

## **EPHING FOREST DISTRICT COUNCIL COMMITTEE MINUTES**

**Committee:** Finance and Performance Management Cabinet Committee      **Date:** Monday, 12 December 2005

**Place:** Civic Offices, High Street, Epping      **Time:** 6.00 - 8.07 pm

**Members Present:** D Jacobs, Mrs C Pond and C Whitbread

**Other Councillors:** Mrs D Collins, R Glozier, M Heavens and J M Whitehouse

**Apologies:** J Knapman (Chairman), S Barnes

**Officers Present:** P Haywood (Joint Chief Executive), J Gilbert (Head of Environmental Services), G Lunnun (Democratic Services Manager), P Maddock (Assistant Head of Finance), R Palmer (Head of Finance) and B Molden (Accountant)

**Also Present:** J White – Zurich Municipal (for agenda item 5 only – Risk Management)

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### **26. CHAIRMAN**

#### **RESOLVED:**

That Councillor D Jacobs be appointed as Chairman of the meeting.

### **27. MINUTES**

**RESOLVED** that the minutes of the meeting of the Committee held on 7 November 2005 be taken as read and signed by the Chairman as a correct record.

### **28. DECLARATIONS OF INTEREST**

No declarations of interest were made pursuant to the Council's Code of Conduct.

### **29. ORDER OF BUSINESS**

#### **RESOLVED**

That agenda item 5 (Risk Management) be taken as the next item of business.

### **30. RISK MANAGEMENT**

The Joint Chief Executive (Resources) introduced J White of Zurich Municipal and invited him to make a presentation to the Committee on Risk Management.

J White explained risk management and answered Members' questions. Members noted that the risk matrix presented by J White represented the likelihood of risk against the impact of risk. They also noted that in relation to insurance cover, robust risk management should improve claims history and ultimately be of financial benefit

to the Council. Members were advised that risk management had been taken into account when seeking tenders for insurance cover recently.

Following J White's presentation, the Head of Finance presented a report on work which had been undertaken to date. The report also suggested proposals for involving members in the process. Members noted that Zurich Municipal had been commissioned to perform a "risk management health check" which had involved reviewing the existing risk register and risk management documentation and comparing it with a database of over 50 other local authorities. Zurich had produced a report in July 2004 and had concluded that the Council had pro-actively implemented a process of risk management. This had been evidenced by the adoption of a formal risk management policy and strategy. However there were issues identified which required further development:

- (a) ensuring consistency of benchmarking of risks against common themes and objectives;
- (b) more clarity and focus needed on identification of risks;
- (c) identification and prioritisation undertaken by each service on a consistent basis;
- (d) simplify risk register and accompany it with a demonstrable risk matrix;
- (e) Chief Officers and Heads of Service to re-assess and challenge risks currently on register;
- (f) Risk Management Group to be re-launched with consistent attendees and clear remit and agenda; and
- (g) development of action planning.

Following consideration of the findings of Zurich, the Risk Management Group had since met on a quarterly basis and significant progress had been made in all Service areas. All Service Plans for 2005/06 had included sections on risk management and all Services now had risk registers in place and action plans to deal with their prioritised risks. This work outlined that risk management was now imbedded within the Council's business processes and this was important for the Council's statement on internal control and for future comprehensive performance assessments.

Members noted that the Audit Commission was currently assessing the Council's use of resources, as part of their work on the Council's Direction of Travel, the key lines of enquiry being used had attached far greater importance to risk management. This was a trend that was likely to continue with the next full CPA. The scoring system for use of resources placed councils on one of four levels, with one the worst performing and four the best. Most of the criteria to achieve level 2, and some of those for level 3, were in place but some additional steps were necessary to ensure a score of level 3. In particular, there was a need for:

- (a) Members with specific responsibility for risk management to have received Risk Management Awareness Training; and
- (b) the appropriate Committee receiving reports at least quarterly and taking appropriate action to ensure that corporate business risks were being actively managed, including reporting to full Council at least annually.

Members noted that the Insurance Officer would be reporting to this Committee on a quarterly basis in order to keep Members informed of the risk management issues arising and how they were being addressed. The Committee was invited to address the issue of Member training and took account of a proposal from Zurich Municipal for:

- (a) a half day member workshop to identify and prioritise key risk issues;
- (b) an analysis of risk registers comparing Officer and Member output;
- (c) a half day combined Officer/Member Workshop to agree a combined register;  
and
- (d) preparation of a final report.

Members were advised that there was adequate DDF funding in the current financial year to meet the proposed cost of £4,000 for training 12 Members.

