

EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Finance and Performance Management Cabinet Committee **Date:** Thursday, 17 March 2016

Place: Committee Room 1, Civic Offices, High Street, Epping **Time:** 7.00 - 7.35 pm

Members Present: Councillors C Whitbread (Chairman), J Philip and D Stallan

Other Councillors:

Apologies: S Stavrou and A Lion

Officers Present: R Palmer (Director of Resources) and R Perrin (Democratic Services Officer)

48. Appointment of Chairman

In the absence of the Chairman, who had tendered her apologies, the Leader became the Chairman.

RESOLVED:

That, in the absence of the Chairman, Councillor C Whitbread be appointed as Chairman for the duration of the meeting.

49. Declarations of Interest

There were no declarations of interest pursuant to the Council's Code of Member Conduct.

50. Minutes

RESOLVED:

That the minutes of the meeting held on 21 January 2016 be taken as read and signed by the Chairman as a correct record.

51. Key Performance Indicators - 2015/16 Quarter 3 Performance, and 2016/17 Targets

The Director of Resources presented a report on the Quarter 3, Key Performance Indicators 2015/16.

The Director of Resources reported that the Council was required to make arrangements to secure continuous improvement in the way in which its functions and services were exercised, 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

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objectives were adopted each year. Performance against all of the KPIs was reviewed on a quarterly basis.

A range of thirty-six Key Performance Indicators (KPI) had been adopted for 2015/16 in March 2015. The KPIs were important to the improvement of the Council's services and comprised of a combination of former statutory indicators and locally determined performance measures. The aim of the KPIs was to direct improvement effort 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. Service Directors reviewed KPI performance with the relevant portfolio holder(s) on an on-going basis throughout the year and 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 third quarter (31 December 2015) was as follows:

- (a) 28 (78%) indicators achieved third quarter target performance;
- (b) 8 (22%) indicators did not achieve third quarter target performance,
- (c) 0 (%) of these KPIs performed within the agreed tolerance for the indicator;
- (d) 28 (78%) indicators were currently anticipated to achieve the cumulative year-end target;
- (e) 6 (17%) were currently not anticipated to achieve the cumulative year-end target, whilst a further 2 (6%) were uncertain as to whether they would achieve the cumulative year-end target.

The adoption of challenging but achievable KPIs each year was a key element of the Council's Performance Management Framework. The continued relevance of the existing KPI set for 2016/17 had recently been considered by Management Board. The current suite of measures was considered appropriate for the ongoing evaluation of relevant performance factors, with some changes and it was proposed that NEI002 - Waste Recycling was deleted and separated out into 2 new indicators which would provide greater clarity around performance.

The Director of Resources advised that RES001 (Sickness absence) would not achieve the year-end target but it had improved compared to the previous year and training for all Managers around stress awareness had almost been completed.

The Service Directors had identified provisional targets for each indicator with the relevant portfolio holder(s), based on third-quarter performance and the estimated outturn position for the current year, resulting in some targets being either increased or decreased for 2016/17. Any revisions to targets on the basis of the outturn position would be reported to the Committee and the appropriate select committees in June 2016. The Committee was requested to agree the proposed KPIs and targets for 2016/17.

Councillor D Stellan asked that the wording for RES001 be changed from 'decreased' to 'increased' so that it was clearer.

Councillor J Philip enquired about the Communities KPIs that had achieved more than 100%. The Housing Portfolio Holder advised that this was due to rent arrears being included within the KPI.

Resolved:

(1) That the Quarter 3 performance for the Key Performance Indicators for 2015/16 be noted; and

(2) That the proposed Key Performance Indicators and targets for 2016/17 be agreed.

Reasons for Decision:

The KPIs provide 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 have negative implications for judgements made about the progress of the Council.

52. Quarterly Financial Monitoring

The Director of Resources presented the Quarterly Financial Monitoring report on key areas of income and expenditure which covers the period from 1 April 2015 to 31 December 2015. The report provided details of the revenue budgets for both the Continuing Services Budget, District Development Fund and the capital budgets which included the details of major capital schemes. The salaries monitoring data was also presented as well, because it represented a large proportion of the authorities expenditure and was an area where historically large under spends had been seen.

The Cabinet Committee noted that the Salaries budget showed an underspend of £284,000 or 1.8%. The vacancy allowance had been removed from the budget when it was revised and allocated to the areas where vacancies had actually occurred and still showed an underspend. The Communities Directorate showed the largest underspend of £124,000, which related to the Housing works Unit and the other three directorates were all showing an underspend, although less significant. The investment interest levels were below expectations at Month 9 by £6,000 and whilst cash balances available for investment had reduced, the income from the loan to Biffa had offset this to a degree.

Within the Governance Directorate, Development Control income for Fees and charges were £34,000 higher than budgeted and pre-application charges were £13,000 higher and the total income was £62,000 above expectations. The Building Control income was £6,000 higher than budgeted and the ring-fenced account was showing an in-year surplus of £53,000 with the expected surplus of £13,000 being revised upwards to £47,000 for the full year.

