

Report to the Council

Committee: Cabinet

Date: 13 December 2011

Subject: Finance and Economic Development Portfolio

Portfolio Holder: Councillor Gagan Mohindra

Recommending:

That the report of the Finance & Economic Development Portfolio

Holder be noted

The Autumn Statement

In anticipation of the Autumn Statement I decided it was more important for my report to include comments on the Statement than be issued as part of the main agenda. I hope Members will find the following comments helpful and understand my reasoning.

The overall picture painted by the Statement was not a good one, growth has been lower than anticipated and so the austerity measures will need to continue for longer. There has been a good deal of media coverage about the state of the economy, infrastructure works, credit easing and what the Government will do for some regions and so I will concentrate on the aspects that will affect this Council directly.

Firstly, the extension of the period of public sector pay restraint needs to be explained. Pay settlements in local government are determined by negotiations between the employers' organisations and the trades unions not by central government. However, clearly a policy like this is something the employers' organisations will have to have regard to and I think it is unlikely that pay settlements in local government will vary much from this guidance. The Medium Term Financial Strategy allows for pay awards of 1.5% in 2013/14 and 1% in 2014/15, so the proposed awards of 1% for both years will not require any additional resources.

The other items that I want to comment on are the additional schemes to provide assistance to business rate payers. There is currently a rate relief holiday in place for small businesses, this was due to expire in October 2012 but will now continue through to the end of the 2012/13 financial year. The other change is to assist businesses facing increases in their rating bills in 2012/13 due to the RPI uprating. Businesses will be allowed to defer 60% of the increase, to be repaid equally across the following two years. I am sure businesses will welcome these initiatives and I am glad that, in addition to the specific concentrated measures of regional aid, government has been able to take steps to help the wider business community. The deferral proposal will make the billing and collection of business rates more complicated for us but the staff in Revenues have coped well with similar schemes in the past.

Accountancy

The recent meetings of the Finance & Performance Management Cabinet Committee and Scrutiny Panel have received the financial monitoring reports for the second quarter of the financial year. These reports analyse variances on the key items of income and expenditure for both revenue and capital items. The overall position is very much in line with the estimates.

The meeting of the Finance & Performance Management Cabinet Committee also received the first draft of the growth and savings lists for both continuing service budgets and district development fund items. The ongoing budget process meant it was necessary to issue this as a supplementary paper and so Portfolio Holders only had a limited opportunity to review the lists before the meeting. As the budget process continues and Portfolio Holders are able to examine items more closely the lists will be amended and updated. At this stage the necessary savings for the 2012/13 budget have been largely identified. However, further savings are needed in subsequent years and any additional savings that can be identified now will help the Council maintain its long term financial stability.

It is also worth saying that there remains considerable uncertainty about the localisation of council tax benefit and the local government resource review. These issues could still have a significant detrimental impact on the Council's financial position and if this proves to be the case additional savings will be required.

Benefits

Changes to Housing Benefit for single people under 35

Members will be aware of the general background of welfare reform and the various initiatives that are currently in progress. One significant change is happening with Housing Benefit from 1st January 2012 for single people aged 25 to 34 who rent from a private landlord. The Government is introducing changes to Housing Benefit so that single people in this age group will only be entitled to the shared accommodation rate to help with their rent (rather than being able to claim for self-contained one-bedroom accommodation).

This means that single people will only be entitled to the lower rate of Housing Benefit for a room in shared accommodation if all of the following apply:

- You are a single person
- You are occupying one-bedroom self-contained accommodation in the private rented sector
- Your Housing Benefit is due to be reviewed from January 2012 onwards
- At the date of the review you will be aged 25 or over but under 35 years, and
- You are not covered by any of the exemptions on sharing accommodation.

The change means that from January 2012 onwards, instead of the one-bedroom self-contained rate for Housing Benefit, you would move onto the shared accommodation rate that applies on the date of your annual review. This rate will be much lower than the one bedroom self contained rate. The exact amount will only be known on the date of your annual review as the rates change each month. However the current shared accommodation rates for property in this district range from

£69.27 to £73.50 per week, which gives an indication of the likely rate from 1 January 2012. If your Housing Benefit is not assessed under Local Housing Allowance rules we cannot provide an estimate at present, although the rate is likely to be much lower than the current rate.

