



***CABINET***  
***Monday, 6th February, 2023***

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

**Council Chamber, Civic Offices, High Street, Epping**  
on **Monday, 6th February, 2023**  
at **7.00 pm** .

**G. Blakemore**  
**Chief Executive**

**Democratic Services**  
**Officer**

A. Hendry (Democratic Services)  
DD Tel: (01992) 564246

Members:

Councillors C Whitbread (Leader of the Council & Leader of the Conservative Group) (Chairman), N Bedford (Deputy Leader & Place Portfolio Holder) (Vice-Chairman), N Avey, L Burrows, S Kane, A Lion, A Patel, J Philip, H Whitbread and K Williamson

**PLEASE NOTE THAT THIS MEETING IS OPEN TO ALL MEMBERS TO ATTEND**

**1. WEBCASTING INTRODUCTION**

This meeting is to be webcast and Members are reminded of the need to activate their microphones before speaking.

The Chairman will read the following announcement:

“I would like to remind everyone present that this meeting will be broadcast live to the Internet and will be capable of subsequent repeated viewing, with copies of the recording being made available for those that request it.

By being present at this meeting, it is likely that the recording cameras will capture your image and this will result in your image becoming part of the broadcast.

You should be aware that this may infringe your human and data protection rights. If you have any concerns then please speak to the Webcasting Officer.

Please could I also remind Members to activate their microphones before speaking.”

**2. APOLOGIES FOR ABSENCE**

To be announced at the meeting.

Please use the Members Portal webpage to report non-attendance at meetings [https://eppingforestdc-self.achieveservice.com/service/Member\\_Contact](https://eppingforestdc-self.achieveservice.com/service/Member_Contact) to ensure your query is properly logged.

Alternatively, you can access the Members portal from the front page of the Council’s website, at the bottom under ‘Contact Us’ <https://www.eppingforestdc.gov.uk/your-council/members-portal/>

**3. DECLARATIONS OF INTEREST**

To declare interests in any item on this agenda.

**4. MINUTES (Pages 5 - 14)**

To confirm the minutes of the meeting of the Cabinet held on 20 December 2022.

**5. REPORTS OF PORTFOLIO HOLDERS**

To receive oral reports from Portfolio Holders on current issues concerning their Portfolios, which are not covered elsewhere on this agenda.

**6. PUBLIC QUESTIONS AND REQUESTS TO ADDRESS THE CABINET**

To receive any questions submitted by members of the public and any requests to address the Cabinet.

**(a) Public Questions**

To answer questions asked by members of the public after notice in accordance with the provisions contained within Part 4 of the Constitution (Council Rules, Rule Q3) on any matter in relation to which the Cabinet has powers or duties or which affects the District.

**(b) Requests to Address the Cabinet**

Any member of the public or a representative of another organisation may address the Cabinet on any agenda item (except those dealt with in private session as exempt or confidential business) due to be considered at the meeting, in accordance with the provisions contained within Article 7 of the Constitution (The Executive, Paragraphs 27 and 28).

**7. OVERVIEW AND SCRUTINY**

To consider any matters of concern to the Cabinet arising from the Council's Overview and Scrutiny function and to identify any matters that the Cabinet would like the Overview and Scrutiny Committee to examine as part of its work programme.

**8. EXCLUSION OF PUBLIC AND PRESS**Exclusion

To consider whether, under Section 100(A)(4) of the Local Government Act 1972, the public and press should be excluded from the meeting for the items of business set out below on grounds that they will involve the likely disclosure of exempt information as defined in the following paragraph(s) of Part 1 of Schedule 12A of the Act (as amended) or are confidential under Section 100(A)(2):

Agenda Item No	Subject	Exempt Information Paragraph Number
9	North Weald Depot	3

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

Background Papers

Article 17 of the Constitution (Access to Information) define background papers as being documents relating to the subject matter of the report which in the Proper Officer's opinion:

- (a) disclose any facts or matters on which the report or an important part of the report is based; and
- (b) have been relied on to a material extent in preparing the report and does not include published works or those which disclose exempt or confidential information and in respect of executive reports, the advice of any political advisor.

The Council will make available for public inspection one copy of each of the documents on the list of background papers for four years after the date of the meeting. Inspection of background papers can be arranged by contacting either the Responsible Officer or the Democratic Services Officer for the particular item.

**9. NORTH WEALD DEPOT (Pages 15 - 28)**

(Contracts and Commissioning - Cllr Nigel Avey) - To agree to proceed with this project to develop a Waste Depot at North Weald Airfield (C-034-2022-23).

*\*The feasibility study will be published as a part 2 Background paper online only.*

**10. INCLUSION OF PUBLIC AND PRESS**

To invite the public and press back into the meeting for the remaining items of business.

**11. THE UK GOVERNMENT'S SHARED PROSPERITY FUND PROGRAMME (Pages 29 - 46)**

(Finance Portfolio Holder – Cllr. Philip) – To endorse the approach taken on the Rural Prosperity Fund (C-033-2022-23).

**12. RISK MANAGEMENT (Pages 47 - 64)**

(Leader – Cllr C Whitbread) – To consider and approve the current Corporate Risk Register (C035-2022-23).

**13. QUALIS QUARTERLY MONITORING REPORT - Q4 - 2021/22 (Pages 65 - 80)**

Finance – Cllr. J Philip (C-036 -2022-23) – To note and comment on quarter 4 monitoring report for the Qualis trading year 2021/22.

**14. QUARTER 3 BUDGET MONITORING REPORT 2023/24 (Pages 81 - 98)**

(Finance – Cllr J Philip) This report sets out the 2022/23 General Fund and Housing Revenue Account positions, for both revenue and capital, as at 31st December 2022 (“Quarter 3”) - (C-037-2022-23).

**15. ANY OTHER BUSINESS**

Section 100B(4)(b) of the Local Government Act 1972, together with paragraphs 6 and 24 of the Council Procedure Rules contained in the Constitution requires that the permission of the Chairman be obtained, after prior notice to the Chief Executive, before urgent business not specified in the agenda (including a supplementary agenda of which the statutory period of notice has been given) may be transacted.

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

## EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

<b>Committee:</b>	Cabinet	<b>Date:</b>	Tuesday, 20 December 2022
<b>Place:</b>	Council Chamber, Civic Offices, High Street, Epping	<b>Time:</b>	4.30 - 5.25 pm
<b>Members Present:</b>	Councillors C Whitbread (Chairman), N Bedford (Vice-Chairman), N Avey, L Burrows, S Kane, A Lion, A Patel, J Philip and H Whitbread		
<b>Members Present (Virtually):</b>	Councillors		
<b>Other Councillors:</b>	Councillors R Balcombe, R Brookes, H Kane, J Parsons and J M Whitehouse		
<b>Other Councillors (Virtual):</b>	Councillors S Heap, C McCredie, S Murray and D Wixley		
<b>Apologies:</b>	K Williamson		
<b>Officers Present:</b>	G Blakemore (Chief Executive), A Small (Section 151 Officer), A Hendry (Democratic Services Officer), C Ferrigi (Service Manager (ICT & Business Support)), C Hartgrove (Interim Chief Financial Officer), D Marsh (Waste Management Team Manager), S Mitchell (PR Website Editor) and J Warwick (Interim Acting Service Director (Contracts))		
<b>Officers Present (Virtually):</b>	J Gould (Interim Strategic Director), V Messenger (Democratic Services Officer), D Pegler (Older Persons Services Team Manager) and P Wharfe (Interim Service Director (Housing Revenue Account))		

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### 64. Webcasting Introduction

The Leader of Council made a short address to remind everyone present that the meeting would be broadcast live to the internet, and would be capable of repeated viewing, which could infringe their human and data protection rights.

### 65. Declarations of Interest

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

### 66. Minutes

#### Decision:

That the minutes of the Cabinet meeting held on 7 November 2022 be taken as read and would be signed by the Leader as a correct record.

**67. Reports of Portfolio Holders**

The Housing and Community Portfolio Holder congratulated Di Butler who had won a Jack Petchey award in recognition of her work done over many years.

The Finance Portfolio Holder reported that the Council had been awarded £1 million by the UK Government as part of the UK shared prosperity Fund.

The Customer Portfolio Holder reported that a new Chat Bot has been introduced to help take some of the pressure of the waste management team and the contact centre. It had been offered free of charge to Epping Forest DC and was looking very promising for waste management and other parts of the council.

The Place Portfolio Holder reported on the Local Plan. He had been informed that all the documentation had now been uploaded to the portal for the inspector and we were now just waiting for the inspector to come back to us.

**68. Public Questions and Requests to Address the Cabinet**

The Cabinet noted that no public questions or requests to address the Cabinet had been received for consideration at the meeting.

**69. Overview and Scrutiny**

The Chairman of the Overview and Scrutiny Committee reported that at their meeting of 17 November, the Committee scrutinised the Corporate Performance report for quarter 2. Members especially questioned officers on the waste contract and the missed collections.

They agreed that at a future meeting they will have the Qualis Group Managing Director to speak to and answer questions on Qualis.

**70. New Support Model - Sheltered Housing**

The Housing and Community Portfolio Holder introduced the report on the New Support Model on Sheltered Housing.

She noted that having listened to our residents and those considering a move to sheltered housing, we realised that the service we provided at present, which was a daily welfare check had become out of date. Residents wanted a more flexible service but more importantly they wanted peace of mind knowing that if/when they need support it would be available to them. To achieve this within our sheltered schemes, officers had drafted a new model of support, one that was flexible, and needs led, allowing us to spend quality time with those residents that have genuine support needs.

The term "sheltered housing" inferred people need looking after. Residents living in our sheltered housing schemes were independent and so the term independent living would be more appropriate with staff having the title Independent Living Officer.

Councillor Philip said that he was happy to have the 7.4% rise as indicated in recommendation 5 of the report. This was to enable us to cover all our costs. It was the right thing to do.

Councillor Lion commented that a broadband strategy was needed here. The Housing and Community Portfolio Holder agreed that this was important, and a new way forward was being sought.

**Decision:**

- (1) The Cabinet approved the proposal to introduce a “needs led” support service to residents in sheltered housing.
- (2) The Cabinet agreed to Sheltered Housing Officers working from a hub to ensure work was evenly distributed among the team.
- (3) The Cabinet approved the re-branding of the Council’s sheltered housing schemes to Independent Living and change of job title for sheltered Housing Officers to Independent Living Officers.
- (4) The Cabinet agreed to the new “needs led” support model being reviewed on a regular basis to take account of new digital technology.
- (5) The Cabinet agreed that to ensure full cost recovery for the Support Service, an increase of 7.4% from 1st April 2023 was recommended.

**Reason for decision:**

The current support model was no longer fit for purpose. Residents living in sheltered housing wanted a more flexible, “needs led” support service.

**Options considered and rejected:**

The option to continue with the current daily welfare checks was considered and rejected as it serves little purpose. Residents want a more up to date support service that is flexible, sustainable and one that gives residents choice.

**71. Review of Housing Strategy - 2023 - 2027**

The Housing and Community Portfolio Holder introduced the report noting that the current Housing Strategy (2018-2022) was due for renewal.

Cabinet was being asked to accept the recommendations set out in the report and approve the draft Housing Strategy for 2023-2027 for formatting along with the draft Public Consultation Report, and the draft Equalities Impact Assessment for publication of the final reports in January 2023.

Although the Housing Strategy was not a statutory requirement it provided a cohesive direction of travel for cross-cutting housing related services. The aim was to reflect and facilitate the co-ordination of activities for those services that directly impact on current and projected supply of and need for affordable housing in the District.

A report on the proposals for the vision priorities aims and objectives for the review of the Housing Strategy, and the outcome of the public consultation was presented to Stronger Communities Select Committee on 12 July 2022 for scrutiny. It was resolved that the report be recommended to Cabinet for approval with no changes.

Councillor Philip commented on the resource implications, where it said that any additional burdens associated with the introduction of the new regulatory framework were being addressed by the interim Director of Housing through the usual business planning process. It was important to highlight that if it did involve change to the HRA Business Plan it should be brought back for any budget implications.

Councillor Wixley referred to priority 3 in the report regarding housing adaptations for people with disabilities; as we worked in conjunction with Essex County Council on this, should this be included in the strategy? He was told that it would be a good thing to add, and the Portfolio Holder would be happy to add a line if the Cabinet could delegate authority for this. This was agreed by the Cabinet.

#### **Decision:**

1. That Cabinet approved the draft Housing Strategy 2023-2027 for formatting and publication by 9 January 2023;
2. That Cabinet approved the draft Housing Strategy: Public Consultation Report and the Equalities Impact Assessment for publication in conjunction with the Housing Strategy 2023-2027 in January 2023;
3. That Cabinet delegated authority to the Portfolio Holder for Housing and Community to consider and approve the Housing Strategy Delivery Plan for 2023-2024 in January 2023 and the annual Housing Strategy Delivery Plan update thereafter for the lifetime of the Strategy and make any minor alterations as considered necessary; and
4. That Cabinet approved the recommendation that the Housing Strategy for 2023-2027 be reviewed and updated no later than 2027 subject to the usual democratic process.

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

To enable the Council to publish the Housing Strategy 2023-2027 and associated documents.

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

Not to agree the recommendations contained within this report.

## **72. Outsourcing of the Concierge Service**

The Internal Resources Report Holder introduced the report on the outsourcing of the concierge service. He noted that the Concierge service at the Civic Offices was not a traditional Concierge service, the team had numerous responsibilities including the opening and closing of the building, managing and maintaining our bookable spaces, monitoring the employee car park, issuing security cards, monitoring CCTV and much more. The existing service was structured to be made up of the equivalent of four full time posts (FTE) covering 6:30-22:00 Monday to Friday, with out of hours, on



site security being provided by a contractor between 22:00-6:30 on weekdays and across the whole weekend.

Due to various operational and resource challenges, the Senior Leadership Team (SLT) agreed to explore the outsourcing of the Concierge Service at the Civic Offices, by formally going out to tender, to then review bids and make a decision as to whether the Council proceeds to the formal stages of outsourcing.

Out of four contractors that showed an interest, only one of them, PCS Group, put forward a bid. The bid was a strong, tailored and detailed response, scoring 96.5/100 during the evaluation process.

Based on a three year contract, the costs for year 1 and 2 were lower than our current operating costs and year 3 was higher. The savings made in the first 2 years offset the increase in the third year. If the service remains in house, it was likely that by year 3 it would be more costly than outsourcing, as salaries and existing contracts will increase year on year.

Councillor Brookes asked why we had only one bidder in the end. She was told that the other companies that showed an interest were mainly based on the security side and were not suitable for general concierge services.

Councillor Brookes then asked if the new service would also cover reception. She was told that they would at first only cover the concierge duties, but officers would keep this under review on a yearly basis.

**Decision:**

- (1) The Cabinet agreed that the Concierge Service at the Civic Offices be outsourced; and
- (2) The Cabinet agreed that the contract be awarded to PCS Group for a period of three years.

**Reasons for Proposed Decision:**

The decision to outsource the Concierge Service was a solution to some operational challenges that the Council had been facing for the past year, particularly around resourcing the service.

The benefits to outsourcing the service are

- Increased resilience as we will be working with a company that can be scalable to our needs and ensure we always have appropriately trained staff available to cover the shift requirements.
- The Council has an opportunity to work with a service provider and shape what we want the service to look like, which will improve customer service. This will be measured against feedback that we regularly, informally receive.
- The Council would have SIA Security trained Concierge on site at all times to support the Welcome Desk Team and the Incident Manager should the need arise.
- This option provided consistent, stable costs during uncertain times and removes the risk of unforeseen, avoidable, additional costs to the Council.

- Other miscellaneous costs of running a service in house were removed, such as recruitment costs.

**Other Options for Action:**

An alternative option would be to work with the People Team and Trade Unions to change the terms of employment for the current team, to include evening and weekend working as mandatory. The Council could upskill the existing team to secure their SIA Security Licences. We could attempt to recruit to the open role(s) by working with the People Team on a new recruitment campaign. This option has been discounted due to the challenges already faced recruiting to those roles. Additionally, whilst the role(s) remain vacant the Council would continue to pay a premium to a contractor for covering those shifts and we could end up back in the same position of being unable to fill those roles.

Another option is to go back out to tender ourselves, instead of using Everything FM, in the hope to reach alternative contractors. This option has also been discounted as Everything FM are specialists in this field, so it is doubtful that the Council would achieve a different result in terms of bids received and we would have only elongated the appointment process, costing ourselves more for a contractor to cover this interim period.

**73. Introduction of Charging for Additional/Replacement Waste Containers.**

The Contracts and Commissioning Portfolio Holder introduced the report. He noted that the current open-ended policy concerning waste containers had always created a constant demand for additional waste containers especially when there was no cost that affects the resident. The waste management team believe that current revenue costs could be reduced if the report's recommendations were introduced.

Councillor Philip welcomed the report but had a concern that we treated lost bins carefully if that loss happened at a time when collections were taking place as they can go missing as some bins sometimes do not go back outside the right property. Officers would need some discretion in sorting this out.

Councillor Lion agreed and pointed out that the contractors can also damage the bins when they collect the rubbish. He would not expect to be charged if the bin was damaged by the contractor. How would we manage this? the Portfolio Holder said that he would take this into consideration and officers would be give discretion on how they dealt with matters like this.

Councillor Murray asked about the rare occasion of when a person moves property and take the bins with them. Will the new owners get new bins? He was told that officers would use their discretion on matters like this.

Councillor Jon Whitehouse would like this commitment reflected in the recommendations. It was agreed by cabinet that this would be reflected in the recommendations.

**Decision:**

- (1) The Cabinet agreed to introduce charging residents for additional and replacement waste containers.

- (2) The Cabinet agreed that developers cover all the costs of providing all new bins and containers (Waste and Recycling) required by a new residential development.
- (3) The Cabinet agreed the following:
- a) That additional food and garden bins (AF&GB) were renamed 'garden waste bin'.
  - b) That residents were charged for the assessment, issuing and delivery of additional garden waste bins.
  - c) That residents that requested a larger refuse bin above the standard service offered to residents of a 180-litre bin to be charged for the assessment, issuing and delivery of the larger waste bin.
  - d) That if a bin was completely lost or a resident could not produce their bin, the replacement cost should be down to the resident; officers would be given discretion to consider any exceptions to this. However, where a bin could be repaired the repair would continue to be free of charge to residents.
  - e) Any refinements of the policy will be agreed between the Portfolio Holder and the officers.

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

Epping Forest District Council was facing financial challenges and was always striving to reduce costs of services and identify efficiencies. The cost of the Waste Management Contract continues to rise and present challenges, therefore a review of the options to reduce existing waste container costs has been undertaken. The review recommends that Epping Forest District Council introduces charges to residents for additional and replacement waste containers.

Officers had benchmarked with other Local Authorities and found that in line with the best practice elsewhere, many Local Authorities now charge residents for replacement containers when bins are reported lost or stolen. It was believed that residents look after the containers better and keep them off the streets between collections to avoid the replacement costs. This promotes the tidier streets which are so important to our residents.

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

Do nothing and continue to supply additional and replacement waste containers free of charge. The costs of this will increase year and year and put a financial strain on the waste contract and Epping Forest District Council.

#### **74. Quarter 2 Budget Monitoring Report 2022/23**

The Finance Portfolio Holder introduced the report. He noted that the report set out the 2022/23 General Fund and Housing Revenue Account positions, for both revenue and capital, as at 30th September 2022 ("Quarter 2").

In terms of General Fund revenue expenditure – at the Quarter 2 stage – a budget overspend of £1.259 million, with projected net expenditure of £16.890 million against an overall budget provision of £15.631 million, was forecast.

As with Quarter 1, the Quarter 2 position was dominated by a range of substantial spending pressures, most notably:

- Inflation/Staff Budgets – a sharp increase in UK inflation since the budget was set is driving higher pay demands across both the public and private sectors. The Pay Settlement for 2022/23 was finalised in November 2022 with staff receiving an uplift of £1,925 at all pay grades, which equates to an average pay award in the region of 5.0% rather than the 2.0% award assumed in the budget. However, this is still being offset – to a large extent – by salary savings due to vacant posts. Senior officers are trying to contain net spending on staff salaries within budgeted cash limits for 2022/23, although it is a pressure that will have to be addressed in setting the budget for 2023/24; and
- Local Plan – the continued delay in finalising the Local Plan was causing a major shortfall in income received from Planning Applications. It was also a major factor in the delayed drawdown of Qualis loans due to planning delays on key development sites in the district; this is leading to a shortfall in income that the Council assumed from loan margins in the budget.

