

Supplementary Committee Agenda



**Epping Forest
District Council**

Finance and Performance Management Cabinet Committee Monday, 8th December, 2008

Place: Committee Room 1, Civic Offices, High Street, Epping

Time: 6.30 pm

Democratic Services: Gary Woodhall, The Office of the Chief Executive
Tel: 01992 564470 Email: gwoodhall@eppingforestdc.gov.uk

6. DRAFT GENERAL FUND BUDGET SUMMARY (Pages 3 - 16)

(Director of Finance & ICT) To consider the attached report (FCC-021-2008/09).

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Report to the Finance and Performance Management Cabinet Committee



**Epping Forest
District Council**

Date of meeting: 8 December 2008.

Report Reference: FCC-021-2008/09.

Portfolio: Finance & Performance Management.

Subject: Draft General Fund Budget Summary (inc. CSB and DDF lists).

Responsible Officer: Bob Palmer (01992 564279).

Democratic Services Officer: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

- (1) To amend the budget guidelines previously set down:
 - (a) the guideline for CSB net expenditure for 2009/10 be increased to £17.9M from £17.6M;**
 - (b) the guideline for DDF net expenditure for 2009/10 be increased to £700,000 from £270,000;**
 - (c) that balances continue to be aligned to the Council's net budget requirement and that balances be allowed to fall no lower than 25% of the net budget requirement.**
 - (d) that the District Council Tax be increased by no more than the rate of increase in the Retail Price Index.****
- (2) That the items shown on Appendices 2 and 3 are included in the revenue budgets for 2009/10, subject to any additional late growth bids or additional savings being necessary; and**
- (3) That the reduction in the level of the Insurance Reserve to £500,000 be agreed.**

Executive Summary:

This report sets out the current position on the General Fund budget and details the significant changes both from the original estimates for 2008/09 and also from the Financial Issues Paper.

The revised estimates for 2008/09 show an underspend and consequently a higher balance on the General Fund Reserve. This balance provides some comfort when considering the higher than anticipated CSB growth lists.

The two key areas of higher expenditure are Leisure and Waste Management. However, there are opportunities to achieve considerable savings in both these areas. If Members ultimately decide not to pursue these opportunities then it will be necessary in the medium term to identify significant savings elsewhere.

Reasons for Proposed Decisions:

The amendments to the budget guidelines are recommended to allow for necessary growth and changes to services.

Other Options for Action:

Members could decide not to approve the amended guidelines and instead specify which growth items they would like removed from the lists. Alternatively, Members could approve the growth lists and instruct Directors to identify savings elsewhere in their budgets.

Report:

1. This report gives the first oversight of the draft General Fund budget for 2009/10. The individual portfolio budgets will be considered in detail at the Finance & Performance Management Scrutiny Panel on Tuesday 13 January 2009. The budget setting process will conclude by the following timetable:

Finance & Performance Management Scrutiny Panel	13 January 2009
Finance & Performance Management Cabinet Committee	26 January 2009
Overview and Scrutiny Committee	29 January 2009
Cabinet	2 February 2009
Council	17 February 2009

2. The draft budget summary for 2009/10 is shown at Appendix 1 and shows that the CSB (including growth) currently totals £17.9M and the DDF £0.7M. This Committee considered the Financial Issues Paper on 22 September 2008 and set out guidelines at that time for CSB of £17.6M and DDF of £270,000.

Draft Local Government Finance Settlement

3. The Government have indicated that the draft figures previously advised are unlikely to be amended. To remind Members of the three-year settlement and the background to it the information below has been repeated from the 2008/09 Council Tax setting report.

4. After one two-year settlement under the new four block system, the Department for Communities and Local Government (DCLG) announced a consultation to “update and fine tune” the model to produce a three-year settlement. Unfortunately the fine-tuning has resulted in some substantial movements in the Council’s relative position. The table below sets out the Council’s amounts in each of the four blocks for the five years of data now available. The Relative Needs Amount (what the Government believes the Council needs to spend) has fallen nearly £300,000 for 2008/09 whilst the Relative Resource Amount (a negative amount to reflect the ability to raise income from Council Tax) has increased by over £500,000. This worsening of £800,000 is offset by an increase in the Central Allocation of £460,000 and a change in the net Floor Damping position of £490,000.

