



Finance and Performance Management Cabinet Committee Thursday, 13th November, 2014

You are invited to attend the next meeting of **Finance and Performance Management Cabinet Committee**, which will be held at:

**Combined Committee Rooms 1 & 2 - Civic Offices
on Thursday, 13th November, 2014
at 7.00 pm .**

**Glen Chipp
Chief Executive**

**Democratic Services
Officer**

Rebecca Perrin, The Office of the Chief Executive
Tel: 01992 564532 Email:
democraticservices@eppingforestdc.gov.uk

Members:

Councillors Ms S Stavrou (Chairman), A Lion, J Philip, D Stallan and C Whitbread

PLEASE NOTE THE START TIME OF THIS MEETING

BUSINESS

1. APOLOGIES FOR ABSENCE

2. DECLARATIONS OF INTEREST

(Director of Governance) To declare interests in any item on this agenda.

3. MINUTES

To confirm the minutes of the last meeting of the Committee held on 18 September 2014 (previously circulated).

**4. KEY PERFORMANCE INDICATORS 2014/15 - QUARTER 2 PERFORMANCE
(Pages 5 - 10)**

(Director of Governance) To consider the attached report (FPM-011-2014/15).

5. ANNUAL AUDIT LETTER (Pages 11 - 22)

(Director of Resources) To consider the attached report (FPM-012-2014/15).

6. MID-YEAR TREASURY REPORT (Pages 23 - 42)

(Director of Resources) To consider the attached report (FPM-013-2014/15).

7. SECOND QUARTER FINANCIAL MONITORING (Pages 43 - 64)

(Director of Resources) To consider the attached report (FPM-014-2014/15)

8. FEES & CHARGES (Pages 65 - 78)

(Director of Resources) To consider the attached report (FPM-015-2014/15).

9. GROWTH LISTS (Pages 79 - 86)

(Director of Resources) To consider the attached report (FPM-016-2014/15).

10. SAVINGS SUGGESTIONS (Pages 87 - 114)

(Director of Resources) To consider the attached report (FPM-017-2014/15).

11. 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):

| Agenda Item No | Subject | Exempt Information Paragraph Number |
|-----------------------|-----------------------------------|--|
| 12 | Saving Suggestions (continued) | 3 |

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.

Confidential Items Commencement: Paragraph 9 of the Council Procedure Rules contained in the Constitution require:

- (1) All business of the Council requiring to be transacted in the presence of the press and public to be completed by 10.00 p.m. at the latest.
- (2) At the time appointed under (1) above, the Chairman shall permit the completion of debate on any item still under consideration, and at his or her discretion, any other remaining business whereupon the Council shall proceed to exclude the public and press.
- (3) Any public business remaining to be dealt with shall be deferred until after the completion of the private part of the meeting, including items submitted for report rather than decision.

Background Papers: Paragraph 8 of the Access to Information Procedure Rules of the Constitution 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 (as defined in Rule 10) and in respect of executive reports, the advice of any political advisor.

Inspection of background papers may be arranged by contacting the officer responsible for the item.

12. SAVING SUGGESTIONS (CONTINUED) (Pages 115 - 118)

(Director of Resources) To consider the restricted appendix to (FPM-017-2014/15).

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**Report to: Finance and Performance
Management Cabinet Committee**

**Report Reference: FPM-011-2014/15
Date of Meeting: 13 November 2014**

Portfolio: Governance and Development Management

Subject: Key Performance Indicators 2014/15 - Quarter 2 Performance

Officer contact for further information: B Copson (01992 564042)

Democratic Services Officer: R. Perrin (01992 564470)

Recommendations/Decisions Required:

That the Committee review second quarter performance in relation to the key performance indicators for 2014/15.

Executive Summary:

1. Pursuant to the Local Government Act 1999, the Council is required to make arrangements to secure continuous improvement in the way in which its functions and services are exercised, having regard to a combination of economy, efficiency and effectiveness.
2. As part of its approach to the continuous improvement duty, a range of Key Performance Indicators (KPI) relevant to the authority's services and key objectives are adopted each year. Performance against the KPIs is reviewed on a quarterly basis, and has previously been an inspection theme in external judgements of the Council's overall progress.

Reasons for Proposed Decision:

3. The KPIs provide an opportunity for the Council to focus attention on how specific areas for improvement will be addressed, and how opportunities will be exploited and better services and outcomes delivered..
4. A number of KPIs are used as performance measures for the authority's key objectives. It is important that relevant performance management processes are in place to review and monitor performance against key objectives and indicators, to ensure their continued achievability and relevance, and to identify and implement appropriate corrective action in areas of slippage or under-performance.

Other Options for Action:

5. No other options are appropriate in this respect. Failure to review and monitor KPI performance and to identify corrective action where necessary could have negative implications for judgements made about the Council's progress, and might mean that opportunities for improvement were lost. The Council has previously agreed arrangements for reviewing performance against the KPIs.

Report:

Key Performance Indicators 2014/15

6. A range of thirty-six Key Performance Indicators (KPI) for 2014/15 was adopted by the Committee in March 2014. The KPIs are important to the improvement of the Council's services and the achievement of its key objectives, and comprise a combination of former statutory indicators and locally determined performance measures. The aim of the KPIs is to direct improvement effort towards services and the national priorities and local challenges arising from the social, economic and environmental context of the district, that are the focus of the key objectives.
7. Progress in respect of each of the KPIs is reviewed by the relevant Portfolio Holder, Management Board, and overview and scrutiny at the conclusion of each quarter. In order to enhance the value of the on-going review of KPI performance, no indicators are subject to scrutiny or performance reporting at year-end only.
8. Improvement plans are produced for all of the KPIs each year, setting out actions to be implemented in order to achieve target performance, and to reflect changes in service delivery. In view of the corporate importance attached to the KPIs, the improvement plans are agreed by Management Board and are also subject to ongoing review between the relevant service director and Portfolio Holder over the course of the year.
9. As part of the overview and scrutiny review undertaken in 2013/14, changes have been made to arrangements for the quarterly review of KPI performance. With effect from the current municipal year, the existing scrutiny panels (Finance and Performance Management, Housing, Planning Services, Safer, Greener, Cleaner) are now each responsible for the review of quarterly performance against specific KPIs within their areas of responsibility, rather than all indicators being considered by the Finance and Performance Management Scrutiny Panel as previously.
10. The overall position with regard to the achievement of target performance for all of the KPIs at the end of the second quarter (to 30 September 2014) of the year, was as follows:
 - (a) 25 (69%) indicators achieved the cumulative second quarter target;
 - (b) 11 (30%) indicators did not achieve the cumulative second-quarter target, although 2 (5%) of these performed within the agreed tolerance for the indicator; and
 - (c) 30 (83%) indicators are currently anticipated to achieve the cumulative year-end target.
11. A headline second quarter KPI performance report for 2014/15 is attached for the consideration of the Committee as Appendix 1 to this agenda. Detailed performance reports in respect of each of the KPIs will be considered by the individual scrutiny panels during the current cycle of meetings.
12. The 'amber' performance status used in the KPI report identifies those indicators that missed the agreed target for the year, but where outturn performance was within an agreed tolerance or range. The KPI tolerances were agreed by Management Board when targets for the KPIs were set in February 2014, or were subsequently confirmed with the appropriate service directors.
13. The Committee is requested to note second quarter performance in relation to the KPIs for 2014/15. Any matters raised by the Committee in respect of specific current KPI performance, will be reported to the appropriate scrutiny panel.

Resource Implications:

Resource requirements for actions to achieve specific KPI performance for 2014/15 will have been identified by the responsible service director/chief officer and reflected in the budget for the year.

Legal and Governance Implications:

There are no legal or governance implications arising from the recommendations of this report. Relevant implications arising from actions to achieve specific KPI performance for 2014/15 will have been identified by the responsible service director/chief officer.

Safer, Cleaner, Greener Implications:

There are no implications arising from the recommendations of this report in respect of the Council's commitment to the Climate Local Agreement, the corporate Safer, Cleaner, Greener initiative, or any crime and disorder issues within the district. Relevant implications arising from actions to achieve specific KPI performance for 2014/15 will have been identified by the responsible service director/chief officer.

Consultation Undertaken:

The performance information and targets set out in this report have been submitted by each appropriate service director and have been reviewed by Management Board. The individual KPI improvement plans for 2014/15 will be agreed by the Board.

Background Papers:

Second-quarter KPI submissions held by the Performance Improvement Unit. KPI calculations and supporting documentation held by respective service directorates

Impact Assessments:***Risk Management***

There are no risk management issues arising from the recommendations of this report. Relevant issues arising from actions to achieve specific KPI performance for 2014/15 will have been identified by the responsible service director/chief officer.

Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

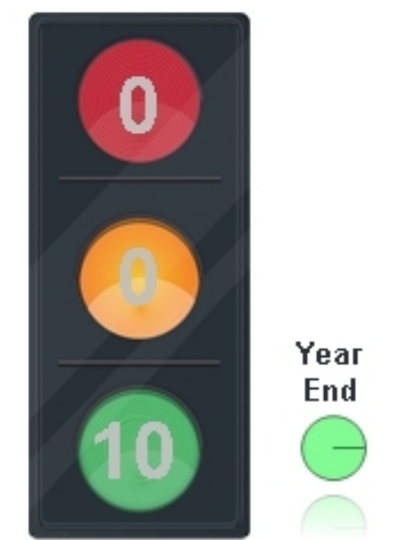
S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

| Date/Officer | Summary of equality analysis |
|----------------------------------|---|
| 31 October 2014 B. Copson | <p>An overriding aim of the KPIs is to improve performance and services, and outcomes for customers.</p> <p>There are no equality implications arising from the specific recommendations of this report.</p> <p>Equality implications arising from actions to achieve specific KPI performance will have been identified and considered by the responsible service director or chief officer.</p> |

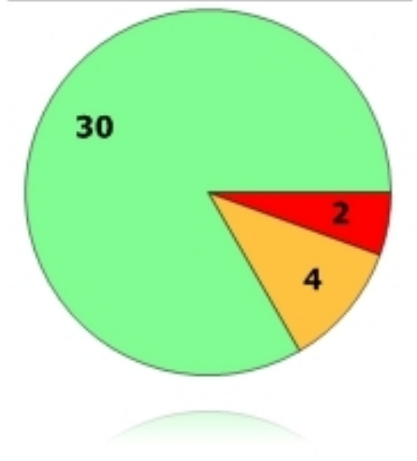
Overall summary of KPIs achieving target



Communities Directorate



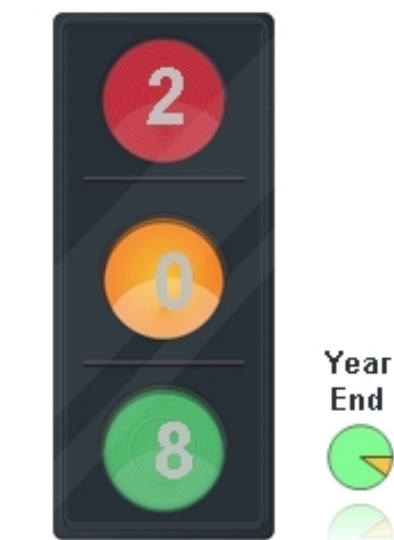
Predicted Level of Year End Target Achievement (All KPIs)



Governance Directorate



Neighbourhoods Directorate



Resources Directorate



Headlines - Reflecting on our performance

Q2 2014/15
 25 out of 36 Key Performance Indicators have achieved target in Q2, representing 69% of the full set.

Of the 11 KPIs missing their target 2 missed within their tolerated amber margin.

5 KPIs that had missed their target in Q1 achieved target in Q2.

2 KPIs that achieved target in Q1 now missed their target in Q2

| Quarterly Indicators | | Quarter 1 | | Quarter 2 | | Quarter 3 | | Quarter 4 | | Is year-end target likely to be achieved? |
|--------------------------------------|--------------------------------|-----------|---------|-----------|--------|-----------|--------|-----------|--------|---|
| | | Tgt | Actual | Tgt | Actual | Tgt | Actual | Tgt | Actual | |
| Communities Quarterly KPIs | | | | | | | | | | |
| COM001 | (Housing rent) (%) | 96.00% | 94.66% | | 96.00% | 96.09% | | 96.00% | 96.00% | Yes |
| COM002 | (Void re-lets) (days) | 37.0 | 39.0 | | 37.0 | 34.0 | | 37.0 | 37.0 | Yes |
| COM003 | (Tenant satisfaction) (%) | 98.00% | 99.00% | | 98.00% | 100.0... | | 98.00% | 98.00% | Yes |
| COM004 | (Temp. accommodation) (no.) | 65 | 51 | | 65 | 47 | | 65 | 65 | Yes |
| COM005 | (Non-decent homes) (%) | 0.00% | 0.00% | | 0.00% | 0.00% | | 0.00% | 0.00% | Yes |
| COM006 | (Modern Homes Std) (%) | 825 | 1,244 | | 1,650 | 2,204 | | 2,475 | 3,300 | Yes |
| COM007 | (Emergency repairs) (%) | 99% | 99% | | 99% | 99% | | 99% | 99% | Yes |
| COM008 | (Responsive repairs) (days) | 7.0 | 7.7 | | 7.0 | 7.0 | | 7.0 | 7.0 | Yes |
| COM009 | (Emergency repairs) (%) | 98% | 99% | | 98% | 98% | | 98% | 98% | Yes |
| COM010 | (Calls to Careline) (%) | 97.5% | 99.7% | | 97.5% | 99.7% | | 97.5% | 97.5% | Yes |
| Governance Quarterly KPIs | | | | | | | | | | |
| GOV001 | (Website Satisfaction) (Stars) | 3.0 | 2.7 | | 3.0 | 2.5 | | 3.0 | 30.0 | Yes |
| GOV002 | (Commercial rent arrears) (%) | 3.00% | 4.73% | | 3.00% | 4.86% | | 3.00% | 3.00% | No |
| GOV003 | (Commercial premises let) (%) | 98.00% | 97.97% | | 98.00% | 97.63% | | 98.00% | 98.00% | Yes |
| GOV004 | (Major planning) (%) | 75.00% | 100.00% | | 75.00% | 100.0... | | 75.00% | 75.00% | Yes |
| GOV005 | (Minor planning) (%) | 90.00% | 95.83% | | 90.00% | 92.90% | | 90.00% | 90.00% | Yes |
| GOV006 | (Other planning) (%) | 94.00% | 95.90% | | 94.00% | 95.62% | | 94.00% | 94.00% | Yes |
| GOV007 | (Appeals - officers) (%) | 19.00% | 18.20% | | 19.00% | 22.22% | | 19.00% | 19.00% | Yes |
| GOV008 | (Appeals - members) (%) | 50.00% | 66.67% | | 50.00% | 54.55% | | 50.00% | 50.00% | Uncertain |
| Neighbourhoods Quarterly KPIs | | | | | | | | | | |
| NEI001 | (Non-recycled waste) (kg) | 101 | 98 | | 199 | 196 | | 298 | 400 | Yes |
| NEI002 | (Household recycling) (%) | 60.95% | 63.00% | | 62.03% | 61.00% | | 61.02% | 60.00% | Uncertain |
| NEI003 | (Litter) (%) | 8% | 2% | | 8% | 8% | | 8% | 8% | Yes |
| NEI004 | (Detritus) (%) | 10% | 7% | | 10% | 7% | | 10% | 10% | Yes |
| NEI005 | (Neighbourhood issues) (%) | 95.00% | 96.03% | | 95.00% | 97.08% | | 95.00% | 95.00% | Yes |
| NEI006 | (Fly-tip investigations) (%) | 90% | 93% | | 90% | 94% | | 90% | 90% | Yes |
| NEI007 | (Fly-tip: contract) (%) | 90% | 90% | | 90% | 90% | | 90% | 90% | Yes |
| NEI008 | (Fly-tip: non-contract) (%) | 90% | 97% | | 90% | 95% | | 90% | 90% | Yes |
| NEI009 | (Noise investigations) (%) | 90% | 85% | | 90% | 91% | | 90% | 90% | Yes |
| NEI010 | (Increase in homes) (no.) | 68 | 65 | | 187 | 102 | | 218 | 230 | Yes |
| Resources Quarterly KPIs | | | | | | | | | | |
| RES001 | (Sickness absence) (days) | 1.69 | 2.03 | | 3.05 | 4.21 | | 4.82 | 7.00 | No |
| RES002 | (Invoice payments) (%) | 97% | 96% | | 97% | 95% | | 97% | 97% | Uncertain |
| RES003 | (Council Tax collection) (%) | 27.03% | 27.32% | | 51.94% | 52.40% | | 77.56% | 97.00% | Yes |
| RES004 | (NNDR Collection) (%) | 29.68% | 28.43% | | 55.97% | 53.37% | | 82.33% | 97.70% | Yes |
| RES005 | (New benefit claims) (days) | 25.00 | 23.06 | | 25.00 | 22.55 | | 25.00 | 25.00 | Yes |
| RES006 | (Benefits changes) (days) | 10.00 | 8.36 | | 10.00 | 7.87 | | 10.00 | 6.00 | Yes |
| RES007 | (Benefit fraud) (no.) | 47 | 32 | | 125 | 81 | | 169 | 250 | Uncertain |
| RES008 | (Proven fraud) (%) | 35% | 28% | | 35% | 36% | | 35% | 35% | Yes |

Report to the Finance and Performance Management Cabinet Committee



**Epping Forest
District Council**

Report Reference: FPM-012-2014/15

Date of meeting: 13 November 2014

Portfolio: Finance

Subject: Annual Audit Letter

Officer contact for further information: Bob Palmer – (01992 564279)

Democratic Services Officer: Rebecca Perrin - (01992 564532)

Recommendations/Decisions Required:

To note the External Auditor's Annual Audit Letter.

Executive Summary:

The External Auditors will present their Annual Audit Letter to the Audit and Governance Committee on 24 November 2014. The report has been placed on this agenda to ensure that members of this Committee are aware of the key issues raised.

Reasons for Proposed Decisions:

To ensure that Members are informed of any significant issues arising from the annual audit.

Other Options for Action:

The report is for noting, no specific actions are proposed.

Report:

1. The Annual Audit Letter confirms that the Financial Statements gave a true and fair view of the Council's financial affairs. It also confirms that the Annual Governance Statement contained in the Financial Statements was not misleading or inconsistent with other information.
2. The external auditors concluded that the significant financial systems were adequate for preparing the Financial Statements and that the work of Internal Audit could be relied upon.
3. In addition to the Financial Statements the Council is also required to complete a return that the Department for Communities and Local Government consolidates to prepare the Whole of Government Accounts. This return did require an amendment for the pension deficit figure, following a revised statement from the actuary.
4. The external auditors were able to satisfy themselves that the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources. This enabled them to issue an unqualified value for money conclusion.

Resource Implications:

None.

Legal and Governance Implications:

There are no legal implications or Human Rights Act issues arising from the recommendations in this report.

Safer, Cleaner, Greener Implications:

There are no implications arising from the recommendations in this report for the Council’s commitment to the Nottingham Declaration for climate change, the corporate Safer, Cleaner and Greener initiative or any Crime and Disorder issues within the district.

Consultation Undertaken:

None.

Background Papers:

Statutory Statement of Accounts and associated reports made to the Audit and Governance Committee and Full Council.

Impact Assessments:

Risk Management

Action plans have been agreed to address areas of risk identified during the audit.

Due Regard Record

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S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

| Date / Name | Summary of equality analysis |
|-----------------------------------|---|
| 28/10/14 Director of Resources | The report is a summary of the work conducted in the year by the external auditor and has no equality implications. |



EPPING FOREST DISTRICT COUNCIL

Annual Audit Letter 2013/14

Page 13
October 2014

EXECUTIVE SUMMARY

Background

This Annual Audit Letter summarises the key issues arising from the work that we have carried out during the year. It is addressed to the Council but is also intended to communicate the significant issues we have identified to key external stakeholders and members of the public.

Responsibilities of auditors and the council

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business and that public money is safeguarded and properly accounted for.

Our responsibility is to plan and carry out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, we are required to review and report on:

• the Council's Statement of Accounts

• whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are also required to review and report on the Council's Annual Governance Statement, Whole of Government Accounts (WGA) submission, whether we have exercised our statutory powers under the Audit Commission Act 1998 in any matter, and our grant claims and returns certification work.

We recognise the value of your co-operation and support and would like to take this opportunity to express our appreciation for the assistance and co-operation provided during the audit.

BDO LLP
22 October 2014

STATEMENT OF ACCOUNTS

1

We issued an unqualified true and fair opinion on the financial statements on 30 September 2014.
No material misstatements were identified during the audit.
We noted one area where the control environment could be strengthened relating to the monthly reconciliations between the housing rents system and the general ledger.

USE OF RESOURCES

2

We are satisfied that, in all significant respects, the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
We issued an unqualified value for money conclusion on 30 September 2014.

OTHER MATTERS

3

We are satisfied that the Annual Governance Statement is not inconsistent or misleading with other information we were aware of from our audit of the financial statements and complies with Delivering Good Governance in Local Government (CIPFA / SOLACE).
The Council's WGA is below the threshold for review and we are required only to review the total amounts included in the Data Collection Tool for property, plant and equipment and for the net pension liability. We confirm that these reported totals are consistent with the audited financial statements.

GRANT CLAIMS AND RETURNS CERTIFICATION

4

We have completed our review of the Housing Pooled Capital Receipts return, which resulted in one adjustment. Our work on the Housing Benefits subsidy claim for 2013/14 is in progress.
We will report the findings from this work in January 2015.

STATEMENT OF ACCOUNTS

1

OPINION

We issued an unqualified true and fair opinion on the financial statements on 30 September 2014.

Financial performance

The Council reported a surplus on the provision of services of £27.7 million.

After adjusting for items in the Movement in Reserves Statement, the Council reported a surplus on the General Fund of £596,000 before transfers to earmarked revenue reserves of £382,000. The HRA reported a surplus of £32.3 million.

Financial statements

The following misstatements were identified and corrected during the audit:

- Following approval of the draft statement of accounts and their submission for audit, the Council were notified by Essex Pension Fund that, during the preparation of the pension disclosures for 2013/14 the value used for the investment return had been understated. Following receipt of the updated actuarial report, management have amended the financial statements for the revised values, which has resulted in a reduction of £496,000 in the pension liability recognised in the balance sheet in the final published statements.

One remaining misstatement was identified that was not corrected in the final published financial statements:

- Our testing identified an amount of £5,000 which had been recognised as income when it should have been included within deferred income. We estimated a value for the impact of this error rate on the whole of the population. This resulted in a worst case projected misstatement of £115,000, but a more detailed analysis would reduce this figure.

The overall impact of correcting for this remaining misstatement would result in the Council reporting a worst case scenario of a £115,000 lower surplus for the year. We consider that this misstatement did not have a material impact on our opinion on the financial statements.

Internal controls

We noted a one area where the control environment could be strengthened:

- Monthly reconciliations between the housing rents system and the general ledger had not happened during the year.

Internal audit has reported that there have been improvements in the above control since our work and that this issue have been addressed.

Management has agreed to review and strengthen this internal control.

USE OF RESOURCES

2

CONCLUSION

We issued an unqualified value for money conclusion on 30 September 2014.

Our principal work in arriving at our value for money conclusion was comparing the Council's performance against the requirements specified by the Audit Commission in its guidance to auditors. This is based on the following two reporting criteria:

- The organisation has proper arrangements in place for securing financial resilience. The focus of the criteria is that the Council has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.
- The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

The focus of the criteria is that the Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

We draw sources of assurance relating to their value for money responsibilities from:

- the Council's system of internal control as reported on in its annual governance statement
- the results of the work of the Commission, other inspectorates and review agencies
- any work mandated by the Commission
- any other locally determined risk-based value for money work that auditors consider necessary to discharge their responsibilities.

We have reviewed the Council's arrangements against risk indicators and key issues facing the sector including the Government's spending review, funding over the medium term, risks arising from welfare reform, and risks from the localisation of business rates.

We also review the Council's relative performance against the VfM Profile Tool and Financial Ratios Analysis Tool produced by the Audit Commission, issues arising from VfM Briefings provided by the Audit Commission, and the key assumptions in the Medium Term Financial Strategy.

Financial resilience

The 2013/14 final published accounts report that the Council has achieved an underspend of £373,000 against the revised budget for 2013/14 and has recognised an increase of £7.6 million in its usable reserves (comprising the general fund, earmarked reserves, housing revenue account, capital receipts reserve, major repairs reserve and capital grants unapplied) when compared to the closing balances in 2012/13.

The Council has set a balanced budget for 2014/15 and had identified required savings prior to the start of the year. From our review of current documentation, the Council is on track to deliver its 2014/15 budget. The Council also has a good track record of achieving budgets and successful financial management arrangements have put the Council in a relatively strong position of having built up notable levels of funds and reserves to provide support during the continuing period of financial pressures.

The medium term financial plan forecasts that it will be necessary to utilise reserves until 2017/18. However, at the end of this period it is estimated that revenue reserves will still be approximately £7.5 million, which is more than the minimum level of reserves necessary to comply with its own financial management policies.

The Council already outsources a number of services in order to achieve savings and has been actively reviewing the on-going value for money (VFM) of these arrangements. This includes a retendering exercise in relation to the waste contract, where annual savings of over £400,000 have been realised.

Challenging economy - efficiency - effectiveness

The Council has continued to review and consolidate its baseline arrangements for challenging and securing value for money during 2013/14. The arrangements operated during the year remain adequate. Business plans continue to outline annual value for money considerations and implications for each service and include benchmarking comparisons where appropriate.

Performance management and risk management arrangements that support the achievement of value for money are evidenced as continuing to operate as previously assessed with no contra-indicators.

The Council makes use of consultation, option appraisal and partnership working to assist in achievement of savings and delivery of improved services.

OTHER MATTERS

3

REPORT BY EXCEPTION

We have no other matters to report.

Annual Governance Statement

We are satisfied that the Annual Governance Statement is not inconsistent or misleading with other information we were aware of from our audit of the financial statements and complies with Delivering Good Governance in Local Government (CIPFA / SOLACE).

Whole of Government Accounts

The Council's WGA is below the threshold for review and we are required only to review the total amounts included in the Data Collection Tool for property, plant and equipment and for the net pension liability. We are required to confirm whether or not these reported totals are consistent with the audited financial statements.

Our review identified one difference, which we have reported to the National Audit Office. This was in respect of the pension liability recognised in the final published accounts was £496,000 lower than the corresponding total in the Data Collection Tool

GRANT CLAIMS AND RETURNS CERTIFICATION

4

CERTIFICATION WORK

The 2012/13 Housing and Council Tax Benefit subsidy claim was subject to qualification.

