

Committee Agenda



**Epping Forest
District Council**

Finance and Performance Management Cabinet Committee Thursday, 19th March, 2015

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

**Committee Room 1, Civic Offices, High Street, Epping
on Thursday, 19th March, 2015
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 (previously circulated at Cabinet).

4. KEY PERFORMANCE INDICATORS 2014/15 (Q3 PERFORMANCE) & 2015/16 (TARGETS) (Pages 5 - 32)

(Director of Governance) To consider the attached report (FPM-025-2014/15).

5. QUARTERLY FINANCIAL MONITORING (Pages 33 - 48)

(Director of Resources) To consider the attached report (FPM-026-2014/15).

6. CORPORATE RISK UPDATE (Pages 49 - 76)

(Director of Resources) To consider the attached report (FPM-027-2014/15).

7. PROCUREMENT STRATEGY 2015-20 (Pages 77 - 98)

(Director of Resources) To consider the attached report (FPM-028-2014/15).

8. ANY OTHER BUSINESS

Section 100B(4)(b) of the Local Government Act 1972, together with paragraphs 6 and 25 of the Council Procedure Rules contained in the Constitution require that the permission of the Chairman be obtained, after prior notice to the Chief Executive, before urgent business not specified in the agenda (including a supplementary agenda of which the statutory period of notice has been given) may be transacted.

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

9. 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
Nil	Nil	Nil

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

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.

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

**Report reference: FPM-025-2014/15
Date of Meeting: 19 March 2015**

Portfolio: Governance and Development Management

Subject: Key Performance Indicators 2014/15 (Q3 Performance) & 2015/16 (Targets)

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

Democratic Services Officer: Rebecca Perrin (01992 564532)

Recommendations/Decisions Required:

- (1) That the Committee note nine-month performance for the Key Performance Indicators adopted for 2014/15; and**
- (2) That, subject to the views of the Finance and Performance Management Scrutiny Panel, the proposed Key Performance Indicators and targets for 2015/16 be agreed.**

Executive Summary:

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.

As part of the duty to secure continuous improvement, a range of Key Performance Indicators (KPI) relevant to the Council's service priorities and key objectives, are adopted each year. Performance against all of the KPIs is reviewed on a quarterly basis, and has previously been a focus of inspection in external assessments and judgements of the overall progress of the authority.

Reasons for Proposed Decision:

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 outcomes delivered.

A number of KPIs are used as performance measures for the Council's key objectives. It is important that relevant performance management processes are in place to review and monitor performance against the key objectives, to ensure their continued achievability and relevance, and to identify proposals for appropriate corrective action in areas of slippage or under performance.

Other Options for Action:

No other options are appropriate in this respect. Failure to identify challenging performance targets, and review and monitor performance could mean that opportunities for improvement are lost and might have negative implications for judgements made about the progress of the Council.

Report:

- 1) A range of thirty-six Key Performance Indicators (KPI) was adopted for 2014/15 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.
- 2) Three-monthly progress in respect all of the KPIs is reviewed by Management Board and overview and scrutiny at the conclusion of each quarter, and service directors review KPI performance with the relevant portfolio holder(s) on an on-going basis throughout the year. No indicators are subject to scrutiny at year-end only.
- 3) As part of the overview and scrutiny review undertaken in 2013/14, changes have been made to arrangements for the 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 Scrutiny Panel as previously.

Key Performance Indicators 2014/15 – Quarter 3 Performance

- 4) The position with regard to the achievement of target performance for the KPIs at the end of the third quarter (30 June to 31 December 2014) of the year, was as follows:

26 (72%) indicators achieved the cumulative third-quarter target;
10 (27%) indicators did not achieve the cumulative third-quarter target, although 1 (3%) of these KPI performed within the agreed tolerance for the indicator; and
29 (81%) indicators are currently anticipated to achieve the cumulative year-end target.
- 5) A headline third 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.
- 6) 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 and 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.

Key Performance Indicators 2015/16 – Targets

- 7) The adoption of challenging but achievable KPIs each year is a key element of the Council's Performance Management Framework. The continued relevance of the existing KPI set for 2015/16 has recently been considered by Management Board. The current suite of measures is considered appropriate for the ongoing evaluation of relevant performance factors, with some changes:

3 (three) indicators have been deleted as no longer carried out by EFDC or are ineffective;

3 (three) new indicators have been added to replace 1 (one) of the deletions; and

3 (three) indicators have had their definitions revised to facilitate benchmarking or to comply with new Government guidance.

Service directors have identified provisional targets for each indicator with the relevant portfolio holder(s), based on third-quarter performance (and the estimated outturn position) for the current year. Details of the proposed KPIs and targets for 2015/16 are set out at Appendix 2 to this report.

- 8) The KPIs will comprise the totality of the Council's corporate performance indicator measures for 2015/16. Improvement plans will be developed for each KPI, identifying actions to achieve target performance, which will be considered and agreed by Management Board. As part of this process, the Board will also review the provisional targets for each KPI with reference to outturn data for 2014/15 when this is available. Any revisions to targets on the basis of the outturn position will be reported to the Committee and the appropriate overview and scrutiny panel in June 2015.
- 9) The Committee is requested to agree the proposed KPIs and targets for 2015/16. These will also be considered by the individual Scrutiny Panels during the current cycle of meetings and the views of the scrutiny panels in this respect will be reported to the Committee.

Resource Implications:

Resource requirements for actions to achieve specific KPI performance for will have been identified by the responsible service director 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 will have been identified by the responsible service director.

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 will have been identified by the responsible service director.

Consultation Undertaken:

The draft KPIs and targets set out in this report have been proposed by service directors in consultation with relevant portfolio holder(s). The indicators and targets have been considered by Management Board during February 2015.

Background Papers:

Third quarter KPI submissions held by the Performance Improvement Unit. KPI calculations and supporting documentation held by respective service directors.

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 will have been identified by the responsible service director.

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.

There are no equality implications arising from the recommendations of this report. Relevant implications arising from actions to achieve specific KPI performance will have been identified by the responsible service director.

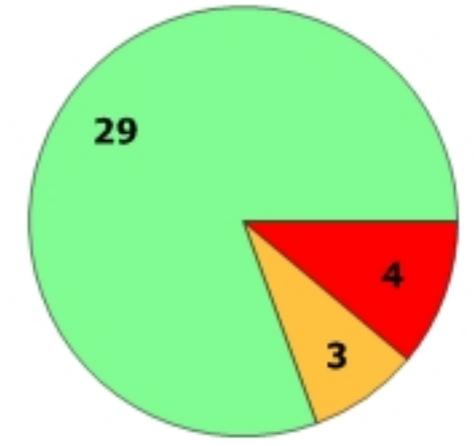
Overall summary of KPIs achieving target



Communities Directorate



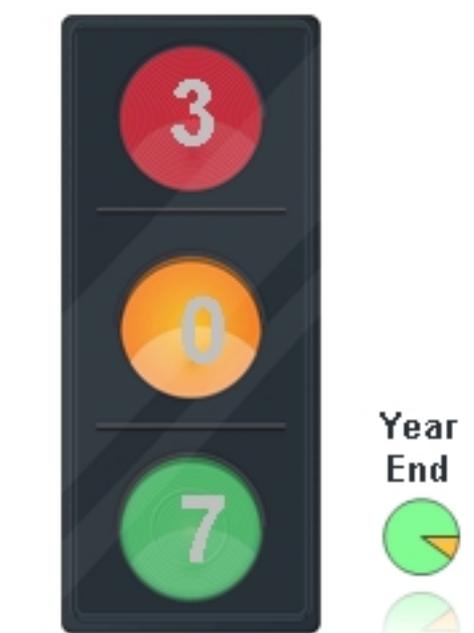
Predicted Level of Year End Target Achievement (All KPIs)



Governance Directorate



Neighbourhoods Directorate



Resources Directorate



Headlines - Reflecting on our performance

Q3 2014/15
 26 out of 36 Key Performance Indicators have achieved target in Q3, representing 72% of the full set.

Of the 10 KPIs missing their target 1 missed within their tolerated amber margin.

2 KPIs that had missed their target in Q2 achieved target in Q3.

1 KPI that achieved target in Q2 now missed their target in Q3

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%	96.21%	96.00%		Yes
COM002	(Void re-lets) (days)	37.0	39.0	37.0	34.0	37.0	35.0	37.0		Yes
COM003	(Tenant satisfaction) (%)	98.00%	99.00%	98.00%	100.0...	98.00%	100.0...	98.00%		Yes
COM004	(Temp. accommodation) (no.)	65	51	65	47	65	60	65		Yes
COM005	(Non-decent homes) (%)	0.00%	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	2,861	3,300		Yes
COM007	(Emergency repairs) (%)	99%	99%	99%	99%	99%	99%	99%		Yes
COM008	(Responsive repairs) (days)	7.0	7.7	7.0	7.0	7.0	6.7	7.0		Yes
COM009	(Emergency repairs) (%)	98%	99%	98%	98%	98%	98%	98%		Yes
COM010	(Calls to Careline) (%)	97.5%	99.7%	97.5%	99.7%	97.5%	99.8%	97.5%		Yes
Governance Quarterly KPIs										
GOV001	(Website Satisfaction) (Stars)	3.0	2.7	3.0	2.5	3.0	2.4	30.0		Uncertain
GOV002	(Commercial rent arrears) (%)	3.00%	4.73%	3.00%	4.86%	3.00%	5.17%	3.00%		No
GOV003	(Commercial premises let) (%)	98.00%	97.97%	98.00%	97.63%	98.00%	98.37%	98.00%		Yes
GOV004	(Major planning) (%)	75.00%	100.00%	75.00%	100.0...	75.00%	94.40%	75.00%		Yes
GOV005	(Minor planning) (%)	90.00%	95.83%	90.00%	92.90%	90.00%	93.46%	90.00%		Yes
GOV006	(Other planning) (%)	94.00%	95.90%	94.00%	95.62%	94.00%	94.78%	94.00%		Yes
GOV007	(Appeals - officers) (%)	19.00%	18.20%	19.00%	22.22%	19.00%	20.59%	19.00%		Uncertain
GOV008	(Appeals - members) (%)	50.00%	66.67%	50.00%	54.55%	50.00%	62.50%	50.00%		No
Neighbourhoods Quarterly KPIs										
NEI001	(Non-recycled waste) (kg)	101	98	199	196	298	294	400		Yes
NEI002	(Household recycling) (%)	60.95%	63.00%	62.03%	61.00%	61.02%	60.00%	60.00%		Uncertain
NEI003	(Litter) (%)	8%	2%	8%	6%	8%	12%	8%		Yes
NEI004	(Detritus) (%)	10%	7%	10%	7%	10%	9%	10%		Yes
NEI005	(Neighbourhood issues) (%)	95.00%	96.03%	95.00%	97.08%	95.00%	97.56%	95.00%		Yes
NEI006	(Fly-tip investigations) (%)	90%	93%	90%	94%	90%	93%	90%		Yes
NEI007	(Fly-tip: contract) (%)	90%	90%	90%	90%	90%	90%	90%		Yes
NEI008	(Fly-tip: non-contract) (%)	90%	97%	90%	95%	90%	91%	90%		Yes
NEI009	(Noise investigations) (%)	90%	85%	90%	91%	90%	91%	90%		Yes
NEI010	(Increase in homes) (no.)	68	67	187	102	209	163	230		Yes
Resources Quarterly KPIs										
RES001	(Sickness absence) (days)	1.69	2.03	3.05	4.21	4.82	6.51	7.00		No
RES002	(Invoice payments) (%)	97%	96%	97%	95%	97%	95%	97%		No
RES003	(Council Tax collection) (%)	27.03%	27.32%	51.94%	52.40%	77.56%	77.63%	97.00%		Yes
RES004	(NNDR Collection) (%)	29.68%	28.43%	55.97%	53.37%	82.33%	78.72%	97.70%		Yes
RES005	(New benefit claims) (days)	25.00	23.06	25.00	22.55	25.00	21.63	25.00		Yes
RES006	(Benefits changes) (days)	10.00	8.36	10.00	7.87	10.00	8.00	6.00		Yes
RES007	(Benefit fraud) (no.)	47	32	125	81	169	188	250		Yes
RES008	(Proven fraud) (%)	35%	28%	35%	36%	35%	55%	35%		Yes

Key Performance Indicators 2015/16 - Targets

Directorate	KPI Ref 2015/16	Description	Target 2014/15	Q3 2014/15	Proposed Target 2015/16	Target Changed Yes/No	Comments/justification for proposed target for 2015/16 and reasons for targeted reductions in performance
Page 11	GOV001	How satisfied with their experience were visitors to the Council's website?	3 stars	2.4	N/A	N/A	Indicator to be deleted: It is considered that this Indicator should not be retained. This indicator was implemented for 2014/15 following a previous unsuccessful attempt to measure customer satisfaction with the Council's website. This measurement involves the website user selecting a happy, neutral or sad face and leaving comments linked to the page. However the extremely low number of replies (60 for the 9 months from April – December 2014 out of 2,756,291 million website hits) has resulted in those expressing any satisfaction representing a miniscule sample (approximately 0.002%) of user views. This number is not a statistically viable sample. The Website Development Board favours a move to the three new satisfaction measures outlined below.
		Corporate Comment: KPI not to be retained. To be deleted following previous discussions at Management Board and Website Development Board, and F&PM Scrutiny Panel.			No amber tolerance appropriate		
	New KPI	Are customer needs being met by the Corporate Website being available?			99.6%	N/A	
	New KPI Performance to be reviewed quarterly.			Amber tolerance = 0.6% below target			

Directorate	KPI Ref 2015/16	Description	Target 2014/15	Q3 2014/15	Proposed Target 2015/16	Target Changed Yes/No	Comments/justification for proposed target for 2015/16 and reasons for targeted reductions in performance	
Governance	New KPI	Are customer needs being met by the Corporate Website not having broken links?			94.1%	N/A	New Indicator - see above.	
		New KPI Performance to be reviewed quarterly.			Amber tolerance = 1.0% below target			
	New KPI	Are customer needs being met by the main Corporate Website having effective navigation?			79.9%	N/A		
		New KPI Performance to be reviewed quarterly.			Amber tolerance = 0.9% below target			
	GOV004	What percentage of major planning applications were processed within 13 weeks?	75.00%	94.40%	75.00%	No		From 2014 the CLG definition for processing planning applications changed for the measure of Majors, so that where the applicant had agreed an extension of time, this would be deemed to have been dealt with in time for the purposes of GOV004 so long as the application was dealt with by the new extended date. The Government have now extended this measure to include Minor and Other category applications. GOV004 is already calculated in this way and it is proposed to bring GOV005 and GOV006 in line with GOV004 and the CLG definition from 2015/16. This will apply to all planning applications decisions. With the upturn in work this is an appropriately challenging target.
		Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.			Amber tolerance = 2% below target			

Directorate	KPI Ref 2015/16	Description	Target 2014/15	Q3 2014/15	Proposed Target 2015/16	Target Changed Yes/No	Comments/justification for proposed target for 2015/16 and reasons for targeted reductions in performance	
Governance	GOV005	What percentage of minor planning applications were processed within 8 weeks?	90.00%	93.46%	90.00%	N/A New Def.	See GOV004 above for comment relating to GOV004 - GOV006 With the upturn in work these are appropriately challenging targets.	
		Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.			Amber tolerance = 2% below target			
	GOV006	What percentage of other planning applications were processed within 8 weeks?	94.00%	94.78%	94.00%	N/A New Def.		
		Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.			Amber tolerance = 2% below target			
	GOV007	What percentage of planning applications recommended for refusal were overturned and granted permission following an appeal?	19.00%	20.59%	19.00%	No		No suggested change at present - but need to assess the impact of the status of the Local Plan on decision.
		Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.			Amber tolerance = 2% above target			

Directorate	KPI Ref 2015/16	Description	Target 2014/15	Q3 2014/15	Proposed Target 2015/16	Target Changed Yes/No	Comments/justification for proposed target for 2015/16 and reasons for targeted reductions in performance
Governance	GOV008	<p>What percentage of planning applications, refused by members against a recommendation, were granted permission following an appeal?</p> <p>Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.</p>	50.00%	62.50%	50.00%	No	Members appear satisfied with this target.
					Amber tolerance = 5% above target		
N-Foods	NEI001	<p>How much non-recycled waste was collected for every household in the district?</p> <p>Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.</p>	400kg	294kg	400kg	No	The first 3 Quarters of 2014/15 are showing compliance with the Indicator, it is feared that Quarter 4 figure will not be so. There is a general trend of increase in tonnage of non-recyclable materials (attributable to a variety of reasons: food waste being disposed incorrectly, weight of packaging being reduced by manufacturers and lack of full use of recycling services available to residents). It is proposed that the target be kept the same as last year and efforts made to publicise the full extend of recycling services offered by the Council.
					Amber tolerance = 5.0% below target		

