



***CABINET***  
***Monday, 11th October, 2021***

You are invited to attend the next meeting of **Cabinet**, which will be held at:

**Council Chamber, Civic Offices, High Street, Epping**  
**on Monday, 11th October, 2021**  
**at 7.00 pm .**

**G. Blakemore**  
**Chief Executive**

**Democratic Services**  
**Officer**

A. Hendry (Democratic Services)  
Tel: (01992) 564246 Email:  
democraticservices@eppingforestdc.gov.uk

Members:

Councillors C Whitbread (Leader of the Council & Leader of the Conservative Group) (Chairman), , N Avey, N Bedford, L Burrows, A Patel, J Philip, S Kane, D Sunger and H Whitbread

---

**PLEASE NOTE THAT THIS MEETING IS OPEN TO ALL MEMBERS TO ATTEND**

**1. WEBCASTING INTRODUCTION**

This meeting is to be webcast and Members are reminded of the need to activate their microphones before speaking.

The Chairman will read the following announcement:

“I would like to remind everyone present that this meeting will be broadcast live to the Internet and will be capable of subsequent repeated viewing, with copies of the recording being made available for those that request it.

By being present at this meeting, it is likely that the recording cameras will capture your image and this will result in your image becoming part of the broadcast.

You should be aware that this may infringe your human and data protection rights. If you have any concerns then please speak to the Webcasting Officer.

Please could I also remind Members to activate their microphones before speaking.”

**2. APOLOGIES FOR ABSENCE**

To be announced at the meeting.

**3. DECLARATIONS OF INTEREST**

To declare interests in any item on this agenda.

**4. MINUTES (Pages 5 - 12)**

To confirm the minutes of the meeting of the Cabinet held on 13 September 2021.

**5. REPORTS OF PORTFOLIO HOLDERS**

To receive oral reports from Portfolio Holders on current issues concerning their Portfolios, which are not covered elsewhere on this agenda.

**6. PUBLIC QUESTIONS AND REQUESTS TO ADDRESS THE CABINET**

To receive any questions submitted by members of the public and any requests to address the Cabinet.

**(a) Public Questions**

To answer questions asked by members of the public after notice in accordance with the provisions contained within Part 4 of the Constitution (Council Rules, Rule Q3) on any matter in relation to which the Cabinet has powers or duties or which affects the District.

**(b) Requests to Address the Cabinet**

Any member of the public or a representative of another organisation may address the Cabinet on any agenda item (except those dealt with in private session as exempt or confidential business) due to be considered at the meeting, in accordance with the provisions contained within Article 7 of the Constitution (The Executive, Paragraphs 27 and 28).

**7. OVERVIEW AND SCRUTINY**

To consider any matters of concern to the Cabinet arising from the Council's Overview and Scrutiny function and to identify any matters that the Cabinet would like the Overview and Scrutiny Committee to examine as part of its work programme.

**8. EQUALITY POLICY (Pages 13 - 36)**

Corporate Services – (C-016-2021-22) – update on the Council’s Equality Policy.

**9. BRANDING FOR THE CIVIC OFFICES - GROUND FLOOR (Pages 37 - 76)**

Customer and Partnerships – (C-017-2021-22) – review of the new branding for the ground floor of the Civic Offices.

**10. QUARTER 4 BUDGET MONITORING REPORT 2020/21 (FINAL OUTTURN) (Pages 77 - 90)**

Finance, Qualis Client & Economic Development – (C-018-2021-22) – review of quarter 4 for 2020/21.

**11. QUARTER 1 BUDGET MONITORING REPORT 2021/22 (Pages 91 - 102)**

Finance, Qualis Client & Economic Development – (C-019-2021-22) – review of quarter 1 for 2021/22.

**12. UPDATED MEDIUM TERM FINANCIAL PLAN 2022/23 TO 2026/27 (Pages 103 - 124)**

Finance, Qualis Client & Economic Development – (C-020-2021-22) – review an updated Medium-Term Financial Plan (MTFP) for 2022/23 to 2026/27.

**13. CAPITAL PROGRAMME UPDATE 2022/23 TO 2026/27 (Pages 125 - 136)**

Finance, Qualis Client & Economic Development – (C-021-2021-22) – review an updated Capital Programme for 2022/23 to 2026/27.

**14. ANY OTHER BUSINESS**

Section 100B(4)(b) of the Local Government Act 1972, together with paragraphs 6 and 24 of the Council Procedure Rules contained in the Constitution requires that the permission of the Chairman be obtained, after prior notice to the Chief Executive, before urgent business not specified in the agenda (including a supplementary agenda of which the statutory period of notice has been given) may be transacted.

In accordance with Operational Standing Order 6 (non-executive bodies), any item raised by a non-member shall require the support of a member of the Committee concerned and the Chairman of that Committee. Two weeks' notice of non-urgent items is required.

**15. EXCLUSION OF PUBLIC AND PRESS**

Exclusion

To consider whether, under Section 100(A)(4) of the Local Government Act 1972, the public and press should be excluded from the meeting for the items of business

set out below on grounds that they will involve the likely disclosure of exempt information as defined in the following paragraph(s) of Part 1 of Schedule 12A of the Act (as amended) or are confidential under Section 100(A)(2):

<b>Agenda Item No</b>	<b>Subject</b>	<b>Exempt Information Paragraph Number</b>
Nil	Nil	Nil

The Local Government (Access to Information) (Variation) Order 2006, which came into effect on 1 March 2006, requires the Council to consider whether maintaining the exemption listed above outweighs the potential public interest in disclosing the information. Any member who considers that this test should be applied to any currently exempted matter on this agenda should contact the proper officer at least 24 hours prior to the meeting.

#### Background Papers

Article 17 of the Constitution (Access to Information) define background papers as being documents relating to the subject matter of the report which in the Proper Officer's opinion:

- (a) disclose any facts or matters on which the report or an important part of the report is based; and
- (b) have been relied on to a material extent in preparing the report and does not include published works or those which disclose exempt or confidential information and in respect of executive reports, the advice of any political advisor.

The Council will make available for public inspection one copy of each of the documents on the list of background papers for four years after the date of the meeting. Inspection of background papers can be arranged by contacting either the Responsible Officer or the Democratic Services Officer for the particular item.

## EPPING FOREST DISTRICT COUNCIL CABINET MINUTES

**Committee:** Cabinet **Date:** 13 September 2021  
**Place:** Council Chamber, Civic Offices, High Street, Epping **Time:** 7.00 - 8.09 pm  
**Members Present:** C Whitbread (Chairman), N Avey, N Bedford, L Burrows, A Patel, J Philip, S Kane, D Sunger and H Whitbread

**Other Councillors:** S Murray, J H Whitehouse and J M Whitehouse

### Apologies:

**Officers Present:** G Blakemore (Chief Executive), T Carne (Corporate Communications Team Manager), N Cole (Corporate Communications Officer), N Dawe (Chief Operating Officer), C Graham (Project Team Manager), C Hartgrove (Interim Chief Financial Officer), M Hassall (Interim Service Director (Strategy, Delivery & Performance)), A Hendry (Democratic Services Officer), A Small (Strategic Director Corporate and 151 Officer) and M Turnbull (Project Manager - Housing)

---

### 34. WEBCASTING INTRODUCTION

The Leader of Council made a short address to remind everyone present that the meeting would be broadcast live to the internet, and would be capable of repeated viewing, which could infringe their human and data protection rights.

### 35. DECLARATIONS OF INTEREST

There were no declarations of interest pursuant to the Council's Code of Member Conduct.

### 36. MINUTES

#### Decision:

That the minutes of the Cabinet meetings held on 12<sup>th</sup> and 26<sup>th</sup> July 2021 be taken as read and would be signed by the Leader as a correct record.

### 37. REPORTS OF PORTFOLIO HOLDERS

There were no verbal reports made by Members of the Cabinet on current issues affecting their areas of responsibility.

### 38. PUBLIC QUESTIONS AND REQUESTS TO ADDRESS THE CABINET

#### Public Questions

Ms C Rose sent in the following questions for the Housing Services Portfolio Holder. Ms Rose was unable to attend the meeting so her question was read out by the Democratic Services Officer.

**Questions:**

“As a resident I very much welcome the council's commitments to support the government's ARAP and Afghan Vulnerable Person Resettlement Scheme as set out in this recent news update: <https://www.eppingforestdc.gov.uk/council-to-support-afghanistan-resettlement-programme/>”

i) Has EFDC been able to find two vacant council properties to offer to Afghan Locally Employed Staff, as outlined in Recommendation 3?

ii) Will the council be seeking to engage with local private sector landlords, estate agents, and temporary accommodation platforms like Air BnB and Spare Room to see if any of them would be able to provide properties in the coming months for refugees arriving as part of the Vulnerable Person Resettlement Scheme?”

**The Portfolio Holders response was:**

(i) “Yes, two void properties have been identified as potentially suitable and the details for each have been shared with Essex County Council, who are responsible for the liaison with the Home Office regarding property supply, so that they can be considered and approved for use. We expect these properties to be ready for let at the beginning of October.

(ii) No, EFDC have chosen to offer its own Council housing which offers rents that are far more affordable than those charged in the private sector. The Epping Forest District is a high cost area and much of the private rented sector is unaffordable to those on low incomes or in receipt of welfare benefits. If we were to pay for private sector housing that would cost the Council tax payer more. EFDC has made a commitment to offer affordable and sustainable accommodation for families on the ARAP scheme so that they can start to rebuild their lives in a safe place. But Essex County Council were engaging with the private sector and she would investigate that.”

**39. OVERVIEW AND SCRUTINY**

In the absence of the Chairman of the Overview & Scrutiny Committee; the Leader reported that they had not had a meeting since the last Cabinet and therefore had nothing to report and that their next meeting had been put back to 12 October 2021.

Councillor Murray asked why the meeting had been moved and he was told that it was due to the unavailability of the Chairman.

**40. COUNCIL HOUSEBUILDING CABINET COMMITTEE - 14 JUNE 2021**

**Decision:**

That the minutes of the Council Housebuilding Cabinet Committee held on 14<sup>th</sup> June 2021 be noted.

**41. INSURANCE TENDER - JULY 2022**

The Corporate Services Portfolio Holder and the Section 151 officer introduced the report on the upcoming insurance tender.

They noted that obtaining insurance from the insurance market was part of the risk transfer mechanism in risk management. The Council had a range of insurance policies that provide financial protection against insurable risks. The classes of business include public liability, employer's liability, motor fleet, property and engineering along with a number of miscellaneous covers.

The Council's insurance programme was last tendered in July 2015 on a five-year long-term agreement (LTA) with the option to extend for a further two years. The current arrangement would expire on 30 June 2022. Owing to the value of this contract which currently stands at approximately £900,000 p.a there was a requirement to undertake a full Tender exercise on the open market to ensure the Council obtained the most comparatively advantageous terms. It was recommended that we tendered for a three-year long-term agreement (LTA) with the option of extending for a further two years.

The current insurance policies are provided by Zurich Municipal Insurance through a package arrangement. The only exception being the airside liability cover which has been placed with Global Space.

There are other providers in the market who specialise in Public Sector risks and who will find EFDC an attractive proposition, thus providing competitive challenge to the Zurich Municipal rates currently being charged.

Councillor Philip asked that the relevant calculations would be done in time to feed into the budget process for 2022 and if when covering some risks ourselves would that come from the General Fund Reserves or was Capital set aside to use. Mr Small was not sure if they would have the figures in time for the budget process, but they would put some conservative assumptions into the budget and work around that. Any self-insurance provision would provisionally be a revenue provision and any provision would have to be earmarked within revenue budgets as we could not use capital for that purpose.

Councillor Patel asked how they saw the impact of Covid impacting on our insurance premiums going forward. The reason for asking was he wondered if there was any upside in looking for a longer or shorter period for this contract. He was told that they should ask how had Covid increased claims and they were not sure that it had for any of the risks that the council had to insure for. We were working with insurance advisors to help us through this exercise and it was their opinion that this was set at a correct timescale. Councillor Patel asked if the Council balanced the cost of the excess when processing a claim; what was the thought process around processing some of the smaller claims. He was told that was something that they wanted to test through this procurement exercise looking to see how we could set excesses at different thresholds and then do a cost benefit analysis.

**Decision:**

(1) The Cabinet approved the procurement and re-tender of the Council's insurance contracts on a three-year long-term agreement (LTA) with the option of extending for a further two years to be effective from 1st July 2022; and

(2) The Cabinet approved delegation of the contract decision and final award of contract to the Strategic Director/S151 Officer.

**Reasons for Proposed Decision:**

The current insurance arrangements expire on the 30 June 2022 creating a need to re-tender the Council's insurance programme to ensure we were achieving value for money and to comply with the Procurement rules owing to the significant expenditure involved. Failure to ensure that insurable risks are insured with external providers would expose the Council to significant financial risk.

Cabinet approval was required as this is a key decision.

**Other Options for Action:**

The Council's current insurance policies cease in June 2022 and there are no other options but to re-tender the Council's insurance programme.

**42. ACCOMMODATION PROJECT - PROJECT CLOSURE**

The Leader introduced the project closure report on the Accommodation Project. He noted that the October 2019 Cabinet made the decision to proceed with the refurbishment of the Civic Offices and for the award of contract to ISG Fit Out Ltd for the construction works. The Accommodation Project set out to refurbish the Civic Building and 323 House, with the Conder building demolished and the rear of the Civic Offices site redeveloped for residential use in line with the Local Plan. The Accommodation Project commenced in July 2020 and successfully completed in April 2021.

This was a very well run project and of course things changed as it moved along; when first conceived it was prior to the Covid pandemic. We made good decisions especially on the technology for the building which is now the envy of many other councils and set us up for the future which we intended to do and at the same time addressing a lot of maintenance work to an old building.

We have had very good meetings with the leader and deputy leader of Essex CC who were very impressed by the space we have to offer in our community hub and at our modern facility we now have.

Councillor Philip congratulated the officers on being on time and on budget for this project.

Councillor Janet Whitehouse asked about the proposed café in the Community Hub and the statement that it would help the economic health of the High Street. She was not sure there was a need for another café in the area. We needed people to go to the High Street and use the existing coffee and other shops there. This should be reviewed. Another thing was that members used to have their own locker/pigeon holes. These had not been provided. She was told that we used to have a café for staff here in the building but also going forward it would be an asset to the community when we also have a library and other partners there, making it more of a community hub. As for pigeon holes for members, no one used them, and we also have to get used to the new ways of working.

Councillor Holly Whitbread noted that this was a great modern use of the building and it could provide an opportunity for a local business to run a café in a central



location. And also, the more people we have in the building the more people can use our local shops etc.

Councillor Patel noted that this would also be a model for other community hubs across the district.

Councillor Sunger noted that having a café would be an opportunity for local residents and businesses to network and meet up. And it would be supporting the businesses that would be working from our offices here. The Leader said it also depended on who we were working with. It may be that some of the larger Town and Parish councils may want to set up their own hubs.

Councillor Murray agreed with much of what had been said. He had two areas of concern; one he was not convinced that it would be an adequate space for the library and it was also difficult to judge where the money had been spent, noting that some of the money would have been spent on infrastructure works etc.; he would also like to be reminded of how many tenders we got for this work. He was 80% happy with the report and the project; but his gut reaction was that we did not have value for money on this.

The Leader noted that 80% happy was not too bad. He noted that this report would go to a Select Committee in the future. As for refurbishing, there was a lot of things that you could not see, such as air conditioning and heating. He agreed to differ about the Library the use of Libraries changes with time. We had one tender which went through a detailed tendering process. They were well organised, Covid secure and delivered on time and on budget and were good value for money.

Councillor Philip reminded that meeting that they also had to renovate a listed building where even the paint was listed. It was costly to renovate like this and that had to be factored in.

Councillor Patel noted that this was now a more energy efficient building and asked when we would see some of those cost benefits back on our expenditure. He was told that some of it was being realised now, for example the boilers had been replaced giving us around a £10,000 per year saving, other savings and benefits were still to come online.

#### **Decision:**

The Cabinet formally acknowledged and agreed to the closure of the Accommodation Project.

#### **Reasons for Proposed Decision:**

In April 2021, the Accommodation Project completed on time, in budget and delivered the outcomes agreed. The project is now ready for formal closure.

#### **Other Options for Action:**

None

**43. FINANCIAL PLANNING FRAMEWORK 2022/23 TO 2026/27**

The Finance, Qualis Client and Economic Development Portfolio Holder, Councillor Philip, introduced the Financial Planning Framework report. This was a report for the beginning of the budget setting process for next year. Like most local authorities, the Council was facing increasing financial pressures, especially in the light of the Covid-19 pandemic. Although last year was difficult from a budget setting point of view but that was offset by significant support from the Government. Next year will be much more difficult and he did not see any option to having a Council Tax rise.

Maintaining a balanced General Fund budget was becoming especially challenging in the light of a range of income, expenditure and funding pressures.

A declining balance on the General Fund Reserve reduces the available short-term options for managing budget gaps. Consequently, tackling a likely budget gap would need to be given a high priority if the Council was to set a balanced budget for 2022/23. Difficult choices would need to be made to ensure that net expenditure was brought into line with available funding.

They would like to maintain the general fund reserves to at least £4million but that would be very tight. They were already being proactive and were trying to reduce the pressure on the general account as they would need to be financially prudent in the coming year.

General Fund borrowing had been steadily growing since 2019/20, with further plans to borrow in 2021/22 and beyond; most notably to meet the capital commitments in respect of the Council's regeneration aspirations, delivered via Qualis (which drives additional revenue streams to the Council, as well as enabling the delivery of key priorities).

Given the usual pattern whereby the Local Government Finance Settlement is announced just before Christmas, definitive figures for 2022/23 may not be available until December 2021.

Councillor Murray said the report came as a shock to him. If it was going to be as difficult as stated, he would encourage the Cabinet members to really look at their budgets. And would the 6 December meeting be the one that set out more details on the budget and have more member involvement in this. Councillor Philip reiterated that it would be a very difficult budget due to a whole combination of things coming together. They would also, as an example, not have business rate retention in place. If members had suggestions on how to make savings, then he would always be available to listen.

Councillor Jon Whitehouse said it would be helpful, when a report goes to the Stronger Council Select Committee, there was a clear setting out of the variations of the budget as they happened so that members could see it was different from the situation when it was first discussed. Unless we knew how the budget had changed it would be difficult to make future decisions. The section on the capital programme states the purpose of the capital programme was to improve future revenue receipts. We need to be very clear what was to be permanent and what was just a cash flow phasing issue with money coming back to council in the medium term. Councillor Philip replied that on inspection they were expecting some deviations but there were others that we were not expecting such as the waste contract and the pressure on it. Although that was not surprising given we were collecting a lot more waste because of working from home etc. Also, investing capital for revenue was a good way of doing things such as renting the second floor of this building.

Councillor Patel asked about the General Fund balance and the pressure we were likely to have moving forward. How much of the commitments we made in previous years was likely to impinge on us now, were we likely to have ongoing costs. He was told that yes there would be.

Councillor Sunger noted that in relation to saving costs with Covid and post Covid, we must have learnt some lessons about hybrid working and working from home etc. Have we investigated job sharing with our neighbouring councils? He was told that this had been looked into and we have asked if we could offer our services to other councils. As for working from home and hybrid working, we have come down to occupying one floor of one building.

Councillor Chris Whitbread noted that the report set out the honest position of where we were today and sets out the challenges that was ahead of us in rethinking the way we did somethings. We were in a stronger position than any other council of our size and have opportunities such as the airfield and an ongoing plan for the district. We also have Qualis who will start paying dividend in the near future.

**Decision:**

(1) The Cabinet noted the backdrop to the Financial Planning process for 2022/23 to 2026/27, including the impact of the Covid-19 pandemic, declining General Fund reserves and emerging changes in local authority finance; and

(2) The Cabinet agreed to the proposed approach to Financial Planning for 2022/23 to 2026/27, including the reporting and governance timetable as summarised in Appendix A of the report.

**Reasons for Proposed Decision:**

To set a framework within which the Council can develop and set a balanced budget for 2022/23 and update its MTFP through to 2026/27, ensuring that corporate priorities continue to be delivered in a financially sustainable way.

**Other Options for Action:**

None

**44. QUALIS - QUARTER 3 MONITORING REPORT**

The Finance, Qualis Client and Economic Development Portfolio Holder introduced the Qualis, quarter 3 monitoring report for 2020/21. He noted that this report presented the third Quarter's monitoring report for the Qualis trading year 2020/21 and covered the period from 1 October 2020 to 30 June 2021. This report was to be considered by Stronger Council Select Committee, which due to the timing of meetings did not meet until the day after this Cabinet. Comments made by the Select Committee would be relayed directly to the Portfolio Holder.

Attached to the report as an appendix is the Qualis Board monitoring report for Quarter 3, as had been presented to the Qualis Board.

Two key part to note, one was the income and expenditure, flagged as red due to the fact that in the third quarter Qualis had not received planning permission from the planning authority, the relevant meeting due to be held in September will now be held in October. As for Qualis Living, marked as amber, that was for a planned purchase

in quarter 3, but had slipped just over into the quarter 4 period, and was completed then.

Councillor Jon Whitehouse noted that the report was titled finance and performance monitoring but was almost all about finance. Qualis now deals with housing repairs and he would like to see the relevant Key Performance Indicators (KPI) on these in future reports. As for slow progress through our planning system, which influences the balance sheets, was there any way to quantify these costs? Councillor Philip noted that we were in a beneficial relationship here as we did not need to act until both parties were ready. As for KPI for housing repairs etc. these would sit better in the Housing Portfolio area as they were the customer for that service. This report was more looking at Qualis' finance performance. Councillor Holly Whitbread confirmed that these performance indicators would be going to the relevant Select Committee for consideration.

Councillor Murray noted that the business plan had indicated a profit of about a third of a million but then showed a loss of about £1.1 million. Was this just because of waiting for planning permission and a delayed acquisition of a third commercial property? And, on the 3<sup>rd</sup> acquisition, can you remind me where that was. He was told that he had understood it correctly, due to the issues with planning it dictated into which pot you put the money in. As for the third acquisition, this had happened in the 4<sup>th</sup> quarter and was in Coventry.

**Decision:**

The Cabinet discussed and noted the report.

**45. ANY OTHER BUSINESS**

It was noted that there was no other urgent business for consideration by the Cabinet.

**CHAIRMAN**

## **Report to the Cabinet**

**Report reference:** C-016-2020/21  
**Date of meeting:** 11 October 2021



**Portfolio:** Corporate Services – Cllr D Sunger

**Subject:** Equality Policy

**Responsible Officer:** Lorraine Miles: (01992 562719)  
lmiles@eppingforesdc.gov.uk

**Democratic Services:** Adrian Hendry (01992 564246)

---

### **Recommendations/Decisions Required:**

1. That Cabinet considers any matters arising from the Stronger Council Select Committee review of the Equality Policy and Equality Objectives. This includes whether to undertake public consultation on the Equality Objectives.
2. That Cabinet adopt the Equality & Inclusion Policy and the Equality Objectives it contains.

### **Executive Summary:**

Epping Forest District Council is committed to advancing equality and inclusion for all. The Council's new Equality & Inclusion Policy demonstrates our commitment to equality and our responsibility to our communities and our workforce. The Equality Objectives contained in the Policy set out how we will deliver this commitment, recognising the need to continuously improve and build on our past achievements to ensure excellent equality practice.

### **Reasons for Proposed Decision:**

To demonstrate EFDC's commitment to advancing equality under the Equality Act and Public Sector Equality Duty. Subject to approval by Cabinet, the proposed Equality Objectives will be published on the Council's website and embedded across all strategic policies and plans.

### **Other Options for Action:**

Not applicable

### **Report:**

1. The Equality Act 2010 and Public Sector Equality Duty 2011 require public authorities to set and publish at least one Equality Objective every four years to demonstrate how they will eliminate discrimination and advance equality. They also require public authorities to publish information to show their compliance with the Public Sector Equality Duty, at least annually. Typically, this takes the form of an annual Equality Report or Statement. In addition to the Equality Act, the Council has a statutory duty to reduce health inequalities many of which are associated with protected characteristics under the Equality Act.

2. In our 2020 Equality Statement we made the following commitments:
  - In 2021 we will review our Equality Objectives and produce a new Equality Policy.
  - Our Equality Objectives will be supported by a framework for measuring performance and evaluating the effectiveness of our work on equality.
  - Each Service Plan will describe how it is working to improve equality and will report on the delivery of equality.
  - We will review our Equalities Impact Assessment to focus more on the role of analysis in understanding the impact of our policies, practices, events and decision-making processes. This supports our commitment to ensure that these are fair and do not present barriers to participation or disadvantage to any protected groups from participation.
  - We will engage and learn from our communities about the challenges they face and ensure that policy development, innovation and growth are inclusive and put people on an equal footing.
  - We will continue to promote the District as a place where diversity of background and thought are valued.
  
3. Our new Equality Objectives build on our previous objectives. They focus on what we will do to advance equality and how we will do it. The following Equality Objectives (2021-2025) are recommended to Cabinet.
  - **Equality Objective 1:** To develop, and deliver in partnership, a District-level approach to growth and recovery that builds, and can demonstrate, an Epping Forest that works for all.
  - **Equality Objective 2:** To drive improvement in service delivery through the use of equality data and data on socio-economic deprivation.
  - **Equality Objective 3:** To develop a research and consultation strategy to understand the needs and experiences of our communities with a clear pathway or process to embed their knowledge and experience into service design, development and delivery.
  - **Equality Objective 4:** To understand, and evidence, the impact of our workforce initiatives on improving equality.

These Equality Objectives will enable EFDC to:

- Better understand our diverse communities and the relationship between protected characteristics under the Equality Act and socio-economic deprivation.
- Embed this understanding into policy and practice, particularly in relation to growth and recovery.
- Demonstrate inclusive leadership, partnership and a clear organisational commitment to be a leader in equality and inclusion.
- Develop services that are relevant and responsive to people's experiences and the challenges they face in a digital world.
- Provide better evidence of the impact of our workforce initiatives

4. The Equality Policy sets out our commitment to whole council approach to equality and inclusion and actions to ensure continuous improvement. These include adopting the LGA Equality Framework for Local Government (EFLG). They also include identifying Officer and Elected Member leads to provide the linkages between the Equality Policy and other policies and strategies e.g., The Health and Wellbeing Strategy, national strategies and Service Plan objectives.

To deliver the Equality Policy the following actions will be undertaken

- 2021 - Establish the foundation to deliver our Equality Objectives, building on our current commitments.
- 2021 - Collect baseline measures to inform and set targets, integrate existing Equality Impact Assessments into Corporate Equality Impact Assessment Framework.
- 2021 – Develop Equality Monitoring and Evaluation Plan
- 2021 - Review Equalities Impact Assessment to focus on the role of analysis in understanding the impact of our policies, practices, events and decision-making processes.
- 2022 - Ensure higher standards being met in all areas. Address challenges.
- 2023 - Model good practice across the organisation. Self-assessment against EFLG
- 2024/5 - Review Equality Objectives, produce new Equality Policy

### **Resource Implications:**

Commitments made in the Equality Policy will be met within existing resources.

### **Legal and Governance Implications:**

The adoption of the Equality Policy and Equality Objectives will ensure that the Council meets its legal requirements under the Equality Act (2010) and the Public Sector Equality Duty (2011). The Policy has been reviewed by the Shared Head of Legal Services & Monitoring Officer and Deputy Monitoring Officer & Information Governance Officer. Suggestions have been made and incorporated.

### **Safer, Cleaner and Greener Implications:**

There are no implications in respect of the Council's commitment to the Climate Local Agreement, the Safer, Cleaner and Greener initiative, or any crime and disorder issues.

Inequality and sustainability interact and there are different kinds of inequality many of which overlap. This Policy makes the case for better understanding the relationship between protected characteristics under the Equality Act and the socio-economic factors that produce inequalities of wealth. These, in turn, are associated with differences in environmental impact and the carbon footprint of individuals. The data from the actions in this Policy will be used to ensure that inequality and environmental issues are not considered in isolation and that growth is both fair and green.

### **Consultation Undertaken:**

Consultation has been undertaken with Service Managers, the Leadership Team and Service Directors. Responses were overwhelmingly positive. No substantive amendments were proposed to the Equality Policy or Equality Objectives and minor comments have been incorporated.

There is no statutory duty to consult on the production or publication of Equality Objectives. Many councils do, however, decide to consult to ensure full transparency and provide an opportunity for community engagement.

### **Background Papers:**

None

MC 16/02/17 v2

**Risk Management:**

The setting and publication of Equality Objectives will ensure that the Council is not in breach of its statutory duty and that mitigating action is not required.



## Equality Impact Assessment

The following EIA has been conducted on the Equality Policy and the Equality Objectives it contains

<b>Section 1: Identifying details</b>
Your function, service area and team: Strategy, Delivery and Performance
Title of policy or decision: Equality Policy
Officer completing the EqlA: Lorraine Miles
Date of completing the assessment: 26/08/2021

<b>Section 2: Policy to be analysed</b>	
2.1	<p>Is this a new policy (or decision) or a change to an existing policy, practice or project?</p> <p>New policy. Replaces previous Equality Policy (2016)</p>
2.2	<p>Describe the main aims, objectives and purpose of the policy (or decision):</p> <p>Public authorities must demonstrate that they are advancing equality under the Equality Act and Public Sector Equality Duty. The Council has a legal duty to publish at least one Equality Objective every four years. Four Equality Objectives have been developed to show how EFDC will advance equality. These are set out in the Equality Policy.</p> <ul style="list-style-type: none"> <li>• <b>Equality Objective 1:</b> To develop, and deliver in partnership, a District-level approach to growth and recovery that builds, and can demonstrate, an Epping Forest that works for all.</li> <li>• <b>Equality Objective 2:</b> To drive improvement in service delivery through the use of equality data and data on socio-economic deprivation.</li> <li>• <b>Equality Objective 3:</b> To develop a research and consultation strategy to understand the needs and experiences of our communities with a clear pathway or process to embed their knowledge and experience into service design, development and delivery.</li> <li>• <b>Equality Objective 4:</b> To understand, and evidence, the impact of our workforce initiatives on improving equality</li> </ul> <p>What outcome(s) are you hoping to achieve (ie decommissioning or commissioning a service)?</p> <p>Equality is embedded in all that we do. We want Epping Forest to be “a great place for living, working, learning and leisure”, a district with “people who feel valued and included”</p>

	<p>(Corporate Plan 2018-2023). Our Equality Objectives focus on bringing our actions to light through the improved use of evidence and data. They will help EFDC to:</p> <ul style="list-style-type: none"> <li>• Better understand our diverse communities and the relationship between protected characteristics under the Equality Act and socio-economic deprivation.</li> <li>• Embed this understanding into policy and practice, particularly in relation to growth and recovery.</li> <li>• Demonstrate inclusive leadership, partnership and a clear organisational commitment to be a leader in equality and inclusion.</li> <li>• Develop services that are relevant and responsive to people's experiences and the challenges they face in a digital world.</li> <li>• Provide better evidence of the impact of our workforce initiatives</li> </ul>
2.3	<p>Does or will the policy or decision affect:</p> <ul style="list-style-type: none"> <li>• service users</li> <li>• employees</li> <li>• the wider community or groups of people, particularly where there are areas of known inequalities?</li> </ul> <p>All of the above</p> <p>Will the policy or decision influence how organisations operate?</p> <p>Yes at EFDC</p>
2.4	<p>Will the policy or decision involve substantial changes in resources?</p> <p>No</p>
2.5	<p>Is this policy or decision associated with any of the Council's other policies and how, if applicable, does the proposed policy support corporate outcomes?</p> <p>The Equality Policy is a corporate policy and supports the vision for equality and inclusion articulated in the Corporate Plan. The proposed Equality Objectives will be embedded across all strategic policies and plans.</p>

### Section 3: Evidence/data about the user population and consultation<sup>1</sup>

As a minimum you must consider what is known about the population likely to be affected which will support your understanding of the impact of the policy, eg service uptake/usage, customer satisfaction surveys, staffing data, performance data, research information (national, regional and local data sources).