	2006/07 £m	2007/08 £m	2008/09 £m	2009/10 £m	2010/11 £m
Relative Needs Amount	5.728	5.742	5.455	5.457	5.464
Relative Resource Amount	-4.465	-4.724	-5.228	-5.096	-4.956
Central Allocation	7.854	8.332	8.793	8.834	8.871
Floor Damping	-0.490	-0.189	0.302	0.173	0.036
Formula Grant	8.627	9.161	9.322	9.368	9.415

5. The draft figures shown above represent a poor settlement for the Council and give grant increases of only 1% (against the adjusted 07/08 figure) for 2008/09 and only 0.5% for 2009/10 and 2010/11. This seems odd given the sizeable grant increase seen under this system for 2006/07 and 2007/08.

	2006/07 £m	2007/08 £m	2008/09 £m	2009/10 £m	2010/11 £m
Formula Grant (adjusted)	8.627	9.161 (9.229)	9.322	9.368	9.415
Increase £	0.711	0.534	0.093	0.046	0.047
Increase %	9.0%	6.2%	1.0%	0.5%	0.5%

6. The introduction of the four block system saw the Council change from receiving floor support of £412,000 to losing £490,000 to support the floor for others. It had been hoped that the move away from the floor would last longer than two years. However, the benefit of the previous large increase has not been lost, as this has provided the base that the floor increase of 1% has been added to.

Revised Estimate 2008/09

7. The view taken in the Financial Issues Paper was that reductions in property related income and increases in utility costs would largely balance out against the contingency that had been included in the original estimates. This meant the predicted contribution to balances stayed at just over £200,000. However, the current re-examination of the estimates is more detailed than the initial review and has the benefit of an additional two months data. It now appears that there will be an underspend in 2008/09 and that the amount added to the General Fund Reserve will be £700,000

8. This underspend is largely due to salary savings that have arisen in the year. This is an improvement as the opening balance on the General Fund Reserve for 2009/10 had been estimated at £7.68M but is now likely to exceed £8M. The higher than anticipated level of reserves does allow room for some extra growth in the short term.

CSB Growth

9. The CSB growth list at Appendix 2 details net CSB savings on the revised estimates for 2008/09 of £381,000 and an increase for 2009/10 of £647,000. These figures are included in the General Fund position shown on Appendix 1 with a CSB total of £17.9M. As the guideline for CSB for 2009/10 was £17.6M, the draft budget currently exceeds this limit.

10. The movement between the original and revised CSB growth lists is £37,000 and the major differences include:

	£'000
• Removal of contingency	-175
• Reduced Land Charges Income	145
• Increased utility costs	70
• Increased costs in Leisure	55
• Safer, Cleaner, Greener items only implemented part year	-110

11. The Financial Issues Paper included CSB growth of £144,000 for 2009/10, this has now increased to £647,000. The key items in the increase of £503,000 are shown below:

	£'000
• Additional costs of waste service	150
• Increased utility costs	60
• Increased costs in Leisure	110
• Safer, Cleaner, Greener items brought forward	110
• Reduction in investment income	45

12. The two tables above highlight the need to look at the areas of Leisure and Waste in more detail and to consider how savings could be achieved in these areas. The next Cabinet

meeting on 15 December will receive reports on the future of both Epping Sports Centre and Waltham Abbey Sports Centre and also the income share arrangement with SLM. These reports set out in detail the additional costs facing the Council but also illustrate that a net reduction in CSB by 2010/11 would be possible if the Council decided to withdraw from the current joint use arrangements for Waltham Abbey Sports Centre.

13. Until Cabinet has considered all of the reports on Leisure issues it would be inappropriate to anticipate any savings. However, it is important to stress that if the potential saving of £270,000 from Waltham Abbey Sports Centre is not pursued substantial savings from elsewhere will need to be identified.

14. Cabinet have deferred any decision on changes to the waste service until the issue of support funding from Essex County Council has been clarified and the results of the recent consultation have been analysed. However, it is clear that the service will need to change at some point next year and it is also clear that Essex County Council will not fully fund these changes. Ultimately there will probably need to be a mixture of Capital, DDF and CSB funding depending on the exact options pursued. Purely for illustrative purposes, CSB growth of £150,000 is shown for 2009/10 and a further £150,000 is included for 2010/11.

