

**Report to the Finance & Performance
Management Cabinet Committee**



**Epping Forest
District Council**

Report reference: FPM-008-2010/11.

Date of meeting: 27 September 2010.

Portfolio: Finance & Economic Development.

Subject: District Development Fund.

Responsible Officer: Peter Maddock (01992 564602).

Democratic Services: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

- (1) That the current balance on the District Development Fund (DDF) reserve be noted;**
- (2) That future bids for DDF budgets be approved for a maximum period of two years; and**
- (3) That, subject to approval of recommendation (2) above, this time limit be applied retrospectively to all currently approved bids.**

Executive Summary:

This report sets out the Council's existing policy on approving DDF bids and proposed changes to the administration of the fund to manage this reserve more efficiently.

Reasons for Proposed Decision:

The Government's measures to reduce the national debt will soon come into effect and it is expected that this Council will subsequently be required to introduce significant savings in the Continuing Service Budget (CSB). As a result there is likely to be an increase in demand on the DDF, the measures proposed are in anticipation of this and to ensure that the DDF is used most effectively.

Other Options for Action

Make no changes to the administration of the fund or to change the period of approval of bids to one or three years.

Report:

1. The DDF was established in 1998/99. At that time the Housing Revenue Account subsidy became negative to the value of £240,000, Government rules at that time allowed the Council to transfer this sum to the general fund, this amount with a further £642,000 was transferred into the DDF. It is an identifiable reserve for income and expenditure items that fall outside the scope of the continuing service requirement, and is used to fund one-off expenditure items which provide enhancements to existing services or to fulfil a statutory requirement or Council objective.
2. Since its establishment the reserve has been self-funding, through various revenue receipts such as government grants and has made significant contributions towards enabling

improvements to services.

3. Currently bids for budget allocations from the DDF reserve are approved by Council through the Cabinet process; this funding is currently not subject to the time constraints that apply to the CSB budget and unspent amounts can be carried forward across financial years if a project is incomplete at the year end.

4. Experience has demonstrated that some service areas do not use these budgets in a timely manner and subsequently require them to be carried forward, in some cases over a number of years. As a result the monitoring and forecasting of the demand on the reserve is uncertain. The table below shows the value of DDF approved, spent and carried forward for the years 2007/08 to 2009/10.

| Financial Year | DDF Spend £'000 | Estimated | DDF Actual Spend £'000 | DDF Carry Forward Requested £'000 |
|----------------|--------------------|-----------|---------------------------|---|
| 2007/08 | 2,802 | | 2,554 | 500 |
| 2008/09 | 2,187 | | 1,792 | 412 |
| 2009/10 | 1,583 | | 1,163 | 492 |

5. Whilst it is recognised that some projects will span a number of years implementing a two year time limit will ensure that bids are assessed and re-approved periodically.

6. On occasion DDF items have arisen from CSB underspends. This is allowed in exceptional circumstances and is subject to a report. The DDF funding created is available for use in the year it is approved only.

7. With the Government's proposed spending cuts soon coming into effect it is expected that the demand on the DDF will increase, these measures will allow more flexibility in allocating funds. The value of approved bids as 1 April 2010 is £3,032,000 (attached at appendix 1) of which £1,050,000 was approved at 31 March 2009 and which, if the amounts remain unspent will become eligible for re-approval for 2011/12 (appendix 2).

Resource Implications:

The balance on the DDF at 1 April 2010 is £4,041,000, the value of approved bids and carry forwards as at this date is £3,302,000.

Legal and Governance Implications:

Amendment to Financial Regulations as necessary.

Safer, Cleaner, Greener Implications:

The DDF includes expenditure in relation to this.

Consultation Undertaken:

None.

Background Papers:

None.

Impact Assessments:

Risk Management

If funds are allocated in advance of need and allowed to be continuously rolled forward other worthwhile projects may be unnecessarily delayed or abandoned.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? No

What equality implications were identified through the Equality Impact Assessment process?
None

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?
N/A