3.1	<p>What does the information tell you about those groups identified?</p> <p>A range of evidence and data on protected characteristics under the Equality Act and socio-economic disadvantage was used to develop the Equality Policy. The information highlighted the opportunity to improve work on equality and inclusion and the potential for the positive impact of the Policy on groups with protected characteristics.</p>
3.2	<p>Have you consulted or involved those groups that are likely to be affected by the policy or decision you want to implement? If so, what were their views and how have their views influenced your decision?</p> <p>There is no statutory duty to consult on Equality Objectives. Many councils do, however, consult on their Equality Objectives to ensure full transparency and provide an opportunity for community engagement. Advice is therefore sought on whether to undertake public consultation.</p>
3.3	<p>If you have not consulted or engaged with communities that are likely to be affected by the policy or decision, give details about when you intend to carry out consultation or provide reasons for why you feel this is not necessary:</p> <p>See above</p>

#### Section 4: Impact of policy or decision

Use this section to assess any potential impact on equality groups based on what you now know.

This assessment has not highlighted any negative impact on protected groups. Instead, it shows the potential for positive impact across all protected characteristics

Description of impact	Nature of impact Positive, neutral, adverse (explain why)	Extent of impact Low, medium, high (use L, M or H)
Age	Positive. We will ensure that we understand the needs and experiences of our communities, including older and younger people. Our Equality Objectives will impact positively on a range of age groups.	Existing Equality Impact Assessments will be combined into an overarching, cumulative, Corporate Equality Impact Assessment Framework. Baseline measures will be set to determine the current impact of our work on all protected characteristics under the Equality Act (L,M,H) and progress measured against baseline.
Disability	Positive. We will address the broad inequalities faced by disabled people within our communities and workforce. Our Equality Objectives will impact positively on disabled people.	
Sex	Positive we will ensure that no-one is discriminated against because of their sex.	
Gender reassignment	Positive. We aim to promote equality for all Trans people across our service users, residents and workforce.	
Marriage/civil partnership	Positive. We aim to promote policies and ways of working that advance equality for people who are married or in a civil partnership in the workplace.	
Pregnancy/maternity	Positive. We will protect against any unfavourable treatment on the grounds of pregnancy or maternity.	
Race	Positive. We will ensure that our policies and practices do not discriminate or disadvantage anyone on the grounds of race. Our Equality Objectives will impact positively on race.	
Religion/belief	Positive. We will ensure that our policies and practices do not discriminate on the grounds of religion or belief. We will consider the interests and concerns of all religious and non-religious groups.	

Sexual orientation	Positive. We aim to protect LGB people from being discriminated against or treated unfairly across all areas of our work.	
--------------------	---	--

**Section 5: Conclusion**

		Tick Yes/No as appropriate	
5.1	Does the EqlA in Section 4 indicate that the policy or decision would have a medium or high adverse impact on one or more equality groups?	No X	
			If ' <b>YES</b> ', use the action plan at <b>Section 6</b> to describe the adverse impacts and what mitigating actions you could put in place.

**Section 6: Action plan to address and monitor adverse impacts**

<b>What are the potential adverse impacts?</b>	<b>What are the mitigating actions?</b>	<b>Date they will be achieved.</b>

**Section 7: Sign off**

**I confirm that this initial analysis has been completed appropriately.  
(A typed signature is sufficient.)**

Signature of Head of Service: Andrew Small

Date: 26/08/2021

Signature of person completing the EqIA: Lorraine Miles

Date: 26/08/2021

**Advice**

Keep your director informed of all equality & diversity issues. We recommend that you forward a copy of every EqIA you undertake to the director responsible for the service area. Retain a copy of this EqIA for your records. If this EqIA relates to a continuing project, ensure this document is kept under review and updated, eg after a consultation has been undertaken.



# Equality & Inclusion Policy

## 1.0. Introduction

This Policy sets out our commitment to equality and inclusion and shows how we comply with the Equality Act (2010) and the Public Sector Equality Duty (2011). The Equality Act legally protects people from discrimination in the workplace and wider society. The purpose of this Policy is as follows:

- to set and publish our Equality Objectives
- to show that we have considered the aims of the legislation as it relates to protected characteristics in setting our Equality Objectives
- to show that our Equality Objectives are supported by a sound evidence base and that the process for arriving at them is strategic and well informed<sup>1</sup>

We want the District to be “a great place for living, working, learning and leisure” with “people who feel valued and included” (Corporate Plan 2018-2023). We recognise that residents may experience inequality connected to characteristics protected by Equality Act. We also recognise that they may not feel included and experience poor wellbeing due to disparities in health, housing, education, employment and their experience of crime. The connection between equality and wellbeing was made in our 2016 Equality & Diversity Policy and Covid-19 has highlighted the relationship between economic recovery and wellbeing. The Equality Act establishes the principle that considering the needs of all our communities is key to removing or minimising the disadvantage suffered by those most in need. This is something we are passionate about.

Under the Public Sector Equality Duty, we must pay due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different groups, so that everyone feels included. We have a good record of achievement in delivering services which are fair, accessible and of benefit to all sections of the community. As we move into recovery we need to better understand and measure the effectiveness our work to ensure that all our citizens benefit from growth and opportunity and feel part of their communities.

## 1.1. Our District

The District is a mixture of urban and rural areas and stretches northward from its boundary with Greater London into rural Essex, covering an area of 131 square miles. Over a quarter of the population live in rural and rural related areas.

- The total resident population is estimated to be 132, 200 (all ages, 2020)
- The ward with the largest population is Grange Hill, representing 5.56% of the total population (2020)
- In the 2011 Census 63,650 residents were male and 68,039 were female

---

<sup>1</sup> Objectives and the Equality Duty: A Guide for Public Authorities England (and non-devolved public authorities in Scotland and Wales), Equality and Human Rights Commission 2014

- In the 2011 Census the District had a black and minority ethnic population of 9.5%, although 14.7% of residents described themselves as being from a non-white UK population<sup>2</sup>. This compares to 5.7% and 9.3% for Essex as a whole.
- The mean age of residents was 41 years, the same as Essex as a whole
- 15.7% of the resident population have a long-term illness or disability compared to 17.1 for Essex as whole.
- 75.6% of women (aged 16-64) were in employment, compared to 75.9% for Essex as a whole (2019/20)
- 86.0% of men (aged 16-64) were in employment, compared to 81.7% for Essex as a whole (2019/20)
- 76.6% of people (aged 16-64) who are 'White' were in employment, compared to 75.9% for Essex as a whole (2020 Q4)
- 82.5% of people (aged 16-64) from 'All Ethnicity Minority Groups' were in employment, compared to 79.6% for Essex as a whole (2020 Q4)<sup>3</sup>
- 46.4% of people over 50 were in employment, compared to 40.8 % for Essex as a whole (2020 Q4)

The inequalities that result from socio-economic issues are covered by Section 1 of the Equality Act. While this section is not currently in force, it is important to consider socio-economic inequality because some people facing these issues also face inequality because of their protected characteristics. Others may not experience inequality because of protected characteristics but can feel excluded because they have a low income, are socially isolated, live in poor housing or experience poor health.

While we are working with our NHS partners to address the health inequalities associated with socio-economic deprivation, we need to better understand the relationship between this and protected characteristics under the Equality Act. Deprivation is a broad concept that refers to unmet need caused by a lack of resources and opportunities of all kinds, not just financial. It can be understood through issues such as poor housing, homelessness, low educational attainment, lack of employment, worklessness, poor health and high levels of morbidity.

The Indices of Multiple Deprivation (IMD) attempts to measure deprivation at small area or neighbourhood level (average 1,500 residents) and provide a picture of relative deprivation. The IMD is produced by comparing each small area (Lower Super Output Area) against all the others based on a basket of indicators within weighted domains: Income (22.5%) including subsets for children and older people; Employment (22.5%); Education (13.5%); Health & Disability (13.5); Crime (9.3%); Barriers to Housing and Services (9.3%); Living Environment. (9.3%). Scores are calculated for each small area and areas are ranked against each other from 1 (most deprived) to 32,844 (least deprived). An overall rank is then calculated for each local authority. For district councils, as lower tier authorities, this is between 1 and 317, with one being the most deprived.

The District has an IMD rank of 200. This positions the Council in the upper 40% of least deprived Lower Tier Local Authorities (LTLAs) nationally. Within Essex, EFDC is ranked 5<sup>th</sup> out of 12 district and borough councils for deprivation. It has the highest rank/ least deprivation relating to Health & Disability (266) and the lowest rank/ most deprivation relating to Crime (63). Between 2015 and 2019 deprivation relating to children improved while deprivation affecting older people worsened. The biggest negative change in this period was

---

<sup>2</sup> This is the population who do not describe themselves as being white English, Welsh, Scottish, Northern Irish or British

<sup>3</sup> Employment data is aggregated for ethnic groups other than 'White'

in the Living Environment domain (176) which measures the quality of housing, air quality and road traffic accidents.

The table below lists the 10 most deprived neighbourhoods in the District and their wards. Loughton Alderton has the only neighbourhood that falls into the two most deprived deciles (1&2) nationally. There are 75 neighbourhoods or small areas in Essex in deciles 1&2

<b>Table 1: 10 Most Deprived LSOAs</b>					
<b>LSOA Code</b>	<b>LSOA Name</b>	<b>Ward Name</b>	<b>IMD Score</b>	<b>IMD Rank</b>	<b>IMD Decile</b>
E01021771	Epping Forest 013A	Loughton Alderton	36.978	5,221	2
E01021816	Epping Forest 007E	Waltham Abbey Paternoster	33.151	6,610	3
E01021806	Epping Forest 009A	Waltham Abbey High Beach	28.681	8,666	3
E01021800	Epping Forest 003C	Passingford	27.203	9,468	3
E01021811	Epping Forest 007A	Waltham Abbey North East	26.996	9,594	3
E01021764	Epping Forest 017A	Grange Hill	26.987	9,597	3
E01021776	Epping Forest 011C	Loughton Broadway	25.623	10,408	4
E01021812	Epping Forest 009B	Waltham Abbey North East	25.406	10,509	4
E01021775	Epping Forest 011B	Loughton Broadway	25.264	10,606	4
E01021774	Epping Forest 011A	Loughton Broadway	24.593	11,012	4

### **Ward profiles**

Grange Hill has the largest population (7,321) representing 5.56% of the total population of the District. Grange Hill has the highest number of Asian / Asian British and Black / African / Caribbean /Black British residents. It has largest number of people who cannot speak English well, or at all, and the highest number of households with dependent children.

Waltham Abbey High Beach has the highest percentage of residents with no qualifications (38.73%) compared to 24.00% for the District as a whole and the lowest number of households with dependent children.

Waltham Abbey Paternoster has the lowest life expectancy at birth for males and females and the highest percentage of people whose daily activities are limited by a long-term illness or disability. Waltham Abbey South West has the highest number of households in social renting other than Council housing.

Loughton Broadway has the highest number of households renting from the Council. It has the highest proportion of overcrowded households, the highest proportion of older people living in poverty, the highest number of pensioners living alone, the second highest percentage of people in very bad health and the third highest percentage of residents whose daily activities are limited by a long term illness or disability.

Shelley has the highest percentage of residents claiming unemployment related benefit (May 2021). It also has the highest proportion of residents aged 15 and under.

Chipping Ongar, Greensted and Marden Ash have the highest number of people aged 65 and over.

## 1.2. Our Approach to Equality

The Public Sector Equality Duty requires us to be pro-active in addressing equality and we have many examples of our work to promote and embed equality. This section describes some of our achievements, which we have built on to set our Equality Objectives.

2020/21 were unprecedented times. Covid-19 highlighted the effect of disparities such as age and race on health risks and outcomes and the need to reduce health inequalities. To mitigate the impact of the pandemic we worked with our communities through the Faith and Communities Tactical Co-ordination Group. Underpinned by a collaborative mindset and a desire to achieve collective impact, the Group brought together faith and community leaders to work with public services in a way that hadn't been seen before. Key activities included providing guidance on places of worship, ceremonies and marking key religious, cultural and community events; coronavirus advice for Black, Asian and Minority Ethnic Groups and providing advice to employment sectors. Working groups were established to support the mental health and wellbeing of the LGBTQ+ community and for people with dementia. Covid-19 had tragic consequences for many people with dementia in 2020 and a new Dementia and Faith Working Group has been established. This is more reflective of multiculturalism and is now taking forward work on dementia with Black, Asian, and Minority Ethnic Groups.

During the pandemic, the Epping Forest District Museum focussed on developing digital opportunities for the community to engage with its collections in an accessible and interactive way. The Museum continues to focus on how it can represent the whole community and provide meaningful experiences for everyone. To mark its reopening in 2021, the Loughton Boys Holocaust Survivors exhibition told the story of survivors sent to Holmehurst Hostel in Loughton and the staff that supported them.

Our People Strategy sets out how we are working towards becoming a more inclusive employer, promoting the Council as a great place to work, attracting and retaining talent, creating an inclusive, respectful culture where people feel recognised and valued. We have made it easier for a wider range of people to apply for roles, implemented essential inclusivity training for all managers and an e-learning programme on diversity and inclusion. We aim to achieve Disability Confident Level 2 status as an organisation and work in partnership with the Shaw Trust - a charity that helps people with disabilities and those who feel excluded to find the right career path.

We have made a made a commitment to flexible working and research suggests that this has a positive effect on diversity and perceptions of workplace inclusion. It also suggests that creating an environment where people can work in a more varied way is a worthwhile inclusion and diversity initiative<sup>4</sup>. According to national statistics, although more men worked from home before the pandemic, the number of women working from home during the pandemic increased to 48% compared to 46% of men (ONS 2020). Research also found that 64% of people said that the female partner was working almost exclusively from home

---

<sup>4</sup> Center for Evidence-Based Management (2021) Flexible working, teleworking and diversity: an evidence review, scientific summary. London: Chartered Institute of Personnel and Development

during lockdown compared to 52% of men (UK Working from Home During COVID-19 Lockdown Study).

While Covid-19 brought challenges in terms of additional childcare and home-schooling responsibilities, it is hoped that flexible working and reforms such as the four-day week will reduce labour market inequalities and the gender pay gap. Flexible working also supports people with fluctuating health conditions to stay in work and enables carers to balance work and caring responsibilities. We will seek, therefore, to understand and monitor the impact of flexible working on our workforce.

We are committed to tackling prejudice and hate crime and building community cohesion. The Strategic Hate Crime Prevention Partnership (SHCPP) brings organisations across Essex together to develop a consistent, multi-agency response to hate crime focussed on the following themes: understanding hate crime; preventing hate crime; increasing the reporting of hate crime; increasing access to support for victims; improving the operational response to hate crimes. In-line with the objectives in this Policy we will work with the Partnership to better understand hate crime, including fluctuations in reporting over time and cyclical patterns in performance. We will also work to understand the socio-economic factors that impact on crime including labour market issues such as wages and skills and their relationship to protected characteristics.

Although Covid-19 created physical barriers, we inspired people to connect in new ways and feel part of a community. This included work to address digital exclusion with the WECAN (West Essex Community Action Network) partnership. Digital exclusion applies to people who lack access to the internet or to a device, or who lack the skills, ability, confidence or motivation to use it<sup>5</sup>. Working with Digital Unite, we developed a programme of digital skills learning to support residents and help them engage with the digital world. The programme included a range of guidance on computer basics, document creation, email and internet telephone, social networking and blogs, government services internet security. We also worked with Unite in Kind who aim to create an online community of kindness to help people connect with friends, neighbours and strangers and overcome feelings of isolation. Our Older People's Team and Digital Buddies also provided a support line and access to a briefing scheme for residents in sheltered accommodation.

Our Digital Strategy will ensure that we understand the relationship between digital exclusion, deprivation and protected characteristics under the Equality Act. To help understand inequalities in internet usage the Economic and Social Research Council/ Consumer Data Research Centre have developed an Internet User Classification tool that segments populations into categories based on how they interact with the internet (Appendix A). The majority of our 10 most deprived small areas/ LSOAs (Table 1, page 3) fall into the category 'Passive and Uncommitted Users'. This group has limited or no interaction with the internet and is characterised by higher levels of employment in semi-skilled and blue-collar occupations.

Waltham Abbey Paternoster has an area where residents are characterised as 'E-Withdrawn'. Here we find the least engagement with the internet in terms of information seeking, access to financial services and the lowest rate of online access via a mobile device. E-Withdrawn neighbourhoods are characterised by high rates of unemployment and high use of social housing. Passingford has an area that falls into the category 'E-Rational Utilitarians'. This group is located in mainly rural/semi-rural areas with a higher than average retired population often constrained by poor infrastructure.

---

<sup>5</sup> Preventing Digital Exclusion from Online Justice' (April 2018) <https://justice.org.uk/new-justice-report-on-preventing-digital-exclusion>

<b>Table 2: Internet User Classification</b>		
<b>LSOA Code</b>	<b>Ward Name</b>	<b>Category</b>
E01021771	Loughton Alderton	'Passive and Uncommitted Users'.
E01021816	Waltham Abbey Paternoster	'E-Withdrawn'
E01021806	Waltham Abbey High Beach	'Passive and Uncommitted Users'.
E01021800	Passingford	'E-Rational Utilitarians'
E01021811	Waltham Abbey North East	'Passive and Uncommitted Users'.
E01021764	Grange Hill	'Passive and Uncommitted Users'.
E01021776	Loughton Broadway	'Passive and Uncommitted Users'.
E01021812	Waltham Abbey North East	'Passive and Uncommitted Users'.
E01021775	Loughton Broadway	'Passive and Uncommitted Users'.
E01021774	Loughton Broadway	'Passive and Uncommitted Users'.

Inequalities in education, confidence, resources, responsibilities (work and caring), language barriers and disabilities may prevent people from participating fully in local democracy. We are reviewing our approach to community engagement and consultation, considering those groups who we engage well with and those whose needs we don't understand well enough and who may lack a voice. Positive outcomes from community engagement include service and project delivery that better responds to communities' needs and the use of local knowledge and skills to improve community experience. Evidence suggests that a 'one size fits all' approach to community engagement and consultation is not effective and that a hybrid approach drawing on participatory research methods and co-design is likely to be successful<sup>6</sup>

### **1.3. Equality Legislation**

#### **The General Duty**

The Public Sector Equality Duty was created by the Equality Act to harmonise the previous race, disability and gender equality duties and extend protection to newly protected characteristics under the Act. It replaced these duties and came into force on 5 April 2011. The Duty covers age, disability, sex, gender reassignment, pregnancy and maternity, race, religion or belief and sexual orientation. Under the Duty public authorities must have due regard to the following 3 aims:

- to eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act
- to advance equality of opportunity between people who share a protected characteristic and those who do not

---

<sup>6</sup> See for example 'Hard to reach' or 'easy to ignore'? Promoting equality in community engagement (2017), What Works Scotland.

- to foster good relations between people who share a protected characteristic and those who do not

### **Due Regard**

Due regard to equality means that these 3 aims must be considered and reflected on during:

- the decision-making process
- the design of policies (including internal policies), and
- the delivery of services.

The duty to have due regard is not a duty to achieve a particular result, although policies and practices must be kept under review.

### **Advance Equality**

This is defined as the need to:

- remove or minimise disadvantages suffered by people who share a relevant protected characteristic
- meet the needs of people who share a relevant protected characteristic where these are different from the needs of people who do not share it
- encourage people who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low

### **Foster good relations**

This is defined as the need to:

- tackle prejudice, and
- promote understanding

### **Specific Duties**

Specific duties are designed to help public authorities demonstrate how they are meeting the General Duty by preparing and publishing, in a manner that is reasonably accessible to the public:

- one or more “specific and measurable” Equality Objectives, at least every four years, to further any of the aims of the General Duty
- information relating to their employees and others affected by their policies and practices. This includes information to check whether any group protected under the Equality Act is being disadvantaged by their employment policies and to report their gender pay gap.

It is not specified how public authorities should measure the effect of their policies and practices on equality. It is up to each organisation to choose the most effective approach to analysis. The Equality and Human Rights commission recommend that a recognised approach to setting effective objectives is used e.g., S.M.A.R.T. It also recommends that

qualitative evidence is used to measure the experience of people with protected characteristics as well as quantitative information about service outcomes<sup>7</sup>.

## **Equality Impact Assessments**

The Equality Act 2010 does not specifically require EIAs to be carried out, although they are recommended to demonstrate compliance with the Public Sector Equality Duty. It should also be noted that the legislation refers to 'equality analysis' rather than 'equality impact assessment'. This is intended to focus attention on the quality of analysis and how it is used in decision-making rather than the impact assessment document.

### **1.4. Our Commitments**

While equality is integral to our work, embedding it is a continuous process. In our 2020 Equalities Statement we made the following commitments to equality:

- In 2021 we will review our Equality Objectives and produce a new Equality Policy
- Our Equality Objectives will be supported by a framework for measuring performance and evaluating the effectiveness of our work on equality.
- Each Service Plan will describe how it is working to improve equality and will report on the delivery of equality.
- We will review our Equalities Impact Assessment to focus more on the role of analysis in understanding the impact of our policies, practices, events and decision-making processes. This supports our commitment to ensure that these are fair and do not present barriers to participation or disadvantage to any protected groups from participation.
- We will engage and learn from our communities about the challenges they face and ensure that policy development, innovation and growth are inclusive and put people on an equal footing.
- We will continue to promote the District as a place where diversity of background and thought are valued.

### **1.5. Equality Objectives**

Our previous Equality Objectives were to integrate the Council's Public Sector Equality Duty into our partnership work; to apply robust equality requirements in commissioning, procurement and contract management; to develop our capacity so that our employees have the knowledge, skills and confidence to deliver our plans; to improve and develop equality in our business activities. While these activities remain important, they are now embedded in our everyday work and addressed in our Service Plans. In-line with the principle of continuous improvement that underpins this Policy our prior Equality Objectives will be monitored as they become embedded into business as usual.

---

<sup>7</sup> Objectives and the Equality Duty: A Guide for Public Authorities England (and non-devolved public authorities in Scotland and Wales), Equality and Human Rights Commission 2014



Our Equality Objectives (2021-2025) build on our commitment to delivering excellence in equality. They focus on what we will do to advance equality and how we will do it.

- **Equality Objective 1:** To develop, and deliver in partnership, a District-level approach to growth and recovery that builds, and can demonstrate, an Epping Forest that works for all.
- **Equality Objective 2:** To drive improvement in service delivery through the use of equality data and data on socio-economic deprivation.
- **Equality Objective 3:** To develop a research and consultation strategy to understand the needs and experiences of our communities with a clear pathway or process to embed their knowledge and experience into service design, development and delivery.
- **Equality Objective 4:** To understand, and evidence, the impact of our workforce initiatives on improving equality.

These Equality Objectives will enable EFDC to:

- Better understand our diverse communities and the relationship between protected characteristics under the Equality Act and socio-economic deprivation.
- Embed this understanding into policy and practice, particularly in relation to growth and recovery.
- Demonstrate inclusive leadership, partnership and a clear organisational commitment to be a leader in equality and inclusion.
- Develop services that are relevant and responsive to people's experiences and the challenges they face in a digital world.
- Provide better evidence of the impact of our workforce initiatives

To support our commitment to continuous improvement and a whole council approach to equality we will adopt the LGA Equality Framework for Local Government (EFLG). We will also identify Officer and Elected Member leads to make the links between this Policy and other policies and strategies e.g., The Health and Wellbeing Strategy, national strategies and Service Plan objectives.

## 1.6. National Developments

As well as delivering excellence, our Equality Objectives will help EFDC respond to new developments built on equality legislation and policy. The government has published the Race Disparity Audit and is currently developing an approach to mandatory ethnicity pay reporting. The new National Disability Strategy is wide ranging with a focus on improving access in work, education, healthcare, housing, transport, leisure and access to goods and services and local authorities have a key role in delivering sustainable improvements for disabled people. A consultation on disability workforce reporting will be launched at the end of 2021, after which the government will publish next steps.

## 1.7. Actions

To deliver the Equality Policy the following actions will be undertaken

- 2021 - Establish the foundation to deliver our Equality Objectives, building on our

current commitments.

- 2021 - Develop granular Action Plan to include activity with the Communities Team and alignment with other policies and strategies.
- 2021 - Collect baseline measures to inform and set targets, integrate existing Equality Impact Assessments into Corporate Equality Impact Assessment Framework.
- 2021 – Develop Equality Monitoring and Evaluation Plan.
- 2021 - Review Equalities Impact Assessment to focus on the role of analysis in understanding the impact of our policies, practices, events and decision-making processes.
- 2022 - Ensure higher standards being met in all areas. Address challenges.
- 2023 - Model good practice across the organisation. Self-assessment against EFLG.
- 2024/5 - Review Equality Objectives, produce new Equality Policy.

## **1.8. Conclusion, Monitoring and Evaluation**

This Policy reinforces our commitment and responsibility to our communities and our workforce. While the focus on equality in our Service Plans embeds equality as part of the normal business planning process, we recognise the need to continuously improve and build on our past achievements to ensure excellent equality practice.

To ensure that service and policy work is aligned with the Equality Objectives in this Policy existing and future Equality Impact Assessments will be combined into an overarching, cumulative, ongoing Corporate Equality Impact Assessment. This will provide baseline measures to determine the impact of our work on all protected characteristics under the Equality Act and enable progress to be measured against baseline. A Monitoring and Evaluation Plan will be developed to support this and progress against Plan deliverables reported on a quarterly basis as part of our corporate governance arrangements. We will continue to report on progress towards meeting our Equality Objectives in our annual Equalities Statement, where we also publish our workforce statistics and gender pay gap data.

(Sources: Office for National Statistics: Population Projections Estimate 2018, Census 2011; Labour Force Survey; Annual Population Survey; Nomis Official Labour Market Statistics; Coronavirus and homeworking in the UK, Statistical Bulletin (2020); Working from home during the COVID-19 lockdown: Changing preferences and the future of work (2020), University of Kent; Rural-Urban Classification of Local Authority Districts (2011) Defra; English indices of deprivation (2019) Ministry of Housing, Communities & Local Government; Local Health Data, Public Health England)

## **Appendix A. ESRC Consumer Data Research Centre: Internet User Classification**

**e-Cultural Creators** - High levels of internet engagement particularly in relation to social networks, communication, streaming and gaming but relatively low levels of online shopping, apart from groceries.

**e-Professionals** - High levels of internet engagement, located in urban areas aged between 25 and 34. They are experienced users and engage with the internet daily and in a variety of settings.

**e-Veterans** - Affluent families usually located in low-density suburbs with populations of mainly middle-aged and highly qualified professionals. Higher levels of engagement with information seeking, online services and shopping, less engagement with social networks or gaming.

**Youthful Urban Fringe** - Live at the edge of city centres and in deprived inner-city areas, young, ethnically diverse comprised of large student and informal households, access via mobile devices. High levels of internet engagement including high levels of social media usage.

**e-Rational Utilitarians** - Mainly located in mainly rural/semi-rural areas with a higher than average retired population often constrained by poor infrastructure. Undertake online shopping with the internet used as a utility rather than a conduit for entertainment.

**e-Mainstream** – Live in heterogeneous neighbourhoods at the periphery of urban areas or in transitional neighbourhoods. Have typical user characteristics.

**Passive and Uncommitted Users** - Limited or no interaction with the Internet. Tend to reside outside city centres and close to the suburbs or in semi-rural areas. Higher levels of employment in semi-skilled and blue-collar occupations.

**Digital Seniors** -Typically White British, retired and relatively affluent. Average use of the internet, typically using a personal computer at home. Despite being infrequent users, they are adept enough to use the internet for information seeking, financial services and online shopping.

**Settled Offline Communities** - Elderly, White British living in semi-rural areas. Limited engagement with the internet, may have only rare access or no access at all.

**E-Withdrawn** - Least engagement with the internet in terms of information seeking, access to financial services and the lowest rate of online access via a mobile device. High rates of unemployment and high use of social housing.

Source: Alexiou, A. and Singleton, A. (2018). ESRC Consumer Data Research Centre; Contains National Statistics data Crown copyright and database right (2017); Ofcom data (2016). CDRC data from Data Partners (2017)

This page is intentionally left blank

## **Report to the Cabinet**

**Report reference: C-017-2020/21**

**Date of meeting: 11<sup>th</sup> October 2021**



**Epping Forest  
District Council**

**Portfolio: Customer and Partnerships**

**Subject: Branding for the Civic Offices Ground Floor**

**Responsible Officer: Rob Pavey (01992 564211).**

**Democratic Services: Adrian Hendry (01992 564246).**

---

### **Recommendations/Decisions Required:**

- (1) That approval be given to a Branding exercise for the Ground Floor of the Civic Offices;**
- (2) That approval be given to either Option A 'The Civic' or Option B 'The Civic Hub' presented with this report; and**
- (3) That Members note the comments made by Community Hub partners and the Stronger Communities Select Committee at their meeting on 23<sup>rd</sup> September 2021.**

### **Executive Summary:**

The refurbishment of the Civic Offices building presented the opportunity to review its purpose and this the opportunity to provide a facility that can offer the local community a brand new contribution. The Ground Floor now is a destination for the community where the Council works with a range of other public and voluntary sector partners where solutions can be found in one place ranging from homelessness to debt advice to welfare benefits to well-being. This really is a step-change in the use of the Ground Floor and needs to be seen not as an Epping Forest District Council asset but one where we work with a range of other organisations to provide outcomes for the members of the community. To highlight and reflect this new start a branding is proposed for the Ground Floor to help showcase this new way of delivering services and improve the welcome experience for visitors to the building. Consultation around the design has been undertaken with Community Hub partners and Members of the Stronger Place Select Committee.