Within the Neighbourhoods Directorate, Public Hire licence income and other licensing were now above expectations. The income from MOT's carried out by Fleet Operations was £4,000 below expectations and the revised budget showed a deficit of £6,000. The Car Parking income was £31,000 below the estimate and the Pay and

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display income was in line with the profiled budget. The Local Land Charge income was £8,000 above the revised expectation and there had been significantly fewer searches undertaken this year compared to the same period last year.

Within the Communities Directorate, the Housing Repairs Fund showed an underspend of £366,000 and the budget had been reviewed with some savings being identified. There was also a significant variance on HRA Special Services which related partly to heating and lighting and work undertaken by Smith Bellerby.

The Business Rates Retention Scheme had been in operation for three years and whereby a proportion of rates collected were retained by the Council, there were two aspects to monitor which were the changes in the rating list and the collection of cash. For 2015/16 the funding retained by the authority after allowing for the Collection Fund deficit from 2014/15 was £3,363,000, which exceeded the government baseline of £3,022,000 by some £341,000. The actual position for 2015/16 would not be determined until May 2016. Regarding the cash collection, at the end of December the total collected was £28,006,359 and payments out were £25,614,207, which meant that the Council was holding £2,392,155 of cash and so the Council's overall cash position was benefitting from the effective collection of non-domestic rates. The budget had revealed that all Schools would be converted into academies, which would give them a charity status and therefore reducing the business rates collected by the Council.

There were three projects included on the Major Capital Schemes schedule relating to the Museum redevelopment, House Building package 1 and The Epping Forest Shopping Park. Annex 12 gives more detail.

In conclusion, the Director of Resources stated that with regards to revenue, income was generally up on expectations and expenditure was down. The increased income levels were very much welcome from Development and Building Control in particular and expenditure being below budget was not surprising as expenditure was usually heaviest toward the end of the financial year.

Councillor D Stallan raised concerns over the income from MOT's carried out by Fleet Operations being below expectations. The Director of Resources advised that he would look into why there had been a reduction.

Councillor J Philip enquired about the figures in relation to Housing Estate Parking and Solar Energy Panels being incorrect. The Director of Resources advised that they would be corrected for the relevant Select Committees, when they considered them at their next meeting.

Resolved:

(1) That the Quarterly Financial Monitoring Report for the period 1 April 2015 to 31 December be noted.

Reasons for Decision:

To note the third quarter financial monitoring report for 2015/16.

Other Options Considered and Rejected:

No other options available.

53. Risk Management - Corporate Risk Register

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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 18 February 2016 and Management Board on 2 March 2016. These reviews identified amendments to the Corporate Risk Register but no additional risks or scoring changes and were as follows:

(a) Risk 1 - Local Plan

Additional vulnerabilities had been added which centred on the potential delay of seeking approval from Highways England on the strategic modelling and protracted process in achieving local highway modelling. The consequence of these delays underlined the possibility of the loss of control of the Local Plan and also the potential loss of New Homes Bonus. Existing Controls/Actions had been added to advise that the Council was lobbying DCLG and Local Members of Parliament (MP) and also continuing to work closely with Essex County Council. The Required Further Management Action advised the need for a joint letter from Council leaders to local MP's.

The retention of Planning Policy staff had also been identified as a vulnerability to the Local Plan risk. It was felt that consideration should be given to outsourcing aspects of the work. A buoyant Planning job market within Essex had been identified as the trigger with the consequence being the delivery of the Local Plan to timetable.

(b) Risk 2 - Strategic Sites

The Effectiveness of controls/actions had been amended to advise the updated position for the key sites. The Winston Churchill site had groundworks underway and agents appointed to let the retail space. Final tender submissions for the Langston Road site were expected by 1 April with good progress being made on pre-lets. An outline specification for North Weald Airfield had commenced.

(c) Risk 4 - Finance Income

The Key Date had been amended to advise that the revised scheme for New Homes Bonus was likely to be issued in late summer 2016.

(d) Risk 6 - Data / Information

The Effectiveness of Control had been amended following a minor data loss.

Members were asked to consider the updated Corporate Risk Register and whether the risks listed were scored appropriately, if there were any additional risks that should be included and to note the annual review of the corporate risk management documents.

The Cabinet Committee were very concerned about the Local Plan and the problems around staff retention within Planning Policy. This would need to be monitored very closely because of the impact of the New Homes Bonus and the threat of the Government imposing a Local Plan on the Council. The Director of Resources advised that local authorities in general were not holding up development projects but that it was the developers themselves and this was a concern that the Council could get penalised for this.

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Recommended:

- (1) That the Vulnerabilities, Trigger, Consequences and Action Plan for Risk 1 – Local Plan be updated;
- (2) That the Effectiveness of controls/actions for Risk 2 - Strategic Sites be updated;
- (3) That the Key Date within Risk 4 - Finance Income be updated;
- (4) That Effectiveness of Control within Risk 6 - Data / Information be updated;
- (5) That including the above agreed changes, the amended Corporate Risk Register be recommended to Cabinet for approval;
- (6) That the Risk Management Strategy and Policy Statement be recommended to Cabinet for adoption; and
- (7) That the Terms of Reference of the Risk Management Group be noted.

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.

54. Any Other Business

It was noted that there was no other urgent business for consideration by the Cabinet Committee.

CHAIRMAN