Committee Agenda

Epping Forest District Council

Finance and Performance Management Cabinet Committee
Thursday, 20th June, 2013

You are invited to attend the next meeting of **Finance and Performance Management Cabinet Committee**, which will be held at:

Committee Room 1, Civic Offices, High Street, Epping
on **Thursday, 20th June, 2013**
at **7.00 pm** .

Glen Chipp
Chief Executive

Democratic Services Officer	Rebecca Perrin, The Office of the Chief Executive Tel: 01992 564532 Email: democraticservices@eppingforestdc.gov.uk

Members:

Councillors Ms S Stavrou (Chairman), R Bassett, D Stallan, G Waller and C Whitbread

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PLEASE NOTE THE START TIME OF THIS MEETING

BUSINESS

1. APOLOGIES FOR ABSENCE

2. DECLARATIONS OF INTEREST

(Assistant to the Chief Executive) To declare interests in any item on this agenda.

3. MINUTES (Pages 5 - 12)

To confirm the minutes of the last meeting of the Committee held on 21 March 2013.

4. KEY PERFORMANCE INDICATORS 2012/13 - OUTTURN (Pages 13 - 18)

(Deputy Chief Executive) To consider the attached report (FPM-001-2013/14)

5. RISK MANAGEMENT - CORPORATE RISK REGISTER (Pages 19 - 38)

(Director of Finance & ICT) To consider the attached report (FPM-002-2013/14)

6. PROVISIONAL CAPITAL OUTTURN 2012/13 (Pages 39 - 48)

(Director of Finance & ICT) To consider the attached report (FPM-003-2013/14)

7. ANY OTHER BUSINESS

Section 100B(4)(b) of the Local Government Act 1972, together with paragraphs 6 and 25 of the Council Procedure Rules contained in the Constitution require that the permission of the Chairman be obtained, after prior notice to the Chief Executive, before urgent business not specified in the agenda (including a supplementary agenda of which the statutory period of notice has been given) may be transacted.

In accordance with Operational Standing Order 6 (non-executive bodies), any item raised by a non-member shall require the support of a member of the Committee concerned and the Chairman of that Committee. Two weeks' notice of non-urgent items is required.

8. EXCLUSION OF PUBLIC AND PRESS

Exclusion: To consider whether, under Section 100(A)(4) of the Local Government Act 1972, the public and press should be excluded from the meeting for the items of business set out below on grounds that they will involve the likely disclosure of exempt information as defined in the following paragraph(s) of Part 1 of Schedule 12A of the Act (as amended) or are confidential under Section 100(A)(2):

Agenda Item No	Subject	Exempt Information Paragraph Number
Nil	Nil	Nil

The Local Government (Access to Information) (Variation) Order 2006, which came into effect on 1 March 2006, requires the Council to consider whether maintaining the exemption listed above outweighs the potential public interest in disclosing the information. Any member who considers that this test should be applied to any currently exempted matter on this agenda should contact the proper officer at least 24 hours prior to the meeting.

Confidential Items Commencement: Paragraph 9 of the Council Procedure Rules contained in the Constitution require:

(1) All business of the Council requiring to be transacted in the presence of the press and public to be completed by 10.00 p.m. at the latest.

(2) At the time appointed under (1) above, the Chairman shall permit the completion of debate on any item still under consideration, and at his or her discretion, any other remaining business whereupon the Council shall proceed to exclude the public and press.

(3) Any public business remaining to be dealt with shall be deferred until after the completion of the private part of the meeting, including items submitted for report rather than decision.

Background Papers: Paragraph 8 of the Access to Information Procedure Rules of the Constitution define background papers as being documents relating to the subject matter of the report which in the Proper Officer's opinion:

(a) disclose any facts or matters on which the report or an important part of the report is based; and

(b) have been relied on to a material extent in preparing the report and does not include published works or those which disclose exempt or confidential information (as defined in Rule 10) and in respect of executive reports, the advice of any political advisor.

Inspection of background papers may be arranged by contacting the officer responsible for the item.

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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)

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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 devieloped 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

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Report to the Finance & Performance Management Cabinet Committee

Report reference: FPM-001-2013
Date of meeting: 20 June 2013

Epping Forest District Council

Portfolio: **Finance and Technology**

Subject: Key Performance Indicators 2012/13 - Outturn

Responsible Officer: S. Tautz (01992 564180)

Democratic Services Officer: R. Perrin (01992 564532)

Recommendations/Decisions Required:

That the Committee note outturn performance in relation to the Key Performance Indicators for 2012/13.

Executive Summary:

1. Pursuant to the Local Government Act 1999, the Council is required to make arrangements to secure continuous improvement in the way in which its functions and services are exercised, having regard to a combination of economy, efficiency and effectiveness.

2. As part of its approach to the continuous improvement duty, a range of Key Performance Indicators (KPI) relevant to the authority's services and key objectives are adopted each year. Performance against the KPIs is reviewed on a quarterly basis, and has previously been an inspection theme in external judgements of the Council's overall progress.

Reasons for Proposed Decision:

3. The KPIs provide an opportunity for the Council to focus attention on how specific areas for improvement will be addressed, and how opportunities will be exploited and better services and outcomes delivered..

4. A number of KPIs are used as performance measures for the authority's key objectives. It is important that relevant performance management processes are in place to review and monitor performance against key objectives and indicators, to ensure their continued achievability and relevance, and to identify and implement appropriate corrective action in areas of slippage or under-performance.

Other Options for Action:

5. No other options are appropriate in this respect. Failure to review and monitor KPI performance and to identify corrective action where necessary, could have negative implications for judgements made about the Council's progress, and might mean that opportunities for improvement were lost. The Council has previously agreed arrangements for monitoring performance against the KPIs.

Report:

Key Performance Indicators 2012/13

6. In March 2012, a range of thirty-two Key Performance Indicators (KPI) were adopted for 2012/13 by the Finance and Performance Management Cabinet Committee. Details of the KPIs are set out at Appendix 1 to this report, and an overall target was set for at least 70% of the indicators to achieve target performance by the end of the year.

7. The KPIs are important to the improvement of the Council's services and the achievement of its key objectives, and comprise a combination of former statutory indicators and locally determined performance measures. The aim of the KPIs is to direct improvement effort towards services and the national priorities and local challenges arising from the social, economic and environmental context of the district, that are the focus of the key objectives. Progress in respect of a majority of the KPIs is reviewed by Management Board and the Finance and Performance Management Scrutiny Panel at the conclusion of each quarter. Performance in relation to the remaining KPIs has traditionally been subject to scrutiny at year-end only.

8. Improvement plans are produced for all of the KPIs each year, setting out actions to be implemented in order to achieve target performance, and reflecting any changes in service delivery. The improvement plans for 2012/13 were agreed by Management Board, and were subject to ongoing review between the relevant service director and Portfolio Holder over the course of the year.

9. The provisional outturn position with regard to the achievement of target performance for the KPIs for 2012/13 was as follows:

(a) 18 (56.2%) indicators achieved the cumulative performance target for the year; and
(b) 12 (37.5%) indicators did not achieve the cumulative performance target for the year.

10. The year-end position with regard to two indicators (KPI 11 Commercial Premises – Rent; KPI 12 Commercial Premises – Lettings) cannot be reported, as outturn performance for these KPIs was not available at the time of the preparation of this report. The Director of Corporate Support Services will report separately in respect of outturn performance for these indicators.

