

EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Finance and Performance Management Cabinet Committee **Date:** Thursday, 20 March 2014

Place: Committee Room 1, Civic Offices, High Street, Epping **Time:** 7.00 - 7.30 pm

Members Present: Councillors Ms S Stavrou (Chairman), D Stallan, G Waller and C Whitbread

Other Councillors: Councillors

Apologies: R Bassett

Officers Present: R Palmer (Director of Finance and ICT), B Bassington (Chief Internal Auditor) and R Perrin (Democratic Services Assistant)

41. Declarations of Interest

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

42. Minutes

RESOLVED:

That the minutes of the meeting held on 20 January 2014 be taken as read and signed by the Chairman as a correct record.

43. Key Performance Indicators 2013/14 (Performance) & 2014/15 (Targets)

The Director of Finance & ICT presented a report on the Council's Key Performance Indicators for 2013/14 (Performance) and 2014/15 (Targets).

The Director of Finance & ICT 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 the duty to secure continuous improvement, a range of Key Performance Indicators (KPI) relevant to the Council's service priorities and key objectives, were adopted each year. Performance against all of the KPIs was reviewed on a quarterly basis, and had previously been a focus of inspection in external assessments and judgements of the overall progress of the authority.

The Director of Finance & ICT advised that a range of thirty-five KPI's were adopted for 2013/14 in March 2013. A three-monthly progress report in respect of all the KPI's was reviewed by Management Board, the Finance and Performance Management Scrutiny Panel and service Director's reviewed KPI's with the relevant Portfolio Holder on an on-going basis throughout the year.

Finance and Performance Management Cabinet Committee
Thursday, 20 March 2014

The position with regard to the achievement of target performance for the KPI's at the end of the third quarter, 30 June to 31 December 2013, 28 indicators achieved the cumulative third-quarter target, 7 indicators did not achieve the cumulative third-quarter target, although 1 of these KPI's performed with the agreed tolerance for the indicator. Overall 83% (29) of the indicators were currently anticipated to achieve the cumulative year-end target. The detailed cumulative performance reports for each of the KPI's were considered by the Finance and Performance Management Scrutiny Panel on 11 March 2014 and they were happy with the targets.

A new KPI would be created regarding the response time of the Switchboard in conjunction with the new telephone system that had been installed. It was felt that the service area not picking up the calls had more to do with the response times and this would be looked into with the management information that could be obtained from the new system. This information would be presented at a future meeting of this committee.

RESOLVED:

- (1) That the Committee noted the nine-month performance for the Key Performance Indicators adopted for 2013/14; and
- (2) That the proposed Key Performance Indicators and targets for 2014/15 be agreed.

Reasons for Decision:

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

A number of KPIs were used as performance measures for the Council's key objectives for each year. 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 had negative implications for judgements made about the progress of the Council.

44. DRAFT AUDIT PLAN 2014-15

The Chief Internal Auditor presented the Internal Audit Plan for 2014/15 for the Cabinet Committee to inspect, prior to its consideration by the Audit and Governance Committee on the 3rd April 2014.

The Chief Internal Auditor stated that all 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

Finance and Performance Management Cabinet Committee
Thursday, 20 March 2014

accommodate reviews of areas considered to be of a higher risk to the achievement of the Council's objectives.

The Chief Internal Auditor advised that during 2013/14 publications by the Audit Commission and the National Fraud Authority had identified current fraud risks and to address concerns over these risks, time had been allocated to fraud prevention and detection in the 2014/15 audit plan. The Chief Auditor also highlighted the regular meetings held with the Chief Auditors of Uttlesford, Harlow and Broxbourne 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 progress against the approved Plan would be kept under review during the year and any proposed amendments, once the Plan had been approved, would be subject to the approval of the Audit and Governance Committee, who would continue to monitor progress against the plan on a quarterly basis. The Director of Finance & ICT added that if Audit and 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 Internal Audit Plan for 2014/15 be noted.

Reasons for Decision:

To inform the Finance and Performance Management Cabinet Committee of the proposed Internal Audit Plan for 2014/15 and to seek comments thereon.

Other Options for Considered and Rejected:

None.

45. Risk Management - CORPORATE RISK REGISTER AND RISK MANAGEMENT

The Director of Finance & ICT presented a report on the Corporate Risk Register and the Risk Management documents.

The Director of Finance & ICT stated that the Corporate Risk Register and Risk Management documents had been considered by both the Risk Management Group on 25 February 2014 and Management Board on 5 March 2014. These reviews had identified amendments to the Corporate Risk Register and minor amendments to the wording of the Corporate Risk Documents.

