

Supplementary Committee Agenda



**Epping Forest
District Council**

Cabinet Monday, 5th June, 2006

Place: Civic Offices, High Street, Epping
Room: Council Chamber
Time: 7.00 pm
Committee Secretary: Gary Woodhall (Research and Democratic Services)
Email: gwoodhall@eppingforestdc.gov.uk Tel:01992 564470

4.a Capital Outturn 2005/06 and Use of Transitional Relief in 2006/07 (Pages 3 - 12)

(Finance, Performance Management and Corporate Support Services Portfolio Holder)
To consider the attached report (C/009/2006-07)

4.b Broadway Town Centre Enhancement - Garages in Vere Road (Pages 13 - 16)

(Planning and Economic Development Portfolio Holder) To consider the attached
report (C/010/2006-07)

**4.c Finance and Performance Management Cabinet Committee - Minutes - 3 April
2006** (Pages 17 - 22)

(Finance and Performance Management Portfolio Holder) To consider the attached
report (C/011/2006-07)

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Report to Cabinet

Report reference: C/009/2006-07

Date of meeting: 5 June 2006



**Epping Forest
District Council**

**Portfolio: Finance, Performance Management
and Corporate Support Services**

Subject: Capital Outturn 2005/06 and Use of Transitional Relief in 2006/07

Officer contact for further information: Teresa Brown (01992 – 56 4604)

Democratic Services Officer: Gary Woodhall (01992 – 56 4470)

Recommendations/Decisions Required:

- 1. That the capital outturn for 2005/06 be noted;**
- 2. That retrospective approval be given for the over and underspends in 2005/06 on certain capital schemes as identified in the report;**
- 3. That approval be given to the carry forward of unspent capital estimates into 2006/07 relating to schemes on which slippage has occurred;**
- 4. That approval be given to the bringing forward of estimates into 2005/06 in respect of schemes which have progressed more rapidly than expected; and**
- 5. That the following areas of expenditure be funded from the transitional capital receipts generated in 2006/07:**
 - Contribution**
 - Disabled Facilities Grants**
 - Double Glazing**
 - Kitchen Renewals**
 - Heating Replacement**
 - Disabled Adaptations**
 - Bathroom Renewals**
 - Roofing**
 - Structural Schemes**
 - Water Replacements**
 - Doors to Affordable Housing (General Fund) Entry Systems.**

Report:

Introduction

- 1. This report sets out the 2005/06 capital outturn, in terms of expenditure and financing, and identifies the use of transitional capital receipts for specified areas of housing expenditure in 2006/07. In view of the requirement to close the Council's accounts a month earlier this year, it was considered appropriate to report the capital outturn figures at the earliest possible opportunity.**
- 2. This report focuses on the capital expenditure incurred in 2005/06 and the funds used to finance it. It identifies a small number of over and underspends on some schemes as well as changes in the timing and phasing of other schemes. The latter represent the**

movement of estimates between financial years rather than amendments to total scheme estimates.

3. The Council's five year Capital Programme was last approved at Cabinet on 6 February 2006. Another Cabinet report will ensue in the form of an updated capital programme for 2006/07 to 2009/10 in addition to the latest position with regard to the sources of capital funding available and the revised HRA capital programme.

Capital Expenditure

4. Appendix 1 summarises the 2005/06 capital outturn together with its financing. Overall, there was a net underspend of £1,203,000 or 11% on the revised budget. The majority of this related to the Housing Revenue Account (£925,000) but the General Fund was also underspent by £278,000.
5. There were a few schemes on which genuine savings have been identified. Within the General Fund, there was a £4,000 reduction in the cost of the security doors installed at Debden Cash Office. This was marginally counterbalanced by a small overspend of £1,000 on river bank strengthening works at Roding Valley. Within the HRA, retentions on two schemes have been retained but these savings have been exceeded by overspends on old projects which have required additional works; the net effect is an overspend of £10,000. Members are requested to approve the savings and overspends which occurred in 2005/06.
6. The majority of the overall £1,203,000 underspend relates to net slippage and expenditure has therefore currently been re-phased into 2006/07. Appendices 2 and 3 give details of the individual projects where slippage has occurred; the main ones being ICT projects, Youth Sports Facilities and Housing projects. Members are requested to approve the carry forward of a total of £873,000 on the General Fund and £1,435,000 on the HRA in relation to these schemes.
7. In contrast to this, some projects have progressed more rapidly than anticipated. Again, individual scheme details are given on Appendices 2 and 3. Members are therefore asked to acknowledge and approve the bringing forward of a total of £598,000 on the General Fund and £500,000 on the HRA in relation to these schemes.