### **Reasons for Proposed Decision:**

To provide a branding for the Ground Floor to provide an improved visitor experience and to identify and promote the new service offering for the community.

### **Other Options for Action:**

To not proceed with a branding for the Ground Floor area.  
To seek alternative branding designs.

## Report:

1. Initially, it is important to stress that this report is not proposing a re-naming of the Civic Offices. Instead, this report asks Members to consider the re-branding of the Civic Offices Ground Floor to promote the area as a new destination where EFDC services work collaboratively with partners to provide wraparound solutions for residents and wider community activity.
2. The refurbishment of the Civic Offices provided the Council with an opportunity to review how the building was used. The new building now sees a much-reduced footprint for purely Epping Forest District Council staff on the second floor with the top floor being occupied as a commercial let. The Conder building will be demolished to make way for new housing. The Ground Floor of the refurbished building now operates as a hub for Council front-line services operating with a wide range of partners to provide joined-up solutions for the Community with the aim of providing added value and improved outcomes for those who visit the new facility.
3. This is a real step-change for how the Council works with partners and uses the asset that is the Civic Offices to provide services to the community. The Ground Floor comprises a general Welcome Area for the whole building, including for those visiting commercial tenants and is resourced by EFDC staff from Customer Services supported by the Concierge Service. Around the Welcome Area is a general customer lounge for waiting and more informal conversations, private interview rooms, self-serve customer terminals and the Community Hub room. The flow of the Ground Floor takes you from the Welcome Area to the Conference Suite. This area whilst available for EFDC activity is also a facility which can be hired by partners to use and wider community activity. Leading on from the Conference Suite is the café area and potential location of the Epping library. There is common activity that the library engages in that closely relates to the services provided by the other partners on the Ground Floor, notably well-being and digital inclusion. Again the Conference Suite is available to support any joint activity for events or other activity. The purpose of taking Members through the Ground Floor locations shows the integrated activity of the Ground Floor and clear signage and direction is needed for the visitor journey through this space. Signs currently exist in a temporary format but a more suitable solution is needed to improve the visitor experience.
4. The close proximity and integration of the Ground Floor and activity within it lends itself to one common branding. Initially a separate brand was to be developed for the Community Hub itself but given the flow and connectivity between the areas it has been concluded that a single branding incorporating signage be used for the Ground Floor. The branding needs to reflect that it is not a single organisation-based area but instead demonstrates the collaborative nature of the activity – one customer visiting multiple services in one space.
5. Work has been taking place over the summer developing what the branding could look like. Two options have come forward for what the Ground Floor can be termed as 'The Civic' or 'The Civic Hub'. Again, for clarity this does not mean a change in name for the building, the Civic Offices. The term 'The Civic' seeks to capture the use of the Ground Floor space in a term that is more colloquial in nature and distinguishes it from the more formal name for the building. 'The Civic Hub' provides a more conventional name for the area. Members are asked to consider both options.
6. The partnership nature is critical to recognise, and the brand seeks to symbolise this. The partners working with EFDC on the Ground Floor are:

- DWP

- Citizens Advice
- Epping Forest Food Bank
- Changing Pathways
- Peabody
- Essex County Council Adult and Social Care
- Essex County Council Family Solutions
- Phoenix Futures
- Voluntary Action Epping Forest
- NACRO
- Epping Re-Use

7. Partners have been consulted with regard to the brand especially as any branding will be also used by themselves to signpost and promote their own services in the new Ground Floor area. This is not a rebranding for EFDC itself, but it is a brand to represent the Ground Floor partnership area. The EFDC communications team will be working with those partners to ensure there is joined-up usage of the brand.

8 The outcome of the work over the summer has provided two options, A and B, which are attached as Appendix A and B respectively. The design reflects the collaborative nature of the Ground Floor, not a wholly EFDC space but one where partners are also based. Importantly there has been very positive feedback from partners in relation to the common branding and design and a few quotes are provided below:

“I really like it...I can picture it so well after spending some time in the Hub yesterday. We are really looking forward to starting this”

“Very nice...it’s so easy to visualise”

“Having spent some time at the Hub, it is now very easy to visualise, and this revised version of the branding fits so well. We are really looking forward to working out of the Hub with all the partners.”

“It looks great and can’t wait to see it in real life”

9. The branding exercise was presented before the Stronger Place Select Committee on 23<sup>rd</sup> September. Members of the Committee were asked to comment on the branding exercise, the designs presented and the options of the ‘The Civic’ or ‘Civic Hub’. The Committee concluded that:

- a) It approved of the branding exercise taking place for the branding exercise taking place for the Ground Floor of the Civic Offices;
- b) There was a majority view supported the design of the branding;
- c) Of the two options provided to the Committee regarding the naming of the space ‘The Civic Hub’ was the preferred option.

10. The cost of the project will be £19,250 at a worst-case scenario but is anticipated to be below £15,000 and will be finally determined at the end of the project. the cost is built up from:

- the iterative process of the design branding;
- the production of the signage including highly resilient floor signposting and wall designs;
- installation by technicians of the signage within the building.

**Resource Implications:**

Cost of the exercise to be met from existing budget

**Legal and Governance Implications:**

None

**Safer, Cleaner and Greener Implications:**

None

**Consultation Undertaken:**

Consultation on the design has been undertaken with Community Hub partners

**Background Papers:**

Appendices A and B to this report

**Risk Management:**

None



## Equality Impact Assessment

1. Under s.149 of the Equality Act 2010, when making decisions, Epping District Council must have regard to the Public Sector Equality Duty, ie have due regard to:
  - eliminating unlawful discrimination, harassment and victimisation, and other conduct prohibited by the Act,
  - advancing equality of opportunity between people who share a protected characteristic and those who do not,
  - fostering good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.
2. The characteristics protected by the Equality Act are:
  - age
  - disability
  - gender
  - gender reassignment
  - marriage/civil partnership
  - pregnancy/maternity
  - race
  - religion/belief
  - sexual orientation.
3. In addition to the above protected characteristics you should consider the cross-cutting elements of the proposed policy, namely the social, economic and environmental impact (including rurality) as part of this assessment. These cross-cutting elements are not a characteristic protected by law but are regarded as good practice to include.
4. The Equality Impact Assessment (EqIA) document should be used as a tool to test and analyse the nature and impact of either what we do or are planning to do in the future. It can be used flexibly for reviewing existing arrangements but in particular should enable identification where further consultation, engagement and data is required.
5. Use the questions in this document to record your findings. This should include the nature and extent of the impact on those likely to be affected by the proposed policy or change.
6. Where this EqIA relates to a continuing project, it must be reviewed and updated at each stage of the decision.
7. All **Cabinet, Council, and Portfolio Holder reports must be accompanied by an EqIA**. An EqIA should also be completed/reviewed at key stages of projects.
8. To assist you in completing this report, please ensure you read the guidance notes in the Equality Analysis Toolkit and refer to the following Factsheets:
  - Factsheet 1: Equality Profile of the Epping Forest District
  - Factsheet 2: Sources of information about equality protected characteristics
  - Factsheet 3: Glossary of equality related terms
  - Factsheet 4: Common misunderstandings about the Equality Duty
  - Factsheet 5: Frequently asked questions
  - Factsheet 6: Reporting equality analysis to a committee or other decision making body

<b>Section 1: Identifying details</b>
Your function, service area and team: Customer Services
If you are submitting this EqIA on behalf of another function, service area or team, specify the originating function, service area or team:
Title of policy or decision:
Officer completing the EqIA: Tel:                      Email:
Date of completing the assessment:

<b>Section 2: Policy to be analysed</b>	
2.1	<p>Is this a new policy (or decision) or a change to an existing policy, practice or project?</p> <p>It is a branding exercise for the Ground Floor to assist visitors to the building with the new service offering in that space.</p>
2.2	<p>Describe the main aims, objectives and purpose of the policy (or decision):</p> <p>To help showcase the new collaborative service offering provided by the Council and its partners. To assist service users in moving around the space with clear and effective signage.</p> <p>What outcome(s) are you hoping to achieve (ie decommissioning or commissioning a service)?</p> <p>As above</p>
2.3	<p>Does or will the policy or decision affect:</p> <ul style="list-style-type: none"> <li>• service users</li> <li>• employees</li> <li>• the wider community or groups of people, particularly where there are areas of known inequalities?</li> </ul> <p>It affects principally service users and the wider community who use the space.</p> <p>Will the policy or decision influence how organisations operate?</p> <p>No</p>
2.4	<p>Will the policy or decision involve substantial changes in resources?</p> <p>No</p>

2.5	<p>Is this policy or decision associated with any of the Council's other policies and how, if applicable, does the proposed policy support corporate outcomes?</p> <p>It supports the introduction of the new service offering for the Ground Floor of the Civic Offices.</p>
-----	---

### **Section 3: Evidence/data about the user population and consultation<sup>1</sup>**

As a minimum you must consider what is known about the population likely to be affected which will support your understanding of the impact of the policy, eg service uptake/usage, customer satisfaction surveys, staffing data, performance data, research information (national, regional and local data sources).

3.1	What does the information tell you about those groups identified?
3.2	Have you consulted or involved those groups that are likely to be affected by the policy or decision you want to implement? If so, what were their views and how have their views influenced your decision?
3.3	If you have not consulted or engaged with communities that are likely to be affected by the policy or decision, give details about when you intend to carry out consultation or provide reasons for why you feel this is not necessary:

## Section 4: Impact of policy or decision

Use this section to assess any potential impact on equality groups based on what you now know.

<b>Description of impact</b>	<b>Nature of impact</b> Positive, neutral, adverse (explain why)	<b>Extent of impact</b> Low, medium, high (use L, M or H)
Age	N	
Disability	N	
Gender	N	
Gender reassignment	N	
Marriage/civil partnership	N	
Pregnancy/maternity	N	
Race	N	
Religion/belief	N	
Sexual orientation	N	

**Section 5: Conclusion**

		Tick Yes/No as appropriate	
5.1	Does the EqIA in Section 4 indicate that the policy or decision would have a medium or high adverse impact on one or more equality groups?	No <input checked="" type="checkbox"/>	
		Yes <input type="checkbox"/>	If 'YES', use the action plan at <b>Section 6</b> to describe the adverse impacts and what mitigating actions you could put in place.

**Section 6: Action plan to address and monitor adverse impacts**

<b>What are the potential adverse impacts?</b>	<b>What are the mitigating actions?</b>	<b>Date they will be achieved.</b>

**Section 7: Sign off**

**I confirm that this initial analysis has been completed appropriately.  
(A typed signature is sufficient.)**

Signature of Head of Service:

Date:

Signature of person completing the EqIA: Rob Pavey

Date: 05/08/2021

**Advice**

Keep your director informed of all equality & diversity issues. We recommend that you forward a copy of every EqIA you undertake to the director responsible for the service area. Retain a copy of this EqIA for your records. If this EqIA relates to a continuing project, ensure this document is kept under review and updated, eg after a consultation has been undertaken.



**'The Civic'**

Ground floor branding design and large format graphics

created for

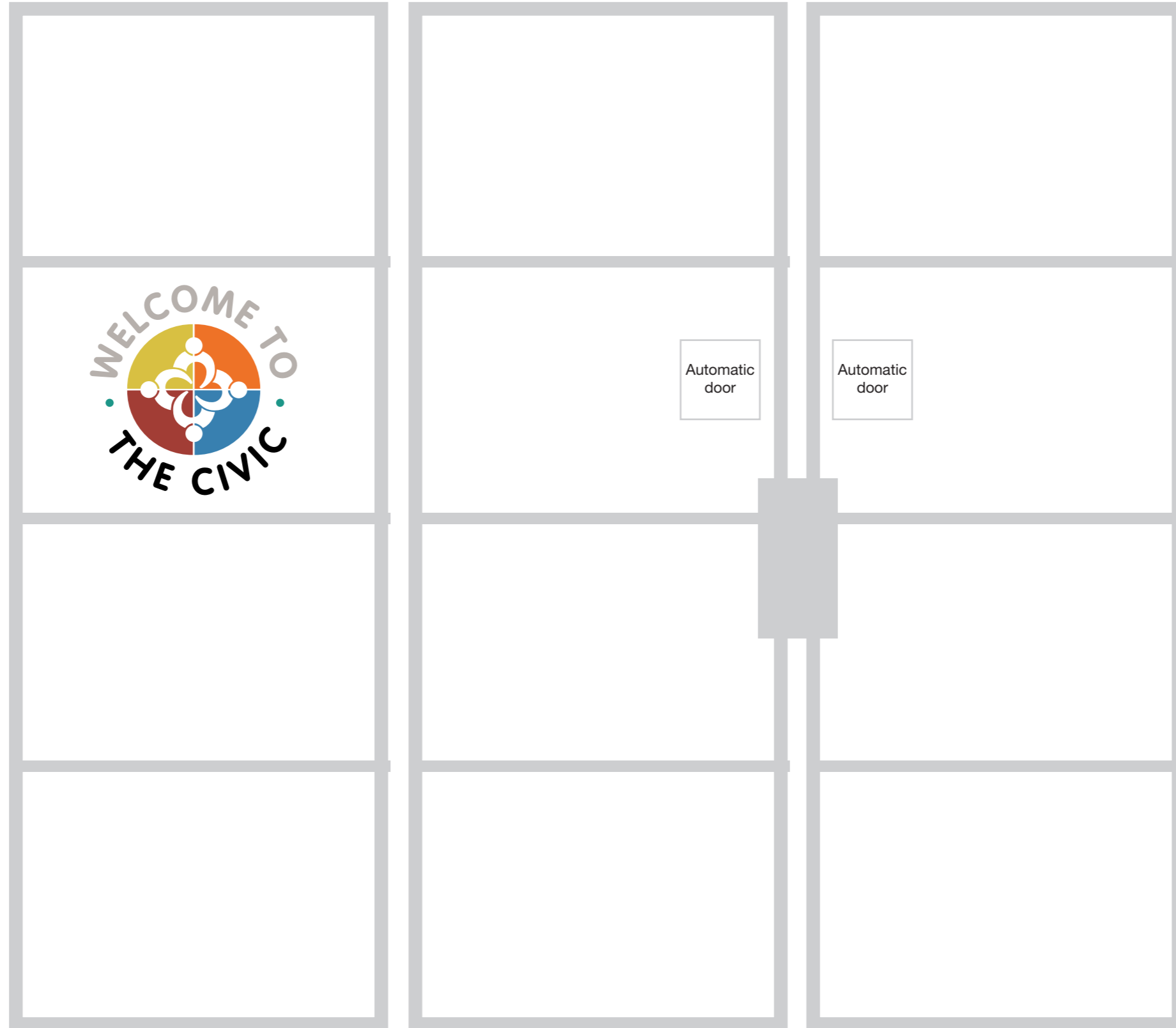
**Epping Forest District Council**

September 2021

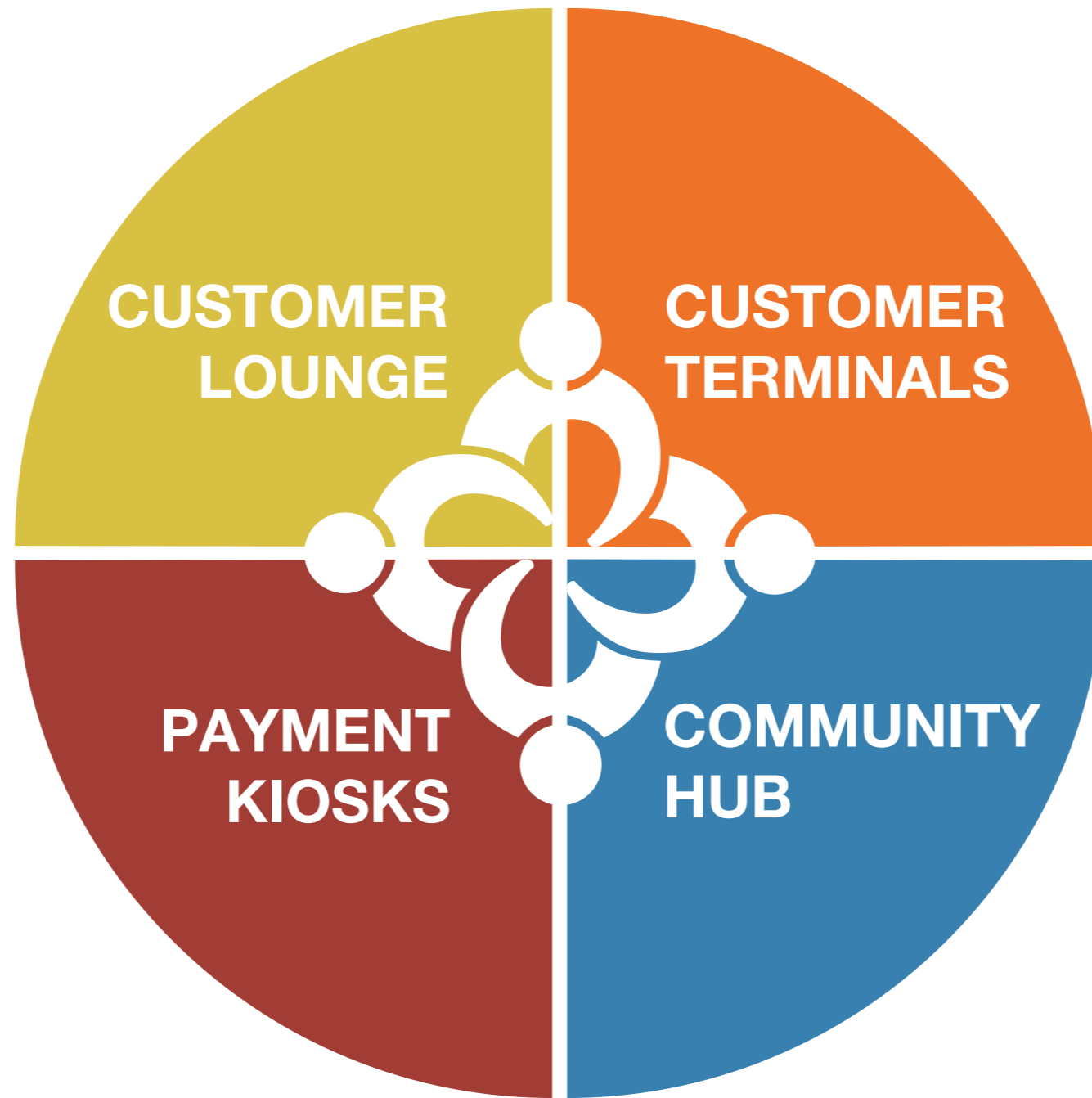
**Client distribution document amended logostyle version 16 / ONE**