**RECOMMENDED:**

- (1) That the work undertaken to date on embedding risk management being noted;
- (2) That the proposal from Zurich Municipal for the involvement of Members in the production of an updated strategic risk register at a cost of £4,000 be approved;
- (3) That the following Members be appointed to attend the training:
  - 9 Members of the Cabinet.
  - Chairman of Overview and Scrutiny Committee.
  - Chairmen of two of the Overview and Scrutiny Standing Committees;and
- (4) That J White of Zurich Municipal be thanked for attending the meeting.

**31. FEES AND CHARGES**

The Committee was advised that the Finance and Performance Management Scrutiny Panel had considered in detail the proposed changes to fees and charges for 2006/07. The Panel had recommended a general increase of 2.5%.

**RESOLVED:**

That the general 2.5% increase to fees and charges for 2006/07 as proposed by the Finance and Performance Management Scrutiny Panel be endorsed.

**32. BUDGET 2006/07**

**(a) Provisional Local Government Settlements**

The Committee considered a report of the Head of Finance on details of the provision on local government settlements for 2006/07 and 2007/08.

Members noted that after three settlements under the previous system, a new system had been introduced to produce a two year settlement with the intention of

providing three year settlements in the future. A "four block" system for formula grant had now been adopted which moved away from the notional spending and tax elements that had been used in the previous system. The four blocks comprised:

- (a) a relative needs block;
- (b) a relative resource amount;
- (c) a central allocation amount; and
- (d) a floor damping block.

Members were advised how the four blocks combined to give formula grant figures both nationally and for this Council. The Council's total formula grant for 2006/07 was likely to be £8.6m compared with £7.9m in 2005/06. The total would rise to £9.1m in 2007/08.

Members noted that after several years of disappointing settlements and reliance on floor support, the Council had received a favourable provisional settlement for the next two years. It was understood that only one other authority in Essex had received a higher increase in grant. The Head of Finance pointed out that the budget forecast had been built on an increase of only 1% and the additional resources that were now available would enable the Council to fund additional services or to reduce the Council Tax increase below the 2.94% used in the four year forecast.

**RESOLVED:**

- (1) That a response be sent to the Office of the Deputy Prime Minister welcoming the provisional settlement; and
- (2) That a revised four year forecast be prepared taking account of the provisional settlement and submitted to an extraordinary meeting of the Committee to be held at 6.00 p.m. on 11 January 2006.

**(b) Draft General Fund Budget Summary 2006/07**

The Committee received a report providing the first oversight of the draft general fund budget for 2006/07. Members noted that the individual Portfolio budgets would be considered in detail at the Finance and Performance Management Scrutiny Panel on 16 January 2006 following which a report would be made to this Committee on 31 January 2006. The proposals would then be considered by the Overview and Scrutiny Committee on 2 February 2006, by the Cabinet on 6 February 2006 and finally by full Council on 21 February 2006.

Members also received the latest draft budget summary and schedules for CSB growth/savings and DDF expenditure. Members were advised that these represented best estimates at this time and some additional work would be necessary once the position had been clarified in respect of Alternative Management for Leisure and Support Services savings.

**RESOLVED:**

That the report be noted and that recommendations to the Cabinet be deferred pending clarification of the outstanding issues and consideration of a new four year forecast.

**33. DIRECTION OF TRAVEL STATEMENT - 2005/06 - DRAFT SELF-ASSESSMENT**

The Joint Chief Executive (Resources) presented a draft Self-Assessment in relation to the Council's Direction of Travel for 2005/06.

In accordance with Section 100(4)(b) of the Local Government Act 1972, together with Paragraphs 6 and 25 of the Council Procedure Rules, the Chairman had permitted on grounds of urgency, consideration of this item as the Self-Assessment had to be submitted to the Audit Commission before the Christmas holiday.

**RESOLVED:**

- (1) That the draft Self-Assessment be approved subject to:
  - (a) revised wording for the final sentence of paragraph 3.15;
  - (b) the references to Chigwell, Ongar and Waltham Abbey in paragraph 4.7 being made more specific;
  - (c) revision of the wording in the last sentence of paragraph 4.10;
  - (d) revision of the second and fourth bullet points in Section 5 under the heading "Housing Services"; and
  - (e) amendment of the wording of bullet points 1 and 4 in Section 5 under the heading "Leisure Services"; and
- (2) That Members be invited to submit any further views to the Joint Chief Executive (Resources) by not later than 23 December 2005; and
- (3) That the Officers be thanked for compiling such a comprehensive document in a comparatively short timescale.

**CHAIRMAN**

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