

# Public Document Pack



Dear Councillor

## **POLICY, PROJECTS AND RESOURCES COMMITTEE - WEDNESDAY, 29TH NOVEMBER, 2017**

I am now able to enclose, for consideration at next Wednesday, 29th November, 2017 meeting of the Policy, Projects and Resources Committee, the following reports that were unavailable when the agenda was printed.

<b>Agenda No</b>	<b>Item</b>
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- |    |  |
|----|--|
| 3. | <b><u>Asset Development Programme Update</u> (Pages 3 - 6)</b>                                 |
| 4. | <b><u>Memorial Walls</u> (Pages 7 - 10)</b>  |
| 5. | <b><u>Leisure Strategy - Community Halls</u> (Pages 11 - 18)</b>                               |
| 6. | <b><u>Corporate Sundry Debt Management , Recovery and Write-Off Policy</u> (Pages 19 - 38)</b> |
| 7. | <b><u>Council Tax Support Scheme - 2018/19</u> (Pages 39 - 46)</b>                             |

8. 2017/18 Medium Term Financial Plan Mid Year Review (Pages 47 - 60)

Yours sincerely



A handwritten signature in black ink, appearing to read "P. L. R. B." with a large, sweeping flourish underneath.

Chief Executive

Encs

**29<sup>th</sup> November 2017**

## **Policy, Projects and Resources**

### **Asset Development Programme Update**

**Report of:** Philip Ruck – Chief Executive

**Wards Affected:** All

**This report is:** Public

#### **1. Executive Summary**

- 1.1 As previously identified the aim of the Council's Asset Development Programme is to steer and manage development opportunities from the Council's property asset base so as to deliver improved revenue streams from the portfolio but at the same time securing the regeneration, economic development and housing objectives of the Council. . This report provides an update of the Asset Development Programme Project Board to date.
- 1.2 Further to the P, P&R Committee meeting in September meetings have now been arranged with interested partners during December 2017 to consult with the market.
- 1.3 In addition, there are three items from the Early Successes Workstream of the project being put forward for resolution at this Committee meeting:
- Memorial Walls (Agenda Item No 4)
  - Community Halls Management (Agenda Item No 5)
  - Early Disposals of Assets (list of early disposals to follow)
- 1.4 Officers are currently reviewing the list of the Council's Assets to identify any that may be appropriate for early disposal. The proposed lists of assets for disposal are to follow.

#### **2 Recommendation(s)**

- 2.1 To note the progress of the Asset Development Programme Project Board.**
- 2.2 To approve the disposal of assets as identified and agreed at the Committee.**

### **3 Introduction and Background**

- 3.1 The Asset Development Programme Project Board is a working group of the P, P&R Committee and oversees the project, its delivery and the associated interdependencies and risk on behalf of P, P&R.
- 3.2 At its inaugural meeting on 1<sup>st</sup> November 2017 an action point arising was that “Asset Development Programme Project Board Update was to be a standing item on the P, P&R Agenda for items that need a resolution”.

### **4 Issue, Options and Analysis of Options**

- 4.1 There is an opportunity to identify council owned assets which could be considered for early disposal providing capital receipts for further investment.
- 4.2 This is one potential option that is designed to fit in with the Primary Objectives of the comprehensive Council’s Asset Programme which are set out below:

#### **Primary Objectives**

- Generate capital and revenue returns from the Council’s asset programme and managing opportunities as appropriate.
- Develop a portfolio approach that balances risk and reward across a portfolio of assets;
- In developing / making investment decisions / optimising assets be cognisant of the potential to reduce long term costs and risks to the Council Tax payers;
- In making development / investment decisions / optimising assets take into account the Council’s growth agenda;
- To develop and utilise a series of approaches that are in line with the Council’s corporate strategy whilst maximising income return;
- The Council will use its borrowing powers, and capital receipts, to invest in asset based transactions targeting financial return;
- Undertake activities with a view to establishing and maintaining pace; and
- The Council is open to appraising out of borough investments for better financial returns and will also consider co-investment opportunities with public not for profit and private sector partners.

### **5 Reasons for Recommendation**

- 5.1 The next stage in the project was to consult with the market and to identify any early quick successes.

## **6 Consultation**

6.1 None

## **7 References to Corporate Plan**

7.1 Value for Money: policies that invest in key services to create opportunity for all, provide better value for Brentwood's taxpayers and enhance the Borough's infrastructure whilst modernising and transforming Brentwood Borough Council. We will re-prioritise and focus our resources and be innovative in our approach.

7.2 Our Borough: Policies which promote our environment, support sustainable growth, and safeguard our high-quality environment including heritage and countryside. We will provide responsive, accessible and forward thinking services for vulnerable residents, supporting people back into work and providing good quality housing making Brentwood our residents' Borough of Choice.

## **8 Implications**

### **Financial Implications**

**Name & Title: Jacqueline Van Mellaerts, Financial Services Manager**

**Tel & Email: 01277 312 829**

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8.1 N/A – see individual reports

### **Legal Implications**

**Name & Title: Daniel Toohey, Monitoring Officer**

**Tel & Email: 01277 312 860 daniel.toohey@brentwood.gov.uk**

8.2 N/A – see individual reports

**Other Implications** (where significant) – i.e. Health and Safety, Asset Management, Equality and Diversity, Risk Management, Section 17 – Crime & Disorder, Sustainability, ICT.

8.3 N/A – see individual reports

## **9 Background Papers** (include their location and identify whether any are exempt or protected by copyright)

9.1 N/A – see individual reports

## **10 Appendices to this report**

- N/A – see individual reports

### **Report Author Contact Details:**

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**29 November 2017**

## **Policy, Projects & Resources Committee**

### **Memorial Walls**

**Report of:** *Ray Inns – Interim Project Accountant*

**Wards Affected:** *All – Warley Initially*

**This report is:** *Public*

#### **1. Executive Summary**

1.1 This report focuses on the delivery of a Memorial Wall in Woodman Road cemetery where, for a fee, people can place memorial plaques for their loved ones. This will also provide the opportunity to enhance an area of the cemetery currently under-utilised, but with much potential given the existing pathway with no “focal point”.

1.2 A pergola is being incorporated into the design at this stage along with a round bench at the end of the path. A drawing is currently being prepared from which estimated costings can be obtained. Costs and space permitting other walls will be designed into the scheme for people who wish to commemorate their pets. Car parking provision, improvements to the path and planting are also being considered subject to cost.

1.3 Approval is now being sought from this committee, as landowner, to agree in-principle for the development of a Memorial wall subject to a planning pre-application meeting, planning approval and any other associated permissions that may be necessary.

#### **2. Recommendation(s)**

**2.1 That approval be given in-principle for the development of a Memorial Wall in Woodman Road Cemetery.**

**2.2 That a report be made to the P, P&R Committee in January 2018 seeking final agreement in regards to the following:**

- (i) Design and cost within existing capital resources for cemeteries.**
- (ii) Suitable level of fee and terms and an appropriate agreement and conditions for the plaque.**

### **3. Introduction and Background**

- 3.1 As part of the current ongoing work to utilise the Council's Assets for income generation the development of a Memorial Wall at Woodman Road Cemetery is now put forward for consideration.
- 3.2 The Council, as landowner, has to provide in-principle approval for any development work to take place, subject to necessary approvals.

### **4. Issue, Options and Analysis of Options**

- 4.1 Discussions have taken place with Colchester Cemetery and Crematorium who have a similar Memorial Wall scheme. Other sites for the Borough will be considered depending upon the take-up of the opportunity at this site.
- 4.2 Construction costs will be capital by their nature. The provision and "sale" of plaques will be revenue. Maintenance costs are expected to be covered within existing resources initially and eventually the revenue stream from "sale" of plaques.
- 4.3 An appropriate agreement and conditions will be developed for the scheme. At this stage a 10-year agreement is anticipated which is in line with many other Councils in the country.
- 4.4 A report will be required to a future committee regarding exact costs of the works, design, level of fees and conditions for the plaque.

### **4 Reasons for Recommendation**

- 5.1 This scheme will enhance the appearance and attractiveness of Woodman Road cemetery. People will have a peaceful place to sit and reflect upon their loved ones in a pleasant environment.

### **6 Consultation**

- 6.1 None



## **7 References to Corporate Plan**

- 7.1 “Our Borough is a great place to live, work and visit; with strong, healthy and vibrant communities along with a beautiful green environment to enjoy. We want to keep it that way and are working hard to produce a new Local Plan which both protects the essential qualities of the Borough, while at the same time delivering the right mix of housing, jobs, open space and other infrastructure that will be required in the future”
- 7.2 “Consider how Council assets can be utilised to promote sustainable development in the Borough”

## **8 Implications**

### **Financial Implications**

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- 8.1 Capital costs to be developed once indicative estimates are sought and obtained from the drawings. The scheme may have to be reduced in ambition to fit within existing budget provision. Revenue costs and income will be worked through with the intention of trying to achieve a reasonable pay-back on the capital outlay.

### **Legal Implications**

**Name & Title: Daniel Toohey, Monitoring Officer**

**Tel & Email: 01277 312 860 [daniel.toohey@brentwood.gov.uk](mailto:daniel.toohey@brentwood.gov.uk)**

- 8.2 An appropriate agreement and conditions for the scheme will be developed. A title search will be undertaken to make sure there are no restrictions on use of the pilot site.

**Other Implications** (where significant) – i.e. Health and Safety, Asset Management, Equality and Diversity, Risk Management, Section 17 – Crime & Disorder, Sustainability, ICT.

- 8.3 N/A

## **9 Background Papers** (include their location and identify whether any are exempt or protected by copyright)

- 9.1 N/A

## **10 Appendices to this report**

- N/A

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**29 November 2017**

## **Policy, Projects and Resources Committee**

### **Leisure Strategy - Community Halls**

**Report of:** *Kim Anderson, Partnership, Leisure and Funding Manager*

**Wards Affected:** *All Brentwood Borough Wards*

**This report is:** *Public report*

#### **1. Executive Summary**

- 1.1.** As part of the development of the Council's Leisure Strategy a Value for Money Review and options appraisal was undertaken in 2016 and the report and recommendations were circulated to all Members. The Council's six community halls were included in this piece of work and are also included as part of the early successes programme workstream within the Asset Development Programme.
- 1.2.** Officers have undertaken a review of the current arrangements for the Community Halls and have identified four possible courses of action.
- a) Do Nothing, keep the status quo;
  - b) Re-negotiate a new Halls Management Agreement and new leases for the community halls with Brentwood Leisure Trust /Brentwood Leisure Trading;
  - c) Explore the direct management of the community halls by Brentwood Borough Council;
  - d) and explore the possibility of other 3<sup>rd</sup> party providers managing the community halls. The report before Members tonight outlines the process to date with a preferred recommendation.
- 1.3** At this stage the preferred option gives the opportunity for negotiations to take place that are in the best interests of the Council and Brentwood Leisure Trust.