Certification findings 2012/13

We presented our most recent Grant claims and returns certification report in February 2014, which included the results of the audited returns for 2012/13. We certified 3 returns amounting to over £80 million.

No amendments were made to the national non-domestic rates return or the pooled housing capital receipts return and neither were subject to qualification.

The housing and council tax benefit subsidy claim was amended resulting in a decrease of £5,652 in the amount payable to the DWP. We also issued a qualification letter as a result of the errors identified by our testing. In our 2012/13 grant claims and certification report, we made the following recommendations relating to the housing benefit and subsidy return:

- Investigate any differences arising from the completion of the subsidy reconciliation prior to claim submission
- Carry out refresher training for staff that specifically covers the input of rent liability and the treatment of eligible rent and tax credits.

Regarding the first recommendation, management noted that the tight timescale for submitting the claim means that pursuing small differences on the reconciliation is not always an efficient use of resources. Management agreed to implement the second recommendation. We will include further details on the progress against these recommendations in our 2013/14 Grant claims and returns certification report (to be issued in January 2015).

Work in progress for 2013/14

Following the introduction of local business rate retention, we are no longer required to certify the national non-domestic rates return.

We have completed our review of the Housing Pooled Capital Receipts return and this resulted in one adjustment. This adjustment has not affected any amounts due to or from the Council.

Our work on the Housing Benefits subsidy claim for 2013/14 is in progress.

We will report the findings from this work in January 2015.

APPENDIX

Reports issued

We issued the following reports in respect of the 2013/14 financial year.

| REPORT | DATE |
|---|----------------|
| Planning letter | April 2013 |
| Grant Claims and Returns Certification Report | January 2014 |
| Audit Plan | April 2014 |
| Final Audit Report | September 2014 |
| Annual Audit Letter | October 2014 |

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Fees update

We reported our original fee proposals in our Audit Plan issued in April 2013. Our fees to date and any variance to the original proposal are shown below.

| AUDIT AREA | PROPOSED FEES £ | FEES UPDATE £ |
|-------------------------------|-----------------|------------------------|
| Scale fee | 85,329 | 85,329 |
| Certification work | 28,100 | <i>(note 1)</i> 24,884 |
| Total fees for audit services | 113,429 | 110,213 |

Note 1 - Following the publication of our Audit Plan, the Audit Commission confirmed a 12% reduction in the scale fee following the cessation of council tax benefit and the corresponding reduction in work required on the housing benefit subsidy return. Our work on the audit of the housing benefit subsidy return for 2013/14 is in progress and we will report the findings from this work and the final fees separately.

The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the council and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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**Report to: Finance and Performance
Management Cabinet Committee**



Report reference: FPM-013-2014/15
Date of meeting: 13 November 2014

**Epping Forest
District Council**

Portfolio: Finance

Subject: Mid-Year Report on Treasury Management and Prudential Indicators 2014/15

Responsible Officer: Simon Alford (01992 564455).

Democratic Services Officer: Rebecca Perrin (01992 564532).

Recommendations/Decisions Required:

To note how the risks associated with Treasury Management have been dealt with in the first half of 2014/2015.

Executive Summary:

The mid-year treasury report is a requirement of the CIPFA Code of Practice on Treasury Management. It covers the treasury activity for the first half of the financial year 2014/15.

During the first half of the year: the Council has continued to finance all capital expenditure from within internal resources; the average net investment position has been approximately £62m; and there have been no significant breaches on any of the prudential indicators.

This report and the appendices will be considered by the Audit and Governance Committee on 24 November and an oral update will be provided to the next meeting of this Committee.

Reasons for Proposed Decision:

The report is presented for noting as scrutiny is provided by the Audit and Governance Committee who make recommendations to this Committee when necessary.

Other Options for Action:

Members could ask for additional information about the CIPFA Codes or the Prudential Indicators.

Report:

Introduction

1. The Council's treasury activities are strictly regulated by statutory requirements and a professional code of practice (the CIPFA Code of Practice on Treasury Management), which includes the requirement for determining a treasury strategy on the likely financing and investment activity for the current year. The updated code in 2011 also recommended that Members are informed of Treasury Management activities at least twice a year. This report therefore ensures this authority is embracing Best Practice in accordance with CIPFA's recommendations.

2. The report attached at appendix 1 shows the mid-year position of the treasury function in accordance with the revised CIPFA Treasury Management Code and the revised Prudential Code.

Capital activity for the year and how it was financed

3. The Council undertakes capital expenditure on long-term assets. These activities may either be financed immediately through capital receipts, grants etc; or through borrowing.

4. The Council does not plan to borrow in order to carry out its capital programme. The original estimate, along with the spend to month 6 (30 September 2014) is shown below in the table:

| Capital Expenditure | Estimated £m | to month 6 £m |
|----------------------------------|-------------------------|--------------------------|
| Non-HRA capital expenditure | 8.629 | 4.898 |
| HRA capital expenditure | 17.823 | 5.626 |
| Total Capital expenditure | 26.452 | 10.524 |
| Financed by: | | |
| Capital grants | 2.346 | |
| Capital receipts | 7.895 | |
| Revenue | 16.211 | |
| Total resources Applied | 26.452 | |

5. The probable outturn for the current financial year is not yet available, but an update will be provided at the meeting.

6. There is a financial risk involved in reducing the balance of usable capital receipts over the next five years. This risk has the following potential consequences; loss of interest; loss of cover for contingencies; financial strategy becoming untenable in the long run; service reductions required; and large Council Tax increases required.

7. This prudential indicator assists the Council in controlling and monitoring the level of usable capital receipts that will be available at the end of a five-year period. Currently, the Capital Programme for the three years to 2016/17 totals £60m and is fully funded. It is predicted that at the end of 2016/17 there will still be £1.8m available in Capital Receipts and £4.1m in the Major Repairs Reserve. Therefore it can be concluded that adequate resources exist for the Capital Programme in the medium term.

The impact on the Council's indebtedness for capital purposes

8. The Council's underlying need to borrow is called the Capital Financing Requirement (CFR). This figure is a gauge for the Council's debt position. The Council now has an overall positive CFR (HRA and Non-HRA) following the borrowing in relation to the HRA self-financing, but has no underlying need to borrow for capital purpose as highlighted in the previous section.

| CFR | Financial year 2014/15 | | |
|----------------------------------|------------------------|---------------|------------------|
| | Estimated £m | Revised £m | to month 6 £m |
| Non-HRA | 29.6 | 29.6 | 29.6 |
| HRA | 155.1 | 155.1 | 155.1 |
| Total Capital expenditure | 184.7 | 184.7 | 184.7 |

9. The Director of Resources confirms that there were no breaches of the Authorised Limit (£230m), the Operational Boundary (£204m) and the Maturity Structure of Fixed Rate Borrowing during the period to 30 September 2014.

10. The risks for Councils are associated with affordability, interest rates and refinancing – the affordability risk is whether the Council can afford to service the loan, this has been evidenced through the Council producing a viable thirty-year financial plan for the HRA. This plan is reviewed quarterly by officers and half yearly reports are presented to Housing Scrutiny Panel. The interest rate risk is whether a change in interest rate could have an impact on the viability of the financial plan. The Council received advice from our treasury advisors before undertaking the borrowing. Only 17% of the amount borrowed was at a variable rate, the remainder was fixed. Any upward movement in interest rates would be 'hedged' by a corresponding increase in interest earned on Council investments. The refinancing risk is that maturing borrowings, capital project or partnership financing cannot be refinanced on suitable terms. Within the capital programme, it is anticipated that all borrowing will be repaid on maturity and all future capital expenditure will be financed through internal resources, therefore no risk currently exist for refinancing.

11. These prudential indicators assist the Council in controlling the level of debt the Council may need to finance over the coming years and ensure where debt is owed it is managed, such that the Council would not be left in a situation where it finds itself having to refinance on unsuitable terms.

The Council's overall treasury position

12. During the first half of 2014/15 the average investment position for the first half of the year was £62m. The table below shows the treasury position as at 30 September 2014.

| Treasury position | 31/03/2014 £m | 30/09/2014 £m |
|--|------------------|------------------|
| Total external borrowing | (185.456) | (185.456) |
| Short term investment | | |
| ▪ Fixed investment | 41.8 | 38.3 |
| ▪ Variable investment | 6.9 | 13.8 |
| Long term investment | 10.0 | 10.0 |
| Total investments | 58.7 | 62.1 |
| (Net Borrowing) / Net Investment Position | (126.756) | (123.356) |

13. It is important that the cash flow of the Council is carefully monitored and controlled to ensure enough funds are available each day to cover its outgoings. This will become more difficult as the Council uses up capital receipts and reduces investment balances.

14. The Director of Resources confirms that there have been no breaches of:

- a) The Upper Limit for Fixed Rate Exposure (100%) and Upper Limit for Variable

Rate Exposure (25%) on investment during the period, with the average rates of 66% and 22% being achieved;

- b) The limit set for investment over 364 days (£30m). The Council has made two investments totalling £10m over 364 days. The average length of short term investment for the period is 240 days.
- c) The limit set for investment in non UK Country (30%). The Council made one investment (13%) to counterparties outside of the UK.

15. The risks associated with this section are as follows:

- a) Credit and Counterparty Risk – the risk of failure by a third party to meet its contractual obligations to the Council, i.e. goes into liquidation. The Council's counter-party lists and limits reflect a prudent attitude towards organisations with which funds may be deposited and these are regularly updated by our treasury management advisors (Arlingclose).
- b) Liquidity Risk – the risk that cash will not be available when it is needed, incurring additional unbudgeted costs for short-term loans. The Director of Resources has monthly meetings with treasury staff, to go through the cash flow for the coming month. A number of instant access accounts are used to ensure adequate cash remains available.
- c) Interest Rate Risk – the risk of fluctuations in interest rates. The Council has currently around 22% of its investments in variable rates, and the remainder are in fixed rate deposits on average for around 240 days. This allows the Council to receive reasonable rates, whilst at the same time, gives the Council flexibility to take advantage of any changes in interest rates. The view of the Council's treasury advisors is that interest rates are unlikely to change significantly in the short term.

16. The prudential indicators within this section assist the Council to reduce the risk of:

- a) Counterparties going into liquidation by ensuring only highly rated institutions are used when investing the Council's money.
- b) The Council incurring unbudgeted short-term loans, to pay unexpected expenditure items through ensuring adequate amounts of money are available immediately through instant access accounts.
- c) Potentially losing out on investment income when interest rates start to increase by ensuring that most deposits are kept within one year.

Heritable Bank

17. During the last financial year, the Council has received a further dividend from the administrators of the Heritable Bank which has taken total dividends so far to 94% of the value of deposits. No additional dividends are expected until all of the outstanding litigation has been settled and the administration process completed, possibly in November 2014.

Resource Implications:

The continued low interest rate will result in estimated investment income to the Council of £416,000 in 2014/15, slightly above the original estimate of £399,000. Interest rates are not expected to rise in the short term.

Legal and Governance Implications:

The Council's treasury management activities are regulated by a variety of professional codes, statutes and guidance:

- The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
- The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken (although no restrictions were made in 2009/10);
- Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act;
- The SI requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;
- The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;
- Under the Act the ODPM (now DCLG) has issued Investment Guidance to structure and regulate the Council's investment activities.
- Under section 21(1) AB of the Local Government and Public Involvement in Health Act 2007 the Secretary of State has taken powers to issue guidance on accounting practices. Guidance on Minimum Revenue Provision was issued under this section on 8 November 2007.

Safer, Cleaner and Greener Implications:

None.

Consultation Undertaken:

The Council's external treasury management advisors provided the framework for this report and have confirmed that the content satisfies all regulatory requirements.

Background Papers:

The report on the Council's Prudential Indicators for 2014/15 to 2016/17 and the Treasury Management Strategy for 2014/15 to 2016/17 went to Council on 20 February 2014.

Risk Management

As detailed in the report, a risk averse position is adopted to minimise the chance of any loss of the capital invested by the Council. The specific risks associated with the different aspects of the treasury management function have been outlined within the main report.

Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

No groups of people are affected by this report which is not directly service related.

Semi-annual Treasury Outturn Report 2014/15

1. Introduction

The Chartered Institute of Public Finance and Accountancy's Treasury Management Code (CIPFA's TM Code) requires that authorities report on the performance of the treasury management function at least twice yearly (mid-year and at year end).

The Authority's Treasury Management Strategy for 2014/15 to 2016/17 was approved by full Council on 20th February 2014 which can be accessed on

<http://haako/ieListDocuments.aspx?CId=296&MId=7388&Ver=4>

The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. This report covers treasury activity and the associated monitoring and control of risk.

2. External Context

Growth and Inflation: The recent strong performance of the UK economy continued with output growing at 0.8% in Q1 2014 and at 0.9% in Q2. The services sector once again grew strongly. On the back of strong consumption growth, business investment appeared to be recovering quickly, albeit from a low base. The annual CPI inflation rate fell to 1.5% year-on-year in August.

Revisions to the GDP methodology, now compliant with the European System of Accounting 2010, mean that growth is now estimated to be 2.7% above its pre-recession peak in Q1 2008 rather than just 0.2% higher, the general theme being that the recession was not as deep and the recovery was earlier than initially estimated. In anticipation of these revisions, the MPC has forecast growth at 3.4% in 2014.

Unemployment: The labour market continued to improve, with strong employment gains and the headline unemployment rate falling to 6.2%. However, earnings growth remained very weak, rising just 0.6% for the three months May-July 2014 when compared to the same period a year earlier. The growth in employment was masked by a large number of zero-hour contracts and involuntary part-time working.

UK Monetary Policy: The MPC made no change to the Bank Rate of 0.5% and maintained asset purchases at £375bn. However, there was a marked shift in tone from the Bank of England's Governor and other MPC members. In his Mansion House speech in June Governor Mark Carney warned that interest rates might rise sooner than financial markets were expecting. Following some mixed messages from Governor Carney later in the summer, the minutes of the August and September MPC meetings revealed a split vote with regards to the Bank Rate. Ian McCafferty and Martin Weale voted to increase Bank Rate by 0.25%, arguing economic circumstances were sufficient to justify an immediate rise. The MPC emphasised that when Bank Rate did begin to rise, it was expected to do so only gradually and would likely remain below average historical levels for some time to come.

In the Bank of England's August Inflation Report the Bank forecast growth to be around 3½% in 2014, easing back thereafter to around its pre-crisis historical average rate. Inflation was forecast to remain at, or slightly below, 2% before reaching the target at the end of the 2-year forecast period.

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The Bank's Financial Policy Committee also announced a range of measures to cool the UK's housing market to avert the potential of spiralling house prices derailing a sustainable economic recovery. Key recommendations included lenders stress-testing if mortgage applicants can cope with a 3% rise in interest rates; putting a 15% cap on the number of mortgages at more than 4.5 times the borrower's income; and a separate Treasury pledge banning anyone applying for a loan through the Help to Buy scheme borrowing more than 4.5 times their income. The Prudential Regulation Authority also announced that it intends to consult on capital requirements for mortgages.

The result of the Scottish referendum in the end was close, but not as close as many believed it might be. However, the political upheaval set in motion (the Prime Minister's linking of a more devolved Scotland to giving greater powers to English MPs over English-only legislation, the prospect of Scotland's potential freedom to raise taxes not being replicated elsewhere in the UK) is arguably likely to be just as problematic in the run-up to and beyond next year's general election.

Eurozone inflation continued to fall towards zero (HICP inflation registered just 0.3% in September), and there was mounting evidence that the already feeble recovery was losing pace. The unemployment rate remained stubbornly high at 11.5%. The European Central Bank lowered its official benchmark interest rate from 0.15% to 0.05%. The rate it pays on commercial bank balances held with it was also cut further into negative territory from -0.1% to -0.2% and the Marginal Lending Facility rate cut further to 0.3%. The ECB also announced a programme of acquiring Asset Backed Securities (ABS) from banks in an effort to encourage lending which was viewed as being one step away from full blown Quantitative Easing (QE) adopted by the US, UK and Japanese central banks. The minutes of the Bank of England's MPC meeting in September noted that "*weakness in the euro area had been the most significant development during the month*" and that, if it led once again to uncertainty about the sustainability of euro-area public and external debt, it could damage confidence and disrupt financial markets

There was no change from the US Federal Reserve as the central bank kept policy on its current track with a reduction in asset purchases by \$10 billion per month. Asset purchases are expected to end by October 2014, expectations therefore turned towards the timing of rate increases. The US economy rebounded strongly in Q2 with annualised growth of 4.6%.

Market reaction: Gilt yields have continued to decline and hit a financial year low at the end of August, before ticking upwards in the run up to the Scottish referendum. What has driven yields lower is a combination of factors but the primary drivers have been the escalation of geo-political risk within the Middle East and Ukraine alongside the slide towards deflation within the Eurozone (EZ).

Local Context

At 31/3/2014 the Authority's underlying need to borrow for capital purposes as measured by the Capital Financing Requirement (CFR) was £184.7m, while usable reserves and working capital which are the underlying resources available for investment were £104.5m.

At 31/3/2014, the Authority had £185.5m of borrowing and £58.7m of investments.

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The Authority has an increasing CFR over the next 3 years due to the capital programme and other investment opportunities, and will therefore be required to borrow up to £30m over the forecast period.

The timing and amounts of borrowing are still uncertain as they depend on how quickly the various economic development schemes come to fruition. It is also possible that the Council's share of developments in Epping and Debden may change as the schemes progress.

Borrowing Strategy

At 30/9/2014 the Authority held £185.5m of loans, (no change since 31/3/2014), as part of its strategy for funding Self-Financing. The Authority does not expect to borrow in 2014/15.

The Authority expects to borrow up to £20m in 2015/16 and in doing so will not exceed the authorised limit for borrowing of £230m. The Public Works Loans Board (PWLB) was the Authority's preferred source of borrowing given the transparency and control that its facilities continue to provide.

The Authority's chief objective when borrowing continues to be striking an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective.

Affordability and the "cost of carry" remained important influences on the Authority's borrowing strategy alongside the consideration that, for any borrowing undertaken ahead of need, the proceeds would have to be invested in the money markets at rates of interest significantly lower than the cost of borrowing. As short-term interest rates have remained, and are likely to remain at least over the forthcoming two years, lower than long-term rates, the Council determined it was more cost effective in the short-term to use internal resources instead.

Borrowing Activity in 2014/15

| | Balance on 01/04/2014 £m | Maturing Debt £m | Debt Prematurely Repaid £m | New Borrowing £m | Balance on 30/09/2014 £m | Avg Rate % and Avg Life (yrs) |
|---|--------------------------------|------------------------|----------------------------------|------------------------|--------------------------------|-------------------------------------|
| CFR | 184.672 | | | | 184.672 | |
| Short Term Borrowing ¹ | 0 | 0 | 0 | 0 | 0 | |
| Long Term Borrowing | 185.456 | 0 | 0 | 0 | 185.456 | 3% - 22.5yrs |
| TOTAL BORROWING | 185.456 | 0 | 0 | 0 | 185.456 | |
| Other Long Term Liabilities | 0 | 0 | 0 | 0 | 0 | |
| TOTAL EXTERNAL DEBT | 185.456 | 0 | 0 | 0 | 185.456 | |
| Increase/ (Decrease) in Borrowing £m | | | | | 0 | |

¹ Loans with maturities less than 1 year.

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PWLB Certainty Rate and Project Rate Update: The Authority qualifies for borrowing at the 'Certainty Rate' (0.20% below the PWLB standard rate) for a 12 month period from 01/11/2013. In April the Authority submitted its application to the CLG along with the 2014/15 Capital Estimates Return to access this reduced rate for a further 12 month period from 01/11/2014.

Debt Rescheduling: The premium charge for early repayment of PWLB debt remained relatively expensive for the loans in the Authority's portfolio and therefore unattractive for debt rescheduling activity. No rescheduling activity was undertaken as a consequence.

Investment Activity

The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. Cashflow forecasts indicated that during 2014/15 the Authority's investment balances would range between £50.7m and £66.7 million.

The Guidance on Local Government Investments in England gives priority to security and liquidity and the Authority's aim is to achieve a yield commensurate with these principles.

Investment Activity in 2014/15

| Investments | Balance on 01/04/2014 £m | Investments Made £m | Maturities/ Investments Sold £m | Balance on 30/09/2014 £m | Avg Rate/Yield (%) and Avg Life years) |
|--|--------------------------------|---------------------------|---------------------------------------|--------------------------------|--|
| Short term Investments (call accounts, deposits) - Banks and Building Societies with ratings of A- or higher - Local Authorities | 43.7 | 38.9 | 38.5 | 44.1 | 0.64% 0.66 years |
| Long term Investments - Banks and Building Societies with ratings of A+ or higher - Local Authorities | 10.0 | 0 | 0 | 10.0 | 1.15% 1.52 years |
| Money Market Funds | 5.0 | 15.0 | 12.0 | 8.0 | 0.42% |
| TOTAL INVESTMENTS | 58.7 | 53.9 | 50.5 | 62.1 | |
| Increase/ (Decrease) in Investments £m | | | | 3.4 | |

Security of capital has remained the Authority's main investment objective. This has been maintained by following the Authority's counterparty policy as set out in its Treasury Management Strategy Statement for 2014/15 to 2016/17.

Counterparty credit quality was assessed and monitored with reference to credit ratings (the Authority's minimum long-term counterparty rating is A- across rating agencies Fitch, S&P and

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Moody's); credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.

Credit Risk

Counterparty credit quality as measured by credit ratings is summarised below:

| Date | Value Weighted Average - Credit Risk Score | Value Weighted Average - Credit Rating | Time Weighted Average - Credit Risk Score | Time Weighted Average - Credit Rating |
|------------|--|--|---|---------------------------------------|
| 31/03/2014 | A+ | 5.16 | AA- | 3.95 |
| 30/06/2014 | A+ | 5.28 | AA- | 4.20 |
| 30/09/2014 | Anticipated | 5 th November | 2014 | |

Scoring:

-Value weighted average reflects the credit quality of investments according to the size of the deposit

-Time weighted average reflects the credit quality of investments according to the maturity of the deposit

-AAA = highest credit quality = 1

-D = lowest credit quality = 26

-Aim = A- or higher credit rating, with a score of 7 or lower, to reflect current investment approach with main focus on security

Investment Activity

£10 million has been placed Long Term with two UK Local Authorities. £8 million was placed with Money Market Funds as being readily available, with a further £13.8m on call. Slightly better yields are obtained with the £30m placed mainly with UK Banks and Building Societies. The latter deposits being for varying maturities to cover precept dates throughout the year.

Counterparty Update

The European Parliament approved the EU Bank Recovery and Resolution Directive (BRRD) on April 15, 2014. Taking the view that potential extraordinary government support available to banks' senior unsecured bondholders will likely diminish within its two-year rating horizon for investment-grade entities, in April Standard & Poor's revised the Outlook of Barclays, Deutsche Bank, Credit Suisse and ING Bank from Stable to Negative (note, this is not the same as a rating review negative). In May, Moody's also changed the outlook from stable to negative for 82 European banks and from positive to stable for two European banks. The institutions affected on the Authority's lending list are Nationwide Building Society and Svenska Handelsbanken.

In August Moody's changed its outlook for the UK banking system from stable to negative, citing the reduction of government support for systemic banks as the reason. Although the agency believes that the stand-alone financial strength of UK institutions is improving they believed that this is more than offset by the potential bail-in risk now faced by investors. Similarly, in August S&P revised the outlooks for major Canadian banks to negative following the government's announcement of a potential bail-in policy framework.

There was strong likelihood that the UK, alongside Germany and Austria, would accelerate the adoption of the BRRD and that the implementation of bail-in resolutions would be fast-tracked in these countries to 1st January 2015, a full year ahead of other EU nations.

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Banks in the UK and EU face stress tests this autumn, which may result in some institutions having to additionally bolster their capital buffers. The extent to which this might be required and the form they will have to take casts uncertainty over capital requirements in the system.

Budgeted Income and Outturn

The average cash balances were £63.3m during the quarter. The UK Bank Rate has been maintained at 0.5% since March 2009. Short-term money market rates have remained at relatively low levels (see Table 1 in Appendix 2). New deposits were made at an average rate of 0.72%. Investments in Money Market Funds generated an average rate of 0.42%.

The Authority's budgeted investment income for the year is estimated at £399,000. The Authority anticipates an investment income outturn of £416,000 for the whole year.

Update on Investments with Icelandic Banks

In October 2008 the Icelandic Banking sector defaulted on its obligations. The Council had £2.5m invested in Heritable Bank at that time. So far £2.36m has been received from the administrator, representing 94% of the investment. The latest communication states that a final payment is likely in October or November 2014.

Compliance with Prudential Indicators

The Authority confirms compliance with its Prudential Indicators for 2014/15, which were set on 20th February 2014 as part of the Authority's Treasury Management Strategy Statement.

Treasury Management Indicators

The Authority measures and manages its exposures to treasury management risks using the following indicators.

Interest Rate Exposures: This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of principal invested will be:

| | 2014/15 | 2015/16 | 2016/17 |
|--|---------|---------|---------|
| Upper limit on fixed interest rate exposure | 100% | 100% | 100% |
| Actual | 66% | | |
| Upper limit on variable interest rate exposure | 25% | 25% | 25% |
| Actual | 22% | | |

Fixed rate investments and borrowings are those where the rate of interest is fixed for the whole financial year. Instruments that mature during the financial year are classed as variable rate. For borrowing the actual exposure is 83% and 17%, fixed and variable.

Maturity Structure of Borrowing: This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

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| | Upper | Lower | Actual |
|--------------------------------|-------|-------|--------|
| Under 12 months | 100% | 0 | 0 |
| 12 months and within 24 months | 100% | 0 | 0 |
| 24 months and within 5 years | 100% | 0 | 0 |
| 5 years and within 10 years | 100% | 0 | 0 |
| 10 years and within 20 years | 100% | 0 | 0 |
| 20 years and within 30 years | 100% | 0 | 100% |
| 30 years and within 40 years | 100% | 0 | 0 |
| 40 years and within 50 years | 100% | 0 | 0 |
| 50 years and above | 100% | 0 | 0 |

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal Sums Invested for Periods Longer than 364 days: The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

| | 2014/15 | 2015/16 | 2016/17 |
|---|---------|---------|---------|
| Limit on principal invested beyond year end | £30m | £30m | £30m |
| Actual | £10m | £5m | £5m |

Security: The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment.

| | Target | Actual |
|---------------------------------|--------|--------|
| Portfolio average credit rating | A- | A+ |

Liquidity: The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three month period, without additional borrowing.

| | Target | Actual |
|--------------------------------------|--------|--------|
| Total cash available within 3 months | £20m | £39.5m |

Investment Training

Member Training was provided by Arlingclose on 9th January 2014.