The current economic difficulties were also creating a range of other problems with inflation impacting on energy and contract costs, with rising interest rates also working against the Council.

#### **Decision:**

1. The Cabinet noted the General Fund revenue position at the end of Quarter 2 (30th September 2022) for 2022/23, including actions being undertaken or proposed to improve the position, where significant variances have been identified, (including Appendix A of the report).
2. The Cabinet noted the General Fund capital position at the end of Quarter 2 (30th September 2022) for 2022/23 (including Appendix B of the report).
3. The Cabinet noted the Housing Revenue Account revenue position at the end of Quarter 2 (30th September 2022) for 2022/23, including actions proposed to ameliorate the position, where significant variances have been identified; and
4. The Cabinet noted the Housing Revenue Account capital position at the end of Quarter 2 (30th September 2022) for 2022/23 (including Appendix C of the report).

#### **Reason for Decision:**

This report facilitates the scrutiny of the Council's financial position for 2022/23.

The comments made at this Committee, where relevant, will be reported to Cabinet for consideration at their meeting on 12th December 2022.

#### **Other Options:**

There are no matters for decision in this report. The Committee is asked to note the contents but may choose to take further action depending on the matters reported.

**75. Any Other Business: Draft Budget 2023/24 (including General Fund & HRA revenue & capital, Fees & Charges and an updated Medium-Term Financial Plan)**

The Finance Portfolio Holder introduced the draft budget report. The Cabinet approved an updated Financial Planning Framework (FPF) 2023/24 to 2027/28 at its meeting on 30th September 2022, which was the first step in preparing the 2023/24 budget.

The first major milestone in the FPF was reached on 10th October 2022, with Cabinet receiving and considering an updated Medium-Term Financial Plan (MTFP) for 2023/24 to 2027/28. The MTFP revealed a projected deficit of £4.126 million for 2023/24 on the General Fund; it is a deficit that requires eliminating in full if the Council is to fulfil its legal obligation to set a balanced budget for the forthcoming financial year.

This draft budget paper was a balanced budget. As yet we did not know how much of a government grant, we would get. This draft budget would still be in flux until the February Council meeting. This draft will also be going to the Stronger Council Scrutiny Panel for further consideration.

He noted that the HRA was not looking too bad in the short term, it was in a balanced position.

Councillor Lion asked how strong was this budget in terms of going forward for the coming year, was there any way we could reduce our commitments or risks. He was told that it was a known unknown. We had to use what was in front of us and if any significant changes occurred then we would have to reconsider as we went along.

Councillor Jon Whitehouse asked for a clarification of the reduction of £200k in parking income for Bakers Lane, Epping. He was told that when the Bakers Lane car park when it transfers would not be part of the Council's estate. We had sold Cottis Lane to Qualis and when Bakers Lane shuts down for construction of the new sports centre it will not have any cars parking there. We will not own those two car parks in Epping.

The Leader thanked the Portfolio Holder, all cabinet colleagues, and all officers connected with this. this has been the most tense budget period he has known.

**Decision:**

- 1) The Cabinet considered the draft General Fund revenue budget proposals for 2023/24.
- 2) The Cabinet considered the draft Housing Revenue Account (HRA) revenue budget proposals for 2023/24.
- 3) The Cabinet considered the draft General Fund and HRA capital proposals for 2023/24 through to 2027/28.
- 4) The Cabinet considered the draft Fees and Charges proposals for 2023/24.

5) The Cabinet considered and approved the updated Medium-Term Financial Plan (General Fund and HRA); and

6) The Cabinet requested that the Stronger Council Select Committee consider the draft budget proposals for 2023/24 (Appendix A of the report) – including the savings proposed to balance the budget – and associated documents (Appendices B to E of the report) and make comments for consideration at the Cabinet meeting on 6th February 2023.

**Reasons for Proposed Decision:**

To provide Cabinet with an initial draft Budget for 2023/24 for consideration (alongside comments from the Stronger Council Select Committee held on 24th November 2022) ahead of the forthcoming Budget scrutiny process in January 2023; and for Cabinet to provide Finance officers with any direction required to further refine the Budget.

**Other Options:**

N/A

**76. Any other Business: Museum Trust**

**Decision:**

The Cabinet agreed to the appointment of the following councillors as trustee to the Museum. They will be – Councillors Helen Kane and Holly Whitbread.

**CHAIRMAN**

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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## **Report to the Cabinet**

**Report reference: C-033-2022/23**

**Date of meeting: 6 February 2023**

**Portfolio: Finance Portfolio Holder**



**Epping Forest  
District Council**

**Subject: To update members on the current situation on the UK government's Shared Prosperity Fund programmes.**

**Responsible Officer:** Duncan Haslam / John Houston (01992 564094).

**Democratic Services:** Adrian Hendry (01992 564246).

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

**That the Cabinet:**

- 1. Endorse the approach taken on the Rural Prosperity Fund and the submission as defined in appendix one.**
- 2. Note the current position of the UK Shared Prosperity Fund £1 million investment bid submitted at the end of July 2022.**

### **Executive Summary:**

The UK Government has put in place a series of funds to support local economies and communities following the withdrawal of European Union funds and national support to businesses and local areas throughout the Covid pandemic and national lockdowns.

The UK Shared Prosperity Fund (UKSPF) was announced on 13 April 2022. It allocated a potential fund of £1 million (the bulk of which can be used for revenue spend) to Epping Forest District with funds to be drawn down in this financial year and the next two, with the largest allocation of funding in year three. The EFDC bid, following extensive consultation, was approved by Cabinet on 18 July 2022 and was then submitted to government. This submission focused on four key themes; Investment in deprived areas and communities, rural regeneration, supporting local business and establishing pathways to work/skills education and training. An initial technical approval of the Council's bid was received in August. Formal approval of the Council's investment plan as well as clarity over timescales for funding provision were expected to have been received by early October. Final approval and additional guidance from government was received on the 5<sup>th</sup> of December. Unlike a number of other areas, the Epping Forest submission was agreed in full. The late approval, however, has caused disruption to planning and delivery in the remainder of this year. Officers are taking steps to ensure in year delivery is compliant and funds are spent.

A Rural Prosperity Fund was announced on 3<sup>rd</sup> September. This allocated a further £437,136 of capital funding to the district, with a similar operational approach to the Shared Prosperity Fund and a submission date of 30<sup>th</sup> November 2022. The fund required the district council to submit a plan in a similar way to the UKSPF, which if agreed by central government would unlock funding. Spending for the rural fund is capped at (25%) for 2023-24 and (75%) for 2024-25 and can be spent on projects associated with supporting local communities and local business, but not in relation to people and skills as was the case with the first UKSPF bid. Given the tight timescales involved, learning from consultations and discussions in the first round of funding was used to compile the second submission. Detailed technical guidance on qualifying parish council areas was not received until two weeks before submission by the government. Epping Forest District had allocated significant sums from the first Shared Prosperity Fund investment programme to rural projects following member direction and these have been built upon for the Rural Fund submission where appropriate to the criteria of this capital fund. The corporate plan was used to help prioritise issues and initiatives and the Epping Forest submission, following consultation with local MPs and local groups was sent to central government by deadline.

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

UK Shared Prosperity funds have extensive rules and regulations which define purpose and delivery. The programmes identified meet these criteria while also focusing on member priorities and responses to consultation undertaken.

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

To decline to participate in these funding programmes which would mean the district would lose out on a potential £1.5 million in central government funding. Progress on member priorities would therefore have to be met from EFDC revenue and capital funds.

### **Report:**

Two thematic/local priority areas have been identified to help frame and scope the approach taken with the Rural England Prosperity Fund. This scoping exercise has helped officers with selecting appropriate interventions, outputs, and outcomes to adopt as part of the Council's investment bid to be submitted to the UK Government.

Discussions have taken place with the RCCE (Rural Community Council of Essex), the Country and Land Association (CLA), FSB (Federation of Small Businesses) and the National Farmers Union (NFU) on challenges facing rural businesses and communities in Essex. An article asking residents and businesses for views on uses of this fund was circulated via the Economic Development Teams e-newsletter 'Business Matters'. This newsletter reaches over 2000 local businesses. Finally, officers attended the Epping Forest Chamber of Commerce's business fair on the 26<sup>th</sup> of October and asked local attendees for views of the Council's proposed Rural England Prosperity Fund priorities.

Conversations have also been held with Essex County Council, the Corporation of London and local authority members of the NEEB (North Essex Economic Board) to understand the capacity for cross border collaboration with other councils in Essex that have been allocated Rural England Prosperity Fund money.

### **Theme 1: Sustainable Rural Grant Programme:**

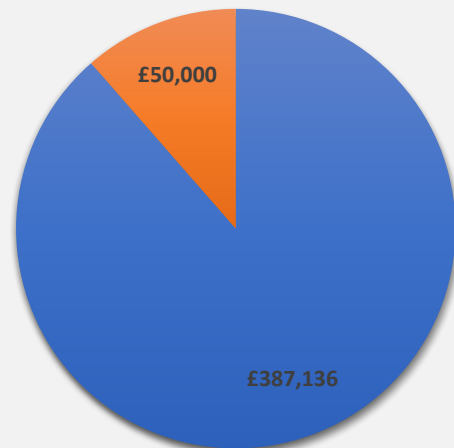
- The aim will be to future proof and enable longer term viability of rural hubs. Capital grant schemes will be introduced for local applicants to:
  1. Support long-term viability of key rural hubs, with a significant emphasis on expansion of rural EV charging points, on public or private assets, and investments to reduce energy usage and carbon footprint in buildings. This will include adaptations and renovations that bring facilities back into usage or expand the range of services that can be provided by them. This will increase benefits to local communities but also income streams to these hubs.
  2. Enable local rural communities and businesses to be supported by acquiring high-level mobile connectivity speeds and digital infrastructure to compete with more urban areas.

### **Theme 2: Discover Rural**

- The aim will be to increase visitor footfall and spend into rural communities from existing and new staycation traffic.
  1. To renew and install effective signage (fingerposts, information boards at attractions advertising other local amenities- pubs, restaurants, shops). This could include a digital element via QR codes and Augmented Reality.
  2. Establishing cross border trails that link assets and rural communities in the district into traffic to and from international hubs (eg London, Stansted to Cambridge). Digitally enabled trails and advertising for local facilities will be considered.

The intention is to provide the bulk of the fund directly in grants to local partners. (See pie chart below).

## Rural England Prosperity Fund allocations



■ Sustainable Rural Initiatives ■ Discover Rural

The district council's submission for the REPF was made on the 30<sup>th</sup> of November. Confirmation and approval of the programme by central government was expected in January to enable projects to begin delivery at the beginning of the next financial year. Officers responded to government requests for further information in December but at the time of writing this report no confirmation has been received on the award of these funds.

### Resource Implications:

The programmes identified in the submissions will be fully funded and cash limited to avoid any call from EFDC budgets. The Rural England Prosperity Fund has received no direct administrative support. However, there now appears to be some flexibility around utilising more of the Shared Prosperity Fund to provide administrative support.

### Legal and Governance Implications:

In order to comply with government requirements the councils own programmes for financial, performance and procurement management will be followed where possible.

### Safer, Cleaner and Greener Implications:

Attention has been focused on both Shared Prosperity and Rural Prosperity Fund initiatives procuring benefit in this key priority area wherever possible, for example, carbon reduction, electric vehicle charging initiatives etc.

### Consultation Undertaken:

Significant consultation was undertaken on the Epping Forest District's Shared Prosperity Fund, which includes significant interventions in rural areas and conclusions were reported to cabinet. Given the short timescales involved the production of the Rural Prosperity Fund submission has drawn heavily from this consultation. However, additional discussions have been held with key stakeholders with a rural focus, for example RCCE (Rural Community Council of Essex).

**Background Papers:**

Appendix 1: REPF Themes Graphic

**Risk Management:**

The council's corporate approach to risk management will be adopted in overseeing both funds deployment.

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**Rural England Prosperity Fund: £437,136 (25% Spend Year 1)**

**Sustainable Rural Grant Programme**

**Discover Rural**



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**Proposed Budget Allocation:**

£387,136

**Aims:**

- Support long term viability of key rural hubs, with a significant emphasis on expansion of rural EV charging points, on public or private assets, and investments to reduce energy usage and carbon footprint in buildings.

**Actions:**

- Establish a cash limited grant programme for rural facilities and partners to bid into to carry out renovation works that are critical to the long-term viability of that asset. A priority given to match funded bids.
- Establish a rural EV Charging challenge project to deploy the maximum number of EV Chargers into rural areas.
- Enable local rural communities and businesses to acquire high level mobile connectivity speeds and digital infrastructure. A priority given to match funded bids.

**Proposed budget allocation:**

£50,000

**Aims:**

- To increase visitor footfall spend from existing and new staycation traffic, to other commercial assets.
- To establish new linkages with neighbouring authorities into rural areas.

**Actions:**

- To renew and install effective directions signage (fingerposts, information boards at attractions, advertising other local amenities - pubs, restaurants, shops).
- Establish cross border trails that link assets and rural communities in the district to footfall to and from international hubs (e.g. London, Stansted to Cambridge).

**Submission Date: 30th November 2022**

**Detailed guidance received: 14th November 2022**

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# Equality Impact Assessment

1. Under s.149 of the Equality Act 2010, when making decisions, Epping District Council must have regard to the Public Sector Equality Duty, ie have due regard to:
  - eliminating unlawful discrimination, harassment and victimisation, and other conduct prohibited by the Act,
  - advancing equality of opportunity between people who share a protected characteristic and those who do not,
  - fostering good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.
2. The characteristics protected by the Equality Act are:
  - age
  - disability
  - gender
  - gender reassignment
  - marriage/civil partnership
  - pregnancy/maternity
  - race
  - religion/belief
  - sexual orientation.
3. In addition to the above protected characteristics you should consider the cross-cutting elements of the proposed policy, namely the social, economic and environmental impact (including rurality) as part of this assessment. These cross-cutting elements are not a characteristic protected by law but are regarded as good practice to include.
4. The Equality Impact Assessment (EqIA) document should be used as a tool to test and analyse the nature and impact of either what we do or are planning to do in the future. It can be used flexibly for reviewing existing arrangements but in particular should enable identification where further consultation, engagement and data is required.
5. Use the questions in this document to record your findings. This should include the nature and extent of the impact on those likely to be affected by the proposed policy or change.
6. Where this EqIA relates to a continuing project, it must be reviewed and updated at each stage of the decision.
7. All **Cabinet, Council, and Portfolio Holder reports must be accompanied by an EqIA**. An EqIA should also be completed/reviewed at key stages of projects.
8. To assist you in completing this report, please ensure you read the guidance notes in the Equality Analysis Toolkit and refer to the following Factsheets:
  - Factsheet 1: Equality Profile of the Epping Forest District
  - Factsheet 2: Sources of information about equality protected characteristics
  - Factsheet 3: Glossary of equality related terms
  - Factsheet 4: Common misunderstandings about the Equality Duty
  - Factsheet 5: Frequently asked questions
  - Factsheet 6: Reporting equality analysis to a committee or other decision making body

## Section 1: Identifying details

Your function, service area and team: Economic Development

If you are submitting this EqlA on behalf of another function, service area or team, specify the originating function, service area or team: N/A

Title of policy or decision: Rural England Prosperity Fund investment plan

Officer completing the EqlA: Tel: ext. 4264 Email: dhaslam@eppingforestdc.gov.uk

Date of completing the assessment: 28/11/22

## Section 2: Policy to be analysed

2.1	<p>Is this a new policy (or decision) or a change to an existing policy, practice or project? Yes</p>
2.2	<p>Describe the main aims, objectives and purpose of the policy (or decision):</p> <p>The Rural England Prosperity Fund investment plan sets out proposals for spend of the allocated £437,136 to Epping Forest district over the next two financial years (2023-2024 and 2024-25). The REPF is integrated into the UK Shared Prosperity Fund (UKSPF) which supports productivity and prosperity in places that need it most. For eligible local authorities, the Rural Fund is a top-up to UKSPF allocations. It supports activities that specifically address the particular challenges rural areas face, but spending can only be capital in nature.</p> <p>What outcome(s) are you hoping to achieve (ie decommissioning or commissioning a service)?</p> <p>In order to unlock the allocated funding over the next two financial years the council is required to produce an investment plan in consultation with local stakeholders and local MPs. The investment plan was submitted on the 30<sup>th</sup> November 2022.</p>
2.3	<p>Does or will the policy or decision affect:</p> <ul style="list-style-type: none"><li>• service users</li><li>• employees</li><li>• the wider community or groups of people, particularly where there are areas of known inequalities?</li></ul> <p>Yes. In producing the plan officers have consulted on its contents as the plan was being developed, building on the consultation from round one. Officers have sought wherever possible to partner with external organisations to resource the projects. During this project officers will work to ensure where possible local procurement routes are sourced.</p> <p>In order to achieve the aims of REPF the investment plan involves work to be undertaken internally through council departments but also involves significant work with outside agencies. Linked to the UK Shared Prosperity fund programme, a detailed risk management</p>

	<p>plan will be put in place to manage the external delivery and the council’s own risk management system will be deployed to ensure risk is addressed within the council.</p> <p>Will the policy or decision influence how organisations operate?</p> <p>The provision of direct grants to local rural groups is where the majority of funding will be disbursed as part of the REPF. This means that effective collaboration and coordination across neighbouring authorities with REPF funding will be central in creating maximum impact.</p> <p>Significant reporting requirements from government on expenditure will require detailed and coordinated project management throughout the period of the scheme within the economic development team, but also in relation to wherein other internal departments or outside agencies take ownership over REPF programmes.</p>
2.4	<p>Will the policy or decision involve substantial changes in resources?</p> <p>Yes</p>
2.5	<p>Is this policy or decision associated with any of the Council’s other policies and how, if applicable, does the proposed policy support corporate outcomes?</p> <p>REPF projects are linked to the following corporate plan objectives:</p> <ul style="list-style-type: none"> <li>• 3.1 Enabling communities to support themselves</li> <li>• 3.2 Promoting culture and leisure</li> <li>• 4.1 Keeping the district clean and green</li> <li>• 5.2 Ensuring infrastructure supports growth</li> <li>• 6.1 Supporting business enterprise and attracting investment</li> <li>• 6.3 Promoting retail, tourism and the visitor economy.</li> <li>• 10.2 Working with commercial partners to add value for our customers.</li> </ul>

## Section 3: Evidence/data about the user population and consultation<sup>1</sup>

As a minimum you must consider what is known about the population likely to be affected which will support your understanding of the impact of the policy, eg service uptake/usage, customer satisfaction surveys, staffing data, performance data, research information (national, regional and local data sources).

3.1

What does the information tell you about those groups identified?

There are several key challenges facing rural communities in Epping Forest and this was also a focus of our Shared Prosperity Fund bid and is a core priority for the council. Rural hubs are critical to quality of life and the provision of services for our rural communities. There have been many challenges to the retention of these hubs the latest of which is the cost-of-living crisis. The Council is aware that these facilities require support to continue their important work and expand to meet new challenges around economic vitality in rural areas, job creation and retention, and the provision of services to residents.

Another challenge that Epping Forest and its rural areas face like many other parts of the country is threats caused by climate change. Epping Forest District Council declared a climate emergency in 2019 and following this published a Climate Change Action Plan in 2021 setting objectives for the area to become a carbon neutral district by 2030. Initiatives such as providing grants to community hubs to enable them to deliver sustainable energy solutions can practically assist the district council and a range of local partners in realizing these goals and ambitions. All this whilst ensuring cost savings and potentially new forms of income are available for local communities and businesses. There are low levels of access to EV charging points across the district, but particularly in rural areas. This is an area which the Council and its partners would like to address promoting sustainable journeys and potentially increasing footfall to local hubs and generating additional income. According to Zapmap and Department of Transport data, Epping Forest has very high electric vehicle adoption, but like the rest of the East of England, has well below average numbers of public charging points per 100k population. <https://maps.dft.gov.uk/ev-charging-map/index.html>

Effective digital connectivity is essential to promote and enhance economic growth in rural areas and to provide a platform for local people to access the wide range of public and private services that are increasingly going online. Epping Forest District has through the work of the Digital leaders 100 award winning Digital Innovation Zone: <https://diz.org.uk/> piloted innovative national programmes to rollout fibre infrastructure to difficult to reach rural areas in the area. The district with partners has already invested £24 million into fibre connectivity locally. However, consultation with partners has identified that there are still rural areas with connectivity issues (particularly mobile connectivity) and that initiatives should be pursued to overcome these challenges, to avoid rural areas falling behind.