© martyn royce 2021











**COMMUNITY  
HUB**



**CUSTOMER  
LOUNGE**



**CUSTOMER  
TERMINALS**



**CUSTOMER  
PAYMENT  
KIOSKS**



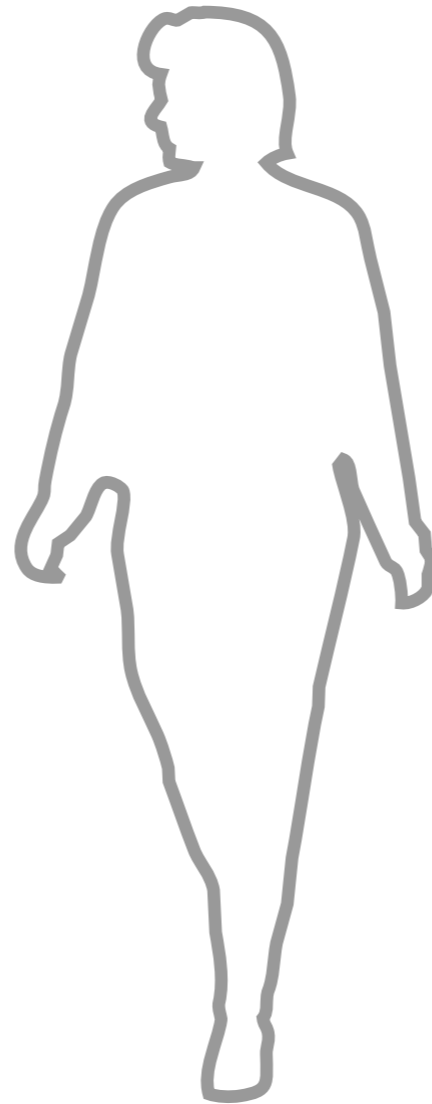
**CUSTOMER  
APPOINTMENT  
CHECK IN**

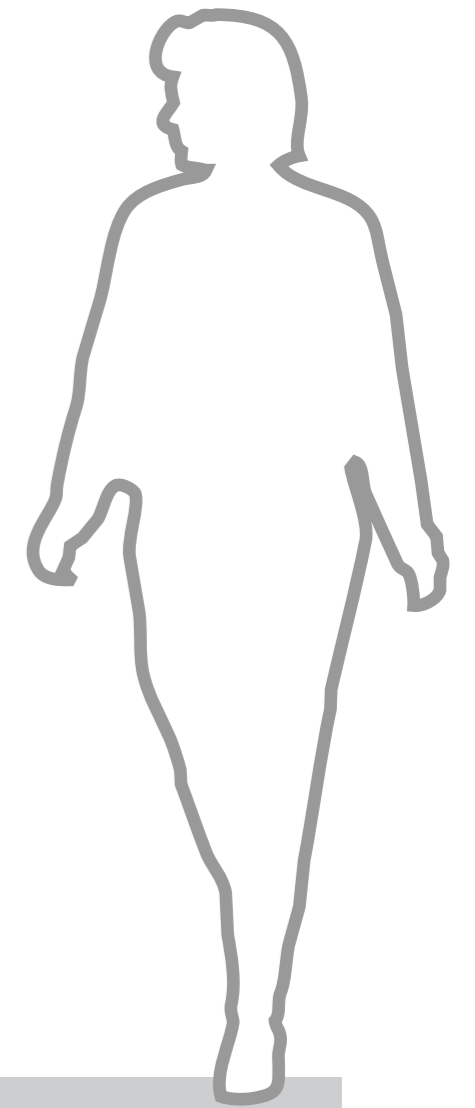


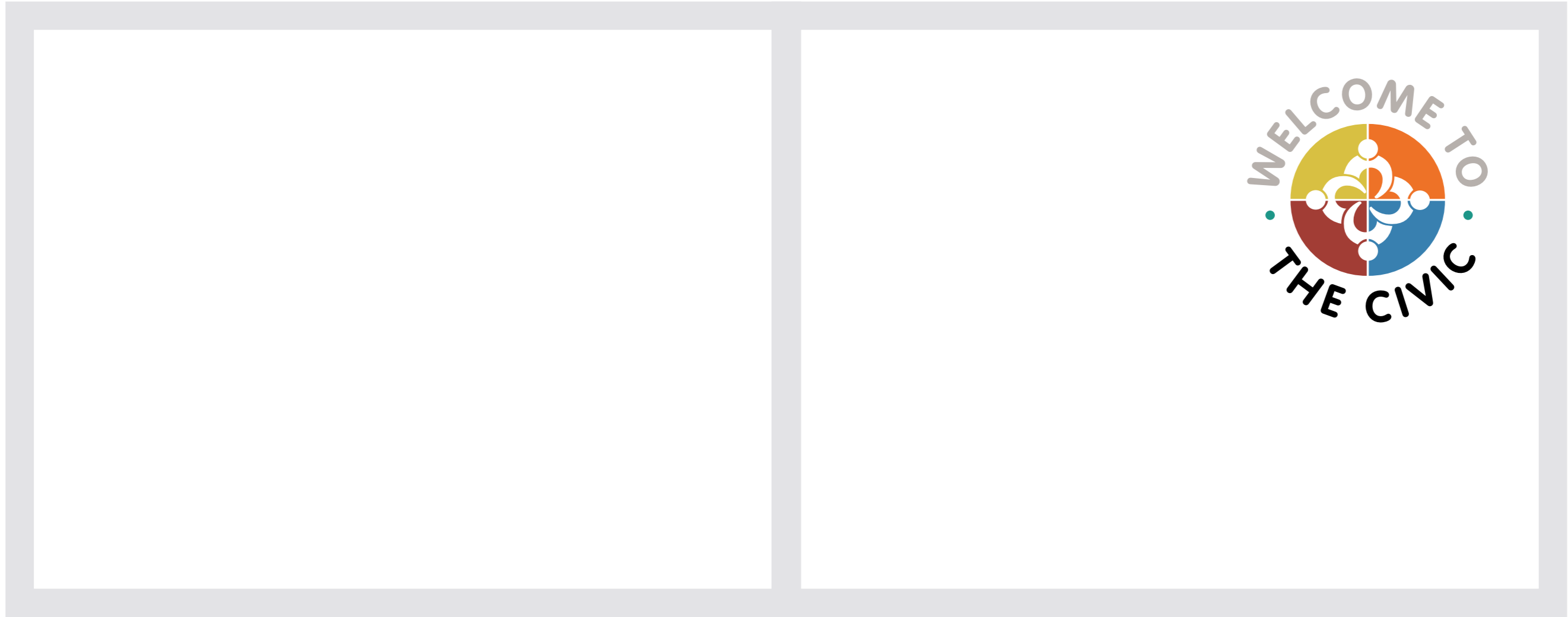


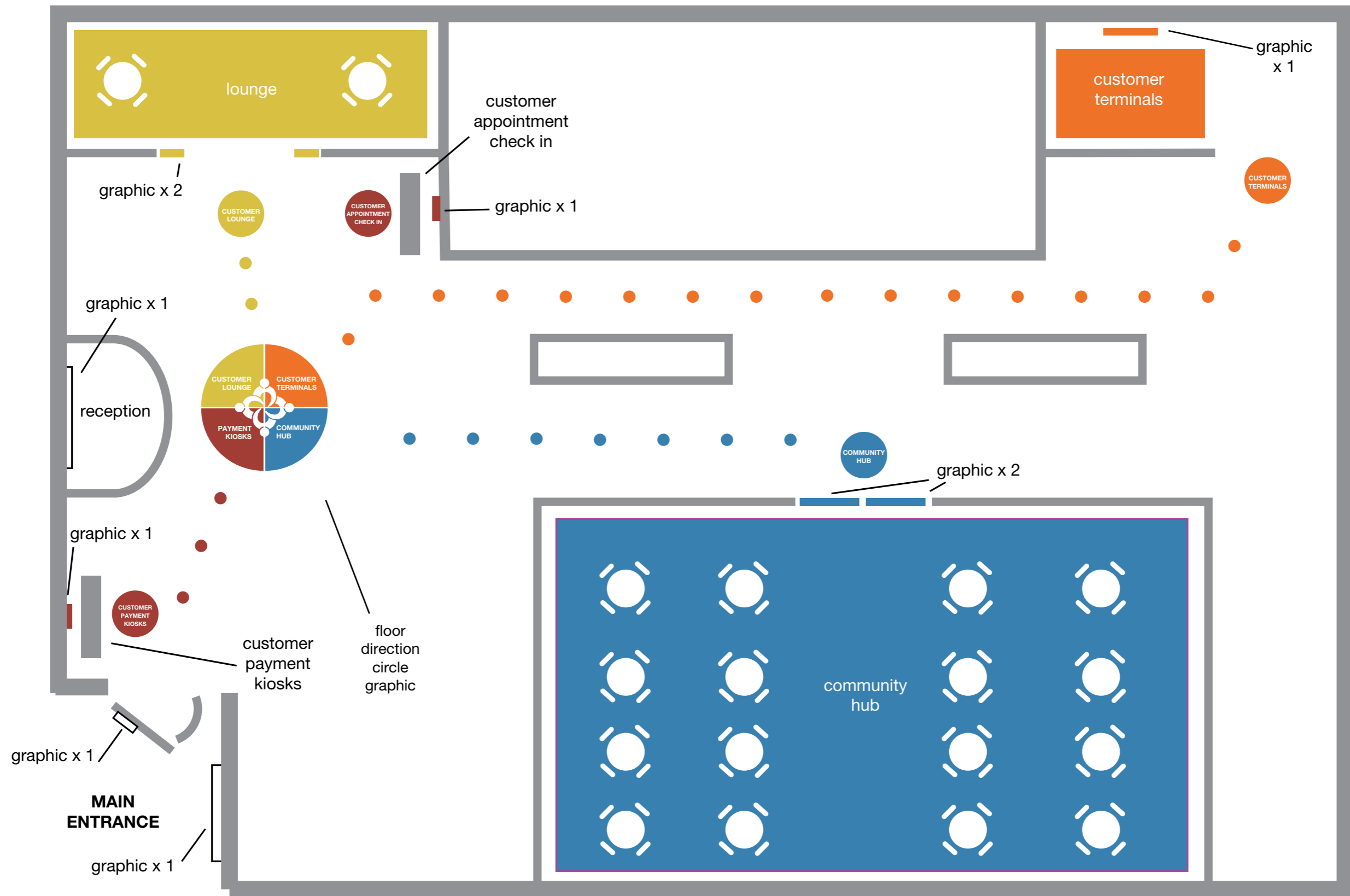












This page is intentionally left blank

**'The Civic Hub'**  
Ground floor branding design and large format graphics

created for  
**Epping Forest District Council**

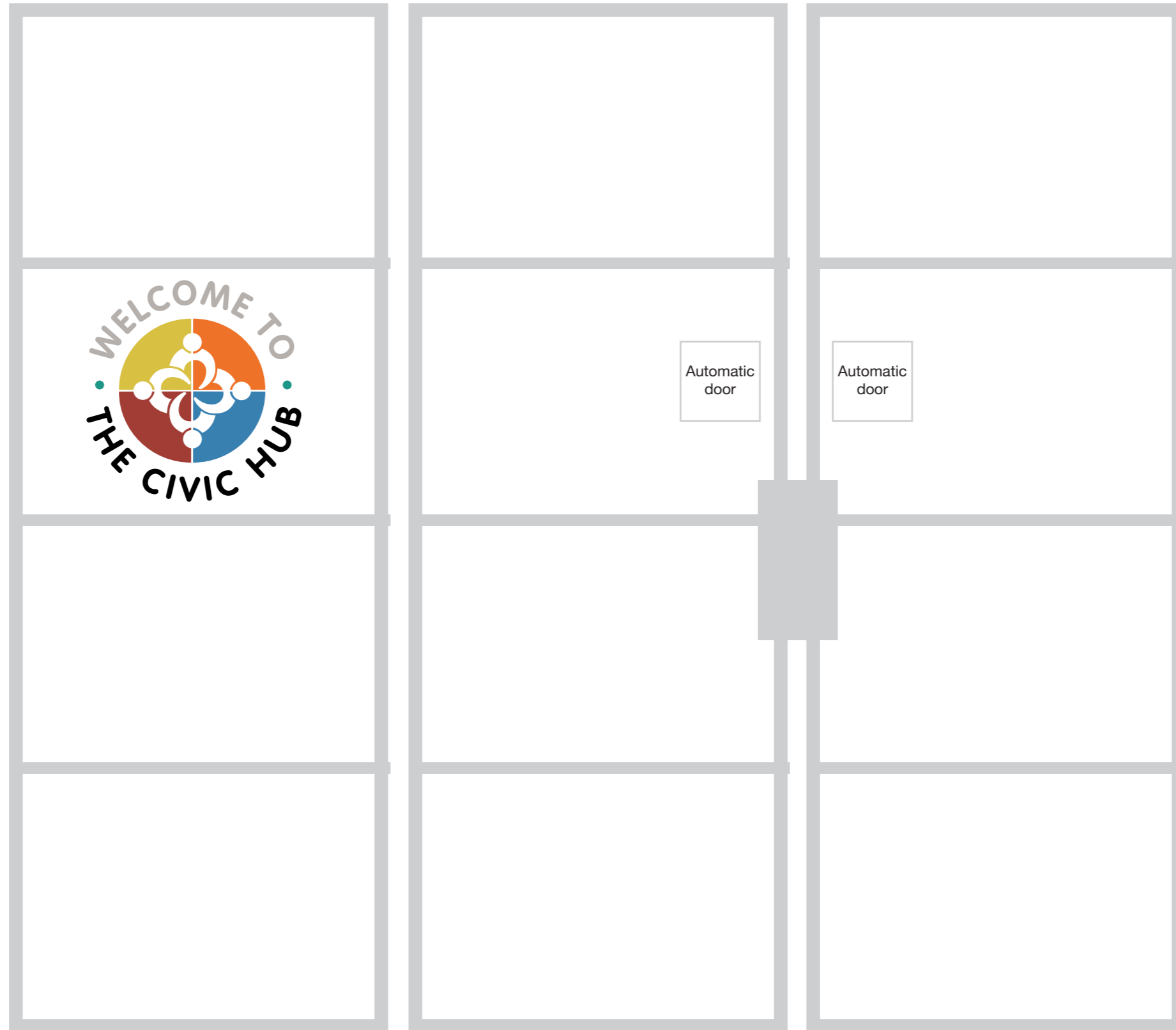
September 2021

**Client distribution document amended logostyle version 14 / ONE**

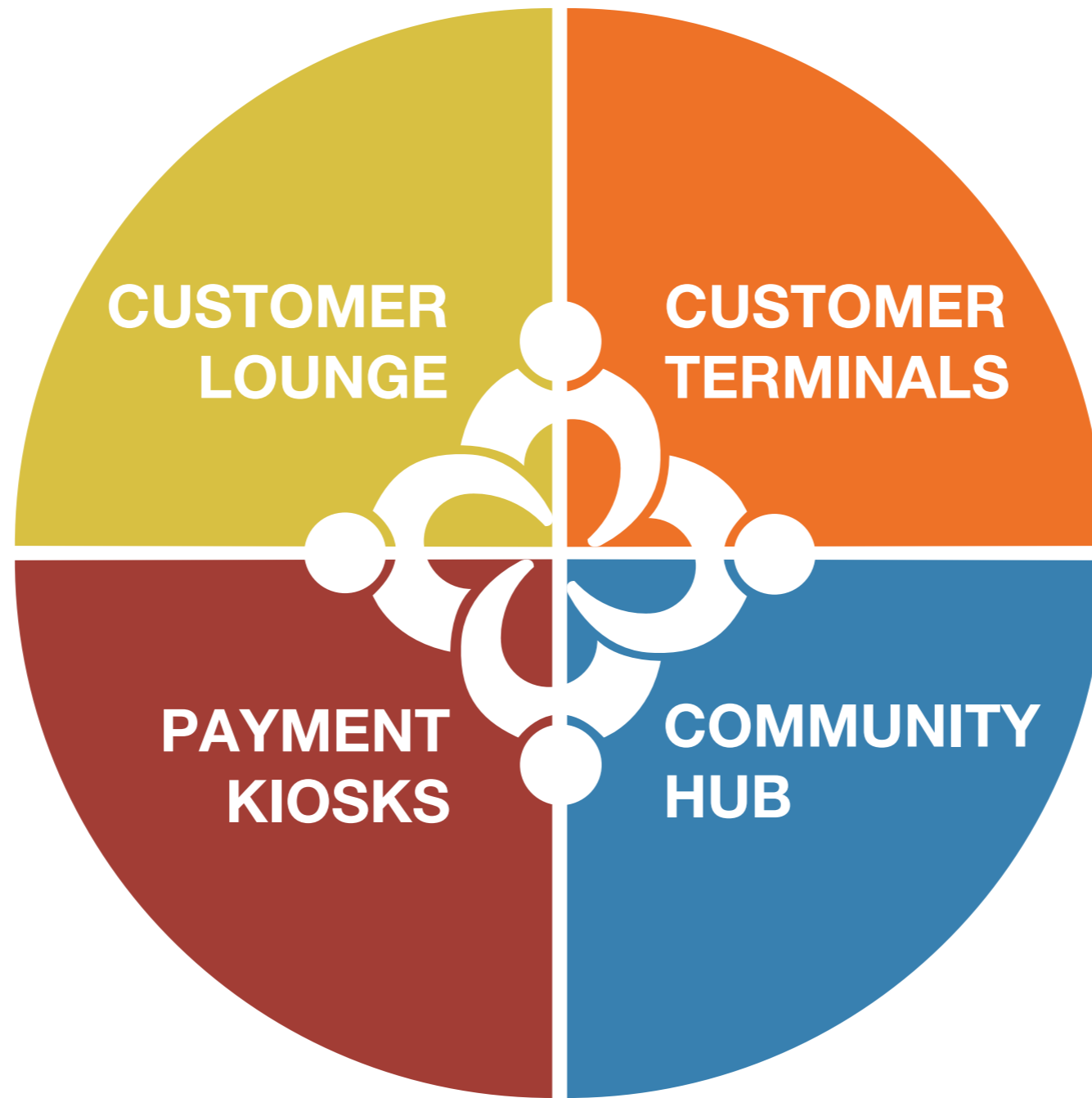
© martyn royce 2021













**COMMUNITY  
HUB**



**CUSTOMER  
LOUNGE**



**CUSTOMER  
TERMINALS**



**CUSTOMER  
PAYMENT  
KIOSKS**



**CUSTOMER  
APPOINTMENT  
CHECK IN**



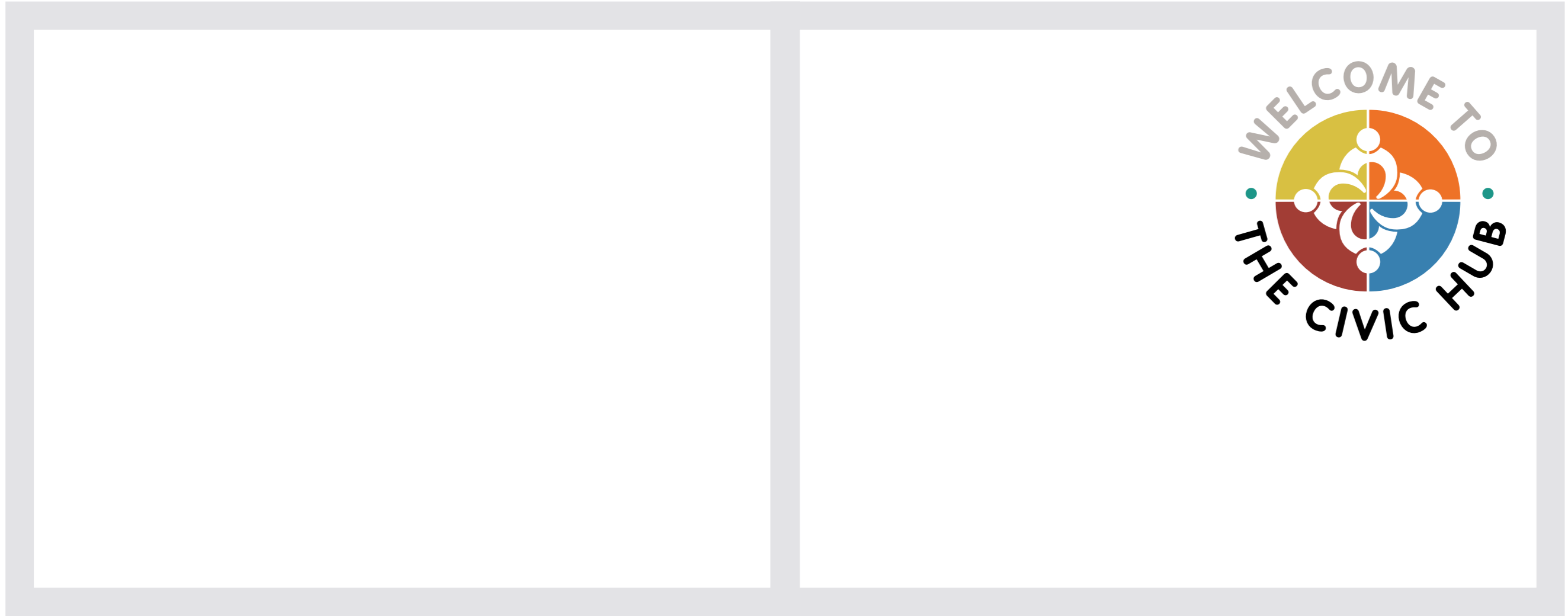


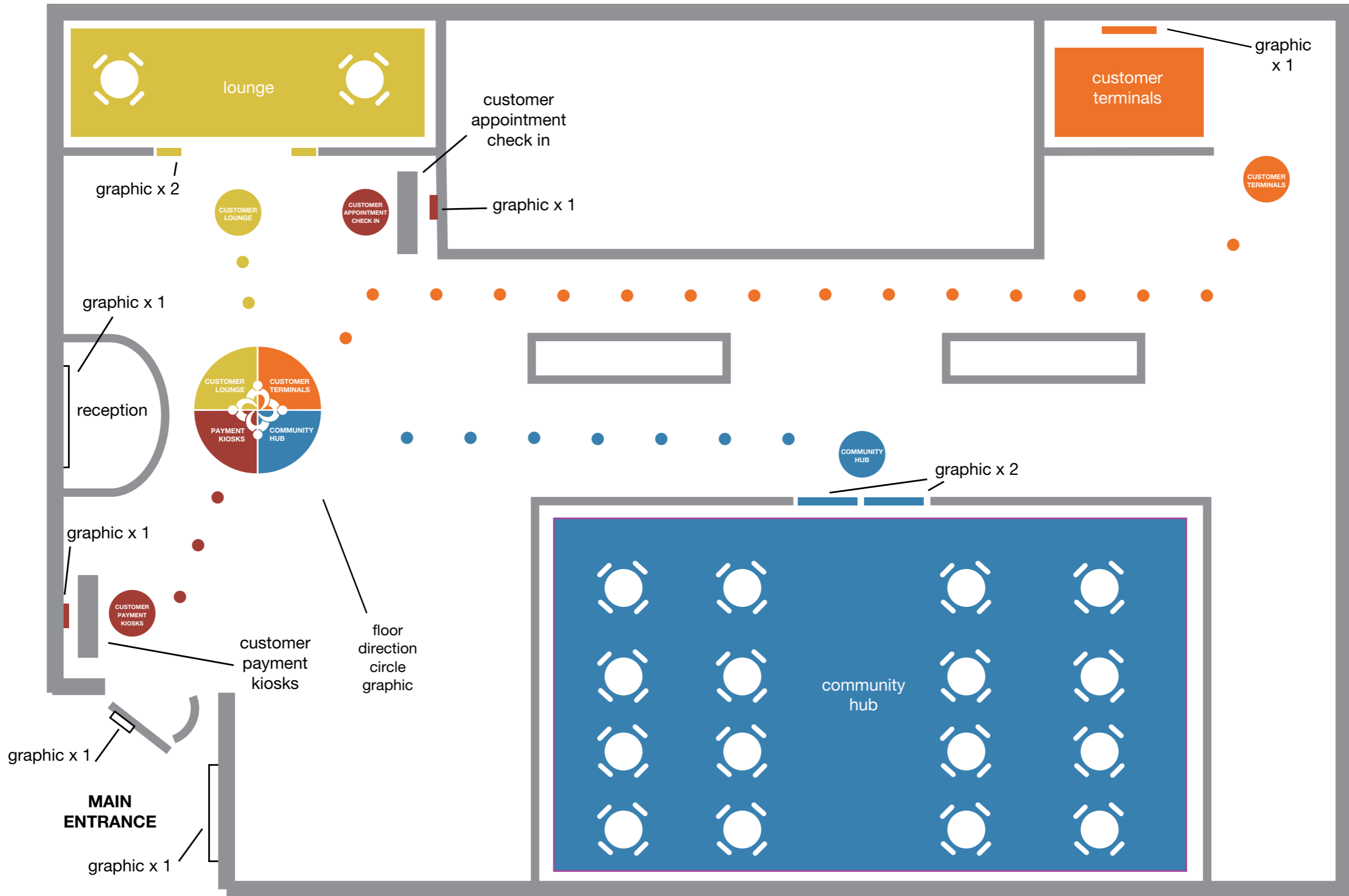












This page is intentionally left blank

## Report to Cabinet



Epping Forest  
District Council

**Report Reference: C-018-2021-22**

**Date of meeting: 11<sup>th</sup> October 2021**

**Subject: Quarter 4 Budget Monitoring Report 2020/21  
(Final Outturn)**

**Portfolio Holder: Finance, Qualis Client & Economic Development - Cllr. John Philip**

**Officer contact for further information: Chris Hartgrove 01992 564000 (Ext. 2532)**

**Democratic Services Officer: Adrian Hendry 01992 564246**

---

### Recommendations/Decisions Required:

1. The General Fund revenue position at the end of Quarter 4 (Final Outturn) for 2020/21 be noted (*Appendix A*).
2. The General Fund capital position at the end of Quarter 4 (Final Outturn) for 2020/21 be noted (*Appendix B*).
3. The Housing Revenue Account revenue position at the end of Quarter 4 (Final Outturn) for 2020/21 be noted; and
4. The Housing Revenue Account capital position at the end of Quarter 4 (Final Outturn) for 2020/21 be noted (*Appendix C*).

### Executive Summary:

This report sets out the 2020/21 General Fund and Housing Revenue Account positions, for both revenue and capital, as at 31st March 2021, which represents the Quarter 4 (Final Outturn) for the full 2020/21 financial year.

In terms of General Fund revenue expenditure – at the Quarter 4 (Final Outturn) stage – a budget over spend of £0.157 million has been recorded, with net expenditure of £18.591 million against an overall budget provision of £18.434 million.

The General Fund revenue position in 2020/21 was dominated by the impact of the Covid-19 pandemic. Most notably:

- **Budget Pressures** – a range of 2020/21 budget pressures were experienced in the year, especially on Council income streams. Major cost centres affected include:
  - Leisure Facilities (£2,565,882) – the combined impact of the loss of the Management

Fee was exacerbated by the need for compensation payments to the contractor in order to maintain the availability of Leisure Centres, whilst complying with social distancing requirements. The position did improve slightly as the year progressed (e.g. an overspend of £2.815 million was anticipated at the Quarter 2 stage) as 'open book accounting' arrangements led to a reduction in compensation payments. In addition, the Council was also successful in its compensation bid to Sport England, which yielded £279,393, thus further alleviating the cost pressure slightly.

- Qualis Income (£2,406,810) – a major shift in economic assumptions such as property prices and interest rates reduced achievable income streams from the Qualis initiative in the year. However, it also reduced the Council’s forecast borrowing costs, thereby partially offsetting the overall reduction; and
- Car Parking (£1,314,461) – there was a major decline in the usage of Council car parks in 2020/21, especially during the ‘lockdown’ phases due to the pandemic. A huge increase in homeworking has led to a large – and potentially permanent – reduction in car park usage by commuters.
- **Government Support** – the Government was generally supportive of local authorities in the year, recognising the scale of the financial challenge at a local level. To this end, £1.947 million in general un-ringfenced funding was provided, along with further support of £2.289 million through an income loss compensation scheme (i.e. leading to combined funding of £4.236 million).

The Housing Revenue Account position was less affected by the Covid-19 pandemic, although there were some cost pressures to note, especially on Housing Repairs, which are not linked to the pandemic.

Turning to capital spending:

- **General Fund Capital Programme** – the Council incurred capital expenditure of £49.260 million (including £36.0 million in Qualis Investments) in the year, against an overall budget of £70.928 million, resulting in a net underspend of £21.668 million; and
- **HRA Capital Programme** – the Council incurred capital expenditure of £17.930 million in the year, against an overall budget of £25.458 million, leading to an underspend of £7.528 million. The largest area of underspend was Housing Development (£4.540 million).

## 1) Background and Introduction

- 1.1 The Council's budget for 2020/21 (both General Fund and Housing Revenue Account) was approved by full Council on 25th February 2020. This report updates the Stronger Council Select Committee on how the Council's services have performed against their budgets in the financial year.
- 1.2 This is the fourth (and final) update for 2020/21 and includes the 2020/21 General Fund and Housing Revenue Account positions, for both revenue and capital, as at 31<sup>st</sup> March 2021 ("Quarter 4").

## 2) General Fund Revenue Budget

- 2.1 The General Fund revenue position for 2020/21, at the Quarter 4 (Final Outturn) stage – summarised by service area – is presented in **Appendix A**. A budget over spend of £0.157 million has been recorded, with net expenditure of £18.591 million against an overall budget provision of £18.434 million. The table below summarises the position by service.

<b>General Fund Revenue Budget 2020/21 (Quarter 4)</b>			
<b>Description</b>	<b>Budget 2020/21 (Updated)</b>	<b>Total Spending (31/03/21)</b>	<b>Variance</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Chief Executive	1,605	1,120	(485)
Community & Wellbeing	1,353	1,107	(246)
Contracts & Technical	(190)	3,806	3,996
Corporate Support	7,553	8,299	746
Customer Services	2,561	3,403	842
Place (Economic Projects)	1,531	1,444	(87)
Finance & Audit	1,264	2,366	1,102
Housing & Property	2,746	2,283	(463)
Planning	2,839	2,488	(351)
Strategy, Delivery & Performance	1,545	995	(550)
Additional Pension Costs (corporate)	581	833	252
Qualis	(3,626)	(1,220)	2,407
Government Covid Support	0	(4,236)	(4,236)
Financing & Recharges	(1,328)	(4,098)	(2,770)
<b>Totals</b>	<b>18,434</b>	<b>18,591</b>	<b>157</b>



2.2 The most notable variances (in excess of £0.5 million) to budget in the table above include:

- Contracts and Technical Services (£3,995,463 Overspend) – the large overspend was due to two well documented financial pressures. Firstly, Car Parking (£1,314,461) with lower income resulting from lower demand for parking provision, due to successive 'lockdowns', and changes in working and shopping habits as a result of the Pandemic. The introduction of a temporary 20 pence charge helped increase take-up to an extent, but commuter long stay parking remained particularly low throughout the year. And secondly, Leisure Facilities (£2,565,882), which is the largest single Covid-19 related cost. The leisure centres are now open, but usage has yet to return to pre-pandemic levels
- Corporate Support (£745,662 Overspend) – significant cost pressures were experienced due to the additional capacity required to manage the Covid-19 impacts, such as the ICT demands of homeworking (e.g. an overspend of £481,584 was recorded on the ICT budget, with Covid-19 costs adding to the transitional costs associated with an internal restructure). However, the spending pressures in Corporate Support were partially offset by savings in other areas
- Customer Services (£842,259 Overspend) – the largest budget pressure was an overspend of £503,219 on the Housing Benefits service. The single largest factor here related to mis-coded Rent Allowance payments of £260,261 which were made in March 2020 (i.e. 2019/20) but were consequently met by the 2020/21 budget. In addition, a total spending pressure of £172,461 (salaries and agency combined) was experienced on staff-related costs in the Housing Benefits service as the pandemic triggered a need for additional staff resources
- Finance and Audit (£1,102,109 Overspend) – the single largest factor, was the requirement to provide an additional contribution to the corporate Bad Debt Provision as the impact of the pandemic made general outstanding debts owed to the Council less collectable, with £645,441 eventually provided compared to a budget of £102,000 (i.e. creating a cost pressure of £543,441). Additional resourcing costs were also incurred in the Corporate Finance Team to cover vacant posts, especially in specialist areas such as the Housing Revenue Account, which necessitated the short-term recruitment of additional professional support
- Strategy, Delivery and Performance (£550,196 Underspend) – the Elections service recorded a surplus of £334,308, following the postponement of the May 2020 local elections due to the Coronavirus outbreak
- Qualis Income (£2,406,810 Overspend) – income from Qualis was lower than that assumed within the original budget. The pandemic occurred at a critical time for the development of the Qualis Business Plan as, necessarily, the organisation was required to focus on managing the impacts of the virus. The consequential delay in getting to a point where Qualis could implement its Business Plan, the Covid19 related impacts on property prices and the reductions in the capital financing costs have all had an impact on the base budget assumptions. When the budget was developed the Qualis related income was flagged as being dependent on key actions taking place during the year in order to deliver this income stream. Prudently, contingency was built into the budget plans should any slippage occur. This included a large contingency provision and the central control over the release of funding for some service investment activities until there was confidence that the targeted income had been achieved. Given the unknown nature of the pandemic this caution has proved fortuitous and has enabled the Council to accommodate the reduced Qualis income associated with the pandemic delays. The delays have also reduced the amount of borrowing the Council had expected to have taken at this point and the cost of that borrowing. The reductions partially net off the overspend here

- Government Support (£4,235,706 Underspend) – the Government introduced a range of funding support streams in the year. However, the amount of support was barely half of the cost of the pandemic to the Council. The Government eventually provided £1.947 million in general un-ringfenced support. The “SFC Compensation Scheme” was also introduced, under which the Government covered 75% of the Council’s income losses, but only after the Council had met the first 5% of budgeted losses; Epping Forest District Council eventually received £2.289 million from this source; and
- Financing & Recharges (£2,770,233 Underspend) – there was exceptional volatility experienced in the year in terms of Financing and Recharges. This was partly driven by the changing financing requirements of the Qualis initiative, although the single largest element was HRA recharges (£2,272,864) where the income budget under-estimated the net recharges at year end; this was partly due to additional one-off HRA costs in the year (e.g. the development costs of the new HRA Business Model), although the underlying budget expectation was particularly prudent (the net budget expectation has subsequently been raised in preparing the 2021/22 budget).

### **3) Housing Revenue Account (revenue)**

- 3.1 The Housing Revenue Account (HRA) revenue position for 2020/21, at the Quarter 4 (Final Outturn) stage, is summarised in the table below. An actual surplus of £75,000 was recorded for the year, compared to a budgeted surplus of £30,000.

<b>Housing Revenue Account Budget 2020/21 (Quarter 4: Final Outturn)</b>			
<b>Description</b>	<b>Budget 2020/21</b>	<b>Final Outturn (31/03/21)</b>	<b>Variance</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>EXPENDITURE</b>			
Supervision & Management (General)	7,023	5,854	(1,169)
Supervision & Management (Special)	3,665	4,174	509
Rents, Rates Taxes and Insurances	520	519	(1)
Contributions to Repairs Fund	6,000	8,389**	2,389
<b>Management &amp; Maintenance</b>	<b>17,208</b>	<b>18,936</b>	<b>1,728</b>
Capital Charges	8,011	9,239	1,228
Major Repairs on Leasehold Properties	306	0	(306)
Treasury Management Expenses	57	71	14
Provision for Bad/Doubtful Debts	70	13	(57)
<b>Total Expenditure</b>	<b>25,652</b>	<b>28,259</b>	<b>2,607</b>
<b>INCOME</b>			
Gross Rent from Dwellings	(31,997)	(32,034)	(37)
Non-Dwellings Rents	(831)	(772)	59
Charges for Services & Facilities	(1,834)	(1,623)	211
Contributions from General Fund	(350)	(376)	(26)
<b>Total Income</b>	<b>(35,012)</b>	<b>(34,805)</b>	<b>207</b>
<b>Net Cost of Services</b>	<b>(9,360)</b>	<b>(6,546)</b>	<b>2,814</b>
Interest on Receipts and Balances	(378)	(49)	329
Interest Payable on Loans	5,668	5,403	(265)
Pensions Interest Payable/Return on Assets	640	387	(253)
<b>Net Operating Income</b>	<b>(3,430)</b>	<b>(805)</b>	<b>2,625</b>
<i>Appropriations:</i>			
Direct Revenue Contributions to Capital	4,430	2,000	(2,430)
IAS19 Adjustment	(1,160)	(1,270)	(110)
Transfer to Self-Financing Reserve	130	0	(130)
<b>(Surplus)/Deficit for Year</b>	<b>(30)</b>	<b>(75)</b>	<b>(45)</b>

\*\* Spend net of £250,000 Housing Repairs Fund balance as at 31st March 2020

3.2 Members of the Committee should note that the surplus was achieved by reducing the planned revenue contributions to Capital (down £2.430 million) as well as foregoing a planned contribution of £130,000 to the HRA Self-Financing Reserve as reported at the Quarter 3 stage. This protected the minimum working balance of £2.0 million on the HRA reserve in accordance with current strategy.

3.3 The need to rein back the level of revenue contributions was triggered by a limited range of key spending pressures as follows:

- Contributions to Repairs Fund (Negative £2.389 million) – as previously reported in January 2021, spending from the Housing Repairs Fund has been consistently exceeding the annual contributions in. The balance brought forward on the Fund on 1st April 2020 was insufficient to absorb the spending pressure in 2020/21. Both Responsive and Void Repairs were a problem area in the year. Although some of the additional costs were transitional in nature (e.g. the clearing up of ‘historic backlog’ issues) triggered by the transfer of the Housing Repairs service to Qualis on 1st October 2020, the pressure on Voids in particular has been a stubborn area in recent years with budget provision struggling to keep up with actual costs; wider uncertainty on Stock Condition is a further complicating factor. The future delivery of the Housing Repairs service by Qualis is a key part of the solution and officers are currently looking in detail at the position, in the context of the emerging updated 40-Year Business Plan; and
- Capital Charges (Negative £1.228 million) – as previously reported, the most significant factor, based on a review of the Fixed Asset Register, was a shortfall in the Depreciation budget. This is an historic problem that also led to an overspend in 2019/20 (the 2020/21 budget had already been set by the time the issue had been identified).

3.4 In addition, there was also a positive variance of £1.169 million on General Supervision and Management. This is partly a budget profiling issue, with Special Supervision and Management overspending by £509,000 i.e. in reality there was a net underspend of £660,000 on Supervision and Management, which partly reflects the new Housing Repairs arrangements, which are leading to lower recharges.

#### 4) General Fund Capital Programme

4.1 The General Fund Capital Programme for 2020/21 as at 31st March 2021 (Quarter 4: Final Outturn) is summarised – at a service level – in the table below. A more detailed analysis – at a scheme level – is included in **Appendix B**. The Programme – updated in the light of the Covid-19 pandemic and adjusted to better reflect proper accounting practice – totals £70.928 million. Spending in the year totalled £49.260 million, resulting in a net underspend of £21.668 million.

4.2 Members should note that, as with Quarter 3, there has been some further realignment to the General Fund Capital Programme to improve compliance with proper accounting practice. The adjustments result in an overall increase in the Programme budget of £17.498 million as follows:

Description	Value	Comment
	£000's	
<b>Quarter 3 Budget 2020/21</b>	<b>53,430</b>	
Disabled Facilities Grants	856	Moved from revenue to capital.
Home Assistance Loans	487	Moved from revenue to capital.
Oakwood Hill Depot Extension	155	Moved from HRA to General Fund (to reflect ownership of asset).
Asset Purchase Loan (Qualis)	16,000	Capitalised.
<b>Quarter 4 Budget 2020/21</b>	<b>70,928</b>	

4.3 The service structure presented was superseded with effect from 1st October 2020. This does not affect the delivery of any of the capital schemes listed. The new service structure will be reflected in the 2021/22 General Fund Capital Programme adopted by full Council on 25th February 2021.

<b>General Fund Capital Programme 2020/21 (Quarter 4: Final Outturn)</b>			
<b>Description (using opening service structure for 2020/21)</b>	<b>Budget 2020/21 (Updated)</b>	<b>Spending (@ 31 March 2021)</b>	<b>Remaining Budget/ Underspend (@ 31 March 2021)</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Business Support	1,252	594	658
Commercial & Regulatory	12,177	9,849	2,328
Community & Partnerships	896	61	835
Contracts & Technical	3,988	2,533	1,455
Housing & Property	615	223	392
Qualis Investments	52,000	36,000	16,000
<b>Totals</b>	<b>70,928</b>	<b>49,260</b>	<b>21,668</b>

4.4 The table above shows that significant spending has taken place in the financial year; the single largest item was the Qualis Investment Loan of £30.0 million. Spending in other areas has been slightly more constrained – to a large extent – due to the disruption caused by the pandemic. However, capital spending this year was dominated by three schemes in particular:

- Civic Offices Accommodation – this is the largest General Fund project in 2020/21, with a core project budget of £7.242 million for the year (excluding IT costs). As at 31st March 2021, £7.069 million had been spent in the year, and the new facility was completed and open for occupation in early 2021/22 (subject to Covid-19 restrictions).

There was an additional budget allocation of £0.907 million for IT costs, which formed a major part of the fit-out stage of the project. An underspend of £0.449 million was recorded on IT costs in the year (with the unspent balance carried forward and available for project completion in 2021/22).

- Investment Property Acquisitions – an unspent balance of £4.833 million was rolled forward into 2020/21 from the original allocation of £30.0 million in 2019/20 for investment property acquisitions. Continued high demand for light industrial units in the district was a major factor behind the decision to acquire additional properties in Brooker Road, Waltham Abbey this year. Total spending for 2020/21 was £2.681 million, leaving an unspent balance of £2.152 million available for carry forward at the year-end; and
- Leisure Centres – the refurbishment of Ongar Leisure Centre was completed in the year as scheduled. Total spending of £1.289 million meant that the project was also delivered within its £1.3 million budget allocation.