15. The ongoing negotiations at the Waste Management Partnership Board have included discussions on reducing the distance travelled by waste freighters and improving the disposal process. From these discussions it appears that a significant reduction in contract costs may be possible if a Waste Transfer Station could be provided within the district. As with Leisure above, it would be inappropriate to anticipate any savings. However, it is important to stress that if the potential saving is not pursued substantial savings from elsewhere will need to be identified.

16. Whilst the increases in CSB shown at this stage are greater than had been anticipated, there are opportunities to achieve significant savings and the balance on the General Fund Reserve will be higher than previously forecast. Members may also feel that in the current economic slowdown there is an opportunity to display community leadership and assist in stimulating the local economy.

DDF Expenditure

17. The DDF list at Appendix 3 details items totalling £681,000, which are included in the General Fund position shown on Appendix 1. The guideline for DDF for 2009/10 was set at £270,000 anticipating net expenditure in 2008/09 of £1,721,000. However, as part of the budget process the DDF programme has been re-examined and many items have now been re-profiled and a number of income items added. This has reduced the estimated level of expenditure in 2008/09 by £1,374,000 but this, and some other changes, have resulted in the estimated level of DDF expenditure in 2009/10 increasing by £411,000. As there is still a substantial balance estimated on the DDF Reserve at the end of 2012/13 Members are recommended to increase the net DDF guideline for 2009/10 to £0.7M.

18. The additional income items in the DDF include a transfer of £480,000 from the Insurance Reserve and £313,000 of investment income. One of the recommendations made by the external auditors in their "Report to Those Charged with Governance" was that a critical review should be undertaken of the ongoing requirement for and level of the insurance reserve. The balance on the insurance reserve has been increased over a number of years to its current level of £981,000. Having considered the transactions and excesses that go through the insurance account it is proposed to reduce the balance on the reserve to £500,000.

Resource Implications:

The report details proposed growth items and potential savings, the implications are set out above and will vary depending on the course of action decided by Members.

Legal and Governance Implications:

None.

Safer, Cleaner, Greener Implications:

Items related to the Safer, Cleaner, Greener initiative are included in the report.

Consultation Undertaken:

None.

Background Papers:

Financial Issues Paper – see agenda of 22 September 2008.

Draft Growth List – see agenda of 17 November 2008.

Impact Assessments:

The Directorate proposing the growth will have considered the equalities impacts for each growth proposal.

The report sets out some of the key areas of financial risk to the authority. At this time the Council is well placed to meet such challenges, although if the savings opportunities highlighted are not actively pursued there will be a need in the medium term to identify substantial alternative savings.

If the Council is seen to be adding further to reserves in 2008/09 and then not allowing some additional spending in subsequent periods, criticism may arise for accumulating excessive balances.

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GENERAL FUND ESTIMATE SUMMARY

2007/08 Actual £000	2008/09			2009/10 Budget		
	Original Estimate £000	Revised Estimate £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
2,508	2,728	2,565	Leader's Portfolio	2,717	203	2,514
838	1,034	1,095	Community Wellbeing	1,239	62	1,177
1,217	1,969	1,517	Finance & Performance Management	40,234	38,574	1,660
(664)	(601)	(435)	Corporate Support Services & ICT	1,140	1,487	(347)
1,033	1,941	1,942	Housing	2,395	1,086	1,309
3,446	3,569	3,610	Leisure & Young People	5,578	1,760	3,818
1,637	1,791	1,329	Civil Engineering & Maintenance	3,622	2,040	1,582
2,542	2,744	2,705	Planning & Economic Development	3,922	1,316	2,606
7,832	6,466	6,366	Environmental Protection	8,043	1,234	6,809
(1,023)	(87)	(281)	Other Income	0	90	(90)
19,366	21,554	20,413	Net Cost of Services	68,890	47,852	21,038
(3,616)	(3,099)	(3,690)	Interest and Investment Income	0	2,366	(2,366)
2,213	2,050	2,328	Interest Payable (Inc. HRA)	1,362	0	1,362
1,696	416	404	Pensions Interest/Return	4,071	3,667	404
19,659	20,921	19,455	Net Operating Expenditure	74,323	53,885	20,438
(1,977)	(2,601)	(2,659)	Depreciation Reversals & Other adj	202	1,984	(1,782)
701	219	707	Contribution to/(from) Other Reserves	0	636	(636)
(265)	(1,078)	(347)	Contribution to/(from) DDF	0	681	(681)
(1,459)	(414)	(109)	FRS 17 Adjustment	0	52	(52)
16,659	17,047	17,047	To be met from Government Grants and Local Taxpayers	74,525	57,238	17,287
16,180	17,172	16,721	Continuing Services Budget			17,276
460	1,085	1,262	CSB - Growth			647
(682)	(1,429)	(1,643)	CSB - Savings			0
(222)	(344)	(381)	Total Growth (Net)			647
15,958	16,828	16,340	Total Continuing Services Budget			17,923
2,558	1,600	2,291	DDF - Expenditure			1,190
(2,293)	(522)	(1,944)	DDF - One Off Savings			(509)
265	1,078	347	Total District Development Fund			681
436	(859)	360	Appropriations to/(from) other Reserves			(1,317)
16,659	17,047	17,047				17,287

CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST

Portfolio	Service	Original 2008/09 £000's	Revised 2008/09 £000's	Estimate 2009/10 £000's	Estimate 2010/11 £000's	Estimate 2011/12 £000's	Estimate 2012/13 £000's
Leaders Portfolio	Corporate Policy Making	(128)	(144)				
	Corporate Policy Making	10	10				
	Democratic Services	25	7				
	Subscriptions	(6)					
	Civic and Member	30	42				
	Electoral Registration		(8)				
	Top Management Structure Salary Savings						
	Development of Community Strategy						
	Committee Attendance Allowances						
	Webcasting Project						
	Disbanding of the Essex Local Govt Association						
	Members Allowances						
	Savings on postages						
	Total Leaders Portfolio	(69)	(90)	0	0	0	0
Community Wellbeing	CCTV Operations Officer	28	21	12			
	ASB Investigations Officer	47	30	25			
	Equipment and maintenance	5	5				
	CCTV replacement and maintenance	35	17	18			
	Furniture Exchange Scheme Discontinued		(16)				
	Total Community Wellbeing	115	57	55	0	0	0
Finance & Performance Management	Finance Miscellaneous	92	92	93	92		
	District Audit	20	20				
	Restructuring savings	(300)	(258)				
	Finance contingency	175					
	Housing Benefits/Local Taxation	16	16	4			
	Housing Benefits	22	22	33	30		
	Housing Benefits						
	Performance Management Unit		5	2	13		
	Increase in Employers Pension Conits (Act Val 2007)						
	Increase in External Audit Fees						
	Replacement Revenues & Benefits System						
	Housing Benefit Admin Subsidy settlement reductions						
	Systems Admin Officer - Excess cost of post						
	Ten Performance Manager						
	Total Finance and Performance Management	25	(103)	132	135	0	0
Corporate Support Services & ICT	Industrial Estates	24	24				
	Industrial Estates		(5)				
	Local Land Charges	175	175				
	Local Land Charges		(31)				
	All Services	(5)	(7)				
	ICT		18				
	Human Resources		8				
	Hackney Carriage Licensing						
	Energy Sites		45	40			
	Energy Sites		17	10			
	Langston Road Industrial Estate - Temporary Car Parking						
	Langston Road Industrial Estate - Additional Commission						
	Reduced Income from fees & Charges						
	Reduction in search costs to Essex County Council						
	New Mobile Phone Contract						
	Webcasting Project						
	Medical Expenses						
	Increased Income from Fees						
	Energy Costs Offices						
	Energy Costs Depots						
	Total Corporate Support Services & ICT	13	244	50	0	0	0

CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST

Portfolio	Service	Original 2008/09 £000's	Revised 2008/09 £000's	Estimate 2009/10 £000's	Estimate 2010/11 £000's	Estimate 2011/12 £000's	Estimate 2012/13 £000's	
Housing	Private Sector Housing	30	18	12				
	Private Sector Housing Finders Fee Scheme	331	10					
	Reinstatement Grants		332					
	Total Housing	361	360	12	0	0	0	
Leisure & Young People	Leisure Management	(36)	10	10				
	Leisure Services		33	107				
	Leisure Facilities Youth Council			12				
	North Weald Airfield		6					
	North Weald Airfield		5					
	North Weald Airfield		13					
		Total Leisure	(36)	67	129	0	0	0
Environmental Protection	Contaminated Land							
	Pest Control		4	7				
	Waste Management	(604)	(604)	10				
	Waste Management			150	150			
	Waste Management	(148)	(148)					
	Waste Management	59	(124)					
	Waste Management		20					
	Abandoned Vehicles	76	19	57				
	Neighbourhoods / Rapid Response	8	8					
	Animal Welfare							
		Total Environmental Protection	(609)	(766)	224	150	0	0
	Planning & Economic Development	Building Control		80				
		Building Control		(80)				
Development Control		20						
Development Control		(20)	(15)					
Forward Planning		(7)	(7)					
	Total Planning & Economic Development	(7)	(12)	0	0	0	0	

DISTRICT DEVELOPMENT FUND		Original 2008/09 £000's	Bf from 2007/08 £000's	Revised 2008/09 £000's	Estimate 2009/10 £000's	Estimate 2010/11 £000's	Estimate 2011/12 £000's	Estimate 2012/13 £000's
Portfolio	Service							
Leaders	Democratic Services	4		6				
	Elections				(90)			
	Electoral Registration	31		(6)				
	Public Relations			11	20			
	Webcasting Project							
	No District Elections (May 2009)							
	Cost savings on printing							
	Improvements to Main Reception Area							
	Total Leaders	35	0	11	(70)	0	0	0
Community Wellbeing	Safer Communities	2		2				
	Safer Communities	5		5				
	Safer Communities	2		2				
	Safer Communities		16	5	11			
	ASB Investigator training							
	Protective clothing							
	Police community safety accreditation							
	Safer Communities Project HO Funded							
	Total Community Wellbeing	9	16	14	11	0	0	0
Finance & Performance Management	Asset Register		20	20				
	Asset Register - HRA contribution			(10)				
	Finance System Outstanding Commitments	14	5	19				
	Transfer of excess Reserves on Insurance Fund			(480)	(25)			
	Area Based Grant 2008/09			(22)				
	Restructuring savings			(110)				
	Cover for Maternity leave		40	40				
	DWP residual grant aided admin costs		8	8				
	Electronic Document management	7		7				
	Local Housing Allowance Implementation Costs		65	65				
	HBSD/IAD Scan Funding Grant		(14)	(14)				
	HBSD/IAD Scan Funding Costs		14	14				
	Employment Support Allowance			(30)				
	Employment Support Allowance Implementation Cost			30				
	Customer Account Management			(2)				
	Customer Account Management Implementation Costs			2				
	Replacement Revenues & Benefits system	40	82	122				
	Implementation of Risk Management Strategy		3	3				
	Total Finance & Performance Management	61	223	(338)	(25)	0	0	0

DISTRICT DEVELOPMENT FUND		Original	Bf from 2007/08	Revised	Estimate	Estimate	Estimate	Estimate	
Portfolio	Service	2008/09 £000's	2008/09 £000's	2008/09 £000's	2009/10 £000's	2010/11 £000's	2011/12 £000's	2012/13 £000's	
Corporate Support Services & ICT	NWA Strategy Action Plan	11			50				
	Legal Services	17			11				
	Legal Services	42	(1)		17				
	Legal Services	3	(1)	0	31				
	Local Land Charges			10					
	Land Charges			75					
	Office Accommodation	77	(1)	62	50	74	40		
	Office Accommodation	100		100					
	Office Accommodation	100	8	108					
	Facilities Management				19				
	Unappropriated Land		13	13					
	Unappropriated Land		13	13					
	Non HRA Building Maintenance		204	142	28	38	52		
	Hackney Carriage Licensing			(29)					
	Licensing & Registration			(20)					
			480	235	474	206	112	92	0
	Total Corporate Support Services & ICT								
Housing	Homelessness		8	8					
	Private Sector Housing	8							
	Private Sector Housing	15	(1)	2					
	Private Sector Housing	1	1	2					
		24	8	12	0	0	0	0	
Total Housing									
Leisure	Loughton Leisure Centre		15		15				
	Community Development		4	4					
	North Weald Airfield	5	(2)	3					
	North Weald Airfield		2	2					
	North Weald Airfield			64					
	North Weald Airfield			18					
	North Weald Airfield			15					
	North Weald Airfield				6				
	Community Development			32	20				
	Community Development			(32)	12				
	Community Development	1		1	(12)				
	Sports Development			60	12				
	Sports Development			(60)	(12)				
	Leisure Facilities				39				
	Leisure Facilities			(35)	(39)				
	Leisure Management				48				
	Limes Farm Hall								
	5	20	72	89	0	0	0		
Total Leisure									