#### **2. Recommendation**

- 2.1 Delegate the Chief Executive in consultation with the Chair of Policy, Projects and Resources Committee to negotiate and agree a new Service Level Agreement and new leases with Brentwood Leisure Trust/Brentwood Leisure Trading.**

### **3. Introduction and Background**

- 3.1.** Brentwood Borough Council has a current Service Level Agreement in place with Brentwood Leisure Trust and Brentwood Leisure Trading to manage the Council's community halls which include: Hutton Poplars Hall, Hutton Poplars Lodge, Nightingale Centre, Bishops Hall, Willowbrook Hall and Merrymeade House.
- 3.2.** In order to ascertain the true running costs of the Council's leisure facilities, the Council commissioned a value for money review and options appraisal of the its leisure facilities in 2016 which included the Brentwood Centre, the community halls, Hartswood Golf Course and the Council's play areas.
- 3.3.** 4Global were appointed to undertake this piece of work and this was completed in November 2016. The subsequent report and recommendations was circulated to all Members in June 2017.
- 3.4.** The 4Global consultant's report put forward some options for the community halls and these have been explored further in this report.
- 3.5.** The Community Halls were also added as part of the early successes programme within the Asset Development Programme in November 2017.
- 3.6.** Under the Council's Asset Management Strategy 2014/15 (Agreed by Members at the Asset and Enterprise Committee on 15 July 2014 (min. ref. 74) the Council has an obligation to obtain best value under section 123 and 127 LGA 1972.
- 3.7.** If the Council were to look at any lease less than the commercial rental value, then Members need to consider the Council's 'Less than Best Consideration Policy (agreed at 27 March 2015 Asset and Enterprise Committee (min. ref.548), if any lease is more than 7 years. There is also a need to assess the social value when considering this type of lease. This was policy was amended at 19 September 2017 Policy, Projects and Resources Committee (min. ref.111)
- 3.8.** An internal Audit review was undertaken of the Community Halls in September 2017 which contained a number of recommendations including

the implementation of more robust contract management and monitoring arrangements.

#### **4. Issues, Options and Analysis of Options**

- 4.1.** The Leisure Strategy is one of the key strategies as set out in the Vision for Brentwood 2016-19 document. To deliver a successful Leisure Strategy, Members and Officers need to have a complete picture of the cost of the current provision, how it measures in value for money terms, the future options available to them, together with any risk profiles associated with its leisure facilities.
- 4.2.** The key decision for Brentwood Borough Council is how to best provide the level of leisure provision for both current and future Brentwood residents, bearing in mind that it has existing but ageing facilities and that there will be future development pressures.
- 4.3.** The 4Global report had set out a number of possible options in respect of the community halls.
- 4.4.** All the halls have some degree of operating constraint. Merrymeade has existing tenants, Hutton Poplars Lodge accommodates Hutton Bowls Club and Willowbrook Hall is part of the school and is leased from Essex County Council.
- 4.5.** There are many factors that the Council needs to consider in relation to the future provision of the community halls as identified by 4Global which include:
  - a) The current cost of the service to Brentwood Borough Council
  - b) The objective of the Council to achieve a nil cost leisure service
  - c) Develop a programme of informal physical activity delivered through the halls
  - d) Potential to include community halls in the future operational management arrangement for the Brentwood Centre
  - e) Market test to see if an alternative operator that could manage the community halls
- 4.6.** There are four options that officers have been exploring in respect of the Community Halls.

- a) Option1 – Do nothing, keep the status quo
  - b) Option 2 – Re-negotiate the current lease with Brentwood Leisure Trust and Brentwood Leisure Trading
  - c) Option 3 – Explore whether Brentwood Borough Council could directly manage the community halls
  - d) Option4 – Explore the possibility of other 3<sup>rd</sup> party providers managing the community halls
- 4.7.** Officers have already issued a Service Level Agreement and subsequent leases for each of the halls with Brentwood Leisure Trust and Brentwood Leisure Trading which will expire on **31 March 2018**. This will enable officers time to implement the recommended option as set out in 2.1 of this report.
- 4.8.** It is assumed that Members will not elect to go with Option 1 – Do nothing, keep the status quo due to the current financial position of the Council.
- 4.9.** If Members approve the preferred option (2.1) to give delegated authority to the Chief Executive in consultation with the Chair of Policy, Projects and Resources Committee, to re-negotiate the Service Level Agreement and leases with Brentwood Leisure Trust and Brentwood Leisure Trading, it is advised that they incorporate the internal audit recommendations.
- 4.10.** If Members were to prefer Option 3 –i.e. for Brentwood Borough Council to directly manage the halls, then Members need to consider the following implications and risks:
- a) The consequential impact on the financial position of the Trust
  - b) Consultation will need to start with any agreed affected staff under the TUPE regulations
  - c) TUPE liability and pension liability also needs to be considered in the future on-going costs for the Council.
  - d) New job descriptions will need to be agreed and there could be an adverse effect on existing roles at Brentwood Borough Council
  - e) There is a general unknown impact on Brentwood Council resources in terms of line managing the community halls operation as staff are already working at full capacity
  - f) Some capital investment will also need to be agreed for a hall booking system
  - g) NNDR/Business Rates will become liable if brought back in house.
  - h) The Council may need to opt to tax the buildings so that any services we supply from them can be charged with VAT rather than exempt income
  - i) To minimize the risk of losing existing users the Council would need to propose that any fees and charges for hall hire are kept the same as the

current Brentwood Leisure Trust charges. These would then be reviewed annually as part of the Council's budget setting process.

- 4.11.** If Members were to decide on Option 4 then the same risks as Option 3 will apply plus the following:
- a) All associated costs with the halls and potential income needs to be identified as part of the information packs which will need to be provided for any prospective organization/s that would be interested in the management of the community halls.
  - b) A condition survey would need to be undertaken so that any potentially interested party is fully aware of the condition of the halls which may result in requests for large rent-free periods as part of any new leases.
  - c) If a 3<sup>rd</sup> party requires a lease of longer than 7 years, less than the commercial rental value, then under the Council's Less than Best Consideration Policy (agreed 27 March 2015 Asset and Enterprise Committee (min. ref 548) any amended at the Council's Policy, Projects and Resources Committee on 19 September 2017, then any lease will need to come to the relevant Committee for agreement.
- 4.12.** It should be noted that whatever option is taken there will be a need to undertake full internal and external condition surveys so that the Council is aware of the current and future financial implications on the continued maintenance of the buildings. This may also be able to inform a future planned maintenance programme.

## **5. Reasons for Recommendation**

- 5.1 As part of the Council's due diligence in delivering a successful Leisure Strategy, Members and officers need to have a complete picture of the current associated costs, risk profiles of the Borough's Leisure facilities and identify opportunities for income generation.
- 5.2 Comments received from Sport England as part of the Local Development Plan consultation, stated that a Leisure Strategy is required that assesses Council owned sports and leisure facilities in order that the Council can continue to work with partners to ensure that appropriate provision is made for the residents of Brentwood. The strategy should not only consider how the Council can provide services, but also how other partners can.
- 5.3 The preferred option incorporates the implementation of the internal audit recommendations in respect of more robust contract management and monitoring.

## **6. References to Council Priorities**

The Leisure Strategy sits under two main strands of the Vision for Brentwood 2016-19: Environment and Housing Management to develop a Leisure Strategy to provide strong and sustainable leisure facilities for residents and businesses; and Community and Health - to work with community and voluntary organisations to develop the priorities for community development. There are also strong links for the priorities of the Council's Health and Wellbeing Strategy 2014-2017, the Local Development Plan, Active Brentwood/Essex and the Council's Asset Management Strategy 2014/15.

## **7. Implications**

### **Financial Implications**

**Name & Title: Jacqueline Van Mellaerts, Deputy 151 Officer**

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7.1 One of the key drivers for the Leisure Strategy is to reduce the Council's current revenue and capital costs on its leisure facilities and ensure that they are affordable, sustainable and fit for purpose for any future requirements.

7.2 At this stage the preferred option gives the opportunity for negotiations to take place that are in the best interests of the Council and Brentwood Leisure Trust.

7.3

### **Legal Implications**

**Name & Title: Daniel Toohey, Head of Legal Services and Monitoring Officer**

**Tel & Email: 01277 312860 Daniel.toohey@brentwood.gov.uk**

7.4 Legal Services are on hand to advise on necessary legal processes and requirements in relation to the preparation of acceptable lease terms and the procurement of contracts.

## **7.5 Risk Implications**

The risk implications to both Brentwood Borough Council and Brentwood Leisure Trust and Brentwood Leisure Trading are set out in this report.

**8. Appendices: None.**



**Background documents:**

Local Development Plan

National Planning Policy framework

Fields in Trust - Guidance for Outdoor sport Play: Beyond the Six Acre Standard

PLC report

Sport England

Leisure Strategy summary report

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**29 November 2017**

## **Policy, Projects and Resources Committee**

### **Corporate Sundry Debt Management, Recovery & Write-Off Policy**

**Report of:** *Jacqueline Van Mellaerts, Financial Services Manager*

**Wards Affected:** *None*

**This report is:** *Public*

#### **1. Executive Summary**

- 1.1 The current Debt Recovery Policy incorporating all debts was established in 2003. This policy contains only minimal detail on Sundry Debt recovery processes which are now outdated.
- 1.2 A new, separate and comprehensive sundry debt recovery policy has been written to cover all aspects of corporate sundry debts, which includes good practice, accounting arrangements, recovery processes and the procedure to follow when considering debts for write off.

#### **2. Recommendation(s)**

- 2.1 That the Committee agrees to remove Section 6 (Sundry Debts) from the existing Debt Recovery Policy 2003.**
- 2.2 That the Committee agrees to the adoption of a new, separate corporate sundry debt management, recovery and write off policy as per Appendix A of this report.**

#### **3. Introduction and Background**

- 3.1 The current corporate Debt Recovery Policy was agreed in November 2003.
- 3.2 Most of the current policy is devoted to the procedures in place for the recovery of Council Tax and Business Rates arrears, and Housing Benefit overpayments. Corporate sundry debt recovery is briefly summarised based on contemporary working practices (Appendix B).