## 5) Housing Revenue Account (HRA) Capital Programme

5.1 The Housing Revenue Account (HRA) Capital Programme for 2020/21 as at 31st March 2021 (Quarter 4: Final Outturn) is summarised in the table below. A more detailed analysis – at a scheme level – is included in **Appendix C**. The Programme budget totalled £25.458 million. Overall spending for the year was £17.930 million, leading to an underspend of £7.528 million.

5.2 Members should note that, as with the General Fund Capital Programme (noted above), there was some realignment to the HRA Capital Programme in Quarter 4 to improve compliance with proper accounting practice. The adjustments result in an overall increase in the Programme budget of £0.145 million (from £25.313 million to £25.458 million) as follows:

Description	Value	Comment
	£000's	
<b>Quarter 3 Budget 2020/21</b>	<b>25,313</b>	
Oakwood Hill Depot Extension	(155)	Moved from HRA to General Fund (to reflect ownership of asset).
Leaseholder Contributions	300	Re-classification from Net Expenditure to Funding
<b>Quarter 4 Budget 2020/21</b>	<b>25,458</b>	

HRA Capital Programme 2020/21 (Quarter 4: Final Outturn)			
Description	Budget 2020/21 (Updated)	Spending (@ 31 March 2021)	Remaining Budget/ Underspend (@ 31 March 2021)
	£000's	£000's	£000's
Housing Development	15,092	10,552	4,540
Capital Works	9,592	7,370	2,222
Other Housing Schemes	700	8	692
Vehicle Replacements	74	0	74
<b>Totals</b>	<b>25,458</b>	<b>17,930</b>	<b>7,528</b>

5.3 There were two significant areas of underspending/slippage on the HRA Capital Programme for 2020/21; Housing Development and Capital Works. Thus:

- Housing Development (underspend £4.540 million) – there are two elements to note:
  - Housebuilding – the Housebuilding Programme had a budget of £15.092 million for 2020/21 (including rolled forward funds of £640,000 from 2019/20). The final outturn on the Programme is £10.552 million, which has led to an underspend of £4.540 million for the year. The Covid-19 pandemic has slowed progress and – due to planning delays – Phase 4.4 was removed from the 2020/21 Programme; however

- Open Market Acquisitions – the underspend was offset to a large extent by the purchase of some existing properties on the open market at a total cost of £5.683 million. This has allowed the Council to increase its housing stock, whilst averting the loss of capital receipts from the Right to Buy (RTB) scheme (which were required to be paid over to the Government if they were not spent on replacement stock within three years).
- Capital Works (underspend £2.222 million) – the largest item of underspending in this category is Windows, Doors and Roofing (underspend £1.372 million). The Covid-19 pandemic was the primary cause of slippage in the Programme, which caused difficulties in obtaining roof tiles, thereby slowing down Roofing Works (the largest single item). Double glazing works were also restricted to emergency repairs for much of 2020/21.

### **Reason for Decision:**

This report facilitates the scrutiny of the Council's financial position for 2020/21. In terms of General Fund revenue, it was a very challenging year due to the financial pressures created by the Covid-19 pandemic. Whilst the HRA was not as badly affected by the pandemic, there were some other key spending pressures, which necessitated a reduction in planned revenue contributions in order to maintain the minimum balance on the HRA reserve.

The comments made at this Committee, where relevant, will be reported to Cabinet for their consideration at their meeting on 11th October 2021.

### **Options:**

There are no matters for decision in this report. The Committee is asked to note the contents but may choose to take further action depending on the matters reported.

### **Resource Implications:**

The resource implications in this report are overwhelmingly financial in nature, in the form of budgetary control. Robust budget monitoring processes maximise the opportunity for services to react quickly to potential problems as they emerge, thus reducing the risk of financial problems, impeding the delivery of strategic priorities.

### **Legal and Governance Implications:**

The Council has a statutory obligation to maintain a balanced budget and the monitoring process enables the Committee to remain aware of issues and the process to be taken to maintain a balanced budget.

### **Safer, Cleaner, Greener Implications:**

There are no SGS implications.

### **Consultation Undertaken:**

The development of the original 2020/21 budget was informed by the statutory public consultation and democratic scrutiny processes.

### **Background Papers:**

Management Accounts 2020/21 (Month 12)

### **Risk Management**

The report is primarily presented for information only and has no risk management implications, although regular monitoring and reporting of the type included in this report ensures early warning of significant issues that may place the Council at financial risk. This gives the Cabinet the best opportunity to take actions to mitigate such risks.

## General Fund Revenue Budget 2020/21

## Quarter 4 (Final Outturn)

Epping Forest DC: Rolling Forecast 2020/21				
@ 31 March 2021 (Month 12)				
<b>General Fund</b>				
Service Area	Activity	Full Year Budget (M12) £'s	Net Expenditure	
			Actual £'s	Variance £'s
<b>Chief Executive</b>	Chief Executive Support Services	662,550	719,776	57,226
	Corporate Activities	49,560	120,953	71,393
	Other Activities	892,680	279,538	(613,142)
	<b>Sub-Total</b>	<b>1,604,790</b>	<b>1,120,267</b>	<b>(484,523)</b>
<b>Community &amp; Wellbeing</b>	Community, Health & Wellbeing	192,146	104,238	(87,908)
	Cost Centres - Community & Wellbeing	32,046	-	(32,046)
	Homelessness	477,090	422,801	(54,289)
	Housing Policy	(304,090)	(315,663)	(11,573)
	Museum, Heritage & Culture	659,120	607,898	(51,222)
	Voluntary Sector Support	296,320	287,546	(8,774)
	<b>Sub-Total</b>	<b>1,352,632</b>	<b>1,106,820</b>	<b>(245,812)</b>
<b>Contracts &amp; Technical Services</b>	Car Parking	(1,188,660)	125,801	1,314,461
	Contracts & Technical Support Services	1,961,950	1,931,795	(30,155)
	Cost Centres - Contracts & Technical	2,938,380	2,884,645	(53,735)
	Environmental Health	215,840	92,900	(122,940)
	Land Drainage/Sewerage	107,200	92,110	(15,090)
	Land & Property	(6,554,520)	(7,156,760)	(602,240)
	Leisure Facilities	(1,421,420)	1,144,462	2,565,882
	North Weald Centre	(73,990)	94,677	168,667
	Parks & Grounds	474,260	427,406	(46,854)
	Private Sector Housing	(115,570)	(205,291)	(89,721)
	Regulatory Services	(833,780)	(606,775)	227,005
	Waste Management	4,300,431	4,980,613	680,182
	<b>Sub-Total</b>	<b>(189,879)</b>	<b>3,805,584</b>	<b>3,995,463</b>
<b>Corporate Support</b>	Business Support	1,660,060	1,436,813	(223,247)
	Cost Centres - Corporate Support	219,830	218,883	(947)
	Emergency Planning & Other	88,290	106,475	18,185
	ICT	3,296,853	3,778,437	481,584
	Insurance Premiums	844,170	855,600	11,430
	Other Support Services	1,443,930	1,902,586	458,656
	<b>Sub-Total</b>	<b>7,553,133</b>	<b>8,298,795</b>	<b>745,662</b>
<b>Customer Services</b>	Cost Centres - Customer Services	2,230,750	2,526,503	295,753
	Customer Support Services	1,542,520	1,522,764	(19,756)
	Housing Benefits	(695,870)	(192,651)	503,219
	Local Taxation	(516,200)	(453,157)	63,043
	<b>Sub-Total</b>	<b>2,561,200</b>	<b>3,403,459</b>	<b>842,259</b>
<b>Place</b>	Community & Partnership	363,543	205,310	(158,233)
	Cost Centres - Place	915,920	972,734	56,814
	Economic Projects Support Services	251,850	266,269	14,419
	<b>Sub-Total</b>	<b>1,531,313</b>	<b>1,444,313</b>	<b>(87,000)</b>
<b>Finance &amp; Audit</b>	Audit Support Services	358,880	372,742	13,862
	Finance & Other Activities	101,050	574,782	473,732
	Finance Support Services	804,040	1,418,554	614,514
	<b>Sub-Total</b>	<b>1,263,970</b>	<b>2,366,079</b>	<b>1,102,109</b>
<b>Housing &amp; Property</b>	Accommodation	898,530	824,774	(73,756)
	Cost Centres - Housing & Property	546,890	539,298	(7,592)
	Facilities & Depot Management	636,860	474,731	(162,129)
	Housing & Property Support Services	664,190	444,571	(219,619)
	<b>Sub-Total</b>	<b>2,746,470</b>	<b>2,283,374</b>	<b>(463,096)</b>
<b>Planning</b>	Cost Centres - Planning Services	1,535,400	1,603,339	67,939
	Local Plan Implementation	1,966,437	1,222,470	(743,967)
	Planning & Development	(1,156,300)	(792,490)	363,810
	Planning Support Services	493,560	454,545	(39,015)
	<b>Sub-Total</b>	<b>2,839,097</b>	<b>2,487,864</b>	<b>(351,233)</b>
<b>Strategy, Delivery &amp; Performance</b>	Cost Centres - Strategy, Delivery & Performance	85,330	88,541	3,211
	Elections	291,550	(42,758)	(334,308)
	Member Activities	420,460	337,484	(82,976)
	Strategy, Delivery & Performance Support Services	747,760	611,636	(136,124)
	<b>Sub-Total</b>	<b>1,545,100</b>	<b>994,904</b>	<b>(550,196)</b>
	Additional Pension Costs (corporate)	580,526	832,525	251,999
	<b>Qualis Income</b>	(3,626,398)	(1,219,588)	2,406,810
<b>General Fund Total (Gross)</b>		<b>19,761,954</b>	<b>26,924,394</b>	<b>7,162,440</b>
	<b>Government Support:</b>			
	Main Government Grant	-	(1,946,631)	(1,946,631)
	SFC Compensation	-	(2,289,075)	(2,289,075)
		<b>19,761,954</b>	<b>22,688,688</b>	<b>2,926,734</b>
	<b>Financing:</b>			
	<b>Interest (inc. Qualis):</b>			
	Interest Receivable	(100,000)	(24,817)	75,183
	Interest Payable	1,443,600	1,084,537	(359,063)
	MRP (inc. Qualis)	514,000	738,000	224,000
	HRA Recharges	(3,185,225)	(5,458,089)	(2,272,864)
	Other Recharges	-	(437,489)	(437,489)
<b>General Fund (Net Expenditure)</b>		<b>18,434,329</b>	<b>18,590,830</b>	<b>156,501</b>



## General Fund Capital Programme 2020/21

## Quarter 4 (Final Outturn)

General Fund Capital Programme 2020/21: Quarter 4 Final Outturn								
	2019/20 Budget Outturn (xtract)			2020/21 Budget Progress (@ 31 March 2021: Q4)				
	2019/20 Unspent/ (Overspent) Balances	Savings	Balances Rolled Forward into 2020/21	Balances Rolled Forward from 2019/20	2020/21 Budget Allocation	2020/21 Budget (Updated)	Actual	Variance (Under)/ Over
Schemes	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s
<b>Business Support</b>								
ICT General Schemes	- 2,397	2,397	-	-	111,000	111,000	21,979	- 89,021
ICT Strategy Implementation	122,137	- 12,037	110,100	110,100	124,000	234,100	113,636	- 120,464
Civic Offices Accommodation Project (ICT)	-	-	-	-	907,000	907,000	458,244	- 448,756
<b>Sub-Totals</b>	<b>119,740</b>	<b>- 9,640</b>	<b>110,100</b>	<b>110,100</b>	<b>1,142,000</b>	<b>1,252,100</b>	<b>593,859</b>	<b>- 658,241</b>
<b>Commercial &amp; Regulatory</b>								
Civic Offices Accommodation	- 67,354	- 639	- 67,993	- 67,993	7,310,000	7,242,007	7,068,892	- 173,115
NWA Brexit HGV Parking	- 138,378	138,378	-	-	-	-	-	-
St Johns Road development	172,000	- 172,000	-	-	-	-	-	-
Waltham Abbey SP site	339	- 339	-	-	-	-	-	-
Investment Properties (Landmark Building)	80,381	87	80,468	80,468	-	80,468	28,677	- 51,791
EFDC Shopping Park	21,677	-	21,677	21,677	-	21,677	-	- 21,677
Cartersfield Road	-	-	-	-	-	-	71,136	71,136
Investment Property Acquisitions	4,833,000	-	4,833,000	4,833,000	-	4,833,000	2,680,613	- 2,152,387
<b>Sub-Totals</b>	<b>4,901,665</b>	<b>- 34,513</b>	<b>4,867,152</b>	<b>4,867,152</b>	<b>7,310,000</b>	<b>12,177,152</b>	<b>9,849,318</b>	<b>- 2,327,834</b>
<b>Community &amp; Partnership</b>								
CCTV Systems	38,639	- 7,562	31,077	31,077	170,000	201,077	54,407	- 146,670
Superfast Broadband (REFCuS)	350,000	- 350,000	-	-	350,000	350,000	-	- 350,000
Museum Schemes	-	-	-	-	300,000	300,000	-	- 300,000
Car Park CCTV Systems	-	-	-	-	45,000	45,000	6,577	- 38,423
<b>Sub-Totals</b>	<b>388,639</b>	<b>- 357,562</b>	<b>31,077</b>	<b>31,077</b>	<b>865,000</b>	<b>896,077</b>	<b>60,984</b>	<b>- 835,093</b>
<b>Contracts &amp; Technical</b>								
Leisure Centres	3,310	- 3,310	-	-	1,300,000	1,300,000	1,289,230	- 10,770
Car Park Schemes	-	-	-	-	-	-	46,361	46,361
Disabled Facilities Grants	-	-	-	-	855,960	855,960	675,045	- 180,915
Home Assistance Loans	-	-	-	-	487,208	487,208	487,208	-
Grounds Maintenance	25,050	-	25,050	25,050	30,000	55,050	35,650	- 19,400
Climate & Environmental	-	-	-	-	400,000	400,000	-	- 400,000
Highways	-	-	-	-	140,000	140,000	-	- 140,000
Parking & Traffic Schemes (REFCUS)	60,000	- 60,000	-	-	-	-	-	-
Vehicle Fleet	-	-	-	-	750,000	750,000	-	- 750,000
<b>Sub-Totals</b>	<b>88,360</b>	<b>- 63,310</b>	<b>25,050</b>	<b>25,050</b>	<b>3,963,168</b>	<b>3,988,218</b>	<b>2,533,494</b>	<b>- 1,454,724</b>
<b>Housing &amp; Property</b>								
Oakwood Hill Depot Extension	155,000	-	155,000	155,000	-	155,000	115,829	- 39,171
Town Mead Depot	799	-	799	799	-	799	-	- 799
Investment Property Works	48,541	- 10,563	37,978	37,978	315,000	352,978	88,577	- 264,401
Active Planned Maintenance	- 13	- 3,159	- 3,172	- 3,172	109,250	106,078	18,150	- 87,928
<b>Sub-Totals</b>	<b>204,327</b>	<b>- 13,722</b>	<b>190,605</b>	<b>190,605</b>	<b>424,250</b>	<b>614,855</b>	<b>222,556</b>	<b>- 392,299</b>
<b>Qualis Capital Investments</b>								
Investment Loan (Maturity)	-	-	-	-	30,000,000	30,000,000	30,000,000	-
Asset Purchase Loan (EIP)	-	-	-	-	16,000,000	16,000,000	-	- 16,000,000
Regeneration Finance Loan (1st Advance) (EIP)	-	-	-	-	6,000,000	6,000,000	6,000,000	-
<b>Sub-Totals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,000,000</b>	<b>52,000,000</b>	<b>36,000,000</b>	<b>- 16,000,000</b>
<b>Totals</b>	<b>5,702,731</b>	<b>- 478,747</b>	<b>5,223,984</b>	<b>5,223,984</b>	<b>65,704,418</b>	<b>70,928,402</b>	<b>49,260,211</b>	<b>- 21,668,191</b>

## Housing Revenue Account Capital Programme 2020/21

## Quarter 4 (Final Outturn)

HRA Capital Programme 2020/21: Quarter 4 Final Outturn									
Schemes	2019/20 Budget Outturn (xtract)			2020/21 Budget Progress (@ 31 March 2021: Q4)					
	2019/20 Unspent/ (Overspent) Balances	Savings	Balances Rolled Forward into 2020/21	Balances Rolled Forward from 2019/20	Virements between schemes 2020/21	2020/21 Budget Allocation	2020/21 Budget (Updated)	Actual	Variance (Under)/ Over
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>Housing Development Programme:</b>									
Housebuilding	640	-	640	640	-	14,452	15,092	4,869	- 10,223
Open Market Acquisitions	-	-	-	-	-	-	-	5,683	5,683
<b>Sub-Totals</b>	<b>640</b>	<b>-</b>	<b>640</b>	<b>640</b>	<b>-</b>	<b>14,452</b>	<b>15,092</b>	<b>10,552</b>	<b>- 4,540</b>
<b>Capital Works:</b>									
Heating	158	-	158	158	200	1,454	1,096	783	- 313
Windows, Door and Roofing	307	-	307	307	18	2,374	2,663	1,291	- 1,372
Compliance Planned Maintenance	44	3	41	41	30	265	276	214	- 62
Kitchens & Bathrooms (inc void allocation)	322	-	322	322	1,175	2,300	1,447	1,322	- 125
Electrical	69	-	69	69	200	1,001	1,132	1,241	- 109
Sprinklers	179	-	179	179	-	-	179	4	- 175
Environmental	128	9	119	119	43	240	402	178	- 224
Structural works	688	2	690	690	1,180	1,100	1,590	1,511	- 79
Disabled adaptations	6	-	6	6	-	450	444	500	- 56
Asbestos	18	-	18	18	-	205	223	124	- 99
Estate Improvements	-	-	-	-	-	140	140	202	- 62
<b>Sub-Totals</b>	<b>77</b>	<b>14</b>	<b>63</b>	<b>63</b>	<b>-</b>	<b>9,529</b>	<b>9,592</b>	<b>7,370</b>	<b>- 2,222</b>
<b>Other Housing Schemes:</b>									
Service Enhancements	108	-	108	108	-	592	700	8	- 692
<b>Sub-Totals</b>	<b>108</b>	<b>-</b>	<b>108</b>	<b>108</b>	<b>-</b>	<b>592</b>	<b>700</b>	<b>8</b>	<b>- 692</b>
<b>Vehicle Replacements</b>	<b>14</b>	<b>-</b>	<b>14</b>	<b>14</b>	<b>-</b>	<b>60</b>	<b>74</b>	<b>-</b>	<b>- 74</b>
<b>Total Expenditure</b>	<b>839</b>	<b>14</b>	<b>825</b>	<b>825</b>	<b>-</b>	<b>24,633</b>	<b>25,458</b>	<b>17,930</b>	<b>- 7,528</b>

## **Report to Cabinet**

**Report Reference: C-019-2021-22**

**Date of meeting: 11<sup>th</sup> October 2021**



**Epping Forest  
District Council**

**Subject: Quarter 1 Budget Monitoring Report 2021/22**

**Portfolio Holder: Finance, Qualis Client & Economic Development - Cllr John Philip**

**Officer contact for further information: Chris Hartgrove 01992 564000 (Ext. 2532)**

**Democratic Services Officer: Adrian Hendry 01992 564246**

---

### **Recommendations/Decisions Required:**

- 1. The General Fund revenue position at the end of Quarter 1 (30th June 2021) for 2021/22, including actions being or proposed to improve the position, where significant variances have been identified, be noted (*Appendix A*).**
- 2. The General Fund capital position at the end of Quarter 1 (30th June 2021) for 2021/22 be noted (*Appendix B*).**
- 3. The Housing Revenue Account revenue position at the end of Quarter 1 (30th June 2021) for 2021/22, including actions proposed to ameliorate the position, where significant variances have been identified, be noted.**
- 4. The Housing Revenue Account capital position at the end of Quarter 1 (30th June 2021) for 2021/22 be noted (*Appendix C*).**

### **Executive Summary:**

This report sets out the 2021/22 General Fund and Housing Revenue Account positions, for both revenue and capital, as at 30th June 2021 ("Quarter 1").

In terms of General Fund revenue expenditure – at the Quarter 1 stage – a budget over spend of £0.126 million is forecast, with projected net expenditure of £16.937 million against an overall budget provision of £16.811 million.

The financial pressures – especially on income – due to the impact of the Covid-19 pandemic have carried over into 2021/22. The single largest item relates to Leisure Facilities whereby an overspend of £532,161 is forecast by the year end; although greatly reduced income was assumed from the contract with Places Leisure in 2021/22, the third lockdown and social distancing requirements extended beyond expectations at the time the Budget was developed in late January/early February 2021.

A delay in asset disposals to Qualis as part of the Regeneration element of the initiative is also causing some financial pressure in areas such as Building Costs and Interest Receivable.

However, despite the pressure, a projected surplus on Financing and Recharges is expected to help avoid any major overspending.

As with 2020/21, the Housing Revenue Account position is less affected by the Covid-19 pandemic. Indeed, income from Council Dwellings is outperforming its budget, although there

is some spending pressure on Housing Repairs, which is not linked to the pandemic.  
Turning to capital spending:

- General Fund Capital Programme – spending in the first 3 months was £0.480 million, with a forecast outturn of £41.362 million, which – if this materialises – would lead to an underspend of £14.903 million. The drawdown on Qualis loans is slightly lower than budget and is the most significant variance (£15.0 million); and
- Housing Revenue Account – spending in the first 3 months was £3.758 million, with a forecast outturn of £30.558 million, which – if this materialises – would lead to an underspend of £8.792 million. Slippage on the Housebuilding Programme is the most notable factor.

Finally, Members of the Committee should note that the Council’s draft Balance Sheet position as at 31st March 2021 is showing that the General Fund unallocated reserve is now getting close to the £4.0 million minimum contingency balance adopted by Council in February 2021, which is partly a consequence of late accounting adjustments to the 2019/20 Statement of Accounts (reported to Audit and Governance Committee, and approved by full Council in July 2021).

Officers are therefore now working to offset the currently projected spending pressure and deliver a surplus by the year end in order to reduce the planned use of General Fund reserves to support the 2021/22 Budget from the original assumption of £1.350 million (determined prior to the accounting adjustments mentioned above); this will reduce the need to contribute to the reserve as part of the Medium-Term Financial Plan (MTFP), which is due before Cabinet on 11th October 2021.

## 1) Background and Introduction

- 1.1 The Council’s budget for 2021/22 (both General Fund and Housing Revenue Account) was approved by full Council on 25th February 2021. This report updates the Stronger Council Select Committee on how the Council’s services have performed against their budgets in the first three months of the financial year, and projects forward to the anticipated outturn for the end of the financial year.
- 1.2 This is the first update for 2021/22 and includes the General Fund and Housing Revenue Account positions, for both revenue and capital, as at 30th June 2021 (“Quarter 1”).
- 1.3 It should be noted that, as reported to Cabinet in February 2021, late service realignments meant that the General Fund service structure presented within the initial 2021/22 Budget required further refinement. The required changes, which are reflected in the table above, were relatively slight and have no impact on Net Expenditure or Funding.

## 2) General Fund Revenue Budget

- 2.1 The General Fund revenue position for 2021/22, at the Quarter 1 stage – summarised by service area – is presented in **Appendix A**. The headline is a forecast budget overspend of £0.126 million, with projected net expenditure of £16.937 million against an overall budget provision of £16.811 million. The table below summarises the position by service.

<b>General Fund Revenue Budget 2021/22 (Quarter 1)</b>			
<b>Description</b>	<b>Budget 2021/22 (Updated)</b>	<b>Forecast Spending (31/03/22)</b>	<b>Variance</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Chief Executive	812	801	(11)
Commercial & Technical	473	1,200	727
Community & Wellbeing	1,506	1,346	(160)
Corporate Support	8,701	8,568	(133)
Customer Services	2,614	2,652	38
Finance & Audit	3,138	3,323	185
Housing & Property	2,079	2,369	290
Place	431	263	(168)
Planning & Development	1,822	1,776	(46)
Strategy, Delivery & Performance	842	906	64
Qualis	(3,365)	(3,150)	215
Financing	(2,242)	(3,117)	(875)
<b>Totals</b>	<b>16,811</b>	<b>16,937</b>	<b>126</b>

2.2 The table below reconciles the base budget approved by full Council on 25th February 2021 to the updated position presented in the table above.

<b>Budget Reconciliation 2021/22: Quarter 1</b>	
<b>Description</b>	<b>Value (£000's)</b>
<b>Net Expenditure (approved by full Council 25/02/21)</b>	<b>16,690</b>
<i>Pre-Pandemic DDF Commitments (approved prior to 2020/21):</i>	
Community Housing Fund	24
Contribution to Police Officers	84
MHCLG Recycling Reward Scheme	13
<b>Total additions to Budget at Q1 stage*</b>	<b>121</b>
<b>Net Expenditure (updated Budget 2021/22 @ Q1)</b>	<b>16,811</b>

\*Revised DDF commitments of £842,000 for 2021/22, established in 2020/21 in the light of the Covid-19 pandemic, to be added in Q2.

2.3 The most notable variances (in excess of £0.2 million) to budget in the table above are as follows:

- Commercial and Technical Services (£726,628 forecast Overspend) – the two largest factors that are driving the spending pressure are Leisure Facilities and Waste Management. Leisure Facilities (£532,161) is the dominant item. This is due to lockdown restrictions and social distancing measures on leisure centres subsequently extending beyond the expectations used in developing the budget for 2021/22 (in late January/early February 2021). At the time of preparing this report, industry leaders are lobbying the Government for further compensation (as with the Sport England funding received in 2020/21), but this is uncertain and has not been assumed in current forecasts. Turning to Waste Management, as with 2020/21, there appears that there could be a small structural deficit on the budget provision for the Waste Management contract; this is currently under investigation by officers, and may potentially lead to an additional budget requirement for 2022/23
- Housing & Property (£289,811 forecast Overspend) – there are two factors – both related to the Civic Offices – that are driving the overspend. Firstly, the budget had assumed that a letting agreement for the Ground Floor with a third-party tenant would be in place for the second half of the financial year. However, whilst discussions with potential tenants are progressing, it now appears that the Council will not receive any income from this source in 2021/22, which is driving a budget pressure of £125,000. And secondly, the assumed sale of the Conder Building to Qualis is now anticipated in the autumn and not in April as originally assumed, which has delayed the realisation of assumed savings from Business Rates (estimated impact £91,277)
- Qualis Income (£214,528 forecast Overspend) – forecast income from Qualis is now slightly lower than assumed within the budget due to a temporary delay in the planned sale of Land and Buildings to Qualis (including Conder Building as noted above) which reduces expected income from loan margins by £414,528, although this is partially offset by the quicker than expected drawdown of the Regeneration loan and the recently agreed extension of the Qualis loan facility (combined impact £200,000); and
- Financing (£875,000 forecast Underspend) – as reported elsewhere on this agenda, the established HRA Recharges budget is overly prudent; whilst Finance officers are currently reviewing the position in readiness for developing the 2022/23 Budget and updated Medium-Term Financial Plan (to be reported to Cabinet in October 2021), it now appears reasonable to assume an additional £500,000 on this budget line for 2021/22. In addition, an estimated Government grant in support of the Garden Town initiative of £500,000 was assumed in the budget, although – due to uncertainty at the time – this was offset by a specific contingency of the same amount. Best estimates at this stage, suggest that the call on the contingency will be limited to £125,000 (which – if realised – would generate a surplus of £375,000).

2.4 Members of the Committee should further note that the anticipated level of Government support for Covid-19 in 2021/22 currently appears to be broadly in line with the overall Budget assumption of £1.263 million.

2.5 The un-ringfenced allocation for Epping Forest District Council of £663,322 remains unchanged and the Government has recently confirmed its more detailed intentions for the Sales, Fees and Charges (SFC) Compensation scheme; principally that support is extended to cover the period April to June 2021 only, with the methodological principles established in 2020/21, being rolled over into 2021/22 (losses are to be measured against 2020/21 budgets). Based on monthly Covid-19 survey returns submitted to date, compensation approaching £0.5 million can be anticipated from this source.

### 3) Housing Revenue Account (revenue)

3.1 The Housing Revenue Account (HRA) revenue position for 2021/22, at the Quarter 1 stage, is summarised in the table below. As at 30th June 2021, a deficit of £493,000 is forecast for the year end, compared to a balanced budget position.

<b>Housing Revenue Account Budget 2021/22 (Quarter 1)</b>			
<b>Description</b>	<b>Budget 2021/22</b>	<b>Forecast Spending (31/03/22)</b>	<b>Variance</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>EXPENDITURE</b>			
Supervision & Management (General)	6,633	6,635	2
Supervision & Management (Special)	3,953	3,966	13
Rents, Rates Taxes and Insurances	533	512	(21)
Contributions to Repairs Fund	7,723	8,178	455
<b>Management &amp; Maintenance</b>	<b>18,842</b>	<b>19,291</b>	<b>449</b>
Capital Charges	8,782*	8,782	0
Major Repairs on Leasehold Properties	300	300	0
Treasury Management Expenses	58	58	0
Provision for Bad/Doubtful Debts	91	91	0
<b>Total Expenditure</b>	<b>28,073</b>	<b>28,522</b>	<b>449</b>
<b>INCOME</b>			
Gross Rent from Dwellings	(33,349)	(33,356)	(7)
Non-Dwellings Rents	(810)	(801)	9
Charges for Services & Facilities	(2,092)	(2,050)	42
Contributions from General Fund	(357)	(357)	0
<b>Total Income</b>	<b>(36,608)</b>	<b>(36,564)</b>	<b>44</b>
<b>Net Cost of Services</b>	<b>(8,535)</b>	<b>(8,042)</b>	<b>493</b>
Interest on Receipts and Balances	(36)	(36)	0
Interest Payable on Loans	6,125	6,125	0
Pensions Interest Payable/Return on Assets	652	652	0
<b>Net Operating Income</b>	<b>(1,794)</b>	<b>(1,301)</b>	<b>493</b>
<i>Appropriations:</i>			
Direct Revenue Contributions to Capital	2,973	2,973	0
IAS19 Adjustment	(1,179)	(1,179)	0
<b>(Surplus)/Deficit for Year</b>	<b>0</b>	<b>493</b>	<b>493</b>

\*adjusted for reversal on Repairs Depreciation (£68,000)

3.2 The is just one significant factor behind the forecast deficit are as follows:

- **Repairs and Maintenance (Negative £455,000)** – as reported elsewhere on this agenda, there is ongoing budget pressure on Housing Repairs (albeit less so than in 2020/21), which is being investigated by officers, in the context of the emerging updated 40-Year Business Plan. In previous years, the Repairs Fund had been used to smooth the annual cost of repairs, but this was exhausted in 2020/21.

