

EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Finance and Performance Management Cabinet Committee **Date:** 15 March 2010

Place: Committee Room 1, Civic Offices, High Street, Epping **Time:** 6.30 - 7.30 pm

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

Other Councillors: D Jacobs and J M Whitehouse

Apologies: -

Officers Present: D Macnab (Deputy Chief Executive), R Palmer (Director of Finance and ICT), B Bassington (Chief Internal Auditor), P Maddock (Assistant Director (Accountancy)), E Higgins (Insurance & Risk Officer) and G J Woodhall (Democratic Services Officer)

41. DECLARATIONS OF INTEREST

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

42. MINUTES

RESOLVED:

That the minutes of the meeting held on 25 January 2010 be taken as read and signed by the Chairman as a correct record.

43. ANY OTHER BUSINESS

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

44. KEY PERFORMANCE INDICATORS - 2010/11 TARGETS

The Deputy Chief Executive presented a report regarding the Key Performance Indicators for 2010/11 and their targets.

The Cabinet Committee was reminded that a range of Key Performance Indicators (KPIs) were adopted each year, to focus improvement on key objectives and achieve comparable performance with that of the top performing local authorities (where appropriate), and to then maintain or improve further on that level of performance. Progress in achieving target performance was reported to the Finance and Performance Management Scrutiny Panel and the relevant Portfolio Holder at the conclusion of each quarter. The Deputy Chief Executive stated that the Council had

to adopt the National Indicators proscribed by the Government, but that it had more latitude with the Local Performance Indicators.

The Deputy Chief Executive added that the process had been progressed earlier than in previous years and the Medium-Term Aims and Key Priority Objectives had been agreed before the budget was set. Further links with the budget setting process would be desirable in future years. It was reported that the likely outturn for the year would be for approximately 57% of the adopted indicators to achieve top-quartile performance for 2009/10. Although this would not meet the Council's initial aim of 80%, it was an improvement on previous years and it was suggested that this particular target should be reviewed as it was felt to be over-ambitious. Some changes were proposed for Local Performance Indicator 23(a) regarding Major Capital Schemes, whereby now capital schemes with a budget in excess of £500,000 would be included – the current definition was for schemes in excess of £2million - and that the definition should now read "for 90% of all projects, final costs should be within +/- 10% of the budget set for the scheme currently being undertaken", which might not be the original budget set for the scheme. The indicators proposed for adoption, along with their suggested target for 2010/11, were listed at Appendix 1 of the report; these had already been endorsed by the Corporate Executive Forum

The Cabinet Committee were sceptical of the usefulness of some National Indicators, with no data from previous years to compare performance. It was felt that a better approach would be to identify those Performance Indicators which were relevant to the Cabinet's Key Priority Objectives and where ongoing improvement was being made. This would then demonstrate to the Audit Commission the progress being made by the Council, especially as the various assessments tended to give more credit for small improvements on badly performing Indicators. The problem of year-end Indicators was also highlighted, whereby the result was not known until the end of the municipal year with no effective monitoring possible throughout the year. It was acknowledged that there were still possible problems with the quality of returns made by other Councils to the Audit Commission, as highlighted by the Council's Value for Money analysis undertaken in 2008. It was recognised that more caution could be exercised when setting top-quartile targets for the Key Performance Indicators. The Council needed to set testing targets, but that perhaps 80% had been too high; perhaps a more realistic target would be for 65% of Indicators to achieve top quartile performance. The Cabinet Committee accepted that the Key Performance Indicators needed to be further aligned with the Council's Key Priority Objectives, and that further reports should be considered by both the Scrutiny Panel and the Cabinet Committee regarding this and the proposed top quartile performance target for 2010/11.

Decision:

- (1) That proposals for the adoption of Key Performance Indicators for 2010/11, including draft targets and linkages with the Council's Medium Term Aims, be agreed;
- (2) That a further report be submitted to the Finance & Performance Management Scrutiny Panel, and Cabinet Committee in due course, regarding:
 - (a) the setting of a corporate target for the accomplishment of year-on-year improvement via the achievement of top quartile performance for the adopted Key Performance Indicators in 2010/11; and
 - (b) the further integration and alignment of the adopted Key Performance Indicators with the Cabinet's Key Priority Objectives for 2010/11; and

(3) That the following changes to Local Performance Indicator 23(a) concerning Capital Projects be agreed:

- (a) to include all capital expenditure schemes in excess of £500,000; and
- (b) for 90% of all projects, the final costs should be within +/- 10% of the budget set for the scheme currently being undertaken.

Reasons for Decision:

To adopt the Key Performance Indicators for 2010/11 and set targets that reflected the Council's core business and corporate priorities.

The Council was obligated to collect data for the National Indicators and subsequently report.

To provide more meaningful monitoring data for Local Performance Indicator 23(a) regarding the costs of major capital projects undertaken by the Council.

Other Options Considered and Rejected:

To not adopt any Key Performance Indicators for 2010/11, however this could mean that opportunities for improvement were lost, and could have a negative impact upon both the Council's reputation and the scores achieved in numerous corporate assessment processes.