Epping Forest generates significant income from the visitor sector, pre pandemic this was approaching £250 million per annum and supporting close to 10% of local employment. With a significant growth in the staycation market and the districts' location between London and Cambridge partners believe much more can be done to ensure this sectors growth in rural areas bringing in much needed investment, jobs and income to rural communities and rural hubs in particular. This sector and the many attractions across the district are still recovering from the pandemic, evidenced in a latest study identifying the

	<p>value of the industry to the district. As of 2021 the value of this sector to the area was £175,977,960 compared to £242,151,200 in 2019. Nonetheless tourism now represents almost 15% of jobs in the district – up from 11% in 2020. It is an important form of job creation in the district, and with numerous tourism assets in the district, there are opportunities to enhance the local staycation market. Many of the attractions in the district are linked to green belt and unique natural areas. Expansion of use and activity on these assets (country walks, nature reserves etc) can create important health and well-being dividends for residents and visitors from more urban neighbouring areas.</p>
<p>3.2</p>	<p>Have you consulted or involved those groups that are likely to be affected by the policy or decision you want to implement? If so, what were their views and how have their views influenced your decision?</p> <p>Epping Forest District Council undertook significant face to face consultation with a wide variety of local groups and stakeholders in order to agree it's UKSPF submission. This submission had significant focus on rural issues and significant funding allocation. Given the timescales involved and the consensus on the interventions that were recommended the REPF seeks to build upon these projects and expand impact with regards to Rural catchment areas. However, in order to ensure that the requirements specific to REPF could be met fully and that the interventions that were being proposed could be delivered efficiently additional consultation was undertaken with the following individuals and organisations:</p> <p>Robert Halfon (MP)  Dame Eleanor Laing (MP)  Alex Burghart (MP)  2100 businesses contacted through a monthly business e-newsletter 'Business Matters'.  Businesses attending a business fair hosted on 26th October 2022 by the Epping Forest Chamber of Commerce in one of our rural villages.  Rural Community Council of Essex  Country Land and Business Association  National Farmers Union  Essex County Council  Uttlesford District Council  East Herts District Council  Maldon District Council  Chelmsford City Council  Corporation of London  Commercial EV Charging Point companies.  Epping Forest Tourism &amp; Visitor Board</p> <p>The contributions of the consultees have directly influenced the nature and ambition of the projects include within the investment plan. These discussions have helped identify where projects can be delivered within the council's own delivery and staffing resource and where alternative external resources will be required to realise the ambition of the plan.</p>
<p>3.3</p>	<p>If you have not consulted or engaged with communities that are likely to be affected by the policy or decision, give details about when you intend to carry out consultation or provide reasons for why you feel this is not necessary:</p>

## Section 4: Impact of policy or decision

Use this section to assess any potential impact on equality groups based on what you now know.

Description of impact	Nature of impact Positive, neutral, adverse (explain why)	Extent of impact Low, medium, high (use L, M or H)
Age (all ages)	Positive – Through the Sustainable Rural Initiatives Grant programme there is the opportunity for community groups to apply for funding to renovate and improve facilities to improve provision of community services for vulnerable elderly residents.	M
Disability	Positive -Through the Sustainable Rural Initiatives Grant programme there is the opportunity for community groups to apply for funding to renovate and improve facilities to improve provision of community services for vulnerable residents.	M
Gender	Neutral – The planned activities do not address features and attributes specifically relevant to this protected category.	
Gender reassignment	Neutral (as above)	
Marriage/civil partnership	Neutral (as above)	
Pregnancy/maternity	Neutral (as above)	
Race	Neutral (as above)	
Religion/belief	Neutral (as above)	
Sexual orientation	Neutral (as above)	

## Section 5: Conclusion

		Tick Yes/No as appropriate	
5.1	Does the EqIA in Section 4 indicate that the policy or decision would have a medium or high adverse impact on one or more equality groups?	<b>No X</b>	
		Yes <input type="checkbox"/>	If ' <b>YES</b> ', use the action plan at <b>Section 6</b> to describe the adverse impacts and what mitigating actions you could put in place.

## Section 6: Action plan to address and monitor adverse impacts

What are the potential adverse impacts?	What are the mitigating actions?	Date they will be achieved.
N/A	N/A	N/A



**Section 7: Sign off**

**I confirm that this initial analysis has been completed appropriately.  
(A typed signature is sufficient.)**

Signature of Head of Service: John Houston

Date: 30/11/22

Signature of person completing the EqIA: Duncan Haslam

Date: 30/11/22

**Advice**

Keep your director informed of all equality & diversity issues. We recommend that you forward a copy of every EqIA you undertake to the director responsible for the service area. Retain a copy of this EqIA for your records. If this EqIA relates to a continuing project, ensure this document is kept under review and updated, eg after a consultation has been undertaken.

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## **Report to the Cabinet**

**Report reference:** C-035-2022-23  
**Date of meeting:** 6 February 2023



**Portfolio:** Leader of the Council  
**Subject:** Risk Management  
**Responsible Officer:** Andrew Small (01992 564278)  
**Democratic Services:** Adrian Hendry (01992 564246)

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

- (1) Cabinet considers and approves the current Corporate Risk Register including whether the risks are scored appropriately**
- (2) Cabinet considers whether there are any new or emerging risks that are not on the Corporate Risk Register that should be referred to the officer Risk Management Group**

### **Executive Summary:**

The Corporate Risk Register was reviewed and updated by Council's Officer Risk Management Group at their meeting on 1 November 2022 and a new risk, 'non-compliance with health & safety regulations' was added to the risk register. Possible emerging risks discussed included the repayment of Right to Buy receipts.

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

To enhance the Council's risk management framework.

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

Not to agree the current corporate risks.

### **Report:**

1. The corporate risk register was considered by the Council's Officer Risk Management Group at their meeting of 1 November 2022 where all risks were reviewed and challenged.
2. 'Non-compliance with health & safety regulations', with regards to the Council being a social housing landlord, has been added to the risk register. Although this has been classed as the highest risk to the Council (A1), significant work is in progress including the introduction of a dashboard and a robust governance framework, including regular scrutiny by Members, which will bring the risk score down considerably.
3. The Council is continuing to closely monitor risk 2 (Increase in demand for financial and housing assistance) and risk 3 (Financial Resilience) although concluded that no change to the risk scores is required at this stage.

4. Emerging risks discussed include:
  - Right to Buy (RTB) receipts: this risk may need to be reintroduced as a corporate risk as there is a possibility of having to repay around £12m (plus interest) RTB receipts if not spent within approximately three years. The Council needs to develop a policy for granting funding to recognised providers.
5. The risk register was subsequently presented to the Corporate Governance Group (which is Chaired by the Section 151 Officer) for further review and challenge. The narrative for each risk has been reviewed and, where appropriate, updated to reflect the current situation (Appendix 1).
6. The table below outlines the direction of travel for each risk since it was updated for the September 2022 Audit and Governance Committee, with a brief commentary supporting each risk.

No	Risk	Residual risk rating (i.e. after controls)		Commentary
		September 2022	November 2022	
1	Local Plan	<b>B1</b>	<b>B1</b>	Narrative revised to reflect new timescales following going out to consultation on the second main modifications.
2	Increase in demand for financial and housing assistance (previously Welfare Reform)	<b>B2</b>	<b>B2</b>	Updated to reflect Warm Places. Subject to ongoing close monitoring.
3	Financial Resilience	<b>B1</b>	<b>B1</b>	Inflation (including interest rate increases) closely monitored and assessed by the Section 151 Officer.
4	Economic Development	<b>C2</b>	<b>C2</b>	Largely the same. Shared Prosperity funding bid focussing on communities and place, and skills and training has been submitted.
5	Data/information breach	<b>C2</b>	<b>C2</b>	Ensuring all staff have completed GDPR (and cybersecurity) eLearning. Recruiting a dedicated Data Protection Officer to support the Council.
6	Business continuity (BC)	<b>C2</b>	<b>C2</b>	Corporate BC Plan in progress but slipped slightly. Service BC plans will feed into corporate BC plan.
7	Cyber security	<b>C2</b>	<b>B2</b>	Phishing tests and PSN (Public Services Network) compliance testing scheduled. Information Security Policy prepared. Increase risk to B2 mainly due to the external environment.

8	Delays in issuing Planning Permissions	<b>C2</b>	<b>C2</b>	Planning applications continue to be reviewed and released as appropriate.
9	Climate emergency	<b>B2</b>	<b>B2</b>	Monitored through the Project Management Office. Climate work to be scoped and mapped.
10	Waste Management	<b>B2</b>	<b>B2</b>	Cabinet report in October 2022 giving approval to go to market for a new contractor. Discussions still ongoing with Biffa.
11	Non-compliance with health & safety regulations	<b>n/a</b>	<b>A1</b>	The Council must comply with the Building Safety Act 2022 and Fire Safety Act 2021. Work to achieve this is in progress.

7. Appendix 2 sets out the Council's risk assessment matrix and is used to determine individual risk scorings.

**Resource Implications:**

Within the report

**Legal and Governance Implications:**

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

**Safer, Cleaner and Greener Implications:**

None

**Consultation Undertaken:**

The Risk Management Group and Leadership Team were involved in the process.

**Background Papers:**

CIPFA audit committees – practical guidance for Local Authorities and Police 2018 edition

**Risk Management:**

If the Corporate Risk Register was not regularly reviewed and updated a risk that threatened the achievement of corporate objectives might either not be managed or be managed inappropriately. In addition, new or emerging risks are not considering which could threaten achievement of the Council's corporate objectives.

**Equality Analysis:**

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided as appendix 3 to the report.

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## CORPORATE RISK REGISTER (NOVEMBER 2022)

LIKELIHOOD	<b>A</b> Very High				<b>11</b>
	<b>B</b> High			<b>2 7 9 10</b>	<b>1 3</b>
	<b>C</b> Medium			<b>4 5 6 8</b>	
	<b>D</b> Low / Very Low				
		<b>4</b> Insignificant	<b>3</b> Minor	<b>2</b> Moderate	<b>1</b> Major
	IMPACT				

Risk no.	Risk score	Description
1	B1	Local Plan
2	B2	Increase in demand for financial and housing assistance
3	B1	Financial resilience
4	C2	Economic Development
5	C2	Data/Information breach
6	C2	Business Continuity
7	B2	Cybersecurity
8	C2	Delays in issuing planning permission
9	B2	Climate emergency
10	B2	Waste Management
11	A1	Non-compliance with statutory health & safety regulations

REF	RISK (IF-THEN)	BACKGROUND CAUSE-EFFECT	Likelihood	Impact	Inherent Risk Rating	MITIGATION/ CURRENT CONTROLS	Likelihood	Impact	Residual Risk Rating	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION ON REVIEW DATE
<b>Risk No 1</b> <b>Local Plan</b>	<p><b>Vulnerability:</b> Deadline of December 2023 for all authorities to have up-to-date Local Plans in place. Delays in the adoption of the Local Plan (LP) and failure to meet the Housing Delivery Test will delay the implementation of the Local Plan Strategy and lead to the presumption in favour of sustainable development being applied.</p> <p><b>Consequence:</b> Delays in granting consent for planned new homes, affordable housing, and jobs because of delays in implementing the spatial approach including strategic housing and employment sites.</p> <ul style="list-style-type: none"> <li>• Vulnerable to ad hoc planning applications and appeal decisions</li> <li>• Loss of associated New Homes Bonus, Business Rates tax base growth and S106 monies to support key infrastructure projects.</li> <li>• Reputational damage</li> <li>• An annual housing requirement of 953 homes per year (2020/21) far more than the Local Plan annual average of 518 dwellings per year. Housing supply and trajectory under consideration as part of the Main Modifications (MM's).</li> </ul>	<p>Local Plan Submission Version 2017 agreed by Council Dec 2017 and published. Following the Judicial Review (JR) the plan was submitted for examination which took place between Feb &amp; June 2019. The Inspector identified 39 Actions for the Council to complete in August 2019. The Council's response to these actions resulted in proposed amendments to the Plan (Main Modifications) in July 2021. The comments on these MM's were considered by the first Inspector but delayed before she was replaced by a new Inspector who has asked for further MM's that are due to go out to consultation in autumn 2022.</p>	VERY HIGH	MAJOR	A1	<p>1) MMs consultation ended on 23<sup>rd</sup> September 2021 and summary of responses sent to The Inspector who in June 2022 asked for further MMs.</p> <p>2) Consultants in place to support Habitats Regulations Assessment, Sustainability Assessment statements required alongside the Local Plan adoption.</p> <p>3) Considering detailed transport models and enhancement plans with stakeholders to demonstrate the effectiveness of policies.</p> <p>4) Financial contributions towards mitigation and enhancements required by Interim Air Pollution MS and Green Infrastructure Mitigation Strategy already being secured.</p> <p>5) Implementation Team established to accelerate delivery of strategic site allocations</p> <p>5) Regular reports at officer and Member level through the Cooperation for Sustainable Development Group and Cabinet.</p>	HIGH	MAJOR	B1	<p>1) Regular updates provided and posted on the Council's website. Numerous posts since 6 May 2022, when we were informed that a new Inspector has been appointed to complete the examination, followed by a Schedule of 50+ action changes sent on 16 June 2022. Consultation for the second main modifications started 28 October for 6 weeks finishing on 9 December 2022, following which all responses will be sent to the Inspector. Following receipt of the Inspector's report, the Plan can be formally adopted by the Council if it makes the MMs recommended. We will report to Full Council for Member adoption in Q4 2022/23.</p>	Service Director – Planning Services	Regular programme meetings (but at least monthly)



REF	RISK (IF-THEN)	BACKGROUND CAUSE-EFFECT	Likelihood	Impact	Inherent Risk Rating	MITIGATION/ CURRENT CONTROLS	Likelihood	Impact	Residual Risk Rating	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION ON REVIEW DATE
<b>Risk No 2</b>  <b>Increase in demand for financial and housing assistance</b>	<p><b>Vulnerability:</b></p> <p>Rising cost of living could significantly impact residents' ability to meet housing costs leading to increase in demand for homelessness assistance. Tenants' inability to pay rent resulting from rising cost of living could impact HRA revenue having negative consequences for HRA investment and the 30-year business plan.</p> <p>Ukrainian refugee schemes could result in increased demand for homelessness assistance directly affecting the general fund by increasing numbers in and cost of temporary accommodation.</p> <p>Increasing demand for homelessness assistance also poses significant risk in terms of staffing resources which meet current need, but which do not have any capacity for increased demand.</p> <p>Government's move to full dispersal model will inevitably put pressure on an already over stretched affordable private rented sector market and means the addition of yet another competing priority.</p>	<p>Emerging fuel poverty crisis and general, significant, rise in living costs. Increasing competing priorities for finite number of affordable housing units.</p> <p><b>Consequences:</b></p> <ul style="list-style-type: none"> <li>• Tenants no longer able to afford current/new tenancies.</li> <li>• Residents no longer able to afford mortgages</li> <li>• Increase in evictions and homelessness</li> <li>• Increased costs of temporary accommodation</li> <li>• Unable to secure similar level of income due to payment defaults</li> <li>• Increase in rent and Council Tax arrears</li> <li>• Public dissatisfaction</li> <li>• Criticism of the Council for not mitigating the effects for residents.</li> <li>• Rise in mental health impacts</li> <li>• Rise in safeguarding issues</li> </ul>	HIGH	MAJOR	B1	<ol style="list-style-type: none"> <li>1.Virtual customer portal signposting access to a range of help, advice and support services</li> <li>2.Breathing Space</li> <li>3.Hub approach to service delivery centred at Civic Office with plans to ensure targeted holistic provision of services across the district.</li> <li>4.Dedicated private sector lettings resource to increase prevention of homelessness, reduce demand for Temporary Accommodation and instances where a full rehousing duty would otherwise be owed</li> <li>5.RSI funding secured enabling enhanced targeted response to single homelessness including creation of a mental health navigator embed within the homelessness team</li> <li>6.Domestic Abuse (DA) Navigator and specialist DA safeguarding officer provide expert support and lead through DAHA accreditation ensuring a whole housing approach to DA</li> <li>7.Additional £57K funding secured for DA work</li> <li>8.Monthly tracking for early identification of spikes in demand</li> <li>9.£117K additional homelessness prevention grant to assist with homelessness prevention specifically for private renters affected by Covid-19</li> <li>10. Successful Changing Futures grant £72K for Job Coach programme that will assist 60 clients over 2 years into sustainable employment starting 22/23</li> <li>11. Distribution of £5m in Council Tax Energy Payments</li> </ol>	HIGH	MODERATE	B2	<p>Revs and Benefits staff attendance at the Waltham Abbey Hub.</p> <p>Hold some evening surgeries for people who find themselves struggling.</p> <p>A Warm Place has been established in the Civic Offices and support has been given to mobilise similar settings across the district commencing Oct 2022 through to Feb 2023. Where possible, wider support services are being provided in the Warm Places and volunteers will signpost guests to appropriate partner agencies as necessary.</p>	Service Director - Customer Services and Community and Wellbeing	Monthly

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<b>Risk No 3</b> <b>Financial Resilience</b>	<p><b>Covid-19 (Legacy)</b> The impact of Covid-19 (including long-lasting, or permanent legacy issues) has added to a recent downward trajectory in available reserves, as income is struggling to keep pace with expenditure</p> <p><b>Qualis Income</b> Securing planned income returns from LATCO initiative is vital to maintaining financial self-sufficiency and minimising expenditure reductions</p> <p><b>Economic Turbulence</b> Recent volatility in the worldwide economy, including sharply rising inflation and increasing interest rates poses a substantial threat to the Council's financial sustainability; this impacts on general expenditure costs (especially on pay and major contracts) and interest costs incurred on Qualis 'on-lending, as well as major capital projects (impacted by the increasing cost of building materials especially)</p> <p><b>Efficiency Savings</b> The medium-term financial outlook means that setting a balanced budget for 2023/24 is a very challenging process, with the realisation of cashable efficiencies an overwhelming priority; and</p> <p><b>Financial Control</b> Tighter financial control is essential in the more challenging financial environment that lies ahead.</p>	<p>Balanced budget set for 2022/23 (approved by full Council in February 2022). In addition, the Medium-Term Financial Plan (MTFP) for 2022 to 2027 (forecasting a cumulative deficit of £4.2 million by 31/03/27) was adopted at the same time.</p> <p>However, economic circumstances have recently changed rapidly, especially following the Russian Invasion of Ukraine in February 2022, with the inflationary assumptions especially that were included in the MTFP – with the benefit of hindsight – now looking over-optimistic.</p> <p>The 2022/23 Quarter 1 General Fund forecast indicated an overspend of £1.169 million, which if it materialises will reduce the General Fund Reserve balance below the adopted minimum contingency level.</p> <p>The updated MTFP (October 2022) indicated a cumulative budget deficit of £8.615 million by 31/03/28, including a deficit of £4.126 million for 2023/24.</p> <p>Slippage on timetabled income and benefits from Qualis continues to be a risk and is exacerbated by rising interest rates. Delays in the Local Plan have held back anticipated receipts from Planning Applications.</p>	<b>VERY HIGH</b>	<b>MAJOR</b>	<b>A1</b>	<p><b>Covid-19</b> Immediate pressure receded gradually in 2021/22. Medium/Long Term financial impacts being managed through MTFP (@ October 2022).</p> <p><b>Qualis</b> Council's interests directly overseen and managed by Section 151 Officer with tailored support from specialist professional advisors.</p> <p><b>Economic Turbulence</b> Inflation (including interest rate increases) closely monitored and assessed by Section 151 Officer. Mitigating actions being developed and implemented by Senior Management with higher value expenditure areas (such as pay, contracts and construction projects) being targeted.</p> <p><b>Efficiency Savings and Service Cuts</b> Cashable efficiency savings identified by Senior Leadership Team (SLT) and adopted by Portfolio Holders aimed at eliminating the £4.126 million deficit for 2023/24. Staff vacancies is the most significant area of focus, although minor service cuts also being considered. Further savings will be required in 2024/25 and beyond, with transformation projects seen as the key enabler.</p> <p><b>Financial Control</b> Process improvements continuing to be rolled out by Deputy S151. Corporate Finance function fully resourced (since September 2022), with added focus on internal financial control procedure and increasing leadership of improvements in wider financial support services.</p>	<b>HIGH</b>	<b>MAJOR</b>	<b>B1</b>	<p>Complete transformation of Corporate Finance functions, utilising the benefits of a fully resourced Finance Team.</p> <p>Further develop wider leadership role of Corporate Finance Team, ensuring that improvements are achieved in financial process across the Council.</p> <p>Urgently implement mitigating strategies with the aim of trying to control net expenditure within budget in 2022/23. Key areas to focus on include pay (vacancy control), energy, major contracts (Waste Management and Leisure) and major capital projects (Epping Leisure Centre, HRA housebuilding).</p> <p>Complete balanced draft budget for 2023/24 for presentation to Cabinet in December 2022, through the achievement of sufficient cashable efficiency savings to eliminate the estimated deficit of £4.126 million revealed in the updated MTFP in October 2022.</p> <p>In the medium-term, continue cultural change process and address current deficit in efficiency and effectiveness. This includes prioritising, promoting, and supporting, the further development of the Council's medium and long-term transformation plans.</p>	Strategic Director & 151 Officer	Monthly

