impacted by the pandemic and the changing priorities of the NHS Primary Care Networks to deal with the crisis. It is hoped that talks can resume in the third quarter of the year to get this project back on track.	
Continue to improve health and wellbeing across the district through our work with Health and Wellbeing partners	
Partners including Essex Police, Eastlight, Mid Essex Clinical Commissioning Group, Essex County Council, Public Health and Community360 have been meeting on a regular basis during lockdown to share their organisations response to the pandemic and to discuss joint working relating to the community hub, test and trace and licensing. A Health & Wellbeing operational group has been established to assist in the delivery of the community recovery action plan. The group includes Eastlight Community Homes, Community360, Mid Essex Clinical Commissioning Group, Essex County Council and Public Health and will concentrate on the four priority areas within the plan: Communities, People, Places and Health & Wellbeing. A mental health workshop has been held to discuss the impact Covid19 has had on emotional health and wellbeing and mental health. Organisations provided updates as to how services have continued, alterations to services and innovative ways those living with mental health have managed during this time. Funding has been given to 7 schools across the district to provide projects to pupils whose emotional health and wellbeing has been impacted upon by Covid19. These include art groups and gardening projects.	
Continue to protect local communities and tackle priority problems with the Community Safety Partnership	
The Community Hub meetings continue to take place on a monthly basis focussing predominantly on ASB/neighbour nuisance cases which has seen an increase in the last six months. There has also been an identified increase in the number of exploitation cases and the partnership are discussing how to address this. An action plan for 2020/21 has been developed and agreed	

Section 3: Managing the Business

Our Performance Indicators in Detail

Performance Indicator	2020/21						Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	
CONNECTING PEOPLE AND PLACES							
Number of affordable homes delivered	0	82			37		
Percentage of superfast broadband coverage across the district	89%	89%			n/a	n/a	
Number of homes granted planning permission	288	395			212		
ENHANCING OUR ENVIRONMENT							
Percentage of household waste sent for reuse, recycling and composting	46.93%	53.08%			60%		<i>In the second quarter the recycling performance is 6.13 % higher than the previous quarter. In the first quarter, the garden waste service was suspended due to the restrictions imposed during lockdown. A partial service was re-introduced in May before full service commenced in July. The increase in tonnage in the second quarter is also due to the fact that the Districts residents are continuing to work from home as a result of the pandemic and households are generating more residual and recyclable waste. Nationally 8 out of 10 councils have reported an increase in the amount of material collected since the covid-19 outbreak.</i>
Kilograms of residual household waste collected per household	118kgs	116kgs			117kgs		
Percentage of land that falls below cleanliness standards for litter	n/a	1%			6%		<i>Recorded three times a year – July, November and March.</i>
Number and percentage of accessible non-hazardous fly tips on public land cleared within 24 hours of being reported	100% (282)	100% (202)			100%		
Number of residents assisted in installing energy saving measures	Annually reported						
SUPPORTING OUR COMMUNITIES							
Average waiting time for applicants on the Disabled Facilities Grant (calculated in	86 days	149 days			90 days		<i>During lockdown, the restrictions prevented properties being visited to assess the works required and impacted on builders being able to quote for the</i>

Performance Indicator	2020/21						Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	
days from point of referral to approval)							required works. This has had a knock on effect to the outturn in the second quarter due to the delays caused in not being able to visit the premises and the ability to approve the works required. The situation is improving but it will take some time to get back to how things were prior to lockdown.
Participation levels across all our sports centres	0	44,894			n/a	n/a	All leisure centres across the district were closed during the pandemic. A phased approach in line with the Governments and Sport's National Governing body guidance was taken to re-opening the leisure centres and the figures reflect the participation levels since phase re-opening started in August/September. The figures will also be impacted by the measures taken to ensure social distancing is adhered to and air flow guidance is followed. The targets have been suspended for this year due to the pandemic.
Participation of adults being active for 150 minutes per week	Annually reported						
Number of customers using out Handyman scheme	8	30			n/a	n/a	The Handyman service for any internal requests was suspended during the lockdown period
Number of homelessness cases prevented	37	57			n/a	n/a	
Number of vulnerable people assisted through Essex Welfare Services and the Community Hub	323	27			n/a	n/a	The Community Hub was active up until shielding was paused on the 1 st August. Customers now contact the customer services team for assistance. Details of additional activities undertaken by the Community Hub can be found earlier in the report.
Achieve at least a 1% increase in adults being active for 150 minutes per week	Annually reported						
PROMOTING PROSPERITY							
Percentage of people in the district claiming out of work benefits rate (aged 16 – 64)	5.0%	5.5%			n/a	n/a	
Number of new business start-ups across the district	205	352			n/a	n/a	
Number of businesses that have contacted us for business support	699	364			n/a	n/a	
Number of business grants processed	2,443	70			n/a	n/a	
Amount of business grants paid out	£11.1 million	£2.1 million			n/a	n/a	

Performance Indicator	2020/21						Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	
DELIVERING AND INNOVATING							
Average call answer time in the Customer Service Centre	19 seconds	34 seconds			15 seconds		In the second quarter, 30,584 calls were handled, an increase of 13% on the first quarter. The customer service centre take bookings for bulky waste and pest control which saw an increase in demand over the summer months and these calls take longer to process than normal calls. The bulky waste collection service was reintroduced across the district in July and increased from 3 days to 5 days a week to deal with the high demand. Additional resources allocated to the team during lockdown were moved to cover reception when the offices reopened in September. The call answering time is expected to reduce over time.
Percentage of invoices paid within 30 days of receipt	98.05%	96.86%			99.25%		In the second quarter, 2,489 out of 2,569 invoices were processed within 30 days of receipt. Processes have been amended due to more staff working from home and the Finance Team are currently looking at a new system to help streamline the process.
Number of people transacting with us online	21,330	27,849			n/a	n/a	
Time taken to process housing benefit/council tax benefit new claims	12.38 days	15.19 days			22 days		
Time taken to process housing benefit claim changes	3.73 days	3.94 days			6 days		
Percentage of Stage 1 complaints responded to within 7 working days	94.91%	87.80%			90%		The second quarter represents 108 out of 123 stage one complaints responded to within timescale. The majority of the complaints not responded to within 7 working days required additional time to provide a comprehensive response due to the complex nature of the complaints. Customers were kept informed where delays were incurred.
Collection rate for Council Tax	29.91%	57.63%			58.8%		Performance is marginally down on the same period last year. Performance across Essex authorities ranges between 50.37% and 57.63%. The Revenues Team have been sending soft reminders, telephoning and texting those council taxpayers which are in arrears.
Collection rate for Business Rates	26.94%	54.90%			57.95%		Performance is lower than the same period last year. It is also on a reduced net collectable amount because the extended retail rate relief scheme has meant that many businesses do not have anything to pay for this year. Approximately £19m has been awarded in relief this year. The Revenues Team have been sending soft reminders, telephoning and texting those businesses which are in arrears.

Performance Indicator	2020/21						Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	
Customer satisfaction with the Council	Annually reported						

Complaints

The quarterly complaints analysis for the second quarter of 2020/21 is detailed below. This is compared with 2019/20 figures shown in brackets. The figures represent all three stages of the complaints process.

Complaint Category	Q1 2020/21	Q2 2020/21	Q3 2020/21	Q4 2020/21	TOTAL
Justified	43 (45)	51 (52)	(51)	(44)	(192)
Not Justified	55 (54)	56 (69)	(49)	(49)	(221)
Partially Justified	19 (23)	22 (24)	(14)	(29)	(89)
Not known	0 (0)	0 (0)	(0)	(2)	(2)
Total	117 (121)	129 (145)	(114)	(124)	(504)

Comments

The number of complaints received in the second quarter has increased in comparison to the first quarter of the year.

The majority of complaints relate to the Operations service, in particular, complaints around missed waste collections and bins not being returned to the collection point. The reasons for missed collections vary with the majority due to parked cars causing access issues for the waste vehicles, an increase in contaminated waste and crews not being familiar with assisted collection points.

Crews have been changed to accommodate the new ways of working adhering to social distancing guidelines. This has reduced the number of crew members on a collection round and agency staff have been called upon to assist with additional requirements. Crews need to familiarise themselves with new routes and collection points. The waste crews endeavour to return to collect any missed waste within 48 hours of being reported.

The second quarter has also seen an increase in the number of planning complaints received which are complex in their nature referring to particular planning decisions and processes. Additional time has been required to provide comprehensive responses and ensure all areas of the complaints are addressed.

All complaints are reviewed on a regular basis to help identify improvements to processes and the service provided

In the second quarter of 2020/21, of the 129 complaints received:

- 123 are stage one complaints
- 4 are stage two complaints
- 2 are stage three complaints

A summary of Local Government Ombudsman (LGO) cases:

In the second quarter of 2020/21, the LGO has sent out two final decision notices declining to investigate.

In the first instance, the complaint was not investigated as there was no evidence of fault by the Council and in respect of the second complaint, this was not investigated as the complainant had not been caused any significant injustice. Both complaints related to Planning.

Our Organisation

The following is a selection of our people performance measures:

People: Indicators of Performance	Q1 20/21	Q2 20/21	Q3 20/21	Q4 20/21	Change on previous period	Yearly Target
Total headcount	487	489			+ 2	-
Total staff FTE	436.74	437.5			+ 0.76	-
Level of employee turnover	1.44%	0.82%			- 0.62%	-
Number of leavers	7	4			- 3	-
Number of starters	2	6			+ 4	-
Working days lost to sickness per employee	0.68 days	1.62 days			+ 0.94 days	8.0 days
Percentage of staff with nil sickness	94%	72.4%			Cumulative	-
Number of learning hours	1693.5	1538.5			- 155	-
Number of delegates	58	89			+ 31	-
Number of apprentices	19	16			- 3	-

Year on Year Headcount Analysis	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	472	470	464	466	481	492

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

Health & Safety

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

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

Health & Safety: Indicators of Performance	Q1	Q2	Q3	Q4	
	(2019/20 figure in brackets)				
Total number of reported accidents/ incidents, calculated from:	10 (11)	13 (4)	(14)	(11)	<i>The most common accident /incident this quarter has been verbal assaults to staff and back injuries.</i>
<i>Accidents/ incidents to employees</i>	8 (9)	11 (3)	(14)	(10)	
<i>Accidents/ incidents to contractors</i>	2 (1)	2 (0)	(0)	(0)	
<i>Accidents/ incidents to non-employees</i>	0 (1)	0 (1)	(0)	(1)	
Time lost in days due to employee accidents/ incidents	0 (6)	5 (4)	(7)	(0)	<i>The lost days were due to the one accident involving a back injury</i>
Number of reported verbal/ physical incidents to employees	2 (1)	4 (0)	(1)	(4)	<i>There has been an increasing number of verbal assaults being reported by staff during the lockdown period.</i>
Number of near miss incidents	0 (1)	0 (0)	(0)	(0)	
Number of Accidents/ incidents registered resulting in insurance/ compensation claim	0 (1)	(1)	(0)	(1)	
Number of claims settled	1 (1)	(0)	(0)	(1)	

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 projects.

Background

Full Council approved a net budget of £15.226 million for the 2020/21 financial year. This included planned spending across all services totalling £13.888 million; corporate items amounting to £1.638 million; and an overall efficiency target to be achieved in-year of £300,000. Financing of the budget was to be from a combination of: general government grants (£22,000); business rates (£5.192 million); and Council Tax (£10.012 million).

During the year individual budgets may be updated in accordance with the Council's Budget and Policy Framework Procedure, and against which quarterly performance is monitored. The following adjustments have been made:

- An adjustment of £151,460 between waste management and treasury management to reflect a capital contribution towards improvement of facilities used to process the Council's recycling material collected from households.
- An adjustment to service budgets and transfer from General Fund balances of £135,420 to recognise the cost of the higher pay award agreed from April 2020.

Summary Financial Position

The following summarises the financial position for the whole year as projected at this quarter (Q2):

- An overall adverse variance before government COVID-19 support is projected of £2.651 million.
- Across all services, staffing budgets are forecast to be underspent by £402,000; however, after allowing for the corporate efficiency target of £300,000, this results in a net projected underspend of £102,000. Other expenditure is projected to be over budget by £584,000.
- Income is projected to be under achieved by £2.169 million.
- The amount of government support through emergency funding and other grants, along with an estimate of the amount expected from the Income Compensation Scheme is £2.668 million. The net impact of the COVID-19 pandemic on the General Fund revenue account is therefore a £587,000 overspend.
- Other projected budget variances net to a positive amount of £604,000 resulting in the overall General Fund position being a projected positive variance of £17,000.

Revenue Spending

The following statement shows the overall budget variances projected for the year:

Service	Updated Budget £'000	Projected Spend £'000	Adverse (Positive) variance against budget				RAG Status
			Staffing £'000	Other Expenditure £'000	Gross Income £'000	Total £'000	
Asset Management	(2,471)	(2,465)	(3)	15	(6)	6	A
Community Services	399	453	(7)	(22)	83	54	R
Corporate Management	1,462	1,479	14	(2)	5	17	A
Economic Development	200	200	-	-	-	-	G
Environment & Leisure	992	1,206	(54)	(60)	328	214	R
Finance	1,480	1,886	(179)	(67)	652	406	R
Governance	1,175	1,163	(6)	(39)	33	(12)	G
Housing Services	932	787	(39)	(40)	(66)	(145)	G
Human Resources	362	372	14	(4)	-	10	A
ICT & Facilities	1,651	1,651	11	(11)	-	-	G
Marketing and Communications	560	584	6	(27)	45	24	A
Operations	6,161	6,611	23	(151)	578	450	R
Strategic Investment	23	23	-	-	-	-	G

Sustainable Development	973	1,121	(182)	(9)	339	148	R
Service Total	13,899	15,071	(402)	(417)	1,991	1,172	R
Corporate Financing	1,627	1,761	-	(44)	178	134	R
COVID-19 central fund	-	1,045	-	1,045	-	1,045	R
Efficiency target	(300)	-	300	-	-	300	
Total before COVID-19 grants	15,226	17,877	(102)	584	2,169	2,651	R
Emergency funding & grants		(1,894)	-	-	(1,894)	(1,894)	G
Income compensation		(774)	-	-	(774)	(774)	G
Net Total General Fund	15,226	15,209	(102)	584	(499)	(17)	G

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

Analysis of the Projected Budget Full-Year Variances

It is difficult to be precise about the extent to which projected variances arise due solely to the COVID-19 pandemic, particularly with regards income as under normal circumstances there would inevitably be some level of budget variance. A level of judgement has therefore had to be applied in making this assessment. The following table shows how the projected full year variance has been attributed in terms of COVID-19 impact or for other reasons:

Reason for variance:	Adverse (Positive) variance against budget			
	Staffing	Other Expenditure	Income	Total
	£'000	£'000	£'000	£'000
COVID-19	39	1,040	2,176	3,255
Other ¹	(141)	(456)	(7)	(604)
Total before COVID-19 grants	(102)	584	2,169	2,651

¹ Staffing variances shown net of the £300k corporate efficiency target

COVID-19 Pandemic and impact on the Council's Finances

The Covid-19 pandemic has had a considerable impact on the Council's finances and continues to do so as services are gradually reintroduced, but with the appropriate social distancing measures, and the pace and level of demand recovery for some services. The recent deterioration in the spread of the virus which has resulted in the area covered by Essex County Council categorised as "High" alert level under the recently introduced three tier model, means that services will have to continue to play a key role in providing support and assistance to residents, and businesses. This is also likely to result in ongoing financial consequences across the Council's services.

Additional unbudgeted expenditure has been incurred and is expected to continue over the remainder of the year with a current forecast total of £1.045 million which is being accounted for within a central fund. The Council is also reporting other income and expenditure budget variances within individual services where these have been impacted.

To date the Government has provided grants totalling £1.894 million for the 2020/21 financial year (including £170,000 of New Burdens funding for administering business grants). The Council has recently made a claim under the Government's Income Compensation Scheme for lost sales, fees and charges income amounting to £411,367 covering the period 1 April 2020 to 31 July 2020. Based on the income shortfall projected for the year, it is anticipated that the total amount eligible to be claimed under this scheme for year is £774,000.

After taking into account emergency funding and other government grants, and the estimated amount eligible under the income compensation scheme, the net impact on the General Fund revenue account from the COVID-19 pandemic is a net overspend of £587,000. This is offset by other projected budget variances amounting to £604,000, resulting in an overall positive variance to the General Fund of £17,000.

At Q1 the projected variance was a £919,000 overspend; however, this included £135,420 projected overspend due to the higher pay award which has now been reflected in the updated service budgets, and also the Q1 variance did not include any provision for income

compensation as the scheme details were still being finalised. On a like for like basis, Q2 represents an overall improvement over Q1 of £27,000.

Further Commentary on Budget Variances

Staffing

Staffing budgets include both directly employed staff, and bought-in/ agency staff, the latter being used where additional resources are required to meet increased service demands and/ or the need for specialist skills; to provide cover in cases of absence (e.g. vacancies, holidays, sickness, maternity etc.); or where in-house staff are assigned to work on other projects and priorities.

Service budgets have been increased to reflect the additional cost expected from the higher pay award agreed from April 2020. The original budget allowed for a 2% pay award, however, the final agreement between employers and unions was 2.75%, increasing staffing cost to the Council by an estimated £135,420. This is funded by increasing the expected drawdown from the General Fund unallocated balance.

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

Service – Staffing Budgets	Updated Budget	Projected Spend	Adverse/ (Positive) variance	RAG Status
	£'000	£'000	£'000	
Asset Management	333	330	(3)	G
Community Services	438	431	(7)	G
Corporate Management	1,446	1,460	14	A
Economic Development	207	207	-	G
Environment & Leisure	1,742	1,688	(54)	G
Finance	2,915	2,736	(179)	G
Governance	722	716	(6)	G
Housing Services	1,040	1,001	(39)	G
Human Resources	282	296	14	A
ICT & Facilities	845	856	11	A
Marketing & Communications	448	454	6	A
Operations	6,074	6,097	23	A
Strategic Investment	762	762	-	G
Sustainable Development	1,918	1,736	(182)	G
Service Total	19,172	18,770	(402)	G
Corporate Financing	10	10	-	G
Efficiency	(300)	-	300	
Total	18,882	18,780	(102)	G

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

Commentary on staffing variations:

Based on the information known at the end of Q2 there is a projected underspend across all services of £402,000.

COVID-19 related Staffing Variances

Overall net additional staffing costs within service budgets due to COVID-19 are forecast to be £39,000 for the year. This includes measures introduced for operational staff to maintain social distancing along with some compliance and marshal duties. Additional payments have also been required to ensure daily office coverage of Gold Command. Partially offsetting these costs are savings anticipated where services can flex staffing hours in response to reduced customer demands.

