# EPPING FOREST DISTRICT COUNCIL
# COMMITTEE MINUTES

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| **Committee:** | Finance and Performance Management Cabinet Committee | **Date:** | Monday, 25 June 2012 |
| **Place:** | Committee Room 1, Civic Offices, High Street, Epping | **Time:** | 7.00 - 8.30 pm |

**Members Present:** Councillors Ms S Stavrou (Chairman), R Bassett, D Stallan, G Waller and C Whitbread

**Other Councillors:** Councillors K Avey, Mrs A Grigg and J M Whitehouse

**Apologies:**

**Officers Present:** R Palmer (Director of Finance and ICT), K Durrani (Assistant Director (Technical)), A Hall (Director of Housing), D Macnab (Acting Chief Executive), J Twinn (Assistant Director (Benefits)) and R Perrin (Democratic Services Assistant)

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## 1. Declarations of Interest

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

## 2. Minutes

**RESOLVED:**

That the minutes of the meeting held on 19 March 2012 be taken as read and signed by the Chairman as a correct record.

## 3. Localisation of Council Tax Support

The Assistant Director of Benefits presented a report regarding changes to the Localisation of Council tax support for billing authorities.

She advised that from 1 April 2013, Council Tax Benefit (CTB) had to be replaced by a new system of localised Council Tax Support, with the billing authorities deciding who would be eligible to receive the support. The Government would then provide a cash limited grant equivalent to 90% of current CTB funding and the District Council would have to either absorb the 10% cut or pass the costs on to residents. Pensioners would be protected from the cuts, and so it would fall upon people of working age, as part of the Government's objectives to incentivise people to work instead of claim benefit. If the Government cut was not passed on to benefits customers, it would cause £900,000 of budget pressure which would be borne, in proportion, by the major precepting authorities (EFDC, ECC, Police, and Fire). Although if the cuts were passed onto benefits customers, it would fall disproportionately upon low-income working age households, requiring additional staffing resource, and inevitably, collection rates would not be as high. Tenants renting their homes from the Council would also be represented in this household group, which in conjunction with housing benefit reforms would have further income collection implications. With further cuts in Government funding expected, the DCLG had indicated that there would be a further 10% cut in April 2015. The Tax Support scheme would need to be implemented by the end of 2012, to ensure that a default scheme was not imposed and that annual billing was undertaken in a timely manner,. Although this would result in an immense challenge on policy, financial and service delivery terms.

The Essex authorities were currently working together in an effort to develop a framework for a county-wide scheme, looking to save 10% by reducing the amount of CTB for working age customers. All authorities would operate with slight differences because of the mixed demographics and balance between working age and pensioners.

The key matters requiring policy direction from Members within the next few months were:

- Whether to absorb the cut in Government funding by making adjustments to other budgets, or to pass on the cut to existing benefits claimants;
- The design of a Local Council Tax Support scheme that would achieve the required savings if the cut in Government funding was to be passed onto benefit claimants;
- The Council would need to adopt a definition of "vulnerable people";
- Whether to future proof the scheme against possible further Government funding cuts from 2015; and
- Policy on debt recovery procedures, and anti-fraud work.

A report would be going to Cabinet in July 2012, which would seek agreement to some broad principles which should allow consultation to commence on an outline scheme. The consultation on the proposed scheme design had already been taking place with the major precepting authorities, the Essex Strategic Leaders Finance Group and the Essex Chief Executives Association. Officers from Essex County Council attend all the LCTS meetings with the Essex authorities. Public consultation would be undertaken in August/September for a six week period and reported to Cabinet in October 2012, to allow a final scheme to be agreed by Council in December 2012.

The Cabinet Committee commented on the flexibility of the system and whether considerations on the length of time residents had been in District could be applied to the new system, to protect residents from population migration. Members also commented on the consultation period being August, when this was normally the holiday period. The Assistant Director of Benefits advised that they had no choice but to consult within this period as the results were required, to allow the new system to be in place and agreed by December 2012. The consultation responses would be hosted on County Council website. The working age would be automatically consulted, with officer resolving that pensioners should also be consulted and advised of the new system to prevent further queries.

