

EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Finance and Performance Management Cabinet Committee **Date:** 16 June 2008

Place: Civic Offices, High Street, Epping **Time:** 6.30 - 8.10 pm

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

Other Councillors: J M Whitehouse

Apologies: None.

Officers Present: P Haywood (Chief Executive), D Macnab (Deputy Chief Executive), J Gilbert (Director of Environment and Street Scene), R Palmer (Director of Finance and ICT), J Preston (Director of Planning and Economic Development), P Maddock (Assistant Director Accountancy), P Maginnis (Assistant Director Human Resources), D Newton (Acting Assistant Director ICT), R Wilson (Assistant Director Operations), S Tautz (Performance Improvement Manager), M Shorten (Principal Valuer/Surveyor), J Boreham (Assistant Public Relations and Information Officer) and G J Woodhall (Democratic Services Officer)

1. MINUTES

RESOLVED:

That the minutes of the meeting held on 17 March 2008 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. REVIEW OF ICT SERVICE

K Smitten, a Proposition Development Manager from Capita IT Services, gave a presentation on the recent review of the Council's Information and Communication Technology (ICT) Service that had been commissioned and undertaken. The Cabinet Committee were reminded that at the time of the review there had been a number of issues facing the ICT Service, including the consolidation of ICT budgets, a mixed user perception of the Service and an organisational restructure which had

anticipated a new customer contact service and had installed a new Corporate Director. The review had concentrated upon benchmarking the current operation by comparing it to industry best practice and identifying the opportunities for improvements and efficiency gains at both a strategic and service level. The review had revealed that the current Service was appropriate to maintain and improve the current ICT environment. The key factors for outsourcing, cost reduction and risk management, had not been strong enough to support this option for service delivery. Instead, targeted investment in the current Service would be required to address the issues identified during the review, supported by the use of external suppliers on occasion when specific skills and experience was needed.

The Cabinet Committee were informed that, having considered the size of the Council and the resources available to it, the key recommendations of the review were:

- (i) targeted investment in the current Service;
- (ii) to establish an ICT governance framework to ensure that investments were aligned to corporate outcomes, benefits were realised and engagement took place with the Directorates;
- (iii) to manage the ICT Service and projects as a portfolio, balancing outcomes and resources;
- (iv) to exploit existing ICT investments to achieve wider business benefits; and
- (v) to devise a Strategic Plan to move towards ITIL best practice, with the implementation of some short-term measures designed to bring immediate improvements.

The Chairman thanked Capita for the report and presentation of their review, and described it as a very useful exercise. The Director of Finance & ICT stated that some progress had already been made against the Action Plan to implement the key recommendations of the review. The Assistant Director Information and Computer Technology advised the Cabinet Committee that, in respect of reducing the number of servers utilised by the Council, it was intended to purchase servers with sufficient capacity to run multiple applications. It was envisaged that the total number of servers would be reduced from around 100 to approximately 10 to 15. The Corporate Support Services Portfolio Holder moved an amendment to the third recommendation, such that the Council should be benchmarked against V3 of the ITIL model with the results reported back to the Cabinet Committee. It was confirmed that this could be accomplished reasonably quickly and the amendment was agreed.

RESOLVED:

- (1) That the key findings of the review of the ICT Service by Capita and the recommendations contained therein be noted;
- (2) That targeted investment in the current ICT Service as the most appropriate means of future ICT service delivery be agreed; and
- (3) That the proposed Action Plan to implement the key findings of the review be agreed, subject to the Service being reviewed against the ITIL V3 benchmark with the results duly reported to the Cabinet Committee.

5. RISK MANAGEMENT - UPDATED CORPORATE RISK REGISTER

The Director of Finance & ICT presented the updated Corporate Risk Register for the Cabinet Committee's consideration. The Management Board on 21 May 2008 had reviewed the risks and scores contained within the Council's Risk Register and felt that the scores for the risks in relation to recruitment and sickness could be reduced, whilst the risk relating to the political balance of the Council affecting decision-making could be removed following the results of the recent District elections. The review had also included the consideration and updating of a number of the Action Plans. At the last meeting, the Cabinet Committee had approved the addition of a new risk in respect of data loss and determined its score as D2 (Low Likelihood, Critical Impact), which had placed it above the risk tolerance line; consequently an action plan had now been added for this risk.

