

Committee Agenda



**Epping Forest
District Council**

Finance and Performance Management Cabinet Committee Thursday, 16th June, 2016

You are invited to attend the next meeting of **Finance and Performance Management Cabinet Committee**, which will be held at:

**Council Chamber, Civic Offices, High Street, Epping
on Thursday, 16th June, 2016
at 7.00 pm .**

**Glen Chipp
Chief Executive**

**Democratic Services
Officer**

R. Perrin Tel: (01992) 564532
Email: democraticservices@eppingforestdc.gov.uk

Members:

Councillors G Mohindra (Chairman), S Stavrou, A Lion, C Whitbread and R Bassett

PLEASE NOTE THE START TIME OF THIS MEETING

BUSINESS

1. APOLOGIES FOR ABSENCE

2. DECLARATIONS OF INTEREST

(Director of Governance) To declare interests in any item on this agenda.

3. MINUTES (Pages 3 - 8)

To confirm the minutes of the last meeting of the Committee held on 17 March 2016.

4. ANY OTHER BUSINESS

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

**5. KEY PERFORMANCE INDICATORS - 2015/16 QUARTER 4 (OUTTURN)
PERFORMANCE (Pages 9 - 14)**

(Director of Governance) To consider the attached report (FPM-001-2016/17).

6. INVEST TO SAVE PROPOSALS (Pages 15 - 24)

(Director of Resources) To consider the attached report (FPM-002-2016/17).

7. RISK MANAGEMENT - CORPORATE RISK REGISTER (Pages 25 - 46)

(Director of Resources) To consider the attached report (FPM-003-2016/17).

8. PROVISIONAL CAPITAL OUTTURN 2015/16 (Pages 47 - 60)

(Director of Resources) To consider the attached report (FPM-004-2016/17).

9. 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
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.

Background Papers: Article 17 - 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 and in respect of executive reports, the advice of any political advisor.

The Council will make available for public inspection for four years after the date of the meeting one copy of each of the documents on the list of background papers.

EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Finance and Performance Management Cabinet Committee **Date:** Thursday, 17 March 2016

Place: Committee Room 1, Civic Offices, High Street, Epping **Time:** 7.00 - 7.35 pm

Members Present: Councillors C Whitbread (Chairman), J Philip and D Stallan

Other Councillors:

Apologies: S Stavrou and A Lion

Officers Present: R Palmer (Director of Resources) and R Perrin (Democratic Services Officer)

48. Appointment of Chairman

In the absence of the Chairman, who had tendered her apologies, the Leader became the Chairman.

RESOLVED:

That, in the absence of the Chairman, Councillor C Whitbread be appointed as Chairman for the duration of the meeting.

49. Declarations of Interest

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

50. Minutes

RESOLVED:

That the minutes of the meeting held on 21 January 2016 be taken as read and signed by the Chairman as a correct record.

51. Key Performance Indicators - 2015/16 Quarter 3 Performance, and 2016/17 Targets

The Director of Resources presented a report on the Quarter 3, Key Performance Indicators 2015/16.

The Director of Resources reported that the Council was required to make arrangements to secure continuous improvement in the way in which its functions and services were exercised, having regard to a combination of economy, efficiency and effectiveness. As part of the duty to secure continuous improvement, a range of Key Performance Indicators (KPI) relevant to the Council's service priorities and key

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objectives were adopted each year. Performance against all of the KPIs was reviewed on a quarterly basis.

A range of thirty-six Key Performance Indicators (KPI) had been adopted for 2015/16 in March 2015. The KPIs were important to the improvement of the Council's services and comprised of a combination of former statutory indicators and locally determined performance measures. The aim of the KPIs was to direct improvement effort towards services, the national priorities and local challenges arising from the social, economic and environmental context of the district.

Progress in respect to all of the KPIs was reviewed by Management Board and Overview and Scrutiny at the conclusion of each quarter. Service Directors reviewed KPI performance with the relevant portfolio holder(s) on an on-going basis throughout the year and Select Committees were each responsible for the review of quarterly performance against specific KPIs within their areas of responsibility.

The position with regard to the achievement of target performance for the KPIs at the end of the third quarter (31 December 2015) was as follows:

- (a) 28 (78%) indicators achieved third quarter target performance;
- (b) 8 (22%) indicators did not achieve third quarter target performance,
- (c) 0 (%) of these KPIs performed within the agreed tolerance for the indicator;
- (d) 28 (78%) indicators were currently anticipated to achieve the cumulative year-end target;
- (e) 6 (17%) were currently not anticipated to achieve the cumulative year-end target, whilst a further 2 (6%) were uncertain as to whether they would achieve the cumulative year-end target.

The adoption of challenging but achievable KPIs each year was a key element of the Council's Performance Management Framework. The continued relevance of the existing KPI set for 2016/17 had recently been considered by Management Board. The current suite of measures was considered appropriate for the ongoing evaluation of relevant performance factors, with some changes and it was proposed that NEI002 - Waste Recycling was deleted and separated out into 2 new indicators which would provide greater clarity around performance.

The Director of Resources advised that RES001 (Sickness absence) would not achieve the year-end target but it had improved compared to the previous year and training for all Managers around stress awareness had almost been completed.

The Service Directors had identified provisional targets for each indicator with the relevant portfolio holder(s), based on third-quarter performance and the estimated outturn position for the current year, resulting in some targets being either increased or decreased for 2016/17. Any revisions to targets on the basis of the outturn position would be reported to the Committee and the appropriate select committees in June 2016. The Committee was requested to agree the proposed KPIs and targets for 2016/17.

Councillor D Stellan asked that the wording for RES001 be changed from 'decreased' to 'increased' so that it was clearer.

Councillor J Philip enquired about the Communities KPIs that had achieved more than 100%. The Housing Portfolio Holder advised that this was due to rent arrears being included within the KPI.

Resolved:

(1) That the Quarter 3 performance for the Key Performance Indicators for 2015/16 be noted; and

(2) That the proposed Key Performance Indicators and targets for 2016/17 be agreed.

Reasons for Decision:

The KPIs provide an opportunity for the Council to focus attention on how specific areas for improvement would be addressed, and how opportunities would be exploited and better outcomes delivered. It was important that relevant performance management processes were in place to review and monitor performance against the key objectives, to ensure their continued achievability and relevance, and to identify proposals for appropriate corrective action in areas of slippage or under performance.

Other Options Considered and Rejected:

No other options were appropriate in this respect. Failure to review and monitor performance could mean that opportunities for improvement were lost and might have negative implications for judgements made about the progress of the Council.

52. Quarterly Financial Monitoring

The Director of Resources presented the Quarterly Financial Monitoring report on key areas of income and expenditure which covers the period from 1 April 2015 to 31 December 2015. The report provided details of the revenue budgets for both the Continuing Services Budget, District Development Fund and the capital budgets which included the details of major capital schemes. The salaries monitoring data was also presented as well, because it represented a large proportion of the authorities expenditure and was an area where historically large under spends had been seen.

The Cabinet Committee noted that the Salaries budget showed an underspend of £284,000 or 1.8%. The vacancy allowance had been removed from the budget when it was revised and allocated to the areas where vacancies had actually occurred and still showed an underspend. The Communities Directorate showed the largest underspend of £124,000, which related to the Housing works Unit and the other three directorates were all showing an underspend, although less significant. The investment interest levels were below expectations at Month 9 by £6,000 and whilst cash balances available for investment had reduced, the income from the loan to Biffa had offset this to a degree.

Within the Governance Directorate, Development Control income for Fees and charges were £34,000 higher than budgeted and pre-application charges were £13,000 higher and the total income was £62,000 above expectations. The Building Control income was £6,000 higher than budgeted and the ring-fenced account was showing an in-year surplus of £53,000 with the expected surplus of £13,000 being revised upwards to £47,000 for the full year.

Within the Neighbourhoods Directorate, Public Hire licence income and other licensing were now above expectations. The income from MOT's carried out by Fleet Operations was £4,000 below expectations and the revised budget showed a deficit of £6,000. The Car Parking income was £31,000 below the estimate and the Pay and

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display income was in line with the profiled budget. The Local Land Charge income was £8,000 above the revised expectation and there had been significantly fewer searches undertaken this year compared to the same period last year.

Within the Communities Directorate, the Housing Repairs Fund showed an underspend of £366,000 and the budget had been reviewed with some savings being identified. There was also a significant variance on HRA Special Services which related partly to heating and lighting and work undertaken by Smith Bellerby.

The Business Rates Retention Scheme had been in operation for three years and whereby a proportion of rates collected were retained by the Council, there were two aspects to monitor which were the changes in the rating list and the collection of cash. For 2015/16 the funding retained by the authority after allowing for the Collection Fund deficit from 2014/15 was £3,363,000, which exceeded the government baseline of £3,022,000 by some £341,000. The actual position for 2015/16 would not be determined until May 2016. Regarding the cash collection, at the end of December the total collected was £28,006,359 and payments out were £25,614,207, which meant that the Council was holding £2,392,155 of cash and so the Council's overall cash position was benefitting from the effective collection of non-domestic rates. The budget had revealed that all Schools would be converted into academies, which would give them a charity status and therefore reducing the business rates collected by the Council.

There were three projects included on the Major Capital Schemes schedule relating to the Museum redevelopment, House Building package 1 and The Epping Forest Shopping Park. Annex 12 gives more detail.

In conclusion, the Director of Resources stated that with regards to revenue, income was generally up on expectations and expenditure was down. The increased income levels were very much welcome from Development and Building Control in particular and expenditure being below budget was not surprising as expenditure was usually heaviest toward the end of the financial year.

Councillor D Stallan raised concerns over the income from MOT's carried out by Fleet Operations being below expectations. The Director of Resources advised that he would look into why there had been a reduction.

Councillor J Philip enquired about the figures in relation to Housing Estate Parking and Solar Energy Panels being incorrect. The Director of Resources advised that they would be corrected for the relevant Select Committees, when they considered them at their next meeting.

Resolved:

(1) That the Quarterly Financial Monitoring Report for the period 1 April 2015 to 31 December be noted.

Reasons for Decision:

To note the third quarter financial monitoring report for 2015/16.

Other Options Considered and Rejected:

No other options available.

53. Risk Management - Corporate Risk Register

The Director of Resources presented a report regarding the Council's Corporate Risk Register.

The Corporate Risk Register had been considered by both the Risk Management Group on 18 February 2016 and Management Board on 2 March 2016. These reviews identified amendments to the Corporate Risk Register but no additional risks or scoring changes and were as follows:

(a) Risk 1 - Local Plan

Additional vulnerabilities had been added which centred on the potential delay of seeking approval from Highways England on the strategic modelling and protracted process in achieving local highway modelling. The consequence of these delays underlined the possibility of the loss of control of the Local Plan and also the potential loss of New Homes Bonus. Existing Controls/Actions had been added to advise that the Council was lobbying DCLG and Local Members of Parliament (MP) and also continuing to work closely with Essex County Council. The Required Further Management Action advised the need for a joint letter from Council leaders to local MP's.

The retention of Planning Policy staff had also been identified as a vulnerability to the Local Plan risk. It was felt that consideration should be given to outsourcing aspects of the work. A buoyant Planning job market within Essex had been identified as the trigger with the consequence being the delivery of the Local Plan to timetable.

(b) Risk 2 - Strategic Sites

The Effectiveness of controls/actions had been amended to advise the updated position for the key sites. The Winston Churchill site had groundworks underway and agents appointed to let the retail space. Final tender submissions for the Langston Road site were expected by 1 April with good progress being made on pre-lets. An outline specification for North Weald Airfield had commenced.

(c) Risk 4 - Finance Income

The Key Date had been amended to advise that the revised scheme for New Homes Bonus was likely to be issued in late summer 2016.

(d) Risk 6 - Data / Information

The Effectiveness of Control had been amended following a minor data loss.

Members were asked to consider the updated Corporate Risk Register and whether the risks listed were scored appropriately, if there were any additional risks that should be included and to note the annual review of the corporate risk management documents.

The Cabinet Committee were very concerned about the Local Plan and the problems around staff retention within Planning Policy. This would need to be monitored very closely because of the impact of the New Homes Bonus and the threat of the Government imposing a Local Plan on the Council. The Director of Resources advised that local authorities in general were not holding up development projects but that it was the developers themselves and this was a concern that the Council could get penalised for this.

