

# **Supplementary Committee Agenda**



## **Epping Forest District Council**

### **Finance and Performance Management Cabinet Committee Monday, 22nd November, 2010**

**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

---

**11. DRAFT CONTINUING SERVICES BUDGET & DISTRICT DEVELOPMENT FUND  
LISTS 2011/12 (Pages 73 - 84)**

(Director of Finance & ICT) To consider the attached report (FPM-021-2010/11).

**12.a TRIENNIAL VALUATION OF PENSION SCHEME (Pages 85 - 88)**

(Director of Finance & ICT) To consider the attached additional report (FPM-022-2010/11).

This page is intentionally left blank

## **Report to the Finance and Performance Management Committee**



**Epping Forest  
District Council**

**Report Reference: FPM-021-2010/11.**

**Date of meeting: 22 November 2010.**

**Portfolio: Finance & Economic Development.**

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

**Responsible Officer: Peter Maddock (01992 564602).**

**Democratic Services: Gary Woodhall (01992 564470).**

---

### **Recommendations**

**(1) To note the draft Continuing Services Budget (CSB) and District Development Fund (DDF) schedules; and**

**(2) To provide an update on the savings achieved as part of the 2011/12 budget process.**

### **Executive Summary**

The report provides the first draft of the Continuing Services Budget (CSB) growth and District Development Fund (DDF) Schedules and also an update on the budget process for 2011/12 and what savings have been achieved so far.

### **Reasons for Proposed Action:**

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

### **Other Options for Action:**

No other options applicable.

### **Report:**

1. The Financial Issues Paper was presented to this committee on 27 September 2010. The report highlighted a number of financial pressures and uncertainties facing the General Fund including the Comprehensive Spending Review (CSR), the effects of the 'credit crunch', the next triennial valuation of the pension fund and the possible effect of Changes to Service delivery as a result of shared services.

2. The Medium Term Financial Strategy (MTFS) which forms part of the Financial Issues Paper assumed that the CSR would result in a reduction of government support of 25% over three years this meant that savings of £2.3 million were required over the forecast period after taking into account the additional income to the General Fund resulting from the transfer of non-housing HRA assets to the general fund.

3. On 20 October 2010 the CSR confirmed that government support would be cut in real terms but by 28% over the four years starting in 2011/12. Whilst this is broadly in line with the strategy the CSR made it clear that the bulk of the reductions will occur in 2011/12 and 2012/13. Having said that the announcement is of a high level nature and the exact affect on this council will not be known until late November or early December. It would seem

reasonable to revisit the MTFS once the figures are known and to make any adjustments to the strategy required then.

4. When the revenue outturn for 2009/10 was considered by this Committee on 14 June 2010 it was noted that the General Fund budget was underspent, and this had been the case for a number of years. At that time an exercise was undertaken to identify whether there were specific areas that consistently underspend and where these were.

5. The budget process for 2011/12 is well underway and part of this process is to challenge the areas identified above with a view to removing budgetary allocations from the budget where a good reason for its retention cannot be made. This process is still ongoing and progress so far has been a bit mixed. The next stage is to review the areas where removing unspent budgets has been less successful and in consultation with Service Directors agreeing whichever course of action is appropriate in each case.

6. Within each directorate a line has been included under CSB with the amount of savings identified so far. Some of the savings have been identified to begin in 2010/11 whilst others are scheduled for 2011/12 and beyond. Savings identified in 2010/11 amount to £186,000 and in 2011/12 a further £53,000. Much of this will fall on the General Fund but due to the cost allocation process some will benefit the Housing Revenue Account (HRA). In anticipation of the savings exercise £100,000 has already been included in the current MTFS in 2010/11. The table below summarises the position with regard to savings achieved so far.

<b>Directorate</b>	<b>Savings identified using year actual</b>	<b>Savings identified 3 during budget process</b>	<b>Difference</b>
Office of the Chief Executive	38	8	30
Corporate Support Services	236	67	169
Deputy Chief Executive	41	33	8
Environment and Street Scene	74	29	45
Finance & ICT	94	50	44
Housing GF	7	12	(5)
Planning & Economic Development	50	40	10
<b>Total</b>	<b>540</b>	<b>239</b>	<b>301</b>

7. The schedules of CSB growth/savings and DDF expenditure are attached and these include entries at directorate level relating to the above exercise. These are at Annexes 1 & 2. and represent best estimates at this time.

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, particular relating to income streams, where some CSB 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.

