

EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Finance and Performance Management Cabinet Committee **Date:** Thursday, 14 September 2017

Place: Committee Room 1, Civic Offices, High Street, Epping **Time:** 7.00 - 7.29 pm

Members Present: Councillors G Mohindra (Chairman), S Stavrou, C Whitbread and J Philip

Other Councillors:

Apologies: A Lion

Officers Present: R Palmer (Director of Resources), D Bailey (Head of Transformation) and R Perrin (Democratic Services Officer)

14. Substitute Members

The Cabinet Committee noted that there were no substitute members for this meeting.

15. Declarations of Interest

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

16. Minutes

RESOLVED:

That the minutes of the meeting held on 20 July 2017 be taken as read and signed by the Chairman as a correct record.

17. Key Performance Indicators - 2017/18 Quarter 1 Performance

The Director of Resources presented a report on the Key Performance Indicators for 2017/18 Quarter 1 Performance.

The Director of Resources advised 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 objectives, were adopted each year. Performance against all of the KPIs was reviewed on a quarterly basis.

A set of thirty-two (32) Key Performance Indicators (KPI) were adopted for 2017/18 in March 2017. The current KPIs had been considered appropriate with the following changes:

- RES009, RES010, and RES011 – the website indicators to be deleted;

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- COM006 - How many of the key building components required to achieve the Modern Homes Standard were renewed? would be deleted; and
- There were no new indicators recommended for 2017/18.

Progress in respect all of the KPIs was reviewed by Management Board and Overview and Scrutiny at the conclusion of each quarter, and the service directors reviewed KPI performance with the relevant portfolio holder(s) on an on-going basis throughout the year. The Select Committees were each responsible for the review of quarterly performance against specific KPIs within their areas of responsibility.

Improvement plans had been produced for KPIs, setting out actions to be implemented in order to achieve target performance, and to reflect changes in service delivery. In view of the corporate importance attached to the KPIs, the improvement plans were agreed by Management Board and were also subject to ongoing review between the relevant service director and Portfolio Holder over the course of the year.

The position with regard to the achievement of target performance for the KPIs at the end of quarter 1 (30 June 2017), was as follows:

- (a) 27 (84%) indicators had achieved the target;
- (b) 5 (16%) indicators had not achieved the target, although
- (c) 1 (3%) of the indicators had performed within the agreed tolerance for the indicator; and
- (d) 27 (84%) of indicators were currently anticipated to achieve year-end target and a further 1 (3%) was uncertain whether it would achieve year-end target.

Resolved:

- (1) That Quarter 1 performance for the Key Performance Indicators adopted for 2017/18 be noted; and
- (2) That there were no Key Performance Indicators for 2017/18 which required in-depth scrutiny or further reports on performance.

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.

18. Annual Outturn Report on the Treasury Management and Prudential Indicators 2016/17

The Director of Resources presented the Annual Outturn Report on the Treasury Management and Prudential Indicators for 2016/17.

The Director of Resources reported that annual treasury report was a requirement of the Council's reporting procedures and covered the treasury activity for 2016/17, and the actual Prudential Indicators for 2016/17. During the year, the Council had financed all of its capital activity through capital receipts, capital grants, other revenue reserves and revenue contributions. There had been no additional borrowing in the year to add to the £185.456m taken out previously through the Public Works Loan Board (PWLB) which financed the payment in relation to the self-financing of the HRA. The Council had achieved its targets for its treasury and prudential indicators and would be considered by the Audit and Governance Committee on 18 September 2017.

Resolved:

- (1) That the Treasury Management Outturn Report for 2016/17 be noted; and
- (2) That the outturn for Prudential Indicators shown within the appendices attached be noted.

Reasons for Decision:

The report was presented for noting as scrutiny was provided by the Audit and Governance Committee, who make recommendations on amending the documents, if necessary.