Recommended:

- (1) That the Vulnerabilities, Trigger, Consequences and Action Plan for Risk 1 – Local Plan be updated;
- (2) That the Effectiveness of controls/actions for Risk 2 - Strategic Sites be updated;
- (3) That the Key Date within Risk 4 - Finance Income be updated;
- (4) That Effectiveness of Control within Risk 6 - Data / Information be updated;
- (5) That including the above agreed changes, the amended Corporate Risk Register be recommended to Cabinet for approval;
- (6) That the Risk Management Strategy and Policy Statement be recommended to Cabinet for adoption; and
- (7) That the Terms of Reference of the Risk Management Group be noted.

Reasons for Decisions:

It was essential that the Corporate Risk Register was regularly reviewed and kept up to date.

Other Options Considered and Rejected:

Members may suggest new risks for inclusion or changes to the scoring of existing risks.

54. Any Other Business

It was noted that there was no other urgent business for consideration by the Cabinet Committee.

CHAIRMAN



Report to Finance and Performance Management Cabinet Committee

Report Reference: FPM-001-2016/17

Date of Meeting: 16 June 2016

Portfolio: Governance and Development Management

Subject: Key Performance Indicators - 2015/16 Quarter 4 (Outturn) Performance

Officer contact for further information: Barbara Copson (01992 564042)

Democratic Services Officer: Rebecca Perrin (01992 564532)

Recommendations/Decisions Required:

- (1) That the Committee reviews Quarter 4 performance for the Key Performance Indicators adopted for 2015/16;
- (2) That the Committee identify any Key Performance Indicators for 2015/16, that require in-depth scrutiny or further report on progress achieved.

Executive Summary:

The Council is required to make arrangements to secure continuous improvement in the way in which its functions and services are exercised, having regard to a combination of economy, efficiency and effectiveness. As part of the duty to secure continuous improvement, a range of Key Performance Indicators (KPI) relevant to the Council's service priorities and key objectives, is adopted each year. Performance against all of the KPIs is reviewed on a quarterly basis.

Reasons for Proposed Decision:

The KPIs provide an opportunity for the Council to focus attention on how specific areas for improvement will be addressed, and how opportunities will be exploited and better outcomes delivered. It is important that relevant performance management processes are in place to review and monitor performance against the key objectives, to ensure their continued achievability and relevance, and to identify proposals for appropriate corrective action in areas of slippage or under performance.

Other Options for Action:

No other options are appropriate in this respect. Failure to review and monitor performance could mean that opportunities for improvement are lost and might have negative implications for judgements made about the progress of the Council.

Report:

1. A range of thirty-six Key Performance Indicators (KPI) was adopted for 2015/16 in March 2015. The KPIs are important to the improvement of the Council's services and comprise a combination of former statutory indicators and locally determined performance measures. The aim of the KPIs is to direct improvement effort towards services and the

national priorities and local challenges arising from the social, economic and environmental context of the district.

2. Progress in respect all of the KPIs is reviewed by Management Board and overview and scrutiny at the conclusion of each quarter, and service directors review KPI performance with the relevant portfolio holder(s) on an on-going basis throughout the year. Select Committees are each responsible for the review of quarterly performance against specific KPIs within their areas of responsibility.

3. Improvement plans are produced for all of the KPIs each year, setting out actions to be implemented in order to achieve target performance, and to reflect changes in service delivery. In view of the corporate importance attached to the KPIs, the improvement plans are agreed by Management Board and are also subject to ongoing review between the relevant service director and Portfolio Holder over the course of the year.

Key Performance Indicators 2015/16 – Quarter 4 Performance

4. The position with regard to the achievement of target performance for the KPIs at the end of the year (31 March 2016), was as follows:

- (a) 27 (75%) indicators achieved the cumulative end of year target; and
- (b) 9 (25%) indicators did not achieve the cumulative end of year target, although
- (c) 1 (3%) of these KPIs performed within the agreed tolerance for the indicator.

5. Outturn performance against the indicator set for this year is slightly better than last year when 26 (72%) of the 36 indicators achieved target.

6. A headline Q4 KPI performance report for 2015/16 is attached for the consideration of the Committee as Appendix 1 to this agenda. Detailed performance reports in respect of each of the KPIs are being considered by the individual select committees.

7. The 'amber' performance status used in the KPI report identifies those indicators that missed the agreed target for the year, but where performance was within an agreed tolerance or range (+/-). The KPI tolerances were agreed by Management Board when targets for the KPIs were set in February 2015.

8. The Committee is requested to review outturn performance for the 2015/16 set of KPIs. Any matters raised by the Committee in respect of KPI performance, will be reported to the appropriate select committee.

Resource Implications: None for this report

Legal and Governance Implications: None for this report; however performance management of key or new high level initiatives is important to the achievement of value for money.

Safer, Cleaner, Greener Implications: None for this report

Consultation Undertaken: The indicators have been considered by Management Board during May 2016, and individual Select Committees during June and July 2016.

Background Papers: KPI submissions are held by the Performance Improvement Unit. Detailed KPI calculations and supporting documentation held by service directorates.

Impact Assessments:

Risk Management: None for this report

Due Regard Record

This section shows which groups of people are affected by the subject of this report. It sets out how they are affected and how any unlawful discrimination they experience can be eliminated. It also includes information about how access to the service(s) subject to this report can be improved for the different groups of people; and how they can be assisted to understand each other better as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

There are no equality implications arising from the recommendations of this report. Relevant implications arising from actions to achieve specific KPI performance will have been identified by the responsible service director.

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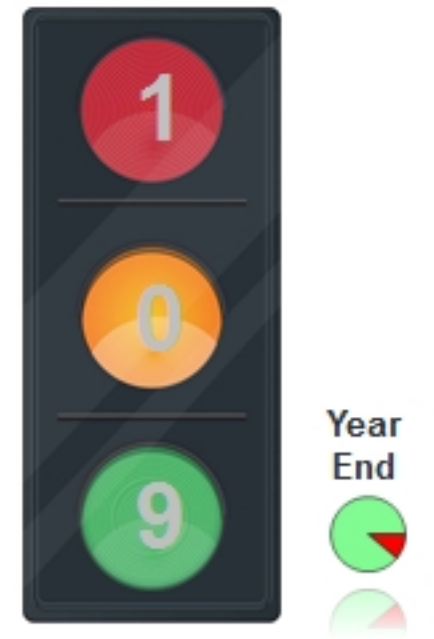
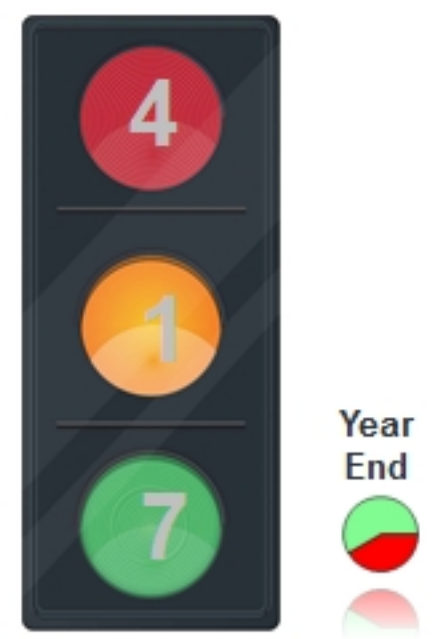
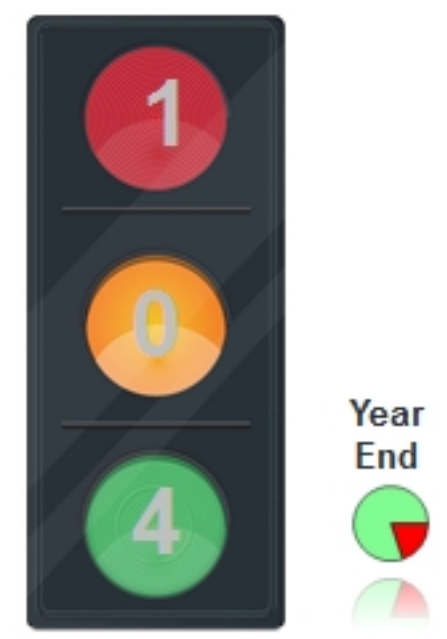
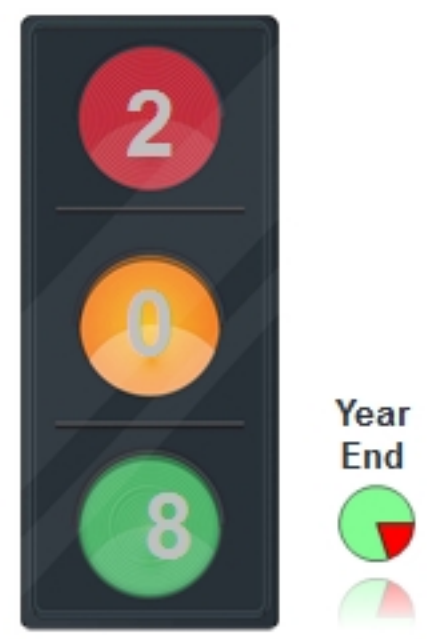
Overall summary of KPIs achieving target

Communities Directorate

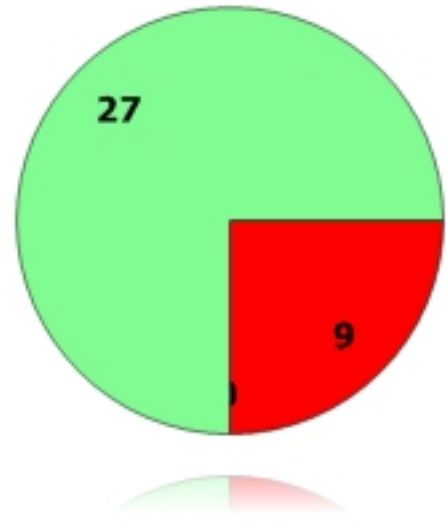
Governance Directorate

Neighbourhoods Directorate

Resources Directorate



Predicted Level of Year End Target Achievement (All KPIs)



Headlines - Reflecting on our performance

Q4 (outturn) 2015/16

27 out of 36 Key Performance Indicators have achieved target at the end of the year, representing 75% of the full set.

1 less indicator is achieving performance at the end of the year compared with quarter 3.

