

Committee Agenda



Webcast Meeting



**Epping Forest
District Council**

Finance and Performance Management Cabinet Committee Monday, 17th March, 2008

Place: Civic Offices, High Street, Epping

Room: Committee Room 1

Time: 6.30 pm

Democratic Services Officer: Gary Woodhall, Research and Democratic Services
Tel: 01992 564470 Email: gwoodhall@eppingforestdc.gov.uk

Members:

Councillors C Whitbread (Chairman), M Cohen, Mrs D Collins, Mrs A Grigg, Mrs M Sartin and D Stallan

PLEASE NOTE THE START TIME OF THIS MEETING

1. WEBCASTING INTRODUCTION

The Chairman will read the following announcement:

“I would like to remind everyone present that this meeting will be recorded for subsequent repeated viewing on the Internet and copies of the recording could be 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 the possibility that your image will become part of the broadcast.

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

Please could I also remind members to put on their microphones before speaking by pressing the button on the microphone unit”

2. APOLOGIES FOR ABSENCE

3. MINUTES

To confirm the minutes of the last meeting of the Committee held on 28 January 2008

(previously circulated).

4. DECLARATIONS OF INTEREST

(Assistant to the Chief Executive) To declare interests in any item on this agenda.

5. ANY OTHER BUSINESS

Section 100B(4)(b) of the Local Government Act 1972, together with paragraphs 6 and 25 of the Council Procedure Rules contained in the Constitution require 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.

6. DRAFT INTERNAL AUDIT PLAN 2008/09 (Pages 5 - 6)

(Chief Internal Auditor) To consider the attached report.

Copies of the Draft Internal Audit Plan for 2008/09 have already been distributed to members of the Cabinet Committee and a copy placed in the Members' Room. Further copies can be obtained from the Officers listed on the report.

7. THIRD QUARTER FINANCIAL MONITORING REPORT 2007/08 (Pages 7 - 24)

(Director of Finance & ICT) To consider the attached report.

8. RISK MANAGEMENT - UPDATED CORPORATE RISK REGISTER (Pages 25 - 42)

(Director of Finance & ICT) To consider the attached report.

9. SUNDRY DEBTORS - POLICY & PERFORMANCE (Pages 43 - 64)

(Director of Finance & ICT) To consider the attached report.

10. LOCAL HOUSING ALLOWANCE (Pages 65 - 76)

(Director of Finance & ICT) To consider the attached report.

11. 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
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Nil

Nil

Nil

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.

Confidential Items Commencement: Paragraph 9 of the Council Procedure Rules contained in the Constitution require:

- (1) All business of the Council requiring to be transacted in the presence of the press and public to be completed by 10.00 p.m. at the latest.
- (2) At the time appointed under (1) above, the Chairman shall permit the completion of debate on any item still under consideration, and at his or her discretion, any other remaining business whereupon the Council shall proceed to exclude the public and press.
- (3) Any public business remaining to be dealt with shall be deferred until after the completion of the private part of the meeting, including items submitted for report rather than decision.

Background Papers: Paragraph 8 of the Access to Information Procedure Rules of the Constitution 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 (as defined in Rule 10) and in respect of executive reports, the advice of any political advisor.

Inspection of background papers may be arranged by contacting the officer responsible for the item.

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Report to Finance and Performance Management Cabinet Committee



**Epping Forest
District Council**

Date of meeting: 17 March 2008.

Portfolio: Finance, Performance Management and Corporate Support Services.

Subject: Draft Internal Audit Plan 2008/09.

Responsible Officer: Joe Akerman (01992-564446).

Democratic Services Officer: Gary Woodhall (01992-564470).

Recommendations/Decisions Required:

The Committee is invited to comment on the proposed Internal Audit Plan for 2008/09.

Report:

1. Following the establishment of the Audit and Governance Committee the terms of reference of Committees have been amended so that the Audit and Governance Committee is now responsible for the approval of the annual Internal Audit work plan, following consultation with this Committee.

2. The officer consultation process on the Council's Internal Audit Plan for 2008/09 has been completed and the draft Plan is being submitted to this Committee as part of the Member consultation. The Plan will be submitted to the Audit and Governance Committee later this month for approval. The detailed draft Plan document has been circulated to all members of the Council for information and comment.

3. The Internal Audit Business Plan incorporates the proposed work plan for 2008/09. It will be possible to discuss with Members any topics which the Committee would like to be brought forward for consideration for inclusion in the Plan, either this year or in the future. Members may wish to note that a contingency provision has been made in the draft plan for investigations and other unplanned work, the nature of which cannot be predicted at the start of the financial year.

4. There is flexibility in the Plan so that audits can be substituted in order to accommodate reviews of areas that are assessed as being of greater risk to the achievement of the Council's objectives. Topics can, therefore, be brought forward for consideration for inclusion in the work programme during the year, although any proposed amendments to the Plan should be considered in the context of existing commitments and the criteria normally applied when prioritising audit reviews.

5. Progress against the approved Plan is kept under review during the year and any proposed amendments, once the Plan has been approved, would be subject to the approval of the Audit and Governance Committee, who will continue to monitor progress against the plan on a quarterly basis.

Statement in Support of Recommended Action:

6. To enable Members to comment on the draft Audit Plan for 2008/09.

Other Options for Action:

7. Not applicable, as the requirement to consult is derived from a Council resolution.

Consultation Undertaken:

8. The Corporate Executive Forum and Service Directors have been consulted on the draft Audit Plan.

Resource implications:

Budget provision: N/A.

Personnel: N/A.

Land: N/A.

Council Plan/BVPP reference: Finance and Performance Management sections.

Relevant statutory powers: Included in Business Plan.

Background papers: CIPFA Internal Audit Code of Practice, Audit reports and files.

Environmental/Human Rights Act/Crime and Disorder Act Implications: None.

Key Decision reference (if required): Not a key decision, but still listed on the Executive Work Programme under "Internal Audit Annual Plan 2008/09".

Report to the Finance & Performance Management Cabinet Committee



**Epping Forest
District Council**

Date of meeting: 11 February 2008.

Portfolio: Finance, Performance Management & Corporate Support Services.

Subject: Third Quarter Financial Monitoring Report 2007/08.

Responsible Officer: Peter Maddock (01992-564602).

Democratic Services Officer: Gary Woodhall (01992-564470).

Recommendations:

That the revenue and capital financial monitoring report for the third quarter of 2007/08 be noted.

Report:

1. The Cabinet Committee has, within its terms of reference, to monitor expenditure by the Cabinet and other Committees within the framework of the Council's budgetary policy and financial objectives, and to keep the Cabinet informed of the Council's overall position. Thus, the third quarterly report for 2007/08, previously considered by the Finance & Performance Management Scrutiny Panel, containing the financial monitoring reports on key areas of income and expenditure for each portfolio has been included on the agenda for the Cabinet Committee's consideration.

2. Salaries monitoring data is presented as well as it represents a large proportion of the authorities expenditure and is an area in which large under spends have been seen. The salaries data is held by Service rather than by portfolio, although there are clearly some services that are linked closely to particular portfolios.

Revenue Budgets (Annex 1 – 9):

3. Comments are provided on the monitoring schedules but a few points are highlighted here as they are of particular significance. The salaries schedule (Annex 1) shows an underspend of £283,000. This is after the settlement of the 2007/08 pay award, and represents 2% of the budget. Most of this underspend relates to the General Fund. The position at Month 9 2007/08 is significantly better than at this time in 2006/07 when the budget was underspent by 4.5%.

4. Income budgets are generally looking more volatile than in 2006/07. Development Control income at Month 6 was £70,000 down on expectations however due to a number of larger schemes coming through during Months 8 and 9 the shortfall has reduced to £32,000 a little under the £40,000 included in the revised budget. Building Control shows an over achievement, this is due in part to extra income for work done on behalf of other authorities. Land Charge search income is also down by £41,000 compared to a revised prediction of £57,000. Although both Development Control and Land Charge income are performing better than the revised estimates it is possible that the position could worsen again.

5. Income from recycling credits is significantly higher than expected due to the recycling levels being achieved, however this is being balanced by higher expenditure.

6. Income from car parking is lower than expectations particularly relating to penalty charge notices. Bed and Breakfast charges are significantly down but this is because related expenditure is down as fewer people have been placed in Bed and Breakfast

accommodation.

7. The Housing Repairs Fund also shows an underspend. Much of this is due to late invoicing by the gas servicing contractor.

8. The payments to Sports and Leisure Management Ltd are again lagging behind the profiled budget this is due to a dispute with the November invoice.

9. This report has been circulated to Portfolio-holders. An oral update will be provided to cover any additional comments or information received from Portfolio-holders.

Capital Budgets (Annex 10-14):

10. Tables for capital expenditure monitoring purposes (annex 10 –14) are included for the half year to 30 September. The tables show the major schemes separately with other more minor items being summarised. There is a brief commentary on each item highlighting the scheme progress.

11. The full year budget for comparison purposes is the revised budget as submitted to Cabinet on 8 October 2007 and approved by Council on 30 October 2007.

12. The process of profiling capital budgets has now been completed and all variations relate to differences between actual and expected spending patterns.

Major Capital Schemes (Annex 15):

13. An additional schedule is included that looks at progress on those schemes with total budget provision in excess of £1m. The schedule monitors the schemes in total rather than by financial year. The total cost figures shown in columns six and seven therefore relate to two or more financial years. The original anticipated start dates where applicable are also included and where this was not achieved a revised or actual start date is given. There is also some commentary on the schemes for information.

Conclusion:

14. There is still a degree of concern over the lower than originally anticipated levels of income from Development Control and Land Charges. Comfort can be drawn from the fact that the revised estimate takes this into account and allows for these variances to be financed by the DDF. It is also worth noting that the CSB budget in total is also expected to underspend when compared to the original budget.

15. The Cabinet Committee is asked to note the position on both revenue and capital budgets as at Month 9 and the Major Capital Schemes monitoring schedule.

<u>SERVICE</u>	<u>2007/08</u>			<u>2006/07</u>		
	<u>EXPENDITURE TO 31/12/07</u> £000	<u>BUDGET PROVISION (ORIGINAL)</u> £000	<u>VARIATION FROM BUDGET (ORIGINAL)</u> %	<u>EXPENDITURE TO 31/12/06</u> £000	<u>BUDGET PROVISION (ORIGINAL)</u> £000	<u>VARIATION FROM BUDGET (ORIGINAL)</u> %
CORPORATE MANAGEMENT	254	270	-5.9	243	262	-7.3
INTERNAL AUDIT	146	146	0.0	146	145	0.7
HR & PMU	275	312	-11.9	239	295	-19.0
RESEARCH & DEMOCRATIC SERVICES	530	529	0.2	520	549	-5.3
LEGAL, ADMIN & ESTATES *	1,117	1,136	-1.7	1,135	1,140	-0.4
FINANCE *	2,161	2,180	-0.9	2,126	2,079	2.3
INFO, COMM & TECH	652	743	-12.2	606	689	-12.0
HOUSING SERVICES *	2,302	2,328	-1.1	2,162	2,240	-3.5
PUBLIC WORKS UNIT	1,286	1,272	1.1	1,277	1,428	-10.6
ENVIRONMENTAL SERVICES *	1,789	1,850	-3.3	1,737	1,748	-0.6
PLANNING *	1,609	1,610	-0.1	1,457	1,648	-11.6
LEISURE *	1,791	1,819	-1.5	1,757	1,807	-2.8
TOTAL	13,912	14,195	-2.0	13,405	14,030	-4.5

* Agency costs are included in the salaries expenditure.

