

EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Finance and Performance Management Cabinet Committee **Date:** Monday, 26 September 2011

Place: Council Chamber, Civic Offices, High Street, Epping **Time:** 6.30 - 8.43 pm

Members Present: Councillors G Mohindra (Chairman), Mrs M McEwen, J Philip, Mrs P Smith and Mrs L Wagland

Other Councillors: Councillors D Stallan, G Waller, C Whitbread and J M Whitehouse

Apologies:

Officers Present: R Palmer (Director of Finance and ICT), J Gilbert (Director of Environment and Street Scene), E Higgins (Insurance & Risk Officer), J Lewis (Benefits Manager), D Macnab (Acting Chief Executive), B Moldon (Principal Accountant), R Rose (Senior Lawyer), J Twinn (Assistant Director (Benefits)), A Hendry (Democratic Services Officer) and R Perrin (Democratic Services Assistant)

10. Declarations of Interest

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

11. Minutes

RESOLVED:

(1) That the minutes of the meeting held on 20 June 2011 be taken as read and signed by the Chairman as a correct record.

12. Government Consultation - Localising support for Council Tax in England

The Chairman brought this item forward because of the potential increased interest.

The Benefits Manager presented the report following the announcements made in the 2010 Spending Review that the Department for Communities and Local Government had issued a consultation paper on the proposals to replace Council Tax Benefit in England with a system of localised support administered by local authorities from 2013. With the consultation closing on the 14 October 2011.

The Cabinet Committee were advised that the Government had announced proposals to localise the Council Tax benefit and reduce the expenditure on the replacement scheme by 10%, with Council Tax Benefit not forming part of the Universal Credit but becoming the responsibility of local authorities.

The proposed consultation responses had been considered by the Finance and Performance Management Scrutiny Panel on Tuesday 20 September 2011, where the panel commented that a consistent view should be expressed in the response

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and that the Cabinet should have their comments included. The Finance and Performance Management Scrutiny Panel asked for section 9 to be altered to ask for a “national consistent approach”, wording should be strengthened on the unintended consequence of migrating claimants, under section 7, a consistent approach to Joint Working, by having a consistent scheme developed and perhaps responses should be shared with other local councils.

A member asked that Section 13 – Transitional & Implementation Issues 13d should express more details on the Councils I.T problems and why it could not be installed. The Assistant Director (Benefits) advised that the system manufacturers can not comply with the deadline, which would result in not being able to complete the annual billing in 2013.

RESOLVED:

- (1) That the report on the proposed changes to Council Tax Benefits be noted;
- (2) That the proposed response be amended as indicated by the Finance and Performance Management Scrutiny Panel
- (3) That 13 – Transitional & Implementation Issues 13d be strengthened to express the problems that the Council would have with I.T implantations; and
- (4) That the local MP's are written to and informed.

13. Annual Outturn Report on the Treasury Management and Prudential Indicators 2010/11

The Principal Accountant presented the 2010/11 Outturn Report on the Treasury Management and Prudential Indicators 2010/11.

The Principal Accountant stated that the annual treasury report was a requirement of the Council's reporting procedures. It covers the treasury activity for 2010/11 and the actual Prudential Indicators for 2010/11. During the year the Council had financed all of the capital activity through capital receipts, capital grants and revenue contributions which had resulted in the Council remaining debt free and that the Council had achieved the targets for the treasury and prudential indicators. The Icelandic investments had received 15% dividends during the year, which translates to 50% recovery of the total funds back to date.

In addition the Cabinet Committee was advised that the Audit and Governance Committee on Thursday 22 September 2011 had considered the Annual Treasury report and concluded that they were satisfied with the management of the risks associated with treasury management.

RESOLVED:

- (1) That the 2010/11 Outturn for Prudential Indicators be noted; and
- (2) That the Treasury Management Stewardship report for 2010/11 be noted.

Reasons for Decision:

The report is presented for noting as scrutiny is provided by the Audit and Governance Committee who make recommendations on amending the documents, if necessary.

Other Options Considered and Rejected:

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Members could ask for additional information about the CIPFA Codes or the Prudential Indicators.

14. Value For Money and Data Quality Strategies 2010/11-2012/13

The Acting Chief Executive presented a report concerning the Value for Money and Data Quality Strategies 2010/11-2012/13.

The Acting Chief Executive reminded the Cabinet Committee that pursuant to the Local Government Act 1999, the Council was required to make arrangements to secure continuous improvement in the way in which its functions and services were exercised, with regard to a combination of economy, efficiency and effectiveness. The relationship between economy, efficiency and effectiveness was often defined as 'Value For Money', and the Council's Value For Money Strategy set out the overall approach to ensuring the provision of value for money services.

The Chief Executive added that as part of the duty to secure continuous improvement, the Council should also ensure that all data and information used to plan and deliver services was accurate, valid, reliable, timely, relevant and complete, in order to inform decision-making in respect of functions and services. Performance information was increasingly being used for the external assessment of local authority performance, and the Council's Data Quality Strategy set out the arrangements for ensuring that the quality of key data meets the highest standards.

Value For Money and Data Quality have traditionally formed essential components of local authority assessment and inspection frameworks.

RESOLVED:

(1) That the Council's Value For Money and Data Quality Strategies for 2010/11 be noted.

Reasons for Decision:

The Value For Money Strategy sets out the Council's overall approach to ensuring the provision of value for money services. The Data Quality Strategy sets out the Council's management arrangements to secure the quality of the data used to manage its functions and services. The Strategies build upon previous work to address issues arising from former assessment and inspection frameworks, and to highlight areas of best practice.

