

## **EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES**

**Committee:** Finance and Performance Management Cabinet Committee   **Date:** 18 June 2007

**Place:** Committee Room 1, Civic Offices, High Street, Epping   **Time:** 6.30 - 7.35 pm

**Members Present:** C Whitbread (Chairman), Mrs A Grigg, Mrs M Sartin and D Stallan

**Other Councillors:** D Jacobs and A Watts

**Apologies:** M Cohen and Mrs D Collins

**Officers Present:** P Haywood (Joint Chief Executive), J Gilbert (Head of Environmental Services), D Macnab (Head of Leisure Services), R Palmer (Head of Finance), P Maddock (Assistant Head of Finance), P Pledger (Assistant Head of Housing Services (Property and Resources)), C Overend (Policy & Research Officer) and G J Woodhall (Democratic Services Officer)

### **1. MINUTES**

#### **RESOLVED:**

That the minutes of the meeting held on 26 March 2007 be taken as read and signed by the Chairman as a correct record.

### **2. DECLARATIONS OF INTEREST**

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

### **3. ANY OTHER BUSINESS**

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

### **4. PROVISIONAL REVENUE OUTTURN**

The Assistant Head of Finance tabled a revised version of the Provisional Revenue Outturn for 2006/07 report for consideration by the Cabinet Committee. The net expenditure for the General Fund had totalled £15.487million, which was £84,000 above the original and £807,000 below the revised estimates. Continuing Services Budget (CSB) expenditure was also £84,000 above the original estimate and £807,000 lower than the revised estimate, mainly due to staff vacancies; actual salary spending for the Council had been £17.914million compared to the original estimate of £18.704million. The introduction of the Debt Recovery Policy and subsequent improvement in debt collection rates had necessitated a reduction in the

provision for Bad Debts. A supplementary CSB budget of £1.5million had been agreed to deal with the former Waste Management contractor going into liquidation and the subsequent search for a new contractor; however, a saving of £168,000 on this budget had been achieved. The remaining savings of £184,000 had arisen because of difficulties in recruiting ICT staff and the expected increases in energy costs had not been as severe as anticipated.

The Assistant Head of Finance reported that net District Development Fund (DDF) expenditure had been £1.17million below the original and £1.614million below the revised estimates. There were requests to carry forward £873,000 of the outstanding underspend, thus the variation equated to a £741,000 net underspend on the DDF items undertaken. The DDF had been increased by £444,000 by the revised estimate, due to items brought forward from 2005/06 and new items identified during 2006/07, of which the major item was in relation to Waste Management. There were also items of income to the General Fund that had been appropriated to the DDF, totalling £1.091million, of which the largest had been the additional £603,000 received via the Local Authority Business Growth Incentive Scheme. Interest on investments had exceeded expectations and this had been shown as increased DDF income. There was a significant underspend on the Waste Management DDF, and a full review of this budget would be undertaken when the new contract had been let. The balance on the DDF had increased to £3.181million, of which £1.5million was unallocated at this time.

The Assistant Head of Finance informed the Cabinet Committee that a surplus of £33,000 had occurred within the Housing Revenue Account (HRA), despite a predicted deficit of £505,000, which was mainly due to savings of £402,000 on Management and Maintenance costs. Rental income had also been slightly down due to an increase in Council House sales toward the end of the financial year, but rents from commercial properties were higher than expected.

In response to questions from the members present, the Head of Finance explained that the Concessionary Fares Scheme had changed, hence it had been difficult to estimate the budget required for 2006/07. In the event, the take-up of the scheme had not been as great as anticipated and hence the budget had been underspent by £100,000. Within the Benefits section, temporary staff had been recruited to fill maternity vacancies, and certain essential works to the Civic Offices had been deferred whilst there had still been a possibility of the Customer Services Transformation Programme proceeding.

**RECOMMENDED:**

- (1) That the 2006/07 revenue outturns for the General Fund and Housing Revenue Account be noted; and
- (2) That the carry forward of £873,000 of District Development Fund Expenditure from 2006/07 to 2007/08 be approved.

**5. PROVISIONAL CAPITAL OUTTURN**

The Head of Finance presented a report concerning the Capital outturn for 2006/07 and the use of transitional relief in 2007/08. The Cabinet had agreed the Council's revised Capital Programme of £15.6million in February 2007, of which £10.5million had been spent by the end of 2006/07. This had led to a £5.1million underspend, consisting of a £4.05million underspend within the Housing Revenue Account and a £1.05million underspend within the General Fund. In addition, the Council had

received an extra £1.3million in Capital receipts than had been anticipated, due to an increase in Council House sales.

In respect of the General Fund, the Cabinet Committee were informed that there had been underspends of: £206,000 for ICT projects; £111,000 for the Bobbingworth Tip project; £133,000 for the Town Centre Enhancement works in Loughton Broadway; and £271,000 for Parking and Traffic Schemes. The Head of Environmental Services reminded the Cabinet Committee of the problems that had been experienced in the Broadway, due to the precise positioning of a gas main, whilst works in relation to the Waltham Abbey and Loughton Parking schemes had taken longer than anticipated to progress. It was anticipated that if the funding were carried forward to 2007/08 then the capital would be spent.

In respect of the Housing Revenue Account, the Cabinet Committee were informed that there had been underspends of: £1million for Affordable Housing schemes; £451,000 for various maintenance schemes; and £505,000 for structural schemes. The Assistant Head of Housing stated that a number of maintenance schemes had been delayed due to long-term staff absences, whilst problems had been encountered in buying-back the flats from the leaseholders for the Springfields project. The Cabinet Committee were requested to approve the carry forward of all underspends within the Housing Revenue Account.