Other Options Considered and Rejected:

Members could ask for additional information about the CIPFA Codes or the Prudential Indicators.

19. Quarterly Financial Monitoring

The Director of Resources presented the first quarterly financial monitoring on key areas of income and expenditure for 2017/18, which covered the period from 1 April 2017 to 30 June 2017. The report provided details of the revenue budgets, the Continuing Services Budget and District Development Fund as well as the Capital budgets which included the Major Capital schemes.

A few points were highlighted as follows, as they were of particular interest;

- The salaries schedule showed an underspend of £144,000 or 2.5% compared to the first quarter last year the underspend was 3.6%;
- Investment interest had been broadly on target and money was primarily being held short term because of the significant capital commitments coming up.
- The Development Control income was down on expectations with fees and charges £49,000 lower than the budget to date and pre-application charges £7,000 higher than expected. There had been fewer major schemes come through so far this year, which could be due to developers awaiting the publishing of the Local Plan;
- The Building Control income was £33,000 higher than the budgeted and would be affected later, if at all by the Local Plan. The ring-fenced account had assumed a deficit of £129,000 for the amount of scanning work required, however based on income levels to date it looked likely to be better than expected;
- The Public Hire licence income and other licensing was above expectations, although the Public Hire figures included £27,000 which related to future years, so in reality income relating to 2016/17 was £7,000 down;
- The income from MOT's carried out by Fleet Operations was in line with expectations. The account was budgeted to show a deficit of around £62,000

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however this had included an estimate for business rates which had proved to be too high should reduce the deficit to less than £50,000. A report on options for joint occupation of the depot was going to Cabinet on 7 September 2017 and the Director of Neighbourhoods was completing a report on the overspend on the construction of the depot for Cabinet on 12 October 2017;

- Expenditure and income relating to Bed and Breakfast placements was increasing with most eligible for Housing Benefit and although some would be reimbursed by the Department for Work and Pensions, it would only be around 50%. Some new initiatives were being pursued in an effort to stem the increase and additional government funding in the form of a Flexible Homeless Grant, such as the Zinc Arts scheme in Ongar;
- The Council had collected a total of £9,995,028 and had made payments of £8,596,002, which had meant a benefit from holding £1,399,026 of cash from the effective collection of non-domestic rates for the Council.

The Cabinet Sub-Committee were still concerned by the income from the MOT's carried out by the Fleet Operations and advised that this would need to be kept under review.

Resolved:

- (1) That the revenue and capital financial monitoring report for the first quarter of 2017/18 be noted.

Reasons for Decision

To note the first quarter financial monitoring report for 2017/18.

Other Options Considered and Rejected:

No other options were available.

20. Risk Management - Corporate Risk Register

The Director of Resources presented a report regarding the Councils Corporate Risk Register.

The Corporate Risk Register and revised Risk Management Strategy had been considered by the Risk Management Group on 23 August 2017 and by Management Board on 30 August 2017. The reviews identified amendments to the Corporate Risk Register and Risk Management Strategy.

The following risks were updated as follows;

- (a) Risk 2 - Strategic Sites

The Effectiveness of controls/actions had been amended to advise the updated position for the key sites. Negotiations were taking place with potential tenants for retail space at the Winston Churchill site. Negotiations continue with Epping Town Council for the St John's Road site. The Langston Road site was now operational, although there were one or two units still to let. Waltham Abbey Leisure Centre was now managed by Places for People, planning permission had been granted for Hill House. July Cabinet agreed to dispose of the Pyrles Lane site; Nursery Services would be relocated to Town Mead.

- (b) Risk 4 - Finance Income

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The Key date had been updated to advise that the draft budget would be considered at Finance and Performance Management Committee on 18 January 2018.

(c) Risk 5 - Economic Development

The Existing Controls/Actions now advised that the Employment Study for the Local Plan had been completed and considered at Member workshops. The Key date had been amended to December 2017.

