

EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Finance and Performance Management Cabinet Committee **Date:** 21 March 2013

Place: Committee Room 1, Civic Offices, High Street, Epping **Time:** 6.00 - 6.35 pm

Members Present: Ms S Stavrou (Chairman), R Bassett, D Stallan and G Waller

Other Councillors: A Lion, H Mann and Mrs E Webster

Apologies: C Whitbread

Officers Present: R Palmer (Director of Finance and ICT), B Bassington (Chief Internal Auditor), K Durrani (Assistant Director (Technical)), E Higgins (Insurance & Risk Officer), S Tautz (Performance Improvement Manager), G J Woodhall (Democratic Services Officer) and J Leither (Democratic Services Assistant)

37. DECLARATIONS OF INTEREST

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

38. MINUTES

Resolved:

(1) That the minutes of the meeting held on 24 January 2013 be taken as read and signed by the Chairman as a correct record.

39. KEY PERFORMANCE INDICATORS 2012/13 AND 2013/14

The Performance Improvement Manager presented a report on the Council's Key Performance Indicators for 2012/13 and 2013/14.

The Performance Improvement Manager stated that, pursuant to the Local Government Act 1999, 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 this duty to secure continuous improvement, a range of Key Performance Indicators (KPI) relevant to the Council's services and key objectives were adopted each year. Performance against the KPIs were monitored on a quarterly or annual basis as appropriate, and had previously been an inspection theme in external judgements of the overall performance of the authority.

The Performance Improvement Manager reminded the Cabinet Committee that a range of 32 Key Performance Indicators for 2012/13 had been adopted in March 2012, along with a corporate target for at least 70% of the Indicators to achieve their

target by the end of the year. The performance of the current Indicators at the end of the third quarter were set out in detail in Appendix 1 attached to the report and could be summarised as follows:

- 15 (56%) achieved their accumulative target; and
- 12 (44%) did not.

On the basis of third quarter performance, the following year-end outcomes were currently predicted:

- 13 (48%) to achieve their year-end target;
- 7 (26%) would not achieve their year-end target; and
- for 7 (26%), it was currently uncertain as whether they would achieve their year-end target.

In respect of the proposed Indicators for 2013/14, the Cabinet Committee was informed that these had been considered by Management Board recently but no significant changes had been recommended. Provisional targets for each proposed Indicator had been agreed between the relevant Service Director and Portfolio Holder, and these had been set out in detail in Appendix 2 attached to the report, although the following three changes were reported by the Performance Improvement Manager:

- the proposed target for KPI 35, Benefit Fraud Investigations, in 2013/14 should read 300 not 500;
- KPI 46, Increase in Affordable Housing within the District, to be deleted as the Director of Housing would provide the relevant information to all Members on a regular basis through alternative reporting arrangements; and
- A KPI to measure the percentage of benefit fraud cases investigated where fraud was proven, with a target for 2013/14 of 30%.

It was also intended that performance against all Indicators would be monitored and reported on a quarterly basis in future. There were now no Indicators where performance could only be reported on an annual basis, and quarterly targets could be profiled for each Indicator. Improvement Plans would be developed for each Indicator, and Management Board would review the targets for each Indicator when the 2012/13 outrun data became available. Any revisions would be reported to the Cabinet Committee at its meeting scheduled for 20 June 2013.

The Performance Improvement Manager advised the Cabinet Committee that it was not yet known whether the Council's overall aim of achieving target performance for at least 70% of the Key Performance Indicators would be achieved for 2012/13. As the Council's Key Objectives for 2013/14 sought the achievement of the targets for all Indicators, Management Board had recommended that a specific corporate performance improvement target not be set for 2013/14.

In response to questions from the Members present, the Director of Finance & ICT stated that for KPI 33, Number of days to process new Benefit Claims, although the Council would not meet its 30 day target during the first part of 2013/14, the target was still felt to be achievable if the levels of staff within the section remained at a high level. The Director added that the Council had not yet seen any evidence of people moving out to Epping Forest from inner London as rental prices within the District were still relatively high.

The Housing Portfolio Holder advised the Cabinet Committee that the Government's Welfare Reforms were expected to have an effect on the amount of rent collected by the Council, but the full effect would not be known until next year. Therefore, it was considered prudent to reduce slightly the target for KPI 40, Percentage of Rent due from Tenants that was actually paid, from 97% in 2012/13 to 96% in 2013/14. The Director of Finance & ICT added that an allowance for a lower collection rate had

been made in the latest 30-year Housing Revenue Account Financial Plan. The Housing Portfolio Holder reassured the Cabinet Committee that the Council had developed a Welfare Reform Mitigation Action Plan, but it was not known at the current time how residents would react to the changes.