Other Options Considered and Rejected:

None. The Value For Money and Data Quality Strategies aim to bring together best practice within the Council in terms of the provision of value for money services and securing the quality of data and information used by the Council to plan and deliver functions and services. Failure to identify arrangements for securing and improving Value For Money and Data Quality could mean that opportunities for improvement were lost, and might adversely affect the reputation of the authority.

15. Annual Governance Report

The Director of Finance and ICT presented the Annual Governance Report from the External Auditors. The report had been presented to the Audit and Governance Committee on the 22 September 2011, and had been presented to ensure that the Cabinet Committee were aware of the key issues raised.

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The Cabinet Committee were informed of the key findings of the report. The key financial systems were generally adequate as a basis for preparing the financial statements, although a deficiency in control had been identified in respect of the housing and council tax benefits system. They were able to place reliance on the work of Internal Audit. The financial statements had no material misstatements, although some presentational issues of a material amount were corrected but these had not affected the Council's reported outturn. They were satisfied that the Annual Governance Statement was not inconsistent or misleading with other information that they were aware of from their audit of the financial statements and subject to satisfactory completion of the outstanding work, they anticipate issuing an unqualified "true and fair" opinion.

The Value for Money conclusion, subject to satisfactory completion of the remaining work in progress would also be unqualified.

RESOLVED:

- (1) That the External Auditor's Annual Governance Report be noted.

Reasons for Decision:

To ensure that Members are informed of any significant issues arising from the audit of the Statutory Statement of Accounts.

Other Options Considered and Rejected:

The report is for noting, no specific actions are proposed.

16. Sundry Income and Debt Policy

The Risk Management & Insurance Officer presented the Sundry Income and Debt Policy report to the Cabinet Committee. Following a review of the policy at the previous meeting of the Committee further clarification on debt referred to Court and debts referred to a debt agency had been requested.

The Risk Management & Insurance Officer reported that legislation dictates that only County Court or High Court could deal with these type of debts. The £100 debts limit referred to the debt agency had been reviewed by the Finance and Legal officers. It was felt that the level for referral was appropriate whilst the support officer was in post; it would be reviewed after the contract ends in March 2012.

RESOLVED:

- (1) That the updated Sundry Income and Debt Policy be adopted; and
- (2) That a report was brought back to the committee after the support officer's contract expires, with a clear break down of the debts collected.

Reasons for Decisions:

To ensure the Sundry Income and Debt Policy is kept up to date.

Other Options Considered and Rejected:

Members could make amendments to the Policy or request further information.

17. Quarterly Financial Monitoring

The Director of Finance and ICT presented the Quarterly Financial Monitoring report for 1 April 2011 to 30 June 2011, which considers financial monitoring reports on key areas of income and expenditure in each directorate that was responsible for the services. Salaries monitoring data was presented as well as it represents a large proportion of the Council's expenditure.

The Director of Finance and ICT highlighted some of the issues arising from the Council's budget monitoring. The Council had received 60.7% of the original investment placed in Heritable Bank and could now expect to receive 86% to 90% of the original investment. Building control income was on track and Development Control was above expectations, whilst income from the MOT's carried out by the Fleet Operations was ahead of expectations. In conclusion the income and expenditure was broadly in line or better than expected.

RESOLVED:

(1) That the Quarterly Financial Monitoring report for the period 1 April 2011 to 30 June 2011 regarding the revenue and capital budgets be noted.

Reasons for Decision:

To note the first quarter financial monitoring report for 2011/12.

Other Options Considered and Rejected:

No other options available.

18. Financial Issues Paper

The Director of Finance & ICT presented the Financial Issues Paper to the Cabinet Committee. The report provided the framework for the Budget 2012/13 and a number of financial issues that would affect the Authority in the short to medium term.

The Director of Finance & ICT stated that the greatest areas of current financial uncertainty and risk to the Authority were Local Government Resources Review, New Homes Bonus, Localisation of Council Tax Benefit, Self-financing for the Housing Revenue Account, Possible Double-dip Recession, Development Opportunities, Capitalisation of Pension Deficit Payments and Shared Services.

The Cabinet were informed that the Council was in a stronger financial position than had been anticipated, due to the greater level of savings in 2010/11, the transfer of non-housing property to the General Fund, savings being negotiated on key contracts and reductions in underspent budgets. The DDF was also more buoyant than anticipated due to another substantial VAT Reclaim. Through the proposals to retain NNDR and localise Council Tax Benefit, the Government was adding to the existing incentive of the New Homes Bonus to encourage authorities to promote development. If the authority was more successful in growing the Council taxbase and NNDR list, it would gain at the expense of others, although these opportunities also represent financial risk and given the overall problems in the UK and world economies, it would be debateable if it was a good time to take on more financial risk.

RECOMMENDED:

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(1) That the 2012/13 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 £14.88 million including net growth;
- (b) The ceiling for District Development Fund expenditure be no more than £763,000;
- (c) The 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 not be increased, with Council Tax for a Band 'D' property remaining at £148.77.

(2) That a revised Medium Term Financial Strategy for the period to 2015/16 be developed accordingly; and

(3) That communication of the revised Medium Term Financial Strategy to staff, partners and other stakeholders be undertaken.

Reasons for Proposed Decisions:

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

Other Options for Action:

Members could decide to wait until later in the budget cycle to provide guidelines if they felt more information, or a greater degree of certainty, was necessary in relation to a particular risk. However, any delay will reduce the time available to produce strategies that comply with the guidelines.

19. Any Other Business

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

CHAIRMAN