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<b>Risk No 4</b> <b>Economic Development</b>	<b>Vulnerability:</b> Economic development and employment are very important to the Council particularly in the post Covid-19 economic climate. The Council needs to be able to stimulate opportunities for economic development and employment (especially youth employment and those seeking local career progression) in the District in line with the Local Plan. It is recognised that the current economic shocks increase uncertainty but do however also provide opportunities through increased home working and local manufacture and trade. <b>Consequence:</b> <ul style="list-style-type: none"> <li>Unable to secure sufficient employment opportunities</li> <li>Local area and people lose out</li> <li>Insufficient inward investment</li> <li>Impact on economic vitality of area</li> <li>Loss of business rate revenue</li> <li>Increased economic cost to the council</li> </ul>	Risk that Council loses out to other authorities in terms of attracting business, employment and other Place opportunities. All of which would financially impact on the Council (e.g. loss in business rates, and residents/visitor spending power. E.g. leisure centres. Cost of living crisis can impact on disposable income with knock-on effects on the local economy/businesses. Unemployment has tracked back down to below national and regional levels but is still higher than pre pandemic levels. Good use has been made by the Council of government and County Covid-19 funding including business grants. (Bulk of Government schemes ended, legacy schemes still in operation). Demand for industrial and retail assets in the district remains high. Digital transformation continues to reshape much of the local economy and employment and income generation opportunities. This has implications for future skills provision and inward investment.	<b>VERY HIGH</b>	<b>MAJOR</b>	<b>A1</b>	Economic Development Plan (Nurturing Growth) in place and flexed to take account of Covid-19 and post pandemic issues. A completely new action plan has been developed which considers a range of options for recovery of local high streets. A new package of Government support is expected focusing on energy costs, although it is unclear what role will be set out for local authorities as part of this response. Cabinet in July 2021 approved six town centre action plans to help support and improve economic viability of town centres across the district. Significant work has already been undertaken to deliver these. Following consultation with Town and Parish Councils, the Town Centre Manager post was deleted, and work has been scaled back, additional investment is being sought via the Districts Shared Prosperity Fund bid. A new inward investment site (Invest Epping Forest) has been produced and is awaiting launch. Loyal Free has been purchased and is being rolled out. Huq has been purchased and is in operation monitoring footfall. The Council has launched its Kickstart programme and development hub to help improve employment and skills. NWA Business Zone and possibly freeport development linked with other employment sites. Engendering and supporting work from home and work local approaches through the support/creation of work hubs reducing the need to travel and commute and having environmental as well as economic benefits.	<b>MEDIUM</b>	<b>MODERATE</b>	<b>C2</b>	Ensure full delivery of inward investment site and loyal free. Support development at North Weald for maximum return in jobs and investment.  Prepare for successful business plan to allocate shared prosperity funding (£1 million) to support key priority areas. Business plans to be submitted by end of July 2022 following consultation. Shared Prosperity Fund bid submitted and passed first gate of Government review.  Continue to develop DIZ, market digital economy, target public and private sector funding for enhanced infrastructure. New initiatives around enhanced 5G connectivity, SME digital clusters and support on environmental sustainability underway.  Continue to develop and secure opportunities from the visitor economy to support high streets and local businesses. Upgrade and re-launch Visit Epping Forest website by the end of June 2022.  Rescale town centre initiatives following withdrawal of resource. New programme of support identified in Shared Prosperity Fund bid.  Review economic impact of RideLondon 2022.	Chief Operating Officer via Economic Development and Planning	Monthly

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Risk No 5  Data / Information breach	<p><b>Vulnerability:</b> The authority handles a large amount of personal and business data. Either through hacking or carelessness, security of the data could be compromised.</p> <p><b>Consequence:</b></p> <ul style="list-style-type: none"> <li>Breach of the 2018 Data Protection Act (DPA) and the General Data Protection Regulations leading to significant fines or/and intervention by the Information Commissioner's Office (ICO)</li> <li>Increased costs and legal implications</li> <li>Reputation damaged and loss of public confidence</li> </ul>	<p>Risk of data held by the Council ends up in inappropriate hands. System loss. Generally effective to date, with no significant lapses since the introduction of the 2018 DPA.</p> <p>The work programme for the Information Governance Group, who oversees this risk, is comprehensive but has limited resource to progress the work.</p>	HIGH	MAJOR	B1	<p>Significant work was undertaken by the Council to ensure it was compliant in time for the introduction of the GDPR in May 2018. This included review of policy and procedures, staff and Member training and awareness, completing an information asset register/register of processing activities and reviewing security of data arrangements.</p> <p>The Council continues to have a designated Data Protection Officer in post and a system of data breach and subject access request monitoring in place.</p> <p>A recent audit on data retention and disposals has been completed which identified several actions.</p> <p>A Senior Information Risk Owner has been identified and an Information Governance Group (IGG) has been formed. In addition, an Information Asset Owner Group has been set up. The Information Governance Group has put together a draft work programme and other actions will be reviewed and monitored through this Information Governance Group.</p> <p>A review of the work programme took place by IGG in their meeting</p> <p>A Retention and Disposals Policy was launched Feb 2021.</p> <p>FOI infographic and eLearning-Use Litmos and plan for launched in February 2022.</p> <p>An awareness raising/ training programme is being implemented.</p>	MEDIUM	MODERATE	C2	<p>Continue working with the Information Asset Owner Group to embed understanding of the importance of information governance across the authority. The IGG Work Programme is being prioritised and is subject to ongoing review by SIRO and Chief Auditor.</p> <p>Information Governance policy review to be undertaken by Policy sub-group chaired by the SIRO. Executive Team Information Governance training to take place in 2022.</p> <p>The IAOG reminded of their responsibilities of implementing the Retention &amp; Disposal Policy.</p> <p>Work has begun to redesign the Council's 'Open Data' webpage and populating with information required by the Code. Information is currently being added to the current Open data page.</p> <p>When the Website is updated the look and feel of the page will be reviewed</p> <p>Work will soon begin to cleanse the Council's Z drive and review the Retention and Disposal Policy. End date for this project is 31 March 2023. A Teams channel will be set up and an action plan template circulated for Team Managers to manage their data.</p> <p>Over 65% of staff have completed the GDPR eLearning along with 82% completing Cyber Security – a reminder will be circulated to those who have yet to complete.</p>	Service Director- Corporate Services (SIRO)	Quarterly

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<b>Risk No 6</b> <b>Business Continuity</b>	<p><b>Vulnerability:</b> The Council is required to develop and implement robust Business Continuity Plans in line with the requirements of the Civil Contingencies Act. Following the re-organisation and negative outcomes from Internal Audit's review plans need to be updated and changes in responsibilities confirmed.</p> <p><b>Consequence:</b></p> <ul style="list-style-type: none"> <li>• Services disrupted / Loss of service</li> <li>• Possible loss of income</li> <li>• Staff absence</li> <li>• Hardship for some of the community</li> <li>• Council criticised for not responding effectively</li> <li>• Strain on/or lack of staff resources.</li> <li>▪ Increased sickness absence due to Covid19 – staff availability to work</li> <li>▪ Additional capacity needed for projects</li> <li>▪ ICT restructure</li> </ul>	<p>An Internal Audit of Business Continuity arrangements identified a number of weaknesses which were addressed through the BC project. An external consultant has been engaged to develop the strategy and provide coaching to staff to develop plans. This has largely been completed and an exercise to test was undertaken in Feb 2020.</p> <p>All departments now have their own departmental BC plans</p> <p>Corporate strategy now sits above all plans and has been tested. Currently, the organisation is continuing to deliver services to a high standard, working remotely, in new ways etc, however there are strains on project delivery and in some areas BAU due to staff absence, restructures, turnover.</p> <p>The current ICT DR solution is not fully tested, and therefore might not deliver the expected benefits.</p>	VERY HIGH	MAJOR	A1	<p>Improvement of current business continuity (BC) management arrangement is currently in progress.</p> <p>Our organisational response to the current covid-19 emergency demonstrates a generally effective BCP with essential services / critical functions continuing.</p> <p>Next phase is to co-ordinate the review and updating of plans on an ongoing progressive program.</p> <p>Mitigation re staff resources:</p> <ul style="list-style-type: none"> <li>▪ New recruitment process and careers page to attract new candidates. More efficient and less bureaucratic processes</li> <li>▪ The category A, B, C list of staff availability has recently been reviewed</li> <li>▪ ICT Portfolio Governance Group is established</li> <li>▪ Flexible use of salary budget to plug short term gaps</li> </ul> <p>Business DR testing successfully completed over 3 days.</p>	MEDIUM	MODERATE	C2	<p>A Business Impact Analysis tool has been adapted for EFDC use and is being implemented with service managers.</p> <p>The Corporate BC Plan is due to be reviewed by end of January 2023, slipped due to lack of resource and lack of returns of the BIA returned from managers. Colleagues in the ERF are assisting with a variation of the corporate plan format we currently have- A far easier and faster response aide memoire for corporate BC management and recovery. Critical services notified of the need to update and / or produce a relevant BC plan reflecting the changes to the new hybrid way of working. Managers will be requested to produce a draft BC plan by the end of Dec 2022</p> <p>Senior managers to keep situation under regular review. Staffing issues is a standing item on fortnightly Wider Leadership Team Meeting.</p> <p>It is anticipated that BC planning (creation of plans) awareness/ training sessions will be available for managers who will be required to produce new plans in support of the Corporate BC Plan.</p>	Service Director – Corporate Services	Quarterly

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Risk No 7  Cyber Security	<p><b>Vulnerability:</b> The Authority handles a large amount of personal and business data. Either through hacking or carelessness, security of the data could be compromised.</p> <p><b>Consequence:</b></p> <ul style="list-style-type: none"> <li>Loss of system access and/or data</li> <li>Unable to provide Council services</li> <li>Increased costs</li> <li>Reputation damaged</li> <li>Ransomware payment</li> <li>Corporate fines</li> </ul>	<p>Risk of data held by the Council ends up in inappropriate hands. System loss. However, no loss of data. Systems have remained protected from cyber-attack.</p> <p>EFDC is targeted directly. Unknown vulnerabilities in systems. Misconfigured systems. EFDC staff error. Disgruntled EFDC staff.</p> <p>System Loss, Data unavailable, Data stolen, Data changed,</p>	VERY HIGH	MAJOR	A1	<p>Security Officer is continually monitoring situation and potential risks. Most systems have in built controls to prevent unauthorised access. Controls in systems have been strengthened in response to specific occurrences. IT monitoring &amp; installing system updates &amp; patches All data back up now directly to the cloud. Considering extending to grandfather back-ups</p> <p>Latest windows major upgrade underway and on track (except GIS &amp; M3 PP).</p> <p>An eLearning module provided by the National Cyber Security Centre has been rolled out across the Council.</p>	MEDIUM	MODERATE	B2	<p>Mystery Phishing campaign will commence the first week of November 2022 Security audit being undertaken by Elucidate Microsoft security audit data collection has been undertaken over a number of weeks in Sept/Oct. A prioritised remedial action plan will be created, and resources planned to mitigate key risks found. PSN compliance check, both internal and external, are booked. A remedial action plan will then be created for action from January 2023. The Council may benefit from further assessment in 2023/24 given that the likelihood of attack is continuing to increase. The assessment should consider key IT supply chains as more of the estate moves to the cloud. The Council should also consider assurances from key Suppliers in the supply chain as part of understanding their business continuity preparedness. An updated draft information security policy has been created. After feedback from the above compliance checks and tests it will be shared with the business in Q4 2022/23.</p>	Service Director – ICT & PMO, Strategy & Policy	Quarterly

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<b>Risk No 8</b>  <b>Delays in issuing Planning Permission</b>	<p><b>Vulnerability:</b> Delays in issuing around 260 Planning Permission for development following objections by Natural England regarding the impact of development on air quality in Epping Forest SAC.</p> <p><b>Consequence:</b></p> <ul style="list-style-type: none"> <li>• Delays in granting Planning Permission in the District and house building to create new homes.</li> <li>• Loss of New Homes Bonus</li> <li>• Restricted Business Rates tax base growth</li> <li>• Reputation damaged</li> </ul>	The Habitats Regulations Assessment (HRA) January 2019 found that the Plan would be likely to have a significant effect upon the Epping Forest Special Area of Conservation (the SAC) in respect of both atmospheric pollution and disturbance from recreation & urbanisation.	VERY HIGH	MAJOR	A1	Regular meetings held with key stakeholders including Natural England to update the HRA and develop a mitigation strategy. Interim mitigation strategy (SAMMS) was agreed by Council in October 2018 to mitigate the impact of recreational pressure on the Forest and Natural England have confirmed it is appropriate. The outstanding concerns in relation to the Green Infrastructure Strategy/ SANG strategy and the need for site specific projects to mitigate the impact of recreational pressure associated with growth in the South of District has been addressed in the GI Strategy approved at Cabinet on 20 April 2021. A Draft Air Pollution Strategy was agreed by Cabinet in July 2020 for further consultation with Natural England. An updated strategy has been prepared and was adopted by Council on 8 February 2021 following confirmation from Natural England that the strategy was agreed. Development Management have employed a senior planning officer to specifically clear this backlog	MEDIUM	MODERATE	C2	<p>Mitigation strategy in place for both recreational pressure and air quality issues.</p> <p>Interim air pollution mitigation strategy has been agreed with Natural England and has been adopted by the Council through a PFH report which was called in to a Full Council meeting on 8 February 2021.</p> <p>The Interim Air Pollution Strategy was agreed by full Council on 8 February 2021 and opened the potential release of 260 planning permissions. Applications submitted after 8 February 2021 are being dealt with in a Business As Usual manner.</p> <p>As of 31/10/2022 197 planning applications have been determined, equating to 326 dwellings. 22 applications have been withdrawn and 28 have been refused planning permission, and 12 applications are awaiting the completion of s106 agreement to allow the decision to be issued.</p>	Service Director - Planning Services	Monthly – regular updates are being provided to the inspector

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<b>Risk No 9</b> <b>Climate Emergency</b>	<p><b>Vulnerability:</b> The Council declared a climate emergency and has pledged to do everything within its power to make the Epping Forest District carbon neutral by 2030. The Council has identified a number of initial areas of focus, including: Local Plan site allocations achieving high standards of sustainability; carbon reduction of council owned properties; the promotion of sustainable transport and implementing an air quality strategy.</p> <p><b>Consequence:</b></p> <ul style="list-style-type: none"> <li>• Reputational damage</li> <li>• Greatly increased costs from Climate Change Adaptation requirements</li> </ul>	<p>Failure in achieving identified carbon reduction targets and taking action to reach the carbon neutral District by 2030 pledge.</p> <p>Contracts of both the Climate Change Officer and the Sustainable Transport Officer have been made permanent.</p>	<b>VERY HIGH</b>	<b>MODERATE</b>	<b>A2</b>	<p>The Climate Change and Sustainable Transport Officer developed a draft action plan with the overall objective of becoming carbon neutral by 2030. It covers all service areas and the wider District emissions. The draft Climate Change Action Plan went for public consultation, finishing on 26<sup>th</sup> November 2021. A report of the findings from the consultation went to Overview and Scrutiny at the end of March 2022. Final version of Climate Action Plan submitted and approved by Cabinet in April 2022</p> <p>DaRT87 launched in Jan 2021 as an emergency hybrid Demand Responsive Transport (DRT), had been hit by the effects of the pandemic with continued WFH work patterns suppressing demand for tube journey links and older/concessionary pass holders remaining cautious about using public transport (confirmed in ECC and national stats). Cabinet in March 2022, agreed in its current form and cost to continue the service.</p>	<b>HIGH</b>	<b>MODERATE</b>	<b>B2</b>	<p>The move to staff working from home and covid-19 associated projects including increasing active travel as part of the Safer Places project for High Street recovery, will contribute towards a positive impact on carbon reduction.</p> <p>The Climate Action Plan reviewed to identify what is Business as Usual and what are priority actions. Findings will be reported back to the PMO Steering Group. Climate work to be scoped and mapped.</p> <p>DaRT87 - further funding merited due to extreme challenges posed by Covid-19 conditions – as one third of interest had been from Harlow residents, Harlow's (and ECC's) financial support should also be sought in 22/23.</p>	Interim Strategic Director	Quarterly



REF	RISK (IF-THEN)	BACKGROUND CAUSE-EFFECT	Likelihood	Impact	Inherent Risk Rating	MITIGATION/ CURRENT CONTROLS	Likelihood	Impact	Residual Risk Rating	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION ON REVIEW DATE
<b>Risk No 10 Waste Management</b>	<p><b>Vulnerability:</b> Failure of Waste Contract Inability of the Council's partnering contractor, Biffa Municipal Limited to provide waste collection services as specified in Contract.</p> <p>Failure to procure new Waste Contractor to commence in Nov 2024</p> <p><b>Consequence:</b></p> <ul style="list-style-type: none"> <li>• Reputational damage to the Council</li> <li>• Significant additional costs to the Council</li> <li>• Environmental impact – increased rubbish on street, health issues if waste left out too long before collected</li> <li>• Ongoing service delivery issues</li> </ul>	<p>There has been significant increase in volume and frequency of missed collections, which has led to district wide disruption and complaints. This is due to staff shortages (particularly drivers) and vehicle breakdowns due to age of fleet.</p> <p>The Council was in discussion with Biffa regarding a contract extension, however a cabinet decision has been made to run a procurement exercise for the new waste contract. The contract extension talks have stopped due to failure to agree on the costs of the Contract and EFDC's ability to demonstrate value for money.</p>	HIGH	MAJOR	B1	<p>Daily communications with Biffa, keeping members and residents informed. New management team at Biffa, Waltham Cross (Depot). Biffa have agreed a further 2 year pay deal with the GMB. Biffa have already managed to recruit an additional 6 drivers who will commence employment shortly. Biffa are currently sourcing newer / more reliable narrow access vehicles for the Contract, this should be finalised within the next 4 weeks. Biffa St Albans now providing further additional support for vehicle maintenance in Epping. Waste Management team have a vehicle and crew from another contractor which is being used as and when required to clear missed collections. A PIN (Prior Information Notice) was issued on 24<sup>th</sup> August. This is a soft market testing exercise which legally allows us to speak to waste contractors to ascertain if they would be interested in the contract should we go to market rather than extend the contract with Biffa. To date we have a number of waste contractors' express interest and market engagement meetings took place in September.</p>	HIGH	MODERATE	B2	<p>Continue to work with Biffa to resolve the issues. Issue Contract Defaults where necessary until issues are resolved.</p> <p>Keep members and residents up to date.</p> <p>Market engagement meetings with waste contractors have taken place to find out their interest in the Waste Contract.</p> <p>Cabinet decision to go out to procurement for the waste contract was agreed in October.</p> <p>A Waste Management Portfolio Holder Advisory Group was been agreed by Cabinet in November to look at current issues and service improvements.</p> <p>A feasibility report is being undertaken for an EFDC owned waste depot.</p>	Service Director – Contracts	Monthly