Other Staffing Variances

The total projected underspend by services on staffing due to other reasons totals £441,000.

The largest service area with a projected underspend is **Sustainable Development** (-£182,000). This is mainly due to vacancies with three posts in **Development Management** currently vacant: a planner and administrative officer both due to be filled in January; and a senior enforcement role which is now expected to remain vacant for the remainder of the financial year. In total the estimated budget saving is £181,000, although this is partially offset by increased spending on agency staff (£80,000). **Landscape Services** through a combination of vacant posts, reduced hours, and changes to management arrangements means a projected underspend for the year of £80,000.

Projected underspends in **Finance** (including the Customer Service Centre) total £179,000, due mainly to 4 posts being vacant and which, subject to any unplanned changes in pressure on services, are expected to remain so for the rest of the financial year. Other savings have been generated from a flexible retirement which was approved after the original budget was set, and reductions in staff hours.

Environment and Leisure is projecting underspends (-£54,000), mainly due to one manager role that is vacant in Health Development.

The **Strategic Investment Team** continues to operate with a mix of permanent and interim staffing which is being flexed according to project priorities and workloads. The forecast spend for the year on staffing for the team is £704,000. The budget for the team is currently funded from a mixture of revenue and capital resources that were originally allocated over an estimated four-year period. The level of spending to date remains within the overall resources allocated.

The budget provided for a **Corporate Efficiency Target** which in previous years has been achieved from in-year staffing variances. The amount included in this year's budget was increased by £100,000 to £300,000 based on past experience. The projected variances across all services currently exceeds this target by £102,000.

Other Service Expenditure

Other expenditure is forecast to be overspent by a net £584,000 by the end of the year. This includes estimated additional spending due to COVID-19 of £1.040 million, which is partially offset by reductions in spending due to other reasons of £456,000.

COVID-19 related Other Service Expenditure Variances

At the outbreak of the COVID-19 pandemic the Council established a central fund to account for the additional expenditure incurred. The forecast spend in this central fund for the year is £1.045 million. This is largely made up of financial support provided to the Council's leisure operator for the initial period of the lockdown, with further funding set aside to be used as the Council works closely with the operator to support remobilisation and operation of leisure facilities to the public in a safe manner. Other areas of spending due to COVID-19 include:

- Costs incurred in providing accommodation for rough sleepers and those vulnerable to homelessness (£70,000 net of housing benefit).
- Communications and publicity material, including mail-outs on changes to the green waste service (£66,000).

- ICT equipment to support remote working and virtual meetings (£78,000), along with system changes to allow for administration of business grants and hardship reliefs (£15,000).
- Additional staffing costs and operational equipment and supplies (£116,000).

Other budget variances which are attributed to COVID-19 include:

- **Operations - Waste Management** – a net cost of £14,000, which comprises: additional costs on vehicles due to social distancing measures and cover for vehicle MOTs following the ending of the government suspension period (+£68,000); higher payments for mixed dry waste as lockdown increased household recycling tonnages (+£48,000); and increased costs for delivery of recycling calendars via Royal Mail (+£6,000). These are being partially offset by savings on transport and disposal costs for street cleansing, trade waste, and green waste collections as these services were either suspended or produced lower tonnages (-£68,000); and lower reactive maintenance spending across parks and open spaces (-£35,000).
- **Asset Management:** Additional holding costs of £16,000 incurred on one investment property due to a prospective tenant pulling out from a lease completion when lockdown measures were introduced. The property has since been re-let to another tenant from August.
- Across **Various Services** savings are projected as a consequence of lower expenditure being incurred where this is directly related to income activity which has also reduced (-£36,000).

Non COVID-19 related Other Expenditure Variances

Projected underspends for other reasons total £456,000. The main service areas contributing to these variances are:

- **Operations** (-£165,000): mainly in relation to **Waste Management** where savings are being made across a number of areas: the processing costs of recycling materials as a result of capital investment towards improved facilities (-£55,000); the new arrangements for the collection of bulky waste (-£19,000); and on the cost of black and clear sacks due to market prices and usage (-£18,000). There is also a saving on vehicle costs as a result of lower fuel prices (-£83,000), partially offset by increased maintenance costs (+£55,000), particularly in relation to end of life vehicles. Net projected underspend across all other operational service areas of £45,000.
- **Finance** (-£55,000): Mainly in relation to legal & court fees, bank and credit card transaction costs, and savings on the annual costs of the system used for making BACS payments/ collections.
- **Governance** (-£36,000): Lower expenditure is forecast on Member's allowances and expenses, including those relating to the Chair and Vice-Chair and Civic hospitality.
- **Environment and Leisure** (-£44,000): a lower than anticipated service charge from the landlord at the Braintree Retail Village – this relates to the land lease for the Braintree swimming centre and includes a prior year adjustment – and a reduction in building insurances. Joint-use and leisure contract variation spend is estimated to be lower for the year.
- **Housing Services** (-£40,000): mainly due to an anticipated lower recharge from Eastlight Community Housing in respect of maintained temporary properties, as government legislation preventing evictions appears to have led to reduced demand for non-covid

related housing needs.

- **Corporate Financing** (-£44,000): mainly due to lower projected spending on pension fund costs along with additional savings achieved through the staff annual leave purchase scheme.

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, originally totalling around £30million.

The amount of business rates ultimately retained by the Council 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 an additional share of income from business rate growth. The final determination and receipt of the actual amount will be made after year-end returns have been collated by the County Council from each of the participating authorities. Sums received from this arrangement are initially held in the Business Rate Retention reserve pending decisions on how the money is to be utilised. The latest estimate of the amount that could be received under this arrangement is £610,742, based on latest returns.

Other external income for which the Council has budgeted £15.731 million 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 under achieve against their income budgets by a net £2.169 million and almost entirely attributable to COVID-19, both as a result of the initial period of national lockdown and latest assumptions about the rate of recovery over the coming months.

Support from government towards the impact of the pandemic is in the form of grants towards expenditure and through an income compensation scheme, for which it is currently estimated the Council will receive a combined total of £2.668 million.

Service	Updated Budget	Joint Financing & Other Reimburs.	Sales, Fees & Charges	Rents & Service Charges	Other Income	Total	RAG status
		4,467	6,154	3,161	1,949	15,731	
	£000	<i>Adverse (Positive) Variance £000 against Budget :</i>					
Asset Management	3,364	-	3	(9)	-	(6)	G
Community Services	217	-	72	-	11	83	R
Corporate Management Plan	10	5	-	-	-	5	A
Economic Development	-	-	-	-	-	-	G
Environment & Leisure	1,218	18	295	-	15	328	R
Finance	2,458	355	-	-	297	652	R
Governance	197	(1)	21	-	13	33	A
Housing	40	-	(69)	3	-	(66)	G
Human Resources	-	-	-	-	-	-	G
ICT & Facilities	2	-	-	-	-	-	G
Marketing & Communications	141	32	39	-	(26)	45	A
Operations	5,403	(57)	604	39	(8)	578	R
Strategic Investment	425	-	-	-	-	-	G
Sustainable Development	1,696	-	339	-	-	339	R
Service Total	15,171	352	1,304	33	302	1,991	R
Corporate Financing	560	178	-	-	-	178	R
Total before COVID-19 grants	15,731	530	1,304	33	302	2,169	R
COVID-19 government grants		-	-	-	(1,894)	(1,894)	G
Income compensation		-	(774)	-	-	(774)	G
Net Total	15,731	530	530	33	(1,592)	(499)	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

Budgets under this category cover a multitude of arrangements with other local authorities and public bodies, as well as recoveries from third parties:

- Essex County Council's contributions toward services, including waste management, community transport, public health, and horticultural services etc.;
- Council Tax sharing and investment agreement with the major precepting authorities;
- Services provided via the Procurement Hub and Payroll Shared Service;
- Business rate cost of collection allowance;
- Planning performance agreements;
- Sponsorship income;
- Housing benefit (HB) overpayment recoveries; and
- Local tax cost recovery for non-payment.

Commentary on Joint Financing & Other Reimbursements

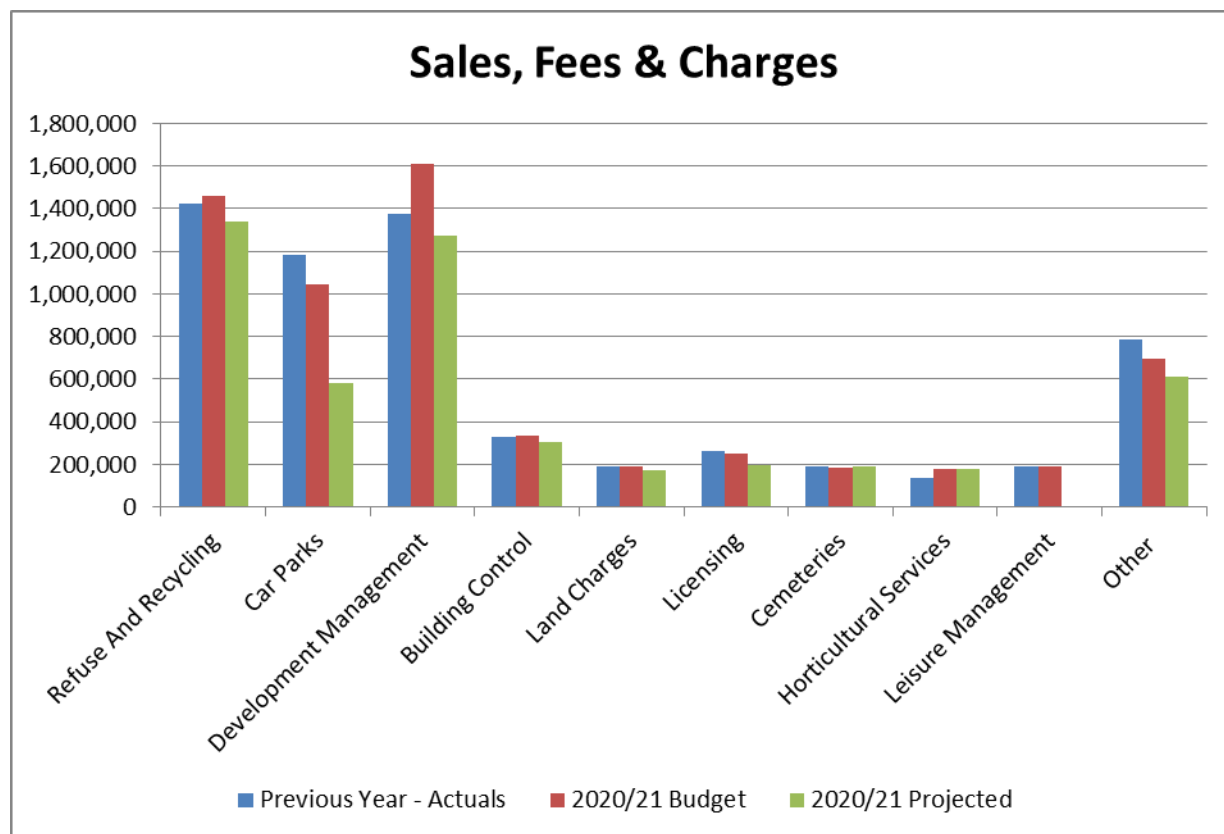
At Q2 an adverse variance for the year is predicted of £530,000 across all services, mainly comprising:

Finance: A projected reduction in HB overpayment recoveries (-£140,000) and Local Tax cost recoveries (-£203,000). This is primarily due to the suspension of recovery action whilst resources were prioritised towards administering the business rate reliefs and grants, and the hardship support to local council tax support recipients. Whilst recovery procedures have resumed the extent of action that can be taken is still currently subject to the capacity and availability of the courts to deal with applications for liability orders. Amounts outstanding at the end of year will continue to be subject to the Council's normal recovery procedures for the collection of outstanding debts.

Corporate Financing: the anticipated reduction in the in-year council tax collection rate will impact on the amount receivable under the sharing agreement with major preceptors. At present this reduction is estimated to be £178,000 for the year.

Sales, Fees & Charges

The budget for income from sales, fees & charges is £6.154 million against which it is projected that there will be a net underachievement of £1.304 million. The following chart shows the position for the main income streams:



Commentary on Fees and Charges:

- **Refuse and Recycling:** An overall projected shortfall of £121,000, the majority of which has arisen from the suspension and cancellation of accounts by commercial customers during lockdown (-£94,000).
- **Car Parks:** A substantial reduction in car park income from pay and display and season ticket/permit income arising from much lower usage during lockdown. Furthermore, the North Essex Parking Partnership ceased enforcement during the lockdown period resulting in a lower level of Penalty Charge Notice income than would normally be expected over this period. The current projection is an overall under achievement against budget of £463,000, with some recovery anticipated within this amount over the remainder of the year. Consumer confidence, particularly in light of the recent announcement that Essex has been moved into the High alert level for COVID-19 restrictions, along with a continuation of home working; and the general economic outlook will obviously have an impact.
- **Development Management:** The second quarter saw an improvement over Q1, which assuming this continues for the remainder of the year has resulted in a projection of income for the year of £1.134 million, which is £66,000 better than at Q1. Compared to the budget of £1.450 million this represents a shortfall of £316,000. Income is subject to

both demand for the service and also the types of applications e.g. the number coming from major developers. Whilst pre-application income is also expected to be down against budget by £27,000, this is slightly better than at Q1.

- **Building Control:** Following an upturn in the second quarter, the service anticipates income to be around £307,000, compared to a budget of £338,000, which is £31,000 lower than budget.
- **Local Land Charges:** The scrapping of stamp duty on house purchases of up to £500,000 until 31 March 2021, appears to have led to a flurry of activity in the housing market which has seen the income projection revised upwards from that at Q1, with a projection of £172,000, a shortfall against budget of £22,000.
- **Licensing:** Whilst there continues to be a reduction in demand for both taxi private hire licences and temporary event notices, the position has improved significantly from Q1 where a shortfall of £99,000 was projected, which has now been revised to £50,000 giving a full year income projection of £200,000.
- **Leisure Management:** To support the restoration of services in a safe and secure environment the leisure management fee paid to the Council by the operator has been waived as part of an overall package of support which is subject to the operator complying with a number of conditions (full year budget of £194,000).
- **Other Income** – The total budget is £699,000 across a wide range of differing services, including: Community Transport; the Town Hall Centre; Braintree Enterprise Centre conference income; non-commercial property service charges; and graphics and marketing income. Overall it is currently projected that income will be lower for the year by £85,000. The most significant element within this shortfall relates to the Community Transport service where demand has fallen sharply as a result of COVID-19 resulting in a projected shortfall of £71,000 for the year.

Rental Income & Commercial Property Service Charges

The budget for rental income from land & property is £3.161 million – comprising the investment and commercial property portfolio, markets, housing properties, and other let properties. The overall projected outturn for the year is a shortfall of £33,000, this is primarily due to Market income which has been reducing even prior to the impact of COVID-19.

Other Service & Corporate Income

Total budgeted Other Income is £1.949 million of which £740,000 is internal recharges including staffing costs that are expected to be charged against capital projects (£608,000). Other external income is projected to be underachieved by £302,000.

Other external income includes:

- **Investment & Other Interest Income:** The budgeted amount is £1.061 million, against which it is projected to be under achieved by £306,000, of which £244,000 is from an estimated reduction in dividend income from pooled fund investments. The balance of the shortfall of £62,000 is mainly due to a reduction in short-term interest rates. Whilst cashflow has been bolstered by government funding towards COVID-19 measures, additional cash balances have been placed with the Debt Management Account facility (UK Government) to ensure the highest level of security but which also means minimal return.

COVID-19 Grants and Income Compensation

At the time of writing, the Government has provided three tranches of COVID-19 grant to the authority totalling £1.785 million, with £61,411 being accounted for in 2019/20, and the balance

of £1.724 million being credited to the 2020//21 financial year. In addition, £170,000 has been received as New Burdens funding towards the costs associated with administering business grants.

The government has implemented an income compensation scheme for local authorities that have suffered a reduction in income from sales, fees and charges due to the impact of COVID-19 on services. The scheme specifically excludes any compensation for commercial income, including that from treasury management. Local authorities must bear the first 5% of any reduction against their original budget, with losses above this level met by government at a rate of 75p in the £. An initial claim has been submitted for the period 1 April 2020 to 31 July 2020, which amounts to £411,367. An estimate of the full year entitlement has been made based on the income losses projected at Q2 for the year and which indicates a total amount of support that the Council could claim of £774,000. Claims will be submitted periodically with final reconciliation at the end of the financial year.

A grant of £50,000 has been received from Essex County Council to fund expenditure incurred by the Council on contact tracing activities. Entitlement to this grant is subject to incurring the necessary expenditure.

Treasury Management

The Council's treasury management activity to the end of the September is summarised in the table below:

Amount Invested at start of the year	Activity to the end September		Amount Invested at end of the quarter
	New Investments	Investments Matured	
£53.11m	£800.68m	£792.50m	£60.49m
Average amount invested for the period			£69.52m
Highest amount invested			£94.72m

There was a significant increase in the amount of cash to be managed during the first half of the year due primarily to the additional funding received from central government to pay grants and hardship relief to businesses and to residents in receipt of council tax support. In addition, the Council has received a number of tranches of COVID-19 emergency grant, along with changes to the cash flow profile for certain transactions between the Council and government under the business rate retention scheme. This additional cashflow has been managed primarily through the Debt Management Office Account Facility (UK Government).

Investments totalling £19 million continue to be held in long-term pooled funds across a range of property, equity and diversified funds.

The remaining balance of investments were held in short-term instruments including the current account held with Lloyds bank (for immediate liquidity); Money Market Funds; and loans to other local authorities (where these had been agreed prior to the start of the financial year).

Interest and dividends earned to the end of the half year total £475,510, which is equivalent to an annualised rate of return of 1.36%:

Investments	Average Amount Invested	Interest & Dividends Earned	Annualised Return %
Long-Term Pooled Funds	£19.00m	£381,823	4.01%
Short-Term	£50.52m	£93,687	0.38%
Total	£69.52m	£475,510	1.36%

Whilst investment returns were bolstered by the dividend income from long-term pooled funds; nevertheless this is around 30% lower than previous years due to cuts in dividends paid by the corporate sector. Short-term investment rates have fallen further during the year with negative rates being offered in some periods within the yield curve and by the Debt Management Office for periods less than three weeks. Loans to other local authorities that were agreed in the final quarter of the previous financial year provided some upturn in yield in the first half year.

The market value of shares/ units in pooled funds at the end of September was £17.712 million, representing an unrealised loss of £1.288 million, which is an improvement from that at the start of the financial year where values had dropped by £2.256 million. The Strategic Investment Programme Group, in conjunction with the Council's external treasury management advisor, continue to keep under review the performance and suitability of the pooled funds in meeting the Council's investment objectives.

It is currently projected that investment returns will be £306,000 lower than budget due to the current economic downturn.