Directorate	KPI Ref 2015/16	Description	Target 2014/15	Q3 2014/15	Proposed Target 2015/16	Target Changed Yes/No	Comments/justification for proposed target for 2015/16 and reasons for targeted reductions in performance	
N-hoods	NEI002	What percentage of all household waste was sent to be recycled, reused or composted?	60.00%	60.00%	60.00%	No	The target was missed by 1% in 2013/14 however the target was not revised down. In the first three Quarters of 2014/15 the target has been missed in two Quarters. It is considered that not all recyclable materials are being presented for collection, these include food waste which appears in the residual waste stream. A number of strategies are being implemented: review of larger residual waste bins, publicity campaign highlighting the opportunities available for recycling, better labeling on clear sacks to include the full range of recycling materials that can be collected, collection of new recycling materials like small electrical equipment, batteries and textiles). It is felt that the above measures should help in achieving the 60% recycling target.	
		Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.			Amber tolerance = 2.0% below target			
	NEI003	What percentage of our district had unacceptable levels of litter?	8.00%	12.00%	8.00%	No		
		Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.			No amber tolerance			
	NEI004	What percentage of our district had unacceptable levels of detritus (dust, mud, stones, rotted leaves, glass, plastic etc.)?	10.00%	9.00%	10.00%	No		The target for 2014/15 appears to be on track however Quarter 3 outturn was only 1% below target. Closer monitoring is being carried out to ensure year end target is achieved. Similar to NEI103 it is proposed to carry out close monitoring and ensure compliance rather than increase the target.
		Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.			No amber tolerance			

Directorate	KPI Ref 2015/16	Description	Target 2014/15	Q3 2014/15	Proposed Target 2015/16	Target Changed Yes/No	Comments/justification for proposed target for 2015/16 and reasons for targeted reductions in performance
N-hoods	NEI005	What percentage of the issues and complaints received by the Environment & Neighbourhoods Team received an initial response within 3 days?	95.00%	97.56%	95.00%	No	No change in proposed target 2015/16. The target (95%) is already at a very high level, with only a small margin built in for error and some incidents that do not meet the target but are justified non-compliance for some other reason e.g. prioritising cases in particularly busy periods.
		Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.			Amber tolerance = 1.0% below target		
N-hoods	NEI006	What percentage of the recorded incidences of fly-tipping are investigated within 3 working days of the fly-tip being recorded where the fly-tip is on public or privately owned land?	90.00%	93.00%	90.00%	No	No change in proposed target 2015/16. The target (90%) is already at a very high level, with only a small margin built in for error and some incidents that do not meet the target but are justified non-compliance for some other reason e.g. prioritising cases in particularly busy periods
		Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.			Amber tolerance = 1.0% below target		

Directorate	KPI Ref 2015/16	Description	Target 2014/15	Q3 2014/15	Proposed Target 2015/16	Target Changed Yes/No	Comments/justification for proposed target for 2015/16 and reasons for targeted reductions in performance
N-hoods	NEI007	What percentage of the recorded incidences of fly-tipping (contract cleared) are removed within 5 working days of being recorded?	90.00%	90.00%	90.00%	No	No change in proposed target 2015/16. The target (90%) is already at a very high level, with only a small margin built in for error and some incidents that do not meet the target but are justified non-compliance for some other reason e.g. clearance delayed whilst we encourage the perpetrator to clear.
		Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.			Amber tolerance = 1.0% below target		
	NEI008	What percentage of the recorded incidences of fly-tipping (variation order / non-contract) are removed within 10 working days of being recorded?	90.00%	91.00%	90.00%	No	
		Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.			Amber tolerance = 1.0% below target		

Directorate	KPI Ref 2015/16	Description	Target 2014/15	Q3 2014/15	Proposed Target 2015/16	Target Changed Yes/No	Comments/justification for proposed target for 2015/16 and reasons for targeted reductions in performance
N-hoods	NEI009	What percentage of out of hours noise complaints that are passed through to the duty noise officer are responded to within 15 minutes	90.00%	91.00%	90.00%	No	No change in proposed target 2015/16. The target (90%) is already at a very high level, with only a small margin built in for error/failure, recorded in minutes e.g 1 minute over the target time would be recorded as a failure.
		Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.			Amber tolerance = 1.0% below target		

Directorate	KPI Ref 2015/16	Description	Target 2014/15	Q3 2014/15	Proposed Target 2015/16	Target Changed Yes/No	Comments/justification for proposed target for 2015/16 and reasons for targeted reductions in performance
N-hoods	NEI010	<p>What was the net increase or decrease in the number of homes in the district?</p> <p>Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.</p>	230	163	230	No	<p>It is difficult to set a target for this indicator as the council does not have much control over the outcome, as it does not have control over how many housing units are built in the district. Obviously the Council can encourage more building of dwellings by granting planning permission, making strategic housing site allocations through the Local Plan etc., but it doesn't actually build the houses (apart from a small proportion of Council homes more recently), so we cannot control if and when they are completed. Even if a site is given planning permission, the state of the housing market can mean that at times, house builders will not complete units they have permission to build, as if they can't sell them then they will wait to complete them later on. This means that even if we grant enough permissions, we can't guarantee a completion rate. Since the East of England Plan (regional Plan which set our housing targets) figure was revoked, the Council has been working towards identifying its own housing target through work on population projections and a joint Strategic Housing Market Assessment with 3 adjacent local authorities. The eventual SHMA will help guide the identification of a new housing target through the Local Plan process. As this process is not yet complete there is no current housing target, and so there is no adopted figure on which to base a target for NEI010. A sensible target for NEI010 in the meantime would be to use an average of the actual completions in the district for the last 6 financial years. This period would include the recession but also the start of recovery recently. The average of actual completions for the last 6 financial years (2008/09 to 2013/14) is 229.5 net dwellings, so 230 is the annual figure for the target.</p>
					Amber tolerance = within 5% below target		

Directorate	KPI Ref 2015/16	Description	Target 2014/15	Q3 2014/15	Proposed Target 2015/16	Target Changed Yes/No	Comments/justification for proposed target for 2015/16 and reasons for targeted reductions in performance
N-hoods	NEI011	What percentage of the rent we were due to be paid for our commercial premises was not paid?	3.00%	5.17%	3.00%	No	(Former GOV002. Indicator transferred to Neighbourhoods Directorate). This target was not met in 2013/14 and is unlikely to be met for 2014/15. Whilst the reasons for not meeting the target are partly attributable to the economic situation generally, 3% remains a realistic target to strive for and therefore should remain for 2015/16.
		Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.			Amber tolerance = 0.5% below target		
N-hoods	NEI012	What percentage of our commercial premises was let to tenants?	98.00%	98.37%	98.00%	No	(Former GOV003. Indicator transferred to Neighbourhoods Directorate). This target was met in 2013/14 and is likely to be met in 2014/15. However it dropped below target slightly during quarters 1 and 2 of 2014/15, and whilst a single vacant property can make the difference between whether the target is met or not, it would not be unreasonable to retain the target for 2015/16.
		Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.			Amber tolerance = 1.0% below target		
Communities	COM001	What percentage of the rent due from our council home tenants was paid?	96.00%	96.21%	98.00%	N/A New Def.	It is proposed that the Definition for the rent collection rate is amended for 2015/16 to the standard definition used by the Housemark Benchmarking Club for Councils and Housing Associations, of which EFDC is a member. The Council's definition is currently based on the Government's old National Indicator (NI) definition which, amongst other factors, includes current rent arrears brought forward, whereas the Housemark definition does not. The Housemark definition is much more relevant, since it enables EFDC to compare its performance with other landlords. Also, EFDC's quarterly Performance Returns to Housemark are based on EFDC's definition, resulting in EFDC consistently (and erroneously) being shown as performing poorly. The proposed target is based on the current target, but applying the new definition.
		Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.			Amber tolerance = 0.5% point below target		

Directorate	KPI Ref 2015/16	Description	Target 2014/15	Q3 2014/15	Proposed Target 2015/16	Target Changed Yes/No	Comments/justification for proposed target for 2015/16 and reasons for targeted reductions in performance		
Communities	COM002	On average, how many days did it take us to re-let a Council property?	37 days	35 days	37 days	No	As has been seen throughout the year, the current target has not been achieved each quarter, due to it already being challenging. It is therefore proposed that there is no change to the target.		
		Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.			Amber tolerance = 1.5 days above target				
	COM003	How satisfied were our tenants with the standard of the repairs service they received?	98.00%	100.00%	98.00%	No		The current target is already very high and well into the Top Quartile in the country. In view of the exceptional, ongoing levels of satisfaction, it is not considered necessary or appropriate to reduce the Council's aspirations for performance against this indicator.	
		Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.			No amber tolerance appropriate				
	COM004	How many households were housed in temporary accommodation?	65	60	65	No			Although the target was achieved in Q3, there is an upward trend in the no. of households in temporary accommodation. Indeed, the nos. increased by <u>28%</u> in the last Quarter (between Q2 and Q3) alone. Concerns also remain over the long-term effects of the welfare reforms on homelessness and the associated need for temporary accommodation for homeless households. Therefore, it is considered that the existing target will already be challenging in 2015/16, and it is proposed that it remains the same.
		Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.			Amber tolerance = 3 days above target				

Directorate	KPI Ref 2015/16	Description	Target 2014/15	Q3 2014/15	Proposed Target 2015/16	Target Changed Yes/No	Comments/justification for proposed target for 2015/16 and reasons for targeted reductions in performance		
Communities	COM005	What percentage of our council homes were not in a decent condition?	0.00%	0.00%	0.00%	No.	It is not possible to make the target any more challenging. Although the Council achieved its target of having no non-decent homes a number of years ago a significant proportion of all Council homes nationally still do not meet the Decent Homes Standard. It is therefore essential to ensure that properties that may fail the standard in the near future are identified, and appropriate programmes of work continue to be put into place, to ensure that the Council continues to have no non-decent homes at any time. This KPI ensures that this position is properly monitored on a quarterly basis.		
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			No amber tolerance appropriate				
	COM006	KPI 49 - How many of the key building components required to achieve the Modern Homes Standard were renewed?	3300	2861 (Cumulative figure Q3 target is 2475)	3300	No		The target of 3,300 components was carefully assessed from the outset to ensure that more building components are renewed each year than would be required to simply meet standard industry life cycles, in order to deal with the backlog that has arisen over the years and, eventually, for all Council homes to meet the Council's Modern Homes Standard, introduced a few years ago. It is also on this basis that the Council's HRA Capital Programme has been formulated. The target is therefore appropriate to be continued for 2015/16.	
		Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.			Amber tolerance = 2% below target				
	COM007	What percentage of all emergency repairs (including out of hours emergencies) are attended to within 4 working hours?	99%	99%	99%	No			In view of the existing challenging target and the fact that it reflects the KPI within the Repairs Management Contract with Mears, it is proposed that the current target for this KPI should continue for 2015/16.
		Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.			Amber tolerance = 1% below target				

Directorate	KPI Ref 2015/16	Description	Target 2014/15	Q3 2014/15	Proposed Target 2015/16	Target Changed Yes/No	Comments/justification for proposed target for 2015/16 and reasons for targeted reductions in performance		
Communities	COM008	What is the average overall time to complete all responsive repairs, from the time the request is made to the time the job is completed?	7 working days	6.67 working days	7 working days%	No	In view of the existing challenging target and the fact that it reflects the KPI within the Repairs Management Contract with Mears, it is suggested that the current target for this KPI should continue for 2015/16. Moreover, as has been seen throughout the year, this current target has not been achieved each quarter during 2014/15.		
		Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.			Amber tolerance = 1 day above target				
	COM009	What percentage of appointments for repairs are both made and kept?	98.00%	98.00%	98.00%	No		In view of the existing challenging target and the fact that it reflects the KPI within the Repairs Management Contract with Mears, it is suggested that the current target for this KPI should continue for 2015/16.	
		Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.			Amber tolerance = 1% below target				
	COM010	What percentage of calls are answered by the Council's Careline Service within 60 seconds?	97.50%	99.78%	97.50%	No			This KPI was introduced in response to the National Audit Office's suggestion that the Council should have more qualitative KPIs. It is therefore suggested that it should continue into 2015/16. The indicator is a national requirement and target set by the Telecare Services Association (TSA) for all control centres that meet the TSA's stringent accreditation requirements. The target is very challenging and it is proposed that it continues for 2015/16.
		Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.			Amber tolerance = 1% below target				

Directorate	KPI Ref 2015/16	Description	Target 2014/15	Q3 2014/15	Proposed Target 2015/16	Target Changed Yes/No	Comments/justification for proposed target for 2015/16 and reasons for targeted reductions in performance		
Resources	RES001	How many working days did we lose due to sickness absence?	7 days	6.5 days	7 days	No	It is evident that following several years of reducing the target number of days we have reached a level that cannot be achieved for 2014/15.		
		Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.			Amber tolerance = 7.01 days - 7.24 days				
	RES002	What percentage of the invoices we received were paid within 30 days?	97.00%	95.00%	97.00%	No		The target has previously been met and it is an achievable target when things run well. There have from time to time been problems achieving the target, and it is proposed to review the invoice processing procedures in both Accounts Payable and in the service areas. The processes are quite time consuming and involve invoices being passed around the authority before being returned to Accounts payable for payment. E-invoicing is also being pursued which should over time reduce the number of invoices being passed around and as a result hopefully improve KPI performance.	
		Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.			Amber tolerance = 1.0% below target				
	RES003	What percentage of the district's annual Council Tax was collected?	97.00%	77.63%	97.00%	No			Performance is running close to the 2014/15 target and while we have Local Council Tax Support it is unlikely that this can be improved on.
		Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.			Amber tolerance = 0.5% below target				

Directorate	KPI Ref 2015/16	Description	Target 2014/15	Q3 2014/15	Proposed Target 2015/16	Target Changed Yes/No	Comments/justification for proposed target for 2015/16 and reasons for targeted reductions in performance		
Resources	RES004	What percentage of the district's annual business rates was collected?	97.70%	78.72%	97.70%	No	The reprofiling of many accounts from 10 to 12 months in 2014/15 has made accurate performance measurement relative to previous years difficult. This situation will flush through in February and March to establish the true performance. At this stage it is felt prudent to maintain the 2014/15 target.		
		Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.			Amber tolerance = 0.5% below target				
	RES005	On average, how many days did it take us to process new benefit claims?	25 days	21.63 days	22	Yes		The number of days processing has been reduced to reflect level of current performance. It will be a challenging target to maintain performance at the current level.	
		Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.			Amber tolerance = 1.5 days above target				
	RES006	On average, how many days did it take us to process notices of a change in a benefit claimant's circumstances?	6 days	8 days	6 days	No			Target to be maintained at current level. Changes in circumstances will be actioned on average in under 1 week from the notification of the change.
		Corporate Comment: Indicator to be retained for 2015/16. Performance to be reviewed quarterly.			Amber tolerance = 1.0 days above target				

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Report to the Finance & Performance Management Cabinet Committee



**Epping Forest
District Council**

Report reference: FPM-026-2014/15
Date of meeting: 19 March 2015

Portfolio: Finance

Subject: Quarterly Financial Monitoring

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

Democratic Services Officer: Rebecca Perrin (019920 564532)

Recommendations/Decisions Required:

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

Executive Summary

The report provides a comparison between the revised estimate for the period ended 31 December 2014 and the actual expenditure or income as applicable.

Reasons for proposed decision

To note the third 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 third quarterly report for 2014/15 and covers the period from 1 April 2014 to 31 December 2014. The reports are presented based on which directorate is responsible for delivering the services to which the budgets relate and the budgets themselves are now those revised as part of the 2015/16 budget cycle.
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 £164,000 or 1.1%. This time last year the variance was 1.2%. The pay award has now been agreed and implemented from 1 January 2015 so the underspend will probably reduce going forward.
4. Three of the five directorates are currently showing an underspend, the most significant in monetary terms being £77,000 on Governance which relates mainly to the Estates

Division, Resources shows an underspend of £75,000 which relates to a number of areas the most significant being Revenues. The remaining variances are relatively insignificant.