Funding

8. When financing the capital programme, grants and private funding that are received to finance specific schemes, were applied initially. The use of IEG Grant had to be restricted to the amount spent and only £13,000 could be utilized in 2005/06 due to slippage primarily on the Electronic Records and Document Management System (ERDMS). As the programme has been set in motion, however, the grant will be able to be applied in this financial year. The other main difference in respect of grants applied, related to the use of leaseholder funding whereby the reimbursable costs of capital works on leaseholder properties was much higher than expected.
9. The situation with regard to capital receipts proved to be better than had been anticipated. The number of council house sales increased in the second half of the year and the sale price per property also rose. This resulted in the Council's entitlement to transitional relief on these capital receipts being higher than expected. All transitional relief arising in 2005/06 was used in the year to finance the areas of expenditure approved at Cabinet on 11 July 2005. Conversely, the use of capital receipts on the General Fund capital programme was lower than predicted, primarily due to the underspend on this fund.

10. The overall use of revenue contributions to capital outlay was lower than anticipated as the draw on the Major Repairs Reserve was reduced because of the underspend on the HRA combined with the increases in other sources of funding, in particular the availability of Transitional Relief.

Use of Transitional Relief in 2006/07

11. Members will recall that it is a general requirement that transitional relief generated in a given year is spent in that year. However, providing Member approval is in existence highlighting the areas where the expenditure is to occur, then a commitment to spend the money is generated such that late expenditure due to slippage is also permissible. In 2006/07, it is suggested that transitional capital receipts are used to finance the following areas of expenditure:
 - Contributions to Affordable Housing (General Fund)
 - Disabled Facilities Grants
 - Double Glazing
 - Kitchen Renewals
 - Heating Replacement
 - Disabled Adaptations
 - Bathroom Renewals
 - Roofing
 - Structural Schemes
 - Water Replacements
 - Door Entry Systems

Urgency

12. In accordance with Section 100(A)(b) of the Local Government Act 1972, together with paragraphs 6 and 25 of the Council's Procedure Rules, the Chairman has permitted on grounds of urgency consideration of this report in view of the need to close the accounts a week earlier this year.

Options considered but rejected:

13. The HRA capital expenditure in 2005/06 could have been financed partly from the use of usable capital receipts. This option was rejected because the RCCO level suggested in this report is affordable within the HRA, according to current predictions, and any use of usable capital receipts for HRA purposes would have the effect of reducing scarce capital resources available for the General Fund.
14. It may be decided that the areas of expenditure identified in paragraph 10 above are not considered suitable for financing from the transitional relief. In this case, alternative areas of housing expenditure would have to be identified and committed to as soon as possible in order to avoid unspent monies having to be repaid to Central Government.

Statement in Support of Recommended Action

15. The action recommended is intended to make the best use of the Council's capital resources that are available to finance the Capital Programme in 2005/06.

Consultation Undertaken

16. Progress on the Capital Programme is monitored regularly and Heads of Service are consulted throughout the year. Trends are identified and reported to Programme Management Group meetings most months as part of the monitoring process. In addition, consultation is undertaken with the Tenants and Leaseholders Federation and the Head of Housing on the HRA programme.

Resource Implications

Budget Provision:

The 2005/06 General Fund Outturn totaled £2,923,000 representing an underspend of £278,000. This comprised of a saving of £4,000, an overspend of £1,000, carry forwards of £873,000 and brought forward expenditure of £598,000.

The 2005/06 HRA Capital Outturn was £6,614,000 representing an overall underspend of £925,000. This included savings of £15,000 overspends of £25,000, slippage of £1,435,000 and brought forward expenditure of £500,000.

Personnel: Nil

Land: Nil

Environmental/Human Rights/Crime and Disorder Act: Nil

Key Decision Reference: Nil

**CAPITAL PROGRAMME
2005/06 ACTUAL**

	2005/06 Revised £000	2005/06 Actual £000	(Under) / Overspend £000
EXPENDITURE			
Finance & Performance Management	180	71	(109)
Corporate Support Services & IT	809	647	(162)
Community Wellbeing	0	0	0
Leisure	260	210	(50)
Environmental Protection	808	780	(28)
Civil Engineering & Maintenance	634	723	89
Total Non-Housing	2,691	2,431	(260)
Housing GF	510	492	(18)
HRA	7,486	6,560	(926)
Housing DLO	53	54	1
Total Housing	8,049	7,106	(943)
TOTAL	10,740	9,537	(1,203)
FUNDING			
ODPM Grant	130	144	14
IEG Grant	176	13	(163)
DEFRA Grant / EA Contribution	0	0	0
PDG Grant	0	45	45
Market Funding	70	87	17
Leaseholder Funding	30	255	225
Private Funding	135	131	(4)
ECC Contributions	23	52	29
Total Grants	564	727	163
HRA (Use of Transitional Relief)	845	1,570	725
Housing GF (Use of Trans. Relief)	50	50	0
Housing GF (Other Capital Receipts)	330	297	(33)
Non Housing (Other Capital Receipts)	2,287	2,158	(129)
Total Capital Receipts	3,512	4,075	563
HRA - RCCO	2,000	2,000	0
HRA - MRR	4,664	2,735	(1,929)
Total Revenue Contributions	6,664	4,735	(1,929)
TOTAL	10,740	9,537	(1,203)