Major expenditure items:	07/08 Full Year Budget		Third Quarter			07/08 Variance		Comments
	£'000	Budget	07/08 Actual		Budget v Actual	£'000	%	
			07/08	06/07 Actual				
Grants to Voluntary Groups	131	101	34	40	-67	-66	2007/08 actual includes a credit of £18,000 relating to grants approved in 2006/07 but as yet unpaid. £41,000 remains uncommitted in the current year, and £38,000 relates to grants approved but unpaid.	
Voluntary Sector Support	170	150	150	159	0	0.0		
Concessionary Fares	812	717	714	452	-3	-0.4		
	1,113	968	898	651				

	07/08 Full Year Budget		Third Quarter				07/08 Variance		Comments
	£'000		07/08 Actual		06/07 Actual		Budget v Actual		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%	
<u>Major expenditure items:</u>									
Information Technology	639	482	472	483			-10	-2.1	
Telephones	199	149	161	100			12	8.1	The actuals now include all charges for telephones, where previously non Civic Office locations were charged direct. The Revised budget has been amended accordingly.
	838	631	633	585					
<u>Major income items:</u>									
Local Land Charges	400	300	259	307			-41	-13.7	Introduction of the Home Information packs appears to have had an effect on income levels as a personal search makes the cost of the pack cheaper. Expenditure relating to work done by the County Council is also down and mitigates the lost income to a degree. DDF items are now included in the Revised Estimate for a net £37,000 Growth in the budget.
Industrial Estates	882	847	855	891			8	0.9	Additional rental income relates to Oakwood Hill workshop units where certain rents have been reviewed. The Revised budgets reflect the changes.
Land & Property	204	110	108	99			-2	-1.8	
	1,486	1,257	1,222	1,297					

	07/08 Full Year Budget £'000		Third Quarter		06/07 Actual £'000		07/08 Variance Budget v Actual £'000		Comments
	07/08 Budget £'000	07/08 Actual £'000	07/08 Actual £'000	06/07 Actual £'000	Budget v Actual £'000	%			
	<u>Major expenditure items</u>								
Forward Planning	226	9	59		-3	-25.0		Consultation and studies on the Local Development Framework will begin after publication of the East of England Plan which was due at the end of 2007, but is now expected in spring 2008. The current year DDF expenditure is expected to be £40,000, instead of the Original Estimate of £211,000 with the balance being slipped into 2008/09.	
Development Control	130	85	131		3	3.7			
Building Control Fee Earning	53	34	17		8	30.1		The increase in expenditure relates to consultancy costs for building surveyors fees which is offset by the increased income reported below.	
Enforcement	139	94	0		-2	-2.1		Works to clear the Paynes Lane site have been completed and there are no further costs anticipated in the near future.	
	548	222	207						
<u>Major income items</u>									
Development Control	580	399	423		-31	-7.2		Development Control Fee Income has recovered well in the third quarter with major applications at St Margaret's Hospital, Langston Road, Grange Farm Chigwell and Lidl Waltham Abbey being received, making up for some of the shortfall reported at quarter 2. A DDF growth item for loss of income of £40,000 has been included in the revised estimates	
Building Control Fee Earning	576	485	394		41	9.2		Building Control fee income appears more buoyant than normally expected which is unusual as the income trend is generally similar to Development Control. Some of this income is offset by the additional expenditure above.	
	1,156	884	817						

	07/08 Full Year Budget £'000		Third Quarter 07/08 Actual £'000		06/07 Actual £'000		07/08 Variance Budget v Actual £'000		07/08 Variance Budget v Actual %	Comments
	07/08 Budget £'000	07/08 Actual £'000	07/08 Budget £'000	07/08 Actual £'000	06/07 Actual £'000	07/08 Budget £'000	07/08 Actual £'000			
<u>Major expenditure items:</u>										
Refuse Collection	2,293		1,704	1,673	1,559		-31	-1.82	Payments to the contractor are currently one month behind, due to an invoice dispute. Additional costs of the contract prior to the award to the new contractor have been allowed for within the revised estimate.	
Street Cleansing	1,911		1,268	1,272	861		4	0.32		
Recycling	1,627		1,136	1,342	935		206	18.13	An increase in the amount of recycling has meant that more sacks need to be purchased, resulting in £161,000 extra expenditure. The majority of the remainder of the variance has been caused by an increase in contract rates. Both issues have been addressed by the revised estimates as DDF expenditure.	
<u>Major income items:</u>										
Refuse Collection	73		39	85	41		46	117.95	There has been an increase in the tipping away contribution (£38,000) and over achieving on special collections (£7,000).	
Recycling	594		297	434	343		137	46.13	The rate of recycling has increased, resulting in more recycling credits from Essex County Council than expected.	
Licensing & registration	69		52	90	84		38	73.08	This income stream is variable; however, a review of previous years' income streams have led to the budgets being increased during the revised estimates process.	
Hackney Carriages	112		83	125	100		42	50.60	The demand for hackney carriage licences is variable, and income levels cannot be predicted in advance. Demand is currently high, as Epping is popular with taxi drivers moving their business areas out of the City.	
	848		471	734	568					

	07/08 Full Year Budget £'000		Third Quarter		07/08 Variance Budget v Actual		Comments
	07/08 Budget £'000	07/08 Actual £'000	06/07 Actual		£'000	%	
			£'000				
<u>Major expenditure items:</u>							
Highways General Fund	322	226	206		0	0.0	
Off Street Parking	512	433	355		43	11.03	} The contract has been re-examined, and joint costs have been re-allocated more logically. This has been addressed within the revised estimates.
On Street Parking	437	303	236		-65	-21.45	} }
	1,271	919	797				
<u>Major income items:</u>							
Off Street Parking	1,062	789	777		-30	-3.80	Pay & Display income is £10,000 below estimate, and Penalty Charge income is down by £25,000. This has been offset by season ticket income, £7,000 above original estimates.
On Street Parking	576	330	345		8	2.42	
	1,638	1,119	1,122				

	07/08 Full Year Budget £'000		Third Quarter				07/08 Variance Budget v Actual		Comments
	£'000	£'000	07/08 Actual		06/07 Actual £'000	£'000	%		
			£'000	£'000					
<u>Major expenditure items:</u>									
Museum	117	68	91	68	75	-23	-25.27	Underspend to date on Exhibitions and Outreach	
Playgrounds & Open Spaces	201	148	151	148	139	-3	-1.99		
North Weald Centre	360	252	236	252	186	16	6.78	The overspend relates mainly to work carried out to repair damage to the roadway as a result of the Norjam event. The Council has been reimbursed for the cost of the works involved.	
	678	468	478	468	400				
<u>Major income items:</u>									
North Weald Centre	1,309	1,140	1,060	1,140	985	80	7.55	The DDF income for the Scouts Jamboree was originally assessed at £50,000; in the event, £73,000 was negotiated. In addition, £50,000 has been received in reimbursement for the roadway works.	
<u>Contract cost Monitoring</u>									
<u>Leisure Facilities:-</u>									
Loughton Leisure Centre	54	31	36	31	81	-5	-13.89	The November 2007 invoice to Sports and Leisure Management Ltd was delayed for additional checks and EFDC are awaiting the invoice from SLM for payment.	
Epping Sports Centre	138	80	92	80	78	-12	-13.04		
Waltham Abbey Swimming Pool	446	260	297	260	295	-37	-12.46		
Ongar Sports Centre	347	202	232	202	365	-30	-12.93		
	985	573	657	573	819				

	07/08 Full Year Budget £'000	Third Quarter		06/07 Actual £'000	07/08 Variance Budget v Actual £'000	07/08 Variance Budget v Actual %	Comments
		07/08 Budget £'000	07/08 Actual £'000				
<u>Major expenditure items</u>							
Bed & Breakfast Accommodation	349	262	85	259	-177	-67.56	The number of people placed in bed and breakfast accommodation has been less than originally forecast, largely due to proactive advice and management procedures.
<u>Major income items</u>							
Bed & Breakfast Accommodation	374	280	114	271	-166	-59.29	The lower reimbursement figure is as a result of the aforementioned reduction in numbers placed in Bed and Breakfast accommodation.
Leasehold Services Admin	150	5	4	4	-1	-20.00	
	524	285	118	275			

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	07/08 Full Year Budget		Third Quarter		07/08 Variance		Comments
	£'000	£'000	07/08 Budget	07/08 Actual	£'000	%	
Finance, Performance Man't & CSS							
Youth Sports Facilities	132	0	68	0	-68	0	Although no grants have been paid as at month 9, Roydon (£40,000) and Matching (£28,000) are now completed. Every effort is being made to complete all remaining schemes this year, but realistically, there is likely to be a carry over of up to £73,000. It is expected that a report will be presented to Cabinet on 10 March 2008.
Messenger Vehicle	15	15	15	15	0	0	Scheme complete.
Civic Office Works (including Planning Service Accommodation works)	77	-5	54	-5	-59	0	Work on the Civic Office projects has been delayed so far this year. In addition, an outstanding creditor has yet to be cleared.
IEG funded ICT schemes	304	138	228	138	-90	-39	All IEG funded schemes are broadly on target. The implementation of the Revenues and Benefits system represents the main scheme at £240,000 of the full year budget.
Other ICT Projects	439	135	299	135	-164	-55	Most of the underspend relates to the General IT budget which is planned to be spent at the end of the financial year.
General Capital Contingency	181	0	0	0	0	0	This unallocated budget is automatically profiled into month 12 unless authority is granted to use it on a specific scheme. It is then moved to the relevant General Fund Capital heading.
Total	1,148	283	664	283	-381	-57	
Leader's Portfolio							
Merlin Way Land Sale	15	5	11	5	-6	-56	
Total	15	5	11	5	-6	-56	

	07/08 Full Year Budget £'000		Third Quarter		07/08 Variance Budget v Actual		Comments
	£'000	Budget	07/08 Actual		£'000	%	
			07/08 Budget	07/08 Actual			
Leisure							
Loughton Leisure Centre	14	0	0	0	0	0	This budget is for two health and safety issues and for work to the hot water system. The former should be completed in the next few months. However, SLM are still investigating the hot water system and the £7,000 budget for this may have to be carried forward.
Ongar Leisure Centre	3	0	0	0	0	0	Expenditure is planned for March when work will commence in support of a scheme to improve the pitches at Ongar as a multi-sports hub.
N W Airfield Market Improvements	110	83	34	34	-49	-59	The actual expenditure to month 9 appears to have reduced since month 6. This is because some miscodings have been discovered. However, work on infrastructure improvements at the Airfield is progressing reasonably well.
Museum Redisplay Programme	8	6	3	3	-3	-50	Work at the museum is expected to be completed by the end of the year.
Total	135	89	37	37	-52	-58	
Environmental Protection							
Bobbingworth Tip	1,000	750	924	924	174	23	This contract is progressing ahead of target and it is anticipated that some of the 2008/09 estimate will need to be brought forward into 2007/08.
Refuse and Street Cleansing Vehicles	800	800	800	800	0	0	The purchase of the vehicles from the leasing company was completed in May 2007
Wheeled Bins	20	0	0	0	0	0	This budget was carried forward from 2006/07 to purchase recycling bins for flats and other communal buildings.
Total	1,820	1,550	1,724	1,724	174	11	

	07/08 Full Year Budget £'000	Third Quarter		07/08		Comments
		07/08 Budget £'000	07/08 Actual £'000	Budget v Actual £'000	Variance %	
Planning & Economic Dev't						
TCE: Loughton High Road Works	53	40	-56	-96	0	The negative actual spend relates to expenditure charged to 2006/07. It covers an invoice which had been disputed with the County Council but this has now been agreed and is currently being processed.
TCE: Loughton Broadway Works	165	103	44	-59	-57	The main works are expected to take place in 2008/09, subject to finalising an agreement with National Grid Gas. The bulk of the budget provision has already been slipped into 2008/09, but there may be more slippage.
PDG Capital Scheme	75	19	1	-18	0	Notification of the Planning Deleivery Grant allocation for 2007/08 was only received recently. However, it is expected to be spent by the end of the financial year
Total	293	162	-11	-173	-107	
Civil Engineering & Maintenance						
Car Parking & Traffic Schemes	219	165	-56	-221	-134	The negative spend relates to expenditure charged to 2006/07. The disputed invoice with the County Council has now been agreed and is being processed. The remaining budget is still expected to be spent this year once Essex County Council signs off the work undertaken on the Buckhurst Hill parking and traffic management scheme.
Other Civil Engineering Schemes	158	26	5	-21	-81	Delivery and payment for the new tractor for grounds maintenance (£53,000) is expected in February 2008. Flood alleviation works are currently underspent and it is likely that there will be a carry forward into 2008/09.
Total	377	191	-51	-242	-127	