Economic and Market Commentary

The spread of the coronavirus pandemic dominated during the period as countries around the world tried to manage the delicate balancing act of containing transmission of the virus while easing lockdown measures and getting their populations and economies working again. After a relatively quiet few months of Brexit news it was back in the headlines towards the end of the period as agreement between the UK and European Union on a trade deal was looking difficult. The Bank of England (BoE) has maintained Bank Rate at 0.1% and its Quantitative Easing programme at £745 billion. The potential use of negative interest rates was not ruled in or out by BoE policymakers, but then a comment in the September Monetary Policy Committee meeting minutes that the central bank was having a harder look at its potential impact than was previously suggested took financial markets by surprise.

Equity markets continued their recovery, with the Dow Jones climbing to not far off its pre-crisis peak, albeit that performance being driven by a handful of technology stocks including Apple and Microsoft, with the former up 75% in 2020. The FTSE 100 and 250 have made up around half of their losses at the height of the pandemic in March. Central bank and government stimulus packages continue to support asset prices, but volatility remains.

Ultra-low interest rates and the flight to quality continued, keeping gilts yields low but volatile over the period with the yield on some short-dated UK government bonds remaining negative. 1-month, 3-month and 12-month bid rates averaged 0.02%, 0.06% and 0.23% respectively over the period.

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

- Long-term pooled fund investments £19 million (allocated: £3 million property fund; £13 million equity funds; and £3 million in diversified asset funds);
- UK Government via the Debt Management Office £15 million;
- Other local authorities £5 million;

- Low volatility Money Market Funds (MMFs) £17 million;
- Variable net asset value MMF £4 million; and
- Lloyds current account £0.49 million.

General Fund Balances

General Fund balances are held for the following reasons:

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

Based on the projected outturn set out above, the anticipated movements on the General Fund balances are:

Balance at 1 April 2020	£'000
	6,882
Addition/(deductions):	
Budgeted addition	222
Funding for one-off investment	(136)
Pension Fund triennial payment	(1,645)
Pay award funding (+0.75%)	(135)
Projected budget variance at Q2	17
Estimated Balance at 31 March 2020	5,205

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

- The approved budget included an anticipated addition to balances of £222,269, reflecting savings anticipated being made in advance of future years' budget shortfalls.
- An allocation from General Fund balances was approved by Full Council in February 2020, to meet one-off budget requirements: £14,000 in total for upgrading the CCTV at the Town Hall Centre and funding a Legal Services case management system; and a total of £122,000 provision for loss of income during the redevelopment of the Manor Street area.
- In 2020/21 a one-off payment is being made to the Essex Pension Fund covering the period April 2020 to March 2023, which is being part funded from General Fund balances. A repayment back into balances will be made in 2021/22 and 2022/23.
- The pay award implemented from April 2020 was 2.75% which was higher than originally allowed in the budget, therefore, service budgets have been adjusted with a contra amount reflected in the estimated movement on General Fund balances.
- The projected outturn variance for the year (after government COVID-19 support) would mean an addition to balances of £17,000.

Risks and Assumptions

The forecasts reflect service managers' "best estimate" of the predicted outturn for the year. Whilst the previous year outturn and trends in-year have been considered; the position is uncertain due to the longer term impact arising from the coronavirus pandemic. Consequently assumptions have had to be made regarding the extent and pace at which the Council is able to return to business as usual, accepting however, that activities remain restricted as a result of social distancing. As now seen, there is a second wave of virus infections which has already

resulted in Essex being moved into the Government's High alert level under the recently introduced three tier approach.

Directors and service managers continue to scrutinise all expenditure commitments in light of the planned savings set out in the Medium Term Financial Strategy. External income is inherently difficult to predict as it is substantially demand led and impacted by external factors.

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

Investment income is influenced by the overall level of cash balances held, which in turn are dependent upon the progress of the strategic investment programme and other capital projects, and the level of capital receipts generated. Market sentiment will impact on the value of the Council's long-term pooled fund investments; whereas general economic conditions in both the UK and globally will influence the dividend returns. Interest rates will impact on short-term investments.

The income which is offset from costs incurred for the processing of recycling material collected from households is subject to regular review of the composition of material collected assessed across the whole of the Suffolk Waste Partnership contract, which the Council is party, and market indices for the sale of materials.

The original budget assumed that £483,000 of staffing costs can be recharged from the General Fund revenue account to capital projects, which has now increased by a further £125,000 due to the expected activities of the Strategic Investment Team (SIT). The actual amount recharged will depend on the extent to which projects progress and staff are working on activities that can properly be treated as capital under accounting rules, with any shortfall impacting the General Fund (and/ or quickening the pace at which allocated reserves are used for SIT staffing costs).

The nature of the UK's exit from the European Union after the current transition period ends on 31 December 2020, remains a critical issue. Consequently, there is still a high level of uncertainty about the economic implications and how these might impact on the activities of the Council.

Capital Investment

Taking into account projects which were in progress and carried forward from earlier years, new projects approved as part of the Budget agreed in February 2020, and the subsequent decisions taken in-year by Council, the overall capital programme currently totals £58.465 million. Delivery of significant projects will span a number of years, therefore, the amount expected to be spent in the current year is £39.369 million. The following table shows how much has been spent at the end of Q2.

	Profiled Spend 2020/21 £000	Actual Spend at Quarter 2 £000	Actual Spend at Quarter 2 % of Profile
Commercial and investment property	267	11	4%
Horizon 120	12,466	3,080	25%
Manor Steet regeneration	17,579	4,506	26%
I-Construct	1,144	1	0%
Town Centre improvements	2,776	705	25%
Springwood Drive business units and parking	113	-	0%
Planned maintenance to Council premises	699	130	19%
Replacement vehicles and plant	47	-	0%
Information technology systems & equipment	527	56	11%
Play areas, parks and open spaces	440	174	40%
Environmental improvements	113	21	19%
Paths, cycleways, and other infrastructure	80	-	0%
Operational equipment	144	-	0%
Sports and leisure facilities improvements	15	13	87%
Waste Management	1,228	1,228	100%
Grants to registered social landlords	1	-	0%
Housing renovation & disabled facilities grants	664	181	27%
Capitalised interest	368	-	0%
Capital salaries	698	351	50%
Total	39,369	10,457	27%

The programme for the current financial year has reduced by £1.130 million since Q1. This is mainly due to a delay in the start of the main construction works for I-Construct resulting in £1.081 million of this project's budget now expected to be spent in the next financial year. A number of other minor changes to anticipated project spend in the current year results in a reduced spend of £174,000, partly offset by an increase of £125,000 in the amount of recharges to capital salaries.

The percentage of the overall capital programme actually spent at the end of Q2 is relatively low compared to previous years, at 27%. This is partly due to the impact of COVID-19 restrictions during the first part of the year which caused a general slowdown in project progress. In some areas the focus has had to switch to managing the Council's response to the pandemic, whilst other projects were affected by restrictions on contractors, particularly during the lockdown period and also subsequently with the social distancing measures that have had to be adopted. Significant projects such as the Manor Street regeneration, town centre pedestrianisation, and Horizon 120 infrastructure works are now in their main phases of construction, therefore, it is expected that expenditure will increase significantly over the second half of the year.

Major projects allow for potential capitalised development interest, the total of which is shown in the above table. However, at present any increased borrowing requirement is being met from internal borrowing i.e. using the Council's own cash balances held for other purposes. On this basis the capital programme would underspend against this allowance, with the opportunity cost reflected in a reduced amount of income from treasury management.

Capital resources

The original estimate was to generate £12.520m of capital resources from the sale of council-owned assets, including serviced land at Horizon 120 and residential sales at Manor Street. This amount is now expected to be £3.875 million, with the difference in receipts relating to Manor

Street and Horizon 120 now expected to be received in 2021/22. The shortfall in in-year receipts will require a temporary increase in internal borrowing.

Other estimated resources to be generated in the year includes £1.5 million from preserved right-to-buy (RTB) receipts. Eastlight (previously Greenfields) has reported that 4 RTB sales have been completed up to the end of Q2 generating approximately £387,000 for the Council. At this level of sales this indicates a slowdown in activity, with just one sale being completed in the second quarter. Compared to the same period for last year, the number of sales at the half year stage are down by more than 40%, and have a lower average value of receipt. Projecting this forward would suggest that the total number of RTB sales this year could be around 9 with a total receipt value of circa £1 million. This compares to 15 sales completed last year which generated £1.878 million.

VAT shelter monies due to the Council at the end of Q2 were £159,000, which is already £9,000 above the estimate for the year. This source of capital income is unpredictable being dependent on the extent and type of work undertaken by Eastlight.

The Council has received £931,000 from the Better Care Fund, which is used to meet expenditure incurred under the Council's disabled facilities grant scheme.

Medium-Term Financial Strategy 2021/22 to 2024/25		Agenda No: 5b
Portfolio	Finance and Performance Management	
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 D Bebb, Cabinet Member for Finance and Performance Management	
Report prepared by:	Trevor Wilson, Head of Finance	
Background Papers:		Public Report
Council Budget and Council Tax 2020/21 and Medium-Term Financial Strategy 2020/21 to 2023/24 report to Cabinet 10 th February 2020 and Full Council 17 th February 2020; Medium-Term Financial Strategy 2020/21 to 2023/24 Update report to Cabinet 7 th September 2020; MHCLG issued an invitation to local authorities in England to indicate their preferred pooling arrangements for the forthcoming financial year, 2021/22, by email on 16 th September 2020		Key Decision: No
Executive Summary:		
1. Background and Purpose		
1.1 The process of rolling forward the Council’s four-year financial plan commenced with a report to Cabinet, on 7 th September 2020, with an initial review of the Medium-Term Financial Strategy (MTFS) 2020/21 to 2023/24; which had been agreed by Council on 17 th February 2020.		
1.2 This report provides detail of the progress with the updating of the Financial Profile and the Medium-Term Financial Strategy 2021/22 to 2024/25; unavoidable cost pressures; and work on identifying options for revenue cost reductions/additional income to meet the anticipated funding shortfalls over the next four years and the initial budget proposals, both revenue and capital, for 2021/22.		
2. Budget Strategy		
2.1 The Council’s Budget Strategy has been established for a number of years, which is to:		
• Be a low council tax authority:		

- Have plans to deliver a balanced budget over the medium-term; and
- Maintain a minimum level of unallocated balances of £1.5million.

2.2 The approach to achieving this Strategy has been to deliver cost reductions and additional income without impacting on customers and service delivery. This has included:

- Property purchases providing a rental income stream;
- Causeway House shared with mix of four private and public sector organisations producing rental income;
- Responsibility for running the Enterprise Centre, Springwood Industrial Estate, and developed four grow-on units adjacent to the Centre;
- Invested in solar panels on council property reducing energy costs and producing an income;
- Invested monies in pooled funds achieving an improved return over short-term interest rates;
- Service reviews have delivered cost reductions;
- Agreed a District Investment Strategy with developments which will deliver benefits over the medium to long-term;

2.3 In addition, the Council, unlike many local authorities, determined from the inception of the New Homes Bonus scheme, the funding mechanism to support development and delivery of homes, that it would be used for investment in infrastructure projects and affordable homes and not used to support the Council's day to day spending.

3. Government Funding

3.1 On 23rd September 2020, the Treasury announced that the November Budget would be delayed until the New Year. Subsequently, the Treasury has confirmed that the Comprehensive Spending Review will only set departmental budgets for next year, due to the economic disruption caused by Covid-19.

3.2 The Secretary of State for Housing, Communities and Local Government had already confirmed, on 28th April 2020, that the review of Relative Needs and Resource (Fair Funding) and 75% business rates retention would not be implemented in 2021/22.

3.3 It is assumed that the Financial Settlement for 2021/22 will be based on rolling forward the current year settlement but within the funding limit determined for Local Government under the Comprehensive Spending Review. Consequently it is also assumed that the Negative Revenue Support Grant adjustment, originally proposed for 2019/20 but was subsequently withdrawn by the Government, will not be applied, as in 2020/21.

3.4 It is hoped that the provisional Financial Settlement for 2021/22 will be published in mid-December.

4. Update on Financial assumptions in the current MTFS

4.1 The Financial Profile, agreed in February 2020, included movements on cost reductions and additional income planned for 2021/22 to 2023/24. These have been reviewed and updated. One change has been made and this is the removal of

the changes (positive and negative) relating to interest earned from investments as these have been re-assessed based on an updated estimated cashflow over the next four years.

- 4.2 The Financial Profile includes the consequences for 2021/22 of the planned priority investments and unavoidable budget changes which were identified in previous years. Of the fourteen changes, nine were one-off budget requests in 2020/21 and these are due to be removed from the base budget in 2021/22, although a review has identified that two need to be adjusted. The total value of the budget reductions to be made in 2021/22 is £809,450.
- 4.3 The five unavoidable budget changes identified for 2021/22 onwards which were expected to impact on the base budget have been reviewed. The anticipated requirement of an additional waste vehicle and crew will not be required until 2022/23. Therefore, the provision of £155,000 requested has been slipped back one year. Also the request for the Procurement Service has been reassessed following changes in the membership of the Procurement Hub resulting in a reduced request of £5,260. The total value of the ongoing budget additions to be made in 2021/22 is £75,190.
- 4.4 The Triennial Review of the Essex Pension Fund conducted as at 31st March 2019 determined the pension fund assets and liabilities applicable for the Council and set the deficit contribution and employer contribution rate for the three years: 2020/21 to 2022/23. This together with a provision for an annual pay award of 2% are included in the Financial Profile.
- 4.5 Discretionary fees and charges and housing rents and service charges are reviewed annually and this process is currently in progress. An exception is car parking fees and charges which are reviewed on a minimum of a three-year basis and these were increased for 2019/20. A schedule detailing the proposed levels for 2021/22 will be presented in the Finance report to Cabinet on 8th February 2021.

5. Unavoidable Budget Demands and New Investments

- 5.1 Bids for revenue funding to meet unavoidable budget demands and new investments total £563,140, in 2021/22 and £289,370 in 2022/23. Of which, £98,000 in 2021/22 and £5,000 in 2022/23, are an ongoing requirement and therefore are needed to be added to the base budget. Four requests, totalling £465,140 in 2021/22 and two requests in £284,370 in 2022/23, are for one-off budget requirements/adjustments.
- 5.2 At this time, one of the main unknowns for the 2021/22 Budget is how the Council's income generating services will recover and to what extent customer demand may change in a post-Covid time. Rather than attempt to estimate the position for each service it is proposed that a provision is earmarked from the unallocated balance to cover potential shortfalls in income in 2021/22. It is considered that a sum of £1million should be earmarked.

6. Cost Reduction/Additional Income Proposals

- 6.1 In the current circumstances the review of service budgets has been difficult but a small number of budget adjustments have been identified with a total value of

£141,790. These have been agreed by Management Board as they do not have a direct impact on customers or service delivery.

7. Business Rates Retention Scheme and Business Rate Taxbase

- 7.1 The Business Rates Retention scheme has been in operation in its current form since April 2013. Under the scheme the Government calculates a baseline amount of business rates which it allows local authorities to retain as part of the Government's funding for local government.
- 7.2 The baseline figure currently assumed for 2021/22 is £3,556,668. The actual baseline figure will be included in the Local Government Finance Settlement.
- 7.3 The amount of business rates actually collected in the year will inevitably vary from the baseline: a higher amount collected will increase the amount that the Council is able to retain whilst a lower amount will require the Council to meet the shortfall up to a maximum of 7.5% of the baseline amount: any shortfall greater than this will be met from the Essex Pool..
- 7.4 At the current time, the estimated figure for Business Rates retained in 2021/22 is £5,072,307.
- 7.5 The estimate of Retained Business Rates for 2022/23 onwards includes a 2% uplift to reflect an anticipated increase in the Rating Multiplier. This assumption has been made as the position for 2022/23 onwards is difficult to predict as the Government continues to work with Local Government representatives on the Fair Funding Review, which will result in a resetting of the Business Rates Retained Baseline for each authority and also the introduction of the proposed 75% Business Rate Retention scheme which has been delayed for a second time until after 2021/22.
- 7.6 On 16th September 2020 the MHCLG wrote to the lead authority of each current Pool with an invitation to indicate the preferred pooling arrangements for 2021/22. All of the member authorities of the current Essex Pool have confirmed their willingness for the Pool to continue. The Cabinet Member for Finance and Performance Management agreed this Council's continued participation under delegated authority agreed by Cabinet on 7th September 2020.

8. Local Council Tax Support Scheme

- 8.1 The Council's Local Council Tax Support (LCTS) scheme was introduced on 1st April 2013. The scheme is only applicable to working age claimants and it retains a significant proportion of the principles and elements of the previous Council Tax Benefit scheme.
- 8.2 The level of council tax liability on which LCTS awards are based was changed from 80% to 76% for 2016/17 and was made with reference to the Council's financial position over the medium-term and with the aim to limit the frequency of changes thereby providing a degree of stability and continuity in the scheme for claimants.
- 8.3 An analysis of the council tax accounts of working age claimants and specifically the recovery stages shows that the number of requests made for an attachment to benefit, as the method of recovering outstanding arrears, rose from 271 in 2015/16

to 517 in 2018/19. The weekly amount recovered from ongoing benefit is set nationally (currently £3.70 per week) and only one attachment to benefit can be applied at a time and therefore attachments for subsequent year's council tax are held as 'pending'. At the end of 2019/20, 541 requests for an attachment to benefit were 'pending', no requests for an attachment to benefit have been made for the current year as this recovery approach requires a liability order to have been granted for the arrears by the Magistrates Court and until recently the courts have not been operating in respect of this type of application.

- 8.4 Taking the above into consideration it is proposed to leave the existing scheme unchanged. As no changes are proposed to the Council's LCTS scheme for 2021/22 there is therefore no requirement for consultation.