5. Investment interest levels in 2014/15 are slightly above expectations at quarter 3, 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 9 is going particularly well. Fees and charges are £82,000 higher than the budget to date and pre-application charges are £16,000 higher. Income during January and February has remained buoyant and has now exceeded the updated full year budget.
7. Building Control income was £18,000 higher than the budgeted figure at the end of the third quarter. Also the ring-fenced account is showing an in-year surplus of £18,000 as at Month 9. The full year revised expectation shows a surplus of around £30,000 which is a significant improvement on the original budget, which 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 £2,000 above expectations and other licensing in line with the budget. It is unlikely this position will vary much by the year end.
9. Income from MOT's carried out by Fleet Operations is in line with the revised position. Overall a deficit of £29,000 is predicted for 2014/15 and there is no evidence to suggest that this position is likely to change. Cabinet determined in October that the service would be re-located to a new depot at Oakwood Hill but would scale back its operations with the service breaking even.
10. Local Land Charge income is in line with revised expectations at the end of December so has continued the upward trend of recent months, though income in January fell slightly short. 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. From the start of the new waste management contract recycling credits are paid only on dry recycling. At the end of December credits for November had been invoiced which was a marked improvement on the situation earlier in the year.
12. In November it was reported that there had been some difficulties with the timing of income receipts. Since then things have improved somewhat as the teething problems experienced with the new cash collector are being overcome. Income is in fact now slightly above the revised budget.
13. The Housing Repairs Fund shows an underspend of £79,000. The full year budget is likely to be fully spent.
14. The final payment to the previous Waste Management contractor is still under negotiation as there were some issues with vehicle damage at the end of the contract. Payments to the new contractor are in line with expectations. 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. In most cases income budgets were revised upwards and generally these are being achieved. January and February tend to be lower months for income but both Development and Building Control in particular have fared well.

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 December the net rate yield had reduced by £214,252 and as the Council retains 40% of gains and losses this would mean a decrease in funding of £85,701. Funding has reduced by a further £13,000 since September due to the number of claims for reliefs that have come forward which have 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 December the total collected was £27,551,925 and payments out were £24,304,499, meaning the Council was holding £3,247,426 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 December 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 nine months to 31 December. There is a commentary on each item highlighting the scheme progress.
21. The full year budget for comparison purposes is the budget updated as part of the December capital review.

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 expenditure is usually heaviest in the final quarter and we have experienced revenue underspends consistently over the last few years.
24. The Committee is asked to note the position on both revenue and capital budgets as at Month 9.

Consultations Undertaken

This report was also presented to the Finance Scrutiny Panel on 10 March 2015. An oral update will be provided to cover any additional comments or information from the panel.

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. It would be somewhat surprising if we did not report an underspend on the Continuing Services Budget (CSB) at the end of the financial year.

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 **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
04 March 2015 Peter Maddock Assistant Director of Resources	The report deals with the Monitoring of actual income and expenditure against the budget and as such has no greater impact on one group of people to another.

2014/15 DIRECTORATE FINANCIAL MONITORING
DECEMBER 2014 - SALARIES

ANNEX 1

<u>DIRECTORATE</u>	<u>2014/15</u>			<u>2013/14</u>		
	<u>EXPENDITURE</u>	<u>BUDGET</u>	<u>VARIATION</u>	<u>EXPENDITURE</u>	<u>BUDGET</u>	<u>VARIATION</u>
	<u>TO 31/12/14</u>	<u>PROVISION</u>	<u>FROM BUDGET</u>	<u>TO 31/12/13</u>	<u>PROVISION</u>	<u>FROM BUDGET</u>
	<u>£000</u>	<u>(REVISED)</u>	<u>(REVISED)</u>	<u>£000</u>	<u>(REVISED)</u>	<u>(REVISED)</u>
		<u>£000</u>	<u>%</u>		<u>£000</u>	<u>%</u>
CHIEF EXECUTIVE	153	152	0.7	191	190	0.5
RESOURCES *	4,092	4,167	-1.8	3,978	4,019	-1.0
GOVERNANCE	2,460	2,537	-3.0	2,455	2,558	-4.0
NEIGHBOURHOODS *	2,970	2,988	-0.6	3,064	3,063	0.0
COMMUNITIES *	5,281	5,276	0.1	4,990	5,033	-0.9
TOTAL	14,956	15,120	-1.1	14,678	14,863	-1.2

* 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	Third Quarter			14/15 Variance Budget v Actual		<u>Comments</u>
		14/15 Budget £'000	14/15 Actual £'000	13/14 Actual £'000	£'000	%	
<u>Major expenditure items:</u>							
Museum	51	29	25	51	-4	-14	Due to a relocation of artefacts from Langston Road and a refurbishment causing a partial closure costs are down on the previous year.
Bed & Breakfast Accommodation	121	81	82	80	1	1	No major variances.
Grants to Voluntary Groups	124	81	80	104	-1	-1	No major in year variances. Fewer grants have been paid out than at this point last year but this was expected.
Voluntary Sector Support	153	153	153	153	0	0	No variances to report
<u>Major income items:</u>							
Bed & Breakfast Accommodation	107	80	89	81	9	11	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	424	430	389			

	14/15 Full Year Budget £'000	Third Quarter			14/15 Variance Budget v Actual		<u>Comments</u>
		14/15 Budget £'000	14/15 Actual £'000	13/14 Actual £'000	£'000	%	
<u>Major income items:</u>							
Industrial Estates	1,122	1,088	1,087	1,062	-1	0	Rents from the Industrial Units at Brooker Road, Oakwood Hill and Langston Road are in line with the profiled budget and includes rents billed in advance for the final quarter of £300,000. The income at the end of quarter three is higher than the previous year comparative as a number of previously void properties have been re-let.
Business Premises - Shops	2,180	2,180	2,152	1,851	-28	-1	This relates to non-housing assets which include shops, doctor's surgeries, a petrol station and public houses. The income received in 2014/15 is above the budget and prior year actual because income at the end of quarter three includes £57,800 for backdated rents arising from various relettings and rent reviews.
Land & Property	172	81	88	70	7	9	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 greater than the budget to date and previous year actual due to increases in service charges to tenants resulting from increases in costs.
	3,475	3,349	3,327	2,983			

	14/15 Full Year Budget £'000	Third Quarter			14/15 Variance Budget v Actual		<u>Comments</u>
		14/15 Budget £'000	14/15 Actual £'000	13/14 Actual £'000	£'000	%	
<u>Major income items</u>							
Development Control	795	582	680	474	98	17	Development Control fees, which are profiled on the average of the previous three years, has exceeded both the budget to date and the previous years actual due to an increase in the number of planning applications received. The increase includes pre-application fee income which has exceeded the profiled budget of £60,000 with income received totalling £76,000 at the end of quarter three.
Building Control Fee Earning	386	294	312	285	18	6	Building Control fees are higher than the profiled budget and greater than the previous year actual which is a reflection of the change in the economy generating more building work. In addition, the service has strived to increase its share of the market by engaging in partnership working with local architects, builders and professionals.
Local Land Charges	225	169	169	156	0	0	Local Land Charges income has exceeded the previous year actual but is on target with 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.
	1,406	1,045	1,160	915			

	14/15 Full Year Budget £'000	Third 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>							
Refuse Collection	1,369	811	707	818	-104	-13) The final invoice from the previous contractor is still) being discussed and therefore remains unpaid to) date.
Street Cleansing	1,271	793	687	777	-106	-13	
Recycling	3,126	2,121	1,864	2,072	-257	-12	
Highways General Fund	386	126	83	94	-43	-34	The late start of a new installation contract for Street Nameplates and Litter Bins has caused a variance at Q3 but will be spent by the year-end.
Off Street Parking	519	376	367	326	-9	-2	The major in year variance is due to an underspend on maintenance. The variance between years is due to the Burton Rd. and Vere Rd. car parks previously being accounted for within the Housing Revenue Account.
North Weald Centre	209	125	104	150	-21	-17	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	113	71	39	33	-32	-45	Whilst the contractor has been slow to pass invoices it does now look like an underspend will occur here.
	6,993	4,423	3,851	4,270			

	14/15 Full Year Budget £'000	Third Quarter			14/15 Variance Budget v Actual		<u>Comments</u>
		14/15 Budget £'000	14/15 Actual £'000	13/14 Actual £'000	£'000	%	
<u>Major expenditure items</u>							
Forward Planning	232	174	116	93	-58	-33	Timing differences inevitably arise in this area due to the Local Plan having lengthy and sometimes complex consultation processes. The budget has been revised downwards and re-profiled into future years but it looks like there will still be an underspend.
<u>Contract cost Monitoring</u>							
Leisure Facilities:-							
Loughton Leisure Centre	-176	-109	-108	-95	1	-1	} No major variances.
Epping Sports Centre	315	181	180	180	-1	-1	
Waltham Abbey Pool	540	299	297	289	-2	-1	
Ongar Sports Centre	297	174	171	167	-3	-2	
	1,208	719	656	634			

DIRECTORATE FINANCIAL MONITORING - NEIGHBOURHOODS (3)

	14/15 Full Year Budget £'000	Third 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	145	134	106	29	-28	-21	The landfill site being used for residual collections was budgeted to continue until November 2014, this ceased in mid-September causing a variance in excess of £25,000.
Recycling	2,138	1,531	1,553	1,520	22	1	Recycling tonnage is up by 149 tonnes against that expected there was also surplus income from 2013/14. These account for the in year variance.
Off Street Parking	1,106	812	820	714	8	1	Penalty Charge Notice income is now performing better than expected. Income increased year-on-year due to increase in pay and display charges.
North Weald Centre	769	717	700	881	-17	-2	There are currently 2 leases that require revisions and therefore no invoices have been raised. The fall in income between years is due to market rents falling.
Hackney Carriages	181	136	138	139	2	1	No major variances.
Licensing & Registrations	114	97	97	97	0	0	No variances.
Fleet Operations MOTs	211	158	158	161	0	0	No major variances
	4,664	3,585	3,572	3,541			

DIRECTORATE FINANCIAL MONITORING - RESOURCES

	14/15 Full Year Budget £'000	Third Quarter			14/15 Variance Budget v Actual		<u>Comments</u>
		14/15 Budget £'000	14/15 Actual £'000	13/14 Actual £'000	£'000	%	
<u>Major expenditure items:</u>							
Building Maintenance	703	284	241	239	-43	-15	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 at the end of quarter three is below the profiled budget but in line with the previous year actual. Expenditure totalling £82,250 is committed to work which will be completed in the fourth quarter enabling the work programme for the year to be accomplished.
Information & Communication Technology	978	866	863	834	-3	0	The full year budget now comprises of the total cost of the councils ICT and communications expenditure including the Switchboard, Mobile Phones and the annual contract costs for all of the major systems in use. The prior year comparative has been adjusted to reflect this change. Expenditure is in line with the current budget spending profile as the majority of maintenance contracts for systems are paid at the beginning of the year with network charges continuing to be paid throughout the the year.
Bank & Audit Charges	142	77	77	88	0	0	The expenditure to date in the third quarter includes invoices for two quarters of the BDO Audit fee, with the third quarter due and payable in the fourth quarter and the final quarter being accrued at the year end. The reduction in expenditure compared to the prior year is the result of a reduction in the Audit fee for 2014/15.
	1,823	1,227	1,181	1,161			
<u>Major income items:</u>							
Investment Income	420	315	330	335	15	5	Investment interest is a little below the previous year but a little higher than expected due to higher investment balances being held.
	420	315	330	335			

	14/15 Full Year Budget £'000	Third Quarter			14/15 Variance Budget v Actual		<u>Comments</u>
		14/15 Budget £'000	14/15 Actual £'000	13/14 Actual £'000	£'000	%	
<u>Major expenditure items:</u>							
Management & General	383	177	165	169	-12	-7	Land Registry and All Pay charges are currently showing underspends of £2,500 each the remainder is made up from minor items.
Housing Repairs	6,007	4,365	4,286	3,859	-79	-2	The underspend mainly relates to the planned maintenance element of the fund. The budget is profiled evenly across the year, as it is unknown when responsive repairs will arise.
Special Services	599	325	307	275	-18	-6	The main variance is due to Grounds Maintenance works from outside contractors.
Interest on Loans	5,532	2,766	2,765	2,762	-1	0	No Major variance
	12,521	7,633	7,523	7,065			
<u>Major income items:</u>							
Non-Dwelling Rents	842	624	600	633	-24	-4	Income levels are down due to a higher than expected level of garage voids.
Gross Dwelling Rent	31,566	23,067	23,012	22,814	-55	0	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.
	32,408	23,691	23,612	23,447			

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2014/15 DIRECTORATE CAPITAL MONITORING -
COMMUNITIES

ANNEX 7

	14/15 Full Year Budget £'000	Third Quarter		14/15 Variance Budget v Actual		<u>Comments</u>
		14/15 Budget £'000	14/15 Actual £'000	£'000	%	
Epping Forest District Museum	1,080	810	589	-221	-27	Please see comments on the major schemes schedule.
CCTV Systems	107	80	81	1	1	The CCTV capital programme is on target for 2014/15. Completed projects include works on the systems at Loughton High Road, Lower Queens Road and the Limes Farm shops. Works on the systems at North Weald Airfield and Epping police station will be carried out in 2015/16. There was unexpected expenditure at Debden Broadway due to essential works which has been supplemented via underspends on other schemes.
Housing Estate Parking	175	131	24	-107	-82	The programme of providing off street parking facilities on Council Estates is ongoing. All of phase 4 and much of phase 5 is now complete. The scheme at Ladyfields is underway and the resident consultation exercises have been undertaken on Park Square and Paley Gardens. All these schemes are joint funded between the General Fund and the HRA depending on the split between sold properties and HRA tenanted properties. As most of the schemes undertaken this year have been in areas predominantly occupied by council tenants, it is anticipated that this budget will be underspent at the year end.
Limes Farm Hall Development	6	5	0	-5	-100	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. These works have now been completed and the costs will show in quarter 4. There also remains a budget of £10,000 in the Planned Maintenance Programme, for acoustic works for two halls in the Limes Centre; bookings are currently being lost due to the very high noise levels. An acoustics report has been produced and the Council is in the process of inviting quotations for the work. It is envisaged that this work will commence prior to 31st March 2015.
Waltham Abbey Playing Field	0	0	8	8	N/A	This scheme was completed last year with the provision of a new floodlit Astroturf 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. These works are not covered by the guarantee because the original contractor has gone into administration. There have been security issues with the pitch, associated with travellers and antisocial behaviour by young people. A range of measures were put in place to address these issues and these have been successful. A further review will be undertaken during the Spring and Summer, but it is hoped that the current arrangements will be sufficient. An update report will be submitted to Cabinet in April.
Total	1,368	1,026	702			

	14/15 Full Year Budget £'000	Third Quarter		14/15 Variance Budget v Actual		Comments
		14/15 Budget £'000	14/15 Actual £'000	£'000	%	
Purchase of Lease re Torrington Drive	3,511	3,511	3,511	0	0	This project was finalised in April this year.
Upgrade of Industrial Units	15	7	0	-7	-100	There has been no progress on this project in the last few months, with the works being expected to start in the new financial year. The project had initially been delayed as the work is subject to agreement with the tenants occupying the units on the industrial estates. Although works are not expected to start until 2015-16 there is expectations that legal & quantity surveying fees will be incurred before the 31 March 2015.
New Developments	263	197	129	-68	-35	This budget has been set aside for major new developments within the district. With regard to the Winston Churchill pub site, a budget of £75,000 was approved to cover the costs of setting up the legal framework with the developer. The pub has now been demolished and construction works have commenced. With regard to the Epping Forest Shopping Park at Langston Road, discussions are on-going with Polofind and the development agreement is hoped to be finalised by end of March 2015.
St John's Road Epping Development	1,000	0	0	0	0	An estimate was approved by Cabinet in October 2014 for the acquisition of Essex County Council's land holding in the St John's Road development site in Epping. It is expected that the works for this project will slip into 2015/16 due to delays on the part of Essex County Council.
Oakwood Hill Depot	75	56	0	-56	-100	The development agreement with Polofind for Epping Forest Shopping Park at Langston Road is hoped to be finalised before the end of March. In order for this development to take place it has been agreed to relocate existing services into a new depot at Oakwood Hill. A budget of £2,659,000, including fees, for this new depot was approved at cabinet in December, with works to be starting in 2015/16. A £75,000 allowance has been included in 2014/15 for any fees incurred before the end of the financial year.
Property Management System	35	26	0	-26	-100	The new property management system was installed in December 2014 but there are integration problems at present. Once resolved the payment will be made and costs should be in line with the budget.
Document Scanner	25	25	26	1	4	This budget was included within the capital programme as part of the Capital Review to cover the cost of a scanner for the planning section. The budget was originally approved as a revenue item and consequently will be financed from revenue contributions. The scanner has now been purchased and the cost was slightly over budget.
Total	4,924	3,823	3,666			