REF	RISK (IF-THEN)	BACKGROUND CAUSE-EFFECT	Likelihood	Impact	Inherent Risk Rating	MITIGATION/ CURRENT CONTROLS	Likelihood	Impact	Residual Risk Rating	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
<b>Risk No 11 Non-compliance with health &amp; safety regulations</b>	If the Council, as a social housing landlord, is unable to demonstrate compliance with statutory H&S regulations, then it could be open to unlimited fines and/or adverse publicity.	<p>Building Safety Act 2022 – HSE is now the new regulator and whilst currently applies to 7 storeys and above intention is to reduce this down to lower storey blocks. Requires a competent person to be formally appointed and ‘golden thread’ of records and retention of documents. Applies to building control function who now have enhanced duties.</p> <p>Fire Safety Act 2021 – applies to EFDC from January 2023 and will amend the existing regulatory (reform) Fire safety order 2005. Applies to all buildings not just housing. The Council must self-refer if not compliant.</p> <p>Fire Safety (England) Regulations 2022</p>	VERY HIGH	MAJOR	A1	<p>Spreadsheets of compliance checks undertaken are maintained for each of the ‘big six’ (gas, electrical, fire, asbestos, legionella, lifting operations and lifting equipment regulations).</p> <p>Individual action plans track the progress against recommendations</p>	VERY HIGH	MAJOR	A1	<p>Implement a dashboard to provide up to date visibility of the status of the Council’s compliance with the ‘big six’. Introduce a mechanism to centrally track progress against outstanding actions. A consultant has been engaged to assist in demonstrating compliance. A designated Responsible Person (competent) is to be appointed</p> <p>Use of Fire Risk Assessment Prioritisation Tool to provide evidence of compliance and to assist the Responsible Person to develop a prioritisation strategy. ‘Golden Thread’ for documents recording and retention</p> <p>Ensure adequate number of fire wardens involved in managing the buildings on site at any one time and who are certified from an accredited training provider. External walls and flat entrance doors will need to be included in the Fire Risk Assessments as new statutory obligation</p> <p>Robust controls needed for Planned maintenance where contractors are used who can invalidate any fire stopping measures in place</p> <p>Stock condition surveys being undertaken</p>	Strategic Director of Operations	Monthly

## Risk Assessment Matrix

<b>Likelihood</b>	Definite >90% has happened or has happened on a regular basis over the last 12 months	<b>A Very high (Almost certain)</b>	<b>A4</b>	<b>A3</b>	<b>A2</b>	<b>A1</b>
	Occurs in most circumstances 55% to 90%. Or has happened once or twice in the last 2 years	<b>B High (Likely)</b>	<b>B4</b>	<b>B3</b>	<b>B2</b>	<b>B1</b>
	Occurs in certain circumstances 10% to 55% or has happened once or twice in the last 5 years.	<b>C Medium (Possible)</b>	<b>C4</b>	<b>C3</b>	<b>C2</b>	<b>C1</b>
	Occurs exceptionally/very unlikely <10% or has not happened in the last 5 years	<b>D Low/very low (Unlikely/rare)</b>	<b>D4</b>	<b>D3</b>	<b>D2</b>	<b>D1</b>
			<b>4 Low</b>	<b>3 Medium</b>	<b>2 High</b>	<b>1 Very high/ critical</b>
<b>Impact</b>	<b>Financial</b>	Loss/overspend under £10K	Loss/overspend £10K-£250K	Loss/underspend £250K-£1M	Loss/underspend over £1M	
	<b>Service</b>	Marginal disruption to service capability	Short term disruption to service or marginal reduction in service. Objectives of one section not met.	Short term loss of service or significant reduction service. Directorate objectives not met.	Medium/longer term loss of service. Failure to deliver at least one the Council's corporate objectives.	
		Unlikely to cause complaint/litigation	High potential for complaint with possible litigation	High potential for complaint with probable litigation	Litigation almost certain and difficult to defend.	
	<b>Reputation</b>	No adverse publicity	Minor adverse publicity	Adverse national publicity/significant adverse local publicity	Significant adverse national publicity	
	<b>Legal/regulatory</b>	Breaches of local procedures/standards	Breaches of regulations/standards	Breaches of law punishable by fines	Breaches of law punishable by imprisonment	
	<b>Environmental/Public Health</b>	Incident with no lasting effect	Short term incident (weeks)	Medium term major incident (1 month – 1 year)	Long term major incident (1 year +)	
	<b>Health and Safety</b>	'First Aid' level injury	Medical treatment required – long term injury	Extensive permanent injury – long term absence	Fatality	

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## **Report to Cabinet**

**Report reference:** C-036-2022/23  
**Date of meeting:** 6<sup>th</sup> February 2023



**Portfolio:** Finance – Cllr J. Philip  
**Subject:** Quarterly Monitoring Report – Q4 2021/22  
**Responsible Officer:** Andrew Small (07548 145665).  
**Democratic Services:** Adrian Hendry (01992 564246).

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

**To Discuss this report and agree any actions required.**

#### **1. Executive Summary**

- 1.1. The Governance framework for Qualis, as agreed by Cabinet in February 2020, included the requirement that Qualis should report to Epping Forest District Council on its performance Quarterly.
- 1.2. This report presents the fourth Quarter's monitoring report for the Qualis trading year 2021/22 and covers the period from 1 July 2022 to 30 September 2022. This also effectively represents the Qualis 3<sup>rd</sup> trading year outturn report. Attached as Appendix A is the Qualis Board monitoring report for Quarter 4.
- 1.3. Performance is measured in the attached report against the business plan targets for 2021/22. The Board report highlights performance against these using the recognised Red, Amber, Green reporting system (RAG).
- 1.4. The management accounting figures are those agreed by the Qualis Board as at their year-end but were still subject to a final tax computation being carried out between Qualis' tax advisors and their Auditors. The final outturn has changed as a result of this work and final results from the audited accounts are also included in this report.
- 1.5. The unexpected and significant shift in economic factors occurring over the past 9 months has had a huge impact on the finances of the Council and this is also replicated on the plans of Qualis. Not all elements of the Qualis business model are impacted to the same extent, and probably the development arm is experiencing, (and likely to continue experiencing), the greatest impacts due to its dependency on borrowing, construction cost inflation and movement in housing prices. These issues are addressed in the single year Business Plan recently presented to the Council, covering the period 1<sup>st</sup> October 2022 to 30<sup>th</sup> September 2023.
- 1.6. Despite this, overall Qualis has only reported a small and greatly reduced loss on previous years. The loss is attributable to a downwards revaluation of investment property, which is linked to market turbulence, and the underlying position is that of a

profitable trading position. All Qualis companies have reported profits, with the exception of Qualis Living (the investment company that carries all development costs), which is impacted by historic planning delays and construction price inflation.

- 1.7. Recent changes to borrowing rules effectively prohibit the acquisition of commercial interests outside of the district, this together with the increasing challenge of finding suitable regenerations sites within the district that meet PWLB lending criteria, has meant that actual performance for Qualis Living has fallen considerably short (by £1.98 million) of the target set within last year's business plan. This is attributed to a combination of adverse legislative changes which restrict local authority borrowing freedom and rapidly deteriorating market conditions.
- 1.8. Market conditions for new developments are now less favourable and uncertain with the likelihood of fewer opportunities to bring forward highly profitable schemes. In the face of this, both profit and dividend expectation from Qualis will need to be reduced and delayed whilst the current economic uncertainty and volatility resolves itself over the short to medium term.

## **2. Introduction**

- 2.1. The Qualis Shareholder agreement, as agreed by Cabinet in February 2020, includes the following paragraph,

'The Company shall procure that quarterly management accounts and reports (including a balance sheet, profit and loss account and cash flow statement) containing such information as EFDC may reasonably require are provided to EFDC and EFDC's Representative.'

- 2.2. The Cabinet resolution also requires that the Council's S151, as the key conduit between Qualis and the Council, provides a commentary to the Council on the performance of Qualis at each Quarter review.
- 2.3. In compliance with this requirement Qualis has provided the Council with the Quarters' Management Accounts for consideration.

## **3. Commentary on the Trading Performance for Quarter 4, 2021/22 (Qualis Year 3)**

- 3.1. The Qualis Board report attached at Appendix A meets the requirements placed upon Qualis within the Shareholder agreement. The Board report presents the Balance Sheets, P&Ls and a Cash Flow explanation. It also reports key financial performance indicators and key quarterly deliverables against the Business Plan.
- 3.2. **Cabinet should note that Qualis have flagged two key deliverables, and these are highlighted below.**
- 3.3. **Cash in Bank (Position Deteriorated)** – Below the target of £6 million by £5,010,00, (£2,733,218 below target in Quarter 3). The lower cash position is attributed to 'Failure to acquire additional investment properties that meet criteria, which is a result of new Public Works Loan Board restrictions and economic factors'. This is of lower concern as a debt funded organisation holding large sums of cash is inefficient and the objective of holding lower cash balances is a revised approach reflected in the 2022-2023 budget and business plan.

- 3.4. **Income and Expenditure (Reduced to Amber)** – The Board report includes cumulative losses up to the end of the 4<sup>th</sup> quarter of £44,362, (subsequently increased to £139,432 after audit), compared to a business plan expectation of a profit of £1,639,318. Whilst the cumulative loss has reduced slightly from the Quarter 3 position of £370,288 the variation from target has increased. However, the reason given is consistent with previous reports and is accepted. The reason for the accumulated loss is largely twofold and constant. Partly it is associated with accrued expenditure on the Roundhills development site, which Qualis is unable to charge to its Balance Sheet as ‘Work in Progress’ until planning consent is given. Once Planning consent is awarded, this cost will be removed from the Profit and Loss account. The second issue is the delays in sourcing suitable regeneration sites within the district that provide a surplus income after servicing debt, until the property or site is ready for redevelopment
- 3.5. **Qualis Group, Qualis Commercial and Qualis Management** – All report profits ahead of target as at Q4.
- 3.6. **Qualis Living (Flagged as deteriorating)** – Qualis has experienced delays in finding and investing in suitable local properties using the regeneration loan of £35 million that the Council has made available to it. As this process is taking longer than had been assumed in the Business Plan, it is impacting upon the forecast higher rental income. At this stage in the Business Plan Qualis had assumed that it would have drawn £10 million from the Council whilst, for the reasons given above, this has not happened.
- 3.7. The table below sets out the actual net income or expenditure after tax as shown in the final accounts against that expected for each of the Qualis companies. The final accounts for Qualis Living also include disclosure of a deferred tax liability of £1.7m which is not included in the Actual figures below.

Qualis Company	Expected £	Actual £	Variance £	Last Report Q3 (2021/22) £
Group	32,262	131,936	99,674	91,913
Commercial	0	65,317	65,317	-489,112
Management	60,457	107,010	46,553	28,825
Living	1,546,599	-443,695	-1,990,294	-919,975
<b>Total</b>	<b>1,639,318</b>	<b>-139,432</b>	<b>-1,778,750</b>	<b>-1,288,349</b>

- 3.8. The Balance Sheet position, showing Fixed Assets and accumulated net worth of Qualis, is set out in the table below. Fixed Assets are individually identified for members’ information as the Council charges these for security purposes against the loans provided. The Net Worth position reflects the accumulation and carry forward of set-up costs to be offset by future planned profits and also includes the potential deferred tax liability which will not crystallise until those profits are realised.

Qualis Company	Fixed Assets £	Net Worth (Q4) £	Last Report Q3 (2021/22) £
Group	70,626	197,502	133,907
Commercial	0	-2,683,420	-2,962,171
Management	54,160	-63,632	-441,474
Living	44,474,521	-2,909,257	-1,061,246
Total	44,599,307	-5,458,807	-4,330,984

- 3.9. The reported deficit position now incorporates some capitalisation of Work in Progress on the Qualis development sites, thereby explaining the increase in the deficit carried forward. Qualis anticipates achieving a positive net worth position during their trading year 2024/25 – this coincides with the anticipated completion of their initial developments.

#### 4. Resource Implications

- 4.1. The Epping Forest District Council Budget and Medium-Term Financial Plans partly rely on interest paid by Qualis for the loans the Council has given. Delays in obtaining Planning consent, issues around title and delays in completing the loan agreements meant that actual payments to the Council were lower than expected in 2021/22 and this was reported in the Epping Forest District Council Budgetary monitoring reports. The Budget for 2022/23 makes some allowance for delays.

- 4.2. Actual lending to Qualis at the year-end is as follows:

Loan Purpose	Facility £ Millions	Term Years	Interest Rate %	Advanced at Quarter 3 £ Millions	Advanced at Quarter 4 £ Millions
Working Capital Loan	6.0	5	4.10	6.0	6.0
Asset Purchase	30.0	10	4.00	30.0	30.0
Construction Loan	68.0	30	6.00	11.0	11.0
EFDC Asset Purchase	16.8	30	4.94	14.0	14.0
Regeneration Loan	35.0	TBC	TBC	0	0
Net Receipts	155.8			61.0	61.0

- 4.3. At the end of Q4 the Council had loaned Qualis £61 million against a Council commitment of £155.8 million.
- 4.4. The drawdown of loans is generally taking longer than originally anticipated in both the Qualis Business Plan and in the Council's Budget and this impacts on the delivery of financial planning target. Further delays will reduce the lending margin earned by the Council in 2022/23, but it is expected that some of this will be recouped through earlier advances of the construction loan than the budget assumed.

#### 5. Legal and Governance Implications

- 5.1. None contained within this report.

#### 6. Safer, Cleaner and Greener Implications



6.1. None.

**7. Consultation Undertaken**

7.1. None

**Background Papers**

Group Company Governance Document – Cabinet 6 February 2020

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Qualis Group, Qualis Commercial, Qualis Management, Qualis Living

# Finance and Performance Monitoring Quarterly Report

Year 3, Quarter 4, (1<sup>st</sup> July 2022 – 30<sup>th</sup> September 2022)

**Authors:** Tim Sanderson, Senior Finance Consultant and Frances Malone, Finance Business Partner

**Decisions Required:** To approve the report and note the actions.

1. To note the figures and performance highlighted in this report.
2. To support the key actions set out through Section 5 of this report.



Qualis Group, Qualis Commercial, Qualis Management, Qualis Living

## 1. Purpose of this report

- 1.1 The Qualis Group Board receives monthly financial reports direct by email.
- 1.2 The Group Board receives a quarterly Finance and Performance Report that tracks the success of the Group against the agreed Business Plan and Budget.
- 1.3 The Quarterly Finance and Performance report may include amendments to the agreed Business Plan and Budget that require Group Board approval, and in some instances, further approval from the Shareholder.
- 1.4 The Quarterly Finance and Performance Report is issued to the Shareholder, which is a requirement set out in the Shareholder Agreement.
- 1.5 Performance measures contained within this report are consistent with Group KPIs and other formal reports.
- 1.6 Comments shown in red are for the attention of the Group Board only and will be excluded from the version of the report sent to the Shareholder.

## 2. Monitoring finance and operational performance indicators

- 2.1 The key performance indicators are set out below. They are top level indicators of the financial health of the group of companies.
- 2.2 The following colour coded performance flags are used:

Colour	Overall Performance	Detailed Measure
	Cyan, exceptional performance	Over twice the budgeted amount
	Green, good performance	Positive performance up to twice the budgeted amount
	Amber, poor performance but will be remedied next quarter	Negative performance variance of between 5% and 10% of the expected figure
	Red, poor performance but will be remedied in two further quarters	Negative performance variance of between 5% and 10% of the expected figure
	Black, poor performance requiring immediate Board level intervention	Negative performance variance in excess of 10% of the expected figure





Qualis Group, Qualis Commercial, Qualis Management, Qualis Living

2.3 Direction of travel indicators are shown as arrows, either up for improved performance or down for deteriorating performance. An equal sign indicates no change in the reported trend.

### 3. Key financial performance indicators

3.1 The top-level indicators are shown above including performance and trend flags.

Indicator	Target £	Actual £	Variance £	Performance
Cash in Bank	6,000,000	990,000	-5,100,000	
Profit/(loss) before taxation	1,639,318	-44,362	-1,683,680	

3.2 The cash position is below the target of £6 million by £4,843,207. The main contributory factors behind this are as follows:

- Failure to acquire additional investment properties that meet criteria, which is a result of new Public Works Loan Board restrictions and economic factors.

3.3 The income and expenditure position for the period is £1,683,680 under budget due to the factors listed below for each company:

- As above

### 4. Budget and business plan amendments this quarter

4.1 There have been no agreed amendments to the 2021/22 Budget.



Qualis Group, Qualis Commercial, Qualis Management, Qualis Living

## 5 Company financial performance, income, and expenditure.

The income and expenditure summaries for the each of the Qualis companies within the group are shown below:

### 5.1 Qualis Group

Month	Sales	Costs	Net Profit
Oct-21	196,406	(209,304 )	(12,898 )
Nov-21	187,716	(148,318 )	39,398
Dec-21	192,040	(172,372 )	19,668
Jan-22	192,040	(219,687 )	(27,647 )
Feb-22	192,040	(187,064 )	4,976
Mar-22	193,815	(191,120 )	2,695
Apr-22	192,290	(180,215 )	12,075
May-22	192,290	(145,001 )	47,289
Jun-22	192,290	(177,716 )	14,574
Jul-22	192,290	(156,198 )	36,092
Aug-22	192,290	(179,393 )	12,897
Sep-22	192,248	(198,928 )	(6,680 )
		<b>TOTAL</b>	<b>142,440</b>
		<b>TARGET</b>	<b>32,262</b>
		<b>VARIANCE</b>	<b>110,178</b>

Items to note:

- The main reason for the positive variance is an underspend on budgeted salaries of £65,000. There are other minor variances across various cost codes.
- From 1<sup>st</sup> October 2022, Qualis Group will apply a 5% margin when recharging its overheads to the other three operational companies in the Group, in accordance with professional advice.

Key actions

- None



Qualis Group, Qualis Commercial, Qualis Management, Qualis Living

## 5.2 Qualis Commercial

Month	Sales	Costs	Net Profit
Oct-21	160	(160 )	0
Nov-21	965,922	(61 )	965,861
Dec-21	61	(457,432 )	(457,371 )
Jan-22	254,546	(267,044 )	(12,498 )
Feb-22	13,546	(379,967 )	(366,421 )
Mar-22	222,235	240,750	462,985
Apr-22	2,096	28,833	30,930
May-22	2,096	(53,564 )	(51,468 )
Jun-22	2,096	(53,264 )	(51,168 )
Jul-22	2,096	(75,907 )	(73,810 )
Aug-22	2,096	(916,961 )	(914,864 )
Sep-22	2,096	628,096	630,192
		<b>TOTAL</b>	<b>162,368</b>
		<b>TARGET</b>	<b>0</b>
		<b>VARIANCE</b>	<b>162,368</b>

Items to note:

- The original budget assumed a break even position as all costs would be either recharged to EFDC (for schemes that where Qualis is acting as advisor) or recharged to Qualis Living for sites that it owns and has planning permission.
- Roundhills costs have been recharged to Qualis Living on the basis that planning permission will soon be obtained.
- There is a £308,000 positive variance in respect of loan interest that is now being borne by Qualis Living as owner of the assets. A corresponding variance arises in that company.
- £85,000 has been incurred in respect of Qualis Homes, relating to set up costs, including branding, marketing advertising.

Key actions

- None



Qualis Group, Qualis Commercial, Qualis Management, Qualis Living

### 5.3 Qualis Management

Month	Sales	Costs	Net Profit
Oct-21	588,438	(595,370 )	(6,931 )
Nov-21	576,311	(609,829 )	(33,518 )
Dec-21	536,003	(505,302 )	30,701
Jan-22	558,722	(507,645 )	51,077
Feb-22	558,112	(542,056 )	16,056
Mar-22	593,715	(600,383 )	(6,668 )
Apr-22	775,252	(763,894 )	11,358
May-22	824,479	(855,922 )	(31,443 )
Jun-22	719,118	(706,126 )	12,992
Jul-22	811,354	(829,746 )	(18,392 )
Aug-22	739,525	(672,448 )	67,077
Sep-22	450,153	(457,142 )	(6,989 )
		TOTAL	85,319
		TARGET	60,457
		VARIANCE	24,861

Items to note:

- Good financial performance for the year.
- A £32,000 positive variance from improved processes and cost control for out of hours activities.
- A £60,000 accrual has been made for potential financial settlement of a contractual dispute.

Key actions

- None





Qualis Group, Qualis Commercial, Qualis Management, Qualis Living

#### 5.4 Qualis Living

Month	Sales	Costs	Net Profit
Oct-21	111,839	(56,939 )	54,900
Nov-21	136,101	(52,295 )	83,806
Dec-21	250,702	(351,863 )	(101,162 )
Jan-22	294,657	(168,738 )	125,919
Feb-22	203,151	(161,321 )	41,830
Mar-22	202,689	(589,612 )	(386,923 )
Apr-22	206,547	(187,647 )	18,900
May-22	203,046	(288,364 )	(85,318 )
Jun-22	214,544	10,977	225,521
Jul-22	203,501	(442,088 )	(238,587 )
Aug-22	203,596	(291,336 )	(87,740 )
Sep-22	138,238	(223,873 )	(85,635 )
		TOTAL	(434,489 )
		TARGET	1,546,599
		VARIANCE	(1,981,087 )

Items to note:

- There continues to be a negative variance due to the failure to acquire new investment properties that provide a surplus after servicing debt. The net negative variance is £740,000.
- As noted above, there is a £308,000 negative interest variance in Qualis Living on some of the property loans. This was originally envisaged to be borne by Qualis Commercial, so a corresponding variance arises in that company.
- There was a marginal revaluation deficit in respect of the three investment properties in the September 2022 valuation report.