9. Council Tax – Collection Fund Surplus and Taxbase

- 9.1 The budget setting process includes estimating the amount of council tax expected to be collected. Variation from the estimate results in either a surplus or deficit on the Collection Fund which must be either returned to or requested from council taxpayers in the following year. The surplus or deficit is allocated between the four major preceptors: Essex County Council, Braintree District Council and Essex Police, Fire and Crime Commissioner for Policing & Community Safety and for Fire and Rescue Authority.
- 9.2 It is estimated that the balance on the Collection Fund available for distribution is a surplus of £1,355,197. This Council's proportion of the council tax surplus, to be returned to council taxpayers in 2021/22 is £170,882. It has been proposed that £33,640 of this surplus is allocated to town and parish councils in 2021/22.
- 9.3 The Council's taxbase for 2021/22 is required to be calculated as at 30th November 2020 and will be agreed, under delegated authority, by the Corporate Director responsible for Finance. However, prior to this determination and for financial planning purposes the council taxbase for 2021/22 is estimated to be 53,650 (increase of 0.52% over the 2020/21 taxbase) and is based on an assessment undertaken as at 14th September 2020 required by the Government.
- 9.4 The council taxbase takes into account estimated allowances for discounts and exemptions; including the local council tax support scheme, single persons discount and for losses on collection.
- 9.5 The Council sets the levels of discounts/premia for empty properties and second homes under discretionary powers. It is not proposed to vary any of these levels for 2021/22.
- 9.6 As the Government's proposed referendum limit for 2021/22 is awaited, it is considered appropriate to limit increases in the Financial Profile to the 2% maximum. The increases in the level of council tax provided in the Finance Profile for 2021/22 to 2024/25 for planning purposes are:
- 2021/22 – 2.00% providing a Band D level of £188.37;
 - 2022/23 – 1.96% providing a Band D level of £192.06;
 - 2023/24 – 1.97% providing a Band D level of £195.84;
 - 2024/25 – 1.98% providing a Band D level of £199.71.

10. Financial Profile

10.1 In summary the updated financial profile 2021/22 to 2024/25 shows:

- 2021/22 – withdrawal from unallocated balance of £239,315;
- 2022/23* – shortfall of £778,865;
- 2023/24* – shortfall of £380,612; and
- 2024/25* – shortfall of £280,450.

10.2 It should be noted that these years* are after the single-year Finance Settlement and are likely to be subject to significant changes due to the Fair Funding Review and the Government's decision regarding the proposed new 75% Business Rates Retention scheme and also the 2021 Spending Review.

10.3 The position for 2021/22 will be updated following receipt of the Provisional Financial Settlement and the finalisation of the taxbase calculation for both council tax and business rates.

11. Balances and Reserves

11.1 The estimated Unallocated General Fund balance as at 31st March 2021 is £5.205million.

11.2 Earmarked reserves are established to either meet specific requirements/ purposes in the future or to make provision for issues that are likely to occur but the timing is not predictable. The total amount of money in earmarked reserves as at 31st March 2020 was £21.931million. A schedule detailing the planned use of the earmarked reserves over the four-year period of the MTFS will be included in the Finance report to Cabinet on 8th February 2021.

12. Capital Resources and Investment

12.1 With the Settlement Funding Assessment for 2020/21 being for one year only, the Government had announced that any funding beyond 2020/21 would be subject to the 2020 Spending Review and potential new proposals to incentivise housing growth. In addition, the NHB allocation for 2020/21 would not result in legacy payments being made in subsequent years on that allocation. No consultation on proposed changes to the NHB scheme has been published.

12.2 The net increase of dwellings in the District, expressed as Band D equivalent, between October 2020 and October 2019 is 1,163, an increase of 1.88%. If the Government maintains the baseline at 0.4% then the Council will receive NHB on 916 dwellings for 2021/22.

12.3 The Council has received £15.375million in NHB up to 31st March 2021, of which £14.545million has been allocated leaving an unallocated balance of £830,000.

12.4 Capital Programme – details of the proposed capital projects are contained in the report. The total value of the projects for 2021/22 is £3,177,740 and anticipated requirements of £1,871,000, £1,526,000 and £2,016,000 over the years 2022/23 to 2024/25.

12.5 Capital resources are available to fund the programme with an anticipated balance of resources of £7.536million at the end of 2024/25 (and after allowing for provisions), however, this position is dependent on income of £38.283million from planned sales of a number of assets being received, these include serviced plots on Horizon 120; a number of small housing sites and residential properties on the Manor Street Development.

Recommended Decision:

Cabinet to agree that:

- a) No changes are proposed to the Local Council Tax Support Scheme for 2021/22 and consequently there is no requirement for consultation to be undertaken; and
- b) The Revenue Budget and Capital Programme for 2021/22, as presented in this report, constitute the initial Budget proposals and that views are sought as appropriate.

Cabinet recommends to Full Council to agree that:

- c) A total of £33,640 of the surplus on the Council Tax Collection Fund be allocated to parish/town councils in 2021/22, as detailed in Appendix A to this report.

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.

<p>Financial:</p>	<p>The initial budget proposals provide a balanced budget for 2021/22 which includes: an increase of 2.00% in the level of council tax; additional income and cost reductions of £171,600; additional spend and reductions in income of £1.563million on unavoidable demands and new investment; provision for inflation increases of £648,010; a withdrawal from balances and reserves of £1.714million for one-off expenditure; a withdrawal from balances of £239,315 to balance the Budget; and an assumed Settlement Funding Assessment of £3.557million.</p> <p>The financial position forecast for 2022/23 to 2024/25: shows savings of £779,000, £381,000 and £280,000 will be required respectively. The positions for these years are, however, difficult to predict as there is uncertainty over the outcome of the Fair Funding Review, the Government's plans for 75% Business Rate Retention and the 2020 Spending Review.</p> <p>The Council has indicated that it wishes to continue in the Essex Business Rate Pool for 2021/22.</p> <p>Capital projects with a total value of £3,177,740 are proposed for 2021/22 and anticipated requirements of £1,871,000, £1,526,000 and £2,016,000 over the years 2022/23 to 2024/25.</p> <p>An assessment of available capital resources shows that there will be sufficient to fund the proposed capital programme.</p>
<p>Legal:</p>	<p>None at this stage but legal implications will be considered, as necessary, for all budget saving proposals as they are prepared as part the budget setting process.</p>
<p>Safeguarding:</p>	<p>There are no safeguarding issues raised by this report.</p>
<p>Equalities/Diversity:</p>	<p>It is considered that none of the people with protected characteristics, under the Equalities Act, will be disproportionately impacted by the proposal to continue with the current Local Council Tax Support scheme for 2021/22. The Council will consider retaining the Exceptional Hardship Fund, for council taxpayers experiencing financial hardship, at the meeting on 22nd February 2021.</p>

	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:	Assessment of customer impact, where appropriate, will be included in the savings proposals reported to Cabinet in the Finance report on 8 th February 2021.
Environment and Climate Change:	A capital provision of £500,000 is proposed for climate change initiatives.
Consultation/Community Engagement:	The Performance Management Board will examine and consider the budget proposals as contained in this report on 18 th November 2020. The Chairman of the Committee extends an open invitation to all members to attend this meeting.
Risks:	<p>The assumptions made prove to be incorrect resulting in savings not being achieved as planned, costs rising by more than the provision allowed for inflation, increased income budgets not being achieved.</p> <p>The provisional financial settlement figures and other grants for 2021/22 from Government expected in mid-December 2020, are less than the assumptions made in the Financial profile.</p> <p>Proposed financing of the capital programme is dependent on income being received from planned sales of a number of assets, these include: land off Maldon Road, Witham; serviced plots on Horizon 120; a number of small housing sites and residential properties on the Manor Street Development. Increased borrowing costs could be incurred if the receipts are not received.</p>
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1. Background

- 1.1 The process of rolling forward the Council's four-year financial plan commenced with a report to Cabinet, on 7th September 2020, with an initial review of the Medium-Term Financial Strategy (MTFS) 2020/21 to 2023/24; which had been agreed by Council on 17th February 2020.
- 1.2 The report to Cabinet included:
- An update on the current year's Budget and the estimated impact of the Covid-19 pandemic;
 - An update on the progress of the Government's proposed 75% Business Rate Retention scheme and the Fair Funding and 2020 Spending Reviews;
 - The approach on developing the Budget for 2021/22 and rolling the MTFS period forward to cover the period 2021/22 to 2024/25;
 - An option, if the Government offers an opportunity, to participate in a bid by Essex authorities to operate an Essex Business Rates pooling arrangement for 2021/22;
 - Events and issues which may impact over the period of the Council's proposed MTFS; and
 - The timetable to achieve the setting of the council tax and budget for 2021/22 at the meeting of the Full Council on 22nd February 2021.
- 1.3 This report provides detail of the progress with the updating of the Financial Profile and the Medium-Term Financial Strategy 2021/22 to 2024/25; unavoidable cost pressures; and work on identifying options for revenue cost reductions/additional income to meet the anticipated funding shortfalls over the next four years and the initial budget proposals, both revenue and capital, for 2021/22.

2. Budget Strategy

- 2.1 The Council's Budget Strategy has been established for a number of years, which is to:
- Be a low council tax authority;
 - Have plans to deliver a balanced budget over the medium-term; and
 - Maintain a minimum level of unallocated balances of £1.5million.
- 2.2 The approach to achieving this Strategy has been to deliver cost reductions and additional income without impacting on customers and service delivery. This has included:
- Property purchases providing a rental income stream, including: Connaught House, Colchester; property at Church Lane, Braintree for a doctors surgery; offices at 3 & 4 Century Drive, Freeport Office Village; Doctors surgery, Silver End;
 - Office accommodation at Causeway House shared with a mix of four private and public sector organisations producing rental income;
 - Responsibility for running the Enterprise Centre, Springwood Industrial Estate, and developed four grow-on units adjacent to the Centre;
 - Invested in solar panels on council property reducing energy costs and producing an income;

- Invested monies in pooled funds (mix of equities, property and multi-assets) achieving an improved return over short-term interest rates;
 - Service reviews have delivered cost reductions. Changes have included the combining of the domestic refuse, recycling and trade waste collections across the District; staff reductions resulting from restructures in a number of service areas;
 - Agreed a District Investment Strategy with developments which will deliver benefits over the medium to long-term; including Manor Street development; Horizon 120 employment site at Great Notley including a new Enterprise Centre; I-Construct facility at the Enterprise Centre, Springwood Industrial Estate to provide business support programme; and pipeline proposals for a Witham Enterprise Centre and Healthcare facility on the former Premdor Site, Sible Hedingham.
- 2.3 In addition, the Council, unlike many local authorities, determined from the inception of the New Homes Bonus scheme, the funding mechanism to support development and delivery of homes, that it would be used for investment in infrastructure projects and affordable homes and not used to support the Council's day to day spending.
- 2.4 The Council's council tax Band D for 2020/21, of £184.68, is the fourth lowest of the twelve district councils in Essex. With the range of £152.46 to £283.26 and an average of £209.80.
- 2.5 The Council has maintained a healthy unallocated balance in recent years that has enabled it to take advantage of opportunities such as to pay the pension deficit for three years in a single payment to achieve net savings. As at 31st March 2020 the balance was £6.882million. The average balance held by the Essex district councils as at this date was £3.978million, with a range of between £1.116million and £8.5million.

3. Government Funding

- 3.1 On 23rd September 2020, the Treasury announced that the November Budget would be delayed until the New Year. At that time, it was agreed that the Comprehensive Spending Review, also pencilled in for November, would still go ahead, but that no decision had been taken on whether it would cover the three years originally planned. The Treasury has recently confirmed that the Comprehensive Spending Review will only set departmental budgets for next year, due to the economic disruption caused by Covid-19.
- 3.2 The Secretary of State for Housing, Communities and Local Government had already confirmed, on 28th April 2020, that the review of Relative Needs and Resource (Fair Funding) and 75% business rates retention would not be implemented in 2021/22
- 3.3 It is assumed that the Financial Settlement for 2021/22 will be based on rolling forward the current year settlement but within the funding limit determined for Local Government under the Comprehensive Spending Review. Consequently it is also assumed that the Negative Revenue Support Grant adjustment, originally proposed for 2019/20 but was subsequently withdrawn by the Government, will not be applied, as in 2020/21.

- 3.3 New Homes Bonus (NHB). With the Settlement Funding Assessment for 2020/21 being for one year only, the Government had announced that any funding beyond 2020/21 would be subject to the 2020 Spending Review and potential new proposals to incentivise housing growth. In addition, the NHB allocation for 2020/21 would not result in legacy payments being made in subsequent years on that allocation.
- 3.4 No consultation on proposed changes to the NHB scheme has been published. Therefore, assuming the scheme for 2020/21 is extended to 2021/22 then the amount of funds this Council would expect to receive is a minimum of £341,000; in respect of the legacy payments for the two years 2018/19 and 2019/20, plus an amount for 2021/22 which will be based on the growth in housing numbers recorded in the Council Tax system between October 2019 and 2020.
- 3.5 It is anticipated that the provisional Financial Settlement for 2021/22 will be published in mid-December.
- 3.6 On 16th September 2020, the MHCLG issued an invitation to local authorities to indicate their preferred Business Rate pooling arrangements for the financial year, 2021/22.
- 3.7 All fifteen authorities¹ in the current Essex Business Rate Pool for 2020/21 have agreed that the Pool should continue for 2021/22. The Cabinet Member for Finance and Performance Management agreed to this Council's participation under delegated authority, approved at the Cabinet meeting on 7th September 2020.
- 3.8 The other significant funding streams received from Central Government Departments are in respect of administrative subsidies for Local Council Tax Support and Housing Benefit schemes (total of £491,790 in 2020/21). It is expected that the allocations for 2021/22 will be received shortly after the Provisional Finance Settlement is announced. The MTFS currently anticipates a reduction of £45,000 per year for 2021/22 and 2022/23: the main reason being that working age claimants are expected to have transferred from housing benefit to Universal Credit during this period.

4. Update on Financial assumptions in the current MTFS

- 4.1 The Financial Profile, agreed in February 2020, included movements on cost reductions and additional income planned for 2021/22 to 2023/24. These have been reviewed and updated. One change has been made and this is the removal of the changes (positive and negative) relating to interest earned from investments as these have been re-assessed based on an updated estimated cashflow over the next four years (included at section 8.3).
- 4.2 A summary of the value of the planned savings/additional income and the proposed adjustment required is provided in the table below:

¹ Essex CC' Southend-on-Sea BC, all twelve District, Borough and City councils and Essex Fire Authority.

	2021/22 £	2022/23 £	2023/24 £
Savings/Additional Income Planned	63,190	(41,350)	(7,000)
Less: Proposed Adjustment	(93,000)	3,000	7,000
Revised Value of Savings/Additional Income	(29,810)	(38,350)	0

5. Review of Priority Investments and Unavoidable budget changes identified in previous years

5.1 The Financial Profile includes the consequences for 2021/22 of the planned priority investments and unavoidable budget changes which were identified in previous years.

5.2 Of the fourteen changes, nine were one-off budget requests in 2020/21 and these are due to be removed from the base budget in 2021/22, although a review has identified that two need to be adjusted. Details of these nine budget requests and of the two proposed adjustments are:

- Town Hall – Upgrade CCTV system for £6,000;
- Councillor Community Grant scheme - funding of the current scheme ceases at 31st March 2021 - £73,500;
- Economic Development – Provision to enable the implementation of the North Essex Economic Growth strategy – £20,000;
- A provision of £600,000 for Housing Development and Local Growth;
- Education and Skills Board - provision to enable Board to undertake projects - £15,000;
- Surplus on Council Tax Collection Fund – allocation of part of the estimated 2019/20 surplus to town and parish councils in the Braintree District of £29,450;
- Governance – Legal Services – Case Management System upgrade existing system or purchase new system - £8,000;
- Town Hall Centre - anticipated reduction in income as a consequence of the Manor Street development - £42,000; and
- Car Parks - Loss of Manor Street / Victoria Street car parks due to Manor Street Development - during construction period - £73,000.

Adjustments are proposed to the last two to reflect the position that the Manor Street Development works are to continue into 2021/22 and therefore adjustments are proposed for a further six months: £21,000 regarding the Town Hall and £36,500 for the car parks. It is proposed that these adjustments, totalling £57,500, are met as before from the unallocated balance.

5.3 The total value of the budget reductions to be made in 2021/22 is £809,450.

5.4 The five unavoidable budget changes identified for 2021/22 onwards which were expected to impact on the base budget are:

- Governance – Governance and Information Lawyer post - £15,800;
- Community Services – Community Safety Officer post - £9,130;

- Procurement service – reduction in framework agreement rebate income – £16,000;
- Council Tax Support and Housing Benefit Administrative Subsidies – anticipated reduction of £45,000 per annum, for 2021/22 and 2022/23, as caseload will drop as housing benefit claimants, of working age, are migrated across to Universal Credit, administered by the Department for Work and Pensions; and
- Waste Management – Revenue costs for an additional vehicle and three staff members due to growth in the District. £155,000 per annum.

5.5 A review of these budget changes has concluded that the anticipated requirement of an additional waste vehicle and crew will not be required until 2022/23. Therefore, the provision of £155,000 requested has been slipped back one year. Also the request for the Procurement Service has been reassessed following changes in the membership of the Procurement Hub resulting in a reduced request of £5,260.

5.6 The total value of the ongoing budget additions to be made in 2021/22 is £75,190.

6. Financial Performance at half-year and predicted Outturn for 2020/21

6.1 Since Mid-April the Government has requested that local authorities complete a monthly return on the financial impact of the Covid-19 pandemic. Whilst these returns helped the Government to determine initial funding support for local authorities, by necessity they have been based on data for relatively short periods of time, on assumptions of the levels of recovery that may be achieved in the remainder of the year (assumptions were prescribed by the Government for the May return) and with changes to the information requested as the returns were developed month by month.

6.2 A detailed review of the Council's finances for this year has been undertaken with service managers and is based on the income and expenditure at the half-year. Detail of the review is provided in the Quarterly Performance Report, which can be found in a separate agenda item for this meeting.

6.3 The outcome of the review is that the financial position for the whole year can be summarised as follows:

- An overall adverse variance before government COVID-19 support is projected of £2.651 million;
- Across all services, staffing budgets are forecast to be underspent by £402,000; however, after allowing for the corporate efficiency target of £300,000, this results in a net projected underspend of £102,000. It is noted that the higher than budgeted pay award for the year, at a cost of £135,000, has been met from the unallocated revenue balance and therefore does not show as a variance. Other expenditure is projected to be over budget by £584,000;
- Income is projected to be under achieved by £2.169 million;
- The estimated impact of COVID-19 on the Council's finances for the year is £3.255million: £1.079million of additional expenditure and £2.176million reduction in income. The amount of government support received from the Emergency Fund for Local Government and the

estimated amount expected from the Income Compensation Scheme is a total of £2.668 million. The net impact of the COVID-19 pandemic on the General Fund revenue account is therefore a £587,000 overspend;

- Other projected budget variances, including the return on the investment in the Suffolk Waste Plant, staff vacancies in Finance and Sustainable Development and reduced fuel costs for Operations' services, net to a positive amount of £604,000 resulting in the overall General Fund position being a projected positive variance of £17,000.

6.4 Since the review at the half-year was completed the Government announced on 22nd October that local authorities would receive a fourth tranche of Emergency Funding. The Council received an allocation of £228,108, which takes the total received in this year to £2.896million against the estimated impact of Covid on the Council's finances of £3.255million, however, this estimate will have to be reassessed following the second lockdown in England from 5th November until 2nd December 2020.

6.5 For some service areas the changes in the levels expenditure are expected to be ongoing and therefore budget adjustments are proposed for 2021/22. These are included in the Cost Reduction/Additional Income at section 9 below.