The Director of Finance & ICT reassured the Cabinet Committee that the issue of possible data loss was taken seriously and it was felt that there were proper procedures in place. Although the scanning of documents to support benefit applications had been outsourced, the company concerned had implemented rigorous data security procedures, and if residents were concerned over this then they could bring their documents to the Civic Offices for scanning by officers. Other measures being implemented included laptop encryption and the disablement of external devices on the Council's personal computers. There were currently no specific procedures in place to protect paper data on desks, but further measures could be considered if it was felt appropriate. Data protection courses for staff had been organised in the past and it was intended to review the effectiveness of future courses.

The removal of the risk relating to the Political Balance of the Authority affecting Decision-Making was queried. It was felt that this course of action was justified as the next batch of District Council elections was not scheduled until May 2010 at the earliest. The Chairman commented that this risk could be reinstated in the future if necessary, and was also pleased to note the improvement in staff absence due to sickness. The Cabinet Committee felt that there were no further risks to be added to the register at this time, and that the current tolerance line was satisfactory and should not be amended. The Risk Register, duly updated, was recommended to the Cabinet for approval.

RECOMMENDED:

- (1) That the scores for the risks in relation to Recruitment in Key Areas (risk 1) and Key Objectives not Delivered due to Capacity Issues (risk 13) be reduced from B2 (High Likelihood, Critical Impact) to C3 (Significant Likelihood, Marginal Impact);
- (2) That the risk relating to the Political Balance of the Authority affecting Decision-Making (risk 6) be removed;
- (3) That the score for the risk relating to Sickness Absence (risk 15) be reduced from D3 (Low Likelihood, Marginal Impact) to E3 (Very Low Likelihood, Marginal Impact);
- (4) That the addition of an Action Plan to manage the risk relating to the Loss or Theft of Data (risk 18) be noted;
- (5) That, as no further new risks have been identified, no further additions to the risk register be made;

- (6) That the current tolerance line on the risk matrix be considered satisfactory and not be amended; and
- (7) That, incorporating the above agreed changes, the amended Corporate Risk Register be approved.

6. PROVISIONAL REVENUE OUTTURN

The Assistant Director Accountancy presented a report regarding the provisional Revenue Outturn for 2007/08. The Cabinet Committee were informed that net expenditure for 2007/08 had totalled £15.958million, which was £1.022million below the original estimate and £585,000 below the revised estimate. Continuing Services Budget (CSB) expenditure had been £1.022million below the original estimate and £585,000 below the revised estimate. Of the £662,000 savings on the original opening CSB, £382,000 had related to staff vacancies, which whilst lower than recent years was still a substantial amount. Of the remaining £280,000 of savings, £82,000 had related to Housing Benefits, while Abandoned Vehicles, Electoral Registration, Grounds Maintenance and Environmental Coordination all had savings in excess of £20,000. During the year, further savings of £222,000 had been achieved, much of which had been included in the revised estimates. The first phase of the top management restructure had produced a saving of £78,000 whilst £102,000 of the increased investment income was reassessed as being of an ongoing nature. There had also been a £85,000 reduction in the cost of placing people in bed and breakfast accommodation, plus a number of additional income items.

With respect to the District Development Fund (DDF), the Assistant Director Accountancy reported that expenditure had been £294,000 below the original estimate and £698,000 below the revised estimate. Requests for carry forwards of expenditure had totalled £469,000, which if approved equated to a net underspend of £229,000 for 2007/08. The £404,000 increase between the original and revised DDF estimates had been due to items brought forward from 2006/07 and new items identified during 2007/08, of which the biggest was Waste Management. The major variations arose from a £244,000 underspend for the Finance, Performance Management & Corporate Support Services portfolio, and a £186,000 overspend for the Environmental Protection Portfolio. The balance on the DDF had reduced slightly to £2.916million, which had been a better position than the revised estimates had indicated. The only variation on appropriations had arisen from the underspend on the DDF.

The Assistant Director Accountancy disclosed that the Housing Revenue Account (HRA) had generated a surplus of £569,000 due to a substantial increase in the Revenue Contributions to Capital Outlay (RCCO), which had offset the £436,000 savings on Management and Maintenance costs and additional income from other rents and charges. The savings on Management and Maintenance costs had arisen from Grounds Maintenance, Housing Land Cleansing, Piper Alarms and Minor Sewerage Works. There had also been some salary savings on the HRA, but a slight salary overspend on the Repairs Fund. The surplus on the HRA had conformed with the revised estimate of £568,000.

