



Finance and Performance Management Cabinet Committee Thursday, 20th March, 2014

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 March, 2014
at 7.00 pm .**

**Glenn Chipp
Chief Executive**

**Democratic Services
Officer**

Rebecca Perrin, The Office of the Chief Executive
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Members:

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

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

To confirm the minutes of the last meeting of the Committee held on 20 January 2014 (previously circulated).

4. KEY PERFORMANCE INDICATORS 2013/14 (PERFORMANCE) & 2014/15 (TARGETS) (Pages 5 - 22)

(Deputy Chief Executive) To consider the attached report (FPM-025-2013/14).

5. DRAFT AUDIT PLAN 2014-15 (Pages 23 - 28)

(Chief Internal Auditor) To consider the attached report (FPM-026-2013/14).

6. RISK MANAGEMENT - CORPORATE RISK REGISTER AND RISK MANAGEMENT (Pages 29 - 56)

(Director of Finance & ICT) To consider the attached report (FPM-027-2013/14).

7. QUARTERLY FINANCIAL MONITORING 2013/14 (Pages 57 - 82)

(Director of Finance & ICT) To consider the attached report (FPM-028-2013/14).

8. 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.

9. 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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Report to: Finance and Performance Management Cabinet Committee

Date of Meeting: 20 March 2014

Report reference: FPM-025-2013/14

Portfolio: Finance and Technology

Subject: Key Performance Indicators 2013/14 (Performance) & 2014/15 (Targets)

Officer contact for further information: S. Tautz (01992 564180)

Democratic Services Officer: R. Perrin (01992 564532)

Recommendations/Decisions Required:

- (1) That the Committee note nine-month performance for the Key Performance Indicators adopted for 2013/14; and**
- (2) That, subject to the views of the Finance and Performance Management Scrutiny Panel, the proposed Key Performance Indicators and targets for 2014/15 be agreed.**

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

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 outcomes delivered.
4. A number of KPIs are used as performance measures for the Council's key objectives for each year. It is important that relevant performance management processes are 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 for Action:

5. No other options are appropriate in this respect. Failure to identify challenging performance targets, could mean that opportunities for improvement are lost and might have negative implications for judgements made about the progress of the Council.

Report:

6. A range of thirty-five Key Performance Indicators (KPI) was adopted for 2013/14 in March 2013. 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.
7. Three-monthly progress in respect all of the KPIs is reviewed by Management Board and (currently) the Finance and Performance Management Scrutiny Panel at the conclusion of each quarter, and service directors review KPI performance with the relevant portfolio holder(s) on an on-going basis throughout the year. No indicators are subject to scrutiny at year-end only, as end of year reporting is not made until each June (three months into the next year), and does not therefore allow for corrective action to be identified or implemented during the year in question.

Key Performance Indicators 2013/14 – Quarter 3 Performance

8. The position with regard to the achievement of target performance for the KPIs at the end of the third quarter (30 June to 31 December 2013) of the year, was as follows:
 - (a) 28 (80%) indicators achieved the cumulative third-quarter target;
 - (b) 7 (20%) indicators did not achieve the cumulative third-quarter target, although 1 (14%) of these KPI performed within the agreed tolerance for the indicator; and
 - (c) 29 (83%) indicators are currently anticipated to achieve the cumulative year-end target.
9. Detailed cumulative performance reports for each of the KPIs were considered by the Finance and Performance Management Scrutiny Panel at its meeting on 11 March 2014.

Key Performance Indicators 2014/15 – Targets

10. The adoption of challenging but achievable KPIs each year is a key element of the Council's Performance Management Framework. The continued relevance of the existing KPI set for 2014/15 has recently been considered by Management Board.
11. Although a number of new indicators and some revisions to existing KPIs are proposed for 2014/15, it is not intended that significant changes be made to the indicator set for the next year, as the current suite of measures is considered appropriate for the ongoing evaluation of relevant performance factors. Service directors have identified provisional targets for each indicator with the relevant portfolio holder(s), based on third-quarter performance (and the estimated outturn position) for the current year. Details of the proposed KPIs and targets for 2014/15 are set out at Appendix 1 to this report.
12. The Committee is requested to agree the proposed KPIs and targets for 2014/15. These were also considered by the Finance and Performance Management Scrutiny Panel at its meeting on 11 March 2014 and the views of the Scrutiny Panel in this respect will be reported to the Committee.

13. The KPIs will comprise the totality of the Council's corporate performance indicator measures for 2014/15. Improvement plans will be developed for each KPI, identifying actions to achieve target performance, which will be considered and agreed by Management Board. As part of this process, the Board will also review the provisional targets for each KPI with reference to outturn data for 2013/14 when this available. Any revisions to targets on the basis of the outturn position will be reported to the Committee and the appropriate overview and scrutiny panel in June 2014.

Resource Implications:

Resource requirements for actions to achieve specific KPI performance for 2014/15 will have been identified by the responsible service director 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 2014/15 will have been identified by the responsible service director.

Safer, Cleaner, 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 2014/15 will have been identified by the responsible service director.

Consultation Undertaken:

The draft KPIs and targets set out in this report have been proposed by service directors in consultation with relevant portfolio holder(s). The indicators and targets have been considered by Management Board and the Finance and Performance Management Scrutiny Panel.

Background Papers:

Third quarter KPI submissions held by the Performance Improvement Unit. KPI calculations and supporting documentation held by respective service directors

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 2014/15 will have been identified by the responsible service director.

Equality:

There are no equality implications arising from the recommendations of this report. Relevant implications arising from actions to achieve specific KPI performance for 2014/15 will have been identified by the responsible service director.

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Key Performance Indicators 2014/15 - Targets

Directorate	KPI Ref 2014/15	Description	Target 2013/14	Q3 2013/14	Proposed Target 2014/15	Increased Target Yes/No	Comments/justification for proposed target for 2014/15 and reasons for targeted reductions in performance
Page 9	KPI 40	What percentage of the rent due from our council home tenants was paid?	96.00%	96.45%	96.00%	Same	The effect of the Government's welfare reforms will not be known until the introduction of Universal Credit and direct payments of the housing component. In the meantime, the effects of the Social Sector Size Limits are having an increasingly detrimental effect on rent arrears. In the circumstances, achievement of the current target for this KPI will be a challenge for 2014/15, but is considered to be worth seeking to achieve.
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			Amber tolerance = 0.5% point below target		
	KPI 41	On average, how many days did it take us to re-let a Council property?	33 days	41	37 days	No	
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			Amber tolerance = 1.5 days above target		
	KPI 45	How satisfied were our tenants with the standard of the repairs service they received?	98.00%	100.00%	98.00%	Same	
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			No amber tolerance appropriate		
							In view of the exceptional, ongoing levels of satisfaction, it is not considered necessary or appropriate to reduce the Council's aspirations for performance against this indicator.

Key Performance Indicators 2014/15 - Targets

Directorate	KPI Ref 2014/15	Description	Target 2013/14	Q3 2013/14	Proposed Target 2014/15	Increased Target Yes/No	Comments/justification for proposed target for 2014/15 and reasons for targeted reductions in performance
Page 10	KPI 47	How many households were housed in temporary accommodation?	70	56.6	65	Yes	In view of current (Q3) performance, it appears appropriate to provide a more challenging target for this KPI for 2014/15. However, concerns remain over the long-term effects of the welfare reforms on homelessness and the associated need for temporary accommodation for homeless households. Therefore, setting a more a challenging target and increasing the target figure from 70 to 65 households is considered appropriate.
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			Amber tolerance = 3 days above target		
	KPI 48	What percentage of our council homes were not in a decent condition?	0.00%	0.00%	0.00%	Same	
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			No amber tolerance appropriate		
	KPI 49	KPI 49 - How many of the key building components required to achieve the Modern Homes Standard were renewed?	3300 (2475 for Q3)	2689	3300	Same	
					Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.		

Key Performance Indicators 2014/15 - Targets

Directorate	KPI Ref 2014/15	Description	Target 2013/14	Q3 2013/14	Proposed Target 2014/15	Increased Target Yes/No	Comments/justification for proposed target for 2014/15 and reasons for targeted reductions in performance
Page 11	KPI 60	What percentage of all emergency repairs (including out of hours emergencies) are attended to within 4 working hours?	99%	99%	99%	Same	In view of the existing challenging target and the fact that it reflects the KPI within the Repairs Management Contract with Mears, it is suggested that the current target for this KPI should continue for 2014/15.
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			Amber tolerance = 1% below target		
	KPI 61	What is the average overall time to complete all responsive repairs, from the time the request is made to the time the job is completed?	7 days	6.4 days	7 days	Same	
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			Amber tolerance = 1 day above target		
	KPI 62	What percentage of appointments for repairs are both made and kept?	98.00%	97.93%	98.00%	Same	
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			Amber tolerance = 1% below target		

Key Performance Indicators 2014/15 - Targets

Directorate	KPI Ref 2014/15	Description	Target 2013/14	Q3 2013/14	Proposed Target 2014/15	Increased Target Yes/No	Comments/justification for proposed target for 2014/15 and reasons for targeted reductions in performance
Communities	NEW	What percentage of calls are answered by the Council's Careline Service within 60 seconds?	N/A	99.70%	97.50%	New	This proposed new KPIs is suggested in response to the National Audit Office's suggestion that the Council should have more qualitative KPIs. The indicator is a national requirement and target set by the Telecare Services Association (TSA) for all control centres that meet the TSA's stringent accreditation requirements.
		Corporate Comment: Proposed new indicator for 2014/15. Performance to be reviewed quarterly.			Amber tolerance = 1% below target		

