EPPING FOREST DISTRICT COUNCIL
COMMITTEE MINUTES

Committee:	Finance and Performance Management Cabinet Committee	**Date:**	Thursday, 16 June 2016
Place:	Council Chamber, Civic Offices, High Street, Epping	**Time:**	7.00 - 8.10 pm

Members Present: Councillors G Mohindra (Chairman), A Lion, C Whitbread and R Bassett

Other Councillors:

Apologies: S Stavrou

Officers Present: R Palmer (Director of Resources), P Maddock (Assistant Director (Accountancy)), D Bailey (Head of Transformation) and R Perrin (Democratic Services Officer)

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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 17 March 2016 be taken as read and signed by the Chairman as a correct record.

3. Tribute MP Jo Cox

The Chairman advised the Cabinet Committee that the MP for Batley and Spen, Jo Cox had been tragically killed in her constituency.

Members noted that Councillors and Staff, which could come into contact with the public, should be more vigilant. Councillor C Whitbread asked that the safety of people dealing with the public should be included within the consideration of the Transformation project and new reception area.

4. Any Other Business

RESOLVED:

(1) That, as agreed by the Leader of the Council and in accordance with Section 100B(4)(b) of the Local Government Act 1972, together with paragraphs (6) and (24) of the Council Procedure Rules, the following items of urgent business be considered following publication of the agenda:

(a) 4(a) Provisional Revenue Outturn 2015/16.

This item would be discussed after item 8 Provisional Capital Outturn 2015/16.

5. Key Performance Indicators - 2015/16 Quarter 4 (Outturn) Performance

The Director of Resources presented a report on the outturn performance for the Key Performance Indicators adopted for 2015/16.

The Director of Resources advised that the Council was required to make arrangements to secure continuous improvement in the way in which its functions and services were exercised, whilst 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 service priorities and key objectives were adopted each year and the performance was reviewed on a quarterly basis.

A range of thirty-six Key Performance Indicators (KPI) had been adopted for 2015/16 in March 2015 and the KPIs were important to the improvement of the Council's services, comprised a combination of former statutory indicators and locally determined performance measures. The aim of the KPIs was to direct improvement towards services, the national priorities and local challenges arising from the social, economic and environmental context of the District. Progress in respect to all of the KPIs was reviewed by Management Board and Overview and Scrutiny at the conclusion of each quarter and service Directors reviewed the KPI performance with the relevant Portfolio Holder(s) on an on-going basis throughout the year. The Select Committees were each responsible for the review of quarterly performance against specific KPIs within their areas of responsibility.

The position with regard to the achievement of target performance for the KPIs at the end of the year (31 March 2016) was as follows:

(a) 27 (75%) indicators achieved the cumulative end of year target;
(b) 9 (25%) indicators had not achieve the cumulative end of year target; and
(c) 1 (3%) of those KPIs had performed within the agreed tolerance for the indicator.

The outturn performance against the indicator set for 2015/16 had been slightly better than last year when 26 (72%) of the 36 indicators achieved the target.

The Director of Resources advised that KPI RES001, Sickness Absence had not achieved the year-end target but had improved by a day compared to the previous year.

Councillor G Mohindra advised that he was concerned about the KPI GOV007, Appeals – officers, which required improvement.

RESOLVED:

(1) That the Committee noted the Quarter 4 performance for the Key Performance Indicators adopted for 2015/16.

Reasons for Decision:

The KPIs provided 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. 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 review and monitor performance could mean that opportunities for improvement were lost and might of had a negative implications for judgements made about the progress of the Council.

6. Invest to Save Proposals

The Director of Resources presented a report on 3 Invest to Save Proposals for capital works at North Weald Airfield for a vehicle compound extension, the Civic Office main reception structural survey for the Customer Contact project and software prototype and evaluation for project management.