Key actions

- None



Qualis Group, Qualis Commercial, Qualis Management, Qualis Living

## 6. Balance Sheets

6.1 A summary view of the balance sheets of the group companies is shown below.

Balance Sheet as at 30 Sep 2022 Period to C12	All Company Consolidated Balance Sheet	
		<b>All Datasets</b>
		<b>Actual YD</b>
		<b>This Yr £</b>
<b>Fixed Assets</b>	Freehold Property	£44,474,521
	Office Equipment Net book value	£75,790
	Motor Vehicles Net book value	£48,998
	<b>Total Fixed Assets</b>	<b>£44,599,309</b>
<b>Current Assets</b>	Debtors Control Account	£2,687,302
	Other Debtors & Prepayments	£302,602
	Accrued Income	£150,106
	Natwest Current Account	£989,790
	WIP Project Cost's	£10,535,809
	<b>Total Current Assets</b>	<b>£14,665,609</b>
<b>Current Liabilities</b>	Creditors Control Account	£2,098,200
	Other Creditors & Accruals	£1,466,195
	<b>Total Current Liabilities</b>	<b>£3,564,395</b>
<b>Total Assets less Current Liabilities</b>		<b>£55,700,523</b>
<b>Long Term Liabilities</b>	Loans received EFDC	£59,450,333
<b>Net Assets</b>		<b>(£3,749,810)</b>
<b>Capital Employed</b>	Profit and Loss Account	<b>(£3,705,448)</b>
<b>Unposted Profit</b>	Retained Profit /Loss	<b>(£44,362)</b>
<b>Total Capital Employed</b>		<b>(£3,749,810)</b>



Qualis Group, Qualis Commercial, Qualis Management, Qualis Living

Detailed Breakdown of Assets by Company					
Asset Breakdown	Qualis Group	Qualis Management	Qualis Living	Qualis Commercial	Total
Freehold Property	0	0	44,474,521	0	44,474,521
Office Equipment	70,627	5,163	0	0	75,789
Motor Vehicles	0	48,998	0	0	48,998
					44,599,309
Debtors Control Account	1,042,406	1,654,355	(14,701)	5,032	2,687,091
Prepayments	97,710	191,614	4,187	9,298	302,813
WIP Project costs			8,010,111	2,525,697	10,535,809
Accrued Income	0	130,929	19,177	0	150,106
Recharges	0	0	(0)	0	0
Bank Account	44,059	153,729	52,802	739,200	989,790
					14,665,609
<b>Total Assets</b>	<b>1,254,802</b>	<b>2,184,787</b>	<b>52,546,097</b>	<b>3,279,227</b>	<b>59,264,918</b>

## 7. Loans

- 7.1 Drawdowns from the construction loan facility is behind the business plan and budget assumption, this is principally due to planning and construction related delays. The primary impact of delays is on the Shareholder who benefits from a margin from loans to Qualis. Note - advance drawdowns are not permitted due to the certification process.
- 7.2 Delays acquiring additional investment property has also reduced debt requirements, which again impacts the Shareholder.
- 7.3 In total, borrowing during the 2021-2022 financial year is £52m less than budget (as shown in the tables below).
- 7.4 For loans that have not been formally agreed, including the £35m regeneration facility, current volatility of interest rates presents further challenges with the search for investments that will provide surplus cash after servicing loans.
- 7.5 The 2022-2023 Business Plan and Budget provides a less optimistic growth forecast and a more conservative assumption for loan drawdown and investment activity.
- 7.6 The 2021-2022 Business Plan and Budget assumed loan drawdowns as follows:

Loan description	Q1 £m	Q2 £m	Q3 £m	Q4 £m
Asset Purchase	17			
Construction	6	6	6	6
Regeneration	10	5	5	5
Working Capital (Revolving)	1			1
External				5
<b>Total</b>	<b>34</b>	<b>11</b>	<b>11</b>	<b>17</b>
<b>Grand Total</b>				<b>73</b>



Qualis Group, Qualis Commercial, Qualis Management, Qualis Living

7.7 The actual draw down of loans in the period is shown below:

Loan description	Q1 £m	Q2 £m	Q3 £m	Q4 £m
Asset Purchase	15			
Construction		5		1
Regeneration				
Working Capital (Revolving)				
External				
Total	15	5	0	1
Grand Total				21

## 8. Summary going concern statement

The underlying trend of the performance of all Qualis companies is considered satisfactory and all Qualis companies should be considered “going concerns”.

## Report to the Cabinet

**Report reference:** C-037-2022/23  
**Date of meeting:** 6th February 2023



**Epping Forest  
 District Council**

**Portfolio:** Finance – Cllr. John Philip  
**Subject:** Quarter 3 Budget Monitoring Report 2022/23  
**Responsible Officer:** Andrew Small (01992 564278)  
**Democratic Services:** Adrian Hendry (01992 564246)

### Recommendations/Decisions Required:

1. The General Fund revenue position at the end of Quarter 3 (31st December 2022) for 2022/23, including actions being undertaken or proposed to improve the position, where significant variances have been identified, be noted (*including Appendix A*).
2. The General Fund capital position at the end of Quarter 3 (31st December 2022) for 2022/23 be noted (*including Appendix B*).
3. The Housing Revenue Account revenue position at the end of Quarter 3 (31st December 2022) for 2022/23, including actions proposed to ameliorate the position, where significant variances have been identified, be noted; and
4. The Housing Revenue Account capital position at the end of Quarter 3 (31st December 2022) for 2022/23 be noted (*including Appendix C*).

### Executive Summary:

This report sets out the 2022/23 General Fund and Housing Revenue Account positions, for both revenue and capital, as at 31st December 2022 (“Quarter 3”).

In terms of General Fund revenue expenditure – at the Quarter 3 stage – a budget overspend of £1.313 million, with projected net expenditure of £16.944 million against an overall budget provision of £15.631 million, is forecast.

As with Quarters 1 and 2, the Q3 position is dominated by a range of substantial spending pressures, most notably:

- Inflation/Staff Budgets – a sharp increase in UK inflation since the budget was set continues to drive higher pay demands across both the public and private sectors. The Pay Settlement for 2022/23 was finalised in November 2022 with staff receiving an uplift of £1,925 at all pay grades, which equates to an average pay award in the region of 5.0% rather than the 2.0% award assumed in the budget. However, this is still being offset – to a large extent – by salary savings due to vacant posts. Senior officers are trying to contain net spending on staff salaries within budgeted cash limits for 2022/23, although it is a pressure that will have to be addressed in setting the budget for 2023/24; and
- Local Plan – the continued delay in finalising the Local Plan is causing a major shortfall in income received from Planning Applications. It is also a major factor in the delayed drawdown of Qualis loans due to planning delays on key development sites in the district; this is leading to a shortfall in income that the Council assumed from loan margins in the budget.

The current economic difficulties are also creating a range of other problems with inflation impacting on energy and contract costs, with rising interest rates also working against the Council.

The Funding position on the General Fund at the Quarter 3 stage is relatively stable, with latest forecasts generally on, or very close to budget assumptions, although Council Tax collection rates achieved so far are suggesting that the Council could suffer a shortfall (compared to budget) of £127,000 (£165,000 in Quarter 1) in payments that it receives from preceptors as part of the Essex Council Tax Sharing Agreement (CTSA).

Members attention is drawn to the Council's draft Balance Sheet position as at 31st March 2022, which is showing an unallocated General Fund Reserve (contingency balance) of £4.070 million. If the year-end forecast spending and funding position in this report is accurate – notwithstanding any other reserve adjustments – the balance will fall to £2.964 million, which is significantly below the Council's formally adopted contingency balance of £4.0 million.

Despite facing the same challenges as the General Fund in many respects (especially the impact of inflation on staffing and energy costs), the Housing Revenue Account (HRA) is projected to record a budget underspend of £5.639 million, primarily driven by slippage in the Housing Development Programme; this is leading to significantly reduced borrowing costs and revenue contributions to capital.

If the overall forecast materialises, the HRA Balance will end the year at £6.126 million (the adopted minimum contingency balance in the HRA Business Plan is £2.0 million).

Turning to capital spending:

- General Fund Capital Programme – spending in the first 9 months was £4.837 million, with a forecast outturn of £14.610 million, which – if this materialises – would lead to an underspend of £103.546 million. The drawdown on Qualis loans is lower than the budget and is the most significant variance (£87.497 million); and
- Housing Revenue Account Capital Programme – spending in the first 9 months was £8.005 million, with a forecast outturn of £19.577 million, which – if this materialises – would lead to an underspend of £32.922 million. Slippage on the Housing Development Programme is the most notable factor.

## 1) Background and Introduction

1.1 The Council's budget for 2022/23 (both General Fund and Housing Revenue Account) was approved by full Council on 24th February 2022. This report updates the Stronger Council Select Committee on how the Council's services have performed against their budgets in the first nine months of the financial year, and projects forward to the anticipated outturn for the end of the financial year.

1.2 This is the third update for 2022/22 and includes the General Fund and Housing Revenue Account positions, for both revenue and capital, as at 31st December 2022 ("Quarter 3").

## 2) General Fund Revenue Budget

### Net Expenditure

2.1 The General Fund **net expenditure** position for 2022/23, at the Quarter 3 stage – summarised by service area – is presented in **Appendix A**. The headline is a forecast budget overspend of £1.313 million, with projected net expenditure of £16.944 million against an overall budget provision of £15.631 million. The table below summarises the position by service.

GF Net Expenditure Budget 2022/23 (Quarter 3)			
Description	Budget 2022/23	Q3 Forecast Spending (31/03/23)	Variance
	£000's	£000's	£000's
Chief Executive	658	677	19
Commercial & Technical	139	447	308
Community & Wellbeing	1,783	1,464	(318)
Corporate Services	9,763	9,348	(415)
Customer Services	2,255	2,306	51
Finance & Audit	2,411	2,549	138
Housing & Property	1,849	1,813	(36)
Place	375	295	(80)
Planning & Development	1,480	2,182	702
Strategy, Delivery & Performance	850	651	(199)
Qualis	(2,909)	(1,718)	1,191
HRA Recharges	(5,225)	(5,352)	(127)
Financing	2,202	2,282	79
<b>Totals (Net Expenditure)</b>	<b>15,631</b>	<b>16,944</b>	<b>1,313</b>

2.2 There are a range of notable (over £100,000) **negative** variances – at a service directorate level – to the budget in the table above as follows:

- **Qualis Income (£1,191,226 forecast Overspend)** – the continued delay in finalising the Local Plan is having a detrimental impact on anticipated income from the margins that the Council generates from Qualis loans, with the pace of drawdowns being dampened by planning delays on key development sites. Rising interest rates have also been driving up the cost of PWLB borrowing for the Council, which is expected to put a further squeeze on loan margins. The combined impact is driving a forecast budget shortfall of £1,191,226
- **Planning & Development (£702,266 forecast Overspend)** – the delayed Local Plan is also causing substantial pressure on the Planning & Development budget, with many developers delaying the submission of planning proposals pending formal adoption of the Plan. The 2022/23 budget was prepared based on available intelligence at the time; this included the assumption that the finalised Local Plan would be in place for substantially all of the financial year and generate £1,711,780 in income from Planning Applications. The Local Plan is now not expected to be finalised until March 2023. Forecast income from Planning Applications in 2022/23 is now £1,000,000 and is the most significant factor behind a negative variance of £702,266 for the directorate as a whole; and

- **Commercial & Technical (£308,331 forecast Overspend)** – a combination of factors is leading to a projected overspend of £308,331 on this directorate. This is despite a significant underspend projected on Waste Management driven by additional Recycling Income (see Paragraph 2.4 below for explanation). In terms of cost pressures, the largest area of spending pressure relates to the Car Parking service group, which is projecting an overspend of £340,591, with the most significant item being a forecast shortfall of £99,893 in Long-Stay Car Parking income, added to by a range of other smaller cost pressures including the additional cost of car parts being experienced within the Fleet service (estimated impact £94,100). The Leisure Facilities service group is also expected to overspend by £332,210 driven by an estimated income shortfall of £319,210 on the Leisure Services Management Fee (mainly as a consequence of an estimated contract adjustment of £528,000 to reflect a sharp increase in energy costs incurred by the contractor). In addition, the Land and Property service group is forecast to overspend by £216,758 due to a combination of factors, most notably including a shortfall in rental income at Epping Forest Shopping Park of £136,390 due to the accounting treatment of rent-free incentives, and a projected overspend on Professional Fees of £85,750, driven by costs of £96,000 incurred for asbestos removal from industrial units in Cartersfield Road, Waltham Abbey; and
- **Finance & Audit (£137,664 forecast Overspend)** – the most significant underlying cost pressure in Finance and Audit is a forecast overspend of £133,860 on staff salaries in the Accountancy cost centre. The Accountancy function was reliant on substantial input from agency staff and other contractors during its transition into the new Corporate Finance Team; that process has now concluded, with the new permanent team in place, with almost all interim staff released. This has significantly eased the financial pressure, but a continued delay in the Statement of Accounts audits (for both 2020/21 and 2021/22) does necessitate the limited retention of key interim technical resources.

2.3 There are also a range of notable (over £100,000) **positive** variances – at a service directorate level – to the budget in the table above as follows:

- **Corporate Services (£414,267 forecast Underspend)** – the forecast surplus on Corporate Services is dominated by two substantial underspends. Firstly, the ICT cost centre is projected to underspend by £232,199. A detailed review of all ICT budget lines has been undertaken in the light of the corporate position; this has led to the modification of operational plans in some instances (triggering a combined saving of £51,890 on Professional and Consultants Fees for example). A wide range of other small budget savings have also been identified for different reasons. Most notable in terms of size, is a forecast underspend of £44,880 on the budget for the “Rendezvous” (booking) system, following the identification and implementation of “Symity” as a replacement solution at significantly lower cost. And secondly, as reported in Quarter 1 and Quarter 2, there is a significant saving anticipated on Insurance Premiums following the commencement of the new Insurance contract (driving Quarter 3 budget forecast underspend of £189,326).
- **Community & Wellbeing (£318,289 forecast Underspend)** – the most significant area of savings on this directorate relates to the Homelessness service, which is expected to underspend by £159,238 due to a combination of two vacant Homelessness Officer posts (£103,840) and additional Government grant of £90,000. Staff vacancies in the Museums service is also driving an estimated overall underspend of £77,400 in that service area and the recent promotion of the Service Director to Interim Strategic Director (paid from the Chief Executive’s budget) is projected to result in a further underspend of £52,820.
- **Strategy, Delivery and Performance (£199,352 forecast Underspend)** – the most significant area of underspend in the SDP directorate relates to a decision taken not to recruit to a vacant Performance & PMO Analyst post, resulting in an anticipated saving of £75,404. In addition, the re-scheduling of projects is leading to an anticipated reduction in the budget requirement for Consultancy Fees (impact £51,000); and



- **HRA Recharges (£127,230 forecast Underspend)** – rising costs (exceeding budgets) – especially on staffing – are expected to feed through to higher Recharges from the General Fund to the Housing Revenue Account at the year end.

2.4 Members attention is also drawn to the following:

- **Staffing Budgets** – the budget for 2022/23 was set based on the assumption that staff would receive an annual pay award of 2.0% (plus a small contingency of 0.25%). Unfortunately – since the budget was developed and adopted – UK inflation (in common with the rest of the world) – has risen sharply; the UK Consumer Prices Index (CPI) has so far peaked at 11.1% in October 2022, which was is the highest rate for 41 years. The exceptionally high inflation rate is driving increased pay demands across both the public and private sector. Local government pay negotiations for 2022/23 have now concluded, with the employers' final offer of £1,925 to all employees (irrespective of base salary) accepted by the unions and awarded to employees. This (broadly and typically) equates to a 5.0% pay award for the average Epping Forest District Council employee and is driving an overall cost pressure of up to £800,000 on the Council's base budget, which is embedded in the forecast. The figures also include a range of staff savings, primarily due to temporary vacancies (dampened by agency backfilling costs in some cases). The net impact varies significantly from one service area to another. Senior officers continue to work together to contain overall staffing costs within budget for 2022/23, whilst simultaneously developing and delivering savings proposals – including staff savings – as part of addressing the 2023/24 budget deficit. It should be noted that, even if all of the staff budget pressure for 2022/23 can be offset by savings, the 2023/24 budget still requires additional growth to the base budget to reflect the higher pay award.
- **Energy Costs** – at the time of preparing this report, there is an intense media spotlight on the spiralling worldwide cost of energy including the UK. Most of the Council's exposure to increased energy costs falls within the HRA (a £298,000 pressure embedded in Supervision and Management costs in table below at Paragraph 4.1). Gas and Electric budgets in the General Fund for 2022/23 total £279,720. The Council has had some protection from price rises in the form of forward contracts so far in 2022/23 and, at this stage, an overspend of £184,140 is anticipated (although there is a Specific Contingency budget of £62,500 that dampens the impact). The most affected directorates are Housing & Property Services (£144,960) and Commercial & Technical (£31,620). The energy market is still volatile therefore Property Services officers continue to monitor, review, and update significant changes to energy costs; and
- **Recycling Income** – although the Commercial & Technical Services directorate is forecast to record a deficit £308,331 at this stage, there is a forecast underspend of £519,340 on the Waste Management service underlying the net position (as summarised in **Appendix A**). The dominant factor is an anticipated net underspend of £614,558 on the Recycling contract, primarily due to an income surplus, which is the result of a substantial increase in market rates for recyclable materials (embedded in the contract for 2022/23); total receipts from this source are now expected to exceed original expectations by £483,249. Some further (smaller) cost savings are also anticipated on Recycling, as some budgeted Covid-related costs will no longer be incurred. At the time of preparing this report, market rates for recyclable materials remain strong and the prospects for the 2023/24 budget are therefore positive. But it should be noted that the 2023/24 budget will require additional growth to the base budget to reflect the underlying effects of the higher inflation rate on the Waste Collection contract.

## **Funding**

2.5 The General Fund **funding** position for 2022/23, at the Quarter 3 stage is summarised in the table below.

<b>GF Funding Position 2022/23 (Quarter 3)</b>			
<b>Source Description</b>	<b>Budget Assumption 2022/23</b>	<b>Q3 Forecast (31/03/23)</b>	<b>Variance</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Council Tax	(8,639)	(8,639)	0
Business Rates	(5,011)	(5,059)	(48)
Collection Fund Adjustments	(165)	(165)	0
Council Tax Sharing Agreement (CTSA)	(948)	(821)	127
New Homes Bonus	(776)	(776)	0
Lower-Tier Services Grant	(149)	(149)	0
2022/23 Services Grant	(229)	(229)	0
Other Grants (General)	0	0	0
Credit Loss Adjustment	(51)	0	51
Contribution to/(from) Reserves	337	(1,106)	(1,443)
<b>Total Funding</b>	<b>(15,631)</b>	<b>(16,944)</b>	<b>(1,313)</b>

2.6 The funding position continues to be mixed for the General Fund in Quarter 3. The Business Rates position has been relatively stable, with the projected Pooling benefit retained from Q2 at this stage (Essex Pool Q3 position not released at the time of preparing this report) of £579,000 compared to the budget assumption of £531,000 (up £48,000). Based on latest available information (@ 30th September 2022), Council Tax collection has not been performing quite as well as expected, with slightly lower CTSA payments of £821,000 now anticipated (although up £38,000 compared to Q1). The Council received a larger than anticipated Credit Loss Adjustment (CLA) in its 2021/22 Accounts following an updated Fair Value review of the original Qualis Working Capital Loan. However, following the recent further advance of £1.3 million to Qualis (as part of the 'revolving credit facility'), it is now assumed that a CLA will not be available to support the budget for 2022/23. But it should be noted that a range of variable factors underlying the calculation mean that this is an estimate that can fluctuate significantly (a CLA charge to the General Fund Reserve could potentially materialise).