Key Performance Indicators 2014/15 - Targets

Directorate	KPI Ref 2014/15	Description	Target 2013/14	Q3 2013/14	Proposed Target 2014/15	Increased Target Yes/No	Comments/justification for proposed target for 2014/15 and reasons for targeted reductions in performance		
Page 13	KPI 04	What percentage of visitors to the Council's website were satisfied with their experience?	77.00%	78.00%	N/A	N/A	<p>It is considered that changes to this KPI are required as the current satisfaction measure causes problems in a number of ways:</p> <ul style="list-style-type: none"> • the survey is misused, often poor satisfaction that is recorded relates to the service offered by the council, not actually to the website, giving misleading results; • feedback obtained is not useful for the purposes of improving the website; • the survey is currently failing for some users; and • the survey causes user dissatisfaction itself as the format (a pop up) is distracting and is hard (or near impossible) to clear from mobile devices. <p>The Website Development Board favours a move to the new satisfaction measure outlined in the following new KPI.</p>		
		Corporate Comment: Indicator <u>not</u> to be retained for 2014/15.			Amber tolerance = 5% below target				
	NEW KPI	How satisfied with their experience were visitors to the Council's website?	N/A	N/A	3 Stars	N/A		<p>A new website feedback tool being implemented gives users of the Council's website the chance to give feedback on specific pages, both as a 'star' measure (from a 0-5 star range) but also by submitting comments. Unlike the previous system where the comments were difficult to attribute to specific pages, the new approach will give meaningful data that can be used to improve the website. This indicator is one of a range of proposed measures intended to replace KPI 04. Other measures (website visits, uptime, response time, misspellings and broken links) will be reviewed on a regular basis by the Website Development Board).</p>	
		Corporate Comment: Proposed new indicator for 2014/15, to replace KPI 04. Performance to be reviewed quarterly.			No amber tolerance appropriate				
	KPI 11	What percentage of the rent we were due to be paid for our commercial premises was not paid?	3.00%	3.90%	3.00%	No			<p>The target for this KPI was not met in 2012/13 and is unlikely to be met for 2013/14. The reasons are partly due to the economic situation generally and also because of a reduction in the budgeted rent roll for 2013/14 as a result of reducing the rental income for North Weald Market after the target was set. However 3.0% remains a realistic target to strive for and therefore should remain for 2014/15.</p>
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			Amber tolerance = 0.5% below target				

Key Performance Indicators 2014/15 - Targets

Directorate	KPI Ref 2014/15	Description	Target 2013/14	Q3 2013/14	Proposed Target 2014/15	Increased Target Yes/No	Comments/justification for proposed target for 2014/15 and reasons for targeted reductions in performance
Page 14	KPI 12	What percentage of our commercial premises was let to tenants?	98.00%	97.97%	98.00%	No	The target for this KPI was met in 2012/13 and also during the first quarter of 2013/14. However, it dropped slightly during quarters 2 and 3 of the year and the likely outturn will be there or thereabouts. A single vacant property can make the difference between whether the target is met or not. Therefore it would not be unreasonable to retain the target for 2014/15.
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			Amber tolerance = 1.0% below target		
	KPI 51	What percentage of major planning applications were processed within 13 weeks?	70.00%	82.61%	75.00%	Yes	
	Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			Amber tolerance = 2% below target			
	KPI 52	What percentage of minor planning applications were processed within 8 weeks?	89.00%	91.04%	90.00%	Yes	
Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			Amber tolerance = 2% below target				

Key Performance Indicators 2014/15 - Targets

Directorate	KPI Ref 2014/15	Description	Target 2013/14	Q3 2013/14	Proposed Target 2014/15	Increased Target Yes/No	Comments/justification for proposed target for 2014/15 and reasons for targeted reductions in performance		
Page 15	KPI 53	What percentage of other planning applications were processed within 8 weeks?	94.00%	95.44%	94.00%	No	This category accounts for the largest number of planning applications and already achieves high performance. Performance for the third quarter of 2013/14 was the highest yet achieved, although this was chiefly as a result of temporarily having an extra planning officer in post for the quarter. It is proposed that the target for 2014/15 remain at 94%.		
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			Amber tolerance = 2% below target				
	KPI 54	What percentage of planning applications recommended for refusal were overturned and granted permission following an appeal?	19.00%	18.75%	19.00%	No		The target for this indicator was reduced to 19% for 2013/14 and proved a challenge for officers to defend decisions at appeal. Given that performance was tight, it is proposed that the target should remain at 94% for 2014/15, particularly as the continued delay in the preparation of a new Local Plan means that the Planning Inspectorate will give greater weight to the National Planning Performance Framework.	
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			Amber tolerance = 2% above target				
	KPI 55	What percentage of planning applications, refused by members against a recommendation, were granted permission following an appeal?	50.00%	75.00%	50.00%	No			Members were reluctant to revise the target for this indicator for 2013/14 and it would appear appropriate to keep the same figure for 2014/15, given that performance has considerably worsened this year. This would mean that if only half of the committee reversal decisions were allowed on appeal, the target would be achieved.
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			Amber tolerance = 5% above target				

Key Performance Indicators 2014/15 - Targets

Directorate	KPI Ref 2014/15	Description	Target 2013/14	Q3 2013/14	Proposed Target 2014/15	Increased Target Yes/No	Comments/justification for proposed target for 2014/15 and reasons for targeted reductions in performance		
Page 16	KPI 20	How much non-recycled waste was collected for every household in the district?	380kg	295kg	400kg	Yes	A modest increase is proposed to reflect current operational and economic circumstances. If current performance is extrapolated to the year end, the target output would be 393kg. However, waste does not follow a linear pattern and a figure in excess of 400kg is anticipated for 2013/14. The new contract has a revised specification which will hopefully begin to address this issue, including household sack deliveries and increased levels of awareness education. However, the contract does not commence until November 2014 and service changes are unlikely to have any impact before the commencement of 2015/16. An increase for 2014/15 is therefore suggested, to be reviewed once the new contractor has been appointed. Given the cyclical fluctuations which arise throughout the year, it is also suggested that an amber tolerance of 5% is applied.		
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			Amber tolerance = 5.0% below target				
	KPI 21	What percentage of all household waste was sent to be recycled, reused or composted?	60.00%	60.00%	60.00%	No		This target remains challenging, linked as it is with KPI 20 above. The new contract specification requires the contractor to seek to attain 60% recycling or better, but Member decisions to not fundamentally amend collection methodologies makes exceeding 60% difficult. It is suggested that this is reviewed with the newly appointed contractor in the run up to setting targets for 2015/16.	
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			Amber tolerance = 2.0% below target				
	KPI 22	What percentage of our district had unacceptable levels of litter?	8.00%	7.00%	8.00%	No			Current contract performance is maintained at or around the 8% level. This is a high standard of achievement. As with the KPIs above, it is suggested that this performance level be reviewed with the newly appointed waste contractor in the run up to setting targets for 2015/16.
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			No amber tolerance				

Key Performance Indicators 2014/15 - Targets

Directorate	KPI Ref 2014/15	Description	Target 2013/14	Q3 2013/14	Proposed Target 2014/15	Increased Target Yes/No	Comments/justification for proposed target for 2014/15 and reasons for targeted reductions in performance
Page 17	KPI 23	What percentage of our district had unacceptable levels of detritus (dust, mud, stones, rotted leaves, glass, plastic etc.)?	12.00%	8.00%	10.00%	Yes	The 12% target is routinely exceeded and therefore merits a reduction (to encourage good performance). As with the KPIs above, it is suggested that this performance level be reviewed with the newly appointed waste contractor in the run up to setting targets for 2015/16.
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			No amber tolerance		
	KPI 25	What percentage of the issues and complaints received by the Environment & Neighbourhoods Team received an initial response within 3 days?	95.00%	96.66%	95.00%	No	
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			Amber tolerance = 1.0% below target		
	KPI 26	What percentage of the recorded incidences of fly-tipping are investigated within 3 working days of the fly-tip being recorded where the fly-tip is on public or privately owned land?;	90.00%	94.00%	90.00%	No	
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			Amber tolerance = 1.0% below target		

Key Performance Indicators 2014/15 - Targets

Directorate	KPI Ref 2014/15	Description	Target 2013/14	Q3 2013/14	Proposed Target 2014/15	Increased Target Yes/No	Comments/justification for proposed target for 2014/15 and reasons for targeted reductions in performance
Page 18	KPI 27(a)	KPI 27a - What percentage of the recorded incidences of fly-tipping (contract cleared) are removed within 5 working days of being recorded?	90.00%	93.00%	90.00%	No	This, and the indicator which follows are relativey new or have been amended for 2013/14. As with KPI 25 its outcome is resource dependant. The new waste contract may result in some changes in the way fly tips are reported, recorded and dealt with, so no change is suggested for 2014/15, but a review suggested for 2015/16
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			Amber tolerance = 1.0% below target		
	KPI 27(b)	KPI 27b - What percentage of the recorded incidences of fly-tipping (variation order / non-contract) are removed within 10 working days of being recorded?	90.00%	96.00%	90.00%	No	The new waste contract may result in some changes in the way fly tips are reported, recorded and dealt with, so no change is suggested for 2014/15, but a review suggested for 2015/16.
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			Amber tolerance = 1.0% below target		
	KPI 28	What percentage of out of hours noise complaints that are passed through to the duty noise officer are responded to within 15 minutes	90.00%	96.00%	90.00%	No	This indicator is resource sensitive, and although performance remains well in excess of target, no change is suggested for 2014/15.
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			Amber tolerance = 1.0% below target		

Key Performance Indicators 2014/15 - Targets

Directorate	KPI Ref 2014/15	Description	Target 2013/14	Q3 2013/14	Proposed Target 2014/15	Increased Target Yes/No	Comments/justification for proposed target for 2014/15 and reasons for targeted reductions in performance
Neighbourhoods	KPI 50	What was the net increase or decrease in the number of homes in the district?	180	284	230	No	The five-year land supply of the Regional Spatial Strategy is still the most recent adopted target for this indicator. However, when the emerging objectively assessed housing need evidence comes forward as part of the Local Plan review, this target may need to be revised.
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			Amber tolerance = within 5% below target		