11. A summary KPI outturn report for 2012/13 is attached for the consideration of the Committee as Appendix 1 to this agenda. Detailed performance reports in respect of each of the KPIs were considered by the Finance and Performance Management Scrutiny Panel at its meeting on 11 June 2013.

12. The Committee is requested to note outturn performance in relation to the KPIs for 2012/13. Any matters raised by the Scrutiny Panel in respect of KPI performance for the year, will be reported to the Committee.

Key Performance Indicators 2013/14

13. From the first quarter of 2013/14, performance against all of the KPIs will be reviewed and monitored by Management Board and the Finance and Performance Management Scrutiny Panel on a quarterly basis, and no indicators will in future be subject to scrutiny at year-end only. Targets for each KPI for 2013/14, based on third-quarter performance and the estimated outturn for 2012/13, were considered by the Scrutiny Panel in March 2013, and

agreed by the Committee at its last meeting.

14. The Council's overall aim of achieving target performance for at least 70% of the KPIs for 2012/13 was not achieved. However, a specific corporate KPI performance improvement target has not been set for 2013/14, as the Council's adopted key objectives for 2013/14 seek the achievement of targets for all relevant objectives and indicators.

Resource Implications:

Resource requirements for actions to achieve specific KPI performance for 2012/13, will have been identified by the responsible service director/chief officer and reflected in the budget for the year.

Legal and Governance Implications:

There are no legal or governance implications arising from the recommendations of this report. Relevant implications arising from actions to achieve specific KPI performance for 2012/13, will have been identified by the responsible service director/chief officer.

Safer, Cleaner and Greener Implications:

There are no implications arising from the recommendations of this report in respect of the Council's commitment to the Climate Local Agreement, the corporate Safer, Cleaner, Greener initiative, or any crime and disorder issues within the district. Relevant implications arising from actions to achieve specific KPI performance for 2012/13, will have been identified by the responsible service director/chief officer.

Consultation Undertaken:

The performance information and targets set out in this report have been submitted by each responsible service director/chief officer. Detailed performance reports in respect of each of the KPIs have been considered by Management Board and the Finance and Performance Management Scrutiny Panel (11 June 2013).

Background Papers:

Fourth quarter/outturn KPI submissions held by the Performance Improvement Unit. KPI calculations and supporting documentation held by respective service directorates.

Impact Assessments:

Risk Management

There are no risk management issues arising from the recommendations of this report. Relevant issues arising from actions to achieve specific KPI performance for 2012/13, will have been identified by the responsible service director/chief officer.

Equality and Diversity:

There are no equality implications arising from the recommendations of this report. Relevant implications arising from actions to achieve specific KPI performance for 2012/13, will have been identified by the responsible service director/chief officer.

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties; reveal any potentially adverse equality implications?

No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken?

N/a

What equality implications were identified through the Equality Impact Assessment process?
N/a

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?
N/a

Epping Forest District Council Key Performance Indicators 2012/13 - Year-end Summary Dashboard & Performance Report:

Overall summary of KPIs achieving target

Headlines - Reflecting on our performance

Q4 2012/13 End of Year Outturn

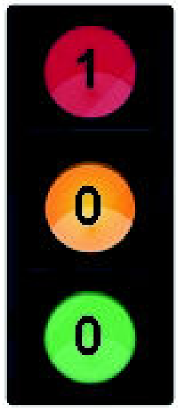
A total of 18 out of 32 KPIs have achieved their target representing a 56.3% success rate. At the time this dashboard was prepared, it had not been possible to enter the performance data for two indicators. This data will be provided at the scrutiny panel meeting and if these both achieve target the percentage success rate will be 62.5%.

59.3% of the quarterly KPIs achieved target% (16 out of 27) whilst 40% of the annual KPIs have achieved target (2 of 5). As mentioned above two further annual KPIs are still to be included in this calculation.

Three indicators (KPIs 30, 31 & 34) which had shown as Failing in Q3 have moved into Achieving positions at Q4 Year-end.

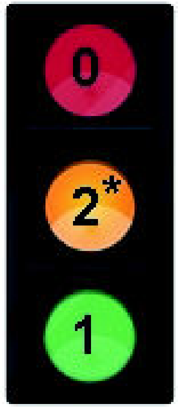
Two indicators (KPIs 21 & 32) which had shown as Achieving in Q3 have moved into Fail positions at Q4 Year-end.

Office of the Deputy Chief Executive

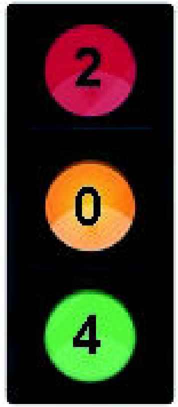


*** = It was not possible to input the performance data for these indicators at the time of preparing this report. The data will be provided at the meeting of the Finance & Perfomance Management Scrutiny Panel**