3.3 Members should note that the current HRA Business Plan includes the assumed maintenance of a minimum balance of £2.0 million in the HRA reserve; as at 31st March 2021, the balance was £2.105 million. In the circumstances, and assuming the anticipated deficit on the HRA materialises at year end, in order to maintain the minimum balance, it is proposed to reduce the planned Revenue Contributions to Capital (£388,000 based on the projection above).

#### 4) General Fund Capital Programme

4.1 The General Fund Capital Programme for 2021/22 as at 30th June 2021 is summarised – at a service level – in the table below. A more detailed analysis – at a scheme level – is included in **Appendix B**. The updated Programme budget totals £56.115 million. Spending in the first 3 months was £0.480 million, with a forecast outturn of £41.362 million, which – if this materialises – would lead to an underspend of £14.903 million.

<b>General Fund Capital Programme 2021/22 (Quarter 1)</b>					
<b>Description</b>	<b>Budget 2021/22 (Updated)</b>	<b>Spending (@ 30 June 2021)</b>	<b>Remaining Budget (@ 30 June 2021)</b>	<b>Forecast Spending (31/03/22)</b>	<b>Variance (Under) / Over</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Community & Wellbeing	770	45	725	770	0
Commercial & Technical	6,767	140	6,628	6,700	67
Corporate Services	2,807	269	2,538	3,000	193
Housing (General Fund)	494	27	467	465	(29)
Place	427	0	427	427	0
Qualis	45,000	0	45,000	30,000	(15,000)
<b>Totals</b>	<b>56,265</b>	<b>480</b>	<b>55,785</b>	<b>41,362</b>	<b>(14,903)</b>

4.2 A General Fund Capital Programme budget of £15.946 million was approved by Council in February 2021. A net total of £5.169 million in unspent budgets have been rolled forward from 2020/21, initially resulting in an updated Programme budget of £21.115 million. Further additions of £35,150,000 have been made, primarily to reflect the Cabinet's commitment (12th July 2021) to extend the Qualis loan facility by a further £35.0 million in support of the acquisition of additional regeneration sites. The overall updated General Fund Capital Programme for 2021/22 is £56.265 million.

4.3 Spending has been subdued in Quarter 1, and most of the forecast underspend is due to the drawdown on Qualis loans being below budget expectations. However, the IT Strategy budget is coming under slight pressure with a projected overspend of £193,000. The most challenging area is currently the Digital Planning project; at the time of reporting, officers are working on a potential solution to alleviate the problem and offset the projected overspend. It should be emphasised that the project is expected to deliver a range of benefits for the Council once implemented, including future efficiency savings.



## 5) Housing Revenue Account (HRA) Capital Programme

5.1 The Housing Revenue Account (HRA) Capital Programme for 2021/22 as at 30th June 2021 is summarised in the table below. A more detailed analysis – at a scheme level – is included in **Appendix C**. The updated Programme budget totals £39.350 million. Spending in the first 3 months was £3.758 million, with a forecast outturn of £30.558 million, which – if this materialises – would lead to an underspend of £8.792 million.

HRA Capital Programme 2021/22 (Quarter 1)					
Description	Budget 2021/22 (Updated)	Spending (@ 30 June 2021)	Remaining Budget (@ 30 June 2021)	Forecast Spending (31/03/22)	Variance (Under) / Over
	£000's	£000's	£000's	£000's	£000's
Housing Development	24,506	2,635	21,871	16,313	(8,193)
Capital Works	14,143	1,123	13,020	13,574	(569)
Other Housing Schemes	701	0	701	671	(30)
<b>Totals</b>	<b>39,350</b>	<b>3,758</b>	<b>35,592</b>	<b>30,558</b>	<b>(8,792)</b>

5.2 An HRA Capital Programme budget of £36.506 million was approved by Council in February 2021. A net total of £2.844 million in unspent budgets have been rolled forward from 2020/21, resulted in an updated Programme budget of £39.350 million for the year.

5.3 There are two significant areas of underspending/slippage on the HRA Capital Programme at the Quarter 1 stage; Housing Development and Capital Works. Thus:

- Housing Development (forecast underspend £8.193 million) – there are three elements to note:
  - Housebuilding – the Programme has a total budget of £17.014 million for 2021/22. The projected outturn on the Programme is £13.682 million, which – if this materialises – would lead to an underspend of £3.332 million at year end. The Phase 5 schemes have not progressed as well as anticipated with some returning to the design review stage and others still to progress to the planning stage
  - Qualis Acquisitions – the budget allocation for this scheme in 2021/22 was £7.492 million, however due to Planning issues, the schemes have been re-scheduled to be delivered in 2022/23; and
  - Open Market Acquisitions – the focus of this scheme is to increase the Council's housing stock by averting the potential loss of capital receipts from the Government 1-4-1 Right to Buy (RTB) scheme. Although spending was planned for the final quarter of 2020/21, completions have taken place in the first quarter of 2021/22, thereby creating an overspend of £2.631 million.
- Capital Works (forecast underspend £0.569 million) – most works in this area are on target at the Quarter 1 stage, however, one Structural Scheme related to the Copperfield Regeneration Project (£0.6 million) has been re-scheduled to be delivered in 2022/23.

**Reason for Decision:**

This report facilitates the scrutiny of the Council's financial position for 2021/22.

In terms of General Fund revenue, it is again a challenging year, especially with some residual financial pressures – mainly on income – created by the Covid-19 pandemic. There is some spending pressure on the HRA revenue budget. Capital spending has been relatively limited in Quarter 1.

The comments made at this Committee, where relevant, will be reported to Cabinet for their consideration at their meeting on 11th October 2021.

**Options:**

There are no matters for decision in this report. The Committee is asked to note the contents but may choose to take further action depending on the matters reported.

**Resource Implications:**

The resource implications in this report are overwhelmingly financial in nature, in the form of budgetary control. Robust budget monitoring processes maximise the opportunity for services to react quickly to potential problems as they emerge, thus reducing the risk of financial problems, impeding the delivery of strategic priorities.

**Legal and Governance Implications:**

The Council has a statutory obligation to maintain a balanced budget and the monitoring process enables the Committee to remain aware of issues and the process to be taken to maintain a balanced budget.

**Safer, Cleaner, Greener Implications:**

There are no SGS implications.

**Consultation Undertaken:**

The development of the original 2021/22 budget was informed by the democratic scrutiny processes.

**Background Papers:**

Management Accounts 2021/22 (Month 3)

**Risk Management**

The report is primarily presented for information only and has no risk management implications, although regular monitoring and reporting of the type included in this report ensures early warning of significant issues that may place the Council at financial risk. This gives the Cabinet the best opportunity to take actions to mitigate such risks.

## General Fund Revenue Budget 2021/22

## Quarter 1 Forecast

Epping Forest DC: General Fund Rolling Forecast 2021/22							
@ 30 June 2021 (Month 3)							
<b>General Fund</b>							
Service Area	Activity	Full Year Budget £'s	Net Expenditure			Forecast £'s	Variance £'s
			Budget (M3) £'s	Actual £'s	Variance £'s		
<b>Chief Executive</b>	Chief Executive Support Services	685,680	171,420	164,341	7,079	668,650	17,030
	Corporate Activities	50,070	12,518	36,665	(24,148)	56,590	6,520
	Other Activities	75,750	18,938	931	18,007	75,750	
	<b>Sub-Total</b>	<b>811,500</b>	<b>202,875</b>	<b>201,938</b>	<b>937</b>	<b>800,990</b>	<b>(10,510)</b>
<b>Commercial &amp; Technical Services</b>	Car Parking	(850,000)	(212,500)	161,889	(371,662)	(712,533)	137,467
	Community & Partnership	212,390	68,827	(69,519)	138,346	226,532	14,142
	Contracts & Technical Support Services	1,999,300	499,825	510,447	9,189	2,009,101	9,801
	Cost Centres - Contracts & Technical	3,148,860	787,215	682,420	104,795	3,072,705	(76,155)
	Emergency Planning & Other	-	-	(1,881)	1,881	500	500
	Environmental Health	206,360	51,590	54,954	(3,364)	238,368	32,008
	Land Drainage/Sewerage	99,700	24,925	3,978	20,947	124,600	24,900
	Land & Property	(7,507,110)	(1,876,778)	(3,318,332)	1,441,554	(7,583,093)	(75,983)
	Leisure Facilities	(500,000)	(125,000)	220,350	(307,573)	32,161	532,161
	North Weald Centre	(812,950)	(203,238)	(394,888)	191,651	(840,830)	(27,880)
	Parks & Grounds	474,690	118,673	12,009	74,187	478,270	3,580
	Private Sector Housing	(112,860)	(28,215)	(1,083,051)	1,064,836	(219,472)	(106,612)
	Regulatory Services	(237,490)	(59,373)	(48,511)	(10,861)	(234,145)	3,346
	Waste Management	4,351,639	977,315	1,088,117	(110,803)	4,606,993	255,354
	<b>Sub-Total</b>	<b>472,529</b>	<b>23,267</b>	<b>(2,192,018)</b>	<b>2,243,124</b>	<b>1,199,157</b>	<b>726,628</b>
<b>Community &amp; Wellbeing</b>	Community, Health & Wellbeing	131,960	32,990	(61,128)	94,118	141,012	9,052
	Cost Centres - Community & Wellbeing	506,870	126,718	94,494	32,224	501,625	(5,245)
	Economic Projects Support Serv	346,030	86,508	47,633	38,874	250,920	(95,110)
	Homelessness	(444,550)	(111,138)	(646,755)	535,618	(537,077)	(92,527)
	Museum, Heritage & Culture	666,360	166,590	216,671	(50,081)	689,732	23,372
	Voluntary Sector Support	299,510	74,878	871	74,007	300,380	870
	<b>Sub-Total</b>	<b>1,506,180</b>	<b>376,545</b>	<b>(348,214)</b>	<b>724,759</b>	<b>1,346,592</b>	<b>(159,588)</b>
<b>Corporate Services</b>	Business Support	1,305,110	326,278	374,057	(47,780)	1,331,402	26,292
	Cost Centres - Corporate Support	270,190	67,548	111,894	(44,347)	179,960	(90,230)
	Elections	248,610	62,153	763	61,389	268,855	20,245
	Emergency Planning & Other	114,780	28,695	26,599	2,096	5,050	(109,730)
	ICT	3,568,440	892,110	1,642,521	(750,411)	3,822,981	254,541
	Insurance Premiums	826,330	206,583	-	206,583	968,148	141,818
	Member Activities	383,860	95,965	84,716	11,249	382,164	(1,696)
	Other Support Services	1,698,020	424,505	451,447	(26,942)	1,316,660	(381,360)
	Strategy Support Services	285,570	71,393	79,657	(8,265)	292,956	7,386
	<b>Sub-Total</b>	<b>8,700,910</b>	<b>2,175,228</b>	<b>2,771,655</b>	<b>(596,427)</b>	<b>8,568,176</b>	<b>(132,734)</b>
<b>Customer Services</b>	Cost Centres - Customer Services	2,542,760	635,690	595,218	40,472	2,448,720	(94,040)
	Customer Support Services	1,572,700	393,175	387,011	6,164	1,585,531	12,831
	Housing Benefits	(1,122,200)	(280,550)	(378,154)	97,604	(1,000,410)	121,790
	Local Taxation	(415,950)	(103,988)	(1,458,119)	1,354,131	(414,760)	1,190
	Members Activities	36,950	9,238	7,777	1,460	33,490	(3,460)
	<b>Sub-Total</b>	<b>2,614,260</b>	<b>653,565</b>	<b>(846,267)</b>	<b>1,499,832</b>	<b>2,652,571</b>	<b>38,311</b>
<b>Finance &amp; Audit</b>	Audit Support Services	373,360	93,340	95,227	(1,887)	372,490	(870)
	Finance Support Services	1,180,000	295,000	217,095	77,905	1,346,316	166,316
	Finance & Other Activities	1,584,770	(445,107)	99,344	(1,011,564)	1,604,770	20,000
	<b>Sub-Total</b>	<b>3,138,130</b>	<b>(56,767)</b>	<b>411,666</b>	<b>(935,545)</b>	<b>3,323,576</b>	<b>185,446</b>
<b>Housing &amp; Property</b>	Accommodation	485,330	342,995	455,543	(112,548)	703,258	217,928
	Cost Centres - Housing & Property	582,150	145,538	152,007	(6,469)	556,883	(25,267)
	Facilities & Depot Management	633,130	230,215	166,884	63,331	708,487	75,357
	Housing & Property Support Services	354,810	88,703	94,070	(5,368)	376,603	21,793
	Housing Policy	23,330	5,833	-	5,833	23,330	-
	<b>Sub-Total</b>	<b>2,078,750</b>	<b>813,283</b>	<b>868,504</b>	<b>(55,222)</b>	<b>2,368,561</b>	<b>289,811</b>
<b>Place</b>	Community & Partnership	49,760	12,440	28,792	(16,352)	59,760	10,000
	Cost Centres - Place	381,610	95,403	57,571	37,832	381,610	-
	Economic Resilience Fund	-	-	21,500	(21,500)	(178,500)	(178,500)
	<b>Sub-Total</b>	<b>431,370</b>	<b>107,843</b>	<b>107,863</b>	<b>(20)</b>	<b>262,870</b>	<b>(168,500)</b>
<b>Planning &amp; Development</b>	Cost Centres - Planning Services	2,150,920	537,730	535,177	2,553	2,157,465	6,545
	Local Plan Implementation	930,530	232,633	(432,156)	664,789	763,410	(167,120)
	Planning & Development	(1,041,460)	(260,365)	(186,884)	(73,481)	(852,120)	189,340
	Planning Support Services	276,390	69,098	82,773	(13,675)	201,851	(74,539)
	Regulatory Services	(494,460)	(123,615)	(250,707)	127,092	(494,700)	(240)
	<b>Sub-Total</b>	<b>1,821,920</b>	<b>455,480</b>	<b>(251,797)</b>	<b>707,277</b>	<b>1,775,905</b>	<b>(46,015)</b>
<b>Strategy, Delivery &amp; Performance</b>	Other Activities	161,600	40,400	(6,322)	46,722	161,600	-
	Strategy, Delivery & Performance Support Services	680,880	170,220	92,650	77,570	744,380	63,500
	<b>Sub-Total</b>	<b>842,480</b>	<b>210,620</b>	<b>86,328</b>	<b>124,292</b>	<b>905,980</b>	<b>63,500</b>
<b>General Fund Total</b>		<b>22,418,029</b>	<b>4,961,938</b>	<b>809,658</b>	<b>3,713,006</b>	<b>23,204,379</b>	<b>786,350</b>
	<b>Qualis Income</b>	(3,365,200)	-	-	-	(3,150,672)	214,528
	<b>Financing</b>						
	<i>Interest (inc. Qualis):</i>						
	Interest Receivable	(25,000)	-	-	-	(25,000)	-
	Interest Payable	1,328,000	-	-	-	1,328,000	-
	Specific Contingency	500,000	-	-	-	125,000	(375,000)
	<b>HRA Recharges</b>	(4,045,260)	-	-	-	(4,545,260)	(500,000)
<b>General Fund (Net Expenditure)</b>		<b>16,810,569</b>	<b>4,961,938</b>	<b>809,658</b>	<b>3,713,006</b>	<b>16,936,447</b>	<b>125,878</b>

## General Fund Capital Programme 2021/22

## Quarter 1 Forecast

General Fund Capital Programme 2021/22: Quarter 1 Forecast											
Schemes	2020/21 Budget Outturn (xtract)			2021/22 Budget Progress (@ 30 June 2021: Q1)							
	2020/21 Unspent/ (Overspent) Balances	Savings	Balances Rolled Forward into 2021/22	Balances Rolled Forward from 2020/21	2021/22 Budget Allocation	2021/22 Budget (Updated)	Spending to Date	Remaining Budget	Forecast Outturn	Variance (Under)/ Over	
	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	
<b>Community &amp; Wellbeing</b>											
Museum Schemes	300,000	-	300,000	300,000	470,000	770,000	44,710	725,290	770,000	-	
	<b>300,000</b>	<b>-</b>	<b>300,000</b>	<b>300,000</b>	<b>470,000</b>	<b>770,000</b>	<b>44,710</b>	<b>725,290</b>	<b>770,000</b>	<b>-</b>	
<b>Contracts &amp; Technical</b>											
Cartersfield Road	71,136	-	71,136	71,136	1,330,000	1,258,864	-	1,258,864	1,258,864	-	
Investment Property Acquisitions	2,152,387	-	2,152,387	2,152,387	-	2,152,387	-	2,152,387	2,152,387	-	
Investment Properties (Landmark Building)	51,791	51,791	-	-	-	-	-	-	-	-	
EFDC Shopping Park	21,677	21,677	-	-	-	-	183,031	183,031	-	-	
CCTV Systems	146,670	50,854	95,816	95,816	85,000	180,816	67,026	113,790	118,065	62,751	
Superfast Broadband (REFCuS)	350,000	-	350,000	350,000	-	350,000	-	350,000	350,000	-	
Car Park CCTV Systems	38,423	30,423	8,000	8,000	-	8,000	335	8,335	8,000	-	
Disabled Facilities Grants	-	-	-	-	971,510	971,510	130,461	841,049	971,510	-	
Leisure Centres	10,770	10,770	-	-	-	-	54,394	54,394	-	-	
Car Park Schemes	46,361	46,361	-	-	-	-	-	-	-	-	
Civic Offices Accommodation	173,115	-	173,115	173,115	150,000	323,115	140,171	182,944	318,683	4,432	
Home Assistance Loans	-	-	-	-	-	-	-	-	-	-	
Grounds Maintenance	19,400	-	19,400	19,400	30,000	49,400	-	49,400	49,400	-	
Highways	140,000	-	140,000	140,000	-	140,000	-	140,000	140,000	-	
NWA Preparations Phase 1	-	-	-	-	200,000	200,000	-	200,000	200,000	-	
Vehicle Fleet	750,000	-	750,000	750,000	383,000	1,133,000	39,610	1,093,390	1,133,000	-	
	<b>3,736,736</b>	<b>119,154</b>	<b>3,617,582</b>	<b>3,617,582</b>	<b>3,149,510</b>	<b>6,767,092</b>	<b>139,508</b>	<b>6,627,584</b>	<b>6,699,909</b>	<b>67,183</b>	
<b>Corporate Services</b>											
ICT General Schemes	89,021	-	89,021	89,021	128,000	217,021	19,596	197,425	217,021	-	
ICT Strategy Implementation	120,464	35,060	155,524	155,524	1,970,500	2,126,024	73,059	2,052,965	2,319,109	193,085	
Civic Offices Accommodation Project (ICT)	448,756	-	448,756	448,756	15,000	463,756	176,457	287,299	463,756	-	
<b>Sub-Totals</b>	<b>658,241</b>	<b>35,060</b>	<b>693,301</b>	<b>693,301</b>	<b>2,113,500</b>	<b>2,806,801</b>	<b>269,112</b>	<b>2,537,689</b>	<b>2,999,886</b>	<b>193,085</b>	
<b>Housing &amp; Property</b>											
Oakwood Hill Depot Extension	39,171	-	39,171	39,171	-	39,171	1,539	37,632	39,171	-	
Town Mead Depot	799	799	-	-	-	-	-	-	-	-	
Investment Property Works	266,400	10,484	255,916	255,916	65,100	321,016	4,016	317,000	321,016	-	
Active Planned Maintenance	85,928	-	85,928	85,928	48,000	133,928	21,152	112,776	105,150	28,778	
<b>Sub-Totals</b>	<b>392,298</b>	<b>11,283</b>	<b>381,015</b>	<b>381,015</b>	<b>113,100</b>	<b>494,115</b>	<b>26,707</b>	<b>467,408</b>	<b>465,337</b>	<b>28,778</b>	
<b>Place</b>											
Climate & Environmental Projects	400,000	223,016	176,984	176,984	250,000	426,984	-	426,984	426,984	-	
	<b>400,000</b>	<b>223,016</b>	<b>176,984</b>	<b>176,984</b>	<b>250,000</b>	<b>426,984</b>	<b>-</b>	<b>426,984</b>	<b>426,984</b>	<b>-</b>	
<b>Qualis Capital Investments</b>											
Regeneration Finance Loans	-	-	-	-	45,000,000	45,000,000	-	45,000,000	30,000,000	15,000,000	
<b>Sub-Totals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,000,000</b>	<b>45,000,000</b>	<b>-</b>	<b>45,000,000</b>	<b>30,000,000</b>	<b>15,000,000</b>	
<b>Totals</b>	<b>5,487,275</b>	<b>318,393</b>	<b>5,168,882</b>	<b>5,168,882</b>	<b>51,096,110</b>	<b>56,264,992</b>	<b>480,037</b>	<b>55,784,955</b>	<b>41,362,116</b>	<b>14,902,876</b>	

## Housing Revenue Account Capital Programme 2021/22

## Quarter 1 Forecast

HRA Capital Programme 2021/22: Quarter 1 Forecast											
Schemes	2020/21 Budget Outturn (xtract)			2021/22 Budget Progress (@ 30 June 2021: Q1)							
	2020/21 Unspent/ (Overspent) Balances	Savings	Balances Rolled Forward into 2021/22	Balances Rolled Forward from 2020/21	Virements between schemes 2021/22	2021/22 Budget Allocation	2021/22 Budget (Updated)	Actuals to Q1	Remaining Budget	Forecast Outturn at M3	Variance (Under)/ Over
	£	£	£	£	£	£	£	£	£	£	£
<b>Housing Development Programme:</b>											
Housebuilding	4,540,000	- 4,540,000	-	-	-	17,014,000	17,014,000	3,770	17,010,230	13,682,240	- 3,331,760
Open Market Acquisitions	-	-	-	-	-	-	-	2,631,000	-	2,631,000	2,631,000
Qualis Acquisitions	-	-	-	-	-	7,492,000	7,492,000	-	7,492,000	-	- 7,492,000
<b>Sub-Totals</b>	<b>4,540,000</b>	<b>- 4,540,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,506,000</b>	<b>24,506,000</b>	<b>2,634,770</b>	<b>24,502,230</b>	<b>16,313,240</b>	<b>- 8,192,760</b>
<b>Capital Works:</b>											
Heating	314,000	-	314,000	314,000	-	1,519,000	1,833,000	107,000	1,726,000	1,833,000	-
Windows, Door and Roofing	1,249,000	-	1,249,000	1,249,000	- 643,000	3,003,000	3,609,000	638,000	2,971,000	3,010,000	- 599,000
Compliance Planned Maintenance	61,000	-	61,000	61,000	150,000	623,000	834,000	44,000	790,000	870,000	36,000
Kitchens & Bathrooms (inc void allocation)	125,000	-	125,000	125,000	-	1,375,000	1,500,000	141,000	1,359,000	1,500,000	-
Electrical	129,000	-	129,000	129,000	-	2,175,000	2,046,000	143,000	1,903,000	2,046,000	-
Sprinklers	175,000	-	175,000	175,000	-	100,000	275,000	4,000	271,000	275,000	-
Environmental	106,000	-	106,000	106,000	-	584,000	690,000	3,000	687,000	717,000	27,000
Structural works	223,000	-	223,000	223,000	493,000	1,550,000	2,266,000	3,000	2,263,000	2,268,000	2,000
Disabled adaptations	56,000	-	56,000	56,000	56,000	650,000	650,000	33,000	617,000	650,000	-
Asbestos Removal	98,000	-	98,000	98,000	- 56,000	251,000	293,000	7,000	286,000	258,000	- 35,000
Estate Improvements	57,000	- 50,000	7,000	7,000	-	140,000	147,000	-	147,000	147,000	-
<b>Sub-Totals</b>	<b>2,223,000</b>	<b>- 50,000</b>	<b>2,173,000</b>	<b>2,173,000</b>	<b>-</b>	<b>11,970,000</b>	<b>14,143,000</b>	<b>1,123,000</b>	<b>13,020,000</b>	<b>13,574,000</b>	<b>- 569,000</b>
<b>Other Housing Schemes:</b>											
Service Enhancements	691,000	- 20,000	671,000	671,000	-	30,000	701,000	-	701,000	671,000	- 30,000
<b>Sub-Totals</b>	<b>691,000</b>	<b>- 20,000</b>	<b>671,000</b>	<b>671,000</b>	<b>-</b>	<b>30,000</b>	<b>701,000</b>	<b>-</b>	<b>701,000</b>	<b>671,000</b>	<b>- 30,000</b>
<b>Vehicle Replacements</b>	<b>74,000</b>	<b>- 74,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditure</b>	<b>7,528,000</b>	<b>- 4,684,000</b>	<b>2,844,000</b>	<b>2,844,000</b>	<b>-</b>	<b>36,506,000</b>	<b>39,350,000</b>	<b>3,757,770</b>	<b>38,223,230</b>	<b>30,558,240</b>	<b>- 8,791,760</b>

This page is intentionally left blank

## **Report to the Cabinet**

**Report reference:** C-020-2021/22  
**Date of meeting:** 11th October  
2021



**Epping Forest  
District Council**

**Portfolio:** Finance, Qualis Client & Economic Development – Cllr Philip

**Subject:** Updated Medium-Term Financial Plan 2022/23 to 2026/27

**Responsible Officer:** Andrew Small (01992 564278)

**Democratic Services:** Adrian Hendry (01992 564246)

---

### **Recommendations/Decisions Required:**

#### **1) To note the contents of the report, including:**

- The General Fund element of the updated Medium-Term Financial Plan (2022/23 to 2026/27) (*Appendix A*); and
- The Housing Revenue Account element of the updated Medium-Term Financial Plan (2022/23 to 2026/27) (*Appendix B*), including the anticipated impact on the 2021/22 budget outturn; and

#### **2) Discuss and agree any actions required, including the assumptions contained in the MTFP and the potential options for addressing the underlying budget deficit in order to set a balanced budget for 2022/23.**

### **Executive Summary:**

The Cabinet approved an updated Financial Planning Framework (2022/23 to 2026/27) at its meeting on 13th September 2021 and committed to receiving and considering and updated Medium-Term Financial Plan (MTFP) for 2022/23 to 2026/27.

The preparation of an MTFP provides the cornerstone on which the Council can build and deliver services in accordance with its aims and objectives. It also provides an early warning sign of potential budget pressures that lie ahead.

This is the first iteration of the MTFP within the 2022/23 budget cycle. It is a forward-looking document which provides a tentative look at the Council's financial picture over the next five years (2022/23 through to 2025/26) and sets the scene by providing a framework for developing both the General Fund and Housing Revenue Account (HRA) budgets for 2022/23.

The General Fund element of the MTFP can be found at **Appendix A**. It reveals a projected deficit of £1.504 million for 2022/23. This primarily reflects the impact of losing Government Support for Covid-19 (£1.263 million) and the contribution from the General Reserve (£1.350) compared to 2021/22. Estimated net expenditure in 2022/23 is £16.022 million, compared to available funding of £14.518 million.

Looking further ahead, a further budget gap is expected to open-up again from 2023/24, with a peak annual budget pressure of £1.139 million occurring in 2025/26, following the letting of the new Waste Management contract. The projections are summarised in the table below.

<b>General Fund MTFP (@ October 2021)</b>		
<b>Financial Year</b>	<b>(Surplus)/Deficit</b>	<b>Comment</b>
	<b>£000's</b>	
2022/23	1,504	Assumed no Government support for Covid-19 (£1.263 million in 2021/22) + no Use of Reserves (£1.350 million in 2021/22)
2023/24	336	
2024/25	579	New Waste Management contract assumed with effect from 1st December 2024
2025/26	1,139	
2026/27	74	

The HRA element of the MTFP can be found at **Appendix B**. It reveals a projected deficit of £2.755 million for 2022/23 (broadly offset by an initial surplus of £2.651 million in 2021/22). The initial volatility between 2021/22 and 2022/23 is primarily due to a change in financing assumptions as part of the initial rollout of the new HRA Business Plan model compared to current assumptions; Cabinet are requested to approve some limited (one-off) budget adjustments to aid the transition.

A very stable position is projected for 2023/24 onwards, with a surplus of £1.918 million anticipated in 2016/17. The table below provides a summary.

<b>Housing Revenue Account MTFP (@ October 2021)</b>		
<b>Financial Year</b>	<b>(Surplus)/Deficit</b>	<b>Comment</b>
	<b>£000's</b>	
2022/23	2,755	Deficit substantially offset by assumed surplus of £2.651 million in 2021/22
2023/24	2	
2024/25	0	
2025/26	2	53 Week Rent Year  Assumed £900,000 saving from Qualis re Housing Repairs
2026/27	(1,918)	



The next stage in the process will see the assumptions and projections in both the General Fund and Housing Revenue Account further refined in accordance with the direction provided by Cabinet and emerging intelligence. Officers will begin to develop draft budget options for 2022/23, including options (such as additional income generation or capturing organisational efficiencies) for closing the budget deficit, for consideration by Cabinet in December 2021.

**Reasons for Proposed Decision:**

To provide an updated financial position for the Council based on latest available information, allowing Cabinet to consider the implications and potential options available, and provide strategic direction to senior officers in preparing a (balanced) draft budget for 2022/23.

**Legal and Governance Implications:**

The Council has a legal duty under the Local Government Finance Act 1992 to set a balanced budget. This report highlights a potential budget deficit on the General Fund that needs to be eliminated prior to setting the 2022/23 budget in February 2022.

**Safer, Cleaner and Greener Implications:**

There are no direct SCG implications contained within the report, although the implications will be considered in the detailed development of budget proposals.

**Consultation Undertaken:**

None. The proposals in the report require further development. Consultation at a later stage is an in-built feature of the proposed Financial Planning approach and timetable.

**Background Papers:**

None.

**Risk Management:**

The consideration of risk will form an integral part of the development of the proposals in the report. In particular, the MTFP is based on a series of estimates and assumptions that are informed by varying forms of intelligence (some certain, some uncertain); that process, including any residual risk in the decision-making process will be clearly indicated.

This page is intentionally left blank

## Updated Medium-Term Financial Plan 2022/23 to 2026/27

**GENERAL FUND***October 2021***1. Background**

1.1 The preparation of a Medium-Term Financial Plan (MTFP) provides the cornerstone on which the Council can build and deliver services in accordance with the aims and objectives outlined in the Corporate Plan 2018-2023, which are grouped under the three corporate ambitions:

- Stronger Communities
- Stronger Place; and
- Stronger Council.

1.2 Through 'horizon scanning' and anticipating necessary change at the earliest opportunity, resilience and the ability to react to and withstand 'major shocks' is achieved.