Key Performance Indicators 2014/15 - Targets

Directorate	KPI Ref 2014/15	Description	Target 2013/14	Q3 2013/14	Proposed Target 2014/15	Increased Target Yes/No	Comments/justification for proposed target for 2014/15 and reasons for targeted reductions in performance
Page 20	KPI 10	How many working days did we lose due to sickness absence?	7.25 days	4.83 days	7.00 days	Yes	The average number of days per employee recording sickness absence has reduced over the past three years and the Council has met its target in each year. Reducing the target by 0.25 days to 7.00 days will be a challenge, but with continued monitoring and management of absence the new target could be achieved.
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			Amber tolerance = 7.01 days - 7.24 days		
	KPI 30	What percentage of the invoices we received were paid within 30 days?	97.00%	97.00%	97.00%	No	The achievement of the target of 97% for this indicator is a challenge that requires constant monitoring and intervention throughout the year. To achieve performance of more than 97% would require significant additional effort and it is questionable that this would be a good use of resources given the current high level of performance.
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			Amber tolerance = 1.0% below target		
	KPI 31	What percentage of the district's annual Council Tax was collected?	96.60%	77.55%	97.00%	Yes	So far, the collection of money from Local Council Tax Support cases has been challenging but not as problematic as had been anticipated. If this trend continues, it is appropriate to increase the target for this indicator to 97% for 2014/15.
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			Amber tolerance = 0.5% below target		

Key Performance Indicators 2014/15 - Targets

Directorate	KPI Ref 2014/15	Description	Target 2013/14	Q3 2013/14	Proposed Target 2014/15	Increased Target Yes/No	Comments/justification for proposed target for 2014/15 and reasons for targeted reductions in performance
Page 21	KPI 32	What percentage of the district's annual business rates was collected?	97.50%	82.66%	97.70%	Yes	Use of the additional funds made available for enforcement cases is proving effective and so the target for this indicator should be increased for 2014/15. Whilst the increase in target against the target for 2013/14 might be considered low, this needs to be seen in the context of the outturn for 2012/13 which saw business rates collection of 96.85%.
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			Amber tolerance = 0.5% below target		
	KPI 33	On average, how many days did it take us to process new benefit claims?	30 days	23.44 days	25 days	Yes	
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			Amber tolerance = 1.5 days above target		
	KPI 34	On average, how many days did it take us to process notices of a change in a benefit claimant's circumstances?	6 days	8.07 days	6 days	No	
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			Amber tolerance = 1.0 days above target		

Key Performance Indicators 2014/15 - Targets

Directorate	KPI Ref 2014/15	Description	Target 2013/14	Q3 2013/14	Proposed Target 2014/15	Increased Target Yes/No	Comments/justification for proposed target for 2014/15 and reasons for targeted reductions in performance
Page 22	KPI 35	How many benefits fraud investigations were completed?	300	20300.0%	250	No	A reduction is proposed in the target for this indicator to reflect uncertainties going forward about staffing and the Single Fraud Investigation Service. The Chief Internal Auditor is developing proposals for the consolidation of the various fraud teams into one corporate team.
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			Amber tolerance = within 5% below target		
	KPI 36	In what percentage of potential benefit fraud cases investigated by the Benefit Investigation Team, was fraud proven?	30.00%	44.00%	35.00%	Yes	
		Corporate Comment: Indicator to be retained for 2014/15. Performance to be reviewed quarterly.			Amber tolerance = 2% below target		

Report to the Finance and Performance Management Cabinet Committee



**Epping Forest
District Council**

Report reference: *FPM-026-2013/14*
Date of meeting: *20 March 2014*

Portfolio: Finance and Technology

Subject: Draft Audit Plan 2014/15

Responsible Officer: Brian Bassington (01992 564446).

Democratic Services Officer: Rebecca Perrin (01992 564532).

Decisions Required:

To comment on the proposed Internal Audit Plan for 2014/15.

Executive Summary:

This report sets out the proposed internal audit plan for the year 2014/15.

Reasons for Proposed 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 Action:

None.

Report:

1. The Annual Internal Audit Plan is submitted to the Finance and Performance Management Cabinet Committee for comment prior to being presented to the Audit and Governance Committee on the 3rd April 2014 for approval. Once approved, the Annual Audit Plan will be appended to the Governance Directorate Business Plan.
2. In compiling the plan, all fundamental financial systems are included, to provide Management and Member assurance in the controls in place for good financial management. The annual audit of these systems is also a requirement of the Council's External Auditors (BDO) and the draft plan is submitted to them for comment.
3. The Corporate Risk Register was reviewed and time allocated for review of any high risk financial areas. The Annual Audit Plan contains the risk identifier to ensure that risks highlighted by the Audit Commission, the External Auditors and the Corporate Risk Register are allocated audit time.
4. The plan contains a contingency provision for investigations and other unplanned work during the year. There is also flexibility in the Plan so that audits can be substituted during the year in order to accommodate reviews of areas that are assessed as being of higher risk to the achievement of the Council's objectives.

5. During 2013/14 publications by the Audit Commission and the National Fraud Authority have identified current fraud risks and to address concerns over these risks time has been allocated to fraud prevention and detection in the 2014/15 audit plan. The audit team consists of 4.4 (full time equivalent) staff, the part time post covering the fraud auditor function. As part of the Directorate Restructuring approved by Full Council on 17th December 2013, a Corporate Fraud Investigation Team will be brought together under the Chief Internal Auditor consisting of benefits fraud and housing fraud officers along with the fraud auditor.

6. Regular meetings continue to be held with the Chief Auditors of Uttlesford, Harlow and Broxbourne Councils on various joint working practices sharing best practice, expertise and audit findings and recommendations.

7. Progress against the approved Plan is kept under review during the year and any proposed amendments, once the Plan has been approved, would be subject to the approval of the Audit and Governance Committee, who will continue to monitor progress against the plan on a quarterly basis.

8. The plan will be presented to the Audit and Governance Committee on 3rd April 2014.

Resource Implications:

None, within existing budget.

Legal and Governance Implications:

No specific implications.

Safer, Cleaner and Greener Implications:

No specific implications.

Consultation Undertaken:

Corporate Governance Group, BDO and Service Directors.

Background Papers:

Public Sector Internal Audit Standards, Audit reports, files and Corporate Risk register.

Impact Assessments:

Risk Management

The preparation of a risk based audit plan, as part of the audit strategy, is a key part of the Council's governance arrangements. In approving the annual programme of audits, the Audit and Governance Committee, in conjunction with the Finance and Performance Management Cabinet Committee, should be assured that there is sufficient and appropriate coverage to address any risks to the achievement of the Council's objectives.

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?
There are no equalities impacts.

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

AUDIT PLAN 2014/15

Audit area	Audit type	Days allocated	Completed	Risk Identifier
Resources				
Accountancy				
Bank Reconciliation	system/follow up	15		FFS
Sundry Debtors	system/follow up	15		FFS
Creditors	system/follow up	15		FFS
Treasury Management	system/follow up	10		FFS/R4
Budgetary Control (capital and revenue)	system/follow up	10		FFS
Risk Management and Insurance	system/follow up	10		FFS
Main Accounting and Financial Ledger	system/follow up	15		FFS
Provision for 'top up' testing	systems	30		FFS
Benefits				
Housing Benefits	system/follow up	15		FFS
Council Tax Reduction	system/follow up	15		FFS
Revenues				
Council Tax	system/follow up	20		FFS/R4/AC
Business Rates	system/follow up	20		FFS/R4
Cash receipting and Income control	system/follow up	15		FFS
Human Resources				
Payroll	System/follow up	20		FFS
Recruitment and Selection	verification	10		R
Management of Sickness absence	verification	10		R
Overtime and Committee Allowances	verification	10		R
Travelling & Subsistence Claims	verification	10		R
Car Mileage claims	verification	10		R
Reprographics	System	10		
ICT and Facilities Management				
ICT Procurement	ICT	10		AC/R6
Access controls	ICT	10		R6
Facilities Management Contracts	system	10		AC
TOTAL		315		
Governance				
Governance and Performance Mgmt.				
Key and Local Performance Indicators	verification	15		R
Business Plans	verification	10		R
Equality Analysis	verification	10		R
Gifts and Hospitality (Members & Officers)	system/follow up	10		R
Legal				
Debt recovery	Follow up	10		R4
Development Management				
Planning Fees	System	20		R4

TOTAL		75		
Neighbourhoods				
Neighbourhood Services				
North Weald airfield	establishment	15		R4
Technical Services				
Waste Management and Recycling	system	20		
Car Parking Contract	system	10		R4
Fleet Operations income	system	5		R4
Forward Planning & Economic Devel.				
Commercial Property portfolio	Follow up	10		
TOTAL		60		
Communities				
Housing Property				
Housing Repairs Service	system	20		
Council Housebuilding Programme	system	15		
Housing Contracts	follow up	5		
Housing Operations				
Housing Rent Collection and Arrears	system/follow up	20		FFS/R4
Norway House	Establishment	10		
Private Sector Housing & Comm. Support				
Right to Buy	system	10		AC
Private Sector Housing - Grants	system	15		AC
TOTAL		95		
FRAUD PREVENTION & DETECTION				
Contracts	fraud	15		AC
Procurement	fraud	15		AC
Council Tax Discounts	fraud	15		AC
National Fraud Initiative (NFI)	fraud	20		AC
Data matching and analysis (IDEA software)	fraud	25		AC
TOTAL		90		
CORPORATE				
Corporate Procurement	system/follow up	15		AC
Corporate Asset Register	system	5		FFS
Priority 1 Audit recommendations	follow up	10		R
Governance Statement	management review	5		R
TOTAL		35		
TOTAL DAYS ALLOCATED		670		

Contingency/Minor investigations		40		
Corporate/Service Advice		65		
TOTAL		775		
	Key	Risk Identifier		
	AC	Audit Commission		
	FFS	Fundamental Finance System		
	R no.	Risk No. in Corporate Register		
	R	Reputation of Council		

Report to the Finance and Performance Management Cabinet Committee



**Epping Forest
District Council**

Report Reference: FPM-027-2013/14

Date of meeting: 20 March 2014

Portfolio: Finance & Technology

Subject: Risk Management – Corporate Risk Register & Risk Management Documents

Officer contact for further information: Edward Higgins – (01992 – 564606)

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

Recommendations/Decisions Required:

- 1. To note the updating of the Corporate Risk Register;**
- 2. To consider whether there are any new risks that are not on the current Corporate Risk Register;**
- 3. To consider whether the matrix should be amended;**
- 4. To consider and recommend the updated Risk Management Strategy and Policy Statement to Cabinet for adoption; and**
- 5. To note the updated Terms of Reference of the Risk Management Group.**

Executive Summary:

The Corporate Risk Register and risk management documents have been considered by both the Risk Management Group on 25 February and Management Board on 5 March. These reviews identified amendments to the Corporate Risk Register and minor amendments to the wording of corporate risk documents.