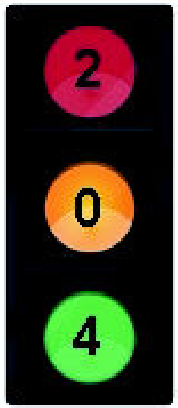
Corporate Support Services



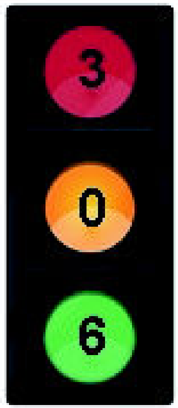
Environment & Street Scene



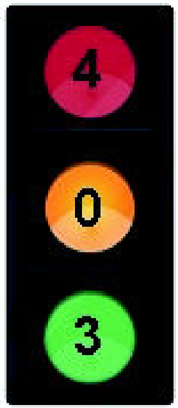
Finance & ICT



Housing



Planning & Economic Development



Indicators		Quarter 1 Tgt	Quarter 1 Actual	Quarter 2 Tgt	Quarter 2 Actual	Quarter 3 Tgt	Quarter 3 Actual	Quarter 4 Tgt	Quarter 4 Actual
Office of the DCE Quarterly KPIs									
KPI 04	(Website Satisfaction)		80.0%		81.0%		70.0%	70.0%	69.0%
Corporate Support Services Quarterly KPIs									
KPI 10	(Sickness absence) (days)	1.84	1.60	3.46	3.38	5.31	5.21	7.50	6.99
KPI 11	(Commercial rent arrears) (%)							3.00%	
KPI 12	(Commercial premises let) (%)							99.00%	
Environment & Street Scene Quarterly KPIs									
KPI 20	(Non-recycled waste) (kg)	97	95	196	192	296	252	395	384
KPI 21	(Household recycling) (%)	61.91%	58.16%	62.13%	62.00%	60.76%	63.87%	60.00%	59.14%
KPI 22	(Litter) (%)	9%	8%	9%	8%	9%	6%	9%	7%
KPI 23	(Detritus) (%)	12%	9%	12%	9%	12%	9%	12%	9%
KPI 24	(Fly-tipping) (grade)	2	1	2	3	2	3	2	3
KPI 25	(Neighbourhood issues) (%)	95.00%	96.00%	95.00%	96.00%	95.00%	96.30%	95.00%	97.10%
Finance & ICT Quarterly KPIs									
KPI 30	(Invoices paid) (%)	97%	97%	97%	96%	97%	96%	97%	97%
KPI 31	(Council Tax collection) (%)	27.50%	27.40%	52.69%	52.53%	78.02%	77.87%	97.80%	97.82%
KPI 32	(NNDR Collection) (%)	30.52%	30.83%	56.32%	56.32%	81.27%	81.33%	97.50%	96.85%
KPI 33	(New benefit claims) (days)	30.00	33.37	30.00	34.92	30.00	33.47	30.00	31.83
KPI 34	(Benefits changes) (days)	8.00	10.94	8.00	10.95	8.00	10.88	8.00	5.86
KPI 35	(Benefit fraud) (no.)	37	117	150	184	225	245	300	338
Housing Quarterly KPIs									
KPI 40	(Housing rent) (%)							97.00%	97.16%
KPI 41	(Void re-lets) (days)	30	24	30	29	30	31	30	33
KPI 42	(Emergency repairs) (%)	99%	100%	99%	100%	99%	100%	99%	100%
KPI 43	(Urgent repairs) (%)	95%	99%	95%	100%	95%	100%	95%	99%
KPI 44	(Routine repairs) (%)	95%	99%	95%	99%	95%	99%	95%	99%
KPI 45	(Tenant satisfaction) (%)	98.00%	100.00%	98.00%	100.00%	98.00%	100.00%	98.00%	100.00%
KPI 46	(Affordable homes) (no.)	38	38	67	67	72	67	72	67
KPI 47	(Temp. accommodation) (no.)	60	63	60	65	60	64	60	61
KPI 48	(Non-decent homes) (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Planning & Economic Development Quarterly KPIs									
KPI 50	(Increase in homes) (no.)	13	27	83	53	125	77	180	115
KPI 51	(Major planning) (%)	81.00%	85.71%	81.00%	42.86%	81.00%	52.38%	81.00%	56.67%
KPI 52	(Minor planning) (%)	89.00%	89.13%	89.00%	83.76%	89.00%	83.05%	89.00%	84.17%
KPI 53	(Other planning) (%)	94.00%	87.65%	94.00%	88.40%	94.00%	88.75%	94.00%	88.38%
KPI 54	(Appeals - officers) (%)	19.00%	13.33%	19.00%	7.14%	19.00%	17.10%	19.00%	15.10%
KPI 55	(Appeals - members) (%)	50.00%	25.00%	50.00%	40.00%	50.00%	43.50%	50.00%	50.00%
KPI 56	(Building land needs) (%)							100.00%	160.29%

Report to the Finance & Performance Management Cabinet Committee

Report reference: FPM-002-2013
Date of meeting: 20 June 2013

Portfolio: **Finance and Technology**

Subject: **Risk Management – Corporate Risk Register**

Responsible Officer: **Bob Palmer – (01992 – 564279)**

Democratic Services Officer: **Rebecca Perrin - (01992 – 564532)**

Recommendations/Decisions Required:

1. To note the updating of the Corporate Risk Register;

2. To consider if the risks have been correctly scored; and

3. To consider whether there are any key strategic risks that are not on the current Corporate Risk Register.

Executive Summary:

Following requests from Members to make the Corporate Risk Register more accessible, the Director of Finance & ICT and the Chief Executive met with an external consultant to discuss the options. The consultant confirmed that whilst the existing arrangements and documentation remained extremely robust and valid, some authorities had used the demise of the Audit Commission as an opportunity to streamline the risk management process.

It was decided to take the process of streamlining forward by devoting the Management Board meeting on 15 May to a fresh consideration of corporate risks and how they are recorded and presented. This has resulted in the attached Corporate Risk Register which incorporates the following key changes –

a) Use of a 4 x 4 matrix instead of 6 x 4;

b) Stronger focus on key risks;

c) Removal of tolerated risks; and

d) New system of colour coding.

Reasons for Proposed Decision:

It is essential that the Corporate Risk Register is regularly reviewed and kept upto date.

Other Options for Action:

Members may suggest other risks for inclusion or changes to the scoring of existing risks.

Report:

1. The meeting of Management Board on 15 May worked through the Corporate Risk Register with the intention of providing a sharper focus on the key risks and ensuring that the risks were described and presented in a more accessible way. The Corporate Risk Register that was adopted by the last meeting of this Committee in March contained 26 risks, which were split with 16 above the tolerance line and 10 below the tolerance line. These risks have now been reduced to 6 and 2 new risks have been added to give a total of 8 key strategic risks. The risks and their related action plans are fully set out in the attached register, but are summarised below for ease of reference.

2. Risk 1 covers the Local Plan and related issues and brings together risks 3, 11 and 29 from the previous register. This risk has been given the highest score of very high likelihood and major impact.

3. Risk 2 is a new risk and has been created to capture the issues around the Council's strategic sites and their development. This risk has also been given the highest score of very high likelihood and major impact.

4. Risk 3 replaces the old risk 34 and covers the issues around Welfare Reform. This risk has been given the score of very high likelihood and moderate impact.

5. Risk 4 consolidates the many threats to the Council's income and brings together risks 27, 30 and 35 from the previous register. This risk has been given the score of high likelihood and moderate impact.

6. Risk 5 is the second new risk and has been created to address the issues around Economic Development. This risk has also been given the score of high likelihood and moderate impact.

7. Risk 6 replaces the old risk 18 and covers issues around data and information use and security. This risk has been given the score of medium likelihood and major impact.

8. Risk 7 replaces the old risk 8 and deals with business continuity management. This risk has been given the score of medium likelihood and moderate impact.

9. Risk 8 replaces the old risk 22 and considers the issues to do with partnerships. This risk has been given the score of medium likelihood and minor impact.

10. Risks 1 to 5 are in the red area of the matrix and so will be subject to monthly monitoring by Management Board. Risks 6 to 8 are in the amber area of the matrix and are therefore scheduled for quarterly monitoring by Management Board. The monitoring by Management Board is an additional process to enhance the control over action plans. The Risk Management Group and Corporate Governance Group will continue their roles of evaluating existing and new risks on a quarterly basis, this role concentrates on the description and scoring of risks. Previously the control of the action plan has been left to the nominated Director and Portfolio Holder.

11. Members are now asked to consider the attached updated Corporate Risk Register, whether the risks listed are scored appropriately and whether there are any additional risks that should be included.

Resource Implications:

No additional resource requirements.

Legal and Governance Implications:

The Corporate Risk Register is an important part of the Council's overall governance arrangements and that is why this Committee considers it on a regular basis.

Safer, Cleaner and Greener Implications:

None.

Consultation Undertaken:

The Risk Management Group has been consulted on the revised Corporate Risk Register.

Background Papers:

None.

Impact Assessments:

<u>Risk Management</u>

If the Corporate Risk Register was not regularly reviewed and updated a risk that threatened the achievement of corporate objectives might either not be managed or be managed inappropriately.

<u>Equality and Diversity:</u>

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties; reveal any potentially adverse equality implications?
No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken?

What equality implications were identified through the Equality Impact Assessment process?
N/a

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?
N/a

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Epping Forest District Council

Corporate Risk Register

Date: **20 June 2013**

Contents

1. Introduction

A strategic risk management 'refresh' exercise was conducted on 15th May 2013 with assistance from Zurich Risk Engineering. This exercise was an opportunity for the Management Board to refresh (or update) through identification, analysis and prioritisation those risks that may affect the ability of the Council to achieve its strategic objectives and Corporate Plan. In doing so, the organisation is recognising the need to sustain risk management at the highest level.

The refresh exercise involved a workshop with Management Board to identify new business risk areas and to update and re-profile important risks from the existing corporate risk register.