Treasury Strategy Training for one Officer arranged for 24th November 2014.

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Outlook for Q3 and Q4 2014/15

The stronger economic growth seen in the UK over the past six months is likely to use up spare capacity more quickly than previously assumed. Arlingclose has brought forward their prediction for the timing for the first rise in Bank Rate to Q3 2015.

In addition to two MPC members having voted for a rate rise in August and September, the rhetoric from Committee members has in general become more hawkish. However, the lack of inflationary pressure is expected to allow policymakers to hold off monetary tightening for longer than the market currently expects. The near-term risk is that the Bank Rate could rise sooner than anticipated, which is captured in the 'upside risk' range of our forecast table below.

The focus is now on the rate of increase and the medium-term peak and, in this respect, expectations are that rates will rise slowly and to a lower level than in the past.

| | Dec-14 | Mar-15 | Jun-15 | Sep-15 | Dec-15 | Mar-16 | Jun-16 | Sep-16 | Dec-16 | Mar-17 | Jun-17 |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Official Bank Rate | | | | | | | | | | | |
| Upside risk | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 |
| Arlingclose Central Case | 0.50 | 0.50 | 0.50 | 0.75 | 0.75 | 1.00 | 1.00 | 1.25 | 1.25 | 1.50 | 1.50 |
| Downside risk | | | | 0.25 | 0.25 | 0.50 | 0.50 | 0.75 | 0.75 | 1.00 | 1.00 |

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Appendix 1

Prudential Indicators 2014/15

The Local Government Act 2003 requires the Authority to have regard to CIPFA's *Prudential Code for Capital Finance in Local Authorities* (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

Estimates of Capital Expenditure: The Authority's planned capital expenditure and financing may be summarised as follows.

| Capital Expenditure and Financing | 2013/14 Actual £m | 2014/15 Estimate £m | 2015/16 Estimate £m | 2016/17 Estimate £m |
|-----------------------------------|-------------------|---------------------|---------------------|---------------------|
| General Fund | 2.331 | 8.629 | 1.417 | 1.397 |
| HRA | 10.675 | 17.823 | 15.49 | 15.187 |
| Total Expenditure | 13.006 | 26.452 | 16.907 | 16.584 |
| Capital Receipts | 1.644 | 7.895 | 2.040 | 1.938 |
| Government Grants | 0.994 | 2.346 | 0.549 | 0.495 |
| Major Repairs Allowance | 6.145 | 10.511 | 8.618 | 8.451 |
| Revenue Contributions | 4.223 | 5.700 | 5.700 | 5.700 |
| Total Financing | 13.006 | 26.452 | 16.907 | 16.584 |

Estimates of Capital Financing Requirement: The Capital Financing Requirement (CFR) measures the Authority's underlying need to borrow for a capital purpose.

| Capital Financing Requirement | 31.03.14 Actual £m | 31.03.15 Estimate £m | 31.03.16 Estimate £m | 31.03.17 Estimate £m |
|-------------------------------|--------------------|----------------------|----------------------|----------------------|
| General Fund | 29.6 | 29.6 | 63.6 | 63.6 |
| HRA | 155.1 | 155.1 | 155.1 | 155.1 |
| Total CFR | 184.7 | 184.7 | 218.7 | 218.7 |

The CFR is forecast to rise by £34m over the next three years as capital expenditure financed by debt outweighs resources put aside for debt repayment.

Gross Debt and the Capital Financing Requirement: In order to ensure that over the medium term debt will only be for a capital purpose, the Authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year

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plus the estimates of any additional capital financing requirement for the current and next two financial years. Currently debt exceeds the CFR but only marginally.

| Debt | 31.03.14 Actual £m | 30.09.14 Actual £m | 31.03.15 Estimate £m | 31.03.16 Estimate £m | 31.03.17 Estimate £m |
|-------------------|--------------------------|--------------------------|----------------------------|----------------------------|----------------------------|
| Borrowing | 185.456 | 185.456 | 185.456 | 215.456 | 215.456 |
| Finance leases | 0 | 0 | 0 | 0 | 0 |
| PFI liabilities | 0 | 0 | 0 | 0 | 0 |
| Total Debt | 185.456 | 185.456 | 185.456 | 215.456 | 215.456 |

Total debt is expected to reduce below the CFR during the forecast period.

The actual debt levels are monitored against the Operational Boundary and Authorised Limit for External Debt, below.

Operational Boundary for External Debt: The operational boundary is based on the Authority's estimate of most likely, i.e. prudent, but not worst case scenario for external debt.

| Operational Boundary | 2013/14 £m | 2014/15 £m | 2015/16 £m | 2016/17 £m |
|----------------------|---------------|---------------|---------------|---------------|
| Borrowing | 188.0 | 204.00 | 219.0 | 219.0 |
| Total Debt | 188.0 | 204.00 | 219.0 | 219.0 |

Authorised Limit for External Debt: The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Authority can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

| Authorised Limit | 2013/14 £m | 2014/15 £m | 2015/16 £m | 2016/17 £m |
|-------------------|---------------|---------------|---------------|---------------|
| Borrowing | 200.0 | 230.0 | 230.0 | 230.0 |
| Total Debt | 200.0 | 230.0 | 230.0 | 230.0 |

Ratio of Financing Costs to Net Revenue Stream: This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

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| Ratio of Financing Costs to Net Revenue Stream | 2013/14 Actual % | 2014/15 Estimate % | 2015/16 Estimate % | 2016/17 Estimate % |
|--|------------------|--------------------|--------------------|--------------------|
| General Fund | -0.39 | -0.05 | -0.06 | -0.83 |
| HRA | 16.47 | 16.05 | 15.81 | 15.03 |

Incremental Impact of Capital Investment Decisions: This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and housing rent levels. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement arising from the capital programme proposed.

| Incremental Impact of Capital Investment Decisions | 2014/15 Estimate £ | 2015/16 Estimate £ | 2016/17 Estimate £ |
|--|--------------------|--------------------|--------------------|
| General Fund - increase in annual Band D Council Tax | -0.45 | -0.28 | 0.15 |
| HRA - increase in average weekly rents | -0.48 | 0.02 | 0.01 |

Adoption of the CIPFA Treasury Management Code: The Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition*, originally on 22 April 2002.

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Appendix 2

Money Market Data and PWLB Rates

The average, low and high rates correspond to the rates during the financial year rather than those in the tables below.

Please note that the PWLB rates below are Standard Rates. Authorities eligible for the Certainty Rate can borrow at a 0.20% reduction.

Table 1: Bank Rate, Money Market Rates

| Date | Bank Rate | O/N LIBID | 7-day LIBID | 1-month LIBID | 3-month LIBID | 6-month LIBID | 12-month LIBID | 2-yr SWAP Bid | 3-yr SWAP Bid | 5-yr SWAP Bid |
|----------------|-------------|-------------|-------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|
| 01/04/2014 | 0.50 | 0.36 | 0.39 | 0.42 | 0.46 | 0.56 | 0.84 | 1.05 | 1.44 | 2.03 |
| 30/04/2014 | 0.50 | 0.36 | 0.40 | 0.42 | 0.47 | 0.57 | 0.85 | 1.09 | 1.47 | 2.02 |
| 31/05/2014 | 0.50 | 0.35 | 0.40 | 0.43 | 0.48 | 0.67 | 0.87 | 1.11 | 1.46 | 1.98 |
| 30/06/2014 | 0.50 | 0.36 | 0.40 | 0.43 | 0.50 | 0.71 | 0.94 | 1.33 | 1.70 | 2.17 |
| 31/07/2014 | 0.50 | 0.37 | 0.41 | 0.43 | 0.50 | 0.72 | 0.97 | 1.34 | 1.71 | 2.17 |
| 31/08/2014 | 0.50 | 0.36 | 0.42 | 0.43 | 0.50 | 0.77 | 0.98 | 1.22 | 1.53 | 1.93 |
| 30/09/2014 | 0.50 | 0.43 | 0.45 | 0.43 | 0.51 | 0.66 | 1.00 | 1.25 | 1.57 | 1.99 |
| | | | | | | | | | | |
| Average | 0.50 | 0.37 | 0.41 | 0.43 | 0.49 | 0.67 | 0.92 | 1.21 | 1.57 | 2.06 |
| Maximum | 0.50 | 0.43 | 0.50 | 0.43 | 0.51 | 0.81 | 1.00 | 1.38 | 1.77 | 2.26 |
| Minimum | 0.50 | 0.24 | 0.36 | 0.42 | 0.46 | 0.56 | 0.84 | 1.00 | 1.36 | 1.91 |
| Spread | -- | 0.19 | 0.14 | 0.01 | 0.05 | 0.25 | 0.16 | 0.38 | 0.41 | 0.35 |

Table 2: PWLB Borrowing Rates - Fixed Rate, Maturity Loans

| Change Date | Notice No | 1 year | 4½-5 yrs | 9½-10 yrs | 19½-20 yrs | 29½-30 yrs | 39½-40 yrs | 49½-50 yrs |
|-------------|----------------|--------|----------|-----------|------------|------------|------------|------------|
| 01/04/2014 | 127/14 | 1.44 | 2.85 | 3.83 | 4.41 | 4.51 | 4.49 | 4.47 |
| 30/04/2014 | 166/14 | 1.45 | 2.86 | 3.79 | 4.37 | 4.46 | 4.43 | 4.41 |
| 31/05/2014 | 206/14 | 1.45 | 2.78 | 3.65 | 4.27 | 4.38 | 4.35 | 4.33 |
| 30/06/2014 | 248/14 | 1.63 | 2.95 | 3.74 | 4.30 | 4.40 | 4.36 | 4.34 |
| 31/07/2014 | 294/14 | 1.66 | 2.96 | 3.70 | 4.21 | 4.30 | 4.27 | 4.25 |
| 31/08/2014 | 334/14 | 1.55 | 2.70 | 3.38 | 3.88 | 3.97 | 3.94 | 3.93 |
| 30/09/2014 | 378/14 | 1.57 | 2.77 | 3.46 | 3.96 | 4.07 | 4.05 | 4.03 |
| | | | | | | | | |
| | Low | 1.40 | 2.68 | 3.36 | 3.87 | 3.96 | 3.94 | 3.92 |
| | Average | 1.55 | 2.86 | 3.67 | 4.22 | 4.32 | 4.29 | 4.27 |
| | High | 1.69 | 3.07 | 3.86 | 4.42 | 4.52 | 4.49 | 4.48 |

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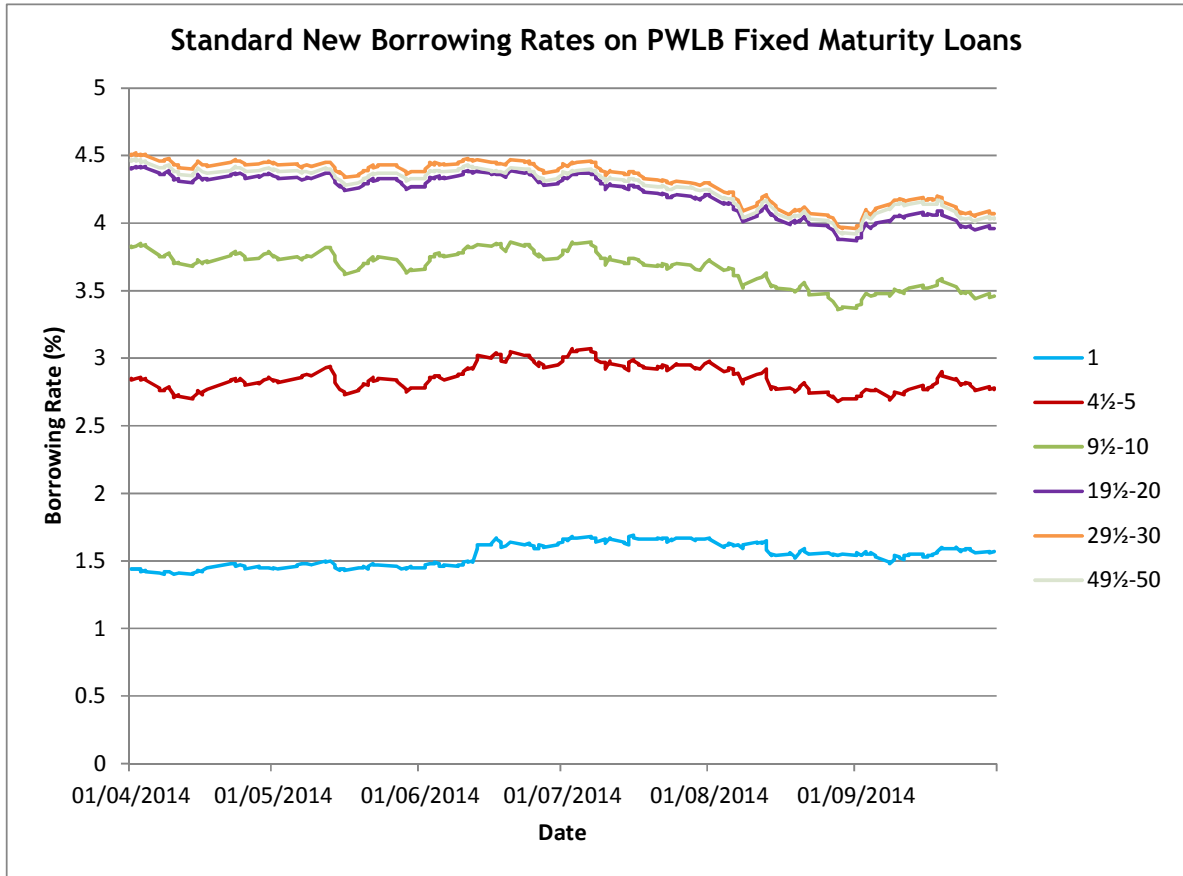


Table 3: PWLB Borrowing Rates - Fixed Rate, Equal Instalment of Principal (EIP) Loans

| Change Date | Notice No | 4½-5 yrs | 9½-10 yrs | 19½-20 yrs | 29½-30 yrs | 39½-40 yrs | 49½-50 yrs |
|-------------|----------------|----------|-----------|------------|------------|------------|------------|
| 01/04/2014 | 127/14 | 2.09 | 2.92 | 3.85 | 4.24 | 4.42 | 4.49 |
| 30/04/2014 | 166/14 | 2.12 | 2.93 | 3.82 | 4.20 | 4.38 | 4.45 |
| 31/05/2014 | 206/14 | 2.08 | 2.84 | 3.68 | 4.08 | 4.27 | 4.36 |
| 30/06/2014 | 248/14 | 2.29 | 3.01 | 3.76 | 4.12 | 4.30 | 4.38 |
| 31/07/2014 | 294/14 | 2.32 | 3.02 | 3.73 | 4.05 | 4.21 | 4.28 |
| 31/08/2014 | 334/14 | 2.13 | 2.75 | 3.40 | 3.72 | 3.89 | 3.95 |
| 30/09/2014 | 378/14 | 2.18 | 2.82 | 3.48 | 3.79 | 3.97 | 4.05 |
| | Low | 1.99 | 2.73 | 3.38 | 3.71 | 3.87 | 3.95 |
| | Average | 2.19 | 2.92 | 3.70 | 4.05 | 4.23 | 4.30 |
| | High | 2.39 | 3.13 | 3.89 | 4.26 | 4.43 | 4.50 |

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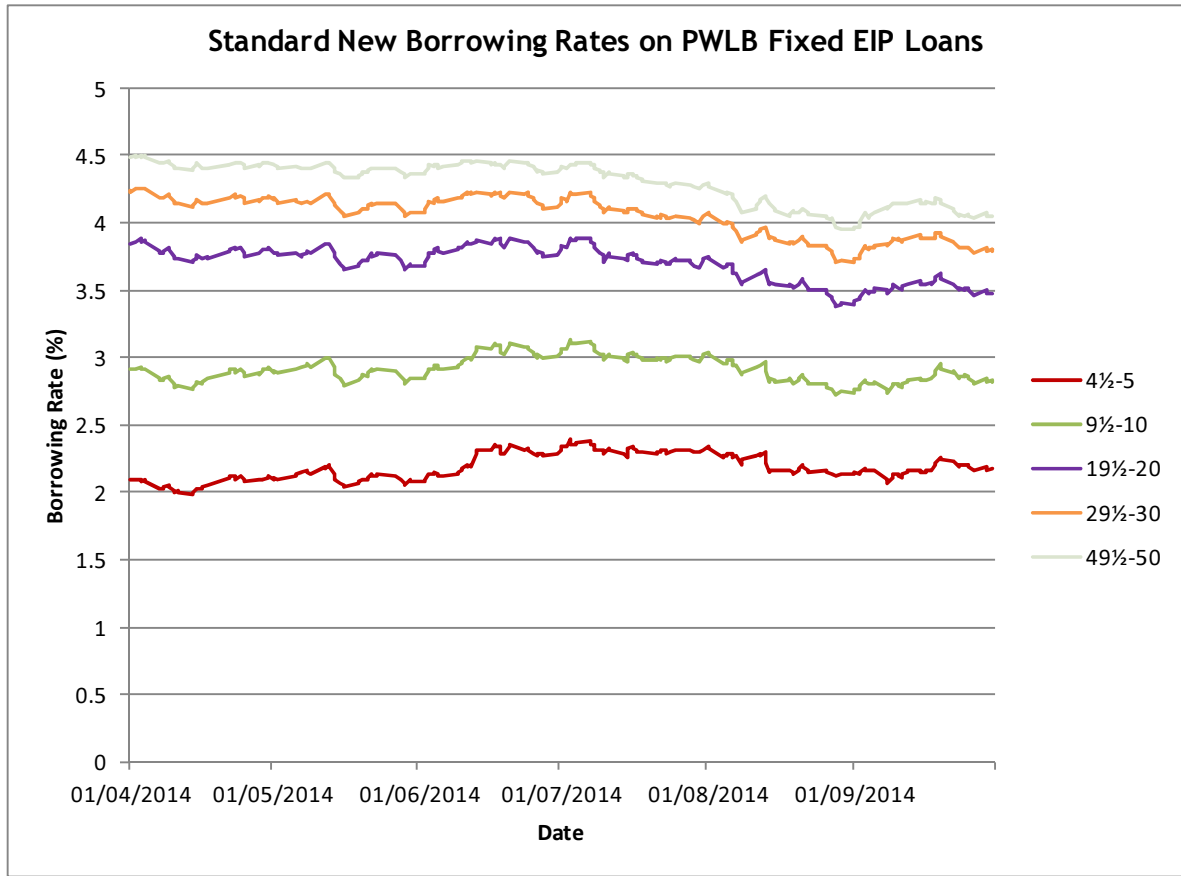


Table 4: PWLB Variable Rates

| | 1-M Rate | 3-M Rate | 6-M Rate | 1-M Rate | 3-M Rate | 6-M Rate |
|----------------|----------|----------|----------|----------|----------|----------|
| | Pre-CSR | Pre-CSR | Pre-CSR | Post-CSR | Post-CSR | Post-CSR |
| 01/04/2014 | 0.55 | 0.56 | 0.57 | 1.45 | 1.46 | 1.47 |
| 30/04/2014 | 0.55 | 0.56 | 0.57 | 1.45 | 1.46 | 1.47 |
| 31/05/2014 | 0.55 | 0.57 | 0.58 | 1.45 | 1.47 | 1.48 |
| 30/06/2014 | 0.59 | 0.61 | 0.67 | 1.49 | 1.51 | 1.57 |
| 31/07/2014 | 0.58 | 0.61 | 0.69 | 1.48 | 1.51 | 1.59 |
| 31/08/2014 | 0.58 | 0.62 | 0.72 | 1.48 | 1.52 | 1.62 |
| 30/09/2014 | 0.64 | 0.68 | 0.75 | 1.54 | 1.58 | 1.65 |
| Low | 0.55 | 0.56 | 0.57 | 1.45 | 1.46 | 1.47 |
| Average | 0.58 | 0.60 | 0.65 | 1.48 | 1.50 | 1.55 |
| High | 0.64 | 0.68 | 0.76 | 1.54 | 1.58 | 1.66 |

Report to the Finance & Performance Management Cabinet Committee



**Epping Forest
District Council**

**Report reference: FPM-014-2014/15
Date of meeting: 13 November 2014**

Portfolio: Finance

Subject: Quarterly Financial Monitoring

Officer contact for further information: Peter Maddock (01992 564602).

Democratic Services Officer: Rebecca Perrin (01992 564532)

Recommendations/Decisions Required:

That the Committee note the revenue and capital financial monitoring report for the second quarter of 2014/15.

Executive Summary

The report provides a comparison between the original estimate for the period ended 30 September 2014 and the actual expenditure or income as applicable.

Reasons for proposed decision

To note the second quarter financial monitoring report for 2014/15.

Other options for action

No other options available.

Report:

1. The Committee has within its terms of reference to consider financial monitoring reports on key areas of income and expenditure. This is the second quarterly report for 2014/15 and covers the period from 1 April 2014 to 30 September 2014. The reports are presented based on which directorate is responsible for delivering the services to which the budgets relate.
2. Salaries monitoring data is presented as well as it represents a large proportion of the authorities expenditure and is an area where historically large under spends have been seen.

Revenue Budgets (Annex 1 – 6)

3. Comments are provided on the monitoring schedules but a few points are highlighted here as they are of particular significance. The salaries schedule (Annex 1) shows an underspend of £163,000 or 1.6%. This time last year the variance was only 0.4% but the pay award had been settled at this point last year whereas this is still outstanding in the current year.
4. All Directorates are currently showing an underspend, the most significant in monetary terms being £73,000 on Neighbourhoods due to vacancies within Forward Planning, Communities is showing an underspend which is primarily related to the Housing

Revenue Account (HRA) and the underspend on Governance relates to the Estates division.

5. Investment interest levels in 2014/15 are slightly above expectations at quarter 2, due to an increase in surplus cash available for investment. Despite a lot of media coverage there is still no clear indication when rates might improve though an upward movement albeit small seems a possibility during 2015/16.
6. Development Control income at Month 6 is going particularly well. Fees and charges are £120,000 higher than the budget to date and pre-application charges are £23,000 higher. As usual the budgets will be revisited during the next couple of months when an assessment will need to be made of how much of this additional income should be treated as CSB and how much as DDF.
7. Building Control income was £4,000 higher than the budgeted figure at the end of the second quarter. Also the ring-fenced account is showing an in-year surplus of £7,000 as at Month 6 which is an improvement on expectations as the original budget had predicted a deficit of around £40,000. The surplus on the account brought forward into this financial year was £21,000.
8. Hackney Carriage income is £4,000 above expectations and other licensing £2,000 below expectations. The exact timing of licensing receipts tends to vary a bit from year to year so it is not entirely clear at this stage what the final position will be.
9. Income from MOT's carried out by Fleet Operations is £4,000 above expectations. Overall a deficit of £29,000 is predicted for 2014/15 and it is a little early to say whether or not this is likely to improve. Cabinet determined in October that the service would be re-located to a new depot at Oakwood Hill but would scale back its operations.
10. Local Land Charge income is £22,000 above expectations at the end of September so has continued the upward trend of recent months. There is still significant uncertainty surrounding the future for charging for these services which may or may not be resolved during the financial year.
11. It was reported in September that there had been problems with the amount of time it was taking between submitting tonnage information for Recycling Credits and receiving the go ahead from the County Council to raise the invoice. The April credits were not invoiced until August. Since then things have improved and billing is now occurring closer to the two month expected turnaround time. Officers will be raising the issue with the County Council to ensure that unreasonable delays are avoided in future.
12. Income from Car parking has been a little sporadic at times which makes monitoring more difficult. NEPP have recently changed their cash collector and although there have been some initial teething problems it is expected that cash receipts will become more timely. Officers will be monitoring this closely over the next few months.
13. The Housing Repairs Fund shows an underspend of £510,000. However a larger than average proportion of the expenditure is seasonal, falling in the winter months.
14. Payments to the Waste Management contractor were three months behind at the end of September as both July and August were not paid until October. Payments to the Leisure Management contractor are two months behind as expected. The frequency of billing can be a little haphazard at times and whilst budget payments are profiled two months in arrears this is not always what actually happens.
15. Compared to this time last year income streams are holding up well and in the case of Development Control, positively buoyant. An analysis of income levels and whether any of the increases are expected to be sustained will be carried out during the current budget cycle to see whether some of the additional income can be included in the CSB.

Expenditure is generally lower in the first half year so it is no surprise that a number of areas are showing underspends. The budgets are being revisited and where appropriate will be revised in line with expectations.

Business Rates

16. This is the second year of operation for the Business Rates Retention Scheme whereby a proportion of rates collected are retained by the Council.
17. There are two aspects to the monitoring, firstly changes in the rating list and secondly the collection of cash. Changes in the rating list are important as with local retention the overall funds available to authorities will increase or decrease as the total value of the list increases or decreases. The NNDR1 form set out the non-domestic rate estimates for the year and started with a gross yield of £40,972,136 which was then reduced by the various reliefs for charities and small businesses and an allowance for appeals to get to a net rate yield of £33,766,634. At the end of September the net rate yield had reduced by £182,495 and as the Council retains 40% of gains and losses this would mean a decrease in funding of £72,998. Previously this had shown an increase but as expected a number of claims for reliefs have come forward and reduced the yield, however the government will reimburse the General Fund in part for these losses.
18. Cash collection is important as the Council is required to make payments to the Government and other authorities based on their share of the rating list. These payments are fixed and have to be made even if no money is collected. Therefore, effective collection is important as this can generate a cash flow advantage to the Council. If collection rates are low the Council is left to finance these payments from working capital and so has to reduce investment balances. At the end of September the total collected was £18,889,598 and payments out were £16,203,000, meaning the Council was holding £2,686,598 of cash and so the Council's overall cash position was benefitting from the effective collection of non-domestic rates.
19. In summary, at the end of September the decrease in the overall value of the rating list is a concern, but cash collection is going well.

Capital Budgets (Annex 7 - 12)

20. Tables for capital expenditure monitoring purposes (annex 7 -12) are included for the six months to 30 September. There is a commentary on each item highlighting the scheme progress.
21. The full year budget for comparison purposes is the original budget updated for budgets carried forward from 2013/14 as part of the Provisional Outturn Report considered at the July meeting.

Major Capital Schemes (Annex 13)

22. There are two projects included on the Major Capital Schemes schedule these relate to the Museum redevelopment and House Building package 1. Annex 13 gives more detail.

Conclusion

23. With regard to revenue, income is up on expectations and expenditure down. The increased income levels are very much welcome, and appear to provide some evidence of the economic recovery. Expenditure being below budget is not surprising as this tends to be the case every year.
24. The Committee is asked to note the position on both revenue and capital budgets as at Month 6.