The Acting Chief Executive advised that a visual table of the effect on a family of four could prove more effective in the consultation and that clarity about this being a Government policy and not an Epping Forest District Council should be reinforced.

**Recommended:**

(1) That the report and the key points for decision making this year be noted; and

(2) That officers continue to work with other Essex local authorities on developing a potential county-wide scheme; and

(3) That the report to Cabinet should consider the possibility of including a residence qualification in the local scheme.

## 4. Corporate Risk Register

The Director of Finance & ICT presented a report on the Corporate Risk Register. The suggested changes had already been considered both by the Risk Management Group and the Corporate Governance Group.

The Director of Finance & ICT reported that a number of amendments had been identified and incorporated into the register. Firstly, it was felt that risk 34, Changes to the Benefit System , should be amended to reflect the impact of the localisation of Council Tax benefit and the introduction of Universal Credit. The assertions of the DWP that TUPE would not apply were being challenged by the Local Government Association as these could result in a large additional financial burden for local authorities. In relation to this, it was thought that the implementation timetable might be relaxed or that forms of mitigation may be offered for some aspects of the localism of Council Tax benefit, but the DCLG “A Statement of Intent” had made clear that this would not be changed. Secondly, Risk 3, Potential difficulty producing the Local Plan, should be amended to reflect the concerns over staff being unable to cope with the increased work loads due to the legislative changes and the National Planning Policy Framework coming into effect without an adopted Local Plan. Other minor amendments included Risk 29, Gyspy Roma Traveller Provision, removing the vulnerability associated with Crays Hill, Risk 17, Significant amount of Capital Receipts, reflect that the Council was no longer debt free and Risk 33, Reforms of the Housing Revenue Account, reflecting the actual debt rather than the anticipated.

The Cabinet Committee commented on Risk 31, London 2012, Olympic disruption and the possible effects of high users of G3 and mobile networks, not being able to cope during the Olympics and Paralympics. The Director of Finance & ICT advised that this disruption had not been conveyed to them and that they would investigate it further, although officers were not high users of these facilities. Risk 8, Business Continuity Management was highlighted as a result of the RBS IT failures in the press and the concerns over the service continuity. The Director of Finance & ICT advised that daily back ups were being completed offsite and a wireless network would be installed shortly, within the Civic Offices tower for remote access. Further future reports would be coming forward regarding these issues.

Councillor J Whitehouse highlighted Risk 11, with the need to add the new homes bonus to the consequence column, as this could be effected if the Council did not maintain the number of homes required.

**Recommended:**

1. That risk 34, Changes to Benefits System, be increased to A2 Very High Likelihood/Critical Impact;

2. That risk 3, Potential difficulty producing Local Plan, be increased to B2 High Likelihood/Critical Impact;

3. That risk 11, Unable to provide sufficient housing for local people, be amended to reflect the consequence of the new houses bonus;

4. That risk 29, Gypsy Roma Traveller Provision had the Eviction from Crays Hill vulnerability and associated Trigger and Consequence removed;

5. That risk 17, Significant amount of Capital Receipts, had been amended to reflect the fact that the Council was no longer debt free;

6. That risk 33, Reform of Housing Revenue Account, had been amended to reflect the actual debt rather than the anticipated debt;

7. That further minor wording changes had been applied to the action plans to ensure the responsible Portfolio Holder was correctly identified.

8. That the current tolerance line on the risk matrix be considered satisfactory and not be amended; and

9. That, incorporating the above agreed changes, the amended Corporate Risk Register be recommended to the Cabinet for approval.

**Reasons for Proposed Decision:**

It was essential that the Corporate Risk Register was regularly reviewed and kept up to date.

**Other Options Considered and Rejected:**

To suggest new risks for inclusion or amendments to the scoring of existing risks.

## 5. Key Performance Indicators 2011/12 - Outturn

The Acting Chief Executive presented a report regarding the performance of the Council's Key Performance Indicators for 2011/12 and views of the Finance and Performance Management Scrutiny Panel.