3.3 The 2016/17 Internal Audit of Main Financial Systems recommended that the existing sundry debt recovery policy and procedure notes be updated.

#### **4. Issue, Options and Analysis of Options**

4.1 As part of the review of the existing sundry debt recovery policy, consideration was made to current sundry debt management and recovery policies used by other local authorities.

4.2 The new, separate policy greatly expands the old Sundry Debtors section of the Debt Recovery Policy, incorporating best practice used across several authorities whilst reflecting the current successful working processes of the Corporate Debt Recovery team.

4.3 There are 3 key areas of the new policy.

- Corporate debt management – this summarises the aims, responsibilities and good practices when an invoice is raised.
- Recovery process – this explains the stages of recovery used by the council to recover sundry debts.
- Write offs – which includes reasons, procedures and authority for write offs.

#### **5. Reasons for Recommendation**

5.1 The existing debt recovery policy does not reflect current working practices and provides insufficient detail of sundry debt policy and processes.

5.2 Combining the sundry debt recovery management and write off policy into one document makes both policies easier to follow and review.

#### **6. Consultation**

6.1 None

#### **7. References to Corporate Plan**

7.1 None.

#### **8. Implications**

##### **Financial Implications**

**Name & Title: Jacqueline Van Mellaerts, Financial Services Manager**

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- 8.1 A budget will be needed to cover annual recovery costs incurred where the collection agent charges for onsite recovery. This will be found from existing resources within the Medium Term Financial Plan. The policy does allow for us to recover these costs from the customer, as well as statutory interest/ compensation on overdue payments.

### **Legal Implications**

**Name & Title: Daniel Toohey, Head of Legal Services & Monitoring Officer**

**Tel & Email: 01277 312 860 daniel.toohey@brentwood.gov.uk**

- 8.2 Any legal considerations are covered in the body of the policy and report.

**Other Implications** (where significant) – i.e. Health and Safety, Asset Management, Equality and Diversity, Risk Management, Section 17 – Crime & Disorder, Sustainability, ICT.

- 8.3 None

- 9. Background Papers** (include their location and identify whether any are exempt or protected by copyright)

- 9.1 None

### **10. Appendices to this report**

- Appendix A – Brentwood Borough Council Corporate Sundry Debt Management, Recovery & Write-Off Policy (Draft) November 2017
- Appendix B – Debt Recovery Policy (2003) - Section relating to Sundry Debtors only

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# **Brentwood Borough Council**

## **Corporate Sundry Debt Management, Recovery & Write-Off Policy**

November 2017

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## 1.0 Corporate Sundry Debt Management

### 1.1 Introduction

- 1.1.1 The Council has a duty to recover outstanding debts and in doing so ensures that its processes are fair to everyone, particularly in the current economic climate.
- 1.1.2 It is essential that all monies due are collected effectively by the Council, and that debt owed to the Council is kept to a minimum. This is because the Council has both a legal duty and a responsibility to its residents to ensure that income due is paid promptly. Effective income management is critical to the delivery of overall Council service objectives.
- 1.1.3 With this in mind, the introduction of a corporate sundry debt management policy will ensure we minimise debt and maximise rates of collection, are consistent in our approach and ensures that we assist customers who experience financial difficulty.
- 1.1.4 This policy applies to all sums raised by invoice using the Council's Sundry Debtors system. The main service areas where debt is raised on the Sundry Debtor's system are:
- Building Control
  - Community Alarms
  - Licencing
  - Commercial Rent (Asset Management)
  - Waste management
- 1.1.5 Debts will remain the responsibility of the Service in which they were raised, and recovery action will be taken by the Corporate Debt Team. It is the responsibility of the Services to assist the Corporate Debt Team in collecting debts.

### 1.2 Aims of the Policy

- 1.2.1 The key aims of this policy are as follows:
- To maximise the level of income collected by the Council by;
    - implementation of a transparent charging policy
    - accurate and timely invoicing
    - reducing the level of debt arising
    - effective and timely recovery processes
    - utilising the appropriate recovery method by debt type
  - To recognise that causes of debt vary and recovery methods should be focused accordingly.
  - To circumscribe the income cycle from charging policy through to collection and enforcement.
  - To ensure that debts are managed in line with legislative provisions and best practice.
  - To foster good financial management and control across the Council
  - To ensure income relating to all types of debt is to be handled in accordance with the Council's Constitution, the Financial Regulations and this policy.
  - To ensure performance in relation to debt recovery is reported through the relevant management structures of the Council.

### 1.3 Policy Review Period

- 1.3.1 This policy should be reviewed as a minimum every 2 years from the date of adoption.

## **1.4 Responsibilities**

1.4.1 Heads of Service/ Service leads must ensure that:

- The Corporate Debt Recovery Policy is adhered to
- The key principles of fees and charges are adhered to
- The parts of this policy that apply to their Service areas are correctly followed
- Specific attention is paid to prohibit the poor practise of raising large value invoices at the financial year end
- They proactively support the achievement of corporate targets for debt collection
- Budget Managers are fully aware of their responsibilities
- Relevant systems and procedures are in place
- Officers involved in the debt collection process are appropriately trained and are aware of their responsibility

1.4.2 The Service responsible for raising the invoice must ensure that the evidence of the service provided is fully validated and that the invoice is accurate and contains sufficient detail for both billing and recovery purposes.

1.4.3 It is the responsibility of the originating Service to ensure that the correct billing details are collected.

1.4.4 Internal Audit will provide assurance that this Policy is adhered to and is effective.

## **1.5 Good Practice**

1.5.1 There are a variety of reasons why debt is created. Putting effective processes in place; charging and invoicing accurately and speedily, ensures that debts raised are correct and do not discourage timely payment.

1.5.2 Customers fail to make payments for a variety of reasons. Where people genuinely have difficulty maintaining their payments; the Council will make every effort to help. Others may deliberately set out to delay or not make payments at all. In these situations, the Council will take action to secure and recover payments.

1.5.3 The Council will follow the principles of good practice set out below:

- Fair charging policies that are reviewed regularly
- Payment in advance where possible
- Promotion of Direct Debit as the default method of payment where appropriate, with a range of other payment options
- Prompt and accurate invoicing
- Provide information on where customers can find advice on ways to reduce bills and maximise income
- Consider payment arrangements for those customers experiencing financial difficulties
- Keep customers informed
- Take appropriate recovery action
- Multiple debt management - where the Council is aware of more than one debt owing
- Review and write off debt where appropriate

## **1.6 Charging Policies**

- 1.6.1 The Council will charge for all services where allowable.
- 1.6.2 The Council will design charging policies which are coherent and cost effective. Policies will be designed to be fair and easy to understand and administer. Charges should cover the full cost of the service unless there is an explicitly agreed subsidy or an alternative means of funding.
- 1.6.3 Individual services and departments will regularly review charging policies and fee levels to check that charges are adequate and are applied to all chargeable services.
- 1.6.4 Reporting methodologies are to be reviewed and improved to ensure that there is a corporate view of the effectiveness of charging and collection policy and delivery.

## **1.7 Payment Options**

- 1.7.1 Where payment can be taken before a service is provided these cases are to be identified and payment taken in advance, ensuring that no debt is raised in these cases. The Council should continue to review service provision where payments are not currently taken in advance to explore ways of moving them to taking payment advance where possible/ appropriate. When it is not possible to take payment in advance, the easier it is for the customer to pay a debt the more likely it is that payment will be made.
- 1.7.2 Where appropriate, Direct Debit should be promoted to spread the cost of repayments for customers. Where a customer is unable to pay by Direct Debit or it's not appropriate (e.g. for a 'one off' invoice), the Council will encourage a range of payment options which should be convenient for the customer and cost effective for the Council, with an emphasis on payment by automated channels to reduce administration.

## **1.8 Prompt and Accurate Invoicing**

- 1.8.1 The Council will:
- produce accurate and clear invoices promptly
  - respond quickly to customer queries regarding their invoices
  - produce clear invoices in plain English and show:
    - what the invoice is for
    - the amount due and, if applicable, instalment amounts and payment due dates
    - how to make a payment
    - contact details for enquiries - including e-mail and website details
    - details of the Council's fair usage and data protection policy
- 1.8.2 All invoices must be raised to a correctly named legal entity. In the event of non-payment, legal action cannot be taken against a non-legal entity. Legal entities are:
- Individuals
  - Sole Traders
  - Partnerships
  - Limited companies
  - Charities limited by guarantee
  - Clubs run by a committee
  - Trustees
  - Executors or Personal Representatives
- 1.8.3 Where services are used over a period of time, the Council will consider periodic invoicing.

## **1.9 Where an invoice should not be raised**

1.9.1 Where possible, an invoice should not be raised:

- For less than £50.00. For fees and charges less than £50.00 payment should be made prior to the goods or services being provided. However, this excludes legal charges (e.g. ground rent) and arrangements already in place.
- Where the charge is not known in advance
- If a purchase order or written agreement has not been received
- When it cannot be proven that the goods and/or services have been supplied
- When the amount due has previously been paid

## **1.10 Credit Limits**

1.10.1 For goods and/or services to be supplied and costing over £5,000 and where a payment up front cannot be obtained, a credit check must be run on all customers except those in the public sector. The Service must contact the Corporate Debt Team to carry this out. Where possible, systems should be checked prior to the provision of a service.

1.10.2 Credit/Service provision must not be given to customers who previously have been consistently late payers or have not paid at all. Only the respective Head of Service can approve credit facilities where a customer has previous history of non/ late payment.

1.10.3 Preferential credit limits must not be agreed for any customer.

## **1.11 Payment Terms**

1.11.1 The Council will collect monies owing to it fully and promptly.

1.11.2 Payment terms will only be granted where the customer is not able to settle the debt in full in one payment. On receipt of an invoice a customer can make arrangements to clear the amount outstanding by way of instalments. Payment should be made by direct debit wherever possible.

1.11.3 All requests from customers to enter into arrangements for payment must be referred to the Corporate Debt Team regardless of the amount. The Corporate Debt Team will set up and monitor all payment arrangements.

1.11.4 The Corporate Debt Team will withdraw payment terms if a debtor fails to honour the agreement entered into. Where invoices are raised payment becomes due after 30 days (or less where agreed).

## **1.12 Accounting Arrangements**

1.12.1 Services will receive the credit when an invoice is raised.

1.12.2 Any third-party fees or charges associated with recovering a debt will be charged to the Service.

1.13.3 Where debts cannot be recovered, the original credit will be debited from the Service budget by way of a write off; all write offs to be signed off in accordance with the Financial Regulations.