The Performance Improvement Manager confirmed that the proposed deletion of KPI 46, Increase in Affordable Housing within the District, had been recommended by the Finance & Performance Management Scrutiny Panel as this measure was outside of the Council's control and would be reported by other means.

Decision:

(1) That the proposed Key Performance Indicators and individual targets for 2013/14 be agreed; and

(2) That no specific corporate performance target for the Council's Key Performance Indicators be set for 2013/14.

Reasons for Decision:

The Council's Key Performance Indicators were used as performance measures to assess progress against the Council's key objectives. 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 identify challenging performance targets, could mean that opportunities for improvement were lost and might have negative implications for judgements made about the progress of the Council.

40. DRAFT AUDIT PLAN 2013-14

The Chief Internal Auditor presented the Internal Audit Business Plan for 2013/14 for the Cabinet Committee to inspect, prior to its consideration by the Audit & Governance Committee on 4 April 2013.

The Chief Internal Auditor stated that all the fundamental financial systems had been included to provide assurance on the controls in place for good financial management. In compiling the Plan, the Corporate Risk Register and the Risk Registers for each Directorate were reviewed to ensure that all high risk areas had been included. A contingency provision had been included for investigations and other unplanned work during the year, and some flexibility had also been included to accommodate reviews of areas considered to be of a higher risk to the achievement of the Council's objectives.

The Chief Internal Auditor added that progress against the Plan would be kept under review throughout the year and any proposed amendments would be subject to the approval of the Audit & Governance Committee. The Chief Internal Auditor highlighted the regular meetings held with his counterparts at Harlow and Uttlesford District and Broxbourne Borough Councils. The purpose of these meetings was to share best practice and expertise, and consider various joint working practices.

The Chief Internal Auditor reassured the Cabinet Committee that all high risk rated audits would be completed during the year, but some mid to low risks audits could get deferred to the following year. As evidenced by recent problems with various reconciliations, one aim during the year would be to improve the interfaces between the Council's different computer systems. The Director of Finance & ICT added that if the Audit & Governance Committee requested any amendments to the Plan then these would be reported to the Cabinet Committee at its next meeting.

Resolved:

- (1) That the proposed draft Internal Audit plan for 2013/14 be noted.

41. RISK MANAGEMENT - CORPORATE RISK REGISTER AND RISK MANAGEMENT DOCUMENTS

The Senior Finance Officer (Risk & Insurance) presented a report on the Corporate Risk Register and the Risk Management documents.

The Senior Finance Officer stated that the Corporate Risk Register and Risk Management documents had been considered by both the Risk Management Group on 25 February and the Corporate Governance Group on 27 February 2013. These reviews had identified amendments to the Corporate Risk Register and minor amendments to the wording of the Corporate Risk Documents.

The Senior Finance Officer reported that five amendments to the Corporate Risk Register had been proposed as a result of the recent reviews. Risk 1, Recruitment Restrictions, had been removed as the Cabinet had revoked this restriction in January 2013. A new risk had been added (37) in respect of the Local Land and Property Gazetteer and had been scored as Low Likelihood, Critical Impact (D2). An additional Vulnerability, Trigger and Consequence had been added for Risk 3, Potential Difficulty producing the Local Plan to Timetable, to cover budgetary aspects. The effectiveness of control for Risk 17, Significant Amount of Capital Receipts spent on Non-Revenue Generating Assets, had been updated to reflect the Capital Programme. The Vulnerability for Risk 29, Gypsy Roma Traveller Provision, had been updated as the new Gypsy Traveller Accommodation Assessment was now underway.

The Senior Finance Officer added that the Council's Risk Management Strategy, Risk Management Policy Statement and the terms of reference for the Risk Management Group had been reviewed and some minor amendments proposed, as outlined in the report. The Cabinet Committee was requested to approve these documents for adoption at the next meeting of the Cabinet.

The Senior Finance Officer informed the Cabinet Committee that the Director of Finance & ICT and the Chief Executive had met with an external consultant to discuss the options for the future methodology and documentation for Risk Management. The consultant had confirmed that, whilst the existing arrangements and documentation remained robust and valid, some authorities had used the demise of the Audit Commission as an opportunity to streamline the Risk Management process. Consequently, it had been decided to devote a Management Board meeting in May 2013 to a fresh consideration of corporate risks and how they were recorded and presented. This could result in a very different Corporate Risk Register being presented to the next meeting of the Cabinet Committee.