45. INTERNAL AUDIT BUSINESS PLAN 2009/10

The Chief Internal Auditor presented the proposed Internal Audit Plan for 2010/11 and highlighted the areas of emphasis within the Plan.

The Chief Internal Auditor reported that all the fundamental financial systems had been included to provide assurance that good financial management controls had been put in place. The Risk Registers of each Directorate had been reviewed with any high risk areas had been included, and greater emphasis would also be placed on the inclusion of value for money aspects. A contingency provision had been made for investigations and other unplanned work during the year, whilst progress against the Plan would be kept under review throughout the year by the Audit & Governance Committee.

In response to questions from the Cabinet Committee, the Chief Internal Auditor stated that Deloitte & Touche had been contracted to perform nine audits per year. It had been difficult to estimate the length of some of the audits included in the Plan, particularly for areas such as Grounds Maintenance which had not been reviewed for some time. No decision had yet been made on whether to include ICT procurement within the Plan for 2010/11, hence its status as a reserve audit.

RESOLVED:

That the proposed Internal Audit Plan for 2010/11 be noted.

46. QUARTERLY FINANCIAL MONITORING - THIRD QUARTER 2009/10

The Assistant Director (Accountancy) presented the Quarterly Financial Monitoring Report for the third quarter of 2009/10, which provided a comparison between the

original profiled budgets and the actual expenditure or income as applicable for the period ended 31 December 2009. The revised estimate had now been compiled and this had indicated that there was likely to be little change between the originally expected use of General Fund Balances of £704,000 and the revised projection of £837,000.

The Assistant Director reported that there was particular concern over the anticipated level of income from Building Control fees and Investment Interest. The ring fenced Building Control account would be close to breaking even this year but might return a small deficit. There was little scope for improving investment returns significantly without taking on additional risk, which was considered unacceptable. The expected income had been revised downwards but should be met. Additionally, income from Development Control and Land Charges had also been closely monitored. Land Charge income would probably exceed the budgeted income levels, whilst Development Control income would be in line with the reduced, revised estimate. Three capital projects had exceeded £1million in expenditure and the final accounts for each scheme would be reported to the Cabinet during 2010.

In response to questions from the Cabinet Committee, the Assistant Director stated that the Employers and Trade Unions were still in negotiations regarding the 2010/11 pay award, and the VAT recovery claim was still in progress. It had been pleasing to report an additional 5% return from the Council's investment with Heritable Bank, giving a total of 85p per £1 originally invested, especially as the Government had only provided investment protection for individuals, not organisations.

RESOLVED:

That the Revenue and Capital financial monitoring report for the third quarter of 2009/10 be noted.

47. RISK MANAGEMENT - UPDATED CORPORATE RISK REGISTER

The Senior Finance Officer (Risk & Insurance) presented a report concerning the updated Corporate Risk Register.

The Senior Finance Officer informed the Cabinet Committee that the Corporate Risk Register had been considered by the Risk Management Group on 23 February and the Corporate Governance Group on 24 February. These reviews had identified a need to update the vulnerability for risk 9 (Depot Accommodation) as there were several different services that used the depot at Langston Road in Loughton. Although there were regular liaison meetings between the different users of the depot, it was still felt that the vulnerability for this risk should be updated to include the lack of an overall Depot Manager at the site. The Deputy Chief Executive stated that concerns had been raised at the Council's Health & Safety Forum, and it was not a satisfactory situation. The Cabinet Committee was reassured that the Council did have adequate insurance cover for any accidents.

The Senior Finance Officer added that the Corporate Governance Group had felt that, given the complexity of the issues surrounding the London Olympics in 2012, there were two further potential risks for the Council to consider: possible disruption to services and travel, albeit for a relatively short period; and the opportunity to achieve additional income for the Council. The Deputy Chief Executive added that the County Council's Portfolio Holder for the Olympics was engaged in discussions with Parish and Town Councils over possible issues, whilst a Joint Working Group with Broxbourne Borough Council was being considered over the Lea Valley White

Water Course. It was anticipated that the trial events planned before the Olympics would not cause any significant problems.

The Cabinet Committee felt that the potential risks posed by the London Olympics in 2012 should be further considered by both the Risk Management and Corporate Governance Groups, with recommendations for consideration at a future meeting of the Cabinet Committee. It was also felt that the rating for Risk 22, Failure of Key Partnerships, was too low and should be reviewed as some Partnerships were stronger than others. The Deputy Chief Executive advised the Cabinet Committee that the sharing of Risk Registers was on the agenda for the next meeting of the Local Strategic Partnership. The Cabinet Committee decided that the rating for this risk should also be reviewed and reported back.

RECOMMENDED:

- (1) That the vulnerability for the risk relating to Depot Accommodation be updated to include the lack of an overall Depot Manager at the site;
- (2) That possible risks to the Council arising from the 2012 London Olympics be further considered and reported back to the Cabinet Committee;
- (3) That the rating for the risk relating to the Failure of Key Partnerships be reviewed and reported back to the Cabinet Committee;
- (4) That the current tolerance line on the risk matrix be considered satisfactory and not be amended; and
- (5) 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 score the risks differently or to consider alternative actions if necessary.

CHAIRMAN