The Cabinet Committee were informed that the Statutory Statement of Accounts was now complete and would be considered by the Audit & Governance Committee on 23 June 2008, before being submitted to the Council on 26 June 2008. The Chairman commented that the outturn had indicated a sound financial position for the Council, which had also showed the value of the proper management of budgets. The CSB savings achieved in respect of Electoral Registration were emphasised, and in

particular that this had followed the granting of a supplementary estimate in respect of elections during the year.

RECOMMENDED:

(1) That the overall 2007/08 revenue outturn for the General Fund and Housing Revenue Accounts be noted; and

(2) That, as detailed in Appendix 2 of the report, the carry forward of £469,000 of District Development Fund expenditure be approved.

7. PROVISIONAL CAPITAL OUTTURN AND USE OF TRANSITIONAL RELIEF IN 2008/09

The Assistant Director Accountancy presented a report concerning the Capital outturn for 2007/08 and the use of transitional relief in 2008/09. The Cabinet had agreed the Council's revised Capital Programme of £12.324million, of which £10.6million had been spent by the end of 2007/08. This had led to a £1.727million underspend, consisting of a £491,000 underspend within the Housing Revenue Account (HRA) and a £1.236million underspend within the General Fund. In addition, the Council had received £38,000 more in Capital receipts than had been anticipated.

The Cabinet Committee were informed that the majority of the underspends on the General Fund and HRA related to slippage and it was proposed to seek retrospective approval for the re-phasing of these sums into 2008/09. For the General Fund, the main areas affected had been: the compulsory purchase of 8/8a Sun Street, Waltham Abbey; the Youth Sports Facilities programme; contributions to Estuary Housing Association for affordable housing; Civic Office works; and various Information and Communication Technology (ICT) projects. For the HRA, the main areas affected had been: Roofing; Kitchen Replacements; and Environmental Improvements to Shops. It was proposed to also carry forward the underspend for phase II of the Town Centre Enhancement Scheme for Loughton High Road, pending finalisation of the Scheme's costs.

The Assistant Director Accountancy reported that there had been a number of capital schemes, within both the General Fund and the HRA, which had progressed more swiftly than expected. As a consequence, retrospective approval was being sought for the bringing forward of £706,000 for the General Fund and £140,000 in respect of the HRA. The General Fund projects included: Bobbingworth Tip; the Loughton Broadway Town Centre Enhancement Scheme; Parking and Traffic Schemes; and the affordable housing contribution to L & Q Housing Association. Within the HRA, it was mainly the Springfield Improvement Works project that was ahead of schedule.

The Cabinet Committee were advised that some of the underspends had been identified as savings, in particular those relating to Disabled Facilities and other Private Sector Grants. The net savings had amounted to £350,000 and it was proposed that this sum be transferred to the General Capital Contingency. There had also been a £20,000 saving relating to the Computer Suite II project; it was recommended that this sum be vired to the General ICT budget. It was highlighted that the Council still had £500,000 of unspent transitional relief from 2007/08. Approval had previously been given to use these monies to fund General Fund contributions to affordable housing schemes, in partnership with Housing Associations, and the Cabinet Committee was requested to note this commitment.

In respect of the £279,000 overspend for Parking and Traffic Schemes, the Director for Environment & Street Scene informed the Cabinet Committee that Essex County

Council had a tendency to seek payment for schemes many months later. Thus, the overspend could be for schemes that were now more than two years old, although it was acknowledged that the total amount was slightly unexpected.

RECOMMENDED:

- (1) That the provisional capital outturn for 2007/08 be noted;
- (2) That, as identified within the report, the over and under spends in 2007/08 on certain capital schemes be recommended to the Cabinet for retrospective approval;
- (3) That the carry forward of unspent capital estimates into 2008/09 for the schemes upon which slippage had occurred be recommended to the Cabinet for approval;
- (4) That the bringing forward of capital estimates from 2008/09 to 2007/08 for those schemes that had progressed more rapidly than anticipated be recommended to the Cabinet for retrospective approval;
- (5) That the carry forward of a virement of a £20,000 saving to the General ICT budget to 2008/09 be recommended to the Cabinet for approval;
- (6) That, together with the unallocated sum in 2007/08, the carry forward of the virement equivalent to the remaining net savings of £350,000 to the General Capital Contingency Fund be recommended to the Cabinet for approval; and
- (7) That the previous approvals to use the unapplied balance of transitional capital receipts for financing contributions to affordable housing schemes be noted.

