

# ***Report to the Council***

**Committee: Cabinet**

**Date: 31 July 2012**

**Subject: Finance and Technology Portfolio**

**Portfolio Holder: Councillor Syd Stavrou**

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**Recommending:**

**That the report of the Finance & Technology Portfolio Holder be noted**

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## **Accountancy**

Prior to last year, the Accounts and Audit Regulations required the approval at June Council of the draft Statutory Statement of Accounts. The latest update of the Regulations has removed this requirement so the Accounts will not be presented to Council until September, when the audited set will be on the agenda. The outturn reports for both revenue and capital were presented to the Finance and Performance Management Cabinet Committee on 25 June and the Finance and Performance Management Scrutiny Panel on 19 June. I do not want to repeat the contents of those reports but, as not all of you will have attended one of those meetings, it is worth giving you the headlines.

The revenue outturn showed that the Council had again proved more successful in delivering savings than had been anticipated. The revised estimates had changed the anticipated use of reserves from £171,000 to adding £69,000 to the General Fund Reserve but the outturn actually saw £547,000 being added. These additional savings arose from a range of Council services including, the corporate improvement budget, building maintenance, advertising and administration as well as the salary savings under the external recruitment restrictions. There was an unbudgeted saving of £63,000 on the bad debt provision, as the external auditors had requested a review of this provision as they felt it was excessively prudent.

The outturn on the Housing Revenue Account was a deficit of £1.39 million. This was £444,000 worse than the revised estimate, although the outturn included a transfer of £650,000 to the Insurance Fund that had not been included in the revised estimates. There has for sometime been a possibility that the Council might become liable for the settlement of claims relating to exposure to asbestos. There have been Court proceedings to determine whether liability to settle any claims rests with the Council's current insurers or the insurers at the time of employee's exposure to the risk. On 28 March 2012 the Supreme Court decided that liability rests with the insurers at the time of potential exposure. The insurers at that time are no longer trading and it is unlikely that there are sufficient assets to meet the totality of any claims, which makes it likely that some liability will fall on the scheme creditors of which this Council is one. Given that the claims relate to former Housing employees it is felt that provision should be made within the Insurance Fund for this eventuality by charging £650,000 to the Housing Revenue Account. Any eventual liability that crystallises can then be charged to the Fund and amounts remaining returned to the HRA. This

charge was not included in either the original or revised estimates as the outcome was uncertain until the year end.

The capital outturn detailed spending of £9.56 million on a range of schemes, this was £2.8 million lower than the revised estimate. However, this was due to slippage on schemes rather than savings and so the budgets will be carried forward to complete the schemes in the current financial year. The largest underspends were £495,000 on the all weather pitch at Waltham Abbey on the General Fund and £449,000 on small capital repairs on the Housing Revenue Account.

## **Benefits**

This report is being written before the Cabinet meeting on 23 July. At that meeting the Cabinet will consider a draft scheme for local support for Council Tax and agree on a scheme that can be issued for public consultation. As part of the Government's wide programme of welfare reform the current national scheme of Council Tax Benefit is being replaced by local schemes that have to be constructed by each billing authority. To save £500 million nationally the Government will only give local authorities 90% of what is currently being paid out. Local authorities are required to protect claimants of pension age and as they represent about half of the caseload this means a scheme is needed that delivers a 20% saving on benefits to those of working age. This will mean many residents who have not had to pay any Council Tax in the past will now be faced with annual bills of around £300.

This is a very significant change for all local authorities and officers have been working with colleagues across Essex to construct a scheme which has as many common features as is possible. If any Members are not familiar with this issue I strongly recommend that they read the background report that went to the Finance and Performance Management Cabinet Committee on 25 June and the report that will be considered by Cabinet on 23 July.

## **Revenues**

There are still few signs of improvement in the economy and the ongoing difficulties provide a challenging environment for the collection of local taxes. However, the statistics for the first quarter of 2012/13 are encouraging. The Council Tax collection rate at the end of June was 27.4%, which was slightly down on the 27.5% at the same time last year but is still in line with the annual target of 97.8%. The Non-Domestic Rate collection rate at the end of June was 30.8%, which is an improvement on the 30.4% at the same time last year.

## **Performance Management**

### **Key Performance Indicators 2011/12**

A range of Key Performance Indicators (KPI) for 2011/12 were adopted by the Finance and Performance Management Cabinet Committee and Scrutiny Panel in March 2011, and a target was set for at least 70% of the indicators to achieve target performance by the end of the year. The outturn position with regard to the achievement of target performance for the KPIs was as follows:

- 22 (66.6%) indicators achieved the performance target for 2011/12; and

- 11 (33.3%) indicators did not achieve the performance target for 2011/12.

Whilst the overall number of indicators achieving target was slightly below 70%, the consistency and direction of performance is encouraging. Detailed cumulative performance reports for each KPI were considered by the Finance and Performance Management Scrutiny Panel at its meeting in June 2012.

### **Key Performance Indicators 2012/13**

The Finance and Performance Management Cabinet Committee and Scrutiny Panel have confirmed the targets for the KPIs for the current year, with reference to the respective outturn position for 2011/12. Improvement plans are now being developed for each KPI, identifying actions to achieve target performance, which will be agreed by Management Board.

Although the Council's overall aim of achieving target performance for at least 70% of the KPIs for 2011/12 was not quite achieved, this corporate performance improvement target has been re-adopted for 2012/13 by the Cabinet Committee and Scrutiny Panel.

### **Key Objectives 2011/12**

Outturn progress against the Council's Key Objectives for 2011/12, which reflect national and local priorities, specific service challenges, and provide a statement of the authority's plans for the year, was reported to the Cabinet and the Overview and Scrutiny Committee in June 2012. Officers are currently reviewing arrangements for the reporting of progress against the Key Objectives for 2012/13, which will be made in the September 2012 cycle of meetings.

## **Technology**

### **Business Continuity**

Members may recall that a decision was made to enhance the Council's business continuity arrangements by locating some servers at Parsonage Court and establishing a wireless link to them. A tender exercise was conducted for the provision of this service, with the provision of wireless broadband to the community as a useful spin off. The successful service provider, Buzcom, have now installed and configured their equipment within the Civic Offices tower. This equipment is housed in a room alongside the emergency services system (Airwave) and this area has been experiencing air conditioning problems during the last few months. It will not be possible to fully activate the wireless system until Airwave have resolved their equipment issues. The Council's Facilities Management section has been in contact with Airwave and continues to monitor the situation. However, it is anticipated that the business continuity link to Parsonage Court, and the associated wireless broadband for residents and businesses, will be available during August. As contracts will be between Buzcom and individual residents and businesses the Council will not be taking an active role in promoting Buzcom's services over those offered by other providers. It is anticipated that Buzcom will conduct their own marketing in due course.

### **Wireless Network Coverage within the Council**

Wireless Internet access is now available in the Committee Rooms for those Members with their own wireless enabled devices. The security access key is available from Democratic Services and this same key will enable internet access to both the Committee Rooms and Council Chamber. If anyone experiences difficulty in setting up or accessing this connection, please contact the ICT helpdesk on extension 4888.

### **Telephone Switch Replacement**

The current supplier, Siemens, have agreed to extend support for the ageing telephone switch until 2017. ICT will shortly complete their initial supplier evaluation and will present a report to Cabinet in September. This report will also cover the capital requirements for the next stage of the Business Continuity project.