Select Committee Agenda

SCRUTINY

Epping Forest District Council

Resources Select Committee
Monday, 10th October, 2016

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

Committee Room 1, Civic Offices, High Street, Epping
on **Monday, 10th October, 2016**
at **7.30 pm** .

Glen Chipp
Chief Executive

Democratic Services Officer	A Hendry, Directorate of Governance email: democraticservices@eppingforestdc.gov.uk Tel: 01992 564246

Members:

Councillors S Kane (Chairman), A Patel (Vice-Chairman), N Bedford, A Boyce, D Dorrell, R Gadsby, R Jennings, P Keska, A Mitchell, C Roberts, D Roberts, H Whitbread and J M Whitehouse

SUBSTITUTE NOMINATION DEADLINE:

6.30 pm

1. APOLOGIES FOR ABSENCE

2. SUBSTITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)

(Director of Governance) To report the appointment of any substitute members for the meeting.

3. NOTES OF PREVIOUS MEETING (Pages 5 - 14)

Minutes

To agree the notes of the meeting of the Select Committee held on 12 July 2016.

Matters Arising

To consider any maters arising from the minutes of the last meeting.

4. DECLARATIONS OF INTEREST

(Director of Governance). To declare interests in any items on the agenda.

In considering whether to declare a pecuniary or a non-pecuniary interest under the Code of Conduct, Overview & Scrutiny members are asked pay particular attention to paragraph 9 of the Code in addition to the more familiar requirements.

This requires the declaration of a non-pecuniary interest in any matter before an OS Committee which relates to a decision of or action by another Committee or Sub Committee of the Council, a Joint Committee or Joint Sub Committee in which the Council is involved and of which the Councillor is also a member.

Paragraph 9 does not refer to Cabinet decisions or attendance at an OS meeting purely for the purpose of answering questions or providing information on such a matter.

5. CORPORATE PLAN - KEY ACTION PLAN 2016/17 - QUARTER 1 PROGRESS (Pages 15 - 22)

(Director of Governance) to consider the attached report.

6. KEY PERFORMANCE INDICATORS 2016/17 - QUARTER 1 PERFORMANCE (Pages 23 - 38)

(Director of Governance) to consider the attached report.

7. QUARTERLY FINANCIAL MONITORING (Pages 39 - 62)

(Director of Resources) to consider the attached report.

8. MEDIUM TERM FINANCIAL STRATEGY & FINANCIAL ISSUES PAPER (Pages 63 - 78)

(Director of Resources) to consider the attached report.

9. TELEPHONE MONITORING STATISTICS (Pages 79 - 84)

(Director of Resources) to consider the attached report.

10. FEES AND CHARGES 2017/18

(Director of Resources) Report to follow.

11. REPORTS TO BE MADE TO THE NEXT MEETING OF THE OVERVIEW AND SCRUTINY COMMITTEE

To consider which reports are ready to be submitted to the Overview and Scrutiny Committee at its next meeting.

12. FUTURE MEETINGS

To note the scheduled future meetings. They are:

06th December;
07th February 2017; and
28th March.

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EPPING FOREST DISTRICT COUNCIL
NOTES OF A MEETING OF RESOURCES SELECT COMMITTEE
HELD ON TUESDAY, 12 JULY 2016
IN COMMITTEE ROOM 1, CIVIC OFFICES, HIGH STREET, EPPING
AT 7.30 - 8.35 PM

Members Present:	S Kane (Chairman), N Bedford, G Chambers, D Dorrell, P Keska, C Roberts, D Roberts, M Sartin and B Surtees
Other members present:	A Lion and G Mohindra
Apologies for Absence:	A Patel, A Boyce, R Jennings, A Mitchell, H Whitbread and J M Whitehouse
Officers Present	R Palmer (Director of Resources), D Newton (Assistant Director (ICT and Facilities Management)), W Stump (HR Manager), J Bell (Senior Account) and A Hendry (Senior Democratic Services Officer)

1. SUBSTITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)

It was noted that Councillor B Surtees was substituting for Councillor Jon Whitehouse; Councillor G Chambers was substituting for Councillor T Boyce; and Councillor M Sartin was substituting for Councillor A Patel.

2. NOTES OF THE LAST MEETING

Minutes

The notes of the meeting held on 12 April 2016 were agreed as a correct record.

Matters Arising

(1) Councillor Bedford wondered if the minutes could be sent out electronically and also agreed electronically. The Senior Democratic Services Officer said that he could not see any problem with their electronic distribution but it may not be possible or legal to have them agreed electronically. He would investigate and get back to the meeting.

(2) Councillor Kane wondered if any of the items minuted could be followed up at the next meeting. It was decided that a 'Matters Arising' could be added to the notes of the last meeting section in the agenda to cover any updating of the items minuted.

3. DECLARATIONS OF INTEREST

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

4. TERMS OF REFERENCE AND WORK PROGRAMME

The meeting received an updated work programme and a list of the cost codes by directorates, which covered all the responsibilities for each directorate. They noted that there was now a co-ordinating group set up consisting of the Chairmen and Vice Chairmen of the Overview and Scrutiny Committee and the four Select Committees that were working on co-ordinating the work programmes of the various scrutiny committees.

The Director of Resources went through the various responsibilities of the Resources Directorate and the various lead officers and their responsibilities. The tabled work programme had added in three more items as identified by the co-ordinating group at their recent meeting. They were: a review of risk management arrangements; a review of Section 106 monies and monitoring thereof; and the cost of member and corporate activities. These would be considered later in the year.

Councillor Dorrell commented that the Governance Select Committee was also looking at Section 106 work, would this be different or just a repeat of that work. The Senior Democratic Services Officer agreed to find out.

**Subsequent to the meeting the Senior Democratic Services Officer found out that the Governance Select Committee had received a S106 monitoring report at their October 2015 meeting, but had decided that this would be more appropriate for the District Development Management Committee to look at and not them. This monitoring report would now go to the DDMC on an annual basis. The Governance Select Committee did not have this on their work programme anymore.*

RESOLVED:

That the Terms of Reference and updated Work Programme were agreed by the Committee.

5. CORPORATE PLAN KEY ACTION PLAN - 2015/16 - Q4 OUTTURN POSITION

The Director of Resources introduced the report on the Corporate Plan Key Action Plan 2015/16, the quarter 4 outturn position for that year. They noted that the Corporate Plan was the Council's key strategic planning document, setting out its priorities over the five-year period from 2015/16 to 2019/20. The priorities or Corporate Aims were supported by Key Objectives, which provided a clear statement of the Council's overall intentions for these five years.

The Key Objectives were delivered by an annual action plan, with each year building upon the progress against the achievement of the Key Objectives from previous years. The annual action plans contained a range of actions designed to achieve specific outcomes and were working documents, therefore subject to change and development to ensure the actions remained relevant and appropriate, and to identify opportunities to secure further progress or improvement.

In May 2016 Management Board agreed that scrutiny could be enhanced by consideration by the Select Committees on a quarterly basis.

There were 55 actions in the Key Action Plan 2015/16. At the end of the year:

- 36 (65%) of these actions had been achieved; and
- 19 (35%) of these actions had not been achieved.

13 actions fell within the areas of responsibility of the Resources Select Committee. At the end of the year:

- 11 (85%) of these actions have been achieved; and
- 2 (15%) of these actions have not been achieved.

The Committee considered the two actions that had not been achieved and were behind schedule. They were:

Item 5 - *Explore providing payroll services to other authorities* – this was currently behind scheduled. It was noted that because of unavoidable delays by another Essex authority we had to go through the tender process again. We were now back on track and were investigating other commercial opportunities by selling our services to other authorities.

Item 8 - *Complete a review of accommodation and make recommendations on utilisation of space and flexible methods of working* – Price Waterhouse Cooper had now been contracted to review our accommodation. This will take about six or seven weeks to complete. A report will then be going to the October 2016 cabinet meeting.

RESOLVED:

That the current position of the Corporate Plan key Action Plan for 2015/16 in relation to this Select Committee's area of responsibility was noted.

6. SICKNESS ABSENCES Q3 AND Q4 - 2015/16

The HR Manager, Wendy Stump, introduced the outturn report for the Council's sickness absence figures for quarter 3 and 4 of 2015/16.

The Council's target for sickness absences under KPI10 for 2015/16 was an average of 7 days per employee. The outturn figure for 2015/16 was an average of 7.99 days per employee. This was an improvement of 1.21 days compared to 2014/15.

During Q3, 3.7% of employees met the trigger levels or above, 27.9% had sickness absence but did not meet the triggers and 68.4% had no absence. During Q4, 4% of employees met the trigger levels or above, 35% had sickness absence but did not meet the trigger levels and 61% had no absence.

Currently, under the Council's Managing Absence Policy there were trigger levels for initiating management action in cases of excessive sickness absence. These were:

(i) during any 'rolling' twelve-month period an employee has had 5 or more separate occasions of absence; or
(ii) during any 'rolling' twelve-month period an employee has had at least 8 working days of any combination of un/self-certificated, or medically certificated absences.

The average number of days taken as sickness absence across all sectors was 8.3 days. In public services the figure was 9.3 days and 7.4 days in the private sector. In local government the figure was an average of 8 days. Last year the Council's outturn figure was 9.2 days. The Council's outturn figure of 7.99 days was now just below the local government average and 0.5 above the private sector.

Councillor Kane noted that the previous high levels of sickness was due to high levels of stress, was this improving? Ms Stump said there were currently two long term cases, one of them had returned to work and the other had left the job.

The Director of Resources added that the overall position had improved significantly over the year. Figures were now split into work related stress and non-work related stress. The council had put a training programme in place to provide workshops for managers on mental health issues and over the last year there had been a decrease of 29% in the number of days lost due to mental health issues compared to the year before.

Councillor Sartin asked if rates of sickness were related to age; as employees got older were there any related sickness tends. Ms Stump said that she could not tell at present but could research it and bring back the information. The Chairman agreed that the Committee would like to see any data around this.

Councillor Chambers noted that statistically older people took less sick leave. He also noted that the stress levels went up previously when the Council was going through restructuring at that time.

Councillor Bedford asked if return to work assessments and stress risk assessments were made when an officer returned to work, Ms Stump said that they were.

RESOLVED:

That the Committee noted the report on Sickness absences for 2015/16.

7. ENERGY SAVINGS AND IMPROVED MANAGEMENT PROCESS - UPDATE

The Committee noted the report updating them on the energy savings and improved management processes. They noted that the Council's energy consultants, Smith Bellerby (SB), were now dealing with all aspects of the energy billing and monitoring process on behalf of EFDC. Officers were extremely happy with the services provided. Since the start of the contract in May 2015, savings of £31,000 had been made, mainly by identifying both major billing errors and by transferring supplies on high rate tariffs to preferential low rate tariffs on the Crown Commercial Services (CCS) Frameworks.

SB had produced an accurate, consolidated database of all gas and electricity suppliers and currently EFDC were responsible for 477 electricity supplies and 45 gas supplies.

Monitoring of all energy bills had identified frequent large billing errors from suppliers. Last financial year SB had dealt with 52 major queries on our behalf. These queries were often complex and extremely time consuming.

SB had processed 6337 invoices over the last financial year and 1470 invoices so far this current financial year. These were sent electronically to EFDC and were imported and processed directly into the EFDC finance system. This was a huge staff resources saving as the time consuming processing and manual coding elements were no longer required.

It was noted that the majority of one-off savings had now been identified but that the staff resourcing savings would more than cover the SB annual charge. The charge for the financial year 2017/18 would be reduced to £22,587.

Officers were very pleased with how SB was performing and they now knew how many suppliers we had and the amount of money we spent on energy. This also allowed us to accurately report to the Department of Energy and Climate Change on greenhouse gasses and be fully compliant with the legislation.

Councillor Kane asked if the £31,000 savings was in labour and staff. He was told that in real terms in meant a saving in staff time which was in excess of one full time post.

Councillor Surtees noted that at present the council was in a state of flux, was there a long term plan to take this in house or establish a long term contract. He was told that the long term plans depended on the current transitional arrangements; and yes it may go in house.

RESOLVED:

(1) That the progress made by energy consultants, Smith Bellerby with energy savings and data consolidation be noted; and

(2) That the Committee recommend to the Portfolio Holder that Smith Bellerby be retained for an additional year (2017/18).

8. KEY PERFORMANCE INDICATORS 2015/16 - Q4 (OUTTURN) PERFORMANCE

The Select Committee noted that a range of thirty-six Key Performance Indicators (KPIs) for 2015/16 was adopted by the Finance and Performance Management Cabinet Committee in March 2015. The KPIs were important to the improvement of the Council's services, and comprise a combination of some former statutory indicators and locally determined performance measures. The aim of the KPIs was to direct improvement effort towards services and the national priorities and local challenges arising from the social, economic and environmental context of the district.

The overall position for all 36 KPIs at the end of the year was as follows:

(a) 27 (75%) indicators achieved target;
(b) 9 (25%) indicators did not achieve target; although
(c) 1 (3 %) of these KPIs performed within its tolerated amber margin.

Nine of the Key Performance Indicators fell within the Resources Select Committee's areas of responsibility. The overall position with regard to the achievement of target performance at the end of the year for these indicators, was as follows:

(a) 8 (89%) indicators achieved target;
(b) 1 (11%) indicator did not achieve target.

The one indicator that was in the red was RES001 Sickness Absence, that had been discussed in a previous agenda item.

Councillor Sartin said she was pleased to see that the Resources Directorate was in such good shape in regards to meeting their KPI targets.

RESOLVED:

That the Select Committee noted the performance of the Key Performance Indicators for its area of responsibility for 2015/16.

9. PROVISIONAL CAPITAL OUTTURN 2015/16

The Senior Accountant, John Bell took the Committee through the report on the provisional capital outturn for 2015/16, in terms of expenditure and financing compared with the revised estimates.

The Committee noted that:

- The Council's total investment on capital schemes and capital funded schemes in 2015/16 was £37,298,000 compared to a revised estimate of £49,917,000, representing an underspend of 25%;
- Within the Resources Directorate, there were two large underspends of £306,000 and £151,000 on the planned maintenance programme and the upgrade of the industrial units at Oakwood Hill respectively;
- Of the 27 projects scheduled to be undertaken within the Council's planned maintenance programme, 14 were fully completed or nearly completed at a cost of £856,000. However, delays had been experienced on the remaining 10 schemes, most of which related to the civic offices at Epping;
- It was recommended that the full £306,000 underspend was carried forward for these 10 projects;
- The Information and Communication Technology (ICT) Programme progressed very well and 15 schemes were completed successfully in 2015/16. Capital expenditure totalled £311,000, compared to a revised budget of £315,000;
- Progress on the new Shopping Park at Langston Road has been delayed, partly due to the need to re-tender the contract for the main construction works, and partly due to hold ups on the Section 278 highways work as a result of some very restrictive traffic management constraints imposed by Essex County Council after the tenders were submitted. Approval was sought to carry forward £2,076,000 to 2016/17 to continue the project;
- Although the construction of the new depot at Oakwood Hill had progressed well since it started last September, some slippage had been experienced on this scheme. A carry forward of £503,000 was therefore recommended to complete the scheme early in 2016/17;
- The major investment within the Communities Directorate had been the extension and refurbishment of the Council's museum. Practical completion of the building works was achieved in December 2015 and the new facility was opened to the public in March 2016. The cost of the project was higher than originally estimated and the budget had been increased to allow for this. It was considered prudent to carry forward the underspend of £20,000 to 2016/17;
- The approved HRA capital budget for 2015/16 was increased compared to previous years to provide for the Council's housebuilding programme. A revised budget of £17,349,000 was approved but expenditure during the year totalled £13,811,000, representing an underspend of £3,538,000 or 20%;
- A large underspend of £1,123,000 was on kitchen and bathroom replacements. This was primarily due to much lower numbers of replacements being undertaken on void properties. This was because kitchens and bathrooms were only replaced if deemed necessary and, as many void properties had already had replacements under the planned programme, works on voids had reduced;
- The second largest underspend was experienced on the new house building

and conversions program. The Marden Close and Faversham Hall conversions were completed in November 2015 and all flats had been let. However, construction work had been delayed due to difficulties with the main contractor at the 4 sites within phase 1 of the new housebuilding programme and a carry forward of the full £1,069,000 underspend was sought to complete works at these sites;

- With regard to the Capital Loans provided to third parties by the Council, these were more or less on target. The loan to the Council's waste management operator went ahead as planned and a monthly repayment schedule has been agreed; and
- Although the total value of loans made to individuals to improve private housing stock was lower than anticipated, demand increased in 2015/16 to £119,000 compared to £65,000 the previous year. Given the upward trend, it was recommended that the £41,000 underspend was carried forward to 2016/17.

Councillor Sartin asked if the bathrooms and kitchens were not to be replaced, was that because they had been replaced by previous tenants? Mr Bell replied that as people moved out their property was updated, we were now seeing more properties that had good bathrooms and kitchens.

Councillor Bedford asked if we could claim against the County Council for the delay they caused. He was told that we could not. We have tried to engage with them and get some feedback. They did promise to engage with our contractors before a tender was issued but this did not happen. Finally they came to us and upped the specifications and put in restrictions on the hours of working so as to cause less disruption on the site. Also, where there were highways works scheduled, the County Council should part-fund them but they now maintain that they have no plans to repair the roads around this area. It should be noted that Chelmsford had also encountered problems dealing with the County Council highways service.

Councillor Bedford asked if a joint letter with Chelmsford could be sent to the leader of Essex CC expressing our disappointment with the problems we were encountering with Essex Highways. The Director of Resources said he would put this suggestion to his Neighbourhood Directorate colleagues who deal with this scheme.

Councillor Kane asked about the contract for the housebuilding project; would that start by the end of July? He was told that the new contract had not been let as yet – Housing have put this to another contractor and are currently having discussions with them.

RESOLVED:

That the Select Committee noted and agreed the recommendations of the provisional Capital Outturn (2015/16) report.

10. PROVISIONAL REVENUE OUTTURN 2015/16

The Senior Accountant, John Bell introduced the provisional Revenue Outturn Report for 2015/16. The report provided an overall summary of the revenue outturn for the financial year 2015/16. The General Fund saw £347,000 more than estimated being used from the opening balance, which was more than outweighed by the use of the District Development Fund being £1.1 million less than estimated. Overall the total net expenditure on the General Fund was £16.1 million, some £669,000 lower than the revised estimate.

Similarly, the position on the Housing Revenue Account was £716,000 better than anticipated.

It was noted that:

- Net expenditure (CSB) for 2015/16 totalled £16.204 million, which was £2,856,000 (21.5%) above the original estimate and £435,000 (3%) above the revised;
- It was felt sensible to use some of the balance as in recent years there has been Central Government criticism of Local Authorities holding “excessive” reserves;
- The in year deficit on the business rates collection fund was again relatively small and the main factor creating this was the provision to cover future rating appeals that had to be made;
- The Councils portion of the Business Rates collection fund deficit at the end of March 2016 was some £606,000 which will need to be paid back over the next two years, thus adversely affecting the future funding available to the General fund;
- However the Council Tax collection fund shows a surplus of £310,000 which would be paid into the General Fund in future years. The combined net position was approximately £27,000 worse than was anticipated in the Medium Term Financial Strategy adopted by Council in February 2016 and so was not a cause for concern;
- CSB expenditure was £283,000 below the original estimate and £407,000 higher than the revised;
- When measured against the Original Budget, salaries were underspent by £465,000. Actual salary spending for the authority in total, including agency costs, was some £20.802 million compared against an original estimate of £21.267 million;
- There was an additional amount of £215,000 added to the General Fund Bad & Doubtful debts provision as a number of uncollectable debts were written off and Housing Benefit Overpayment debts outstanding at the year end have increased significantly from £2,382,000 to £2,723,000;
- Net DDF expenditure was expected to be £1,129,000 in the original estimate and £949,000 in the revised estimate. In the event the DDF showed net income of £143,000. This was £1,272,000 below the original and £1,092,000 below the revised;
- As spending was £1,092,000 below the revised estimate but carry forwards of £775,000 had been requested, a net underspend of £317,000 was shown;
- Now several transformation projects were underway it was apparent that to progress them small amounts of expenditure were required that could not be repeatedly found from existing resources. To allow these projects to proceed quickly but with appropriate oversight, it was proposed that a DDF budget was established under the control of Management Board, subject to consultation with the Leader;
- The Invest to Save Reserve was created at the end of 2014/15 with a £500,000 transfer from the General Fund balance. Expenditure was estimated at £87,000 the actual being £75,000. The underspend related to investigating the withdrawal from the NEPP contract;
- A Surplus within the HRA of £60,000 and deficit of £83,000 was expected within its original and revised revenue budgets respectively, the actual outturn was a surplus of £633,000; and

- The current financial year was likely to be more difficult for the HRA with the 1% rent reduction coming in and the potential effects of the forced sale of high value voids, the detail of which has yet to be decided, so the better outturn position than expected for the HRA was helpful when viewed in that context.

Councillor Bedford noted the £215,000 added to the General Fund Bad & Doubtful debts provision; did we employ a debt recovery service? Mr Bell said that they were claiming some of the money back but it was a slow process. Mr Palmer added that it could be deducted from benefits paid and/or earnings. If the debtors moved on then we would use an agency to track them.

RESOLVED:

(1) That the provisional 2015/16 revenue outturn for the General Fund and the Housing Revenue Account (HRA) be noted; and

(2) That the Committee noted and agreed the comments made by the Finance and Performance Management Cabinet Committee to Cabinet, namely:

a. That the additional unbudgeted income of £254,000 from the agreement with the major preceptors be used to create a District Development Fund budget of £100,000 for transformational projects and to top up the Invest to Save Fund;

b. That projects will only be funded from the transformation budget following approval by Management Board and consultation with the Leader; and

c. That as detailed in Appendix E of the report, the carry forward of £775,000 District Development Fund and £12,000 Invest to Save Reserve expenditure be noted.