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**CAPITAL PROGRAMME
2005/06 ACTUAL**

	2005/06 Revised £000	2005/06 Actual £000	(Under) / Overspend £000	Savings/ Overspends £000	Carry Forwards £000	Brought Forwards £000
Finance & Performance Management						
Youth Sports Facilities	110	55	(55)		(55)	
Security Doors Debden Cash Office	20	16	(4)	(4)		
General Capital Contingency	50	0	(50)		(50)	
Total	180	71	(109)	(4)	(105)	
Corporate Support Services & IT						
IEG : Customer Services Trans Prog	1	0	(1)		(1)	
IEG : ERDMS	150	0	(150)		(150)	
IEG : Legal Case Man. System	3	1	(2)		(2)	
IEG : Committee Man. System	22	12	(10)		(10)	
Total IEG	176	13	(163)		(163)	
Revenues & Benefits System	15	0	(15)		(15)	
General IT	171	103	(68)		(68)	
Civic Offices Computer Suite No.2	41	191	150			150
Planning System	203	153	(50)		(50)	
Total IT	606	460	(146)		(296)	150
Civic Office Works	186	170	(16)		(16)	
Franking Machine	17	17	0			
Total	809	647	(162)		(312)	150
Leisure						
Loughton Leisure Centre	101	57	(44)		(44)	
Ongar Leisure Centre Extention	23	0	(23)		(23)	
W.Abbey S.C Heating Works (50%)	15	15	0		0	
N W Airfield Market Improvements	70	87	17			17
N.W.Airfield Security Works	40	39	(1)		(1)	
River Bank Strengthening	11	12	1	1		
Total	260	210	(50)	1	(68)	17
Environmental Protection						
Bobbingworth Tip	200	255	55			55
Smarts Lane Discontinuance	6	6	0			
Environ. Protection Equipment	602	519	(83)		(83)	
Total	808	780	(28)		(83)	55
Civil Engineering & Maintenance						
Town Centre Enhancement						
Loughton High Road Works	217	482	265			265
Loughton Broadway Works	20	34	14			14
Total T C Enhancement	237	516	279			279
Traffic Calming	180	66	(114)		(114)	
Housing Estate Car Parking	58	25	(33)		(33)	
Car Park Upgrade Buckhurst Hill	50	24	(26)		(26)	
Flood Alleviation Schemes	66	52	(14)		(14)	
Grounds Maint Plant & Equipt	43	40	(3)		(3)	
Total	634	723	89		(190)	279
TOTAL NON-HOUSING PROGRAMME	2,691	2,431	(260)	(3)	(758)	501

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**CAPITAL PROGRAMME
2005/06 ACTUAL**

	2005/06 Revised £000	2005/06 Actual £000	(Under) / Overspend £000	Savings/ Overspends £000	Carry Forwards £000	Brought Forwards £000
Housing General Fund						
Disabled Facilities Grants	300	397	97			97
Renovation Grants	200	94	(106)		(106)	
Alfred Road Drainage Works	10	1	(9)		(9)	
TOTAL HOUSING GENERAL FUND	510	492	(18)		(115)	97
Housing Revenue Account						
Springfields, Waltham Abbey *	40	72	32			32
Norway House Improvements *	50	33	(17)		(17)	
Jubilee Court Conversions	0	15	15	15		
Hemnall House *	0	4	4	4		
Defective Dwellings	0	3	3	3		
Oakwood Hill	0	(12)	(12)	(12)		
Hyde Mead House	0	(3)	(3)	(3)		
Communal TV Upgrade	38	10	(28)		(28)	
Heating/Rewiring *	1,954	2,400	446			446
Windows/Roofing/Asbestos/Water Tanks *	1,338	1,268	(70)		(70)	
Other Planned Maintenance	373	327	(46)		(46)	
Total Planned Maintenance	3,793	4,117	324	7	(161)	478
Structural Schemes *	990	350	(640)		(640)	
Cyclical Maintenance *	68	19	(49)		(49)	
Small Capital Repairs *	400	319	(81)		(81)	
Cost Reflective Repairs *	1,155	1,177	22			22
Non-Cost Reflective Repairs	452	147	(305)		(305)	
Disabled Adaptations	520	374	(146)		(146)	
Other Repairs and Maintenance *	98	45	(53)		(53)	
Feasibilities	10	12	2	2		
TOTAL HRA	7,486	6,560	(926)	9	(1,435)	500
Housing DLO Vehicles	53	54	1	1		
TOTAL DLO	53	54	1	1		
TOTAL HOUSING PROGRAMME	8,049	7,106	(943)	10	(1,550)	597
* EFDC Affordable Housing & Regeneration Projects	6,093	5,687	(406)	4	(910)	500

