

Supplementary Committee Agenda



**Epping Forest
District Council**

Cabinet Monday, 21st December, 2009

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

Time: 7.00 pm

Democratic Services: Gary Woodhall (The Office of the Chief Executive)
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**10. FINANCE & PERFORMANCE MANAGEMENT CABINET COMMITTEE - 14
DECEMBER 2009 (Pages 3 - 6)**

(Finance & Economic Development Portfolio Holder) To consider the minutes of the recent meeting of the Finance & Performance Management Cabinet Committee held on 14 December 2009 and the recommendations therein (C-070-2009/10).

**17. COUNCIL PLAN 2006-10 AND KEY PRIORITY OBJECTIVES 2009/10 & 2010/11
(Pages 7 - 8)**

(Performance Management Portfolio Holder) To consider the attached report (C-064-2009/10).

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EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Finance and Performance Management Cabinet Committee **Date:** Monday, 14 December 2009

Place: Committee Room 1, Civic Offices, High Street, Epping **Time:** 6.30 - 7.25 pm

Members Present: C Whitbread (Chairman), Mrs D Collins, Mrs M Sartin, D Stallan and Ms S Stavrou

Other Councillors: D Jacobs and J M Whitehouse

Apologies: R Bassett

Officers Present: P Haywood (Chief Executive), J Gilbert (Director of Environment and Street Scene), R Palmer (Director of Finance and ICT), P Maddock (Assistant Director (Accountancy)), S Mitchell (PR Website Editor) and G J Woodhall (Democratic Services Officer)

27. WEBCASTING INTRODUCTION

The Chairman reminded the Cabinet Committee that the meeting would be broadcast live to the Internet, and that the Council had adopted a protocol for the webcasting of its meetings.

28. DECLARATIONS OF INTEREST

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

29. MINUTES

RESOLVED:

That the minutes of the meeting held on 23 November 2009 be taken as read and signed by the Chairman as a correct record.

30. ANY OTHER BUSINESS

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

31. INSURANCE EXCESS REPORT

The Director of Finance & ICT presented a report upon the Council's current arrangements for insurance, and the savings that had been achieved by the decision taken in 2005 to increase the Council's level of excess on public liability insurance.

The Director reminded the Cabinet Committee that the Council had entered into a five-year agreement with Zurich Municipal in June 2005. The Council's excess level had been increased from £500 to £5,000, which had generated a saving of £69,030

per annum on the insurance premiums. Claims trends were monitored regularly and an analysis was presented in terms of open and closed claims for Motor, Property and Casualty insurance over the previous four years. Casualty claims were further analysed to show those closed claims that had been repudiated or paid, and that more claims had been repudiated than paid out over the last four years. Further analysis had shown that only for Casualty claims in 2006/07 had Zurich Municipal paid out more in claims than they had received in premiums, and that the decision to increase the Council's excess to £5,000 had generated accumulated savings of £121,573 over the previous four years.

In respect of 2010 onwards, the Director informed the Cabinet Committee that the Council was involved in a collaborative insurance exercise with eleven other Local Authorities in the East of England, including Braintree District Council and Chelmsford Borough Council. The Council would have to go through the European Union process for the renewal of its Insurance Contract, and invitations to tender were due to be sent out in January 2010 to ensure completion of the process by June 2010. From 4 January 2010, the Council would also handle all insurance claims on behalf of Uttlesford District Council. The service would be for an trial period of three months, for an initial fee of £1,000 per month. It was not envisaged that there would be any resource implications arising from this agreement.

In response to questions from the Members present, the Director stated that the net savings for 2008/09 would increase as some of the 21 open casualty claims were repudiated. It was not known whether the Property claims for 2008/09 were adversely high and the Director undertook to report back to the Cabinet Committee at its next meeting. It was not known to what profit margin Zurich Municipal was working to, however the Cabinet Committee was informed that the Council had let the current contract after a competitive tendering process.

In respect of the collaborative insurance exercise being undertaken, the Director reported that the initial thought was that each Council would retain their own policies and that this would not be a joint procurement exercise. It was expected that the collaboration would be more focused on procedures such as claims handling, and it was expected that one benefit would be to attract new insurance companies to the public sector market. An initial meeting was being held on 5 January 2010 and the Director would report back on further developments.

RESOLVED:

- (1) That the insurance trends and the savings achieved so far from the increase in the public liability excess be noted; and
- (2) That the expiry of the current insurance agreement on 29 June 2010 and the undertaking of a procurement exercise to establish a new contract be noted; and

RECOMMENDED:

- (3) That the joint working pilot with Uttlesford District Council on handling insurance claims for an initial three month period be endorsed.