Reasons for Proposed Decisions:

It is essential that the Corporate Risk Register is regularly reviewed and kept upto 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 for Action:

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

Report:

- 1. The Corporate Risk Register was reviewed by the Risk Management Group on 25 February and Management Board on 5 March. A number of amendments have been identified and incorporated into the register (Appendix 1).**
- 2. Risk 1 Local Plan the key dates within the Action Plan have been updated.**
- 3. Risk 4 Finance Income updated to include the risks of loss from legislative change to land charges and outstanding NNDR appeals. Numbers and dates updated as 2014/15 budget now approved.**

4. Risk 5 Data/Information the existing control within the Action Plan has 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.
5. Risk 7 Business Continuity an additional vulnerability has been added to advise the short term risk of the Tour de France passing through the District on 7 July 2014. Work is ongoing to ensure that appropriate arrangements are in place.
6. Risk 8 Partnerships a scoring change has been applied to the risk as the likelihood has reduced. The scoring has changed from C3 Medium Likelihood/Minor Impact to D3 Low/Very Low Likelihood/Minor Impact.
7. This Committee undertakes an annual review of the Risk Management Terms of Reference, Strategy and Policy Statement. The review last year was on 21 March 2013, with subsequent Cabinet approval on 15 April 2013.
8. These documents should be reviewed and updated on an annual basis and so are presented here for Members consideration. After consideration by the Risk Management Group and Management Board the proposed adjustments are as follows:

Document	Proposed amendment
Risk Management Group – Terms of reference (Appendix 2)	Minor wording changes within paragraph four and five.
Risk Management Strategy (Appendix 3)	Page two the word Brokers has been removed from paragraph four. Updates have also been applied to “Arrangements” on page two to advise the frequency of risk review by Management Board.
Risk Management Policy Statement (Appendix 4)	Reference to Corporate Executive Forum removed.

9. Members are now asked to consider the attached updated Corporate Risk Register and whether the risks listed are scored appropriately, whether there are any additional risks that should be included.
10. Members are also asked to consider the proposed amendments to the corporate risk management documents.

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.

The corporate risk management documents are an important part of the Council’s overall governance arrangements and this Committee is required to review the documents on an annual basis.

Safer, Cleaner, Greener Implications:

None.

Consultation Undertaken:

The Risk Management Group and the Corporate Governance Group have been involved in the process.

Background Papers:

None.

Impact Assessments:

Risk Management

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.

If the corporate risk management documents were not reviewed and updated they could become inconsistent with other Council policies and objectives and this would undermine the Council's approach to risk management.

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?

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 March 2014

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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.

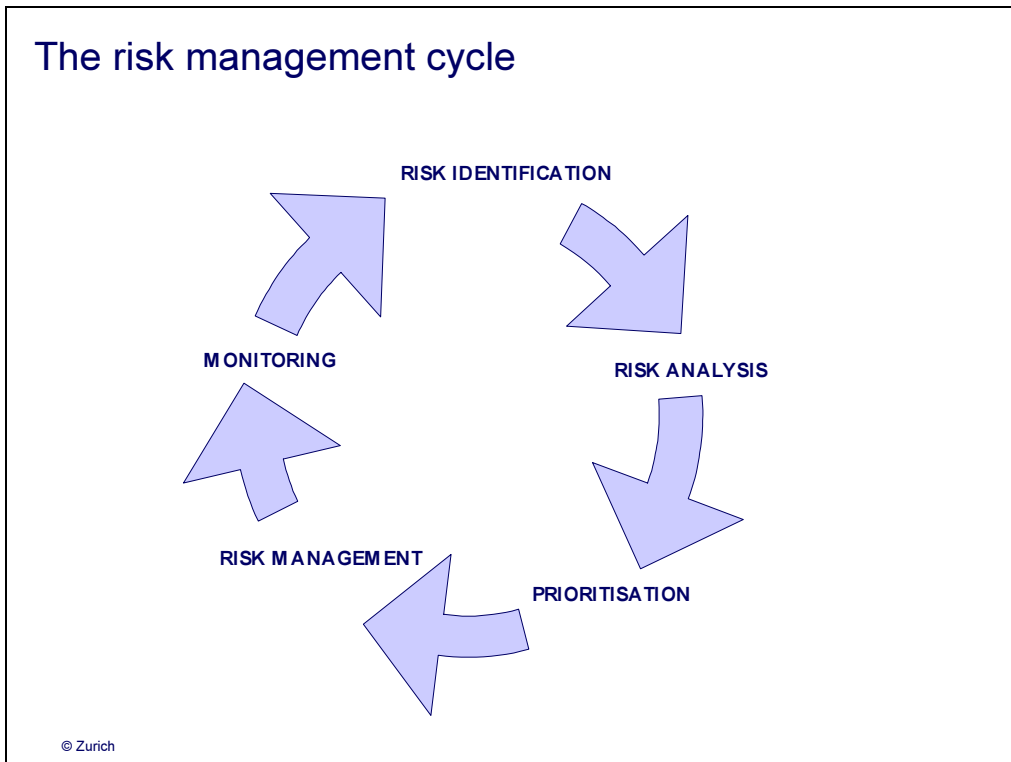
In total 8 strategic risks were profiled at the workshop and during the workshop, each risk was discussed to ensure common agreement and understanding of its description and then prioritised on a matrix. The risk matrix measured each risk for its likelihood and its impact in terms of its potential for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

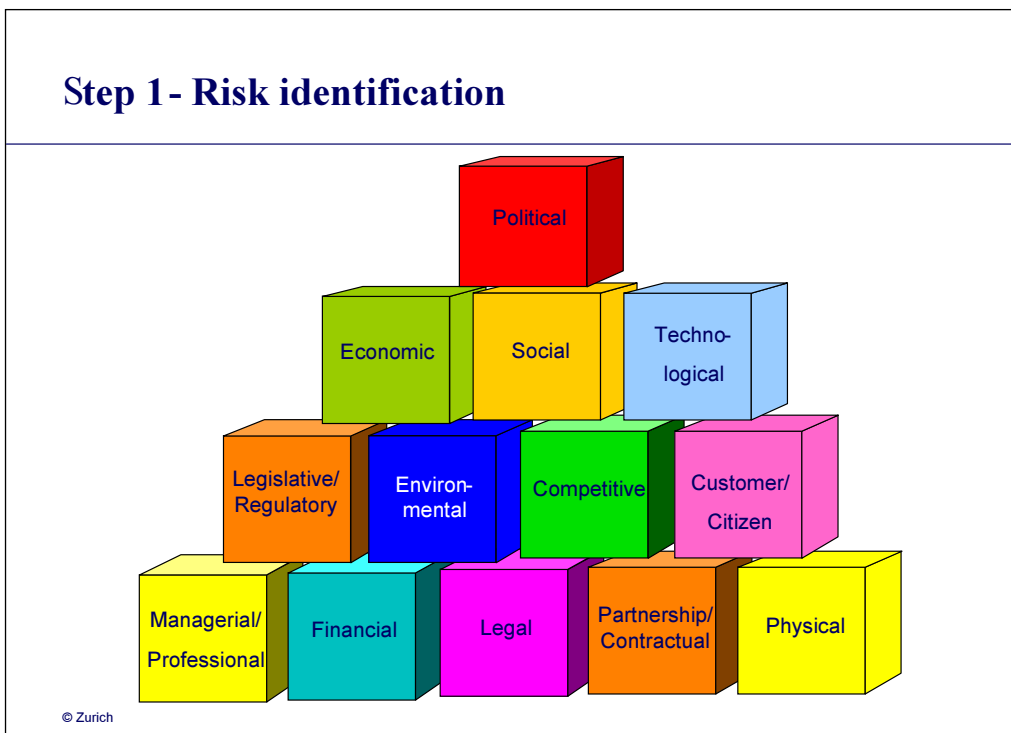
The following report outlines the process utilised by Zurich Risk Engineering and the results achieved.

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 filters, 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.

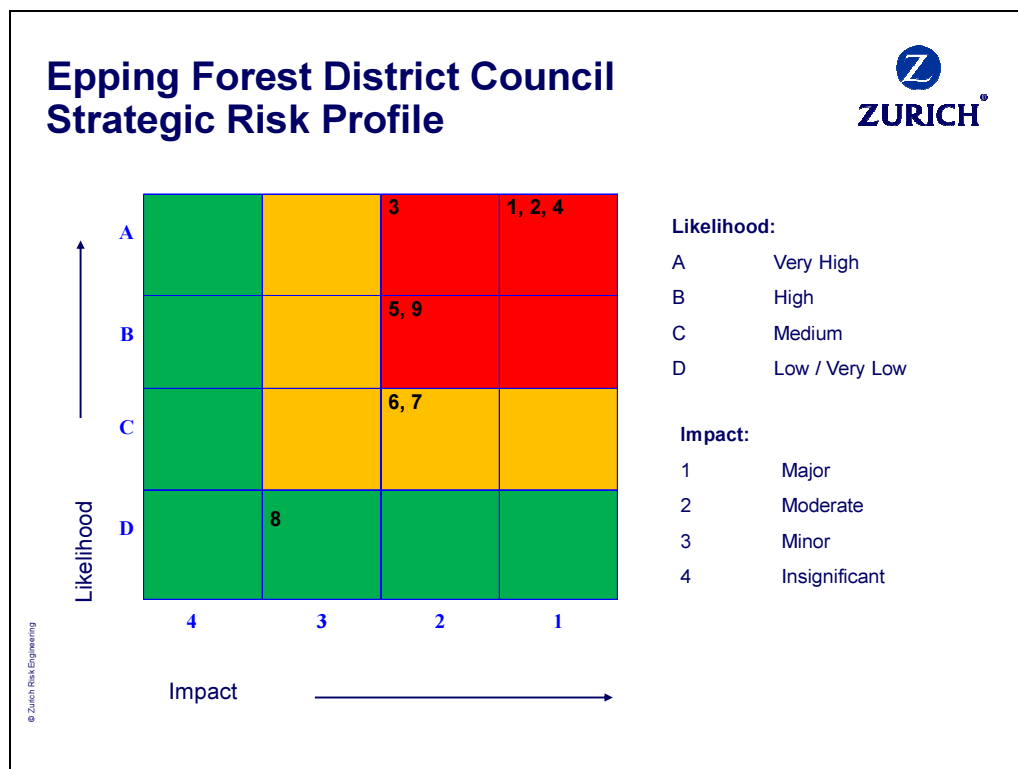
A risk owner has been identified for each risk. It is vital that each risk should be owned by a member of Management Board to ensure that there is high level support, understanding and monitoring of the work that is required as part of the plans. Risks should also be reviewed as part of the business 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 were numbered in 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
9	Safeguarding