11. REPORTS TO BE MADE TO THE NEXT MEETING OF THE OVERVIEW AND SCRUTINY COMMITTEE

The Committee noted that a general update would be going to the next O&S Committee.

12. FUTURE MEETINGS

The Committee noted the scheduled future dates for these meetings.

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SCRUTINY

Epping Forest District Council

Report to: Resources Select Committee

Date of meeting: 10 October 2016

Portfolio: Leader (Councillor C. Whitbread)

Subject: Corporate Plan Key Action Plan 2016/17 – Quarter 1 progress

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

Democratic Services Officer: Adrian Hendry (01992 564246)

Recommendations/Decisions Required:

(1) That the Committee review the first quarter (Q1) progress of the Corporate Plan Key Action Plan for 2016/17 in relation to its areas of responsibility; and

(2) That the Committee identifies any actions arising from the Corporate Plan Key Action Plan for 2016/17 Q1 within its areas of responsibility, which require in-depth scrutiny or further report on current progress.

Executive Summary:

The Corporate Plan is the Council's key strategic planning document, setting out its priorities over the five-year period from 2015/16 to 2019/20. The priorities or Corporate Aims are supported by Key Objectives, which provide a clear statement of the Council's overall intentions for these five years.

The Key Objectives are delivered by an annual action plan, with each year building upon the progress against the achievement of the Key Objectives for previous years. The annual action plans contain a range of actions designed to achieve specific outcomes and are working documents are therefore subject to change and development to ensure the actions remain relevant and appropriate, and to identify opportunities to secure further progress or improvement.

The Corporate Plan Key Action Plan for 2016/17 was agreed by the Cabinet in March 2016. Progress in relation to all actions and deliverables is reviewed by the Cabinet, the Overview and Scrutiny Committee, and the appropriate Select Committee, on a quarterly basis.

Reasons for Proposed Decision:

It is important that relevant performance management processes are in place to review progress 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.

Some actions have cross directorate responsibility. Where this is the case the most appropriate Select Committee is requested to consider the action. This report presents progress against the Key Action Plan for 2016/17 for actions most appropriately considered by the Resources Select Committee.

Other Options for Action:

Actions with cross directorate responsibility could be considered by an alternative Select Committees, or not considered by the Select Committees.

Report:

1. The Corporate Plan 2015-2020 is the Council's highest level strategic document. It sets the strategic direction for the authority for the five year lifetime of the Plan. It focuses on a number of key areas that the Council needs to focus on during that time and helps to prioritise resources to provide quality services and value for money. These key areas are known as the Corporate Aims and are supported by a set of Key Objectives which represent the Council's high-level initiatives and over-arching goals to achieve the Corporate Aims. The Key Objectives are in turn, delivered via an annual Key Action Plan.

2. The Key Action Plan 2016/17 is populated with actions or deliverables designed to secure progress against each of the Key Objectives during 2016/17. During the subsequent years in the lifetime of the Key Objectives, annual action plans will be developed which build on progress achieved during preceding years.

3. The annual action plans are working documents are subject to change and development to ensure that the actions remain relevant and appropriate, and to identify opportunities to secure further progress or improvement. The Leader of Council, in consultation with the Chief Executive, is authorised to agree any further changes to Key Action Plans, following their approval by the Council.

4. Progress against the Key Action Plan is reviewed on a quarterly basis to ensure the timely identification and implementation of appropriate further initiatives or corrective action where necessary. Quarter 1 progress against the individual actions of the 2016/17 Key Action Plan, is as below: In reporting progress, the following 'status' indicators have been applied to the to individual actions:

Achieved (Green) - specific deliverables or actions have been completed or achieved in accordance with in-year targets;
On-Target (Green) - specific deliverables or actions will be completed or achieved in accordance with in-year targets;
Under Control (Amber) - specific deliverables or actions have not been completed or achieved in accordance with in-year targets, but completion/achievement will be secured by a revised target date (specified) or by year-end;
Behind Schedule (Red) - specific deliverables or actions have not been completed or achieved in accordance with in-year targets and completion/achievement may not be secured by year-end; and
Pending (Grey) - specific deliverables or actions cannot currently be fully completed or achieved, as they rely on the prior completion of other actions or are dependent on external factors outside the Council's control.

5. There are 50 actions in total for which progress updates for Q1 are as follows:

- 32 (64%) of these actions have been 'Achieved' or are 'On Target'
- 7 (14%) of these actions are 'Under Control'
- 2 (4%) are 'Behind Schedule'
- 9 (18%) are 'Pending'

13 actions fall within the areas of responsibility of the Resources Select Committee. At the end of Q1:

- 10 (77%) of these actions have been ‘Achieved’ or are ‘On-Target’
- 0 (0%) of these actions are ‘Under Control’
- 3 (23%) of these actions are ‘Pending’
- 0 (0%) of these actions are ‘Behind Schedule’

6. The Committee is requested to review the Q1 progress against Key Action Plan for 2016/17 as set out in Appendix 1 of this report, and identify any actions that require more in-depth scrutiny or further progress reports.

7. This report was also considered by the Cabinet on 6 October 2016 and will be considered by the Overview and Scrutiny Committee on 25th October 2016.

Resource Implications: None for this report.

Legal and Governance Implications: None for this report. Performance monitoring contributes to the delivery of value for money.

Safer, Cleaner, Greener Implications: None for this report.

Consultation Undertaken: The performance information set out in this report has been submitted by each responsible service director.

Background Papers: Relevant documentation is held by responsible service directors.

Impact Assessments:

Risk Management: None for this report.

Equality: None for this report.

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Aim (i) To ensure that the Council has appropriate resources, on an ongoing basis, to fund its statutory duties and appropriate discretionary services whilst continuing to keep Council Tax low.

Key Objective (i)(a) To ensure that the Council's Medium Term Financial Strategy plans to meet the Council's financial and service requirements for any forward five year period, whilst minimising any reliance on Government funding.

Action	Lead Directorates	Target Date	Status		Progress
1) Deliver identified savings	Management Board	31-Mar-17		On Target	Q1 (2016/17) Printer Migration Project is being implemented. Transformation work-stream is reviewing further opportunities. Reports due in the autumn.
2) Progress preparations for delivering savings for 2016/17	Management Board	31-Mar-17		On Target	Q1 (2016/17) Not yet due - will be progressed as part of the 2017/18 budget process.
3) Develop additional business cases	Management Board	30-Sep-16		On Target	Q1 (2016/17) Printer Migration Project is being implemented. Transformation work-stream is reviewing further opportunities. Reports due in the autumn.
4) Presentation of the Financial Issues Paper and MTFS update	Resources	31-Jul-16		On Target	Q1 (2016/17) The Financial Issues Paper will be presented to the Finance & Performance Management Cabinet Committee on 14 July.

KEY ACTION PLAN 2016/2017 Q1

Key Objective (i)(c) To explore appropriate opportunities to make savings and increase income through the shared delivery of services with other organisations, where such arrangements would provide improved and/or more cost effective outcomes.

Action	Lead Directorates	Target Date		Status	Progress
8) Explore the possible expansion of the insurance service provided to Uttlesford. District Council.	Resources	30-Sep-16		Achieved	(Q1 2016/17) - The possibility of expanding the insurance service has been explored with both Uttlesford and other Essex districts but unfortunately all those contacted are not interested in changing their arrangements at this time.
9) Implement an integrated HR/Payroll IT system jointly with at least one other authority.	Resources	31-Mar-17		On Target	(Q1 2016/17) - Implementation underway with Braintree & Colchester councils, with these sites going live first. The target for Epping to go live with the new system is December 2016.
10) Evaluate possibility of shared service as part of Debt Working Party.	Resources	30-Sep-16		Pending	(Q1 2016/17) - The Working Party continues to meet and reports back to Management Board on potential improvements and alterations to the processes of debt recovery.
11) Provide HR/payroll services to at least one other authority	Resources	31-Mar-17		Pending	(Q1 2016/17) - The primary focus is currently the implementation of the new system - see item 9 above.
12) Evaluate possibility of shared service as part of Scanning Working Party	Resources	30-Sep-16		On Target	(Q1 2016/17) - The Working Party has been established with a project charter and meetings have taken place as part of the discovery phase.
13) Identify additional Council services that may benefit from a shared provision with other organisations	Management Board	31-Mar-17		On Target	(Q1 2016/17) Good progress made with audit. Opportunities being discussed with West Essex Chief Executives.

Aim (ii) To ensure that the Council has a sound and approved Local Plan and commences its subsequent delivery

Key Objective (ii)(b) To increase opportunities for sustainable economic development within the District, in order to increase local employment opportunities for residents.

Action	Lead Directorates	Target Date		Status	Progress
1) Continue with the Council's apprenticeship scheme for the district's young people, providing sustainable employment opportunities.	Resources	30-Sep-16		On Target	(Q1 2016/17) The cohort recruited in 2015 continues to make good progress with their apprenticeships. A full intake will occur again in 2017. For 2016 the focus is on the recruitment of a new graduate trainee.

Aim (iii) To ensure that the Council adopts a modern approach to the delivery of its services and that they are efficient, effective and fit for purpose.

Key Objective (iii)(b) To utilise modern technology to enable Council officers and members to work more effectively, in order to provide enhanced services to customers and make Council services and information easier to access.

Action	Lead Directorates	Target Date		Status	Progress
4) Continue the implementation of the Council's ICT Strategy, with the completion of the following key projects	Resources	31-Mar-17		On Target	(Q1 2016/17) Implementation continues and is on target. An update report was presented to the Resources Select Committee in April.
5) Free up computer suite 1 for re-use as office accommodation.	Resources	31-Mar-17		Pending	(Q1 2016/17) On hold pending the accommodation review and is awaiting works to fully decommission.

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Report to: Resources Select Committee

SCRUTINY

Epping Forest District Council

Date of meeting: 10 October 2016

Portfolio: Finance (Councilor G. Mohindra)

Subject: Key Performance Indicators 2016/17 - Quarter 1 Performance

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

Democratic Services Officer: Adrian Hendry (01992 564246)

Recommendations/Decisions Required:

(1) That the Select Committee reviews Q1 performance in relation to the key performance indicators within its areas of responsibility.

Executive Summary:

The Local Government Act 1999 requires that the Council 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 services and key objectives, are adopted each year by the Finance and Performance Management Cabinet Committee. Performance against the KPIs is monitored on a quarterly basis by Management Board and overview and scrutiny to drive improvement in performance and ensure corrective action is taken where necessary.

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. It is important that relevant performance management processes are in place to review and monitor performance against the key performance indicators 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 monitor and review KPI performance and to consider corrective action where necessary could have negative implications for judgements made about the Council's progress, and might mean that opportunities for improvement are lost.

Report:

1. A range of thirty-seven (37) Key Performance Indicators (KPIs) for 2016/17 was adopted by the Finance and Performance Management Cabinet Committee in March 2016. The KPIs are important to the improvement of the Council's services and the achievement of its key objectives, and comprise a combination of some 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. Progress in respect of each of the KPIs is reviewed by the relevant Portfolio Holder, Management Board, and overview and scrutiny at the conclusion of each quarter. This report provides an overview of all KPIs and includes in detail those indicators which fall within the areas of responsibility of the Resources Select Committee

3. A headline end of Q1 performance summary in respect of the KPIs falling within the Resources Select Committee's areas of responsibility for 2016/17, together with a detailed performance report for each of these indicators, is attached at Appendix 1 to this report. Attached at Appendix 2 is the Improvement plans for RES006 (Benefits Changes) (days) which failed to reach target for the quarter.

Key Performance Indicators 2016/17 - Quarter 1 Performance

4. The overall position for **all** thirty-seven (37) KPIs at the end of the Quarter 1, was as follows:

(a) 25 (68%) indicators achieved target;
(b) 12 (32%) indicators did not achieve target, although
(c) 3 (8%) of these indicators performed within the agreed tolerance for the indicator.
(d) 28 (76%) of indicators are currently anticipated to achieve year-end target and a further 2 (5%) are uncertain whether they will achieve year-end target.

5. **Resources Select Committee indicators** – nine (9) of the Key Performance Indicators fall within the Resources Select Committee's areas of responsibility. The overall position with regard to the achievement of target performance at Q1 for these nine (9) indicators, was as follows:

(a) 8 (89%) indicators achieved target;
(b) 1 (11%) indicator did not achieve target, however this indicator performed within the agreed tolerance for the indicator
(d) 8 (89%) of indicators are currently anticipated to achieve year-end target.

6. The 'amber' performance status used in the KPI report identifies indicators that have missed the agreed target for the quarter, but where performance is within an agreed tolerance or range. The KPI tolerances were agreed by Management Board when targets for the KPIs were set in February 2016.

7. The Select Committee is requested to review Q1 performance for the KPIs within its areas of responsibility. The full set of KPIs was also considered by Management Board on 3 August 2016 and the Finance and Performance Management Cabinet Committee on 15 September 2016.

Resource Implications: none for this report

Legal and Governance Implications: none for this report; however performance management of key activities is important to the achievement of value for money.

Safer, Cleaner, Greener Implications: none for this report

Consultation Undertaken: Relevant Select Committees and the Finance and Performance

Management Cabinet Committee.

Background Papers: KPI submissions are held by the Performance Improvement Unit.

Impact Assessments:
***Risk Management*:** none for this report
Equality: none for this report.

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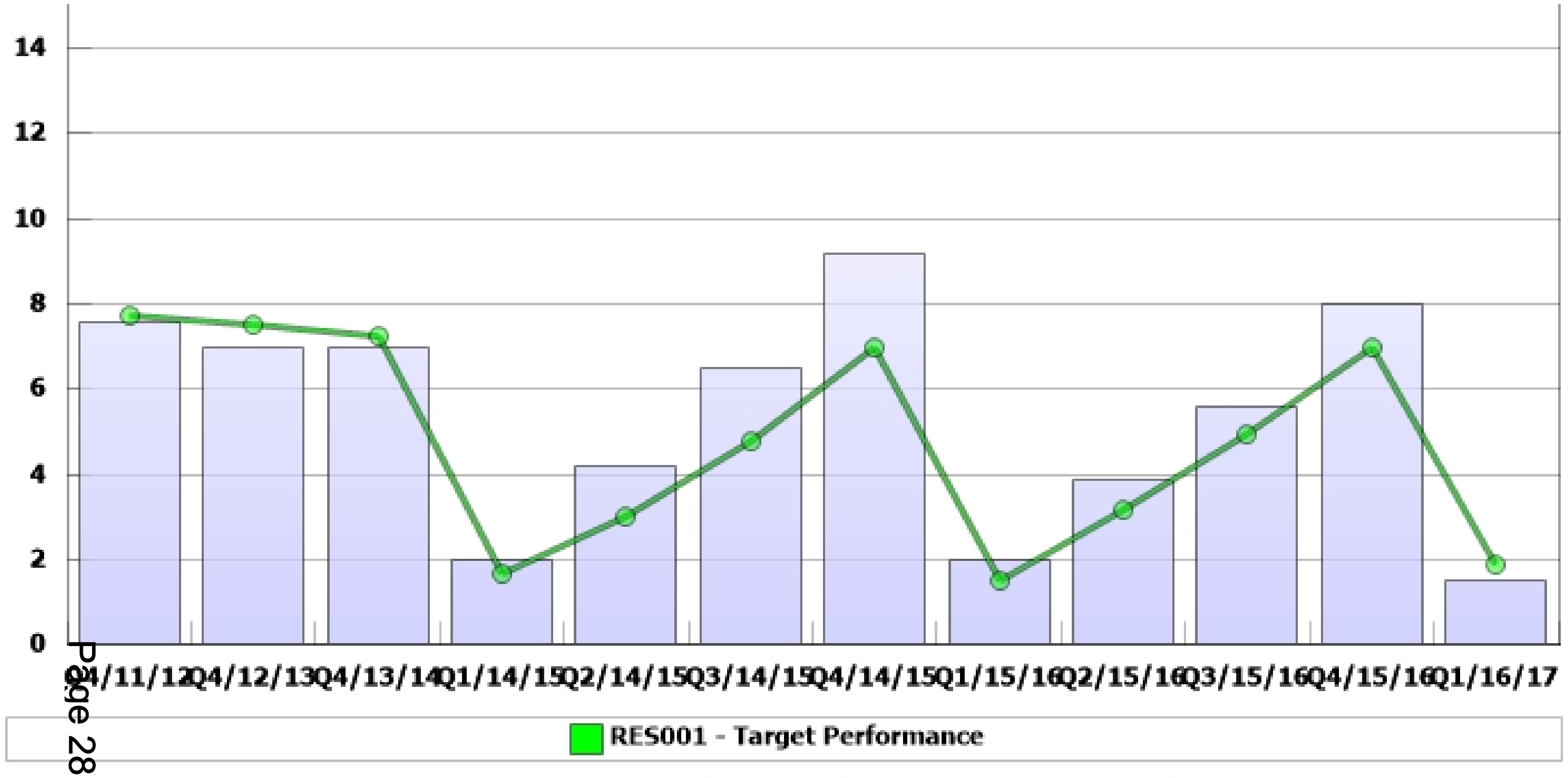
Quarterly Indicators		Quarter 1		Quarter 2		Quarter 3		Quarter 4		Is year-end target likely to be achieved?
		Tgt	Actual	Tgt	Actual	Tgt	Actual	Tgt	Actual	
Resouces Quarterly KPIs										
RES001	(Sickness absence) (days)	1.90	1.50	3.64		5.24		7.50		No
RES002	(Invoice payments) (%)	97%	98%	97%		97%		97%		Yes
RES003	(Council Tax collection) (%)	27.27%	27.61%	51.99%		77.09%		97.00%		Yes
RES004	(NNDR Collection) (%)	28.48%	28.83%	53.46%		78.67%		97.70%		Yes
RES005	(New benefit claims) (days)	22.00	21.28	22.00		22.00		22.00		Yes
RES006	(Benefits changes) (days)	6.00	6.91	6.00		6.00		6.00		Yes
RES009	(Website Availability) (%)	99.60%	99.82%	99.60%		99.60%		99.60%		Yes
RES010	(Website Broken Links) (%)	95.00%	99.89%	95.00%		95.00%		95.00%		Yes
RES011	(Website Navigation) (%)	79.90%	80.51%	79.90%		79.90%		79.90%		Yes

RES001 How many working days did we lose due to sickness absence?

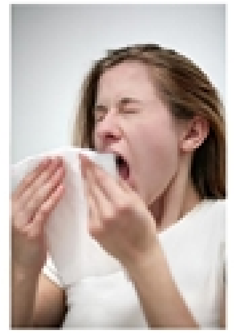
Additional Information: This indicator monitors the level of staff sickness absence across the authority, and supports the implementation of the Council's Managing Absence Policy. Quarterly targets and performance details for this indicator represent the cumulative total for the year to date.

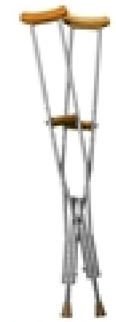
For enquiries regarding this indicator contact the Performance Improvement Unit by email on performance@eppingforestdc.gov.uk or by telephone on 01992 564042.

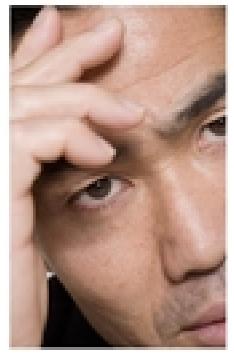
Current and previous quarters performance



Quarter	Target	Actual
Q1/16/17	1.90	1.50
Q4/15/16	7.00	7.99
Q3/15/16	4.95	5.58
Q2/15/16	3.20	3.88
Q1/15/16	1.54	2.02







Annual Target: 2016/17 - 7.50 days
2015/16 - 7.00 days

Indicator of good performance:
A lower number of days is good

is the direction of improvement

Is it likely that the target will be met at the end of the year?

No

Comment on current performance (including context):

(Q1 2016/17) -
The integrated attendance warning system is now fully implemented over the whole organisation and filters have recently been designed to ensure any notifications are only made where new, additional absence take place. We expect this to continue to drive improved attendance on the lead to the introduction of the new staff management system/database.