Housing General Fund	07/08 Full Year Budget £'000		Third Quarter 07/08		07/08 Variance Budget v Actual		Comments
	£'000		£'000		%		
	Budget	Actual	Budget	Actual	£'000	%	
Contributions to Affordable Housing	1,235	710	710	710	0	0.00	A payment of £710,000 was made to London and Quadrant Housing Trust in May 2007 to provide affordable housing at the Quarter, Chipping Ongar. This was the subject of a report to Cabinet on 13 November 2006. With regard to the contribution to Estuary H.A., a Development Programme has now been received which indicates payments totalling £190,000 are expected to be made in February and March this year. A carry forward of £310,000 is therefore likely, which would increase next years budget to £810,000.
Disabled Facilities Grants	500	375	375	194	-181	-48	Expenditure at month 9 is low because there has been a decrease in the number and size of grants approved this year. Predicting grant expenditure is a very inexact science but, taking general trends and indicators into account, it is anticipated that DFGs will be in the order of £400,000, requiring a £100,000 carry forward.
Other Private Sector Grants	275	183	183	57	-126	-69	The new Private Sector Grants policy was up and running from June 2007. The take up of new grants has been slower than expected but applications and expenditure have increased significantly during the year. It has been estimated that expenditure will total up to £220,000 by the end of the financial year. This is based on approvals to 30 September 2007, assuming a lead-in period of six months, and expenditure trends continuing to rise in January 2008. This would require a carry forward of at least £55,000.
Other Housing General Fund Schemes	387	18	18	3	-15	-83	The majority of this budget relates to the compulsory purchase of 8/8a Sun Street, Waltham Abbey. It is hoped that the acquisition, estimated at £350,000 will take place at the end of this financial year but it may have to be delayed until 2008/09.
Total	2,397	1,286	1,286	964	-322	-25	

Housing Revenue Account	07/08 Full Year Budget £'000	Third Quarter		07/08 Variance Budget v Actual		Comments
		07/08 Budget £'000	07/08 Actual £'000	£'000	%	
Springfields, Waltham Abbey	617	463	263	-200	-43	The contract start date was agreed ahead of expectations and the cashflow received in October 2007 estimated the value of works to be completed by the year end to be £1,481,000, excluding fees. Actual valuations to date have, however, been lower than anticipated and we are awaiting a revised cashflow statement from the QS. This will be reported orally at the meeting. In any event, it is likely that some of the 2008/09 will need to be brought forward into 2007/08.
Heating/Rewiring	1,063	797	810	13	2	Expenditure on heating upgrades is continuing ahead of expectations. In contrast, rewiring contracts are underspent at month 9, but it is thought that the full estimate will be spent by the end of the financial year.
Windows/Roofing / Asbestos / Water Tanks	744	468	321	-147	-31	Actual expenditure on PVCU windows was ahead of schedule by the end of December 2007. Conversely, roofing contracts, asbestos works and the replacement of water tanks are behind schedule as a result there is likely to be slippage of around £100,000 relating in the main to roofing works.
Other Planned Maintenance	533	377	230	-147	-39	The main variations here relate primarily to energy efficiency works; British Gas invoice the authority for the Council's proportion of the costs and billing is lagging behind expectations.
Other Capital Works	3,182	2,314	1,633	-681	-29	The budget for kitchen & bathroom replacements has been enhanced significantly this year and there has been an acceleration of the programme in the second half of the year. At month 9 there are underspends across all categories of work in this area, including the kitchen and bathroom programme. However, it is anticipated that much of the work planned will be completed by the end of the year and the amount required as a carry forward is estimated to be in the order of £165,000.
Total	6,139	4,419	3,257	-1,162	-26	

Capital Project	Original Start Date	Latest Est/ Actual Start Date	Original Finish Date	Latest Est/ Actual Finish Date	Original Total Project Cost		Latest Total Project Cost		Variance %	Actual Exp To Date
					£'000	£'000	£'000	£'000		
Bobbingworth Tip	May-05	Mar-07	Nov-05	Oct-08	1,107	2,380	2,380	1,622	115%	1,622
Construction activity commenced on 19 March 2007, almost nine months later than previously planned. Due to the delay, third party tenders had to be re-tendered and costs subsequently rose. Poor weather conditions has also added to the delays. However, the project is now progressing well and expenditure is ahead of the revised target spend for 2007/08. Although the total project cost shown above appears to have increased substantially over the original cost, it must be noted that the original project cost figure related to the original scheme which was substantially different to the scheme that is now being pursued.										
Loughton High Road Centre Enhancement	Jul-05	Aug-05	Mar-06	May-06	996	1,574	1,574	1,465	58%	1,465
The second phase of the Loughton High Road Town Centre Enhancement scheme is now complete and the final account is nearing completion. The final position is expected to be more or less in line with the budget. Once Essex County Council have adopted the work, an end of scheme report will be presented to Cabinet.										
Loughton Broadway Centre Enhancement	Jul-06	Oct-06	Oct-06	Dec-06	3,003	3,175	3,175	1,055	6%	1,055
This scheme has encountered a number of unforeseen problems due to the location and depth of the gas main and this council is still endeavouring to reach an agreement and methodology with National Grid Gas. Phase 2 of the scheme is planned to start in May 2008, subject to Cabinet approval.										
Customer Services Transformation Programme	n/a	n/a	n/a	n/a	2,500	2,500	2,500	0	n/a	0
An allocation still exists within the capital programme for this, however at this stage it is unlikely that this scheme will proceed in the near future.										
Springfields Improvement Scheme Works (HRA)	Jul-04	Nov-07	Feb-06	Jan-09	4,033	4,124	4,124	523	2%	523
Cabinet on 16 July approved the tender of Apollo London to carry out the improvement scheme. The Head of Housing services was authorised to reduce the contract sum based on a shorter contract period however this option was rejected. The contract started in November 2007 and has an anticipated finish date of January 2009.										
All the repurchases of leasehold flats have now occurred at a final cost of £686,000, with only one leaseholder opting to remain as such. These costs have been excluded from the above figures.										

Report to the Finance and Performance Management Committee



**Epping Forest
District Council**

Date of meeting: 17 March 2008.

Portfolio: Finance, Performance Management and Corporate Support Services.

Subject: Risk Management – Updated Corporate Risk Register.

Responsible Officer: Brian Moldon (01992-564606).

Democratic Services Officer: Gary Woodhall (01992-564470).

Recommendations/Decisions Required:

- (1) To agree the proposed amendments to the Corporate Risk Register;**
- (2) To consider whether there are any new risks that are currently not on the current Corporate Risk Register: and**
- (3) To consider whether the tolerance line on the risk matrix should be amended.**

Introduction:

1. At the meeting of the Cabinet Committee held on 19 November 2007 a full update to the Corporate Risk Register was received, which had been amended for the Top Management Restructure. Because of the publication deadline for this agenda the updates suggested by the Risk Management Group have not yet been considered by the Corporate Governance Group and so any amendments suggested by the Corporate Governance Group meeting on 5 March will be reported orally.

Corporate Risk Register:

2. At the Risk Management Group meeting on 22 January 2008, the risks and their scores were reviewed to take account of any changes since 19 November. It was felt that given the appointment of Sita and the length of time the leisure contract has now been running that risk 20 relating to Key Contracts could be reduced from C2 (Significant Likelihood, Critical Impact) to D2 (Low Likelihood, Critical Impact). Risk 10 relating to the Interim Management Restructure has been re-worded to Revised Organisational Structure and reduced from D2 (Low Likelihood, Critical Impact) to E2 (Very Low Likelihood, Critical Impact). This reduction places the risk below the tolerance line and consequently removes the need for an action plan.

3. The Risk Management Group considers the relevance of current issues to the Council and given the number of high profile incidents of data losses recently reported felt that a new risk should be included for data loss. This new risk has been included as risk 18, replacing a risk previously deleted, and is scored as E2 (Very Low Likelihood, Critical Impact) this places it below the risk tolerance line.

4. Members are now asked to consider the attached updated Corporate Risk Register and whether the risks listed are scored appropriately, whether there are any additional risks that should be included and whether the tolerance line needs to be amended.

Conclusion:

5. Now that the Council has a Corporate Risk Register and action plans in place, it is important that Members continue to review and monitor these risks and have an active involvement with identifying new risks to ensure that the Council can demonstrate the practical embedding of risk management, as well as to assist the Council in achieving its aims and objectives.

Epping Forest District Council Corporate Risk Register

Date: **17 March 2008**

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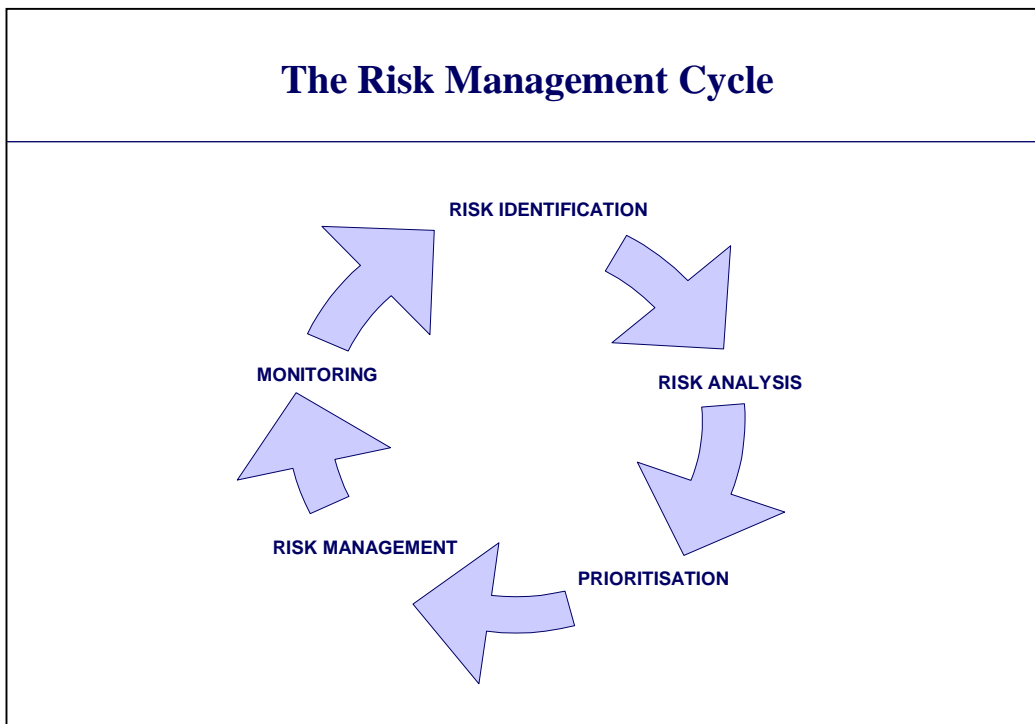
1. Introduction

Risk Management is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of controlling them and/or responding to them. It is not an end in itself. Rather, risk management is a means of minimising the costs and disruption to the organisation caused by undesired events.

The aim is to reduce the frequency of risk events occurring (where possible) and minimise the severity of their consequences if they do occur.

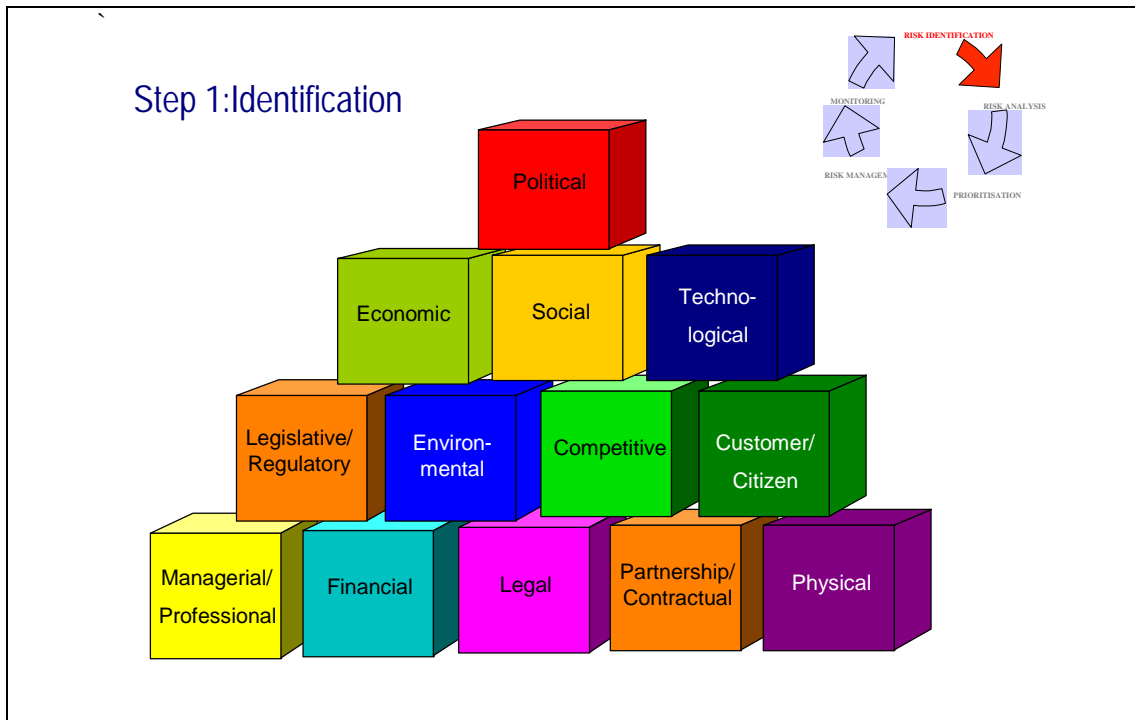
2. The Process

To manage risk effectively, the risk associated with each policy option or service delivery method needs to be systematically identified, analysed, prioritised, controlled and monitored. This process is referred to as the risk management cycle, which can be seen below.