Appendix 2 – Corporate Risk Register and Action Plans

Risk No 1	Local Plan	A1		
Vulnerability	Trigger	Consequence	Risk Owner	
<p>On-going changes to Planning system increase importance of having up to date Local Plan.</p> <p>Changes in government planning policy require new Local Plan to take approaches significantly different from predecessors eg Duty to Co-operate, release Green Belt.</p> <p>Difficulties in implementing “Duty to Co-operate” may make it difficult or impossible to achieve “sound” Local Plan in timely fashion</p> <p>Failure to make timely progress increases likelihood of “planning by appeal”</p> <p>Loss/sickness of key staff and recruitment difficulties or inappropriate resource provision hold back progress.</p>	<p>Failure to make timely decisions and adhere to Local Development Scheme Project Plan.</p> <p>Failure of Council to approve a draft plan in line with National Planning Policy Framework.</p> <p>Inability to agree, particularly on amount and distribution of objectively assessed development needs.</p> <p>Failure to adhere to Local Development Scheme leads to developers making significant planning applications in advance of new Plan.</p> <p>Loss/long term absence of key staff.</p>	<p>Reduced ability to manage development in line with local priorities. Failure to provide strategic direction for future development, and housing etc for future needs.</p> <p>Plan not “sound”, leading for further delay, wasted resources, and vulnerability to planning appeal decisions.</p> <p>As above</p> <p>Significant diversion of professional resources to appeals. Risk of costs awards against Council. Potential lost opportunity for infrastructure and other provision due to outdated/National Planning Policy Framework non-compliant policies Development which is inappropriate in location/scale/type</p> <p>Delay in progress Potential need for rework due to loss of “corporate memory”.</p>	<p>John Preston</p>	

Risk No 1 Local Plan – Action Plan

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
<p>Project management approach in place including regular updates, resource planning.</p>	<p>Project plan needs to incorporate more time for political engagement at key decision points.</p>	<p>Agree mechanisms and timing with lead members, incorporate in revised project plan</p>	<p>Glen Chipp John Preston Anna Cronin</p>	<p>Future adherence to project plan.</p>	<p>Project plan ongoing. MB review 6 weekly</p>	<p>Finalise key evidence esp. re development need to summer 2014. Cabinet to agree draft plan for consultation September 2014, Consultation November 2014- January 2015.</p>
<p>Local Development Scheme renewed July 2013.</p>	<p>Local Development Scheme now out of date (Nov 13).</p>	<p>Review Local Development Scheme on basis of new project plan, when agreed (see above)</p>	<p>Anna Cronin Glen Chipp</p>	<p>Local Development Scheme remains robust</p>	<p>As necessary</p>	<p>Review likely June/July 2014</p>
<p>Workshops for EFDC and Town/Parish councillors on key issues to enhance awareness and understanding of new government requirements.</p>	<p>Workshops popular and helpful but not a mechanism for strategic decision making.</p>	<p>Supplement workshops with other forms of briefing to EFDC members as agreed with leading members.</p>	<p>John Preston Anna Cronin</p>	<p>Timely decision making in line with project plan.</p>	<p>As necessary</p>	
<p>Engagement with other key stakeholders eg ad hoc meetings with Town/Parish councils, Resident Associations, use of Forester and website.</p>	<p>Limited, as tends to be reactive, resource intensive, and consistent messages difficult to develop in light of uncertainties over project plan</p>	<p>Develop strategic communications plan and implement See above re project plan</p>	<p>Glen Chipp Anna Cronin</p>	<p>Stakeholders feel well informed about process and decisions (though they may not agree). Informed responses to public consultation. Less need for reactive communications.</p>	<p>As necessary</p>	<p>Establish communications approach by mid June 2014</p>

Risk No 1 Local Plan – Action Plan

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
<p>Systematic approach to Duty to Co-operate, engaging public bodies and developing Memorandum of Understanding with key councils around Harlow.</p>	<p>Difficulties and delay in engaging councils in serious discussion re Memorandum of Understanding, however progress now being made. Initial meetings held with most other key bodies with positive outcomes, issues identified. Constant review of Planning Institute local plan decisions re Duty to Co-operate.</p>	<p>Important that key decisions do not precede Duty to Co-operate ie “fait accompli”- needs to be accommodated in project plan and Local Development Scheme. Progress Memorandum of Understanding, engaging members and using Planning Advisory Service support as necessary. Engage further key bodies eg Lee Valley Regional Park. Discuss informally with Planning Institute as necessary.</p>	<p>John Preston Anna Cronin</p>	<p>Submitted plan passes legal test of Duty to Co-operate.</p>	<p>MB review six weekly</p>	<p>Next officer meeting 11 March 2014 in relation to Strategic Housing Market Assessment partners and Duty to Co-operate. Member briefing by PAS 25 March (date tbc)</p>
<p>Consultants in place to support project management, resource planning, Sustainability Assessment, transport modelling, masterplanning. Experienced maternity cover for two key posts in place. Temporary posts resourced. Budget available.</p>	<p>Staff cannot be prevented from leaving. Exit interviews should reveal any specific patterns. Market is picking up, making recruitment more difficult.</p>	<p>Continue to recruit swiftly as issues occur. Keep structure of team and remuneration under review in the light of wider council restructure, using consultancy support as appropriate. Plan appropriate handovers as senior staff move towards retirement etc.</p>	<p>John Preston Anna Cronin</p>	<p>No delays to timetable due to staffing gaps or lack of critical skills</p>	<p>As above</p>	

Risk No 2 Strategic Sites A1						
Vulnerability		Trigger		Consequence		Risk Owner
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		<ul style="list-style-type: none"> • Financial viability of Council harmed • Lack of economic development and job creation • External criticism 		Colleen O'Boyle
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
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

Risk No 3 Welfare Reform A2						
Vulnerability		Trigger		Consequence		Risk Owner
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		<ul style="list-style-type: none"> • 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
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
Joint Benefits and Housing working group established. Mitigation action plan developed.	Two thirds of the actions have been implemented and the remaining actions are in abeyance pending Government announcements on Universal Credit.	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

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Risk No 4 Finance Income A1						
Vulnerability		Trigger	Consequence			Risk Owner
<p>The Council has a reliance on major income generating contracts and fee earning services. Some of which have been adversely affected by the recession and some of which may be affected by legislative change.</p> <p>With changes to central funding based on local retention of NDR the Council is more vulnerable to downturns in the local economy and to the large number of outstanding appeals against NDR assessments that pre-date local retention but which the Council will have to fund.</p> <p>Welfare reform may require substantial change to the calculation and administration of benefits with a likely reduction in funding received.</p> <p>The medium term financial strategy requires net CSB reductions of £1.6m over three years, which is a challenging target.</p>		<p>Unable to secure required level of income due to recession, reduced economic confidence or adverse change in funding</p>	<ul style="list-style-type: none"> • Council unable to meet budget requirements • Staffing and service level reductions • Increase Council Tax • Increase in charges • Greater use of reserves if required net savings not achieved • Higher level of saving in subsequent years. 			<p>Bob Palmer</p>
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
<p>Monitoring of key income streams and NDR tax base. Savings opportunities pursued through service reviews and corporate restructure.</p>	<p>Effective to date as budgets have been achieved that meet the financial targets set by Members.</p>	<p>Update Medium Term Financial Strategy as announcements are made on changes to central funding and welfare.</p> <p>Continue to pursue opportunities to reduce net spending.</p>	<p>Bob Palmer</p>	<p>Savings targets achieved with net expenditure reductions over the medium term as part of a structured plan.</p>	<p>Monthly</p>	<p>26 June 2014</p>

Risk No 5 Economic Development B2						
Vulnerability		Trigger	Consequence			Risk Owner
Economic development and employment is very important, particularly in the current economic climate. The Council needs to be able to provide opportunities for economic development and employment (especially youth employment) in the District.		Council performs relatively poorly compared to other authorities.	<ul style="list-style-type: none"> • Unable to secure sufficient opportunities • Local area and people lose out • Insufficient inward investment • Impact on economic vitality of area • Loss of revenue 			Glen Chipp
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
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.	Glen Chipp	Growth in NDR tax base and employment opportunities. Council to be viewed as punching above its weight.	Monthly	None

Risk No 6 Data / Information C2						
Vulnerability		Trigger	Consequence			Risk Owner
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.	<ul style="list-style-type: none"> • Breach of corporate governance • Increased costs and legal implications • Reputation damaged 			Bob Palmer
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
<p>Security Officer is continually monitoring situation and potential risks. Most systems have in built controls to prevent unauthorised access.</p> <p>Controls in systems have been strengthened in response to specific occurrences</p> <p>Rollout of a Data Protection e-learning module commenced Jan 2014, for completion by officers every two years.</p> <p>Data Protection to form part of Member induction from May 2014, with requirement to confirm acceptance of the Council's DP policy.</p>	Generally effective to date, although some lapses still occurred in 2012/13	<p>Maintain GCSx compliance and system controls.</p> <p>Investigation of possible consolidation of Data Protection and Freedom of Information work in one area.</p>	Bob Palmer	<p>No data loss or system downtime due to unauthorised access of EFDC systems or data.</p> <p>Continued security of personal data held by the Council in accordance with the Data Protections Act 1998.</p>	Quarterly	None