Corrective action proposed (if required):

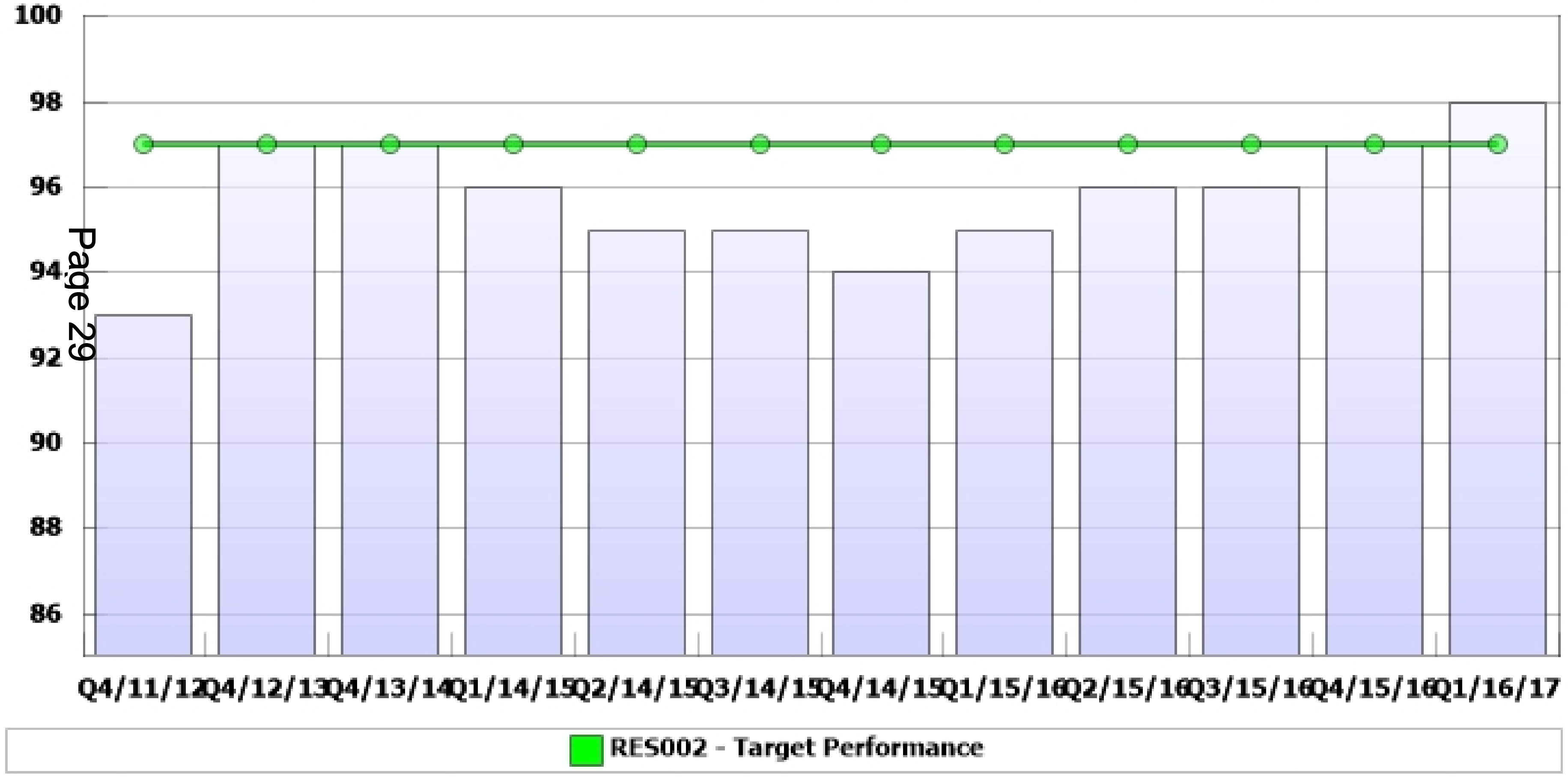
(Q1 2016/17) - non

RES002 What percentage of the invoices we received were paid within 30 days?

Additional Information: This indicator encourages the prompt payment of undisputed invoices for commercial goods and services

For enquiries regarding this indicator contact the Performance Improvement Unit by email on performance@eppingforestdc.gov.uk or by telephone on 01992 564042.

Current and previous quarters performance



Quarter	Target	Actual	
Q1/16/17	97%	98%	✔
Q4/15/16	97%	97%	✔
Q3/15/16	97%	96%	✘
Q2/15/16	97%	96%	✘
Q1/15/16	97%	95%	✘

Annual Target: 2016/17 - 97.0%
2015/16 - 97.0%

Indicator of good performance:
A higher percentage is good

↑ is the direction of improvement

Is it likely that the target will be met at the end of the year?

Yes

Comment on current performance (including context):

(Q1 2016/17) - Good performance in Quarter 1 exceeding the target. Communities and Resources achieved 99%. 80% of Local suppliers were paid within 20 days which is a significant improvement on recent quarters.

Corrective action proposed (if required):

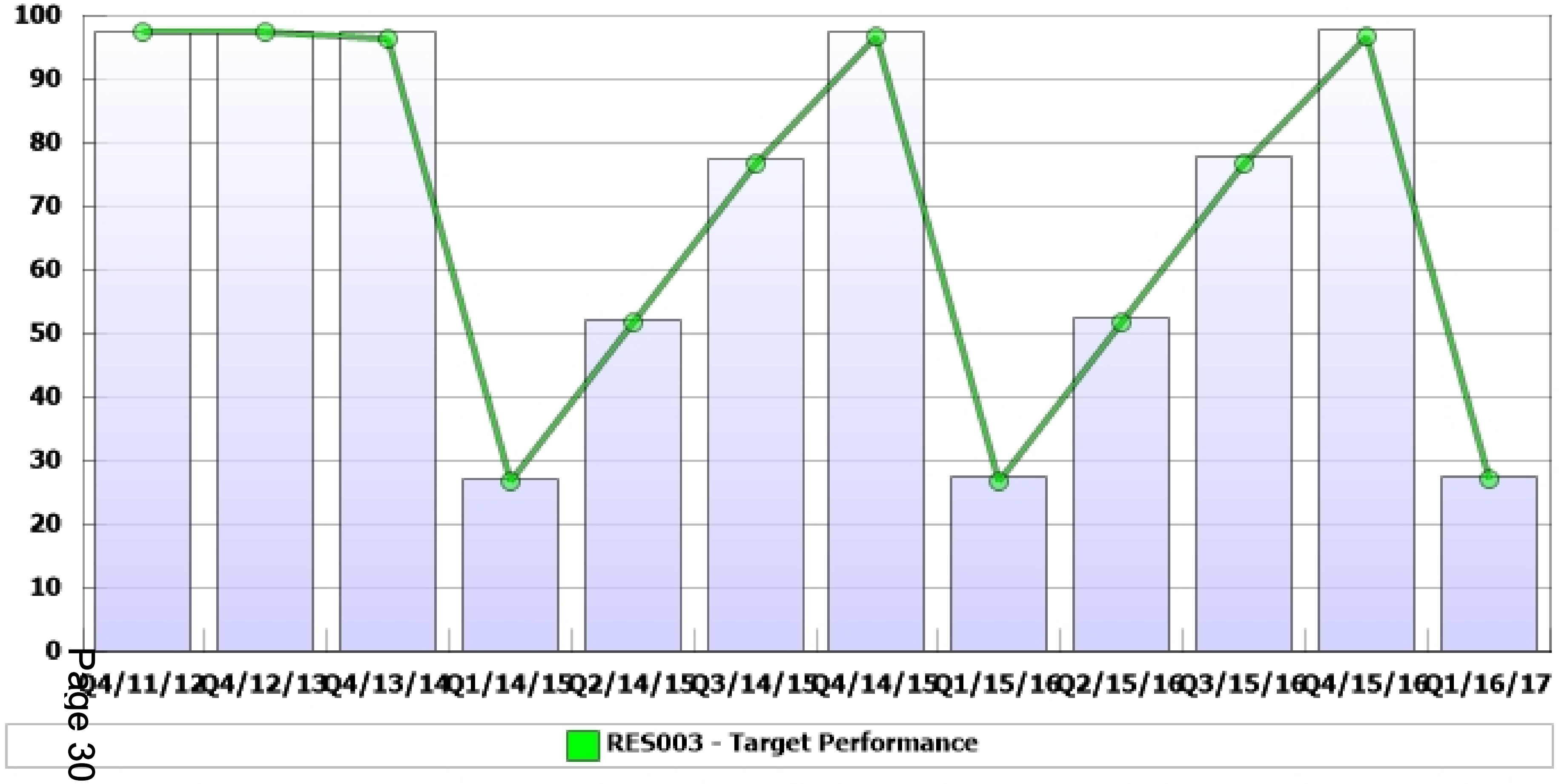
(Q1 2016/17) - none

RES003 What percentage of the district's annual Council Tax was collected?

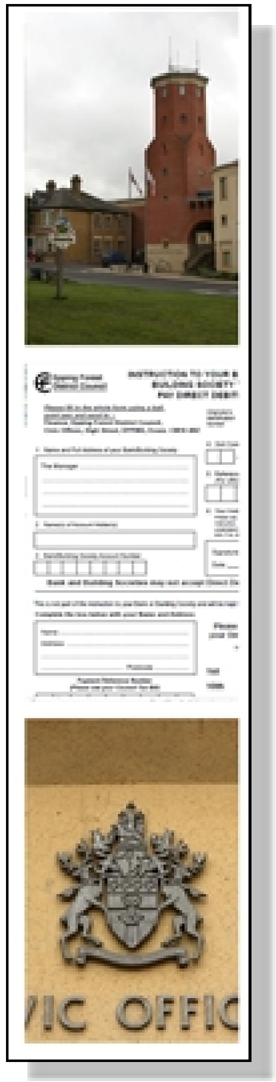
Additional Information: This indicator monitors the rate of collection of Council Tax. Quarterly targets and performance details for this indicator represent the cumulative total for the year to date.

For enquiries regarding this indicator contact the Performance Improvement Unit by email on performance@eppingforestdc.gov.uk or by telephone on 01992 564042.

Current and previous quarters performance



Quarter	Target	Actual
Q1/16/17	27.27%	27.61%
Q4/15/16	96.50%	98.03%
Q3/15/16	77.00%	77.91%
Q2/15/16	51.98%	52.54%
Q1/15/16	27.10%	27.56%



Annual Target: **2016/17 - 97.10%**
2015/16 - 97.00%

Indicator of good performance: A higher percentage is good

is the direction of improvement

Is it likely that the target will be met at the end of the year?

Yes

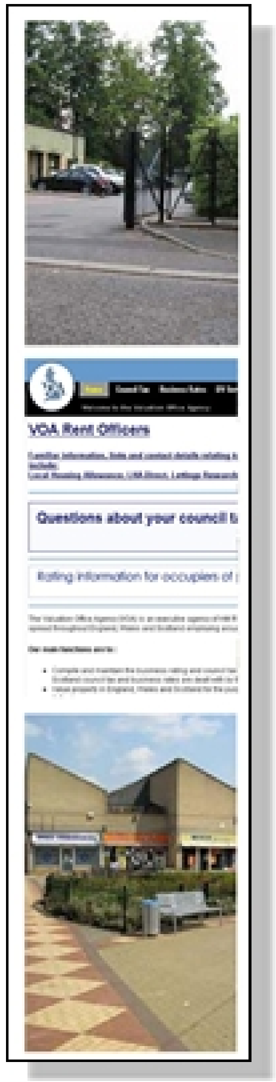
Comment on current performance (including context):

(Q1 2016/17) - the performance is 0.05% up on the same stage last year

Corrective action proposed (if required):

(Q1 2016/17) - the Council Tax team has a debt recovery timetable in place to collect any outstanding debt

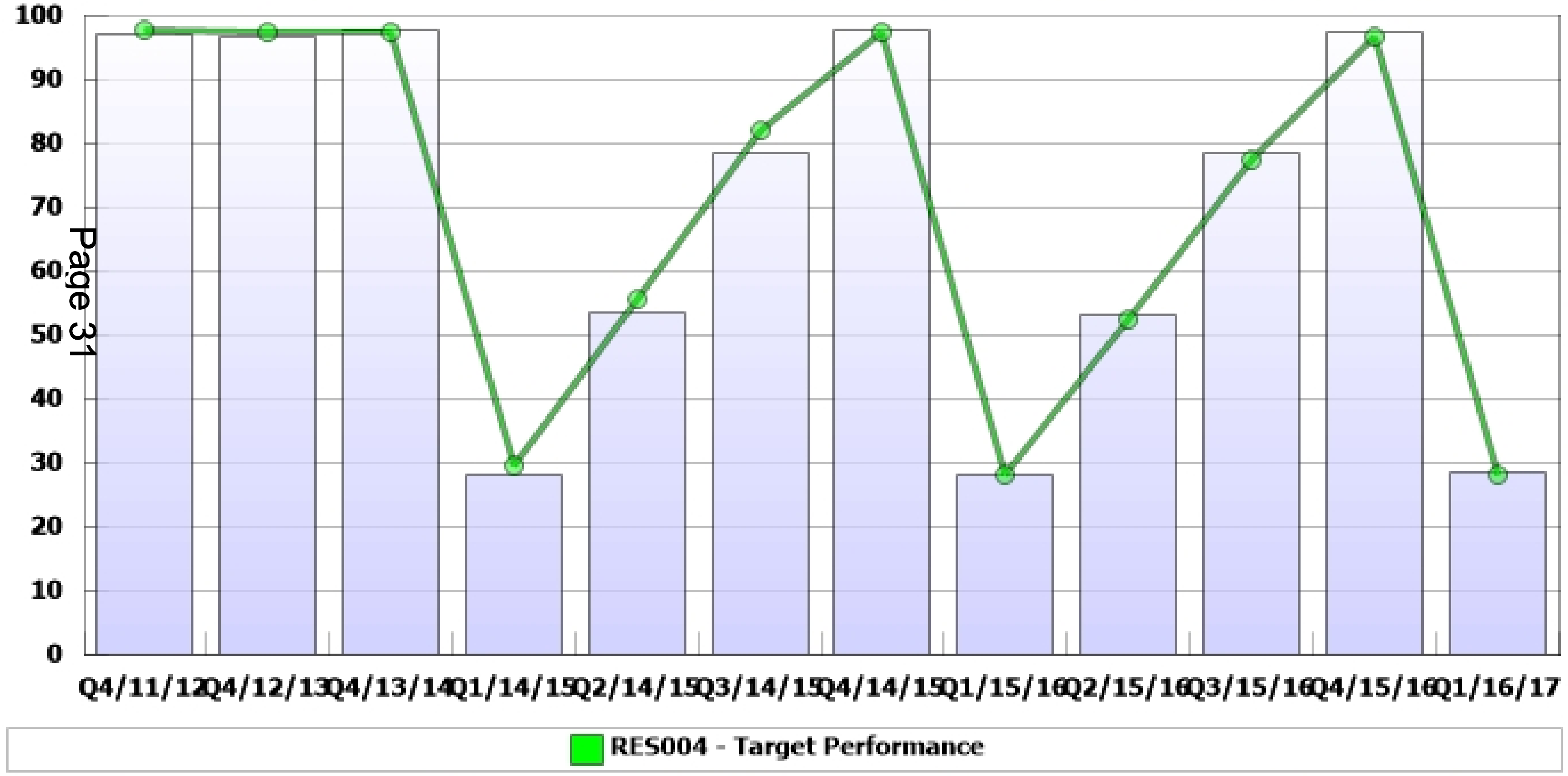
RES004 What percentage of the district's annual business rates was collected?



Additional Information: This indicator monitors the rate of collection of National Non-Domestic rates. Quarterly targets and performance details for this indicator represent the cumulative total for the year to date.

For enquiries regarding this indicator contact the Performance Improvement Unit by email on performance@eppingforestdc.gov.uk or by telephone on 01992 564042.

Current and previous quarters performance



Quarter	Target	Actual	
Q1/16/17	28.48%	28.83%	✔
Q4/15/16	97.20%	97.84%	✔
Q3/15/16	78.09%	78.78%	✔
Q2/15/16	53.04%	53.54%	✔
Q1/15/16	28.38%	28.52%	✔

Annual Target: **2016/17 - 97.80%**
2015/16 - 97.70%

Indicator of good performance: A higher percentage is good

↑ is the direction of improvement

Is it likely that the target will be met at the end of the year?

Yes

Comment on current performance (including context):

(Q1 2016/17) - the performance is 0.31% up on the same stage last year

Corrective action proposed (if required):

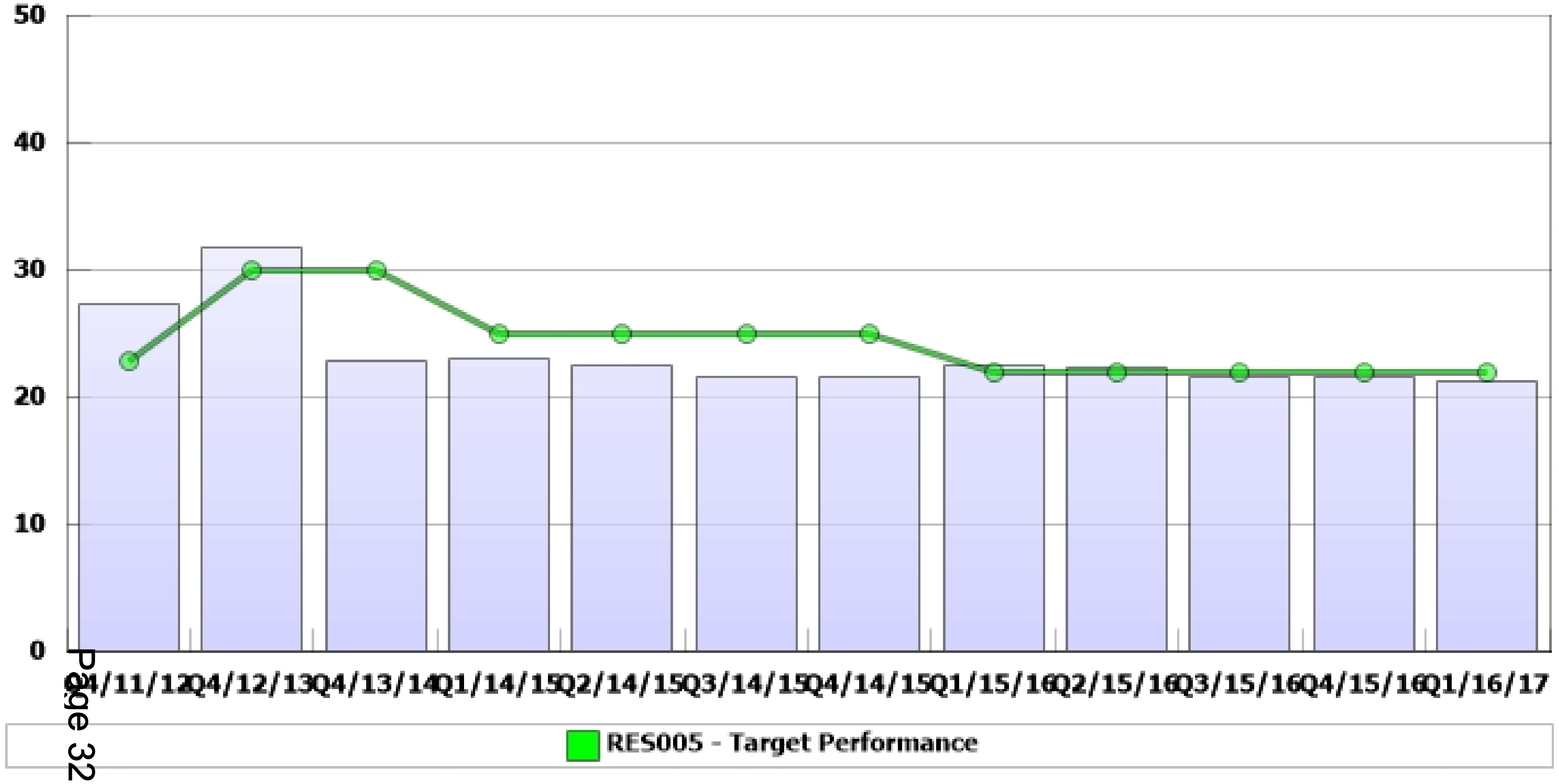
(Q1 2016/17) - the Business Rates team has a debt recovery timetable in place to collect any outstanding debts

RES005 On average, how many days did it take us to process new benefit claims?

Additional Information: This indicator monitors the administration of Housing and Council Tax Benefit. Targets and performance are measured in days.

For enquiries regarding this indicator contact the Performance Improvement Unit by email on performance@eppingforestdc.gov.uk or by telephone on 01992 564042.

Current and previous quarters performance



Quarter	Target	Actual	
Q1/16/17	22.00	21.28	✔
Q4/15/16	22.00	21.76	✔
Q3/15/16	22.00	21.78	✔
Q2/15/16	22.00	22.36	✘
Q1/15/16	22.00	22.56	✘

Annual Target: **2016/17 - 22.00 days**
2015/16 - 22.00 days

Indicator of good performance:
A lower number of days is good

⬇ is the direction of improvement

Is it likely that the target will be met at the end of the year?

Yes

Comment on current performance (including context):

(Q1 2016/17) - On Target for 2016/2017

Corrective action proposed (if required):

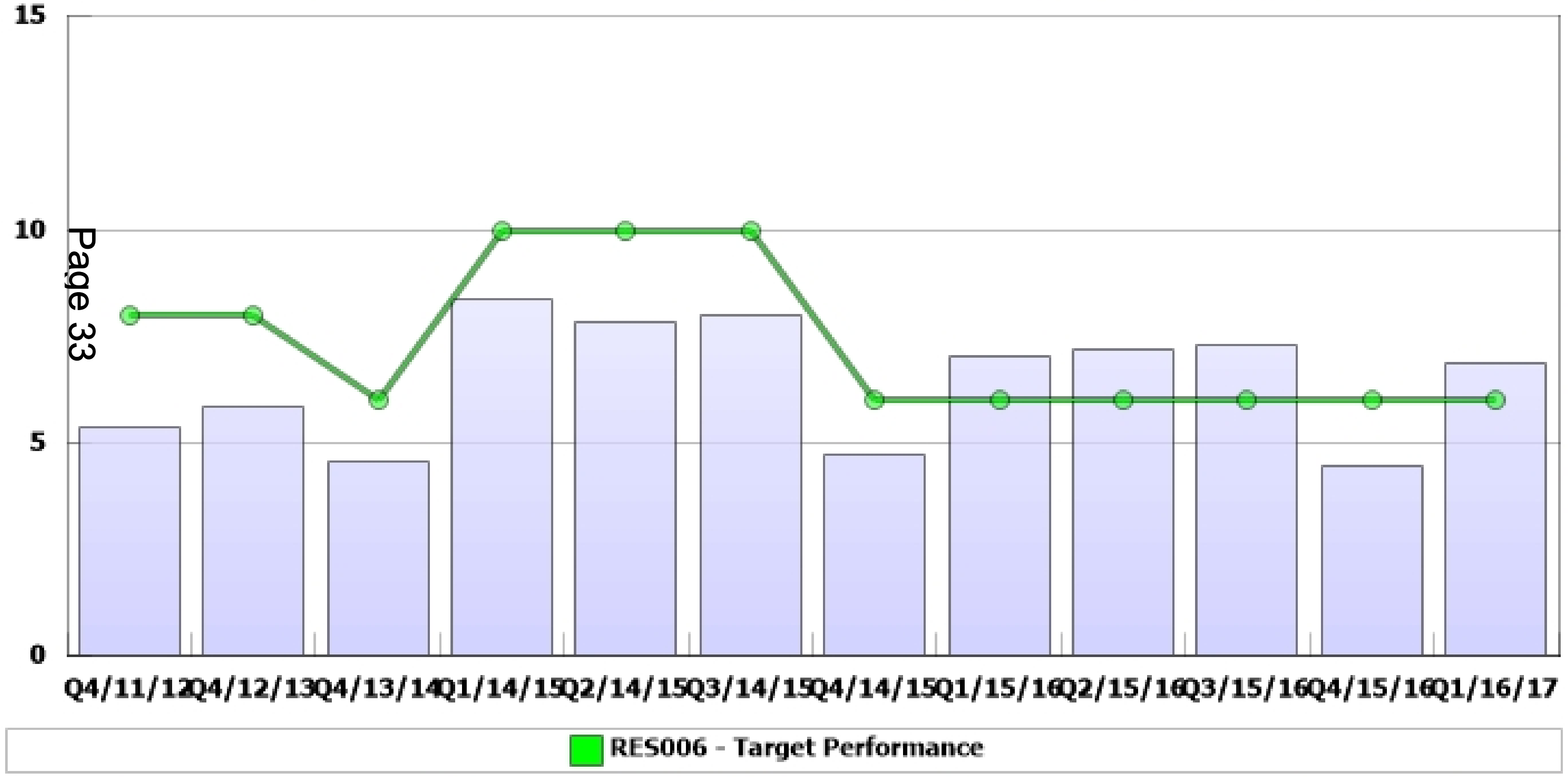
(Q1 2016/17) - Performance is continually monitored and adjustments on processes will be made as appropriate.