The Cabinet Committee was reminded 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, having regard to a combination of economy, efficiency, and effectiveness. As part of the duty to secure continuous improvement, a range of Key Performance Indicators (KPI) relevant to the Council's services and key objectives were adopted each year. Performance against the KPIs was monitored on a quarterly basis.

The Acting Chief Executive reported that outturn position with regards to the achievement of target performances for KPIs for 2011/12 was that 22 (66.6%) of the indicators achieved the performance target for 2011/12 and 11 (33.3%) of the indicators did not achieve the performance targets. Consequently the Council did not accomplish its overall aim of achieving target performance for at least 70% of the KPIs for 2011/12.

The Cabinet Committee was requested to note the Council's performance in relation to the KPIs for 2011/12, and to agree the proposed deletion or revision of specific KPIs for 2012/13, as set out in the report. Although the Council's overall aim of achieving target performance for at least 70% of the KPIs for 2011/12 had not been achieved, the Committee was also requested to consider and agree the corporate KPI performance improvement target for 2012/13. These matters were also considered by the Finance and Performance Management Scrutiny Panel on 19 June 2012, and the views of the Scrutiny Panel were included in the report.

**Decision:**

1. That the outturn performance in relation to the Council's Key Performance Indicators for 2011/12 be noted;

2. That KPI 01 (Equality Framework for Local Government) be deleted from 2012/13;

3. That the methodology for the calculation of performance against KPI 47 (Households in temporary accommodation) from 2012/13, be revised for a year-long approach be adopted, based on an average of four end of quarter snapshots;

4. that the methodology for the calculation of performance against KPI 51, KPI 52 and KPI 53 (Planning applications) from 2012/13, be revised to reflect delegated decisions only;

5. That the performance targets for individual KPIs for 2012/13, as set out in the report and the separate report in respect of KPI 51, KPI 52 and KPI 53, be agreed; and

6. That a corporate target be set for the achievement of improvement against the KPIs for 2012/13.

**Reasons for Decision:**

1. The KPIs provide an opportunity for the Council to focus attention on how specific areas for improvement would be addressed, and how opportunities would be exploited and better outcomes delivered.

2. A number of KPIs were used as performance measures for the Council's key objectives. It was important that relevant performance management processes were in place to review and monitor performance against the key objectives, to ensure their continued achievability and relevance, and to identify proposals for appropriate corrective action in areas of slippage or under performance.

**Other Options Considered and Rejected:**

No other options were appropriate in this respect. Failure to monitor and review KPI performance and to consider corrective action where necessary could have negative implications for judgements made about the Council's progress, and might mean that opportunities for improvement were lost. The Council had previously agreed arrangements for monitoring performance against the KPIs.

## 6. Analysis of the Audit Commissions Value For Money Profiles

The Acting Chief Executive presented a report regarding the Analysis of the Audit Commission's Value for Money Profiles.

The Value For Money analysis was intended to act in the first instance as a one-stop point of reference for much of the data contained in the 2010/11 version of the Audit Commission's Value For Money Profile Tool. The primary purpose thereafter was to allow officers and members to identify any Value For Money indicators or issues which they considered appropriate for further in-depth consideration and review. The Council was able to compare with its geographical and statistical neighbours, allowing the Council to focus its value for money work on particular areas of concern.

The Acting Chief Executive asked the Cabinet Committee to determine any further action or investigations for the Finance and Performance Management Scrutiny Panel to considered in September 2012.

**Decision:**

1. That the Audit Commission's Value for Money Profiles for all Essex Authorities and the CIPFA Nearest Neighbour Authorities of the Council be noted.

**Reasons for Decision:**

Epping Forest District Council was committed to delivering excellent services that met the needs of its residents and customers. The Council had a corporate responsibility to achieve value for money in its operations and the Council must be able to show that its costs compare well with others, reflect priorities and policy decisions and that they were commensurate with service delivery, performance and the outcomes achieved.