Quarterly Indicators		Quarter 1		Quarter 2		Quarter 3		Quarter 4		Is year-end target likely to be achieved?
		Tgt	Actual	Tgt	Actual	Tgt	Actual	Tgt	Actual	
Communities Quarterly KPIs										
COM001	(Housing rent) (%)	98.00%	100.87%	98.00%	100.11%	98.00%	99.55%	98.00%	100.90%	Yes
COM002	(Void re-lets) (days)	37	38	37	36	37	37	37	41	No
COM003	(Tenant satisfaction) (%)	98.00%	100.00%	98.00%	100.00%	98.00%	99.72%	98.00%	99.75%	Yes
COM004	(Temp. accommodation) (no.)	65	73	65	78	65	84	65	89	No
COM005	(Non-decent homes) (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Yes
COM006	(Modern Homes Std) (%)	825	844	1,650	1,767	2,475	2,752	3,300	3,615	Yes
COM007	(Emergency repairs) (%)	99.00%	100.00%	99.00%	99.27%	99.00%	99.00%	99.00%	99.00%	Yes
COM008	(Responsive repairs) (days)	7.00	5.86	7.00	6.18	7.00	6.44	7.00	6.62	Yes
COM009	(Emergency repairs) (%)	98.00%	98.40%	98.00%	98.32%	98.00%	98.28%	98.00%	98.70%	Yes
COM010	(Calls to Careline) (%)	97.50%	99.91%	97.50%	99.89%	97.50%	99.87%	97.50%	99.87%	Yes
Governance Quarterly KPIs										
GOV004	(Major planning) (%)	75.00%	100.00%	75.00%	100.00%	75.00%	100.00%	75.00%	100.00%	Yes
GOV005	(Minor planning) (%)	90.00%	84.62%	90.00%	91.13%	90.00%	91.67%	90.00%	92.05%	Yes
GOV006	(Other planning) (%)	94.00%	93.96%	94.00%	94.72%	94.00%	95.20%	94.00%	95.17%	Yes
GOV007	(Appeals - officers) (%)	19.0%	0.0%	19.0%	31.8%	19.0%	33.3%	19.0%	30.6%	No
GOV008	(Appeals - members) (%)	50.0%	50.0%	50.0%	50.0%	50.0%	41.2%	50.0%	46.9%	Yes
Neighbourhoods Quarterly KPIs										
NEI001	(Non-recycled waste) (kg)	100	95	199	197	299	297	400	402	No
NEI002	(Household recycling) (%)	64.58%	61.00%	62.53%	60.30%	61.51%	57.90%	60.00%	57.57%	No
NEI003	(Litter) (%)	8%	11%	8%	8%	8%	8%	8%	10%	No
NEI004	(Detritus) (%)	10%	14%	10%	15%	10%	14%	10%	14%	No
NEI005	(Neighbourhood issues) (%)	95.00%	96.22%	95.00%	95.91%	95.00%	96.46%	95.00%	96.78%	Yes
NEI006	(Fly-tip investigations) (%)	90.00%	95.35%	90.00%	95.33%	90.00%	94.32%	90.00%	94.54%	Yes
NEI007	(Fly-tip: contract) (%)	90.00%	90.84%	90.00%	92.42%	90.00%	90.89%	90.00%	91.38%	Yes
NEI008	(Fly-tip: non-contract) (%)	90.00%	67.72%	90.00%	81.28%	90.00%	85.64%	90.00%	86.49%	No
NEI009	(Noise investigations) (%)	90.00%	87.80%	90.00%	91.63%	90.00%	90.52%	90.00%	91.56%	Yes
NEI010	(Increase in homes) (no.)	70	48	111	81	182	102	230	267	Yes
NEI011	(Commercial rent arrears) (%)	3.0%	5.2%	3.0%	4.7%	3.0%	2.6%	3.0%	2.4%	Yes
NEI012	(Commercial premises let) (%)	98.00%	98.98%	98.00%	99.32%	98.00%	98.89%	98.00%	98.89%	Yes
Resources Quarterly KPIs										
RES001	(Sickness absence) (days)	1.54	2.02	3.20	3.88	4.95	5.58	7.00	7.99	No
RES002	(Invoice payments) (%)	97%	95%	97%	96%	97%	96%	97%	97%	Yes
RES003	(Council Tax collection) (%)	27.10%	27.56%	51.98%	52.54%	77.00%	77.91%	96.50%	98.03%	Yes
RES004	(NNDR Collection) (%)	28.38%	28.52%	53.04%	53.54%	78.09%	78.78%	97.20%	97.84%	Yes
RES005	(New benefit claims) (days)	22.00	22.56	22.00	22.36	22.00	21.78	22.00	21.76	Yes
RES006	(Benefits changes) (days)	10.00	7.03	10.00	7.19	10.00	7.29	6.00	4.47	Yes
RES009	(Website Availability) (%)	99.60%	99.96%	99.60%	99.94%	99.60%	99.95%	99.60%	99.94%	Yes
RES010	(Website Broken Links) (%)	94.10%	95.50%	94.10%	100.00%	94.10%	100.00%	94.10%	100.00%	Yes
RES011	(Website Navigation) (%)	79.90%	81.97%	79.90%	81.57%	79.90%	81.04%	79.90%	80.66%	Yes

Report to the Finance and Performance Management Cabinet Committee



**Epping Forest
District Council**

Report Reference: FPM-002-2016/17

Date of meeting: 16 June 2016

Portfolio: Finance

Subject: Invest to Save Proposals

Officer contact for further information: Bob Palmer – (01992 – 564279)

Democratic Services Officer: Rebecca Perrin - (01992 – 564532)

Recommendations/Decisions Required:

To consider the various business cases seeking Invest to Save funding and, if appropriate, recommend them to Cabinet.

Executive Summary:

In setting the budget for 2015/16 Council decided that, as the balance on the General Fund Reserve exceeded the minimum requirement and further savings were required, £0.5 million should be transferred from the General Fund Reserve into an Invest to Save earmarked reserve. It was intended that this earmarked reserve would be used to finance schemes that would reduce the Continuing Services Budget (CSB) in future years.

During 2015/16 a variety of schemes were approved including LED lighting in car parks, the purchase of grounds maintenance equipment and the installation of payment kiosks. When the budget was approved for 2016/17 there was still nearly £200,000 available for additional schemes. So far in 2016/17 funding has been provided for projects including the accommodation review and the replacement of NEPP for off street car parking enforcement.

A further three business cases are attached for Members to consider and recommend on to Cabinet, if appropriate.

Reasons for Proposed Decisions:

To seek Member approval for Invest to Save proposals before implementation.

Other Options for Action:

Members may decide not to support the proposals and suggest additional or alternative uses for the Invest to Save Fund.

Report:

1. The Medium Term Financial Strategy (MTFS) approved by Council in February 2015 included CSB reductions of £1,089,000 for the revised 2014/15 estimates and £573,000 for 2015/16. Despite these significant savings it was anticipated that further reductions would be required of £250,000 in 2016/17 and £400,000 in 2017/18. The MTFS also predicted that at the end of 2018/19 the balance on the General Fund Reserve would still comfortably exceed the minimum requirement set by Members. Given the adequacy of reserves and the need for savings, it was felt that the establishment of an Invest to Save

Fund may help generate some new and creative ideas to deliver services differently or generate income.

2. Prior to the approval of the 2016/17 budget by Council in February 2016 a total of six schemes had been approved for Invest to Save funding and £309,000 of the fund balance of £500,000 had been allocated. A further three allocations have been made by the March and April Cabinet meetings, which included the accommodation review and work on the future funding and structure of the museums service, reducing the balance of unallocated funds to £92,000.
3. The first business case (Appendix 1) for this Committee to consider is for some capital works at North Weald Airfield to extend a vehicle compound. This proposal is to spend approximately £12,000 to gain rental income of £4,000 per annum, giving a three year payback. It is possible that further income may arise from leasing some spare office accommodation to the same company.
4. The next business case for the Committee to consider is funding of £15,000 for a structural survey of the current main reception area, see Appendix 2. Significant savings are anticipated from the accommodation review and this is a necessary complementary piece of work to inform the discussion around potential re-configuration of and alternative uses for the site.
5. The final business case is provided at Appendix 3 and this seeks funding of £6,000 for a programme management system for prototype activities. There is a concern that inconsistent project management means the benefits of projects are not always fully achieved and recorded. The aim of this project is to improve the efficiency and effectiveness of these processes which should save the Council time and money.
6. In addition to the proposals set out above Members may have other ideas and so additional or alternative proposals are invited. If outline suggestions are made officers can evaluate and further develop any appropriate proposals.

Resource Implications:

The Invest to Save Fund has an unallocated balance of £92,000 and the proposals above can be contained within that amount. Depending on which, if any, of the proposals are supported, future reductions in CSB should arise.

Legal and Governance Implications:

None.

Safer, Cleaner, Greener Implications:

None.

Consultation Undertaken:

None.

Background Papers:

None.

Impact Assessments:

Risk Management

The risks for the proposal are set out on the attached appendices.

Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

Date / Name	Summary of equality analysis
16/06/16 Director of Resources	There are no equality implications arising from the specific recommendations of this report. Relevant implications arising from individual proposals or actions to achieve net savings will be identified and considered by the responsible Director.

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Business Case Application for "Invest to Save Funding"

Title	North Weald Airfield 240 compound extension	Saving or Income ? ("X")	Saving	Income
				X
Total amount required from the Invest to Save Fund	£11880		Investment Required	Net Cashable Saving/Income
Is the investment required capital or revenue?	C	Month 1-12	£11880	£4000
		Month 13-24	£0	£4000
Will the resultant savings / income be capital or revenue ?	R	Month 25-36	£0	£4000
		Total		
				3

The Proposal

To extend the current 240 building vehicle compound to allow the Extreme Rescues Ltd to park a number of their recovery vehicles in a safe, secure area. The extension would cover 186m2 and would be in keeping with what is there already in terms of 2.7m high palisade fencing. The project would involve some groundworks including alterations to some land drainage and the installation of a number of drop kerbs.

Extreme Rescues Ltd work very closely with the emergency services in dealing with road traffic accidents therefore a base near the M11 would be ideal. They are also in negotiations with the Council regards leasing the vacant office suite in the Control Tower and are willing to pay £8,000 per annum. However, in order to make North Weald Airfield viable they need both their offices and parking facility to be in one location. If this proposal is agreed then Extreme Rescues Ltd would be worth at least £12,000 per annum to the Council.

The Financial Benefit Explained

Extreme Rescues Ltd would be charged in the region of £4,000 per annum to use the parking facility under a license agreement to be drawn up by Estates. The payback would be just 3 years. As mentioned above with the leasing of the Control Tower offices the customer would be worth at least £12,000 per annum to the Council.

Alignment with the Corporate Plan and/or Additional (Non-Financial) Benefits

The additional income generated would fit with the Asset Management Group's desire for the Airfield to generate additional income.

Potential Obstacles to be Overcome

EFDC Planning Officers have been consulted and a planning application is required.

Risks (Financial and Others)

There could be a risk that Extreme Rescues Ltd pull out of North Weald in the future, however, with at least a 3 year lease agreement in place in the short term the outlook is favourable.

Key Milestones and Target Timescales (from approval)

Milestone	Target Period from Approval Date (Months)

Proposal by	Derek MacNab	Directorate	Neighbourhoods
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Business Case Application for “Invest to Save Funding”

Title	Civic Office Main Reception – Structural Survey Customer Contact Project[P001]		Saving or Income ? ("X")	Saving	Income
				X	
Total amount required from the Invest to Save Fund	£15,000		Investment Required	Net Cashable Saving/Income	Payback Period (Years)
Is the investment required capital or revenue?	Revenue	Jun/Jul 2016	£ 15,000		Within the 2017/18 financial year and beyond
		2017/18		Within the Service Accommodation Review project	
Will the resultant savings / income be capital or revenue ?	Revenue	Total	£ 15,000	Within the Service Accommodation Review project	

The Proposal

As per the Report to Cabinet on 3 March 2016 (C-074-2015/16), the centralisation of Civic Office customer contact points into the main reception has met with support and is now subject to a full feasibility design. A full report to Members is expected in November 2016.

A structural survey of main reception is required in order to complete this report, with a cost estimate of up to £15,000. The survey will access the ceiling and walls around main reception, so the extent of the survey may vary depending on what is revealed. The funding requested is sufficient to cover any additional exploratory works.

The Financial Benefit Explained

When complete, main reception would accommodate the existing sign-posting and reception desk, alongside planning and building control, benefits and council tax, self-service payment kiosks (currently cashiers) and housing services.

Indicatively, a space roughly equivalent to the floor space of the Members Room could be freed up. The notional saving in overheads for this space is around £20,000 per year. This is a non-cashable saving.

Within the Service Accommodation Review project [P002] there are potential cashable savings, premised on a more efficient use of office accommodation, as yet to be determined.

Alignment with the Corporate Plan and/or Additional (Non-Financial) Benefits

Corporate Plan objective iii.a.2. Implement and/or produce an implementation plan for the agreed proposals for improving customer contact.

3 March 2016, C-074-2015/16 Transformation Programme – Customer Experience Workstream, decision 3.c. To undertake a full feasibility design and costing of the main reception including its accommodation needs by October 2016.

Bringing all customer contacts into main reception is essential to meet our aim ‘to ensure that the Council adopts a modern approach to the delivery of its services and that they are efficient, effective and fit-for-purpose’. Clearly this study fits with the Service Accommodation Review, which seeks to examine options to reduce the authority’s use of service accommodation.

Potential Obstacles to be Overcome

A full project plan is included in the Project Initiation Document (PID). However, the most significant high level risks included the interdependencies with other transformation projects – notably the Service Accommodation Review [P002]. The Transformation Programme Board is responsible for ensuring the management of risks and co-ordination across projects and programmes.

Risks (Financial and Others)

The extent of the structural survey required will not be known until its undertaken, presenting the potential for a small cost overrun. The risk register in the Project Initiation Document (PID) includes the full list of project risks.