(d) Risk 6 - Data/Information

The Required further management action had been updated to advise that a working group was meeting monthly looking into the necessary changes for implementing General Data Protection Regulation (GDPR). The deadline date for GDPR, 25 May 2018, had been added as the Key date.

The Director of Resources advised that this Committee had undertaken the annual review of the Risk Management Terms of Reference, Strategy and Policy Statement in March 2017, with subsequent Cabinet approval on 15 June 2017. Since this approval the Chief Internal Auditor had produced a revision to the Risk Management Strategy, which had been developed to better explain the process, responsibilities and reporting of Risk Management.

The Cabinet Sub-Committee were in a agreement that the updated Risk Management Strategy document and description had been greatly improved and there should be a recommendation to the Overview & Scrutiny Committee and subsequent Select Committees to consider the Corporate Risk Register at the start of each year, so that they could review the risks and determine whether they had all been captured and scored appropriately.

Resolved:

- (1) That Effectiveness of controls/actions and Required further management action for Risk 2 be updated;
- (2) That the new Key date for Risk 4 be agreed;
- (3) That the Existing controls/actions to address risk for Risk 5 be updated;
- (4) That the Required further management action and Key date for Risk 6 be updated;

Recommended:

- (5) That the amended Corporate Risk Register be recommended to Cabinet for approval;
- (6) That the Revised Risk Management Strategy to Cabinet be adopted; and
- (7) That the Corporate Risk Register be considered at Overview & Scrutiny Committee and subsequent Select Committees at the start of each year to scrutinize whether all the risks identified had been captured and scored appropriately.

Reason for Decision:

It was essential that the Corporate Risk Register was regularly reviewed and kept up to date.

Other Options Considered and Rejected:

Members could suggest new risks for inclusion or changes to the scoring of existing risks.

21. Annual Governance Report

The Director of Resources presented a report regarding the Annual Governance Report. The International Standard on Auditing 260 required the External Auditor to report to those charged with governance on certain matters before they gave an opinion on the Statutory Statement of Accounts. The audit of the Council's Statutory Statement of Accounts for 2016/17 would be presented to the Audit and Governance Committee on 18 September 2017.

The audit report highlighted the key findings of the financial statements of the Council for the year ending 31 March 2017, and the director of Resources advised the Cabinet Sub-Committee of the following key findings:

- (a) That the Property, Plant & Equipment valuations and Pension Liability assumptions had been classified as significant risks during the updated risk assessment. subsequent to the Planning Report on 10 March 2017;
- (b) That the final materiality was £2,000,000, which had been increased by £100,000 based on the gross expenditure in the current year's draft financial statements;
- (c) That there had been no other significant changes to the planned audit approach or any restrictions placed upon the audit;
- (d) That the audit had not identified any material misstatements to date;
- (e) That a number of presentational changes had been made to the draft financial statements as a result of the audit;
- (f) That there had been no unadjusted audit differences;
- (g) That there had been no significant deficiencies in internal controls;
- (h) That subject to the successful resolution of outstanding matters, it had been anticipated that a modified opinion on the financial statements for the year ended 31 March 2017 would be issued;
- (i) That there were no exceptions to report, in relation to the consistency of the annual governance statement;
- (j) That an unmodified conclusion on the Council's arrangements to secure economy, efficiency and effectiveness in the use of resources was anticipated being issued; and
- (k) That the Council was below the audit threshold for a full assurance review of the Whole of Government Accounts return and no other powers or duties under the Local Audit and Accountability Act 2014 had been exercised.

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Resolved:

- (1) That the External Auditor's Annual Governance Report be noted.

Reasons for Decisions:

To ensure that Members were informed of any significant issues arising from the audit of the Statutory Statement of Accounts.

Other Options Considered and Rejected:

The report was for noting, no specific actions were proposed.

22. Any Other Business

The Cabinet Sub-Committee noted that there was no urgent business for consideration.

CHAIRMAN