The Director of Resources advised that in setting the budget for 2015/16, the Council had decided that because the balance on the General Fund Reserve had exceeded the minimum requirement and further savings were required, £0.5 million would be transferred from the General Fund Reserve into an Invest to Save earmarked reserve. This would be then used to finance schemes that would reduce the Continuing Services Budget (CSB) in future years. There was nearly £200,000 available for additional schemes after the budget had been approved in 2016/17

The accommodation review and the replacement of NEPP for off street car parking enforcement had already been put forward and these three business cases which included;

1. Capital works at North Weald Airfield which involved extending a vehicle compound for approximately £12,000, would gain a rental income of £4,000 per annum and result in a three year payback. It was possible that further income could arise from leasing some spare office accommodation to the same company;

2. A structural survey of the current main reception area for approximately £15,000, which was a necessary complementary piece of work for the accommodation review and would inform the discussion around potential re-configuration of and alternative uses for the site; and

3. A programme management system for prototype activities, which sought funding of £6,000, which would ensure that inconsistent project management would not occur and the improved efficiency and effectiveness would save the Council time and money.

Councillor Bassett raised concerns over the length of leases with regards to the future Master Plan for the Council's estates and this impacting on future developments. The Director of Resources advised that this could be taken into account with break clauses, although he would make sure that the Estates Department were advised.

The Cabinet Committee asked that they were updated on the progress of Invest to Save projects on a 6 monthly basis from when they were approved at Cabinet.

RECOMMENDED:

(1) That the proposal to invest in the North Weald Airfield 240 compound extension, Civic Office Main Reception – Structural Survey Customer Contact Project and Software prototype and evaluation (Establishment of Programme and Project Management be recommended to Cabinet;

RESOLVED:

(2) That Members were updated on the progress and financial outcomes of the Invest to Schemes that were approved by Cabinet after 6 months.

Reasons for Decisions:

To seek Member approval for Invest to Save proposals before implementation.

Other Options Considered and Rejected:

Members may decide not to support the proposals and suggest additional or alternative uses for the Invest to Save Fund.

7. Risk Management - Corporate Risk Register

The Director of Resources presented a report regarding the Council's Corporate Risk Register.

The Corporate Risk Register had been considered by both the Risk Management Group on 26 May 2016 and Management Board on 1 June 2016. These reviews identified minor amendments to the Corporate Risk Register which included the following;

(a) Risk 1 Local Plan

The key date had been updated to advise of the intended July 2016 Cabinet report.

(b) Risk 2 Strategic Sites

The Effectiveness of controls/actions had been amended to include the updated position for the key sites, with work progressing well at the Winston Churchill site, progress on the St. Johns site being delayed by Essex County Council and three tenders being received and assessed for the Retail Park at the Langston Road site. The completion of the site was now anticipated in the summer of 2017 and completion of the Oakwood Hill was expected in June 2016.

(c) Risk 6 Data / Information

The Effectiveness of Control had been amended to advise that there had been no data losses within 2016/17.

RESOLVED:

1. That the Key Date within the Action Plan for Risk 1 be updated;

2. That the Effectiveness of controls/actions for Risk 2 be updated;

3. That the Effectiveness of control/actions for Risk 6 be updated;

RECOMMENDED:

4. That the amended Corporate Risk Register be recommended to Cabinet for approval.

Reasons for Decisions:

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

Other Options Considered and Rejected:

Members may suggest new risks for inclusion or changes to the scoring of existing risks.

8. Provisional Capital Outturn 2015/16

The Assistant Director (Accountancy) advised the Cabinet Committee that the report set out the Council's capital programme for 2015/16, in terms of expenditure and financing, and compared the provisional outturn figures with the revised estimates. The revised estimates which were based on the Capital Programme represented those adopted by the Council on 18 February 2016.

The Council's total investment on capital schemes and capital funded schemes in 2015/16 was £37,298,000 compared to a revised estimate of £49,917,000 and represented an underspend of 25%. The largest underspends were experienced on General Fund projects, in particular on the planned developments at St John's Road, the Langston Road Retail Park and the Oakwood Hill Depot.