The Cabinet Committee requested that the risk rating for Risk 3 (Potential Difficulty producing the Local Plan to Timetable) be reviewed during the next quarter; the

Director of Finance & ICT reassured the Cabinet Committee that all risks above the Tolerance Line were reviewed every cycle, and that Risk 3 would be reviewed as a matter of course

Recommended:

- (1) That Risk 1, Recruitment Restrictions, be deleted;
- (2) That an additional Vulnerability, Trigger and Consequence be added for Risk 3, Potential Difficulty producing the Local Plan to Timetable, to cover budgetary aspects;
- (3) That the Effectiveness of Control for Risk 17, Capital Receipts spent on non-revenue generating assets, be amended to reflect the current Capital Programme;
- (4) That the Vulnerability for Risk 29, Gypsy Roma Traveller Provision, be amended to reflect the new Gypsy Traveller Accommodation Assessment;
- (5) That a new Risk 37 in respect of the Local Land and Property Gazetteer be added and scored as Low Likelihood, Critical Impact (D2);
- (6) That the current tolerance line on the risk matrix be considered satisfactory and not be amended;
- (7) That, incorporating the above agreed changes, the amended Corporate Risk Register be approved;
- (8) That the revised Risk Management Strategy be adopted;
- (9) That the revised Risk Management Policy Statement be adopted; and
- (9) That the updated Terms of Reference for the Risk Management Group be noted.

Reasons for Proposed Decision:

It was essential that the Corporate Risk Register was regularly reviewed and kept up to date. The annual review of the corporate risk management documents ensured that the risk management process remained relevant and up to date.

Other Options Considered and Rejected:

To suggest new risks for inclusion or amendments to the scoring of existing risks.

To further amend the revised risk management documents as presented.

42. QUARTERLY FINANCIAL MONITORING - OCTOBER TO DECEMBER 2012

The Director of Finance & ICT presented the Quarterly Financial Monitoring report for the period October to December 2012, which provided a comparison between the revised estimates and the actual expenditure or income. The report provided details of the revenue budgets – both the Continuing Services Budget and District Development Fund – as well as the capital budgets, including details of major capital schemes.

The Cabinet Committee noted that the Salaries budget showed an underspend of £112,000 or 0.8%. Investment income levels were in line with expectations after three quarters but there was no obvious sign of interest rates improving at the current time, even in the longer term. The Council had received a further payment of £68,000 from its original £2.5million investment placed with the Heritable Bank from the Administrators, which now amounted 77.6% repaid in total. The Council still expected to receive between 86% and 90% of its original investment.

Within the Planning & Economic Development Directorate, Development Control income was £6,000 above the revised estimate, and the final outturn was likely to fall somewhere between the original and revised estimate. Income from Building Control was £4,000 higher than expected, and although a deficit was still expected from this account for the year, this could be set against an accumulated surplus from previous years.

Within the Corporate Support Services Directorate, Licensing income was above expectations and income from the Fleet Operations Unit was in line with expectations and expected to return a surplus of approximately £11,000 by the end of the year. Income from Local Land Charges was also in line with expectations, although there was still significant uncertainty surrounding the future level of charges for this service. Within the Housing Directorate, the Housing Repairs Fund was showing an underspend of £185,000, but due to seasonal factors this was expected to reduce during the final quarter. In respect of Capital schemes, the Limes Farm Hall Development had been completed in February 2012, but the final account had still to be determined.

In conclusion, the Director of Finance & ICT stated that income was generally down on expectations but expenditure was also down. It appeared unlikely that there would be a significant variance on the estimated use of reserves for the year, currently predicted to be £44,000, which would leave a balance of £9.157million.

The Cabinet Committee felt that the Council was doing as well as expected, which given the economic climate was a satisfactory result. It was highlighted by the Planning Portfolio Holder that the timescale given in the report for the Local Plan was not quite correct, but this would be revised in due course with a new target date set. The Director of Finance & ICT added that any potential budgetary problems in respect of the Local Plan would be reported to the Local Plan Cabinet Committee initially, and then this Cabinet Committee if necessary. The Cabinet Committee was reassured that the budget within the Housing Directorate for bed-and-breakfast accommodation for homeless applicants had been increased for 2013/14, due to the expected increase in demand arising from the Government's welfare reforms.

Resolved:

(1) That the Quarterly Financial Monitoring report for the period 1 October 2012 to 31 December 2012 regarding the revenue and capital budgets be noted.

Reasons for Decision:

To monitor the Council's financial position after the third quarter of 2012/13.

Other Options Considered and Rejected:

No other options were considered as the report monitored the Council's financial position after nine months of the financial year.

43. ANY OTHER BUSINESS

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

CHAIRMAN