Key Milestones and Target Timescales (from approval)

Milestone	Target Period from Approval Date (Months)
1) Funding approved	Jun 2016
2) Structural survey undertaken	Jun/Jul 2016
3) Design and plan for main reception	Aug/Sep 2016
4) Full feasibility and design presented to Cabinet	Nov 2016

Proposal by	David Bailey	Directorate	Office of the Chief Executive
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Business Case Application for "Invest to Save Funding"

Title	Software prototype and evaluation. Establishment of Programme and Project Management [P003]		Saving or Income ? ("X")	Saving	Income
			X		
Total amount required from the Invest to Save Fund	£ 6,000		Investment Required	Net Cashable Saving/Income	Payback Period (Years)
Is the investment required capital or revenue?	Revenue	Sep 2016 / Mar 2017	£ 6,000		Within the 2017/18 financial year
Will the resultant savings / income be capital or revenue ?	Revenue	2017/18		To be determined through prototype	
		Total	£ 6,000	To be determined through prototype	

The Proposal

Priority project P003 within the Council's Transformation Programme is to Establish Programme and Project Management. The goal of the project is to reach consistently good project and programme management across the authority within 18 months (of March 2016), by implementing a standard framework for project and programme management (PPM).

The project team have completed the discovery stage of the project with the Project Initiation Document (PID) going to the Transformation Programme Board (TPB) for consideration on 1 June 2016. The team believe that any new way of working is likely to include the utilisation of an ICT system. The next stage of the project is to prototype new ways of working, including potential cloud based computer applications.

The proposal therefore is for £6,000 to include licence costs for cloud based project and programme management systems for prototype activities. Any recommendation for purchase of a permanent ICT solution would follow a full evaluation and be made alongside preparation of the Council budget for 2017/18.

The Financial Benefit Explained

The authority does not keep corporate data of the costs or benefits of project and programme management. However, it is clear from initial project discovery that the business case for improving our working practices in these areas is clear. There is an inconsistent management of projects and programmes, including templates, roles, business cases, benefits management and learning. Projects use linear (known as waterfall) methodology and some experience cost and time overruns and feature underruns, and on occasion are abandoned. Basically, the aim of this project is to improve the efficiency and effectiveness of these processes, saving the Council time and money.

Alignment with the Corporate Plan and/or Additional (Non-Financial) Benefits

Corporate Plan Key Action Plan 2016/17 strategic objective iii.b. To utilise modern technology to enable Council officers and members to work effectively, in order to provide enhanced services to customers and make Council services and information easier to access.

Potential Obstacles to be Overcome

The full project plan is included on the Project Initiation Document (PID). However, the main challenge for the project team is the potentially resistant management culture that views project management as too 'bureaucratic'. This will be addressed through regular updates and engagement with project managers and sponsors throughout the prototype activities and beyond.

Risks (Financial and Others)

The full risk register for the project is included on the Project Initiation Document (PID). One of the medium level risks to the project is the failure to find a software system which meets the cost / benefit requirements of the project. Selecting and prototyping the use of a potential software system is therefore essential to ensure the balance of these requirements is addressed successfully.

Key Milestones and Target Timescales (from approval)

Milestone	Target Period from Approval Date (Months)
1) Design specification and framework	Jul / Aug 2016
2) Prototype, including ICT applications	Sep / Nov 2016
3) Evaluate prototype	Nov 2016
4) Potential inclusion in 2017/18 budget	Nov 2016
5) Embed new framework and staff training	Jan 2017

Proposal by

David Bailey

Directorate

Office of the Chief Executive

Report to the Finance and Performance Management Cabinet Committee



**Epping Forest
District Council**

Report Reference: FPM-003-2016/17

Date of meeting: 16 June 2016

Portfolio: Finance

Subject: Risk Management – Corporate Risk Register

Officer contact for further information: Edward Higgins – (01992 – 564606)

Democratic Services Officer: Rebecca Perrin - (01992 – 564532)

Recommendations/Decisions Required:

- 1. To agree the updated Key Date within the Action Plan for Risk 1;**
- 2. To agree the updating of the effectiveness of controls/actions for Risk 2;**
- 3. To agree the updating of the effectiveness of control/actions for Risk 6;**
- 4. To consider whether there are any new risks that are not on the current Corporate Risk Register; and**
- 5. To agree that the amended Corporate Risk Register be recommended to Cabinet for approval.**

Executive Summary:

The Corporate Risk Register has been considered by both the Risk Management Group on 26 May 2016 and Management Board on 1 June 2016. These reviews identified amendments to the Corporate Risk Register.

Reasons for Proposed Decisions:

It is essential that the Corporate Risk Register is regularly reviewed and kept up to date.

Other Options for Action:

Members may suggest new risks for inclusion or changes to the scoring of existing risks.

Report:

- 1. The Corporate Risk Register was reviewed by the Risk Management Group on 26 May and Management Board on 1 June. Amendments have been identified and incorporated into the register (Appendix 1).**
- 2. Risk 1 Local Plan – The key date has been updated to advise of the July 2016 Cabinet report.**
- 3. Risk 2 Strategic Sites – The Effectiveness of controls/actions have been amended to advise the updated position for the key sites. Work progresses well at the Winston Churchill site. Progress on the St. Johns site is delayed by Essex County Council. Three tenders have been received and are being assessed for the Retail Park at the Langston Road site, completion of the site is now anticipated summer 2017. Completion of the Oakwood Hill is expected June 2016.**

4. Risk 6 Data / Information – The Effectiveness of Control has been amended to advise that there have been no data losses within 2016/17.
5. Members are now asked to consider the attached updated Corporate Risk Register and whether the risks listed are scored appropriately and whether there are any additional risks that should be included.

Resource Implications:

No additional resource requirements.

Legal and Governance Implications:

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

Safer, Cleaner, Greener Implications:

None.

Consultation Undertaken:

The Risk Management Group and Management Board have been involved in the process.

Background Papers:

None.

Impact Assessments:

Risk Management

If the Corporate Risk Register was not regularly reviewed and updated a risk that threatened the achievement of corporate objectives might either not be managed or be managed inappropriately.

Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

Date / Name	Summary of equality analysis
16/06/16 Director of Resources	The purpose of the report is to monitor corporate risks. It does not propose any change to the use of resources and so has no equalities implications.

Epping Forest District Council Corporate Risk Register

Date: 16 June 2016

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1. Introduction

A strategic risk management 'refresh' exercise was conducted on 15th May 2013 with assistance from Zurich Risk Engineering. This exercise was an opportunity for the Management Board to refresh (or update) through identification, analysis and prioritisation those risks that may affect the ability of the Council to achieve its strategic objectives and Corporate Plan. In doing so, the organisation is recognising the need to sustain risk management at the highest level.

The refresh exercise involved a workshop with Management Board to identify new business risk areas and to update and re-profile important risks from the existing corporate risk register.

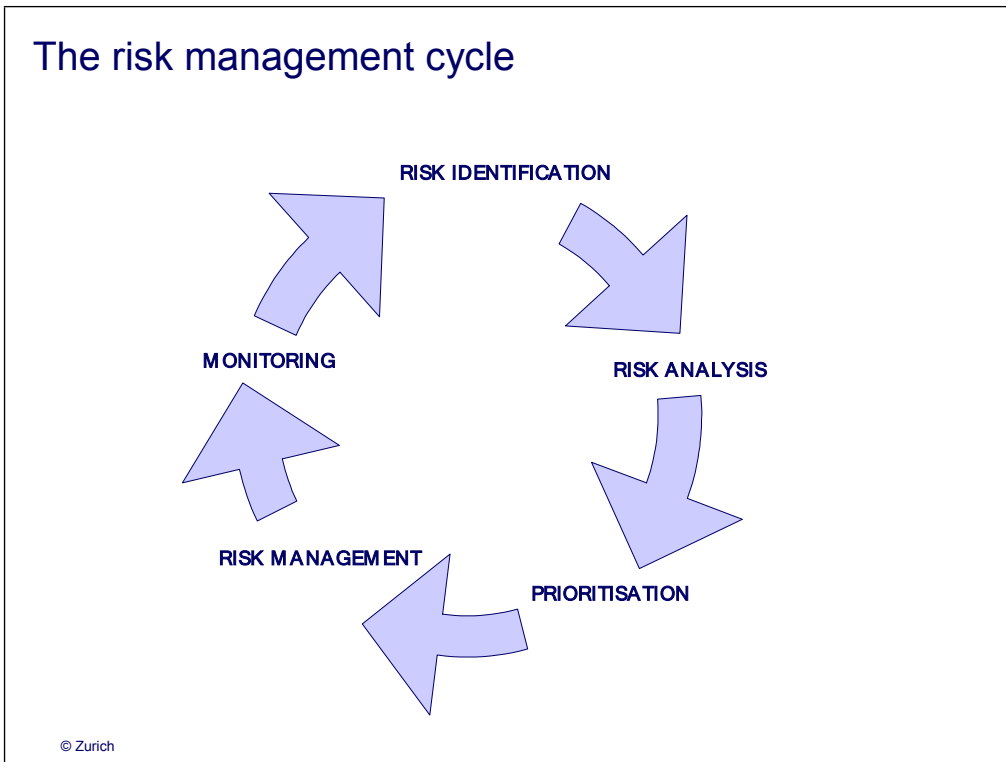
In total 8 strategic risks were profiled at the workshop and during the workshop, each risk was discussed to ensure common agreement and understanding of its description and then prioritised on a matrix. The risk matrix measured each risk for its likelihood and its impact in terms of its potential for affecting the ability of the organisation to achieve its objectives.

For the risks that were assessed with higher likelihood and impact, the group validated the risk scenarios and determined actions to manage them, including assessing the adequacy of existing actions and identifying the need for further actions in order to move the risk down the matrix.

Management Board agreed a timescale for re-visiting these risks in order to assess if they are still relevant and to identify new scenarios. Risks in the red zone will be monitored on a monthly basis and those in the amber zone on a quarterly basis.

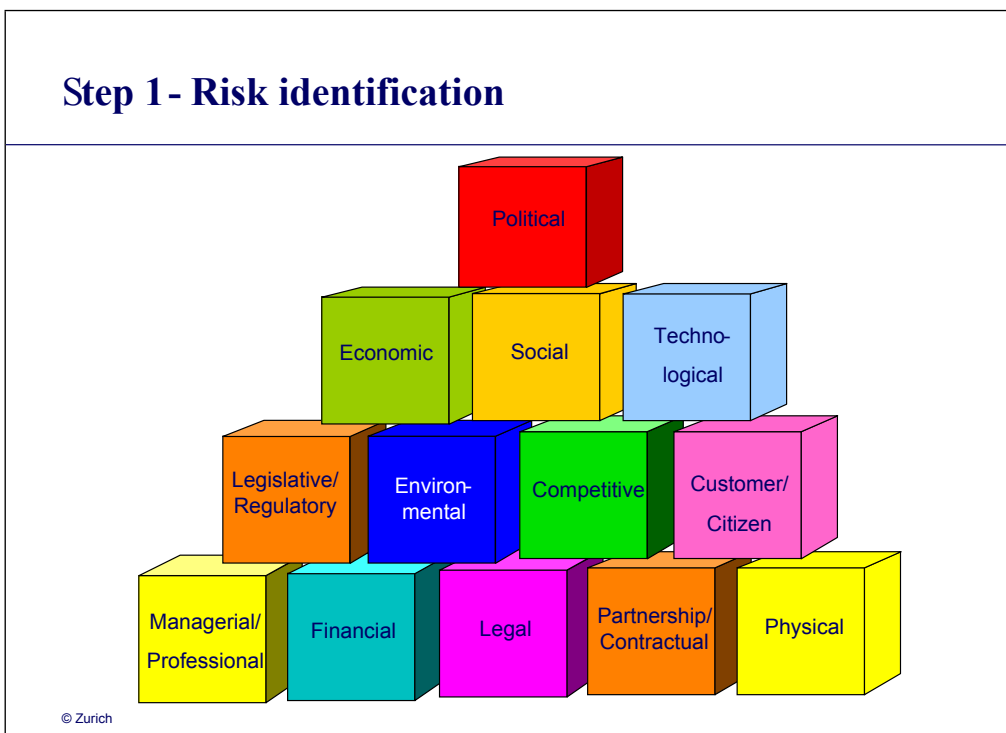
The following report outlines the process utilised by Zurich Risk Engineering and the results achieved.

2. The Process



Risk identification

The first of five stages of the risk management cycle requires risk identification. This formed the initial part of the workshop. In doing so the following 13 categories of risk were considered.



Risk analysis

During the workshop, the identified risks were discussed and framed into a risk scenario format, containing risk cause and consequence elements, with a 'trigger' also identified. This format ensured that the full nature of the risk was considered and also helped with the prioritisation of the risks.