7. Finance Profile 2020/21 to 2023/24 – Assumptions Update

7.1 Pay Award. The Financial Profile includes provision for an annual pay award of 2%. The actual increase will be determined through negotiation at a national level between the Employers Organisation and the unions. Allowances are provided for annual incremental progression for staff who are not at the top of their grade (payment is subject to achievement of satisfactory performance).

7.2 Members Allowances. A provision of 2% per annum has been included in the Finance Profile.

7.3 Pension Fund Contributions

7.3.1 The Triennial Review of the Essex Pension Fund conducted as at 31st March 2019 determined the pension fund assets and liabilities applicable for the Council and set the deficit contribution and employer contribution rate for the three years: 2020/21 to 2022/23.

7.3.2 The Funding Strategy of the Essex Pension Fund endeavours to maintain consistency of overall contributions paid into the fund between triennial reviews. Although the ongoing employer contribution rate is increasing, the deficit on the Council's part of the Fund has been reduced such that the combined elements are only marginally higher than that at the previous review in 2016: total contribution rate of 21.8% compared to 21.7%. This Strategy has not impacted adversely for the Council on the planned period over which the deficit is to be addressed. The triennial reviews in 2010, 2013 and 2016 determined recovery periods of 20, 14 and 10½ years, respectively. The current review has determined the recovery period has reduced to 7½ years: a reduction in line with the anticipated reduction following 3 years of deficit payments.

- 7.3.3 The Council opted to pay the total deficit payment for the 3-year period, of £2,468,311, on 1st April 2020. The accounting requirement for this was that the total payment has to be accounted for in 2020/21; the consequential impact of this was that two thirds of the payment (re 2021/22 and 2022/23) would be funded from the unallocated balance in 2020/21 with this source being repaid over the two following years.
- 7.3.4 The ongoing employer contribution rate was set at 20.3%.
- 7.3.5 The increase to the budget in 2023/24 provides an estimated deficit payment of £956,580 which is the 2022/23 figure based on the single annual payment option. The actual deficit payment for 2023/24 will be determined by the Triennial Review to be undertaken as at 31st March 2022.

7.4 Other Expenditure

- 7.4.1 Allowances for inflationary increases have been provided but only on specific budget headings e.g. business rates, contracts, energy, etc. based on the Office of Budget Responsibility's forecast of the Consumer Prices Index for 2021/22 and forecasts of energy cost increases received from Concept Energy Solutions, an energy management and monitoring company engaged by the Council.

7.5 Fees and Charges, Rents and Third Party Contributions

7.5.1 Fees and Charges

The general principle of the Charging Policy for the Council's discretionary fees and charges is that service users should make a direct contribution to the cost of providing services at their point of use.

The majority of the discretionary fees and charges are reviewed annually and this process is currently in progress. An exception is car parking fees and charges which are reviewed on a minimum of a three-year basis and these were increased for 2019/20.

A schedule detailing the proposed levels of discretionary fees and charges for 2021/22 will be presented in the Finance report to Cabinet on 8th February 2021.

7.5.2 Rents

It is proposed that the housing rents and service charges for the four properties in Bradford Street, Braintree, be changed in line with that prescribed by the Government to Registered Social Landlords. Details of the proposed rents and service charges will be included in the schedule of proposed discretionary fees and charges for 2021/22 to be presented in the Finance report to Cabinet on 8th February 2021.

Increases in rental income from the Council's commercial and industrial properties are determined by rent reviews, as provided within the lease terms. An assessment of the likely increases which can be expected in 2021/22 and 2022/23 are included in section 4.2 above.

7.5.3 Third Party Contributions

A significant amount of income is received from Essex County Council under a number of service level agreements and across a number of service areas.

The Inter Authority Agreement for Waste Management is the most significant at £1.971million (2020/21 budget). Other agreements are for Community Transport (£90,330) and for a council tax sharing arrangement (£460,000).

The agreements are for defined periods:

- Inter Authority Agreement, signed in January 2010, is for a period of 25 years;
- Community Transport – the current 2-year agreement terminates on 31st March 2022;
- Council Tax sharing agreement – the 2-year agreement between the three major preceptors (Essex CC, Essex Police and Essex Fire & Rescue) and each of the Essex borough/district/city councils ceases on 31st March 2022.

8. Unavoidable Budget Demands and New Investments

8.1 Bids for revenue funding to meet unavoidable budget demands and new investments total £563,140, in 2021/22 and £289,370 in 2022/23. Of which, £98,000 in 2021/22 and £5,000 in 2022/23, are an ongoing requirement and therefore are needed to be added to the base budget. Four requests, totalling £465,140 in 2021/22 and two requests in £284,370 in 2022/23, are for one-off budget requirements/adjustments.

8.2 The bid requests to be added to base for unavoidable budget demands and new investment are:

Corporate Transformation

- ICT – Office 365 and Cisco licences and uninterrupted power supply. Budget request of £21,000;
- Advertising Income reduction to budgets of £31,000;

Environment and Place

- Environmental Services – To make permanent the part-time Carbon Management post currently funded from reserves. £12,000;
- Operations – Market Income. Budget was not being achieved prior to Covid – reduce budget by £20,000;
- Operations – Discovery Centre income – reduce budget by £7,000;
- Operations – Cemeteries – Grave digging contract increase following tender process. Budget request of £7,000.

- 8.3 The bid requests for unavoidable budget demands and new investment, which are one-off in nature, are:

Communities Culture and Tourism

- Councillor Community Grants scheme – the current scheme was funded for a two-year period from reserves. It is proposed that a provision of £75,000 per annum be provided for a two year period, 2021/22 and 2022/23. However, it is also proposed that a review is conducted of the options for the scheme for these two years.

Environment and Place

- Environmental Services – Replacement noise level meter. Budget request of £6,500;

Finance and Performance Management

- Interest and Dividend income budget – estimated impact on pooled fund returns as a consequence of the Covid pandemic on global markets. £350,000 reduction in 2021/22 followed by a partial recovery of £100,000 in 2022/23. It is proposed that this reduction for 2021/22 is met from the Treasury Management reserve, which had a balance of £1.272million as at 31st March 2020. The reserve was established to equalise movements against budget and to provide for potential losses of principal on pooled fund investments;
- Town/Parish Councils –proposal to allocate a proportion of the estimated surplus on the Council Tax Collection Fund from 2020/21, of £170,882, to the Town/Parish Councils. The proportion payable to the Town/Parish Councils is £33,640 and is for 2021/22 only. A schedule of the proposed allocation to each parish and town council is provided at Appendix A.

Strategic Investment

- Enterprise Centre, Horizon 120 – estimated net revenue cost requirement in first two years of operation: £309,370 in 2022/23 and £125,350 in 2023/24 before a net revenue income of £52,500 is estimated for year three onwards. It is proposed that the costs in 2022/23 and 2023/24 be met from the unallocated balance.

- 8.4 At this time, one of the main unknowns for the 2021/22 Budget is how the Council's income generating services will recover and to what extent customer demand may change in a post-Covid time. Rather than attempt to estimate the position for each service it is proposed that a provision is earmarked from the unallocated balance to cover potential shortfalls in income in 2021/22. It is considered that a sum of £1million should be earmarked.

- 8.5 The proposed funding arrangements for the one-off requests in 2021/22 are summarised in the table below:

Proposed funding sources for 2021/22	General Fund Unallocated Balance	Treasury Management Reserve	Council Tax Collection Fund Surplus

Councillor Community Grant scheme	£75,000		
Environmental Services – Noise level meter	£6,500		
Interest & Dividends		£350,000	
Town/Parish Councils – share of collection fund surplus			£33,640
Provision for shortfalls of income	£1,000,000		

9. Cost Reduction/Additional Income Proposals

- 9.1 Senior Managers have been reviewing their service budgets to identify possible cost reductions and/or additional income generation, with reference, in particular, to the projected outturn for the current year.
- 9.2 In the current circumstances the review of service budgets has been difficult but a small number of budget adjustments have been identified with a total value of £141,790. These have been agreed by Management Board as they do not have a direct impact on customers or service delivery.
- 9.3 A summary of the adjustments is provided in the table below:

Cabinet Portfolio	Business Plan	2020/22 £'000
Environment & Place	Operations	117.08
Finance & Performance Management	Finance	18.33
	Human Resources	6.38
	Totals	141.79

10. Business Rates – Essex Region pooling arrangement

- 10.1 The Council has participated in an Essex Business Rates Pool since 2015/16. 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. Over the four years, 2015/16 to 2019/20, the Council has received a total of £2.843million from the Essex Pooling arrangements. The Council has agreed to allocate £1.5million of this amount to fund the I-Construct building at Springwood Industrial Estate with the balance to be allocated to part fund the Enterprise Centre at Horizon 120.
- 10.2 Fifteen authorities are participating in 2020/21. This includes Essex County Council, the Essex Police, Fire and Crime Commissioner Fire and Rescue Authority, Southend Unitary Authority as well as all twelve district councils.
- 10.3 Whilst final shares for 2020/21 will not be determined until early October 2021 it is anticipated that the Council could receive approximately £610,000. No

budget provision has been included in base budget for this, as the shares are dependent on the business rates collected in each of the participating districts and also the arrangements are offered for a single year at a time by the MHCLG.

- 10.4 On 16th September 2020 the MHCLG wrote to the lead authority of each current Pool with an invitation to indicate the preferred pooling arrangements for 2021/22. All of the member authorities of the current Essex Pool have confirmed their willingness for the Pool to continue. The Cabinet Member for Finance and Performance Management agreed this Council's continued participation under delegated authority agreed by Cabinet on 7th September 2020.
- 10.5 It is particularly difficult to estimate the potential share the Council may receive due to the increased level of uncertainties which businesses may face next year and the extent to which the Government may repeat, whether in full or part, the extensive business rate support provided in the current year.

11. Business Rates Retention Scheme and Business Rate Taxbase

- 11.1 The Business Rates Retention scheme has been in operation in its current form since April 2013. Under the scheme the Government calculates a baseline amount of business rates which it allows local authorities to retain as part of the Government's funding for local government.
- 11.2 The baseline figure currently assumed for 2021/22 is £3,556,668. The actual baseline figure will be included in the Local Government Finance Settlement.
- 11.3 The amount of business rates actually collected in the year will inevitably vary from the baseline: a higher amount collected will increase the amount that the Council is able to retain whilst a lower amount will require the Council to meet the shortfall up to a maximum of 7.5% of the baseline amount: any shortfall greater than this will be met from the Essex Pool.
- 11.4 The final determination of the Business Rates Taxbase for 2021/22 will be agreed by the Corporate Director (Finance) under delegated authority prior to the deadline of 31st January 2021. The estimate will be determined on the basis that the Government continues to provide grant funding for the additional 50% uplift, to 100%, to the Small Business Rate Relief scheme.
- 11.5 At the current time, the estimated figure for Business Rates retained in 2021/22 is £5,072,307.
- 11.6 The estimate of Retained Business Rates for 2022/23 onwards includes a 2% uplift to reflect an anticipated increase in the Rating Multiplier. This assumption has been made as the position for 2022/23 onwards is difficult to predict as the Government continues to work with Local Government representatives on the Fair Funding Review, which will result in a resetting of the Business Rates Retained Baseline for each authority and also the introduction of the proposed 75% Business Rate Retention scheme which has been delayed for a second time until after 2021/22.

- 11.7 One of the key issues regarding the new 75% Business Rate Retention scheme for this Council will be the amount of growth in business rates, above the baseline, which the Council will be able to retain. Since 2013, this has built up annually and is estimated to be £1.515million for 2021/22 and is included in the base budget.
- 11.8 The estimated balance on the Business Rates Collection Fund as at 31st March 2021 is a deficit of £42,167. The proportion attributable to this Council is £33,734 and this is included in the Finance Profile. It is proposed that this deficit is met from the Business Rates Retention Reserve. This reserve is held to equalise variations on the Business Rates Collection Fund between years and the balance as at 31st March 2020 was £1.359million.

12. Local Council Tax Support Scheme

- 12.1 The Council has operated a Local Council Tax Support (LCTS) scheme since 1st April 2013. The scheme retains a significant proportion of the principles and elements of the previous Council Tax Benefit scheme. The main elements of the scheme, which applies to claimants of working age only, are as follows:
- The calculation of support is based on 76% (reduced from 80% for 2015/16) of the Council Tax liability rather than the full amount as under council tax benefit;
 - An upper limit on the council tax banding, on which support will be calculated, is set at Band D;
 - Child Benefit for the first child only will be excluded from the assessment of a claimant's income;
 - The deduction for non-dependants in the household is set at £10.00 per week;
 - The period of backdating a claim (with good cause) is one month;
 - The amount of earnings excluded from a claimant's overall income is set at £40.00 per week with an additional earnings allowance for those claimants in receipt of working tax credit (where working a minimum of 30 hours) set at £5.00 per week;
 - The full amount of War Widows pension is excluded from the assessment of the claimant's income;
 - The limit on savings held by the claimant is £16,000. Savings above this limit precludes the claimant from support under the scheme;
 - Minimum level of income for claimants who are self-employed is set at National Living Wage; and
 - Removal of the Family Premium for new claims after 1st May 2016.
- 12.2 Support given to claimants of pensionable age continues to be calculated using the rules as existed under the former Council Tax Benefit scheme.
- 12.3 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 2020/21 this was estimated to be £7.106million. The variation between the actual and estimated amount awarded is reflected in the balance on the Council Tax Collection Fund at the year-end. The table below shows that the amount awarded for the year as at

1st October 2020 is £7.432million, an increase above budgeted of £326,000. This may rise higher if the number of working age claimants increase as the Government's support for businesses and their employees is withdrawn. An increase in the estimated value of support awarded will be provided in the council taxbase calculation for 2021/22; which will result in a reduction in the council taxbase partially offsetting the growth in the number of new dwellings in the District.

- 12.4 A snap shot of the number of claims, split between claimants of working age and pensioners, and the respective value of LCTS awarded for the year as at 1st October 2020 is provided in the table below:

	Pensioners		Working Age		Totals
Local Council Tax Support awarded	£ 3,874,462	52%	£ 3,557,584	48%	£ 7,432,046
Number of awards	3,759	41%	5,343	59%	9,102

- 12.5 If any changes to the scheme are proposed then these must be subject of consultation for a minimum of six weeks.
- 12.6 A change in the level of council tax liability on which LCTS awards are based from 80% to 76% was introduced for 2016/17 and was made with reference to the Council's financial position over the medium-term and with the aim to limit the frequency of changes thereby providing a degree of stability and continuity in the scheme for claimants.
- 12.7 An analysis of the council tax accounts of working age claimants and specifically the recovery stages shows that the number of requests made for an attachment to benefit, as the method of recovering outstanding arrears, rose from 271 in 2015/16 to 517 in 2018/19. The weekly amount recovered from ongoing benefit is set nationally (currently £3.70 per week) and only one attachment to benefit can be applied at a time and therefore attachments for subsequent year's council tax are held as 'pending'. At the end of 2019/20 541 requests for an attachment to benefit were 'pending', no requests for an attachment to benefit have been made for the current year as this recovery approach requires a liability order to have been granted for the arrears by the Magistrates Court and until recently the courts have not been operating in respect of this type of application.
- 12.8 Taking the above into consideration it is proposed to leave the existing scheme unchanged. As no changes are proposed to the Council's LCTS scheme for 2021/22 there is therefore no requirement for a consultation exercise.

13. Council Tax – Collection Fund – Surplus/Deficit

- 13.1 The budget setting process includes estimating the amount of council tax expected to be collected. Variation from the estimate results in either a surplus or deficit on the Collection Fund which must be either returned to or requested from council taxpayers in the following year. The surplus or deficit

is allocated between the four major preceptors: Essex County Council, Braintree District Council and Essex Police, Fire and Crime Commissioner for Policing & Community Safety and for Fire and Rescue Authority.

13.2 It is estimated that the balance on the Collection Fund available for distribution is a surplus of £1,355,197. The surplus will be allocated to:

- Essex County Council – £981,790
- Braintree District Council – £170,882
- Essex Police, Fire and Crime Commissioner– Policing & Community Safety – £147,613
- Essex Police, Fire and Crime Commissioner – Fire and Rescue Authority – £54,912

13.3 This Council's proportion of the council tax surplus, to be returned to council taxpayers in 2021/22 is £170,882. It is proposed that £33,640 of this surplus is allocated to town and parish councils in 2021/22 (see section 8.3 above). This compares to the surplus returned to council taxpayers of £155,120 in 2020/21 (of which £29,450 was returned via payments to the town and parish councils).

14. Council Taxbase

14.1 The Council's taxbase for 2021/22 is required to be calculated as at 30th November 2020 and will be agreed, under delegated authority, by the Corporate Director responsible for Finance. However, prior to this determination and for financial planning purposes the council taxbase for 2021/22 is estimated to be 53,650 (increase of 0.52% over the 2020/21 taxbase) and is based on an assessment undertaken as at 14th September 2020 required by the Government.

14.2 The council taxbase takes into account estimated allowances for discounts and exemptions; including the local council tax support scheme, single persons discount and for losses on collection.

14.3 The Council has exercised its discretionary powers to set the discounts/premia for empty properties and second homes.

14.4 The current levels of these discounts are as follows:

- Properties undergoing extensive repair – 0% discount for twelve months;
- Properties unfurnished – 0% discount for 6 months;
- Second homes – 0% discount;

At this time it is not proposed to vary any of these levels for 2021/22.

14.5 The current level of premia on long-term empty properties is as follows:

- Properties which have been unoccupied and substantially unfurnished for a period of two years and less than 5 years – 100% premium.

- Properties which have been unoccupied and substantially unfurnished for five years or more – 200% premium

With the following changes agreed for the following two years, as permitted under the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018:

- From 1st April 2021, Empty Homes Premiums of:
 - 100% will be applied, in addition to the full (100%) charge, for all premises which has been unoccupied and substantially unfurnished (empty) for a period of less than 5 years;
 - 200% if the period is at least 5 years but less than 10 years; and
 - 300% if the period is at least 10 years on or after 1st April 2021.

As an incentive when a property is brought back into use and occupied a refund of the new premium charged (i.e. the amount above 50%) for the previous 12 months will be made.