**2. Introduction**

2.1 This is the first iteration of the MTFP in the 2022/23 budget cycle. It is a forward-looking document which provides a tentative look at the Council's General Fund financial picture over the next five years (2022/23 to 2026/27) and re-evaluates the position in the light of developments since the last MTFP (2021/22 to 2025/26) was adopted by the Council in February 2021.

2.2 This part of the MTFP focuses on the Council's General Fund. An emerging HRA Business Plan is being developed and this underpins an updated MTFP for the HRA, which is presented in Appendix B.

2.3 The February 2021 MTFP revealed a projected deficit of £1.094 million in 2022/23; this assumed the use of £0.5 million from the Council's general contingency reserves. The full projections can be summarised as follows:

Financial Year	(Surplus)/Deficit	Comment
	£'s	
2021/22	0	Assumed £1.263 million Government support for Covid-19 + £1.350 million Use of Reserves
2022/23	1,093,715	Assumed £0.5 million Use of Reserves
2023/24	661,267	
2024/25	319,525	
2025/26	351,700	

2.4 The MTFP is deliberately concise, focussing on the most significant financial issues faced by Epping Forest District Council over the medium-term. There are currently four major factors to note:

- **Covid-19 Pandemic** – the measures taken by the UK and most major countries worldwide in response to the global pandemic declared by the World Health Organisation (WHO) in March 2020 had an immediate and profound impact on economies across the world. At a national and local level, the impact on UK local government and Epping Forest District Council had a massive impact on both operations and finances, with major losses experienced on a number of income streams ranging from core funding sources such as Council Tax and Business Rates through to fees and charges from Leisure Centres, Car Parking, Building Control, Planning and Licensing. The 2020/21 financial year bore the brunt of the financial pressure, with the position eventually being alleviated – to a large extent – by emergency financial support from the Government.

Although the immediate financial pressure for 2020/21 – thanks to Government support – was eventually alleviated, a range of the problem areas have persisted into 2021/22, including reduced usage of Leisure Centres and Car Parks. Once again, the Government has been supportive, with estimated financial assistance in the region of £1.2 million being made available to this Council in recognition of the extended (third) lockdown and subsequent social distancing measures.

However, following the lifting of most restrictions on 19th July 2021, the Government is now winding down its support for the pandemic to local government. This presents a significant challenge to the Council. Whilst there is some cause for optimism, with footfall in Leisure Centres increasing at a slightly faster rate than envisaged when the 2021/22 budget was set, there are some income streams that might never recover to pre-pandemic levels. For example, a seemingly permanent widespread shift towards hybrid or home working looks likely to result in reduced demand for Council Car Parks from commuters.

There is also a long-term uncertainty regarding Business Rates income. For example, the Council continues to enjoy protection in the form of “Section 31” grants from Government to compensate for temporary reliefs. It remains to be seen what the impact on Business Rates collection will be when ‘normal’ (less generous) reliefs return.

- **Local Government Finance Settlement** – for the past six years, local authority funding has been subject to a national settlement originally announced in 2016; 2019/20 was due to be the final year of a four-year settlement. However – due to Brexit – the key elements of the four-year settlement were rolled forward into 2020/21. This was further rolled forward into 2021/22 due to the pandemic.

The Chancellor has recently announced that he will provide details of a three-year spending review on 27th October 2021. His will cover the financial years 2022/23, 2023/24 and 2024/25. Huge uncertainty remains as to what the outcome could be for local government and what form (and when) a range of other reforms (e.g. to Business Rates) will take. The uncertainty also extends to established funding streams such as the New Homes Bonus, which the Council has benefited from for several years.

Given the usual pattern whereby the Local Government Finance Settlement is announced just before Christmas, definitive figures for 2022/23 may not be available until late December 2021.

- **Economic Uncertainty (including Inflation)** – at the time of preparing this report, the UK is facing substantial economic uncertainty following Brexit and the Pandemic. This includes disruption to supply chains which is leading to shortages in a wide range of raw materials, goods and services (e.g. this has led to ‘panic buying’ of fuel, further adding to the problem). Most directly relevant to this MTFP perhaps is inflation. The August 2021 CPI rate was 3.2%, its highest point for some time, and well above the Government’s long-term inflation target of 2.0%. The Bank of England (in its August 2021 Monetary Policy Report) has indicated its expectation that CPI will rise further to 4.0% in late 2022, eventually settling back down at 2.0% in late 2023. However, there is some speculation in the media that inflation could spiral to levels unseen in the UK since the 1970s. Overall therefore, price inflation is a significant concern.
- **Balance Sheet** – as reported to Cabinet on 13th September 2021, due to a range of factors, including recent accounting adjustments and reserve movements, the balance of £4.017 million (subject to audit) on the Council’s General Fund Reserve as at 31st March 2021 is now very close to its agreed minimum contingency balance of £4.0 million.

This consequently heightens pressure on the 2021/22 budget which includes a planned contribution of £1.350 million from the same reserve, as well the MTFP for 2022/23 and beyond.

### 3. Financial Projections

#### 3.1 Current Spending Levels

3.1.1 The starting point for developing the MTFP is the current level of spending. The 2021/22 General Fund base budget was adopted approved by the Council on 25th February 2021 and can be summarised as follows:

Description	2021/22 Budget
	£'s
Employees	23,910,290
Premises	2,959,140
Transport	361,520
Supplies & Services	8,814,200
Support Services	51,250
Contracted Services	6,384,160
Transfer Payments (Housing Benefits)	25,405,300
Financing Costs	2,215,000
<b>Gross Expenditure</b>	<b>70,100,860</b>
Fees & Charges	(15,650,480)
Government Contributions (including Housing Benefit Subsidy)	(27,208,730)
Miscellaneous Income (including Qualis)	(3,598,130)
Other Contributions	(2,964,800)
HRA Recharges	(3,988,330)
<b>Net Expenditure</b>	<b>16,690,390</b>

3.1.2 It should be noted that, as reported to Cabinet in February 2021, late service realignments meant that the General Fund service structure presented within the initial 2021/22 Budget required further refinement. The required changes, which have been actioned and were presented in the 2021/22 Quarter 1 Budget Monitoring Report (Stronger Council Select Committee 14th September 2021) were relatively slight and have no impact on Net Expenditure or Funding.

## 3.1.3 Net expenditure is funded as follows:

Description	2021/22 Budget
	£'s
Council Tax	(8,235,690)
Business Rates	(5,162,020)
Collection Fund Adjustments	336,410
Council Tax Sharing Agreement (CTSA)	(340,000)
<i>Non-Specific Grants:</i>	
New Homes Bonus	(477,480)
Lower-Tier Services Grant	(185,880)
Other	(12,410)
Government Support for Covid-19	(1,263,320)
Contributions to/ (use of) Reserves	(1,350,000)
<b>Total Funding</b>	<b>16,690,390</b>

### 3.2 Increased/(Reduced) Budget Demand

3.2.1 Based on an initial high-level review of the current base budget, and anticipated budget demand in 2022/23 and beyond, several areas of changed budgetary demand have been identified and are presented in the table below.

<b>Medium-Term Increased/(Reduced) Budget Demand (@ October 2021)</b>					
<b>Description</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£'s</b>	<b>£'s</b>	<b>£'s</b>	<b>£'s</b>	<b>£'s</b>
<b>Employees</b>					
Unfunded Planning Posts (2+)	71,300	0	0	0	0
Executive Assistant (COO) post	27,900	0	0	0	0
Insurance Specialist	50,000	0	0	0	0
Building Control Staff Mileage	13,000	0	0	0	0
Pens Deficit Reduction Payments	21,936	0	0	0	0
Added Yrs/Unf'd Pens Payments	240,000	(20,000)	(20,000)	(20,000)	(20,000)
Reg Services (Sal over-provision)	(6,500)	0	0	0	0
<b>Supplies &amp; Services</b>					
Insurance Premium	161,300	0	0	0	0
Storage & Archiving	14,200	0	0	0	0
Firmstep Forms & CRM	17,578	0	0	0	0
FIMS Replacement	3,840	0	0	0	0
Gemalto Safenet	19,000	0	0	0	0
Mobile Phones	(80,000)	0	0	0	0
DP Project Support	(45,000)	0	0	0	0
Local Plan Legal Fees	(50,500)	0	0	0	0
<b>Contracted Services</b>					
Waste Contract (Variable Costs)	200,000	0	0	0	0
New Waste Contract (Resources)	0	0	366,667	733,333	0
New Waste Contract (Recycling)	0	0	66,667	133,333	0
<b>Transfer Payments</b>					
Reduced HB Payments	(3,327,453)	(2,661,962)	(2,129,570)	(1,703,656)	(1,362,925)
<b>Fees &amp; Charges</b>					
Car Park Season Tickets	160,000	0	0	0	0
Civic Offices Lease	110,570	(86,610)	(72,175)	0	0
Leisure Contract Income	(971,430)	0	0	0	0
Car Parking (Pay & Display)	(35,696)	107,852	0	0	0
Planning Applications Income	(106,000)	0	0	0	0
<b>Government Contributions</b>					
Reduced HB Claim	3,327,453	2,661,962	2,129,570	1,703,656	1,362,925
Reduced HB Admin Subsidy	12,041	9,633	7,706	6,166	4,932
<b>HRA Recharges</b>					
Increased Recharges	(500,000)	0	0	0	0
<b>Net Increased/(Reduced) Budget Demand</b>	<b>(672,461)</b>	<b>10,875</b>	<b>348,865</b>	<b>852,832</b>	<b>(15,068)</b>



3.2.2 The table shows a net decrease in budget demand of £672,461 in 2022/23, but significant increases are anticipated in 2024/25 (£348,865) and 2025/26 (£852,832) especially. There are two major factors to note:

- *Leisure Contract Income (2022/23 - £971,430 positive)* – Leisure Centre usage has increased significantly in recent weeks and now exceeds the expectations included in the MTFP adopted in February 2021. The full Management Fee of £1.471 million is now expected to be restored in 2022/23; and
- *Waste Management Contract (2024/25 & 2025/26)* – initial estimates as to the additional cost of the new Waste Management contract in 2024/25 suggest an additional cost pressure of £1.3 million (although, at the time of preparing this report, officers are exploring the potential for savings to at least partially offset these costs).

### 3.3 Inflation

3.3.1 Inflationary pressures have been reviewed based on latest available intelligence and are presented in the table below.

Medium-Term Inflation Assumptions (@ October 2021)					
Description	2022/23	2023/24	2024/25	2025/26	2026/27
	£'s	£'s	£'s	£'s	£'s
Employees	486,559	744,435	766,168	788,553	811,609
Premises	147,957	62,142	63,385	64,652	65,945
Transport	7,230	7,375	7,522	7,673	7,826
Supplies & Services	177,092	182,180	185,238	188,963	192,762
Support Services	1,025	1,046	1,067	1,088	1,110
Contracted Services	82,302	66,665	74,165	83,573	84,409
Fees & Charges	(329,861)	(336,033)	(344,197)	(351,081)	(358,103)
HRA Recharges	(89,767)	(119,031)	(122,125)	(125,301)	(128,559)
<b>Net Increased/(Reduced) Budget Demand</b>	<b>482,538</b>	<b>608,778</b>	<b>631,221</b>	<b>658,119</b>	<b>677,000</b>

3.3.2 It should be emphasised that – at the time of preparing this report – there are substantial uncertainties as to the future direction of inflation. Initial assumptions will be refined in the coming weeks as further intelligence emerges. The most recently available (August 2021) published CPI was 3.2%.

3.3.3 In most cases, an inflation rate of 2.0% (the Bank of England's long-term target rate) has initially been assumed. There are two significant exceptions:

- Employee Costs – whilst a 2.0% pay increase has been assumed for 2022/23, it is recognised that there is likely to be a longer-term upward pressure on pay awards, so annual increases of 3.0% have been assumed for 2023/24 onwards; and
- Premises Costs – at the time of preparing this report, energy prices are increasing significantly. It has therefore been assumed that Premises Costs will rise by 5.0% in 2022/23, settling back down to 2.0% in 2023/24. However, the situation is currently extremely volatile so assumptions will be further reviewed in preparing the draft budget.

3.3.4 Given the current financial challenge that the Council faces, it has been assumed that Fees and Charges will rise by an *average* of 2.0%. However, the Council does not have the discretion to unilaterally raise statutory fees and charges, and there is currently no assumption that Car Parking charges will increase. Consequently, some fees and charges will have to rise in excess of 2.0% for the average to be achieved.

3.3.5 It should be noted that the Government's recent decision to increase Employers' National Insurance contributions by 1.25% (1.25p in the pound) have been assumed as cost neutral in this iteration of the MTFP. Although the Council's annual costs are expected to increase by an amount in the region of £175,000, the Government has expressed an intention to protect public sector employers from this additional cost. Further details as to if and how this will happen are awaited.

### 3.4 Budget Growth

3.4.1 No discretionary Budget Growth items have been assumed in these projections. Given the Council's current financial position, it is assumed that any potential growth items – which are in line with Council priorities – will be prioritised and funded from budget reallocations/savings. The potential re-prioritisation of financial resources is matter for Members to consider.

### 3.5 Revenue Consequences of the Capital Programme

3.5.1 The assumptions on Qualis loans have been updated, and now encompass the rollout of the recently agreed additional £35.0 million loan facility. This is contributing to an increase of £996,100 in Finance Costs (reflecting the cost of PWLB loans), which is outweighed by an increase of £1,500,000 in Miscellaneous Income (loan repayments from Qualis to the Council). There is an overall Net Reduction in budget demand of £478,900. Further work on refining the detailed assumptions on Capital will be undertaken prior to preparing the draft budget.

### 3.6 Savings

3.6.1 There are currently no Savings assumed within the projections. The views of Members are sought on the prioritisation of potential cashable savings in the context of the Budget Deficit and Council priorities, whether from spending reductions or increased income.

### 3.7 Funding

3.7.1 The Council's core funding streams have been reviewed based on the latest available intelligence. The relevant budget movements are summarised in the table below.

<b>Medium-Term Funding Assumptions (@ October 2021)</b>					
<b>Description</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£'s</b>	<b>£'s</b>	<b>£'s</b>	<b>£'s</b>	<b>£'s</b>
Council Tax	<b>(404,250)</b>	(540,290)	(465,070)	(462,860)	(470,520)
Business Rates	<b>199,560</b>	(99,250)	(101,230)	(103,260)	(105,320)
Collection Fund Adjustments	<b>(186,410)</b>	(150,000)	0	0	0
Council Tax Sharing Agreement	<b>(210,000)</b>	(100,000)	(13,000)	(13,260)	(13,530)
New Homes Bonus	<b>25,760</b>	451,720	0	0	0
Lower-Tier Services Grant	<b>185,880</b>	0	0	0	0
Credit Loss Adjustments	<b>(50,970)</b>	0	0	31,860	19,110
Government Support for Covid-19	<b>1,263,320</b>	0	0	0	0
Reserve Contributions	<b>1,350,000</b>	0	0	0	0
<b>Net Increased/(Reduced) Budget Demand</b>	<b>2,172,890</b>	<b>(437,820)</b>	<b>(579,300)</b>	<b>(547,520)</b>	<b>(570,260)</b>

3.7.2 The key budget assumptions captured in the table are as follows:

- Council Tax – there is a provisional assumption that the Council will increase the Council Tax by £5 for a Band D property for the duration of the MTFP. This is currently the maximum amount allowable. Such an increase would generate an estimated funding increase of around £400,000 in 2022/23 (allowing for some recovery in the tax base following the pandemic)
- Business Rates – initial projections of the estimated amount that the Council can expect to receive from the Business Rates Retention (BRR) scheme in 2022/23 have been completed. This results in an initial reduction of £199,560, although there is currently significant uncertainty as to how the Government will treat the Business Rates Multiplier for 2022/23; this usually increases by September CPI, but the default position is something that can be (and has been) disregarded in the past. A cautious 2.0% increase has been assumed in these projections compared to a CPI rate of 3.2% in August 2021
- Collection Fund Adjustments – the complexities created by the pandemic make an accurate estimate of the Collection Fund adjustment very difficult at this stage. However, as at 31st March 2021, the Council held an Earmarked Reserve of £6.650 million funded by surplus Section 31 money paid by Government as compensation for extended Business Rates Reliefs granted in response to the pandemic; this represents 40.1% of the cumulative deficit on the Business Rates share of the Collection Fund at the same point in time. Consequently, a 'zero adjustment' is assumed in 2022/23 for Business Rates.

The cumulative deficit on the Council Tax share of the Collection Fund is not mitigated by an Earmarked Reserve. At this stage therefore a negative Collection Fund adjustment of £150,000 (13.7% of cumulative deficit) has been assumed for Council Tax.

- Council Tax Sharing Agreement (CTSA) – the prospects for CTSA have improved since the last iteration of the MTFP in February 2021, with Quarter 1 projections for 2021/22 out-performing a budget expectation of £340,000. The improvement is expected to continue, and assumed funding from this source in 2022/23 has been assumed to rise to £550,000 (and up to circa £690,000 by 2026/27)
- Grants – following the demise of Revenue Support Grant (RSG) funding from the Government, the most significant remaining grant within the annual Settlement is the New Homes Bonus (NHB). The Government consulted on a replacement for the NHB earlier this year. Any new housing incentive scheme will reflect a more targeted approach that rewards local government where they are ‘ambitious’ in delivering housing growth. At this stage, there is no further detail on what form the new scheme will take. For now, legacy payments of £451,720 are assumed in 2022/23 only, with nothing beyond. Lower Tier Services Grant of £185,880 has been received in 2021/22; this is assumed to be a one-off payment, so has been removed from future funding assumptions
- Credit Loss Adjustments – it is a technical accounting requirement for the Council to provide for estimated credit losses on the £6.0 million Working Capital Loan to Qualis. For each year that Qualis maintains its loan payments, the size of that provision can be reduced, thus releasing revenue funds from the General Fund Reserve (£172,020 from 2022/23 to 2025/26)
- Government Support for Covid-19 – assumed Government funding of £1.263 million for 2021/22 for the pandemic, is expected to be discontinued. No Government support is assumed in 2022/23 and beyond; and
- Contribution to (from) Reserves – the 2021/22 budget is supported by a budgeted contribution of £1.350 million from the General Fund Reserve based on intelligence at the time of setting the budget in February 2021. The MTFP produced at the time also included the assumed use of £0.50 million in 2022/23. As reported to full Council on 29th July 2021, the Council’s General Fund Reserve is now very close to its adopted minimum contingency balance of £4.0 million. Consequently, there are no longer any surplus funds available to support the 2022/23 budget.

It should be noted that, as reported in the Quarter 1 2021/22 Budget Monitoring Report (Stronger Council Select Committee 14th September 2021), officers are working on achieving a “managed surplus” on the 2021/22 in order to eliminate (or significantly reduce) the originally planned drawdown on the General Fund Reserve. If this cannot be achieved, or for any other reason the balance falls below £4.0 million, then there is a potential requirement to replenish the Reserve; this would add to the deficits reported in this MTFP.

### 3.8 Summary Position

3.8.1 After taking account of the projections made in Sections 3.2 to 3.7 above, the projected medium-term revenue position for the General Fund (2022/23 to 2026/27), is summarised in the table below.

Description	2021/22 BUDGET/ BASELINE	2022/23 BUDGET STRATEGY	2023/24	2024/25	2025/26	2026/27
	£000's	£000's	£000's	£000's	£000's	£000's
<b>NET EXPENDITURE</b>						
Employees	23,910	24,814	25,539	26,285	27,054	27,845
Premises	2,959	3,107	3,169	3,233	3,297	3,363
Transport	362	369	376	384	391	399
Supplies & Services	8,814	9,057	9,262	9,448	9,638	9,832
Support Services	51	52	53	54	55	57
Contracted Services	6,384	6,666	6,983	7,491	8,441	8,525
Transfer Payments	25,405	22,078	19,416	17,286	15,583	14,220
Financing Costs	2,215	3,211	4,332	5,249	5,423	5,404
<b>Gross Expenditure</b>	<b>70,101</b>	<b>69,355</b>	<b>69,130</b>	<b>69,430</b>	<b>69,883</b>	<b>69,645</b>
Fees & Charges	(15,650)	(16,823)	(17,138)	(17,554)	(17,905)	(18,263)
Government Contributions	(27,209)	(23,869)	(21,198)	(19,060)	(17,351)	(15,983)
Miscellaneous Income (including Qualis)	(3,598)	(5,098)	(6,338)	(7,078)	(7,078)	(7,078)
Other Contributions	(2,965)	(2,965)	(2,965)	(2,965)	(2,965)	(2,965)
HRA Recharges	(3,988)	(4,578)	(4,697)	(4,819)	(4,945)	(5,073)
<b>Net Expenditure</b>	<b>16,690</b>	<b>16,022</b>	<b>16,795</b>	<b>17,953</b>	<b>19,639</b>	<b>20,283</b>
<b>FUNDING</b>						
Council Tax	(8,236)	(8,640)	(9,180)	(9,645)	(10,108)	(10,579)
Business Rates	(5,162)	(4,962)	(5,062)	(5,163)	(5,266)	(5,372)
Collection Fund Adjustments	336	150	0	0	0	0
Council Tax Sharing Agreement (CTSA)	(340)	(550)	(650)	(663)	(676)	(690)
New Homes Bonus	(477)	(452)	0	0	0	0
Covid-19 Funding	(1,263)	0	0	0	0	0
L-T Services Grant	(186)	0	0	0	0	0
Other Grants	(12)	(12)	(12)	(12)	(12)	(12)
Credit Loss Adjustment	0	(51)	(51)	(51)	(19)	0
Contribution to/(from) Reserves	(1,350)	0	0	0	0	0
<b>Total Funding</b>	<b>(16,690)</b>	<b>(14,518)</b>	<b>(14,955)</b>	<b>(15,535)</b>	<b>(16,082)</b>	<b>(16,652)</b>
<b>In-Year (Surplus)/Deficit</b>	<b>0</b>	<b>1,504</b>	<b>336</b>	<b>579</b>	<b>1,139</b>	<b>74</b>
<b>Cumulative (Surplus)/Deficit</b>	<b>0</b>	<b>1,504</b>	<b>1,840</b>	<b>2,418</b>	<b>3,557</b>	<b>3,631</b>

- 3.8.2 The table above shows a deficit of £1.5 million for 2022/23. This primarily reflects the impact of losing Government Support for Covid-19 (£1.263 million) and the contribution from the General Reserve (£1.350) compared to 2021/22. Estimated net expenditure in 2022/23 is £16.022 million, compared to available funding of £14.518 million. The Council is required to eliminate this deficit and set a balanced budget for 2022/23 in February 2021.
- 3.8.3 Looking further ahead, a further budget gap is expected to open-up again from 2023/24, with a peak annual budget pressure of £1.139 million occurring in 2025/26, following the letting of the new Waste Management contract.
- 3.8.4 It should be re-emphasised that these figures represent the first iteration of the MTFP in the 2022/23 budget cycle. Finance officers will now work on further refining these estimates in preparing the initial draft Budget proposals. The numbers presented can be expected to both increase and decrease in the coming months, and other factors could also potentially emerge that are not currently reflected in the figures and will have to be factored in.

Updated Medium-Term Financial Plan 2022/23 to 2026/27

**HOUSING REVENUE ACCOUNT**

*October 2021*

**1. Background**

1.1 The preparation of a Medium-Term Financial Plan (MTFP) provides the cornerstone on which the Council can build and deliver services in accordance with the aims and objectives outlined in the Corporate Plan 2018-2023, which are grouped under the three corporate ambitions:

- Stronger Communities
- Stronger Place; and
- Stronger Council.

1.2 The Housing Revenue Account (HRA) embraces both the Communities and Place ambitions to an extent, although the Council has a very clear vision as to where the HRA fits as an integral part of a Stronger Place, which is underpinned by specific aims and objectives, including:

- Aim – *delivering effective core services that people want; and*
- Objective – *improving the district housing offer.*

1.3 Through ‘horizon scanning’ and anticipating necessary change at the earliest opportunity, resilience and the ability to react to and withstand ‘major shocks’ is achieved. Above all, a robust MTFP for the HRA is also critical to achieving compliance with the Council’s legal duty under the Local Government Housing Act 1989 to “maintain a balanced account” and ultimately long-term financial sustainability.

**2. Introduction**

2.1 This is the first iteration of the MTFP for the HRA in the 2022/23 budget cycle. It is a forward-looking document which provides a tentative look at the Council’s HRA picture over the next five years (2022/23 to 2026/27) and re-evaluates the position in the light of developments since the 2021/22 Budget was adopted by the Council in February 2021. Exceptionally, in the light of emerging intelligence from the ongoing HRA Business Plan review, a revised budget for the remainder of 2021/22 is proposed.

2.2 As reported to Members in February 2021, the HRA Business Plan (which underpins final planning on the HRA) has been subjected to a detailed review, which commenced in the spring of 2021. The Council’s current 30-Year Business Plan was adopted by the Council in 2018, immediately prior to the Government announcement removing the HRA Borrowing Cap. This has led to a more expansive approach by the Council with Housing Development at its heart.

- 2.3 A new Business Plan is being designed to support the Council in its current ambitions for Housing, whilst ensuring the long-term financial sustainability of the HRA. It is a detailed undertaking, with the initial results of that exercise, having been used to develop this iteration of the MTFP.
- 2.4 The MTFP is deliberately concise, focussing on the most significant HRA-related financial issues faced by Epping Forest District Council over the medium-term. Key challenges faced by the HRA over the medium term include the financing of an ambitious Housing Development whilst, maintaining and improving existing Housing Stock. In addition, the Council has been managing some financial pressure on the cost of Housing Repairs, with (demand-led) Void Repairs having been a stubborn problem in recent years.

### 3. Financial Projections

#### 3.1 2021/22 Budget Adjustments

3.1.1 The starting point for developing the MTFP is the current budget. The 2021/22 HRA budget was approved by the Council on 25th February 2021. It was a balanced budget comprising Net Operating Income of £1.793 million.

3.1.2 In order to develop the MTFP for 2022/23 to 2026/27, it is important to represent the original 2021/22 budget. This requires some small adjustments in two categories:

- Notional Accounting Adjustments – specifically, these relate to “IAS19” Pensions adjustments, which are reversed out and required for technically accounting purposes only; and
- Business Plan Adjustments – the early results of the review have identified a need to make a limited number of adjustments based upon some changes to capital financing assumptions, relating especially to the re-profiled Housing Development programme (presented elsewhere on this agenda) and the use of the Major Repairs Reserve.

3.1.3 The impact on the budget is presented in the table below.



2021/22 Budget: HRA				
	Opening Budget (Council 25/02/21)	IAS19 Adjustments	Business Plan Adjustments	Adjusted Budget 1st October 2021
	£'s	£'s	£'s	£'s
Employees	4,959,471	- 563,428	-	4,396,043
Premises	3,320,015	-	-	3,320,015
Transport	67,602	-	-	67,602
Supplies & Services	821,663	35,710	-	857,373
Contracted Services	5,987,144	-	-	5,987,144
Support Services (GF Recharges)	3,988,330	-	-	3,988,330
Debt Management Expenses	56,500	-	-	56,500
Bad Debt Provision	91,000	-	- 2,000	89,000
Depreciation	8,782,000	-	-	8,782,000
<b>Total Expenditure</b>	<b>28,073,725</b>	<b>- 527,718</b>	<b>- 2,000</b>	<b>27,544,007</b>
Rental Income - Dwellings	- 33,349,344	-	- 77,656	- 33,427,000
Rental Income - Non-Dwellings	- 809,512	-	-	- 809,512
Fees and Charges (Charges for Services)	- 2,092,091	-	-	- 2,092,091
Other Contributions (Shared Amenities)	- 357,000	-	-	- 357,000
<b>Total Income</b>	<b>- 36,607,947</b>	<b>-</b>	<b>- 77,656</b>	<b>- 36,685,603</b>
<b>Net Cost of Service</b>	<b>- 8,534,222</b>	<b>- 527,718</b>	<b>- 79,656</b>	<b>- 9,141,596</b>
Interest Received	- 36,060	-	6,060	- 30,000
Financing Costs	6,125,000	-	- 387,000	5,738,000
Pension Interest / Return on Assets	652,000	- 652,000	-	-
<b>Net Operating Income</b>	<b>- 1,793,282</b>	<b>- 1,179,718</b>	<b>- 460,596</b>	<b>- 3,433,596</b>
<b>Appropriations:</b>				
IAS 19 Pension Adjustment	- 1,179,718	1,179,718	-	-
HRA Contribution to Capital	2,973,000	-	- 2,190,000	783,000
Contribution to/(from) Reserves				
<b>Total Appropriations</b>	<b>1,793,282</b>	<b>1,179,718</b>	<b>-2,190,000</b>	<b>783,000</b>
<b>In-Year (Surplus)/Deficit</b>	<b>0</b>			<b>-2,650,596</b>

3.1.4 The table above shows that (ignoring actual net spending in the year) the 2021/22 budget will record a surplus of £2.650 million due to the reduced need for Revenue Contributions to Capital; this will be used to help fund the 2022/23 Capital Programme (instead of 2021/22).

### 3.2 Medium-Term Financial Plan

3.2.1 The Adjusted Budget described in Section 3.1 above, has been used as the baseline for producing the MTFP for 2022/23 to 2026/27. The outcome is summarised in the table below.