#### **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.

**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.

**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.

This page is intentionally left blank

CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST		Original 2010/11 £000's	Revised 2010/11 £000's	Estimate 2011/12 £000's	Estimate 2012/13 £000's	Estimate 2013/14 £000's	Estimate 2014/15 £000's
Directorate	Service						
<b>Chief Executive</b>	Democratic Services						
	Civic & Member Subscriptions	(5)	(2)				
	East of England Local Govt Conference		(13)				
	Directorate Savings		(7)	(1)			
	Electoral Registration					50	
	Grants to Voluntary Organisations		(4)				
	Committee Attendance						
	Members courses & conferences						
	General						
	Individual ER process						
	Small Grants						
	<b>Total Chief Executive</b>	<b>(5)</b>	<b>(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Corporate Support Services</b>	Human Resources						
	Local Land Charges	(17)					
	Local Land Charges			35			
	Hackney Carriages			(29)			
	Industrial Estates- Brooker Rd			(10)			
	Industrial Estates- Oakwood Hill		16	4			
	Industrial Estates- O Hill Workshops		(32)	4			
	Industrial Estates- Langston Road		6				
	Licensing & Registrations			(29)			
	Fleet Operations			(33)			
	Energy Sites			(32)			
	Energy Sites			(11)			
	Civic Offices	(20)		(20)			
	Civic Offices		(4)	(5)			
	Offices & Depots			63			
	Business Premises			(1,476)			
	Directorate Savings		(56)	(11)			
	<b>Total Corporate Support Services</b>	<b>(37)</b>	<b>(135)</b>	<b>(1,425)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Deputy Chief Executive</b>	Directorate Savings		(33)	(17)	(18)		
	All Weather Pitch						
	Museum		6				
	General						
	Townmead Project						
	Increase in rents						
	<b>Total Deputy Chief Executive</b>	<b>0</b>	<b>(27)</b>	<b>(17)</b>	<b>(18)</b>	<b>0</b>	<b>0</b>

## CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST

Directorate	Service	Original 2010/11 £000's	Revised 2010/11 £000's	Estimate 2011/12 £000's	Estimate 2012/13 £000's	Estimate 2013/14 £000's	Estimate 2014/15 £000's
<b>Environment &amp; Street Scene</b>							
	Waste Management	(51)	42				
	Reduction in Weedspraying - expenditure		(10)				
	Reduction in Weedspraying - income		10				
	Reduction in Registration of Commercial Properties		7				
	Reduction in Contributions		6	1			
	Safer Communities		(25)	(75)			
	Lighthouse Leisure management fee reduction			(11)	(12)		
	Epping Sports Centre management fee reduction			(7)	(23)		
	Ongar Leisure Centre management fee reduction		(41)				
	Increase in Market rent		(192)	(40)			
	Cessation of joint use agreement						
	Freezing of car parking charges		(8)	15			
	Fluctuations in NDR	(6)	(50)				
	Changes to allocations		(36)				
	Changes to allocations		36				
	Changes to allocations		(50)				
	Additional Penalty Notice Charges		(55)				
	Additional Penalty Notice Charges		55				
	Additional Penalty Notice Charges		4	12			
	Loss of income through VAT increase		(23)				
	Closure of Parking Shop	(24)	(23)				
	Closure of Parking Shop	(24)	(23)				
	Closure of Parking Shop	24	23				
	General		(17)	(26)			
	<b>Total Environment &amp; Street Scene</b>	<b>(273)</b>	<b>(347)</b>	<b>(131)</b>	<b>(35)</b>	<b>0</b>	<b>0</b>
<b>Finance &amp; ICT</b>							
	Finance Miscellaneous	92	92				
	Decrease in Employers Pension Conts (Act Val 2007)			(10)			
	Finance Miscellaneous	2	10				
	ICT		(5)				
	Mobile telephones - contract increases						
	Cashiers						
	Banking & Cash collection contract savings						
	Housing Benefits/Local Taxation						
	Replacement Revenues & Benefits System		39	184			
	Housing Benefits	39		7			
	Housing Benefits						
	Housing Benefit Admin Subsidy settlement reductions						
	Limes Farm Area Office						
	Savings on Premium	(45)	(50)				
	Directorate Savings						
	General						
	<b>Total Finance and ICT</b>	<b>88</b>	<b>86</b>	<b>181</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Housing</b>							
	Directorate Savings		(9)	(15)			
	Bed and Breakfast		25				
	Reduction in Bed and Breakfast Income		(12)				
	Reduction in Bed and Breakfast Expenditure						
	<b>Total Housing</b>		<b>4</b>	<b>(15)</b>	<b>0</b>	<b>0</b>	<b>0</b>



CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST		Original 2010/11 £000's	Revised 2010/11 £000's	Estimate 2011/12 £000's	Estimate 2012/13 £000's	Estimate 2013/14 £000's	Estimate 2014/15 £000's	
Directorate	Service							
Planning & Economic Development	Development Control							
	Building Control Ring Fenced							
	Building Control Ring Fenced							
	Planning Policy & Conservation		114					
	Building Control Ring Fenced		(114)					
	Building Control Ring Fenced		90					
	Development Control		(6)	(7)				
	Countrycare		(37)	(3)				
	Directorate Savings							
			0	114	(10)	0	0	0
		<b>Total Planning &amp; Economic Development</b>						
Other Items	Investment Interest		292	278	108	155	77	
	Investment Interest	(10)	(10)					
	All Services							
		(237)	(25)	(1,139)	55	155	77	
	<b>Total CSB</b>							

DISTRICT DEVELOPMENT FUND		Original	B/F from	Revised	Estimate	Estimate	Estimate	
Directorate	Service	2010/11 £000's	2010/11 £000's	2010/11 £000's	2011/12 £000's	2012/13 £000's	2013/14 £000's	2014/15 £000's
<b>Chief Executive</b>	Elections				160			
	Elections				(160)			
	Grants to Voluntary Orgs	20		20				
	Members	10		10				
	Government Referendum on the Voting system							
	Government Referendum on the Voting system- Re-imburement							
	Furniture Exchange Scheme Suspended							
	Standards Committee additional investigations							
	<b>Total Chief Executive</b>	<b>30</b>	<b>0</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Corporate Support Services</b>								
	Estates & Valuation		16	16				
	Estates & Valuation			25				
	Estates & Valuation	195		160	35			
	Estates & Valuation	(60)		(60)				
	Estates & Valuation - Greenyards							
	Facilities Management		16	16				
	Human Resources		8	8				
	Industrial Estates- Brooker Rd			20				
	Industrial Estates- O Hill Workshops			(4)				
	Legal Services	28		2				
	Legal Services	2	5	5				
	Local Land Charges							
	Local Land Charges			100				
	Local Land Charges			(100)				
	Non HRA Building Maintenance				20			
	Non HRA Building Maintenance	147	28	147	57	19	7	10
	Office Accommodation		18	18	20	95		
	Office Accommodation		45	45				
	Potential Accommodation Changes							
	<b>Total Corporate Support Services</b>	<b>312</b>	<b>136</b>	<b>408</b>	<b>132</b>	<b>114</b>	<b>7</b>	<b>10</b>

DISTRICT DEVELOPMENT FUND		Estimate						
Directorate	Service	Original 2010/11 £000's	B/F from 2009/10 2010/11 £000's	Revised 2010/11 £000's	2011/12 Estimate £000's	2012/13 Estimate £000's	2013/14 Estimate £000's	2014/15 Estimate £000's
Deputy Chief Executive	Public Relations	12	(6)	3	3			
	Public Relations & Information	23	(2)	24	25	25		
	Deputy Chief Executive	63	39	74	75			
	Externally Funded Projects	(63)	(39)	(74)	(75)			
	Museum			(5)				
	Youth Council	12		12	12			
	Limes Farm Hall	27	14	22	19			
	NWA Strategy Action Plan	50		48	2			
	NWA Strategy Action Plan	20			20			
	Improvements to Main Reception Area							
	Website Officer							
<b>Total Deputy Chief Executive</b>		<b>144</b>	<b>6</b>	<b>104</b>	<b>81</b>	<b>25</b>	<b>0</b>	<b>0</b>
Environment & Street Scene	Pollution Control			9	9			
	Pollution Control			(9)	(9)			
	Neighbourhoods / Rapid Response		5	4				
	Waste Management		8	8				
	Waste Management	(119)		(132)	(102)			
	Contaminated Land	5		5				
	Contaminated Land		31	130				
	Contaminated Land			(120)				
	Land Drainage	35	14	49				
	Safer Communities	3	(2)					
	Safer Communities	3		1				
	Safer Communities	2		2				
	Leisure Facilities		15	15				
	Leisure Facilities				13			
	Leisure Facilities				(13)			
	Leisure Facilities				(4)			
	Leisure Facilities				5	10	5	
	Parks & Grounds				3			
	North Weald Airfield				12			
	North Weald Airfield				13			
	Waltham Abbey Sport Centre							
	Parks & Grounds		26		(28)	3		
	Parks & Grounds		(26)		(23)	(3)		
	North Weald Airfield					(18)		
	North Weald Airfield				43	34	24	14
	Off Street Parking		5		5			4
	Off Street Parking							
	On Street Parking				(11)	40		
	On Street Parking				(14)			
	On Street Parking		3	(3)	14			
	On Street Parking		2	(2)				
	On Street Parking		(2)	2				
	<b>Total Environment &amp; Street Scene</b>		<b>(63)</b>	<b>68</b>	<b>0</b>	<b>(36)</b>	<b>29</b>	<b>14</b>