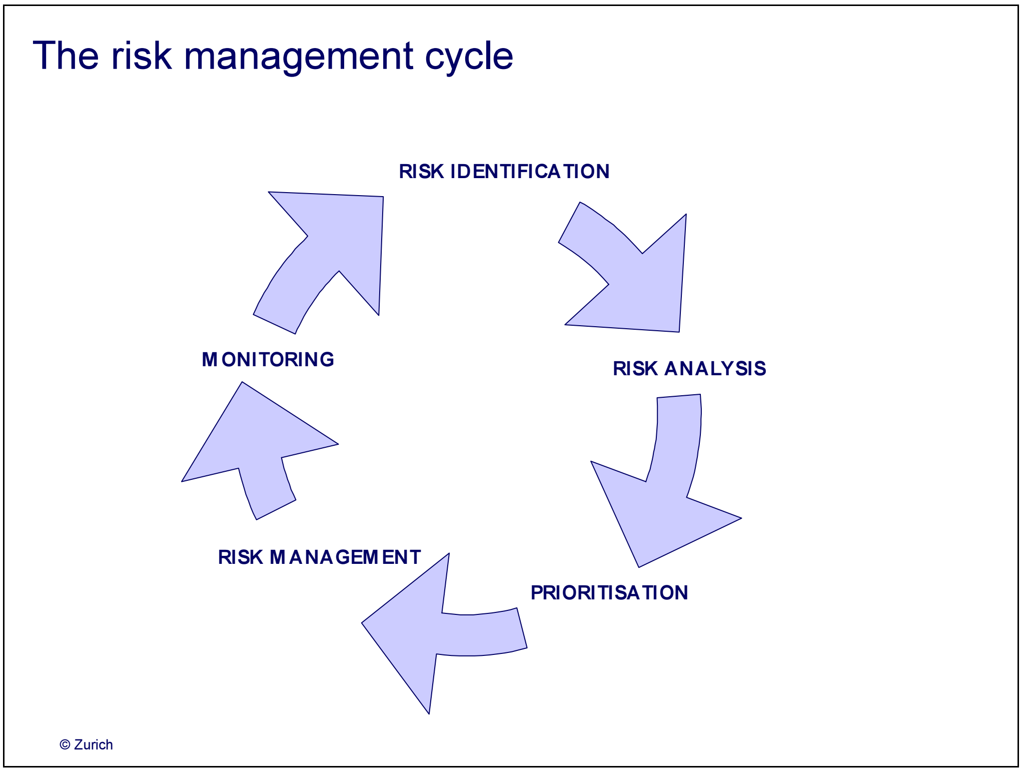
In total 8 strategic risks were profiled at the workshop and during the workshop, each risk was discussed to ensure common agreement and understanding of its description and then prioritised on a matrix. The risk matrix measured each risk for its likelihood and its impact in terms of its potential for affecting the ability of the organisation to achieve its objectives.

For the risks that were assessed with higher likelihood and impact, the group validated the risk scenarios and determined actions to manage them, including assessing the adequacy of existing actions and identifying the need for further actions in order to move the risk down the matrix.

Management Board agreed a timescale for re-visiting these risks in order to assess if they are still relevant and to identify new scenarios. Risks in the red zone will be monitored on a monthly basis and those in the amber zone on a quarterly basis.

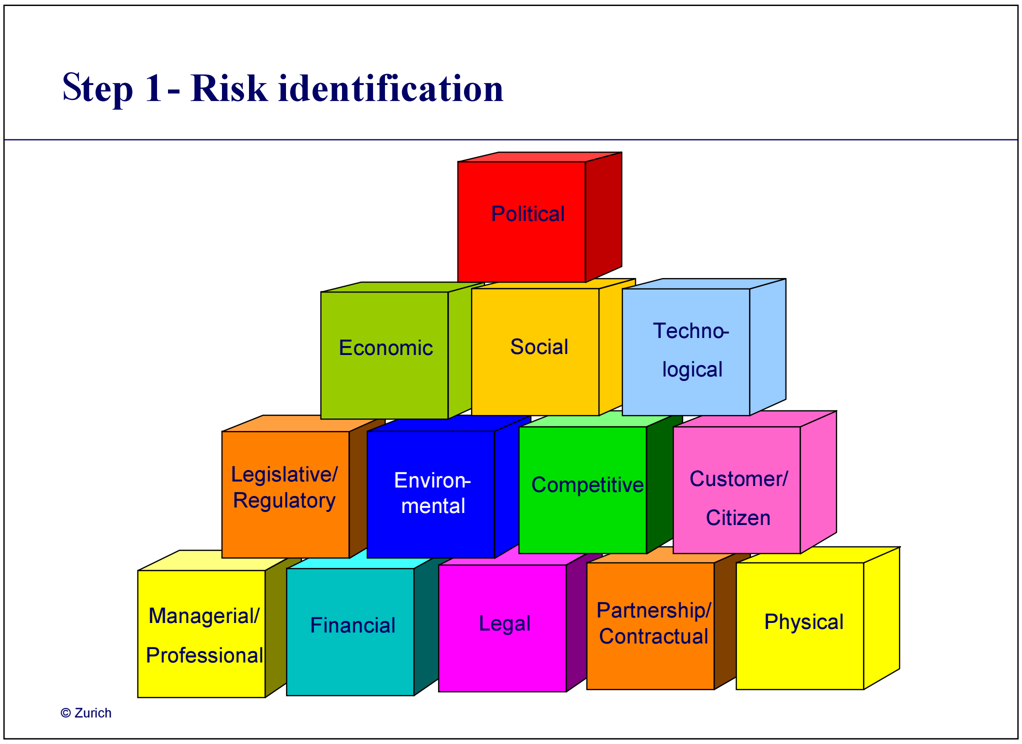
The following report outlines the process utilised by Zurich Risk Engineering and the results achieved.

2. The Process



Risk identification

The first of five stages of the risk management cycle requires risk identification. This formed the initial part of the workshop. In doing so the following 13 categories of risk were considered.



Risk analysis

During the workshop, the identified risks were discussed and framed into a risk scenario format, containing risk cause and consequence elements, with a 'trigger' also identified, This format ensured that the full nature of the risk was considered and also helped with the prioritisation of the risks.

Risk prioritisation

The discussion resulted in 8 risk scenarios being agreed (Appendix 2) and these were then assessed for impact and likelihood and plotted onto a matrix (Appendix 1). The likelihood of the risks was measured as being 'very high', 'high', 'medium', or 'low/very low'. The impact, compared against the key objectives and Corporate Plan was measured as being 'major', 'moderate', 'minor' or 'insignificant'.

Once all risks had been plotted the matrix was overlaid with red, amber and green filers, with those risks in the red area requiring further particular scrutiny in the short-term, followed by those in the amber area.

Risk management and monitoring

The next stage is to monitor the revised management action plans. These plans frame the risk management actions that are required. They map out the target for each risk i.e. to reduce the likelihood, impact or both. They also include targets and critical success factors to allow the risk management action to be monitored.