Risk prioritisation

The discussion resulted in 8 risk scenarios being agreed (Appendix 2) and these were then assessed for impact and likelihood and plotted onto a matrix (Appendix 1). The likelihood of the risks was measured as being 'very high', 'high', 'medium', or 'low/very low'. The impact, compared against the key objectives and Corporate Plan was measured as being 'major', 'moderate', 'minor' or 'insignificant'.

Once all risks had been plotted the matrix was overlaid with red, amber and green filers, with those risks in the red area requiring further particular scrutiny in the short-term, followed by those in the amber area.

Risk management and monitoring

The next stage is to monitor the revised 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.

A risk owner has been identified for each risk. It is vital that each risk should be owned by a member of Management Board to ensure that there is high level support, understanding and monitoring of the work that is required as part of the plans. Risks should also be reviewed as part of the business planning process, in order to assess if they are still relevant and to identify new issues.

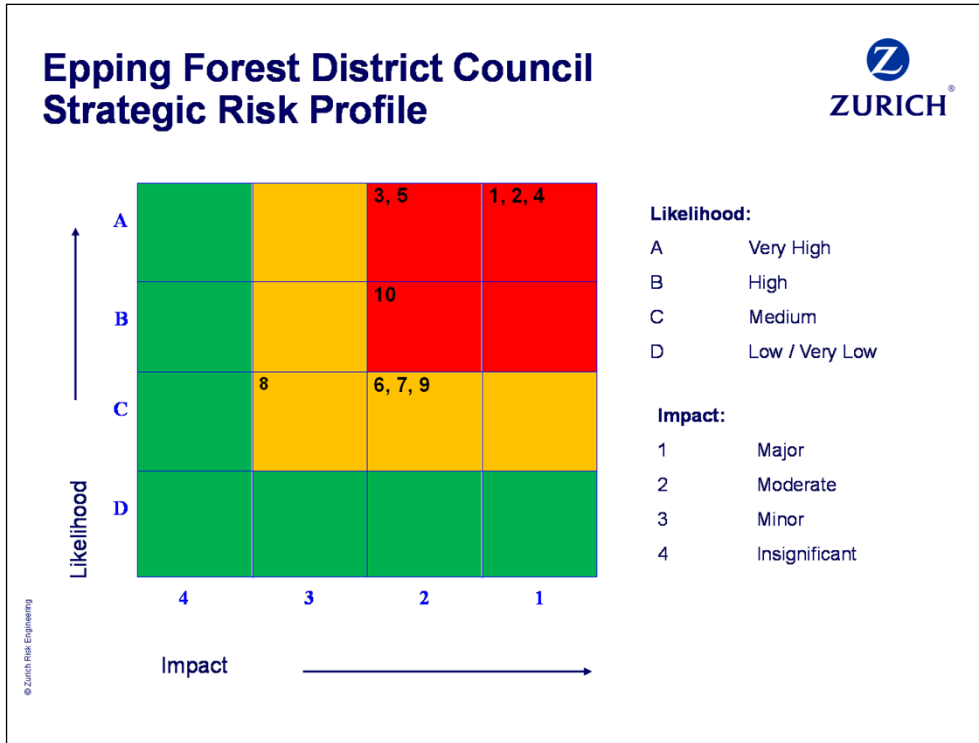
The monitoring of these action plans takes place at Corporate Governance Group, Management Board and the Risk Management Group. The action plans are also reported to Members quarterly.

As part of the regular review and reporting an additional risk on Safeguarding was added to the register in January 2014. The most recent addition was a risk covering various aspects of Housing Capital Finance and this was added in June 2015.

Appendix 1 – Risk Profile

Risk profile

During the workshop, 8 risks were identified and framed into scenarios. The results are shown on the following risk profile.



Appendix 2 details all of the above risks.

It is important that an action plan element is written for each of the risks, with particular focus on those with the highest priority, as it is this which will allow them to be monitored and successfully managed down.

An opportunity was also taken as part of this refresh to ‘spring clean’ the risk numbers, and they were numbered in priority order as follows:

Risk number	Short name
1	Local plan
2	Strategic sites
3	Welfare reform
4	Finance – income
5	Economic development
6	Data/ information
7	Business continuity
8	Partnerships
9	Safeguarding
10	Housing Capital

Appendix 2 – Corporate Risk Register and Action Plans

Risk No 1	Local Plan	A1			
Vulnerability			Trigger	Consequence	Risk Owner
<p>On-going changes to Planning system increase importance of having up to date Local Plan, in particular, Central Government's announcement that Local Authorities must complete by 2017 or face sanctions</p>			<p>Failure to make timely decisions and adhere to Local Development Scheme Project Plan.</p>	<p>Reduced ability to manage development in line with local priorities and provide strategic direction. Possible Government intervention through designation as a failing authority, loss of control over the local plan process and loss of new homes bonus.</p>	<p>Derek Macnab</p>
<p>Proposed changes to the New Homes Bonus regime where planning approvals granted on appeal will not qualify for bonus.</p>			<p>Failure to make timely decisions and adhere to Local Development Scheme Project Plan.</p>	<p>Loss of New Homes Bonus revenue.</p>	
<p>Changes in government planning policy require new Local Plan to take approaches significantly different from predecessors e.g. Duty to Co-operate, release Green Belt.</p>			<p>Failure of Council to approve a draft plan in line with National Planning Policy Framework.</p>	<p>Plan not "sound", leading to further delay, wasted resources, and vulnerability to planning appeal decisions.</p>	
<p>Difficulties in implementing "Duty to Co-operate" may make it difficult or impossible to achieve "Sound" Local Plan in timely fashion</p>			<p>Inability to agree, particularly on amount and distribution of objectively assessed development needs.</p>	<p>As above</p>	
<p>Particular vulnerability to delay in approvals from Highways England on strategic modelling delay ability to understand impacts of delivering to objectively assessed need levels.</p>			<p>Failure to make timely decisions on Preferred Approach plan due to lack of required information</p>	<p>As above</p>	
<p>Protracted process of achieving local highway modelling</p>			<p>As above</p>	<p>As above</p>	
<p>Failure to make timely progress increases likelihood of "planning by appeal"</p>			<p>Failure to adhere to Local Development Scheme leads to developers making significant planning applications in advance of new Plan.</p>	<p>Significant diversion of professional resources to appeals. Risk of costs awards against Council.</p>	
<p>Planning policy recruitment and retention issues. Not considering alternative options of delivering work i.e outsourcing.</p>			<p>S106/CIL arrangements. Planning policy recruitment and retention issues. Not considering alternative options of delivering work i.e outsourcing</p>	<p>Delays in achieving timetable, loss of New Home Bonus revenue.</p>	

Risk No 1 Local Plan – Action Plan

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
Project management approach in place including regular updates, resource planning.	Project plan needs to incorporate more time for political engagement at key decision points.	Agree mechanisms and timing with lead members, incorporate in revised project plan	Derek Macnab	Future adherence to project plan.	MB review 6 weekly	None – process ongoing.
Local Development Scheme revised June 2015.	Local Development Scheme adopted by Cabinet 11 June 2015.	Review progress against key milestones.	Derek Macnab	Local Development Scheme remains robust	As necessary	Review going to July Cabinet.
Workshops for EFDC and Town/Parish councillors on key issues to enhance awareness and understanding of new government requirements.	Workshops popular and helpful.	Supplement workshops with other forms of briefing to EFDC members as agreed with leading members.	Derek Macnab	Timely decision making in line with project plan.	As necessary	
Engagement with other key stakeholders e.g. ad hoc meetings with Town/Parish councils, Resident Associations and website.	Utilising existing mechanisms including Local Council Liaison Committee and Forester. Intensive engagement takes place in lead up to formal consultations. Ongoing discussions being had around Neighbourhood Plans.	Consider hiring a PR firm to assist in delivering the next statutory consultation.	Derek Macnab	Stakeholders feel well informed about process and decisions. Informed responses to public consultation.	As necessary	

<p>Understanding with key councils in the Strategic Market Housing Area.</p>	<p>progress now being made. Meetings held with most other key bodies with positive outcomes, issues identified. Constant review of Planning Inspectorate local plan decisions re Duty to Co-operate.</p>	<p>exploring additional items to be included on discussion agenda. Engage further key bodies e.g. Lee Valley Regional Park. Discuss informally with Planning Inspectorate as necessary.</p>				<p>Governance arrangements agreed. "Duty to Co-operate" Member meetings now ongoing.</p>
<p>Lobbying of DCLG and local MP's re Highways England delays together with SHMA partners. Pursuit of MoU with Natural England.</p> <p>Consistent close working with Essex County Council through relevant structures, and individual officers</p>	<p>Effect as yet unknown</p>	<p>Joint letter from Leaders to local MPs</p>	<p>Derek Macnab</p>	<p>As above</p>	<p>As above</p>	
<p>Consultants in place to support project management, resource planning, Sustainability Assessment, transport modelling, master planning.</p>	<p>Staff cannot be prevented from leaving. Exit interviews should reveal any specific patterns. Market is picking up, making recruitment more difficult. EFDC is not offering the most competitive salaries compared to other Essex and London authorities.</p>	<p>Ongoing review of strategy by senior planners and Management Board.</p>	<p>Derek Macnab</p>	<p>No delays to timetable due to staffing gaps or lack of critical skills</p>		<p>Further review of staffing and resourcing for Cabinet July 2016.</p>

Risk No 2 Strategic Sites A1

Vulnerability	Trigger	Consequence	Risk Owner
<p>The Council has a number of Strategic sites which it needs to make the right decisions about and then deliver on those decisions.</p> <p>One key individual is driving forward the projects.</p>	<p>Not maximising the opportunity of the strategic sites either through decisions or delivery.</p> <p>Loss of key individual</p>	<ul style="list-style-type: none"> • Financial viability of Council harmed • Lack of economic development and job creation • External criticism • Project delayed or mismanaged 	<p>Derek Macnab</p>

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
<p>Work on strategic sites is co-ordinated through a dedicated Cabinet Committee.</p>	<p>Work is progressing on developing a number of sites:</p> <ol style="list-style-type: none"> 1. Winston Churchill, good progress being made on site; 2. Progress on St Johns delayed by Essex County Council; 3. Langston Road, assessment of three tenders ongoing. Completion of the site now anticipated mid 2017; 4. Oakwood Hill, completion of site expected June 2016. 	<p>Reports to Cabinet Committee and Cabinet to obtain decisions on development options.</p> <p>Identification of alternative Housing depot and re-location.</p> <p>Award of contract at Cabinet July 2016.</p>	<p>Derek Macnab</p>	<p>Development of strategic sites completed in accordance with Cabinet decisions.</p>	<p>Monthly</p>	<p>None</p>

Risk No 3 Welfare Reform A2						
Vulnerability		Trigger	Consequence			Risk Owner
The government has pledged to make substantial savings from the overall welfare bill. This will require a major reform of the welfare system which is likely to have serious impacts on the Council and the community. This includes Universal Credit, changes to Council Tax and other benefits and direct payments to tenants.		Welfare reform changes have a detrimental effect on the Council and community	<ul style="list-style-type: none"> • Tenants no longer able to afford current/new tenancies. • Increase in evictions and homelessness • Increased costs of temporary accommodation • Unable to secure similar level of income due to payment defaults • Increase in rent arrears • Public dissatisfaction • Criticism of the Council for not mitigating the effects for residents. 			Alan Hall
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
Joint Benefits and Housing working group established. Mitigation action plan developed.	Two thirds of the actions have been implemented and the remaining actions are in abeyance pending Government announcements on Universal Credit.	Working Group to continue and amend mitigation action plan as necessary.	Alan Hall	A smooth implementation of welfare reforms. Minimise number and cost of redundancies.	Monthly	Start date for full version of universal credit still unclear.