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Report to the Cabinet

Report reference: C/010/2006 -07

Date of meeting: 5 June 2006



**Epping Forest
District Council**

Portfolio: Planning & Economic Development

Subject: Broadway Town Centre Enhancement – Garages in Vere Road

Officer contact for further information: J Gilbert (01992 – 56 4062).

Democratic Services Officer: G Woodhall (01992 – 56 4470).

Recommendations/Decisions Required:

- (1) That the Loughton Broadway Focus Group be requested to comment upon the decision of Cabinet on 6 February 2006 to demolish the garages in Vere Road Loughton as part of the Broadway Town Centre Enhancement Proposals;**
- (2) That the views of the Focus Group be reported back to the next meeting of Cabinet; and**
- (3) That, in the meantime no further action be taken in respect of bringing garage leases / tenancies to an end.**

Report:

1. In February 2005 Cabinet resolved, as part of its consideration of the works making up the Broadway enhancement scheme, to demolish the garages in Vere Road. These garages are let to local people, tenants and business users through business leases or normal short term tenancies.
2. The report to Cabinet indicated that there may be some opposition to this proposal, especially since there were no plans to provide alternative garaging as part of the scheme and tenants remained concerned about parking arrangements. However, Cabinet considered that the advantages of demolishing the garages outweighed these local concerns and resolved accordingly.
3. Now that preliminary action to seek possession of the garages has commenced, a number of individuals and the Town Centre Partnership have expressed their concerns regarding this proposal and have requested that the matter be reconsidered. Some business users and tenants state that they have not been properly consulted in respect of this matter and that they would be seriously inconvenienced if the garages were to be demolished.
4. A plan of the TCE proposals is attached, with the Vere Road garages marked for ease of identification. The demolition of the garages was proposed in view of:
 - (i) the wish to provide a larger car parking area overall for the Broadway as a whole; and
 - (ii) without significant additional investment, leaving the garages in situ in their present condition could detract from the overall appearance of the final enhancement scheme.
5. The scheme could proceed if the garages were left in situ, albeit with the disadvantages set out in paragraph 4 above. However, it is important that the scheme carries with it the support of the local residents and business users. It is therefore suggested that the Focus Group be requested to look at this issue again, taking into account the recently stated concerns and the design proposals which include demolition of the garages.

6. In accordance with Section 100(A)(b) of the Local Government act 1972, together with paragraphs 6 and 25 of the Council's Procedure Rules, the Chairman has permitted on grounds of urgency consideration of this report to avoid any undue delay in proceeding with the scheme.

Statement in support of recommended action:

6. Given the very positive involvement of the Focus Group in the design of the scheme, it is appropriate to request them to reconsider this element of the scheme design and report those views to the Cabinet.

Options for action:

7. The options are to reaffirm the existing decision and demolish the garages, or to refer the matter back to the Focus Group for their reconsideration.

Consultation undertaken:

8. None

Resource implications:

Budget provision: Broadway TCE capital budget

Personnel: Nil

Land: Enhancement of the Broadway, and Vere Road car parks in particular

Community Plan/BVPP reference: Enhancement of Loughton Broadway

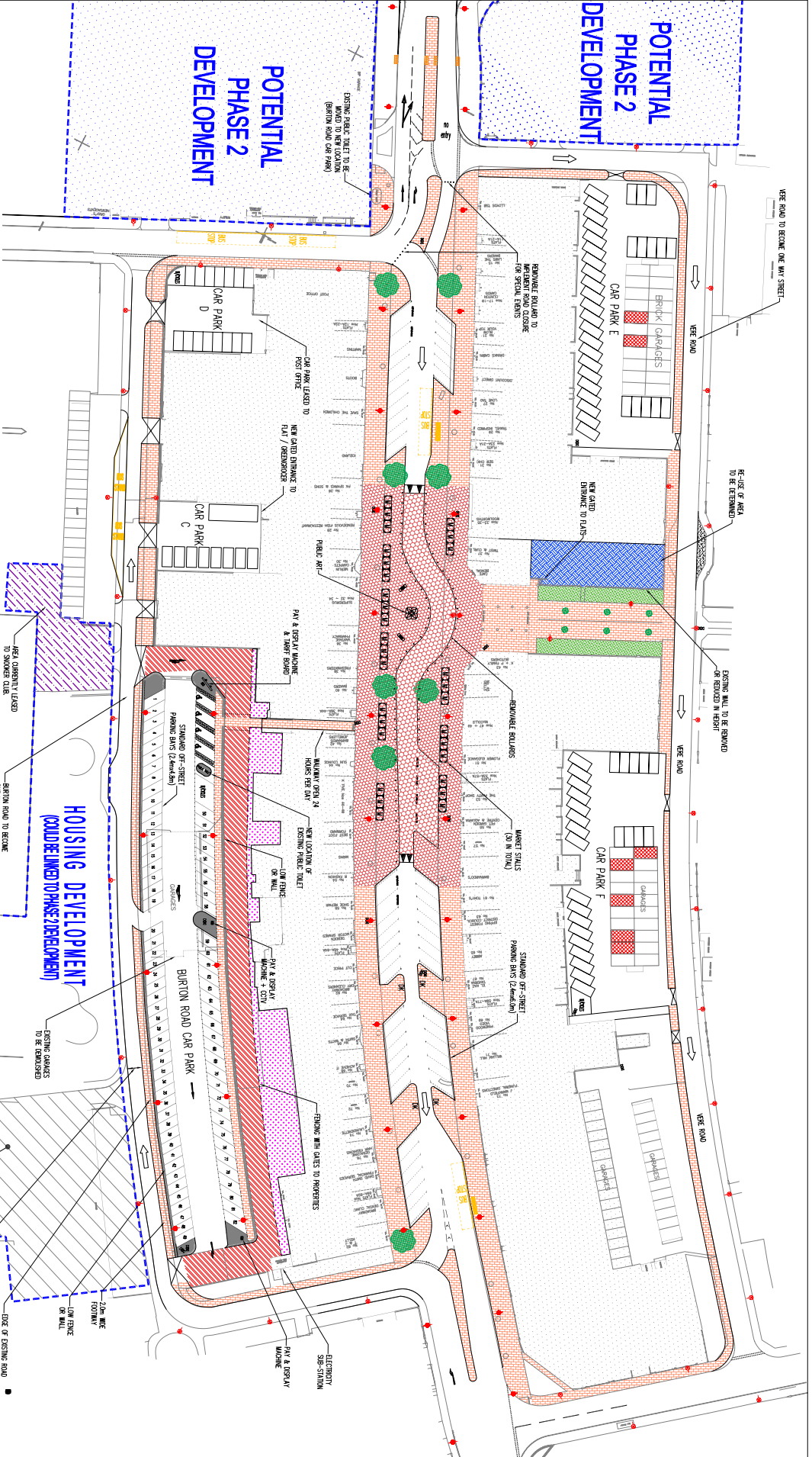
Relevant statutory powers: NR

Background papers: Previous reports to Cabinet

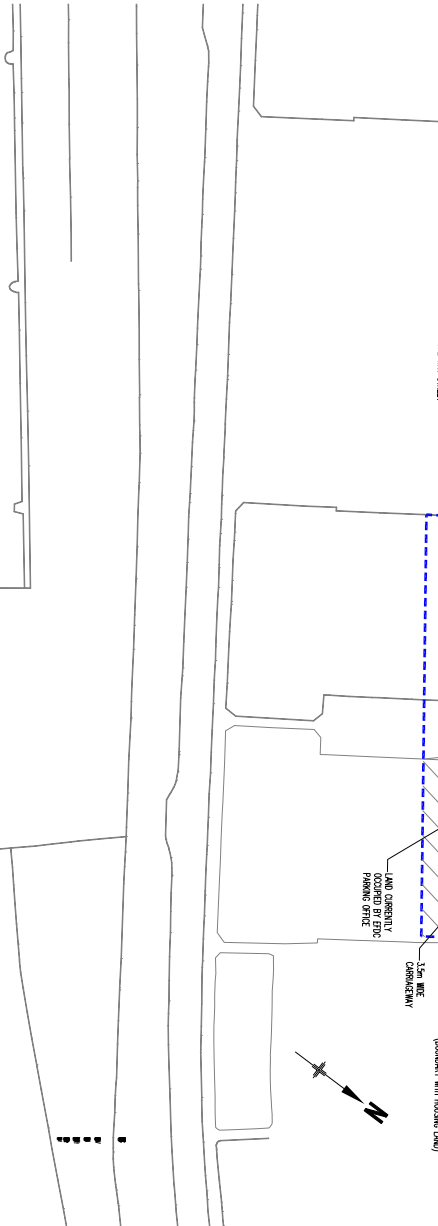
Environmental/Human Rights Act/Crime and Disorder Act Implications:

Enhancement of the Broadway to provide improved environmental conditions through highway and footway improvements, changes to parking and the provision of enhanced lighting and CCTV etc.