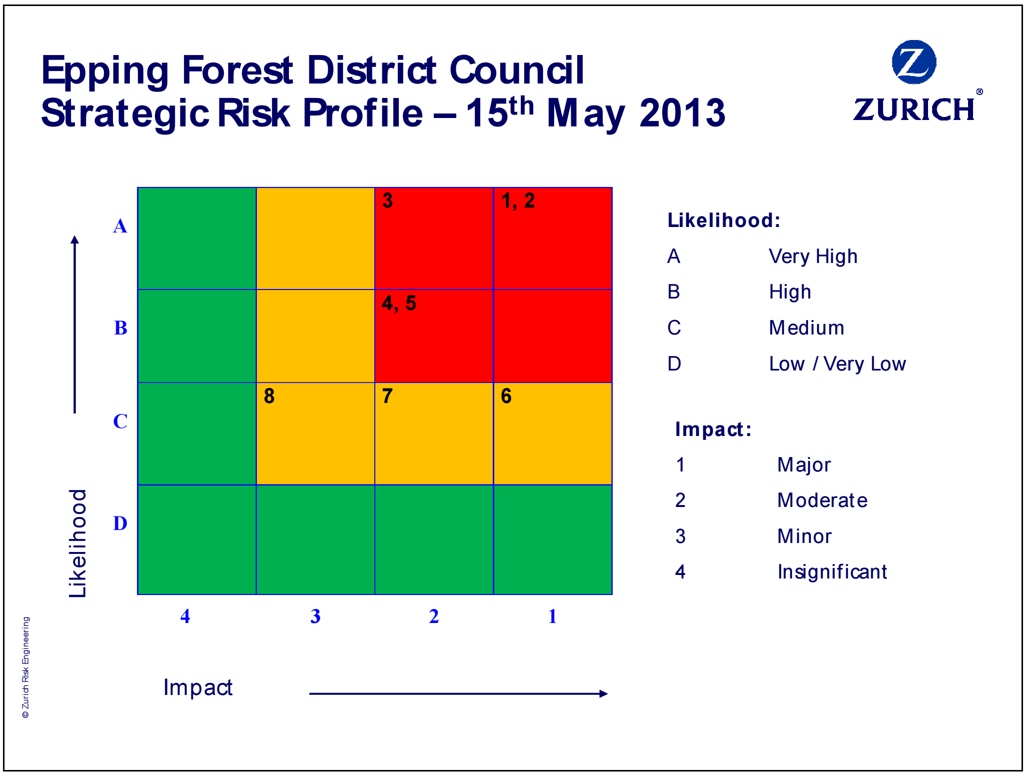
A risk owner has been identified for each risk. It is vital that each risk should be owned by a member of Management Board to ensure that there is high level support, understanding and monitoring of the work that is required as part of the plans. Risks should also be reviewed as part of the business planning process, in order to assess if they are still relevant and to identify new issues.

The monitoring of these action plans takes place at Corporate Governance Group, Management Board and the Risk Management Group. The action plans are also reported to Members quarterly.

Appendix 1 – Risk Profile

Risk profile

During the workshop, 8 risks were identified and framed into scenarios. The results are shown on the following risk profile.



Appendix 2 details all of the above risks.

It is important that an action plan element is written for each of the risks, with particular focus on those with the highest priority, as it is this which will allow them to be monitored and successfully managed down.

An opportunity was also taken as part of this refresh to ‘spring clean’ the risk numbers, and they have been numbered in current priority order as follows:

New risk number	Short name
1	Local plan
2	Strategic sites
3	Welfare reform
4	Finance – income
5	Economic development
6	Data/ information
7	Business continuity
8	Partnerships

Appendix 2 – Corporate Risk Register

No	Rating	Short name	Vulnerability	Trigger	Consequence	Risk Owner
1	A1	Local Plan	Ongoing changes to Planning system. Staff unable to cope with increasing workloads partly due to legislative changes with associated consultation. Costs exceeding budget provision. Difficulty gaining agreement over additional provision of housing and Gypsy Roma pitches.	Missed deadlines Council unable to agree a coordinated plan with all other involved parties. Need more or longer consultant reports than anticipated. Local Plan found unsound at inspection.	• Increased staff stress levels/stress related leave. • Not achieving objective of delivering a sound Local Plan. • Not providing strategic direction for housing and growth in the District. • NPPF comes into effect without adopted Local Plan • Supplementary estimate needed • Unable to agree Gypsy Roma traveller provision • Unable to provide sufficient housing for local people	John Preston
2	A1	Strategic Sites	The Council has a number of Strategic sites which it needs to make the right decisions about and then deliver on those decisions.	Not maximising the opportunity of the strategic sites either through decisions or delivery.	• Financial viability of Council harmed • Lack of economic development and job creation • External criticism	Colleen O'Boyle

No	Rating	Short name	Vulnerability	Trigger	Consequence	Risk Owner
3	A2	Welfare Reform	The government is undertaking a major reform of the welfare system which is likely to have serious impacts on the Council and the community. This includes Universal Credit, changes to Council Tax and other benefits and direct payments to tenants.	Welfare reform changes have a detrimental effect on the Council and community	• Tenants no longer able to afford current/new tenancies. • Increase in evictions and homelessness • Increased costs of temporary accommodation • Unable to secure similar level of income due to payment defaults • Increase in rent arrears • Public dissatisfaction • Criticism of the Council for not mitigating the effects for residents.	Alan Hall

No	Rating	Short name	Vulnerability	Trigger	Consequence	Risk Owner
4	B2	Finance – income	The Council has a reliance on major income generating contracts and fee earning services that have been adversely affected by the on-going economic difficulties. With changes to central funding based on local retention of NDR the Council is more vulnerable to downturns in the local economy due to business ceasing trading and lack of residential development Welfare reform may require substantial change to the calculation and administration of benefits with a likely reduction in funding received. The medium term financial strategy requires net CSB reductions of £1.3m over four years, which is a challenging target.	Unable to secure required level of income due to recession, reduced economic confidence or adverse change in funding	• Council unable to meet budget requirements • Use of reserves • Staffing and service level reductions • Loss of revenue • Increase Council Tax • Reduction in number and level of services • Increase in charges • Greater use of reserves if required net savings not achieved • Higher level of saving in subsequent years.	Bob Palmer

No	Rating	Short name	Vulnerability	Trigger	Consequence	Risk Owner
5	B2	Economic Development	Economic development and employment is very important, particularly in the current economic climate. The Council needs to be able to compete to provide opportunities for economic development and employment (especially youth employment) in the District.	Council performs relatively poorly compared to other authorities.	• Unable to secure sufficient opportunities • Local area and people lose out • Insufficient inward investment • Impact on economic vitality of area • Loss of revenue	John Preston
6	C1	Data/ Information	The Authority handles a large amount of personal and business data. Either through hacking or carelessness security of the data could be compromised.	Data held by the Council ends up in inappropriate hands.	• Breach of corporate governance • Increased costs and legal implications • Reputation damaged	Bob Palmer
7	C2	Business Continuity	The Council is required to develop and implement robust Business Continuity Plans in line with the requirements of the Civil Contingencies Act.	Unable to respond effectively to a business continuity incident (e.g. IT virus / flu pandemic)	• Services disrupted / Loss of service • Possible loss of income • Staff absence • Hardship for some of the community • Council criticised for not responding effectively	Derek McNab

No	Rating	Short name	Vulnerability	Trigger	Consequence	Risk Owner
8	C3	Partnerships	The Council is involved in a plethora of multi agency partnerships e.g. LSP - LEP, and these have a variety of governance arrangements. Localism act may cause transfer of Council services to providers with governance issues.	Key partnership fails or services provided via arrangements lacking adequate governance.	• Relationships with other bodies deteriorate • Clawback of grants • Unforeseen accountabilities and liabilities for the Council • Censure by audit/inspection • Adverse impact on performance	Glen Chipp