- 14.6 An analysis of the 221 properties that are currently being charged a premium shows that 133 are being charged 100% premium and 88 are being charged 200% premium. Of the latter, from 1st April 2021, 70 will be liable for the 300% premium. It is noted that 55 of the 221 properties are in the Parish of Finchingfield and are owned by the Ministry of Defence.
- 14.7 It is proposed to maintain the allowance for losses on collection at 1% for 2021/22.
- 14.8 The Council also has discretionary power, under section 13A 1c of the Local Government Finance Act 1992, to enable it to reduce council tax liability where statutory discounts, exemptions and reductions do not apply. Current policy is to consider each application on its merit. The cost of an award under the policy has to be met from the General Fund. No changes or amendments to this policy are proposed.
- 14.9 A council tax exemption for care leavers, aged 24 and under, was agreed and introduced from 1st April 2020. This exemption is funded by Essex County Council and this Council, in proportion to precepts i.e. approximately 72%/28%.
- 14.10 With the anticipated housing growth in the District over the coming years the allowance, included in the financial profile, for growth in the council taxbase is set at 1.0% per annum for 2022/23 onwards. This provides estimated council taxbases of 54,187, 54,729 and 55,276 in 2022/23 to 2024/25 respectively.

15. Council Tax Levels and Referendums

- 15.1 **Council Tax Referendums.** The Localism Act 2011 gives local communities the power to decide whether to accept an excessive council tax increase. The Secretary of State determines the level of increase above which a proposed increase in council tax must be subject to a referendum. For shire district councils the threshold for 2020/21 was set at the higher of 2% or up to and including £5. The Government will announce its proposed limit in the

provisional Financial Settlement for 2021/22. If the threshold of 2% of £5 whichever is the higher is retained for district councils, then an increase of £4.95 on this Council's Band D for 2020/21 would equate to a percentage increase of 2.68%.

15.2 Council Tax Levels. As the Government's proposed referendum limit for 2021/22 is awaited, it is considered appropriate to limit increases in the Financial Profile to the 2% maximum. The increases in the level of council tax provided in the Finance Profile for 2021/22 to 2024/25 for planning purposes are:

- 2021/22 – 2.00% providing a Band D level of £188.37;
- 2022/23 – 1.96% providing a Band D level of £192.06;
- 2023/24 – 1.97% providing a Band D level of £195.84;
- 2024/25 – 1.98% providing a Band D level of £199.71.

16. Financial Profile 2021/22 to 2024/25

16.1 An updated Financial Profile for 2021/22 to 2024/25 taking account of the proposed savings and revised assumptions is provided at Appendix B.

16.2 In summary the updated financial profile 2021/22 to 2024/25 shows:

2021/22 – withdrawal from unallocated balance of £239,315;
2022/23* – shortfall of £778,865;
2023/24* – shortfall of £380,612; and
2024/25* – shortfall of £280,450.

Note: these years are after the single-year Finance Settlement and are likely to be subject to significant changes due to the Fair Funding Review and the Government's decision regarding the proposed new 75% Business Rates Retention scheme and also the 2021 Spending Review.*

16.3 The position for 2021/22 will be updated following receipt of the Provisional Financial Settlement and the finalisation of the taxbase calculation for both council tax and business rates.

16.4 Whilst it is proposed to meet the estimated shortfall in 2021/22 from the unallocated balance this will enable a budget and council tax level to be set. However, it is proposed that the approach to address the anticipated budget shortfalls over the period of the MTFS will also seek to identify savings/additional income in 2021/22, to reduce the call on the unallocated balance. The approach consists of a number of strands:

- Organisational Impact officer group established, under the sponsorship of Cabinet members John McKee and Frankie Ricci, to assess potential opportunities to make changes following experience of how services and the Council have responded to the impact of the Covid pandemic;
- Implement a Commercial Strategy which is currently being developed and includes a systematic approach to reviewing services, identifying income generating opportunities, etc;

- Increasing income through investment. A Capital Investment Strategy is currently being developed;
- Maximising value from third party spend and improving contract management.

16.5 Estimated revenue income and expenditure implications of the projects agreed in the Investment Programme are included in the budget and financial profile. Other projects currently outlined in the Investment Programme are being developed and will be included in the budget and financial profile as and when the projects and the cashflow projections are agreed by the Council.

17. Balances and Reserves

17.1 The Unallocated General Fund balance as at 31st March 2020 was £6.882million.

Agreed and anticipated movements on the balances are:

	£'000
General Fund	
Planned addition to balances in setting 20/21 Budget	222
Pension Fund Deficit payment re 21/22 & 22/23	(1,645)
Planned use to meet one-off expenditure in 2020/21	(136)
Pay Award 2020/21	(135)
Anticipated surplus in 2020/21 (based on Q2)	17
Estimated Balance as at 31st March 2021	5,205
Planned repayment re Pension Deficit re 21/22	823
Budget proposals for 2021/22 (per this report)	(1,139)
Estimated Budget shortfall 2021/22	(239)
Estimated Balance as at 31st March 2022	4,650
Planned repayment re Pension Deficit re 22/23	822
Budget proposals for 2022/23 (per this report)	(384)
Estimated Balance as at 31st March 2023	5,088

17.2 Earmarked reserves are established to either meet specific requirements/ purposes in the future or to make provision for issues that are likely to occur but the timing is not predictable. The total amount of money in earmarked reserves as at 31st March 2020 was £21.931million, analysed in summary for the following purposes:

	£'000
Capital Investment	11,345
Risk Management	5,126
Service Reserves	5,183
Change Management	277
Total	21,931

- 17.3 A schedule detailing the planned use of the earmarked reserves over the four-year period of the MTFS will be included in the Finance report to Cabinet on 8th February 2021.

18. New Homes Bonus (NHB)

- 18.1 With the Settlement Funding Assessment for 2020/21 being for one year only, the Government had announced that any funding beyond 2020/21 would be subject to the 2020 Spending Review and potential new proposals to incentivise housing growth. In addition, the NHB allocation for 2020/21 would not result in legacy payments being made in subsequent years on that allocation. No consultation on proposed changes to the NHB scheme has been published.
- 18.2 The net increase of dwellings in the District, expressed as Band D equivalent, between October 2020 and October 2019 is 1,163, an increase of 1.88%. If the Government maintains the baseline at 0.4% then the Council will receive NHB on 916 dwellings for 2021/22.
- 18.3 The Council has received £15.375million in NHB up to 31st March 2021, of which £14.545million has been allocated leaving an unallocated balance of £830,000.

19. Capital Programme and Resources

- 19.1 Details of the proposed capital projects are provided in the schedule at Appendix C. The total value of the projects in 2021/22 is £3,177,740.
- 19.2 The schedule also includes anticipated requirements of £1,871,000, £1,526,000 and £2,016,000 over the years 2022/23 to 2024/25.
- 19.3 A summary of the capital resources and capital programme for 2020/21 to 2024/25 is provided below:

Capital Summary 2020/21 to 2024/25						
	2020/21	2021/22	2022/23	2023/24	2024/25	Provisions
	£m	£m	£m	£m	£m	£m
Capital Resources						
B/fwd	20.378	18.598	11.020	11.637	12.385	12.643
Anticipated capital receipts	5.525	19.957	4.994	4.944	4.944	3.444
Capital grants & contributions	4.115	8.372	0.931	0.931	0.931	
Earmarked reserves	6.26	0.554	0.05	0.05	0.05	2.992
Vehicle Financing	1.588	0.583	0.141	1.622	0.955	
Borrowing (internal/ external)	19.667	-2.244	-1.589	-3.231	-3.328	-0.891
Total Resources	57.533	45.820	15.547	15.953	15.937	18.188
Capital Programme						
Approved programme:						
Housing	0.675	1.674	0	0	0	
Other Services	2.102	5.079	0	0	0	0.636
Strategic Investments	33.89	23.869	1.691	0.213	0.116	10.016
Vehicle Replacement Programme	1.588	0.583	0.141	1.622	0.955	
Capital salaries	0.680	0.417	0.207	0.207	0.207	
Proposed bids:						
Housing						
Other Services		1.791	0.455	0.110	0.600	
Anticipated (incl. recurring items)						
Housing		0.931	0.991	0.991	0.991	
Other Services		0.456	0.425	0.425	0.425	
Total Expenditure	38.935	34.800	3.910	3.568	3.294	10.652
C/fwd	18.598	11.020	11.637	12.385	12.643	7.536

- 19.4 It should be noted that the majority of the anticipated balance of resources of £7.536million at the end of 2024/25 (and after allowing for provisions) is dependent on income of £38.283million from planned sales of a number of assets being received, these include serviced plots on Horizon 120; a number of small housing sites and residential properties on the Manor Street Development.

Allocation of the estimated Surplus on the Council Tax Collection Fund as at 31st March 2021

Parish/Town Council	Precept 2020/21 £	Allocation £
Alphamstone and Lamarsh	4,298	60
Ashen	4,879	68
Belchamp Otten	1,000	14
Belchamp St Paul	3,000	42
Belchamp Walter	5,580	78
Birdbrook	13,685	191
Black Notley	48,000	668
Borley	1,307	18
Bradwell	12,419	173
Bulmer	10,244	143
Bures Hamlet	29,817	415
Castle Hedingham	29,130	406
Coggeshall	168,399	2,345
Colne Engaine	24,798	345
Cressing	43,000	599
Earls Colne	107,981	1,504
Feering	63,667	887
Finchingfield	43,580	607
Foxearth and Liston	6,905	96
Gestingthorpe	8,613	120
Gosfield	35,494	494
Great Bardfield	40,280	561
Great Maplestead	8,068	112
Great Notley	88,642	1,234
Great Yeldham	45,731	637
Greenstead Green	10,007	139
Halstead	191,183	2,662
Hatfield Peverel	72,759	1,013
Helions Bumpstead	15,387	214
Hennys, Middleton & Twinstead	9,756	136
Kelvedon	117,298	1,633
Little Maplestead	4,342	60
Little Yeldham, Tilbury Juxta Clare & Ovington	9,165	128
Panfield	16,384	228
Pebmarsh	11,982	167
Pentlow	5,000	70
Rayne	45,179	629
Ridgewell	18,619	259
Rivenhall	12,000	167
Shalford	21,500	299
Sible Hedingham	107,150	1,492
Silver End	76,156	1,061
Stambourne	7,727	108
Steeple Bumpstead	43,409	604
Stisted	14,210	198
Sturmer	9,332	130
Terling & Fairstead	23,262	324
The Salings	16,265	227
Toppesfield	17,253	240
Wethersfield	29,180	406
White Colne	12,026	167
White Notley and Faulkbourne	14,000	195
Wickham St Paul	12,165	169
Witham	624,473	8,698
Total	2,415,686	33,640

General Fund Revenue Profile 2020/21 to 2024/25

APPENDIX B

	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>
	£	£	£	£	£
Base Budget brought forward from previous year	14,189,390	17,631,660	16,229,325	15,181,320	16,077,598
<u>Inflation:</u>					
Pay - annual award and incremental progression	438,030	508,490	453,190	414,310	420,000
Other Expenditure Inflation	120,660	115,700	121,680	122,750	125,000
Income Inflation	0	0	0	0	0
Pension Fund adjustments (added years)	11,970	12,840	13,100	13,360	14,000
<u>Pension Fund Deficit - Triennial payment adjustment</u>					
Base Budget provision	1,600,700	-2,468,310		956,580	
Increase to allow one-off payment in year to Pension Fund	867,610				
Increase in Employer pension contributions (from 16.5% to 20.3%)	482,110	10,980	11,240	8,910	
<u>New Demands:</u>					
Allowance for Reduced Income/Increased costs previously profiled	341,480	-734,260	-4,230	43,000	
Priority Investment - one-off provision	0	1,431,500	-797,130	-383,020	-203,850
New Budget Pressures - add to base budget	135,420	131,640	-28,640	101,000	199,000
<u>Reductions:</u>					
Savings/Additional Income agreed previously profiled	-555,710	-29,810	-38,350	-5,000	
New Savings/Additional Income - Management	0	-141,790	0	0	0
Additional Savings Required	0	-239,315	-778,865	-375,612	-280,450
Updated Base Budget	17,631,660	16,229,325	15,181,320	16,077,598	16,351,298
Addition to Balances - Base budget	222,269	0			
Use of Balances - Additional Pay Award 20/21 (0.75%)	-135,420				
Use of Balances - Pension Fund Deficit - Triennial payment adjustment	-1,645,540	822,770	822,770		
Contribution from Balances for one-off New Investment	-136,000	-1,139,000	-384,370	-121,350	
Net contributions from/to Earmarked reserves	-711,275	-575,464	-47,000		
Budget Requirement	15,225,694	15,337,631	15,572,720	15,956,248	16,351,298
Government Grant - Revenue Support Grant					
Retained Business Rates - Baseline amount	-3,486,929	-3,556,668	-3,627,801	-3,700,357	-3,774,364
- Growth above baseline	-1,515,639	-1,515,639	-1,515,639	-1,515,639	-1,515,639
Transition and Rural Services grants and returned funding	-22,125	-22,125	-22,125	-22,125	-22,125
Collection Fund Balance - Business Rates (Surplus)/Deficit	-188,955	33,734			
Collection Fund Balance - Council Tax (Surplus)/Deficit	-155,120	-170,882			
BDC Requirement from Council Taxpayers	9,856,926	10,106,051	10,407,155	10,718,127	11,039,170
Tax base (+1.5% for 2021/22 onwards and collection rate of 99%)	53,373	53,650	54,187	54,729	55,276
Council Tax (Band D)	£184.68	£188.37	£192.06	£195.84	£199.71
Council Tax per week	£3.55	£3.62	£3.69	£3.77	£3.84
Percentage Increase	2.75%	2.00%	1.96%	1.97%	1.98%
Increase per week	£0.09	£0.07	£0.07	£0.08	£0.07

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Date Produced: 9th November 2020

	Portfolio	Project Description	Project Drivers						External Funding
				Capital Cost (gross of external funding)				Net Revenue	
				2021/22	2022/23	2023/24	2024/25	2021/22	
1	Corporate Transformation	Website Customer Access Enhancement. To streamline and enhance the BDC website to make the customer experience immediately relevant and useful as well as being a more comprehensive repository of the data available.	The Council is striving to find ways of improving customer access to their data without having to phone, visit or email the Council to get the information they require. This is especially important to customers and residents when trying to find information about themselves or the area in which they live. The BDC Website has many entry points for people browsing it and people do not always find it easy to access the detail they want especially when it is disparate. For example, what is my outstanding council tax? what planning applications are there in my area? when is my next bin collection? are all held in separate places with the user having to navigate the site to get the data.	80,000					
2	Corporate Transformation	Planned Maintenance of Council Properties. The annual investment required to maintain those properties owned, leased and managed by the Council where the Council has a maintenance and repairing obligation.	The Council reviews and updates the condition surveys relating to those properties where it has a repairing obligation by the 31st August each year. These surveys identify the priority planned maintenance works required to be carried out in the following financial year. The identified investment is required to ensure that the Council's properties are maintained to a good standard to support service delivery and sustain or improve the physical condition, rental income and value of the asset.	415,500	385,000	385,000	385,000		
3	Corporate Transformation	Technology replacement programme.	Our hardware and software estate needs to be kept up to date to ensure that it can continue to be supported by our ICT service provider and continues to be fit for purpose.	40,000	40,000	40,000	40,000		

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	Portfolio	Project Description	Project Drivers						External Funding
				Capital Cost (gross of external funding)				Net Revenue	
				2021/22	2022/23	2023/24	2024/25	2021/22	
4	Environment & Place	Housing Renovation Grant	Providing financial support through a repayable grant scheme to ensure those under financial pressure can afford to adequately heat their homes and when it is impractical to carry out disabled adaptations to a property, offer the occupier a relocation grant to enable them to move to a more suitable (adapted) property. No requirement for 2021/22 as balance available from current year.	-	60,000	60,000	60,000		
5	Environment & Place	Disabled Facilities Grant Externally Funded by Government (Better Care Grant funded)	The Council has a legal duty to manage and provide disabled facilities grants in accordance with Part 1 of the Housing Grants, Construction and Regeneration Act 1996. The aim of the grant is to provide financial assistance to the applicant in order to provide suitable adaptations to their properties, as far as is practical, to meet their specific needs.	931,000	931,000	931,000	931,000		-931,000
6	Environment & Place	Vehicle Workshop Improvements. To install a mezzanine floor above the existing Fleet Office thereby creating additional storage space to accommodate a larger impress stock. This will help reduce downtime when completing essential vehicle repairs.	<p>The vehicle workshop is responsible for the maintenance, roadworthiness and legal operation of the Council's fleet of vehicles which comprises c.150 vans, trucks and sweepers.</p> <p>The workshop holds a small impress stock to speed up routine maintenance and repairs. Nevertheless, there are delays in completing some essential repairs owing to the need to wait for spares to be delivered and this can result in the need to hire in extra vehicles to cover service delivery. If we were to increase the range of spares held in stock this would minimise downtime, but there is currently insufficient storage space within the workshop.</p>	15,000					

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	Portfolio	Project Description	Project Drivers						External Funding
				Capital Cost (gross of external funding)				Net Revenue	
				2021/22	2022/23	2023/24	2024/25	2021/22	
7	Environment & Place	<p>Cordons Farm Improvements. Replace netting that is currently in-situ to contain dry recycling material in the bay, with a more permanent roof structure and solid doors which will protect the material from the elements and keep the waste dry.</p> <p>Introduce a second gate to the site with a one-way system, new signage and line marking.</p> <p>Purchase a bowser for dust suppression.</p> <p>Purchase and install lighting.</p>	<p>There is no dry storage facility for recyclates at Cordons Farm resulting in some materials (primarily paper/cardboard) that we deliver to Viridor being rejected as 'contaminants', with the consequent loss of income to BDC from the sale of this material. Installing a permanent roof will ensure that recyclates remain dry, maximising recycling and income opportunities from the material we collect.</p> <p>A second gate introduces a one-way traffic management system to the site, reducing traffic movements (including those required for reversing) by three quarters, thus improving on-site Health and Safety. This arrangement also complies with WISH Guidance (Waste Industry Safety and Health) for Waste Transfer Station Operations. The introduction of a second gate will also improve efficiencies on site.</p> <p>A bowser improves site cleanliness, reduces complaints (internal and external to BDC), enhances health and safety for site staff and neighbours at Veolia, conforms to site Waste Management License conditions. Problem of dust not being suppressed is particularly problematic during the dryer summer months.</p> <p>Current lighting is insufficient and there is a need to improve lighting from a health & safety perspective, particularly during the winter months.</p>	58,500				- 10,000	