DISTRICT DEVELOPMENT FUND		Original	B/F from	Revised	Estimate	Estimate	Estimate		
Directorate	Service	2010/11 £000's	2010/11 £000's	2010/11 £000's	2011/12 £000's	2012/13 £000's	2013/14 £000's	2014/15 £000's	
<b>Planning &amp; Economic Development</b>	Development Control	82	(2)	31	51				
	Development Control			44					
	Development Control								
	Economic Development	2	2	4	12				
	Economic Development	2	2	0	4				
	Economic Development	36	3	50	9				
	Enforcement		2						
	Forward Planning	22							
	Forward Planning	400	115	120	395	456			
	Forward Planning		10	10					
	Forward Planning	39		30	35				
	Planning Services		30	30					
	Planning Services	(55)							
	Planning Services	10							
	Planning Services		25	18	7				
	Planning Services		10						
	Planning Services		2	2	4	0			
	Tourism		6		6	0			
	Town Centre Enhancements		22	8	18	12			
	Town Centre Enhancements								
	Town Centre Enhancements				5	5			
		<b>Total Planning &amp; Economic Development</b>	<b>568</b>	<b>207</b>	<b>375</b>	<b>530</b>	<b>456</b>	<b>0</b>	<b>0</b>
		<b>Total Service Specific District Development Fund</b>	<b>1,113</b>	<b>517</b>	<b>1,063</b>	<b>883</b>	<b>663</b>	<b>21</b>	<b>14</b>
	<b>Other Items</b>	Increased Investment Interest	(84)		(84)	(84)	(84)	(84)	
Second Homes Discount Allowance		508		413	363	233	89		
Lost Investment Interest		375		375					
Impairment of Heritable Bank Principal Area Based Grant		(28)		(28)					
		<b>Total District Development Fund</b>	<b>1,884</b>	<b>517</b>	<b>1,739</b>	<b>1,162</b>	<b>812</b>	<b>26</b>	<b>14</b>

This page is intentionally left blank

## **Report to the Finance and Performance Management Cabinet Committee**



**Epping Forest  
District Council**

**Report Reference: FPM-022-2010/11.**

**Date of meeting: 22 November 2010.**

**Portfolio: Finance and Economic Development.**

**Subject: Triennial Valuation of Pension Scheme.**

**Responsible Officer: Bob Palmer (01992 564279).**

**Democratic Services: Gary Woodhall (01992 564470).**

---

### **Recommendations/Decisions Required:**

**(1) That Scenario 2, as set out in the Essex County Council Consultation, to phase the impact of the increased pension contributions is recommended to Cabinet for adoption.**

### **Executive Summary:**

Essex County Council has provided three options for the Council's pension contributions for the next three years. The ongoing contribution is the same under each scenario but the deficit contributions vary. The option being suggested spreads the deficit recovery period over 27 years, instead of 20, and steps the payments.

### **Reasons for Proposed Decision:**

Scenario 2 is recommended as it minimises the impact on the Council's financial position and gives the best chance of obtaining capitalisation directions in the future.

### **Other Options for Action:**

Scenario 1 is not recommended as over the next three years the deficit contributions would be nearly £1.5 million higher and it would be less likely that the Department for Communities and Local Government (DCLG) would provide capitalisations directions under this scenario.

Scenario 3 is not recommended as it would be less likely that the DCLG would provide capitalisations directions under this scenario.