RES006 On average, how many days did it take us to process notices of a change in a benefit claimant's circumstances?

Additional Information: This indicator monitors the administration of Housing and Council Tax Benefit. Targets and performance are measured in days.

For enquiries regarding this indicator contact the Performance Improvement Unit by email on performance@eppingforestdc.gov.uk or by telephone on 01992 564042.

Current and previous quarters performance



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Quarter	Target	Actual	
Q1/16/17	6.00	6.91	✗
Q4/15/16	6.00	4.47	✓
Q3/15/16	10.00	7.29	✓
Q2/15/16	10.00	7.19	✓
Q1/15/16	10.00	7.03	✓

Annual Target: **2016/17 - 6.00 days**
2015/16 - 6.00 days

Indicator of good performance: A lower number of days is good

is the direction of improvement

Is it likely that the target will be met at the end of the year?

Yes

Comment on current performance (including context):

(Q1 2016/17) - On Target for 2016/2017

Corrective action proposed (if required):

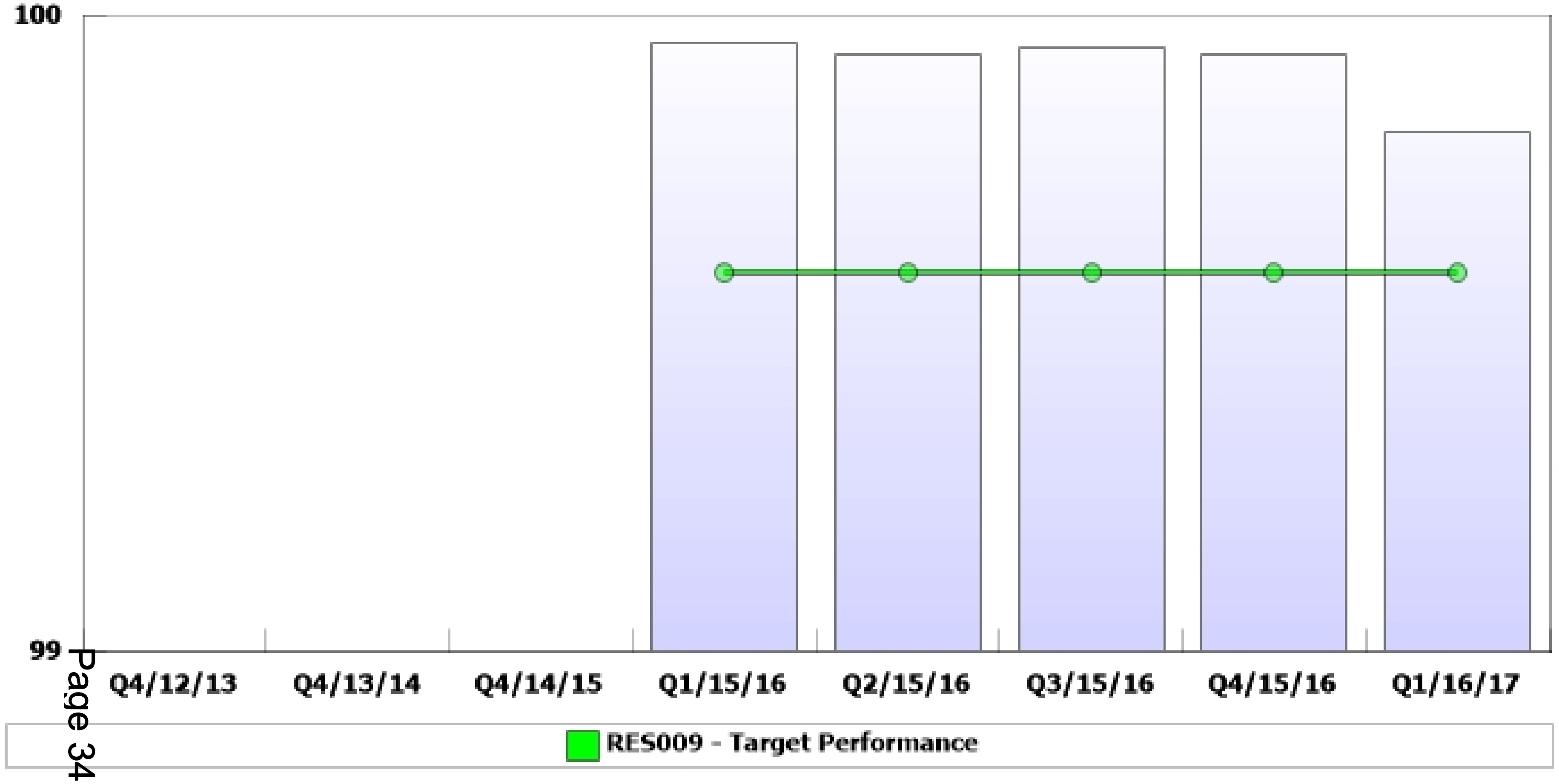
(Q1 2016/17) - Performance is continually monitored and adjustments on processes will be made as appropriate

RES009 Are customer needs being met by the Corporate Websites being available?

Additional Information: This measures aspects of website functionality which affect user experience. The amount of time the main sites (Joomla; Word Press; Planning Explorer; Info @t Work Public Access; and Modern.gov) are available impacts on the provision of Council information and together with RES010 and RES011, provides technical information against which customer satisfaction can been inferred.

For enquiries regarding this indicator contact the Performance Improvement Unit by email on performance@eppingforestdc.gov.uk or by telephone on 01992 564042.

Current and previous quarters performance



Quarter	Target	Actual	
Q1/16/17	99.60%	99.82%	✔
Q4/15/16	99.60%	99.94%	✔
Q3/15/16	99.60%	99.95%	✔
Q2/15/16	99.60%	99.94%	✔
Q1/15/16	99.60%	99.96%	✔

Annual Target: **2016/17 - 99.60%**
2015/16 - 99.60%

Indicator of good performance:
A higher number is good

↑ **is the direction of improvement**

Is it likely that the target will be met at the end of the year?

Yes

Comment on current performance (including context):

(Q1 2016/17) - the target for website availability (uptime) is 99.60% - the actual uptime is 99.82%.

Corrective action proposed (if required):

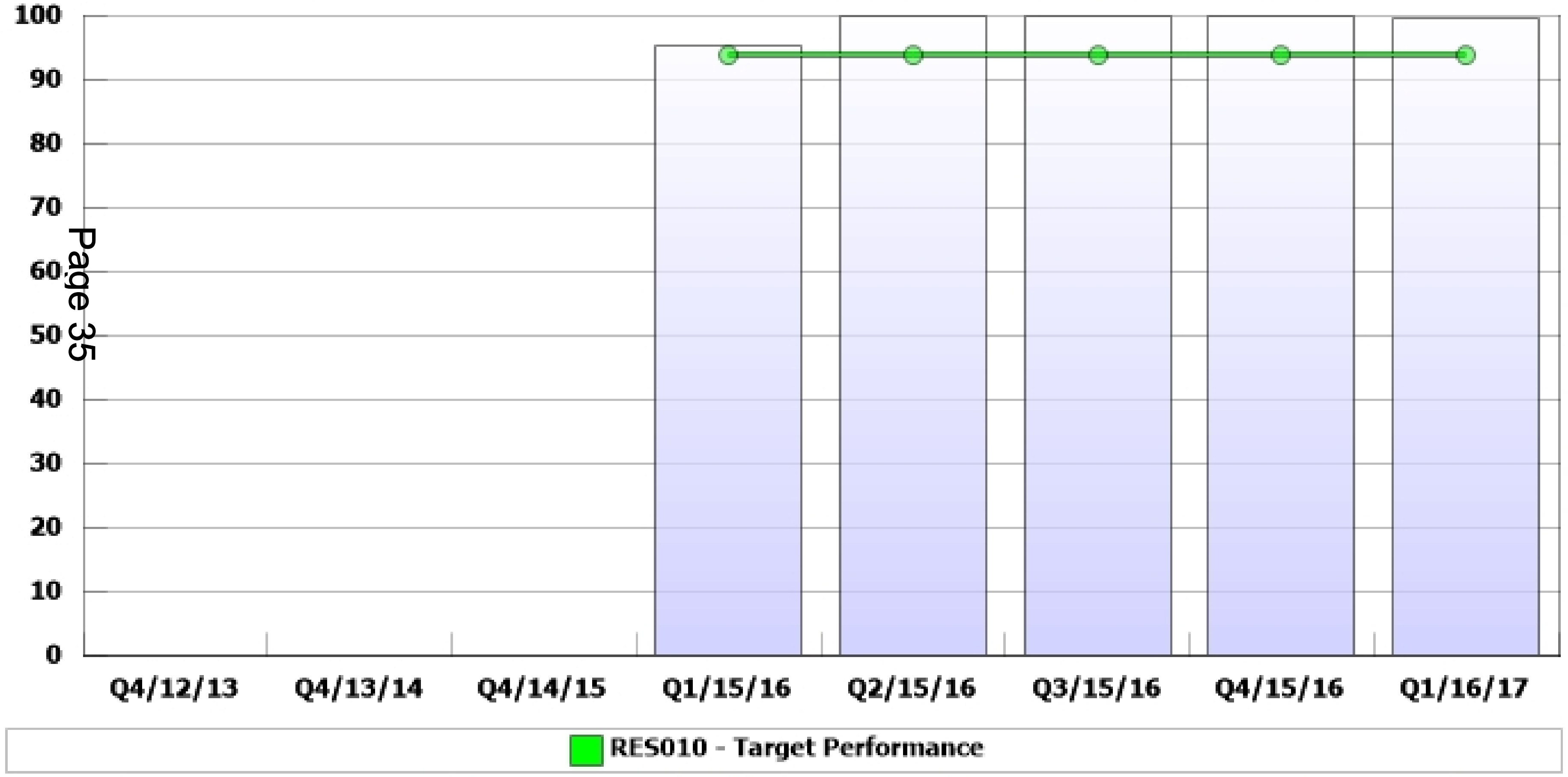
(Q1 2016/17) - No corrective action required.

RES010 Are customer needs being met by the main Corporate Websites not having broken links?

Additional Information: This indicator measures aspects of website functionality which will affect user experience. The absence of broken links on the main website (Joomla) mpacts on the successful provision of Council information and a positive website user experience. Together with RES009 and RES011, this indicator provides technical information against which customer satisfaction can been inferred.

For enquiries regarding this indicator contact the Performance Improvement Unit by email on performance@eppingforestdc.gov.uk or by telephone on 01992 564042.

Current and previous quarters performance



Quarter	Target	Actual
Q1/16/17	95.00%	99.89%
Q4/15/16	94.10%	100.00%
Q3/15/16	94.10%	100.00%
Q2/15/16	94.10%	100.00%
Q1/15/16	94.10%	95.50%

Annual Target: 2016/17 - 95.00%
2015/16 - 94.10%

Indicator of good performance:
A higher number is good

is the direction of improvement

Is it likely that the target will be met at the end of the year?

Yes

Comment on current performance (including context):

(Q1 2016/17) - target is 95%. Actual 1 broken link out of 899 pages on main website.

Corrective action proposed (if required):

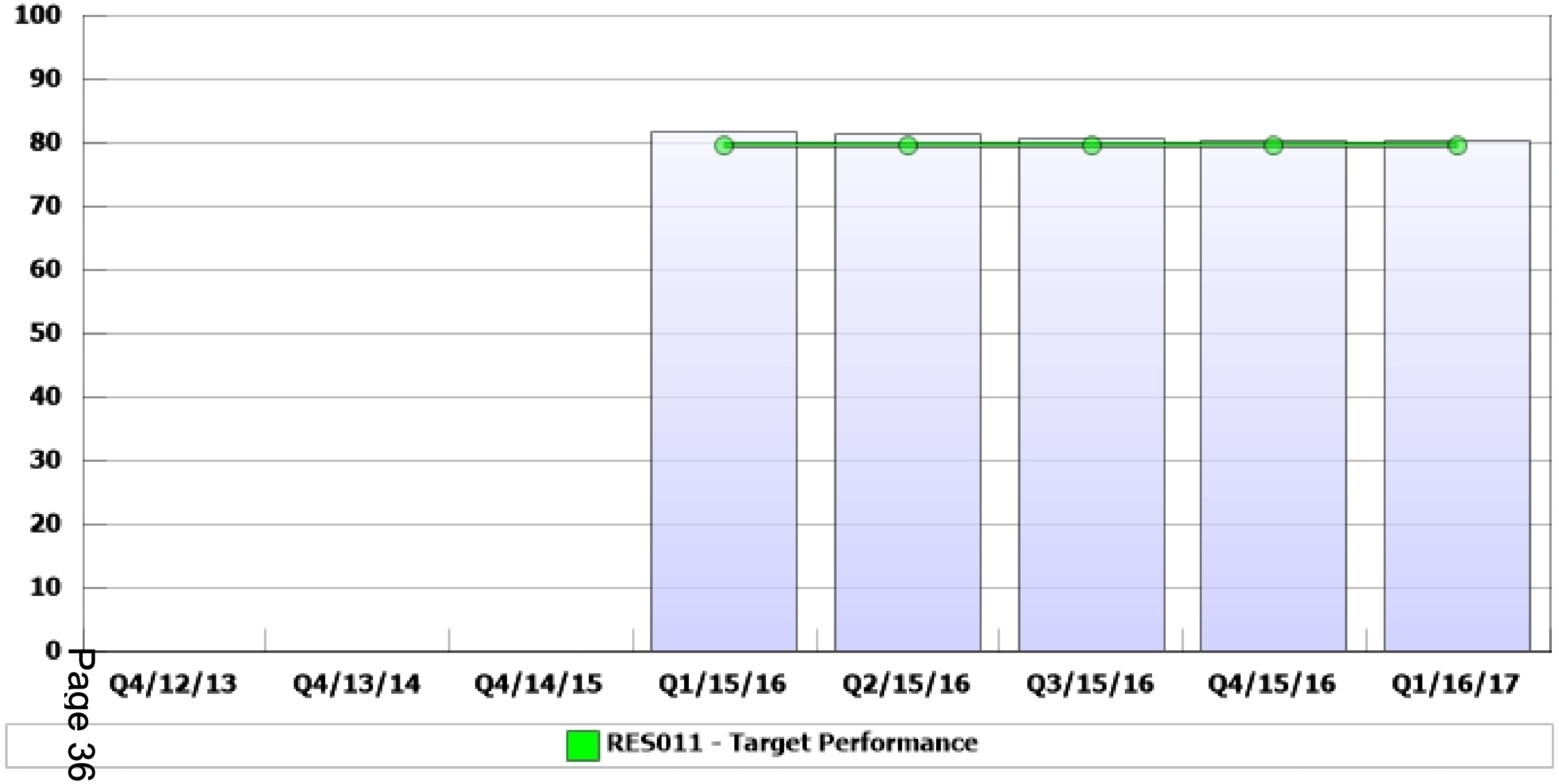
(Q1 2016/17) - None.

RES011 Are customer needs being met by the main Corporate Website having effective navigation?

Additional Information: This indicator measures aspects of website functionality which will affect user experience. The ease of navigation impacts on the successful provision of Council information and a positive website user experience. Together with RES009 and RES010, this indicator provides technical information against which customer satisfaction can been inferred.

For enquiries regarding this indicator contact the Performance Improvement Unit by email on performance@eppingforestdc.gov.uk or by telephone on 01992 564042.

Current and previous quarters performance



Quarter	Target	Actual
Q1/16/17	79.90%	80.51%
Q4/15/16	79.90%	80.66%
Q3/15/16	79.90%	81.04%
Q2/15/16	79.90%	81.57%
Q1/15/16	79.90%	81.97%

Annual Target: 2016/17 - 79.90%
2015/16 - 79.90%

Indicator of good performance: A higher number is good

is the direction of improvement

Is it likely that the target will be met at the end of the year?

Yes

Comment on current performance (including context):

(Q1 2016/17) - target of 79.90% actual 80.51%.

Corrective action proposed (if required):

(Q1 2016/17) - None.

Key Performance Indicator Improvement Plan 2016/17

Epping Forest District Council

RES06 On average, how many days did it take us to process notices of a change in a benefit claimant's circumstances?

Outturn			Target
2013/14	2014/15	2015/16	2016/17
4.58 days	4.74 days	4.47 days	6.00 days

Responsible Officer

Bob Palmer
Director of Resources

Improvement Action	Target Dates	Key Measures / Milestones
Regular review of procedures to reduce delays and unnecessary requests for information.	July and October 2016 and January 2017	Weekly monitoring and KPI performance reported on a quarterly basis
Regular review of training requirements	July and October 2016 and January 2017	Weekly monitoring and KPI performance reported on a quarterly basis
Recruitment of experienced staff to vacant posts.	June/July 2016 and as vacancies arise	Weekly monitoring and KPI performance reported on a quarterly basis

Please detail any budget or resource implications of the improvement actions you have listed overleaf. Please quantify any additional resources which will be required to implement the improvements and detail how the additional resources will be allocated.

Please describe any contextual factors, internal or external, which may impact upon the ability to deliver the improvements listed.
If experienced staff cannot be recruited, the vacant posts will impact on performance.

Report to the Resources Select Committee

Date of meeting: 10 October 2016

Epping Forest District Council

Portfolio: Finance

Subject: Quarterly Financial Monitoring

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

Democratic Services Officer: Adrian Hendry (01992 – 56 4246)

Recommendations/Decisions Required:

That the Committee note the revenue and capital financial monitoring report for the first quarter of 2016/17;

Executive Summary

The report provides a comparison between the original estimate for the period ended 30 June 2016 and the actual expenditure or income as applicable.

Reasons for proposed decision

To note the first quarter financial monitoring report for 2016/17.

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 first quarterly report for 2016/17 and covers the period from 1 April 2016 to 30 June 2016. The reports are presented based on which directorate is responsible for delivering the services to which the budgets relate and the budgets themselves are the Original Estimate.

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 £202,000 or 3.6%. This is the same in percentage terms as this time last year.

4. Resources is showing the largest underspend of £78,000, this relates to Revenues and Housing Benefits. Neighbourhoods and Communities are both showing underspends of £53,000. The former relates to Forward Planning and Grounds Maintenance and the latter to the Housing Works Unit. Variances on Governance and the Office of the Chief Executive are less significant.

5. The investment interest figure is lower than the budget as it is distorted by previous year adjustments. Having said that interest rates have fallen slightly and the expected significant capital spend over the next year will have an impact on returns. It is felt unlikely that returns will reach the budgeted level.

6. Development Control income at Month 3 is continuing the recent upward trend. Fees and charges were £51,000 higher than the budget to date and pre-application charges are £1,000 higher. At Month 4 total income was £59,000 above expectations.

7. Building Control income was £38,000 higher than the budgeted figure at the end of the first quarter. Also the ring-fenced account is showing an in-year surplus of around £38,000 as at Month 3. By the end of month 4 the surplus was only £2,000 short of the full year budgeted figure of £47,000.

8. Public Hire licence income and other licensing is above expectations. Within the Public Hire figures shown is £8,500 relating to future years.

9. Income from MOT's carried out by Fleet Operations is £11,000 below expectations. Income has been affected by the uncertainty around the relocation to Oakwood Hill. The move has now happened and a new Fleet Operations manager appointed. It is proposed to publicise the service in an effort to improve income.

10. Car Parking income was £30,000 below the estimate as at month 3. There were some delays receiving income which has happened from time to time over the last few years. By late August income had reached and indeed exceeded expected levels.

11. Local Land Charge income is £3,000 below expectations. There have been fewer searches undertaken in recent months so the position will need to be monitored over the next few months to see whether this shortfall appears to be on going.

12. Expenditure and income relating to Bed and Breakfast placements is on the increase. Most are eligible for Housing Benefit and although some will be re-imbursed by the Department for Work and Pensions it is only around 50%, leaving a similar amount to be funded from the General Fund. Some growth has been allowed for within the 2016/17 budget but it looks unlikely that this will be sufficient.

13. The actual for Recycling income shows as a negative figure as at month 3. This is because the income expected for April Credits and the first quarter service enhancement payment from the County Council did not happen until month 4 and 5 respectively.

