

### **3. FINANCE AND PERFORMANCE MANAGEMENT STANDING PANEL**

**The Finance and Performance Management Scrutiny Panel consisted of the following Members:**

Councillor D Jacobs (Chairman)  
Councillor G Mohindra (Vice Chairman)  
Councillors K Angold-Stephens, J Collier, J Hart, J Philip, W Pryor, A Watts, Mrs L Wagland and J M Whitehouse.

The Lead Officer was Derek Macnab, Deputy Chief Executive.

#### **Terms of Reference**

##### Performance Management

1. To review statutory and local performance indicator outturns for the previous year at the commencement of each municipal year, and to determine the following on an annual basis:
  - (a) A basket of 'Key' Performance Indicators (KPIs) important to the Council's core business and corporate priorities; and
  - (b) The monitoring frequency of the KPIs identified by the Panel for the year;
2. To monitor performance against the adopted KPIs throughout the year; and to make recommendations for corrective action in relation to poorly performing indicators;

##### Council Plan

3. To undertake an annual review of performance against objectives, targets and actions contained in the Council Plan for 2006 to 2010;

##### Public Consultation

4. To develop arrangements to directly engage the community in commenting on and shaping the future direction of services to make them more responsive to local needs, including the development of proposals for effective consultation through an annual community conference;
5. To annually review the consultation exercises undertaken by the council over the previous year.

##### Finance

6. To consider the draft budgets for each portfolio and in so doing to evaluate and rank proposals for either enhancing or reducing services. Members will need to ensure consistency between wider policy objectives and financial demands.
7. To consider financial monitoring reports on key areas of income and expenditure for each portfolio.

## ICT

8. To monitor and review progress on the implementation of all major ICT systems:
  - Review of the Web-Casting System.

## Value For Money

9. To consider the annual Value for Money Analysis, and to identify any areas where further detailed analysis may be required to be undertaken by a Task and Finish Panel during the year.

## Essex Local Area Agreement

10. To monitor performance against the performance indicators contained within the second Essex Local Area Agreement, that the Council 'has regard to'; and to make recommendations for corrective action in relation to poorly performing indicators.

## Equality and Diversity

11. To undertake an annual review of progress towards the implementation of the Council's Race Equality, Gender Equality, and Disability Equality Schemes, and performance in relation to other equality and diversity issues.

### **The Panel scrutinised a number of important issues over the last year, which included:**

**(i) Consultation Plan 2009/10 and Register 2008/09** - The Panel received a report on the Council's consultation plan for 2009/10 and the register for 2008/09. The Market Research Consultation Officer informed the Panel that this summarised the consultations undertaken by the council. All consultation and engagement exercises undertaken by and on behalf of the council were required to comply with the provisions of the Public Consultation and Engagement Strategy and to this end a revised consultation guide was produced in order to standardise consultation approaches and methodologies wherever possible.

The Consultation Register incorporated the results of consultation exercises undertaken during the preceding 12 months and gave details as to the purpose, the start and finish dates, and the service area that carried out the survey; also, where the results were published and some key findings.

**(ii) Provisional Revenue Outturn 2008/09** - The Panel noted the report on the provisional Revenue Outturn for 2008/09. The Panel noted that the final closing balance on 31 March 2009 was £8.19million.

The Continuing Services Budget (CSB) expenditure was £509,000 below the original estimate and £187,000 below the revised. In common with recent years salary savings made up a large proportion of this saving. The District Development Fund (DDF) showed an under spend of £169,000 net, even taking into account a £280,000 carry forward. The Housing Revenue Account (HRA) balance was still in excess of £6 million and fairly healthy.

**(iii) Provisional Capital Outturn 2008/09** - This report set out the Council's capital programme for 2008/09, in terms of expenditure and financing and compared the actual outturn figures with the revised estimates. The revised estimates were those agreed at Cabinet on 5 February 2009.

The overall position in 2008/09 was that a total of £10,474,000 was spent on capital schemes, compared to a revised estimate of £12,900,000. This represented an underspend of £2,426,000 or 19% on the Council's revised capital budget. The underspend was evenly balanced between General Fund and the Housing Revenue Account (HRA) schemes. Expenditure on General Fund projects totalled £3,801,000, which was £892,000 or 19% less than anticipated, whilst expenditure on the HRA totalled £6,673,000, which was £1,534,000 and again 19% less than anticipated.

The majority of the underspends on the General Fund and HRA schemes relate to slippage of expenditure and it is proposed that this is re-phased into 2009/10. The three General Fund projects which incurred the greatest slippage were Bobbingworth Tip, the Civic Office Works and the Children's Play Programme.