Risk No 4 Finance Income A1

Vulnerability	Trigger	Consequence	Risk Owner
<p>The Government will be consulting in 2016 on significant changes in the responsibilities and financing. District Councils are likely to suffer large reductions in grant income and New Homes Bonus.</p> <p>A large number of rating appeals have been received and the outcome of these is uncertain.</p> <p>Welfare reform may require substantial change to the calculation and administration of benefits with a likely reduction in funding received.</p> <p>The medium term financial strategy requires substantial net CSB reductions over three years.</p>	<p>Unable to secure required level of income due to reduced demand for services, changes in legislation or adverse change in funding mechanisms.</p>	<ul style="list-style-type: none"> • Council unable to meet budget requirements • Staffing and service level reductions • Increase Council Tax • Increase in charges • Greater use of reserves if required net savings not achieved • Higher level of saving in subsequent years. 	<p>Bob Palmer</p>

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
<p>Monitoring of key income streams and NDR tax base. Savings opportunities pursued through service reviews and corporate restructure.</p>	<p>Effective to date as budgets have been achieved that meet the financial targets set by Members.</p>	<p>Update Medium Term Financial Strategy as announcements are made on changes to central funding and welfare.</p> <p>Continue to pursue opportunities to reduce net spending.</p>	<p>Bob Palmer</p>	<p>Savings targets achieved with net expenditure reductions over the medium term as part of a structured plan.</p>	<p>Monthly</p>	<p>Issue of revised scheme for New Homes Bonus likely late summer.</p>

Risk No 5 Economic Development A2						
Vulnerability		Trigger	Consequence			Risk Owner
Economic development and employment is very important, particularly in the current economic climate. The Council needs to be able to provide opportunities for economic development and employment (especially youth employment) in the District.		Council performs relatively poorly compared to other authorities.	<ul style="list-style-type: none"> • Unable to secure sufficient opportunities • Local area and people lose out • Insufficient inward investment • Impact on economic vitality of area • Loss of revenue 			Derek Macnab
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
Work has commenced on an updated Economic Development Strategy. Cabinet approved four new posts.	Too early to determine effectiveness of new management and new posts.	Completion of Strategy and allocation of appropriate resources.	Derek Macnab	Growth in NDR tax base and employment opportunities. Council to be viewed as punching above its weight.	Monthly	July 2016.

Risk No 6 Data / Information C2						
Vulnerability		Trigger	Consequence			Risk Owner
The Authority handles a large amount of personal and business 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 			Colleen O'Boyle
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
<p>Updated Data Protection policy agreed by Corporate Governance Group and rolling out through meta-compliance.</p> <p>Data Protection formed part of Member induction from May 2014, with requirement to confirm acceptance of the Council's DP policy.</p> <p>Consolidation of Data Protection and Freedom of Information work in one area.</p> <p>Security Officer is continually monitoring situation and potential risks. Most systems have in built controls to prevent unauthorised access.</p> <p>Controls in systems have been strengthened in response to specific occurrences.</p>	Generally effective to date, with no lapses so far in 2016/17.	<p>Consider separation of Environmental Information Requests and ensure these are handled in accordance with the appropriate regulations.</p> <p>New system for handling F.O.I. requests purchased and being implemented early 2016. Review after six months for extension to Data Protection.</p> <p>Data sharing and fair processing notices to be reviewed and standardised.</p> <p>Maintain GCSx compliance and system controls.</p> <p>A working group is reviewing data held by Directorates to eliminate duplication and any inadvertent Data Protection issues.</p>	Colleen O'Boyle	<p>Continued security of personal data held by the Council in accordance with the Data Protections Act 1998.</p> <p>No criticism from the ICO over how requests are handled.</p> <p>No data loss or system downtime due to unauthorised access of EFDC systems or data.</p>	Quarterly	None

Risk No 7 Business Continuity C2						
Vulnerability		Trigger	Consequence			Risk Owner
<p>The Council is required to develop and implement robust Business Continuity Plans in line with the requirements of the Civil Contingencies Act.</p> <p>Following the consolidation into four directorates plans need to be updated and changes in responsibilities confirmed.</p>		<p>Unable to respond effectively to a business continuity incident (e.g. IT virus/flu pandemic)</p>	<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 			Derek Macnab
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
<p>Most services already have business continuity plans in place and a separate flu pandemic plan has been developed.</p> <p>The Corporate Plan has been updated and adopted.</p>	<p>The effectiveness of controls is assessed periodically through test and exercises</p>	<p>Guidance to be issued to services on updating plans.</p> <p>Arrange periodic tests and exercises.</p>	Derek Macnab	<p>Having plans in place which are proved fit for purpose either by events or external scrutiny.</p>	Quarterly	None

Risk No 8 Partnerships C3						
Vulnerability		Trigger	Consequence			Risk Owner
<p>The Council is involved in a plethora of multi agency partnerships e.g. LSP - LEP, and these have a variety of governance arrangements.</p> <p>Localism act may cause transfer of Council services to providers with governance issues.</p>		<p>Key partnership fails or services provided via arrangements lacking adequate governance.</p>	<ul style="list-style-type: none"> Relationships with other bodies deteriorate Claw back of grants Unforeseen accountabilities and liabilities for the Council Censure by audit/inspection Adverse impact on performance 			<p>Glen Chipp</p>
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
<p>Active participation in key partnerships by appropriate officers/Members.</p> <p>Structured reporting back to designated Select Committee.</p> <p>Members can request representatives on outside bodies to report to Full Council.</p>	<p>No significant issues to date. However, some concern exists about the working of the North Essex Parking Partnership.</p> <p>Internal Audit conducted an audit of partnerships and gave a rating of substantial assurance.</p>	<p>Continue existing monitoring procedures for current partnerships and construct appropriate arrangements for any new partnerships.</p> <p>Service areas need to ensure their own risk registers cover any significant partnerships they are involved with.</p>	<p>Glen Chipp</p>	<p>No significant impacts on service delivery or Council reputation from any partnership failures.</p>	<p>Quarterly</p>	<p>None</p>

Risk No 9 Safeguarding C2			
Vulnerability	Trigger	Consequence	Risk Owner
<p>The Council needs to demonstrate its ability to meet its duties under Sections 11 and 47 of the Children Act 2004.</p> <p>In addition, with the introduction of the Care Act 2014 new legislation requires the Council to comply with a range of new duties for adults with needs for care and support. This includes a new responsibility for safeguarding adults from self-neglect.</p>	<p>The Council fails to meet its duties in regard to safeguarding children, young people and adults with needs for care and support.</p>	<ul style="list-style-type: none"> • A child, young person or vulnerable adult suffers significant harm • A child, young person or vulnerable adult suffers from exploitation • Avoidable death of a child, young person or vulnerable adult living in the District • Reputational risk for Council • Censure and special measures applied 	<p>Alan Hall</p>

Risk No 9 Safeguarding - Action Plan

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
<p>The Council has a Safeguarding Policy (2015), which is updated in line with new legislation. The policy details what is required of all staff and Elected Members and is supported by a set of procedures which set out the process for recording safeguarding concerns, incidents and allegations.</p> <p>A corporate Safeguarding Group ensures sharing of best practice and information across Directorates and enables the identification of any weaknesses in the Council's work.</p> <p>Council policies have been developed for all new and emerging safeguarding issues such as Child Sexual Exploitation (CSE).</p> <p>A Safeguarding Strategy and Action Plan has been adopted by Cabinet.</p> <p>The Safeguarding Officer and part time Admin. posts have now been proposed as CSB growth.</p> <p>Nursery Worker Accommodation Task Group established.</p>	<p>The Council has reduced the risk of safeguarding issues going unnoticed by staff and Elected Members by providing a range of training and production of the new Policy and procedures in 2015.</p> <p>This group has become an effective forum for sharing of best practice and commitment from all Directorates is shown.</p> <p>Several of these policies have been used across Essex as examples of best practice.</p> <p>The Safeguarding Strategy and Action Plan set out the areas requiring further improvement.</p> <p>These posts have enabled a Safeguarding 'Hub', which all EFDC safeguarding issues are filtered through. The number of safeguarding concerns identified in the last year has quadrupled since these posts were introduced.</p>	<p>Leadership Team and Managers to continue to promote vigilance amongst staff.</p> <p>The Council needs to ensure timely response to changes in legislation or local procedures.</p> <p>Directorates need to continue to commit time for representatives to attend the Corporate Working Group.</p> <p>An ongoing rolling programme of training needs to be in place, to update and refresh staff and Elected Member awareness in the new and emerging issues.</p> <p>Finance Cabinet to agree proposal for CSB growth bid to make posts permanent.</p> <p>The group has developed an action plan which is submitted to Management Board.</p>	<p>Alan Hall</p>	<p>The Council meets all of its duties under Section 11 and 47.</p> <p>The Council meets the new duties of the Care Act 2014.</p> <p>The Council fully meets all aspects of the ESCB/ESAB Safeguarding self - assessment.</p>	<p>Monthly</p>	<p>ESAB (Safeguarding Adult) Audit to be submitted October 2016.</p> <p>ESCB (Safeguarding Children) Audit to be submitted October 2017.</p>

Risk No 10 Housing Capital Finance		B2				
Vulnerability		Trigger	Consequence			Risk Owner
<p>If the Council is unable to spend right to buy receipts in set timescale on qualifying capital schemes we will have to pay the money to the Government along with interest at a penalty rate.</p> <p>Changes to legislation which reduce income to the HRA.</p> <p>The Government is introducing right to buy for tenants of housing associations financed through the forced sales of Council properties as they become void. A scheme is being piloted initially with five housing associations to assist with the development of a national scheme.</p>		<p>Schemes are delayed by either the planning process or unanticipated site problems.</p> <p>Imposition of rent reduction proposal.</p> <p>Imposition of right to buy scheme which requires the disposal of a large proportion of the Council's void properties.</p>	<ul style="list-style-type: none"> • Loss of capital resources • Revenues cost of penalty interest • Loss of HCA affordable housing grant • Loss of rental income • Delays in provision of new social housing • Increase in housing waiting list • Current 30 year business plan may become unsustainable. 			Alan Hall
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
<p>Position being monitored by the House Building Cabinet Committee and a number of contingency options are available including purchasing on the open market.</p> <p>The Council belongs to the Association of Retained Council Housing which lobbies on such issues.</p>	<p>Effective to date as no loss of funds yet.</p> <p>Too early to comment yet as the policy is still being developed.</p>	<p>Continue close monitoring of financial position.</p> <p>Keeping Members fully informed of the potential consequences of their actions.</p> <p>Monitor policy development/announcements and participate in lobbying if appropriate.</p>	<p>Alan Hall</p> <p>Alan Hall</p>	<p>No loss of right to buy receipts.</p> <p>No loss of Council properties to support right to buy for HA tenants.</p>	<p>Monthly</p> <p>Monthly</p>	<p>Ongoing</p>

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Report to the Finance and Performance Management Cabinet Committee

Report reference: *FPM-004-2016/17*
Date of meeting: *16 June 2016*



**Epping Forest
District Council**

Portfolio: Finance

Subject: Provisional Capital Outturn 2015/16

Responsible Officer: Teresa Brown (01992-564604)

Democratic Services Officer: Rebecca Perrin (01992 564532).

Recommendations/Decisions Required:

- (1) That the provisional outturn report for 2015/16 be noted;
- (2) That retrospective approval for the over and underspends in 2015/16 on certain capital schemes as identified in the report is recommended to Cabinet;
- (3) That approval for the carry forward of unspent capital estimates into 2016/17 relating to schemes on which slippage has occurred is recommended to Cabinet;
- (4) That approval of the funding proposals outlined in this report in respect of the capital programme in 2015/16 is recommended to Cabinet;
- (5) That an in principle decision be made to meet a funding requirement for the purchase of street properties in 2016/17 from HRA underspends in 2015/16; and
- (6) That the position regarding the use of the attributable debt element of the retained capital receipts be amended.

Executive Summary:

This report sets out the Council's capital programme for 2015/16, in terms of expenditure and financing, and compares the provisional outturn figures with the revised estimates. The revised estimates, which were based on the Capital Programme, represent those adopted by the Council on 18 February 2016.

Appendix 1 summarises the Council's overall capital expenditure and funding in 2015/16. It shows the total amount of expenditure invested in Council-owned assets within the General Fund, analysed over the four directorates, and shows the sum invested in existing and new Housing Revenue Account (HRA) assets separately. Underneath this are the total sums advanced in the form of Capital Loans and the Revenue Expenditure Financed from Capital under Statute (REFCuS).

Information on individual projects or programmes is given on Appendix 2 for the General Fund Capital Programme and Appendix 3 for the HRA Capital Programme, Capital Loans and Revenue Expenditure Financed From Capital under Statute. Overspends and underspends are shown in the third column of each appendix and these are identified as budget overspends, savings, carry forwards or brought forwards on a project-by-project basis in columns four to six. In some instances, other changes are recommended; these are identified in column seven and explanations are given in the report. The carry forwards and brought forwards represent changes in the timing and phasing of schemes and the movement of estimates between financial years rather than amendments to total scheme estimates.