The Director of Resources advised that the funds available to finance capital programmes were applied in line with any restrictions avoid the potential loss of funds. Another element of capital receipts known as 'attributable' or 'allowable' debt could be used to fund either General Fund or HRA expenditure in any proportion.

The previous decision to use 30% for housebuilding had been decided by the Housebuilding Cabinet Committee, although the Cabinet may not have had the opportunity to fully consider other options at that time and the latest 30 year plan suggested £869,000 would be available for replacement housing schemes. An alternative approach would be to take 30% of the assumed debt figure of £1,218,950 as a basis for ascertaining the amount to be used for housebuilding and this would make £366,000 available.

Currently, none of these resources had been applied to the housebuilding programme as 1-4-1 capital receipts, capital grants and private contributions were applied in the first instance and they had been sufficient to cover all costs to date. Hence a change to the alternative approach was recommended to liberate additional capital resources of £503,000 to be invested in General Fund schemes.

The use of capital receipts to finance expenditure was £2,672,000 higher than estimated and the year-end balance on the Capital Receipts Reserve had fallen to £3,790,000 as at 31 March 2016. All of this balance had been set aside for the Council's housebuilding programme. Due to all the capital receipts currently available to fund General Fund schemes, being fully utilised, internal borrowing had been made available from the HRA. In total, the General Fund had borrowed around £4,000,000 from the HRA and would be required to pay interest on the sum for the duration of the loan. The internal borrowing had been made on a temporary basis only and future borrowing requirements would continue to be monitored closely.

In summary, the Cabinet Committee were requested to recommend to Cabinet the approval of the budget overspends, savings, carry forwards and brought forwards. There was one General Fund budget saving of £7,000 on Revenue Expenditure financed from Capital under Statute and two areas where spending was higher than estimated totaling £160,000 on the HRA, which were proposed to be brought forward from 2016/17. The carry forwards requested total £9,227,000 on the General Fund; £3,698,000 on the HRA capital programme; £41,000 on Capital loans and £83,000 on REFCuS. The Cabinet Committee was also asked to approve the other amendments of £37,000 on the General Fund and £229,000 on REFCuS.

With regards to the use of direct revenue funding, the HRA contribution of £4,900,000 was in line with the revised budget. However, the use of funds from the Major Repairs Reserve was £3,097,000 lower than estimated reflecting the underspend on HRA capital schemes. The impact of this off-set was that the balance on the Major Repairs Reserve was £2,896,000 higher than expected at £11,997,000 as at 31 March 2016.

RESOLVED:

(1) That the provisional outturn report for 2015/16 be noted;

RECOMMENDED:

(2) That retrospective approval for the over and underspends in 2015/16 on certain capital schemes as identified in the report be recommended to Cabinet;

(3) That approval for the carry forward of unspent capital estimates into 2016/17 relating to schemes on which slippage occurred be recommended to Cabinet;

(4) That approval of the funding proposals outlined in the report in respect of the capital programme in 2015/16 be recommended to Cabinet;

(5) That the in principle decision to meet a funding requirement for the purchase of street properties in 2016/17 from HRA underspends in 2015/16 be recommended to Cabinet; and

(6) That an amendment to the position regarding the use of the attribute debt element of the retained capital receipts as set out in the report be recommended to Cabinet.

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:

The Council's current policy was to use all HRA capital receipts from the sale of assets, other than Right to Buy Council House sales, to fund the Council's house building programme. However, Members had the option to use these capital receipts for other HRA or General Fund schemes if they chose. This option had been rejected to date because, unless HRA receipts were applied to affordable housing schemes, 50% of each receipt would be subject to pooling i.e. the council would have had to pay 50% of the receipts to central government.

The Council retained an element of the right to buy receipts classified as 'allowable' debt. It had been agreed that 30% of this receipt should be set aside to help finance the HRA housebuilding programme; this represented a sum of £869,000 as at 31 March 2016. However, none of this sum had been utilised to date and the Council was reconsidering this position.