### 3) General Fund Reserves

#### General Fund Reserve (contingency balance)

- 3.1 The negative outlook of £1.313 million on net expenditure summarised and explained in paragraphs 2.1 to 2.4, and the funding position presented in paragraphs 2.5 and 2.6 above means that – if the forecasts materialise as presented – it will not be possible to contribute £0.337 million to the General Fund (unallocated) Reserve as assumed in setting the budget. Instead, there will be a contribution requirement of £1.106 million from the Reserve to support the budget (as presented in the table in Paragraph 2.5 above). The forecast impact on the General Fund Reserve is presented in the table below.

<b>Movement on General Fund Reserve: Quarter 3 2022/23</b>	
<b>Description</b>	<b>£000's</b>
General Fund Balance 31st March 2022 (pre-audit)	(4,070)
Contribution from Reserves 2022/23 (Q3 forecast)	1,106
<b>General Fund Balance 31st March 2023 (Q3 forecast)</b>	<b>(2,964)</b>

- 3.2 Members are reminded that the Council's unallocated General Fund Reserve is a contingency balance and, following the Section 151 Officer's recommendation in accordance with Section 25 of the Local Government Act 2003, the Council approved the maintenance of a minimum balance of £4.0 million in February 2022.

#### Earmarked Reserves

- 3.3 In addition to the General Fund Net Expenditure budget (£15,631,000 for 2022/23), the Council also incurs further expenditure on a range of other projects and facilities funded from Earmarked Reserves (which are topped up from third party sources – including grants – and internal appropriations). Activity has been relatively subdued so far this year and – at the Quarter 3 stage (31st December 2022) – the Council has received £0.370 million and spent £0.610 million, leaving a balance of £2.448 million. The Movement on General Fund Earmarked Reserves is summarised in the table below.

<b>Movement in General Fund Earmarked Reserves (April to December 2022)</b>				
<b>Description</b>	<b>Opening Balance 01/04/22</b>	<b>Income</b>	<b>Expenditure</b>	<b>Q3 Balance 31/12/22</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
District Development Fund (DDF)	(612)	(88)	157	(543)
Community Projects	(597)	(282)	289	(590)
<i>Other Reserves:</i>				
All Weather Pitch	(119)	0	0	(119)
Garden Town	(82)	0	37	(45)
Insurance	(150)	0	0	(150)
Invest to Save	(203)	0	0	(203)
Museum	(110)	0	0	(110)
North Weald Inland Port	(660)	0	98	(562)
Staff Benefits Fund	(39)	0	29	(10)
Other Ongoing Projects	(116)	0	0	(116)
<b>Totals</b>	<b>(2,688)</b>	<b>(370)</b>	<b>610</b>	<b>(2,448)</b>

\*Excludes statutory ring-fenced and other reserves used for accounting purposes

3.4 The Community Projects Reserve comprises 21 different project categories and is easily the Council's most 'active' reserve. It now includes three new initiatives ("PCN," "Buxton" and "Crucial Crew" projects), which commenced in 2022/23. It should be noted that the contribution into the DDF mainly represents partner contributions (of £80,000) towards the "Essex & Herts Digital Innovation Zone (DIZ). The closing balance on the DDF includes £136,935 in unallocated funds.

#### 4) Housing Revenue Account (revenue)

4.1 The Housing Revenue Account (HRA) revenue position for 2022/23, at the Quarter 3 stage, is summarised in the table below. As at 31st December 2022, a £5.639 million underspend is forecast for the year end, with projected net surplus of £1.962 million compared to an overall budget provision (planned deficit) of £3.677 million.

<b>HRA Budget 2022/23 (Quarter 3)</b>			
<b>Description</b>	<b>Budget 2022/23 (Updated)</b>	<b>Q3 Forecast (31/03/23)</b>	<b>Variance</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>EXPENDITURE</b>			
Supervision & Management (General)	6,976	7,017	41
Supervision & Management (Special)	4,111	4,228	117
Rents, Rates, Taxes & Insurances	504	476	(28)
Repairs & Maintenance	9,418	9,911	493
<b>Management &amp; Maintenance</b>	<b>21,009</b>	<b>21,632</b>	<b>623</b>
Capital Charges	8,958	8,958	0
Treasury Management Expenses	58	38	(20)
Provision for Bad/Doubtful Debts	93	93	0
<b>Total Expenditure</b>	<b>30,118</b>	<b>30,721</b>	<b>603</b>
<b>INCOME</b>			
Dwelling Rents	(34,973)	(35,545)	(572)
Non-Dwellings Rents	(843)	(769)	74
Charges for Services & Facilities	(1,228)	(1,357)	(129)
Contributions from General Fund	(368)	(368)	0
<b>Total Income</b>	<b>(37,412)</b>	<b>(38,039)</b>	<b>(627)</b>
<b>Net Cost of Services</b>	<b>(7,294)</b>	<b>(7,318)</b>	<b>(24)</b>
Interest on Receipts and Balances	(6)	(6)	0
Interest Payable on Loans	5,613	5,362	(251)
<b>Net Operating Income</b>	<b>(1,687)</b>	<b>(1,962)</b>	<b>(275)</b>
<i>Appropriations:</i>			
Direct Revenue Contributions to Capital	5,364	0	(5,364)
<b>(Surplus)/Deficit for Year</b>	<b>3,677</b>	<b>(1,962)</b>	<b>(5,639)</b>

4.2 The HRA outturn for 2021/22 included an underspend of £140,000 on the ring-fenced revenue project “More than Bricks and Mortar” (a scheme primarily aimed at achieving infrastructure improvements on housing estates). Consequently, the unspent budget has been rolled forward and added to the 2022/23 budget agreed by Council in February 2022. The table below reconciles the updated and original budgets.

<b>HRA Budget Reconciliation 2022/23: Quarter 3</b>	
<b>Description</b>	<b>Value (£000's)</b>
<b>(Surplus)/Deficit for Year (approved by full Council 24/02/22)</b>	<b>3,537</b>
<i>Brought forward project budget from 2021/22:</i>	
“More than Bricks and Mortar” Estate Improvement Scheme	140
<b>Total Budget Additions (@ Quarter 3)</b>	<b>140</b>
<b>(Surplus) / Deficit for Year (updated Budget 2022/23 @ Quarter 3)</b>	<b>3,677</b>

4.3 There are four significant factors behind the forecast as follows:

- **Direct Revenue Contributions (£5.364 million forecast Underspend)** – the dominant factor in the overall underspend, is an anticipated significant reduction in Contributions to Capital due to slippage in the HRA Capital Programme
- **Repairs and Maintenance (£0.493 million forecast Overspend)** – there are numerous items contributing to the variance, the largest of which relates to higher than anticipated repair costs on Blocks and Communal Areas (variance £258,000)
- **Dwelling Rent (£0.572 million forecast Underspend)** – improvements in void turnaround times is leading to rental income levels exceeding budget; and
- **Interest Payable on Loans (£0.251 million forecast Underspend)** – the HRA capital spend in 2021/22 was lower than expected, thereby negating the need for additional borrowing, and reducing the associated interest payable in this – the 2022/23 – financial year.

4.4 Members should note that the current HRA Business Plan includes the assumed maintenance of a minimum balance of £2.0 million in the HRA reserve; as at 31st March 2022, the balance was £4.164 million, which reflected an overspend on HRA Net Operating Income of £1.375 million in 2021/22 (reported to Cabinet and Stronger Council Select Committee in July 2022).

<b>Movement on HRA Balance: Quarter 2 2022/23</b>	
<b>Description</b>	<b>£000's</b>
HRA Balance 31st March 2022 (pre-audit)	(4,164)
2021/22 Roll Forward (Para 4.2)	140
2022/23 Budget (Deficit) – full Council 24th February 2022 (Para 4.2)	3,537
2022/23 Net Operating Income Forecast Variance Q3 (Para 4.1)	(275)
2022/23 Reduction in Capital Contributions Q3 (Para 4.1)	(5,364)
<b>HRA Balance 31st March 2023 (Q3 forecast)</b>	<b>(6,126)</b>

## 5) General Fund Capital Programme

5.1 The General Fund Capital Programme for 2022/23 as at 31st December 2022 is summarised – at a service level – in the table below. A more detailed analysis – at a scheme level – is included in **Appendix B**. The updated Programme budget totals £118.156 million. Spending in the first 9 months was £4.837 million, with a forecast outturn of £14.610 million, which – if this materialises – would lead to an underspend of £103.546 million.

General Fund Capital Programme 2022/23 (Quarter 3)					
Description	Budget 2022/23 (Updated)	Spending (@ 31 December 2022)	Remaining Budget (@ 31 December 2022)	Forecast Spending (31/03/23)	Variance (Under) / Over
	£000's	£000's	£000's	£000's	£000's
Community & Wellbeing	770	0	770	0	(770)
Commercial & Technical	16,277	1,619	14,594	4,156	(12,057)
Corporate Services	3,525	373	3,152	685	(2,840)
Customer Services	160	0	160	50	(110)
Housing (General Fund)	500	95	469	292	(272)
Place	677	0	677	677	0
Qualis Loans	96,247	2,750	93,497	8,750	(87,497)
<b>Total Expenditure</b>	<b>118,156</b>	<b>4,837</b>	<b>113,319</b>	<b>14,610</b>	<b>(103,546)</b>
<i>Capital Financing:</i>					
Borrowing	113,692	2,860	110,832	12,410	(101,282)
Capital Grants	971	577	394	800	(171)
Capital Receipts	3,493	1,400	2,093	1,400	(2,093)
<b>Total Financing</b>	<b>118,156</b>	<b>4,837</b>	<b>115,909</b>	<b>26,562</b>	<b>(103,546)</b>

5.2 A General Fund Capital Programme budget of £72.308 million was approved by Council in February 2022. A net total of £45.848 million in unspent budgets have been rolled forward from 2021/22, resulting in an updated Programme budget of £118.156 million.

5.3 There are three dominant areas of underspending/slippage on the General Fund Capital Programme at the Quarter 3 stage:

- **Qualis (£87.497 million forecast Underspend)** – as explained in Paragraph 2.2 above, the drawdown of Qualis loans has been slower than envisaged at the time of preparing the Capital Programme, primarily due to planning delays on development sites; and

- **Commercial and Technical (£12.057 million forecast Underspend)** – there are two big projects driving the underspend as follows:
  - **Epping Forest Leisure Centre** – the Leisure Centre is a long-term project with an overall budget of £25.0 million (with spending of £10.937 million profiled for 2022/23). However, projected spending for 2022/23 is now a much reduced £0.250 million, resulting in a forecast underspend of £10.687 million. Qualis are in the process of developing a Multi-Storey Car Park on land adjacent to the Leisure Centre site; until this is complete, the development of the Leisure Centre cannot commence; and
  - **Cartersfield Road** – this project has a budget of £1.436 million for 2022/23. However, anticipated spend of just £0.480 million is now anticipated, resulting in an underspend of £0.957 million. There has been some progress on the project. However, project delays have been experienced as the Council continues to seek vacant possession from some long-term tenants; further spend associated with demolition costs and clearance works to enhance the saleability of the site will take place before the site is transferred to Qualis for re-development. The scheme – as originally planned – involved the Council retaining the asset; the revised approach means that the full £0.957 million underspend will not be required to roll forward into 2023/24.
- **Corporate Services (£2.840 million forecast Underspend)** – the most significant area of capital underspending relates to the ICT Strategy, which has a budget allocation of £3.325 million for 2022/23. The projected outturn is £0.537 million, which if this materialises, would lead to an underspend of £2.788 million. Some individual schemes have progressed well (e.g. Digital Planning and Revenues & Benefits Cloud transfer). However, internal resource constraints and some deliberate alterations to plans has led to slippage on a range of other projects (e.g Azure Cloud, Finance System Upgrade, ICT Security Solutions, and ICT Workplace Collaboration).

5.4 Members should also note the acquisition of the lease on the former Prince of Wales public house in Loughton at a cost of £687,500 (exc. legal fees) (Delegated Decision Ref. HAC-003-2022/23) during Quarter 2. The asset was purchased from the General Fund (see Appendix B), pending transfer to the HRA for the purposes of Housing Development. The capital cost is matched by a debt re-allocation between the General Fund and the HRA (where budget is held), based on market value at the point of transfer (estimated £900,000).

## 6) Housing Revenue Account (HRA) Capital Programme

6.1 The Housing Revenue Account (HRA) Capital Programme for 2022/23 as at 31st December 2022 is summarised in the table below. A more detailed analysis – at a scheme level – is included in **Appendix C**. The updated Programme budget totals £52.499 million. Spending in the first 9 months was £8.005 million, with a forecast outturn of £19.577 million, which – if this materialises – would lead to an underspend of £39.922 million.

HRA Capital Programme 2022/23 (Quarter 3)					
Description	Budget 2022/23 (Updated)	Spending (@ 31 December 2022)	Remaining Budget (@ 31 December 2022)	Forecast Spending (31/03/23)	Variance (Under) / Over
	£000's	£000's	£000's	£000's	£000's
Housing Development	28,809	2,457	26,352	4,585	(24,224)
Capital Works	16,314	5,138	11,176	12,017	(4,297)
Other Housing Schemes	7,376	410	6,966	2,975	(4,401)
<b>Total Expenditure</b>	<b>52,499</b>	<b>8,005</b>	<b>44,494</b>	<b>19,577</b>	<b>(32,922)</b>
<i>Capital Financing:</i>					
Direct Revenue Contributions	5,364	0	5,364	0	(5,364)
Major Repairs Reserve	14,613	6,556	8,057	17,277	2,664
Capital Receipts	5,970	983	4,987	1,834	(4,136)
Other Contributions	466	466	0	466	0
Borrowing	26,086	0	26,086	0	(26,086)
<b>Total Financing</b>	<b>52,499</b>	<b>8,005</b>	<b>44,494</b>	<b>19,577</b>	<b>(32,922)</b>

6.2 An HRA Capital Programme budget of £47.790 million was approved by Council in February 2022. A net total of £4.709 million in unspent budgets have been rolled forward from 2021/22, resulting in an updated Programme budget of £52.499 million for the year.

6.3 There are three significant areas of underspending/slippage on the HRA Capital Programme at the Quarter 3 stage. Thus:

- **Housing Development (£24.224 million forecast Underspend)** – there are two elements to note:
  - **Housebuilding** – the programme for Housebuilding has a total budget of £15.598 million for 2022/23. The forecast outturn is £4.585 million, which – if this materialises – would lead to an underspend of £11.013 million at year end. Several schemes have encountered planning issues and delays, including two schemes (“Pentlow” and “Woollard”), which were originally expected to be completed in Spring and Summer 2022, but completion is now anticipated in 2023/24. A further two large schemes at Chequers B and Ladyfields, with combined anticipated spend of over £8.0 million, are currently subject to planning consent and are not expected to commence until late 2023/24; and
  - **Qualis Acquisitions** – the budget allocation for this scheme in 2022/23 was £10.461 million. No spend is now expected this year resulting in an underspend of the full budget £10.461 million. Qualis have experienced delays in planning consents which initially halted works; although permissions have now been granted and works are due to commence soon. Negotiations have taken place regarding the purchase of some units once completed, although this may be less than originally planned and not until 2023/24.



- **Capital Works (£4.297 million forecast Underspend)** – there have been delays in the delivery of Capital Works following the restructure of the Property Assets Team and the introduction of new working practices. There are two significant underspends as follows:
  - **Structural Works** – an underspend of £1.298 million is anticipated on Structural Works; such works are reactive in nature, which makes budgeting difficult at the start of the year as jobs can often take longer to complete due to their diverse nature and the technical expertise required. There are currently 30 identified sites requiring works including Hornbeam Close (Hillyfields), Roundhills and Springfields; and
  - **Net Zero Carbon Works** – an underspend of £1.40 million is anticipated here. This includes an allocated budget of £1.0 million to match fund a bid to the Social Housing De-Carbonisation Fund in partnership with E-On; the results will be announced in February 2023, and if successful, the works are likely to commence in 2023/24, which would lead to the budget being re-profiled.
  
- **Other Housing Schemes (£4.401 million forecast Underspend)** – there are two regeneration projects primarily driving this variance:
  - **Limes/Copperfield Regeneration** – this project has a profiled budget of £2.772 million for 2022/23. The projected outturn on the scheme in 2022/23 is £2.042 million, which – if this materialises – would lead to an underspend of £0.730 million. Following some initial setbacks, the scheme is now in the early stages of mobilisation with an expected start date on site of mid-January 2023, with an anticipated programme duration of 50 weeks to completion. As the project straddles the financial year-end, the £0.730 million underspend will be re-profiled to be spent in 2023/24; and
  - **Broadway Regeneration** – this project has a total budget of £2.750 million in 2022/23, of which only a very small proportion is expected to be spent (on fees) this financial year resulting in a forecast underspend of £2.676 million. A more detailed review of the project is being undertaken and therefore the scheme is now not expected to be delivered until 2023/24 at the earliest.

6.4 The HRA Capital Programme is financed from several sources; external sources such as Grants and Capital Receipts are prioritised and applied first, followed by internal resources such as the Major Repairs Reserve and HRA Revenue contributions. The approach minimises the need to borrow and helps protect the HRA from higher interest payments. The forecast underspend on the Programme has an impact on all sources of financing with the most significant being a £26.086 million reduction in the need to borrow in 2022/23.

**Options:**

There are no matters for decision in this report. The Cabinet is asked to note the contents but may choose to take further action depending on the matters reported.

**Resource Implications:**

The resource implications in this report are overwhelmingly financial in nature, in the form of budgetary control. Robust budget monitoring processes maximise the opportunity for services to react quickly to potential problems as they emerge, thus reducing the risk of financial problems, impeding the delivery of strategic priorities.

**Legal and Governance Implications:**

The Council has a statutory obligation to maintain a balanced budget and the monitoring process enables the Committee to remain aware of issues and the process to be taken to maintain a balanced budget.

**Safer, Cleaner, Greener Implications:**

There are no SGS implications.

**Consultation Undertaken:**

The development of the detailed 2022/23 budget was informed by the democratic scrutiny processes.

**Background Papers:**

Management Accounts 2022/23 (Month 9)

**Risk Management:**

The report is primarily presented for information only and has no direct risk management implications, although regular monitoring and reporting of the type included in this report ensures early warning of significant issues that may place the Council at financial risk. This gives the Cabinet the best opportunity to take actions to mitigate such risks.