14. An overspend is showing on both Refuse Collection and Recycling. this is due in part to collections from additional properties and payments made to the contractor to compensate for the fall in income from the sale of recyclable materials.

15. The Housing Repairs Fund shows an underspend of £340,000. There are underspends showing on both Planned Maintenance and Voids work. There is also a variance on HRA Special Services which relate partly to grounds maintenance and sheltered units.

16. Income from Development Control, Building Control and probably Car Parking look likely to exceed the budget. Others are less certain. The intention to publicise the MOT service should hopefully improve the income situation there but it will probably take a few months for this to have much of an effect.

Business Rates

17. This is the fourth year of operation for the Business Rates Retention Scheme whereby a proportion of rates collected are retained by the Council.

18. There are two aspects to the monitoring, firstly changes in the rating list and secondly the collection of cash.

19. The resources available from Business Rates for funding purposes is set in the January preceding the financial year in question. Once these estimates are set the funding available for the year is fixed. Any variation arising from changes to the rating list or provision for appeals, whilst affecting funding do not do so until future years. For 2016/17 the funding retained by the authority after allowing for the Collection Fund deficit from 2015/16 is £3,435,000. This exceeded the government baseline of £3,050,000 by some £385,000. The actual position for 2016/17 will not be determined until May 2017.

20. 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 June the total collected was £10,206,011 and payments out were £8,636,746, meaning the Council was holding £1,569,265 of cash and so the Council's overall cash position was benefitting from the effective collection of non-domestic rates.

Capital Budgets (Annex 7 - 11)

21. Tables for capital expenditure monitoring purposes (annex 7 -11) are included for the three months to 30 June. There is a commentary on each item highlighting the scheme progress.

22. The full year budget for comparison purposes is the Original Budget updated for amounts brought forward from 2015/16 as part of the Capital Outturn report.

Major Capital Schemes (Annex 12)

23. There are three projects included on the Major Capital Schemes schedule these relate to the House Building packages 1 and 2 and The Epping Forest Shopping Park. Annex 12 gives more detail. The variance reported is a comparison between the anticipated outturn and approved budget.

Conclusion

24. With regard to revenue, income is generally up on expectations and expenditure down. The increased income levels are very much welcome, in particular Development and Building Control income. Expenditure being below budget is not surprising as expenditure is usually heaviest toward the end of the financial year.

25. The Committee is asked to note the position on both revenue and capital budgets as at Month 3.

Consultations Undertaken

This report was presented to the Finance and Performance Management Cabinet Committee in September, and an update will be provided to cover any additional comments or information from that Committee.

Resource Implications

There is little evidence at this stage to suggest that the net budget set will not be met however the budget is being revised and as usual any variances reflected therein.

Legal and Governance Implications

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

Safer, Cleaner, Greener Implications

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

Background Papers

Various budget variance working papers held in Accountancy.

Impact Assessments

Risk Management

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

Due Regard Record

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

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

Date / Name	Summary of equality analysis
02/09/16 Director of Resources	The purpose of the report is to monitor income and expenditure. It does not propose any change to the use of resources and so has no equalities implications.

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2016/17 DIRECTORATE FINANCIAL MONITORING

JUNE 2016 - SALARIES

DIRECTORATE	2016/17 EXPENDITURE TO 30/06/16 £000	2016/17 BUDGET PROVISION (ORIGINAL) £000	2016/17 VARIATION FROM BUDGET (ORIGINAL) %	2015/16 EXPENDITURE TO 30/06/15 £000	2015/16 BUDGET PROVISION (ORIGINAL) £000	2015/16 VARIATION FROM BUDGET (ORIGINAL) %
CHIEF EXECUTIVE	66	65	1.5	45	45	0.0
RESOURCES *	1,385	1,463	-5.3	1,384	1,446	-4.3
GOVERNANCE *	898	919	-2.3	806	837	-3.7
NEIGHBOURHOODS *	1,178	1,231	-4.3	1,098	1,162	-5.5
COMMUNITIES *	1,875	1,928	-2.7	1,799	1,833	-1.9
TOTAL	**5,402**	**5,606**	**-3.6**	**5,132**	**5,323**	**-3.6**

* Agency costs are included in the salaries expenditure.

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

The expenditure figures now include the 1% pay increase, including backpay.

2016/17 DIRECTORATE FINANCIAL MONITORING - COMMUNITIES

	16/17 Full Year Budget	First Quarter 16/17 Budget	First Quarter 16/17 Actual	First Quarter 15/16 Actual	16/17 Variance Budget v Actual		Comments
	£'000	£'000	£'000	£'000	£'000	%	
Major expenditure items:							
Museum	84	58	69	25	11	19	Business rates were paid in Month 3 in 2016/17 there was a slight delay last year meaning the charge was not applied until month 4. This amounts to £27,000. Since this time last year the museum have had additional storage costs owing to the impending closure of Langston Road. This amounts to £17,000 a quarter.
Bed & Breakfast Accommodation	147	25	64	21	39	156	The expected increase in caseload has been exceeded and is expected to continue. Rents shown below are also higher as a result.
Grants to Voluntary Groups	93	23	18	10	-5	-22	The spend on grants is lower initially as Grant release tends to be slow in first part of the year. It is often difficult to predict exact expenditure patterns from year to year as timing is dependant on the organisations providing the necessary information to enable the grants to be released.
Voluntary Sector Support	170	93	93	76	0	0	The variance between years is because the safer places contribution in 2015/16 was not paid until month 5.
Major income items:							
Bed & Breakfast Accommodation	150	25	64	37	39	156	Rents are up due to increased caseload.
	644	224	308	169			

	16/17 Full Year Budget £'000	First Quarter 16/17 Budget £'000	First Quarter 16/17 Actual £'000	First Quarter 15/16 Actual £'000	16/17 Variance Budget v Actual £'000	16/17 Variance Budget v Actual %	Comments
Major income items							
Development Control	928	211	263	237	52	25	Uncertainty in the economy is having a positive effect on planning application and pre-planning application submissions as householder extensions become the preferred option against moving house.
Building Control Fee Earning	425	110	149	125	38	35	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 building industry. In addition, the Building Control service have continued to grow the Local Authority Building Control Partnership portfolio which has seen additional members joining in the first quarter of 2016/17 allowing them to increase its share of the market.
Local Land Charges	176	48	45	50	-3	-6	The first quarter of 2016/17 has seen reduced levels of fee income compared to the first quarter of the previous year and the budget to date. It is difficult to predict the number of searches the service will receive as it is determined by the buoyancy of the housing market.
	1,529	369	457	412			

2016/17 DIRECTORATE FINANCIAL MONITORING - NEIGHBOURHOODS

	16/17 Full Year Budget	First Quarter 16/17 Budget	First Quarter 16/17 Actual	15/16 Actual	16/17 Variance Budget v Actual		Comments
	£'000	£'000	£'000	£'000	£'000	%	
Major expenditure items:							
Refuse Collection	1,292	116	125	98	9	8	The variance is due to the additional cost of recently built properties needing the waste collection service.
Street Cleansing	1,226	129	72	115	-57	-44	The underspend relates to Street Arisings and an Opening Creditor on weedspraying.
Recycling	2,681	203	288	199	85	42	Profile expects one Biffa payment of the three for the quarter. The variance relates to charges for collections from new properties that came on line during 2015/16 and a rebate to the contractor as recycling income received by Biffa is lower than expected.
Highways General Fund	46	0	0	0	0	N/A	No variance
Off Street Parking	553	229	213	215	-16	-7	This budget includes surface maintenance which tends to be spent in the final quarter.
North Weald Centre	209	77	44	55	-33	-43	Runway Maintenance is up but a wide variety of other budget heads are under spent.
Land Drainage & Contaminated Land	129	11	0	17	-11	-100	This is a maintenance driven budget and has a volatile pattern of spend. No expenditure has been necessary so far this year.
	6,136	765	742	699			

	16/17 Full Year Budget	First Quarter 16/17 Budget	First Quarter 16/17 Actual	First Quarter 15/16 Actual	16/17 Variance Budget v Actual		Comments
	£'000	£'000	£'000	£'000	£'000	%	
Major expenditure items							
Forward Planning/Local Plan	643	126	25	2	-101	0	There was expected to be little expenditure in the first quarter but the actual is lower due to slippage in the programme.
Contract cost Monitoring							
Leisure Facilities:-							
Loughton Leisure Centre	-244	-41	-47	-16	-6	15	}
Epping Sports Centre	310	52	53	26	1	2	} The in year variances are due to contractor invoices being one month in arrears at the end of June 2016, but the profiles allow for this. This situation also occurred last financial year.
Waltham Abbey Pool	517	86	87	43	1	1	}
Ongar Sports Centre	294	49	50	25	1	2	}
	877	146	143	78			

2016/17
DIRECTORATE FINANCIAL MONITORING - NEIGHBOURHOODS (3)

	16/17 Full Year Budget	First Quarter 16/17 Budget	First Quarter 16/17 Actual	First Quarter 15/16 Actual	16/17 Variance Budget v Actual		Comments
	£'000	£'000	£'000	£'000	£'000	%	
Major income items:							
Refuse Collection	54	14	16	12	2	14	Bulk waste income is slightly above expectations, there has been an increase in collections made.
Recycling	1,509	-50	-136	4	-86	172	In 2015/16 the service enhancement payment from the County Council was received in Month 3 however in 2016/17 this arrived during August. Also recycling credits for April expected in quarter 1 of 2016/17 did not get processed until month 4.
Off Street Parking	1,344	249	219	218	-30	-12	Income from telephone payments is usually received monthly however there were again delays during the first quarter and none was received until month 4. The same thing happened last year.
North Weald Centre	789	297	296	256	-1	0	No major variance in year. In the prior year there was an on going rent review and outstanding arrears owing that were not resolved until the latter part of 2015/16.
Hackney Carriages	173	59	74	49	15	25	This income includes some 3 and 5 year licences paid in advance which distorts the actual figure. This amounts to around £9,000.
Licensing & Registrations	114	14	11	12	-3	-21	Income from liquor licences tend to be received during quarter 2 hence low income compared to the full year budget.
Fleet Operations MOTs	209	52	41	60	-11	-21	MOT income is down due to the uncertainties surrounding the relocation of the service to Oakwood Hill.
	4,192	635	521	611			

2016/17 DIRECTORATE FINANCIAL MONITORING - NEIGHBOURHOODS (4)

	16/17 Full Year Budget	First Quarter 16/17 Budget	First Quarter 16/17 Actual	15/16 Actual	16/17 Variance Budget v Actual		Comments
	£'000	£'000	£'000	£'000	£'000	%	
Major income items:							
Industrial Estates	1,132	519	537	515	18	3	Rents from the Industrial units are very slightly above expectations. There have been a few rent review increases agreed recently.
Business Premises - Shops	2,137	1,069	1,080	1,072	11	1	This income relates to non housing assets which include shops, doctors surgeries, a petrol station and public houses. Income is slightly above the profiled budget. The actual also includes rents billed in advance for the second quarter of around £540,000.
Land & Property	145	9	8	28	-1	-11	Commission is received from the David Lloyd Centre based on their turnover. Income relating to 2015/16 was accounted for last year, but received during the initial part of 2016/17. Income received from land and property in the first quarter of 2016/17 is on target with the profiled budget.
	3,415	1,597	1,626	1,615			

	16/17 Full Year Budget £'000	First Quarter 16/17 Budget £'000	First Quarter 16/17 Actual £'000	15/16 Actual £'000	16/17 Variance Budget v Actual £'000	%	Comments
Major expenditure items:							
Building Maintenance	523	67	46	42	-21	-31	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 actual spend to date at quarter one for building maintenance is similar to the previous years comparative.
Information & Communication Technology	950	559	558	553	-1	0	The budget comprises of the total cost of the councils ICT expenditure including the Switchboard, Mobile Phones and all of the major systems in use. 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 year.
Bank & Audit Charges	125	1	1	1	0	0	No significant expenditure occurs in either audit or bank charges until quarter 2.
	1,598	627	605	596			
Major income items:							
Investment Income	378	95	78	103	-17	-18	Investment interest is distorted slightly by year end debtor journals. Whilst Investment balances are around £10m higher than expected there are a number of significant capital projects that are expected to call on these funds so the original figure is unlikely to be met. Having said that the timings of capital spend are somewhat unpredictable and the actual income recceived will be heavily dependent on the progress of these schemes in general and the retail park in particular. Interest rates have also fallen.
	378	95	78	103			

2016/17 DIRECTORATE FINANCIAL MONITORING - HOUSING REVENUE ACCOUNT

	16/17 Full Year Budget	First Quarter 16/17 Budget	First Quarter 16/17 Actual	15/16 Actual	16/17 Variance Budget v Actual		Comments
	£'000	£'000	£'000	£'000	£'000	%	
Major expenditure items:							
Management & General	274	59	40	42	-19	-32	Expenditure is lower in 2016/17 due to less spending on Policy & Management, and Rent Accounting.
Housing Repairs	6,351	1,462	1,122	1,092	-340	-23	The underspend mainly relates to the Planned Maintenance of the HRA, £172,000, and Voids £163,000. The budget is profiled evenly across the year, as it is unknown when responsive repairs will arise.
Special Services	1,147	309	204	178	-105	-34	The main areas showing an underspend are: Sheltered Units and Grounds Maintenance.
	7,772	1,830	1,366	1,312			
Major income items:							
Non-Dwelling Rents	886	219	218	211	-1	0	No major variances.
Gross Dwelling Rent	32,032	8,008	7,939	8,064	-69	-1	The variance between years is due to the rent decrease which was 1.0% from April 2016. Voids are 1.2%, the Budget assumed 0.7%, a £40,000 difference.
	32,918	8,227	8,157	8,275			

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2016/17 DIRECTORATE CAPITAL MONITORING - COMMUNITIES

	16/17 Full Year Budget	First Quarter 16/17 Budget	First Quarter 16/17 Actual	16/17 Variance Budget v Actual		Comments
	£'000	£'000	£'000	£'000	%	
Epping Forest District Museum Project	20	5	-35	-40	0	The build phase of the project was completed to the agreed timescale and handed back to EFDC in December 2015. The Museum was successfully opened to the public in March 2016. The contracted works are now in the 12 months defects period and a 2.5% retention is held by EFDC shown as a negative sum of £35,000 in the table. Final associated capital works are currently being agreed.
2nd Floor Bridgeman Hse W Abbey	309	0	0	0	0	There is currently no movement on the purchase of the Second Floor Bridgeman House, due to issues with the current occupants. However, the council has recently received confirmation that purchase & relocation is still expecting to go ahead.
CCTV Systems	207	52	6	-46	-88	A contractor has been appointed for the installation of CCTV systems in two Ongar car parks in Bansons way and The Pleasance. However other CCTV installations have been put on hold until lighting works on the other car parks are completed. There are also delays on the schemes at Longcroft Rise & Upshire shops pending a decision on whether or not to decomission the exisiting systems. The transfer of equipment from Langston Road to Oakwood Hill Depot & the installation of the North Weald Shopping Parade system are both complete with Town Mead extension also expected to be completed in quarter 2. The Limes Farm Automatic Number Plate Reader is expected to go out to tender in the autumn, whilst the re-deployable equipment and Epping High Street are set to be reviewed in September and early 2017 respectively.
Housing Estate Parking	371	0	0	0	0	The off-street parking schemes undertaken on council owned land, jointly funded between the HRA and General Fund, have been temporarily suspended at Torrington Drive due to the contractor having a health & safety incident.
Total	**907**	**57**	**-29**			

2016/17 DIRECTORATE CAPITAL MONITORING - NEIGHBOURHOODS

	16/17 Full Year Budget £'000	First Quarter 16/17 Budget £'000	First Quarter 16/17 Actual £'000	16/17 Variance Budget v Actual £'000	16/17 Variance Budget v Actual %	Comments
Epping Forest Shopping Park	18,276	4,569	56	-4,513	-99	Please see comments on the major schemes schedule.
St John's Road Epping Development	6,000	0	0	0	0	A report, dated 21 July, has been submitted and agreed with revised financial consideration for the purchase of the school site at St. Johns Road; these figures will be amended in the next capital review. Contract documentation has been agreed between EFDC and Frontier Estates and is now with Essex County Council for approval. The agreement is subject to final approval by the Secretary of State but once granted the contracts will be exchanged in September.
Oakwood Hill Depot	703	422	425	3	1	The building contract at Oakwood Hill was subject to numerous delays with practical completion of the site now programmed for 24th August. The MOT centre is already open and the offices are being utilised by Fleet Operations; The main workforce were relocated to the depot by the week ended 28th August.
Waste Management Equipment	28	7	0	-7	-100	This budget is in place to fund the acquisition of new bins to properties where bins had previously not been provided, in particular for blocks of flats.
Other Schemes	203	16	7	-8	-53	Foundation works are on-going with regard to the new chip and pin software being installed on the pay and display machines in the Council's car parks. Links between the machines and the banks are expected to start in late August, with the software to be installed by the end of quarter 3. In respect of flood alleviation works, the installation of a new sustainable drainage system and replacement works to existing soakaway systems at Bobbingworth Nature Reserve which will prevent flooding of the site & protect existing equipment are to be started in September. Finally, for grounds maintenance equipment, the procurement of a replacement mower will occur in quarter 2.
Total	**25,210**	**5,014**	**488**			

2016/17 DIRECTORATE CAPITAL MONITORING - RESOURCES

ANNEX 9

	16/17 Full Year Budget	First Quarter 16/17 Budget	First Quarter 16/17 Actual	16/17 Variance Budget v Actual		Comments
	£'000	£'000	£'000	£'000	%	
Planned Maintenance Programme	836	209	23	-186	-89	Many of the schemes in the planned maintenance programme relating to the Civic Offices have been delayed for the 1st quarter, awaiting the outcome of the Price Waterhouse Cooper report. This being said, the new electrical bypass control panel, to allow power separation to both buildings and the computer suite in the Civic Offices is complete; the new heating control panel at the Civic Offices is currently being fabricated; and the programmes for the upgrade to the fire alarm system is underway. The fire escape upgrade at the Control Tower, North Weald Airfield is also complete.
Upgrade of Industrial Units	351	0	0	0	0	In October 2013 Stace were instructed to undertake an appraisal of the industrial units at Oakwood Hill Industrial Estate. They reviewed a typical lease to assess current repairing obligations and future liabilities within the terms of the lease. It was established that it is the landlord's obligation to ensure that all exterior additions are undertaken to a rentable standard and it is the tenant's responsibility to maintain skylights. There have been long-standing issues with the ability to recover the costs of major works to the roof needed to achieve current building regulation standards. A specialist roof contractor has examined the condition of the roofs and provide a report which confirmed that *"apart from a few minor issues, including a few cracked sheets, [the roofs] are performing very well and could be expected to have another 5-10 years serviceable life, at least, without the need for major remedial action"*. Therefore, major repairs works to the industrial units are not expected to be carried out within the next few years.
ICT Projects & Other Equipment	403	101	92	-9	-9	The ICT planned schemes are progressing well, with the document management rollout, security enhancements & client licenses all completed in quarter 1. It is expected that this progress is going to continue in quarter 2, with the budget projected to be fully spent by the end of the year. The Human Resources (HR)/Payroll system implementation plan commenced in June and throughout July system workshops and training have taken place which were attended by appropriate staff from ICT, Finance and HR. Work has begun on gathering data for migration and information for system blue prints and also on the system build. Payroll is the first element to go live which will take place in December 2016. The Epping cash kiosks have been installed; however EDFC are currently disputing an invoice due to faulty software. The kiosks will be live in mid-September.
Total	**1,590**	**310**	**115**			

ANNEX 10

2016/17 DIRECTORATE CAPITAL MONITORING - HOUSING REVENUE ACCOUNT

	16/17 Full Year Budget £'000	First Quarter 16/17 Budget £'000	First Quarter 16/17 Actual £'000	16/17 Variance Budget v Actual £'000	16/17 Variance Budget v Actual %	Comments
New Housing Builds - Phase 1 & 2	10,306	2,577	78	-2,499	-97	For Phases 1 & 2, please see comments on the major schemes schedule.
Housing Developments	1,889	472	-19	-491	0	With regard to phase 3, specifications, designs and contract documents have been prepared for all seven contracts that make thirty-four new homes. Tenders will be sought in August, with works starting on site around November 2016 & completion expected in April 2018. For phase 4, the Council has now achieved planning approval on seven sites, which will deliver twenty homes. However, four other sites have seen their planning applications refused with two sites being revised for resubmission & the other two sites being referred back to the house-build Cabinet Comitttee. All sites making up Phase 5, which centres on Buckhurst Hill and Ongar, have been submitted for planning consent. The negative actual figures represent creditors relating to the reversals of the retentions on Marden Close & Faversham Hall from 2015/16.
Barnfield S106 Development	904	226	606	380	168	The Council has entered into an agreement with Linden Homes, who are the property developer for the S106 site at Barnfield, Roydon. This is a joint approach whereby the Council is purchasing eight affordable rented homes using 1-4-1 receipts and B3 Living is purchasing three shared ownership properties. Completion is due around April 2018
Off Street Properties Purchases	2,055	514	293	-221	-43	The Cabinet Committee has been monitoring the 1-4-1 expenditure, which identified the need to purchase properties from the open market to avoid returning these receipts back to the Government. It was agreed that six properties would be purchased in the Waltham Abbey area on or near to existing Council estates. These are predominantly 2 or 3-bed houses. One purchase was made in quarter 1, with all six properties expected to complete by the end of August 2016.
North Weald Depot	3,200	0	5	5	0	The Council has secured planning permission for the provision of a new repairs and maintenance hub in North Weald. However, Cabinet has deferred the decision to proceed with the construction phase until both the contract has been signed on the St. Johns Road Development, and Members have had a chance to consider the ongoing accommodation review currently being undertaken by consultants Price Waterhouse Cooper.
Heating/Rewiring /Water Tanks	3,395	813	479	-334	-41	This category includes gas and electrical heating, mechanical ventilation and heat recovery (MVHR) installation, electrical rewiring, and communal and individual cold water storage tank replacements. Gas heating is currently showing the biggest variance of the category; however this is expected to be back on track in quarter 2 with the completion of two large schemes at Hyde Mead & Norway House. The communal water tanks scheme has faced major delays due to access problems at Hillyfields; these problems are likely to be unresolved in 2016/17, consequently the budget is expected to be heavily underspent. Electrical heating is currently ahead of schedule and it is likely there will be an overspend at the end of the year.
Windows/Doors/Roofing	2,670	654	386	-268	-41	This category includes budgets for front entrance door replacement, PVCu window replacement, tiled roofing and balcony resurfacing programmes. The front doors scheme has made slower than expected progress in quarter 1. However, with £80,000 of committed costs in quarter 2, the programme is expected to accelerate back on target. The double glazing scheme is currently showing the biggest variance in this category. A new tender will go out in quarter 3, with the leaseholders already being notified of the works planned for this year; an accelerated programme in quarter 3 & quarter 4 is expected. The flat roof schemes are more of a priority than the tiled roofs in quarter 1 & quarter 2 due to weather constraints in the winter months; this is reflected in the variances of both schemes.
Other Planned Maintenance	149	24	33	9	38	This category includes Norway House improvements, door entry system installations and energy efficiency works. The budget for door entry has been moved to quarter 3 as works cannot start until all leaseholders are notified. The energy efficiency scheme is currently struggling due to previous year's works on this scheme meaning that work in 2016/17 has mostly been top-ups of cavity walls & loft insulation rather than full works. The budget had previously been reduced due to lack of grant funding. Norway House improvements are currently ahead of schedule with the budget expected to be spent by the end of the year.
Total c/f	24,568	5,280	1,861			

