EPPING FOREST DISTRICT COUNCIL
COMMITTEE MINUTES

Committee:	Finance and Performance Management Cabinet Committee	**Date:**	Thursday, 26 June 2014
Place:	Committee Room 1, Civic Offices, High Street, Epping	**Time:**	6.30 - 7.20 pm

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

Other Councillors:

Apologies: J Philip

Officers Present: R Palmer (Director of Resources), D Macnab (Director of Neighbourhoods), P Maddock (Assistant Director (Accountancy)) 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 20 March 2014 be taken as read and signed by the Chairman as a correct record.

3. Key Performance Indicators 2013/14 - Outturn

The Director of Resources presented a report on the outturn performance in relation to the Council's Key Performance indicators for 2013/14. Pursuant to the Local Government Act 1999, 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 Councils approach to 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 Director of Resources advised that the provisional outturn position with regard to the achievement of target performance for the KPIs for 2013/14 concluded that 28 (80%) of the indicators achieved the cumulative performance target for the year and 7 (20%) indicators did not achieve performance target for the year, although 2 of these KPI performed within the agreed tolerance for the indicator. Detailed performance reports in respect of each of the KPIs would be considered by the Finance and Performance Management Scrutiny Panel at its meeting on 16 July 2014.

The Director of Resources advised that the 5 indicators that had fallen below their performance targets were KPI 41 Void re-lets days, KPI 61 Responsive repairs, KPI 04 Website Satisfaction, KPI 11 Commercial rent arrears, KPI 55 (Appeals – Members) and in amber were KPI 20 (Non-recycled waste) and KPI 21 (Household recycling).

The Director of Neighbourhoods advised that the monitoring and target setting of the KPI's would be carried out by the relevant scrutiny panels.

Councillor Lion commented that the title of the KPI's were sometimes misleading because they covered a number indicators. The Director of Neighbourhoods advised that it was now within the power of the scrutiny panels to change the titles if necessary.

RESOLVED:

(1) That, the outturn performance for the Key Performance Indicators for 2013/14 be noted.

Reasons for Decision:

The KPIs provide an opportunity for the Council to focus attention on how specific areas for improvement were addressed, and how opportunities would be exploited and better services and outcomes delivered.

A number of KPIs were used as performance measures for the authority's key objectives. It was important that relevant performance management processes were in place to review and monitor performance against key objectives and indicators, to ensure their continued achievability and relevance, and to identify and implement 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 KPI performance and to identify corrective action where necessary could have negative implications for judgements made about the Council's progress, and might mean that opportunities for improvement were lost. The Council has previously agreed arrangements for reviewing performance against the KPIs.

4. Provisional Capital Outturn 2013/14

The Assistant Director (Accountancy) presented a report on the provisional capital outturn for 2013/14. The report set out the Council's capital programme for 2013/14, 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 2014.

The Assistant Director (Accountancy) stated that the Council's total investment on capital schemes in 2013/14 was £13,006,000, compared to a revised estimate of £15,610,000. The budget overspends total £59,000 on the General Fund and £70,000 on HRA Revenue Expenditure Financed from Capital under Statute. The total carry forwards requested were £2,266,000 on the General Fund and £793,000 on the HRA Capital Programmes; £133,000 on Capital Loans and £12,000 on REFCuS. Members were also requested to retrospectively approve the brought forwards of £22,000, £446,000 and £3,000 on the General Fund assets, HRA assets and REFCuS respectively.

With regard to the use of revenue contributions to capital outlay, the HRA contribution of £4,200,000 was in line with the revised budget. However, the use of funds from the Major Repairs Reserve was £535,000 lower than estimated reflecting the underspend on HRA capital schemes. Additions to the Major Repairs Reserve, on the other hand, were £828,000 higher than expected due to correcting adjustments made following the Audit of the 2012/13 Accounts. The combined effect of these variations is that the balance on the Reserve was £1,363,000 higher than expected at £11,361,000 as at 31 March 2014.

RESOLVED:

(1) That the provisional outturn report for 2013/14 be noted;

(2) That retrospective approval for the over and underspends in 2013/14 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 2014/15 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 2013/14 be recommended to Cabinet for approval.

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:

More of the HRA capital expenditure in 2013/14 could have 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 this report is affordable within the HRA, according to current predictions, and greater use of usable capital receipts for HRA purposes would have the effect of reducing scarce capital resources available for the General Fund.

5. Any Other Business

RESOLVED:

(1) That, as agreed by the Chairman of the Finance and Performance Cabinet 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 2013/14.

6. Provisional Revenue Outturn 2013/14.

The Director of Resources provided an overall summary of the revenue outturn for the financial year 2013/14.

The Director of Resources gave a short presentation to the Cabinet Committee regarding the funding position for the Collection Fund and the General Fund.

The Collection Fund account holds income relating to the Authority as well as the major preceptors (Essex County Council, the Police and Fire Authorities). These authorities notify the Council of their funding requirement and to ensure a degree of certainty the figures are fixed in advance of the start of the financial year. Any reductions in income such as successful appeals on Business Rates assessments, does not affect the General Fund in the year that they occur, but rather future years.

