

EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Finance and Performance Management Cabinet Committee **Date:** Thursday, 30 March 2017

Place: Committee Room 1, Civic Offices, High Street, Epping **Time:** 7.00 - 7.27 pm

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

Other Councillors:

Apologies:

Officers Present: R Palmer (Director of Resources), R Perrin (Democratic Services Officer) and A Oladimeji (Homelessness Prevention Officer)

50. Substitute Members

The Cabinet Committee noted that there were no substitute members for this meeting.

51. Declarations of Interest

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

52. Key Performance Indicators 2016/17 Q3 Performance; 2017/18 review and targets

The Director of Resources presented a report on the Quarter 3, Key performance Indicators 2016/17.

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

A range of thirty-six Key Performance Indicators (KPI) were adopted for 2016/17 in March 2016. The KPIs were important to the improvement of the Council's services and comprised a combination of former statutory indicators and locally determined performance measures. The aim of the KPIs was to direct improvement effort towards services and the national priorities and local challenges arising from the social, economic and environmental context of the district. Progress in respect all of the KPIs was reviewed by Management Board and Overview and Scrutiny at the conclusion of each quarter, and service directors reviewed the KPI performance with the relevant portfolio holder(s) on an on-going basis throughout the year. Select

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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 2016) was as follows:

- (a) 26 (70%) indicators had achieved the third quarter target;
- (b) 11 (30%) indicators had not achieved the third quarter target, although 4 (11%) of KPIs performed within the agreed tolerance for the indicator; and,
- (c) 31 (84%) indicators were currently anticipated to achieve the cumulative year-end target and a further 3 (8%) were uncertain 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 2017/18 has recently been considered by Management Board and 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. The current KPIs were considered appropriate with the following changes:

- RES009, RES010, and RES011 – the website indicators to be deleted;
- COM006 - How many of the key building components required to achieve the Modern Homes Standard were renewed to be deleted; and
- There were no new indicators recommended for 2017/18.

Furthermore improvement plans would be developed for KPIs if and when they failed to achieve target and Management Board would also review the provisional targets for 2017/18 with any revisions to targets on the basis of the outturn position being reported to the Committee and the appropriate Select Committees in June 2017.

The Committee was requested to review Q3 performance for the 2016/17 set of KPIs and agree the proposed KPI set and targets for 2017/18.

Councillor G Mohindra commented that it had been disappointing that GOV007 (Appeals-Officers) would probably not meet its end of year target, although he was pleased to note that RES003 (Council Tax Collection) and RES004 (NNDR Collection) would meet their end of year targets.

Resolved:

- (1) That the Quarter 3 performance for the Key Performance Indicators adopted for 2016/17 be noted;
- (2) That the proposed Key Performance Indicators and targets for 2017/18 be agreed;

Reasons for Decision:

The KPIs provided 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.

53. Quarterly Financial Monitoring

The Director of Resources presented the Quarterly Financial Monitoring report on the key areas of income and expenditure for the period covering 1 April 2016 to 31 December 2016. The reports were presented based on which directorate was responsible for delivering the services to which the budgets related and the budgets themselves were the Revised Estimate. The salaries monitoring data was presented as well as it represented a large proportion of the authorities expenditure and was an area where historically large under spends had been seen.

The Committee noted that the Salaries budget showed an underspend of £148,000 or 0.9%. Neighbourhoods showed the largest underspend of £64,000, which related mainly to Forward Planning and Grounds Maintenance and Resources showed an underspend of £59,000 which related to Revenues and Housing Benefits. The investment interest were a little lower than budgeted, which was partly due to a delay in the payment from Biffa for the loan and there was little speculation about when rates might go up and more about whether they would go lower still or even negative.

Within the Governance Directorate, Development Control income was continuing the recent upward trend with fees and charges £59,000 higher than the budget to date and pre-application charges in line with the updated position. The fees overall were £35,000 higher than expected and so it looked likely that the full year budget would be exceeded. Building Control income was £6,000 lower than the budgeted and income was £1,000 down. The revised position on the ring-fenced account was a lower in year deficit than originally predicted but there was a surplus from previous years to draw upon. There was a lot of scanning work required for Building Control files and it was proposed to use some of the accumulated surplus to finance this work over the next few years.

Within the Neighbourhoods Directorate, the Public Hire licence income and other licensing was above expectations, although the Public Hire figures included £27,000 relating to future years so in reality income relating to 2016/17 was £7,000 down. The income from MOT's carried out by Fleet Operations was £9,000 below expectations and had been affected by the uncertainty around the relocation to Oakwood Hill, although had recovered slightly since the autumn. The account itself was budgeted to be in deficit by £40,000 due to the additional security costs at Oakwood Hill which were a temporary measure and should reduce accordingly. The Car Parking income was £14,000 below the estimate, however there was some income relating to this period that had been not received until February. The Local Land Charge income was £1,000 above expectations, although the budget had been reduced as there had been fewer searches undertaken. The actual for Recycling income was low when compared to expectations, although October credits expected in month 9 would not be received until January. In December 2016, the Cabinet agreed to some additional funding for the Waste Management contract and some of this expenditure was still due to be invoiced.