## General Fund Revenue Budget 2022/23

## Quarter 3 Forecast

Epping Forest DC: General Fund Revenue Budget 2022/23							
@ 31 December 2022 (Month 9)							
<b>General Fund</b>							
Service Area	Activity	Full Year Budget £'s	Net Expenditure			Forecast £'s	Variance £'s
			Budget (M9) £'s	Actual £'s	Variance £'s		
<b>Chief Executive</b>	Chief Executive Support Services	532,530	399,398	440,615	41,218	581,710	49,180
	Corporate Activities	75,820	56,865	52,513	(4,352)	70,129	(5,691)
	Chief Executive Other Activities	50,000	37,500	1,959	(35,541)	25,000	(25,000)
	<b>Sub-Total</b>	<b>658,350</b>	<b>493,763</b>	<b>495,087</b>	<b>1,325</b>	<b>676,839</b>	<b>18,489</b>
<b>Commercial &amp; Technical Services</b>	Car Parking	(894,030)	(670,523)	(739,175)	(68,652)	(553,439)	340,591
	C&T Community & Partnership	232,330	174,248	136,824	(37,424)	227,440	(4,890)
	Contracts & Technical Support Services	1,810,440	1,357,830	1,515,499	157,669	1,690,006	(120,434)
	Cost Centres - Contracts & Technical	3,325,580	2,494,185	2,313,907	(180,278)	3,317,555	(8,025)
	C&T Emergency Planning & Other	2,500	1,875	2,411	536	3,800	1,300
	Environmental Health	232,250	174,188	221,028	46,841	242,402	10,152
	Land Drainage/Sewerage	129,830	97,373	50,663	(46,710)	128,790	(1,040)
	Land & Property	(7,688,610)	(5,766,458)	(5,590,436)	176,022	(7,471,852)	216,758
	Leisure Facilities	(1,215,530)	(911,648)	(626,919)	284,728	(883,320)	332,210
	North Weald Centre	(1,152,230)	(864,173)	(973,468)	(109,296)	(1,251,195)	(98,965)
	Parks & Grounds	471,920	353,940	53,340	(300,600)	505,110	33,190
	Private Sector Housing	(96,790)	(72,593)	(38,594)	(33,999)	(41,820)	54,970
	C&T Regulatory Services	(255,480)	(191,610)	(169,979)	21,631	(183,625)	71,855
	Waste Management	5,236,990	3,927,743	2,341,164	(1,586,579)	4,717,650	(519,340)
	<b>Sub-Total</b>	<b>139,170</b>	<b>104,378</b>	<b>(1,503,735)</b>	<b>(1,608,113)</b>	<b>447,501</b>	<b>308,331</b>
<b>Community &amp; Wellbeing</b>	Community, Health & Wellbeing	120,340	90,255	19,876	(70,379)	88,505	(31,835)
	Cost Centres - Community & Wellbeing	457,670	343,253	345,032	1,780	463,684	6,014
	Economic Projects Support Serv	198,290	148,718	121,384	(27,333)	145,470	(52,820)
	Homelessness	73,000	54,750	(435,454)	(490,204)	(86,238)	(159,238)
	Museum, Heritage & Culture	682,640	511,980	454,115	(57,865)	605,240	(77,400)
	Voluntary Sector Support	250,740	188,055	232,789	44,734	247,730	(3,010)
	<b>Sub-Total</b>	<b>1,782,680</b>	<b>1,337,010</b>	<b>737,742</b>	<b>(599,268)</b>	<b>1,464,389</b>	<b>(318,289)</b>
<b>Corporate Services</b>	Business Support	1,925,860	1,444,395	1,290,631	(153,764)	1,982,589	56,729
	Cost Centres - Corporate Support	335,600	251,700	257,129	5,429	335,792	192
	Elections	222,460	166,845	151,995	(14,850)	208,366	(14,094)
	Emergency Planning & Other	115,840	86,880	56,088	(30,792)	87,208	(28,632)
	ICT	3,810,130	2,857,598	3,127,773	270,176	3,577,931	(232,199)
	Insurance Premiums	810,060	607,545	797,568	190,023	620,734	(189,326)
	Corp Serv - Member Activities	381,760	286,320	266,328	(19,992)	376,610	(5,150)
	Other Support Services	1,866,960	1,400,220	1,241,087	(159,133)	1,847,671	(19,289)
	Strategy Support Services	294,150	220,613	234,052	13,439	311,652	17,502
	<b>Sub-Total</b>	<b>9,762,820</b>	<b>7,322,115</b>	<b>7,422,650</b>	<b>100,535</b>	<b>9,348,553</b>	<b>(414,267)</b>
<b>Customer Services</b>	Cost Centres - Customer Services	2,472,370	1,854,278	1,808,272	(46,006)	2,455,925	(16,445)
	Customer Support Services	1,621,990	1,216,493	1,235,272	18,780	1,715,598	93,608
	Housing Benefits	(1,172,620)	(879,465)	(1,336,089)	(456,624)	(1,212,365)	(39,745)
	Local Taxation	(693,360)	(520,020)	(46,974)	473,046	(673,290)	20,070
	Customer Services - Members Activities	26,470	19,853	82,081	62,229	20,070	(6,400)
	<b>Sub-Total</b>	<b>2,254,850</b>	<b>1,691,138</b>	<b>1,742,562</b>	<b>51,425</b>	<b>2,305,938</b>	<b>51,088</b>
<b>Finance &amp; Audit</b>	Audit Support Services	384,470	288,353	283,133	(5,219)	384,320	(150)
	Finance Support Services	1,063,390	797,543	806,194	8,652	1,301,204	237,814
	Finance & Other Activities	963,630	722,723	407,877	(314,846)	863,630	(100,000)
	<b>Sub-Total</b>	<b>2,411,490</b>	<b>1,808,618</b>	<b>1,497,204</b>	<b>(311,413)</b>	<b>2,549,154</b>	<b>137,664</b>
<b>Housing &amp; Property</b>	Accommodation	457,940	343,455	277,974	(65,481)	430,377	(27,563)
	Cost Centres - Housing & Property	510,440	382,830	400,634	17,804	546,191	35,751
	Facilities & Depot Management	528,200	396,150	243,677	(152,473)	472,600	(55,600)
	Housing & Property Support Services	352,110	264,083	243,873	(20,210)	363,443	11,333
	<b>Sub-Total</b>	<b>1,848,690</b>	<b>1,386,518</b>	<b>1,166,158</b>	<b>(220,359)</b>	<b>1,812,611</b>	<b>(36,079)</b>
<b>Place</b>	Place - Community & Partnership	40,920	30,690	1,566	(29,124)	41,890	970
	Cost Centres - Place	334,020	250,515	190,920	(59,595)	253,230	(80,790)
	<b>Sub-Total</b>	<b>374,940</b>	<b>281,205</b>	<b>192,486</b>	<b>(88,719)</b>	<b>295,120</b>	<b>(79,820)</b>
<b>Planning &amp; Development</b>	Cost Centres - Planning Services	2,324,800	1,743,600	1,678,136	(65,464)	2,297,656	(27,144)
	Local Plan Implementation	1,048,700	786,525	(110,076)	(896,601)	1,043,914	(4,786)
	Planning & Development	(1,655,730)	(1,241,798)	(657,730)	(584,068)	(881,993)	773,737
	Planning Support Services	291,970	218,978	170,109	(48,868)	230,589	(61,381)
	Regulatory Services	(529,840)	(397,380)	(458,290)	(60,910)	(508,000)	21,840
	<b>Sub-Total</b>	<b>1,479,900</b>	<b>1,109,925</b>	<b>622,149</b>	<b>(487,776)</b>	<b>2,182,166</b>	<b>702,266</b>
<b>Strategy, Delivery &amp; Performance</b>	Strategy - Other Activities	161,600	121,200	91,153	(30,047)	118,100	(43,500)
	Strategy, Delivery & Performance Support Services	688,040	516,030	354,576	(161,454)	532,187	(155,853)
	<b>Sub-Total</b>	<b>849,640</b>	<b>637,230</b>	<b>445,729</b>	<b>(191,501)</b>	<b>650,287</b>	<b>(199,352)</b>
<b>General Fund Total</b>		<b>21,562,530</b>	<b>16,171,898</b>	<b>12,818,034</b>	<b>(3,353,864)</b>	<b>21,732,560</b>	<b>170,030</b>
	<b>Qualis Income</b>	(2,909,440)	-	-	-	(1,718,214)	1,191,226
	<b>HRA Recharges</b>	(5,224,670)	-	-	-	(5,351,900)	(127,230)
	<b>Financing</b>						
	<i>Interest (exc. Qualis):</i>						
	Interest Receivable	(50,000)	-	-	-	(292,869)	(242,869)
	Interest Payable	863,440	-	-	-	1,449,894	586,454
	Minimum Revenue Provision	1,327,000	-	-	-	1,125,000	(202,000)
	Specific Contingency (GF Energy)	62,500	-	-	-	0	(62,500)
<b>General Fund (Net Expenditure)</b>		<b>15,631,360</b>	<b>16,171,898</b>	<b>12,818,034</b>	<b>(3,353,864)</b>	<b>16,944,471</b>	<b>1,313,111</b>

## General Fund Capital Programme 2022/23

## Quarter 3 Forecast

Scheme	2021/22 Budget Outturn (xtract)			2022/23 Budget			2022/23 Budget Progress (@ 31st December 2022 - Q3)			
	2021/22 Unspent / (Overspent) Balances	(Savings) / Overspends not c/fwd	Balances Rolled Forward into 2022/23	2022/23 Budget Allocation	Q1-Q3 Changes	2022/23 Budget @ Q3 (Updated)	Actuals to Q3	Remaining Budget	Forecast Outturn 2022/23	Forecast (Uspend)/ Opend 2022/23
	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s
<b>Community &amp; Wellbeing</b>										
Joint Museum and Library Facility	688,018	- 688,018	-	770,000	-	770,000	-	770,000	-	770,000
<b>Sub-Totals</b>	<b>688,018</b>	<b>- 688,018</b>	<b>-</b>	<b>770,000</b>	<b>-</b>	<b>770,000</b>	<b>-</b>	<b>770,000</b>	<b>-</b>	<b>770,000</b>
<b>Commercial &amp; Technical</b>										
Cartersfield Road	1,436,464	-	1,436,464	-	-	1,436,464	-	1,436,464	479,873	- 956,591
Investment Property Acquisition Fund	1,117,867	-	1,117,867	-	-	1,117,867	505,000	612,867	1,319,000	- 201,133
Princess of Wales PH - lease acquisition**	-	-	-	-	-	-	-	-	695,500	- 695,500
CCTV Replacement Programme	85,437	- 44,992	40,445	102,000	-	142,445	48,325	94,120	81,635	- 60,810
CarPark CCTV Systems	10,259	- 10,259	-	20,000	-	20,000	6,920	13,080	6,920	- 13,080
Superfast Broadband (REFCuS)	350,000	-	350,000	-	-	350,000	-	350,000	-	- 350,000
Disabled Facilities Grants (REFCuS)	218,152	- 218,152	-	971,210	-	971,210	577,278	393,932	800,000	- 171,210
Home Assist Grants (REFCuS)	-	-	-	30,000	-	30,000	-	30,000	-	- 30,000
Car Park Schemes	18,785	- 18,785	-	-	-	-	-	-	-	-
Civic Offices Accommodation Project	108,169	- 108,169	-	-	-	-	869	869	869	- 869
Civic Offices Café External Access	75,979	-	75,979	100,000	-	175,979	-	175,979	-	- 175,979
Highway Ranger Vehicle & Equipment	519	- 519	-	40,000	-	40,000	-	40,000	-	- 40,000
Grounds Maintenance	40,945	-	40,945	30,000	-	70,945	32,650	38,295	62,650	- 8,295
Highways (REFCuS)	97,564	-	97,564	-	-	97,564	11,580	85,984	21,580	- 75,984
H2 Taxiway (ex NWA Prep Phase 1)	200,000	-	200,000	-	-	200,000	3,009	196,991	3,009	- 196,991
NWA Vehicles & Equipment	-	-	-	-	-	-	18,855	18,855	18,855	- 18,855
Vehicle Fleet Replacement & OHD Equipment	622,740	-	622,740	-	-	622,740	345,994	276,746	415,994	- 206,746
Ongar Leisure Centre	4,953	- 4,953	-	-	-	-	-	-	-	-
Epping Leisure Centre (Bakers Lane)	1,562,560	-	1,562,560	12,500,000	-	10,937,440	69,763	10,867,677	250,000	- 10,687,440
<b>Sub-Totals</b>	<b>2,540,941</b>	<b>- 121,497</b>	<b>2,419,444</b>	<b>13,793,210</b>	<b>- 205,600</b>	<b>16,212,654</b>	<b>1,618,505</b>	<b>14,594,149</b>	<b>4,155,885</b>	<b>- 12,056,769</b>
<b>Corporate Services</b>										
ICT General Schemes	142,379	- 54,608	87,771	103,000	-	190,771	2,339	188,432	137,585	- 53,186
ICT Strategy	1,715,452	- 145,487	1,569,965	1,960,910	- 205,600	3,325,275	360,654	2,964,621	537,212	- 2,788,063
Civic Offices Accommodation Project (ICT)	63,830	- 55,288	8,542	-	-	8,542	9,883	1,341	9,883	- 1,341
<b>Sub-Totals</b>	<b>1,921,661</b>	<b>- 255,383</b>	<b>1,666,278</b>	<b>2,063,910</b>	<b>- 205,600</b>	<b>3,524,588</b>	<b>372,876</b>	<b>3,151,712</b>	<b>684,680</b>	<b>- 2,839,908</b>
<b>Customer Services</b>										
Council Chamber Upgrade	-	-	-	160,000	-	160,000	-	160,000	50,000	- 110,000
<b>Sub-Totals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>160,000</b>	<b>-</b>	<b>160,000</b>	<b>-</b>	<b>160,000</b>	<b>50,000</b>	<b>- 110,000</b>
<b>Housing (Property Services)</b>										
Oakwood Hill Depot Extension	6,572	-	6,572	-	-	6,572	24,727	18,155	24,727	- 18,155
Investment Properties (Planned Works)	80,316	- 80,316	-	19,220	83,657	102,877	-	102,877	38,767	- 64,110
202-220 Loughton HR - roof and H & S works	-	-	-	-	141,490	141,490	64,468	77,022	141,490	-
Operational Properties (Planned Works)	93,230	- 12,250	80,980	252,000	- 19,547	313,433	5,843	307,590	87,000	- 226,433
<b>Sub-Totals</b>	<b>19,486</b>	<b>- 68,066</b>	<b>87,552</b>	<b>271,220</b>	<b>- 205,600</b>	<b>564,372</b>	<b>95,038</b>	<b>469,334</b>	<b>291,984</b>	<b>- 272,388</b>
<b>Place</b>										
Climate & Environmental Projects	426,984	-	426,984	250,000	-	676,984	-	676,984	676,984	-
<b>Sub-Totals</b>	<b>426,984</b>	<b>-</b>	<b>426,984</b>	<b>250,000</b>	<b>-</b>	<b>676,984</b>	<b>-</b>	<b>676,984</b>	<b>676,984</b>	<b>-</b>
<b>Qualis</b>										
Regeneration Finance Loans	41,247,500	-	41,247,500	55,000,000	-	96,247,500	2,750,000	93,497,500	8,750,000	- 87,497,500
<b>Sub-Totals</b>	<b>41,247,500</b>	<b>-</b>	<b>41,247,500</b>	<b>55,000,000</b>	<b>-</b>	<b>96,247,500</b>	<b>2,750,000</b>	<b>93,497,500</b>	<b>8,750,000</b>	<b>- 87,497,500</b>
<b>Total Expenditure</b>	<b>46,844,590</b>	<b>- 996,832</b>	<b>45,847,758</b>	<b>72,308,340</b>	<b>-</b>	<b>118,156,098</b>	<b>4,836,419</b>	<b>113,319,679</b>	<b>14,609,533</b>	<b>- 103,546,565</b>
** to be transferred to the HRA for development										
<b>Capital Financing:</b>										
Borrowing	46,626,438	- 778,680	45,847,758	67,844,380	-	113,692,138	2,859,141	110,832,997	12,409,533	- 101,282,605
Capital Grants	218,152	- 218,152	-	971,210	-	971,210	577,278	393,932	800,000	- 171,210
Capital Receipts	-	-	-	3,492,750	-	3,492,750	1,400,000	2,092,750	1,400,000	- 2,092,750
<b>Total Financing</b>	<b>46,844,590</b>	<b>- 996,832</b>	<b>45,847,758</b>	<b>72,308,340</b>	<b>-</b>	<b>118,156,098</b>	<b>4,836,419</b>	<b>113,319,679</b>	<b>14,609,533</b>	<b>- 103,546,565</b>

## Housing Revenue Account Capital Programme 2022/23

## Quarter 3 Forecast

HRA Capital Programme 2022/23: Quarter 3 Forecast										
	2021/22 Budget Outturn (xtract)			2022/23 Budget			2022/23 Budget Progress (@ 31 December 2022 - Q3)			
	2021/22 Unspent/ (Overspent) Balances	Savings	Balances Rolled Forward into 2022/23	2022/23 Budget Allocation	Q1-Q3 Changes	2022/23 Budget (Updated)	Actuals to Q3	Remaining Budget	Forecast Outturn 2022/23	Forecast (Uspend) / Ospend 2022/23
Schemes	£	£	£	£	£	£	£	£	£	£
<b>Housing Development Programme:</b>										
Housebuilding	8,335,830	8,335,830	-	15,597,810	-	15,597,810	2,457,050	13,140,760	4,584,590	- 11,013,220
Acquisition of Land for Building	-	-	-	2,750,000	-	2,750,000	-	2,750,000	-	- 2,750,000
Acquisition of Street Properties	2,968,310	2,968,310	-	-	-	-	-	-	-	-
Qualis Acquisitions	7,492,000	7,492,000	-	10,461,190	-	10,461,190	-	10,461,190	-	- 10,461,190
<b>Sub-Totals</b>	<b>12,859,520</b>	<b>12,859,520</b>	<b>-</b>	<b>28,809,000</b>	<b>-</b>	<b>28,809,000</b>	<b>2,457,050</b>	<b>26,351,950</b>	<b>4,584,590</b>	<b>- 24,224,410</b>
<b>Capital Works:</b>										
Net Zero Carbon Works	100,000	0	100,000	500,000	900,000	1,500,000	-	1,500,000	100,000	- 1,400,000
Heating	691,840	-	691,840	1,556,000	-	2,247,840	929,860	1,317,970	2,038,380	- 209,460
Windows, Door and Roofing	848,550	-	848,550	2,886,000	300,000	3,434,550	1,647,920	1,786,630	3,079,940	- 354,610
Compliance Planned Maintenance	439,160	-	439,160	250,000	-	689,160	308,680	380,480	525,640	- 163,520
Kitchens & Bathrooms	566,420	-	566,420	2,300,000	-	2,866,420	376,640	2,489,780	2,414,810	- 451,610
Electrical	101,390	18,380	119,770	1,711,000	-	1,830,770	988,820	841,950	1,752,510	- 78,260
Sprinklers	275,000	275,000	-	-	-	-	-	-	-	-
Environmental	306,280	150,940	155,340	275,000	-	430,340	36,430	393,910	320,940	- 109,400
Structural works	1,636,520	-	1,636,520	949,000	600,000	1,985,520	362,510	1,623,010	687,990	- 1,297,530
Disabled adaptations	114,620	-	114,620	1,145,000	-	1,030,380	454,880	575,520	939,200	- 91,180
Asbestos Removal	219,190	100,000	119,190	130,000	-	249,190	28,190	220,990	133,000	- 116,190
Estate Improvements	56,110	56,110	-	50,000	-	50,000	4,130	45,870	25,000	- 25,000
<b>Sub-Totals</b>	<b>5,125,840</b>	<b>563,670</b>	<b>4,562,170</b>	<b>11,752,000</b>	<b>-</b>	<b>16,314,170</b>	<b>5,138,060</b>	<b>11,176,110</b>	<b>12,017,410</b>	<b>- 4,296,760</b>
<b>Other Housing Schemes:</b>										
Service Enhancements										
HAM Project	251,730	-	251,730	400,000	-	651,730	278,630	373,100	524,170	- 127,560
HFHH Act Project	24,210	-	24,210	154,000	-	178,210	730	177,480	150,000	- 28,210
Limes/Copperfield Regeneration Project	228,510	-	228,510	3,000,000	-	2,771,490	130,650	2,640,840	2,042,000	- 729,490
The Broadway Regeneration Project	-	-	-	2,750,000	-	2,750,000	-	2,750,000	74,000	- 2,675,990
Frank Bretton Refurbishment	115,720	115,720	-	-	-	-	-	-	-	-
Emergency Alarm System Upgrade	-	-	-	360,000	-	360,000	-	360,000	-	- 360,000
Sheltered Blocks Refurbishment	-	-	-	330,000	-	330,000	-	330,000	175,000	- 155,000
Door Replacemnt Programme	99,000	-	99,000	235,000	-	334,000	-	334,000	10,000	- 324,000
<b>Sub-Totals</b>	<b>30,710</b>	<b>115,720</b>	<b>146,430</b>	<b>7,229,000</b>	<b>-</b>	<b>7,375,430</b>	<b>410,010</b>	<b>6,965,420</b>	<b>2,975,170</b>	<b>- 4,400,250</b>
<b>Vehicle Replacements</b>	<b>80,070</b>	<b>80,070</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditure</b>	<b>17,936,000</b>	<b>13,227,410</b>	<b>4,708,590</b>	<b>47,790,000</b>	<b>-</b>	<b>52,498,590</b>	<b>8,005,110</b>	<b>44,493,480</b>	<b>19,577,170</b>	<b>- 32,921,420</b>
<b>Capital Financing:</b>										
Direct Revenue Contributions	-	-	-	5,364,000	-	5,364,000	-	5,364,000	-	- 5,364,000
Major Repairs Reserve	4,708,590	-	4,708,590	9,904,000	-	14,612,590	6,556,290	8,056,300	17,277,330	2,664,740
Capital Receipts	-	-	-	5,970,000	-	5,970,000	982,820	4,987,180	1,833,840	- 4,136,160
Other Contributions	-	-	-	466,000	-	466,000	466,000	-	466,000	-
Borrowing	13,227,410	13,227,410	-	26,086,000	-	26,086,000	-	26,086,000	-	- 26,086,000
	<b>17,936,000</b>	<b>13,227,410</b>	<b>4,708,590</b>	<b>47,790,000</b>	<b>-</b>	<b>52,498,590</b>	<b>8,005,110</b>	<b>44,493,480</b>	<b>19,577,170</b>	<b>- 32,921,420</b>

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