1.13.4 Refunds of any overpayments will be processed by the Corporate Debt Team via a Debit Memo only where there are no other debts outstanding for that customer. Should a customer have an outstanding debt then any overpayment will be off set after the customer has been informed. Credits less than £5.00 will not be refunded.

## 2.0 Recovery Processes

### 2.1 Introduction

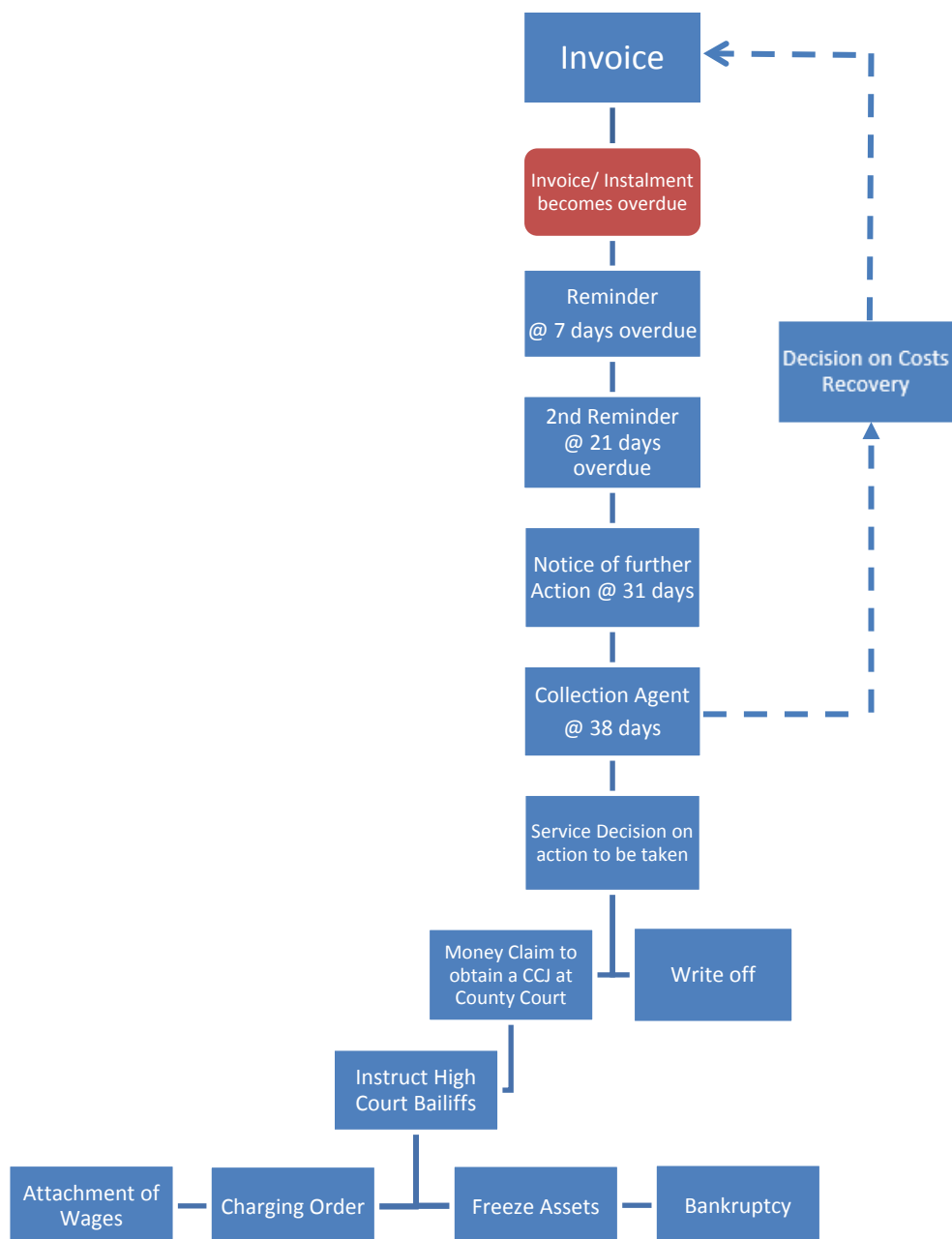
- 2.1.1 The Council's approach to recovering debt raised via its Sundry Debt system will be consistent, transparent, firm, fair and courteous.
- 2.1.2 Consistency means taking a similar approach in similar circumstances to achieve similar ends. The Council aims to achieve consistency in the advice it gives, the use of powers, and the recovery procedures used.
- 2.1.3 The Council recognises that consistency does not mean simple uniformity and will take account of many variables such as the individual's needs, circumstances, and ability to pay and the need to secure the debt on behalf of the Council.
- 2.1.4 Transparency is important in maintaining public confidence; helping people to understand what is expected of them and what they should expect from the Council and clearly explaining the reasons for taking recovery and enforcement action.
- 2.1.5 Recovery action will be taken in a timely manner and wherever possible technology will be utilised to automate and expedite processes.
- 2.1.6 A written explanation of any rights of appeal against formal enforcement action will be given before or at the time the action is taken.

### 2.2 Recovery methods

- 2.2.1 The Council will differentiate wherever possible between those who can't pay, those who won't pay and those who have gone away. The purpose of this differentiation is to target the most effective recovery methods to recover the debt.
- 2.2.2 A range of recovery options will be used where arrangements to pay have broken down. The choice of recovery method will depend on a number of factors including the method available for a particular type of debt, but options can include:
- Adding interest and/ or costs to the balance outstanding
  - Referral to a Civil Collection Agent to pursue the debt
  - County Court Judgement, which could allow any of the following:
    - Warrant of Execution (County/ High Court Enforcement Agents)
    - Charging Orders
    - Attachment of Wages
    - Freeze assets or money in an account
    - Bankruptcy/ Liquidation
  - If applicable, the forfeiture or the lease/ tenancy
- 2.2.3 The Council will always take recovery action where a customer does not pay and does not say they are having difficulty paying. If the customer tells us soon enough that they are having problems and we agree a payment arrangement, we will not take any further recovery action. However, if we have started recovery action (e.g. we have sent the case to a collection agency) the customer will need to make an arrangement with the agency.
- 2.2.4 The Council will provide customers with information on where to find debt and money advice.

## 2.3 Stages of Recovery Action

2.3.1 The flowchart below shows a high-level process map for recovery.



2.3.2 In addition to the above, every effort will be made to contact to customer via telephone/ email prior to each recovery stage to increase the likelihood of the invoice/ instalment being paid, including prior to the invoice/ instalment becoming overdue where the customer is not paying by direct debit.

## 2.4 County Court Judgements

2.4.1 The Council can commence the County Court Judgement (CCJ) process via the County Court using an online money claim. Customers are contacted in regard to any debt by The County Court and given the option to pay in full, set up an arrangement for payment or dispute the debt.

2.4.2 If the judgement is for more than £600 the Council may be able to ask a High Court Enforcement Officer to try to collect the money or remove goods to sell at auction. A warrant is required for this action

## **2.5 Interest, Compensation and Reasonable Costs Recovery**

2.5.1 The council will seek to recover interest and/ or compensation, as well as reasonable recovery costs, on all overdue debts where it is deemed appropriate.

## **2.6 Recovery Considerations**

2.6.1 If a customer is vulnerable (e.g. elderly, seriously ill, mental health issues) and this makes it difficult for them to pay, we will try to avoid recovery action and provide the assistance they need to make payment. We can only do this if we know the customer's circumstances.

2.6.2 Where it has been identified that a customer is suffering from financial difficulties or other extenuating circumstances the Council is committed to providing advice and support as well as a variety of payment options including:

- Holding enforcement action once a customer makes contact to inform of a difficulty in making payment
- Voluntary payment solutions considered in preference to statutory or civil remedies
- Past history of payments should be considered when making a decision to proceed with enforcement action
- Where a payment solution is agreed this should be confirmed in writing by the Council including any action that will be taken should the agreed payments not be made
- Payment solutions should be made with an agreed up-front payment from the debtor whenever possible
- Where a payment solution cannot be agreed, the debtor will be advised of the reasons why and that the recovery process will continue

2.6.3 We will always ensure that the recovery method is appropriate for the amount of debt. Collection Agents will not be engaged for any debt less than £100.00.

2.6.4 Where the debt is for an ongoing service provided by the Council which the Council does not have to provide (for example Trade Waste) we will stop providing the service until the debt is paid or an acceptable special payment arrangement is made.

## **2.7 Principles of Enforcement**

2.6.1 We will follow the principles of enforcement outlined below:

- Our approach will be consistent – with the aim of achieving consistency in the advice we give, the use of our powers and in the recovery methods we use
- Our actions will be transparent – to help customers to understand what is expected of them and to explain the reasons for taking any recovery action.
- Our actions will be proportional – we will only use the most severe sanctions for the most difficult/ high value cases

## **2.8 Complaints and errors**

2.8.1 If an error or mistake is made in the process of recovering debt the account will reviewed and appropriate action taken.

2.8.2 If a customer is unhappy with the service provided or disagrees with the decisions made they are able to complain through the Councils standard complaints procedure.

2.8.3 During the process of enforcing payment of outstanding debts it is possible that evidence or facts emerge after enforcement proceedings have been taken or have been completed. In these cases the Council will take appropriate action to remedy the situation as far as possible.

## 3.0 Write Offs

### 3.1 Introduction

- 3.1.1 This document sets out the procedure to be followed when writing off irrecoverable amounts (including credit balances) of corporate sundry debts, with effect from November 2017.
- 3.1.2 Under the Accounts and Audit Regulations 2003 (as amended by the 2006 and 2009 Regulations), bad debts should not be written off without approval of the responsible financial officer, or such member of staff as is nominated by him or her for this purpose. There are no equivalent rules for credit balances although it is prudent to have these written off on a regular basis.
- 3.1.3 Both internal and external audit need to be satisfied any write off policy is both robust and transparent. A debt should only ever be written off in accordance with the policy agreed by members.
- 3.1.4 Where a debt is deemed to be non-recoverable (or a credit non-refundable), it needs to be identified and dealt with promptly in accordance with financial regulations.
- 3.1.5 Writing off irrecoverable items represents good financial management. It allows staff to concentrate on recoverable debts and ensures that the level of debtors / arrears within the accounts is accurate and represents a true and fair reflection of the Council's financial position.