2016/17 DIRECTORATE CAPITAL MONITORING - HOUSING REVENUE ACCOUNT

	16/17 Full Year Budget	First Quarter 16/17 Budget	First Quarter 16/17 Actual	16/17 Variance Budget v Actual		Comments
	£'000	£'000	£'000	£'000	%	
Total b/f	24,568	5,280	1,861			
Kitchen Replacements	2,190	538	259	-279	-52	Kitchen and bathroom replacements are mostly undertaken as part of planned programmes of work but some are carried out on an ad-hoc basis while properties are void. The planned programmes for the kitchens & bathroom replacements are currently behind schedule mainly due to restricted access or on-hold properties. Although plans are in place for both programmes to be accelerated, it is anticaptated that the current allocations will not be fully spent by the end of the year. Reallocations between budgets will be considered as part of the Capital Review.
Bathroom Replacements	1,938	481	252	-229	-48	
Structural & Other Works	460	90	45	-45	-50	Although underspent at present, the planned programme for miscellaneous structural works is expected to be fully utilised. With works on the conversion of Leonard Davis House unlikely to be started until quarter 4.
Council Estate Parking, Garages & Other Environmental Works	1,243	303	67	-236	-78	This category includes garages, fencing, off-street parking, estate environmental works, CCTV, external lighting schemes and gas pipework replacement programmes. The biggest variance in this category is the off-street parking scheme where works have been suspended in Torrington Drive due to the contractor having a health & safety incident. The estates environmental works are currently on schedule, external lighting scheme is expected to commence in quarter 3, and the gas pipework's replacement is progressing, although we are currently awaiting £83,000 of invoices which will move the expenditure back onto target. New CCTV systems at Hemnall House & Birchview have been completed, with Limes Farm Yellow & Green Block expected to go out to tender in quarter 3.
Disabled Adaptations	430	101	126	25	25	The welfare & heating scheme is currently on schedule & the budget is anticipated to be fully spent by the end of the year.
Other Repairs and Maintenance	256	60	41	-19	-32	As expected with the ad-hoc nature of both schemes, there is currently a small underspend showing on this category.
Capital Service Enhancements	432	56	10	-46	-82	This category includes the leaseholder front door replacement programme, Oakwood Hill Estate enhancement programme, mobility scooter stores, online rents system & repairs maintenance system. The Oakwood Hill enhancement programme is currently on hold due to Essex County Council's involvement in the scheme. Similarly the mobility scooter stores scheme is also on hold until quarter 3 when a decision will be made on the viability of the scheme. Letters have been sent to leaseholders regarding the replacement of front doors; there are less than expected leaseholders who are willing to take up this programme. At present, there are committed work orders currently on- going, which will complete all the high-risk wooden front doors, after which the focus will move to the installation of plastic front doors.
Housing DLO Vehicles	108	0	0	0	0	It is expected that the prices for the procurement of eight DLO vans will be agreed in late August with a delivery date of mid to late December. The rest of the budget will be spent on fitting extras onto these vans to improve vision during winter months.
Work On Hra Leasehold Prop (Cr)	-300	0	0	N/A	N/A	This credit budget allows for work undertaken within the above categories on sold council flats. Once identified, an adjustment will be made at the end of the year.
Total	**31,325**	**6,909**	**2,661**			

2016/17 DIRECTORATE CAPITAL MONITORING - REVENUE EXPENDITURE FINANCED FROM CAPITAL UNDER STATUTE (REFCuS)) AND CAPITAL LOANS

REFCuS	16/17 Full Year Budget £'000	First Quarter 16/17 Budget £'000	First Quarter 16/17 Actual £'000	16/17 Variance Budget v Actual £'000	16/17 Variance Budget v Actual %	Comments
Disabled Facilities Grants	500	125	143	18	14	The Council has a legal duty to provide DFGs to all residents who meet the eligibility criteria. The number of occupational therapists' referrals that initiate DFGs is inconsistent and although it appeared to have flattened off in 2014/15, it rose again in 2015/16. As a result of this it is anticipated that DFG expenditure in 2016/17 will be £630k. As a result of the increased demand in 2015/16 Members agreed to increase the allocation in the capital programme by £120k, from £380k to £500k, for each of the four years from 2015/16 until 2018/19. This agreement was given on the expectation that the government would support this expenditure with a contribution of £363k from the Better Care Fund (BCF), being the amount contributed in 2015/16. The BCF contribution towards DFGs in EFDC in 2016/17 is in fact £665k which means that the additional £120k Capital Growth Bid will not be needed to be funded by the Council in 2016/17.
Parking Schemes	273	68	3	-65	-96	In early August a meeting between the Members of the group and NEPP was arranged to discuss the parking review schemes. Drawings are now being developed for the agreed schemes. No start time has been currently agreed, however it is expected that the start time will be in quarter 3.
HRA Leaseholders	150	0	0	N/A	N/A	These costs relate to capital works on sold council flats, currently shown in the HRA capital programme. They will be identified once the works are complete and reported at the end fo the financial year.
Total	**923**	**193**	**146**			

CAPITAL LOANS	16/17 Full Year Budget £'000	First Quarter 16/17 Budget £'000	First Quarter 16/17 Actual £'000	16/17 Variance Budget v Actual £'000	16/17 Variance Budget v Actual %	Comments
Private Sector Housing Loans	271	68	9	-59	-87	This scheme offers discretionary loans to provide financial assistance for improving private sector housing stock. It is anticipated that some money paid out in previous years will be re-couped this year as applicants move on and properties are sold. At this point in the year the budget allocated is expected to be spent.
Total	**271**	**68**	**9**			

MAJOR CAPITAL SCHEMES

HOUSE BUILDING PHASE 1

Original Start on Site Date	Original Finish Date	Actual Start on Site Date	Proposed Finish Date	Original Pre-Tender Forecast £'000 (A)	Updates £'000 (B)	Approved Budget £'000 (C)	Actual Expenditure To Date £'000 (D)	Anticipated Outturn £'000 (E)	Variance Anticipated Outturn to Approved Budget % ((E-C)/Cx100)	Approved Budget Unspent To Date £'000 (C-D)
Apr-14	Jun-15	Oct-14	Jul-17	3,948	-429	3,519	2,587	TBA	TBA	932

Work started on phase 1 of the Council's Housebuilding Programme in October 2014 to construct 23 new homes for rent. This included 14 houses and 9 flats on four different sites in Waltham Abbey, after the fifth site was rejected. However, the works did not progress in line with the original contract period, which had a completion date of 13 November 2015. A certificate of non-completion was served on the contractor Broadway Construction Ltd, when liquidated and ascertained damages (LAD's) were deducted from each payment at a rate of around £10,200 per week. These damages were set to reflect the loss of rent for the properties and the cost of employing consultants to continue to manage the contract.

On 1 June 2016, with approximately 60% of the value of works completed, the Council terminated the contract with Broadway Construction Ltd as they were not regularly and diligently progressing with the works. As a result, the Council has secured the site and completed an inventory of works still to be completed, which is now being used to negotiate with an alternative contractor to complete the works. It is anticipated works will recommence on site in September 2016 with the two Roundhills sites and most of the Red Cross site completed by February 2017, the Harveyfields site ready by April 2017 and the two remaining duplex units on the Red Cross site completing in July 2017.

HOUSE BUILDING PHASE 2

Original Start on Site Date	Original Finish Date	Actual Start on Site Date	Proposed Finish Date	Original Pre-Tender Forecast £'000 (A)	Updates £'000 (B)	Approved Budget £'000 (C)	Actual Expenditure To Date £'000 (D)	Anticipated Outturn £'000 (E)	Variance Anticipated Outturn to Approved Budget % ((E-C)/Cx100)	Approved Budget Unspent To Date £'000 (C-D)
Feb-16	Mar-18	Mar-16	Apr-18	10,833	0	10,833	696	10,833	0%	10,137

Phase 2 of the Housebuilding Programme is now progressing, having achieved planning permission in September 2015 for 51 new affordable homes at Burton Road Loughton. Tenders were issued to six contractors from the East Thames’ approved list and five bids were submitted, with one contactor withdrawing. The five tenders received were opened by the housing portfolio holder in November 2015 in accordance with contract standing orders. Interviews were held in December 2015 with each of the two lowest tenderers to explore any qualifications as part of the evaluation process. The tenders were analysed by Pellings LLP, the employers agent acting on behalf of the Council’s development agent East Thames, who recommended that Mullalley & Co Ltd be awarded the contract.

Cabinet subsequently approved the award of the contract to Mullalley & Co Ltd in the adjusted tender sum of £9,847,179 based on a design and build contract with a contract period of 105 weeks. This compared to a pre-tender estimate of £8,125,000, which was based on rates in the second quarter of 2015, without any inflationary uplift. The lowest tender as originally received was around 16% above the estimated cost and it was the view of Pellings LLP that this was due to a number of inflationary pressures affecting the construction sector.

It was originally anticipated that Mullalley & Co Ltd would take possession of the site in February 2016 with work commencing on site around June 2016 once the planning conditions were discharged and the detailed designs prepared and approved. Although timings have slipped a little, Mullalley & Co Ltd took possession of the Burton Road site in March 2016 and are actively progressing with the detailed design before they commence the build stage in August 2016.

MAJOR CAPITAL SCHEMES

EPPING FOREST SHOPPING PARK										
Original Start on Site Date	Original Finish Date	Actual Start on Site Date	Latest Proposed Finish Date	Original Pre-Tender Forecast £'000 (A)	Updates £'000 (B)	Approved Budget £'000 (C)	Actual Expenditure To Date £'000 (D)	Anticipated Outturn £'000 (E)	Variance Anticipated Outturn to Approved Budget % ((E-C)/Cx100)	Approved Budget Unspent To Date £'000 (C-D)
Mar-16	Oct-16	Sep-16	Jun-17	31,161	0	31,161	12,941	31,161	0%	18,220

The project budget includes the initial budgets approved for all preliminary costs incurred since 2010/11 plus the supplementary capital estimate of £30,636,000 approved by Cabinet in June 2015. It covers the purchase of Polofind's interest in July 2015, the development of the site at Langston Road by the Council as a sole owner. The costs allocated for S278 Highways Works as well as consultancy & other professional fees.

Delays have occurred obtaining a contractor for the main retail park due to the initial open OJEU process failing to attract any bids. Subsequently a restricted process was completed with the winning tender being from McLaughlin and Harvey in the sum of £10,300,000. A letter of intent has been issued with start on site confirmed as 12th September 2016. The contract is due to be signed in late August with a contract period of 37 weeks plus the Christmas break.

The Section 278 works were tendered late in 2015 and awarded to Walkers Construction. Due to changes in personnel at ECC, a number of substantial changes have been added to the scheme increasing costs and the contract programme. With numerous technical issues originally outstanding and ECC having the final say on proceedings, progress has been extremely slow and it is now anticipated that final technical approval should be achieved no later than 5th September 2016. Walkers have already established a site presence in Chigwell Lane; their new revised contract of 40 weeks has risen to approximately £3,000,000.

The marketing of the units has been progressing over the last year with the anchor tenants already having reached agreement. These being Next, Aldi, Smyths Toys, Mothercare, TJX (UK) Ltd and Hobbycraft, who account for in excess of 50% of the total sales area of the Retail Park. Once construction begins marketing will focus on the remaining generally smaller units which are anticipated to achieve higher rents than originally forecast. The current project plan anticipates a shell completion with ready for tenant fit in May/June 2017, and the opening of the park is expected to take place in September 2017.

Report to the Resources Select Committee

Date of meeting: 10 October 2016

SCRUTINY
Epping Forest District Council

Portfolio: Finance

Subject: Financial Issues Paper/Efficiency Plan

Responsible Officer: **Bob Palmer – (01992 – 56 4279)**
Democratic Services Officer: **Adrian Hendry - (01992 - 56 4246)**

Recommendations/Decisions Required:

1. To note and comment on the Financial Issues Paper/Efficiency Plan; and

2. To note that this report has been to the Finance and Performance Management Cabinet Committee on 14 July 2016 with the following recommendations:

1. To recommend to the Cabinet the continuance of the budgetary framework approved by Council in February, including guidelines for 2017/18 covering:

(a) The Continuing Services Budget, including growth items;

(b) District Development Fund items;

(c) The use of surplus General Fund balances; and

(d) The District Council Tax for a Band 'D' property

2. To recommend to the Cabinet the agreement of the updated Medium Term Financial Strategy for the period to 2019/20, and the communication of the Medium Term Financial Strategy to staff, partners and other stakeholders.

3. To recommend to the Cabinet reductions in parish support grants in equal stages to achieve their complete removal by 2019/20.

4. To recommend to the Cabinet acceptance of the Government's offer of a four-year funding settlement,

Executive Summary:

This report provides a framework for the Budget 2017/18 and updates Members on a number of financial issues that will affect this Authority in the short to medium term.

In broad terms the following represent the greatest areas of current financial uncertainty and risk to the Authority

- Central Government Funding
- Business Rates Retention
- Welfare Reform
- New Homes Bonus
- Development Opportunities
- Transformation

- Waste and Leisure Contracts
- Miscellaneous, including recession/income streams and pension valuation

These issues will be dealt with in the following paragraphs, taking the opportunity to discuss some areas in greater detail following recent developments. Based on the information contained in the report Members are asked to set out, for consultation purposes, the budgetary structure for 2017/18.

Reasons for Proposed Decisions:

By setting out clear guidelines at this stage the Committee establishes a framework to work within in developing growth and savings proposals. This should help avoid late changes to the budget and ensure that all changes to services have been carefully considered.

Other Options for Action:

Members could decide to wait until later in the budget cycle to provide guidelines if they felt more information, or a greater degree of certainty, was necessary in relation to a particular risk. However, any delay will reduce the time available to produce strategies that comply with the guidelines.

Report:

<u>Brexit</u>

1. We find ourselves in extraordinary times and before moving on to the usual parts of this financial update report it is necessary to comment on the effect that the referendum has already had and the impacts it is likely to have going forward. Normally by four months after our budget setting we have significant additional information and new legislation and regulations that require an update to the Medium Term Financial Strategy (MTFS). This year Westminster politicians and the civil service appear to have been paralysed and so we know nothing more now than we did in February about changes to New Homes Bonus, the 100% retention of business rates or the financial contribution we will be required to make to support right to buy for housing association tenants. Given this position there was little point updating the MTFS for anything other than the 2015/16 outturn so the attached MTFS is very similar to the one approved in February.

2. The consequences arising from Brexit can be split between the financial and the political. Dealing first with the financial, prior to the vote the Chancellor of the Exchequer stated that a decision to leave the EU would trigger an emergency budget with higher taxes and lower public spending. With the resignation of the Prime Minister we will have to wait for the autumn for the new occupants of numbers 10 and 11 Downing Street to deliver any changes to the budget. Even those campaigning to leave the EU acknowledged that in the short to medium term at least there would be a reduction in economic growth. It will be for the Office for Budget Responsibility to say how much smaller they think the economy will now be than they had previously predicted. Any reductions in actual and forecast economic growth will require further action on the public finances, which could be higher taxes, lower spending or more borrowing. It is likely that the solution will be a combination of the three alternatives and that will inevitably lead to further reductions in funding for local authorities.

3. The political consequences have already been significant for both the Conservatives and Labour and the political uncertainty that now exists will only serve to worsen the economic issues. I have already mentioned the delays in providing legislation and with politicians and civil servants pre-occupied with the terms of our EU exit we may see further delays in other legislation coming forwards. Compared to our future relationship with the EU issues such as devolution, the New Homes Bonus and reforming the system of local authority financing will not be priorities. The uncertainty and delay around these issues could be further compounded

if we have an early General Election. A different government or even just different ministers may have different views on policies such as devolution or universal credit.

4. It will be many years before we can fully evaluate the effects of Brexit but what we can say at the moment is that for local government it has increased political uncertainty and reduced funding prospects.

General Fund Outturn 2015/16

5. Members have already received the outturn reports together with explanations for the variances. The Statutory Statement of Accounts for 2015/16 is currently being audited so some amendments may still be made to the outturn figures. In summary the General Fund Revenue outturn for 2015/16 shows that Continuing Service Budget (CSB) expenditure was £283,000 below the original estimate and £407,000 higher than the revised. The single largest variance was an increase of £215,000 in the bad debt provision, largely caused by the higher level of outstanding housing benefit overpayment debts.

6. The revised CSB estimate for 2015/16 decreased from £13.909m to £13.280m with the actual being £13.649m. The main in year changes related to the inclusion of the New Homes Bonus (£252k) and higher income from off street parking (£180k) and development control (£55k) but these were offset to a degree by the increase in the costs of dealing with homelessness, as reflected in the non-HRA rent rebates (£69k). Other savings were seen on the waste management contract (£48k) the discontinuance of the Forester (£44k) and changes to the duty officers out of hours service (£36k). The only other cost increase worth mentioning is the £23,000 reduction in administration subsidy receivable from the Department for Work and Pensions.

7. Net DDF expenditure was £1,092,000 lower than the revised estimate. However £775,000 of this resulted from slippage so both expenditure and financing for this amount has been carried forward to 2016/17, giving a net underspend of £317,000. Two directorates had variances between their revised and actual DDF spending of more than £300,000. The largest variance was £613,000 on Neighbourhoods, of which £268,000 is money received from the DCLG to pursue recycling initiatives and £139,000 relates to work on the Local Plan. In Resources there was an underspend of £368,000, which includes £73,000 for building maintenance but the main amount was extra income of £254,000 from the technical agreement with the major preceptors. Governance had an underspend of £89,000, with the largest single item being £62,000 for individual registration.

8. There were no significant variances on the non-directorate items within the DDF. The overall movements on the DDF have combined to produce a balance that is higher than previously predicted at £3.742m at 31 March 2016. However, most of this amount continues to be committed to finance the present programme of DDF expenditure, particularly the Local Plan.

9. As the underspend on the DDF is matched by the variance on appropriations, the overall variance in the use of the General Fund revenue balances consists of the CSB overspend and the variance on the use of reserves to fund capital expenditure. This translates into a reduction in balances of £2.021m compared to the revised estimate of a decrease of £1.674m. Although it must be remembered that this deficit only arises due to the charging of £3.151m of capital expenditure to revenue. If the capital expenditure had been financed differently there could have been a surplus of £1.130m adding to the General Fund revenue balance.

The Updated Medium Term Financial Strategy

10. Annexes 1(a/b) show the latest four-year forecast for the General Fund. This is based on adjusting the balances for the 2015/16 actuals but as very little additional information has become available since February no other changes have been made. The annex (1b) shows

that revenue balances will reduce by £36,000 in 2016/17 and then further in subsequent years by £345,000 in 2017/18, £31,000 in 2018/19 before reducing by £3,000 in 2019/20.

11. For some time Members have aligned the balances to the Council's 'Net Budget Requirement' (NBR), allowing balances to fall to no lower than 25% of NBR. The predicted balance at 1 April 2017 of £7.236m represents nearly 57% of the anticipated NBR for next year (£12.762m) and is therefore somewhat higher than the Council's current policy of 25%. However, predicted changes and trends mean that by 1 April 2020 the revenue balance will have reduced to £6.857m. This still represents 55% of the NBR for 2019/2020 (£12.447m).

12. The financial position as at 1 April 2016 was not significantly different from what had been anticipated, reflecting the success of the cost control measures put in place. The robustness of the revenue account is highlighted by the underlying surplus for 2015/16 of £1.130m mentioned above.

13. The target saving for 2017/18 has been left at the original level of £250,000. This is followed by targets of £150,000 for 2018/19, and £100,000 for 2019/20. These net savings could arise either from reductions in expenditure or increases in income. If Members feel that the levels of net savings being targeted are appropriate, it is proposed to communicate this strategy to staff and stakeholders.

14. Estimated DDF expenditure has been amended for carry forwards and it is anticipated that there will be £1.3m of DDF funds available at 1 April 2020. The four-year forecast approved by Council on 18 February 2016 predicted a DDF balance of £978,000 at the end of 2019/20.

