EPPING FOREST DISTRICT COUNCIL
COMMITTEE MINUTES

Committee:	Finance and Performance Management Cabinet Committee	**Date:**	20 June 2013
Place:	Committee Room 1, Civic Offices, High Street, Epping	**Time:**	7.00 - 8.00 pm

Members Present: Ms S Stavrou (Chairman), D Stallan and C Whitbread

Other Councillors: A Lion

Apologies: R Bassett and G Waller

Officers Present: R Palmer (Director of Finance and ICT), D Macnab (Deputy Chief Executive), J Gilbert (Director of Environment and Street Scene) and R Perrin (Democratic Services Assistant)

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1. DECLARATIONS OF INTEREST

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

2. MINUTES

RESOLVED:

That the minutes of the meeting held on 21 March 2013 be confirmed and signed by the Chairman as a correct record.

3. KEY PERFORMANCE INDICATORS 2012/13 - OUTTURN

The Deputy Chief Executive presented a report on the Council's Key Performance Indicators for 2012/13. Pursuant to the Local Government Act 1999, the Council had been required to make arrangements to secure continuous improvement in the way in which its functions and services were exercised, whilst having a regard to the combination of economy, efficiency and effectiveness. As part of the continuous improvement duty, a range of Key Performance Indicators (KPI) relevant to the authority's services and key objectives were adopted each year. Performance against the KPIs was reviewed on a quarterly basis, and had previously been an inspection theme in external judgements of the Council's overall progress.

The Deputy Chief Executive advised that an overall target had been set for at least 70% of the indicators to achieve target performance by the end of the year. The provisional outturn position concluded that 18 (56.2%) indicators had been achieved and 12 (37.5%) indicators had not been achieved. The two KPIs which were reported at the meeting were 11 and 12. KPI 11 (Commercial rent arrears) actual arrears had increased from 2.6% to 3.6% which was felt due to the economic climate and KPI 12

(Commercial premises let) had slightly improved to an occupation of 98.64%, resulting in only 5 vacancies out of 295 premises.

Also noted that KPI 4 (website satisfaction), would be amended to include a satisfaction question on the usability of the website rather than satisfaction of the information that the searcher required.

The Director of Environment and Street Scene advised that KPI 24 (fly tipping) would be split into two indicators and evaluated separately, based on ownership of the land (Council owned and private) and the type of waste fly tipped. There would be a 90% target for removal, with 5 working days for general waste tipped and 10 working days for waste that required specialist equipment.

Decision:

That the outturn performance in relation to the Key Performance Indicators 2012/13 be noted.

4. RISK MANAGEMENT - CORPORATE RISK REGISTER

The Director of Finance and ICT presented a report on the Corporate Risk Register.

The Director of Finance and ICT advised that following Members requests to make the Corporate Risk Register more accessible, the Director of Finance & ICT and the Chief Executive met with an external consultant to discuss the options. The consultant confirmed that whilst the existing arrangements and documentation remained extremely robust and valid, some authorities had used the demise of the Audit Commission as an opportunity to streamline the risk management process. Management Board aided the process through consideration of corporate risks and how they were recorded and presented, which incorporated the following changes;

a) Use of a 4 x 4 matrix instead of 6 x 4;
b) Stronger focus on key risks;
c) Removal of tolerated risks; and
d) New system of colour coding.

The Corporate Risk Register that had been adopted at the last meeting of the Committee in March contained 26 risks, which were split with 16 above the tolerance line and 10 below the tolerance line. These risks had now been reduced to 6 with the addition of 2 new risks which gave a total of 8 key strategic risks.

The Director of Finance and ICT informed the Committee of the two new risks. Risk 2 which had been created to capture the issues around the Council's strategic sites and their development, which had been given the highest score of very likelihood and major impact and Risk 5 which had been created to address the issues around Economic Development, which had been given the highest score of very likelihood and moderate impact.

Risks 1 to 5 were in the red area of the matrix and would be monitored by Management Board monthly. Risks 6 to 8 were in the amber area of the matrix and would be scheduled for quarterly monitoring by Management Board. The monitoring by Management Board was an additional process to enhance the control over the action plans. The Risk Management Group and Corporate Governance Group would also be continuing their roles of evaluating existing the risks on a quarterly basis, concentrating on the description and scoring of risks.

The Cabinet Committee commended the work involved in creating the new Corporate Risk Register.

Recommended:

(1) That the revised Corporate Risk Register, incorporating the eight proposed key strategic risks, be agreed;

(2) That the proposed scoring of the eight strategic risks be agreed; and

(3) That no further key strategic risks be added to the revised Corporate Risk Register at the current time.

Reasons for Decision:

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

Other Options Considered and Rejected:

To suggest other risks for inclusion or changes to the scoring of existing risks.