Risk No 7 Business Continuity C2						
Vulnerability		Trigger		Consequence		Risk Owner
<p>The Council is required to develop and implement robust Business Continuity Plans in line with the requirements of the Civil Contingencies Act.</p> <p>There is some concern over disruption from the Tour de France but this will be over a short period and there is still plenty of time to put appropriate arrangements in place.</p>		<p>Unable to respond effectively to a business continuity incident (e.g IT virus/flu pandemic)</p>		<ul style="list-style-type: none"> • Services disrupted / Loss of service • Possible loss of income • Staff absence • Hardship for some of the community • Council criticised for not responding effectively 		Derek Macnab
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
<p>Most services already have business continuity plans in place and a separate flu pandemic plan has been developed.</p>	<p>The effectiveness of controls is assessed periodically through test and exercises</p>	<p>Both corporate and service business continuity plans are being updated.</p> <p>Implementation of Cabinet approved measures to enhance the resilience of ICT</p>	Derek Macnab	<p>Having plans in place which are proved fit for purpose either by events or external scrutiny.</p>	Quarterly	None

Risk No 8 Partnerships D3						
Vulnerability		Trigger	Consequence			Risk Owner
<p>The Council is involved in a plethora of multi agency partnerships e.g. LSP - LEP, and these have a variety of governance arrangements.</p> <p>Localism act may cause transfer of Council services to providers with governance issues.</p>		<p>Key partnership fails or services provided via arrangements lacking adequate governance.</p>	<ul style="list-style-type: none"> Relationships with other bodies deteriorate Claw back of grants Unforeseen accountabilities and liabilities for the Council Censure by audit/inspection Adverse impact on performance 			<p>Glen Chipp</p>
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
<p>Active participation in key partnerships by appropriate officers/Members.</p> <p>Structured reporting back to designated Scrutiny Panels.</p> <p>Members can request representatives on outside bodies to report to Full Council.</p>	<p>No significant issues to date.</p>	<p>Continue existing monitoring procedures for current partnerships and construct appropriate arrangements for any new partnerships.</p>	<p>Glen Chipp</p>	<p>No significant impacts on service delivery or Council reputation from any partnership failures.</p>	<p>Quarterly</p>	<p>None</p>

Risk No 9 Safeguarding B2			
Vulnerability	Trigger	Consequence	Risk Owner
<p>The Council needs to demonstrate its ability to meet its duties under Sections 11 and 47 of the Children Act 2004.</p> <p>Although not yet a statutory requirement, the Council also needs to comply with best practise in regard to safeguarding vulnerable adults from harm.</p> <p>This is a Council –wide requirement which includes training and awareness of staff at all levels across the organisation and Elected Members.</p> <p>Effective systems and processes for safeguarding children, young people and vulnerable adults need to be in place</p>	<p>The Council fails to meet its duties in regard to safeguarding and information sharing</p> <p>Elected Member reluctance to undertake training results in the Council failing to meet a ‘whole Council’ approach</p> <p>Staff reluctance to be involved in referring safeguarding concerns due to lack of confidence and awareness.</p>	<ul style="list-style-type: none"> • A child, young person or vulnerable adult suffers significant harm • A child, young person or vulnerable adult suffers from exploitation • Avoidable death of a child, young person or vulnerable adult living in the District • Reputational risk for Council • Censure and special measures applied 	<p>Derek Macnab</p>

Risk No 9 Safeguarding - Action Plan						
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
<p>The Council has a current and comprehensive Safeguarding Policy which is updated annually or in line with any changes within legislation.</p> <p>The policy details what is required of all staff and members, and contains clear instructions for the recording and processing of safeguarding concerns, incidents and allegations.</p> <p>A Corporate Safeguarding Group provides a forum for sharing best practice, disseminating information across Directorates and identifying any weaknesses in the Council's work.</p> <p>All staff are required to undertake safeguarding training appropriate to their roles.</p> <p>The Council has a Safe Recruitment Policy.</p> <p>The Council has agreed to the introduction of a dedicated senior safeguarding post for two years to enable the Council to meet all of the required standards.</p>	<p>The Council has reduced the risk of safeguarding issues going unnoticed by staff and members by providing clear procedures and requirements for training and awareness.</p> <p>This group is only partially effective, due to limited commitment by some Directorates</p> <p>This will be effective subsequent to a training Plan being developed.</p> <p>Safe Recruitment assists the Council in reducing the risk of employing an unsuitable member of staff.</p>	<p>Leadership Team and Managers to ensure that all staff are aware of the Councils safeguarding policy and procedures</p> <p>The Council needs to ensure timely response to changes in legislation or local procedures.</p> <p>Directorates need to commit time for representatives to attend the Corporate Working Group.</p> <p>Staff require training in Safe Recruitment.</p>	Derek Macnab	<p>The Council meets all of its duties under Section 11 and 47.</p> <p>The Council fully meets all aspects of the ESCB/ESAB Safeguarding self - assessment.</p>	Monthly	Monthly

Epping Forest District Council

Risk Management & Assurance Group Terms of Reference

Who we are, what we do and for whom

The group will consist of: Senior Managers (Champions) from all directorates, Emergency Planning, Health & Safety, Audit and other Council staff as required from time to time.

The meetings will be chaired by the Director of Finance & ICT, with the Senior Finance Officer (Insurance & Risk) as deputy.

Aims & Objectives

1. Draw upon the recognised risk management disciplines from across the Council and from external advisors or consultants to provide a cohesive service to the corporate body and service departments.
2. Maintain a formal framework for the management of risks in terms of the strategic and operational hazards.
3. To train and support the Group members as “Champions” for risk management within their own directorates, and to support any directorate sub groups.
4. Disseminate information and guidance to directorates, Management Board and Members on a regular basis, including information on initiatives, developments and action plans.
5. To advise via “Champions” and other means on any changing requirements on the reporting or assessment of risk. Arising from HM Treasury requirements, external Audit, or cases of private or public sector best practice.
6. To regularly review the completeness and accuracy of the corporate risk register, through discussions with individual managers of the risk under their direct control.
7. To regularly report and offer appropriate assurance or warning to the Chief Executive, the officer Corporate Governance Group and Members on the management of risk throughout the Council.

However, it is acknowledged that it is the responsibility of every manager to implement the Council’s Risk Management Policy and support the group in its activities. Individual managers have responsibility and accountability for identifying, assessing and managing the risks that threaten their area of activity.

Individual responsibilities are detailed in the constitution and the work of this group does not remove or replace the responsibilities listed in the constitution. A summary of the responsibilities from the constitution is attached below.

Epping Forest District Council

Risk Management & Assurance Group Terms of Reference

Responsibilities of the Head of Paid Service

- 1.1 To promote the authority's risk management policy statement.

Responsibilities of the Chief Finance Officer

- 1.2 To develop risk management controls in conjunction with other Chief Officers.
- 1.3 To chair the corporate Risk Management Group.
- 1.4 To arrange appropriate training for staff and Members.

Responsibilities of Chief Officers

- 1.5 To take responsibility for risk management, within their service having regard to advice from the Chief Finance Officer and other specialist officers (eg crime prevention, fire prevention, health and safety).
- 1.6 To ensure that there are regular reviews of risk within their service areas.
- 1.7 To nominate a senior member of staff to represent the service at the corporate Risk Management Group.
- 1.8 To provide guidance to staff on the application and principles of risk management in their service.

Responsibilities of Individuals

- 1.9 To conduct their duties having due regard to the principles of risk management, as set out above, and to seek guidance from their Head of Service where necessary.

Responsibilities of the Finance & Performance Management Cabinet Committee

- 1.10 To propose the authority's risk management strategy and policy statement, on the advice of the Head of Paid Service, the Chief Finance Officer and appropriate Chief Officers, for adoption by the Cabinet.
- 1.11 To advise the Cabinet on proper insurance cover on the advice of the Chief Finance Officer.

Responsibilities of the Audit & Governance Committee

- 1.12 To conduct an annual review of the effectiveness of the Council's arrangements for risk management.

Epping Forest District Council**Risk Management Strategy****Definition**

For the purpose of this strategy, risk is defined as something that may have an impact on the achievement of the Council's objectives and affect service delivery to the community.

Objective

The aims of risk management for the Council are to:

- Use risk management to promote innovation as well as to help secure existing objectives.
- Achieve a systematic, holistic and consistent approach to identifying and analysing risks which will be an integral part of all key management processes, rather than a separate initiative and will be developed using the simplest possible means.
- Embed risk management as an integral part of service, strategic and project planning and decision making.
- Establish an effective and explicit system of risk identification, analysis and control.
- Embed the process within our established business planning process.

Achieving these aims will:

- Contribute to sustainable improvements in services and the achievement of best value.
- Ensure the delivery and continuity of our services.
- Reduce the number and cost of claims arising and improve our ability to defend them.

Organisation

The Finance and Performance Management Cabinet Committee will consider the Council's risk management strategy on an annual basis and recommend it to Cabinet for adoption. The Audit and Governance Committee will monitor and review the effectiveness of the risk management measures put in place. The Director of Finance and ICT has strategic responsibility for risk management and the Finance and Technology Portfolio Holder fulfils the role of Lead Member for risk management.

To assist:

- The Risk Management Group will advise and support in the context of risks likely to have a significant impact on the achievement of the Council's objectives. The representatives on the Risk Management Group from each directorate will champion the risk management process within their directorate.

- Primary responsibility for identifying and managing significant operational and strategic risks arising from their directorate activities lies with the Directors, who should ensure that their teams carry out and record risk assessments where appropriate as a routine part of business planning and management activities.
- Any significant changes in risks and or assessments are to be notified by the relevant champion of that service to the Risk Management Group.
- Directors should notify the Director of Finance and ICT of any significant changes in service provision in order to enable them to ensure that appropriate and adequate insurance is in place.
- The Director of Finance and ICT is responsible, in conjunction with the Council's Insurers, for:
 - Minimising the overall cost of inevitable claims which do arise;
 - Supporting the risk management programme by supplying any advice and data both statistical and anecdotal, to Directors;
 - Facilitating Risk Management training for Directors and Champions;
 - Circulation and review of the Risk Management Strategy;
 - The Chief Internal Auditor is responsible for monitoring the implementation and the effectiveness of the risk management strategy and for monitoring compliance with controls introduced by directorates, as part of the ongoing audit programme. Internal Audit will communicate the management implications during the course of Audits and report to Directors as necessary.