Within the Communities Directorate, expenditure and income relating to Bed and Breakfast placements had increased with the majority eligible for Housing Benefit. Whilst some of the costs would be reimbursed by the Department for Work and

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Pensions, it would be only around 50% which would leave a similar amount to be funded from the General Fund. Growth of £28,000 had been included in 2016/17 for the additional costs though this now looked insufficient.

The Housing Repairs Fund showed an underspend of £510,000 and there were underspends showing on both Planned Maintenance and Voids work. There was also a variance on HRA Special Services which related partly to grounds maintenance and sheltered units.

This was the fourth year of operation for the Business Rates Retention Scheme whereby a proportion of rates collected were retained by the Council. The two aspects that were monitored were changes in the rating list and the collection of cash.

The resources available from Business Rates for funding purposes were set in the January preceding the financial year in question and once these estimates were set the funding available for the year was fixed. Any variation arising from changes to the rating list or provision for appeals, would not affect until future years and for 2016/17 the funding retained by the authority after allowing for the Collection Fund deficit from 2015/16 was £3,435,000. This exceeded the government baseline of £3,050,000 by some £385,000 and the actual position for 2016/17 would not be determined until May 2017. The cash collection at the end of December was £27,901,642 and payments out were £25,910,238, meaning the Council was holding £1,991,404 of cash and so the Council's overall cash position was benefitting from the effective collection of non-domestic rates.

There were three projects included on the Major Capital Schemes schedule which related to the House Building packages 1 and 2 and The Epping Forest Shopping Park.

In conclusion, the income was generally up on expectations and expenditure down. The increased income levels were very much welcomed from Development Control and the expenditure being below budget was not surprising as expenditure was usually heaviest towards the end of the financial year. The Committee were asked to note the position on both the revenue and capital budgets.

The Committee enquired whether there were any critical jobs vacancies with the Salaries underspend, particularly with regards to Forward Planning. The Director of Resources advised that there were not any critical jobs that were vacant, although most of the Forward Planning Team were consultants and this could change with the IR35 changes to employment.

Furthermore, the Committee was also very concerned with costs associated with the MOT's carried out by the Fleet Operations and the addition costs that had been accumulated due to the security requirements. Councillor Mohindra asked that further information be reported to the Committee on what were the actual costs of additional security, what lessons had been learnt and would this be sufficient for the future requirements. Members felt that the MOT section now needed to start to break even and generate income for the Council going forward.

Resolved:

- (1) That the Quarterly Revenue and Capital Financial Monitoring Report for 1 October 2016 to 31 December 2016 be noted; and
- (2) That additional information on the security issues and costs associated at Oakwood Hill depot be reported back to Members.

Reasons for Decision:

To note the third quarter financial monitoring report for 2016/17.

Other Options Considered and Rejected:

No other options available.

54. 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 9 March 2017 and Management Board on 15 March 2017. The reviews identified amendments to the Corporate Risk Register but no additional risks or scoring changes. The amendments were as follows;

(1) Risk 2 - Strategic Sites

The Effectiveness of controls/actions had been amended to advise the updated position for the key sites which included work continuing to progress well at the Winston Churchill site, a tri-partite agreement with the developer and Town Council progressing for the St. Johns site and construction at Langston Road continuing ahead of schedule, although issues with the highways works were to be reviewed with the Highway Authority. A report on the covenants and appropriations had been presented to Cabinet on 9 March 2017 for Waltham Abbey Leisure Centre.

(2) Risk 4 - Finance Income

The Vulnerability had been amended to advise there were likely to be further reductions to Government financing despite a four year settlement being in place. The key date had been amended to 20 July 2017 for the update of the Medium Term Financial Strategy.

The Director of Resources advised that the Committee undertook an annual review of the Risk Management Terms of Reference, Strategy and Policy Statement and were asked to note the annual review of the corporate risk management documents.

Recommended:

1. That the Effectiveness of controls/actions and Required further management action for Risk 2 be updated;
2. That the Vulnerability and Key date for Risk 4 be updated;
3. That, including the above changes, the amended Corporate Risk Register be recommended to Cabinet for approval.
4. That the Risk Management Strategy and Policy Statement be recommended to Cabinet for adoption; and

Resolved:

5. 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 for Considered and Rejected:

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

55. Any Other Business

Resolved:

That, as agreed by the Chairman of the Cabinet Committee and in accordance with Section 100B(4)(b) of the Local Government Act 1972, the following items of urgent business be considered following the publication of the agenda:

- (a) Minutes – 6 March 2017.

56. MINUTES

Resolved:

That the minutes of the meeting held on 6 March 2017 be taken as read and signed by the Chairman as a correct record.

CHAIRMAN