Appendix 3 – Action Plans

Risk No.	Existing controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
1	Local Plan						
	Early engagement with key stakeholders, managing workload and external staff recruitment, on-going joint working with Harlow Council	Timetable for delivery, which has key milestones in place.	Member approved framework required to progress inter-authority working. Continued monitoring through dedicated Cabinet Committee.	John Preston	Council retains control of the delivery arrangements at a local level.	Monthly	30/09/13
2	Strategic Sites						
	Work on strategic sites is co-ordinated through a dedicated Cabinet Committee.	Work is progressing on developing a number of sites.	Reports to Cabinet Committee and Cabinet to obtain decisions on development options.	Colleen O'Boyle	Development of strategic sites completed in accordance with Cabinet decisions.	Monthly	None
3	Welfare Reform						
	Joint Benefits and Housing working group established. Mitigation action plan developed.	Effective to date, but will only be fully tested from April 2013.	Working Group to continue and amend mitigation action plan as necessary.	Alan Hall	A smooth implementation of welfare reforms. Minimise number and cost of redundancies.	Monthly	Start date for Universal Credit still unclear

Risk No.	Existing controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
4	Finance - income						
	Monitoring of key income streams and NDR taxbase. Savings opportunities pursued through service reviews and corporate restructure.	Effective to date as budgets have been achieved that meet the financial targets set by Members.	Update Medium Term Financial Strategy as announcements are made on changes to central funding and welfare.	Bob Palmer	Savings targets achieved with net expenditure reductions over the medium term as part of a structured plan.	Monthly	18/02/14
5	Economic Development						
	Work has commenced on an updated Economic Development Strategy.	Resources in this area have not yet been increased in line with the greater significance it now has.	Completion of Strategy and allocation of appropriate resources.	John Preston	Growth in NDR taxbase and employment opportunities. Council to be viewed as punching above its weight.	Monthly	None

Risk No.	Existing controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
6	Data/Information						
	Security Officer is continually monitoring situation and potential risks. Most systems have in built controls to prevent unauthorised access. Controls in systems have been strengthened in response to specific occurrences. Revised Corporate Data Protection Policy issued and Data Protection e-learning module rolled-out for compulsory staff completion.	Generally effective to date, although some lapses still occurred in 2012/13.	Maintain GCSx compliance and system controls. Investigation of possible consolidation of Data Protection and Freedom of Information work in one area.	Bob Palmer	No data loss or system downtime due to unauthorised access of EFDC systems or data. Continued security of personal data held by the Council in accordance with the Data Protection Act 1998.	Quarterly	None

Risk No.	Existing controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
7	Business Continuity						
	Most services already have business continuity plans in place and a separate flu pandemic plan has been developed.	The effectiveness of controls is assessed periodically through test and exercises.	Both corporate and service business continuity plans are being updated. Implementation of Cabinet approved measures to enhance the resilience of ICT.	Derek MacNab	Having plans in place which are proved fit for purpose either by events or external scrutiny.	Quarterly	None
8	Partnerships						
	Active participation in key partnerships by appropriate officers/Members. Structured reporting back to designated Scrutiny Panels. Members can request representatives on outside bodies to report to Full Council.	No significant issues to date.	Continue existing monitoring procedures for current partnerships and construct appropriate arrangements for any new partnerships.	Glen Chipp	No significant impacts on service delivery or Council reputation from any partnership failures.	Quarterly	None

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Report to the Finance and Performance Management Cabinet Committee

Epping Forest District Council

Report reference: FPM-003-2013/14
Date of meeting: 20 June 2013

Portfolio: **Finance and Technology**

Subject: **Provisional Capital Outturn 2012/13**

Responsible Officer: **Teresa Brown (01992-564604)**

Democratic Services Officer: **Rebecca Perrin (01992 564532).**

Recommendations/Decisions Required:

(1) That the provisional outturn report for 2012/13 be noted;

(2) That retrospective approval for the over and underspends in 2012/13 on certain capital schemes as identified in the report is recommended to Cabinet;

(3) That approval for the carry forward of unspent capital estimates into 2013/14 relating to schemes on which slippage has occurred is recommended to Cabinet; and

(4) That retrospective approval for changes to the funding of the capital programme in 2012/13 is recommended to Cabinet.

Executive Summary:

This report sets out the Council's capital programme for 2012/13, in terms of expenditure and financing, and compares the provisional outturn figures with the revised estimates. The revised estimates, which were based on the Capital Strategy, represent those adopted by the Council in February 2013.

Appendix 1 summarises the Council's overall capital expenditure in 2012/13, analysed by directorate, while appendices 2 and 3 identify the expenditure on individual schemes. Variations from revised estimates are shown in the third column of each appendix and these are identified as savings, overspends, carry forwards or brought forwards on a scheme-by-scheme basis in appendices 2 and 3. The carry forwards and brought forwards represent changes in the timing and phasing of schemes and the movement of estimates between financial years rather than amendments to total scheme estimates.

An analysis of the funds used to finance the Council's capital expenditure in 2012/13 is also given in appendix 1, detailing the use of government grants, private funding, capital receipts and revenue contributions to capital outlay. The generation and use of capital receipts and Major Repairs Fund resources in 2012/13 are detailed in appendix 4.

Reasons for Proposed Decision:

The funding approvals requested are intended to make best use of the Council's capital resources that are available to finance the Capital Programme.

Other Options for Action:

More of the HRA capital expenditure in 2012/13 could have been financed from the application of usable capital receipts. This option was rejected because the Direct Revenue Funding (DRF) level, previously referred to as Revenue Contributions to Capital Outlay (RCCO), suggested in this report is affordable within the HRA, according to current predictions, and greater use of usable capital receipts for HRA purposes would have the effect of reducing scarce capital resources available for the General Fund.

Report:

Capital Expenditure

1. The Council's total investment on capital schemes in 2012/13 was £13,089,000, compared to a revised estimate of £13,087,000. Although the overall difference was negligible, there are some variances on particular schemes within the General Fund and Housing Revenue Account (HRA). Expenditure on General Fund projects totalled £3,263,000, which was £306,000 or 8.5% less than anticipated, and expenditure on the HRA totalled £9,826,000, which was £308,000 or 3.2% more than anticipated.

2. Appendix 2 shows the variations between actual costs and budgeted expenditure on all non-housing General Fund schemes in 2012/13 and appendix 3 shows the same information for housing General Fund schemes. The majority of the variations relate to changes in the timing of works being carried out between this financial year and next financial year. Where work was not completed by 31 March 2013, expenditure has slipped into 2013/14. On the other hand, there are some projects which have progressed ahead of expectations. As the work is already committed on the projects which have slipped, it is recommended that the unspent elements of these budgets be carried forward to 2013/14. In addition to these variations, there was one small saving and two small overspends on General Fund schemes, the larger of the overspends relates to work which was re-classified as capital having originally been classified as revenue expenditure. There is therefore a compensating saving on the revenue account.

3. The variations on the different categories of work on HRA properties and equipment are more diverse, with a relatively even mix of variations resulting from: work completed ahead of schedule; work which has slipped into 2013/14; and overspends and savings on the budgets set. Appendix 3 give details of the individual categories of work where slippage, savings, brought forwards and overspends have occurred.

4. The major schemes in the General Fund Capital Programme in 2012/13 were the Astroturf all-weather pitch at Waltham Abbey and the refurbishment of the changing village at Loughton Leisure Centre. Construction commenced on the all-weather pitch in the summer of 2012 and required a dry spell period for the surfacing works to be undertaken. Due to the adverse weather experienced throughout the winter there was some slippage and it is expected that the new pitch will be completed by July this year. Therefore it is recommended that the remainder of the budget is carried forward. The work at the Leisure Centre was completed on time and on budget.