9. Provisional Revenue Outturn 2015/16.

The Assistant Director Accountancy provided an overall summary of the revenue outturn for the financial year 2015/16.

The net expenditure for 2015/16 totalled £16.204 million, which was £2,856,000 (21.5%) above the original estimate and £435,000 (3%) above the revised. The large movement between Original and Revised was due to including some revenue funding of capital expenditure which had reduced the General Fund balance down to £7.3 million from £9.3 million. It had been felt sensible to use some of the balance because in recent years there had been Central Government criticism of Local Authorities holding "excessive" reserves. There were improvements in the funding position as this had shown an increase of £879,000 when compared to the original position and £88,000 compared to the revised position, which had been due to the inclusion of additional business rates Section 31 income. The in year deficit on the business rates collection fund was approximately £27,000 and the main factor which had created this had been the provision to cover future rating appeals.

The Continuing Services Budget (CSB) expenditure was £283,000 below the original estimate and £407,000 higher than the revised. Variances had arisen on both the opening CSB and the in year figures. The opening CSB was £369,000 higher than the revised estimate and the in year figures £38,000 higher than the revised estimate. When measured against the Original Budget, salaries were underspent by £465,000 and the actual salary spending for the authority in total including agency costs was £20.802 million compared against an original estimate of £21.267 million. When comparing to the Revised Estimate there was an underspend of £302,000, half of which fell on the General Fund, though £72,000 of this was actually DDF or Building Control savings rather than CSB.

There was an additional amount of £215,000 added to the General Fund Bad & Doubtful debts provision as a number of uncollectable debts had been written off and Housing Benefit Overpayment debts outstanding at the year end had increased significantly from £2,382,000 to £2,723,000. The Housing Revenue Account (HRA) capital expenditure was underspent by some £3.5 million and this increased the interest payable to the HRA, contributing to an overall net reduction of £190,000 to the Genral Fund.

The main other movement between the Original estimate and the Revised and Actual position was that the decision to Fund Capital Expenditure of £3 million from the General Fund balance.

The original in year CSB savings figure of £573,000 became an in year savings figure of £634,000, which was primarily due to additional Development Control fee income of £55,000 and a couple of other more minor items with the in year savings falling short by £38,000. The two main areas were Non-HRA Rent Rebates £40,000 and the Waste Management Contract £18,000 and there were a number of minor items that offset these.

The net District Development Fund (DDF) expenditure was expected to be £1,129,000 in the original estimate and £949,000 in the revised estimate and actually showed net income of £143,000. This was £1,272,000 below the original and £1,092,000 below the revised. There were requests for carry forwards totalling £775,000 for one-off projects and a net underspend of £317,000. The DDF reduced between the Original and Revised position by £180,000, which overall was not significant but there were some large swings on both income and expenditure. The Income side relatied to Development Control £220,000, Land Charges new burdens £103,000, a dividend following the liquidation of the former waste management contractor, South Herts Waste Management £100,000 and additional income from the technical agreement with major precptors £119,000. Offsetting this were the amounts brought forward from 2014/15 for the Local Plan £185,000 and Assets Rationalistion £85,000.

The difference between the revised position and the outturn position was a reduction of £1,092,000 and around half of this related to income from the Recycling Reward Scheme £268,000 and further income relating to the aforementioned technical agreement. It had been proposed that £100,000 of the latter be used to create a transformation project budget and £154,000 be used to top up the Invest to Save Reserve. The main items making up the remaining £570,000 were £139,000 relating to Local Plan slippage, £82,000 to Asset rationalisation, £73,000 to the planned maintenance programme, £62,000 to Electoral registration and £43,000 to town centre support.