Consultations Undertaken

This report will also be presented to the Finance Scrutiny Panel on 11 November and an oral update will be provided to cover any additional comments or information.

Resource Implications

There is no evidence at this stage to suggest that the net budget set will not be met and in fact things look a little more positive than at this stage last year. The budget will be revised over the next few months incorporating increased income levels if they appear to be sustained.

Legal and Governance Implications

Reporting on variances between budgets and actual spend is recognised as good practice and is a key element of the Council's Governance Framework.

Safer, Cleaner, Greener Implications

The Council's budgets contain spending in relation to this initiative.

Background Papers

Various budget variance working papers held in Accountancy.

Impact Assessments

Risk Management

These reports are a key part in managing the financial risks faced by the Council. In the current climate the level of risk is increasing. Prompt reporting and the subsequent preparation of action plans in Cabinet reports should help mitigate these risks.

Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

| Date / Name | Summary of equality analysis |
|-----------------------------------|---|
| 28/10/14 Director of Resources | The report is to monitor current trends in spending and income. It does not propose any change to the use of resources and so has no equalities implications. |

| <u>DIRECTORATE</u> | <u>2014/15</u> | | | <u>2013/14</u> | | |
|--------------------|--|--|---|--|--|---|
| | <u>EXPENDITURE</u> <u>TO 30/09/14</u> | <u>BUDGET</u> <u>PROVISION</u> <u>(ORIGINAL)</u> | <u>VARIATION</u> <u>FROM BUDGET</u> <u>(ORIGINAL)</u> | <u>EXPENDITURE</u> <u>TO 30/09/13</u> | <u>BUDGET</u> <u>PROVISION</u> <u>(ORIGINAL)</u> | <u>VARIATION</u> <u>FROM BUDGET</u> <u>(ORIGINAL)</u> |
| | <u>£000</u> | <u>£000</u> | <u>%</u> | <u>£000</u> | <u>£000</u> | <u>%</u> |
| CHIEF EXECUTIVE | 108 | 113 | -4.4 | 127 | 124 | 2.4 |
| RESOURCES * | 2,772 | 2,781 | -0.3 | 2,702 | 2,655 | 1.8 |
| GOVERNANCE | 1,657 | 1,708 | -3.0 | 1,630 | 1,666 | -2.2 |
| NEIGHBOURHOODS * | 2,045 | 2,118 | -3.4 | 2,089 | 2,112 | -1.1 |
| COMMUNITIES * | 3,565 | 3,590 | -0.7 | 3,356 | 3,386 | -0.9 |
| TOTAL | 10,147 | 10,310 | -1.6 | 9,904 | 9,943 | -0.4 |

* Agency costs are included in the salaries expenditure.

Please note a vacancy allowance of 1.50% has been deducted in all directorate budget provisions.

| | 14/15 Full Year Budget £'000 | Second Quarter | | | 14/15 Variance Budget v Actual | | Comments |
|---------------------------------|---------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------------------|-----|--|
| | | 14/15 Budget £'000 | 14/15 Actual £'000 | 13/14 Actual £'000 | £'000 | % | |
| | | | | | | | |
| <u>Major expenditure items:</u> | | | | | | | |
| Museum | 52 | 31 | 28 | 36 | -3 | -10 | Expenditure is lower in the current year as the rent payable by the museum has reduced due to the relocation. |
| Bed & Breakfast Accommodation | 95 | 48 | 46 | 47 | -2 | -4 | There has been a slight increase in expenditure but the invoices concerned were not processed until month 7 |
| Grants to Voluntary Groups | 132 | 79 | 71 | 73 | -8 | -10 | The Homestart grants have now ceased. The amount concerned of £8,000 will either be an underspend or re-allocated to general grants. |
| Voluntary Sector Support | 170 | 153 | 153 | 76 | 0 | 0 | The grant to the Citizens Advice Bureau was not paid until month 7 in the prior year. |
| <u>Major income items:</u> | | | | | | | |
| Bed & Breakfast Accommodation | 107 | 54 | 57 | 47 | 3 | 6 | This budget relates to Housing Benefits awarded and invoices raised for non eligible charges. The recent increase in Bed & Breakfast placements is now showing here in the form of increased income. |
| | 556 | 365 | 356 | 233 | | | |

| | 14/15 Full Year Budget £'000 | Second Quarter | | | 14/15 Variance Budget v Actual | | Comments |
|---------------------------|---------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------------------|----|--|
| | | 14/15 Budget £'000 | 14/15 Actual £'000 | 13/14 Actual £'000 | £'000 | % | |
| | | | | | | | |
| Major income items: | | | | | | | |
| Industrial Estates | 1,147 | 825 | 777 | 758 | -47 | -6 | Rents from the Industrial units are below expectations due to a number of units being vacant at the Oakwood Hill Workshop Units and Brooker Road, although several of the units have recently been relet. Income is lower than the previous year as even though several of the vacant units have been relet, the tenancy agreement provides rent free periods. At the beginning of the year there were a number of voids affecting the Langston Road Seedbed Centre which has also affected the income received. |
| Business Premises - Shops | 1,865 | 1,398 | 1,624 | 1,382 | 225 | 16 | This income relates to non housing assets which include shops, doctors surgeries, a petrol station and public houses. Income is above the profiled budget and the previous year actual due to significant rent reviews having been agreed for several tenants. |
| Land & Property | 166 | 50 | 48 | 57 | -2 | -4 | Commission is received from the David Lloyd Centre based on their turnover. Income relating to 2014/15 will be accounted for at the end of the year, but received during the initial part of 2015/16. Income received from land and property is on target with the profiled budget. |
| | 3,178 | 2,273 | 2,449 | 2,197 | | | |

| | 14/15 Full Year Budget £'000 | Second Quarter | | | 14/15 Variance Budget v Actual | | Comments |
|------------------------------|---------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------------------|----|--|
| | | 14/15 Budget £'000 | 14/15 Actual £'000 | 13/14 Actual £'000 | £'000 | % | |
| | | | | | | | |
| <u>Major income items</u> | | | | | | | |
| Development Control | 555 | 254 | 397 | 283 | 143 | 56 | Development Control fees, which are profiled on the average of the previous three years, are significantly higher in the first half of this year than both the profiled budget and the previous year due to the up-turn in the economy after a few years now of developer caution. The increase in income includes Pre-application fee which has already exceeded the full year budget of £40,000 with income received in the first half of the year totaling £43,000. |
| Building Control Fee Earning | 386 | 214 | 218 | 189 | 4 | 2 | Building Control fees are slightly higher than the profiled budget and greater than the previous year actual. This is as a result of an up-turn in the building industry. |
| Local Land Charges | 195 | 99 | 121 | 102 | 22 | 23 | Local Land Charges income has exceeded the previous year actual and the budget to date. There has been an improvement in the housing market which has seen an up-turn in the number of searches performed. |
| | 1,136 | 567 | 736 | 574 | | | |

| | 14/15 Full Year Budget £'000 | Second Quarter | | | 14/15 Variance Budget v Actual | | Comments |
|-----------------------------------|---------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------------------|-----|---|
| | | 14/15 Budget £'000 | 14/15 Actual £'000 | 13/14 Actual £'000 | £'000 | % | |
| | | | | | | | |
| Major expenditure items: | | | | | | | |
| Refuse Collection | 1,445 | 490 | 350 | 355 | -140 | -29 | The variances is due to the contractor being a further month in arrears with invoicing and there being no expenditure on publicity. |
| Street Cleansing | 1,363 | 454 | 345 | 333 | -109 | -24 | The variance is due to the contractor being one further month in arrears with invoicing which is partly offset by an increase in variation orders for fly-tips. |
| Recycling | 3,208 | 1,108 | 990 | 944 | -118 | -11 | The contractor is one further month in arrears with invoicing. |
| Highways General Fund | 380 | 66 | 61 | 57 | -5 | -8 | A number of minor under-spends account for variance the largest of which relates to street naming and numbering |
| Off Street Parking | 466 | 300 | 294 | 264 | -6 | -2 | Expenditure on Maintenance, Non domestic rates and the Parking Contractor was lower than in the current year. A saving on NDR accounts for the in year difference. |
| North Weald Centre | 208 | 112 | 85 | 110 | -27 | -24 | Due to their nature, timing differences arise on Other Maintenance and Electricity headings. In the previous year there was a larger amount of spend on runway maintenance at this stage. |
| Land Drainage & Contaminated Land | 186 | 33 | 26 | 13 | -7 | -21 | Works at Bobbingworth Tip are still being evaluated to see if a possible trend is arising which is the major variance in this area. |
| | 7,256 | 2,563 | 2,151 | 2,076 | | | |

| | 14/15 Full Year Budget £'000 | Second Quarter | | | 14/15 Variance Budget v Actual | | Comments |
|---------------------------------|---------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------------------|-----|---|
| | | 14/15 Budget £'000 | 14/15 Actual £'000 | 13/14 Actual £'000 | £'000 | % | |
| | | | | | | | |
| <u>Major expenditure items</u> | | | | | | | |
| Forward Planning | 354 | 89 | 41 | 66 | -48 | -54 | Timing differences inevitably arise in this area due to the Local Plan having lengthy and sometimes complex consultation processes. |
| <u>Contract cost Monitoring</u> | | | | | | | |
| Leisure Facilities:- | | | | | | | |
| Loughton Leisure Centre | -175 | -62 | -62 | -75 | 0 | 0 | |
| Epping Sports Centre | 315 | 103 | 103 | 125 | 0 | 0 | |
| Waltham Abbey Pool | 513 | 171 | 170 | 207 | -1 | -1 | } There are no major in year variances. In 2014/15, 4 months have been paid. At the same point last year 5 months had been paid. |
| Ongar Sports Centre | 298 | 98 | 98 | 119 | 0 | 0 | |
| | 951 | 310 | 309 | 376 | | | |

DIRECTORATE FINANCIAL MONITORING - NEIGHBOURHOODS (3)

| | 14/15 Full Year Budget £'000 | Second Quarter | | | 14/15 Variance Budget v Actual | | Comments |
|----------------------------|---------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------------------|-----|---|
| | | 14/15 Budget £'000 | 14/15 Actual £'000 | 13/14 Actual £'000 | £'000 | % | |
| | | | | | | | |
| <u>Major income items:</u> | | | | | | | |
| Refuse Collection | 80 | 30 | 81 | 21 | 51 | 170 | The current landfill site being used by Essex County Council is further away than planned. This will cease from November 2014 when the Harlow Transfer Station will be used and hence no further credits will be received. |
| Recycling | 2,461 | 726 | 636 | 915 | -90 | -12 | Income is down due to a reorganisation at Essex County Council (ECC) and the service managers having difficulty in agreeing the tonnage figures. However things have improved since quarter 1. It is expected that income for the first six months will reach the target. Arrangements under the new contract are different in that the credits will be paid to the contractor. |
| Off Street Parking | 1,134 | 508 | 407 | 442 | -101 | -20 | No income was received during September due to changes in the operational and admin. procedures at NEPP. Things have now settled down and as at the end of October only a small shortfall is showing. |
| North Weald Centre | 1,070 | 643 | 646 | 603 | 3 | 0 | No major in year variances. The variance between years is the effect of rent increases now being received. |
| Hackney Carriages | 181 | 90 | 94 | 86 | 4 | 4 | A new tarrif was brought in this year for Hackney Carriage Licences enforcing the use of meters in cabs. This has forced some drivers to have both a Hackney Carriage and Private Hire plate and the use of 2 different vehicles. |
| Licensing & Registrations | 115 | 57 | 55 | 52 | -2 | -4 | No major variances. |
| Fleet Operations MOTs | 228 | 114 | 118 | 111 | 4 | 4 | MOT testing by the Fleet Operations section is showing signs of recovery after the reduction experienced during the last couple of years. |
| | 5,269 | 2,168 | 2,037 | 2,230 | | | |

2014/15
DIRECTORATE FINANCIAL MONITORING - RESOURCES

ANNEX 5

| | 14/15 Full Year Budget £'000 | Second Quarter | | | 14/15 Variance Budget v Actual | | Comments |
|---------------------------------|---------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------------------|----|---|
| | | 14/15 Budget £'000 | 14/15 Actual £'000 | 13/14 Actual £'000 | £'000 | % | |
| | | | | | | | |
| <u>Major expenditure items:</u> | | | | | | | |
| Building Maintenance | 703 | 147 | 149 | 145 | 2 | 1 | Building Maintenance works are difficult to forecast but generally works are undertaken in the latter part of the year which allows for preparation work to take place initially. The expenditure to date is in line with the profiled budget and the previous year actual. |
| Information Technology | 771 | 639 | 637 | 638 | -2 | 0 | IT expenditure tends to occur at the beginning of the financial year which includes the payment of maintenance contracts for systems leaving only network charges continuing to be paid throughout the year. The expenditure for the second quarter is in line with the budget and the previous year actual. |
| Telephones | 171 | 100 | 120 | 76 | 20 | 20 | The increase in expenditure for telephones in comparison to the budget and previous year actual relates to the maintenance cost of the new VOIP telephony system which has been implemented within the Council. Although this is showing an overspend it is expected that when taken with the Information technology budget above, expenditure overall will be on target. |
| Bank & Audit Charges | 169 | 29 | 29 | 26 | 0 | 0 | Expenditure to date represents the first quarters Audit Fee, the fee for the second quarter becomes payable in quarter three. |
| | 1,814 | 915 | 935 | 885 | | | |
| <u>Major income items:</u> | | | | | | | |
| Investment Income | 399 | 200 | 217 | 213 | 17 | 9 | Investment interest is similar to the previous year and a little higher than expected due to higher investment balances being held. |
| | 399 | 200 | 217 | 213 | | | |

| | 14/15 Full Year Budget £'000 | Second Quarter | | | 14/15 Variance Budget v Actual | | Comments |
|---------------------------------|---------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------------------|-----|---|
| | | 14/15 Budget £'000 | 14/15 Actual £'000 | 13/14 Actual £'000 | £'000 | % | |
| | | | | | | | |
| <u>Major expenditure items:</u> | | | | | | | |
| Management & General | 297 | 123 | 112 | 104 | -11 | -9 | There are currently underspends on publicity, printing and document archiving. These have been offset by overspends on professional and land registry fees due to the Council House Building schemes. |
| Housing Repairs | 5,693 | 2,790 | 2,280 | 2,269 | -510 | -18 | The underspend mainly relates to the responsive repairs element of the fund. The budget is profiled evenly across the year, as it is unknown when responsive repairs will arise |
| Special Services | 631 | 269 | 246 | 281 | -23 | -9 | The main areas of underspending are on new equipment and various miscellaneous works. These have been partly offset by an overspend on utility services. |
| Interest on Loans | 5,532 | 2,766 | 2,765 | 2,762 | -1 | 0 | No Major variance |
| | 12,153 | 5,948 | 5,403 | 5,416 | | | |
| <u>Major income items:</u> | | | | | | | |
| Non-Dwelling Rents | 857 | 424 | 412 | 425 | -12 | -3 | Income levels are down due to a higher than expected level of garage voids. |
| Gross Dwelling Rent | 31,680 | 15,840 | 15,749 | 15,147 | -91 | -1 | Income is below expectations due to higher than expected sales and voids. The variance between years is due to the annual rents increase which was 4.9% from April 2014. |
| | 32,537 | 16,264 | 16,161 | 15,572 | | | |

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2014/15 DIRECTORATE CAPITAL MONITORING -
COMMUNITIES

ANNEX 7

| | 14/15 Full Year Budget £'000 | Second Quarter | | 14/15 Variance Budget v Actual | | <u>Comments</u> |
|-------------------------------|---------------------------------------|--------------------------|--------------------------|--------------------------------------|-----|---|
| | | 14/15 Budget £'000 | 14/15 Actual £'000 | £'000 | % | |
| | | | | | | |
| Epping Forest District Museum | 1,750 | 875 | 564 | -311 | -36 | Please see comments on the major schemes schedule. |
| CCTV Systems | 112 | 56 | 59 | 3 | 5 | The CCTV capital programme is on target this year. All works are now completed at Lower Queens Road, Buckhurst Hill and Loughton High Road and the Essex Police Force Control Room has access to images from both Epping High Street and Loughton High Road. In Quarter 3 work will commence on the CCTV refurbishment project at the Limes Farm shops and an operational requirement is being developed in respect of the CCTV system at North Weald Airfield. |
| Housing Estate Parking | 891 | 445 | 78 | -367 | -82 | The programme of providing off street parking facilities on Council Estates is ongoing. Phase 4 is now complete, and works on Phase 5 sites are underway with Queens Road almost complete and works to Ladyfields due to start shortly. On other Phase 5 sites the resident consultation on Park Square is underway and Paley Gardens is due for consultation in quarter 3. All these schemes are joint funded between the General Fund and the HRA depending on the split between sold properties and HRA tenanted properties. Carry forwards on both accounts will be reported as part of the Capital Review in December 2014. |
| Limes Farm Hall Development | 6 | 3 | 4 | 1 | 33 | Limes Farm Hall Development is now completed. The budget of £6,000 was carried forward from 2013/14 to allow for the costs of some minor snagging works is expected to be fully spent this financial year. |
| Waltham Abbey Playing Field | 0 | 0 | 0 | 0 | 0 | This scheme was completed last year with the provision of a new floodlit Astro turf pitch and a £39,000 saving was reported in the Capital Outturn Report in May. However, this year remedial works have been required on the pitch due to drainage issues and, because the original contractor has gone into administration, the pitch is not covered by a guarantee. There have also been some security issues and one of the measures being considered to mitigate these issues is the provision of additional security fencing. A report will be submitted to Cabinet in mid December which will outline all these issues and provide estimated costs of the capital works recommended. |
| Total | 2,759 | 1,379 | 705 | | | |

| | 14/15 Full Year Budget £'000 | Second Quarter | | 14/15 Variance Budget v Actual | | <u>Comments</u> |
|--|---------------------------------------|--------------------------|--------------------------|--------------------------------------|-----|---|
| | | 14/15 Budget £'000 | 14/15 Actual £'000 | £'000 | % | |
| | | | | | | |
| Purchase of Bridgeman House, Waltham Abbey | 654 | 0 | 0 | 0 | 0 | This budget has been set aside for the acquisition of the lease of the second floor of Bridgeman House, Waltham Abbey. Negotiations are still taking place with the head lease owners to acquire part if not all of the area. If successful completion is likely to take place in the autumn of 2015 and the budget will be carried forward accordingly. |
| Purchase of Lease re Torrington Drive | 3,462 | 3,462 | 3,511 | 49 | 1 | This project was finalised in April this year. The overspend relates to higher than expected capital fees. |
| New Developments | 173 | 86 | 50 | -36 | -42 | This budget has been set aside for new developments within the District. With regard to the Epping Forest Shopping Park at Langston Road, the Council is now looking to finalise the Development Agreement with Polofind and discharge planning conditions. The new depot at Oakwood Hill has received planning approval and a progress report will be presented to Cabinet in late 2014 or early 2015, which will outline budget requirements for the development. It is also anticipated that further investment in consultancy fees may be required to progress some of the new developments and extend the Council's Economic Development Strategy. |
| Development of the former Winston Churchill Public House Site | 75 | 38 | 38 | 0 | 0 | The Council has entered into a 150 year lease with the developer and the Development Agreement has also been entered into. However, a variation to the agreement has been proposed by the developer, which will be put to Members in a Cabinet Report. Planning permission has been granted for the construction of 64 private flats, the Sir Winston Churchill Public House has been demolished and construction works have now commenced. The budget was approved to cover external legal fees. |
| Property Management System | 35 | 0 | 0 | 0 | 0 | Portfolio Holder approval has been granted for the appointment of a new provider for this system, as the initial supplier was unable to satisfy the specific requirements needed for the management of the Council's commercial properties. The order has now been placed and the new system is expected to be installed before the beginning of the next financial year. |
| Total | 4,399 | 3,586 | 3,599 | | | |

2014/15 DIRECTORATE CAPITAL MONITORING -
NEIGHBOURHOODS

ANNEX 9

| | 14/15 Full Year Budget £'000 | Second Quarter | | 14/15 Variance Budget v Actual | | <u>Comments</u> |
|----------------------------|---------------------------------------|--------------------------|--------------------------|--------------------------------------|------|---|
| | | 14/15 Budget £'000 | 14/15 Actual £'000 | £'000 | % | |
| | | | | | | |
| Waste Management Equipment | 107 | 54 | 40 | -14 | -25 | This budget was set aside primarily to renew any waste and recycling containers as necessary to ensure sufficient stock levels for the commencement of the new waste and recycling contract in November 2014. Under the new contract, the Council will continue to purchase replacement bins and an annual allowance has been approved to cover this. A sum of £23,000 was vired to the ICT Capital budget for essential IT system integration software and other enabling work. Any further amendments will be identified as part of the Capital Review. |
| Parking Schemes | 345 | 43 | 0 | -43 | -100 | This budget covers the cost of completing the Buckhurst Hill parking review as well as the cost of the Loughton Broadway parking scheme. The formal public consultation for the Buckhurst Hill parking review is in progress and the works are expected to be completed by the end of the financial year. The final scheme in Loughton Broadway will follow once the Buckhurst Hill scheme is completed and an appropriate allocation will be recommended for carry forward as part of the Capital Review. |
| North Weald Airfield | 128 | 64 | 0 | -64 | -100 | This budget is fully funded from contributions from the airfield's market operator Hughmark. The full year budget shown will require amendment following further re-negotiations with Hughmark whereby capital contributions have been suspended due to economic circumstances. The Council has agreed to carry out essential work only, which will utilise the unspent balance of £44,000 on the account. Appropriate amendments will be made as part of the Capital Review. |
| Other Environmental works | 222 | 111 | 56 | -55 | -50 | This category includes the Council's grounds maintenance vehicle replacement programme, flood alleviation equipment and the pay and display car park scheme. Replacement grounds maintenance vehicles will be ordered in late 2014 or early 2015, once the condition of existing vehicles are assessed at the end of the mowing season. With regard to flood alleviation equipment, the 4x4 vehicle and land drainage equipment has now been purchased. Procurement is underway for the installation of new pay and display machines across all Council owned car parks although there has been no spending on this budget to date. |
| Total | 802 | 272 | 96 | | | |

| | 14/15 Full Year Budget £'000 | Second Quarter | | 14/15 Variance Budget v Actual | | Comments |
|--------------------------------|---------------------------------------|--------------------------|--------------------------|--------------------------------------|-----|---|
| | | 14/15 Budget £'000 | 14/15 Actual £'000 | £'000 | % | |
| | | | | | | |
| Planned Maintenance Programme | 681 | 125 | 85 | -40 | -32 | This budget covers all projects undertaken within the Council's Planned Maintenance Programme, except for those reported on separately in this report. There are thirty three planned projects and the main ones include window replacements in the Civic Office building, the upgrade of electrical & LED lighting works, Disability Discrimination Act (DDA) compliant works and car park resurfacing works at two leisure centres. The window replacement programme at the civic offices has been granted planning permission and phase 1 is due to start in early 2015. This is expected to be completed by the end of the financial year and phase 2 will follow in April 2015. Electrical work and LED lighting works are also on target to complete by 31 March 2015. Works on the DDA compliant projects are ongoing: the side doors are complete; the door to the conference room is complete; the door to the Housing interview room is due to commence imminently; and the work on the main front doors is progressing. However, the resurfacing of the car parks at Epping Sports Centre and Waltham Abbey swimming pool have been put on hold awaiting the outcome of the new Leisure Strategy. The Five year Planned Maintenance Programme has been reviewed recently and slippage of approximately £100,000 has been identified, primarily relating to the two car parking schemes mentioned above; the final carry forward figure will be presented to Cabinet as part of the Capital Review. |
| Solar Energy Panels | 196 | 20 | 1 | -19 | -95 | The tenders for roofing works have been received and are being evaluated. Construction works are due to commence later this year following contractor appointment. |
| Upgrade of Industrial Units | 311 | 0 | 0 | 0 | 0 | This project has been delayed as the work is subject to agreement with the tenants occupying the units on the industrial estates and negotiations are still on-going. No works will be carried out in this financial year but some legal expenses are expected to be incurred; a carry forward in the order of £296,000 will be requested within the Capital Review. |
| W Abbey Swimming Pool Roof | 10 | 0 | 0 | 0 | 0 | This project is on hold pending a decision about the future role for local authorities in leisure provision which will be published in the Leisure Strategy. No works are expected to be carried out in this financial year and the £10,000 allocation for initial feasibility works will be recommended for carry forward to 2015/16 as part of the Capital Review. |
| ICT Projects & Other Equipment | 593 | 195 | 192 | -3 | -2 | This budget covers all ICT capital projects being undertaken in this financial year, of which there are now 15 planned projects. The additional project relates to the installation of new software to allow integration and other enabling work for the new Waste Management contract; a virement of £23,000 was approved by Cabinet in September from the waste management equipment capital budget to cover this. All the ICT projects are progressing well. The telephony upgrade project is now complete with just minor snagging issues outstanding. The tender for the host servers has been completed and the new servers are due to be delivered on site during November, this will release older hardware to facilitate the progress of the disaster recovery project. The back office integration project has been completed with the purchase of the ESRI GIS mapping system; this has now been installed and Council staff are configuring and developing the use of the application. Phase 1 of the mobile working project has progressed well with more staff now having the technical capability of working outside of the office environment. This budget category has been extended this quarter to include an allocation of £40,000 recently approved for the purchase of an enveloping machine for the Council's reprographics section. An order for this is currently being processed. |
| Total | 1,791 | 340 | 278 | | | |

