

Supplementary Committee Agenda



**Epping Forest
District Council**

Cabinet Monday, 12th October, 2009

Place: Council Chamber, Civic Offices, High Street, Epping

Time: 7.00 pm

Democratic Services: Gary Woodhall (The Office of the Chief Executive)
Email: gwoodhall@eppingforestdc.gov.uk
Tel: 01992 564470

**10. FINANCE & PERFORMANCE MANAGEMENT CABINET COMMITTEE - 5
OCTOBER 2009 (Pages 3 - 8)**

(Finance & Economic Development Portfolio Holder) To consider the minutes from the meeting of the Finance & Performance Management Cabinet Committee held on 5 October 2009 and any recommendations therein (C-042-2009/10).

This page is intentionally left blank

EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Finance and Performance Management Cabinet Committee **Date:** 5 October 2009

Place: Committee Room 1, Civic Offices, High Street, Epping **Time:** 6.30 - 8.25 pm

Members Present: C Whitbread (Chairman), R Bassett, Mrs D Collins, Mrs M Sartin and D Stallan

Other Councillors: D Jacobs, B Rolfe, J M Whitehouse and Mrs L Wagland

Apologies: -

Officers Present: R Palmer (Director of Finance and ICT), P Maddock (Assistant Director (Accountancy)), E Higgins (Insurance & Risk Officer) and G J Woodhall (Democratic Services Officer)

9. DECLARATIONS OF INTEREST

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

10. MINUTES

RESOLVED:

That the minutes of the meeting held on 15 June 2009 be taken as read and signed by the Chairman as a correct record.

11. ANY OTHER BUSINESS

It was noted that there was no other urgent business for consideration by the Cabinet Committee.

12. CORPORATE RISK REGISTER

The Director of Finance & ICT presented a report regarding the update of the Corporate Risk Register. The Committee at its previous meeting held on 15 June 2009 had requested the addition of a new risk covering the provision of pitches within the District for Gypsies and Travellers; the proposed score for this risk was B2 (high likelihood, critical impact), which also necessitated an action plan. In addition, the Risk Management Group felt that the insertion of a new risk covering the threat of a reduction in the Council's Revenue Support Grant from the Government was also appropriate. The proposed score for this risk was also B2 and the associated action plan had been produced. It was also felt that the existing risk for Management Capacity in Planning should have its likelihood rating reduced from 'C' to 'D' (significant to low) following the recent appointment of two Assistant Directors for Development Control and Forward Planning.

The Cabinet Committee proposed two minor changes. For the Reduction in Government Grant, it was felt that the Vulnerability wording should be amended to state that it was the Government's finances that were in a poor state, not the Council's. For the Gypsy and Traveller Provision Risk, it was felt that the success factors wording should also be amended as there could be some ambiguity over the phrase "Deadlines achieved".

RECOMMENDED:

- (1) That a new risk relating to Gypsy and Traveller Provision, risk 29, be added to the Corporate Risk Register and scored as B2 (high likelihood, critical impact);
- (2) That a new risk relating to Reduction in Government Grant, risk 30, be added to the Corporate Risk Register and scored as B2 (high likelihood, critical impact);
- (3) That the likelihood for the risk relating to Management Capacity in Planning be reduced from C (significant) to D (low) following the recent appointment of two Assistant Directors for Development Control and Forward Planning; and
- (4) That, incorporating the above agreed changes, the amended Corporate Risk Register be approved.

Reasons for Decision:

It was essential that the Corporate Risk Register was regularly reviewed and kept relevant to the threats faced by the Council.

Other Options Considered and Rejected:

To rate the new risks differently or to consider alternative actions to be necessary.

13. SUNDRY INCOME & DEBT POLICY

The Senior Finance Officer presented a report concerning the annual review of the Sundry Income and Debt Policy. The principal amendments had been to give the Director of Finance & ICT the authority to write off debts up to a value of £2,500, sending a third reminder prior to referring the case to Legal Services, and the inclusion of Debt Relief Orders which came into effect on 6 April 2009.

The Cabinet Committee were of the opinion that the Policy was too lenient and should be tightened up. Further measures to be considered included the factoring of debts, reviewing cases after six months rather than one year, sending less reminders, charging interest on debts more often, and the option to demand full repayment of the debt if an instalment was missed. The Cabinet Committee's attention was also drawn to the online facilities offered by the Courts when suing for small claims up to £99,000. Concern was also expressed about the two month wait before any action was taken and that the onus should be on the debtor to contact the Council if they were experiencing problems in paying their debt. It was agreed that the Policy should be further reviewed and submitted to the Cabinet for approval.

RECOMMENDED:

- (1) That approval of the Sundry Income and Debt Policy be deferred pending a further review following the Cabinet Committee's comments; and

(2) That the revised Sundry Income and Debt Policy be submitted to the Cabinet for approval.

Reasons for Decision:

The policy is subject to an annual review; it was last considered in March 2008.

Other Options Considered and Rejected:

To approve the policy in its current form without further review.

The policy to be further considered by the Cabinet Committee.

14. QUARTERLY FINANCIAL MONITORING APRIL - JUNE 2009

The Assistant Director (Accountancy) presented the quarterly financial monitoring report for the period March to June 2009. The report provided a comparison between the profiled budgets for the period 30 June 2009 and the actual expenditure or income as applicable. The underspend for Salaries was highlighted, along with the reduced levels of income from Building Control fees, Investment interest, Development Control and Local Land Charges. The Council had already received a dividend of 16 pence in the pound from its investment with Heritable Bank, with a further dividend expected before the end of 2009.