Key Decision reference (if required): Will advise when key decisions have ref nos.



PARKING AREA	TYPE	NUMBER OF SPACES	PROPOSED CONTROLS
THE BROADWAY	ON STREET	44 + 8	PAY & DISPLAY, MAX STAY 1 HOUR NO RETURN 3 HOURS
BURTON ROAD SERVICE ROAD	N/A	N/A	LOADING / UNLOADING ONLY
BURTON ROAD	OFF STREET	82 + 4	SHORT STAY PAY & DISPLAY, RESIDENT + BUSINESS PERMIT HOLDERS
	OFF STREET	8	RESIDENT + BUSINESS PERMIT HOLDERS ONLY
	OFF STREET	15	RESIDENT + BUSINESS PERMIT HOLDERS ONLY
	OFF STREET	35	RESIDENT + BUSINESS PERMIT HOLDERS ONLY
	OFF STREET	26	RESIDENT + BUSINESS PERMIT HOLDERS ONLY
VERE ROAD	ON STREET	40	PAY & DISPLAY, MAX STAY 1 HOUR NO RETURN 3 HOURS



Notes

- AM CITY
- CHANGES LEFT BY ESTIMATES TO SHOP KEEPERS.
- RESIDENT DEVELOPMENT
- COMING
- NEA CURRENTLY LEASED TO SPOKES CLUB
- NEA CURRENTLY OCCUPIED BY EPSC PARKING OFFICE
- SERVICE AREA BEHIND SPACES
- SHARED AREA
- RE-USE OF AREA TO BE DETERMINED
- SERVICE ROAD
- HIGH QUALITY TOWNWAY PARKING
- TOWNWAY PARKING BARRIERS
- REMOVABLE BOLLARDS
- STAINING
- PAY & DISPLAY WARNING
- PROPOSED MARKET STALL LOCATION
- TRUCK ART
- NEW AWN STREET
- OR RESTORATION CROSSING POINT
- TOWEL PARKING

Key

Legend

- Line: 100% Survey, 750m Contour Interval
- Line: 100% Survey, 250m Contour Interval
- Maintenance Factor: 0.73 (M17) / 0.75 (M20)
- Height: 16.00m
- Height: 8.00m
- Height: 0.5 metres
- Height: 0.5 metres
- Height: 0.5 metres
- No. of Units: 40

System Type

- 1: 100% Survey, 750m Contour Interval
- 2: 100% Survey, 250m Contour Interval
- Maintenance Factor: 0.73 (M17) / 0.75 (M20)
- Lamp Type: 60 WATT Compact Fluorescent
- Lamp Output: 8,000 Lumens
- Height: 8.00m
- Height: 0.5 metres
- Height: 0.5 metres
- No. of Units: 3

System Type

- 1: 100% Survey, 750m Contour Interval
- 2: 100% Survey, 250m Contour Interval
- Maintenance Factor: 0.73 (M17) / 0.75 (M20)
- Lamp Type: 60 WATT Compact Fluorescent
- Lamp Output: 8,000 Lumens
- Height: 8.00m
- Height: 0.5 metres
- Height: 0.5 metres
- No. of Units: 35

Table

Item	Description	Quantity	Unit	Notes
A	1811/05 EP PROJECT NUMBER MARKET STALLS	1	M	
B	1811/05 EP PROJECT NUMBER MARKET STALLS	1	M	
C	1811/05 EP PROJECT NUMBER MARKET STALLS	1	M	

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Project

LOUGHTON BROADWAY REGENERATION SCHEME

Proposed Master Plan

EPPING FOREST DC

Table

Item	Description	Quantity	Unit	Notes
A	1811/05 EP PROJECT NUMBER MARKET STALLS	1	M	
B	1811/05 EP PROJECT NUMBER MARKET STALLS	1	M	
C	1811/05 EP PROJECT NUMBER MARKET STALLS	1	M	

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Project

LOUGHTON BROADWAY REGENERATION SCHEME

Proposed Master Plan

EPPING FOREST DC

Table

Item	Description	Quantity	Unit	Notes
A	1811/05 EP PROJECT NUMBER MARKET STALLS	1	M	
B	1811/05 EP PROJECT NUMBER MARKET STALLS	1	M	
C	1811/05 EP PROJECT NUMBER MARKET STALLS	1	M	

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EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Finance and Performance Management Cabinet Committee **Date:** Monday, 3 April 2006