15. Capital balances have been updated for recent outturn figures and it is not anticipated that there will be any unallocated capital receipts available in future. With the continued efforts to become self-financing, assisted by the certainty of the four year settlement, through revenue generating capital schemes it is inevitable that some borrowing will be required during 2016/17. We will seek to keep borrowing to a minimum through the use of reserves to fund capital expenditure where appropriate.

Continuing Services Budget

16. The CSB overspend against revised estimate was £0.407m, compared to a £0.223m overspend in 2014/15. Within the overall overspend there was the usual small saving on the salaries budget. The salaries budget in total is approximately £20.8m and the General Fund CSB underspend was approximately £80,000. It is anticipated that not all posts will be filled throughout the year so a vacancy allowance of 1.5% is included in the estimates to reflect this.

17. There is currently an under spend on the salaries budget in 2016/17 and this is expected to continue so the vacancy allowance will be reviewed and increased if appropriate. The aggregate overspend this year arose largely from one off factors with a larger than anticipated increase in the bad debt provision and a greater share of interest earnings going to the HRA than the General Fund.

18. Previously it has been agreed that CSB expenditure should not rely on the use of balances to provide support but should be financed only from Government grant (RSG + Retained NDR) and council tax income. This means that effectively the level of council tax will dictate the net expenditure on CSB or the CSB will dictate the level of council tax. As Members have not indicated any desire to significantly increase the council tax, it is clear that the former will be the determinant. The four-year forecast, agreed in February, included the assumption that Council Tax would not increase over the life of the MTFS.

19. The updated four-year forecast (annexes 1a & b) show that the original budget for 2016/17 missed that objective, as funding from Government Grants and Local Taxpayers was

£36,000 below CSB. However, given the overall position and the strength of the Council's reserves this is not a significant problem.

Central Government Funding

20. The position is unchanged from February but that would normally be the case, particularly as the settlement included draft figures out to 2019/20. For background the section from the budget report is repeated below.

21. The draft figures supplied immediately before Christmas set out the now familiar Settlement Funding Assessment (SFA) and also introduced the new concept of Core Spending Power. This means it is necessary to provide two comparative tables below to illustrate the reductions in funding. The first table deals with the SFA.

	2015/16 £m	**2016/17 £m**	**2017/18 £m**	**2018/19 £m**	**2019/20 £m**
Revenue Support Grant	2.45	1.53	0.74	0.26	-0.28
Retained Business Rates	3.02	3.05	3.11	3.20	3.30
SFA	**5.47**	**4.58**	**3.85**	**3.46**	**3.02**
Decrease £		0.89	0.73	0.39	0.44
Decrease %		16.3%	15.9%	10.1.%	12.7%

22. This paints a rather bleak picture for the next four years with the SFA reducing over the period by £2.45m or nearly 45%. There has been a lot of talk about full retention of business rates but the reality in the draft figures is disappointing. The table above shows our retained business rate funding increasing from £3.02m in 2015/16 to £3.30m in 2019/20, an increase of £0.28m or 9.3%. During this time the tariff we pay to the Treasury increases by a similar percentage from £10.23m to £11.17m. This lack of any relative improvement in the balance between retention and tariff is disappointing. However, on top of this because our retained business rates exceeds our SFA in 2019/20 we are penalised with an additional tariff that I have shown in the table above as negative Revenue Support Grant. This is a worrying new addition and a disincentive to local authorities to devote resources to economic development.

23. The concept of Core Spending Power is another addition to the draft settlement and is useful in setting out Government thinking on Council Tax and the New Homes Bonus.

	2015/16 £m	**2016/17 £m**	**2017/18 £m**	**2018/19 £m**	**2019/20 £m**
SFA	5.47	4.58	3.85	3.46	3.02
Council Tax	7.6	7.8	8.0	8.3	8.5
New Homes Bonus	2.1	2.7	2.7	1.7	1.6
Core Spending Power	**15.17**	**15.08**	**14.55**	**13.46**	**13.12**
Decrease £		0.09	0.53	1.09	0.34
Decrease %		0.6%	3.5%	7.5%	2.5%

24. The overall funding reductions across the period using Core Spending Power (CSP) are much lower, with a fall of £2.05m or 13.5%. This seems far more palatable but there are questions on how realistic the assumptions are that support the Council Tax and New Homes Bonus figures. There is a separate section later on the New Homes Bonus but at this point it is worth looking at the Council Tax as the draft settlement marked a significant change in Government policy on the Council Tax.

25. In recent years we have included an assumed increase in the Council Tax when updating the MTFS that is presented with the Financial Issues Paper. Later in the process when the Government has offered a freeze grant it has been possible to drop the Council Tax increase and replace it with the freeze grant. The policy of providing additional grant to limit increases in Council Tax is now over. As we have already seen above with our Revenue Support Grant

turning negative the Government now wants to remove grants from the funding system and wants local authorities to fund themselves from Council Tax and retained business rates. The draft settlement states that the figures shown above for Council Tax are increased by 1.75% per annum throughout the period, although it is evident that significant increases have been assumed in the taxbase as well to get to the overall increases.

	2015/16 £m	**2016/17 £m**	**2017/18 £m**	**2018/19 £m**	**2019/20 £m**
Starting Council Tax	7.6	7.6	7.8	8.0	8.3
Increase of 1.75%	n/a	0.133	0.1365	0.140	0.145
Increase in Taxbase	n/a	0.067	0.0635	0.160	0.055
Assumed Council Tax	**7.6**	**7.8**	**8.0**	**8.3**	**8.5**
Increase £		0.2	0.2	0.3	0.2
Increase %		2.6%	2.6%	3.75%	2.4%

26. As we have not increased the Council Tax since 2010/11, the increases we have seen in overall income from the Council Tax have come from increases in the taxbase. For 2016/17 if we assume no change in Council Tax charge the overall income would increase by £157,919, for 2015/16 the amount was £76,900 and for 2014/15 £75,902. Alternatively this can be looked at in percentage terms and this shows an increase in the taxbase for 2016/17 of just over 2% and for 2015/16 and 2014/15 of just over 1%. In view of this pattern of growth in the taxbase the assumptions used look reasonable.

27. In updating the MTFS it has been assumed that Members will not want to increase the Council Tax while the General Fund balance remains comfortably above the minimum requirement. There is unlikely to be flexibility to increase Council Tax by more than the assumed 1.75% as the 2016/17 settlement maintained the referendum limit at 2%.

28. As part of abolishing Council Tax Benefit and introducing Local Council Tax Support the DCLG had to determine whether parish councils would be affected by the reduction in council tax base or left outside the calculations. Despite the consultation responses on the scheme being massively in favour of tax base adjustments only at district level the DCLG decided that parish councils should also be affected. One of the problems with that decision was that DCLG does not have a legal power to make grant payments direct to parish councils. This meant the funding for these councils had to be included in the grants to districts and it was then for districts to determine how much of the grant was passed on. Members determined for 2013/14 that parish councils should be fully protected, a decision not shared by many authorities across the country. This meant that the figure notionally relating to parishes of £312,812 was topped up with an additional £7,460 to £320,272.

29. We do not have separate figures now for Local Council Tax Support or a detailed split between the district and the parishes. In previous years the support to the parishes has been reduced by the same percentage as the grant has reduced. By 2019/20 we will no longer receive any grant and so we need to reduce parish support to zero by this time as well. The level of support in 2016/17 is £201,249 and it is recommended to reduce the support in equal amounts so £134,166 is paid in 2017/18 and £67,083 in 2018/19 followed by no support in 2019/20. An alternative approach would be to continue with reductions reflecting the annual percentage change in grant but this would create much steeper cuts with support falling to £97,405 in 2017/18 and £50,651 in 2018/19. These amounts need to be seen in the light of the total parish precepts for 2016/17 being over £3.27m. It should also be remembered that parishes are not subject to capping and are free to determine the increase in their precept.

30. One piece of new information since February that we need to consider is the option to accept the 4-year figures set out in the table under paragraph 21 above. Previously when figures for multi-year settlements have been announced the figures for later years have been issued on a purely indicative basis. In a letter issued by the Secretary of State for Communities and Local Government on 10 March local authorities were given the opportunity

to accept these 4-year figures as fixed. This offer will have to be accepted before 14 October and confirmation of acceptance would need to be accompanied by an efficiency plan showing "how this greater certainty can bring about opportunities for further savings".
31. Accepting the 4-year offer would provide greater certainty for planning purposes. However, the letter was accompanied by an annex which said the Government would "need to take account of future events" and that the offer would be honoured "barring exceptional circumstances". It is possible that recent events may be seen as exceptional and may inhibit the ability of the Government to honour this offer, but we are unlikely to know this before the deadline for acceptance in mid-October.

32. The letter also contains a note of caution for authorities that do not take up the option, "It is open to any council to continue to work on a year-by-year basis, but I cannot guarantee future levels of funding to those who prefer not to have a four year settlement". This implies that if further reductions are needed in local government funding they would be likely to fall most heavily on the authorities that choose to keep their funding on a year-by-year basis. Given that it is extremely unlikely that additional funds will be made available for local authorities in the next four years there seems nothing to be gained from opting for annual settlements and potentially a lot to lose.

Business Rates Retention

33. We are now into the fourth year of business rates retention and it is evident that DCLG have under estimated the Council's income from business rates. This is illustrated in the table below.

	2013/14 £m	**2014/15 £m**	**2015/16 £m**	**2016/17 £m**	**2017/18 £m**	**2018/19 £m**	**2019/20 £m**
DCLG	2.91	2.97	3.02	3.05	3.11	3.20	3.30
Actual/Est.	2.97	3.64	4.40	4.38	4.30	4.35	4.45
Surplus	**0.06**	**0.67**	**1.38**	**1.33**	**1.19**	**1.15**	**1.15**
Levy	0.03	0.34	0.24	tbc	tbc	tbc	tbc

34. For both 2013/14 and 2014/15 as the Council was not in a business rates pool we had to pay over half of the income above the DCLG estimate as a levy, in addition to the tariff that had already been paid. This meant payments for these years of £28,000 and £335,000 in addition to the tariff payments of £9.85m and £10.04m. As the Council is in a business rates pool for 2015/16 and 2016/17 no levy should be payable to the Treasury. However, for 2015/16 two of the pool members required safety net funding and so £238,000 was lost to the internal pool levy to support these authorities. Despite this levy the Council was still better off for pooling by £118,000.

35. The table above illustrates that the rate of growth in business rate income has been far higher than DCLG estimated. Part of this divergence may have been caused by the number of adjustments to the scheme after it was constructed. These include the extension of small business rate relief, the capping of increases and the introduction of retail rate relief. As all of these adjustments reduce the bills that Councils would have issued compensation is paid under what is known as Section 31 grant. This has become so significant now that for 2015/16 revised and 2016/17 it was shown separately in the MTFS. In 2014/15 the Council received over £0.75m in Section 31 grant, this was anticipated to reduce to £0.7m in 2015/16 and £0.4m in 2016/17 due to retail relief coming to an end.

36. Whilst the amounts included in the MTFS exceed those calculated by DCLG they are still felt to be prudent. There is very little growth anticipated after 2015/16 despite the building of the retail park and other known likely developments within the district.

37. One of the theories for why many authorities have seen income in excess of the DCLG estimates is that the DCLG allowed amounts in their calculations for losses on appeal. This is plausible but seems strangely generous and out of character. Calculating an appropriate provision for appeals remains extremely difficult as there are over 400 appeals still outstanding with the Valuation Office. Each appeal will have arisen from different circumstances and it is difficult to produce a uniform percentage to apply. This is a particular concern as there is one property in the south of the district which has a rateable value approaching £6 million and is currently being appealed. If a full provision was included in our calculations for the owners of this property being completely successful in their appeal there would be a significant shortfall.

38. Based on previous experience and discussions with the Valuation Office a provision has been calculated that is felt to be prudent, but given the size of the financial risk here it is worth mentioning the potential problem. The total provision against appeals is currently close to £4m.

39. Where losses arise on the Collection Fund due to appeals being settled they are accounted for in the General Fund in subsequent periods. In the MTFS this is shown together with any loss or surplus on the Council Tax in the Collection Fund Adjustment line. When combined, the outturn figures for the Collection Fund for 2015/16 were less than £30,000 different to the estimates included in the MTFS, which is a very small variance considering the value of transactions through the Collection fund every year exceeds £110m. So at this point there is no need to amend the MTFS for any unexpected trends on the Collection Fund.

40. The announcement of 100% local retention of business rates was widely welcomed but there are a couple of popular misconceptions to correct. Firstly, 100% retention will not mean an increase in the business rate income we have to spend from £3.3m to £33m. What it actually means is that 100% will be retained within local government and no amounts of either base funding or growth will be paid over to the Treasury. The second myth is that 100% retention will solve funding problems for the local government sector. It has been made clear by the Government that the policy will be fiscally neutral, which means any additional funding will be matched by a transfer of additional responsibilities that have previously been centrally funded. This may not be a good thing as any new responsibilities are likely to be demand led and so will increase if we find ourselves in a recession, which will be the time when business rates funding is reducing. This means that through the reform process local government as a whole will need to try and limit the amount of risk that is transferred and that some form of safety net is maintained.

41. The new system is meant to be in place by 2020/21 at the latest, DCLG had indicated a desire to achieve implementation by 2019/20 but this now looks unlikely. This process is being managed by a Steering Group and five working groups covering needs and redistribution, systems design, responsibilities, accounting and accountabilities and business interests. These groups are a mixture of people from local authorities, DCLG the Local Government Association and various business representative groups. The first of many consultations is expected in late summer and when it is issued it will be shared with this Committee.

Welfare Reform

42. When considering the scheme of Local Council Tax Support (LCTS) for 2016/17 it had been feared that reductions in tax credits would increase demand for LCTS. This was a particular concern as it was already predicted that the LCTS scheme would fall short of being self-financing in 2016/17. In order to try and limit the shortfall the scheme was changed significantly for the first time since its introduction with the maximum level of support being reduced from 80% to 75%. Now with no major reduction in tax credits and the introduction of the National Living Wage the trend of reductions in the LCTS caseload may continue and bring the scheme back closer to self-financing. No significant change is being proposed for 2017/18 to allow sufficient time to understand the consequences of the change for 2016/17.

43. It is worth taking this opportunity to mention one of the other welfare reforms. The Benefits Cap was introduced to limit the total amount of benefits a household could receive in a year to £26,000. The introduction of this cap did not have a dramatic impact across the district. However, the reduction by £6,000 to £20,000 is likely to cause greater changes in people's behavior and working patterns. The lower cap will be phased in across the country during 2016/17 and early indications are that several hundred claimants in this district will be affected. As this will be a part year implementation, the effects of this change will be more evident in 2017/18 than 2016/17.

44. The other major change that has received considerable media coverage is the replacement of a collection of different benefits with a single Universal Credit. Despite delays, confusion and critical reports from the National Audit Office the scheme still continues to progress (slowly). The main supporter of the project was Ian Duncan-Smith so it remains to be seen if the new Prime Minister and the new Minister at the DWP will still want to persevere with UC. For the moment, there is no clarity over the time period and process for the migration of our existing housing benefit claims to UC or the role local authorities will perform under the new system.

45. One other aspect of welfare reform that continues is the DWP achieving their savings through reducing the grant paid to local authorities to administer housing benefit. Following a relatively modest reduction of £22,000 in 2015/16 we have been advised that the reduction for 2016/17 will be £73,000, which is a cut of over 16%.

New Homes Bonus

46. The consultation on the proposed changes to NHB closed on 10 March 2016 but no information has yet emerged on the future policy direction in this area. It will be necessary to adjust future versions of the MTFS once the exact nature of the changes is known but for the moment in the absence of any better information I have not changed my assumptions and provide again the section from the budget paper below as a reminder.

47. The amount of NHB payable for a year is determined by the annual change in the total number of properties on the council tax list in October. This means that the bonus is payable on both new housing and empty properties brought back in to use. The increase in the tax base is multiplied by a notional average council tax figure of £1,439, with an additional premium for social housing. The calculated figure is then shared with 20% going to the county council and 80% to the district, with the amount being payable for six years. This Council has done relatively well from NHB and the amount the Council will receive for the first 6 years of NHB in 2016/17 is £2.7 million.

48. In last year's Financial Issues Paper I suggested that in view of possible changes to the scheme the amount taken to the CSB should be capped at £2.2m. As part of the draft settlement for 2016/17 the Government issued a technical consultation on NHB which is entitled "New Homes Bonus: Sharpening the Incentive". Whilst sharpening the incentive the various proposals are also aimed at reducing the cost by £800m, this is approximately 55% of the projected cost for 2016/17. In the paragraphs below I will set out each of the proposals in the consultation and state what assumption I have made in coming to the figures for NHB that are included in the MTFS.

49. The first proposal is to reduce the number of years that the bonus is payable for from 6 to 4. In what could be seen as an attempt to head off any protests about this the consultation also says another option would be to reduce the number of years to 3 or 2. In moving from 6 to 4 years alternative scenarios are provided of either an immediate reduction or a phased change with a reduction to 5 years in 2017/18 followed by the full reduction to 4 years in 2018/19. The figures provided for Core Spending Power (see para 23 above) indicate that the funding change is most likely to be phased so that is the assumption used for the MTFS and it has been assumed that payments will not reduce below 4 years.

50. The second proposal is to withhold NHB from authorities that have not got a Local Plan in place. Under this proposal authorities would not get any new NHB but would continue to get NHB relating to earlier years. A possible refinement mentioned is to give credit for progress made. This could mean that an authority that has published a Local Plan but not yet submitted it to the Secretary of State would receive 50% of any new NHB. For the purpose of the MTFS I have assumed that some credit will be given for progress made and that is the position we will be in for 2017/18 before reverting to full entitlement in 2018/19.

51. The next proposal is to reduce the amount of NHB payable where planning permission has only been granted on appeal. Two alternative proposals are suggested with the size of the reduction being either 50% or 100%. This would appear to be what the Government means by sharpening the incentive, although it does not sit well with the concept that planning decisions should be made purely on planning issues. As there is a time lag between planning approval and homes being built it would be quite difficult to try and analyse how much of the NHB that we have received could be lost and in any case it is questionable how reliable such past data would be as a guide to new developments coming forward and whether they will get planning permission with or without appeal. Given this level of uncertainty I have made no adjustments to the MTFS for this possible change.

52. Another proposal aimed at improving the incentive is to remove the deadweight. This is an interesting turn of phrase that means building some baseline into the calculation so NHB is only payable on growth above what would normally happen anyway. This could be achieved through a general baseline of 0.25% or a more complex formula could be applied to each authority individually based on their previous growth. However, the Government does acknowledge the concern that in introducing a baseline it could reduce the significance of NHB for some authorities and have the perverse impact of eroding the incentive effect. Given the uncertainty about the implementation of this measure and the form it might take I have made no adjustments to the MTFS for it.

53. The final proposal is to protect authorities that are particularly adversely impacted by changes to NHB. No indication is given of an amount or percentage reduction that would qualify for help or how long such help might be phased over. Even though we may well qualify for some assistance, given the likely reduction of over £1m, to be prudent no additional support has been anticipated in the MTFS.

54. Having gone through the potential changes it is now appropriate to set out the cumulative effect below by comparing the MTFS projections with the Government's Core Spending Power figures.

	2016/17 £m	**2017/18 £m**	**2018/19 £m**	**2019/20 £m**
NHB in Core Spending Power	2.7	2.7	1.7	1.6
NHB in MTFS	2.7	2.2	1.4	1.6

55. The amounts are lower in 2017/18 and 2018/19 due to the assumed reduction of 50% for new NHB in 2017/18 due to the Local Plan still being work in progress. By 2019/20 the figure has improved as the relatively poor year of NHB due to lower than average growth in 2014/15 drops out of the calculation and is replaced by a year assumed to be closer to the average. The amounts that will be included in the CSB and DDF in the MTFS are set out below.

	2016/17 £m	**2017/18 £m**	**2018/19 £m**	**2019/20 £m**
CSB	2.1	2.1	1.6	1.6
DDF	0.6	0.1	-0.2	0
NHB in MTFS	**2.7**	**2.2**	**1.4**	**1.6**

Change in CSB	0	0	0.5	0

Development Opportunities

56. There is a separate Cabinet Committee for co-ordinating asset management issues so I do not intend to devote too much space to developments. However, it is necessary to touch briefly on the number of opportunities that currently exist in the district and their potential benefits. This is particularly important given the increased significance of retained business rates.

57. There has been some slippage in the programme for the retail park, caused by a combination of delays by the highways department at Essex County Council (ECC) and the failure of the first attempt at securing a main building contractor. Later this month Cabinet will decide which building firm to award the main contract to and from that point there should be greater certainty about the opening date. It is anticipated that the construction cost of the retail park will not be significantly different from the amount included in the capital programme. Negotiations are also continuing with potential tenants and indications are that the projected rent levels should be achieved and the budgeted allowance for tenant incentives will not be exceeded.

58. Our professional advisers have stated that an annual rental income of £2.5m is achievable. The MTFS includes a prudent view, reducing this to £2m to allow for any shortfall, management costs and interest. No change in assumptions has been made at this stage as any changes now would inevitably require further amendment later for the better information on rent levels and the opening date.

59. Progress has been less encouraging with the mixed use re-development of the St Johns area in Epping. The land acquisition from ECC has taken much longer than anticipated and there is still no end in sight to this saga. It will be a considerable relief if it is finally possible to complete the purchase of their land. Other possibilities for Waltham Abbey and North Weald are also being evaluated.

60. The delays in progress on the development schemes meant it was possible to finance the capital programme in 2015/16 without any additional borrowing. However, this will not be possible for 2016/17 and going forward we will need a different way of thinking as capital will no longer be freely available and borrowing costs will need to be considered as part of any options appraisals.