	14/15 Full Year Budget £'000	Third Quarter		14/15 Variance Budget v Actual		Comments
		14/15 Budget £'000	14/15 Actual £'000	£'000	%	
Waste Management Equipment	84	63	63	0	0	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. Most of the remaining budget will be needed for essential IT work required to complete the process of integration of Biffa's computer system with the Council's IT platform. This will be supplemented by additional expenditure of £18,000 to be met from a Biffa contribution. Hardware costs for council client offices of £8,000 will also be incurred, which will be partly by bringing forward a small allocation from 2015/16.
Parking Schemes	155	116	0	-116	-100	This budget covers the cost of completing the Buckhurst Hill parking review. The formal public consultation for the Buckhurst Hill parking review is now completed and Essex County Council have advised EFDC that the works are expected to commence within the financial year. The final scheme in Loughton Broadway will follow once the Buckhurst Hill scheme has finished; the allocation for Loughton Broadway was carried forward as part of the Capital Review.
North Weald Airfield	44	33	2	-31	-94	This budget is fully funded from contributions made in previous years from the airfield's market operator Hughmark; ongoing capital contributions have been suspended for the time being 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. So far, £15,000 has been allocated to contribute to a new CCTV system that will cover the market areas. A further £5,000 has been allocated to purchase a new item of cleaning equipment that will be used after each market to ensure it is fit for purpose for other activities.
Other Environmental works	183	137	70	-67	-49	This category includes the Council's grounds maintenance vehicle replacement programme, flood alleviation equipment and the pay and display car park scheme. All the flood alleviation equipment has been purchased and the budget utilised in full. The replacement of grounds maintenance vehicles is on target to be fully spent by the end of the financial year; one mower has already been purchased and a second mower will be delivered on the 2 March 2015. A report submitted in February 2015, agreed a revised strategy to improve and modernise the pay and display machines in 2015/16 with an extra allocation of £100,000 subsequently being assigned to this programme. This allocation will extend the replacement of the machines to all car parks and provide an improved service. Procurement is complete for the installation of new pay and display machines across all Council owned car parks with a preferred supplier, Metric Ltd, identified. No spending has been incurred on this budget to date and cost are likely to be minimal in this financial year. However, it is expected that the machines will be installed and operational by July 2015, for which a carry forward will be required.
Total	466	350	135			

2014/15 DIRECTORATE CAPITAL MONITORING -
RESOURCES

ANNEX 10

	14/15 Full Year Budget £'000	Third Quarter		14/15 Variance Budget v Actual		Comments
		14/15 Budget £'000	14/15 Actual £'000	£'000	%	
Planned Maintenance Programme	557	418	119	-299	-72	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 has slipped into 2015/16 due to the manufacturing issues which the contractor is dealing with. Plans are in place to start the project in April with phase two to commence in early May. The rolling contract allows for economies of scale to be achieved which will enable budgetary targets to be met. The budget set aside for electrical work and LED lighting is on course to be spent by the end of the financial year, with all works also expected to be completed by 31 March 2015; rolling works will start again in 2015/16. The DDA complaint projects are currently continuing, however, they have hit a few snags along the way. Although the side doors and the doors to the conference room are complete, the front doors are unlikely to be completed by the end of the financial year.
Solar Energy Panels	221	166	9	-157	-95	There has been a slippage in the solar energy panels programme due to works in the windows project and as a consequence the solar energy panel programme has been postponed until June/July 2015. The original contractor, who offered the lowest tender price, was unable to agree to hold prices due to the later time scale of the project. The agreement has therefore been cancelled and, subsequently, the programme has moved on to the second lowest tenderer who has agreed to hold prices until the expected start date. A further report will be supplied by the portfolio holder on the appointment of the new contractor. This said, budgeted estimates are still on track to complete the works in 2015/16.
ICT Projects & Other Equipment	573	430	331	-99	-23	All ICT projects are on schedule for completion in the financial year with a number of projects already fully completed. The replacement host servers have been delivered and we are now awaiting the invoice whilst the Good rollout, portal payment project and information at work rollout have all been fully completed and invoiced appropriately. Although delivered, the host servers are not in use at present as they need time to be properly assembled and installed. Once this has happened it will allow for the release of the older hardware to facilitate the progress of the disaster recovery project as planned. This budget category also includes an allocation of £40,000 for the purchase of an enveloping machine for the Council's reprographics section. This has now been done and the machine is in use.
Total	1,351	1,013	459			

	14/15	Third Quarter		14/15		Comments
	Full Year	14/15	14/15	Variance		
	Budget	Budget	Actual	Budget v Actual		
	£'000	£'000	£'000	£'000	%	
Housing Developments	1,683	1,262	761	-501	-40	Housing developments include phases 1 and 2 of the new house building programme; the conversion works at Marden Close and Faversham Hall; and the purchase of a former council house. Please refer to annex 13 (Major Schemes) for timings, costs and information on phase 1 of the new build scheme as well as an update on future phases. 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. The budget for these works was re-profiled in line with expenditure forecasts as part of the Capital Review.
Heating/Rewiring /Water Tanks	2,831	2,123	2,128	5	0	This category includes gas and electrical heating; mechanical ventilation and heat recovery (MVHR) installation; rewiring; and communal water tank replacements. The one-off replacement of two boilers at Burkhurst Court has been completed and the budget for gas heating was enhanced as part of the Capital Review to cover the costs associated with these works. Progress is now being made on the electrical heating programme having appointed a specialist contractor, who is undertaking work previously put on hold. MVHR is demand lead so is difficult to predict outcomes, however, thus far it is looking like the project is on course for completion within the budget. Overall, this category is on target with little variance to the phasing of the budget up to 31 December 2014.
Windows/Doors/Roofing	2,743	2,057	1,628	-429	-21	All budgets in this category are currently underspent, including PVCu window replacement, front entrance door replacement and roofing programmes. After the appointment of a new specialist contractor, an accelerated programme of catch up works for the front entrance door replacement programme led to increased expenditure and the budget was enhanced to cater for this. Conversely, the reduced expenditure on the windows programme was matched with a budget reduction equivalent to the increase on the front entrance door replacement programme. With regard to the roofing programme, the catch up work on flat roofs which started last quarter is progressing well. However, it is likely that the work will not be finished in this financial year due to delays caused by utility companies and road closures; an underspend in the region of £220,000 is expected to be carried forward to 2015/16.
Other Planned Maintenance	621	466	468	2	0	This category includes Norway House improvements, door entry system installations and energy efficiency works. Capital works at Norway House and installations of door entry systems are currently underspent, although the Wi-Fi facility at Norway House is now complete. Energy efficiency works have progressed well to date and expenditure is ahead of targets. However, work external wall insulation has been put on hold pending future funding becoming available through the Government's Green Deal funding scheme. The opportunity to secure this funding was missed in January but claims have subsequently been submitted for 18 properties. At present it is not economically viable to undertake the work, but the project will re-commence when the funding is made available.
Kitchen Replacements	1,506	1,130	688	-442	-39	This budget is substantially underspent. This is mainly due to 47 of the 201 properties included in this year's program having being placed on hold pending clearance of tenant arrears and other matters. Furthermore, another 10 of the properties in the 2014/15 programme became vacant and, as such, were fully refurbished under the void refurbishment programme. These two situations have had a large impact on the expenditure charged to the kitchen replacement budget. Likewise, the 2016/17 kitchen programme is under subscribed at present and there appear to be insufficient failures to warrant the budget. This will be addressed in future capital programme reviews.
Bathroom Replacements	1,779	1,334	1,309	-25	-2	The bathroom replacement programme for 2015/16 is progressing well. It is anticipated that the bathroom budget may be over-spent at the end of the year due to having a long waiting list; this overspend will be offset by the inevitable underspend from the Kitchen programme. Contrary to the Kitchen programme the bathroom program is looking healthy for next year 2016/17 and extra properties could be brought forward to this year without affecting next year unduly. Again, future budget revisions will realign allocations to demand.
Total c/f	11,163	8,372	6,982			

	14/15	Third Quarter		14/15		Comments
	Full Year	14/15	14/15	Variance		
	Budget	Budget	Actual	Budget v Actual		
	£'000	£'000	£'000	£'000	%	
Total b/f	11,163	8,372	6,982			
Void Refurbishments & Other Small Works	1,962	1,472	1,317	-155	-10	The nature of void works is that it is largely demand led and therefore difficult to predict expenditure outcomes each year. That said, it is thought likely that the budget will be fully spent by the end of 2015/16. Although underspent at present, expenditure is increasing and this trend is expected to continue to the end of the financial year.
Structural & Other Works	494	371	335	-36	-10	The structural repairs programme is still on target to be completed by the end of the financial year. Although the programme is showing a small underspend as at 31 December 2014, a large structural project on the development of a newly re-purchased council house will decrease this expenditure/budget variance. The purchase of this house will allow for the land adjacent to the property to be developed as part of the Council's House Building Programme. Overall, expenditure is predicted to increase over the final quarter and is on course to be completed to plan by the end of the financial year.
Council Estate Parking, Garages & Other Environmental Works	741	556	653	97	17	This category includes garages, fencing, off street parking, estate environmental works, CCTV installations, external lighting schemes and a gas pipe-work replacement programme. One of the major projects is the off street parking programme on council owned land, which is jointly funded between the HRA and General Fund (please see comments on annex 7). This programme is progressing well with extra bays being identified (78 areas in 2014 compared to 69 in 2012). The large-scale replacement of gas pipe-works was planned to be a four year project, however, due to the success of the works undertaken in phase 1, works have already begun on phase 2 and this shorten the length of the project. In the short term, this will result in an overspend in this financial year but it will benefit the programme in the long term and the budgets will be re-profiled to reflect the progress made. Expenditure on all other projects within this category are underspent to date and, although costs are expected to increase in the last three months of the year an overall underspend on these budgets is expected at the year end.
Disabled Adaptations	402	302	319	18	6	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	166	157	-9	-5	This category includes feasibilities, asbestos removal and the contingency budget. Work on feasibility studies has increased and, although there is still a large underspend as at 31 December 2014, it is anticipated that the variance between the budget and actual costs will narrow in the last three months of the financial year. Expenditure on asbestos removal works is difficult to forecast because it is largely demand led. This year, expenditure has exceeded the budget to date and an overspend is expected by the year end. The contingency fund of £20,000 is currently unused but this may be needed to top up the asbestos removal budget.
Capital Service Enhancements	299	224	90	-134	-60	The capital service enhancements budget includes the front entrance fire door replacement programme on leasehold properties, 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 and repairs maintenance software. Phase 1 of the project to refurbishment communal kitchens has been completed slightly under budget; the saving will be used to start phase 2. After completing the consultation for the provision of electric scooter stores in November 2014, work started on two schemes in December which is anticipated to be finished by 31 March 2015. The front entrance fire door replacement project is significantly underspent at present but a catch up programme is in progress; 180 doors have now been ordered and 90 doors installed in leasehold properties. The online rents system, and repairs maintenance system have not been installed yet and both schemes are likely to slip into 2015/16.
Housing DLO Vehicles	68	51	0	-51	-100	Four new housing maintenance vehicles have now been delivered and the costs will show in the final quarter of the year.
Total	15,350	11,513	9,853			

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

ANNEX 12

REFCuS	14/15 Full Year Budget £'000	Third Quarter		14/15 Variance Budget v Actual		Comments
		14/15 Budget £'000	14/15 Actual £'000	£'000	%	
Disabled Facilities Grants	380	285	315	30	11	The number of occupational therapist referrals that initiate Disabled Facilities Grant (DFG) applications have been growing significantly since March 2013 and the total number of referrals forecast for 2014/15 is 175, compared to 163 in 2013/14. As a consequence, expenditure is currently exceeding the budget to date. The allocations for 2014/15 and the following three year period were re-profiled in the recent Capital Review to provide an allocation of £380,000 in 2014/15. Current estimates are that expenditure for the year is likely to be higher than this, at approximately £425,000, so further profiling of the budget will be required in line with medium-term forecasts.
Other Private Sector Housing Grants	13	10	5	-5	-49	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. It is anticipated that all the remaining grants will be paid off during 2014/15 and expenditure will total approximately £14,000.
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	393	295	328			

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	120	60	0	-60	-100	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 on a shared ownership basis. EFDC's loan amounts funds 58% of B3Living's 50% share. The scheme is now in its second phase. It had been hoped that 6 loans could be provided under Phase 2 from the capital budget made available. However, due to the increase in the maximum purchase price introduced for phase 2, this has resulted in higher loans being required for each purchase. Therefore, the budget is now only sufficient to fund 5 loans, of which 2 have now completed. The remaining 3 purchases are in progress and expected to complete by the end of March 2015. If there are any delays, the related balance will be carried forward to 2015/16. Consideration is currently being given to undertaking a phase 3 of the Scheme.
Repayable Private Sector Housing Loans	120	90	54	-36	-40	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 it is now increasing. Expenditure for the year is likely to be no more than £81,000.
Total	240	150	54			

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	216	TBA	-12%	N/A	
<p>Phase 1: Work started on the 4 sites in Waltham Abbey, which make up Phase 1 of the Council's house-building programme, on 27 October 2014 after Broadway Construction Ltd were awarded the contract for the tendered sum of £3,469,000. Although progress has been slow in the first few months while soil investigations take place and the contractor's detailed design takes place, officers have been assured by the contractor that the works are on target to complete in early November 2015 and on budget.</p> <p>Future Phases: With regard to phase 2 of the house-building programme, the planning application for 52 new affordable Council homes was refused by the Area Planning Committee (South) in January 2015. The Council House-building Cabinet Committee will be considering all options for the future of the site at its meeting on 5 March 2015. The options being considered include: appealing the planning decision; re-submitting a revised scheme; selling the site; or using the site for other purposes such as additional pay and display parking. A consequence of the delay to phase 2 is the risk of having to repay to the Government any unspent 1-4-1 Right To Buy capital receipts not spent within the 3-year timescale, and losing out on some, or all, of the £500,000 HCA Affordable Housing Grant that has already been secured (subject to the Council achieving Development Partner Status with the HCA).</p> <p>The Council House-building Cabinet Committee, at its next meeting in March 2015, will also be considering the sites for inclusion in phase 3, as well as agreeing the parts of the district that will make up phase 4.</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	Mar-15	Nov-15	1,750	345	2,095	589	TBA	20%	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. Since April 2014 the appointed design team undertook further investigations of the buildings and developed the scheme ready for the tenders to be sent out to the main contractors of the build phase on 27 October 2014.</p> <p>Following the tender process and call in period, Coniston Ltd were selected as the preferred main contractors in December 2014 and Cabinet approved an additional allocation of £345,000 to allow for the agreed tendered sum. A further cost review took place ahead of issue of contract, which took place in January 2015. The build phase was due to begin on site in January and be completed by July 2015, to be followed by the installation of the exhibitions and collections by October 2015, with the museum re-opening to the public in mid-October 2015. However, there is currently a delay in the start-on-site date to the end of March and a revised completion date of mid-September. This will inevitably delay the museum opening date, probably to the end of November 2015.</p>											

Report to the Finance and Performance Management Cabinet Committee



**Epping Forest
District Council**

Report Reference: FPM-027-2014/15

Date of meeting: 19 March 2015

Portfolio: Finance

Subject: Risk Management – Corporate Risk Register

Officer contact for further information: Edward Higgins – (01992 564606)

Democratic Services Officer: Rebecca Perrin - (01992 564532)

Recommendations/Decisions Required:

- 1. To agree the updating of Key dates and an additional Required further management action within Risk 1;**
- 2. To agree the updating of the Effectiveness of controls/actions and the change in Risk Ownership to Derek Macnab for Risk 2;**
- 3. To agree the amended vulnerability and key date within Risk 4;**
- 4. To agree the updating of the Effectiveness of controls/actions and the change in Risk Ownership to Derek Macnab for Risk 5;**
- 5. To agree the additional Required further management action and the change of Risk Ownership to Colleen O’Boyle for Risk 6;**
- 6. To consider whether there are any new risks that are not on the current Corporate Risk Register;**
- 7. To agree the amended Corporate Risk Register be recommended for Cabinet approval.**
- 8. To consider and recommend the updated Risk Management Strategy and Policy Statement to Cabinet for adoption; and**
- 9. To note the updated Terms of Reference of the Risk Management Group.**

Executive Summary:

The Corporate Risk Register has been considered by both the Risk Management Group on 23 February and Management Board on 25 February. These reviews identified amendments to the Corporate Risk Register but no additional risks or scoring changes.