The recent Audit Commission report ('Tough Times') recommended that councils use the Audit Commission's 'Value for Money Profile' tool to see how they compare to the national picture set out in the report, to identify councils facing similar challenges, and to learn from the approach of other councils.

**Other Options Considered and Rejected:**

No other options for action were considered relevant at this juncture.

**7. Provisional Capital Outturn 2011/12**

The Director of Finance & ICT presented a report on the provisional Capital Outturn 2011/12, setting out the Council's capital programme for 2011/12, in terms of expenditure and financing, and to compare the provisional outturn figures with the revised estimates. The revised estimates were based on the Capital Strategy, adopted by Council on 14 February 2012.

The overall position in 2011/12 was that a total of £9,563,000 was spent on capital schemes, compared to a revised estimate of £12,329,000, which represented an underspend of £2,766,000 of the Council's revised capital budget. Expenditure on General Fund projects totalled £3,943,000, which was £1,360,000 less than anticipated, and expenditure on the Housing Revenue Account (HRA) totalled £5,620,000, which was £1,406,000 less than anticipated. The majority of the underspends on General Fund schemes related to slippage of expenditure in respect of work which had been delayed to the following financial year, although there were also savings on a few schemes.

There were three schemes which were underspent by more than £100,000 within the General Fund. The largest underspend of £495,000 related to the new All Weather Pitch at Waltham Abbey. This had been delayed because of planning issues raised by the Environment Agency, although work would commence in July 2012. The 2011/12 Waste Management Vehicles and Equipment budget for the provision of the new food and recycling system was underspent by £192,000. Of this, £122,000 related to the new bins and recycling containers for flats, schools, places of worship, village halls etc and £70,000 related to the refuse freighters. The full underspend was requested to be carried forward pending the purchase of a further 7 refuse freighters in 2012/13. Finally, the Open Market Shared Ownership Scheme within the Housing General Fund capital programme was underspent by £174,000 because completion had only been achieved on one property by 31 March 2012. A further one more had subsequently completed and the others were in hand.

In the HRA Capital Programme the area of work which had experienced the greatest volume of slippage was the Small Capital Works, a substantial proportion of which relates to work on refurbishing void properties. The workload was significantly lower than usual, resulting in the large underspend of £449,000 reported. It was considered prudent to carry the sum forward to 2012/13, pending review during 2012/13. Significant slippage was also experienced on the kitchen and bathroom replacement programme during 2011/12.

**Recommended:**

(1) That the provisional outturn report for 2011/12 be noted;

(2) That retrospective approval for the over and underspends in 2011/12 on certain capital schemes as identified in the report be recommended to Cabinet for adoption;

(3) That approval to the carry forward the unspent capital estimates into 2012/13 relating to schemes on which slippage had occurred be recommended to Cabinet for approval; and

(4) That retrospective approval for changes to the funding of the capital programme in 2011/12 be recommended to Cabinet for approval.

**Reasons for Decision:**

The funding approvals requested were intended to make best use of the Council's capital resources that were available to finance the Capital Programme.

**Other Options Considered and Rejected:**

More of the HRA capital expenditure in 2011/12 could have been financed from the use of usable capital receipts. This option was rejected because the Revenue Contributions to Capital Outlay (RCCO) level suggested within the report was affordable within the HRA, according to current predictions, and greater use of usable capital receipts for HRA purposes would have the effect of reducing scarce capital resources available for the General Fund.

## 8. Provisional Revenue Outturn 2011/12.

The Director of Finance & ICT presented the Provisional Revenue Outturn 2011/12 an overall summary of the revenue outturn for the financial year 2011/12.

The net expenditure for 2011/12 totalled £15.165 million, which was £517,000 below the original estimate and £478,000 below the revised estimate. The variances had arisen on both the opening Continuing Service Budget, which was £367,000 lower than the probable outturn and the in year figures, £111,000 lower than the probable outturn. There were a number of other CSB savings which included unspent £33,000 relating to the corporate improvement budget, £25,000 for Building Maintenance, £24,000 for NNDR reductions, £24,000 of various savings on recruitment advertising, postage and stationery within directorate admin budgets, a significant number of other budgets showing underspends of between £6,000 and £12,000 and also a reduction in the provision for bad and doubtful debts of £63,000. The external auditors had requested the General Fund provision be reviewed and this had been carried out. The reduction represents 3.5% of the provision that existed at the start of the financial year.