2.1 Risk identification

The first of five stages of the risk management cycle requires risk identification. This is achieved through standing items on Corporate Governance Group and Management Board and from discussions at the Risk Management Group, which is held quarterly. Risk is covered under 13 categories of risk as shown below.



2.2 Risk analysis and prioritisation

Once the risks are identified, these are then assessed for impact and likelihood and plotted onto a matrix. The impact, compared against the objectives of the Authority, (Council Policy Themes and Aims), was measured as being negligible, marginal, critical or catastrophic. The likelihood, of the risks occurring over the next three years, was measured as being almost impossible, very low, low, significant, high or very high.

A group of Members and Senior Officers originally set the risk tolerance line, which involved considering each of the squares on the matrix and deciding if they were prepared to tolerate a risk in that box or if they wanted to actively manage it. This theoretical tolerance line effectively splits the risks on the matrix, with those risks above the line requiring further scrutiny and those below the line not requiring high-level intervention at this time. The Finance and Performance Management Cabinet Committee now review this twice a year.

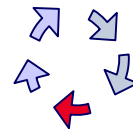
2.3 Risk management and monitoring

The next stage is to complete management action plans. These plans frame the risk management actions that are required. They map out the target for each risk i.e. to reduce the likelihood, impact or both. They also include targets and critical success factors to allow the risk management action to be monitored.

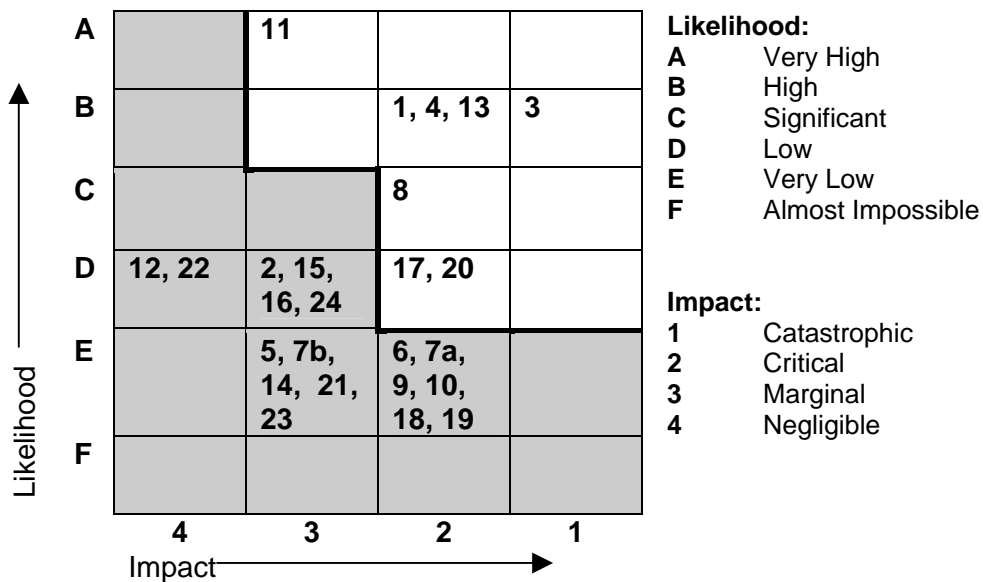
The monitoring of these action plans will take place at Corporate Governance Group, Management Board and the Risk Management Group. The action plans are also reported to Members quarterly.

3. Results

3.1 Risk profile



The risk profile and priority are given below.



Appendix 1 shows all the risks that were rated on the profile.

3.2 Above the line Risk clusters

The 8 above the line risks have been grouped into 6 clusters that will help to streamline the action planning process. These are shown below:

Cluster name	Risk Scenarios	Executive Priority/ Council Plan Objective
East of England Plan	3, 4	ExP iv, Green & Unique 1
Recruitment in key areas	1, 13	Improving Performance 4 & 5
Key Contracts	20	ExP v, Green & Unique 2, Fit for Life 1
Business Continuity Planning	8	Improving Performance 4 & 5
Local housing needs	11	ExP iii, Homes & Neighbourhoods 1
Capital receipts spent on non revenue generating assets	17	ExP i, Economic Prosperity 1

The action plans can be seen at Appendix 2

Relevant Executive Priorities (ExP) 2007/08

- (i) To maintain a sound financial position;
- (iii) To investigate new proposals for affordable housing in the district;
- (iv) To work with other Las in respect of the Green Belt and the final published version of the East of England Plan;
- (v) To monitor the new waste contract.

Council Plan Objectives

The Council Plan objectives referred to above are contained in the Action Plan of the Council Plan 2006-2010, which can be found on pages 74 to 87 of that document.

Appendix 1 – Risk Register

Risks marked " * " are above tolerance and require managing

No	Rating	Short name	Vulnerability	Trigger	Consequence
3	B1	* East of England Plan – housing built without infrastructure	The East of England plan will mean a significantly increased level of housing in the district. The increased number of houses will require an accompanying level of infrastructure improvements (transport, schools, hospitals)	Houses built without accompanying improvements in infrastructure	<ul style="list-style-type: none"> • Demands on services increase • Infrastructure is put under pressure • Transport system under pressure • Area becomes less attractive to employers • Area becomes less attractive place to live
	B2	* Recruitment in key areas	The authority is currently carrying vacancies and finding it difficult to recruit in several professional areas, esp. building control, solicitors, environmental health and to junior management roles	Key posts remain unfilled/fake unacceptable lengths of time to fill	<ul style="list-style-type: none"> • Pressures on existing staff • Difficulties in succession planning • Gaps appear in structures • Reliance on agency staff / consultants • Adverse impact on service delivery
4	B2	* East of England Plan – unable to agree joined up plan	The East of England plan means a major amount of growth is planned for the district, both in terms of housing and infrastructure. This is part of a national Government agenda This is seen by some as an opportunity to develop a significant area of the district	Council unable to agree a joined up plan with all other involved parties	<ul style="list-style-type: none"> • Solution (URC) forced on Council • Council not properly recompensed for Council land • Increased amount of development / houses • Unable to maximise opportunity to develop areas of district • Possible boundary changes

No	Rating	Short name	Vulnerability	Trigger	Consequence
13	B2	* Key objectives not delivered due to capacity issues	The Council is facing a challenging agenda with a number of initiatives and projects. There is a concern the corporate core, in particular, is light in terms of staffing, resource and capacity. And while the Council has the financial resources to deliver on key priorities, it may not have sufficient HR capacity There are concerns around overload and a recognised need to set achievable agendas and not make unachievable promises.	Council fails to deliver key objectives on time	<ul style="list-style-type: none"> • Slippage on key projects / initiatives • Deadlines and targets not met • Lack of focus • Workloads increase • Staff demotivated
108	C2	* Business Continuity Management	The Council is required to develop and implement robust Business Continuity Plans in line with the requirements of the Civil Contingencies Act	Unable to respond effectively to a business continuity incident (e.g. IT virus / flu pandemic)	<ul style="list-style-type: none"> • Services disrupted / Loss of service • Possible loss of income • Staff absence • Hardship for some of the community • Council criticised for not responding effectively
11	A3	* Unable to provide sufficient housing for local people	The Council has targets in terms of key housing needs and affordable housing, however, there is a shortage of available land in the district for housing and economic development, with high house prices.	Unable to provide sufficient housing for local people	<ul style="list-style-type: none"> • Unable to achieve targets for affordable housing • Council seen as failing • District becomes more suburban • Young people leave area/Increased elderly population • Character of district changes

No	Rating	Short name	Vulnerability	Trigger	Consequence
17	D2	* Significant amount of capital receipts spent on non revenue generating assets	The authority is currently debt free, however much of the budget is reliant on capital receipts gained from sale of assets and interest income from investment. There is a 5-year capital programme planned, with a noted decline in the sale of council assets, particularly housing stock.	Authority spends a significant amount of capital receipts on non revenue generating assets e.g. housing grant	<ul style="list-style-type: none"> • Loss of interest • Loss of cover for contingencies • Financial strategy becomes untenable in the long term • Service reductions required • Large Council Tax increases required
20	D2	* Key contract collapses or service levels deteriorate	Some key council services are being provided by contractors. In some areas, there have been changes in terms of service delivery and there are concerns around the ability of the contractor to meet service changes and deliver the required level of performance.	Contractor collapses / is unable to provide service or Service level deteriorates	<ul style="list-style-type: none"> • Service fails / adversely affected • Alternative arrangements need to be made • Increased costs and legal implications • Health risks • Dissatisfied customers • Censure by audit/inspection
	E2	Political balance of authority affecting decision making	The Authority has a leading group with a clear majority. However, for a number of years there was 'No Overall Control' politically. The situation of NOC may return in future periods.	Delay is taking difficult / radical decisions	<ul style="list-style-type: none"> • No clear priorities for authority, everything a priority • Authority in a state of flux • Slow decision making • Many options need to be developed on each issue • Resources not always best allocated

No	Rating	Short name	Vulnerability	Trigger	Consequence
7a	E2	Compliance with regulations	The Cabinet system leads to greater involvement of members in the day to day running of the Authority. It is important that members involved in operational issues understand the processes. Councillors attempt to deliver change, however there is a perception that this may not always be done in full accordance with proper processes and procedures, with possible corporate governance and legal implications.	A decision is made / action taken which breaches regulations	<ul style="list-style-type: none"> Breach of corporate governance Professional opinions challenged Probity of decision and decision making process questioned Adverse effect on performance Council criticised
9	E2	Depot Accommodation	That the Council is unable to provide adequate accommodation for all contracted depot users.	Depot sites disposed of prior to replacement facilities being available.	<ul style="list-style-type: none"> Adverse impact on service delivery Increased costs and legal implications Council criticised
10	E2	Revised Organisational Structure	The structure of the Council has been revised and will need to bed down over a period of time. There are concerns, that reductions in the number of posts may reduce capacity at senior levels. It is important to ensure the Authority is not too internally focussed, with too much concentration on operational issues, to the detriment of strategic direction.	Lack of direction on key initiatives / strategies	<ul style="list-style-type: none"> Unclear priorities and objectives Difficult to tackle major issues like changing culture Lack of corporate working Council does not move forward External criticism of Council
18	E2	Loss or theft of data	The Authority handles a large amount of data. Either through hacking or carelessness security of the data could be compromised.	Data held by the Council ends up in inappropriate hands.	<ul style="list-style-type: none"> Breach of corporate governance Increased costs and legal implications Reputation damaged