5. PROVISIONAL CAPITAL OUTTURN 2012/13

The Director of Finance and ICT presented a report on the provisional capital outturn for 2012/13. The report set out the Council's capital programme for 2012/13, in terms of expenditure and financing, and compared the provisional outturn figures with the revised estimates. The revised estimates were based on the Capital Strategy that had been adopted by the Council in February 2013.

The Director of Finance and ICT stated that the Council's total investment on capital schemes in 2012/13 had been £13,089,000, compared to a revised estimate of £13,087,000. Although the overall difference was negligible, there were some variances on particular schemes within the General Fund and Housing Revenue Account (HRA). Expenditure on General Fund projects totalled £3,263,000, which was £306,000 or 8.5% less than anticipated, and expenditure on the HRA totalled £9,826,000, which was £308,000 or 3.2% more than anticipated.

The majority of the variations related to changes in the timing of works being carried out between the financial years, where work had not been completed by 31 March 2013 and the expenditure had slipped into 2013/14. Since the work had already been committed on the projects which had slipped, it had been recommended that the unspent elements of these budgets be carried forward to 2013/14. In addition to these variations, one small saving and two small overspends on the General Fund schemes had occurred and the larger of the overspends related to work which had been re-classified as capital therefore a compensating saving had been on the revenue account.

The Director of Finance and ICT informed the Committee that the major schemes in the General Fund Capital Programme in 2012/13 had been the Astroturf all-weather pitch at Waltham Abbey and the refurbishment of the changing village at Loughton Leisure Centre. Construction had commenced on the all-weather pitch in the summer of 2012 and had required a dry period for the surfacing works to be undertaken, which resulted in a delay due to the adverse weather experienced throughout the winter although it was expected to be completed by July 2013. It had therefore been recommended that the remainder of the budget was carried forward. The work at the Leisure Centre had been completed on time and on budget.

The largest underspend on the General Fund had been on the Planned Maintenance Programme (£88,000). Although most schemes had been completed in 2012/13, some schemes within the Civic Offices such as the refurbishment of the toilets and energy efficiency works experienced some slippage and a carry forward had been recommended. Also there had been a £10,000 underspend regarding the roof at the Waltham Abbey Swimming Pool. Consultations were currently commencing and once a decision had been made, the position regarding the carry forward would be clearer. There was a slight overspend on the new development schemes and this had been due to feasibility work being carried out at Oakwood Hill, thus a brought forward had been recommended.

Within the Environment and Street Scene Directorate, the waste management vehicles and equipment budget for the provision of the new food and recycling system had been underspent by £28,000. This related to the purchase of new bins and recycling containers for flats, schools, places of worship, village halls etc. There had also been delays in progressing work on the parking reviews by Essex County Council, which had resulted in an underspend in 2012/13. Both these had been recommended to be carried forward into 2013/14. There were two schemes relating to North Weald Airfield, one being the purchase of a vehicle to replace the old vehicle and the second being the infrastructure improvements works carried out on the market site. The vehicle had been purchased at a lower cost than anticipated, thus generating a saving, however the market improvements had incurred an overspend which had been recommended to be brought forward from the budget in 2013/14. The expenditure had been met from contributions made by the market operators.

The budget which experienced the greatest volume of slippage on the HRA had been the service enhancement budget, which had been underspent by £139,000. The new initiative had taken place in 2012/13 and took longer than expected to identify and progress some of the projects, for example planned software systems had been delayed and some DDA conversion works and installations of smoke alarms had taken longer than anticipated. In addition to this, environmental works of £66,000 had been delayed, in particular the off street parking and external lighting schemes. To compensate for these underspends; work to the value of £200,000 on heating systems had been carried out ahead of target. Changes in safety regulations relating to vertical flues prompted the need to accelerate the work on certain gas heating systems. Consequently, expenditure relating to these works had been brought forward and retrospective approval had been sought from Members.

The situation with regard to capital receipts in 2012/13 proved to be slightly lower than had been anticipated. This had been due to receipts from council house sales being lower than expected with 13 houses being sold as opposed to the 15 sales anticipated. In contrast, General Fund capital receipts had been higher than expected; largely due to a compensation payment received relating to a scheme on the M25. As the use of capital receipts had been lower than anticipated the balance on the Capital Receipts Reserve had been £13,899,000 as of 31 March 2013; this being £184,000 higher than projected.

Decisions:

(1) That the provisional outturn report for 2012/13 be noted;

(2) That retrospective approval for the over and underspends in 2012/13 on certain capital schemes as identified in the report be recommended to Cabinet for adoption;

(3) That approval for the carry forward of unspent capital estimates into 2013/14 relating to schemes on which slippage has occurred be recommended to Cabinet for approval; and

(4) That retrospective approval for changes to the funding of the capital programme in 2012/13 be recommended to Cabinet for approval.