Place: Civic Offices, High Street, Epping **Time:** 6.10 - 7.45 pm

Members Present: J Knapman (Chairman), S Barnes and D Jacobs

Other Councillors: R Glozier and Mrs D Collins

Apologies: Mrs C Pond and C Whitbread

Officers Present: J Akerman (Chief Internal Auditor), P Haywood (Joint Chief Executive), G Lunnun (Democratic Services Manager), P Maddock (Assistant Head of Finance), R Palmer (Head of Finance), J Scott (Joint Chief Executive) and T Tidey (Head of Human Resources and Performance Management)

Also Present: P King, I Davidson, G Bemrose, L Wishart (Audit Commission) (for agenda items 1-5)

44. MINUTES

RESOLVED:

That the minutes of the meeting of the Committee held on 31 January 2006 be taken as read and signed by the Chairman as a correct record.

45. DECLARATIONS OF INTEREST

No declarations of interest were made pursuant to the Council's Code of Conduct.

46. ANY OTHER BUSINESS

It was reported that there was no urgent business for consideration at the meeting.

47. AUDIT COMMISSION - DETAILED REPORTS

The Audit Commission representatives presented the Annual Audit and Inspection Letter, which was a summary of the work performed during the year and the main conclusions that had been derived from that work. Members noted that the letter for 2004/05 included the new Direction of Travel Report and that key messages were given in respect of:

- (a) Council performance;
- (b) the accounts;
- (c) financial position; and
- (d) other accounts and governance issues.

The Annual Use of Resources Assessment evaluated how well councils managed and used their financial resources. It was a more stringent test than the auditor scored judgements that formed part of the Comprehensive Performance Assessment framework up until 2004. The Assessment focused on the importance of having sound and strategic financial management to ensure that the resources were available to support the Council's priorities and improve services. Five themes were covered by the Assessment:

- (a) financial reporting;
- (b) financial management;
- (c) financial standing;
- (d) internal control; and
- (e) value for money.

The Audit and Inspection Plan set out the audit and inspection work that the Audit Commission proposed to undertake in 2006/07. It had been drawn up based on the Audit Commission's risk-based approach to audit planning and reflected:

- (a) the code of audit practice;
- (b) audit and inspection work specified by the Audit Commission for 2006/07;
- (c) local risks and improvement priorities; and
- (d) current national risks relevant to local circumstances.

In relation to performance the reports acknowledged that the Council was in a period of significant change including a refocusing of corporate objectives, a revision of the performance management system and service delivery reviews. The report concluded that the impact of these changes and outcomes for local residents was not yet clear. The Council's performance was mixed with 58% of performance indicators below the average for all district councils in England and 48% improving since 2002/03.

The reports advised that the draft financial statements had been approved by Council prior to the statutory deadline of 31 July 2005. However, following material amendments made as a result of the Audit, the accounts had been re-approved on 27 October 2005 and an unqualified audit opinion had been given on 28 October 2005.

The reports acknowledged that the Council was in a sound financial position and had established proper arrangements to monitor its financial position and take appropriate remedial action when necessary.

Overall the Council had been found to have arrangements in place to ensure the proper conduct of its financial affairs but it was suggested that risk management arrangements needed to be improved.

The reports recommended that the Council:

- (a) improve the systems in place to ensure value for money was being delivered in all service areas;

(b) ensure that the new performance management system was embedded and used effectively so that it contributed towards demonstrable and sustained improvement in service areas;

(c) ensure that the process to produce the accounts for 2005/06 and future years resulted in accounts that were free from material error and complied with the CIPFA/LASAAC statement of recommended practice; and

(d) continue to progress with risk management agenda to ensure it was embedded throughout the Council.

P King advised that district councils were not being scored on their direction of travel this year but were likely to be scored in the future.

Members noted that the use of resources judgement was a new assessment which focused on financial management but linked to the strategic management of the Council. It looked at how the financial management was integrated with strategy and corporate management, supported Council policies and delivered value for money. It would be carried out annually, as part of each council's external audit and it was anticipated that in the future the use of resources judgements would form part of the CPA framework. The Council's arrangements had been assessed in five areas:

Element	Assessment
Financial reporting	1
Financial management	3
Financial standing	2
Internal Control	2
Value for money	2
Overall	2

(1 = lowest, 4 = highest)

The Audit Commission representatives advised about the most significant areas where they considered that further development was needed. They pointed out that the final accounts process needed to be improved to ensure that the accounts were statement of recommended practice compliant and free from material error and were supported by adequate working papers. They also advised that the Council needed to consult the public on how they wanted to receive summary financial information relating to the accounts and whether or not they would like the Council to produce an annual report. It was suggested that the Council should develop monitoring information for sundry debts to evaluate the effectiveness of recovery actions, associated costs and the cost of not recovering debts promptly.