| | 14/15 Full Year Budget £'000 | Second Quarter | | 14/15 Variance Budget v Actual | | Comments |
|---|---------------------------------------|--------------------------|--------------------------|--------------------------------------|-----|---|
| | | 14/15 Budget £'000 | 14/15 Actual £'000 | £'000 | % | |
| | | | | | | |
| Housing Developments | 3,264 | 816 | 5 | -811 | -99 | Housing developments include phases 1 and 2 of the new house building programme as well as the conversion works at Marden Close and Faversham Hall. The actual costs of £5,000 incurred to date relate to phase 1 of the house building programme: please refer to annex 13 (Major Schemes) for more information. Regarding the conversion works at Marden Close and Faversham Hall, work started on site in October 2014 and the project is running to programme and budget. Completion is expected around November 2015. Overall, this budget is significantly underspent and the cashflow has been updated to allow for slippage; recommended carry forwards will be presented within the Capital Review. |
| Heating/Rewiring /Water Tanks | 2,711 | 1,316 | 1,279 | -37 | -3 | This category includes gas and electrical heating; mechanical ventilation and heat recovery (MVHR) installation; rewiring; and communal water tank replacements. The overall budget position shows an underspend, primarily on the gas and electric heating budgets. A £150,000 contract for the one-off replacement of two gas heating boilers at Buckhurst Court has reached practical completion with the final payment due early quarter 3. Works on the electrical heating programme have commenced following the appointment of the specialist contractor. |
| Windows/Doors/Roofing | 3,143 | 1,552 | 1,043 | -509 | -33 | All the budgets in this category, which include PVCu window replacement, front entrance door replacement and roofing programmes, are currently showing as underspent. An accelerated programme of catch up works for the front entrance door replacement programme is now underway following the appointment of a new specialist contractor. A programme of catch up works has also commenced for flat roofing. Overall, an underspend on this budget category is expected, which will be addressed within the Capital review. |
| Other Planned Maintenance | 824 | 411 | 326 | -85 | -21 | This category includes Norway House improvements, door entry system installations and energy efficiency works. All the budgets are showing as underspent with the energy efficiency programme showing the most significant underspend. The Green Deal grant funding for the external wall insulation works has been withdrawn and the external wall insulation programme has been put on hold for the time being. It will re-commence if grant funding becomes available again in the future. The provision of Wi-Fi at Norway House is due to commence in late 2014. |
| Kitchen Replacements | 1,506 | 753 | 489 | -264 | -35 | This budget is currently showing an underspend. However, the planned kitchen replacement programme is progressing well and is currently on target. Although there are still properties on hold pending clearance of tenant arrears and other matters, plans are still in place to complete the 2014-15 programme by 31 March 2015. |
| Bathroom Replacements | 1,779 | 889 | 805 | -84 | -9 | Overall, the bathroom replacement programme is progressing well and on target with the 2014-15 programme expected to complete on time and within budget. |
| Void Refurbishments & Other Small Works | 1,962 | 981 | 841 | -140 | -14 | The volume and cost of capital work on void properties are difficult to predict as the level of expenditure depends on the number of properties becoming void as well as and the quality and condition of the property. When compared with the last financial year there has been an increase in the number of properties going through the void process, partly due to a number of tenants downsizing as a result of the introduction of the benefit cap within the Welfare Reform Act. Also, implementation of the Council's modern homes standard has increased the frequency that capital improvements are carried out, due to the reduced life-cycle of each building element. Despite the current underspend, this budget is expected to be fully spent by the year end as expenditure, based on previous trends, is likely to increase in the next two quarters. |
| Total c/f | 15,189 | 6,718 | 4,788 | | | |

| | 14/15 Full Year Budget £'000 | Second Quarter | | 14/15 Variance Budget v Actual | | Comments |
|---|---------------------------------------|--------------------------|--------------------------|--------------------------------------|-----|--|
| | | 14/15 Budget £'000 | 14/15 Actual £'000 | £'000 | % | |
| | | | | | | |
| Total b/f | 15,189 | 6,718 | 4,788 | | | |
| Structural & Other Works | 467 | 220 | 147 | -73 | -33 | The Council has a structural repairs programme for major remedial structural works, which is currently on target and progressing to plan. This budget also funds urgent major structural repairs which are ad-hoc in nature, however, in the first six months no urgent major structural repairs have been identified. Expenditure on this budget is due to increase in the next two quarters. |
| Council Estate Parking, Garages & Other Environmental Works | 1,777 | 877 | 380 | -497 | -57 | This category includes garages, fencing, off street parking, estate environmental works, cctv installations, external lighting schemes and a gas pipe-work replacement programme. The two largest projects in this category are the off street parking schemes on Council owned land and the gas pipe-work replacement programme, both of which are currently underspent. The off street parking schemes are jointly funded between the HRA and General Fund (please see comments on annex 7). The programme for the replacement of gas pipe-work is a four year project and includes works on 38-blocks of flats on the Ninefields Estate in Waltham Abbey and flats on the Oakwood Hill estate in Loughton. Work on 3-blocks on the Ninefields Estate have been completed and further blocks are planned for 2014-15. These two budgets are expected to be underspent and expenditure will be revised when the Capital Programme is reviewed. The overall position for the other budgets within this category (except for fencing) is also underspent. The temporary hold on works to garage sites is still in place and this position is likely to continue for several years until all feasibilities on the new house building programme are completed. The estate environmental works have commenced and the catch up programme is underway. Recommendations to vire identified underspends will be made as appropriate within the Capital Review. |
| Disabled Adaptations | 402 | 189 | 189 | 0 | 0 | Expenditure is currently on target and it is anticipated that the budget will be fully spent by the end of the financial year. |
| Other Repairs and Maintenance | 221 | 102 | 93 | -9 | -9 | This category includes feasibilities, asbestos removal and the contingency budget. The current budget position is showing a small underspend. Asbestos removal works have the largest budget within this category; they are demand led and are roughly on target. The feasibility budget is again demand led and showing an underspend in quarter 2. However, a number of projects have been identified and expenditure on this budget is expected to increase in quarter 3. There have been no calls on the contingency budget to date, but it is prudent to retain this allocation in the budget for emergency capital works. |
| Capital Service Enhancements | 399 | 199 | 29 | -170 | -85 | The Capital Service Enhancements budget includes the front entrance fire door replacement programme on leasehold properties, the Oakwood Hill estate enhancement project, the refurbishment of communal kitchens in sheltered schemes, the provision of electric scooter stores at sheltered schemes, a contribution towards the provision of Wi-Fi at Norway House, and the online rents system & repairs maintenance software. The front entrance fire door replacement programme is progressing well and installations are underway. However, progress on the Oakwood Hill estate enhancement project has been limited and the situation is being monitored. The refurbishment of the communal kitchens in sheltered schemes is underway with the completion of all phase 1 schemes expected this financial year. Consultation with the residents of sheltered schemes for the provision of electric scooter stores has been completed and works on two high priority schemes are due to commence shortly. |
| Housing DLO Vehicles | 68 | 0 | 0 | 0 | 0 | An order has recently been raised for the purchase of four new housing maintenance vehicles which are expected to be delivered in early 2015. |
| Total | 18,523 | 8,305 | 5,626 | | | |

2014/15 DIRECTORATE CAPITAL MONITORING -
REVENUE EXPENDITURE FINANCED FROM CAPITAL UNDER STATUTE (REFCuS)
AND CAPITAL LOANS

ANNEX 12

Page 63

| REFCuS | 14/15 Full Year Budget £'000 | Second Quarter | | 14/15 Variance Budget v Actual | | Comments |
|-------------------------------------|---------------------------------------|--------------------------|--------------------------|--------------------------------------|-----|--|
| | | 14/15 Budget £'000 | 14/15 Actual £'000 | £'000 | % | |
| | | | | | | |
| Disabled Facilities Grants | 363 | 181 | 194 | 13 | 7 | The number of occupational therapist referrals that initiate Disabled Facilities Grant (DFG) applications have been growing significantly since March 2013 and the number of referrals forecast for 2014/15 is 200, compared to 163 in 2013/14. As a consequence, it is anticipated that expenditure will exceed the approved budget in 2014/15 by approximately £17,000. This will be addressed as part of the Capital Review, which will recommend the re-profiling of the allocated budget over the following 3 year period in line with medium-term forecasts. |
| Other Private Sector Housing Grants | 4 | 2 | 8 | 6 | 300 | This budget covers private sector housing grants approved under the previous system of non-repayable grants for decent homes, small works and thermal comfort assistance. There is one remaining case, totalling £5,000, which has been held in abeyance due to client hospitalisation and protracted legal consents with a listed building; it is anticipated that the works will be completed by the end of the financial year. |
| Waltham Abbey Regeneration | 8 | 0 | 0 | 0 | 0 | This regeneration initiative started in 2011/12, financed from the £165,000 premium paid by Lidl in respect of 1 Cartersfield, Waltham Abbey. It consists of a number of projects managed by Waltham Abbey Town Council. Most of the projects have now been completed and the remaining projects are small scale schemes and will be included within the revenue budget. The appropriate amendments will be made when the budgets are revised. |
| HRA Leaseholders | TBA | TBA | TBA | N/A | N/A | These costs relate to capital expenditure on sold Council flats and are currently shown in the HRA capital programme. They are will be identified once the works are complete and reported at the end of the financial year. |
| Total | 375 | 183 | 202 | | | |

| CAPITAL LOANS | 14/15 Full Year Budget £'000 | First Quarter | | 14/15 Variance Budget v Actual | | Comments |
|--|---------------------------------------|--------------------------|--------------------------|--------------------------------------|-----|--|
| | | 14/15 Budget £'000 | 14/15 Actual £'000 | £'000 | % | |
| | | | | | | |
| Home Ownership Schemes | 593 | 0 | 0 | 0 | 0 | The Open Market Shared Ownership Scheme provides interest-free loans to B3Living (formerly Broxbourne Housing Association) to enable first time buyers to purchase properties on the open market. The scheme is now in its second phase, with 2 out of 6 loans completed and more applications approved in this phase. A maximum purchase price of £250,000 per property is applicable under this scheme and, with the current upward trend in property prices, this has resulted in the uptake on the interest-free loans being lower than expected. It anticipated that 2 more loans will complete this year and the Capital Review will serve to reduce this year's allocation to £120,000 to reflect the reduced activity. The balance will be carried forward to 2015/16 and a number of options on how to make the scheme more attractive are currently being considered. The decision with regards to phase 3 of this scheme will be made when the second phase is completed. |
| Repayable Private Sector Housing Loans | 412 | 206 | 18 | -188 | -91 | This scheme offers discretionary loans to provide financial assistance for improving private sector housing stock and replaces the old non-repayable grants scheme referred to above. The budget is underspent to date as the uptake for these loans has been low, although uptake is now increasing. Expenditure for the year is likely to be no more than £120,000 and it is likely that a request will be made to carry forward some of the unspent portion into 2015/16. |
| Total | 1,005 | 206 | 18 | | | |

MAJOR CAPITAL SCHEMES

| HOUSE BUILDING - PHASE 1 | | | | | | | | | | | |
|--|----------------------|-----------------------------|----------------------|-----------------------------------|----------------------|--------------------------|-------------------------------------|------------------------------|--------------------------------|----------------------------------|--|
| Original Start on Site Date | Original Finish Date | Actual Start on Site Date | Proposed Finish Date | Original Tender Forecast £'000 | Pre-Updates £'000 | Latest Forecast £'000 | Actual Expenditure To Date £'000 | Anticipated Outturn £'000 | Variance to Original Cost % | Variance to Approved Budget % | |
| Apr-14 | Jun-15 | Oct-14 | Oct-15 | 3,948 | -478 | 3,469 | 89 | TBA | -12% | N/A | |
| <p>In July 2013, the Cabinet Committee considered and approved the feasibility study for phase 1 of the Council's house-building programme. Planning approval was granted for the construction of 23 new affordable homes at four of the five sites originally considered at Roundhills and Harveyfields in Waltham Abbey. The original pre-tender forecast was revised down from £3,948,000 to £3,383,000 to reflect the reduction from five to four sites at this stage, which was before tenders were submitted.</p> <p>In July 2014 tenders were received and evaluated by Pellings, the Employers Agent acting on behalf of East Thames, the Council's Development Agent. On completion of the evaluation process, a report was presented to Cabinet in August 2014 and the contract was awarded to Broadway Construction Ltd for the tendered sum of £3,245,144. The latest estimate for phase 1 has therefore been amended to £3,469,000 to include tendered construction works plus fees estimated to be around £224,000. Work started on site on 27 October 2014 and the new homes are expected to be completed by the end of October 2015.</p> <p>With regard to phase 2 of the house-building programme, the planning application was submitted on 22 October 2014 after the site was appropriated for planning purposes. This phase will deliver 52 new affordable homes at an estimated cost of around £8,275,000 plus fees of approximately £717,000. This will be part funded from the £500,000 Homes & Communities Agency (HCA) Affordable Housing Grant recently awarded to the Council, subject to the Council achieving Development Partner Status with the HCA.</p> | | | | | | | | | | | |
| EPPING FOREST DISTRICT MUSEUM | | | | | | | | | | | |
| Original Start on Site Date | Original Finish Date | Proposed Start on Site Date | Proposed Finish Date | Original Tender Forecast £'000 | Pre-Updates £'000 | Latest Forecast £'000 | Actual Expenditure To Date £'000 | Anticipated Outturn £'000 | Variance to Original Cost % | Variance to Approved Budget % | |
| Feb-14 | Jan-15 | Jan-15 | Oct-15 | 1,750 | 0 | 1,750 | 564 | TBA | 0% | N/A | |
| <p>In November 2012 the Museum Service submitted a bid to the Heritage Lottery Fund for an extension and redevelopment of the Epping Forest District Museum, this was supported by an agreed capital commitment from EFDC of £250,000 towards the purchase of the lease of the 1st floor of the adjoining 37 Sun Street. The bid was successful resulting in an award totalling £1,654,000 in March 2013; £1,500,000 for the capital redevelopment works and £154,000 for the associated engagement programme over a three year period. The project will transform the museum, providing step free access across the site and bringing a large percentage of the reserve collections, currently held at Langston Road depot into the heart of the museum.</p> <p>Delay in acquiring the lease until April 2014, originally estimated to be completed by June 2013, postponed the start of the detailed design work. However, clearance of the Museum building and as much preliminary work as possible was undertaken while waiting for the purchase completion.</p> <p>Since April 2014 the appointed design team have been undertaking further investigations of the buildings and developing the scheme. Tenders for the main contractor of the build phase have been sent out as of 27 October 2014 and appointment is anticipated in December 2014. Revised costings for the building works have been undertaken ahead of the main contractor tender and any additional costings emerging from the purchase and design stage will be met in the first instance from project contingencies and will be the subject of a Cabinet report.</p> <p>The build phase is due to begin on site in January 2015 and be completed by July 2015. This will be followed by the installation of the exhibitions and collections to be completed by October 2015. If these timescales are achieved the Museum will reopen to the public in mid October 2015.</p> | | | | | | | | | | | |

Report to Finance and Performance Management Cabinet Committee



**Epping Forest
District Council**

**Report Reference: FPM-015-2014/15
Date of meeting: 13 November 2014**

Portfolio: Finance

Subject: Fees and Charges 2015/16

Officer contact for further information: Peter Maddock (01992 - 56 4602).

Democratic Services: Rebecca Perrin (01992 564532)

Recommendations/Decisions Required:

That the Committee consider the proposals for the level of fees and charges for 2015/16 and make comments and recommendations as appropriate.

Executive Summary

The report provides information on the fees and charges that the Council levies and what scope if any there is to increase particular charges.

Reasons for Proposed Decision

As part of the annual budget process changes to fees and charges need to be agreed.

Other options for action

Where the Council has discretion on the level of fees and charges that it sets there are many possible options open to the Council ranging between no increase up to applying quite large increases where possible.

Report:

- .1 The Medium Term Financial Strategy was considered by this panel at its last meeting and this identified the need to find savings of around £1.5m over the four year period with £500,000 falling in 2015/16. Since then growth on the Economic Development budget and expected further losses on the North Weald Market now suggest this figure may be nearer £1m. There are a number of potential areas being investigated where these savings might come from of which one is Fees and charges.
- .2 Increasing existing fees and charges will help reach the savings target set however there are issues to consider such as whether fee increases will drive customers away and have the opposite of the desired effect and actually reduce income. Also in recent years the scope to increase fees has become somewhat more limited as government has introduced cost recovery only for some fees or set a maximum level for others. There are also some fees that the government sets that the Council has no control over.
- .3 Another option is to introduce fees and charges where they are currently not levied though again there are probably fairly limited opportunities in this area.
- .4 The September Retail Prices Index (RPI) has recently been published at 2.3%. Previously this has been used as a guide when setting the level of increase however other factors such as cost of provision also need to be considered.

Communities

- .5 There are a number of fees and charges made for activities such as New Horizons, Sports Development, Museums and Arts and Lifewalks. The Council is free to set the level of charges on these activities and it is proposed to add 2.3% to all charges.
- .6 The Schedule of proposed Housing-Related Fees and Charges for 2015/16 is shown at Appendix 1, which also lists the fees and charges for the current year for comparison. Charges relate to both the Housing Revenue Account and the General Fund.
- .7 Generally, it is recommended that the majority of fees and charges be increased by the Retail Prices Index (RPI) for September 2014 (2.3%) - rounded up or down as appropriate. The only exceptions to this approach are the following:

Telecare packages (alarms and up to 4 sensors) and monitoring of alarms for other organisations

- .8 The Council receives funding of around £125,000 per annum from the County Council's Housing Related Support (HRS) budget towards the cost of providing telecare services in the District. Due to the County Council's need to reduce its overall Housing Related Support (HRS) budget for Essex, currently £20.5million per annum, by around £2 million per annum from April 2015, the County Council is currently considering options for making these savings. Although no decisions have been made yet, and the County Council is still consulting on options, early indications suggest that the Council's HRS funding for telecare funding could be reduced by around £47,000 per annum (a reduction of 38%).
- .9 For the Council's own Careline Service to fund this likely shortfall and continue to be financially sustainable, it would be necessary to increase the charge for the Careline Service, for both private users and Council tenants, by around 40p per week (£20.80 per annum). However, rather than increasing the cost of telecare packages for private users by this full amount in 2015/16, which would represent an increase of 22% on the current charge of £95.30 per annum, it is suggested that an increase of £10.50 (11%) be made for 2015/16. It is also suggested that the same increased monitoring charge be made to organisations that use the Careline Service. It is further proposed that the charge for monitoring additional sensors be increased by 10%, from £10 per annum to £11 per annum.
- .10 Proposed charges to Council tenants in sheltered housing scheme, many of whom are in receipt of housing benefit currently make no contribution towards the Careline Service, will be considered as part of the HRA budget for 2015/16.
- .11 It should be noted that the Housing Portfolio Holder intends to ask the Housing Scrutiny Panel to consider the future costs, income and viability of the Council's Careline Service, and to make resultant recommendations to the Cabinet, once the funding position is clearer.

Landlord accreditation for student accommodation

- .12 This scheme was introduced a couple of years ago in order to encourage landlords of student accommodation in the District to provide reasonable and safe accommodation for students. Since it is a discretionary scheme, which the Council wants landlords to use, it is proposed that the accreditation charges remain the same as the current year in order to help encourage landlords to use the Scheme.

Licence fees for Houses in Multiple Occupation

- .13 The Housing Act 2004 allows councils to charge for the licensing of high risk houses in multiple occupation (HMOs) that meet certain criteria. Typically, licences are given for a

period of 5 years, which then require renewal for a further 5 years. Although the Council has determined a fee for initial licence applications, it has not yet set a fee for licence renewals – which is now necessary as some licences are nearing the expiry of the initial 5 year licence period.

- .14 Since the procedure is the same for a licence renewal as it is for an initial licence application, it is recommended that the licence fee for both initial HMO applications and renewals is the same, and that any annual fee increase is also applied equally to both.
- .15 The Essex Landlord Accreditation Scheme (ELAS), of which the Council is a member authority, was launched in September 2014. The objective of the scheme is to recognise and promote landlords that meet their legal obligations in respect of property management and to raise standards generally in the private rented sector. Landlords that become part of this Scheme must meet certain minimum criteria and must pay an annual fee of £95. Although it is a statutory requirement for landlords of licenceable HMOs to have an HMO licence, membership of the ELAS is voluntary. Therefore, since the checks required to meet the HMO licence criteria include the same checks as to join the ELAS, and as an incentive to landlords to join the ELAS, it is proposed that ELAS-accredited landlords applying for an HMO licence receive a discount of £80 on the normal HMO licence fee.

Bed and breakfast accommodation

- .16 Officers have managed to negotiate the same contracted room rates for the use of bed and breakfast accommodation for homeless applicants from April 2015 as for the previous year. Therefore, no increase in the charges passed on to homeless applicants is proposed.

Approvals for consents to leaseholders for works

- .17 The Council already makes charges to owners of former Council properties to consider and process requests to undertake improvements and other works, in accordance with covenants included as part of the sale at the time the property was originally sold by the Council.
- .18 Occasionally, leaseholders of Council flats (where the Council owns the freehold) also seek approval to undertake certain works in accordance with their lease. No charge is currently made for this approval process. Therefore, in order to bring them in line, it is proposed that the same charge be made to leaseholders as for owners of former Council properties.

Redress schemes for lettings agencies and property managers

- .19 The Redress Schemes for Lettings Agency Work and Property Management Work (Requirement to Belong to a Scheme etc) (England) Order 2014 requires all lettings agents and property managers (with some exemptions specified in the Order), to join a Government-approved redress scheme by 1 October 2014.
- .20 The scheme is set up to ensure that tenants and leaseholders have a straightforward option to hold their lettings agents and property managers to account if they do not provide an acceptable service. The local authority is the enforcing authority and can make a penalty charge to lettings agents and property managers of up to £5,000 for failure to belong to one of the three current redress schemes.
- .21 Officers are currently in the process of identifying lettings agents and property managers who appear not to have joined a scheme, to ensure that they are aware of the legal requirements and to give them notice that if they do not sign up to one of the schemes within 28 days, a notice of intention to charge will be issued. The Council then has six months to make the actual charge. There is an appeals process for lettings agents and

property managers to follow against a local authority's decision to charge.

- .22 Government guidance states that "the expectation is that the maximum fee should be 'the norm' and that a lower fine should only be charged if the Council considers that there are extenuating circumstances". It is therefore proposed that, generally, the Council charges the maximum penalty fee of £5,000, unless officers consider that there are legitimate mitigating circumstances to make a lower charge, in which case formal approval will be sought from the Housing Portfolio Holder to charge an appropriate reduced fee.

Enforcement of private sector housing conditions

- .23 There is provision within both the Housing Act 2004 and Mobile Homes Act 2013 for local authorities to make a reasonable charge for the costs incurred for the service of enforcement notices. In the case of Housing Act enforcement, this relates to the service of a variety of statutory notices and subsequent enforcement action to ensure minimum property standards in the private sector are met. The Mobile Homes Act 2013 introduces the ability to serve a Compliance Notice on a site owner and carry out subsequent legal proceedings where a contravention of site licence conditions exists. No legal maximum is set but any charge must be reasonable.
- .24 Historically, the Council has not charged for any enforcement functions but it is now considered appropriate to do so, which is in line with the practice of many other Essex local authorities. It is proposed that the Council charges for the service of both improvement and compliance notices, including officer time for the inspection of properties and preparing the notices, plus an administrative cost of 10% of the officer cost.
- .25 It is considered that charging for officer time, as opposed to simply charging a flat rate fee (which is an option), creates a fairer charging system, reflecting the differences in time spent dealing, for example, with a one bedroom flat compared to a five bedroom house.

Governance

- .26 There are several sources of income to this Directorate, for example, Industrial estate rents, Local Land Charges, Development Control Fees and Pre-application charges.
- .27 Industrial Estate Rents are not subject to annual increases as they are negotiated for a period of time before each lease is entered into. The level at which rents can be agreed is influenced by the general state of the economy and the availability of other properties.
- .28 The situation regarding Land Charge income is still very uncertain following the introduction of the Local Land Charges (Amendment) Rules 2010. The charge for a full search should be set based on the costs incurred providing the information. The cost charged by the County Council for highway search work will be reducing in 2015/16 and if the principal of cost recovery is applied we should reduce the fee for a full search from £90 to £85. The account itself is in deficit due to non chargeable activities and the fact that personal searches are free but there is a cost attached to dealing with enquiries.
- .29 Development Control fee levels are controlled by Central Government and the levels of income are somewhat dependant on the economic climate and the number and size of planning applications.
- .30 With regard to pre-application charges that apply to major applications, income is buoyant at the moment and the budget has been exceeded substantially. The fee could be increased but there is a fear that if the fee is set too high pre-application advice might be forgone leading to more difficulties later in the planning process. It is proposed rather that the scope of charging be widened to include householder advice. The exact approach and scale of charge are yet to be determined.

- .31 Building Control Fees are income to the ring-fenced Building Control Charging Account and therefore do not affect the General Fund directly. Current fee levels are felt to be reasonable and indeed income levels have improved meaning the account is expected to remain in surplus. An increase in fees is a possible option but the service operates in a competitive environment and this may put potential customers off.
- .32 There is also scope to increase charges for the provision of documents relating to Building and Development Control to the general public. Currently charges are very low and do not represent the cost of providing the documents. A schedule providing the proposed charges is at Appendix 3 and should provide an additional £5,000.

Neighbourhoods

- .33 The fees and charges relating to neighbourhoods include Car Parking Charges, North Weald Airfield rents and charges, MOT's, various environmental health related charges and Licencing.
- .34 With regard to Car Parking charges this does not form part of this report and North Weald rents and charges are assessed on a case by case basis.
- .35 MOT income is subject to a maximum charge set by the Vehicle Operating Service Agency (VOSA) currently £54. The Council's fee is set below this level however income has been dwindling for some time now and there may well be a deficit recorded for this year. An increase in the fee though is likely to see custom move elsewhere.
- .36 With regard to licensing, the Local Government (miscellaneous provisions) Act 1976 allows Authorities to set fees on the basis of reasonable cost recovery in relation to Hackney Carriage Operators and Vehicle Licences. The current fee is at that level and an increase would not be justifiable.
- .37 With regard to other forms of licensing, some fall under the 2003 Licensing Act and this prescribes the level of fee that can be levied. Others though can be varied subject to a maximum level or can be levied on a cost recovery basis. Licence Fees are generally below the prescribed level and do not recover the cost of provision, in some cases quite significantly. It is therefore felt that these should be increased where appropriate. Details of these fees are shown in Appendix 2.
- .38 There are also a number of Licence fees that the Council needs to set in case an application were to come forward. In most cases these are set at or near to the maximum allowable under the Gambling (Premises Licence Fees) Regulations 2007 and are found in Appendix 2.
- .39 A charge is currently made for the collection of bulk waste and the fee varies depending on the number of items being collected. The amount chargeable to the Council for the collection of bulky waste items is specified under the new waste management contract and this plus an admin fee ought to be levied to users of the service the proposed fees are in Appendix 2
- .40 There are a number of other miscellaneous fees and charges which are made. The proposed fees are also shown on appendix 2.
- .41 The general uplift for fees and charges related to the Leisure Centres is specified as being in line with the retail prices index within the leisure contract. If there is any variance from this the contractor has to agree this with the Council in advance of the increase.
- .42 Although the Council does not provide a trade waste service itself it does need to ensure that a service is available should traders require it. Currently all traders go directly to service providers and deal with them. If a trader was to come to the Council for such a service the Council would arrange for SITA to carry out the trade waste collection at a

charge currently of £14.00 per collection it is proposed that this be increase to £14.30. Similarly the fee charged to schools etc. be increased from £9.00 to £9.20.

Conclusion

There are a number of fees and charges made by the Council which in some cases can be increased and in others cannot or an increase cannot be justifiable. The report seeks Member's views on the level of fees and charges for 2015/16.