Housing Revenue Account MTFP (@ October 2021)						
Description	Adjusted Budget	Estimated Budget	Estimated Budget	Estimated Budget	Estimated Budget	Estimated Budget
	1st October 2021	Requirement 2022/23	Requirement 2023/24	Requirement 2024/25	Requirement 2025/26	Requirement 2026/27
	£'s	£'s	£'s	£'s	£'s	£'s
Employees	4,396,043	4,455,088	4,617,540	4,783,668	4,927,179	5,074,994
Premises	3,320,015	3,456,809	3,525,945	3,596,464	3,668,393	3,741,761
Transport	67,602	68,954	70,333	71,740	73,175	74,638
Supplies & Services	857,373	943,166	962,030	981,270	1,000,896	1,020,914
Contracted Services	5,987,144	6,106,887	6,229,025	6,353,605	5,532,804	5,670,838
Support Services (GF Recharges)	3,988,330	4,578,097	4,697,128	4,819,253	4,944,554	5,069,855
Debt Management Expenses	56,500	58,000	59,000	60,000	61,000	62,000
Bad Debt Provision	89,000	92,000	97,000	102,000	108,000	109,000
Depreciation	8,782,000	8,958,000	9,137,000	9,320,000	9,506,000	9,696,000
<b>Total Expenditure</b>	<b>27,544,007</b>	<b>28,717,000</b>	<b>29,395,000</b>	<b>30,088,000</b>	<b>29,822,000</b>	<b>30,520,000</b>
Rental Income - Dwellings	- 33,427,000	- 34,883,000	- 36,844,000	- 38,763,000	- 40,934,000	- 41,405,000
Rental Income - Non-Dwellings	- 809,512	- 827,000	- 843,000	- 860,000	- 877,000	- 895,000
Fees and Charges (Charges for Services)	- 2,092,091	- 1,500,000	- 1,530,000	- 1,560,000	- 1,592,000	- 1,623,000
Other Contributions (Shared Amenities)	- 357,000	- 364,000	- 371,000	- 379,000	- 386,000	- 394,000
<b>Total Income</b>	<b>- 36,685,603</b>	<b>- 37,574,000</b>	<b>- 39,588,000</b>	<b>- 41,562,000</b>	<b>- 43,789,000</b>	<b>- 44,317,000</b>
<b>Net Cost of Service</b>	<b>- 9,141,596</b>	<b>- 8,857,000</b>	<b>- 10,193,000</b>	<b>- 11,474,000</b>	<b>- 13,967,000</b>	<b>- 13,797,000</b>
Interest Received	- 30,000	- 4,000	- 2,000	- 1,000	-	- 3,000
Financing Costs	5,738,000	5,595,000	6,186,000	6,730,000	6,952,000	6,991,000
<b>Net Operating Income</b>	<b>- 3,433,596</b>	<b>- 3,266,000</b>	<b>- 4,009,000</b>	<b>- 4,745,000</b>	<b>- 7,015,000</b>	<b>- 6,809,000</b>
<b>Appropriations:</b>						
HRA Contribution to Capital	783,000	6,021,000	4,011,000	4,745,000	7,017,000	4,891,000
Contribution to/(from) Reserves	0	0	0	0	0	0
<b>Total Appropriations</b>	<b>783,000</b>	<b>6,021,000</b>	<b>4,011,000</b>	<b>4,745,000</b>	<b>7,017,000</b>	<b>4,891,000</b>
<b>In-Year (Surplus)/Deficit</b>	<b>- 2,650,596</b>	<b>2,755,000</b>	<b>2,000</b>	<b>0</b>	<b>2,000</b>	<b>- 1,918,000</b>

3.2.2 There are a range of issues and assumptions underpinning the position presented in the table. These include:

- ***Inflation*** – consistency with the General Fund has been applied to inflationary assumptions (e.g. through a core 2.0% increase on expenditure). On Housing Rents, a 3.0% rent increase has been assumed throughout in accordance with the Rent Standard (Inflation + 1%); that assumption will be refined upon release of the September 2021 CPI rate. It should also be noted that 2025/26 is a 53 Week Rent Year, thus providing additional income
- ***Increased Budget Demand*** – in addition to inflation, some other miscellaneous budget pressures are embedded within the MTFP. Of immediate concern is lost income from the “Telecare” service (£268,740 in 2022/23 base budget), which is

now a free service provided by Essex County Council (this is currently impacting on the 2021/22 budget); and

- (Reduced) Budget Demand – there are also some positives to note. The development of the new HRA Business Plan has identified some improved assumptions for rental income (e.g. with new properties coming into the portfolio). It is also worth noting an assumed saving of £900,000 in the base budget for Housing Repairs with effect from 2025/26 (one of the deliverables included in the Qualis initiative).

3.2.3 It can be seen from the table that a deficit of £2.755 million is revealed in 2022/23, following an initial surplus of £2.651 million in 2021/22 (described above in Paragraph 3.1.4). The surplus virtually matches the deficit, so achieves stability over the two-year period.

3.2.4 The table also shows a relatively stable position from 2023/24 onwards, with a surplus of £1.918 million anticipated in 2016/17.

### 3.3 HRA Business Plan (“Fortress”)

3.3.1 The HRA Subsidy Determination 2011/12 introduced 30-year modelling for the first time as part of the move to the ‘self-financing’ regime for local authority housing in April 2012, with councils (who retained a housing stock) taking on debt in lieu of making subsidy payments to the Government.

3.3.2 As noted above in Paragraph 2.2, the Council’s existing 30-Year Business Plan, which assumes the repayment of debt in full, is now obsolete and does not support current Housing Development plans. The development of an updated Plan is therefore a priority and to that end, the Council is utilising “Fortress”.

3.3.3 The Fortress model is a forecasting and stress-testing HRA Business Plan model that provides local authorities with business plan results derived from the Council’s own housing data, with the ability to overlay scenarios and test sensitivity to change.

3.3.4 In simple terms, an HRA Business Plan considers the timing and expected amount of all sources of income and expenditure (both revenue and capital) in the HRA over a period of up to 40 years and, given a range of economic factors, will predict whether:

- The HRA can repay its loans as they fall due; and
- The HRA maintains a minimum level of revenue balances over the life of the plan.

3.3.5 The model takes account of the investment required to manage and maintain existing housing stock as well as that required to build and maintain new development. It can forecast likely income that from RTB sales and predict whether 1-4-1 receipts can be fully utilised within Government deadlines. It can also forecast the need for, and affordability of, additional borrowing to support the Capital Programme and other aspirational plans.

3.3.6 Once the Council’s HRA Business Plan has been agreed, Fortress can be used extensively for the purposes of scenario planning encompassing a range of “what ifs” about a wide range of economic factors.

- 3.3.7 Populating the model is a substantial undertaking, with a vast range of inputs required from budgets, reserves and loans, through to stock numbers, rent information and Housing Development plans. The Rent Module is especially comprehensive with the rent basis for all 6,382 social and affordable rented properties loaded into the model; the exercise has already flagged a range of anomalies that are being targeted for future improvement, which will increase technical compliance and drive additional income.
- 3.3.8 The Housing team are currently preparing more granular detail on the phasing of the Capital Works programme, which will allow further refinement of the figures. Of greater significance is the Stock Condition Survey which is currently in progress; once complete, the exercise will enhance the accuracy of the outputs from the model and will also enable the Plan to be extended from 30 to 40 years.
- 3.3.9 It is possible at this stage to draw some early conclusions. Based on current data on development and stock condition profiling, the HRA Business Plan should:
- Maintain the existing housing stock in accordance with lifecycle replacement costs (caveat – but the new Stock Condition Survey may provide different results), subject to smoothing of expected works over 2022/23, 2023/24 and 2024/25; and
  - Deliver a mixture of affordable rent and shared ownership properties by 2025/26, including:
    - New Build Properties (212 affordable rent units); and
    - Qualis Acquisitions (22 shared ownership, and 67 affordable rent units).
- 3.3.10 This can be achieved whilst maintaining a minimum HRA revenue balance of £2.0 million over 30 years, although to achieve the development programme, further borrowing will be needed to supplement the use of capital receipts, grants, 1-4-1 replacement receipts and revenue contributions. The plan will also require future loan refinancing to fund repayments totalling £120.0 million as they fall due. Borrowing is minimised through a range of measures including the use of the earmarked Self-Financing Reserve (£12.720 million as at 31/03/21) and the Major Repairs Reserve (£8.840 million as at 31/03/21). Peak debt of £240.980 million is forecast in Year 20.
- 3.3.11 Upon completion of detailed refinements, including further consultation with our Treasury Management advisors, Arlingclose and the incorporation of the results from the Stock Condition Survey, a new (40-Year) HRA Business Plan will be formally prepared and presented to scrutiny before proceeding to Cabinet for approval.

## **Report to the Cabinet**

**Report reference:** C-021-2021/22  
**Date of meeting:** 11th October  
2021



**Epping Forest  
District Council**

**Portfolio:** Finance, Qualis Client & Economic Development – Cllr Philip

**Subject:** Capital Programme Update 2022/23 to 2026/27

**Responsible Officer:** Andrew Small (01992 564278)

**Democratic Services:** Adrian Hendry (01992 564246)

---

### **Recommendations/Decisions Required:**

- 1) To note the contents of the report, including both the updated General Fund and Housing Revenue Account Capital Programmes (2022/23 to 2026/27) at Appendix A; and**
- 2) Discuss and agree actions required (in the context of the updated Medium-Term Financial Plan) for the further refinement of the Capital Programme as part of developing integrated draft budget proposals for further consideration by Cabinet in December 2021.**

### **Executive Summary:**

The Cabinet approved an updated Financial Planning Framework (2022/23 to 2026/27) at its meeting on 13th September 2021 and committed to receiving and considering an updated Capital Programme for 2022/23 to 2026/27. This provides essential context and is a key part of early budget preparations for 2022/23.

The updated (indicative) Capital Programme is in two parts and comprises total investment of £277.834 million (General Fund £107.537 million, Housing Revenue Account £170.297 million) over the five-year period 2022/23 to 2026/27.

The purpose of this report is to present and provide context for consideration by Members – alongside the Medium-Term Financial Plans (for both the General Fund and Housing Revenue Account) – an indicative draft Capital Programme for 2022/23 to 2026/27.

### **General Fund Capital: Updated Summary (Indicative only)**

Based on available intelligence at 30th September 2021, the 2021/22 Capital Programme has been re-profiled, with savings removed and indicative growth added (based on initial feedback from service areas). This results in an indicative General Fund Capital Programme totalling £107.537 million, which is summarised by service area in the table below.

<b>Draft General Fund Capital Programme 2022/23 to 2026/27: Service Analysis</b>						
<b>Service</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>Total</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Community & Wellbeing	1,440	0	0	0	0	<b>1,440</b>
Commercial & Technical	17,937	13,551	1,061	1,131	1,046	<b>34,727</b>
Corporate Services	3,134	1,179	1,064	1,219	1,024	<b>7,620</b>
Housing (General Fund)	300	300	300	300	300	<b>1,500</b>
Place	250	0	0	0	0	<b>250</b>
Qualis	25,000	37,000	0	0	0	<b>62,000</b>
<b>Totals</b>	<b>48,061</b>	<b>52,030</b>	<b>2,475</b>	<b>2,650</b>	<b>2,370</b>	<b>107,537</b>

The largest area of growth is the ICT Strategy, with emerging spending pressures (as presented to Stronger Council Select Committee in April 2021) being provisionally included.

Members should note that growth items are indicative only at this point (rather than representing budget proposals), and the views of Cabinet are sought at this stage to help enable the development of firmer proposals for inclusion in the initial draft budget in December 2021.

Housing Revenue Account: Updated Summary (Indicative only)

The updated Programme totals £170.297 million and is summarised in the table below.

<b>Draft HRA Capital Programme 2022/23 to 2026/27</b>						
<b>Description</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>Total</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Housing Development Programme	26,053	28,481	11,536	6,674	0	<b>72,744</b>
Capital Works	16,553	23,816	24,140	13,720	13,993	<b>92,222</b>
Other Housing Schemes	2,759	624	637	649	662	<b>5,331</b>
<b>Totals</b>	<b>45,365</b>	<b>52,921</b>	<b>36,313</b>	<b>21,043</b>	<b>14,655</b>	<b>170,297</b>

The Programme is dominated by Housing Development (£72.744 million over 4 years) and routine Capital Works (£92.222 million over 5 years).

The Housing Development Programme includes both New Build Properties and Qualis Acquisitions. There has been an upturn in demand for capital investment resources for Capital Works in the light of updated lifecycle assumptions for Gas Boilers and Flat Roofs.

The next stage in the process will see the assumptions and projections in both the General Fund and HRA Capital Programmes further refined in accordance with the direction provided by Cabinet and emerging intelligence. This will include making the necessary adjustments to the 'capital consequences' assumed in revenue budgets.

#### **Reasons for Proposed Decision:**

To provide an updated (initial) draft Capital Programme for the Cabinet's consideration, to allow discussion and direction in the further development of the Programme in order to balance the need to deliver on the Council's corporate priorities, whilst maintaining a balanced budget and achieving long-term financial sustainability.

#### **Legal and Governance Implications:**

The Council has a legal duty under the Local Government Finance Act 1992 to set a balanced budget. The revenue-related financial implications of the capital expenditure plans presented, are embedded in the draft Medium-Term Financial Plans (2022/23 to 2026/27).

#### **Safer, Cleaner and Greener Implications:**

The Capital Programme forms a key part of the Council's commitment to a 'Safer, Cleaner and Greener' (SCG) district. Most notably the General Fund Programme includes an allocation of £500,000 towards Environmental Projects over the two-year period 2021/22 to 2022/23. The Housing Revenue Account Capital Programme also includes many SCG features including a range of environmentally friendly features within the planned Housebuilding Programme.

#### **Consultation Undertaken:**

The potential capital investment opportunities available to the Council are a key consideration in developing policy and strategy, that is informed by the public consultation process. Both the General Fund and Housing Revenue Account capital programmes are purposely focussed around the delivery of the Council's Corporate Plan 2018-2023 and its three core ambitions of Stronger Communities, Stronger Place and Stronger Council.

#### **Background Papers:**

None.

#### **Risk Management:**

The consideration of risk will form an integral part of the development of the proposals in the report. In particular, the Capital Programme is based on a series of estimates and assumptions that are informed by varying forms of intelligence (some certain, some uncertain); that process, including any residual risk in the decision-making process will be clearly indicated.

This page is intentionally left blank



## Draft Capital Programme 2022/23 to 2026/27

**GENERAL FUND***October 2021***1. Background and Introduction**

- 1.1 The Capital Programme plays a vital part in the delivery of the Council's Corporate Plan, since long-term investment is required to deliver many of the objectives in the Plan. The draft Capital Programme presented is a rolling five-year programme. It updates the five-year Programme adopted by the Council in February 2021 and takes account of spending and other developments up to 30th September 2021 (i.e. the "Quarter 2" position for 2021/22).
- 1.2 The updated Capital Programme is in two parts and comprises total investment of £277.834 million (General Fund £107.537 million, Housing Revenue Account £170.297 million) over the five-year period 2022/23 to 2026/27.
- 1.3 The purpose of this report is to present and provide context for consideration by Members – alongside the Medium-Term Financial Plans (for both the General Fund and Housing Revenue Account) – an initial draft Capital Programme for 2022/23 to 2026/27.

**2. General Fund Capital Programme 2022/23 to 2026/27 (Annex 1)***General Fund Capital: Budget Growth*

- 2.1 A review of progress against the 2021/22 Capital Programme and initial discussions with senior officers has identified a range of growth items. This includes rolling the current Programme forward by a further year into 2026/27. The items are summarised in the table below.

<b>General Fund: Proposed Capital Growth Items (@ October 2021)</b>					
<b>Description</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£'s</b>	<b>£'s</b>	<b>£'s</b>	<b>£'s</b>	<b>£'s</b>
Highway Ranger Vehicle & Equipment	50,000	0	0	0	0
Disabled Facilities Grants	-300	-300	-300	-300	971,210
ICT General Schemes	18,980	93,000	93,000	93,000	93,000
ICT Strategy	1,994,930	1,086,000	971,000	1,126,000	931,000
Investment Properties (Planned Works)	225,000	225,000	225,000	225,000	250,000
Operational Properties (Planned Works)	21,220	50,000	50,000	50,000	50,000
CCTV Replacement	0	0	0	130,000	45,000
Vehicle & Plant Replacements	0	0	0	0	30,000
<b>Increased/(Reduced) Budget Demand</b>	<b>2,309,830</b>	<b>1,453,700</b>	<b>1,338,700</b>	<b>1,623,700</b>	<b>2,370,210</b>

- 2.2 The table above shows an initial overall growth need of £9.096 million over five years (including £2.372 million in 2026/27), although it should be noted that spending on Disabled Facilities Grants is funded by a Government grant.

- 2.3 The largest element in the table above is the ICT Strategy; emerging spending pressures (as presented to Stronger Council Select Committee in April 2021) have been provisionally included. This includes the migration of several applications to 'Software as a Service'. Some applications are already in the process of being migrated, such as Planning, Local Land Charges, Grounds Maintenance and BACS processing, with others being considered for future financial years. The proposals also include moving other applications to hosted solutions with the supplier or migrating (as part of the datacentre) to Azure.
- 2.4 Investment is also proposed to the remaining on-site infrastructure to ensure it is fit for purpose while the migration to the Cloud happens. Full migration would take 2 to 3 years, and significant network changes would be required to facilitate the new Cloud-based way of working.
- 2.5 Members should note that growth items are indicative only at this point (rather than representing budget proposals), and the views of Cabinet are sought at this stage to help enable the development of firmer proposals for inclusion in the initial draft budget in December 2021.

General Fund Capital: Updated Summary

- 2.6 Based on available intelligence at 30th September 2021, the 2021/22 Capital Programme has been re-profiled, with Savings (CCTV and Disabled Facilities Grants) removed and Growth (above) added. This results in an updated General Fund Capital Programme totalling £107.537 million, which is summarised by service area in the table below.

<b>Draft General Fund Capital Programme 2022/23 to 2026/27: Service Analysis</b>						
<b>Service</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>Total</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Community & Wellbeing	1,440	0	0	0	0	<b>1,440</b>
Commercial & Technical	17,937	13,551	1,061	1,131	1,046	<b>34,727</b>
Corporate Services	3,134	1,179	1,064	1,219	1,024	<b>7,620</b>
Housing (General Fund)	300	300	300	300	300	<b>1,500</b>
Place	250	0	0	0	0	<b>250</b>
Qualis	25,000	37,000	0	0	0	<b>62,000</b>
<b>Totals</b>	<b>48,061</b>	<b>52,030</b>	<b>2,475</b>	<b>2,650</b>	<b>2,370</b>	<b>107,537</b>

- 2.7 The individual schemes in the table above include the following:

- **Community and Wellbeing (£1.440 million)** – the Museum and Library Joint Facility at Waltham Abbey is the sole capital scheme within the Community and Wellbeing Service. Cabinet approved total funding for the scheme of £1.54 million in December 2020 and preliminary work has been completed to get the project to "RIBA Stage 2". However, the project is currently paused due to wider conversations with the Library and other partners about a coherent community hub approach to service delivery across the district which can be underpinned both by the community hub based at the Civic Offices and any future community hub born out of a partnership to combine both the Museum and Library in Waltham Abbey.

- **Commercial and Technical (£34.727 million)** – the Commercial and Technical service is leading on seven separate schemes, which are dominated by four in particular:
  - Cartersfield Road (£2.414 million) – the scheme – approved by Cabinet in February 2021 – entails the redevelopment of a group of Council-owned industrial warehouse units, situated in Cartersfield Road, Waltham Abbey. The spending included in the adopted Capital Programme, is partly funded by an insurance receipt received in relation to a previous fire at the site
  - Epping Leisure Facility (£24.931 million) – the new Epping Leisure Facility is the single largest scheme included in the Programme. The scheme will see the development of a replacement leisure facility for the existing (and aging) leisure facility as well as the construction of a multi-story car park. Cabinet approved the addition of this scheme to the draft Capital Programme at its meeting on 21st January 2021. A full business case – including detailed costings – is being developed for further consideration by Scrutiny and approval by Cabinet before the scheme progresses to development; preliminary costs of £68,970 have been incurred as at 30th September 2021
  - Disabled Facilities Grants (£4.856 million) – the Epping Forest District Council allocation for Disabled Facilities Grants in 2021/22 was £971,213 (£297 above February 2021 estimate). There is currently no indication of future allocations. It is therefore that the Council will receive the same amount – without uplift – from 2022/23 onwards
  - Investment Property Acquisition Fund (£1.118 million) – it is estimated that the Council will have £1.118 million left of the original £30.0 million allocation for investment in commercial properties, available for roll forward into 2022/23. Spending of £1.035 million has so far been incurred in 2021/22, following the acquisition of some commercial leases on properties situated in Brooker Road, Waltham Abbey.
- **Corporate Services (£7.620 million)** – planned spending covers the Council's ICT capital investment needs (predominantly the new ICT Strategy) as explained in Paragraphs 2.3 and 2.4 above
- **Housing (Property Services) (£1.500 million)** – the future capital needs of the Commercial and Operational Property portfolios are currently the subject of a detailed review as the Council develops a new Asset Management Plan (AMP). The overall provision in the Capital Programme of £1.5 million therefore represents a 'placeholder' in the Council's funding plans and any spending will require justification and approval by scrutiny and Cabinet
- **Place (£0.250 million)** – there is the second year of the planned capital investment of £0.5 million on Environmental Projects over the two-year period 2021/22 and 2022/23. The is being used for projects identified in the Green Infrastructure Strategy and as a result of the Climate Change consultation. Project plans for two initiatives are well advanced and will be considered by Cabinet shortly; and

- **Qualis (£62.0 million)** – this is the balance on the previously agreed £98.0 million Regeneration Finance Loans (including the recently extended loan facility of £35.0 million approved by Cabinet in July 2021). The first advance of £6.0 million was made in March 2021, with further advances of £30.0 million anticipated in 2021/22 at this stage. The loans are a key enabler in the delivery of the Council’s regeneration priorities in the district through Qualis; the Council will receive a revenue margin on the loan, which is available to support general spending and minimise Council Tax increases.

### 3. Housing Revenue Account Capital Programme 2022/23 to 2026/27 (*Annex 2*)

- 3.1 The Housing Revenue Account Capital Programme has been updated as at 30th September 2021. As explained in the Medium-Term Financial Plan presented elsewhere on this evening’s agenda, the process has – for the first time – been informed using the Council’s new HRA Business Plan model (“Fortress”). This has resulted in a significant re-profiling exercise entailing – especially – the re-scheduling of the Housing Development Programme based on latest available intelligence and significantly increasing investment in Capital Works to reflect lifecycle changes in certain building components. The updated Programme totals £170.297 million and is summarised in the table below.

Draft HRA Capital Programme 2022/23 to 2026/27						
Description	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£000’s	£000’s	£000’s	£000’s	£000’s	£000’s
Housing Development Programme	26,053	28,481	11,536	6,674	0	<b>72,744</b>
Capital Works	16,553	23,816	24,140	13,720	13,993	<b>92,222</b>
Other Housing Schemes	2,759	624	637	649	662	<b>5,331</b>
<b>Totals</b>	<b>45,365</b>	<b>52,921</b>	<b>36,313</b>	<b>21,043</b>	<b>14,655</b>	<b>170,297</b>

- 3.2 The Programme is dominated by the Housing Development Programme and routine Capital Works:

- **Housing Development Programme (£72.744 million)** – the Housing Development Programme includes a combination of (direct) Housebuilding and Acquisitions from Qualis. Thus:
  - *Housebuilding (£52.018 million)* – this is expected to deliver a mixture of affordable rent and shared ownership properties by 2025/26, including New Build Properties (212 affordable rent units) and Qualis Acquisitions (22 shared ownership, and 67 affordable rent units); and
  - *Qualis Acquisitions (£20.726 million)* – the Development Programme also includes the planned acquisition of 89 affordable rent and shared ownership properties across five different sites; St. Johns (46), Conder (11), Hemnall Street (10), Roundhills (7) and Pyrles Lane (15). The sites are currently owned by the Council but are shortly to be sold to Qualis.

- **Capital Works (£92.222 million)** – planned Capital Works (which includes works on Windows, Doors, Roofing, Kitchens, Bathrooms etc.) over the five-year period average out at £18.444 million annually. This contrasts with annual budgets of £9.592 million and £11.970 million in 2020/21 and 2021/22 respectively. The increase reflects a reversal in lifecycle assumptions previously applied to a range of capital items; most notably this applies to Gas Boilers where lifecycles were previously extended from 15 to 20 years, which have now reverted back to 15 years, which triggered a backlog capital investment requirement of £10.716 million. The same position applies to Flat Roofs (backlog cost £7.010 million).

3.3 Members should note that the data in the Fortress model is still being refined, with Housing officers currently working on two very important initiatives:

- **Phasing of Capital Works** – initial work by Housing officers identified a peak investment need of £35.0 million in 2022/23. The delivery of the associated works exceeds capacity and would trigger an excessive need for the use of sub-contractors (potentially resulting in reduced value for money). This has resulted in the need to smooth delivery over a more realistic three-year period; the initial assumption is that this will happen on a straight line basis, but – at the time of preparing this report – officers are now re-analysing the detail with a view to improving efficiency and value for money through the implementation of a more sophisticated delivery plan; and
- **Stock Condition** – it has been several years since the Council's Housing Stock was the subjected on an independent (and comprehensive) Stock Condition Survey (SCS). For that reason, an independent has been commissioned and is in progress. Once complete, the outputs from that exercise will allow a more accurate and focussed assessment of the Council's need for capital investment in its stock.

## General Fund Capital Programme 2022/23 to 2026/27

## FIRST DRAFT

Directorate	Service	Scheme	DRAFT MTFP 2022/23 to 2026/27 (@ October 2021)					Total MTFP 22/23 to 26/27
			2022/23 Updated	2023/24 Updated	2024/25 Updated	2025/26 Updated	2026/27 New (Proposed)	
			£'s	£'s	£'s	£'s	£'s	
<b>Community &amp; Wellbeing</b>	Waltham Abbey Hub	Joint Museum and Library Facility	1,440,000	-	-	-	-	1,440,000
		<b>Sub-Totals</b>	<b>1,440,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,440,000</b>
<b>Commercial &amp; Technical</b>	Asset Management	Cartersfield Road	2,413,860	-	-	-	-	2,413,860
		Investment Property Acquisition Fund	1,118,120	-	-	-	-	1,118,120
		Civic Offices Accommodation Project (works)	-	-	-	-	-	-
	Community Safety	CCTV Replacement Programme	140,000	50,000	60,000	130,000	45,000	425,000
		Superfast Broadband (REFCuS)	350,000	-	-	-	-	350,000
	Contract Management	Epping Leisure Facility	12,431,030	12,500,000	-	-	-	24,931,030
		Ongar Leisure Centre	-	-	-	-	-	-
	Fleet Operations	Vehicle Fleet Replacement	383,000	-	-	-	-	383,000
		Highway Ranger Vehicle & Equipment	50,000	-	-	-	-	50,000
		Road Network	-	-	-	-	-	-
	Grounds Maintenance	Vehicle and Plant Replacements	30,000	30,000	30,000	30,000	30,000	150,000
	North Weald Airfield	NWA Preparations Phase 1	50,000	-	-	-	-	50,000
Regulatory (PH Grants)	Disabled Facilities Grants	971,210	971,210	971,210	971,210	971,210	4,856,050	
	<b>Sub-Totals</b>	<b>17,937,220</b>	<b>13,551,210</b>	<b>1,061,210</b>	<b>1,131,210</b>	<b>1,046,210</b>	<b>34,727,060</b>	
<b>Corporate Services</b>	ICT	ICT General Schemes	141,000	93,000	93,000	93,000	93,000	513,000
	ICT	ICT Strategy	2,992,750	1,086,000	971,000	1,126,000	931,000	7,106,750
	ICT	Civic Offices Accommodation Project (ICT)	-	-	-	-	-	-
	<b>Sub-Totals</b>	<b>3,133,750</b>	<b>1,179,000</b>	<b>1,064,000</b>	<b>1,219,000</b>	<b>1,024,000</b>	<b>7,619,750</b>	
<b>Housing (Property Services)</b>	Facilities Management	Investment Properties (Planned Works)	250,000	250,000	250,000	250,000	250,000	1,250,000
	Facilities Management	Oakwood Hill Depot extension (trf from HRA)	-	-	-	-	-	-
	Facilities Management	Operational Properties (Planned Works)	50,000	50,000	50,000	50,000	50,000	250,000
	<b>Sub-Totals</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>1,500,000</b>	
<b>Place</b>	Climate Change	Environmental Projects	250,000	-	-	-	-	250,000
		<b>Sub-Totals</b>	<b>250,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>250,000</b>
<b>Qualis</b>	Capital Investments	Asset Purchase Loan	-	-	-	-	-	-
		Regeneration Finance Loans	25,000,000	37,000,000	-	-	-	62,000,000
		<b>Sub-Totals</b>	<b>25,000,000</b>	<b>37,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62,000,000</b>
<b>Annual Totals</b>			<b>48,060,970</b>	<b>52,030,210</b>	<b>2,425,210</b>	<b>2,650,210</b>	<b>2,370,210</b>	<b>107,536,810</b>

## Housing Revenue Account Capital Programme 2022/23 to 2026/27

## FIRST DRAFT

Schemes	DRAFT MTFP 2022/23 to 2026/27 (@ October 2021)					
	2022/23 Updated	2023/24 Updated	2024/25 Updated	2025/26 Updated	2026/27 New (Proposed)	Total MTFP 22/23 to 26/27
	£'s	£'s	£'s	£'s	£'s	£'s
<b>Housing Development Programme</b>						
Housebuilding	15,591,810	20,539,660	9,513,240	6,373,460	0	52,018,170
Open Market Acquisitions	0	0	0	0	0	0
Qualis Acquisitions	10,461,190	7,941,340	2,022,760	300,540	0	20,725,830
<b>Sub-Totals</b>	<b>26,053,000</b>	<b>28,481,000</b>	<b>11,536,000</b>	<b>6,674,000</b>	<b>0</b>	<b>72,744,000</b>
<b>Capital Works</b>						
Heating	3,193,720	5,281,200	4,649,520	2,499,160	2,549,730	18,173,330
Windows, Door and Roofing	3,100,980	5,127,840	5,379,110	2,891,320	2,948,700	19,447,950
Compliance Planned Maintenance	1,209,570	2,000,160	2,098,170	1,127,780	1,150,160	7,585,840
Kitchens & Bathrooms (inc void al	3,004,320	4,968,000	5,211,440	2,801,190	2,856,780	18,841,730
Electrical	3,121,880	3,559,680	3,824,750	2,055,830	2,096,630	14,658,770
Sprinklers	130,620	216,000	226,580	121,790	124,210	819,200
Environmental	525,100	868,320	910,870	489,600	499,320	3,293,210
Structural works	1,428,000	832,000	849,000	866,000	883,000	4,858,000
Disabled adaptations	459,000	468,000	478,000	487,000	497,000	2,389,000
Asbestos Removal	169,810	280,800	294,560	158,330	161,470	1,064,970
Estate Improvements	210,000	214,000	218,000	222,000	226,000	1,090,000
<b>Sub-Totals</b>	<b>16,553,000</b>	<b>23,816,000</b>	<b>24,140,000</b>	<b>13,720,000</b>	<b>13,993,000</b>	<b>92,222,000</b>
<b>Other Housing Schemes</b>						
Service Enhancements	2,759,000	624,000	637,000	649,000	662,000	5,331,000
<b>Sub-Totals</b>	<b>2,759,000</b>	<b>624,000</b>	<b>637,000</b>	<b>649,000</b>	<b>662,000</b>	<b>5,331,000</b>
<b>Total Expenditure</b>	<b>45,365,000</b>	<b>52,921,000</b>	<b>36,313,000</b>	<b>21,043,000</b>	<b>14,655,000</b>	<b>170,297,000</b>

This page is intentionally left blank