Transformation

61. The Head of Transformation has now been in post for over 6 months and good progress has been seen on a number of initiatives. To keep Members informed an updating report is made to every meeting of the Cabinet. The key accommodation review is well underway and a report should come to Cabinet in the autumn to determine the future of the current civic office site. Strong progress has also been made with the work on customer contact and this has the potential to significantly change the structure and working practices of the Council.

62. Later in the budget cycle it will be necessary to consider the future of the staff working on transformation and the funding that is to be made available over the period of the MTFS. It is clear that if Members want to take forward the large scale initiatives on accommodation and customer contact some ongoing resource will be required.

63. As part of the revised estimates for 2014/15 Members created an Invest to Save budget of £0.5m. This fund is intended to finance schemes which can produce reductions to the net CSB requirement in future years. This fund has proved popular with Members and officers

and the number of ideas generated has meant it has been necessary to allocate additional funding.

Waste and Leisure Contracts

64. Two of the Council's high profile and high cost services are provided by external contractors, Biffa for waste and SLM for leisure. Following an extensive competitive dialogue procedure Biffa took over the waste contract in November 2014. The contract hand over and the first six months of the new service went well. However, in May 2015 the service was re-organised on a four day week basis and considerable difficulties were encountered. The service has now been stabilised with Biffa committing significant additional resources. The service was procured at a lower cost and the savings were included in the MTFS. Biffa are confident that they will be able to fulfil their obligations at the price they tendered and have indicated that the additional resources will stay in place until the transition is completed.

65. The leisure management contract was due to expire in January 2013 but an option was exercised that extended the contract for three years. A Leisure Strategy has been prepared and this included the intention to follow a similar route to the waste procurement with the use of competitive dialogue. It now appears unlikely that the new contract will be let before the extension of the old contract has expired so a negotiation will be needed to further extend the current contract. The MTFS had anticipated the new contract would commence during 2016/17 and includes CSB savings of £75,000 in 2016/17 and a further £175,000 in 2017/18. With the delay in commencing the new contract it appears that savings will not arise until 2017/18, although it is evident from the competitive dialogue that the savings are likely to exceed those currently allowed for. The size and timing of these savings will be kept under review as the budget develops.

Miscellaneous

66. In addition to the significant items mentioned above there are a number of other issues that need to be borne in mind. Firstly, the position in terms of the general economic cycle and the potential for a recession. The economy goes in cycles and, regardless of our position relative to the European Union, many economic commentators have been predicting that the current period of low but sustained growth was due to finish and that a recession is somewhat overdue. There is no point in speculating on the length and depth of a recession but we do need to be wary of the consequences of a slowdown in the economy. In any economic downturn property related income streams such as development control and rent from our commercial estate suffer. This reduction in income in a downturn will be magnified as the proportion of our income coming from retained business rates increases. Added to the reduction in income will be increased pressure on services with greater spending on benefits and homelessness. Clearly it is in no one's interests to talk down the economy and talk up a recession but in a paper highlighting financial issues it is a subject that cannot be ignored.

67. We are now in the last year of making pension contributions based on the March 2013 fund valuation. The scheme actuaries are currently working on the valuation for March 2016 and we will be consulted later in the year on a range of payment options for the next three years. In predicting the future position of the fund the actuary will have to take into account expected investment returns and the wider economic background. The most recent updates from the actuary were indicating an improvement in the funding position and consequently no significant increase in contributions. However, these were prior to the referendum and if the actuaries now assume lower investment returns they may recommend higher contributions to compensate. The funding options are usually given to scheme members in the autumn and a report will be brought to this Committee as soon as any figures are available.

DDF

68. The carry forward of £775,000 represents an increase of £200,000 on the £575,000 of slippage for 2014/15. The two largest carry forwards are the DCLG funding for recycling initiatives (£268,000) and the Local Plan (£139,000). The financial forecast shows that not all DDF funding is currently allocated to schemes, it indicates that approximately £1.3m of DDF will be available at 1 April 2020. However, a financial update later this month to Cabinet on the Local Plan is likely to consume a significant portion of the fund.

The Capital Programme

69. The generation of capital receipts in 2015/16 was lower than had been anticipated. This was partly due to less council houses being sold. The Government boosted right to buy sales by increasing the discount that tenants can receive to £75,000 and this led to sales of 53 houses in 2013/14 and 46 in 2014/15. A reduction in sales was expected during 2015/16 but the actual sales figure of 20 was lower than had been budgeted.

70. It has already been stated above that the General Fund capital programme will continue as the main vehicle for putting the Council in a self-financing position and that in order to achieve this some borrowing will be necessary in 2016/17. The HRA capital programme will need a major review in 2016/17 to take account of the changes that will be introduced as secondary legislation following the Planning and Hosing Act. These changes will significantly reduce the resources available to the HRA and so it will be necessary to re-evaluate both the house building and maintenance programmes going forward.

71. The capital outturn report considered by the Finance and Performance Management Cabinet Committee on 16 June 2016 highlighted that the variance of £12.6m was a substantial increase on the previous year's figure of £3.9m. Non-housing expenditure was £9.2m below the estimate at £16.8m, whilst housing expenditure of £13.8m was £3.5m below the estimate of £17.3m. The slippage in the programme will be carried forward to subsequent periods as large amounts of it relate to the development schemes (£6m in respect of St Johns and £2.1m for the retail park).

An updated Medium Term Financial Strategy

72. For the reasons set out in the various sections above, the update to the MTFS has been limited to changes to reflect the outturn for 2015/16. Annexes 1 (a & b) show a four-year forecast with target levels of savings to bring the projections closer to the policy of keeping reserves above 25% of the NBR. The net savings included are £250,000 for 2017/18, decreasing to £150,000 for 2018/19 and then £100,000 for 2019/20. These savings would give total CSB figures for 2017/18 of £13.107m and 2016/17 of £12.498m.

73. This proposal sets net DDF expenditure at £1.473m for 2016/17 and £259,000 for 2017/18, and given the possibility of other costs arising, it is likely that the DDF will be used up in the medium term.

74. No predicted non-housing capital receipts are being taken into account, as any disposals are still some way off. Over the period of the MTFS the balance shown at Annex 1 (b) on the Capital Fund is used up entirely. As already stated above, this will be the first time capital resources are not freely available and a change in thinking is needed to ensure any capital proposals include borrowing costs.

75. Previously the Council has taken steps to communicate the MTFS with staff, partners and other stakeholders. This process is still seen as good practice and a failure to repeat the exercise could harm relationships and obstruct informed debate. If Members agree, appropriate steps can be taken to circulate either the full strategy or a summarised version.

The Council Tax

76. Even though the Government has now changed its position on Council Tax increases and

is effectively encouraging them, it has been assumed that Members will wish to adhere to the established policy of not increasing the Council Tax throughout the period of the MTFS. This is something that can easily be revisited later in the budget process if we find ourselves in a significantly worse position than is currently envisaged.

Conclusion

77. The Council remains in a strong financial position as the overspend in 2015/16 was not significant. It is comforting at this time to have substantial reserves as the referendum has delivered greater political uncertainty and a higher level of financial risk.

78. We eagerly await a decision on who the next Prime Minister will be and then in turn who their choices will be for the key roles of Chancellor of the Exchequer and secretaries of state for Communities and Local Government and Work and Pensions. Some direction on policies covering, the reform of local government funding, devolution, New Homes Bonus and changes to the HRA would be very welcome but may be delayed by the work on negotiating our exit from the EU and our new trade deals with the rest of the world.

79. There is also great uncertainty over what the final settlement figures will be for all of the business rate appeals and whether pooling will continue to be a success. Other questions remain in service areas, such as the timing and size of the savings from the new leisure contract and what can be done to address the growing problem of homelessness.

80. For the moment we have to make prudent assumptions and look to see how we can best safeguard the Council's finances for the future. The updated MTFS sets out a programme of net savings that should be achievable and our financial strength allows us to look for the necessary savings over the medium term. This process will be assisted by having the Invest to Save fund to help with initial funding or investment, which should allow some more creative solutions to be developed.

GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY 2015/16 - 2019/20

ORIGINAL 2015/16		ACTUAL 2015/16	FORECAST 2016/17	FORECAST 2017/18	FORECAST 2018/19	FORECAST 2019/20
£'000	**NET REVENUE EXPENDITURE**	£'000	£'000	£'000	£'000	£'000
13,921	Continuing Services Budget	13,649	12,714	13,813	13,523	12,910
329	CSB - Growth	546	949	8	515	0
-902	CSB - Savings	-1,142	-411	-464	-1,390	-360
0	Additional Savings Target	0	0	-250	-150	-100
13,348	Total C.S.B	13,053	13,252	13,107	12,498	12,450
1,129	One - off Expenditure	83	1,644	259	639	76
14,477	Total Net Operating Expenditure	13,136	14,896	13,366	13,137	12,526
-2	Contribution to/from (-) Other Res	-75	-171	0	0	0
-1,129	Contribution to/from (-) DDF Balances	143	-1,473	-259	-639	-76
-42	Contribution to/from (-) Balances	979	-36	-345	-31	-3
13,304	Net Budget Requirement	14,183	13,216	12,762	12,467	12,447
	FINANCING					
2,204	RSG-Parish Support Grant	2,205	1,329	571	108	-133
3,434	District Non-Domestic Rates Precept	3,616	3,982	4,300	4,350	4,450
0	Section 31 Grant	788	400	0	0	0
7,616	District Council Tax Precept	7,616	7,774	7,891	8,009	8,130
50	Collection Fund Adjustment	-42	-269	0	0	0
13,304	To be met from Government Grants and Local Tax Payers	14,183	13,216	12,762	12,467	12,447
	Band D Council Tax	148.77	148.77	148.77	148.77	148.77
	Percentage Increase %		0	0	0	0

GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY 2015/16 - 2019/20

	ACTUAL 2015/16	FORECAST 2016/17	FORECAST 2017/18	FORECAST 2018/19	FORECAST 2019/20
REVENUE BALANCES	£'000	£'000	£'000	£'000	£'000
Balance B/forward	9,293	7,272	7,236	6,891	6,860
RCCO	-3,000	0	0	0	0
Surplus/Deficit(-) for year	979	-36	-345	-31	-3
Balance C/Forward	7,272	7,236	6,891	6,860	6,857
DISTRICT DEVELOPMENT FUND					
Balance B/forward	3,599	3,742	2,269	2,010	1,371
Transfer Out	143	-1,473	-259	-639	-76
Balance C/Forward	3,742	2,269	2,010	1,371	1,295
CAPITAL FUND (inc Cap Receipts)					
Balance B/forward	19,534	3,790	3,293	978	-745
New Usable Receipts	3,301	7,695	2,733	2,769	2,806
Use of Capital Receipts	-19,045	-8,192	-5,048	-4,492	-2,294
Balance C/Forward	3,790	3,293	978	-745	-233
TOTAL BALANCES	14,804	12,798	9,879	7,486	7,919

Report to the Resources Select Committee

Date of meeting: 10 October 2016

SCRUTINY

Epping Forest District Council

Portfolio: Technology and Support Services

Subject: Telephone Monitoring Statistics

Responsible Officer: David Newton (01992 564580).

Democratic Services Officer: Adrian Hendry (01992 564246).

Recommendations/Decisions Required:

(1) To note the telephone monitoring statistics covering the period April 2016 to August 2016

Executive Summary:

The Resources Select Committee have previously requested that the following statistics are reported on a quarterly basis;

i) The percentage of abandoned calls; and
ii) The number of calls sent directly to the voicemail system.

Reasons for Proposed Decision:

The Resources Select Committee have requested an update on the progress made with regard to monitoring the telephone statistics.

Other Options for Action:

None.

Report:

1. To assist in identifying trends in call handling, Appendix 1 shows the monthly breakdown of abandoned & voicemail calls as a percentage in a graphical format. Appendix 2 is a graphical representation of total calls answered, abandoned and sent to voicemail. Appendix 3 is an example of call breakdown by section for August 2016.

2. ICT continues to work with all directorates to assist in identifying best working practices using the Shoretel system. The statistics below highlight a significant reduction in calls compared to the previous year, although this is not surprising given the difficulties with the waste contractor last year. With the reduction in the number of calls far fewer calls are being abandoned and there seems a much greater willingness amongst our customers to now use voicemail.

Monitoring for the period from 1 April to 31 August -

	Average calls per month	% Abandoned	% Voicemail
2015	33,151	8.9	6.3
2016	28,292	4.4	7.2

Point in time comparison for August –

	Answered	Abandoned	Voicemail
2015	26,005	2,641	1,652
%	85.8	8.7	5.5
2016	22,952	1,217	2,566
%	85.9	4.5	9.6

Consultation Undertaken:

None required.

Background Papers:

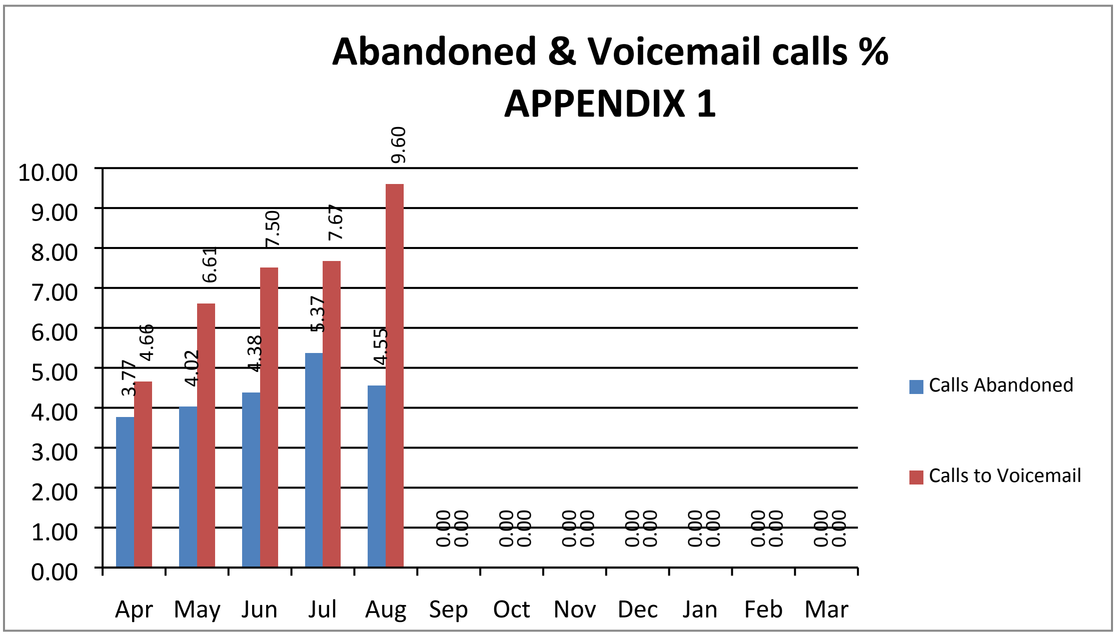
RSC minutes 12 April 2016

Due Regard Record

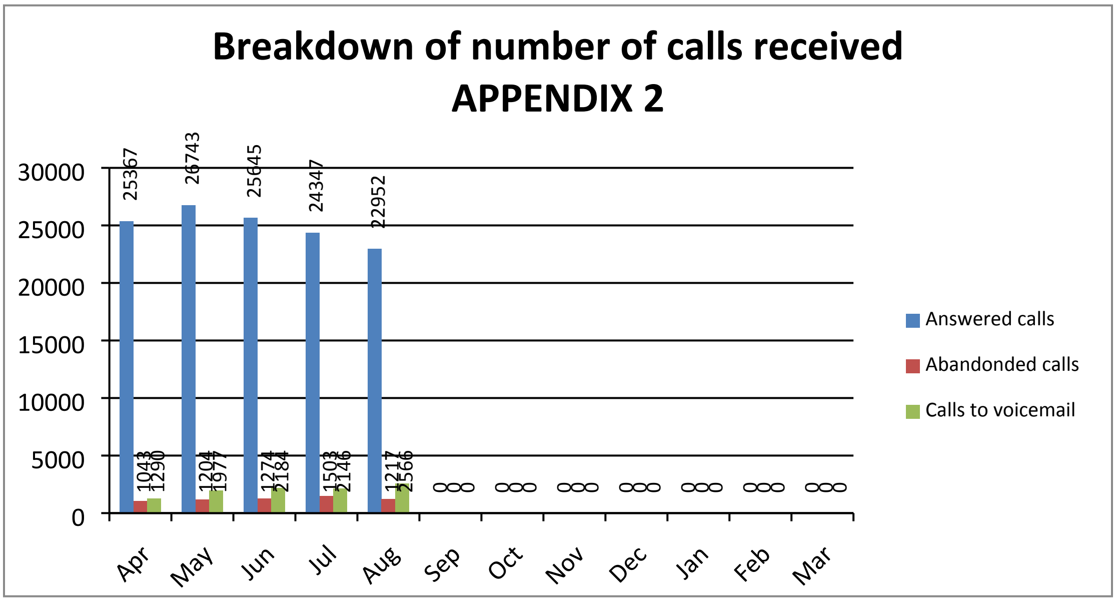
This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved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

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

Date / Name	Summary of equality analysis
28/09/16 **David Newton**	The process of producing performance statistics will have no impact on any equality issues.



Abandoned & Voicemail calls %
APPENDIX 1
10.00
9.00
8.00
7.00
6.00
5.00
4.00
3.00
2.00
1.00
0.00
3.77
4.66
4.02
6.61
4.38
7.50
5.37
7.67
4.55
9.60
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Calls Abandoned
Calls to Voicemail



Breakdown of number of calls received
APPENDIX 2
30000
25000
20000
15000
10000
5000
0
25367
26743
25645
24347
22952
1043
1290
1204
1977
1274
2184
1503
2146
1217
2566
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Answered calls
Abandonded calls
Calls to voicemail

Workgroup & CC Queue Summary Report - August 2016

APPENDIX 3

Workgroup names	Abandoned	Handled by WG Voicemail	Total calls		% Abandoned	% Voicemail
Communities Culture (X2802)	1	0	4	Com	25	0
Communities Booking Line (X2983)	10	0	140	Com	7	0
Communities Booking Line (X4226)	0	0	189	Com	0	0
Communities Finance	2	0	53	Com	4	0
Communities information and tenant involvement	0	0	1	Com	0	0
Community Saftey Team (x2736)	4	8	21	Com	19	38
Home Ownership Team (x4428)	2	27	182	Com	1	15
Housing Allocations (x4716)	0	0	240	Com	0	0
Housing Assets (x2727)	4	64	337	Com	1	19
Housing CARE Agency (x4086)	3	126	226	Com	1	56
Housing Homelessness Assessment (x4027)	15	0	152	Com	10	0
Housing IT (x4324)	0	0	1	Com	0	0
Housing Management North (x2499)	29	4	655	Com	4	1
Housing Management South (x2726)	24	17	381	Com	6	4
Housing Prevention (x4165)	61	0	782	Com	8	0
Limes Centre Housing staff (x2826)	2	15	110	Com	2	14
Private Sector Housing (x4348)	1	70	131	Com	1	53
Sheltered Housing (x4368)	8	95	172	Com	5	55
Waltham Abbey Museum (x4992)	0	0	97	Com	0	0
COM	**166**	**426**	**3874**		**4**	**11**
Admin Registration Team (x4584)	126	211	1336	Gov	9	16
Building Control Surveyors (x4286)	3	28	52	Gov	6	54
Civic Reception Info Desk (x2500)	1	0	77	Gov	1	0
Civic Reception Info Desk (x4288)	0	0	78	Gov	0	0
Democratic Services (x4243)	1	0	56	Gov	2	0
Fraud Hotline (x4444)	2	10	16	Gov	13	63
Local Land Charges (x2739)	1	10	169	Gov	1	6
Planning Building Control (x4141)	58	1064	1548	Gov	4	69
Planning Enforcement Team (x2800)	0	1	3	Gov	0	33
Planning Policy Hotline (x4517)	1	6	99	Gov	1	6
Public Relations (x4140)	2	0	21	Gov	10	0
Tom Carne (x4039)	0	0	39	Gov	0	0
GOV	**195**	**1330**	**3494**		**6**	**38**
Emergency Planning	1	0	1	Nei	100	0
Engineering, Drainange & Water (x2967)	0	1	1	Nei	0	100
Enviro & Neighbourhoods (x2968)	0	0	7	Nei	0	0
Grounds Maintenance Technical Officers (x4562)	3	49	174	Nei	2	28
Licensing (x4721) (x2018)	0	14	127	Nei	0	11
Neighbourhoods Parks (x2720)	0	29	29	Nei	0	100
North Weald Gate House (x4200)	34	73	455	Nei	7	16
Trees and Landscapes Team (x2814)	7	21	74	Nei	9	28
CONTACT CENTRE	104	4	3222	Nei	3	0
NEI	**149**	**191**	**4090**		**4**	**5**
Benefits A-L (X2081)	50	1	640	Res	8	0
Benefits M-Z (X2082)	30	2	531	Res	6	0
Cash Office (X4258)	11	58	111	Res	10	52
Cash Office (X4349)	95	534	825	Res	12	65
Council Tax Business rates 4064 (X1305)	1	0	170	Res	1	0
Council Tax Recovery 4030 (X1300)	8	0	542	Res	1	0
Facilities Management (x4760)	1	0	4	Res	25	0
Helpdesk 4888 (x1310)	5	11	108	Res	5	10
Business Support Office x4495	4	0	15	Res	27	0
Print - Reprographics (x4388)	2	6	49	Res	4	12
Superintendents (x4619)	3	7	35	Res	9	20
Switchboard (x2000)	377	0	8291	Res	5	0
Switchboard Back Up (x6000)	0	0	2	Res	0	0
CONTACT CENTRE	120	0	3954	Res	3	0
RES	**707**	**619**	**15277**		**5**	**4**
Overall Total	**1217**	**2566**	**26735**		**5**	**10**

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