8. KEY PERFORMANCE INDICATORS 2007/08 & 2008/09

The Performance Improvement Manager presented a report regarding Key Performance Indicators (KPIs), the outturn for 2007/08 and the proposed KPIs for 2008/09. The Cabinet Committee were reminded that a range of Key Performance Indicators had been adopted for 2007/08, which had been considered crucial to the Council's core business and corporate priorities. The aim of Key Performance Indicators was to focus improvement actions upon key areas and to gain top quartile status for each indicator where appropriate. For 2007/08, the Cabinet had set a target for 75% of the Key Performance Indicators to achieve top quartile status by the end of the year. The outturn performance for 2007/08 was:

- (i) 53.5% of Key Performance Indicators achieved their performance target;
- (ii) 14% of Key Performance Indicators nearly achieved their performance target, being within 5%;
- (iii) 32.5% of Key Performance Indicators failed to achieve their performance target;
- (iv) 53.5% maintained or improved their level of performance in comparison with 2006/07; and
- (v) 46.5% worsened in performance in comparison with 2006/07.

The Cabinet Committee was asked to note this performance for 2007/08, and questions were asked of Directors and Assistant Directors by the Cabinet Committee in respect of the performance of a number of indicators, in particular those that had not met their performance target for 2007/08.

Following the replacement of Best Value Performance Indicators (BVPIs) by the new National Indicator (NI) set, the Cabinet had agreed the adoption of some BVPIs as KPIs for 2008/09. Following a recommendation by the Audit Commission in the annual Use of Resources assessment, a number of Asset Management LPIs had been adopted as well. It was also requested that, following further consideration by the Deputy Chief Executive, the Cabinet Committee adopt BVPIs 170a, 170b and 170c measuring visits to museums or galleries funded or part-funded by the Council as LPIs for 2008/09.

The Cabinet Committee was informed that the Corporate Executive Forum had recently considered the outturn performance of all KPIs, and made a number of recommendations. Firstly, it was felt that the former BVPI 91a, which measured the percentage of households within the District served by a kerbside collection of recyclables, should be adopted. Secondly, it was felt that BVPI 106, the level of new homes built on previously developed land, should be deleted as it provided little in the way of useful management information. Thirdly, that the focus for KPIs for 2008/09 should be directed towards those indicators that the Council had agreed to have regard to within the new Essex Local Area Agreement and that these indicators should be automatically adopted as KPIs. The full list of KPIs recommended for adoption by the Cabinet Committee had been attached to Appendix 2 of the report, and the Cabinet Committee did not identify any further indicators that should be added.

The Performance Improvement Manager advised the Cabinet Committee that, as the result of the new NI set, it would not be possible to set top quartile targets for these indicators until after the first year of operation, when comparative information became available from the Audit Commission. However, Service Directors had identified appropriate targets for the NIs in 2008/09, which would be agreed by the Finance & Performance Management Scrutiny Panel in August. Although the Council's target of achieving top quartile performance for at least 75% of the KPIs had not been met in 2007/08, it was recommended to retain this target for 2008/09.

RESOLVED:

- (1) That the Council's performance in relation to Best Value Performance Indicators and Local Performance Indicators for 2007/08 be noted;
- (2) That, subject to the concurrence of the Finance and Performance Management Scrutiny Panel:
 - (a) the former Best Value Performance Indicators 170a, 170b and 170c (visits to museums and galleries) be adopted as Local Performance Indicators for 2008/09; and
 - (b) the former Best Value Performance Indicator 106 (new homes built on previously developed land) be deleted as a Local Performance Indicator for 2008/09;
 - (c) those performance indicators to be adopted as Key Performance Indicators for 2008/09, as listed in Appendix 2 of the report, be agreed; and

(d) a target of a minimum of 75% of the Key Performance Indicators to achieve the relevant performance target for 2008/09 be set.

CHAIRMAN