The expenditure for the Invest to Save Reserve was estimated at £87,000 and the actual being £75,000, with the underspend relating to investigating the withdrawal from the NEPP contract. It had been recommended for the transformation budget that for projects to proceed quickly but with appropriate oversight, the DDF budget would be established under the control of Management Board and subject to consultation with the Leader. Additional funds had already been allocated from the Invest to save Reserve in 2016/17 and to ensure money remained available for suitable projects the proposed top up to the fund was required.

A Surplus within the HRA of £60,000 and deficit of £83,000, which had been expected within its original and revised revenue budgets respectively, the actual outturn, was a surplus of £633,000. There had been savings on Revenue Expenditure of £520,000 when compared to the revised position and these included salary savings due to vacancies in a number of areas amounting to around £150,000, savings on professional and consultancy fees £86,000, gas and electricity £79,000, various communal services £63,000, Grounds Maintenance £63,000, rent collection costs £20,000, furniture and equipment at sheltered units £17,000 and Corporate Core contribution £11,000. Income from Dwelling Rents had been down by £139,000 although other income was up through interest received on capital and revenue balances by around £300,000. The depreciation charge relating to HRA assets was £346,000 higher than expected but the difference was reversed back to the HRA and formed the bulk of the remainder of the £681,000 underspend shown. The current financial year was likely to be more difficult for the HRA with the 1% rent reduction coming in and the potential effects of the forced sale of high value voids, the detail of which has yet to be decided.

RESOLVED:

(1) That the provisional 2015/16 revenue out-turn for the General Fund and Housing Revenue Account (HRA) be noted; and

(2) That as detailed in Appendix E, the carry forward of £775,000 District Development Fund and £12,000 Invest to Save Reserve expenditure be noted.

RECOMMENDED:

(3) That the additional unbudgeted income of £254,000 from the agreement with the major preceptors to create a District Development Fund budget of £100,000 for transformation projects and to top up the Invest to Save Fund be recommended to Cabinet; and;

(4) That the transformation projects only being funded from the transformation budget following approval by Management Board and in consultation with the Leader be recommended to Cabinet.

Reasons for Decision:

To ensure adequate funding going forward for both transformation and invest to save projects.

Other options Considered and Rejected:

Members could decide to use the unbudgeted income to further increase the balance on the DDF and not to provide additional funding for transformation and invest to save projects. However, this would slow progress on transformation and necessitate reports to Cabinet and Council for supplementary funding for relatively small amounts of money.

CHAIRMAN

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Appendix E

DISTRICT DEVELOPMENT FUND 2014/15 - 2015/16

Directorate	Description	C/Fwd £000's	Year of Approval
Communities	Landlord Accreditation Scheme	1	2015
	Analysts post	23	2016
		24	
Governance	Document Scanning	11	2014
	Individual Registration Costs	62	2015
	Contingency for Appeals	(3)	2016
		70	
Neighbourhoods	Town Centres Support	42	2015
	Council Asset Rationalisation	82	2015
	Local Plan	139	2015
	Food Safety Inspections	4	2015
	Neighbourhood Planning	9	2016
	Payment to NEPP for redundancies	20	2015
	Survey of River Roding errosion	15	2015
	Replacement Bins	(43)	2015
	DCLG Recycling Reward Scheme	268	2016
	Salary Savings to fund restructure	30	2016
		566	
Resources	Implementation of E-Invoicing	3	2015
	Planned Building Maintenance Programme	73	2016
	Local Council Tax New Burdens Expenditure - Mobile Workin	0	2016
	Benefits Specific Grants - Online Forms	17	2016
	Benefits Specific Grants - Furniture	2	2016
	Emergency Premises Works	5	2015
	Temporary Additional Staffing	15	2015
		115	
	Total	**775**	

INVEST TO SAVE RESERVE 2014/15 - 2015/16

Directorate	Description	C/Fwd £000's	Year of Approval
Neighbourhoods	Termination of contract with NEPP (R)	11	2016
Resources	Ariel Camera System (R)	1	2016
	Total	**12**	

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