Consultations Undertaken

Consultations have been undertaken with various spending officers from directorates.

Resource Implications

Additional Income to the General Fund and HRA.

Legal and Governance Implications

Agreeing the level of fees and charges well in advance of the financial year concerned enables the budget to be prepared on a sound basis and also gives ample time to communicate any increases to the users of the services concerned.

Safer, Cleaner, Greener Implications

The Council's budgets contain spending in relation to this initiative.

Background Papers

Working papers held in Accountancy.

Impact Assessments

Individual Directors will have performed equalities impact assessments on their own services and fees and charges. The main risk in changing fees and charges is the uncertainty over how service users will respond. This makes it difficult to predict the exact budgetary effect of any given change.

Fees and Charges 2015/16 - HOUSING RELATED SERVICES

| Service | 2015/16 | | 2014/15 | |
|---|---|--|--------------------------------------|--|
| | Proposed | Period | Current | Period |
| Older People's Housing | | | | |
| Communal Halls: Pelly Court Hall, Epping Oakwood Hill Hall, Loughton Barrington Hall, Loughton | £9.65 £135.00 £7.85 | per hour per annum per session | £9.45 £132.00 £7.65 | per hour per annum per session |
| Guest Rooms - Sheltered Housing | £8.90 | per person per night | £8.70 | per person per night |
| Scooter Stores: Rental Electricity | £3.80 £1.95 | per week per week | £3.70 £1.90 | per week per week |
| Telecare Packages: Alarm and up to 4 sensors (Monitoring only) Monitoring of additional sensors (per sensor) | £105.80 £11.00 | per annum per annum | £95.30 £10.00 | per annum per annum |
| Monitoring of alarms for other organisations (per speech module) | £105.80 | per annum | £95.35 | per annum |
| Careline Service to Home Group for Wickfields sheltered housing scheme, Chigwell | £239.65 | p/a per speech module | £234.25 | p/a per speech module |
| Large Button Telephone | £21.00 | per telephone | £20.50 | per telephone |
| Use of Jessopp Ct Lounge by Essex CC as a Day Centre | £9,766 | per annum (wef 12.7.15) | £9,546 | per annum (wef 12.7.14) |
| Lease for Jessopp Ct Office to Family Mosaic | Increased each October by the Sept RPI increase | | | |
| Home Ownership and Sales | | | | |
| Leasehold Vendors' Enquiries | £141.75 | per enquiry | £138.55 | per enquiry |
| Certificates of Buildings Insurance - Leaseholders | £45.10 | per copy | £44.10 | per copy |
| Small Land Sales Valuation Charge | £361.50 | per sale | £353.50 | per sale |
| Valuation & Legal Charge - Re-sale of RTB Property within 5 years / Sale of property to EFDC within 10 years | £365.00 | per application | £356.00 | per application |
| Consideration of Right to Re-purchase Former RTB Property within 10 years of Original Purchase | £63.50 | per application | £62.00 | per application |
| Housing Management | | | | |
| Hire of Halls for Elections | £88.10 | per day | £86.10 | per day |
| Garage rents | £8.10 | per week | £7.90 | per week |
| Hardstandings | £83.90 | per annum | £82.00 | per annum |
| Mortgage references | £41.30 | per enquiry | £40.35 | per enquiry |
| Request for covenant and leasehold approvals | £65.95 | per request | £64.45 | per request |
| Licences for vehicular access across housing land | £109.75 | per annum | £107.30 | per annum |
| Dishonoured cheques | £25.60 | per cheque | £25.00 | per cheque |
| Homelessness | | | | |
| Homeless Hostel Accommodation: One Room Two Rooms Three Rooms Chalets | £46.55 £72.70 £97.90 £84.80 | per week per week per week per week | £45.50 £71.05 £95.70 £82.90 | per week per week per week per week |

Fees and Charges 2015/16 - HOUSING RELATED SERVICES

| Bed and Breakfast Accommodation (Contracted rates): | | | | |
|---|---|---|--|--------------------------|
| Single Room | £38.15 | per night | £38.15 | per night |
| Double Room | £50.23 | per night | £50.23 | per night |
| Repairs and Maintenance | | | | |
| Condition surveys to respond to Party Wall Act Notices | £74.60 | per Notice | £72.90 | per Notice |
| Copies of Structural Reports on RTB Properties | £36.85 | per report | £36.00 | per report |
| Rechargeable repairs | 2.3% | Increase in all charges | Recharged in accordance with the Rechargeable Repairs Schedule | |
| Replacement Door Entry and Suited Keys | £13.90 | per key | £13.60 | per key |
| Sewerage charges for individual sewerage systems | 2.3% | Increase in all charges | 3.2% | Increase in all charges |
| Caring and Repairing in Epping Forest (CARE) Service | | | | |
| Caring And Repairing in Epping Forest (CARE) Fees: | | | | |
| Disabled facilities grants (DFGs) | 15% | of works cost | 15% | of works cost |
| Decent Homes Repayable Assistance | 15% | of works cost | 15% | of works cost |
| Small Works Repayable Assistance | 10% | of works cost | 10% | of works cost |
| C.A.R.E Handyperson Service: | | | | |
| <i>Clients in receipt of means-tested benefits:</i> | | | | |
| General jobs | £31.00 | Maximum charge per visit | £30.00 | Maximum charge per visit |
| Falls prevention work | Free | | Free | |
| Home safety checks/works | Free | | Free | |
| <i>Clients <u>not</u> in receipt of means-tested benefits:</i> | | | | |
| General jobs | £51.00 | Maximum charge per visit | £50.00 | Maximum charge per visit |
| Falls prevention work | £25.50 | Maximum charge per visit | £25.00 | Maximum charge per visit |
| Home safety checks/works | £25.50 | Maximum charge per visit | £25.00 | Maximum charge per visit |
| Private Sector Housing | | | | |
| Licences - HMOs (Initial & Renewal): | | | | |
| 3 storey HMO with up to 5 units of accommodation | £682.00 | per licence | £667.00 | per licence |
| Additional units of accommodation | £63.50 | per additional unit | £62.00 | per additional unit |
| Discount for Essex Landlord Accredited landlords | -£80.00 | per licence | None | |
| Landlord Accreditation Scheme for Student Accom: | | | | |
| Bed-sit | £50.00 | per property accredited | £50.00 | per property accredited |
| 1-2 bedroom flats | £100.00 | per property accredited | £100.00 | per property accredited |
| House/bungalow with up to 6 bedrooms | £150.00 | per property accredited | £150.00 | per property accredited |
| 3 storey houses (non-licensable) | £175.00 | per property accredited | £175.00 | per property accredited |
| Park Homes Licensing Fees: | | | | |
| Site licence fees | In accordance with EFDC's Fees Policy for Licensing Residential Park Home Sites | | | |
| Depositing of site rules | £133.00 | per deposit | £130.00 | per deposit |
| Fine for Lettings Agencies and Property Agencies failing to join a Government-approved Redress Scheme | £5,000 | per incidence (unless extenuating circs.) | N/A | |
| Enforcement of private sector housing conditions - Housing Act 2004 and Mobile Homes Act 2013 | Cost of officer time to undertake enforcement action + 10% administration cost | | | |
| General percentage uplift for next year | | | | |
| | 2.3% | | | |

Neighbourhoods

Appendix 2

Proposed fees & charges for 2015/16

| Service area | 2014/15 | | Proposed 2015/16 | | Notes |
|--------------------------------------|-----------------------|---------|-----------------------|---------|---|
| | Application/ Event | Renewal | Application/ Event | Renewal | |
| Environmental Health | | | | | |
| Training | | | | | |
| Basic food hygiene course | £60.00 | | £70.00 | | 6 courses 10 per course |
| Basic health & safety course | £50.00 | | £60.00 | | Nil done. |
| | | | | | |
| Animal welfare | | | | | |
| Animal boarding | £292.00 | £200.00 | £299.00 | £205.00 | 2.4% |
| Dog breeding | £292.00 | £200.00 | £299.00 | £205.00 | 2.4% |
| Pet Animals Act | £292.00 | £200.00 | £299.00 | £205.00 | 2.4% |
| Dangerous wild animals | £638.00 | £433.00 | £653.00 | £443.00 | 2.4% |
| Riding establishment | £638.00 | £536.00 | £653.00 | £549.00 | 2.4% |
| Stray dog | £77.00 | | £78.00 | | 1.3%, Plus £11.00 per day for kennel costs etc |
| Zoo's | £515.00 | | £527.00 | | 2.4%, Plus Vet Fees |
| | | | | | |
| Licensing. | | | | | |
| Hackney Carriage/Private Hire | | | | | |
| Annual Vehicle Licence | £277.00 | £277.00 | £277.00 | £277.00 | Subject to Statutory consultation |
| Annual Driver's Licence | £88.00 | £88.00 | £88.00 | £88.00 | Subject to Statutory consultation |
| Vehicle plate | £30.00 | | £30.00 | | Initial fee, refundable on return |
| Driver badge | £10.00 | | £10.00 | | |
| Drivers Test | £40.00 | | £40.00 | | Refundable if 2 days notice of cancellation given |
| Drivers re-sit of test | £21.00 | | £21.00 | | Refundable if 2 days notice of cancellation given |

| Service area | 2014/15 | | Proposed 2015/16 | | Notes |
|--|-----------------------|-----------|-----------------------|-----------|--|
| | Application/ Event | Renewal | Application/ Event | Renewal | |
| Private Hire Operators | | | | | |
| Annual operator licence (1 vehicle only) | £36.00 | | £36.00 | | Subject to Statutory consultation |
| Annual Operators (> 1 vehicle) | £136.00 | | £136.00 | | Subject to Statutory consultation |
| Plate exemption | £88.00 | £88.00 | £88.00 | £88.00 | |
| | | | | | |
| Miscellaneous | | | | | |
| Special treatment premises | £150.00 | | £155.00 | | 3.6% |
| Special treatments person | £80.00 | | £83.00 | | 3.6% |
| Small Society Lotteries | £40.00 | £20.00 | £40.00 | £20.00 | Set by Statute |
| Sex Shops and Cinemas | £515.00 | £515.00 | £515.00 | £515.00 | Hemming case going to Supreme Court |
| Sexual Entertainment Venues - | £4,000.00 | £2,000.00 | £4,000.00 | £2,000.00 | Hemming case going to Supreme Court |
| Street Trading Consents | £365.00 | £365.00 | £375.00 | £375.00 | If not successful at sub-committee then half fee refunded 2.7% |
| | | | | | |
| Licensing Act 2003 | | | | | All fees set by statute based upon premises rateable value plus occupancy for premises holding more than 5,000 people. Personal licences valid for 10 years EFDC cannot amend these charges, therefore not included in this table |

Gambling Act 2005

| Betting Premises | New application | | Annual fee | | Variation, Transfer, Re-instatement | | |
|-------------------------------|-----------------|----------|------------|----------|-------------------------------------|----------|--|
| | Current | Proposed | Current | Proposed | Current | Proposed | |
| Betting premises (not tracks) | £375.00 | £386.00 | £340.00 | £350.00 | £256.00 | £264.00 | |

| Betting Premises | Licence copy | | Notification of change | |
|-------------------------------|--------------|----------|------------------------|----------|
| | Current | Proposed | Current | Proposed |
| Betting premises (not tracks) | £28.00 | £29.00 | £28.00 | £29.00 |

Waste management

Bulky household waste

| Item | Current | Proposed | Notes | |
|--------------------|------------|------------|------------------------------------|--------------------------|
| 1 to 3 items | £28.00 | £23.00 | 50% concession for pensionable age | Contract plus Admin. Fee |
| 4 to 7 items | £33.00 | £35.00 | 50% concession for pensionable age | Contract plus Admin. Fee |
| 8 to 10 items | £48.00 | £46.00 | 50% concession for pensionable age | Contract plus Admin. Fee |
| 11 to 15 items | £58.00 | £58.00 | 50% concession for pensionable age | Contract plus Admin. Fee |
| More than 15 items | Assessment | Assessment | 50% concession for pensionable age | |

Trade waste

| Item | Current | Proposed | Notes | |
|---|---------|----------|-----------------------------|-----------|
| Commercial properties (per collection) | £14.00 | £14.30 | Service provided on request | Plus 2.3% |
| Schools and Community premises (per collection) | £9.00 | £9.20 | Service provided on request | Plus 2.3% |

Street Numbering and Naming Charges

| Item | Current | Proposed | Notes | |
|---|---------|----------|-------------------------|-----------|
| House Name Change/ Addition | £50.50 | £51.50 | Per property | Plus 2.0% |
| Development of 1+ properties | £50.50 | £51.50 | For first property | Plus 2.0% |
| | £16.50 | £17.00 | Per additional property | Plus 3.0% |
| Changes in initial development after initial notification | £50.50 | £51.50 | For first property | Plus 2.0% |
| | £16.50 | £17.00 | Per additional property | Plus 3.0% |
| Renaming of street at residents request | £50.50 | £51.50 | For first property | Plus 2.0% |
| | £16.50 | £17.00 | Per additional property | Plus 3.0% |
| Confirmation of postal address details | £2.70 | £2.80 | Per certificate issued | Plus 3.7% |
| | £16.50 | £17.00 | Per property involved | Plus 3.0% |

Document Fees & Charges Planning & Building Control Epping Forest District Council

| DOCUMENT COSTS PLANNING/BUILDING CONTROL INFORMATION | |
|---|---------------------------------------|
| PHOTOCOPY OF PLANNING/BUILDING CONTROL INFORMATION PER A4 SHEET (minimum charge £5.00) | 20p |
| PHOTOCOPY OF PLANNING/BUILDING CONTROL INFORMATION PER A3 SHEET (minimum charge £5.00) | 60p |
| Provision of copies of third party historical Contaminated Land reports | £20 per half hour plus document costs |
| Information provided on CD (except where otherwise stated) | £2 per CD |
| PLANNING TECHNICAL SUPPORT AND PROFESSIONAL ADVICE | |
| Production of Contaminated Land Phase 1 Report (Desk study, site reconnaissance and preliminary risk assessment) – subject to resource availability and mapping/geology licensing. | £100 per hour |
| Provision of pre-application Contaminated Land research and/or advice | £80 per hour |
| <p>Research of Planning Histories, (If no research is required there will be no fee but photocopying charges may be required.)</p> <p>Permitted Development Rights and Use Classes (This provides confirmation of whether or not permitted development rights have been removed from a property. You may need to know this to confirm if planning permission is required or not.)</p> | £10 per request |
| BUILDING CONTROL | |
| Historical Building Control Document Search Fee | £20 per half hour |
| Provision of a Copy of Building Control Completion Certificate | £30.00 |
| Provision of a Copy Building Control Approval Notice | £30.00 |
| All copied documents are provided in accordance with Section 47 of the Copyright Design & Patents Act 1988 | |

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Report to the Finance and Performance Management Cabinet Committee



**Epping Forest
District Council**

Report Reference: FPM-016-2014/15

Date of meeting: 13 November 2014

Portfolio: Finance

Subject: Draft General Fund CSB and DDF lists and Savings Update

Officer contact for further information: Peter Maddock (01992 564602)

Democratic Services Officer: Rebecca Perrin (01992 564532)

Recommendations

To note the first draft of the Continuing Services Budget (CSB) and District Development Fund (DDF) schedules.

Executive Summary

The report provides the first draft of the Continuing Services Budget (CSB) growth and District Development Fund (DDF) Schedules for 2015/16.

Reasons for proposed action

Members are asked to note the first draft of these schedules and make comments as appropriate.

Other options for action

No other options applicable.

Report

1. The Financial Issues Paper was considered by this committee at its meeting in July. The report highlighted a number of financial uncertainties and risks facing the Authority including the reductions in Central government funding, Retention of Business Rates, Welfare Reform and Waste and Leisure Management Contract Renewals.
2. The Medium Term Financial Strategy (MTFS), which forms part of the Financial Issues Paper, identified that savings of around £1.5 million were required over the forecast period. The savings required in 2015/16 were identified at £0.5 million after savings of £0.285 million already identified had been taken into account. Since then growth has been agreed for increasing the resources available for Economic Development work and there is likely to be a reduction on the North Weald rent meaning this target is nearer £1m. The lists attached show the current position however the budget process is still at a reasonably early stage and there will undoubtedly be further additions to the list as the budget progresses.
3. As in previous years there was again a saving on the revenue budget in 2013/14 but not as marked as in 2012/13. The outturn for 2013/14 was considered by this Committee on 26 June 2014. It was noted that the General Fund underspend when compared to the revised budget was due in part to Housing Benefits, in particular

previous year adjustments and additional income from Housing Benefits overpayments. However it was still the case that there were a number of other underspends which although not significant in themselves when added together become so. The budget process will again focus on these areas but this will not significantly close the budgetary gap.

4. There are some CSB budgets that either have a one off element within them or in some cases are budgets where there is a degree of uncertainty around whether they will be spent or not. In both cases treating an appropriate element as DDF rather than CSB should make managing those budgets easier and give a degree of flexibility.
5. The schedules of CSB growth/savings and DDF expenditure are attached and these are at Annexes 1 & 2. Work is on-going on these lists and this represents the position so far. An updated list will be tabled at the meeting.
6. There are a number of areas where further work is required before figures to be included within the budget can be finalised. Clearly the emphasis in this budget cycle will need to be on CSB savings rather than growth but there are some areas as previously mentioned where growth is inevitable. The figures generally need to be viewed in the context of this being quite early in the budget preparation process and will clearly need to be revisited over the next two months or so as the budget comes together.

Consultations Undertaken

This is the first draft of the CSB and DDF schedules. Consultations with spending officers regarding their budgets are ongoing at the moment but apart from this further consultation will take place later in the budget cycle.

Resource Implications

The schedules represent potential additions and reductions to the budget depending on decisions made during the budget process.

Legal and Governance Implications

The preparation of budgets well in advance of the financial year to which they apply, enable sound financial planning to take place. They subsequently provide a basis against which financial monitoring can take place during the year in question.

Safer, Cleaner, Greener Implications

The Council's budgets contain spending in relation to this initiative.

Background Papers

Various budget working papers held in Accountancy.

Impact Assessments

Risk Management:

The setting of the budget has an impact on all areas of the Council there is a risk that the budget might be set at an unaffordable level, however setting guidelines early in the process means that the level of budget that is acceptable is known in advance.

Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

| Date / Name | Summary of equality analysis |
|-----------------------------------|--|
| 28/10/14 Director of Resources | The lists show proposed changes to budgets which could have an equalities impact but at this stage no firm decision has been made. |

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DISTRICT DEVELOPMENT FUND

| Directorate | Service | Description | Original | B/F from | Revised | Estimate | Estimate | Estimate | Estimate |
|---------------------------|--------------------------------|--|-------------------|------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | | 2014/15 £000's | 2012/13 2014/15 £000's | 2014/15 £000's | 2015/16 £000's | 2016/17 £000's | 2017/18 £000's | 2018/19 £000's |
| Chief Executive | Corporate Policy Making | Transformation Programme | 150 | | 75 | 75 | | | |
| | Corporate Policy Making | Efficiency Challenge Programme (RIEP) | | 3 | 3 | | | | |
| | Corporate Policy Making | LLPG staffing | 22 | | 42 | 26 | | | |
| | Corporate Policy Making | LLPG staffing HRA Contribution | (5) | (10) | (9) | (5) | | | |
| | Corporate Policy Making | Restructure - Severance Pay | 48 | | 53 | | | | |
| | Total Chief Executive | | | 215 | 39 | 164 | 96 | 0 | 0 |
| Communitites | Community & Culture | Redundancy | | | | | | | |
| | Grants to Voluntary Orgs | Furniture Exchange Scheme | 20 | | 20 | | | | |
| | Grants to Voluntary Orgs | VAEF transport scheme | 32 | | 32 | | | | |
| | Safer Communities | Analysts post | 14 | | 16 | | | | |
| | Safeguarding | Safeguarding audit | 44 | | 42 | 47 | | | |
| | Housing General Fund | Landlord Accreditation Scheme | | | 3 | 3 | | | |
| | Housing General Fund | ECC re. Mobile Homes/Sites Improvements | | 2 | 2 | | | | |
| | Housing General Fund | Safe and Well Scheme | | 12 | 12 | | | | |
| | Housing General Fund | Energy Efficiency Works | | | 4 | | | | |
| | Housing General Fund | Energy Efficiency Works - Hertsmere DC | | | (4) | | | | |
| | Housing General Fund | Works in default | | | 7 | 5 | | | |
| | Housing General Fund | Works in default | | | (7) | (5) | | | |
| | Communities | Externally Funded Projects | 137 | | 184 | 153 | | | |
| | Communities | Externally Funded Projects | (137) | | (184) | (153) | | | |
| Total Communitites | | | 110 | 14 | 127 | 50 | 0 | 0 | 0 |
| Governance | Building Control Group | Salary saving re vacant posts (net of Consultants) | (89) | | (58) | (57) | | | |
| | Building Control Group | Salary saving re vacant posts Ring Fenced Element | 69 | | 39 | 38 | | | |
| | Economic Development | Business Promotion & Support | 10 | | 10 | | | | |
| | Economic Development | Economic Development Strategy | | | 25 | 5 | | | |
| | Economic Development | Project Assistant | | 10 | 0 | | | | |
| | Economic Development | Tourism Task Force | 25 | | 10 | 15 | | | |
| | Economic Development | Town Centres Support/Portas Funding | 39 | 23 | 53 | 9 | | | |
| | Elections | No District Elections May 2014 | | | (80) | | | | |
| | Electoral Registration | Individual Registration Costs | 53 | 5 | 72 | 6 | 34 | | |
| | Electoral Registration | Individual Registration Grant | (53) | | (72) | | | | |
| | Estates & Valuation | Additional Staff Surveyor | 33 | 0 | | | | | |
| | Estates & Valuation | Council Asset Rationalisation | 160 | 9 | 225 | | | | |
| | Governance | Severance | 46 | | 41 | | | | |
| | Governance Policy | Temporary Assistant Director Post (Economic Development) | 24 | | 15 | | | | |
| | Land and Property | Reduced Rental Income Brooker Road | | 10 | 16 | | | | |
| | Land and Property | Rental Income Shops | | | (29) | | | | |
| | Local Land Charges | Removal of Personal Search charges(Claims) (LLC Amendment Rules 2010) | 88 | (88) | | | | | |
| | Planning Admin | Document Scanning | 55 | 9 | 33 | | | | |
| | Planning Appeals | Contingency for Appeals | | 46 | 46 | | | | |
| | Planning Services | Technical Assistant - Conservation | 7 | | 7 | | | | |
| | Public Conveniences | Relocation of Superloo | | 21 | 21 | | | | |
| | Public Relations & Information | Website Officer | 11 | | 11 | 3 | | | |
| | Total Governance | | | 478 | 45 | 385 | 19 | 34 | 0 |

DISTRICT DEVELOPMENT FUND

| Directorate | Service | Description | Original | B/F from | Revised | Estimate | Estimate | Estimate | Estimate | |
|-----------------------------|---|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------|
| | | | 2014/15 £000's | 2012/13 £000's | 2014/15 £000's | 2015/16 £000's | 2016/17 £000's | 2017/18 £000's | 2018/19 £000's | |
| Neighbourhoods | Food Safety | Inspections | 4 | 1 | 2 | 3 | | | | |
| | Local Strategic Partnership | Food Task Force | 30 | | 30 | | | | | |
| | Inspection of Workplaces | Expenditure of government grant | | 15 | 15 | | | | | |
| | Licensing | Additional Staff Premises Licences | 4 | | 4 | | | | | |
| | Parks & Grounds | Roding Valley Lake - Disabled Projects | | 5 | 5 | | | | | |
| | Parks & Grounds | Roding Valley Lake - Disabled Projects | | | (5) | | | | | |
| | Parks & Grounds | Open Spaces - Tree Planting | | | | 10 | | | | |
| | Parks & Grounds | Open Spaces - Tree Planting | | | | (10) | | | | |
| | Parks & Grounds | Survey of River Roding erosion | | | | 15 | | | | |
| | Countrycare | BRIE - SLA | 4 | | 4 | | | | | |
| | Countrycare | Protected species/habitat related consultation | 9 | 1 | 10 | 8 | | | | |
| | Planning Policy | Temporary Assistant Director Post (Economic Development) | 45 | | 45 | | | | | |
| | Forward Planning | Local Plan | 321 | 103 | 424 | 30 | | | | |
| | Forward Planning | Maternity Cover | 13 | 2 | 15 | | | | | |
| | Forward Planning | Neighbourhood Planning | | 5 | 5 | | | | | |
| | Town Centre Regeneration | Waltham Abbey Regeneration Projects | | 45 | 45 | | | | | |
| | North Weald Airfield | Loss of Income - Hangar 5 | 4 | | 4 | | | | | |
| | North Weald Airfield | Safety of Bund | 3 | 2 | 5 | 3 | | | | |
| | Leisure Management | Equipment/Signage | | 3 | 3 | | | | | |
| | Leisure Management | Abortive feasibility costs re Waltham Abbey Pool | | | | 27 | | | | |
| | Leisure Management | Leisure Management Contract (Loughton) | | | | | 46 | | | |
| | Leisure Management | Leisure Management Contract (Loughton) | | | (23) | (23) | | | | |
| | NWA Strategy Action Plan | NWA Consultancy exercise | | 20 | 20 | | | | | |
| | Contaminated Land & Water Quality | Contaminated land investigations | 25 | | | 64 | | | | |
| | Waste Management | Waste contract procurement consultants | 40 | (27) | 13 | | | | | |
| | Waste Management | Wheeled bin replacements | | 1 | 1 | | | | | |
| | Waste Management | Publicity | | 10 | 10 | | | | | |
| | Street Cleansing | Surplus on recycling of street cleansing arisings | (18) | | (18) | | | | | |
| | Abandoned Vehicles | Abandoned vehicles contract | 4 | | | 4 | | | | |
| | Neighbourhoods | Restructure - Severance Pay | 66 | | 66 | | | | | |
| Total Neighbourhoods | | | 554 | 186 | 707 | 150 | 0 | 0 | 0 | |
| Resources | Accounts Payable | Implementation of E-Invoicing | | 7 | 7 | | | | | |
| | Council Tax Collection | Temporary Additional Staffing | 49 | | 102 | | | | | |
| | Council Tax Collection | Technical Agreement Contributions | (157) | | (127) | | | | | |
| | Council Tax Collection | Collection Investment | (47) | | (47) | | | | | |
| | Council Tax Collection | Local Council Tax Support Expenditure | 47 | 14 | 20 | 32 | | | | |
| | Council Tax Collection | Local Council Tax New Burdens Grant | | | (79) | | | | | |
| | Housing Benefits | Local Council Tax Support | | 15 | | | | | | |
| | Housing Benefits | Hardship Fund | (5) | | (144) | | | | | |
| | Housing Benefits | Data Sharing Programme | | 7 | 7 | | | | | |
| | Housing Benefits | Transitional Funding | 31 | | | 31 | | | | |
| | Housing Benefits | Welfare Reform Expenditure | 37 | 5 | 37 | 24 | | | | |
| | Housing Benefits | Welfare Reform Grant | | | (24) | | | | | |
| | Civic Offices | Out of Hours Service - Severance Payments | 32 | 7 | 23 | | | | | |
| | Civic Offices | Committee Room Tables | 10 | | 10 | | | | | |
| | Non HRA Building Maintenance | Planned Building Maintenance Programme | 199 | 77 | 240 | 42 | 30 | 66 | | |
| | Total Resources | | | 196 | 132 | 25 | 129 | 30 | 66 | 0 |
| | Total Service Specific District Development Fund | | | 1,553 | 416 | 1,408 | 444 | 19 | (23) | 0 |

DISTRICT DEVELOPMENT FUND

| Directorate | Service | Description | Original | B/F from | Revised | Estimate | Estimate | Estimate | Estimate | Estimate |
|-------------|---------|---|-------------------|------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------|
| | | | 2014/15 £000's | 2012/13 2014/15 £000's | 2014/15 £000's | 2015/16 £000's | 2016/17 £000's | 2017/18 £000's | 2018/19 £000's | |
| | | Lost Investment Interest | 151 | | 151 | 115 | | 78 | 78 | |
| | | Council Tax Freeze | (80) | | (80) | (80) | | | | |
| | | Right to Challenge Expenditure | 13 | | | | | | | |
| | | Revenue Contributions to Capital | | | 24 | | | | | |
| | | Records Scanner | | | 40 | | | | | |
| | | Revenue Contributions to Capital | | | | | | | | |
| | | Enveloping Machine | | | | | | | | |
| | | Non Domestic Rates | | | (552) | (178) | | | | |
| | | S31 Grant | | | | | | | | |
| | | NDR Income | 250 | | 250 | | | | | |
| | | Reduction due to appeals | (24) | | (24) | | | | | |
| | | Pensions | | | | | | | | |
| | | Deficit Pavments | | | | | | | | |
| | | Reimbursement of Principal re Heritable | | | | | | | | |
| | | Total District Development Fund | 1,863 | 416 | 1,217 | 301 | | 97 | 55 | 0 |

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Report to the Finance Performance Management Cabinet Committee



Report reference: *FPM-017-2014/15*
Date of meeting: *13 November 2014*

**Epping Forest
District Council**

Portfolio: Finance

Subject: Net savings suggestions and overall savings target

Responsible Officer: Bob Palmer (01992 564279).