The Director of Finance & ICT reported that five amendments to the Corporate Risk Register had been proposed as a result of the recent reviews. Risk 1, Local Plan, had been updated with key dates within the Action Plan. Risk 4, Finance Income, had been updated to include the risks of loss from legislative change to land charges and outstanding NNDR appeals. Risk 5, Data/Information, the existing control within the Action Plan had been amended to reflect the progress made with e-learning module for officers and the introduction of data protection awareness within the Member induction programme. Risk 7, Business Continuity, an additional vulnerability had been added to advise the short term risk of the Tour de France passing through the District on 7 July 2014 and work was ongoing to ensure that appropriate arrangements were in place. Risk 8, Partnerships, a scoring change had been applied to the risk as the likelihood had reduced, which resulted in the scoring

Finance and Performance Management Cabinet Committee
Thursday, 20 March 2014

changing from C3 Medium Likelihood/Minor Impact to D3 Low/Very Low Likelihood/Minor Impact.

The Director of Finance & ICT added that the Risk Management Terms of Reference, Strategy and Policy Statement had been reviewed and some minor amendments were proposed as outlined in the report. The Cabinet Committee was requested to approve these documents for adoption at the next meeting of the Cabinet.

Recommended:

1. That the key dates within the Action Plan be updated within Risk 1, Local Plan;
2. That Risk 4, Finance Income, the risks of loss from legislative change to land charges and outstanding NNDR appeals be updated;
3. That the Action Plan for Risk 5, Data/Information be amended to reflect the progress made with e-learning modules for officers and the introduction of data protection awareness within the Member induction programme;
4. That the vulnerability for Risk 7, Business Continuity, be amended to reflect the short term risk of the Tour de France passing through the District on 7 July 2014;
5. That the scoring of Risk 8, Partnerships, be changed to D3 Low/Very Low Likelihood/Minor Impact;
6. That, incorporating the above agreed changes, the amended Corporate Risk Register be approved;
7. That the current tolerance line on the risk matrix be considered satisfactory and not be amended;
8. That the revised Risk Management Strategy be adopted;
9. That the revised Risk Management Policy Statement to Cabinet be adopted;
and
10. That the updated Terms of Reference of the Risk Management Group be noted.

Reasons for Proposed Decisions:

It is essential that the Corporate Risk Register is regularly reviewed and kept up to date. The annual review of the corporate risk management documents helps ensure that the risk management process remains relevant and up to date.

Other Options Considered and Rejected:

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

46. Quarterly Financial Monitoring 2013/14

The Director of Finance & ICT presented the Quarterly Financial Monitoring report for the period October to December 2013, which provided a comparison between the revised estimates and the actual expenditure or income. The report provided details

Finance and Performance Management Cabinet Committee
Thursday, 20 March 2014

of the revenue budgets from 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 £174,000 or 1.2%. Investment interest levels in 2013/14 were slightly ahead of the revised expectation at quarter three, but significantly below the prior year. There has been some talk recently about movements in interest rates but it was still unlikely that rates would improve in the short to medium term. Investment returns in the prior year were higher as there were still some longer term deals maturing at better rates than those available now.

Within the Planning & Economic Development Directorate, Development Control income had recovered to the extent that it now exceeded both the prior year actual and revised position for 2013/14. Income from pre-application charges and development control fees were both doing well. Income from Building Control was revised down by £73,000 and there were some expenditure savings to offset this but the predicted deficit for this year had increased from £14,000 to £35,000. If the account goes into overall deficit, the position would need to be addressed over the ensuing three year period to ensure the account does not remain in deficit.

Within the Corporate Support Services Directorate, Licensing income for Hackney Carriages and other licensing activities were below expectations by £6,000 and £4,000 respectively. Income from MOT's carried out by Fleet Operations was in line with the revised expectation but income in January was better than expected and the updated target looked likely to be achieved. The Local Land Charge income was higher than in the prior year and above the revised estimate which suggested income would exceed budget for the year.

Within the Housing Directorate, the Housing Repairs Fund showed an underspend of £364,000. However a larger than average proportion of the expenditure was seasonal falling in the winter months and the budgets would be revised shortly.

Within the Environment & Street Scene Directorate, payments to the Waste Management contractor were in line with expectations again in that payments had been made up to the end of November by the end of December.

The Director of Finance advised that no additional comments had been raised from the Finance Performance Management Scrutiny Panel. It was highlighted by the Director of Finance & ICT that the operator of the North Weald Market may approach the Council for a reduction in the fees to reflect the reduction in traders and stalls over the winter period. Although the Asset Management & Economic Development Cabinet Committee would have to consider any report that may come forward, this committee needed to be advised. The Cabinet Committee felt that a profiled fee may be more favourable to all concerned, so that no body lost out. This would be for the Asset Management & Economic Development Cabinet Committee to consider and note the comments of this committee. The Cabinet Committee also had concerns over the fleet operations.

Resolved:

1. That the Quarterly Financial Monitoring report for the period 1 October 2013 to 31 December 2013 regarding the revenue and capital budgets be noted.

Reasons for Decision:

Finance and Performance Management Cabinet Committee
Thursday, 20 March 2014

To note the Council's financial position after the third quarter of 2013/14.

Other Options Considered and Rejected:

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

47. Any Other Business

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

CHAIRMAN