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				Capital Cost (gross of external funding)				Net Revenue	
				2021/22	2022/23	2023/24	2024/25	2021/22	
8	Environment & Place	Utility Vehicle to Purchase 18t Narrow Track Dustcart. Increasing the capital funding currently available for the Utility Vehicle (already approved for capital purchase at £90k), by a further £70k to a total of £160k, to enable the purchase of an 18t narrow track dustcart with split bin lifts.	<p>This is essential for the provision of adequate spare vehicle cover to a range of service areas within Operations, e.g. clearing missed bins, special collections and fly tips.</p> <p>Following recent mechanical failures of BDC's narrow track fleet it has become increasingly evident that demand for these types of vehicles outstrips supply. It is not possible to spot hire an 18t narrow track dustcart. Currently, the Council has 3 front line vehicles of this type and no provision for a spare.</p>	70,000					
9	Environment & Place	<p>Provision of Allotments at Great Notley Country Park . To create a new allotment site on disused land at Great Notley Country Park.</p> <p>This bid is being sought to complete a feasibility study and design of the allotments, and fund the cost of putting in place the infrastructure required, up to a point where the site can be handed over to the Parish Council.</p>	<p>Local authorities have a statutory duty under the requirements of The Small Holdings and Allotments Act 1908 to provide allotments where there is proven demand, as in the case of Great Notley Garden Village.</p> <p>There is an historical agreement in place that BDC would facilitate the provision of allotments within the Gt. Notley Garden Village envelope, albeit these would be managed and maintained locally by the Parish Council.</p> <p>Two potential areas at Great Notley Country Park have been identified.</p> <p>The project will ensure the availability of allotment plots to residents within Great Notley who are on our waiting list and have been for some considerable time.</p>	70,000					

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				Capital Cost (gross of external funding)				Net Revenue	
				2021/22	2022/23	2023/24	2024/25	2021/22	
10	Environment & Place	Footpath Resurfacing on Public Open Space.	<p>Some existing paths and hard-standings at our public open spaces are currently in a condition which only meet the minimum standards for Health and Safety. It is anticipated that a cold winter with ice/snow would have a detrimental impact on these footways and therefore, repair/resurfacing work is required to prevent further deterioration.</p> <p>In 2019/20 we successfully secured £150k to carry out a 3yr Footpath Repair Programme (FRP). Earlier this year we vired £90k to fund emergency embankment repair works at Braintree Cemetery leaving a shortfall in the FRP.</p>	45,000	45,000				
11	Environment & Place	Provision for Skate Parks- Weavers Park, Braintree & Spa Road, Witham. It is proposed to consult the local community via letter and online to establish whether there is still a demand for a skate park or whether a completely different facility is required e.g.to be accessible to everyone and not geared to a specific recreational activity.	<p>The skate parks at Weavers Park, Braintree and Spa Road, Witham were both installed in 2003 and have reached the end of their serviceable life.</p> <p>Over the past two years we have received lots of complaints from users of the facilities about the condition of the equipment. We have carried out numerous ad-hoc repairs to keep the equipment in use, but this is a false economy, with costly repairs on a 'make do and mend' basis, with equipment that needs replacing.</p>	200,000					

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				Capital Cost (gross of external funding)				Net Revenue	
				2021/22	2022/23	2023/24	2024/25	2021/22	
12	Environment & Place	<p>Play Area Refurbishment. Partial refurbishment/equipment upgrades at the following play area sites:</p> <ul style="list-style-type: none"> • Church Street, Bocking (wooden play equipment installed in 2007) • Acorn Avenue, Braintree (installed in 2007) • Shaw Road (Templars), Witham (installed in 2003 and added to in 2005) • De Vere Road, Earls Colne (wooden play equipment installed in 2006) 	<p>The Council has 52 play areas around the District.</p> <p>All of the play areas are visually inspected on a monthly basis by trained staff and receive an annual safety audit by an independent external assessor. The inspection and safety audit is used to identify those play areas that require some refurbishment.</p> <p>The refurbishment programme has meant that we have been able to maintain a high standard for our play areas for our residents and visitors to enjoy, as well as meet the health and safety requirements for the equipment.</p>	100,000					
13	Environment & Place	<p>CCTV Camera Upgrade. Completely replace 6 obsolete CCTV cameras, replace analogue cameras with digital ones where appropriate and upgrade the fibre-optic links.</p>	<p>BDC have a number of CCTV cameras located in Braintree Town Centre, Halstead Town Centre and Causeway House. Some of these cameras have been in place since the installation of CCTV in the council.</p> <p>A number of the older cameras are now starting to fail and some of them are irreparable as there are no spare parts for them. They have reached end of life status.</p> <p>Technology has also moved on and modern cameras use digital technology instead of analogue giving improved imaging thereby making the CCTV more effective and useful to the authorities, especially at night when the images are mostly required.</p>	16,000					

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				Capital Cost (gross of external funding)				Net Revenue	
				2021/22	2022/23	2023/24	2024/25	2021/22	
14	Environment & Place	CCTV for Halstead Public Garden. To install a CCTV system to deter vandalism and anti-social behaviour taking place in Halstead Public Gardens and, when incidents do occur, to provide evidence to help identify the perpetrators.	<p>As one of our flagship public open spaces, Halstead Public Gardens has won awards for best medium size town park in both Anglia in Bloom and Britain in Bloom.</p> <p>The park is locked every evening and re-opened in the mornings and is protected by a fence around the whole perimeter.</p> <p>Over the past few years there have been a number of incidents in the Park including Youth ASB / noise / suspected drug activity / vandalism to shelters / theft of tools and equipment / and arson with trees/bushes being set on fire. The number of incidents reported to the police and our Street Scene Enforcement Team (excluding general resident complaints) is as follows:-</p> <ul style="list-style-type: none"> • 2017 – 8 incidents • 2018 – 8 incidents • 2019 – 3 incidents • 2020 – 5 incidents to date 	15,000				1,000	
15	Environment & Place	Replacement of Litter Bins on A120 and A12. To provide suitable facilities (22 bins plus 3 spares) for the public to use to keep the strategic highways looking clean and tidy.	The Council has 22 large litter bins located on the A120 and A12. These were originally installed as part of the Council's Green Heart of Essex programme, but they are now looking very worn and old and some have been damaged and are in need of replacement.	20,000					

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				Capital Cost (gross of external funding)				Net Revenue	
				2021/22	2022/23	2023/24	2024/25	2021/22	
16	Environment & Place	Drainage works at Braintree Cemetery. To carry out drainage works and landscaping of the redundant area of land at the west of Braintree Cemetery to increase burial capacity for an additional 30 years.	<p>Last year a feasibility survey was completed on a piece of land at Braintree Cemetery which was prone to flooding, to assess whether it would be suitable for a woodland burial site.</p> <p>Unfortunately, the report concluded that this would not be economically viable, but that the land would be suitable for traditional burials subject to some drainage works to ameliorate surface water flooding. If this was done, it would create sufficient burial space to prolong the life of the cemetery by a further 30 years. (Current capacity at this cemetery is approximately 6 years and at Bocking it is 60 years.)</p> <p>If the drainage works are carried out, it would maximise income potential and burial capacity at this site.</p>	96,000					

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				Capital Cost (gross of external funding)				Net Revenue	
				2021/22	2022/23	2023/24	2024/25	2021/22	
17	Environment & Place	Cemetery Memorial Inspection/ Repairs. To commission structural surveys of some memorials in our cemeteries and carry out repairs and/or make safe as appropriate.	<p>The Council has a legal obligation under various legislation covering burial grounds and Health & Safety to assess and control the risks associated with memorials.</p> <p>A 5 year rolling programme of safety inspections is due to start from October 2020 and we are aware that some memorials are likely to require more detailed (structural) assessments and repair and/or removal due to their age, size and construction.</p> <p>Where there is a next of kin, responsibility will rest with them to carry out the relevant repairs. However, with a lot of the older memorials, it's not always possible to trace next of kin and the Council will be required to commission an external resource who is technically qualified to structurally inspect the larger memorials. The Council will then need to make a decision on what should happen to the memorial and engage a stonemason to undertake repairs or dismantle and remove as required.</p>	20,000	20,000	20,000	20,000		

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	Portfolio	Project Description	Project Drivers						External Funding
				Capital Cost (gross of external funding)				Net Revenue	
				2021/22	2022/23	2023/24	2024/25	2021/22	
18	Environment & Place	Provision for Climate Change Initiatives.	Proposed schemes include: a) Upgrade of the Electrical Sub-Station and Installation of Electric Chargers at the Lakes Road Depot. To install an electric sub-station (£50k) and 1 Rapid Charger and 2 Overnight Dual Trickle Chargers (£30k) at the Lakes Road Depot in order to run a small fleet of electric support vehicles. b) Community Bulb and Tree Planting. To provide funding to support a Community Tree and Bulb Planting scheme which will enable parish/town councils, voluntary and community groups to apply for funding to buy and plant trees and bulbs to help manage climate change, improve biodiversity and enhance their local environment. (£15k) c) Electric Car Charger and supporting infrastructure, Witham. The purchase and installation of a dual post 22kW fast electric car charger at Newland Street Car Park, Witham. (£20k). d) Cycle parking and associated signage within the Witham and Halstead town centres (£26.7k).	500,000					
19	Economic Development and Infrastructure	Witham and Halstead town centre public realm improvements. To deliver physical public realm improvements to the town centres of Halstead and Witham. To improve the pedestrian journey through and functional environments of the town centres.	The total cost of implementation to complete all feasible projects outlined in the Town Centre Strategies for both towns, is £746,192. £260,460 is already available in the town centre capital budget. This leaves a balance required of £485,740 of which a sum of £170,706 has been received through S106 contributions which are available to spend, subject to consultation with the Town Councils. This leaves a net request for resources of £315,026.	485,740					- 170,710

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				Capital Cost (gross of external funding)				Net Revenue	
				2021/22	2022/23	2023/24	2024/25	2021/22	
20	Health & Wellbeing	Braintree Sport & Health Club.	The current boilers are coming to the end of their useful life (£160k). The dance floor floor covering is in poor condition and worn (£120k) . Athletics track - the track has had many spot repairs across the years and is now nearing the end of its useful life and requires replacement (£500k). LED Floodlights - The current cladding is ineffective and needs to be upgraded (£30k).	-	310,000		500,000		
21	Health & Wellbeing	Halstead Leisure Centre.	The current lighting is expensive to operate and is ineffective in adequately lighting all areas of the facility (£80k). The current cladding is ineffective and needs to be upgraded (£80k).	-	80,000		80,000		
22	Health & Wellbeing	Braintree Pool - Ventilation Improvements.	The current ventilation has been problematic and is a cause of overheating in the summer and condensation in the winter.	-		90,000			
				3,177,740	1,871,000	1,526,000	2,016,000	- 9,000	- 1,101,710

Award of the Temporary Labour Contract		Agenda No: 6a
Portfolio	Corporate Transformation	
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 J McKee, Cabinet Member for Corporate Transformation	
Report prepared by:	Daniel Montague, Senior Procurement Consultant and James Sinclair, Commercial Manager	
Background Papers:		Public Report
		Key Decision: Yes
Executive Summary:		
<p>The current temporary labour contract with CSS Recruitment will end on the 29th January 2021</p> <p>Braintree District Council (the Council) in accordance with the Public Contract Regulations 2015 has undertaken a robust procurement exercise for the provision of temporary recruitment with a maximum contract term of five years (an initial three years with an option to extend for two further 12 month periods).</p> <p>Two bidders were shortlisted, both provided strong quality responses. The winning bidder (First Call Contract Services Ltd) provided a more competitive pricing proposal compared to the second placed bidder (CSS Recruitment) resulting in a financial saving to the Council of an estimated £23,000 per annum against current budget.</p>		
Recommended Decision:		
<p>Cabinet agrees to award a 3 year contract with the provision to extend for two further 12 month periods to First Call Contract Services Ltd, who submitted the most economic advantageous tender, for the contract value of £3m.</p>		
Purpose of Decision:		
<p>To award the contract following the successful completion of the procurement exercise.</p>		

Any Corporate implications in relation to the following should be explained in detail.	
Financial:	The award of this contract will provide an estimated annual saving of £23,000 per annum against current budget.
Legal:	A compliant OJEU procurement process was carried out. Legal were consulted in drafting the tender documentation which will form the basis of the contract.
Safeguarding:	No matters arising out of this report
Equalities/Diversity:	An Equality Impact Assessment has been completed and no significant issues were identified.
Customer Impact:	If the contract does not perform as expected customers will experience delay in the provision of waste collection services.
Environment and Climate Change:	No matters arising out of this report
Consultation/Community Engagement:	Consultation with <ul style="list-style-type: none"> • Operations – fully involved in the procurement process • Promote Consulting – providing support in the market analysis and tender stage • Management Board
Risks:	<ul style="list-style-type: none"> • First Call Contract Services is unable to ensure sufficiency of supply of agency staff, resulting in operational issues in waste collection and horticulture. • First Call Contract Services do not perform in line with their tender submission • CCS Recruitment do not participate reasonably in the mobilisation period causing issues with supply resulting in operational issues.
Officer Contact:	Dan Montague and James Sinclair
Designation:	Senior Procurement Consultant and Commercial Manager
Ext. No:	01376 551414 2671
E-mail:	Dan.montague@braintree.gov.uk james.sinclair@braintree.gov.uk

1. Introduction

Following on from the LGA sponsored productivity expert programme, the Council undertook a review of the approach to its agency provision across the organisation to identify cost savings and opportunities for added value.

This review focussed on the Operations Temporary Labour requirement which represents 80% of total agency spend.

The current temporary labour contract started on the 1st April 2015 and was extended until 31 March 2020, before being further extended following approval from the s151 Officer until 31 January 2021. The spend through this contract on Operations Temporary Labour is up to £450,000 per year.

The Contract covered agency staff in the following areas:

- Refuse loaders
- Refuse Vehicle Drivers
- Grounds Maintenance and Street Cleansing Operatives

The current supplier Contract Support Services (CSS) is a Braintree based business with a long-term relationship with the Council, and have provided staff for the last 25 years. Throughout the working relationship and the current contract the service provision provided by CSS has generally been good.

Given the significant value of this procurement, it was necessary for the Council to undertake an open, fair and transparent process to select a supplier in line with the UK Procurement Regulations.

Consideration was given to the use of an existing pre-negotiated framework agreement. This was discounted by Management Board as CSS were not on any frameworks and therefore would have effectively be excluded from bidding for the new contract. This approach was therefore deemed unsatisfactory.

2. Market Analysis

To support the procurement a market engagement process was completed. The purpose of this was to test the market to understand comparative rates and share the Councils requirements to assess interest in provision.

The Council looked for specialised Industrial & Driver agencies with offices/branches close to Braintree. Some of them had approached Braintree directly, others were identified by reviewing the applicable frameworks.

Detailed discussions were held with four suppliers (including CSS as the incumbent supplier). This identified a number of interested agencies who expressed an interest in participating in the procurement.

Information on best practice was picked up from these discussions and included in drafting the specification to ensure an effective contract.

3. Procurement Exercise

The Council carried out a competitive procurement process (Price 60% and Quality 40%) for the provision of temporary recruitment, with a maximum contract term of five years (an initial three years with an option to extend for two further 12 month periods). This procurement was an open procurement procedure undertaken in accordance with the Public Contracts Regulations 2015. The procurement was announced on the Official Journal of the European Union (OJEU) on 24 July 2020 and the Council received declaration of interest from 51 suppliers within the market.

However, only 7 suppliers submitted a bid before the tender closing date. All submitted bids were fully evaluated by a team with representation from Operations, Procurement, Promote Consulting and Commercial.

Out of the 7 bids submitted two were identified as compliant with the Councils defined requirements. The two compliant suppliers were then invited to a clarification presentation stage, where both bidders were given the opportunity to elaborate on their submitted proposals.

Both bidders' quality scores were extremely close with the winning bidder having a score of 25.20% and the second place bidder scoring 24.80%.

However, the winning bidder provided a more competitive pricing proposal compared to the second placed bidder. The successful bidder also received the full 60.00% price weighting whereas the second placed bidder scored 42.69%.

Therefore overall the winning bidder First Call Contract Services Ltd scored 85.20%, and therefore it is recommended that the contract is awarded to First Call Contract Services.

4. Benefits to the Council

The new solution will provide innovation to current operations including timesheet management technology - an electronic bio panel with bio metric login. This technology has many features which will enable effective management including targeted messages for workers availability.

The solution offers a real time performance management portal which can be accessed electronically at any time by authorised Council officers. This will allow the Council to have efficient tools to effectively manage the contract and continuously monitor performance.

First Call Contract Services have an office based in Braintree and will assist the local job centre to provide opportunities for residents who are on long term unemployment. The local office opens at 6am on weekdays which will support the contract to fulfil demand and be on hand to deal with any issues that may arise at short notice. The supplier also provides a 24-hour, 7 day a week out of hours support service to avoid any disruption during and outside of operational hours.

First Call Contract Services have offered social value opportunities as part of their solution which includes utilising their apprenticeship levy funds to create apprenticeship posts within the Council.

The solution provides a financial saving of an estimated £23,000 per annum against current budget.

5. Risks

Risk/Vulnerability	Impact	Mitigation	Score
First Call Contract Services is unable to ensure sufficiency of supply of agency staff,	The Council experiences issues in waste collection and horticulture.	Information was provided in the tender return and presentation to give assurance to the evaluation team that supply would be sufficient. If it were not staff would be sourced from other agencies	D2
First Call Contract Services do not perform in line with their tender submission	The service provided to the Operations Team would be difficult to manage resulting in significant staff time	References were taken indicating good level of service has been provided in alternative contracts. The contract will be robust and managed closely by the Operations team	E2
CCS Recruitment do not participate reasonably in the new supplier mobilisation period	Staff are not provided to sufficient levels resulting in operational issues	Maintain good positive relationship with CSS. If supply issues review provision under current contract.	D2

Likelihood	A				
	B				
	C				
	D				
	E				
	F				
		4	3	2	1
		Impact			

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

Impact	
1	Catastrophic
2	Critical
3	Marginal
4	Negligible

6. Recommendation

The Council has successfully completed the procurement process and have identified the preferred bidder. The recommendation to Cabinet is to now proceed and award the contract. This will enable the supplier to be able to implement their solution and be fully operational for 29th January 2021 in time for the end of the current contract.

Proposed Renewal of the Lease of Blyth’s Meadow Car Park in Braintree to J Sainsbury’s Plc.		Agenda No: 6b
Portfolio	Corporate Transformation	
Corporate Outcome:	A prosperous district that attracts business growth and provides high quality employment opportunities Delivering better outcomes for residents and businesses and reducing costs to taxpayers	
Report presented by:	Councillor J McKee, Cabinet Member for Corporate Transformation	
Report prepared by:	Andrew Epsom, Head of Asset Management	
Background Papers:	Public Report	
Lease Renewal Heads of Terms	Key Decision: No	
Executive Summary:		
<p>The Council currently leases the Blyth’s Meadow car park in Braintree (as shown outlined in black on the plan at Appendix 1) to J Sainsbury Plc. The lease commenced on the 25th December 1995 for a term of 25 years and expires on the 24th December 2020. The current rent is £81,500 per annum.</p> <p>This car park comprises 117 spaces and services both the Sainsbury’s store in Braintree and the town centre.</p> <p>J Sainsbury Plc advised the Council that it wished to renew its lease of the car park for a further term and lease renewal terms have now been agreed between the parties, subject to Cabinet approval and subject to Contract. It is proposed to renew Sainsbury’s lease for a 15 year term and at an initial rent of £92,500 per annum.</p>		
Recommended Decision:		
<p>That Cabinet approves the grant of a new 15 year lease of the Blyth’s Meadow car park in Braintree to J Sainsbury Plc from the 25th December 2020, at an initial rent of £92,500 per annum and otherwise on those terms and conditions as set out within this report, or on such other terms as agreed by the Corporate Director (Sustainable Development) in consultation with the Cabinet Member for Corporate Transformation.</p>		

Purpose of Decision:

To renew the lease of Blyth's Meadow car park in Braintree to J Sainsbury Plc to provide essential car parking for customers to the Sainsbury's store, continue to provide well located car parking to support the town centre and generate a valuable source of revenue income to support the delivery of Council services.