Democratic Services: Rebecca Perrin (01992 564532).

Recommendations/Decisions Required:

- 1. To consider events since the Financial Issues Paper was presented and evaluate any change necessary to the net CSB target for 2015/16;**
- 2. To consider the business cases for net savings (including the items to be discussed in private session) and determine which should be pursued; and**
- 3. To suggest other potential areas of the Council's activities which should be reviewed for savings.**

Executive Summary:

The Financial Issues Paper was presented to this Committee in July and over the four months since it was written some unforeseen events have taken place. At this point in the budget cycle it is sensible to pause and re-evaluate the targets set in July to see if they should still be adhered to.

Work is underway on several ideas that could generate either cost reductions or increases in income for 2015/16 and subsequent years. This is an opportunity for Members to evaluate the various ideas and determine which should proceed. As part of this process Members are also invited to suggest other areas for review.

Reasons for Proposed Decisions:

To confirm the net CSB target for 2015/16 and determine which business cases should be pursued to achieve the necessary level of savings.

Other Options for Action:

Members could decide to leave the net CSB target as it currently is or indeed reduce it further.

Members could decide to pursue any mixture of the various business cases together with any other new ideas.

Report:

Net CSB Target

1. Given the greater financial challenge with the 2015/16 budget it was decided to start the budget process earlier than in previous years. An additional meeting of this Committee was scheduled for July and the Financial Issues Paper was presented two months earlier than has usually been the case. This has been useful in moving forward the debate on the budget and engaging both Members and staff in the process. However, the earlier start to the process has meant some issues have arisen that were not anticipated when the Financial Issues Paper was being written and the Medium Term Financial Strategy (MTFS) was being updated.

2. The net CSB target for 2015/16 in the MTFS is £13.15 million. This took account of all changes in the CSB known in July and included a target for additional net savings of £0.5 million. In total the MTFS included net savings of £1.5 million over the four years with £0.5 million in both 2015/16 and 2016/17 and then £0.3 million in 2017/18 and £0.2 million in 2018/19.

3. In previous years items arising after the update of the MTFS have largely off-set each other and it has been possible to achieve savings to reach the target for net CSB. This year the items arising have generally had a negative impact and the position with North Weald market is of particular concern. The meeting of the Asset Management and Economic Development Cabinet Committee on 21 October received a report on the market and it is likely that there will be a reduction in income of approximately £0.3 million per annum. The other single item worth mentioning is the increase in staffing for economic development. In the long term this should benefit the Council but in the short term it has added £125,000 to the budget.

4. If the net CSB target is to remain at £13.15 million then the two items mentioned above mean the savings required for 2015/16 will increase from £0.5 million to £0.93 million. It should be remembered that the net savings being sought here are on top of those achieved through the new waste management contract.

5. The MTFS predicted that at the end of 2018/19 there would still be £8.3 million in the General Fund revenue balance. This is twice the amount required by the established policy of a minimum of at least 25% of the Net Budget Requirement. So, if Members were minded, the net CSB target could be amended without seriously impacting on the Council's reserves. However, the reserves cannot be relied upon indefinitely and the budget will still need to be brought back in to balance over the medium term.

Savings Business Cases

6. The Leadership Team (all staff at Assistant Director level or higher) have discussed a number of savings opportunities and developed the best of these into mini business cases. Most of these business cases are attached for Members to consider and adopt or reject as appropriate, some will follow on a supplementary agenda. Because some of the business cases may involve redundancies or contain other confidential information these items will be considered partly in private session.

7. In addition to considering the business cases being put forward Members are invited to make alternative or additional suggestions. The need for additional suggestions will be determined by any change to the net CSB target and the extent to which the suggested business cases are adopted.

Resource Implications:

The report asks Members to re-consider the net CSB target for 2015/16 which is currently £13.15 million. If this target was allowed to increase but the net savings target was maintained at £0.5 million then additional savings would be required in later years. The MTFS still predicts reserve levels substantially above the Council's minimum acceptable levels and so it is possible to achieve a balanced budget over a longer period without endangering the Council's overall financial position.

Legal and Governance Implications:

The implications for each business case will be considered as they are developed. At this stage no legal and governance concerns have been highlighted with any of the proposals.

Safer, Cleaner and Greener Implications:

As for legal and governance, these will be considered on a case by case basis.

Consultation Undertaken:

The business cases have been discussed by both the Leadership Team and Management Board.

Background Papers:

None.

Risk Management:

Any risks associated with individual business cases will be evaluated as they are developed.

Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

| Date / Name | Summary of equality analysis |
|---|--|
| 27/10/14 Director of Resources | The various business cases will have a variety of impacts and these will be assessed before the suggestions are taken forward by the responsible officers. |

Business Case for Potential CSB Saving/Income

| Title | Community Safety Work and HRA | | Saving or Income ? ("X") | Saving | Income |
|---|--|---------|-------------------------------|---------------------------------------|--------|
| | | | x | | |
| First year potential saving / income occurs (+ amount p/a) | 2015/16 | £64,000 | Sensitivity of Proposal ("X") | | |
| | 2016/17 | £20,000 | Low | Medium | High |
| | Future | £6,000 | x | | |
| The Issue | | | | | |
| <p>A significant proportion of the Council's Community Safety Teams' work and particularly Anti- Social Behaviour, involves Council Housing Tenants. The Community Safety Manager has therefore undertaken a recent review of the percentage level of work undertaken on behalf of Housing Tenants and it is estimated that this is currently amounts to the following:</p> <p>Anti- Social Behaviour Officers - Approx.70% of work = £45,300 pa.(confirmed review) Community Safety Officer – Approx. 50% of work = £18,875 pa. (estimate) Community Safety Manager – Approx. 30% of work = £16,500 pa. (estimate) Assistant Director Community Services and Safety – Approx. 5% of work = £3,400 pa (estimate)</p> | | | | | |
| The Proposal | | | | | |
| <p>As much of the Community Safety Teams' work is undertaken on behalf of Housing, in respect of Council tenants, it is proposed that this work should be paid from the Housing Revenue Account. This work includes, but is not limited to, Anti-social behaviour, Domestic Abuse/Violence & Sanctuary schemes and current Domestic Homicide Review. This proposal therefore meets with relevant legislation regarding legitimate HRA expenditure.</p> | | | | | |
| Impact and implications of the Proposal (including any equality issues) | | | | | |
| <p>The impact of this proposal will fall on the HRA Budget and will result in other work not being undertaken.</p> | | | | | |
| Any required staffing or financial resources required (e.g. one-off costs) to achieve the saving/income | | | | | |
| <p>None</p> | | | | | |
| Any alternative options for different amount(s) of saving/income, including implications | | | | | |
| <p>As stated above, the amount of time that the Council's Anti-Social behaviour Officers spend on Housing work, has been closely monitored over the last few months. The remaining figures for other officers are currently estimates. It is therefore suggested, that these officers should implement a monitoring process to assess 'actual' work undertaken that relates to Housing tenants.</p> | | | | | |
| Responsible Officer | Julie Chandler – Asst. Director Community Services & Safety | | Director | Alan Hall, Director of Communities | |

Business Case for Potential CSB Saving/Income

| Title | Review of Councillors | | Saving or Income ? ("X") | Saving | Income |
|--|-----------------------|-----------------------|-------------------------------|--------|--------|
| | | | x | | |
| First year potential saving / income occurs (+ amount p/a) | 2015/16 | £0 | Sensitivity of Proposal ("X") | | |
| | 2016/17 | £0 | Low | Medium | High |
| | Future | £50,000 (notional) | | | x |

The Issue

It has been suggested that a review of Councillors could be undertaken in the future with a view to achieving savings of approximately £50,000 per annum from a date after 2017.

The Proposal

The review as understood by Officers is to seek a reduction in the cost of Councillors of £50,000 per annum. The current budgets for members allowances stands at £311,000. This budgets covers Basic Allowances, SRA's, Travel expenses and pension fund costs.

To save £50,000 per annum would need to see a reduction in the number of Councillors from 58 to 43 or less.

To achieve such a reduction an Electoral Review would be required by the Local Government Boundary Commission for England. The last such review in 2002 resulted in a case being made for the reduction of Councillor from 59 to 58.

Such reviews are normally triggered by significant changes in population caused by major housing developments, replacement of multi member wards to single member wards or requests by local authorities to operate with a different number of members. Reviews aim to ensure better electoral representation which reflect local community identities and interests rather than a purely cost saving argument.

Part of the process would be an examination of whether current (or effective) decision making structures could be supported by less members.

From guidance issued by the Boundary Commission, once the request during the preliminary period has been made by this authority the process is estimated at just over 18 months and would be followed by a whole Council election.

Impact and implications of the Proposal (including any equality issues)

Making an initial proposal to the boundary commission would require some resources and during the process the proposals would be subjected to external consultation to establish the public and political groups views on the proposals.

The contrast between the rural and urban areas may prove to pose a challenge to achieve electorate equality in say a single member ward proposal.

Any required staffing or financial resources required (e.g. one-off costs) to achieve the saving/income

Undertaking such a review would require resources to be applied to the ensuring the best possible case could be made to the Boundary Commission. There would be a need to hold all ward elections during a year where this was possible legally. If commenced during 2017 the proposals may be agreed in early 2019. Such an all-out election couldn't be held at the same time as a General Election in 2020.

Any alternative options for different amount(s) of saving/income, including implications

Potentially members could look at how SRA's are allocated and/or expenses claimed. Basic allowances make up just over £200,000 of the current budget. The Council could choose to look again at its electoral cycle. This is currently the case in Brentwood as an example. Or a combination of methods above.

| | | | |
|----------------------------|---|-----------------|---|
| Responsible Officer | Simon Hill, Assistant Director of Governance and Performance Management | Director | Colleen O'Boyle Director of Governance |
|----------------------------|---|-----------------|---|

Business Case for Potential CSB Saving/Income

| Title | The Forester Magazine | | Saving or Income ? ("X") | Saving | Income |
|--|---|---------|-------------------------------|---|--------|
| | | | x | | |
| First year potential saving / income occurs (+ amount p/a) | 2015/16 | £44,000 | Sensitivity of Proposal ("X") | | |
| | 2016/17 | £0 | Low | Medium | High |
| | Future | £0 | x | | |
| The Issue | | | | | |
| <p>Ceasing publication of the Forester Magazine with effect from April 2015.</p> | | | | | |
| The Proposal | | | | | |
| <p>It is proposed that with effect from April 2015, the Council should no longer produce and distribute its Forester magazine. More emphasis would be placed on either targeted communications on an issue by issue basis or via other media methods, either press release or online media applications.</p> <p>In recent years the number of the magazines has dropped to three issues per annum. It carries only part copy provided by the Council together with advertisements to offset the costs of each issue.</p> <p>There have been reported problems with distribution in the rural areas and the current Local Government Minister has recently sought to limit the number of occasions that authorities can publish such magazines.</p> | | | | | |
| Impact and implications of the Proposal (including any equality issues) | | | | | |
| <p>None. A Phase II restructuring proposal is being implemented in the Public Relations and Marketing Section which changes the emphasis of the Council's media efforts to newer online and targeted communications.</p> | | | | | |
| Any required staffing or financial resources required (e.g. one-off costs) to achieve the saving/income | | | | | |
| None | | | | | |
| Any alternative options for different amount(s) of saving/income, including implications | | | | | |
| None | | | | | |
| Responsible Officer | Simon Hill, Assistant Director of Governance and Performance Management | | Director | Colleen O'Boyle Director of Governance | |

Business Case for Potential CSB Saving/Income

| Title | Review of discretionary Business Rate relief | Saving or Income ? ("X") | Saving | Income |
|--|--|--------------------------|-------------------------------|--------|
| | | | £15,000 | |
| First year potential saving / income occurs (+ amount p/a) | 2015/16 | £0 | Sensitivity of Proposal ("X") | |
| | 2016/17 | £15,000 | Low | Medium |
| | Future | £0 | | High |
| | | | | x |

The Issue

The Council issues discretionary rate relief to certain organisations namely certain charities, non-profit making organisations and some rural businesses. Each of these has certain criteria that they must meet. The Council meets 40% of the cost which totals £36,000. The certain charities that receive the relief receive 80% mandatory relief have this topped-up with 20% discretionary relief so that no rates are payable. The main recipients of this are St Clare's Hospice and local cubs and scouts groups and equates to around £6,000. Discretionary relief is also paid to local non-profit making organisations, mainly sports clubs, who receive 80% relief. This relief is capped at a rateable value of £9,000 rateable value so the support provided to larger clubs is limited. The cost of relief in this category is around £24,000. Some rural businesses, such as village shops and pubs meeting criteria, receive 80% discretionary relief. The cost of this relief is around £6,000.

The Proposal

The Council could remove, vary the level of relief provided or amend its policy to further restrict who receives the relief. The maximum saving that could be achieved is unlikely to exceed £15,000. Regulations require a year's notice to reduce the level of relief so any change would require notice to be provided with their 2015/16 bills.

Impact and implications of the Proposal (including any equality issues)

The removal of some of the cases may be more sensitive than others, such as with St Clare's Hospice, or with local cubs and scouts groups who only receive on average £200 each. In addition, there is the potential for these scout groups and smaller sports clubs to instead receive Small Business Rate Relief, of which the Council would similarly fund 40%. Therefore the total saving would likely not be £36,000 and may not exceed half of that amount. The relief for sports clubs is designed to support the provision of leisure activity within the district and therefore has a role in the Council's duties with regard to community well-being.

Any required staffing or financial resources required (e.g. one-off costs) to achieve the saving/income

None

Any alternative options for different amount(s) of saving/income, including implications

There is the potential to vary the policy to a criteria determined by the Council and within the principles of what discretionary relief is designed for. There is the overlap with some of the organisations receiving a separate grant from the Council and the relationship between these and rate relief is being explored as part of the review by Overview and Scrutiny.

Responsible Officer

Rob Pavey, Assistant Director
Revenues

Director

Bob Palmer, Director of
Resources

Business Case for Potential CSB Saving/Income

| Title | Increase in Fees and Charges | | Saving or Income ? ("X") | Saving | Income |
|--|------------------------------|---------|-------------------------------|--------|--------|
| | | | | | x |
| First year potential saving / income occurs (+ amount p/a) | 2015/16 | £17,000 | Sensitivity of Proposal ("X") | | |
| | 2016/17 | £0 | Low | Medium | High |
| | Future | £0 | | x | |

The Issue

Raise additional income from Fees and Charges to help Balance the budget in 2015/16. Scope is somewhat limited however any increases are a step in the right direction.

The Proposal

| | |
|---|--------|
| Additional income from Communities for Arts ,Museum and Sports development | £5,000 |
| Additional lettings at limes farm hall | £5,000 |
| General Fund net increases to Fees and charges | £7,000 |
| Increases to document copying charges (included on Development Control Business case) | - |

Impact and implications of the Proposal (including any equality issues)

Possibility that users of the services might be put off and income go down particularly the additional £7,000 on General fund

Any required staffing or financial resources required (e.g. one-off costs) to achieve the saving/income

Existing staffing

Any alternative options for different amount(s) of saving/income, including implications

There are a number of other scenarios around larger increases, introducing new charges but this could drive people away and have the opposite effect of that intended.

Responsible Officer

Peter Maddock, Assistant
Director Accounts

Director

Bob Palmer, Director of
Resources

Business Case for Potential CSB Saving/Income

| Title | Development Management Income & Savings | | Saving or Income ? ("X") | Saving | Income |
|---|--|----------|--------------------------------------|---------------|-------------|
| | | | | X | X |
| First year potential saving / income occurs (+ amount p/a) | 2015/16 | £149,500 | Sensitivity of Proposal ("X") | | |
| | 2016/17 | £0 | Low | Medium | High |
| | Future | £0 | | X | |

The Issue

Analysis of a net income/savings for Development Management expenditure to identify savings and additional income streams for the 2015/16 financial year. The savings are based on actual costs that would be incurred should these measures not be taken and the income is based on historical income for 2013/14 and six months of 2014/15.

The Proposal

SAVINGS - The following savings have been identified in consultation with finance

- | | |
|---|----------|
| (a) Reduce the costs of Planning Applications in local Newspapers (due to statutory requirements this cannot be completely eliminated) | £ 3 000 |
| (b) End On-Line Planning Law annual subscription (Legal also have access to a similar facility) | £ 1 500 |
| (c) Reduction in costs of circulating paper copies of plans/documentation to Parish/Town Councils & replace this with electronic means of communication along with increased use of e-mails as opposed to letters | £ 20 000 |

SAVINGS SUB – TOTAL **£24 500**

INCOME – the following additional income is expected in 2015/16

- | | |
|---|---------|
| (d) Pre – Application service (2013/14 £74 000 & 2014/15 £43 000 for 6 months) + extend charging regime to include householder advice (£40 a time) = £10 000 | £40 000 |
| (e) Additional Planning Income this is based excess of income over budget 2013/14 £80 000 & excess over budget of £108 000 - six months of 2014/15 | £80 000 |
| (f) Document charging for both Development & Building Control based in charging for the provision of paper copies of planning and building control information | £ 5 000 |
| (g) Proceeds of Crime Act (Enforcement) | £ ? |

ADDITIONAL INCOME SUB – TOTAL **£125 000**

TOTAL NET SAVINGS AND ADDITIONAL INCOME FOR 2015/16 **£149 500**

Impact and implications of the Proposal (including any equality issues)

The proposals should improve access to all groups including those who are the most vulnerable as we propose to improve both the quality & distribution of services by focusing on electronic records improvement and access. In addition the efficiency savings for document costs will be mainly focused on the provision of copy building control information in line with the principles of fee earning Building Control operations.

Any required staffing or financial resources required (e.g. one-off costs) to achieve the saving/income

Restructuring of Development Management, seen by Management Board, including a 3 year fixed term Technical Officer Application Systems Officer, funded separately from Development Control income as a one-off cost. This links in with the movement from paper based to electronic based planning/building control services.

Any alternative options for different amount(s) of saving/income, including implications

There are longer term savings that will result from moving to paperless planning and supporting mobile/flexible working that will enable a reduction in floor occupancy and other associated support costs. There are also expected to be further reductions in the cost of provision of service through benchmarking of services and possible future partnership working particularly for Building Control. Finally, savings potential for 2016-17, if planning reception was relocated to be part of the main reception.

| | | | |
|----------------------------|---|-----------------|---|
| Responsible Officer | Nigel Richardson, Assistant Director Development Management | Director | Colleen O'Boyle, Director of Governance |
|----------------------------|---|-----------------|---|

Business Case for Potential CSB Saving/Income

| Title | Improving Cost Recovery – Charging Parish Councils | Saving or Income ? (“X”) | Saving | Income |
|-------|--|--------------------------|--------|--------|
| | | | | x |

| First year potential saving / income occurs (+ amount p/a) | 2015/16 | £0 | Sensitivity of Proposal (“X”) | | |
|--|---------|----|-------------------------------|--------|------|
| | 2016/17 | £0 | Low | Medium | High |
| | Future | £0 | | x | |

The Issue

A number of Directorates provide assistance to County, Town and Parish Councils at no cost. This work can range from a telephone call, to copying entire files, researching land ownership and attending site meetings. This work ties up officer’s time in providing a service to another authority and does not directly benefit this authority.

There are services such as Human Resources who already charge when they undertake work for Parishes.

The Proposal

1. To impose a charge for any information provided or assistance given to County, Parish or Town Councils.

This proposal does not apply to any partnership working with these Councils nor is it intended that any charges should be levied in respect of short telephone calls or information that can be provided quickly to these Councils.

Officers should be required to negotiate recharge costs for their services. The amounts charged by each Directorate would be small but the numbers of requests for assistance received by the District Council are small in number.

2. To offer Parish and Town Councils the opportunity to buy into an annual EFDC enforcement service in respect of Gypsies and Travellers. This service would comprise:
 - An initial visit
 - And assessment taking into account the code
 - Liaison with the police
 - Updates to public,
 - Legal work, and
 - Follow up with court.

If the second proposal is taken up by any Parishes then other Directorates could look at similar opportunities to have service level agreements or partnership working with Parishes and Town Councils.

Impact and implications of the Proposal (including any equality issues)

The introduction of charging may lead to the loss of a free resource for the Town and Parish Councils. Balanced against this is that the amount of work being undertaken is relatively small.

Charging for the service in an ad hoc manner may result in a loss of good will. To offer a service at a fixed fee such as that proposed for the Gypsy and Travellers would be a constructive way of assisting Parishes.

Any required staffing or financial resources required (e.g. one-off costs) to achieve the saving/income

It is proposed to charge for work that is already being carried out. There is an opportunity to increase the work which may require additional staff which should be self-funding.

Any alternative options for different amount(s) of saving/income, including implications

None

Responsible Officer

Alison Mitchell, Assistant
Director Legal Services

Director

Colleen O'Boyle, Director of
Governance

Business Case for Potential CSB Saving/Income

| Title | New hangar at North Weald | | Saving or Income ? ("X") | Saving | Income | |
|--|---|--|--------------------------|-----------------|---|--------|
| First year potential saving / income occurs (+ amount p/a) | | | 2015/16 | £0 | Sensitivity of Proposal ("X") | |
| | | | 2016/17 | £0 | Low | Medium |
| | | | Future | £200,000 | | X |
| The Issue | | | | | | |
| <p>Following market information relating to Hangar 5 at the Airfield it is suggested the Council could build and let a similar hangar to generate income.</p> | | | | | | |
| The Proposal | | | | | | |
| <p>To build and let a similar hangar to generate income.</p> | | | | | | |
| Impact and implications of the Proposal (including any equality issues) | | | | | | |
| <p>The premise is initially attractive and development on the Airfield is to be encouraged – but in the right areas and timed so as not to compromise other aspirations.</p> <p>Progress with the local plan and the recent decision to explore aviation through a managing partner suggests that simply building hangars for short term income may not be the best way to maximise the asset.</p> <p>Hence the income is listed for future years as part as a holistic approach to the Airfield and surrounding area.</p> | | | | | | |
| Any required staffing or financial resources required (e.g. one-off costs) to achieve the saving/income | | | | | | |
| <p>The approach referred to requires input from staff across directorates and external partners.</p> | | | | | | |
| Any alternative options for different amount(s) of saving/income, including implications | | | | | | |
| <p>It is suggested –not as an alternative but as a broader approach- that there would be greater income potential if a planned approach to development is taken.</p> | | | | | | |
| Responsible Officer | Chris Pasterfield, Assistant Director Asset Management & Economic Development | | | Director | Colleen O’Boyle, Director of Governance | |

Business Case for Potential CSB Saving/Income

| Title | Flexible working/Accommodation Review | Saving or Income ? ("X") | Saving | Income |
|-------|---------------------------------------|--------------------------|--------|--------|
| | | x | | |

| First year potential saving / income occurs (+ amount p/a) | 2015/16 | £0 | Sensitivity of Proposal ("X") | | |
|--|---------|----------|-------------------------------|--------|------|
| | 2016/17 | £100,000 | Low | Medium | High |
| | Future | £0 | x | | |

The Issue

By introducing enabling IT infrastructure it will be possible to allow staff to work more flexibly and free up work spaces in the Civic Offices. The current ratio of desks allocated to specific staff is very high. Often these work spaces are empty because many staff routinely work offsite as part of their job. Consequently there is a lot of effectively wasted office space which could be used for other purposes and which could potentially generate income or reduce costs for the Council.

The Proposal

The only effective way to maximise the potential for cost saving/income generation is to undertake a comprehensive review of working practices and space utilisation across the whole Council. This is a considerable undertaking and will require help from specialist external resource. The biggest challenge will be to drive the cultural change necessary for staff to think differently about how they work and use office space. Innovative use of technology to enable more efficient flexible working, reduction of paper filing and reduction in duplication of data input will also be critical to the success of the project.