5. The largest underspend on the General Fund was on the Planned Maintenance Programme at £88,000. Although most schemes were completed in 2012/13, some schemes within the Civic Offices such as the refurbishment of the toilets and energy efficiency works experienced some slippage and thus a carry forward is recommended. There is also a £10,000 underspend regarding the roof at the Waltham Abbey Swimming Pool. Consultations are currently commencing and once a decision has been made, the position regarding the carry forward will be clearer. The budget for a vehicle lift to assist with MOTs at Langston Road was

fully utilised within 2012/13. There was a slight overspend on the new development schemes. This was due to feasibility work being carried out at Oakwood Hill, thus a brought forward is recommended.

6. The budget for investment in IT and communications was slightly overspent as some equipment due to be purchased in 2013/14, was purchased in 2012/13 in order to receive a significant discount for the Council. It is recommended that Members retrospectively approve the budget for the equipment be brought forward from 2013/14. A payment kiosk was also purchased for the Waltham Abbey office to make payments to the Council more efficient, the budget incurred a slight overspend.

7. The 2012/13 waste management vehicles and equipment budget for the provision of the new food and recycling system was underspent by £28,000. This related to the purchase of new bins and recycling containers for flats, schools, places of worship, village halls etc. This is recommended to be carried forward into 2013/14. There have been delays in progressing work on the parking reviews by Essex County Council which has resulted in an underspend in 2012/13. This is recommended to be carried forward into 2013/14. There are two schemes relating to North Weald Airfield, one being the purchase of a vehicle to replace the old vehicle and the second being the infrastructure improvements works carried out on the market site. The vehicle has been purchased at a lower cost than anticipated, thus generating a saving, however the market improvements have incurred an overspend which is recommended to be brought forward from the budget in 2013/14. This expenditure has been met from contributions made by the market operators.

8. The budget for CCTV systems was fully spent in 2012/13 with expenditure in line with budget expectations. However, works relating to the installation of CCTV systems at Loughton Broadway incurred a slight overspend which is recommended to be brought forward from 2013/14. The overspend of £9,000 incurred on the grounds maintenance plant and equipment resulted from a purchase of a mower which was more appropriately funded through capital although it was covered by a budget set aside within the revenue budgets. This therefore represents a switch of funding, rather than an overspend by the Council overall.

9. The budget for the Limes Farm Centre included some minor snagging works which were to be completed in 2012/13. Although a majority of the issues have been resolved it is recommended that the underspend of £11,000 be carried forward until all works are fully checked and the final account is agreed.

10. Finally, the open market shared ownership scheme within the Housing General Fund capital programme was underspent by £175,000. The revised budget of £374,000 allowed for interest-free loans to be passed over to B3Living Housing Association to assist housing applicants to purchase low-cost homes on a shared-equity basis. However, completion was only achieved on 4 properties and thus a carry forward is recommended.

11. Overall, the outturn on the HRA was 3.2% over the revised budget and Appendix 3 shows how actual cost compared to the budgets allocated for each category of work. This appendix also indicates where savings and overspends are recommended and where carry forwards and brought forwards are considered to be the best course of action. Reasons for these recommendations and explanations on the main variances are given in the following paragraphs.

12. The budget which experienced the greatest volume of slippage on the HRA was the service enhancement budget, which was underspent by £139,000. As this was a new initiative in 2012/13, it took longer than expected to identify and progress some of the projects, for example planned software systems have been delayed and some DDA conversion works and installations of smoke alarms have taken longer than anticipated. In addition to this,

environmental works of £66,000 were delayed, in particular the off street parking and external lighting schemes.

13. To compensate for these underspends, work to the value of £200,000 on heating systems have been carried out ahead of target. Changes in safety regulations relating to vertical flues prompted the need to accelerate the work on certain gas heating systems. Consequently, expenditure relating to these works has been brought forward and retrospective approval is sought from Members.

14. Some of the overspends incurred on the HRA are requested to be retrospectively approved for additional funding. The largest areas of overspend related work on void properties, structural schemes (£129,000) and energy efficiency projects (£48,000) in response to an increase in demand. These all related to significant increases in demand during 2012/13. An increase in void numbers combined with a policy of complete refurbishment has resulted in an overspend of £140,000 which would be difficult to deduct from the 2013/14 budget as demand is expected to continue and a reduction of work on vacant properties is likely to be counter-productive. By undertaking full refurbishments rapidly, properties can be re-let more quickly and, in the longer term, it should be possible to scale down the kitchen and bathroom refurbishment programme.

15. The increase in structural work resulted largely from an increase in subsidence problems due to the wet conditions this year. These problems required immediate remedial works which resulted in a £129,000 overspend; £20,000 of this has been reimbursed by means of an insurance claim by the owners of a neighbouring property. Energy efficiency work has also been given a high priority and, again, there was some external funding in the form of a £16,500 energy efficiency grant which partly financed the £48,000 overspend.

16. Initial work on the new house building investment programme is progressing well with the development agent having commenced work on the house building strategy, feasibility works and partnership arrangements. Expenditure was £11,000 higher than the revised estimate, which had been scaled down from the original projections, and this sum is recommended to be brought forward from 2013/14.

17. In summary, Members are requested to approve the savings, overspend, carry forwards and brought forwards referred to above on the schemes identified in appendices 2 and 3. The net overspends £9,000 on the General Fund and £280,000 on the HRA. The total carry forward requested is £427,000 on the General Fund and £271,000 on the HRA. Members are also requested to retrospectively approve the brought forwards of £112,000 and £299,000 on the General Fund and HRA respectively.

Funding

18. When financing the capital programme government grants and private funding for specific schemes are applied initially. Appendix 1 identifies all the grants used in 2012/13 and it compares the actual sums used with the amounts estimated in the revised capital programme. In 2012/13, the total sum of grants applied was £783,000, which was £25,000 higher than expected. This was partly due to expenditure on Disabled Facilities Grants being higher than anticipated and this increase has been fully funded by Central Government, after taking into account any repayments of grants given in previous years. Countering this was the underspend on the Home Ownership Scheme which was funded in full from Section 106 money. Funding elements in 2013/14 of Government grants and private contributions will be brought forward to finance the appropriate schemes in 2012/13.

19. The situation with regard to capital receipts in 2012/13 proved to be slightly lower than had been anticipated, as shown in appendix 4. This was due to receipts from council house

sales being lower than expected with 13 houses being sold as opposed to the 15 sales anticipated. In contrast, General Fund capital receipts were higher than expected; largely due to a compensation payment received relating to a scheme on the M25. As the use of capital receipts was lower than anticipated the balance on the Capital Receipts Reserve was £13,899,000 as at 31 March 2013; this being £184,000 higher than projected.

20. With regard to the use of revenue contributions to capital outlay, the HRA contribution of £4,200,000 was in line with the revised budget and the overspend of expenditure on HRA capital schemes was funded by increasing the usage of resources from the Major Repairs Reserve. Usage of this reserve was £200,000 higher than estimated and, as a result, the balance as at 31 March 2013 reduced to £9,755,000.

Resource Implications:

The 2012/13 General Fund Outturn totalled £3,263,000 which represents underspends of £306,000 on the revised budget. This comprises of savings of £1,000, an overspend/switched funding of £10,000, slippage of £427,000, and brought forward expenditure of £112,000.