No	Rating	Short name	Vulnerability	Trigger	Consequence
19	E2	Planning service does not improve	Planning was a poorly performing area with some bottom quartile performance. However, significant improvements in performance have been seen.	Planning service does not maintain improvement	<ul style="list-style-type: none"> Lack of member confidence CPA score affected Reputation damaged
2	D3	Inconsistent approach to procurement	Procurement is inconsistent across the authority, with the strategy still needing to be embedded and some resistance to initiatives.	Inconsistent approach to procurement continues	<ul style="list-style-type: none"> Authority further behind in terms of e-procurement Efficiency savings not made or contracts fail Benefits of procurement approaches not achieved Procured service poor/not value for money Criticism by inspection
15	D3	Sickness absence	Levels of sickness absence are now consistently reported and managed across the authority; however there has been little success to date in reducing overall levels of sickness.	Sickness absence not effectively managed	<ul style="list-style-type: none"> Staff absence impacts on ability to deliver Increased costs of using agency staff Efficiency savings affected Impact on staff morale Possible litigation / claims
16	D3	Performance management	A performance management framework and systems are in place but are not yet fully embedded within the authority, with no real culture of performance. Performance information is seen as a means rather than an end.	Performance management not applied consistently across the Council	<ul style="list-style-type: none"> Performance management treated as a compliance exercise Improvement does not occur Service delivery adversely affected Criticism from inspection / audit Image of Council damaged
24	D3	Cash balances	Retention of large reserves and balances fails to provide best value and restricts the development of key services.	Key service deteriorates due to lack of resources.	<ul style="list-style-type: none"> Service delivery adversely affected Criticism from inspection / audit Slippage on key projects Dissatisfied customers

No	Rating	Short name	Vulnerability	Trigger	Consequence
5	E3	Local Government Reorganisation which is detrimental to the Council and Community	Even though there are no current proposals to change boundaries in Essex, there remains a concern that this might change. EFDC is currently debt-free and any re-organisation may involve neighbouring authorities who are not as financially secure	Reorganisation which is detrimental to the Council and Community	<ul style="list-style-type: none"> • Outflow of resources from district • Change of focus to wider focus • Existing priorities stopped • Projects stopped / delayed • Change in direction
7b	E3	Public comments at member level may commit the Council to policies or actions	The Cabinet system leads to greater involvement of members in the day to day running of the Authority. There is a concern, however, at what could be perceived as a 'scattergun approach', particularly around individual initiatives, i.e. that decisions are sometimes made on the basis of public popularity, without proper evaluation and that comments made could be seen as commitments not opinions.	Promises made to public without firm weight of Council behind them	<ul style="list-style-type: none"> • Council policy 'made on the hoof' • Council sends out mixed messages • Policies not delivered • Public opinion turns against the Council • Possible legal implications of decision
14	E3	Key initiatives resisted / delayed by culture of authority	There is a view that the authority needs to significantly change means of service delivery to meet the ever-changing demands of the wider community, and the requirements of the t-gov agenda. Implementing this will require a significant culture change across the authority, and strong consistent leadership from senior levels of the Authority	Key initiatives e.g. shared services resisted / delayed by current culture within the authority	<ul style="list-style-type: none"> • Initiatives / plans not achieved • Failure to make savings, reduce duplications and make continuous improvements • Adverse effect on performance • Censure by audit/inspection • Image of council damaged

No	Rating	Short name	Vulnerability	Trigger	Consequence
21	E3	Use of Council assets	The corporate approach to accommodation and IT infrastructure is not always understood and enforced.	Council fails to make best use of it's assets	<ul style="list-style-type: none"> • Council cannot effectively respond to initiatives • Unable to justify accommodation needs • Insufficient assets to meet needs in some areas • Over provision in other areas
23	E3	Fraud	A weakness in internal controls or the application of internal controls or criminal collusion such that fraud is either not prevented or not detected.	Significant fraud occurs	<ul style="list-style-type: none"> • Loss of resources • Damage to Council's reputation • Effect on staff morale • Harm Use of Resources/CPA scores
12	D4	Gershon – rule changes	There is a requirement, through the Gershon review to make efficiency savings of 2.5% for each of the next 3 years. Currently, the savings will be made, however, this is primarily through current rules allowing interest on sales of assets to be included	Rules changed to preclude this	<ul style="list-style-type: none"> • Savings need to be made from other areas • Services suffer from lack of resources • Public dissatisfaction with Council services • Council reputation damaged • Censure by audit and inspection
22	D4	Key partnership fails	The Council is involved in a plethora of multi agency partnerships e.g. LSP, but these don't always have clear governance arrangements with related documentation thin on the ground	Key partnership fails	<ul style="list-style-type: none"> • Relationships with other bodies deteriorate • Clawback of grants • Unforeseen accountabilities and liabilities for the Council • Censure by audit/inspection • Adverse impact on performance

Risk No.	Existing controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
3, 4	Objections made to draft plan and considerable lobbying undertaken.	Will only become apparent when the next version of the plan is issued.	Risk 3 – Waiting for outcome. Risk 4 – Meeting with other Councils	Planning & Economic Development Portfolio Holder Director of Planning and Economic Development	Reduction in planned number of new dwellings. The Council retains control of the delivery arrangements.	Quarterly	31/03/08
1, 13	A number of recruitment and retention initiatives have been pursued, including making market supplements available. The trainee scheme has been particularly successful.	Some success in recruiting to key areas, e.g. ICT, Planning and Works Unit.	Further initiatives needed to test the effectiveness of market supplements.	Finance & Performance Management & Corporate Support Services Portfolio Holder Director of Corporate Support Services	Reduction in level of vacancies.	Quarterly	None
8	Most services already have business continuity plans in place and a separate flu pandemic plan is currently being developed.	A Corporate Plan is now in place and arrangements for mass vaccination have been developed with the PCT.	Further develop flu pandemic plan and keep other business continuity plans up to date.	Community Wellbeing Portfolio Holder Chief Executive	Having plans in place which are proved fit for purpose either by events or external scrutiny.	Quarterly	None

Risk No.	Existing controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
20	Systems for contract monitoring in place. Contingency plans exist to deal with contract failure.	Contract monitoring established. Business continuity planning has proved effective in waste management.	Both contracts for leisure and waste management require close monitoring.	Leisure & Young People Portfolio Holder Environmental Protection Portfolio Holder Director of Environment and Street Scene	A basket of key PI's are in place for the leisure contract. Improving public satisfaction and achieving recycling targets.	Quarterly Quarterly	31/03/08 31/03/08
11	Requirement for % of all new developments to be affordable housing. Housing Scrutiny Panel has considered issue.	Additional capital allocated for affordable housing. Current targets for affordable housing should be achieved.	Agreed schemes need to be progressed and new schemes developed for additional funds.	Housing Portfolio Holder Director of Housing	Achieving targets for affordable housing.	Quarterly	31/03/08
17	Five year capital programme prepared which includes resources. Surplus assets continue to be identified and disposed of.	Effective to date as even with £50M capital programme over 5 years more than £17M of usable receipts anticipated at end of period.	Continue to highlight revenue consequences of all new capital schemes and continue to dispose of surplus assets.	Finance & Performance Management & Corporate Support Services Portfolio Holder Chief Executive	Maintenance of adequate capital and revenue balances.	Quarterly	31/03/08

Report to the Finance and Performance Management Cabinet Committee



**Epping Forest
District Council**

Date of meeting: 17 March 2008.

Portfolio: Finance, Performance Management & Corporate Support Services.

Subject: Sundry Debtors – Policy and Performance.

Responsible Officer: Brian Moldon (01992-564606).

Democratic Services Officer: Gary Woodhall (01992-564470).

Recommendations/Decisions Required:

- (1) To consider and adopt the updated Sundry Income and Debt policy; and**
- (2) To note the performance of the sundry debt function.**

Introduction:

1. This Committee previously adopted the Sundry Income and Debt Policy on 29 January 2007 and the policy is subject to an annual review.
2. This report seeks to further embed the collection of sundry debts into the Council and to provide Members with information on how the Council performed in relation to the collection of sundry debts in the financial year 2006/07.

Sundry Income and Debt Policy:

3. This policy should be reviewed and updated on an annual basis and so is presented here for Members consideration. The policy has been updated to reflect the comments received from Finance, Legal and Internal Audit and the experience of the policies first year of operation.
4. Following an Internal Audit report on sundry debtors in March 2007, it was recommended that a formal sundry debtor write off policy be developed which identifies the process by which all write offs must be raised, authorised and managed. This is now included within Appendix C of the Debt Policy.

Performance Management:

5. Following the adverse comments on the collection of debt in the 2006 Use of Resource assessment. Finance and Legal services undertook a review of how the Council collected the sundry debts. The outcome of this review was a new debt recovery procedure that was introduced into the Council on 1 November 2006.
6. The table below shows the improvement made by the Council in the collection rate of the sundry debts over a number of years:

Financial Year	2002/03	2003/04	2004/05	2005/06	2006/07
Collected for the year	54.11%	70.23%	72.07%	77.66%	80.38%

7. To continue this improvement it is important that all services actively engage in the collection of sundry debts. This has been assisted with the introduction of the Sundry Income and Debt policy last January and from training sessions organised by Finance and Legal.

8. Within the Sundry Income and Debt Policy there are a number of performance measures that were approved by Members. This report will show the first year results of this performance for Members to note.

		2006/07
Level of debt as at 31 st March		£2,188,500.72
Level of irrecoverable debt provision as at 31 st March		£985,268
Average number of days, debts are outstanding for invoices raised within the preceding 12 months		53.7 days
Average number of days, debts are outstanding for all invoices		106.5 days
Percentage of debt collected in 42 days (42 days represents the number of days before legal are involved in the recovery process)	By number	58.16%
	By value	50.79%
Percentage of debt collected in 60 days (60 days represents the number of days before a 10% contribution can be requested by Finance or Legal – see 9.2)	By number	69.18%
	By value	61.44%
Aged debt analysis (see appendix 1)		
Analysis of write offs by service (see appendix 1)		

9. These figures have been presented at this time so that they can be considered as part of the annual review of the policy. A further report will be made to the June meeting when the data for 2007/08 will also be available to allow a more meaningful analysis and comparison.

Conclusion:

10. A considerable amount of work has been undertaken in producing and updating the Sundry Income & Debt Policy and this now needs to be re-adopted by Members to ensure the Council demonstrates that it has embraced and embedded improvements in debt collection procedures.

Aged Debt Analysis as at 31 st March 2007												
Service	0-30 Days		31-60 Days		61-180 Days		181-365 Days		1-5 Years		Total	
	£	No	£	No	£	No	£	No	£	No	£	No
Environmental	18,497.51	16	2,695.61	7	31,848.18	27	10,416.25	22	52,837.95	84	116,295.50	156
Finance	9,207.15	3	72.80	1	69.84	1	9,878.91	39	17,595.77	55	36,824.47	99
Housing Benefits	27,094.93	22	82,421.11	43	73,930.64	72	107,825.71	100	535,573.49	282	826,845.88	519
Human Resources		0		0	205.00	1		0	2,062.77	10	2,267.77	11
Housing	4,014.76	48	-663.16	50	3,329.87	137	71,257.49	279	94,987.67	1522	172,926.63	2036
Legal, Admin & Estates	482,391.06	198	7,216.50	5	30,928.88	26	28,993.81	22	12,597.23	12	562,127.48	263
Leisure	270,302.26	46	534.37	4	32,455.15	1		0	21,387.78	6	324,679.56	57
Planning	25,930.94	29	41,614.59	13	2,354.52	5	3,649.82	5	53,728.74	57	127,278.61	109
Research & Democratic Works	6,000.00	1	11,500.00	2		0		0		0	17,500.00	3
	1,406.42	14	40.00	1		0		0	308.40	1	1,754.82	16
Total	844,845.03	377	145,431.82	126	175,122.08	270	232,021.99	467	791,079.80	2029	2,188,500.72	3269

Write Off by Service		
Service	Number of Invoices	Amount
Environmental	161	£44,412.95
Finance	6	£494.56
Housing Benefits	57	£51,730.15
Housing	35	£2,124.66
Legal, Admin & Estates	1	£1,050.00
Leisure	35	£9,203.96
Planning	1	£418.07
Total	296	£109,434.35

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Epping Forest District Council

Sundry Income & Debt Policy

Version 2 – March 2008

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1 Introduction

- 1.1 This Policy shall be known as “The Sundry Income & Debt Policy” and covers the collection of sundry debt due to Epping Forest District Council.
- 1.2 It is the Council’s policy to recover all collectable debt owed to it. With this overall objective in mind this policy aims to:
- a) Maximise the Council’s Income
 - b) Reduce the time taken to collect charges
 - c) Reduce the level of debt owed to the Council and hence its provision for bad debts, and
 - d) Reduce the incidence of debt that cannot be collected.
- 1.3 This Policy supports these aims by:
- a) Promoting ownership of debts by service providers
 - b) Ensuring wherever possible that collection of the fee or charge involved takes place prior to the service being provided so that credit is only given when it is essential to do so
 - c) Promoting a system of active credit control
 - d) Ensuring invoicing procedures are carried out on an accurate and timely basis
 - e) Requiring that evidence to support the invoice exists in the form of an order or other written contract
 - f) Encouraging debtors to pay promptly, and
 - g) Making collection and enforcement activity more efficient.
- 1.4 The Policy aim is to achieve the following rates of collection in terms of both numbers and value of invoices:
- a) 85% of debt to be collected within 42 days of the invoice being issued
 - b) 90% of debt to be collected within 60 days of the invoice being issued.
- 1.5 The Senior Finance Officer will review the targets given above each year and report on performance to the Finance & Performance Management Cabinet Committee.
- 1.6 The Council will publicise the fact that it has this policy and that it intends to pursue the collection and recovery of all debts owed to it.