### 3.2 Reasons for Write-Off

- 3.2.1 Every effort will be made to recover a debt owing to the Council before it is considered for write off. This includes sending reminder letters, contacting customers/ businesses by phone and email, performing tracing activities, cross-referencing other internal databases (e.g. housing, parking control, register of electors, etc.).
- 3.2.2 Debt may be passed to a collection agency where all attempts to recover the outstanding debt within the authority have been unsuccessful, or a county court judgement sought.
- 3.2.3 Only where all recovery action has failed, is a debt regarded as irrecoverable.

Reason	Description
Insolvency	Debtor is the subject of bankruptcy, individual voluntary arrangement, liquidation, company voluntary arrangement & administration order or administrative receivership proceedings or has ceased to trade or is subject to a Debt Relief Order.
Unenforceable	Debtor is overseas or the debt is over 6 years old
Absconded	Tracing action has failed to find the debtor
Uneconomical to Collect	Balance is too small for further action
Uncollectable	Custodial sentences / remitted debts / vulnerable people / hardship / local authority error
Deceased	No funds in an estate



- 3.2.4 Should a debtor be subsequently traced, a debt will be re-instated if considered economically viable to recover and it is within the statute of limitations.
- 3.2.5 In cases where the debtor is jointly and severally liable for the debt with another party, recovery action will continue against all liable individuals and only if this action fails, will monies be recommended for write off.
- 3.2.6 There will be instances where the council will need to write off a credit that remains on a closed account. Not knowing the whereabouts of the creditor (or not having sufficient information to determine how or when a credit is to be refunded) will be the reasons for writing off a credit.

### **3.3 Procedures to be undertaken prior to obtaining write-off approval**

3.3.1 The procedures to be followed prior to writing off a debt / credit are analysed below. Once the actions have been undertaken, only then will a debt / credit be included on a list of cases submitted for write off.

#### 3.3.2 Insolvency

##### *Bankruptcy*

Upon notification of a bankruptcy, a proof of debt will be completed for the outstanding debt that is due at the date of the bankruptcy order and submitted as a claim to the trustee in bankruptcy. In the event of payment being received in full or part from the bankrupt's estate, this money will be credited back to the relevant account.

##### *Individual voluntary arrangement*

A voluntary arrangement is an alternative route available to an individual wishing to avoid the restrictions placed upon them by a bankruptcy order. It involves the debtor making an offer to all creditors, which is less than the full amount of the debt outstanding, and agreeing that it be repaid over a period of time in full and final settlement. If 75% (in value) of creditors agree to the offer as an alternative to proceedings for bankruptcy, an insolvency practitioner will be appointed to administer the voluntary arrangement. In the event of payment being received in full or part, this money will be credited back to the relevant account.

##### *Liquidation*

Liquidation may either be compulsory (sometimes referred to as a creditors' liquidation) or voluntary (sometimes referred to as a shareholders' liquidation, although some voluntary liquidations are controlled by the creditors). Upon notification of liquidation, a proof of debt will be completed for the outstanding debt that is due at the date of the winding-up order and submitted as a claim to the liquidator. In the event of payment being received in full or part, this money will be credited back to the relevant account.

##### *Company voluntary arrangement / administration order*

A company voluntary arrangement is an alternative route available to a company wishing to avoid the making of a winding up order. It involves the directors making an offer to all creditors, which is less than the full amount of the debt outstanding, and agreeing that it be repaid over a period of time in full and final settlement. If 75% (in value) of creditors agree to the offer as an alternative to liquidation, an insolvency practitioner will be appointed to administer the voluntary arrangement. In the event of payment being received in full or part, this money will be credited back to the relevant account

### *Administrative receivership*

This involves an individual being appointed by a lender, usually a bank, which holds a debenture as security over a floating charge on assets of the company, and usually takes effect where the company is in default of agreed lending terms. An insolvency practitioner will assume immediate control of the company in an attempt to sell it as a going concern. However, although remaining in occupation, no action can be taken against the receivers appointed to enforce payment of previous or on-going rate charges. In the event of payment being received in full or part, this money will be credited back to the relevant account.

### *Company has ceased to trade leaving no assets*

On occasions, limited companies will cease to trade on the grounds of having no assets to pay an outstanding and / or on-going debts. They do not go through the formal process of winding-up proceedings, which carry a cost and have legal implications. Where this occurs, the authority could take steps to put the company into compulsory liquidation although this action is costly and is highly unlikely to secure payment.

In these circumstances, if it is proven that an enforcement agent has failed to recover monies due, or identify assets on which to levy distress, a recommendation for write-off will be made.

### *Debt Relief Order*

Debt Relief Orders are aimed at those that have £15K or less of debts, assets of less than £300, disposable income of less than £50 per month and really cannot afford to go bankrupt, but need relief from their debts and creditors. The debt will be written off the system but will be monitored periodically, as the debtors circumstances must remain the same for a period of 12 months in order for the DRO to remain in place.

### 3.3.3 Unenforceable

Certain debts will fall outside of legal jurisdiction either because the debtor is overseas or six years may have passed since recovery action had been instigated against a debtor and the debt was last acknowledged.

If a debtor is overseas and contact in writing has failed to result in payment or an arrangement to pay, a recommendation for write off will be made. Evidence supplied from external sources would be used to determine this.

In cases where six years may have passed since recovery action had been instigated against a debtor and the debt was last acknowledged, the whole debt will be submitted for write off. Evidence on what action, if any, has been taken will be used to determine this.

### 3.3.4 Abscond

*Closed accounts where no forwarding address is known and the debt is under £100.*

For any finalised account with a balance of under £100, staff will make basic checks of the authority systems and known third parties, (i.e. solicitors and letting agents). If, after a three month period, a new address is not established, the debt will be submitted for write off.

Debts where no forwarding address is known and the debt is £100 or more

Before the debt can be recommended for write off, the following enquiries will be undertaken by staff:-

- Check CTax or NDR database to identify if the person has re-registered at another address within the authority area.
- Check with housing department, parking control etc.
- Check electoral register.
- Contact landlord or letting / estate agent.
- Contact other local authorities.

Conduct third party searches (i.e. through 'Experian' or similar companies).

If, after all enquiries have been completed, a forwarding address has not been established, the amount will be submitted for write-off.

**3.3.5 Uneconomical to Collect**

Balances of £5 or less will not normally be sent reminder letters. Where the outstanding balance is £25.00 or less, the Corporate Debt Team will check the status of these cases and, where appropriate, put the balance to the Corporate Debt Manager for write off.

**3.3.6 Uncollectible**

Debts written off due to the debtors known personal or financial circumstances

Where sufficient evidence has been gathered regarding the debtors current personal or financial circumstances that would inhibit recovery of the debt, the debt can be written off at the discretion of the relevant authority depending on the balance outstanding.

Debts that have arisen because of local authority error

If a debt has arisen as a result of a local authority error, the possibility of recovering the debt would be considered in the first instance. If that proves impossible (i.e. legislation prevents recovery or the fault is not of a debtors doing) the debt will be written off. Details of the events that gave rise to the debt being incurred will be taken to evidence this.

**3.3.7 Deceased**

Where a debtor has died and the estate is insolvent, the debt will need to be written-off. A letter from the executor confirming there are no assets from which to discharge any outstanding liability will be taken to determine this.

**3.4 Credits**

- 3.4.1 There will be instances where an account is closed and a credit balance remains on an account. If it has not been possible to refund the money, for whatever reason (i.e. forwarding address unknown), the credit will be written off after a period of one year. The steps taken before writing off any debt less than £100 on a closed account will be used to determine whether any credit is to be written off.

**3.5 Retention periods**

- 3.5.1 To comply with the requirements of the authority's standing orders, all documentation supporting write-offs of debts shall be retained in respect of the current year plus the previous 2 years.

### **3.6 Authority for Write off**

3.6.1 All decisions for write offs need to be made by the individuals who have the authority to write off the corresponding level of debt.

3.6.2 There are 3 levels of write off:-

- Debts up to but not exceeding £100 (including aggregated debts for one debtor)
- Debts greater than £100 but not exceeding £10,000 (including aggregated debts for one debtor) (and for all credit balances)
- Debts greater than £10,000 (including aggregated debts for one debtor)

3.6.3 The procedures to be followed for each level of write off are set out below:-

#### Debts not exceeding £100 (including aggregated debts for one debtor)

Where the debt is not greater than £100 and normal recovery procedures have failed to secure payment and the debt is deemed to be uncollectable or uneconomic to pursue further, the delegated authority to approve write offs lies with the Corporate Debt Manager.

#### Debts greater than £100 but not exceeding £10,000 (including aggregated debts for one debtor) (and for all credit balances)

Where the debt is greater than £100 but no greater than £10,000, and normal recovery procedures have failed to secure payment and the debt is deemed to be uncollectable, the delegated authority to approve write offs lies with the Section 151 Officer or their Deputy.

The above procedures will also apply to how credit balances are treated; irrespective of the amount involved.

#### Debts of £10,000 and over (including aggregated debts for one debtor)

For the write off of debts £10,000 and over, it will require a full report to be submitted by the relevant council Committee for approval. Once authority has been given by the Committee, the Corporate Debt Manager will be notified that the debt can be written off

### **3.7 Write Off Reporting**

3.7.1 All debts will be batched as follows:-

- Listed on a spread sheet showing the reference number, amount and year the debt was raised and supported by documentary evidence for each case which demonstrate the steps that have been taken to recover the debt and, if appropriate, the steps that have been made to trace the debtor.
- Sorted into the debt type and reason for the write off, (e.g. 'insolvency' etc.).
- Summarised on a front sheet detailing the number of cases and amount of debt.
- If there are exceptional debts within the write off batch (i.e. an extremely high debt or a very old debt), then a brief report will be given. This is so that the authorising person or executive can make a decision based on all the facts.

3.7.2 When debts are written off, they are to be recorded against the bad debt provision, which is reviewed annually. An aged debt analysis is to be maintained and managers kept informed so that there is an awareness and understanding of how much debt there is that might be irrecoverable. This will assist with the calculation of the bad debt provision and to identify trends in recoverability.

3.7.4 Quarterly reports, in accordance with the above delegations, will be presented to a Council's executive in relation to irrecoverable amounts.

## 6.0 Sundry Debts

### 6.1 Introduction

The Accountancy Department collects miscellaneous income for a number of different Council departments. In the majority of cases the originating Department creates the invoice and it is the Sundry Debtor team that deals with the recovery process which is outlined below.

### 6.2 Instalments

Customers who hold a Sundry Debt Account with the Council can pay by instalments on a weekly, fortnightly or monthly basis.