Reasons for Proposed Decisions:

It is essential that the Corporate Risk Register is regularly reviewed and kept up to date.

Other Options for Action:

Members may suggest new risks for inclusion or changes to the scoring of existing risks.

Report:

1. The Corporate Risk Register was reviewed by the Risk Management Group on 23 February and Management Board on 25 February 2015. A number of amendments have been identified and incorporated into the register (Appendix 1).
2. Risk 1 Local Plan – Key dates within the risk have been updated to reflect the current position. The consideration of hiring a PR firm to assist with the delivery of the next statutory consultation has been added as a Required further management action.
3. Risk 2 Strategic Sites – The Risk Owner has been amended from Colleen O’Boyle to Derek Macnab as this now falls within Neighbourhoods Directorate. The Effectiveness of controls/actions have also been updated for the identified sites to advise the progress to date.
4. Risk 4 Finance Income – The vulnerability has been amended due to the possible changes to government policy for New Homes Bonus and the local retention of NDR after the general election in May 2015. The key date has also been amended to 7 May 2015.
5. Risk 5 Economic Development – The Risk Owner has been amended from Colleen O’Boyle to Derek Macnab. The Effectiveness of controls/actions has been amended to advise that it is too early to establish the effectiveness of the new management and posts.
6. Risk 6 Data/Information – The Risk Owner has been amended from Bob Palmer to Colleen O’Boyle. Two additional Required further management actions have been added. These are the consideration for the purchase of a new system for handling Data Protection and Freedom of Information requests and that data sharing and fair processing notices be reviewed and standardised.
7. This Committee undertakes an annual review of the Risk Management Terms of Reference (appendix 2), Strategy (appendix 3) and Policy Statement (appendix 4). The review last year was on 20 March 2014, with subsequent Cabinet approval on 7 April 2014.
8. There are minor wording amendments to these documents to reflect the Directorate restructure.
9. Members are now asked to consider the attached updated Corporate Risk Register and whether the risks listed are scored appropriately and whether there are any additional risks that should be included.
10. Members are also asked to consider the proposed amendments to the corporate risk management documents.

Resource Implications:

No additional resource requirements.

Legal and Governance Implications:

The Corporate Risk Register is an important part of the Council’s overall governance arrangements and that is why this Committee considers it on a regular basis.

Safer, Cleaner, Greener Implications:

None.

Consultation Undertaken:

The Risk Management Group and Management Board have been involved in the process.

Background Papers:

None.

Impact Assessments:

Risk Management

If the Corporate Risk Register was not regularly reviewed and updated a risk that threatened the achievement of corporate objectives might either not be managed or be managed inappropriately.

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
6/01/15 Director of Resources	The purpose of the report is to monitor corporate risks. It does not propose any change to the use of resources and so has no equalities implications.

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Epping Forest District Council Corporate Risk Register

Date: 19 March 2015

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1. Introduction

A strategic risk management 'refresh' exercise was conducted on 15th May 2013 with assistance from Zurich Risk Engineering. This exercise was an opportunity for the Management Board to refresh (or update) through identification, analysis and prioritisation those risks that may affect the ability of the Council to achieve its strategic objectives and Corporate Plan. In doing so, the organisation is recognising the need to sustain risk management at the highest level.

The refresh exercise involved a workshop with Management Board to identify new business risk areas and to update and re-profile important risks from the existing corporate risk register.

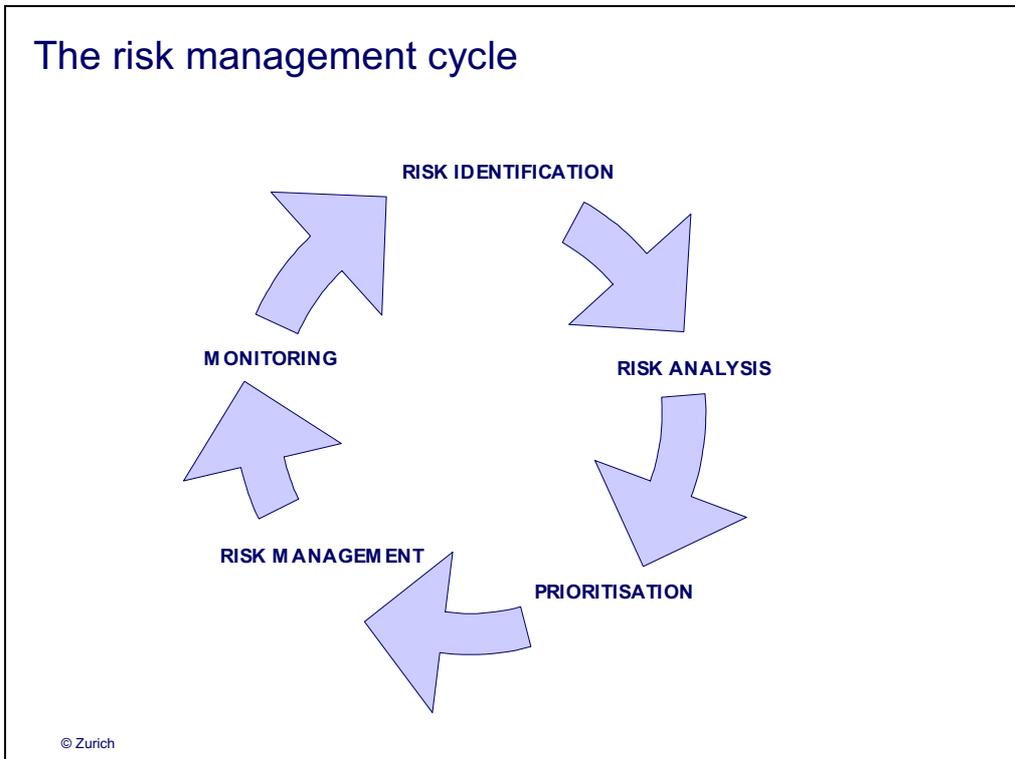
In total 8 strategic risks were profiled at the workshop and during the workshop, each risk was discussed to ensure common agreement and understanding of its description and then prioritised on a matrix. The risk matrix measured each risk for its likelihood and its impact in terms of its potential for affecting the ability of the organisation to achieve its objectives.

For the risks that were assessed with higher likelihood and impact, the group validated the risk scenarios and determined actions to manage them, including assessing the adequacy of existing actions and identifying the need for further actions in order to move the risk down the matrix.

Management Board agreed a timescale for re-visiting these risks in order to assess if they are still relevant and to identify new scenarios. Risks in the red zone will be monitored on a monthly basis and those in the amber zone on a quarterly basis.

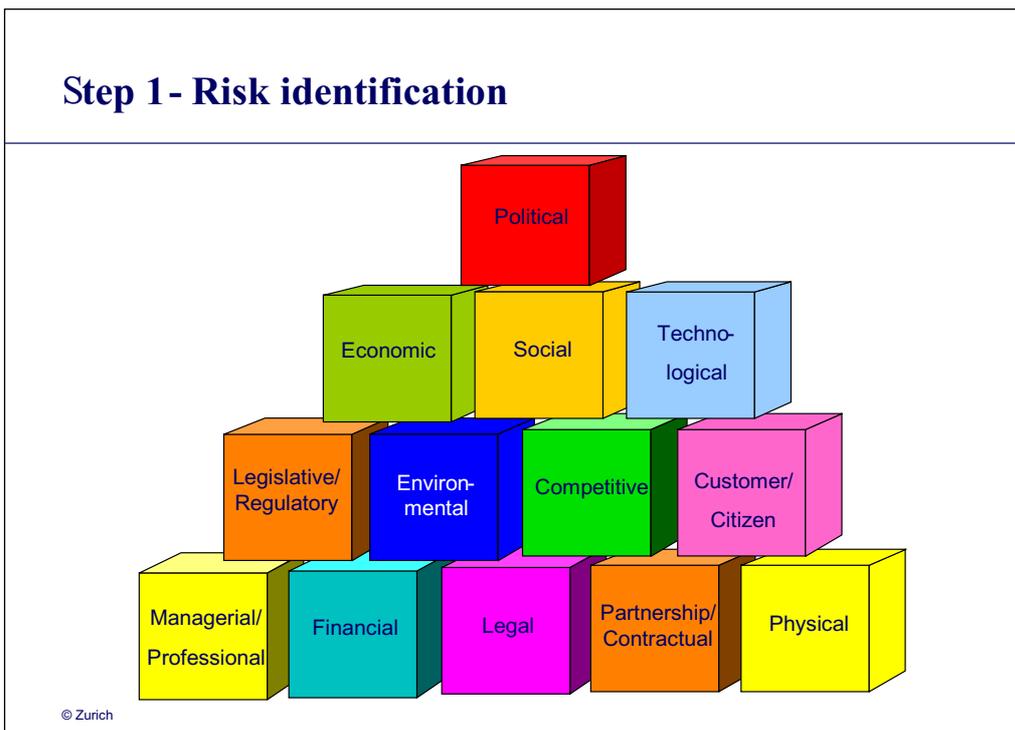
The following report outlines the process utilised by Zurich Risk Engineering and the results achieved.

2. The Process



Risk identification

The first of five stages of the risk management cycle requires risk identification. This formed the initial part of the workshop. In doing so the following 13 categories of risk were considered.



Risk analysis

During the workshop, the identified risks were discussed and framed into a risk scenario format, containing risk cause and consequence elements, with a 'trigger' also identified. This format ensured that the full nature of the risk was considered and also helped with the prioritisation of the risks.

Risk prioritisation

The discussion resulted in 8 risk scenarios being agreed (Appendix 2) and these were then assessed for impact and likelihood and plotted onto a matrix (Appendix 1). The likelihood of the risks was measured as being 'very high', 'high', 'medium', or 'low/very low'. The impact, compared against the key objectives and Corporate Plan was measured as being 'major', 'moderate', 'minor' or 'insignificant'.

Once all risks had been plotted the matrix was overlaid with red, amber and green filters, with those risks in the red area requiring further particular scrutiny in the short-term, followed by those in the amber area.

Risk management and monitoring

The next stage is to monitor the revised management action plans. These plans frame the risk management actions that are required. They map out the target for each risk i.e. to reduce the likelihood, impact or both. They also include targets and critical success factors to allow the risk management action to be monitored.

A risk owner has been identified for each risk. It is vital that each risk should be owned by a member of Management Board to ensure that there is high level support, understanding and monitoring of the work that is required as part of the plans. Risks should also be reviewed as part of the business planning process, in order to assess if they are still relevant and to identify new issues.

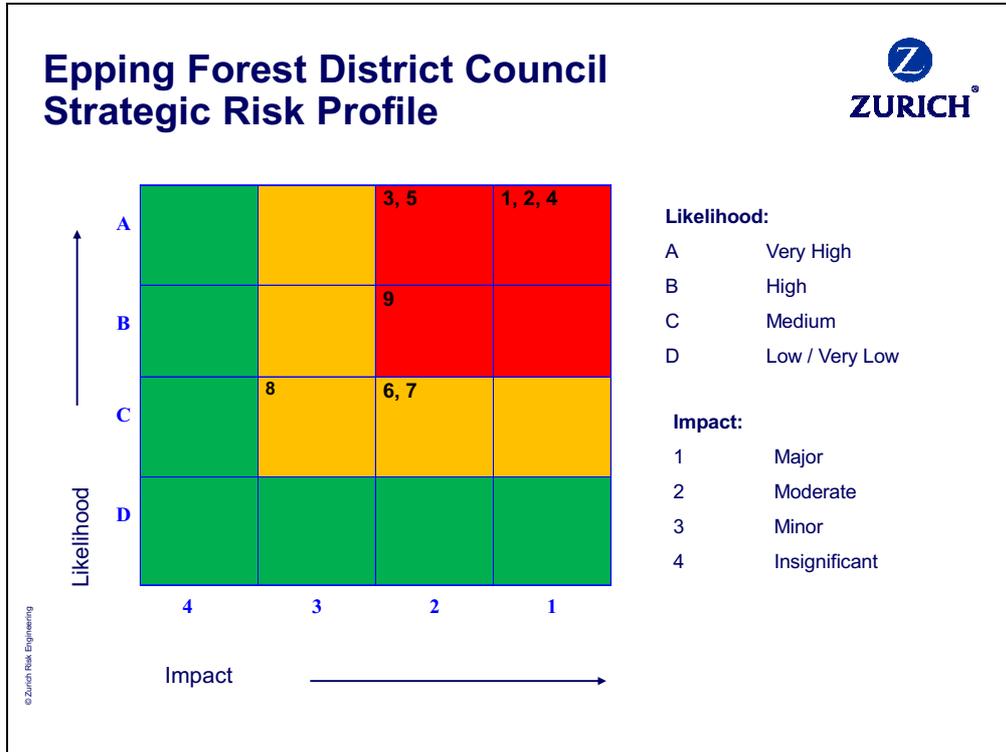
The monitoring of these action plans takes place at Corporate Governance Group, Management Board and the Risk Management Group. The action plans are also reported to Members quarterly.

As part of the regular review and reporting an additional risk on Safeguarding was added to the register in January 2014.

Appendix 1 – Risk Profile

Risk profile

During the workshop, 8 risks were identified and framed into scenarios. The results are shown on the following risk profile.



Appendix 2 details all of the above risks.

It is important that an action plan element is written for each of the risks, with particular focus on those with the highest priority, as it is this which will allow them to be monitored and successfully managed down.

An opportunity was also taken as part of this refresh to ‘spring clean’ the risk numbers, and they were numbered in priority order as follows:

New risk number	Short name
1	Local plan
2	Strategic sites
3	Welfare reform
4	Finance – income
5	Economic development
6	Data/ information
7	Business continuity
8	Partnerships
9	Safeguarding

Appendix 2 – Corporate Risk Register and Action Plans

Risk No 1	Local Plan	A1		
Vulnerability	Trigger	Consequence	Risk Owner	
<p>On-going changes to Planning system increase importance of having up to date Local Plan.</p> <p>Changes in government planning policy require new Local Plan to take approaches significantly different from predecessors eg Duty to Co-operate, release Green Belt.</p> <p>Difficulties in implementing “Duty to Co-operate” may make it difficult or impossible to achieve “sound” Local Plan in timely fashion</p> <p>Failure to make timely progress increases likelihood of “planning by appeal”</p> <p>Lack of adopted Plan reduces ability to obtain developer contributions.</p> <p>Loss/sickness of key staff and recruitment difficulties or inappropriate resource provision hold back progress.</p>	<p>Failure to make timely decisions and adhere to Local Development Scheme Project Plan.</p> <p>Failure of Council to approve a draft plan in line with National Planning Policy Framework.</p> <p>Inability to agree, particularly on amount and distribution of objectively assessed development needs.</p> <p>Failure to adhere to Local Development Scheme leads to developers making significant planning applications in advance of new Plan.</p> <p>Developers exploit inadequacies in S106/CIL arrangements.</p> <p>Loss/long term absence of key staff.</p>	<p>Reduced ability to manage development in line with local priorities. Failure to provide strategic direction for future development, and housing etc for future needs.</p> <p>Plan not “sound”, leading for further delay, wasted resources, and vulnerability to planning appeal decisions.</p> <p>As above</p> <p>Significant diversion of professional resources to appeals. Risk of costs awards against Council. Potential lost opportunity for infrastructure and other provision due to outdated/National Planning Policy Framework non-compliant policies Development which is inappropriate in location/scale/type</p> <p>Additional demands put on public funding of infrastructure.</p> <p>Delay in progress Potential need for rework due to loss of “corporate memory”.</p>	<p>Derek Macnab</p>	