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

Financial:	<p>The rental income received from the Blyth's Meadow car park is currently £81,500 per annum and will increase to £92,500 per annum from the 25th December 2020.</p> <p>The rent will be reviewed every 5 years and will be based on the annual increase in the Consumer Price Index (CPI) with a collar of 2% and a cap of 4%.</p>
Legal:	The Council Legal Service will be instructed to prepare and complete the new lease agreement and ensure that the Council's interests are protected at all times.
Safeguarding:	No matters arising out of this report.
Equalities/Diversity:	It has not been necessary to conduct an Equality Impact Assessment as there has been no policy change or change of circumstances which would affect customers or residents in the District.
Customer Impact:	No matters arising out of this report.
Environment and Climate Change:	No matters arising out of this report.
Consultation/Community Engagement:	No matters arising out of this report.
Risks:	Please note the Risk Assessment under paragraph 4.0 of this report.
Officer Contact:	Andrew Epsom
Designation:	Head of Asset Management
Ext. No:	2921
E-mail:	andrew.epsom@braintree.gov.uk

1.0 Background

- 1.1 Braintree District Council currently owns the freehold of the Blyth's Meadow car park in Braintree. The property is shown outlined in black on the plan attached at Appendix 1.
- 1.2 The property, which comprises 117 car parking spaces, is currently let to J Sainsbury Plc for a term of 25 years which commenced on the 25th December 1995 and expires on the 24th December 2020. The current rent is £81,500 per annum. The tenant is required to maintain the whole of the property in good repair and condition and also insure the premises.
- 1.3 The car park services both the Sainsbury's store and provides well located car parking for visitors to the town centre.
- 1.4 J Sainsbury Plc advised that it wished to renew its lease of the car park for a further term and lease renewal terms have now been agreed, subject to Cabinet approval. The Council engaged a specialist rent review consultant from the Chartered Surveyors, Lambert Smith Hampton, to ensure appropriate current market lease terms were negotiated.

2.0 Lease Renewal Heads of Terms.

- 2.1 **Demised Premises:** A town centre car park (as shown outlined in black on the plan at Appendix 1) for motor cars, motor cycles and light commercial vans not exceeding 3.6 tonnes unladen weight.

Current Lease: A lease dated 2nd January 1996 between Braintree District Council and J Sainsbury Plc for a term of 25 years from 25th December 1995.

New Lease: A new lease for a term of 15 years from the 25th December 2020.

Landlord and Tenant Act 1954: The lease is to be excluded from the security of tenure provisions of the Landlord and Tenant Act 1954 Part II.

Rent: £92,500 per annum payable in advance on the usual quarter days.

Rent Review: There shall be a rent review on the 5th and 10th anniversaries of the lease commencement date (i.e., as at 25/12/2025 and 25/12/2030) based on the annual increase in the Consumer Price Index (CPI) with a 2% collar and 4% cap.

Repairs: The tenant shall keep the premises in good and substantial repair, decoration and condition.

Permitted Use: To use the premises for car parking. Vehicles using the car park for less than 30 minutes shall not be subject to any car parking charges. The Council to continue to provide recycling facilities on the site.

Insurance: The tenant to insure the premises.

Alienation: There is an absolute prohibition against assignment or underletting.

Other Terms: The Council shall reserve the right to provide an additional pedestrian access at the southern end of the site.

Otherwise as per the existing lease save for any necessary modernisation of the lease terms.

Alternative Options Considered for the Car Park.

3.0

3.1 The Council could operate the car park itself but as it is situated between the Sainsbury's store and the other half of the car park, both of which are owned and managed by Sainsbury's, it is more appropriate for Sainsbury's to continue to lease the car park from the Council and manage it.

3.2 The Council could lease the car park to another party, however, given the store and car park layout and the ownership arrangements this would not be a very efficient or effective option.

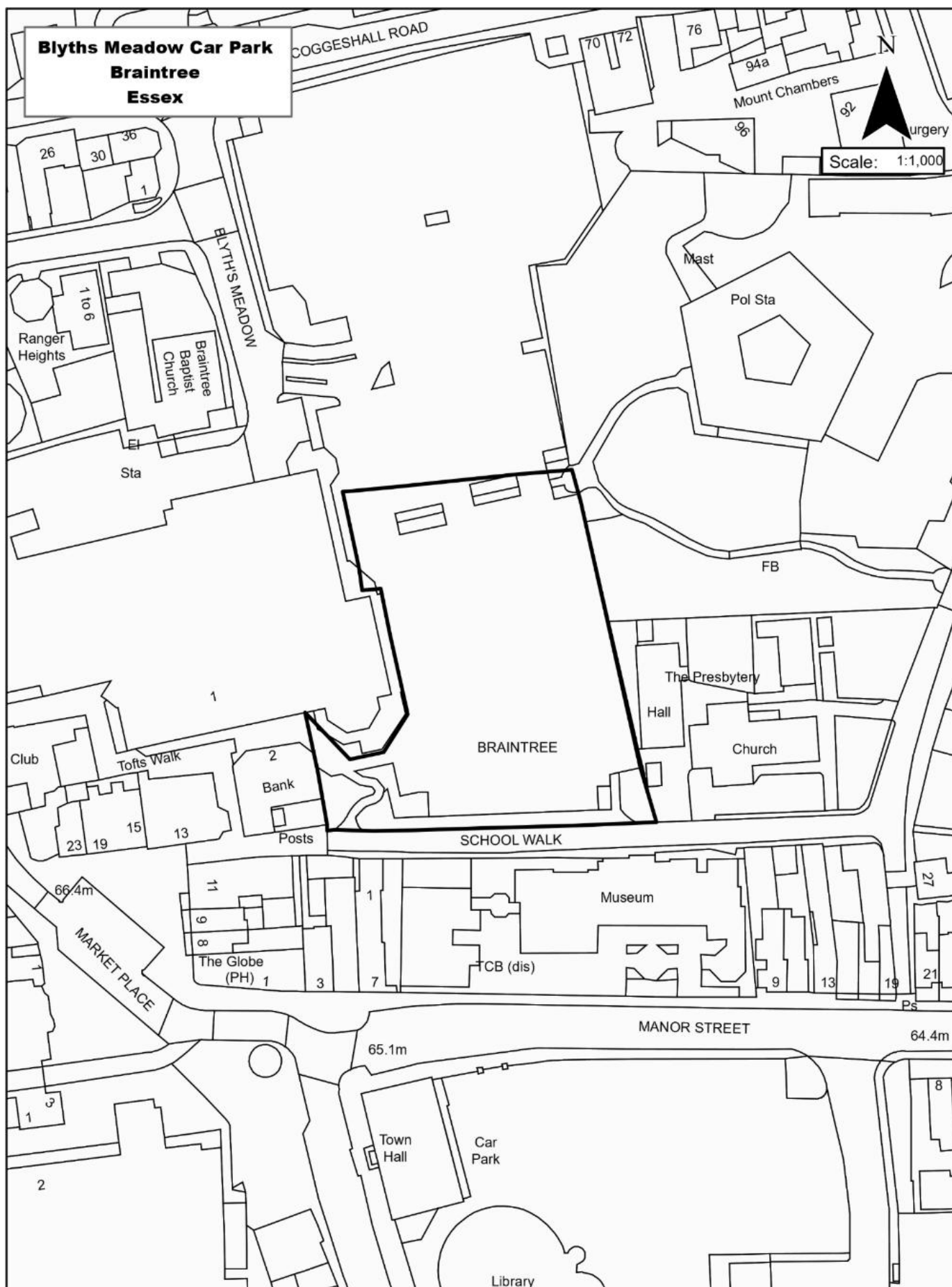
4.0 Risk Assessment

	<u>Item:</u>	<u>Issue:</u>	<u>Action:</u>
4.1	The tenant's business fails or suffers financial difficulties	This would become an issue if the store closed and an alternative food retail tenant was not identified.	The Council could find an alternative tenant or manage this town centre car park itself.
4.2	J Sainsbury Plc is considered to be a very strong covenant and therefore is viewed as low risk.		

5.0 Recommendation.

5.1 That the Council enters into a new 15 year lease with J Sainsbury Plc on the terms as set out within this report.

APPENDIX 1



Arrangements for development of land at Horizon 120, Great Notley		Agenda No: 6c
Portfolio	Corporate Transformation	
Corporate Outcome:	A sustainable environment and a great place to live, work and play A prosperous district that attracts business growth and provides high quality employment opportunities	
Report presented by:	Councillor J McKee, Cabinet Member for Corporate Transformation	
Report prepared by:	Aidan Kelly, Interim Head of Strategic Investment	
Background Papers:	Private Report: No	
Minutes of Cabinet 8 th July 2019 and Cabinet 28 th May 2020	Key Decision: Yes	
Executive Summary:		
<p>Braintree District Council (the Council) currently has in place an Option Agreement (Agreement) with Horizon (Braintree) Ltd (Marshgate) This report summarises the terms of the Agreement, with Marshgate and progress, to date, on marketing the Horizon 120 Business and Innovation Park (the Site). Given progress on secured and potential occupiers of the current 20 acre option given to Horizon (Braintree) Ltd, a decision is now required to determine how to develop the remaining land available, in order to secure development of the remaining 25 developable acres on Site.</p>		
Recommended Decision:		
<p>That Cabinet agrees:</p> <ol style="list-style-type: none">1. that a Deed of Variation to the current Option Agreement with Marshgate is entered to provide for incremental extensions of the term and release of additional developable land, after each sale of five or more developable acres, to the maximum of the remaining 25 developable acres available at the Horizon 120 Business and Innovation Park.2. That the Deed of Variation provides for an additional provision that will provide the Council with a right of first refusal on all available investment opportunities, within Horizon 120 Business and Innovation Park.		

3. The Corporate Director (Growth), in consultation with both the Corporate Director (Finance), the Deputy Leader and the Cabinet Members for Corporate Transformation and for Finance, enter into a Deed of Variation to the Option Agreement, with Horizon (Braintree) Limited
4. To note that a review of the projects governance arrangements, budget provision and delegated authority will be carried out and a proposal will be brought forward for Cabinets approval in due course that will facilitate the Council's effective investment appraisals and decisions within a commercially realistic timescale.

Purpose of Decision:

To enable the Council to secure effective arrangements for development of the remainder of the Horizon 120 Business & Innovation Park

Any Corporate implications in relation to the following should be explained in detail.	
Financial:	This report does not affect or vary the business case and financial projections, as presented to Cabinet on the 28 th May 2020
Legal:	<p>The Council has the power to develop and sell commercial land, as set out in the report. This right is subject to the Council's best value duty and needs to be supported by appropriate decision making on individual transactions.</p> <p>As the development progresses, legal agreements will be entered into to support and structure disposals to ensure that the Council can continue to deliver.</p>
Safeguarding:	All members of the professional team are required to provide satisfactory safeguarding policies.
Equalities/Diversity:	No matters arising from this report.
Customer Impact:	The full Horizon 120 Innovation and Business Park site has potential for 2,000 jobs thereby offering local residents employment, training and career path opportunities. It will also assist in alleviating the pressure on outwards commuting.
Environment and Climate Change:	Any newly constructed buildings will, as a minimum, need to comply with current environmental and climate change requirements.
Consultation/Community Engagement:	No matters arising from this report
Risks:	This report and recommendation presents no additional risks, beyond those previously reported and is considered to offer the most advantageous approach to mitigating commercial risk
Officer Contact:	Aidan Kelly
Designation:	Interim Commercial Project Director
Ext. No:	2580
E-mail:	Aidan.kelly@braintree.gov.uk

1. Background

- 1.1 On the 8 July 2019, Cabinet approved the terms of an Option Agreement (the Agreement) with Horizon (Braintree) Ltd, a Marshgate Developments company (Marshgate).
- 1.2 Marshgate are an established and reputable commercial developer based in Bishops Stortford. Their website (<http://marshgategroup.com/>) evidences a track record of commercial development in the UK and Europe. Marshgate is funded by private equity such as the Blackstone Group, the world's largest alternative investment fund with over \$248Bn assets under management.
- 1.3 The Agreement approved at Cabinet on the 8th July 2019 was executed in January 2020 on the following terms
 - i. A five year term commencing 1st June 2020;
 - ii. Mutual exclusivity i.e. that the Council will not engage with an alternative developer;
 - iii. Marshgate to have the right to purchase up to twenty net developable acres, out of the forty seven available;
 - iv. The twenty acres were deliberately not defined in order to ensure that intended occupiers were located within the correct zones, as defined in the Local Development Order;
 - v. Two net developable acres are retained for development, by the Council, and are now earmarked for the proposed Horizon 120 Enterprise Centre;
 - vi. Zero premium in return for all sales to be at full market value, independently assessed;
 - vii. Marshgate will accept all risks relating to and will procure design and development of buildings to meet the requirements of businesses relocating to the Site;
 - viii. The Agreement includes an industry standard suspension clause, which protects the Council from having to sell land in the event of a 40% reduction in value from the initial estimate of £650,000 per net developable acre. It should be noted that recent advice confirms that values, for industrial and logistics land, have recovered to pre-Covid levels;
 - ix. An obligation, on the Council, to obtain planning permission, which has now been discharged with the adoption of the Local Development Order; and
 - x. An obligation, on the Council, to deliver the estate infrastructure, which is being discharged with the current Balfour Beatty contract, due to complete in April 2021.

- 1.4 Prior to execution of the current Agreement, specialist legal advice was obtained which confirmed that;
- i. The structure does not contravene State Aid regulations as any land sold will be at market value, reflecting the fact that land sold will be in the form of serviced plots with the benefit of planning permission. To ensure clarity, Marshgate, and/or any other purchaser, will not be required to contribute to the cost of infrastructure.
 - ii. The proposed structure does not contravene Public Sector Procurement regulations by creating an implied public works contract or an implied concession contract. This will require clarity that Marshgate are free to dispose of land or buildings, to proposed occupiers, at their discretion and on terms agreed by them without approval by the Council other than by the Council acting as Local Planning Authority. It will also require clarity that the decision to dispose of land is not linked to or dependent upon any decision, by the Council, to acquire a leased building as an investment.
- 1.5 Following the implementation of the Agreement, Marshgate has assumed responsibility for marketing the Site and has instructed Coke Gearing and Knight Frank as marketing agents. The Site is also being promoted via a website; www.horizon120.com
- 1.6 The zoning requirements as dictated within the Local Development Order mean that Marshgate is marketing the whole site to a range of potential occupiers in the industrial and logistics business sectors. The marketing activity is proving successful:
- i. Contracts have been exchanged with CareCo, for the sale of 4.4 acres, for their national headquarters office and distribution centre. CareCo are relocating from Brentwood and will bring an estimated ninety jobs into the District. Construction is expected to commence in January 2021.
 - ii. Contracts are expected to be completed, in advance of the Cabinet meeting, on 2.1 acres for Essex X-Ray who will be relocating from Uttlesford and will bring an estimated 80 jobs into the District. Construction is expected to commence in December 2020.
 - iii. Seven acres are required for seven industrial units being promoted by Marshgate through its EOS brand. Four of the seven units are under offer with the initial sale, of 3.5 acres, anticipated in Q4 of 20/21 with the balance in Q2 of 21/22.
 - iv. Advanced negotiations are in progress with several other companies, including a regional residential developer, a high profile retail group and a distribution company.
- 1.7 There is a high degree of confidence that up to 19.5 acres will be committed by mid-2021. If so this will utilise the developable land governed by the current Agreement

- 1.8 Given contractual, near contractual and other firm offers being investigated with active commercial entities, combined with active and engaging marketing activity, there is tangible momentum on the Site. It is therefore both necessary and appropriate that the Council considers and implements arrangements to facilitate development of the remainder of the Site.

2. Options

- 2.1 In anticipation of the progress made with marketing and securing of contracts related to the current land option, an options appraisal has been conducted by the Strategic Investment team, to determine a way forward for the development of the remaining 45 developable acres.

- 2.2 Several options were explored, with the core 4 options detailed below:

- i. Direct development by the Council – This is not recommended as it is the highest risk option, in recognition of the Council's lack of capacity, specialist expertise and commercial profile. It is also recognised that the Council is not well placed to assess and to mitigate the inherent risks of commercial development.
- ii. An alternative developer – This is not recommended as there is no perceived advantage to seeking a new development partner given that land is currently being sold at full market value and the Council should therefore continue to seek it to be. It is also recognised that momentum would be lost as the process could not be started until the current Agreement had run its course.
- iii. Do nothing – an entirely theoretical option, which is contrary to corporate objectives and the Council's financial interests given the capital commitment made to purchasing and developing the Site and the end to recoup this capital investment.
- iv. Review and extend the Agreement, with Marshgate, with the term and the land being increased incrementally as each five or more acres are drawn down. This option is being recommended as it builds on the current good working relationship and market momentum developed with any by Marshgate.

- 2.3 As the Council is projected to require considerable revenue support in future years, given the impact Covid 19 has had on its budgets and other factors, it is suggested that the Council should be seeking increased revenue returns from its investments. In recognition of this, it is suggested that whilst the capital business case for the Horizon 120 project was principally based on the return of capital monies to the Council, it is suggested that the Horizon 120 project should seek to offer a revenue return to the Council. To that end it is suggested that any future agreement entered into with Marshgate would recognise this and offer the Council first right of refusal of any revenue generating investment opportunities provided by leased premises.

- 2.4 This Right of First Refusal will require further due diligence, particularly around creating a tax efficient structure without an unacceptable risk of challenge. It

will also require Council approval of a specific budget, financial parameters, hurdle rates and delegated authority for an expedited decision making process. It is therefore proposed that a non-binding Right of First Refusal is agreed now but that the exercise, of that right is subject to further consideration, by Cabinet.

3. **Risk**

- 3.1 This report and recommendations present no additional risks beyond those previously reported.
- 3.2 Failure to decide, on the recommended course of action, will impede Marshgate's ability to secure future occupiers as they will not be able to demonstrate contractual arrangements to deliver the necessary land.