The following instalment dates are applicable:

- 15<sup>th</sup> or 25<sup>th</sup> of the month for Sundry Debtor accounts on Direct Debit;
- Any dates within the month for other Sundry Debtor arrangements

### 6.3 Methods of Payment

Payments for Miscellaneous Income are currently accepted by:

- Direct Debit, (limited Debt types)
- Bank Giro or Standing Order
- Via Bank or Post Office Counter
- BACS and Bank Transfer
- Cash, cheque or Postal Order via the Cash Offices
- Deductions from staff's salaries
- Direct Credit
- Transcash
- Using a credit or debit card via the automated phone system or the Council's website
- Deductions from wages, salaries, pension
- Deduction from Income Support, (Job Seekers Allowance)
- Internal Transfer

### 6.4 Reminder Notices

A first reminder notice is sent after 14 days. A more strongly worded second reminder with a copy of the invoice is sent after another 14 days. If no contact has been made by the debtor an attempt to contact them by phone is made 7 days after the second reminder.

Arrangements are accepted initially on the basis of what the debtor will agree to, but are re-visited after 6 months to seek increased payments. Accepting low instalments initially is an effective way of getting the debtor to acknowledge the existence of the debt and their responsibility for it.

### 6.5 Legal Action Letter

After 42 days where no contact or payment has been made a notification for legal action letter is issued, requesting payment within 14 days. If the Debtor has still not contacted the Council 7 days after the issue of the Legal letter another attempt is made to contact them by phone.

### **6.6 Sundry Debt Court Action**

After 56 days where no contact has been made the debt is referred to Legal Services to issue County Court proceedings. A summons would not normally be issued for less than £100.

**29 November 2017**

## **Policy, Finance and Resources Committee**

### **Council Tax Support scheme – 2018/19**

**Report of:** *Rob Manser - Shared Services Revenues & Benefits Manager*

**Wards Affected:** *All*

**This report is:** *Public*

#### **1. Executive Summary**

- 1.1 This year the Council would like to consider only minor changes to ensure that Brentwood's Local Council Tax Support scheme remains in line with the changes made by Central Government for Housing Benefit and Universal Credit.
- 1.2 People of pension age continue to be protected from any changes in Local Council Tax Support; therefore any scheme has to be devised for people of working age only.
- 1.3 The Brentwood Borough Council scheme continues to be prepared within the framework of an Essex-wide scheme with local variations. For the last three years Brentwood's scheme has remained virtually unchanged.

#### **2. Recommendation(s)**

- 2.1 To approve Brentwood's Council Tax Support Scheme with minor changes to reflect changes in legislation made by Central Government in both Housing Benefit and Universal Credit**

#### **3. Introduction and Background**

- 3.1 Council Tax Support (CTS) replaced Council Tax Benefit in April 2013. Each authority must adopt a Council Tax Scheme each year by the 31 January, or the previous year's scheme will continue.
- 3.2 Brentwood's Ordinary Council has approved and adopted a Council Tax Support scheme for each subsequent year.

#### **4. Issue, Options and Analysis of Options**

- 4.1 The Local Council Tax Support scheme is designed to ensure, as far as possible, stability and sustainability in the Council's finances.
- 4.2 The cost of the scheme is met by the Council. When the scheme was introduced the Revenue Support Grant (RSG) was increased to reflect the estimated cost

of the scheme. Subsequent changes to RSG mean that it is no longer possible to identify a distinct element of the grant that relates to this scheme. The cost of the scheme is therefore managed in the context of the Council's overall budget and expenditure priorities.

- 4.3 The elements of Brentwood's local scheme have been substantially unchanged since 2014/15. The reducing cost of the scheme is due to changes in the number of claimants and in the mix between pensioner and working age claimants. Such changes reflect local demographics, rates of unemployment and other factors. This is a demand-led service and demand – and costs – can go up as well as down. The above costs do not reflect the costs of non-collection (write-offs of uncollected council tax).

#### **Recommended changes to the 2018/19 LCTS scheme to reflect changes in legislation made by Central Government in both Housing Benefit and Universal Credit**

- 4.4 The Department for Work and Pensions has introduced a new benefit called Bereavement Support payment, which replaces Bereavement Payments, Bereavement Allowance and Widowed Parents Allowance. It is proposed that amounts paid in respect of this are disregarded (as are the payments it is replacing) in the calculation of Local Council Tax Support for customers who have recently lost a partner.
- 4.5 It is proposed that payments from the 'We Love Manchester Emergency Fund' and 'The London Emergencies Trust' be disregarded as income or capital. Since the tragedies in Manchester and London, emergency funds have been created to assist the victims. Housing Benefit has been amended to disregard any such payments. It is proposed that any payments received by customers from these emergency funds are disregarded from our Local Council Tax Support scheme – by adopting this change customers receiving these payments will not experience any reduction in their Local Council Tax Support award.
- 4.6 With the introduction of Universal Credit the proposal is to allow for Local Council Tax Support to be awarded for a fixed period of six months before a review is undertaken; and as with all other benefits, the onus remains with the customer to notify the Council of any relevant changes in their circumstances.

#### **Default Scheme**

- 4.7 If the Council decides not to adopt the proposed 2018/19 scheme then the scheme that is currently in place for 2017/18, our current scheme, becomes our default scheme.

### **5 Reasons for Recommendation**

- 5.1 To agree and adopt the proposed Council Tax Support scheme for 2018/19 prior to the 31 January 2018.



## **6 Consultation**

- 6.1 The recommended changes are not financial changes to the customer or the scheme, but proposed to reflect changes in legislation, technical changes, therefore no consultation with the public has taken place.
- 6.2 As required to we have consulted with our precepting authorities.

## **7 Legislation/Policy**

- 7.1 Schedule 1A of the Local Government Finance Act (LGFA) 1992 (as amended) states;
- 7.2 “For each financial year, each billing authority must consider whether to revise its scheme or to replace it with another scheme.”
- 7.3 Schedule 13A of the same Act gives billing authorities power to reduce the amount of Council Tax payable:
- 1) Where a person is liable to pay council tax in respect of any chargeable dwelling and any day, the billing authority for the area in which the dwelling is situated may reduce the amount which he is liable to pay as respects the dwelling and the day to such extent as it thinks fit.
  - 2) The power under subsection (1) above includes power to reduce an amount to nil.
  - 3) The power under subsection (1) may be exercised in relation to particular cases or by determining a class of case in which liability is to be reduced to an extent provided by the determination.
- 7.4 The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 determine the principles on which local schemes are to operate.

## **8 Implications**

### **Financial Implications**

**Name & Title: Jacqueline Van Mellearts**

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- 8.1 None

### **Legal Implications**

**Name & Title: Daniel Toohey, Head of Legal Services**

**Tel & Email: 01277 312860 / Daniel.toohey@brentwood.gov.uk**

- 8.2 The CTS Scheme is subject to the Council’s duties for local welfare support under primary and secondary legislation including The Welfare Reform Act 2012, the Council Tax Reduction Schemes(Prescribed Requirements)

(England) Regulations 2012 (as amended) and the Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012. In addition the Council takes account of guidance published by the Department of Communities and Local Government.

**Other Implications** (where significant) – i.e. Health and Safety, Asset Management, Equality and Diversity, Risk Management, Section 17 – Crime & Disorder, Sustainability, ICT.

8.3 Equality Impact response attached.

**9. Background Papers** (include their location and identify whether any are exempt or protected by copyright)

9.1 Background papers are held by the Revenues & Benefits service

**10. Appendices to this report**

Appendix A - Equality Impact

**Report Author Contact Details:**

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**Risk Management Implications – Local Council Tax Support Policy**

<b><u>Threats</u></b>	<b><u>Control measure(s), currently in place, to reduce the Threat</u></b>	<b><u>Current Level</u></b>	<b><u>Proposed Action(s) to further reduce the Threat</u></b>	<b><u>Target Level if Proposed Actions are implemented</u></b>
<p><b><u>Definition of Threat:</u></b></p> <p>There is a risk of failing to deliver a scheme that meets the needs of Customers including vulnerable groups, resulting in the Council being poorly regarded.</p> <p><b><u>Main Threat Category:</u></b></p> <p>Service Effectiveness / Reputation</p>	<ul style="list-style-type: none"> <li>• Effective analysis of the scheme both in financial and procedure terms.</li> <li>• Exceptional and Discretionary Hardship funding is available (albeit limited) to support and safeguard residents that may be struggling.</li> </ul>	<p>Medium</p>	<p>N/A</p>	

<u>Threats</u>	<u>Control measure(s), currently in place, to reduce the Threat</u>	<u>Current Level</u>	<u>Proposed Action(s) to further reduce the Threat</u>	<u>Target Level if Proposed Actions are implemented</u>
<p><b><u>Definition of Threat:</u></b></p> <p>Risk of non-repayment of charges resulting in significant financial implications for the council and the major precepting authorities.</p> <p><b><u>Main Threat Category:</u></b></p> <p>Financial</p>	<ul style="list-style-type: none"> <li>• Exceptional and Discretionary Hardship funding is available (albeit limited) to support and safeguard residents that require additional support.</li> <li>• Bad debt provision is in place.</li> <li>• Welfare Debt Advisors are available to assist in the mitigation of this risk and to provide additional support whilst sharing skills and knowledge.</li> <li>• Innovations in the collection of charges to increase likelihood of the successful collection of charges.</li> </ul>	Medium	N/A	
<p><b><u>Definition of Threat:</u></b></p> <p>There is a risk of increased legal challenge to the</p>	<ul style="list-style-type: none"> <li>• The Council has a fair scheme and has maintained the ethos of the previous scheme which, therefore, should</li> </ul>	Medium	N/A	

<u>Threats</u>	<u>Control measure(s), currently in place, to reduce the Threat</u>	<u>Current Level</u>	<u>Proposed Action(s) to further reduce the Threat</u>	<u>Target Level if Proposed Actions are implemented</u>
<p>scheme following the localisation of Council Tax, particularly as there is now case law to protect the Council.</p> <p><b><u>Main Threat Category:</u></b></p> <p>Financial</p>	<p>reduce the likelihood of legal challenge.</p> <ul style="list-style-type: none"> <li>• Robust consultation has been undertaken with Customers.</li> <li>• The correct delegated powers are in place.</li> </ul>			

**Reviewed and updated 7/11/17**

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**29 November 2017**

**Policy, Projects & Resources Committee**

**2017/18 Medium Term Financial Plan Mid Year Review.**

**Report of:** *Jacqueline Van Mellaerts – Financial Services Manager*

**Wards Affected:** *All*

**This report is:** *Public*

## **1. Executive Summary**

- 1.1 The Medium Term Financial Plan (MTFP) sets out the key financial management principles and budget assumptions. It is then used as the framework for the detailed budget setting process to ensure that the Council's resources are managed effectively in order to meet its statutory responsibilities and deliver the priorities of the Council, over the medium term.