Consequently, with a deficit on the business rates collection fund occurring in 2013/14 because of a large change to the rating list relating to a pipeline that runs through the District, which was originally included in the Council's rating list and a provision to cover future successful rating appeals. The Councils portion of the Business Rates collection fund deficit at the end of March 2014 was some £394,000 which would need to be accounted for in 2014/15, thus adversely affecting the future funding available to the General fund. Additional Funding comes partly from the safety net payment generated by the fall in Business rates income (£169,000) but because it was accounted for in the General Fund shows in 2013/14.

The Assistant Director (Accountancy) advised that net expenditure (CSB) for 2013/14 totalled £14.219 million, which was £149,000 (1.0%) below the original estimate and £265,000 (1.9%) below the revised. When compared to a gross expenditure budget of approximately £75 million, the variances were restated as 0.2% and 0.35% respectively. There were also improvements in the funding position, an increase of £286,000 however this was not the full story as movements between the Collection Fund and the General Fund were governed by specific regulations.

Variances had arisen on both the opening CSB and the in year figures. The opening CSB was £375,000 lower than the revised estimate and the in year figures, £110,000 higher than the revised estimate. The salaries were overspent by £60,000 and the actual salary spending for the authority in total, including agency costs, was some £19.944 million compared against an original estimate of £19.884 million.

Whilst the General Fund was overspent by around £160,000 the HRA was underspent by around £100,000. The General Fund overspend was due in part to additional staffing in the Deputy Chief Executive directorate which was paid for by external funding secured too late to be included in the budget. However generally vacancy levels fell below the 2.5% allowed for in the budget. The underspend on the HRA fell mostly on the Housing Repairs Fund but when comparing to the Revised Estimate there was a General Fund underspend of around £180,000 as budgets had been adjusted for known variations and some recruitment took longer than expected .

The other significant CSB saving when compared to the revised estimate was an underspend of £213,000 on Housing Benefits due in part to adjustments relating to past years and the identification of overpayments. An additional amount has been put into the Bad and Doubtful debts provision to provide against a proportion of these debts becoming uncollectable.

The original in year CSB savings figure of £803,000 became an in year savings figure of £707,000. The largest item related to the Market at North Weald Airfield where an original CSB income loss of £174,000 became £348,000. There were a number of items representing additional income or savings such as a significant rental review at Brooker Road and savings on the waste management contract gate fees however these were offset by increased costs as a result of auto enrolment for pensions and reduced council tax court cost income. The actual in year CSB savings were lower than both the Original and Revised at £597,000 primarily because the gate fee savings did not materialise. The second half of the year saw an increase in food and garden waste recycling for which the gate fee charge of £63 was passed on to the Council by the contractor. This was an increase in recycling when compared to the two previous years and could be partly due to the mild wet winter.

The net District Development Fund (DDF) expenditure was expected to be £984,000 in the original estimate and £671,000 in the revised estimate. In the event the DDF showed net income of £431,000. This was £1,415,000 below the original and £1,102,000 below the revised. It was requested that £682,000 was carried forward. The DDF reduced between the Original and Revised position by some £313,000 mainly due to new items being identified during 2013/14. The three main items being £400,000 for section 31 grant relating to Small Business Rate Relief granted, a £209,000 one off saving for Non Domestic rates on the Civic Offices backdated to 2010 and offsetting expenditure for severance costs arising from the implementation of the new Directorate structure, of £211,000.

There were a number of items contributing to this underspend such as additional Development Control and Pre-Application charges (£62,000), additional monies relating to various grants from Central Government (£85,000), savings on the Audit fees (£44,000), savings on the Building Maintenance Programme (£86,000), transfer into the DDF of the residual balance on the Pensions Increase Reserve (£65,000) and additional Parking related income (£61,000).

Housing Revenue Account

The Assistant Director (Accountancy) advised that the Surplus within the HRA of £128,000 and £107,000 was expected within its original and revised revenue budgets respectively, the actual outturn was a deficit of £593,000. There were savings on Revenue Expenditure of £53,000; a reduction in garage rent income £7,000 and £32,000 in the reimbursement from the General Fund for grounds maintenance on council estates.

The reversal from the Major Repairs Reserve (MRR) to the HRA was lower than anticipated and was due to a correction made resulting from the 2012/13 final accounts audit and amounted to £416,000. This had had the effect of increasing the Balance on the MRR at the expense of the HRA itself. Although in 2014/15 the financing of the Capital programme would be reviewed and both the MRR and HRA could be put back to the position that they would have been in had this adjustment not been carried out. There was an underspend on the HRA Self Financing programme last year for service improvements and enhancements and £112,000 was requested for carry forward into 2014/15.

RECOMMENDED:

(1) That the overall 2013/14 revenue outturn for the General Fund and Housing Revenue Account (HRA) be noted;

(2) That the carry forward of £682,000 District Development Fund expenditure be noted ; and

(3) That the carry forward of £112,000 HRA Service Enhancement Fund

expenditure be noted.

Reasons for Decision:

To note the provisional revenue outturn.

Other Options Considered and Rejected:

No other options available.

7. Exclusion of Public and Press

The Sub-committee noted that there were no items of business on the agenda that necessitated the exclusion of the public and press from the meeting.

CHAIRMAN