You will not be affected by these changes if you

- Get the severe disability premium, or
- Need an extra bedroom for an overnight carer who does not live with you, or
- are subject to active multi-agency management under the Multi Agency Public Protection Arrangements (MAPPA), or
- have spent three months or more in a homeless hostel, or more than one hostel, specialising in rehabilitation and resettlement within the community. To benefit from this exemption claimants would need to have been offered and to have accepted support services to enable them to be rehabilitated or resettled in the community.

Eighty three existing claimants have been identified who will be affected by these changes. Each person has been sent a letter advising them of the changes, their individual anniversary date and the current single room rate for the area that they are currently living in. Information has also been included in recent editions of the Forester to raise awareness. However, if Members are contacted by concerned residents please advise the residents to contact the Council's Benefits Service for help and advice.

Revenues

The conveyor belt of consultations continues and on 31 October 2011 the Government published its 'Technical Reforms of Council Tax' consultation paper. The review proposes changes to the discounts available for second and empty homes, changing the default number of payments and a number of other technical changes. When the consultation was issued the Secretary of State said that the changes could allow a £20 reduction in council tax for a band D property. Whilst this might be the case for a district with a very large number of second and empty properties it is unlikely to provide a significant benefit to this Council. There is a concern that the impact on cash flow and collection rates in moving from 10 to 12 payments will cost more than any additional income generated from changes to discounts.

The deadline for responses to the consultation is 29 December 2011 with the Government aiming for legislation to be in place for billing for the 2013/14 financial year. The proposed responses to the consultation are being considered by the Overview and Scrutiny Committee on 29 November and Cabinet on 5 December.

Economic Development

The One Shops Local website was launched at a special event at Epping Forest College on 29 November. Almost 50 representatives from local business attended the event and feedback on the site was very positive. Already almost 30 businesses have signed up to the free scheme which will be administered by colleagues in the Chamber of Commerce. The sites main aim is to provide a directory to promote local business which can provide a platform for shops to advertise discounts and

incentives and shoppers with a handy list of places locally that might serve their needs. The site is only open to local independent businesses and has been designed by colleagues from the private sector and built with funding from the Council. Leaflets, cards posters and window stickers have been produced, and we have pulled together a series of marketing initiatives to drive growth in the site. Hopefully from this positive beginning something substantial and really effective will grow. But it is essential that everyone does their bit, businesses, shoppers and partners on One Epping Forest if this is to happen.

Another event is planned for the end of January bringing together procurement managers from the major public sector organisations that serve the district and local businesses to help them get access to these accounts and contracts. Other events planned include a One Eats Local event to showcase food services in the district, and a One Fashion show to highlight the wealth of independent clothing stores we have.

Performance Management

Key Performance Indicators 2011/12 – Quarter 1 and 2 Performance

The Finance and Performance Management Scrutiny Panel has considered performance for the first six months of 2011/12, in relation to the quarterly monitored Key Performance Indicators (KPI) adopted for the year. The six-month position with regard to the achievement of target performance for the KPIs was:

- (a) 14 (50.00%) achieved the second quarter performance target;
- (b) 14 (50.00%) did not achieved the second quarter performance target; and
- (c) of the 14 KPIs that did not achieve the second quarter target, performance for 6 (42.87%) was within 5% of the target for the quarter.

The Scrutiny Panel has also considered the operation and continued relevance of a number of existing KPI, and considers that several should be deleted in favour of alternative monitoring and reporting arrangements. Recommendations in this respect will be made to the Finance and Performance Management Cabinet Committee on 16 January 2012.

Epping Forest District Council Website

The Finance and Performance Management Scrutiny Panel has received a demonstration of the Council's proposed new website. The new website is being developed using Joomla, an open-source content management system, which is easier and more efficient to use than the existing content management system, and should present significant long-term financial savings to the authority. The new website is intended to be launched in June 2012.