The Cabinet Committee was reminded that the Council had £1million of outstanding transitional relief that had not been used to finance capital expenditure to date. Approval had previously been given to use these monies to finance contributions to Affordable Housing schemes in partnership with housing associations, and the Cabinet Committee was asked to note this in order that the monies could remain available for this purpose.

#### **RECOMMENDED:**

- (1) That the Capital outturn for 2006/07 be noted;
- (2) That the under and overspends for the Capital Programme in 2006/07 be recommended to the Cabinet for retrospective approval;
- (3) That the carry forward of unspent estimates into 2007/08 for delayed Capital schemes be recommended to the Cabinet for approval;
- (4) That the bringing forward of estimates into 2006/07 for Capital schemes which progressed more rapidly than anticipated be recommended to the Cabinet for approval; and
- (5) That the previous approvals to use the unapplied balance of transitional capital receipts for financing contributions to Affordable Housing schemes be noted.

## **6. RISK MANAGEMENT**

The Head of Finance presented a report concerning the Council's approach to Corporate Risk Management, which included the Corporate Risk Register and associated Action Plans. The Cabinet Committee were reminded that it had considered a report at its last meeting outlining some suggested amendments to the Corporate Risk Register. The updated version of the Register had then been considered by both the Senior Management Team and the Corporate Governance

Group at meetings held in May 2007. Following comments from the Audit Commission, two new risks had been added and rated:

- (i) Risk 23 – Fraud – E3 very low likelihood and marginal impact; and
- (ii) Risk 24 – Cash Balances – D3 low likelihood and marginal impact.

Following the review process, the Cabinet Committee was requested to recommend the updated Corporate Risk Register and associated Action Plans to the Cabinet for approval. The low risk rating for Performance Management was queried, however the Finance, Performance Management and Corporate Support Services Portfolio Holder reassured the Cabinet Committee that Performance Management was embedded throughout the Council. The Head of Finance reminded the Cabinet Committee that the ratings of all risks identified in the Register would be reconsidered during the next review.

**RECOMMENDED:**

That the updated Corporate Risk Register be recommended to the Cabinet for adoption.

**7. LOCAL AREA AGREEMENT FOR ESSEX**

The Head of Leisure Services presented a report concerning the Local Area Agreement for Essex. The Cabinet Committee were informed that Local Area Agreements were a Government initiative intended to promote joint working and secure improvements in service delivery. The second phase announced in June 2005 had included Essex, and Essex County Council had developed a Prospectus for Essex, which contained fourteen priority areas for action. The Council had subsequently signed up to the Essex Local Area Agreement, and agreed to focus its activities on the following priorities: ensure development is designed to promote healthier living in the built environment; keep vulnerable children and young people safe; reduce crime, the harm caused by illegal drugs and to reassure the public, reducing the fear of crime; building respect in communities and reduce anti-social behaviour; and actively manage our environment. The Epping Forest Local Strategic Partnership had also endorsed the Local Area Agreement for Essex.

The Head of Leisure Services stated the costs of the Local Area Agreement were met through either the 'Pooling' or 'Alignment' of existing funds. 'Pooled' funds were collectively committed to the delivery of a priority, whereas 'Aligned' funds were spent by the individual participant in support of one of the priorities and gave a higher level of direct local control. In addition, the Council had received Performance Reward Grants in the sum of £209,764 as recognition of the efforts it had made in support of the Local Area Agreement. The Council had, up to now, adopted a passive approach to compliance with the Local Area Agreement process. However, given the Government's increasing emphasis on a multi-agency approach to service delivery and the likely requirements of the new Comprehensive Area assessments, the Council would have to demonstrate a more active involvement in the future or risk financial penalties and a poor assessment rating. As a result, the Cabinet Committee felt that the Overview and Scrutiny Committee should be requested to investigate how the Council could be more actively involved in the future and align further funds for the Local Area Agreement priorities.

**RECOMMENDED:**

(1) That the current position with regard to the Essex Local Area Agreement and the Performance Reward Grant received to date be noted; and

(2) That, given the likely requirements of the new Comprehensive Area Assessment and the Government's stated long-term commitment to Local Area Agreements and financial advantages, the Overview and Scrutiny Committee be requested to consider how the Council can become more actively involved in the future.

**8. CORPORATE GOVERNANCE GROUP - 31 JANUARY 2007**

The Cabinet Committee considered the minutes of the meeting of the Corporate Governance Group held on 31 January 2007.

**RESOLVED:**

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

**9. CORPORATE GOVERNANCE GROUP - 7 MARCH 2007**

The Cabinet Committee considered the minutes of the meeting of the Corporate Governance Group held on 7 March 2007.

**RESOLVED:**

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

**10. CORPORATE GOVERNANCE GROUP - 16 MAY 2007**

The Cabinet Committee considered the minutes of the meeting of the Corporate Governance Group held on 16 May 2007.

**RESOLVED:**

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

**11. ANNUAL AUDIT AND INSPECTION PLAN 2007/08**

The Joint Chief Executive (Resources) presented the Annual Audit and Inspection Plan 2007/08 for the Council. It was explained to the Cabinet Committee that the Audit and Governance Committee meeting scheduled for 25 June 2007 would consider the Plan and receive a short presentation from the Council's external Auditors, PKF (UK) LLP.

**RESOLVED:**

That the consideration of the Annual Audit and Inspection Plan 2007/08 for the Council by the Audit and Governance Committee on 25 June 2007 be noted.

**CHAIRMAN**