An analysis of the funds used to finance the Council's capital expenditure in 2015/16 is also given in Appendix 1, detailing the use of government grants, private funding, capital receipts and direct revenue funding. The generation and use of capital receipts and Major Repairs Fund resources in 2015/16 are detailed in Appendix 4.

Reasons for Proposed Decision:

The funding approvals requested are intended to make best use of the Council's capital resources that are available to finance the Capital Programme.

Other Options for Action:

The Council's current policy is to use all HRA capital receipts from the sale of assets, other than Right to Buy Council House sales, to fund the Council's house building programme. However, Members have the option to use these capital receipts for other HRA or General Fund schemes if they chose. This option has been rejected to date because, unless HRA receipts are applied to affordable housing schemes, 50% of each receipt would be subject to pooling i.e. the council would have to pay 50% of these receipts to central government.

The Council retains an element of the right to buy receipts classified as 'allowable' debt. It has been agreed that 30% of this receipt should be set aside to help finance the HRA housebuilding programme, this represents a sum of £869,000 as at 31 March 2016. However, none of this sum has been utilised to date and the Council is reconsidering this position.

Report:

Capital Expenditure

1. The Council's total investment on capital schemes and capital funded schemes in 2015/16 was £37,298,000 compared to a revised estimate of £49,917,000, representing an underspend of 25%. The largest underspends were experienced on General Fund projects, details of which are shown on Appendix 2. In particular, there were large underspends on the planned developments at St John's Road, the Langston Road Retail Park and the Oakwood Hill Depot.

Resources

2. Within the Resources Directorate, there were two large underspends of £306,000 and £151,000 on the planned maintenance programme and the upgrade of the industrial units at Oakwood Hill respectively.
3. Of the 27 projects scheduled to be undertaken within the Council's planned maintenance programme, 14 were fully completed or nearly completed at a cost of £856,000. However, delays have been experienced on the remaining 10 schemes, most of which relate to the civic offices at Epping. It is recommended that the full £306,000 underspend is carried forward for these 10 projects, the largest of which relate to the refurbishment of 2 toilet areas in the civic offices as well as major improvements in electrical systems and energy efficiency works.
4. Work planned to upgrade the industrial units at Oakwood Hill relate to essential roofing improvements, which are required to meet current building regulation standards. Commencement has been delayed as a result of protracted negotiations with current tenants regarding the recovery of the costs of the works. Members are requested to approve the carry forward of the full £151,000 allocation to 2016/17 to fund the work once a resolution has been agreed.
5. The Information and Communication Technology (ICT) Programme progressed very well and 15 schemes were completed successfully in 2015/16. Capital expenditure totalled £311,000, compared to a revised budget of £315,000. Included in the expenditure figure is a commitment of £25,000 to cover a one-off payment for a licence for the cashier's system, which had not been included within the capital budget and has been financed by direct revenue funding. It is recommended that retrospective approval is proposed to Cabinet for this licence. It is also requested that two unspent allocations, totalling £29,000, which were originally set aside for two other licences in 2015/16 be recommended for carry forward to 2016/17.

Neighbourhoods

6. Within the Neighbourhoods Directorate, the largest underspend relates to the St John's Road Development. This project has not progressed because the agreement to purchase the land owned by Essex County Council at St John's Road has not been finalised. However, negotiations are continuing in the hope that the scheme will progress later this year. As a consequence, the full £6,000,000 set aside for this scheme is recommended for carry forward to 2016/17.
7. Progress on the new Shopping Park at Langston Road has also been delayed, partly due to the need to re-tender the contract for the main construction works, and partly due to hold ups on the Section 278 highways work as a result of some very restrictive traffic

management constraints imposed by Essex County Council after the tenders were submitted. Approval is sought to carry forward £2,076,000 to 2016/17 to continue the project.

8. Although the construction of the new depot at Oakwood Hill has progressed well since it started last September, some slippage has been experienced on this scheme too. A carry forward of £503,000 is therefore recommended to complete the scheme early in 2016/17.
9. Other smaller underspends within the Neighbourhoods Directorate are shown on Appendix 2. A total of £120,000 is requested to be carried forward in order to provide for refuse and recycling containers at new sites, improvements at the Council's car parks and the purchase of replacement vehicles for the grounds maintenance service. An adjustment of £5,000 has been made to the latter to allow for the sale proceeds of a sold vehicle to be used towards financing a new vehicle.
10. Furthermore, overspends of £6,000 and £5,000 were incurred on the development of the former Sir Winston Churchill pub site and the installation of a new property management system. A recommendation to retrospectively approve capital estimates to cover these sums is sought from Members as part of this report.

Communities

11. The major investment within the Communities Directorate has been the extension and refurbishment of the Council's museum. Practical completion of the building works was achieved in December 2015 and the new facility was opened to the public in March 2016. The flagship design with its innovative 'open storage display', the extended exhibition space and the community room are all very impressive and it is hoped the museum will draw visitors from further afield than the district itself. The cost of the project was higher than originally estimated and the budget has been increased to allow for this. It is considered prudent to carry forward the underspend of £20,000 to 2016/17.
12. The two other budgets within the Communities capital programme were set aside for the provision of additional off-street parking schemes on housing land and the installation of new and upgraded CCTV systems. The off-street parking schemes are joint-funded between the General Fund and the HRA, depending on the split between sold properties and Council properties. Although some schemes are progressing, there was an underspend of £13,000 on this budget and it is recommended that this sum is carried forward to 2016/17 to continue the improvements. With regard to the CCTV upgrade programme, the majority of the planned works were completed on schedule last year but two schemes are outstanding which will be completed this year. A carry forward of £9,000 underspend in respect of the 2 outstanding schemes is requested, having taken into account some unexpected expenditure on a security system at Town Mead depot. Retrospective approval for the latter is also sought, this having been financed by £7,000 of direct revenue funding made available from other revenue savings.

Housing Revenue Account (HRA)

13. The approved HRA capital budget for 2015/16 was increased compared to previous years to provide for the Council's housebuilding programme. A revised budget of £17,349,000 was approved but expenditure during the year totaled £13,811,000, representing an underspend of £3,538,000 or 20%.
14. Appendix 3 shows how actual costs compared to revised budgets for each category of work within the HRA capital programme. It shows that the largest underspend of

£1,123,000 was on kitchen and bathroom replacements. This was primarily due to much lower numbers of replacements being undertaken on void properties. This is because kitchens and bathrooms are only replaced if deemed necessary and, as many void properties have already had replacements under the planned programme, works on voids has reduced.

15. The second largest underspend was experienced on the new house building and conversions program. The Marden Close and Faversham Hall conversions were completed in November 2015 and all flats have been let. However, construction work has been delayed due to difficulties with the main contractor at the 4 sites within phase 1 of the new housebuilding programme and a carry forward of the full £1,069,000 underspend is sought to complete works at these sites.
16. There were two areas where expenditure was higher than estimated; these being structural schemes and disabled adaptations where expenditure was £140,000 and £20,000 overspent respectively. It is suggested that the budget from 2016/17 be brought forward to 2015/16 to cover this.
17. All other areas of expenditure experienced slippage to a greater or lesser extent and details of each category can be seen in Appendix 3. Capital expenditure work on leaseholder properties was actually £414,000, which was £214,000 over the budget of £200,000. Although the budget is shown as a single credit figure within the HRA capital programme, actual costs are identified to the type of work they relate to once the works are complete. This has the effect of exaggerating the underspends for each individual category in Appendix 3 but it does serve to reduce the overall underspend to £1,506,000 on HRA capital works, excluding the categories in paragraphs 14 and 15 above. It is recommended that this underspend is carried forward pending a re-assessment of the budget when it is reviewed in the autumn.
18. The report identifies significant underspends on HRA schemes and, as there is a funding requirement for the purchase of Street Properties scheme in 2016/17, it is proposed that an element, to be determined, of this carry forward be diverted to fund that element not covered by 1-4-1 receipts.

Capital Loans

19. With regard to the Capital Loans provided to third parties by the Council, these were more or less on target. The loan to the Council's waste management operator went ahead as planned and a monthly repayment schedule has been agreed.
20. Loans made under the Open Market Shared Ownership scheme were completed on budget and this scheme has now come to an end. However, the Council will receive payments in the future as the individuals, who benefited from this scheme, purchase further equity in their properties. Clearly, in a rising housing market, the Council potentially stands to benefit from increased house prices.
21. Although the total value of loans made to individuals to improve private housing stock was lower than anticipated, demand increased in 2015/16 to £119,000 compared to £65,000 the previous year. Given the upward trend, Members are asked to recommend for approval the carry forward of the £41,000 underspend to 2016/17.

Revenue Expenditure Financed from Capital under Statute (REFCuS)

22. The Council provides capital funds to finance certain items of revenue expenditure, known as REFCuS. To qualify such expenditure must be of a capital nature but serve to increase the value of assets not owned by the Council.
23. The largest budget in this section is for the Section 278 highways works required to enable the new Shopping Park at Langston Road to go ahead. Originally the budget for these works was included within the capital allocation within the General Fund but actual costs have been identified separately. The budget allocation shown on Appendix 3 has been moved from the General Fund allocation shown in Appendix 2. The sum moved matches the costs incurred to date at this point pending a more detailed analysis, which will be presented as part of the Capital Review.
24. Likewise, the budget for the gas replacement scheme at Ninefields and other Council flats was not identified separately within the HRA capital programme previously and the adjustment made in this report from the HRA allocation in Appendix 3 matches the costs incurred to date.
25. Disabled Facility Grants (DFGs) given for adaptations to private properties have risen sharply in recent years, and last year Cabinet approved an increase of £120,000 to £500,000 per year. Given the rising demand for DFGs and the increase in Central Government support to finance these grants in 2016/17, it is recommended that the £15,000 overspend is absorbed within the 2015/16 outturn and not deducted from future approved budgets. This can be off-set against the £7,000 saving on other private sector housing grants, which have now come to an end.
26. Similarly, expenditure on leasehold flats, sold under Right to Buy legislation where the Council is the freeholder, was higher than anticipated in 2015/16 by £214,000 and again it is recommended that no reduction is made to the 2016/17 allocation due to the reimbursable nature of this budget.
27. Finally, it is recommended that the £83,000 underspend on the Buckhurst Hill parking review be carried forward to 2016/17 for the Loughton Broadway review.

Summary

28. In summary, Members are requested to recommend to Cabinet the approval of the budget overspends, savings, carry forwards and brought forwards referred to above on the schemes identified in Appendices 2 and 3. There was one General Fund budget saving of £7,000 on Revenue Expenditure Financed from Capital under Statute. There were two areas where spending was higher than estimated totaling £160,000 on the HRA, it is proposed these amounts be brought forward from 2016/17. The carry forwards requested total £9,227,000 on the General Fund; £3,698,000 on the HRA capital programme; £41,000 on Capital loans and £83,000 on REFCuS. Members are also asked to approve the other amendments of £37,000 on the General Fund and £229,000 on REFCuS, as identified in the report, all of which were funded from revenue or from external sources.