The Cabinet Committee was informed that the issue of Development Control income had been discussed at the last meeting of the Planning Services Scrutiny Panel; the reduction in income appeared to be as a result of the recession and would not materially improve in the short term. The Leader stated that Building Control would undertake a review of their procedures and improve their liaison with Development Control, whilst the personal search fee for Local Land Charges had recently been doubled by the Government from £11 to £22.

RESOLVED:

That the revenue and capital financial monitoring reports for the first quarter of 2009/10 be noted.

15. AUDIT OF ACCOUNTS - ANNUAL GOVERNANCE REPORT 2008/09

The Director of Finance & ICT presented the Annual Governance Report for 2008/09, which had been prepared by the Council's external auditors. The report had previously been considered by the Audit & Governance Committee at its meeting held on 24 September 2009.

The Cabinet Committee was informed that the Council had approved the revised Statutory Statement of Accounts for 2008/09 at their meeting held on 29 September. There had been a large reduction in the number of amendments required and recommendations made by the external Auditors for this set of accounts in comparison to the previous set. The calculation of the materiality level was explained and for this year had been set at £960,000. With regard to the Use of Resources assessment, the new scoring system was tougher and hence the Council had scored '2' (performing adequately) for all the categories. The categories that were currently marked as 'N/A' would be scored when the guidance was issued. A separate detailed report on the Use of Resources Assessment would be considered by the Audit & Governance Committee.

RESOLVED:

That the Annual Governance Report for 2008/09 be noted.

16. FINANCIAL ISSUES PAPER

The Director of Finance & ICT presented the Financial Issues Paper to the Cabinet Committee. The report provided a framework for the Budget for 2010/11 and updated the Cabinet Committee on a number of financial issues that would affect the Council in the short to medium term.

The Director stated that the greatest areas of current financial uncertainty and risk to the Council were considered to be: possible reductions in the Council's Revenue Support Grant as part of the Government's next Comprehensive Spending Review; the effects of the 'Credit Crunch' and reduced activity in the housing market; using capital reserves on non-revenue generating assets; future pay awards; the next triennial pension valuation; the capitalisation of pension deficit payments; changes to the statutory Concessionary Fares scheme; and the Customer Transformation Programme. The General Fund Balances had increased by £4million over the past five years, which meant that the Council's position was strong enough for a balanced approach to be taken to the financial forecasts. The establishment of a joint Member and Officer group was also proposed to ensure that resources were allocated in line with the key Cabinet priorities.

The Portfolio Holder for Finance & Economic Development remarked that the Council was in a much stronger financial position than many other Councils, but acknowledged the concern within the Paper about the possible reduction in Revenue Support Grant. It was stressed that the Council had to meet the proposed savings targets in order to maintain the level of its statutory frontline services, and its position as a low Council Tax authority. The Leader of the Council added that the emphasis for capital expenditure should be on revenue generating schemes and that the increase in the Continuing Services Budget should be as low as possible. Discussions had taken place with both Harlow and Uttlesford District Councils about the possible sharing of services, and these talks would continue.

The Director of Finance & ICT added that no plans had been made to scrap the final salary element of the Local Government Pension Scheme and explained the profile of the savings strategy outlined in the Paper. The proposed Working Group would be more flexible in examining options for the 2010/11 budget than the Cabinet Committee, and the Council was getting substantial benefits from its membership of the Essex Procurement Hub.

RECOMMENDED:

(1) That the 2010/11 budget guidelines be set in accordance with the revised four year forecast as follows:

(a) the ceiling for Continuing Services Budget net expenditure be no more than £18.319m including net growth;

(b) the ceiling for District Development Fund expenditure be no more than £819,000;

(c) that balances continue to be aligned to the Council's net budget requirement and that balances be allowed to fall no lower than 25% of the net budget requirement; and

- (d) the Council Tax be increased by no more than 2.5%, giving rise to a Council Tax for a Band D property of £150.30;
- (2) That a revised Medium Term Financial Strategy for the period to 2013/14 be developed accordingly;
- (3) That communication of the revised Medium Term Financial Strategy to staff, partners and other stakeholders be undertaken by way of publishing key bullet points in appropriate publications;
- (4) That the policy of capitalisation of additional pension fund deficit payments be continued;
- (5) That a joint Officer and Member Working Group be established to identify areas for review and ensure that resources be allocated in line with the key Cabinet priorities; and
- (6) That the Joint Member and Officer Working Group consist of the following members:
- (a) The Leader of the Council;
 - (b) The Portfolio Holder for Finance & Economic Development;
 - (c) The Performance Management Portfolio Holder;
 - (d) The Deputy Chief Executive; and
 - (e) The Director of Finance & ICT.

Reasons for Decision:

By setting out clear guidelines at this stage the Committee would establish a framework to work within for developing growth and savings proposals. This would help avoid late changes to the budget and ensure that all changes to services would have been carefully considered.

Other Options Considered and Rejected:

To wait until later in the budget cycle to provide guidelines if it was felt more information, or a greater degree of certainty, was necessary in relation to a particular risk. However, any delay would reduce the time available to produce strategies that complied with the guidelines.

CHAIRMAN

This page is intentionally left blank