Reason for Decision:

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

Other Options Considered and Rejected:

More of the HRA capital expenditure in 2012/13 could of been financed from the application of usable capital receipts. This option was rejected because the Direct Revenue Funding (DRF) level, previously referred to as Revenue Contributions to Capital Outlay (RCCO), suggested in the report and was affordable within the HRA, according to current predictions, and greater use of usable capital receipts for HRA purposes would of had the effect of reducing scarce capital resources available for the General Fund.

6. ANY OTHER BUSINESS

That, as agreed by the Chairman of the Committee and in accordance with Section 100B(4)(b) of the Local Government Act 1972, together with paragraphs (6) and (24) of the Council Procedure Rules, the following item of urgent business be considered following the publication of the agenda:

(a) Provisional Revenue Outturn 2012/13.

7. PROVISIONAL REVENUE OUTTURN 2012/13.

The Director of Finance and ICT provided an overall summary of the revenue outturn for the financial year 2012/13.

The Director of Finance and ICT stated that the net expenditure for the Continuing Services Budget (CSB) for 2012/13 totalled £14.294 million, which had been £441,000 (3.0%) below the original estimate and £483,000 (3.3%) below the revised. When this had been compared to a gross expenditure budget of approximately £83 million, the variances could be restated as 0.5% and under 0.6% respectively. An analysis of the changes between CSB and District Development Fund (DDF) expenditure illustrated where the main variances in revenue expenditure had occurred.

The CSB expenditure had been £441,000 below the original estimate and £483,000 lower than the revised, with variances arising on both the opening CSB and the in year figures. The opening CSB had been £457,000 lower than the revised estimate and the in year figures and £26,000 lower than the revised estimate. Throughout recent years salary savings had made up a proportion of this saving. The actual salary spending for the authority in total, including agency costs had been £19.092 million compared against an original estimate of £19.526 million, with much of the saving of £434,000 being attributed to Housing Services, Finance & ICT and Environment and Street Scene. The largest monetary saving had been related to Housing so broadly half of the overall saving fell on the Housing Revenue Account (HRA) or Housing Repairs Fund rather than on the General Fund. The saving had been lower than in 2011/12 (2.2% compared to 4.8%) however a sizeable amount of the saving had been built into the Probable Outturn. The saving over and above the revised estimate amounted to £127,000,(0.7%) of which £76,000 related to the General Fund.

The Director of Finance and ICT advised that there were a number of other CSB savings when compared to the revised, these included an underspend of £195,000 on Housing Benefits due in part to adjustments relating to past years and the identification of overpayments. In 2011/12 Housing Benefits staff created £1.1m in debts for Housing Benefit overpayments where as in 2012/13 the figure had been in excess of £1.3m. This had showed as additional income due to the Council and therefore reduced Housing Benefit Net Expenditure. The Gross Expenditure on Benefits including Council Tax had been £47m, so even a small percentage variance, (in this case less than half of one per cent), would produce quite large figures in terms of under or overspend. Other savings had been £96,000 savings on directorate admin and support budgets, £58,000 savings on Building Maintenance and £34,000 unspent monies relating to the Corporate Improvement and Training budgets.

The DDF reduced between the Original and Revised position by some £647,000, this had been due to a mixture of items brought forward, rephased into future years and new items identified during 2012/13. The largest item introduced into the revised estimates had been a credit of £237,000 for interest on a compensation payment relating to the construction of the M25 on council owned land which had been ongoing since 1992 and due to the complex legal issues involved had only just been resolved.

Capital Expenditure charged to Revenue had been reduced by £1m in the revised estimate to enable a transfer to be made to a new Self Financing Reserve without creating a too larger deficit on the HRA. The reserve had been created by a Council resolution when the 2013/14 budget had been set with the purpose of setting aside resources (£3.18m per annum for 10 years) to repay the variable rate debt when it fell due in March 2022. The aforementioned £1m reduction had been offset by an increased charge to the Major Repairs Reserve. The Balance on this Reserve at 31 March 2013 had been nearly £10m. The Portfolio Holder for Housing pointed out that if Members wanted to consider changing the decision it would be a matter for Full Council.

Decisions:

(1) That the overall 2012/13 revenue out-turn for the General Fund and Housing Revenue Account (HRA) be noted;

(2) That the carry forward of £836,000 District Development Fund expenditure be noted ; and

(3) That the carry forward of £170,000 HRA Service Enhancement Fund expenditure be noted.

Reasons for proposed decision:

To note the provisional revenue outturn.

Other options for action:

No other options available.

CHAIRMAN