Funding

29. The funds available to finance the capital programme include Government grants, other public sector grants, private contributions to capital schemes, capital receipts and direct revenue funding from the General Fund and HRA. Initially any specific grants and private contributions made for particular projects are used to finance the appropriate projects, taking into account any restrictions with regard to usage and time scales. Other sources of capital finance, which carry restrictions, are also applied at the earliest opportunity in order to avoid losing potential funds. This includes the element of capital receipts generated from the sale of council houses, which is available solely for replacement affordable housing (often referred to as 1-4-1 receipts) and must be used within three years of receipt. As a consequence, the maximum sum allowable has been applied to the 2015/16 HRA house building programme in order to reduce the potential risk of handing any funds back to Central Government.
30. However, another element of capital receipts available for capital funding is known as 'attributable' or 'allowable' debt. The Council is free to use all, none or indeed a portion of this money to fund HRA expenditure. A previous decision to use 30% of this for housebuilding was passed on a recommendation from the Housebuilding Cabinet Committee. However, Cabinet may not have had the opportunity to fully consider other options at this time. The latest 30 year plan suggests an amount of £869,000 is available for replacement housing schemes. This sum is based on 30% of the allowable debt minus the 'assumed' debt of Council dwellings, which was calculated when the new self-financing regime was introduced in April 2012. Another approach could be to use the assumed debt figure of £1,218,950 as a basis for ascertaining the amount to be used for housebuilding; this would make £366,000 available. Currently, none of these resources have been applied to the housebuilding programme as 1-4-1 capital receipts, capital grants and private contributions are applied in the first instance and these have been sufficient to cover all costs to date. This would liberate additional capital resources of £503,000 to be invested in General Fund schemes.
31. Appendix 1 identifies the sources of funding used to finance the 2015/16 capital programme and it compares the actual sums used with the amounts estimated in the revised capital programme. In total, grants of £3,725,000 were used last year compared to an estimated sum of £3,493,000, representing an increase of £232,000. This resulted primarily from the increase in private funding made available through the increased value of rechargeable capital works to HRA leasehold properties combined with increased section 106 monies received.
32. The generation of capital receipts proved to be lower in 2015/16 than had been anticipated, as shown in Appendix 4. This was partly due to less council houses being sold than expected, following the steep rise in 2014/15 when the level of maximum allowable discount under the Right to Buy scheme was raised significantly. A total of 20 properties were sold compared to 46 in 2014/15. On the other hand, there were some unexpected capital receipts received from a compensation payment, the sale of some vehicles and equipment and a lease premium. The use of capital receipts to finance expenditure was £2,672,000 higher than estimated and the year-end balance on the Capital Receipts Reserve has fallen to £3,790,000 as at 31 March 2016. All of this balance is set aside for the Council's housebuilding programme.
33. Due to all the capital receipts currently available to fund General Fund schemes having been fully utilised, internal borrowing has been made available from the HRA capital receipts balance set aside for the housebuilding programme, to support investment in the new Shopping Park. In total, the General Fund has borrowed around £4,000,000 from the HRA and will be required to pay interest on this sum for the duration of the

loan. This internal borrowing has been made on a temporary basis only and future borrowing requirements will continue to be monitored closely.

34. With regard to the use of direct revenue funding, the HRA contribution of £4,900,000 was in line with the revised budget. However, the use of funds from the Major Repairs Reserve was £3,097,000 lower than estimated reflecting the underspend on HRA capital schemes. The impact of this, off-set to some extent by a reduction in the Major Repairs Allowance transfer, is that the balance on the Major Repairs Reserve is £2,896,000 higher than expected at £11,997,000 as at 31 March 2016.

Resource Implications:

The 2015/16 Provisional Capital Outturn totalled £16,829,000 for General Fund assets which represents an overall underspend of £9,179,000 on the revised budget. This comprises of overspends of £11,000; slippage of £9,227,000; and other overspends of £37,000 funded from revenue.

The 2015/16 HRA Provisional Capital Outturn was £13,811,000, which represents an overall underspend of £3,538,000 on the revised budget. This includes brought forwards of £160,000; and slippage of £3,698,000.

Provisional Outturn figures on Capital Loans totalled £4,337,000, which represents an underspend of £41,000 all of which was slippage.

Revenue Expenditure Charged to Capital under Statute (REFCuS) totalled £2,321,000; this represents an overall budget overspend of £139,000 including a saving of £7,000; slippage of £83,000; and other overspends of £229,000 financed from external sources.

Legal and Governance Implications:

The Council's capital accounts have been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA)'s Code of Practice on Local Authority Accounting in the United Kingdom 2011.

Safer, Cleaner and Greener Implications:

The Council's Capital Strategy works to incorporate safer, greener and cleaner design concepts within all capital schemes. The capital programme also supports sustainable initiatives such as the new food and recycling system which was supported by the provision of new vehicles and equipment.

Consultation Undertaken:

Progress on the capital programme is monitored regularly by the Resources Select Committee and the Finance and Performance Management Cabinet Committee. Service Directors and spending control officers are also consulted throughout the year. In addition, consultation is undertaken with the Tenants and Leaseholders Federation and the Director of Communities on the HRA programme.

Background Papers:

The capital programme approved at Cabinet in February 2016 and working papers filed for External Audit purposes.

Due Regard Record

Name of policy or activity:

What this record is for: By law the Council must, in the course of its service delivery and decision making, think about and see if it can eliminate unlawful discrimination, advance equality of opportunity, and foster good relations. This active consideration is known as, 'paying due regard', and it must be recorded as evidence. We pay due regard by undertaking equality analysis and using what we learn through this analysis in our service delivery and decision making. The purpose of this form is as a log of evidence of due regard.

When do I use this record? Every time you complete equality analysis on a policy or activity this record must be updated. Due regard must be paid, and therefore equality analysis undertaken, at 'formative stages' of policies and activities including proposed changes to or withdrawal of services. This record must be included as an appendix to any report to decision making bodies. Agenda Planning Groups will not accept any report which does not include evidence of due regard being paid via completion of an Equality Analysis Report.

How do I use this record: When you next undertake equality analysis open a Due Regard Record. Use it to record a summary of your analysis, including the reason for the analysis, the evidence considered, what the evidence told you about the protected groups, and the key findings from the analysis. This will be key information from Steps 1-7 of the Equality Analysis process set out in the Toolkit, and your Equality Analysis Report. This Due Regard Record is Step 8 of that process.

Date / Name	Summary of equality analysis
May 2016	This report represents a financial summary of expenditure within the Council's Capital Programme in 2015/16, in addition to the associated funding for the year.
Teresa Brown Principal Accountant	At this stage the aims of the public sector equality duty will already have been taken into account when the individual schemes were originally approved. As this report does not represent a formative stage in the approval of capital projects, an equality analysis is not considered relevant in respect of this report.

**CAPITAL PROGRAMME
2015/16 ACTUAL (PROVISIONAL)**

	2015/16 Revised £000	2015/16 Actual £000	(Under) / Overspend £000
EXPENDITURE			
Resources	1,628	1,167	(461)
Neighbourhoods	22,757	14,074	(8,683)
Communities	1,623	1,588	(35)
Total General Fund	26,008	16,829	(9,179)
Total HRA	17,349	13,811	(3,538)
Total Capital Programme	43,357	30,640	(12,717)
Total Capital Loans	4,378	4,337	(41)
Total Revenue Expenditure Financed From Capital under Statute	2,182	2,321	139
TOTAL CAPITAL FUNDED PROGRAMME	49,917	37,298	(12,619)
FUNDING			
Government Grant for DFGs	437	438	1
Grants for New Housebuilding	87	37	(50)
Other Government Capital Grants	1,078	1,069	(9)
Private Funding	1,891	2,181	290
Total Grants	3,493	3,725	232
General Fund	12,454	0	(12,454)
Total External Borrowing	12,454	0	(12,454)
General Fund	9,368	12,614	3,246
HRA	1,638	1,239	(399)
REFCuS & Loans	5,367	5,192	(175)
Total Capital Receipts	16,373	19,045	2,672
GF - Direct Revenue Funding	3,123	3,151	28
HRA - Direct Revenue Funding	4,900	4,900	0
HRA - Major Repairs Reserve	9,574	6,477	(3,097)
Total Revenue Contributions	17,597	14,528	(3,069)
TOTAL	49,917	37,298	(12,619)

**GENERAL FUND CAPITAL PROGRAMME
2015/16 ACTUAL (PROVISIONAL)**

	2015/16 Revised £000	2015/16 Actual £000	(Under) / Overspend £000	Savings/ Overspends £000	Carry Forwards £000	Other £000
Resources						
Planned Maintenance Programme	1,162	856	(306)		(306)	
Upgrade of Industrial Units	151	0	(151)		(151)	
General IT	315	311	(4)		(29)	25
Total	1,628	1,167	(461)	0	(486)	25
Neighbourhoods						
Langston Road Shopping Park	13,955	11,879	(2,076)		(2,076)	
Oakwood Hill Depot	2,425	1,922	(503)		(503)	
St John's Road Epping Development	6,000	0	(6,000)		(6,000)	
Sir Winston Churchill Site	35	41	6	6		
Waste Management Equipment	40	12	(28)		(28)	
Pay & Display Car Parks	190	133	(57)		(57)	
North Weald Market Improvements	15	15	0			
Property Management System	0	5	5	5		
Grounds Maint Plant & Equipment	97	67	(30)		(35)	5
Total	22,757	14,074	(8,683)	11	(8,699)	5
Communities						
Museum Development	1,551	1,531	(20)		(20)	
Housing Estate Parking	24	11	(13)		(13)	
CCTV Systems	48	46	(2)		(9)	7
Total	1,623	1,588	(35)	0	(42)	7
TOTAL GENERAL FUND PROGRAMME	26,008	16,829	(9,179)	11	(9,227)	37

**HRA CAPITAL PROGRAMME
2015/16 ACTUAL (PROVISIONAL)**

Housing Revenue Account	2015/16 Revised £000	2015/16 Actual £000	(Under) / Overspend £000	Savings/ Overspends £000	Carry Forwards £000	Brought Forwards £000	Other £000
New House Building & Conversions	4,453	3,384	(1,069)		(1,069)		
North Weald Depot	300	0	(300)		(300)		
Heating/Rewiring/Water Tanks	3,581	3,105	(476)		(476)		
Windows/Doors	1,296	854	(442)		(442)		
Roofing	1,302	1,151	(151)		(151)		
Other Planned Maintenance	421	380	(41)		(41)		
Structural Schemes	453	593	140			140	
Kitchen & Bathroom Replacements	4,332	3,209	(1,123)		(1,123)		
Garages & Environmental Improvements	435	357	(78)		(78)		
Disabled Adaptations	442	462	20			20	
Other Repairs and Maintenance	292	227	(65)		(65)		
Capital Service Enhancements	242	89	(153)		(153)		
Less Work on Leasehold Properties	(200)	0	200		200		
TOTAL HRA PROGRAMME	17,349	13,811	(3,538)	0	(3,698)	160	0

**CAPITAL LOANS
2015/16 ACTUAL (PROVISIONAL)**

Capital Loans	2015/16 Revised £000	2015/16 Actual £000	(Under) / Overspend £000	Savings/ Overspends £000	Carry Forwards £000	Brought Forwards £000	Other £000
Open Market Shared Ownership Scheme	146	146	0				
Private Sector Housing Loans	160	119	(41)		(41)		
Biffa Loan	4,072	4,072	0				
TOTAL CAPITAL LOANS	4,378	4,337	(41)	0	(41)	0	0

**REVENUE EXPENDITURE FINANCED FROM CAPITAL UNDER STATUTE
2015/16 ACTUAL (PROVISIONAL)**

REFCuS	2015/16 Revised £000	2015/16 Actual £000	(Under) / Overspend £000	Savings/ Overspends £000	Carry Forwards £000	Brought Forwards £000	Other £000
Langston Road Shopping Park	703	703	0				
Parking Review Schemes	127	44	(83)		(83)		
Disabled Facilities Grants	500	515	15				15
Other Private Sector Grants	12	5	(7)	(7)			
Superfast Broadband Programme	84	84	0				
Recharged Work on Leasehold Properties	200	414	214				214
Gas Pipe Replacement Programme	556	556	0				
TOTAL REFCuS	2,182	2,321	139	(7)	(83)	0	229

CAPITAL RECEIPTS
2015/16 ACTUAL (PROVISIONAL)

	2015/16 Revised £000	2015/16 Actual £000	2015/16 Variation £000
Receipts Generation			
Housing Revenue Account	4,401	3,256	(1,145)
General Fund	812	901	89
Total Receipts	5,213	4,157	(1,056)
Receipts Analysis			
Usable Receipts	1,916	1,843	(73)
Available for Replacement Homes	2,443	1,458	(985)
Payment to Govt Pool	854	856	2
Total Receipts	5,213	4,157	(1,056)
Usable Capital Receipt Balances			
Opening Balance	19,534	19,534	0
Usable Receipts Arising	4,359	3,301	(1,058)
Use of Other Capital Receipts	(16,373)	(19,045)	(2,672)
Closing Balance	7,520	3,790	(3,730)

MAJOR REPAIRS RESERVE
2015/16 ACTUAL (PROVISIONAL)

	2015/16 Revised £000	2015/16 Actual £000	2015/16 Variation £000
Opening Balance	11,154	11,154	0
Major Repairs Allowance	7,521	7,320	(201)
Use of MRR	(9,574)	(6,477)	3,097
Closing Balance	9,101	11,997	2,896