Risk No 1 Local Plan – Action Plan

Existing Controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
Project management approach in place including regular updates, resource planning.	Project plan needs to incorporate more time for political engagement at key decision points.	Agree mechanisms and timing with lead members, incorporate in revised project plan	Derek Macnab	Future adherence to project plan.	Project plan ongoing. MB review 6 weekly	Management Board to ratify the updated strategic timetable during March 2015. A date for Cabinet review to be established.
Local Development Scheme revised July 2014.	Local Development Scheme adopted by Cabinet 21 July 2014.	Review Local Development Scheme on basis of new project plan, (see above)	Derek Macnab	Local Development Scheme remains robust	As necessary	Review likely within 12 months
Workshops for EFDC and Town/Parish councillors on key issues to enhance awareness and understanding of new government requirements.	Workshops popular and helpful but not a mechanism for strategic decision making.	Supplement workshops with other forms of briefing to EFDC members as agreed with leading members.	Derek Macnab	Timely decision making in line with project plan.	As necessary	
Engagement with other key stakeholders eg ad hoc meetings with Town/Parish councils, Resident Associations and website.	Limited, as tends to be reactive, resource intensive, and consistent messages difficult to develop in light of uncertainties over project plan	Consider hiring a PR firm to assist in delivering the next statutory consultation.	Derek Macnab	Stakeholders feel well informed about process and decisions. Informed responses to public consultation. Less need for reactive communications.	As necessary	

Risk No 1 Local Plan – Action Plan

Existing Controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
<p>Systematic approach to Duty to Co-operate, engaging public bodies and developing Memorandum of Understanding with key councils in the Strategic Market Housing Area.</p> <p>Consultants in place to support project management, resource planning, Sustainability Assessment, transport modelling, masterplanning.</p> <p>Temporary posts resourced. Budget available.</p>	<p>Difficulties and delay in engaging councils in serious discussion re Memorandum of Understanding, however progress now being made. meetings held with most other key bodies with positive outcomes, issues identified. Constant review of Planning Inspectorate local plan decisions re Duty to Co-operate.</p> <p>Staff cannot be prevented from leaving. Exit interviews should reveal any specific patterns. Market is picking up, making recruitment more difficult.</p> <p>Review of Staffing undertaken.</p>	<p>Important that key decisions do not precede Duty to Co-operate ie “fait accompli”- needs to be accommodated in project plan and Local Development Scheme. Progress Memorandum of Understanding, engaging members and using Planning Advisory Service support as necessary. Engage further key bodies eg Lee Valley Regional Park. Discuss informally with Planning Inspectorate as necessary.</p> <p>Review of Strategy agreed by Management Board. Implementation.</p>	<p>Derek Macnab</p> <p>Derek Macnab</p>	<p>Submitted plan passes legal test of Duty to Co-operate.</p> <p>No delays to timetable due to staffing gaps or lack of critical skills</p>	<p>MB review six weekly</p> <p>As above</p>	<p>Officer Meetings – monthly now underway..</p> <p>Member briefings held by PAS 25 March and September 2014.</p> <p>Governance arrangements agreed. “Duty to Co-operate” Member meetings now ongoing.</p> <p>New Staffing Structure implemented. Interviews taking place early March 2015.</p>

Risk No 2 Strategic Sites A1						
Vulnerability		Trigger		Consequence		Risk Owner
The Council has a number of Strategic sites which it needs to make the right decisions about and then deliver on those decisions.		Not maximising the opportunity of the strategic sites either through decisions or delivery.		<ul style="list-style-type: none"> Financial viability of Council harmed Lack of economic development and job creation External criticism 		Derek Macnab
One key individual is driving forward the projects.		Loss of key individual		<ul style="list-style-type: none"> Project delayed or mismanaged 		
Existing Controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
Work on strategic sites is co-ordinated through a dedicated Cabinet Committee.	<p>Work is progressing on developing a number of sites:</p> <ol style="list-style-type: none"> Developer has submitted planning application for Winston Churchill site; Negotiations progressing on St Johns Road and both sides have instructed solicitors to complete documentation; Negotiations have commenced with Polo Find to buy their half of the Langston Road site; Marketing for an aviation business partner at North Weald to commence shortly; Site clearance undertaken at Oakwood Hill and works should commence in June. 	Reports to Cabinet Committee and Cabinet to obtain decisions on development options.	Derek Macnab	Development of strategic sites completed in accordance with Cabinet decisions.	Monthly	None

Risk No 3 Welfare Reform A2						
Vulnerability		Trigger		Consequence		Risk Owner
The government is undertaking a major reform of the welfare system which is likely to have serious impacts on the Council and the community. This includes Universal Credit, changes to Council Tax and other benefits and direct payments to tenants.		Welfare reform changes have a detrimental effect on the Council and community		<ul style="list-style-type: none"> • Tenants no longer able to afford current/new tenancies. • Increase in evictions and homelessness • Increased costs of temporary accommodation • Unable to secure similar level of income due to payment defaults • Increase in rent arrears • Public dissatisfaction • Criticism of the Council for not mitigating the effects for residents. 		Alan Hall
Existing Controls /actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
<p>Joint Benefits and Housing working group established. Mitigation action plan developed.</p> <p>To address issues arising from the single fraud investigation service, Cabinet has approved restructures for both Benefits and Internal Audit.</p>	<p>Two thirds of the actions have been implemented and the remaining actions are in abeyance pending Government announcements on Universal Credit.</p> <p>The effectiveness of the new structures will only be apparent sometime after they have been implemented.</p>	<p>Working Group to continue and amend mitigation action plan as necessary.</p> <p>Implement new structure.</p>	<p>Alan Hall</p> <p>Bob Palmer Colleen O'Boyle</p>	<p>A smooth implementation of welfare reforms.</p> <p>Minimise number and cost of redundancies.</p> <p>Effectiveness of Benefit and Internal Audit maintained.</p>	<p>Monthly</p> <p>Six monthly</p>	<p>Start date for universal credit still unclear.</p> <p>30 September 2015</p>

Risk No 4 Finance Income A1						
Vulnerability		Trigger	Consequence			Risk Owner
<p>The Council has a reliance on major income generating contracts and fee earning services. Some of which have been adversely affected by the recession and some of which may be affected by legislative change.</p> <p>The Council has done well from New Homes Bonus and the Local retention NDR. These policies may be scraped or amended depending on the outcome of the general election.</p> <p>Welfare reform may require substantial change to the calculation and administration of benefits with a likely reduction in funding received.</p> <p>The medium term financial strategy requires substantial net CSB reductions over three years.</p>		<p>Unable to secure required level of income due to recession, reduced economic confidence or adverse change in funding</p>	<ul style="list-style-type: none"> • Council unable to meet budget requirements • Staffing and service level reductions • Increase Council Tax • Increase in charges • Greater use of reserves if required net savings not achieved • Higher level of saving in subsequent years. 			<p>Bob Palmer</p>
Existing Controls /actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
<p>Monitoring of key income streams and NDR tax base. Savings opportunities pursued through service reviews and corporate restructure.</p>	<p>Effective to date as budgets have been achieved that meet the financial targets set by Members.</p>	<p>Update Medium Term Financial Strategy as announcements are made on changes to central funding and welfare.</p> <p>Continue to pursue opportunities to reduce net spending.</p>	<p>Bob Palmer</p>	<p>Savings targets achieved with net expenditure reductions over the medium term as part of a structured plan.</p>	<p>Monthly</p>	<p>7 May 2015 General Election</p>

Risk No 5 Economic Development A2						
Vulnerability		Trigger		Consequence		Risk Owner
Economic development and employment is very important, particularly in the current economic climate. The Council needs to be able to provide opportunities for economic development and employment (especially youth employment) in the District.		Council performs relatively poorly compared to other authorities.		<ul style="list-style-type: none"> • Unable to secure sufficient opportunities • Local area and people lose out • Insufficient inward investment • Impact on economic vitality of area • Loss of revenue 		Derek Macnab
Existing Controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
Work has commenced on an updated Economic Development Strategy. Cabinet approved four new posts.	Too early to determine effectiveness of new management and new posts.	Completion of Strategy and allocation of appropriate resources. Recruitment of experienced staff.	Derek Macnab	Growth in NDR tax base and employment opportunities. Council to be viewed as punching above its weight.	Monthly	None.

Risk No 6 Data / Information C2						
Vulnerability		Trigger		Consequence		Risk Owner
The Authority handles a large amount of personal and business data. Either through hacking or carelessness, security of the data could be compromised.		Data held by the Council ends up in inappropriate hands.		<ul style="list-style-type: none"> • Breach of corporate governance • Increased costs and legal implications • Reputation damaged 		Colleen O'Boyle
Existing Controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
<p>Rollout of a Data Protection e-learning module commenced Jan 2014, for completion by officers every two years.</p> <p>Data Protection formed part of Member induction from May 2014, with requirement to confirm acceptance of the Council's DP policy.</p> <p>Consolidation of Data Protection and Freedom of Information work in one area.</p> <p>Security Officer is continually monitoring situation and potential risks. Most systems have in built controls to prevent unauthorised access.</p> <p>Controls in systems have been strengthened in response to specific occurrences.</p>	Generally effective to date, with only minor lapses in 2014/15.	<p>Consider separation of Environmental Information Requests and ensure these are handled in accordance with the appropriate regulations.</p> <p>Consider purchase of new system for handling D.P./F.O.I. requests.</p> <p>Data sharing and fair processing notices to be reviewed and standardised.</p> <p>Maintain GCSx compliance and system controls.</p>	Colleen O'Boyle	<p>Continued security of personal data held by the Council in accordance with the Data Protections Act 1998.</p> <p>No criticism from the ICO over how requests are handled.</p> <p>No data loss or system downtime due to unauthorised access of EFDC systems or data.</p>	Quarterly	None

Risk No 7 Business Continuity C2						
Vulnerability		Trigger	Consequence			Risk Owner
<p>The Council is required to develop and implement robust Business Continuity Plans in line with the requirements of the Civil Contingencies Act.</p> <p>Following the consolidation into four directorates plans need to be updated and changes in responsibilities confirmed.</p>		<p>Unable to respond effectively to a business continuity incident (e.g IT virus/flu pandemic)</p>	<ul style="list-style-type: none"> • Services disrupted / Loss of service • Possible loss of income • Staff absence • Hardship for some of the community • Council criticised for not responding effectively 			Derek Macnab
Existing Controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
<p>Most services already have business continuity plans in place and a separate flu pandemic plan has been developed.</p>	<p>The effectiveness of controls is assessed periodically through test and exercises</p>	<p>Both corporate and service business continuity plans are being updated.</p> <p>Implementation of Cabinet approved measures to enhance the resilience of ICT</p>	Derek Macnab	<p>Having plans in place which are proved fit for purpose either by events or external scrutiny.</p>	Quarterly	None

Risk No 8 Partnerships C3						
Vulnerability		Trigger	Consequence			Risk Owner
<p>The Council is involved in a plethora of multi agency partnerships e.g. LSP - LEP, and these have a variety of governance arrangements.</p> <p>Localism act may cause transfer of Council services to providers with governance issues.</p>		<p>Key partnership fails or services provided via arrangements lacking adequate governance.</p>	<ul style="list-style-type: none"> • Relationships with other bodies deteriorate • Claw back of grants • Unforeseen accountabilities and liabilities for the Council • Censure by audit/inspection • Adverse impact on performance 			<p>Glen Chipp</p>
Existing Controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
<p>Active participation in key partnerships by appropriate Officers/Members.</p> <p>Structured reporting back to designated Scrutiny Panels.</p> <p>Members can request representatives on outside bodies to report to Full Council.</p>	<p>No significant issues to date. However, some concern exists about the working of the North Essex Parking Partnership.</p>	<p>Continue existing monitoring procedures for current partnerships and construct appropriate arrangements for any new partnerships.</p>	<p>Glen Chipp</p>	<p>No significant impacts on service delivery or Council reputation from any partnership failures.</p>	<p>Quarterly</p>	<p>None</p>

Risk No 9 Safeguarding B2			
Vulnerability	Trigger	Consequence	Risk Owner
<p>The Council needs to demonstrate its ability to meet its duties under Sections 11 and 47 of the Children Act 2004.</p> <p>Although not yet a statutory requirement, the Council also needs to comply with best practise in regard to safeguarding vulnerable adults from harm.</p> <p>This is a Council –wide requirement which includes training and awareness of staff at all levels across the organisation and Elected Members.</p> <p>Effective systems and processes for safeguarding children, young people and vulnerable adults need to be in place.</p> <p>The Council needs to ensure that key contractors have systems in place, and that there are staff trained, to identify and report safeguarding concerns appropriately.</p>	<p>The Council fails to meet its duties in regard to safeguarding and information sharing</p> <p>Elected Member reluctance to undertake training results in the Council failing to meet a 'whole Council' approach</p> <p>Staff reluctance to be involved in referring safeguarding concerns due to lack of confidence and awareness.</p>	<ul style="list-style-type: none"> • A child, young person or vulnerable adult suffers significant harm • A child, young person or vulnerable adult suffers from exploitation • Avoidable death of a child, young person or vulnerable adult living in the District • Reputational risk for Council • Censure and special measures applied 	<p>Alan Hall</p>

Risk No 9 Safeguarding - Action Plan						
Existing Controls/ actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
<p>The Council has a current and comprehensive Safeguarding Policy which is updated annually or in line with any changes within legislation.</p> <p>The policy details what is required of all staff and members, and contains clear instructions for the recording and processing of safeguarding concerns, incidents and allegations.</p> <p>Corporate Safeguarding Group is forum for sharing best practice and information across Directorates and identifying any weaknesses in the Council's work.</p> <p>Contractors safeguarding processes are included in the procurement process.</p> <p>All staff are required to undertake appropriate safeguarding training.</p> <p>The Council has a Safe Recruitment Policy.</p> <p>The Council has a dedicated senior safeguarding post for two years to enable the Council to meet all of the required standards.</p>	<p>The Council has reduced the risk of safeguarding issues going unnoticed by staff and members by providing clear procedures and requirements for training and awareness.</p> <p>This group is only partially effective, due to limited commitment by some Directorates</p> <p>Room for improvement.</p> <p>This will be effective subsequent to a training Plan being developed.</p> <p>Safe Recruitment assists the Council in reducing the risk of employing an unsuitable member of staff.</p>	<p>Leadership Team and Managers to ensure that all staff are aware of the Councils safeguarding policy and procedures</p> <p>The Council needs to ensure timely response to changes in legislation or local procedures.</p> <p>Directorates need to commit time for representatives to attend the Corporate Working Group.</p> <p>Need to ensure they have appropriate systems to address safeguarding issues.</p> <p>Staff require training in Safe Recruitment.</p>	<p>Alan Hall</p>	<p>The Council meets all of its duties under Section 11 and 47.</p> <p>The Council fully meets all aspects of the ESCB/ESAB Safeguarding self - assessment.</p>	<p>Monthly</p>	<p>Monthly</p>

Epping Forest District Council

Risk Management & Assurance Group Terms of Reference

Who we are, what we do and for whom

The group will consist of: Senior Managers (Champions) from all directorates, Emergency Planning, Health & Safety, Audit and other Council staff as required from time to time.

The meetings will be chaired by the Director of Resources, with the Senior Finance Officer (Insurance & Risk) as deputy.

Aims & Objectives

1. Draw upon the recognised risk management disciplines from across the Council and from external advisors or consultants to provide a cohesive service to the corporate body and service departments.
2. Maintain a formal framework for the management of risks in terms of the strategic and operational hazards.
3. To train and support the Group members as “Champions” for risk management within their own directorates, and to support any directorate sub groups.
4. Disseminate information and guidance to directorates, Management Board and Members on a regular basis, including information on initiatives, developments and action plans.
5. To advise via “Champions” and other means on any changing requirements on the reporting or assessment of risk. Arising from HM Treasury requirements, external Audit, or cases of private or public sector best practice.
6. To regularly review the completeness and accuracy of the corporate risk register, through discussions with individual managers of the risk under their direct control.
7. To regularly report and offer appropriate assurance or warning to the Chief Executive, the officer Corporate Governance Group and Members on the management of risk throughout the Council.

However, it is acknowledged that it is the responsibility of every manager to implement the Council’s Risk Management Policy and support the group in its activities. Individual managers have responsibility and accountability for identifying, assessing and managing the risks that threaten their area of activity.

Individual responsibilities are detailed in the constitution and the work of this group does not remove or replace the responsibilities listed in the constitution. A summary of the responsibilities from the constitution is attached below.

Epping Forest District Council

Risk Management & Assurance Group Terms of Reference

Responsibilities of the Head of Paid Service

- 1.1 To promote the authority's risk management policy statement.