DISTRICT DEVELOPMENT FUND		Original	Bf from	Revised	Estimate	Estimate	Estimate	Estimate
Portfolio	Service	2008/09 £000's	2008/09 £000's	2008/09 £000's	2009/10 £000's	2010/11 £000's	2011/12 £000's	2012/13 £000's
Environmental Protection	Waste Management	7		7				
	Waste Management	5		5				
	Waste Management			60	150			
	Waste Management							
	Neighbourhoods / Rapid Response	18		162				
	Pollution Control	4		18				
	Pollution Control			4				
	Pollution Control			20				
	Contaminated Land			(20)				
		Subscription to procurement hub						
	Safer, Cleaner and Greener							
	Refuse Vehicle Maintenance							
	Changes to Service							
	Additional recycling sacks							
	Safer, Cleaner and Greener							
	Air Quality Management Area							
	Air Quality Modelling							
	Air Quality Modelling Grant							
	Bobbingworth Tip Maintenance				5			
		34	0	256	155	0	0	0
Total Environmental Protection								
Planning & Economic Development	Developing Business Networks	5		3	2			
	Enhanced Business Contacts		4	2	2			
	Town Centre Manager	35		15	20			
	High Hedges Legislation - Staffing	4		4				
	Technical Planning Officer - Tree Preservation	14		14				
	Local Development Framework	288	5	267	242	475	153	
	Costs - 1 Connaught Avenue.			43				
	Costs - Wansfell College			42				
	Gypsy & Travellers Accommodation - Consultants fees			19				
	Loughton Broadway/Epping Design Brief			66				
	Planning Delivery Grant 2	27		17	10			
	Planning Delivery Grant 3	14		14				
	Planning Delivery Grant 4	38		27	13			
	Planning Delivery Grant 4	(40)		(40)				
	Planning Delivery Grant 5	160		139	21			
	Planning Delivery Grant 5	(160)		(160)				
	Housing and Planning Delivery Grant			62				
	Housing and Planning Delivery Grant			(62)				
	Rural Projects and Tourism Officer	30		8	22			
	Tourism Summit		2	2				
	Town Centre Enhancements		20	10	10			
	Improvements Grant Waltham Abbey TC						12	
	Town Centre Support							
		427	31	492	354	487	153	0
Total Planning & Economic Development								

DISTRICT DEVELOPMENT FUND		Original	Bf from 2007/08	Revised	Estimate	Estimate	Estimate	Estimate	
Portfolio	Service	2008/09 £000's	2008/09 £000's	2008/09 £000's	2009/10 £000's	2010/11 £000's	2011/12 £000's	2012/13 £000's	
Civil Engineering & Maintenance	Land Drainage	90	85	27	148				
	Land Drainage		32	45					
	Land Drainage		(32)	(45)					
	Countrycare		3	3					
	Highways			8					
	Concessionary Fares	235	52	83	141	247			
	Concessionary Fares	(235)		(235)	(241)	(247)			
			140	(114)	51	0	0	0	
	Total Civil Engineering & Maintenance		90	140	(114)	51	0	0	0
			1,165	673	879	771	0	599	245
Total Portfolio District Development Fund									
Other Items	Increased Investment Interest			(313)					
	Second Homes Discount Allowance	(87)		(87)	(90)				
	Backdated Housing Grant			(12)					
	Transfer from Debeniture Reserve			(120)					
	Total District Development Fund	1,078	673	347	681	599	245	0	