### **Report:**

#### Introduction

1. Essex County Council administers the Local Government Pension Scheme (LGPS) within Essex on behalf of the district councils and other various admitted bodies. In order to ensure that the fund is adequately resourced and able to meet its commitments, both now and in the future, valuations are conducted by actuaries on a triennial basis. The outcome of each valuation determines the contributions necessary for the following three years, to achieve the long term objective of the scheme's assets being at least equal to its liabilities.

2. Contributions are made up of ongoing amounts to fund future benefits and deficit contributions to make good the current position of the scheme being under funded. The ongoing contributions are set as a percentage of pay, whilst the deficit contributions are set as lump sums.

### Valuation as at 31 March 2007

3. Indications had been received from Essex County Council that the funding level of the scheme had improved but that this needed to be balanced against the changes to LGPS from 1 April 2008 and the need to update some actuarial assumptions. As mentioned above, the total payments made can be split between ongoing and deficit contributions and where different variables are involved the movements in contributions rates will not necessarily be of the same magnitude or in the same direction.

4. The funding level of the scheme had increased from 71.4% to 81.2% and this meant that the level of deficit contributions for the next three years could be reduced. However, there were three factors which each necessitated an increase of 1% in ongoing contributions. These factors were the increased cost of the amended LGPS, increases in life expectancy and a fall in bond yields.

5. Members decided to take an option to phase in the increase in ongoing contributions at the rate of 1% per annum; this slowed the increase in the Continuing Service Budget and was in accordance with DCLG guidance. This has helped the Council in gaining full capitalisation directions for 2008/09 and 2009/10. The capitalisation application for 2010/11 has been made but confirmation of whether a direction will be granted or not will not be received until late January.

### Valuation as at 31 March 2010

6. The valuation has revealed that the improvement in funding level between 2004 and 2007 has been reversed and the scheme is now back at the 71% level (the value of the scheme's assets only cover 71% of the liabilities). Essex County Council has stated that the reduction in funding level is largely due to the performance of the Fund's investments since 1 April 2007. There is some good news as the County have confirmed there is no need for any further increase in ongoing contributions, with a small reduction from 13.1% to 13% being suggested in all three scenarios.

7. Currently deficit contributions are calculated to recover the deficit over 20 years and this is the basis of the calculation for scenario 1 below. The maximum period currently allowed under the draft 2010 Funding Strategy is 30 years. Rather than move immediately to this position, and thereby limit any future flexibility, the County have calculated extended deficit contribution periods based on maintaining stable contributions. For this Council the suggested period is 27 years and this is the basis for scenarios 2 and 3 below:

#### **Current Payment 2010/11**

Ongoing Contribution	13.1%
Deficit Contribution	£1,743,241

	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
<b>Scenario 1: 20 Year Recovery</b>			
Ongoing Contribution	13.0%	13.0%	13.0%
Deficit Contribution	£2,126,400	£2,222,088	£2,322,082

<b>Scenario 2: 27 Year Recovery</b>			
Ongoing Contribution	13.0%	13.0%	13.0%
Deficit Contribution - Stepped	£1,651,000	£1,725,295	£1,802,933

<b>Scenario 3: 27 Year Recovery</b>			
Ongoing Contribution	13.0%	13.0%	13.0%
Deficit Contribution - Constant	£1,726,333	£1,726,333	£1,726,333

8. The difference in total payments between scenarios 2 and 3 is only £229. However, scenario 2 is better in terms of cash flow and produces stepped payments as favoured by



DCLG. In making a capitalisation application a number of detailed questions have to be answered; these include “Has the authority pursued all the steps allowed under the LGPS including spreading and stepping options?” If all such options have not been taken an explanation must be provided and it is implied that an authority failing to have taken such options is less likely to receive a capitalisation direction.

**Resource Implications:**

The reduction in ongoing contributions from 13.1% to 13% will provide a small reduction in the Continuing Services Budget, with the saving of £14,000 being apportioned between the Housing Revenue Account and the General Fund.

Under both scenarios 2 and 3 the deficit contributions in total for the next three years are at a similar level to the current payments.

**Legal and Governance Implications:**

There are no legal or governance implications.

**Safer, Cleaner, Greener Implications:**

There are no environmental implications.

**Consultation Undertaken:**

None.

**Background Papers:**

None.

**Impact Assessments:**

Risk Management

By adopting scenario 2 the Council would minimise the risk of having future capitalisation applications rejected.

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?* N/A

*What equality implications were identified through the Equality Impact Assessment process?*  
N/A.

*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.

This page is intentionally left blank