2. **Exclusions**

- 2.1 The following areas are excluded from this policy as they are subject to their own legislation / regulations:
- a) Council Tax
 - b) National Non Domestic Rates
 - c) Housing Rents
 - d) Housing and Council Tax Benefits Overpayments
 - e) Parking penalties.

3. **Key Objectives of Fees and Charges**

- 3.1 The fee or charge imposed by the Council should be fair in relation to the goods and/or services provided.
- 3.2 The charge should reflect the principles outlined in the appropriate charging policy and in the Council's Financial Regulations.
- 3.3 The charge should, depending on legislation, always at least cover the cost of providing the goods or service and the costs of collection, unless the Council has taken a policy decision to subsidise the service.
- 3.4 The charge should wherever possible be obtained in advance of the goods and/or services being provided. If not, and where appropriate, the prior written agreement of the person receiving the goods and services should be obtained to pay for the goods and/or service.
- 3.5 The charge should be collectable.
- 3.6 Fees and charges must be reviewed at least annually.
- 3.7 There should be a clear and prompt billing and collection process.
- 3.8 There should be a clear and consistent council-wide approach to the giving of credit and the collection of debt that is led by this policy.
- 3.9 There should be a system that ensures Services only retain credit for an invoice if the income is actually collected.

4. **Responsibilities**

- 4.1 Directors must ensure that:
- a) Financial Regulations in relation to the collection of sundry debt are adhered to

- b) The parts of this policy that apply to their service are correctly followed
 - c) They proactively support the achievement of corporate targets for debt collection
 - d) Budget Managers are fully appraised of their responsibilities
 - e) Relevant systems and procedures are put in place
 - f) Staff involved in the debt collection process are appropriately trained, and
 - g) The successfulness of training is kept under continuous review.
- 4.2 The Director of Finance & ICT is charged with the responsibility of providing central support and the relevant electronic processes needed to ensure this policy can be adhered to.

5. **Invoicing**

- 5.1 Services are responsible for raising invoices in respect of the goods and/or services they supply on credit.
- 5.2 An invoice should be raised within 10 working days of the goods and/or services being supplied.
- 5.3 Services should ensure that the names and addresses of the debtors are up to date and correct.
- 5.4 Amounts due to the Council should not generally be held in holding accounts. However, where it is unavoidable for a holding account to be used then that account must be cleared on not less than a 10 working day cycle.
- 5.5 An invoice should not be raised:
- a) For less than £10, unless it is a statutory charge (Fees and charges below this level should be collected in advance by other methods.)
 - b) If an order (or equivalent) has not been received
 - c) When it cannot be proven that the goods and/or services have been supplied
 - d) When the amount due is not still owed
 - e) If a debt is already bad or doubtful
 - f) Where a potential debtor fails to obtain credit limit approval, or
 - g) Where a previous invoice for the same goods or service has already been credited.

- 5.6 For periodic charges, a direct debit should, wherever possible, be set up in advance of the service being provided.
- 5.7 An invoice must not be raised to provide a hidden subsidy.
- 5.8 An invoice must not be raised to artificially enhance income targets.

6. **Payment Methods**

Invoices should be able to be paid by all of the following methods:

- a) Cheque
- b) Direct Debit
- c) Debit card
- d) Standing order
- e) BACS payment
- f) Cash
- g) By telephone, and
- h) Via the Internet.

7 **Credit Limits**

- 7.1 For goods and/or services being supplied and costing over £10,000 a credit check must be run on all customers except those in the public sector.
- 7.2 Credit must not be given to previous customers who have been consistently late payers or have not paid at all.
- 7.3 Preferential credit limits must not be agreed for any customer.

8. **Credit Terms**

- 8.1 The Council should aim to collect monies owing to it fully and promptly.
- 8.2 Payment terms should only be granted where the debtor is not able to settle the debt in full in one payment. On receipt of an invoice a debtor can make arrangements to clear the account by weekly, fortnightly or monthly instalments. These payments should be by direct debit wherever possible.
- 8.3 Only Legal Recovery and Central Debtor Teams can arrange payment terms with the debtor.

- 8.4 The Central Debtors Team should consider withdrawing payment terms if a debtor fails to honour the agreement entered into.
- 8.5 The following table should be used as guidance when arranging credit. However, **no terms can be agreed over twelve months.**

Value	Terms (from date of invoice)
Debts below £500	No more than 3 months
Debts below £1,500	No more than 6 months
Debts below £2,500	No more than 9 months
Debt above £2,500	No more than 12 months

- 8.6 In order for a debtor to receive more than 3 months credit, a detailed income and expenditure sheet should be completed for their case to be considered. The Senior Finance Officer should be consulted on all these cases.
- 8.7 The Senior Finance Officer must review the monetary values contained in this section on an annual basis. When it is considered that those values should be changed the new figures shall only apply once the Director of Finance & ICT has agreed them in writing.

9. **Accounting Arrangements**

- 9.1 The Service will receive the credit when an invoice is raised.
- 9.2 If the invoice is paid within 60 days the Service will retain the credit. No internal invoice will be raised to the originating Service to meet costs of recovering the debt.
- 9.3 If the invoice is not paid within 60 days an internal invoice will be raised by the Central Debtors Team when payment is subsequently received. This will be issued to the originating Service requesting payment of 10% of the value of the original invoice to cover recovery costs incurred in collecting the debt.
- 9.4 The 10% contribution will be paid to Legal if the debt is being dealt with by Legal, or to Finance if the debt is being pursued through a debt agency.
- 9.5 In all cases the 10% contribution to costs arrived at by the calculation at 9.3 above shall be cash limited to a maximum figure of £3,000.

10. **Collection**
- 10.1 A written reminder should be sent for all invoices unpaid after 21 days.
- 10.2 If after a further 7 days (i.e. 28 days from date of invoice) the account is unpaid a final reminder notice should be issued.
- 10.3 If after a further 7 days (i.e. 35 days) the account is unpaid a letter before action letter should be issued.
- 10.4 After a further 7 days (i.e. 42 days) if an invoice is still outstanding it should be passed to Legal for county court action for debts over £100 or referred to a debt collection agency for debts below £100.
- 10.5 If an invoice of £5,000 or more is unpaid after 34 days (the service will receive a task on AIMS advising that the debt remains outstanding) a telephone reminder should be made to the debtor by the relevant Service to confirm receipt of the invoice and to identify any queries relating to it. In cases where it proves difficult to make contact with a private individual during normal working hours telephone calls should also be made between 6pm and 8pm Monday to Friday.
- 10.6 The Council should employ two debt collection agencies with the workload being split in the ratio 60:40 between them.
- 10.7 Each year the Senior Finance Officer should review the performance of the two agencies and the best performing one should receive the 60% workload in the following year.
- 10.8 Once a case has been referred to the debt collection agency any payment arrangement the debtor enters into must be made directly to that agency.
- 10.9 If an account is referred for action to a debt collection agency and the case is then withdrawn, any fees incurred will be charged to the originating service.
- 10.10 Recovery action can be halted at any part of the process if the debtor enters into payment terms to clear the debt by instalments.
- 10.11 Recovery action can be halted at any part of the process if the originating Service decides not to pursue recovery for the good of the service. When this happens the originating Service must bear the cost. Any adjustment to the amount invoiced must be requested by submitting a write off request to the Central Debtors Team by the Director.
- 10.12 The debt recovery procedure can be seen at Appendix A.

11 **Queries and Disputes**

- 11.1 If there is a dispute the Service that raised the invoice must attempt to resolve the matter within 30 days of the dispute being registered.
- 11.2 The Senior Finance Officer will monitor accounts on hold on a quarterly basis

12 **Litigation**

- 12.1 All debts outstanding above £100 should be referred to Legal with the necessary documentation being provided by the service.

13 **Credit Notes**

- 13.1 In conjunction with financial regulations there must be a clear distinction between raising a credit note and writing off a debt.
- 13.2 A credit note to cancel or reduce a debt must only be issued to:
 - a) Correct a factual inaccuracy
 - b) Correct an administrative error
 - c) Process a discount granted by the Director where the account was originated.
- 13.3 Only authorised staff at the discretion of service managers should issue credit notes.
- 13.4 A credit note should only be issued when the credit request memo is signed by an authorised signatory and an explanation for the credit note is stated in every case.

14 **Write Offs**

- 14.1 All write offs need to adhere to the Council's Write Off Policy for Sundry Debts. This can be seen at Appendix C.
- 14.2 The following officers have delegated powers to write off bad debts as follows:
 - a) Director of Finance & ICT for debts under £1,000
 - b) Finance, Performance Management and Corporate Support Services Portfolio Holder for debts of £1,000 and above.

15 **Interest Loss**

15.1 If it is evidenced that any action by a Service leads to a significant detrimental effect on the Council's cash flow by not following this policy, the Director of Finance & ICT should consider imposing a charge on that service equivalent to the lost interest incurred.

15.2 A loss of £500 should be considered as being significant.

16 **Debt Management**

16.1 The following data should be used to monitor performance against targets and timescales set for each Service:

- a) Level of debt
- b) Level of irrecoverable debt provision
- c) Number of days debts are outstanding – “debtor days” for invoices raised within the preceding 12 months
- d) Number of days debts are outstanding – “debtor days” for all invoices
- e) Number and value of disputed accounts and those where action is on hold
- f) Percentage of debt by number and value collected in 42 days
- g) Percentage of debt by number and value collected in 60 days
- h) Aged debt analysis by value, and
- i) Analysis of write offs by income section and age

17 **Monitoring**

17.1 The Senior Finance Officer is authorised to:

- a) Carry out the central monitoring of this policy,
- b) Agree amendments to the policy for operational, efficiency and effectiveness purposes,
- c) Report to Finance & Performance Management Cabinet Committee any major issues arising from the above.

18 **Review**

18.1 The Policy once approved and implemented will be subject to an annual review.

1 FINANCE RECOVERY

- 1.1 When an invoice is being raised the recovery profile is defaulted to 'New Debt Recovery' (code being 'DR'). This recovery profile should be used for all invoices except for Estates, this being 'ES' (Estate Debts). If the debt is for an employee of the Council then recovery profile should be 'SD' (Staff Debts).
- 1.2 The recovery profile dictates the set of events. The flow chart of each of these profiles can be seen at Appendix B.
- 1.3 During any stage of the finance recovery:
- a) If full payment is received, the debt is closed;
 - b) If an offer to pay in instalments is made, Finance will be responsible for setting up and monitoring the payments. Before the arrangement is agreed the debtor will need to sign and return one copy of the agreement;
 - c) If the debtor breaches the agreement they will receive one reminder letter. If a further breach of the agreement is then made, the agreement will be terminated and passed back to the service for them to instruct legal to take action (copy of the agreement should be forwarded to the service)
 - d) If the debtor disputes the debt, before it reaches Legal, Finance will refer this to the service to resolve. Finance will put a hold (up to one month) on collecting the debt until the service informs Finance with what action to take i.e. resume; cancel; adjust the debt.

2 LEGAL RECOVERY

- 2.1 Whilst the debt is with Legal:
- a) If the debtor asks to make arrangement to pay the debt, Legal will negotiate the arrangement and Finance will set up the arrangement. The arrangement will then be monitored by Finance and Legal will close their file. If the arrangement is breached after one reminder Finance will refer the debt back to Legal to re-open the file.
 - b) If the debtor disputes the debt, following Pre Action Protocol Letter, Legal will close the file and refer the debtor back to the Client Service.
 - c) Legal WILL only re-open their file, if either Finance or Client Service request Court action to be continued and evidence is provided that shows that the dispute has been discussed with the debtor.

