

Report to the Resources Select Committee



**Epping Forest
District Council**

Date of meeting: 14 December 2015

Portfolio: Finance

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

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Recommendations

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

Executive Summary

The report provides the first draft of the Continuing Services Budget (CSB) growth and District Development Fund (DDF) Schedules for 2016/17.

Reasons for proposed action

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

Other options for action

No other options applicable.

Report

1. The Financial Issues Paper was considered by to this Committee at its meeting in October. The report highlighted a number of financial uncertainties and risks facing the Authority including the reductions in Central government funding, Retention of Business Rates, Welfare reform and the Leisure Management Contract Renewal.
2. The Medium Term Financial Strategy (MTFS), which forms part of the Financial Issues Paper, identified that savings of around £1 million were required over the forecast period. The savings required in 2016/17 were identified at £150,000 after savings of £410,000 already identified had been taken into account.
3. Since then there have been a number of other items identified; From 1 April 2016 there will be an increase to the employers national insurance contributions related to employees in the Local Government Pension Scheme. As the majority of employees are in the scheme the General Fund element is likely to be close to £500,000. There will also be lost investment income as a result of the Construction of the Shopping Park, St Johns Development and Oakwood Hill and North Weald Housing depot construction. However, offsetting these, there is Grant income from Central Government given to Local Authorities in recognition of the lost Business Rates due to the various government led reliefs given to businesses. This is expected to be around £700,000 in 2015/16. The current contract for the North Weald Market ends on the 31 December 2015 however a new operator has now been appointed for an initial period

of three years with a possible two year extension. This will see an improvement in the income achieved from the site. The lists attached show the current position however the budget process is still at an early stage and there will undoubtedly be further additions and amendments to the list as the budget progresses.

4. There was an overspend on the revenue budget in 2014/15 in contrast to recent years. Whilst there was an underspend on salaries this was offset by an increase in the Bad Debt provision and savings anticipated on the Waste Contract did not materialise to the extent originally expected.
5. Previous years have seen regular underspends and the exercise to remove such budgets has generally been successful and given the move to an overspend last year this might suggest that most of these underspends have now been removed. However the budget process so far has revealed a few areas where further work is required.
6. There are some CSB budgets that either have a one off element within them or in some cases are budgets where there is a degree of uncertainty around whether they will be spent or not. In both cases treating an appropriate element as DDF rather than CSB should make managing those budgets easier and give a degree of flexibility.
7. The schedules of CSB growth/savings and DDF expenditure are attached and these are at Annexes 1 & 2. Work is on-going on these lists and this represents the position so far. An updated list will be tabled at the meeting if there has been any significant changes since the agenda was published.
8. There are a number of areas where further work is required before figures to be included within the budget can be finalised. Clearly the emphasis in this budget cycle will need to be on CSB savings rather than growth but there are some areas as previously mentioned where growth is inevitable. The figures generally need to be viewed in the context of this being quite early in the budget preparation process and will clearly need to be revisited over the next two months or so as the budget comes together.
9. The detailed budgets will be presented to the Finance Cabinet Committee on 21 January 2016 and members of this Committee are invited to attend that meeting.

Consultations Undertaken

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

Resource Implications

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

Legal and Governance Implications

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

Safer, Cleaner, Greener Implications

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

Background Papers

Various budget working papers held in Accountancy.

Impact Assessments

Risk Management

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

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? No

What equality implications were identified through the Equality Impact Assessment process?
None

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?
N/A