Impact and implications of the Proposal (including any equality issues)

The project will undoubtedly will be a considerable change for staff and there is considerable cynicism about the concept, partly due to the fact that the details of the proposal have not yet been clearly set out and partly due to a natural resistance to change. The project will need careful management and sponsorship from senior management. One initial idea is to relocate some of the Community Services staff from Hemnall Street to vacant office space immediately above the new museum extension in Waltham Abbey (and co-locate them with other Community Services staff which also meets a service objective) and then relocate the remaining Community Services staff to the Civic Offices, utilising space freed-up from this proposal. This would then enable the whole of the Hemnall Street offices to be let at a commercial rent. This could generate a potential rental income of upto £100,000 per annum but would require one off capital investment to purchase the office space above the museum. However it is important to note that to achieve the optimum result it is essential to review the whole Council in order to deliver the greatest efficiencies and plan office space effectively.

Any required staffing or financial resources required (e.g. one-off costs) to achieve the saving/income

(1) External specialist resource (IT and buildings specialists) to be funded from part of the transformation reserve of £150k created to enable change.

(2) One-off cost of purchasing vacant office space above Epping Forest Museum – upto £250,000 (dependent on valuation). There is already budget provision of £654,000 within the Capital Programme to purchase all the office space above the museum (as a commercial opportunity), which is no longer available. Some of this budget can therefore be used for the purchase of one office, with the remaining budget provision released for other capital purposes.

Any alternative options for different amount(s) of saving/income, including implications

The figure of £100k is an estimate at this stage and is likely to increase as the project develops. However this is a medium term project that requires initial investment in order to generate sustainable annual CSB savings.

Responsible Officer

TBA

Director

Chief Executive

Business Case for Potential CSB Saving/Income

| Title | Leisure Management Contract | | Saving or Income? ("X") | Saving | Income |
|--|-----------------------------|-------|-------------------------------|--------|--------|
| | | | | £500K | |
| First year potential saving / income occurs (+ amount p/a) | 2015/16 | £0 | Sensitivity of Proposal ("X") | | |
| | 2016/17 | £250K | Low | Medium | High |
| | Future | £250K | X | | |

The Issue

In 2005, as a result of a recommendation of a Best Value inspection of Leisure Services, and against a backdrop of increasing pressure on revenue and capital budgets, the Council undertook a comprehensive review of the alternative options available, to manage its leisure facilities. Following this review, the Council elected to pursue the appointment of an external "partner" to manage and develop its major leisure facilities and swimming pools.

Following a competitive procurement process, the Council awarded the contract to Sport and Leisure Management Limited (SLM).

As is the case with the vast majority of local authority leisure provision throughout the country, and in particular, those councils who have an ageing stock of buildings, an element of subsidy is required as generally income from fees and charges does not cover the operating costs. A key objective of seeking alternative management of the Council's facilities had been the transfer of risk of under-achievement of income and the minimalisation of the level of revenue support required.

The current management fees paid to meet the deficit of operating the four centres are detailed below. Due to the quality of the modern facilities provided by Loughton Leisure Centre and its premium location, it does not currently require a deficit payment, rather SLM pay the Council a management fee reflecting the Centre's high revenue potential.

2013-2014 Subsidies

| | Management Fees | EFDC Costs | Total Cost | Subsidy per head of population | Subsidy per user |
|-------------------------|-----------------|-----------------|-------------------|--------------------------------|------------------|
| Epping Sports Centre | £301,916 | £46,604 | £348,520 | £2.81 | £2.08 |
| Loughton Leisure Centre | -£182,730 | £103,700 | -£79,030 | -£0.64 | -£0.18 |
| Ongar Leisure Centre | £286,336 | £46,044 | £332,380 | £2.68 | £1.69 |
| Waltham Abbey Pool | £498,278 | £48,672 | £546,950 | £4.41 | £2.66 |
| | £903,800 | £245,020 | £1,148,820 | £9.27 | £6.25 |

As part of the budget process for 2014/15 the Council made provision for and has commissioned full building condition surveys for all centres.

However, subject to formal confirmation by the building surveyor's reports and based on pre-tender estimates it has been established that Waltham Abbey Swimming Pool has effectively reached the end of its viable life.

Epping Sports Centre is a conversion of an army drill hall and whilst significant sums have been spent on the roof and tanking the sports hall, the building has very poor access for people with disabilities and has restricted car parking. As such, despite not reaching the unviable position of Waltham Abbey Pool, serious consideration should be given to its replacement in the medium term.

Ongar Leisure Centre, whilst of a similar age to Epping Sports Centre, in part because of its original specification as a dual use centre with higher quality, has a longer viable life than the other two older centres. With the success of the bid to provide a new secondary school in Ongar under the "free schools" programme on the site, an opportunity exists to revert back to the previous dual use arrangements, which would potentially enable a cost sharing arrangement on repairs and running costs to be negotiated.

The Council has considered these issues through the development of its new Leisure and Cultural Strategy, which has made a number of key recommendations which will be formally considered by the Cabinet on the 3 November. These are detailed below.

The Proposal

1. That the Council's Key Objectives with respect to Leisure management are re-affirmed as the basis for any future management contract, with the preferred option being to outsource to either the private sector or external trust.
2. That the procurement approach to the new Leisure Management Contract be by Competitive Dialogue, seeking to deliver flexibility for any partner to develop income streams to reduce costs, whilst still meeting the Council's Key Objectives with respect to participation and community access.
3. That based on the success of other authorities, any new management partners are encouraged to invest in new facilities, which may involve the Council in providing capital finance.
4. That the current relative performance of the Council's Leisure Facilities with respect to cost, participation and subsidy, be noted and form a key consideration with respect to future provision.
5. That subject to confirmation of the final results of the building condition surveys, that Waltham Abbey Pool is deemed to have reached the end of its viable life, and be replaced by a new facility in Waltham Abbey, the part of the District with amongst the poorest health outcomes, with further work undertaken on the most suitable location, and how it may be funded.
6. That in the medium term, depending on growth in the locality, the opportunity to re-provide a replacement facility for Epping Sports Centre should be investigated and that any new Leisure Management Contract has appropriate break clauses to enable relocation.
7. That now confirmation of funding for the new Ongar Academy has been confirmed, and on the basis that the site adjacent to the existing Leisure Centre remains the preferred location, negotiations are entered into with respect to a dual-use arrangement for the Leisure Centre, with the intention of increasing use and sharing cost.

If these recommendations are adopted as the preferred provision and procurement options for the Council, it is anticipated that a revenue saving could be generated, initially to £250k in 2016/17 to reflect new contractual arrangements and the Dual use of Ongar Leisure Centre, and a further £250k if Waltham Abbey Pool was re-provided in 2017/18.

Impact and implications of the Proposal (including any equality issues)

The proposal could provide a higher quality provision at lower cost to the Council. The contract period may well need to be over a longer period, 15-20 years, to allow any private sector partner to achieve a return on capital investment. Access for people with disabilities would be improved in new/refurbished provision.

Any required staffing on financial resources required (e.g. one-off costs) to achieve the saving/income

One off cost of specialist consultancy support £45k already available. May require the Council to invest Capital or facilitate prudential borrowing. With the exception of Client Officers, all other staff have previously been TUPE transferred.

Any alternative options for different amount(s) of saving/income, including implications

Take decision to close any Centre. Savings as table in Section One.

Responsible Officer

Derek Macnab,
Director of Neighbourhoods

Director

Derek Macnab,
Director of Neighbourhoods

Business Case for Potential CSB Saving/Income

| Title | Reduction in FM spend | | Saving or Income ? ("X") | Saving | Income |
|--|-----------------------|---------|-------------------------------|---------|--------|
| | | | | £50,000 | |
| First year potential saving / income occurs (+ amount p/a) | 2015/16 | £50,000 | Sensitivity of Proposal ("X") | | |
| | 2016/17 | £0 | Low | Medium | High |
| | Future | £0 | X | | |

The Issue

The Councils Facilities Management section is responsible for the upkeep of most buildings and infrastructure. The 5 year works programme is updated annually and this includes projects ranging from major building to minor redecoration works. This programme has been adhered to consistently for many years and the vast majority of all properties are in a good state of repair.

The Proposal

Historically there have been consistent underspends within the Facilities Management spread over various budgets. This, coupled with the proposed implementation of improved procurement and contract management processes, will produce the savings highlighted above, without having a long term detrimental effect on the fabric of the buildings or impacting on health and safety.

Impact and implications of the Proposal (including any equality issues)

Whilst this saving is achievable, there will inevitably be an impact on the current service provided. There will no longer be any slack in the budget, so in the future, it will not be possible to carry out any unplanned work such as office moves etc. Currently, all office moves are on hold until the overall accommodation strategy has been agreed. If and when any moves are necessary the individual service requiring the move will have to meet the cost.

Any required staffing or financial resources required (e.g. one-off costs) to achieve the saving/income

None

Any alternative options for different amount(s) of saving/income, including implications

Further cuts could be actioned but this would be likely to have a more permanent effect to the fabric of the buildings.

| Responsible Officer | David Newton, Assistant Director ICT & FM | Director | Bob Palmer, Director of Resources |
|---------------------|---|----------|-----------------------------------|
|---------------------|---|----------|-----------------------------------|

Business Case for Potential CSB Saving/Income

| Title | Car parking income | | Saving or Income ? ("X") | Saving | Income |
|--|--------------------|----------|-------------------------------|--------|--------|
| | | | | | X |
| First year potential saving / income occurs (+ amount p/a) | 2015/16 | £250,000 | Sensitivity of Proposal ("X") | | |
| | 2016/17 | £0 | Low | Medium | High |
| | Future | £0 | | | X |

The Issue

To increase income from the 17 pay and display car parks in Council ownership. After a 5 year period of no increases in tariff the Council revised pay and display charges on 1 May 2014, with an income target of £150,000 for 2014/15. However the current income profile suggests that the actual income will be lower.

The Proposal

Officers have modelled three options for increasing the parking tariff; low, medium and high. The proposed income target of £250,000 is on the higher tariff increase.

There are additional options (currently not costed): introducing charging (full rate, half rate or a flat rate) in the car parks currently free on Saturdays, all car parks on Sundays, Bank Holidays, Visitors car park in Civic Offices but with a minimum free parking facility for visitors, and charging for Disabled badge holders

Impact and implications of the Proposal (including any equality issues)

Following the increase in tariff in May 2014 the Council's car parking charges are now comparable to the CIPFA nearest neighbour group and other geographically adjoining authorities. If the charges are increased significantly then there is a risk that users will avoid using the car parks and that could have a detrimental impact on income levels. If the number of visitors/shoppers reduces then the high streets and town centres close to the car parks could be negatively affected. Another increase so soon after the May increase could be unpopular with residents, businesses and may have an adverse impact on the shopping areas and high streets.

Increases to the longer/all day parking tariff will impact not only commuters but also local employees. This could have a detrimental impact on the high streets and local businesses.

Charging for disabled badge holders would require a detailed Equality Impact Assessment and there are likely to be costs associated with physical modifications to the car parks.

Any required staffing or financial resources required (e.g. one-off costs) to achieve the saving/income

Capital investment will be required to purchase new smart pay and display meters as well as to carryout changes to the car park notices boards. Estimates of costs will become available once Cabinet has agreed the level of changes required (for example the number of meters that can take credit card payments etc)

Once off revenue expenditure will also be required to advertise and introduce legal traffic variation orders to enable the changes

Any alternative options for different amount(s) of saving/income, including implications

Subject to detailed businesses cases some areas of additional income include:

Boot Sales/Markets/Fayres, BMX & Skateboard Ramps, Go Karts, Drive in Cinema, Firework Display, Lorry Park between 6pm – 6am, Outdoor Concerts/ Bands/Productions, Weekend Fairgrounds, Outdoor Gyms i.e. Boot Camps, Street Soccer Tournaments

| | | | |
|----------------------------|---|-----------------|--|
| Responsible Officer | Qasim Durrani, Assistant Director Technical | Director | Derek Macnab, Director of Neighbourhoods |
|----------------------------|---|-----------------|--|

Briefing note on options for generating more income from car parking services

Background:

The Council is under increasing pressure to generate additional revenue, the estimated additional revenue requirement across the Council is £1 million. This will require a combination of cost savings and additional revenue generation. One option of generating additional income is to increase car parking charges. The Council increased parking charges, after 5 years, in May 2014. It will therefore require careful consideration before significant car parking tariff increase takes place. In 2013/14 the Council gained a pay and display income of £735,000

Anticipated income:

The tariff increase in May 2014 predicted an increased income of £150,000 in 2014/15. The current income trends, as presented in the table in appendix, indicate a likely year end income of £94,740. This is somewhat lower than the estimated income of £150,000 however it has to be borne in mind that the car park income is low in the summer months and the income levels should now pick up.

Bench marking:

In order to assess the scale of increases it is helpful to compare the Council's tariff structure with those authorities that are considered the 'family group' by CIPFA on the basis of geography and demography. For the purposes of this exercise tariff structure of 5 of the 15 CIPFA authorities has been included in the table below, the full list of the family group is attached as appendix:

Nearest Neighbour Group of Parking Authorities (figures in green are below existing EFDC tariff while those in red are above):

| Authority | 1 hour | 2 hour | 3 hours | hours 4 | hours 5 | hours 6 |
|--|--------|--------|---------|---------|---------|---------------|
| Broxbourne | 50p | £1.20 | £2.00 | £4.00 | | |
| Brentwood | £1.30 | £2.90 | £3.60 | £4.40 | £5.30 | £10.50 |
| East Hertfordshire (Bishops Stortford) | 80p | £1.50 | £2.20 | £2.90 | £4.00 | £6.00 ALL DAY |
| Hertford | 80p | £1.50 | £2.20 | £2.90 | £3.60 | |
| Harlow | Free | 85p | £1.75 | £3.60 | £6.55 | |

The following are not in the 'family group' but comparable due to proximity:

| Authority | 1 hour | 2 hour | 3 hours | 4 hours |
|----------------------|----------------|-----------------|-----------------|--------------------|
| Redbridge (Woodford) | 80p | £1.40 | £2.30 | £5.30 over 3 hours |
| Redbridge (Ilford) | £1.10 | £2.20 | £3.50 | £5.80 over 3 hours |
| Braintree | 90p (Upto 1hr) | £1.80 (1-3 hrs) | £3.00 (3-6 hrs) | £5.50 (over 6hrs) |

Income generation:

The Council can achieve additional income by revising car parking charges as well as introducing new charges, for example 9 out of 17 car parks are free on Saturday and all car parks are free on Sunday. There are three free car parks in: Roydon, Chigwell and Epping (outside Civic Offices). A charge, with or without an initial free period could be introduced. Each of these options are discussed below.

1) Pay and Display tariff revision:

The last tariff increase was in May 2014 and the Council can choose another increase to generate more revenue. The tariff could be increased either slightly or significantly. A decision needs to be made on whether the increase would apply to some or all of the car parks (differential tariff) for example the tariff could be increased only in the car parks where there is pressure from users of the London Underground. Cottis Lane Car Park in Epping has a different tariff regime from rest of the short stay car parks in the District. A decision is needed on whether tariff in Cottis Lane should be brought in line with other car parks.

Three variants have been modelled as follows:

- (a) Option 1 - tariff increase in all car parks,
- (b) Option 2 – tariff increase in all car parks except Waltham abbey and Ongar,
- (c) Option 3 - Higher increases in all car parks excluding WA and Ongar.

The table below indicated the three possible tariffs:

| Type of car park | Up to 30 min | Up to 1 hr | Up to 2 hr | Over 2 hr | Up to 3 hr | Over 3 hr | Up to 4 hr | Up to 5 hr |
|--------------------|--------------|------------|------------|-----------|------------|-----------|------------|------------|
| Cottis Lane | | | | | | | | |
| Existing | £0.10 | £0.70 | £1.40 | | £2.10 | | £2.80 | £3.5 |
| Proposed Option 1 | £0.10 | £0.80 | £1.60 | | £2.40 | | £3.20 | £4 |
| Proposed Option 2 | £0.10 | £0.80 | £1.60 | | £2.40 | | £3.20 | £4 |
| Proposed Option 3 | £0.10 | £0.9 | £1.80 | | £2.50 | | £3.50 | £4.5 |
| Short Stay | | | | | | | | |
| Existing | £0.10 | £0.80 | £1.60 | | £3.20 | £10.0 | | |
| Proposed Option 1 | £0.10 | £0.90 | £1.80 | | £3.50 | £10.0 | | |
| Proposed Option 2 | £0.10 | £0.90 | £1.80 | | £3.50 | £10.0 | | |
| Proposed Option 3 | £0.10 | £1.0 | £2.0 | | £4.0 | £10.0 | | |
| Long Stay | | | | | | | | |
| Existing | | | £1.60 | £3.50 | | | | |
| Proposed Option 1 | | | £1.80 | £3.80 | | | | |
| Proposed Option 2 | | | £1.80 | £3.80 | | | | |
| Proposed Option 3 | | | £2.0 | £4.0 | | | | |
| Combined | | | | | | | | |
| Existing | £0.10 | £0.80 | £1.60 | £3.50 | | | | |
| Proposed Option 1 | £0.10 | £0.90 | £1.80 | £3.80 | | | | |
| Proposed Option 2 | £0.10 | £0.90 | £1.80 | £3.80 | | | | |
| Proposed Option 3 | £0.10 | £1.0 | £2.0 | £4.0 | | | | |

Estimated additional Pay and Display income for the three options:

| | Anticipated Pay and Display income for 2014/15 | Anticipated Cashless income for 2014/15 | Anticipated Season Ticket income for 2014/15 | Total income | Additional estimated income over 2014/15 |
|--|--|---|--|--------------|--|
| Current tariff | £ 735,000 | £ 80,428 | £ 75,500 | £ 890,928 | |
| Option 1 (modest increase in all car parks) | £ 1,067,883 | £ 90,408 | £ 113,250 | £ 1,271,540 | £ 168,999 |
| Option 2 (modest increase in all car parks except Waltham Abbey and Ongar) | £ 1,045,687 | £ 89,687 | £ 113,250 | £ 1,248,623 | £ 146,082 |
| Option 3 (higher increase in all car parks except Waltham Abbey and Ongar) | £ 1,110,436 | £ 90,797 | £135,900 | £1,337,133 | £ 234,592 |

The above estimates are based on modelling and as with any model certain assumptions are made. These include the same car park usage and no reduction in demand. A sensitivity analysis has been carried out: a loss of income of £57,000 would occur if 5% of users were to stop using the car parks, this increases to £115,000 if 10% users stop using the service and the loss increases to £170,000 if 15% drop in usage occurs.

2) Weekend and Bank Holiday charging:

There are 9, out of a total of 17, Council car parks that are free on Saturday. Some of these car parks are popular and used on weekends. The total number of spaces in the 9 car parks that are currently free on Saturday is 1129. If a flat rate of £1 per day was charged and assuming a third of these spaces will be utilised the Council could expect an income of:

Saturday charging: $376 \text{ spaces} \times £1 \times 48 = £18,048$

Similarly all of the Council car parks are free on Sunday. This equates to 1754 parking spaces. Applying the same principle of a flat day charge of £1 and assuming that a third of the spaces will be used gives the income of:

Sunday charging: $584 \text{ spaces} \times £1 \times 48 = £28,032$

There are 8 Bank Holidays in a year and the Council does not charge for the use of its car parks. The Council has a choice of introducing normal car parking charging on a Bank Holiday Monday or introduce a flat of £1 per day:

Bank Holiday flat rate charging: $584 \text{ spaces} \times £1 \times 8 = £4,672$

(The income would be higher if normal car parking charging would be introduced on a Bank Holiday)

3) Free Car Park in Roydon, Chigwell and Epping:

The Council has historically provided free car parks in Roydon and Chigwell and in recent past the Visitors Car Park in Civic Offices has been made free to assist businesses in the High Street.

The Roydon Car Park (48 spaces) serves the primary school and businesses in the High Street. It is not proposed to introduce full charging as that would result in displacement parking issues elsewhere in Roydon. However a combination of 2 hours free parking and a nominal all day charge of £1 could be introduced on a trial basis, this would generate, assuming a third of the car park users will pay all day charge, an income of:

Roydon 2 hrs free and £1 all day charge: $16 \text{ spaces} \times £1 \times 365 = £5,840$

The Council owns the car park next to Chigwell Parish Council offices. It is understood that this will be taken over by the Parish Council in the near future. If that was not the case then a similar £1 all day charge could be introduced.

The Visitors Car Park outside the Civic Offices in Epping was until last year only chargeable on Saturday. This was changed and the car park was made free for all seven days of the week to assist the High Street. It has been noticed that the car park is being used by commuters and others for long stay parking. This is taking away spaces from the visitors to the Civic Offices. It is proposed that this car park be brought in line with the Cottis Lane Short Stay Car Park. With the exception to offer two hour free parking to assist visitors to the Council offices. Estimating income for this car park, given the varied tariff, is difficult however a comparison could be made with Cottis Lane Car Park which has a yield of £461 per parking space, excluding the 10p tariff for 30 minutes. If the same yield is applied to the 28 spaces in the Civic Office Car Park the estimated income is £12,908, however the actual income would be less than that due to the provision of 2 hr free parking.

Estimated additional income from all charges:

| Source | Option 1 | Option 2 | Option 3 |
|---|------------------------------|--------------------------------------|--------------------------------------|
| Pay and Display increase | £ 168,999 (all car parks) | £ 146,082 (excludes WA and Ongar) | £ 234,592 (excludes WA and Ongar) |
| Saturday £1 all day | £18,048 | £18,048 | £18,048 |
| Sunday £1 all day | £28,032 | £28,032 | £28,032 |
| Bank Holiday £1 all day | £4,672 | £4,672 | £4,672 |
| Roydon Car Park 2 hrs free and £1 all day | £5,840 | £5,840 | £5,840 |
| Visitors Car Park Civic Offices, 2 hrs free then same as Cottis Lane Car Park | £12,908 | £12,908 | £12,908 |
| Total income | £ 238,499 | £ 215,582 | £ 304,092 |

Appendix

EPPING FOREST DISTRICT COUNCIL 'NEAREST NEIGHBOUR' GROUP OF FAMILY AUTHORITIES

| Council | Address |
|--|--|
| Broxbourne Borough Council | Borough Offices, Bishop's College, Churchgate, Cheshunt, EN8 9XQ. |
| Brentwood Borough Council | Council Offices, Ingrave Road, Brentwood, CM15 8AY. |
| East Hampshire District Council | Penns Place, Petersfield, GU31 4EX |
| East Hertfordshire District Council | Wallfields, Pegs Lane, Hertford, SG13 8EQ. |
| Guildford Borough Council | Millmead House, Millmead, Guildford, Surrey, GU2 4BB |
| Hertsmere Borough Council | Civic Offices, Elstree Way, Borehamwood, Herts. |
| Horsham District Council | Park House, North Street, Horsham, RH12 1RL. |
| Mid- Sussex District Council | Oaklands, Oaklands Rd, Haywards Heath, RH16 1SS. |
| Reigate and Banstead Borough Council | Town Hall, Reigate, RH2 0SH. |
| Sevenoaks District Council | Council Offices, Argyle Rd, Sevenoaks, TN13 1HG. |
| Spelthorne Borough Council | Council Offices, Knowle Green, Staines, TW18 1XB. |
| St. Albans City and District Council | Council Offices, Civic Centre, St Peter's Street, St. Albans, AL1 3JE. |
| Tandridge District Council | Council Offices, Station Rd East, Oxted, RH8 0BT. |
| Three Rivers District Council | Three Rivers House, Northway, Rickmansworth, WD3 1RL. |
| Waverly Borough Council | Council Offices, The Bury's, Godalming, GU7 1HR. |

Anticipated income in 2014/15

| | | Pro rata for 12 months | | | Pro rata for 12 months | Additional income 2014/15 |
|---|----------|---------------------------|---|----------|---------------------------|---------------------------------|
| May to August 2013 Pay and Display income | £390,292 | £ 117,0876 | May to August 2014 Pay and Display income | £409,268 | £122,7804 | |
| May to July 2013 pay by phone income | £19,202 | £ 76,807 | May to July 2014 pay by phone income | £29,405 | £117,619 | |
| Income excluding Season Tickets and Penalty Charge Notices | | £ 1,250,683 | | | £1,345,423 | £94,740 |

EFDC Car Park location and tariff information:

| Car Park | | Spaces | S/L | 0-30 | UP TO | UP TO | OVER | UP TO | OVER | UP TO | UP TO | FREE |
|-------------------|--|--------|-------|---------|-------|-------|-------|-------|--------|-------|-------|----------|
| | | | | minutes | 1 HR | 2 HRS | 2 HRS | 3 HRS | 3 HRS | 4 HRS | 5 HRS | SATURDAY |
| Queens Road Lower | | 100 | Long | | | £1.60 | £3.50 | | | | | ✓ |
| Smarts Lane | | 21 | Long | | | £1.60 | £3.50 | | | | | ✓ |
| The Pleasance | | 73 | Long | | | £1.60 | £3.50 | | | | | ✓ |
| Bansons Lane | | 52 | Short | £0.10 | £0.80 | £1.60 | | £3.20 | £10.00 | | | X |
| Civic Offices | | 28 | Short | £0.10 | £0.80 | £1.60 | | £3.20 | £10.00 | | | X |
| High Beech | | 29 | Short | £0.10 | £0.80 | £1.60 | | £3.20 | £10.00 | | | X |
| Old Station Road | | 270 | Short | £0.10 | £0.80 | £1.60 | | £3.20 | £10.00 | | | X |
| Quaker Lane | | 109 | Short | £0.10 | £0.80 | £1.60 | | £3.20 | £10.00 | | | X |
| Queens Road Upper | | 18 | Short | £0.10 | £0.80 | £1.60 | | £3.20 | £10.00 | | | X |
| Sainsburys Ongar | | 56 | Short | £0.10 | £0.80 | £1.60 | | £3.20 | £10.00 | | | X |
| The Drive | | 41 | Short | £0.10 | £0.80 | £1.60 | | £3.20 | £10.00 | | | X |
| Vere Road | | 50 | Short | £0.10 | £0.80 | £1.60 | | £3.20 | £10.00 | | | X |
| Bakers Lane | | 141 | S/L | £0.10 | £0.80 | £1.60 | £3.50 | | | | | ✓ |
| Cornmill | | 197 | S/L | £0.10 | £3.80 | £1.60 | £3.50 | | | | | ✓ |
| Darby Drive | | 69 | S/L | £0.10 | £0.80 | £1.60 | £3.50 | | | | | ✓ |
| Traps Hill | | 188 | S/L | £0.10 | £0.80 | £1.60 | £3.50 | | | | | ✓ |
| Burton Road | | 99 | S/L | £0.10 | £0.80 | £1.60 | £3.50 | | | | | ✓ |
| Cottis Lane | | 213 | Short | £0.10 | £0.70 | £1.40 | | £2.10 | | £2.80 | £3.50 | ✓ |

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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