## **2. Recommendations**

- 2.1 **Agree the Revised General Fund Position as shown in Table 6.**
- 2.2 **Agree the current Capital Programme position as shown in Table 7.**
- 2.3 **Agree the current HRA position as shown in Table 9.**

### 3. Introduction & Background

- 3.1 On 1<sup>st</sup> March 2017 at Ordinary Council, The Medium Term Financial Plan was approved and the budgets for General Fund, HRA and Capital Programme were set for 2017/18 – 2020/21.
- 3.2 On the 20<sup>th</sup> June 2017, Policy, Project and Resources Committee reported revised working balance positions following the 2016/17 outturn. And the capital programme was amended for any carried forwards/slippage to specific projects.

### 4. General Fund

- 4.1 The General Fund Revenue position as approved on 1 March 2017 and the revised working balances as at 20 June 2017 is outlined in Table 1.

**Table 1 – General Fund Revenue Revised Position as at 1 March 2017**

	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Total General Fund Net Expenditure</b>	9,769	9,867	9,851
<b>Total Funding</b>	(9,486)	(8,360)	(7,807)
<b>Funding Gap</b>	<b>283</b>	<b>1,537</b>	<b>2,044</b>
<b>Working Balance b/fwd</b>	<b>3,742</b>	<b>2,991</b>	<b>1,383</b>
<b>Less:- Funding Gap</b>	283	1,537	2,044
<b>Earmarked for WHW</b>	350	Nil	Nil
<b>Earmarked for Town Hall Project</b>	118	71	Nil
<b>Working Balance c/fwd</b>	<b>2,991</b>	<b>1,383</b>	<b>(661)</b>

- 4.2 This position is an indication of what the Council has achieved since March 2015, when original 2017/18 closing working balances were predicated to be only £755k, compared to the above table that is now showing just under £3m, and within minimum reserve levels.
- 4.3 This position also highlights, the challenges in which the Council still faces, if no further action is taken to reduce the funding gap.



### **Finance Settlement**

- 4.4 As detailed information on funding will not be available till late December 2017, the funding assumptions are as per those reported at the budget setting meeting on 1 March 2017. These are detailed in the paragraphs below.

### **Revenue Support Grant**

- 4.5 As announced in December 2015, Revenue Support Grant (RSG) will be phased out entirely by 2019/20. This will 'pave the way for the implementation of 100% business rate retention' and will assess the main income streams available to local government.

### **Business Rate Retention**

- 4.6 The Council is currently part of the Essex Wide Pool for Business Rates in 2017/18. From 2018/19 the pool will consist of fifteen Essex local authorities including Essex County Council, Essex Fire Authority, one unitary and twelve Borough and District Councils. By pooling, any levy payments that would have been made to Central Government in relation to business rate growth can be saved and distributed to the members of the Pool. No additional income has been budgeted for in 2018/19 due to the uncertainty of the surplus that could be received.
- 4.7 On 26<sup>th</sup> October 2017, The Council agreed to be part of a pilot "pool" submitted to DCLG by Essex County Council, for 100% Business Rates Retention in 2018/19, The outcome of the pilot bids are yet unknown, so no adjustments have been made to the medium term financial plan. The Council is expected to find out whether the Essex wide bid is successful before the Finance settlement is announced.
- 4.8 Within the business rates retention system the NNDR baseline and top up/tariff amounts have been amended to reflect Revaluation 2017. The adjusted amounts are intended to make changes in Rateable Value revenue neutral for individual authorities; with changes to authorities' NNDR Baseline (and therefore tariff/top up) being equal and opposite to the forecast change in the ability to raise business rates locally, i.e. with effect from 2018/19 the Council will have a negative RSG allocation. The Government will claw back this negative allocation from us by increasing the tariff that the Council pays on its retained Business Rates.
- 4.9 The Business Rates retention figure in the MTFP represents the Council's share (40%) of the total amount collected from local businesses, less a tariff payment to central government. The estimated amount for 2017/18 is outlined in Table 3. It is assumed that we will retain a similar amount in future years. These amounts include a provision for losses resulting from

any successful appeals by rate payers against the rateable value of their properties. Appeals are dealt with by the Valuation Office Agency and their success or failure is beyond the Council's control.

### **New Homes Bonus Grant**

4.10 The New Homes Bonus was introduced from 2011/12 as a financial incentive and reward for housing growth. The grant is based on a national average Council Tax value of additional homes including any properties brought back into use. There is also an additional premium for affordable homes. The Bonus Grant was intended to be payable for 6 years.

4.11 However, the changes announced in the 2017/18 Provisional Local Government settlement which are that the number of years that the scheme will be based upon were 6 years' in 2016/17 which reduced to 5 years in 2017/18 and 4 years from 2018/19 onwards. The scheme will now also only reward growth in homes above 0.4% per annum.

**Table 2 – New Homes Bonus Grant Profile**

	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21
	£'000	£'000	£'000	£'000	£'000	£'000	Est £'000	Est £'000	Est £'000	Est £'000
Yr 1	255	255	255	255	255	255				
Yr 2		214	214	214	214	214				
Yr 3			330	330	330	330	330			
Yr 4				416	416	416	416			
Yr 5					241	241	241	241		
Yr 6						167	167	167	167	
Yr 7							1	1	1	1
Yr 8								1	1	1
Yr 9									1	1
<b>TOTAL</b>	<b>255</b>	<b>469</b>	<b>799</b>	<b>1,215</b>	<b>1,456</b>	<b>1,623</b>	<b>1,155</b>	<b>410</b>	<b>170</b>	<b>1</b>

### **Government Funding**

4.12 A table summarising the Medium Term Financial Plan's Expected Government funding is shown in Table 3.

4.13 Figures for 2020/21 are still indicative and will become clearer, once the Finance Settlement is announced in December. They have been forecasted based on the Information that is currently known.

**Table 3 – Government Funding Expected**

	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Indicative £'000
Revenue Support Grant	233	Nil	Nil	Nil
Tariff/Top-Up Adjustment	Nil	(52)	(370)	(370)
Business Rates Retention	1,798	1,798	1,798	1,798
New Homes Bonus	1,155	410	170	1
<b>TOTAL</b>	<b>3,186</b>	<b>2,156</b>	<b>1,598</b>	<b>1,429</b>

4.14 The Expected decrease in Funding from 2017/18 is expected to be about £1.7m which is a clear indication of why the Council continues to face the present Funding Gap

**Planning Assumptions for 2018/19 to 2020/21 Pay Awards (Inflation)**

4.15 For financial planning purposes a 1% increase has been included for 2018/19 onwards.

**Pressures**

4.16 The current pressures for the Medium Term Financial Plan are outlined in Table 4

**Table 4 – Current Pressures**

Description	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Apprenticeship Levy	22	22	22	22
Insurance Premium Tax	52	52	52	52
Employer Pension Contribution	-	170	170	170
Inflation Rates to 3%	23	23	23	23
Trade Waste Disposal	60	-	-	-
<b>TOTAL</b>	<b>157</b>	<b>267</b>	<b>267</b>	<b>267</b>

4.17 Apprenticeship Levy: The Government introduced a new scheme in 2017/18 to encourage employers to invest in apprentices. The Council can claw this pressure back as a resource to provide training through the levy, but the levy paid to HMRC will be a growth on the existing MTFP. The Councils proposes to fund the cost of the apprentices within existing vacancies and budgets.

4.18 Insurance Premium Tax: This increased to 12% from June 2017 which now needs to be implemented within the Councils MTFP.

- 4.19 Employer Pension Contributions: Employer contributions have increased from 14.2% to 17.1%. This came into effect from April 2017 which now needs to be implemented within the MTFP. This figure is indicative to date and could be alleviated for future vacancy factors.
- 4.20 Inflation Rates to 3%: currently the Council has provided inflationary budgets at 1.5%, this needs to be in line with the current rate of inflation to avoid pressures within the MTFP.
- 4.21 Trade Waste Disposal: There are current in year pressures for disposal of waste. The Council is under going a review to identify if this is ongoing.

#### **Funding/anticipated savings**

- 4.22 The current increase in funding and anticipated savings are outlined in Table 5

**Table 5 – Increase in Funding/Anticipated Savings**

	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Increase in Council Tax Base (assumes no increase in Council Tax)	Nil	(62)	(86)	(109)
Parking Charges Income	(95)	(400)	(400)	(400)
NNDR Income	(100)	-	-	-
<b>TOTAL</b>	<b>(195)</b>	<b>(462)</b>	<b>(486)</b>	<b>(569)</b>

- 4.23 Council Tax Base: It is estimated that the Council Tax base will increase by around 348 Band D equivalent properties then what was forecast for 18/19. The impact of this will be an increase in income of around £62k to that already budgeted for in the MTFP report agreed on 1 March 2017, future years Tax Base are then forecasted from this position..
- 4.24 Parking Income: By implementing recent parking orders from committee reports approved in July and September, the Council can now included a savings target for parking income into the MTFP.
- 4.25 NNDR Income: Projected saving on reduction to levy payments to the Essex wide Business Rates Pool. Due to the uncertainty of the pool position this is annually considered as a one off saving.
- 4.26 Council Tax: Members should note that if a decision is made to increase the Council Tax by the amount permitted without having a referendum, (which currently is an increase of up to 2% or £5 (whichever is the higher

figure) for a Band D property), this would provide additional income and also increase the Council's base budget position by £160k in 2018/19.

### Summary on General Fund

- 4.27 Table 6 shows the impact on the original funding position together with the updated information identified through the mid year budget review process.