**(iv) Key Performance Indicators for 2008/0- Outturn** – In June 2009 the Panel were asked to consider the Council's performance for 2008/09 in relation to the Key Performance Indicators adopted for the year. Not all the indicators had finished outcomes so could not be reported as yet. So far they had achieved 57.7% success for the year. The introduction of the new National Indicators set from 1<sup>st</sup> April 2009 had meant that it was difficult to assess overall levels of KPI improvement between 2007/08 and 2008/09.

The Panel noted the KPIs for 2008/09 was as follows:

- (a) 15 (44.1%) achieved the performance target for 2008/09;
- (b) 11 (32.3%) did not achieve the performance target for 2008/09;
- (c) 6 (54.5%%) of those (11) that did not achieve the performance target for 2008/09 were within 5% of the target for the year;
- (d) 6 (17.6%) could not be reported;
- (e) 1 (2.9%) was subject to a revised National Indicator definition that removed the Council's responsibility to report; and
- (f) 1 (2.9%) secured no progress as a result of competing priorities.

**(v) Key Performance Indicators 2009/10** - At each quarter the Panel considered the latest performance statistics for the year's key performance indicators. Directors of Services were questioned on any indicator that appeared not to performing to the expected levels.

**(vi) Quarterly Financial Monitoring**

The Panel also considered (on a quarterly basis) the quarterly Financial Monitoring report, keeping them up to date on the key areas of income and expenditure for each portfolio.

**(vii) Financial Issues Paper** - The report is produced at the start of the budget process looking at the previous years account, highlighting any problems that the council may face in the coming years. This was useful to establish this early in the budget cycle. The Panel noted that there were difficulties this year due to the state of the economy and the uncertainty when a recovery would occur. The other uncertainty was if the Government would come forward with a comprehensive spending review, but this would not happen until after the general election.

It was noted that because of the recession less money was coming in and more was going out, making any prediction difficult. The executive summary at the beginning of the report touched on key areas of uncertainty and risks to the authority, such as: likely reductions in grant as part of the comprehensive Spending Review; effects of

the credit crunch and reduced activity in the housing market; using up of capital reserves on non-revenue generating assets; pay awards; next triennial pension valuation; capitalisation of pension deficit payments; changes to the statutory concessionary fares scheme; and the customer services transformation programme.

**(viii) Fees and Charges** - The report provided information on the fees and charges that the council levies and what scope if any there was to increase particular charges. As part of the annual budget process change to fees and charges needed to be agreed.

The Panel noted that the council was faced with a period of considerable financial uncertainty with Revenue Support Grant settlements from 2011/12 likely to be cut in real terms. There was less freedom for Authorities wishing to raise additional revenue from fees and charges as more are subjected to cost recovery only or government direction. Against this it was felt that fees and charges should be increased by 5% where possible.

However, Councillors thanked officers for keeping the pay and display charges the same as this helped local businesses and the Council should be congratulated for doing this.

**(ix) Detailed Budget Reports** - The Panel received the draft detailed budgets for the General Fund and the Housing Revenue Account (HRA). The Panel noted that the current year's estimates were prepared against the background of economic turmoil that had affected all local authorities. They noted that reserves would be about £100,000 better than was forecast.

They looked at each Directorate in turn, scrutinising their budget for the following year and commenting on the proposals.

### **Case Study – Comprehensive Area Assessment 2009/10**

The Panel considered Comprehensive Area Assessment report of the Audit Commission. To help them in their deliberations they welcomed Ian Davidson, the Comprehensive Area Assessment Lead at the Audit Commission. He gave a short presentation on the organisational Assessment carried out on the Council at the end of 2009. It looked at how the Council worked in partnership with other organisations, how public services were delivered and how they worked together to achieve improvement and progress towards long-term goals. There was also an Area Assessment that looked at the wider picture, covering three areas - Essex, Southend and Thurrock.

The Audit Commission had given EFDC an Overall Organisational Assessment mark of 2. There were some good quality services such as housing, waste recycling and crime reduction; with strong local partnership working. However they thought our track record for improvement was weak, the benefits performance slow and there were some tensions between some senior officers and some members which affected relationships. They identified the following as future challenges for the council such as: improvement of trust and relationships, being clear around priorities and to allocate funding accordingly, improvement speed of service (such as benefits services), address outcome of gypsy and travellers consultation and to consider services for deprived areas. Also the council needed to identify its role in the safeguarding of children. In Essex as a whole the services for safeguarding children

were weak. As for area assessments, how well did local council's priorities express the wider communities' needs?

The Panel took the opportunity to closely question Mr Davidson, and ascertain what exactly the Council needed to do to improve its assessment for the following year. They also presented the Council's case, explaining the reasons behind the apparent low attainment of some of the services. This exchange of views not only gave the Audit Commission a different view of their assessment but also enabled officers and Councillors to get a more complete and thoughtful view of why this had happened and what needed to be done to respond to the assessment.