Arrangements

- The Risk Management Group will report annually to the Finance and Performance Management Cabinet Committee to update the Risk Management Strategy. The Audit and Governance Committee will consider the effectiveness of risk management measures annually. Management Board will consider progress on action plans on a monthly basis for "red" risks and on a quarterly basis for "amber" risks.
- Service plans will include operational risks and action plans. The Risk Management Group and the Corporate Governance Group will monitor and review the Corporate Risk Register.
- Risk management training will be provided to Members, Directors, Champions and other senior managers, with the aim of ensuring that they have the appropriate skills necessary to identify, evaluate and control risks associated with the services they provide. Training will be provided through the Finance and ICT Directorate.
- This strategy will be clearly communicated to members and staff and will be subject to review on an annual basis by the Risk Management Group.

Epping Forest District Council

Risk Management Policy Statement

Epping Forest District Council has finite resources and both employees and property of the Council are valuable assets that must be safeguarded. We have a duty to employees and the public to operate in such a manner that the risk of injury and damage to property is minimised so far as is reasonably practicable, thus ensuring our continued ability to deliver services to local residents and the business community.

The Council will take all reasonable measures to protect and preserve all property and other assets and to avoid the risk of injury to employees and the public alike.

The Council will develop its risk management programme to:

- Identify and assess on an ongoing basis the risks to which it is exposed
- Implement the most appropriate and cost effective measures to avoid, minimise and control those risks
- Use efficient and cost effective risk management as a tool in achieving best value across its services
- Comply with legislation

Thus benefiting the whole community.

It is the responsibility of every manager to implement the Council's Risk Management Policy and all managers have responsibility and accountability for identifying, assessing and managing the risks that threaten their area of activity.

All staff must take a proactive part in this initiative, which has the full backing of the Council, its Members and the Management Board.

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Report to the Finance & Performance Management Cabinet committee



**Epping Forest
District Council**

**Report reference: FPM-028-2013/14
Date of meeting: 20 March 2014**

**Portfolio: Finance & Technology
Subject: Quarterly Financial Monitoring**

Officer contact for further information: Peter Maddock (01992 - 56 4602).

Democratic Services Officer: Rebecca Perrin (01992 – 56 4532)

Recommendations/Decisions Required:

That the Committee note the revenue and capital financial monitoring report for the third quarter of 2013/14;

Executive Summary

The report provides a comparison between the original estimate for the period ended 31 December 2013 and the actual expenditure or income as applicable.

Reasons for proposed decision

To note the third quarter financial monitoring report for 2013/14.

Other options for action

No other options available.

Report:

1. The Committee has within its terms of reference to consider financial monitoring reports on key areas of income and expenditure. This is the third quarterly report for 2013/14 and covers the period from 1 April 2013 to 31 December 2013. The reports are presented based on which directorate is responsible for delivering the services to which the budgets relate. The comparison made is to the Revised Budgets that were updated as part of the 2014/15 budget setting process for revenue and the December Capital Programme update report for Capital expenditure.
2. Salaries monitoring data is presented as well as it represents a large proportion of the authorities expenditure and is an area where historically large under spends have been seen.

Revenue Budgets (Annex 1 – 9)

3. Comments are provided on the monitoring schedules but a few points are highlighted here as they are of particular significance. The salaries schedule (Annex 1) shows an underspend of £174,000 or 1.2%. This compares to 0.8% at this time last year.
4. When compared to the Original budget a 0.2% over spend is showing however when the salaries budget was recast the vacancy allowance was removed and actual vacancies to date included plus an allowance was also included for the filling of some of those vacancies during the last quarter. There were also some additional amounts added into

the budget as external funding has been secured to fund additional staffing within the Deputy Chief Executive's Directorate. Overall the budget has reduced marginally by £52,000 from £14.915m to £14.863m for the period to month 9.

5. Savings occurring within the original salaries budget were used to fund a number of agency staff. When the budget is recast it is usual practice to remove these underspends from the salaries budget and create a budget for the agency staff concerned. In order to maintain a consistent approach the related actual expenditure is removed from the salaries monitoring also. The effect is that salaries are now showing an underspend when compared to the revised position.
6. Investment interest levels in 2013/14 are slightly ahead of the revised expectation at quarter 3, but significantly below the prior year. There has been some talk recently about movements in interest rates but it is still unlikely that rates will 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.
7. Development Control income at Month 9 has recovered to the extent that it now exceeds both the prior year actual and revised position for 2013/14. Income from pre-application charges and development control fees are both doing well. January was by far the best month of the financial year so far which is a little unusual and it would be surprising if the full year revised budget was not now exceeded before the end of February.
8. Building Control income was revised down by £73,000 and there are some expenditure savings to offset this but the predicted deficit for this year has increased from £14,000 to £35,000. Given that income is below even the revised position the account will go into overall deficit this financial year. Expenditure is slightly lower than the revised position too so the final outcome probably won't be significantly different than the latest prediction. If the account goes into overall deficit this will position will need to be addressed over the ensuing three year period to ensure the account does not remain in deficit.
9. Hackney Carriage and other licensing income are both below expectations by £6,000 and £4,000 respectively, both income figures were reduced slightly when the revised budgets were compiled and a further small shortfall looks likely.
10. Income from MOT's carried out by Fleet Operations is in line with the revised expectation but income in January was better than expected. The updated target therefore looks likely to be achieved.
11. Local Land Charge income is higher than in the prior year and above the revised estimate which suggests, as last year, income will exceed budget for the year. There is though still significant uncertainty surrounding the future for charging for these services which may or may not be resolved during the financial year.
12. The Housing Repairs Fund shows an underspend of £364,000. However a larger than average proportion of the expenditure is seasonal falling in the winter months. The budgets will be revised shortly and there may be a saving here.
13. Payments to the Waste Management contractor are in line with expectations again in that Payments had been made up to the end of November by the end of December.
14. The budget has been revised taking into account latest expectations regarding Expenditure and Income levels. In a number of cases income has been revised downwards and the actual outturn is likely to be generally in line with this though Development Control Income will be better. The Salary estimates have also been recast and now show an underspend due in part at least to filling vacant posts a little later than anticipated.

Business Rates

15. From 1 April 2013 the Council is entitled to a share of business rates collected so monitoring the amount collectable is now more important than ever.
16. There are two aspects to the monitoring, firstly changes in the rating list and secondly the collection of cash. Changes in the rating list are important as with local retention the overall funds available to authorities will increase or decrease as the total value of the list increases or decreases. The NNDR1 form set out the non-domestic rate estimates for the year and started with a gross yield of £40,208,899 which was then reduced by the various reliefs for charities and small businesses and an allowance for appeals to get to a net rate yield of £31,897,379. At the end of December the net rate yield had reduced by £588,459 and as the Council retains 40% of gains and losses this would mean a reduction in funding of £235,384. The position during quarter 3 has worsened somewhat since the end of quarter 2. Things could improve over the remainder of the year but it is a concern as this district faces a challenge from the Enterprise Zone in a neighbouring district.
17. Cash collection is important as the Council is required to make payments to the Government and other authorities based on their share of the rating list. These payments are fixed and have to be made even if no money is collected. Therefore, effective collection is important as this can generate a cash flow advantage to the Council. If collection rates are low the Council is left to finance these payments from working capital and so has to reduce investment balances. At the end of December the total collected was £29,474,306 and payments out were £23,920,351, meaning the Council was holding £5,553,955 of cash and so the Council's overall cash position was benefitting from the effective collection of non-domestic rates.
18. In summary, at the end of December the reduction in the overall value of the rating list is a cause for concern, but cash collection is going well. There are also a large number of appeals outstanding against rate assessments and these could cause a significant reduction in income.

Capital Budgets (Annex 10 - 16)

19. Tables for capital expenditure monitoring purposes (annex 10 -16) are included for the nine months to 31 December. There is a brief commentary on each item highlighting the scheme progress.
20. The full year budget for comparison purposes is the budget updated in the December Capital Programme review.

Major Capital Schemes

21. The Council is embarking on a House building programme primarily aimed at the development of difficult to let Garage sites. The first phase is due to commence in Waltham Abbey early in the next financial year. Annex 17 gives more detail.

Conclusion

22. The budgets have recently been revised and expected expenditure and income levels adjusted as a result. Recent years have seen underspends on the General Fund budget of £601,000 (2011/12) and £456,000 (2012/13) indications are that the outturn should be closer to the original budget than in the previous two years.
23. The Committee is asked to note the position on both revenue and capital budgets as at Month 9.

Consultations Undertaken

This report has also be presented to the Finance Scrutiny Panel. An oral update will be provided on comments made by the Panel.

Resource Implications

The final outturn is expected to be close to the budget set.

Legal and Governance Implications

Reporting on variances between budgets and actual spend is recognised as good practice and is a key element of the Council's Governance Framework.

Safer, Cleaner, Greener Implications

The Council's budgets contain spending in relation to this initiative.

Background Papers

Various budget variance working papers held in Accountancy.

Impact Assessments

Risk Management

These reports are a key part in managing the financial risks faced by the Council. In the current climate the level of risk is increasing. Prompt reporting and the subsequent preparation of action plans in Cabinet reports should help mitigate these risks.

Equality and Diversity:

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

Where equality implications were identified through the initial assessment No process, has a formal Equality Impact Assessment been undertaken?