The 2012/13 HRA Capital Outturn was £9,826,000 which represents an overall overspend of £308,000 on the revised budget. This includes savings of £52,000, an overspend of £332,000, slippage of £271,000 and brought forward expenditure of £299,000.

Legal and Governance Implications:

The Council's capital accounts have been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA)'s Code of Practice on Local Authority Accounting in the United Kingdom 2011.

Safer, Cleaner and Greener Implications:

The Council's Capital Strategy works to incorporate safer, greener and cleaner design concepts within all capital schemes. The capital programme also supports sustainable initiatives such as the new food and recycling system which was supported by the provision of new vehicles and equipment.

Consultation Undertaken:

Progress on the capital programme is monitored regularly by the Finance and Performance Management Scrutiny Panel and the Finance and Performance Management Cabinet Committee. Service Directors and spending control officers are also consulted throughout the year. In addition, consultation is undertaken with the Tenants and Leaseholders Federation and the Director of Housing on the HRA programme.

Background Papers:

The capital programme approved at Cabinet 30 January 2012 and working papers filed for External Audit purposes.

Impact Assessments:

Risk Management:

The changes to the proposed funding of the capital expenditure are intended to reduce the financial risks faced by the Council.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications?	No
Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken?	N/A

What equality implications were identified through the Equality Impact Assessment process?
N/A

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?
N/A

CAPITAL PROGRAMME
2012/13 ACTUAL (PROVISIONAL)

	2012/13 Revised £000	2012/13 Actual £000	(Under) / Overspend £000
EXPENDITURE			
Finance & IT	147	170	23
Corporate Support Service	461	369	(92)
Deputy Chief Executive	600	542	(58)
Environment & Street Scene	1,439	1,396	(43)
Total Non-Housing	**2,647**	**2,477**	**(170)**
Housing General Fund	922	786	(136)
HRA	9,518	9,826	308
Total Housing	**10,440**	**10,612**	**172**
TOTAL	**13,087**	**13,089**	**2**
FUNDING			
DCLG Grant for DFG	210	267	57
Private Funding	548	516	(32)
Total Grants	**758**	**783**	**25**
Housing GF (Other Capital Receipts)	338	275	(63)
Non Housing (Other Capital Receipts)	2,543	2,385	(158)
Total Capital Receipts	**2,881**	**2,660**	**(221)**
GF Direct Revenue Funding	30	28	(2)
HRA Direct Revenue Funding	4,200	4,200	0
HRA Major Repairs Reserve	5,218	5,418	200
Total Revenue Contributions	**9,448**	**9,646**	**198**
TOTAL	**13,087**	**13,089**	**2**

Appendix 2

CAPITAL PROGRAMME
2012/13 ACTUAL (PROVISIONAL)

	2012/13 Revised £000	2012/13 Actual £000	(Under) / Overspend £000	Savings/ Overspends £000	Carry Forwards £000	Brought Forwards £000
Finance & IT						
General IT	122	144	22			22
Waltham Abbey Payment Kiosk	25	26	1	1		
Total	**147**	**170**	**23**	**1**	**0**	**22**
Corporate Support services						
Planned Maintenance Programme	347	259	(88)		(88)	
Waltham Abbey Swimming Pool Roof	10	0	(10)		(10)	
New Developments	80	86	6			6
Fleet Ops MOT vehicle lift	24	24	0			
Total	**461**	**369**	**(92)**	**0**	**(98)**	**6**
Deputy Chief Executive						
Limes Farm Hall Development	40	29	(11)		(11)	
Waltham Abbey All Weather Pitch	495	483	(12)		(12)	
Waltham Abbey Regeneration Schemes	65	30	(35)		(35)	
Total	**600**	**542**	**(58)**	**0**	**(58)**	**0**
Envionment & Street Scene						
Waste Management Vehicles & Equip't	803	775	(28)		(28)	
Loughton Leisure Centre Refurbishment	240	240	0		0	
Parking & Traffic Schemes	43	11	(32)		(32)	
N W Airfield Market Improvements	60	65	5			5
N W Airfield Vehicle	15	14	(1)	(1)		
Flood Alleviation Schemes	0	2	2			2
CCTV Systems	22	22	0			
Grounds Maint Plant & Equipt	174	183	9	9		
Loughton Broadway CCTV	82	84	2			2
Total	**1,439**	**1,396**	**(43)**	**8**	**(60)**	**9**
TOTAL NON-HOUSING PROGRAMME	**2,647**	**2,477**	**(170)**	**9**	**(216)**	**37**

CAPITAL PROGRAMME
2012/13 ACTUAL (PROVISIONAL)

	2012/13 Revised £000	2012/13 Actual £000	(Under) / Overspend £000	Savings/ Overspends £000	Carry Forwards £000	Brought Forwards £000
Housing General Fund						
Open Market Shared Ownership Scheme	374	199	(175)		(175)	
Disabled Facilities Grants	210	274	64			64
Other Private Sector Grants	220	231	11			11
Housing Estate Car Parking	118	82	(36)		(36)	
TOTAL HOUSING GENERAL FUND	**922**	**786**	**(136)**	**0**	**(211)**	**75**
Housing Revenue Account						
Housing Developments	38	49	11			11
Heating/Rewiring/Water Tanks	2,666	2,866	200			200
Windows/Doors	700	708	8			8
Roofing	1,231	1,243	12			12
Other Planned Maintenance	241	271	30	48	(18)	
Total Planned Maintenance	4,876	5,137	261	48	(18)	231
Structural Schemes	681	810	129	129		
Small Capital Repairs/Voids	1,187	1,327	140	140		
Kitchen & Bathroom Replacements	1,315	1,379	64			64
Garages & Environmental Improvements	304	214	(90)	(24)	(66)	
Disabled Adaptations	414	418	4			4
Other Repairs and Maintenance	185	156	(29)	(28)	(1)	
Capital Service Enhancements	499	360	(139)	15	(154)	
Housing DLO Vehicles	57	25	(32)		(32)	
TOTAL HRA	**9,518**	**9,826**	**308**	**280**	**(271)**	**299**
TOTAL HOUSING PROGRAMME	**10,440**	**10,612**	**172**	**280**	**(482)**	**374**

CAPITAL RECEIPTS
2012/13 ACTUAL (PROVISIONAL)

	2012/13 Revised £000	2012/13 Actual £000	2012/13 Variation £000
Receipts Generation			
Housing Revenue Account	1,332	1,140	(192)
General Fund	12	171	159
Total Receipts	**1,344**	**1,311**	**(33)**
Receipts Analysis			
Usable Receipts	260	477	217
Available for Replacement Homes	494	240	(254)
Payment to Govt Pool	590	594	4
Total Receipts	**1,344**	**1,311**	**(33)**
Usable Capital Receipt Balances			
Opening Balance	15,842	15,842	0
Usable Receipts Arising	754	717	(37)
Use of Other Capital Receipts	(2,881)	(2,660)	221
Closing Balance	**13,715**	**13,899**	**184**

MAJOR REPAIRS RESERVE
2012/13 ACTUAL (PROVISIONAL)

	2012/13 Revised £000	2012/13 Actual £000	2012/13 Variation £000
Opening Balance	8,241	8,241	0
Major Repairs Allowance	6,932	6,932	0
Use of MRR	(5,218)	(5,418)	(200)
Closing Balance	**9,955**	**9,755**	**(200)**