- d) If the debtor raises a Defence following the service of the Claim Form then Legal will not close their file, but liaise with the Client Service to receive instructions on how to proceed. Client Service must comply with any time limits imposed by Legal, as the matter will now be in the control of the Court and its timetable.

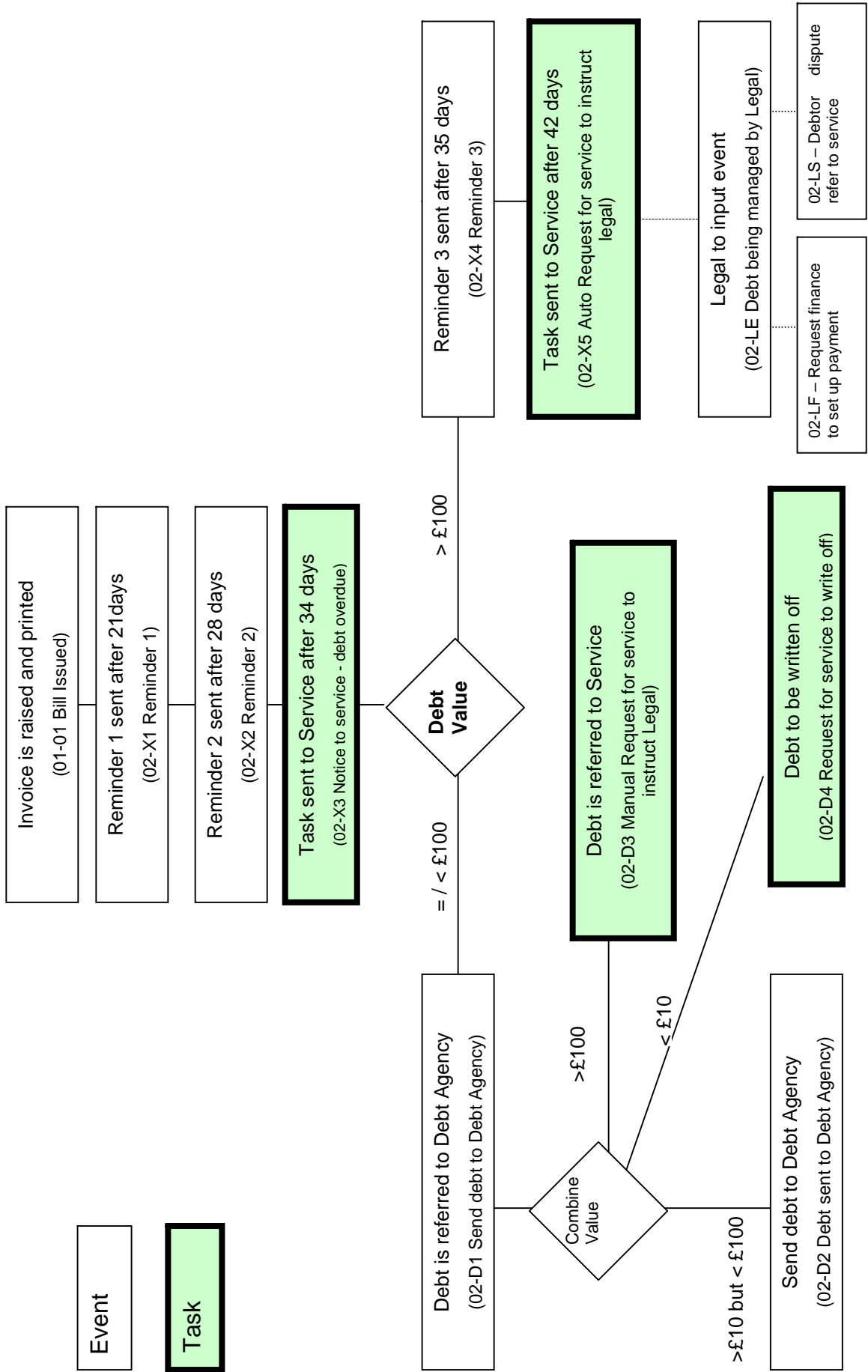
3 SERVICE RESPONSIBILITY

3.1 In order for all parties to keep up to date with the latest developments services should arrange regular meetings with Legal and Finance.

3.2 Services will receive the following monthly reports from Finance and Legal. It is the service responsibility to review these reports and to take action on all necessary debts.

- a) Aged debt reports – this will show the amount in value and numbers outstanding by period
- b) Debts to be referred to Legal – this will show the debts where the client service has not yet instructed legal to take Court action against the debtor
- c) Debts placed on hold – this will show the debts where they are put on hold until the service informs Finance of the outcome
- d) Listing of cases currently being managed by Legal and where they are with each case
- e) Any other specific report to a client

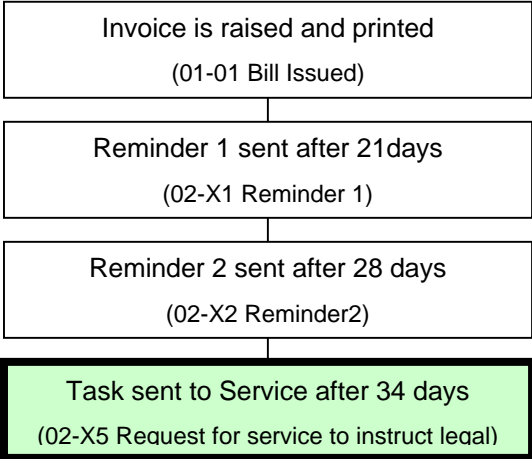
Recovery DR = New Debt Recovery



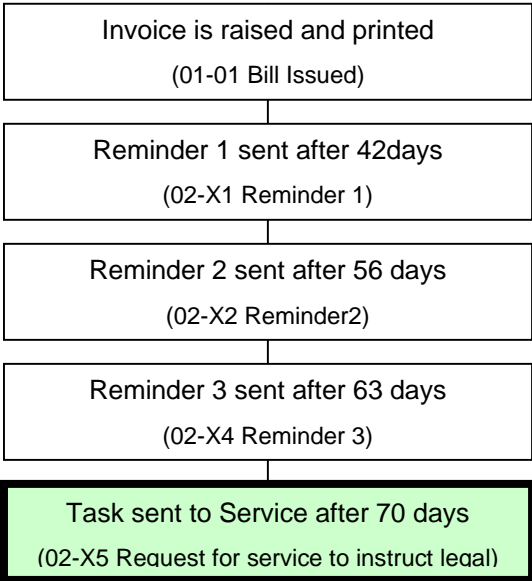
Event

Task

Recovery SD = Staff Debts



Recovery ES = Commercial Rent



Event	Action	Timescale to achieve action
On receipt of instruction from service	Legal will check the evidence received and if correct will enter on AIMS that the invoice is now being managed by Legal. Proof of address is obtained and a Pre-Action Protocol Letter is sent giving 7 days to pay.	10 working days
8 th Day after Pre-Action Protocol Letter sent	Legal to issue Court Proceedings, if no contact has been made by the debtor.	10 working days
Day 15 after issue of proceedings	If no response is made by the debtor. Legal will obtain Judgment.	10 working days
Once Judgment is obtained	Legal will take the appropriate action to recover the debt through discussions with the originating service where necessary.	10 working days

1. General

- 1.1 It is Epping Forest District Council's aim to collect all outstanding charges from debtors wherever possible, provided that it is cost effective. However, this may not be possible due to the circumstances of some cases, these are listed below.

2. Purpose of this Policy

- 2.1 To describe the circumstances and authorisations when debts are considered as non-recoverable.

3. Types of Debts not covered by the Policy:

- 3.1
- a) Council Tax;
 - b) National Non-Domestic Rates;
 - c) Housing Rents;
 - d) Housing and Council Tax Benefits Overpayments; and
 - e) Parking penalties

4. Circumstances where the debt may be non-recoverable

- 4.1
- a) Debtor has absconded and cannot be traced;
 - b) Debtor / company is insolvent i.e. Bankruptcy, Liquidation and Administrative Receivership cases;
 - c) Debtor deceased and there is no estate;
 - d) Debts where all or part has been remitted by the Magistrates Courts due to hardship;
 - e) Small debts under £10 and other small non-recurring debts which are uneconomical to collect;
 - f) Debts where a company has ceased to trade leaving no assets;
- 4.2 In some cases further action may be required before the amount is written off, such as referring the debt to a Tracing Agency

5. Write Off and Reporting

- 5.1 Where any of the above criteria are satisfied then the balance outstanding will be considered for write off.

- 5.2 The service that raised the debt will need to request the write off, providing the following information and signed by the delegated person detailed on the authorised signatories list:
- a) Name of Debtor;
 - b) Reason for the write off;
 - c) Amount to be written off;
 - d) Recovery history;
 - e) Details of any traces / enquiries carried out; or
 - f) Agreement by Legal Services
 - g) Any other relevant information.
- 5.3 A write off list will be submitted and reconciled every 3 months by the Senior Finance Officer.
- 5.4 The Director of Finance & ICT has delegated power to write off individual debts of up to £1,000.
- 5.5 The Finance, Performance Management and Corporate Support Services Portfolio Holder must approve the writing off of any debt in excess of £1,000.
- 5.6 Should a debtor be traced then the debt will be re-instated to enable recovery action to continue.

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Report to the Finance and Performance Management Cabinet Committee



**Epping Forest
District Council**

Date of meeting: 17 March 2008.

Portfolio: Finance, Performance Management & Corporate Support Services.

Subject: Local Housing Allowance.

Responsible Officer: Janet Twinn (01992-564215).

Democratic Services Officer: Gary Woodhall (01992-564470).

Recommendations/Decisions Required:

- (1) To note the introduction of the Local Housing Allowance and the potential impact on residents; and**
- (2) To consider the attached Vulnerability and Direct Payment Policy and recommend it to Cabinet for approval.**

Introduction:

1. Housing Benefit and Council Tax Benefit are means tested benefit schemes which assist with the payment of rent and Council Tax. The schemes are statutory and are administered by Local Authorities on behalf of the Department of Work and Pensions. In the Epping Forest District, there are currently just over 8000 claimants and in 2007/08 it is expected that a total of over £32m will be paid. The majority of this cost is claimed back from the Government.

Local Housing Allowance:

2. The Local Housing Allowance (LHA) is a new way of calculating and paying Housing Benefit and it is being introduced nationally from April 2008. This new scheme applies only to tenants renting accommodation from private landlords who make a claim for Housing Benefit on or after 7 April 2008. At present, it will not apply to council tenants, tenants of Registered Social Landlords or people living in mobile homes or houseboats, although there is the possibility that the scheme will be introduced in these areas in the future. People currently in receipt of Housing Benefit will continue to have their Housing Benefit calculated in accordance with the existing scheme whilst they continue to live in the same property and do not have a break in their Housing Benefit entitlement.

3. The scheme has been introduced as a way of making tenants more responsible for their choice of accommodation and managing their own finances. Under the new scheme, claimants will have their LHA entitlement assessed on the average rent level for the size of accommodation that the size of their household requires. This level will be set at a fixed rate and everybody living in the same area, with the same size of household, will have their LHA calculated using the same fixed rate. If a claimants rent liability is lower than the fixed rate, they will still be able to receive the fixed rate of LHA and keep the difference, up to a maximum amount of £15.00 per week. The LHA rates will reviewed by the Rent Service each month and published in appropriate places such as the website and to third parties such as the Housing Service, CAB and local Letting Agents. A prospective tenant can therefore determine in advance the amount of help towards their rent that they can receive and either

assesses how they can pay any shortfall themselves, negotiate with the landlord accordingly or look for alternative more affordable accommodation.

4. At present, the claimant can choose whether to have their Housing Benefit paid to themselves or their landlord unless they are more than 8 weeks in arrears with their rent. However, under the LHA, the claimants have no choice and will receive their payments direct. The LHA will only be paid to the landlord if the claimant is 'vulnerable' (ie not able to manage their own finances), or if the tenant has more than 8 weeks rent arrears.