Responsibilities of the Chief Finance Officer

- 1.2 To develop risk management controls in conjunction with other Chief Officers.
- 1.3 To chair the corporate Risk Management Group.
- 1.4 To arrange appropriate training for staff and Members.

Responsibilities of Chief Officers

- 1.5 To take responsibility for risk management, within their service having regard to advice from the Chief Finance Officer and other specialist officers (eg crime prevention, fire prevention, health and safety).
- 1.6 To ensure that there are regular reviews of risk within their service areas.
- 1.7 To nominate a senior member of staff to represent the service at the corporate Risk Management Group.
- 1.8 To provide guidance to staff on the application and principles of risk management in their service.

Responsibilities of Individuals

- 1.9 To conduct their duties having due regard to the principles of risk management, as set out above, and to seek guidance from their Head of Service where necessary.

Responsibilities of the Finance & Performance Management Cabinet Committee

- 1.10 To propose the authority's risk management strategy and policy statement, on the advice of the Head of Paid Service, the Chief Finance Officer and appropriate Chief Officers, for adoption by the Cabinet.
- 1.11 To advise the Cabinet on proper insurance cover on the advice of the Chief Finance Officer.

Responsibilities of the Audit & Governance Committee

- 1.12 To conduct an annual review of the effectiveness of the Council's arrangements for risk management.

Epping Forest District Council**Risk Management Strategy****Definition**

For the purpose of this strategy, risk is defined as something that may have an impact on the achievement of the Council's objectives and affect service delivery to the community.

Objective

The aims of risk management for the Council are to:

- Use risk management to promote innovation as well as to help secure existing objectives.
- Achieve a systematic, holistic and consistent approach to identifying and analysing risks which will be an integral part of all key management processes, rather than a separate initiative and will be developed using the simplest possible means.
- Embed risk management as an integral part of service, strategic and project planning and decision making.
- Establish an effective and explicit system of risk identification, analysis and control.
- Embed the process within our established business planning process.

Achieving these aims will:

- Contribute to sustainable improvements in services and the achievement of best value.
- Ensure the delivery and continuity of our services.
- Reduce the number and cost of claims arising and improve our ability to defend them.

Organisation

The Finance and Performance Management Cabinet Committee will consider the Council's risk management strategy on an annual basis and recommend it to Cabinet for adoption. The Audit and Governance Committee will monitor and review the effectiveness of the risk management measures put in place. The Director of Resources has strategic responsibility for risk management and the Finance Portfolio Holder fulfils the role of Lead Member for risk management.

To assist:

- The Risk Management Group will advise and support in the context of risks likely to have a significant impact on the achievement of the Council's objectives. The representatives on the Risk Management Group from each directorate will champion the risk management process within their directorate.

- Primary responsibility for identifying and managing significant operational and strategic risks arising from their directorate activities lies with the Directors, who should ensure that their teams carry out and record risk assessments where appropriate as a routine part of business planning and management activities.
- Any significant changes in risks and or assessments are to be notified by the relevant champion of that service to the Risk Management Group.
- Directors should notify the Director of Resources of any significant changes in service provision in order to enable them to ensure that appropriate and adequate insurance is in place.
- The Director of Resources is responsible, in conjunction with the Council's Insurers, for:
 - Minimising the overall cost of inevitable claims which do arise;
 - Supporting the risk management programme by supplying any advice and data both statistical and anecdotal, to Directors;
 - Facilitating Risk Management training for Directors and Champions;
 - Circulation and review of the Risk Management Strategy;
 - The Chief Internal Auditor is responsible for monitoring the implementation and the effectiveness of the risk management strategy and for monitoring compliance with controls introduced by directorates, as part of the ongoing audit programme. Internal Audit will communicate the management implications during the course of Audits and report to Directors as necessary.

Arrangements

- The Risk Management Group will report annually to the Finance and Performance Management Cabinet Committee to update the Risk Management Strategy. The Audit and Governance Committee will consider the effectiveness of risk management measures annually. Management Board will consider progress on action plans on a monthly basis for "red" risks and on a quarterly basis for "amber" risks.
- Service plans will include operational risks and action plans. The Risk Management Group and the Corporate Governance Group will monitor and review the Corporate Risk Register.
- Risk management training will be provided to Members, Directors, Champions and other senior managers, with the aim of ensuring that they have the appropriate skills necessary to identify, evaluate and control risks associated with the services they provide. Training will be provided through the Resources Directorate.
- This strategy will be clearly communicated to members and staff and will be subject to review on an annual basis by the Risk Management Group.

Epping Forest District Council

Risk Management Policy Statement

Epping Forest District Council has finite resources and both employees and property of the Council are valuable assets that must be safeguarded. We have a duty to employees and the public to operate in such a manner that the risk of injury and damage to property is minimised so far as is reasonably practicable, thus ensuring our continued ability to deliver services to local residents and the business community.

The Council will take all reasonable measures to protect and preserve all property and other assets and to avoid the risk of injury to employees and the public alike.

The Council will develop its risk management programme to:

- Identify and assess on an ongoing basis the risks to which it is exposed
- Implement the most appropriate and cost effective measures to avoid, minimise and control those risks
- Use efficient and cost effective risk management as a tool in achieving best value across its services
- Comply with legislation

Thus benefiting the whole community.

It is the responsibility of every manager to implement the Council's Risk Management Policy and all managers have responsibility and accountability for identifying, assessing and managing the risks that threaten their area of activity.

All staff must take a proactive part in this initiative, which has the full backing of the Council, its Members and the Management Board.

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Report to the Finance & Performance Management Cabinet Committee



**Epping Forest
District Council**

Report reference: *FPM-028-2014/15*
Date of meeting: *19 March 2015*

Portfolio: Finance

Subject: Procurement Strategy 2015-20

Responsible Officer: Shane McNamara (01992 564331).

Democratic Services: Rebecca Perrin (01992 564532).

Recommendations/Decisions Required:

To consider, and if appropriate amend, the updated Procurement Strategy and recommend it to Cabinet for adoption.

Executive Summary:

The current Procurement Strategy runs until the end of March 2015, and as such an updated version is required. The strategy has been updated to reflect how Procurement can support the delivery of the Council's new Corporate Plan 2015-2020 as well as to include the recent Public Contract Regulations 2015, which will have a major impact on all public procurement over the coming years.

Reasons for Proposed Decision:

We are nearly at the end of the period covered by the current Procurement Strategy, and before it expires an updated strategy needs to be adopted to guide work in this important area.

Other Options for Action:

Members are invited to consider and amend as appropriate the attached draft Procurement Strategy 2015-2020, to either increase or reduce the relative importance of any of the issues covered in this strategy, or indeed to introduce any additional elements.

Report:

Procurement Strategy 2015 - 2020

1. Epping Forest District Council will continue its policy of using best practice procurement approaches and processes. This will assist in the delivery of high quality services to support strategic priorities at good value for money.
2. The Procurement Strategy supports the Council's Corporate Plan. At a general level, procurement of goods and services assists in delivering the Council's strategic objectives and statutory responsibilities. At a specific level, this procurement strategy is designed to support the Council's objectives of:

- Ensuring that the Council has appropriate resources, on an ongoing basis, to fund its statutory duties and appropriate discretionary services while continuing to keep Council Tax low.
- Ensuring the Council adopts a modern approach to the delivery of its services and that they are efficient, effective and fit for purpose.

3. It also supports the Council:

- To respond to issues of deprivation in the district: through promoting a consistent approach to equality and diversity and reducing inequality in the provision of services and through requiring and promoting good practice in equality and diversity in the employment and contracting practices of suppliers and partners.
- To maintain and improve the links between the Council, local town centres and the business community: through, to the extent that the EU Procurement Directives, collaborative procurement and value for money allow, sourcing appropriate goods and services through local businesses and promoting the development of local businesses by making the Council easier to do business with.

4. The Public Contract Regulations 2015 came into effect from 26 February 2015 and implement the 2014 EU Public Sector Procurement Directive and a number of new reforms, recommended by Lord Young in his report 'Growing Your Business' to make public procurement more accessible to small businesses.

Key Reforms

5. The key reforms stemming from Lord Young's report are:

- Abolition of a pre-qualification stage for procurements below the EU thresholds, and a requirement to have regard to guidance on qualitative selection issued by Cabinet Office for above EU threshold procurements.
- A requirement for contracting authorities to insert provisions in all public contracts to ensure prompt payment through the supply chain
- The requirement to advertise as many public sector opportunities in one place (Contracts Finder), and to publish award notices for contracts and call-offs from framework agreements.

Publishing Contract Opportunities

6. As per the reforms, all contract opportunities over the value of £25,000 must now be advertised on the Government's website, Contracts Finder. This represents a significant change in process for Local Government and has been acknowledged accordingly within the strategy.

Changes to EU Procurement Guidelines

7. The Public Contract Regulations 2015 also implement the 2014 EU Public Sector Directive into UK Law. The law is designed to open up the EU's public procurement market to competition, to prevent 'buy national' policies and to promote the free movement of goods and services.

8. The regulations generally apply when three main pre-conditions are met:

- The procuring body is a ‘contracting authority’ as defined in the rules. The definition of this is wide, and includes central government, local authorities, associations formed by one or more contracting authorities and other bodies governed by public law (e.g. registered social landlords, fire authorities).
- The contract is a public works, services or supplies contract. Sometimes the contract will be mixed (e.g. the supply and maintenance of computer systems). Where it is, a contracting authority must determine, in accordance with the rules, the predominant element of the contract and therefore which set of rules apply. This is important to get right as the rules vary slightly depending on which type of contract is being undertaken. The main example of this is that lower financial thresholds apply to services and supplies than works.
- The estimated value of the contract (net of VAT) equals or exceeds the relevant financial threshold. The rules expressly prohibit deliberately splitting contracts to bring them below the threshold (aggregation). The most recent financial thresholds were set on 01 January 2014 and are as follows:

	SUPPLIES	SERVICES	WORKS
Other public sector contracting authorities	£172,514 (€207,000)	£172,514 (€207,000)	£4,322,012 (€5,186,000)

9. Where these three pre-conditions apply, a contracting authority must normally advertise the contract opportunity in the EU’s Official Journal (OJEU) and follow the procedural rules set down in the Directive.

10. The 2014 EU Public Sector Directive has also been implemented into UK Law with the Public Contract Regulations 2015, and it is important that the Council keeps up to date with these changes and conducts its procurement activity accordingly.

Resource Implications:

Given the financial pressures placed on the Council to make savings, it will be vital that value for money is obtained from all future procurement exercises. By working in conjunction with the Essex Procurement Hub, the Council made savings in excess of £200,000 during 2013/14 through best practice procurement exercises and these savings can subsequently be used to further improve services for the local community and/or to keep the District’s Council Tax low.

Legal and Governance Implications:

Working with the Essex Procurement Hub helps the Council to fully comply with both UK Law and EU Procurement Regulations. Internally, EFDC Procurement aims to ensure officers are complying with Contract Standing Orders and Financial Regulations as well as promoting best practice.

Safer, Cleaner and Greener Implications:

The effective dissemination of the information on sustainability contained in the strategy should complement and assist compliance with the Council's Climate Change and Safer, Cleaner Greener strategies.

Consultation Undertaken:

EFDC Officers and the Essex Procurement Hub have been consulted in the formulation of this strategy.

Background Papers:

'Growing Your Business: A Report on Growing Micro Business' (Lord Young, May 2013)

Public Contract Regulations 2015

EU Public Sector Directive 2014

Crown Commercial Service PPN 03/15 – Reforms to make public procurement more accessible to SME's (Small and Medium Enterprises)

Risk Management:

If procurement is not co-ordinated and controlled, it is unlikely that the Council will achieve value for money.

Failure to comply with the EU Procurement Regulations could result in the UK High Court preventing the award of a contract and/or awarding damages to any supplier who has suffered loss or damage as a result of any breach in the regulations, as well as imposing fines on the authority.

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.

The report relates to the creation of the Council's Procurement Strategy 2015 – 2020. During the creation of the strategy, it has been considered that the Council has a duty to promote equality of opportunity and as such aims to achieve a robust and consistent approach to ensuring equality in the delivery of services. To help achieve this, the Council aims to ensure that suppliers are, as a minimum, compliant with relevant legislation both at the selection and award stage and throughout the life of a contract. The Council will proactively work with key suppliers to promote equality and positive practices in their operations and in the provision of services to customers on behalf of the Council.

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Procurement Strategy

2015 - 2020

Epping Forest District Council

Portfolio Holder: Finance

Lead Officer: Procurement Manager, Epping Forest District Council

Presented to the Finance and Performance Management Cabinet Committee, 19 March 2015



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INTRODUCTION

Procurement is much more than a narrowly-based technical issue. 'Procurement' is the process of acquiring goods, works and services, covering acquisitions from third parties, partnering and from in-house providers. The process spans the whole (life) cycle from identification of needs, through to the end of a services contract or the end of the useful life of an asset. It involves options appraisal and the critical 'make or buy' decision which may result in the provision of services in-house in appropriate circumstances.

The Procurement Strategy sets out the Council's procurement objectives and principles and describes the contribution that effective procurement will make to the achievement of Epping Forest District Council's vision and corporate priorities. The strategy is supported by an annual action plan and the Procurement Toolkit.

For 2015/16, Epping Forest District Council has set budgets to spend some £98m in revenue expenditure (including depreciation and employee costs) and a further £26m in capital expenditure on goods, works and services in both directly supporting the work of the Council and also in providing services to our residents, visitors and businesses. This is a significant sum of money that needs to be spent in a way that is properly controlled and governed to ensure good value for money and also give the Council a significant economic influence in the area. This influence will be used wisely to promote both the Council's public duties for value for money, promoting equality and diversity and promoting environmentally sound practices.

SUPPORTING THE DELIVERY OF THE COUNCIL PLAN

The Procurement Strategy supports the Council's Corporate Plan. At a general level, procurement of goods and services assists in delivering the Council's strategic objectives and statutory responsibilities. At a specific level, this procurement strategy is designed to support the Council's objectives of:

- Ensuring that the Council has appropriate resources, on an ongoing basis, to fund its statutory duties and appropriate discretionary services while continuing to keep Council Tax low.
- Ensuring the Council adopts a modern approach to the delivery of its services and that they are efficient, effective and fit for purpose.

It also supports the Council:

- To respond to issues of deprivation in the district: through promoting a consistent approach to equality and diversity and reducing inequality in the provision of services and through requiring and promoting good practice in equality and diversity in the employment and contracting practices of suppliers and partners.
- To maintain and improve the links between the Council, local town centres and the business community: through, to the extent that the EU Procurement Directives, collaborative procurement and value for money allow, sourcing appropriate goods and services through local businesses and promoting the development of local businesses by making the Council easier to do business with.

Other influences on the strategy

A number of external influences have been taken into account in the preparation of this strategy, including:

- Delivering Value for Money as measured through the annual assessment by the Council's external auditors;
- The Sustainable Procurement in Government: Flexible Framework prepared by the Sustainable Procurement Task Force (SPTF) (June 2010), in support of the 2005 Sustainable Development Strategy and the Government Buying Standards (GBS) set out to ensure sustainable procurement in given fields (January 2012 onwards).
- The Council's duty to promote equality of opportunity in line with the public sector equality guidance.

A number of internal drivers have also been taken into account in the strategy, including:

- The Medium Term Financial Strategy 2014/15 – 2018/19 and Budget 2015/16, which set the framework for a balanced budget over the medium term. Delivering these forecasts will require, amongst other things, delivering real efficiencies, including through improved procurement and sourcing decisions and through improved procurement processes and financial controls.
- The Council's Climate Change Strategy is directed towards reducing the Council's carbon footprint and has included a specific action to update the Procurement Strategy for the inclusion of green and local issues.

The key legislative requirements are set out in:

- Public Contract Regulations 2015 (New regulations come into effect 26 February 2015)
- Equalities Duty Act (2010)
- Localism Act (2011) including Community Right to Bid and Community Right to Challenge
- Public Services (Social Value) Act (2012)
- The current draft of the National Procurement Strategy (due to be operational from mid-late 2015)

RESPONSIBILITIES

The Director of Resources

As the officer “Procurement Champion” the Director of Resources is responsible for the updating and maintenance of this strategy and the supporting processes.