A frustration of the current website is the unreliability of visitor data, as reported by a KPI. Potential visitor levels of the new Joomla based website and the existing website can only be estimated, and it is possible that the increased efficiency of the new website may result in a decrease in visitor numbers. The implementation of the European Union 'Cookies Directive' in 2012 will also adversely affect the collection of website visitor data. Alternative analytical options are being investigated, and the Scrutiny Panel has recommended that in the meantime, the relevant KPI be deleted and that proposals be developed for a new visitor indicator once the Joomla website

has been rolled-out and the Council has determined its approach to meeting the Cookies Directive.

The Scrutiny Panel has also considered proposed revisions to KPI that measure quality and user satisfaction in respect of the existing website. Recommendations in this respect will also be made to the Finance and Performance Management Cabinet Committee in the next cycle.

Revenue Income Optimisation

The Finance and Performance Management Cabinet Committee has considered the report of the Revenue Income Optimisation (RIO) exercise recently undertaken by PricewaterhouseCoopers (PwC), and has agreed in principle the approach to be taken to the revenue generation opportunities identified. A further report in respect of the implementation of the following opportunities agreed by the Committee is to be made to its meeting on 16 January 2012:

- i. the introduction of advertising on the Council's website and vehicle fleet;
- ii. opportunities for the expansion and development of the Council's car parks, including appropriate business opportunities.

Of the other income generating opportunities identified by PwC, the Committee has requested that further investigation be made into the possible introduction of sponsorship for some of the Council's events and services, of the development of existing advertising opportunities such as the 'Forester', and of the provision of advertising on lamp columns and CCTV columns managed by the Council and the authority's land and property assets.

Despite representing a significant income opportunity, Members were keen to retain current off-street car parking charges to support the local economy of the district, and did not agree implementation of the various options identified by PwC for the restructure of the Council's existing parking charges. It was agreed however, that further work should be carried out to fully understand the off-street parking requirements of residents and traders, and how parking charges could be structured in future to benefit local businesses by increasing turnover within the car parks. The Committee also deferred any consideration of the installation of renewable energy initiatives for the Council's operational property portfolio for the time being, in view of the Government's recent reduction in the Feed In Tariff subsidy.

Members of the Finance and Performance Management Scrutiny Panel are to be specifically invited to attend the meeting of the Committee in January 2012, in view of the Panel's role in scrutinising the Council's fees and charges. The report of PwC and the views of the Cabinet Committee and members of the Scrutiny Panel on the implementation of the revenue generation opportunities agreed by the Committee will be considered by the Cabinet on 30 January 2012, as part of the budget setting process for 2012/13.

Facilities Management & Estates

Facilities Management

In 2002 the Council embarked on a programme of environmental improvement schemes at Council owned shopping parades around the District. These schemes, included in the Planned and Preventative Programme, were originally funded from

the Housing Revenue Account, but following the transfer of Council owned shops are now funded from the General Fund.

I am pleased to report that the latest scheme in the programme at Parklands Coopersale is nearing completion. The improvements undertaken include:

- (a) Resurfacing the rear yard/parking areas, incorporating new clothes drying lines for tenants and minor landscaping improvements;
- (b) Thoroughly overhauling and redecorating all garage doors, store doors and cladding to the rear of the shops and redecorating under the canopy at the front of the shops (this element of the works has been carried out by the Council's own Works Unit).
- (c) Fabricating and installing a new purpose built bin compound (due to be installed shortly).

Throughout the project staff in Facilities Management have liaised with colleagues in the Housing Services Directorate and consulted with the local shop tenants and Housing tenants living above the shops. There has been very positive feedback from tenants on the improvements made to the environment around the shops.

Capital funding for the final scheme in the programme at Upshire Road Waltham Abbey is included in the Planned and Preventative Maintenance Programme for 2012/13, subject to final approval of the Council as part of the Budget for 2012/13.

Estates and Valuation

Despite the current economic downturn, The Broadway Loughton continues to attract strong demand for shops with recent lettings to Greggs the bakers and a new off licence at 23 The Broadway which replaces the off licence lost when Threshers closed across the country.

Two difficult to let industrial units at Oakwood Hill Industrial Estate have recently been let to a Security company. These recent lettings have clearly helped the Council to maintain a high percentage of occupancy and to maximise income from the commercial property assets.