5. Under the present Housing Benefit scheme, the Rent Service has to provide rent decisions for each private sector benefit claim. These are based on the rent that the landlord could expect from the property and the average rent levels in the area for the appropriate size accommodation for the claimant. The LHA scheme still requires The Rent Service to continually survey the local area to establish average rent levels for different size accommodation. As a consequence of the introduction of the LHA, The Rent Service decided that they would review the localities that they use for assessing average rent levels. Nationally, they have reduced the number of localities and have established large 'Broad Rental Market Areas' (BRMA's). The LHA rates are then set using the average rent levels in each of these BRMA's.

6. There are 3 BRMA's affecting the Epping Forest District and therefore 3 different LHA rates for tenants depending on where they live in the District. As a basic guide, properties south of the M25 will be included in the Outer North East (London) BRMA. This BRMA includes Chingford, Woodford, Ilford, Barking, Dagenham and Hornchurch. Everything north of the M25 (except Waltham Abbey) has been included in a Harlow & Stortford BRMA. This BRMA includes Harlow, Bishops Stortford and a large rural area extending to just south of Saffron Walden and just west of Braintree. Waltham Abbey has been included in a South East Herts BRMA which includes Hoddesdon, Ware, Hertford, Welwyn Garden City and Hatfield. As a result of this review of the rent localities, the average rent levels within the Epping Forest District have reduced quite significantly in each of the 3 BRMA's.

7. The LHA has already been introduced quite successfully in 9 Pathfinder Local Authorities, although tenants generally benefited from the new scheme and rent levels did not reduce. Nationally, it is predicted that there will be more 'winners' from the scheme than 'losers' but unfortunately the Epping Forest District is an area that will be affected overall by lower rent levels. Although the LHA does not commence until April, we have received the LHA rates for March to give an indication of the expected levels. These figures are shown in Appendix A.

8. An unforeseen consequence of this review is that although existing Benefit claimants are not affected by the LHA, they have been affected by the rent review. Under the current scheme, we have to refer the rent for each Housing Benefit claim to the Rent Service and we are given a decision that is valid for 52 weeks, after which we have to obtain a new decision from the Rent Service. Each decision has a 'Local Reference Rent' figure and it is either this figure or the rental valuation of the property itself that is used to assess Housing Benefit entitlement. Since the BRMA's have been established, we have been receiving decisions on existing claims using average rent levels within the larger BRMA's, rather than the former smaller localities. There have already been some significant decreases in Housing Benefit entitlement for existing claims, some as much as £100.00 per month. There is no warning that can be given, nor any transitional protection as the new decision applies with immediate effect.

9. The Rent Service has provided information to authorities on 'winners' and 'losers' for existing claimants. They have looked at all the rent referrals in the last year and have determined whether rent levels will decrease or increase as a result of the rent review. A summary of how the Epping Forest District and the surrounding Local Authorities have been affected is shown in Appendix B. It can be seen from this chart that we are going to be

significantly affected by the rent review, whilst other surrounding authorities will actually see increases in their rents. The area with the most tenants affected is Waltham Abbey with an overall 57.2% of tenants facing a decrease, the majority of the decreases being £5.00 - £10.00 per week. However, Epping has the problem that the majority of the decreases are £20.00 - £25.00 per week.

10. The Housing Benefit scheme and the Local Housing Allowance are statutory schemes for the authority and we have no choice but to operate these schemes. Similarly, we have no control over any Rent Service decision. We have previously made representations to the Rent Service about the BRMA's with limited success, but in view of the criteria that the Rent Service have to use, it is difficult to object to their decisions. The only method of challenging the Rent Service is by judicial review. The Department for Work and Pensions are also aware that the Council is concerned at the number of people adversely affected. However, the Council is in the minority of authorities that are looking at significant numbers and amounts of decreases and therefore cannot expect any changes to now be made.

Vulnerability and Direct Payment Policy:

11. The LHA will be paid directly to claimants but it is recognised that there will be some claimants who will be unable/unlikely to pay their rent to their landlord. Provision has therefore been made for these circumstances within the LHA scheme. In order to help claimants be responsible for their own finances whilst protecting the interests of vulnerable claimants and landlords, it is necessary to put in place a policy for determining when direct payments to landlords would be appropriate.

12. The main points of the policy set out the criteria for identifying potentially vulnerable claimants and the decision making process. The Policy is attached at Appendix C.

Conclusion:

13. It is anticipated that the LHA will cause considerable short term difficulties for some residents and Members are asked to note the information provided in the report. To allow officers to implement the LHA efficiently and objectively a policy for direct payments is required and Members are asked to recommend the attached policy to Cabinet for approval.

LHA rates – March 2008

Appendix A

Locality	Room	1 bed property	2 bed property	3 bed property	4 bed property	5 bed property
Harlow & Stortford	£69.00 pw	£126.92 pw	£161.54 pw	£190.38 pw	£311.54 pw	£346.15 pw
	£299 pcm	£549.99 pcm	£700.01 pcm	£824.98 pcm	£1350.01 pcm	£1499.98 pcm
South East Herts	£77.31 pw	£137.31 pw	£173.08 pw	£196.15 pw	£288.46 pw	£302.89 pw
	£335.01 pcm	£595.01 pcm	£750.01 pcm	£849.98 pcm	£1249.99 pcm	£1312.52 pcm
Outer North East London	£85.38 pw	£150.00 pw	£184.62 pw	£229.81 pw	£311.54 pw	£415.38 pw
	£369.98 pcm	£650.00 pcm	£800.02 pcm	£995.84 pcm	£1350.01 pcm	£1799.98 pcm

Claimants with decreased entitlement as a result of the rent review

Appendix B

Overall results for Local Authorities

Local Authority	Total referrals over 12 months	No change	Increased entitlement	Decreased entitlement	Decreased entitlement as % of claimants
Epping Forest	1294	709	95	490	37.9%
Harlow	894	683	206	5	0.6%
Broxbourne	1399	857	372	170	12.2%
East Herts	986	575	280	131	13.3%
Brentwood	588	389	1	198	33.7%
Waltham Forest	8056	6817	1239	0	0.0%
Redbridge	6883	3283	3581	19	0.3%
Havering	3023	2093	930	0	0.0%

BRMA's in the Epping Forest District

BRMA	Total referrals over 12 months	No change	Increased entitlement	Decreased entitlement	Decreased entitlement as % of claimants
South East Herts	264	113	0	151	57.2%
Harlow & Stortford	324	141	27	156	48.1%
Outer North East London	706	455	68	183	25.9%

Local Housing Allowance

Vulnerability and Direct Payment Policy



Introduction

Local Housing Allowance (LHA) legislation prescribes that claim payments must be paid directly to the claimant (tenant), rather than the landlord. Tenants can no longer choose to have their benefit paid directly to their landlord but, in certain circumstances where the tenant is not able to manage their financial affairs, payment can still be made to landlords. Generally, this may be where the claimant is either considered to be 'vulnerable' or they owe rent arrears of eight weeks or more.

The aim of this policy is to:

- Provide a safeguard to the most vulnerable tenants and reassure them that their benefit and rent will be paid.
- Prevent rent arrears and tenants being put at risk of eviction.
- Reassure landlords that their rent will be paid if they have vulnerable tenants or are approached by vulnerable tenants.
- Make reasonable, fair and consistent decisions.
- Treat each case individually and not make assumptions about people's situations.

The policy is not designed to:

- Replace support that is being received to allow tenants the opportunity to be responsible tenants and to be in control of their income and expenditure.
- Be a blanket policy for agencies providing support to private tenants.
- Be used by landlords to circumvent the aims of the LHA.
- Undermine the rights of tenants to receive payments themselves.

Vulnerable Claimants

The Council has the discretion to pay the landlord directly where it considers the claimant is likely to have difficulty managing his or her affairs.

People who should not be considered as vulnerable

- People who have been appointed to act on behalf of a claimant who is 'unable for the time being to act for themselves' and
- The claimants they act for, until such time as they cease to have an appointee acting for them.

Identifying potentially vulnerable claimants

We may receive requests for consideration from the claimant, landlord or a third party such as DWP, Social Services, GP, friend or family member. The request should be made in writing and include supporting documentary evidence. If the request comes from anyone other than the claimant we must contact the claimant either by phone, or preferably by conducting an interview, to find out what his or her issues are.

We will only respond to the landlord or third party if there is written consent from the claimant to do so. If no consent is given, then the third party should be told that we will investigate the matter and contact the claimant.

There are two indicators to consider when trying to identify vulnerable claimants – the cause and the effect. It is necessary to consider either or both when trying to establish vulnerability, although a claimant is not automatically vulnerable because they match one of the indicators.

Causes

Each case must be considered on its own merits when making a decision on vulnerability, taking into account any supporting evidence. Many circumstances may affect a person’s ability to manage his or her financial affairs. For example;

- **Learning Disabilities** – These can range from mild to severe. In more severe cases, the claimant is likely to have an appointee to act on his or her behalf, in which case a decision not to pay the landlord should be made.
- **Medical Conditions** – Those which seriously impair someone from managing his or her affairs on a day-to-day basis, e.g. mental illness (schizophrenia, Alzheimer’s, senile dementia). However, again, there may be an appointee acting on a claimant’s behalf in most of these situations.
- **Illiteracy or an inability to speak English.**
- **Addiction to drugs, alcohol or gambling.**
- **Fleeing domestic violence; single homeless (care leavers); people leaving prison.**

Cause – examples of evidence required

Description	Examples of evidence required
Learning Disability	Written evidence from GP, Social Services, Care Workers, DWP, etc.
Medical Condition	Written evidence from GP, Social Services, Care Workers, hospital, etc.
Illiteracy / Inability to speak English	Written evidence from support organisations, etc.
Addiction to drugs / alcohol / gambling	Written evidence from support organisations, etc.
Fleeing domestic violence / single homeless / leaving prison	Written evidence from support organisations, probationary service, social services, etc.

Effects

The effects of vulnerability can illustrate quite clearly the inability of a claimant to manage his or her own affairs. Some examples are;

- **Severe debt problems / recent County Court Judgements.**

- **Undischarged Bankrupt.**
- **Inability to obtain a bank account** – in practice everyone should be able to obtain a basic bank account at one of the High Street banks or building societies.
- **DWP making deductions from IS/JSA IB to pay utility companies directly to clear outstanding arrears** – should only be considered if part of the debt is still outstanding.
- **In receipt of help from Supporting People (SP).**
- **In receipt of help from a homeless charity.**

Effect – examples of evidence required

Description	Examples of evidence required
Severe debt problems / recent CCJ's	Evidence from help groups, creditors, court orders, solicitors, etc.
Undischarged bankrupt	Copy of court order.
Inability to open a bank account	Letters from banks or money advisers.
DWP making payments of IS / JSA direct to utility companies with outstanding arrears	Only consider if there is evidence that part of the debt is still outstanding.
In receipt of Supporting People help	Evidence from social services and support providers.
In receipt of help from a homeless charity	Evidence from the homeless charity

If the claimant fails to provide the information / evidence required, this may in itself demonstrate vulnerability, especially when coupled with another factor.

Tenants with rent arrears of eight weeks or more

Claim payments will be made direct to the landlord where the tenant has built up rent arrears of eight weeks or more. The landlord will have to provide documented evidence of rent arrears and any recovery action taken. The Council may decide to continue paying the landlord even after the arrears have fallen below eight weeks.

Making a Decision

It is important to note that just because a claimant falls into one or more of the above categories, this does not necessarily mean he or she is 'vulnerable'. Each case must be treated on its own merit, based on the information and evidence collected. In some circumstances it may be appropriate to conduct an interview with the claimant, or at the very least a telephone call could be used in addition to paper evidence prior to making a final decision.

Information received from a non-independent source, such as landlord, friend or family member, does not carry as much weight as that received from an independent source, and should therefore be viewed only in support of other evidence.

To ensure consistency with the decision-making, information and evidence should always be obtained, and the judgement on whether to treat a claimant as vulnerable and to therefore make payment directly to the landlord will be the responsibility of a senior officer.

A report will be written for all decisions stating what information / evidence was taken into account and why it resulted in direct payment being granted or refused. This will assist with reviews of the decision and potential appeals.

Reviewing the Decision

Two types of review can take place;

1. An appeal from a relevant person (the rules for appealing are the same as the rules for Housing Benefit).
2. A review of the claimant's circumstances, to establish whether the 'vulnerable' decision is still appropriate.

The decision to treat a claimant as 'vulnerable' will be reviewed after an appropriate period of time as decided by the Council.

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