Reasons for Decision:

To advise and make recommendations to the Cabinet on risk management and insurance issues.

To update the Cabinet Committee on the savings achieved from increasing the excess levels.

Other Options Considered and Rejected:

To amend the excess levels from the current £5,000 for the Council's insurance policies.

To not partake in the collaborative exercise being undertaken by Improvement East.

To not participate in the joint working pilot with Uttlesford District Council.

32. DRAFT GENERAL FUND BUDGET SUMMARY 2010/11

The Director of Finance & ICT presented the draft General Fund Budget Summary for 2010/11, including the Continuing Services Budget and District Development Fund lists.

The Director reported upon the current position on the General Fund budget and detailed the significant changes both from the original estimates for 2009/10 and from the Financial Issues Paper. The revised estimates for 2009/10 had shown an underspend of £114,000 for the Continuing Services Budget (CSB) and consequently a higher balance on the General Fund Reserve. District Development Fund (DDF) expenditure was also underspent by £300,000, but most of this expenditure had been rephased to 2010/11. There was also a reduction in the use of the General Fund Reserve in 2010/11. For the 2010/11 General Fund Draft Budget, whilst the CSB guideline could be revised downwards by £300,000, an additional £500,000 of DDF expenditure had been identified. Again there had been some off-setting between years as the DDF figure used in the Financial Issues Paper for 2009/10 had been £1.5M, which had now been reduced to £1M.

The Director added that the draft Local Government Settlement had been confirmed and the Council had only been allocated an increase of 0.5% from 2009/10. The areas of uncertainty for the budget in 2010/11 were: the possible loss of £137,000 in income due to a re-allocation of Special Grant by the Department for Transport; the impairment of the Council's investment with Heritable Bank; and the higher than anticipated levels of income from recycling credits, following the implementation of the revised waste management service in September 2009.

When questioned, the Director stated that the impairment in respect of the Council's investment with Heritable Bank was currently listed on the Council's balance sheet and had been carried forward from 2008/09. No decision had yet been made regarding where the impairment would eventually get charged to, but it was intended to apply for a capitalisation direction to give the Council a further option. Regarding the uncertainty over Concessionary Fares, it had originally been thought that the Special Grant would continue as part of the agreed three-year deal, but this had been reviewed by the Government and the Council faced a possible reduction in income. A report on this matter would be considered by the Cabinet at its next meeting. It was explained to the Cabinet Committee that the planned closure of the Parking Shops would not inconvenience customers unduly. The proposed closures were all shops that could not process credit or debit card payments and were not heavily used by the public.

The Cabinet Committee were reminded that increased savings generated in 2010/11 would have a beneficial effect upon the required savings for future years, as detailed in the Medium Term Financial Strategy, but that the Council would still have to

identify further savings in future years. The Assistant Director (Accountancy) advised that Gate Fees had increased in 2009/10 from an original estimate of £290,000 to a revised estimate of £713,000, but the expected income from recycling credits also had been revised from £910,000 to £1,376,000. More detailed figures were available to members upon request. The Chairman commented that this had indicated the success of both the implementation of the revised Waste Management Service in September 2009, and the efforts of local residents.

RECOMMENDED:

- (1) That the budget guidelines previously set down be amended as follows:
 - (a) that the guideline for CSB net expenditure for 2010/11 be reduced to £18M from £18.3M;
 - (b) that the guideline for DDF net expenditure for 2010/11 be increased to £1.3M from £0.8M;
 - (c) that balances continue to be aligned to the Council's net budget requirement and be allowed to fall no lower than 25% of the net budget requirement; and
 - (d) that the District Council Tax be increased by no more than 2.5%; and
- (2) That the items listed in both the CSB growth (savings) list and DDF expenditure list at Appendices 2 and 3 of the report be included in the revenue budgets for 2010/11, subject to any additional late growth bids or additional savings being necessary.

Reasons for Decision:

The proposed amendments to the budget guidelines allowed for necessary growth and changes to services.

Other Options Considered and Rejected:

To not approve the amended guidelines and remove a number of items from the lists. Alternatively, the growth lists could be approved but the Directors then instructed to identify further savings elsewhere in their budgets.

CHAIRMAN

KEY PRIORITY OBJECTIVES FOR 2010/11

1. Safeguarding statutory frontline services for our residents.
2. To have the lowest Council Tax in Essex and maintain that position.
3. Aspire to be a top performing Council in Essex.
4. Improve efficiency through partnership working, use of assets for revenue and reducing red tape.
5. Stand up for our Community – always put Epping Forest first.
Be braver & bolder – a District leading the way.

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