The original in year CSB savings figure of £1,408,000 increased to £1,750,000. The main reason relating to the savings on the waste management contract and the inclusion of the New Homes Bonus was offset to a degree by the decision to build the whole of the pension deficit payments into the CSB. Given that the capitalisation direction applied for in 2011/12 had been refused, it was considered the appropriate prudent step to take in the circumstances. In the event savings were higher than both at £1,861,000, due to the full saving on the cessation of the contribution toward the community support officers being achieved earlier than expected.

The net DDF expenditure was expected to be £1,104,000 in the original estimate and £350,000 in the probable outturn. In the event the DDF showed net income of £188,000, which was £1,292,000 below the original and £538,000 below the revised. There were requests for carry forward amounts totalling £446,000 and therefore the variation actually equates to a £92,000 net under spend on the DDF items undertaken. These one-off projects were akin to capital, in that there was regular slippage and carry forward of budgetary provision and the only reasonable variance analysis that could be done was against the probable outturn.

The DDF reduced between the Original and Revised position by some £754,000, due to a mixture of items brought forward and rephased into future years and new items identified during 2011/12. The largest item introduced into the revised estimates was a credit of £249,000 for a VAT refund relating to trade waste income originating between 1973 and 1996. There was also anticipated to be a substantial reduction in investment income, slippage on the Local Plan budget and savings as a result of not having a permanent Chief Executive.

Corporate Support Services, Finance and ICT and Planning and Economic Development saw variations in excess of £100,000 on their DDF when compared to the probable outturn. Within Corporate Support Services the main variation related to the issue surrounding personal search charges within Local Land Charge which was still ongoing and the allowance within the DDF was requested to be carried forward. In Finance and ICT there were two quite large variations. The anticipated allowance required for the new concessionary fare arrangements would not be required and whilst ongoing court cost income from Council Tax Collection was expected to reduce the total income in 2011/12, it had been better than expected. The main variation within Planning services related to slippage within the Local plan budget, which was considered in some detail by Cabinet on 11 June 2012.

A Deficit within the Housing Revenue Account of £582,000 and £949,000 was expected within its original and revised revenue budgets respectively, the actual outturn was a deficit of £1,393,000.

The Director of Finance & ICT advised that the Council could become liable for the settlement of claims relating to Mesothelioma. On 28 March 2012 a judgement was passed that liability rests with the insurers at the time of potential exposure. The insurers at the time were no longer trading and it was unlikely that there were sufficient assets to meet the totality of any claims, which would therefore mean some liability if not all would fall on the scheme creditors of which the Council was one. The amount involved was over £600,000 and given that the claims relate to former Housing DLO employees it was felt that provision should be made within the Insurance fund for this eventuality by providing £650,000 from the Housing Revenue Account. The charge was not included in either the Original Estimate or Probable Outturn due to the fact that this outcome was unknown until the year end.

The Cabinet Committee felt that this was a prudent move as the amount of claimants were unknown.

**Decisions:**

1) That the revenue outturn for the General Fund and Housing Revenue Accounts (HRA) for 2011/12 be noted;

2) That the carry forward of £446,000 of the District Development Fund expenditure from 2011/12 into 2012/13 be noted; and

(3) That a contribution was made from the HRA to the Insurance Fund, to cover any potential asbestos claims relating to former employees.

**Reasons for Decision:**

To note the provisional revenue outturn.

**Other Options Considered and Rejected:**

No other options available.

## 9. Any Other Business

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

## 10. Exclusion of Public and Press

The Sub-committee noted that there were no items of business on the agenda that necessitated the exclusion of the public and press from the meeting.

**CHAIRMAN**