It was recommended that the Council should ensure that the risk management strategy or policy in place required it to identify corporate and operational risks, assess the risks for likelihood and impact, identify mitigating controls, and allocate responsibility for the mitigating controls. Finally, it was recommended that the Council should maintain a register of its corporate business risks linking them to strategic business risks and assigning ownership for each risk.

Members questioned the Audit Commission representatives on the reports. They asked why the overall assessment was not higher and sought clarification of the significant areas where it was considered further development was needed.

P King explained the scoring process laid down by the Audit Commission. In relation to the final accounts he agreed that since the report had been prepared the Council had improved its final accounts process. In relation to the provision of summary financial information to the public, he explained that the issue was a need to consult with stakeholders on what they required. If as a result of consultation it became apparent that there was no need for additional information to be supplied there would be no compulsion to produce it. He pointed out that in some other authorities questions regarding the provision of financial information were included in other consultation exercises undertaken from time to time.

The Audit Commission representatives acknowledged that local government accounting was extremely complex and that the errors made in the draft accounts had no effect on the bottom line figures or the level of Council Tax.

I Davidson advised that he would be happy to discuss suggested inaccuracies in the reports but he pointed out that overall the picture showed that there had been some decline in the Council's position, mainly as a result of the significant changes taking place.

The Audit Commission representatives acknowledged that the reports were not written in everyday language, as they needed to address technical accounting issues. They agreed that this made it difficult for understanding by non-auditors or non-accountants. I Davidson reported that some pilot work was being undertaken on producing more easily understood reports in the future.

Reference was made to graphs which had been included within the first draft of one of the reports but had been omitted as a result of being questioned by Council officers. P King advised that the data on which the graphs had been based had been correct but that the message given had been wrong. Despite this he stated that the graphs had been included in the reports on some other authorities.

In conclusion, the members questioned the relevance and purpose of the whole process as it appeared to them that the Audit Commission was not comparing like with like.

RECOMMENDED:

(1) That the contents of the reports "Annual Audit and Inspection Letter", "Use of Resources Audit Score Feedback" and "Audit and Inspection Plan 2006/07" be noted; and

(2) That the areas for improvement identified be noted and that the proposed Audit Plan for 2006/07 be agreed.

48. RISK MANAGEMENT

The Head of Finance presented a report and Corporate Risk Register produced by Zurich Municipal. The Committee noted work which had been undertaken by certain members and officers in relation to the production of the updated Corporate Risk Register. A list of key risk issues had been identified, consolidated and prioritised. The Head of Finance advised that once the register had been adopted, action plans

would be developed to manage the key risks that had been prioritised. It was suggested that the action plans would be developed through an officer risk management group and placed before this Committee for approval. It was also proposed that this Committee would then review the action plans and the Corporate Risk Register twice a year.

RECOMMENDED:

- (1) That the Corporate Risk Register produced by Zurich Municipal be adopted; and
- (2) That action plans be submitted to this Committee for approval and that updates on the action plans and the Corporate Risk Register be submitted to this Committee twice a year.

49. INTERNAL AUDIT BUSINESS PLAN - 2006/07

The Committee considered the draft Internal Audit Business Plan for 2006/07.

Members noted that the Overview and Scrutiny Committee had considered the Plan at their meeting on 2 March 2006. The Committee had been informed that the Plan incorporated reviews of the Waste Management Contract and the Leisure Transfer Contract. The Chairman of that Committee had requested that the time spent on finance audits be kept under review, in view of the fact that this Council spent more time on some of these audits than other authorities. The Overview and Scrutiny Committee had resolved that the draft Audit Plan be noted and endorsed and that the task of scrutinising the Plan for future years be delegated to the Finance and Performance Management Scrutiny Panel.

RESOLVED:

That the draft Internal Audit Business Plan for 2006/07 be approved.

50. CORPORATE GOVERNANCE GROUP

The Committee considered the minutes of a meeting of the Corporate Governance Group held on 8 March 2006.

RESOLVED:

That the issues considered by the Corporate Governance Group be noted.

51. EXCLUSION OF PUBLIC AND PRESS

RESOLVED:

That the public and press be excluded from the meeting for the item of business set out below on the grounds that it would involve the likely disclosure of exempt information as defined in the paragraph of Part 1 of Schedule 12A of the Local Government Act 1972 and it is considered that the exemption outweighs the potential public interest in disclosing the information:

Agenda Item No.	Subject	Exempt Information Paragraph Number
10	Corporate Governance Group	2

52. CORPORATE GOVERNANCE GROUP

The Committee considered a restricted minute from the meeting of the Corporate Governance Group held on 8 March 2006.

RESOLVED:

That the minute and the action arising be noted.

CHAIRMAN