Table 6 – Revised General Fund Medium Term Financial Position

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
<b>Total Net Forecast Spend</b>	9,769	9,897	9,851	9,950
<b>Total Funding</b>	(9,486)	(8,360)	(7,807)	(7,644)
<b>Funding Gap</b>	<b>283</b>	<b>1,537</b>	<b>2,044</b>	<b>2,306</b>
<b>Current Pressures</b>	157	267	267	267
<b>Funding/Anticipated Savings</b>	(195)	(462)	(486)	(569)
<b>Total Funding Gap</b>	<b>245</b>	<b>1,342</b>	<b>1,825</b>	<b>2,004</b>
<b>Working Balance b/fwd</b>	<b>3,742</b>	<b>3,029</b>	<b>1,616</b>	<b>(209)</b>
<b>Less: Total Funding Gap</b>	245	1,342	1,825	2,004
<b>Less: Earmarked spend on balances*</b>	468	71	-	-
<b>Working Balance c/fwd</b>	<b>3,029</b>	<b>1,616</b>	<b>(209)</b>	<b>(2,213)</b>

\* Earmarked spend from working balances relates to William Hunter Way and Town Hall Project

- 4.28 Table 6 identifies a potential funding gap of around £5.1m over the next 3 years. Based on current funding and operational costs the Council continues to develop both medium and longer term strategy to reduce costs and generate significant income to the Council in order to bridge the funding gap. Additional details will be brought to Policy, Projects and Resources Committee

### Working Balances and Reserves

- 4.29 A minimum General Fund Working Balance of £2.2m has been agreed. In accordance with best practice, an annual risk assessment will be undertaken to check the level required for 2018/19. An internal audit

report has also been commissioned to health check the minimum level of reserves for the Council. Due to the size of the gap it is likely savings will continue to be developed throughout 2018/19 to reduce the draw down from reserves.

4.30 In addition to General Fund Working Balance, the Council keeps a number of earmarked Reserves on the Balance Sheet. These Reserves are required in order to comply with accounting practice, whilst others have been created to earmark resources for known predicted liabilities. The Balance of these Reserves as at 1 April 2017 was £4.9m and a full list can be found in the Statement of Accounts 2016/17. They include:

- Organisational Transformation - £1.65m
- Earmarked Specific Grants - £1.61m
- Funding Reserves - £1.05m
- Service Area Reserves - £555k
- Trading Account Reserves - £83k

## **5. Capital Programme**

5.1 The capital programme was agreed on 1 March 2017. This was subsequently updated with carry forwards from 2016/17 outturn, which were agreed on 20 June 2017.

5.2 On 19 September 2017 members agreed to continue structural works on the Multi Story Car Park. £2m will be allocated to the programme for the project.

5.3 On 20<sup>th</sup> June 2017, it was agreed at Policy, Projects and Resources Committee for the development of two semi-detached properties in King Edward Road.

5.4 As agreed at Committee, on 20<sup>th</sup> June 2017, vehicle replacement programme slippage will be used to fund the Waste Transfer Station.

5.5 The revised capital programme including the changes above is shown in Table 7

**Table 7 – Revised Capital Programme**

Description	I*	2017/18	2018/19	2019/20
		£'000	£'000	£'000
Town Hall Remodelling	I	1,900	4,703	3,919
Parking Scheme at Brentwood & Shenfield	I	1,000	-	-
Vehicle & Plant Replacement Programme		734	175	175
King Edward Road	I	500	-	-
Waste Transfer Station	I	335	-	-
Disabled Facilities Grant		250	250	250
Warley Playing Fields – Sports Pavilion		172	-	-
Play Area Refurbishments		170	-	-
Multi Storey Car Park	I	100	1,900	
ICT Strategy	I	100	100	-
Car Park Improvements		100	-	-
Leisure Strategy	I	100	-	-
Asset Improvements		100	100	-
Parks Infrastructure Improvements		100	-	-
Cemetery Infrastructure Improvements		100	-	-
ICT - Azure & Skype Implementation		100	-	-
ICT - End User Device Implementation		75	-	25
CRM Project		41	-	-
Renaissance Group		39	-	-
Cemetery Headstones		33	20	
Home Repair Assistance Grant		30	30	30
Irrigation to Golf Course		30	-	-
PCI compliance Project		10	-	-
Noise, Nuisance Recorder System		8	-	-
CCTV System Upgrade		5	5	-
<b>TOTAL GENERAL FUND</b>		<b>6,132</b>	<b>7,283</b>	<b>4,399</b>
HRA Decent Homes		3,969	3,000	3,000
New Homes Build		3,314	1,479	7,310
<b>TOTAL HRA</b>		<b>7,283</b>	<b>4,479</b>	<b>10,310</b>
<b>TOTAL CAPITAL PROGRAMME</b>		<b>13,415</b>	<b>11,762</b>	<b>14,709</b>

\* Represents Investment to Save Projects

5.6 The Key Capital variances to the program, currently include the following:

- Parking Scheme at Brentwood & Shenfield (£1m) – On Review as part of the Asset Development Program.
- King Edward Road (£500k) - development is currently on hold and is being included as part of the Asset Development Program.
- Town Hall Remodelling Project - (£400k) Expected slippage due to classifying expenditure as Revenue.
- Play Area Refurbishments (£150k) – Is being reviewed as part of the Leisure Strategy.
- Leisure Strategy (£100k) – No Planned works until Strategy is finalised.
- Car Park Improvements (£100k) – No Planned works and is being reviewed with the Asset Development Program.

5.7 Any final Slippage to the projects that is required, will be reviewed and funded from Capital Receipts as originally budgeted.

5.8 New capital bids received from service managers are currently being reviewed and will be included in the MTFP in the final Budget report in March, which will in turn populate forecasts for 2020/21.

5.9 Highlighted in Table 7, are projects within the Capital Programme that are investment to save opportunities which the Council is driving to seek return on investment or efficiency savings from those Projects. This continues to help having the right needed balance between Capital Expenditure and the Revenue Streams that build into the General Fund and HRA.



### Capital Sources of Funding

5.10 General Fund and HRA Capital Expenditure shown above is financed by the table below.

**Table 8 – Capital Sources of Funding**

	2017/18	2018/19	2019/20
	Estimated £'000	Estimate £'000	Estimate £'000
General Fund	6,132	7,283	4,399
HRA	7,283	4,479	10,310
<b>Total capital expenditure</b>	<b>13,415</b>	<b>11,762</b>	<b>14,709</b>
Financed by:			
Capital Receipts (GF)	(4,706)	(2,160)	(500)
Capital Receipts (HRA)	(994)	(444)	(2,193)
Revenue contributions (HRA)	(2,717)	(1,035)	(2,908)
Government grants	(250)	(250)	(250)
S106 agreements (HRA)	(808)	0	0
HRA business plan	(2,764)	(3,000)	(3,000)
Borrowing	(1,176)	(4,873)	(5,858)
<b>Total Financing</b>	<b>(13,415)</b>	<b>(11,762)</b>	<b>(14,709)</b>

5.11 Capital receipts Reserve as at 31<sup>st</sup> March 2017 was £5m for General Fund and £3m for HRA. With the current capital programme, the council will see a reduction in capital receipts, which would lead to borrowing for future schemes from 2018/19. The Council is currently finalising its Asset Development Programme, which should secure future Capital receipts within the Medium Term Financial Plan, an essential part of financial management.

### Asset Development Programme (ADP)

5.12 An Asset development programme is currently being finalised, and updates are being reported to each Policy, Project and Resources committee where resolutions are required.

5.13 The ADP will produce a stream of Revenue and Capital inflows to the Council, both in the short term and the longer term. A programme is being drafted to reflect those items which can be delivered quickly and those with a longer lead in. This will secure Capital Receipts to enable the Council to set a sustainable Capital Programme as well as reduce the Council's funding gap.

## 6. Housing Revenue Account

- 6.1 On 1<sup>st</sup> March 2017 at Ordinary Council, The Housing Revenue Account was set with a 2017/18 surplus of £450k .
- 6.2 On the 20<sup>th</sup> June 2017, Policy, Finance and Resources Committee reported the 2016/17 Housing Revenue Account outturn as a surplus of £183k. This has led to carried forward working balance of £1,546k.
- 6.3 The Revised position for the Housing Revenue Account is shown in Table 9.

**Table 9 – Housing Revenue Account Position**

	<b>2017/18 Revised</b>	<b>2018/19 Estimated</b>	<b>2019/20 Estimated</b>	<b>2020/21 Estimated</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Total Housing Service Expenditure</b>	<b>8,562</b>	<b>8,529</b>	<b>8,782</b>	<b>8,801</b>
<b>Total Housing Service Income</b>	<b>(13,168)</b>	<b>(13,073)</b>	<b>(12,961)</b>	<b>(13,298)</b>
<b>Non Service Costs</b>	<b>3,129</b>	<b>4,192</b>	<b>3,906</b>	<b>4,223</b>
<b>Appropriations</b>	<b>1,027</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>(Surplus)/Deficit for HRA</b>	<b>(450)</b>	<b>(352)</b>	<b>(273)</b>	<b>(274)</b>
<b>Working Balance b/fwd</b>	<b>1,546</b>	<b>1,996</b>	<b>2,348</b>	<b>2,621</b>
<b>(Surplus)/Deficit for HRA</b>	<b>(450)</b>	<b>(352)</b>	<b>(273)</b>	<b>(274)</b>
<b>Working Balance c/fwd</b>	<b>1,996</b>	<b>2,348</b>	<b>2,621</b>	<b>2,895</b>

- 6.4 Overall the Housing Revenue Account is not expected to change from the Original budgeted surplus position for 2017/18, however the surplus position has slightly increased from 2018/19, from what was originally forecasted in March.
- 6.5 This surplus, is mainly driven from reduction in insurance costs, due to the shops transfer to the General Fund (£52k) as well as the Concierge Scheme no longer active (£46k).
- 6.6 It is also assumed, that from 2020/21 Rents could increase by CPI plus 1%, after the 4 year agreement has ceased to reduce by 1%.

## **7 Reasons for Recommendation**

- 7.1 Effective financial management underpins all of the priorities for the Council and will enable the Council to operate within a sustainable budget environment.

## **8 Consultation**

- 8.1 None

## **9 References to Corporate Plan**

- 9.1 The Medium Term Financial Plan is linked to achieving the vision in the corporate plan.

## **10 Implications**

### **Financial Implications**

**Name & Title: Jacqueline Van Mellaerts, Financial Services Manager**

**Tel & Email: 01277 312 829**

**jacqueline.vanmellaerts@brentwood.gov.uk**

- 10.1 The financial implications are set out in the report.

### **Legal Implications**

**Name & Title: Daniel Toohey, Head of Legal Services & Monitoring Officer**

**Tel & Email: 01277 312 860 daniel.toohey@brentwood.gov.uk**

- 10.2 There are no direct legal implications arising from this report.

### **Other Implications - Risk Management**

- 10.3 Finance Pressures is an existing Risk on the Council Strategic Risk register. The outcome of this Mid year Review has not altered the current risk rating of this specific risk, which is currently set at the highest level.

## **11 Background Papers**

- 11.1 Budget Report approved 1 March 2017

### **Report Author Contact Details:**

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