The Procurement Champion is responsible for ensuring:

- The strategy is in place, reviewed and updated on a regular basis;
- The strategy is communicated to Directors for implementation;
- The implementation of the strategy to the extent that it mandates compliance with processes and procedures is monitored across services and that an effective reporting system is in place to report breaches or weaknesses to the Finance and Performance Management Cabinet Committee;
- The provision of reports on the effectiveness of the strategy, the performance during the year and any recommendations for improvement to the Finance and Performance Management Cabinet Committee.

Service Directors

Directors are responsible for ensuring that the compliance requirements of the strategy are effectively communicated to their directorates, that the strategy is followed within their directorates and to participate fully in the development and execution of the strategy.

Directors are also responsible for ensuring that the provisions of the Constitution regarding Contract Standing Orders and Financial Regulations are effectively implemented and monitored within their directorates. There is a requirement to have procurement as a standing item on the agenda for all directorates Management Team Meetings.

Officer Groups

The Procurement Steering Group is made up of Assistant Directors/Senior Managers from each directorate and is chaired by the Director of Resources. Meetings are held during the year to disseminate procurement policies and practices across the Council and achieve a more consistent and co-ordinated approach to procurement.

The Marketplace User Group is made up of the key order-raising staff from each directorate and is chaired by the Council’s Procurement Officer. Meetings are held during the year and are intended to spread best practice in procurement and the use of the Marketplace system.

THE STRATEGY

Epping Forest District Council will continue its policy of using best practice procurement approaches and processes. This will assist in the delivery of high quality services to support strategic priorities at good value for money. Long term sustainability will also be promoted, as will the public duties to promote equality of opportunity both within the Council's operations and through the impact of its buying decisions, using effective selection and management of its relationships with its partners and supply chain.

Delivering the Strategy

One of the key elements to the Government Efficiency Review (October 2010) is that Government has consistently failed to make the most of its scale, buying power and credit rating. In his key findings, Sir Philip Green makes the following recommendations:

- Centralised procurement should be mandated for common categories so that buying power can be leveraged and best practice achieved;
- Government needs to act as one organisation rather than a series of independent departments;
- There is a need for accurate spend and usage data;
- Demand and specifications should be managed down;
- When purchasing on behalf of Government, employees must apply the same principles as if the money were their own.

Another more recent report ('Growing Your Business' by Lord Young, 2013) has made recommendations to attempt to create a simpler and more consistent approach to Procurement across all public sector agencies. It is hoped that this will support small and medium sized enterprises (SME's) and voluntary organisations in gaining better and more direct access to contract opportunities. The recommendations from this report will form part of the [Public Contract Regulations 2015](#), which take effect from 26 February 2015.

Essex Procurement Hub

Since October 2006, the Council has been a member of the Essex Procurement Hub, along with Braintree, Castle Point, Colchester, Maldon and Rochford. The Hub is a group of procurement specialists who are employed by Braintree District Council to provide procurement expertise to the members that subscribe to the service. The Council will promote efficiency in its own processes and improve its impact in promoting change amongst partners and suppliers.

In 2013/14, EFDC's subscription fee for membership of the Hub was £52,863 – this cost was met entirely by rebates generated by usage of the Hub's frameworks, therefore no charge was paid for this extremely beneficial service (during the same period, savings in excess of £200,000 were made which enables more money to be put towards service improvement for the local community and keeping the District's Council Tax low).

Partnership and Collaboration

As outlined earlier, the Council Corporate Plan recognises that the Council cannot deliver its objectives in isolation and that there is a need to work with other organisations to help improve efficiency and outcomes using the expertise of others. This may include collaboration, partnering and/or the use of consortia arrangements.

One example of this would be the Procurement Alliance for Essex (PAE). The PAE offers a strategic advice service for Essex local authorities. Our strategy is to use the PAE to help identify joint procurement opportunities and best practice procedures across the County.

The Essex Procurement Hub provides both the expertise to assist with individual member's procurement projects and the opportunity for collaboration in areas of mutual benefit. Before any framework contracts are let the requirements of all members are considered to ensure the widest possible relevance and greatest concentration of spending power. The Hub also provides advice on the use of framework contracts established by other purchasing consortia, such as those established by the Pro 5 group (ESPO, YPO, CBC & NEPO) or the [Crown Commercial Services](#).

Regulatory Framework

Procurement has to work within a number of controls including EU legislation, the Chartered Institute of Purchasing & Supply's Code of Ethics and internal governance requirements. In addition the Council has other policies which this strategy seeks to align with.

The key control over procurement activities is the Council's Contract Standing Orders as set out in the Constitution. These rules are set at levels to assist in achieving value for money and allow decision making at practical levels (summary provided at Appendix 1).

Our strategy is to ensure that our procurement rules remain relevant and ensure compliance with EU regulations. Failure to comply with EU regulations could result in contracts being ruled illegal and the Council being subject to significant fines. The Public Contract Regulations 2015 will also incorporate the 2014 EU Procurement Regulations into UK Law, and it is vital that EFDC remains up to date and compliant with these regulations.

Value for Money

A function of procurement is to achieve value for money. We will achieve this by:

- challenging the way things are done and the way services are provided
- by encouraging collaboration with other Essex Procurement Hub members and organisations such as the East of England Local Government Association (EELGA) to take advantage of increased purchasing power
- taking into account the potential impact of a sustainable approach and balancing price with quality (by using 'whole life costs' for example)

Sustainability

In support of the Climate Change Strategy and the Safer, Cleaner, Greener Strategy efforts will continue to reduce the Council's carbon footprint and environmental impact. The Council will use its procurement strategy to promote long-term sustainability in its own operations, reduce its carbon footprint through its own services and its supply chain, consistent with meeting value for money criteria.

There are a series of actions to support this approach:

- Educate, train and encourage internal procurers and commissioners to review their consumption of goods/services, reduce usage and adopt more environmentally friendly alternative products
- Consider the costs and benefits of environmentally preferable goods/services as alternatives
- Investigate the impact of the Council's expenditure on goods and services, via purchase spend analysis, to identify potential environmental impacts
- Investigate opportunities for the recycling and re-use of materials where appropriate
- Assess the environmental and corporate risks to the organisation with a commitment to continually improving sustainable performance related to the supply chain
- Work in partnership with other organisations, such as buying consortia to improve sustainable procurement
- Ensure that, where appropriate, suppliers' environmental credentials are, as far as legally practicable, considered in the supplier evaluation process and that environmental and equality and diversity criteria are used in the award of contracts
- Ensure that consideration is given to inclusion, within all specifications, of a facility for suppliers to submit offers for environmentally friendly alternatives
- Specify, wherever possible and practicable, the use of environmentally friendly goods
- Aim to provide goods and services at best value to the Council
- Address barriers to entry to encourage Small and Medium Sized Enterprises (SMEs), local suppliers and the voluntary sector to bid for the Council's business
- Educate our suppliers regarding the Council's environmental, sustainability and equality and diversity objectives
- Encourage and persuade suppliers to adopt environmentally friendly processes and supply environmentally friendly goods/services
- Work with key suppliers to make changes and thereby extend sustainability improvements throughout the supply chain
- Comply with all relevant environmental, health & safety, equality and diversity, disability, race relations, social responsibility and employment legislation

Forward Planning

Forward Planning, particularly of major expenditure, is essential to maximise the potential savings through efficient and effective procurement. Planning annual procurement activity in advance will enable officers to undertake procurement in a more structured manner, identify options and prepare properly.

Specifications should include measurable outputs or outcomes, performance standards or other appropriate measures by which the contract can be assessed.

To plan effectively it is essential to maintain and update where necessary a central Contract Register detailing all contracts in place and all future known procurements, both for renewal of existing period based contracts and for new future requirements.

Contract and Performance Management

Effective procurement is measured by the outcomes and not by the completion of the process. Contracts must be managed throughout their life to ensure that benefits identified in business cases are delivered. Regular review meetings with incumbent suppliers are crucial in ensuring that set Key Performance Indicators and Service Level Agreements are achieved and maintained.

The Council will expand the use of contract management and build on areas of current best practice. This will involve working closely with both the Essex Procurement Hub and the PAE.

Risk will be managed throughout the procurement cycle to ensure that risks are identified and managed by the most appropriate stakeholder. Risks will be added to service risk registers or the Corporate Risk Register where appropriate. All risks will be revisited at key milestones in the procurement process and throughout the life of the contract.

When suppliers and contractors handle information on behalf of Epping Forest District Council, then we will ensure where possible that equivalent processes are applied or seek to influence our supplier's and contractor's standards.

e-Procurement

e-Procurement is a tool to enable procurement activities, including sourcing, ordering, commissioning, receipting and making payments for the whole spectrum of an authority's activities. The prime objective is to e-enable the management of the supply chain that can be achieved by stand alone, shared or integrated software tools. Technology can be used to achieve efficiencies in the procure-to-pay cycle including reduction in cycle time and reduction in transaction costs. This will free resources that can be directed into front line services. The Council uses an electronic procurement system, the EGS Marketplace system, to place orders. An electronic supplier portal is linked to the Council's website to enable potential suppliers to register their interest in trading with the Council.

e-Invoicing

As well as using the EGS Marketplace to raise orders, the Council will also be implementing e-invoicing during 2015/16 in an attempt to create further efficiencies and reduce the costs of invoice processing across the authority. This is due to start in the Resources Directorate by June 2015 and be rolled out to the whole authority by March 2016.

ACTION PLAN

An annual action plan for procurement will be produced. This will set out the key work areas and provide a set of measurable targets for the coming year. Progress against those key work areas is monitored regularly in conjunction with the Essex Procurement Hub. The action plan for 2015/16 is attached at Appendix 2.

APPENDIX 1**THE PROCEDURAL RULES GOVERNING PROCUREMENT**

The Constitution provides guidance on the commissioning of goods and services and is managed through the Contract Standing Orders and Financial Regulations. Officers are required to adhere to these rules when purchasing on behalf of the Council.

Broadly the guidelines can be summarised as follows:

1. A buyer identifies the need to purchase goods/services.
2. Before any tender is conducted or order placed, a budget needs to be approved, following Financial Regulations.
3. Once a budget has been determined, current contracts and frameworks in place should be reviewed to determine whether a supplier is already available. If in any doubt the buyer should check with the Procurement Manager.
4. If yes, then the Marketplace Purchase Order Process is followed.
5. If no contract or framework is available then the buyer will need to follow the Contract Procedure Rules, gaining at least three quotes (spend less than £50,000 over the life of the contract or 4 year period), conducting a full tender process (spend £50,000 or more over the life of the contract or 4 year period) or conducting a full EU tender process (spend on Goods or Services over 4 years >£172,514 or Works >£4,322,012, at January 2014 values).

NOTE: *The Public Contract Regulations 2015 state that all contracts above £25,000 in value must be advertised on the Government's website, [Contracts Finder](#). This will represent a significant change from our current procedure, and Contract Standing Orders will be reviewed accordingly to ensure compliance with these regulations.*

6. All contract spend should be assessed on a lifetime value basis.
7. Once a contract or framework is in place, buyers should follow the Marketplace Purchase Order Process to secure the order and record the financial transactions correctly.

APPENDIX 2
ACTION PLAN 2015-2016

Action	Outcome	Lead Officer	Target Date
Continued maintenance of data on the corporate contracts register and Proposed Procurement Register.	Better planning and co-ordination of procurement activities.	Procurement Manager	Ongoing
Continue to hold Procurement Steering Group meetings.	To disseminate procurement policies and practices across the Council and achieve a more consistent and co-ordinated approach to procurement.	Director of Resources	Ongoing
Continue meetings for staff using the Marketplace ordering system (Marketplace User Group)	Improved staff satisfaction with the ordering system	Procurement Manager	Ongoing
Advertise and encourage staff to complete the Procurement e-learning module.	Greater compliance with Contract Standing Orders (CSO), Financial Regulations and EU/UK Procurement Regulations	Procurement Manager	June 2015
Review Contract Procedure Rules in the Constitution.	Updated Contract Procedure Rules in the Constitution. Publicised to staff within Council.	Director of Resources	March 2016
Review and update the Council's Procurement Toolkit on a regular basis.	Ensure a simple guide is available to assist members of staff who are undertaking varying procurement exercises.	Procurement Manager	September 2015
To encourage use of the Essex Procurement Hub where possible.	Ensuring best value is being obtained in the Council's procurement activities.	Director of Resources / Procurement Manager	Ongoing
To amend the Council's Contract Standing Orders to align with the changes brought about by the Public Contract Regulations 2015.	Contract Standing Orders are updated and ensure the Council's compliance with Public Contract Regulations 2015.	Director of Resources	September 2015
To successfully implement an e-invoicing process across the authority.	Improvement in Council's invoicing process, resulting in increased efficiencies and less time taken to pay suppliers.	Assistant Director (Accountancy) / Procurement Manager	March 2016

APPENDIX 3: Glossary of commonly used procurement terms and acronyms

Best Value: Often defined as ‘value for money’, Best Value is the optimum combination of whole life costs and quality to meet the customer’s requirement.

(Source: Draft Joint note on social issues in purchasing 2005)

Collaboration: In this context, public sector organisations that engage in a joint procurement for works, services or supplies with the intention of obtaining better value for money through economies of scale and reduced tendering costs.

Commissioning: Commissioning is a broad concept and there are many definitions, the following definition from the Audit Commission perhaps best captures the key elements of the commissioning tasks: “*Commissioning is the process of specifying, securing and monitoring services to meet people’s needs at a strategic level*”.

Competitive Tendering: Awarding contracts following a process of obtaining competing tenders.

Contract: A binding agreement between two or more parties that is enforceable in law.

Contract Management: The activities of a buyer before, during and after a contract period to ensure that all parties to the contract fulfil their contractual obligations. An important aspect of this is managing the relationships between all parties in the most effective way so as to ensure the contract meets the optimum combination of cost, time and quality.

(Source: Adapted from CIPS definition in the contracts management Knowledge Summary)

E-Procurement: is the ability to purchase/sell through electronic trading via the Internet.

Evaluation: A detailed assessment and comparison of offers made by the Council in accordance with published criteria of responses to a request for quotations or tenders.

Framework Agreement: A framework agreement is a general term for agreements with suppliers which set out terms and conditions under which specific purchases (call-offs) can be made throughout the term of the agreement.

Invitation to Tender (ITT): A formal document inviting an organisation to tender to provide services or, supply goods to or carry out works for the Council. It will include the instructions for submitting a tender, the specification for the requirement, the criteria against which the tender will be assessed, the proposed terms and conditions for the contract and, sometimes, a business questionnaire.

Key Performance Indicator (KPI): KPIs are placed against certain elements of a contract or SLA and indicate the items that are to be measured to see if the contractor has achieved the required contract standard.

MEAT: Most Economically Advantageous Tender.

Method Statement: A document used in the invitation to quote or to tender which sets out specific questions for the bidder to answer to explain to the Council how a service is to be delivered/works to be carried out. It will be evaluated and form a part of the contract.

Official Journal of the European Union (OJEU): The on-line publication in which notices advertising a Council tender that fall within the EU thresholds must be placed at the start and end of all the procurement.

Pre-Qualification Questionnaire (PQQ): A document asking the tenderer to provide information about his / her business and experience. Most commonly used in EU level procurements.

Procurement: Often used interchangeably with Purchasing. Procurement is the totality of acquisition starting from the identification of a requirement to the disposal of that requirement at the end of its life. It therefore includes pre-contract activities e.g. sourcing and post contract activities e.g. contract management, supplier relationship management activities. Procurement generally relates to goods, works and service(s) requirements.

Public Procurement Directives: The EU procurement Directives set out the legal framework for public procurement. They apply when public authorities and utilities seek to acquire goods, services, and works. They set out procedures which must be followed before awarding a contract when its value exceeds set thresholds.

Quotation: An offer by a supplier to supply goods or services or to carry out works requested either orally or in writing.

Regulations: The Public Contracts Regulations 2006 that implement the various EU Procurement Directives

Risk Management: Involves three key activities, risk analysis, risk assessment, and risk mitigation, all of which facilitate the taking of decisions and actions to control risk appropriately by providing a disciplined and objective approach.

(Source: www.cips.org Knowledge Summary on risk management)

SME: In this context Small and Medium Enterprises (businesses).

Specification/Statement of Requirements: A description of the requirements for the service or of the service to be provided.

Supplier Relationship Management: (SRM) is the discipline of strategically planning for, and managing all interactions with contractors that supply goods and/or services in order to increase the value of those interactions. In practice, SRM entails creating closer, more collaborative relationships with key suppliers in order to uncover new value and reduce risk.

Tender: The offer submitted by the tenderer in response to the Invitation to Tender.

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