What equality implications were identified through the Equality Impact Assessment process?
None

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

DIRECTORATE FINANCIAL MONITORING - SALARIES
DECEMBER 2013 - SALARIES

ANNEX 1

REVISED

<u>DIRECTORATE</u>	<u>2013/14</u>			<u>2012/13</u>		
	<u>EXPENDITURE</u> <u>TO 31/12/13</u>	<u>BUDGET</u> <u>PROVISION</u> <u>(REVISED)</u>	<u>VARIATION</u> <u>FROM BUDGET</u> <u>(REVISED)</u>	<u>EXPENDITURE</u> <u>TO 31/12/12</u>	<u>BUDGET</u> <u>PROVISION</u> <u>(REVISED)</u>	<u>VARIATION</u> <u>FROM BUDGET</u> <u>(REVISED)</u>
	<u>£000</u>	<u>£000</u>	<u>%</u>	<u>£000</u>	<u>£000</u>	<u>%</u>
OFFICE OF THE CHIEF EXECUTIVE	637	641	-0.6	527	527	0.0
DEPUTY CHIEF EXECUTIVE *	1,142	1,144	-0.2	1,073	1,068	0.5
CORPORATE SUPPORT SERVICE DIRECTORATE	1,957	1,965	-0.4	1,867	1,877	-0.5
FINANCE & ICT DIRECTORATE	2,916	2,957	-1.4	2,830	2,842	-0.4
HOUSING DIRECTORATE *	4,018	4,050	-0.8	3,860	3,932	-1.8
ENVIRONMENT & STREET SCENE DIRECTORATE *	2,459	2,473	-0.6	2,485	2,499	-0.6
PLANNING & ECONOMIC DEVELOPMENT DIRECTORATE (Less Building Control)	1,391	1,467	-5.2	1,347	1,353	-0.4
BUILDING CONTROL	169	166	1.8	163	166	-1.8
TOTAL	14,689	14,863	-1.2	14,152	14,264	-0.8

* Agency costs are included in the salaries expenditure.

	13/14 Full Year Budget £'000	Third Quarter			13/14 Variance Budget v Actual		Comments
		13/14 Budget £'000	13/14 Actual £'000	12/13 Actual £'000	£'000	%	
Major expenditure items:							
Grants to Voluntary Groups	127	103	104	82	1	1	Grants carried forward from previous years as committed amount to £42,612, of which £15,690 is still outstanding at the end of Quarter 3. Grants are in line with the profiled budget which are paid out on completion of the project, or in stage payments as work is completed for larger applications. It is therefore inappropriate to make comparisons with previous years.
Voluntary Sector Support	167	153	153	153	0	0	The figures include grants to the CAB and VAEF which are paid twice yearly in 50% instalments in April and October. There have been no increases in the contribution to these organisations in 2013/14, however the VAEF occupy Homefield House and are provided with telephone & network charges for which costs are not fully recovered.
	294	256	257	235			

DIRECTORATE FINANCIAL MONITORING - CORPORATE SUPPORT SERVICES

	13/14 Full Year Budget £'000	Third Quarter			13/14 Variance Budget v Actual			Comments
		13/14 Budget £'000	13/14 Actual £'000	12/13 Actual £'000	£'000	%		
Major expenditure items:								
Building Maintenance	607	292	239	212	-53	-18		Building maintenance works are difficult to forecast but generally work is undertaken in the latter part of the year allowing for preparation work to take place. The full year budget now includes building maintenance expenditure items previously allocated to the Civic Offices, the prior year comparative has been adjusted to reflect this change. Expenditure at the end of quarter 3 is below the profiled budget with £89,550 committed to work which will be completed in the fourth quarter. Despite the additional works required due to the flood, the work programme for the year is expected to be completed and the money spent by the end of the financial year.
	607	292	239	212				

	13/14 Full Year Budget £'000	Third Quarter			13/14 Variance Budget v Actual		Comments
		13/14 Budget £'000	13/14 Actual £'000	12/13 Actual £'000	£'000	%	
Major income items:							
Hackney Carriages	180	145	139	144	-6	-4	The number of applications and renewals for driver and vehicle licenses for quarter 3 has decreased slightly compared to that achieved in quarter 3 in the prior year.
Licensing & Registrations	118	101	97	100	-4	-4	The third quarter of 2013/14 of fee income is broadly in line with both the prior year actual and current year budget spending profile.
Fleet Operations MOTs	213	162	161	181	-1	-1	MOTs are undertaken by the Fleet Operations Unit at Langston Road depot. The reduction in income in quarter 3 compared to the previous year is as a result of the loss of a significant proportion of business from local dealerships, this is reflected in the probable outturn.
Local Land Charges	204	155	156	142	1	0	Local Land Charges income has exceeded the previous year but is on target with the budget to date. There has been an improvement in the housing market which has led to an increase in the number of searches performed.
	714	563	553	567			

	13/14 Full Year Budget £'000	Third Quarter			13/14 Variance Budget v Actual		<u>Comments</u>
		13/14 Budget £'000	13/14 Actual £'000	12/13 Actual £'000	£'000	%	
<u>Major income items:</u>							
Industrial Estates	1,134	1,078	1,062	1,353	-16	-1	Rents from the Industrial units at Brooker Road, Oakwood Hill, Oakwood Hill Workshop units and Langston Road, are slightly below target with the third quarter including income billed in advance for the fourth quarter. The prior year comparative includes back dated rent of £251,000 resulting from reviews in 2012/13. Income from the Langston Road Seedbed Centre is being affected by an increased number of voids.
Business Premises - Shops	1,845	1,845	1,851	1,785	7	0	This income relates to commercial properties which include shops, doctors surgeries, a petrol station and public houses. Income is above target and includes rents billed in advance for the final quarter.
Land & Property	169	70	70	67	0	0	Commission is received from the David Lloyd Centre based on their turnover. Income relating to 2013/14 will be accounted for at the end of the year, but received during the initial part of 2014/15. Other income relates to unappropriated land and wayleaves.
	3,148	2,993	2,983	3,205			

2013/14 DIRECTORATE FINANCIAL MONITORING - PLANNING & ECONOMIC DEVELOPMENT

	13/14 Full Year Budget £'000	Third Quarter			13/14 Variance Budget v Actual		Comments
		13/14 Budget £'000	13/14 Actual £'000	12/13 Actual £'000	£'000	%	
<u>Major expenditure items</u>							
Forward Planning	337	108	93	220	-15	-14	Local Plan expenditure is in line with the profiled budget but lower than the previous year. Expenditure is reliant on decision making at different stages for progression to take place and therefore inappropriate to make comparisons to previous years. The budget required to fund this work in 2013/14 is significantly lower than the original forecast, and is reflected in the probable outturn figure.
	337	108	93	220			
<u>Major income items</u>							
Development Control	615	448	474	387	26	6	Development control income which is profiled on a three year average, has recovered significantly by exceeding both the budget and the previous years actual. Pre-application fee income is at £53,500 which is higher than the full year probable outturn of £45,000 due to the extension in the range of development types by which a fee for pre-planning application advice can be charged.
Building Control Fee Earning	386	296	285	288	-11	-4	Building Control fees are profiled on the average of the previous three years. The income is lower than the probable outturn for 2013/14, but on target with the third quarter of 2012/13. This reduction in activity is due to increased competition from independent buildings inspectors.
	1,001	744	759	675			

2013/14 DIRECTORATE FINANCIAL MONITORING - FINANCE & ICT

	13/14 Full Year Budget £'000	Third Quarter			13/14 Variance Budget v Actual			Comments
		13/14 Budget £'000	13/14 Actual £'000	12/13 Actual £'000	£'000			
							%	
<u>Major expenditure items:</u>								
Information Technology	770	714	705	654	-8	-1	Expenditure is currently inline with the current budget spending profile. The majority of maintenance contracts for systems are paid at the beginning of the year, with only network charges continuing to be paid throughout the year.	
Telephones	179	135	129	125	-6	-4	Expenditure on telephones in the third quarter is in line with the previous year, and marginally below budget pending installation of the new Switchboard.	
Bank & Audit Charges	169	88	88	126	0	0	The expenditure to date in the third quarter includes invoices for two quarters of the BDO Audit fee, with the third quarter due and payable in the fourth quarter and the final quarter being accrued at the year end.	
	1,117	937	922	905				
<u>Major income items:</u>								
Investment Income	427	320	335	385	15	5	Income is slightly better than expected and should exceed the revised position for the year	
	427	320	335	385				

	13/14 Full Year Budget	Third Quarter			13/14 Variance Budget v Actual		Comments
		13/14 Budget	13/14 Actual	12/13 Actual	£'000	%	
	£'000	£'000	£'000	£'000			
<u>Major expenditure items:</u>							
Museum	60	48	51	55	3	6	There are no major in-year variances. The major variance between years is that purchases of artefacts etc. for exhibition purposes are greater than this period last year.

	13/14 Full Year Budget £'000	Third Quarter			13/14 Variance Budget v Actual		Comments
		13/14 Budget £'000	13/14 Actual £'000	12/13 Actual £'000	£'000	%	
		<u>Major expenditure items</u>					
Bed & Breakfast Accommodation	95	71	80	84	9	13	The Homeless Service is still seeing a high demand level from members of the public. Despite this the Homeless Prevention Service will continue to seek to prevent homelessness on a case by case basis. The number of households being placed in Bed & Breakfast accommodation totalled 6 at the end of quarter 3 (Average for first 2 quarters was 7).
<u>Major income items</u>							
Bed & Breakfast Accommodation	107	81	81	82	0	0	

	13/14 Full Year Budget £'000	Third Quarter			13/14 Variance Budget v Actual		Comments
		13/14 Budget £'000	13/14 Actual £'000	12/13 Actual £'000	£'000	%	
<u>Major expenditure items:</u>							
Refuse Collection	1,430	812	818	820	6	1	Timing differences are the cause of variances on publicity and wheeled bin replacements.
Street Cleansing	1,404	839	777	841	-62	-7	The contractor is yet to invoice for summer weed-spraying.
Recycling	3,217	2,057	2,072	1,956	15	1	Due to higher than expected levels of recycling in October and a timing difference on the purchase of clear sacks shows an over-spend at the end of the quarter. This is off-set slightly by under-spends on bring sites and lower than expected contract variation orders.
Highways General Fund	183	125	94	85	-31	-25	Timing differences arise on Tree Maintenance (over-spend) and General Maintenance of street furniture (under-spend).
Off Street Parking	429	331	326	357	-5	-2	The main variance is due to an under-spend on maintenance items.
On Street Parking	0	0	0	217	0	0	Now part of North Essex Parking Partnership.
North Weald Centre	199	157	150	149	-7	-4	Under-spends on Fixed Plant Maintenance account for the variance.
Land Drainage & Contaminated Land	66	47	33	70	-14	-30	Timing differences on the receipt of invoices and the commissioning of works account for the variance.
	6,928	4,368	4,270	4,495			

	13/14 Full Year Budget £'000	Third Quarter			13/14 Variance Budget v Actual		Comments
		13/14 Budget £'000	13/14 Actual £'000	12/13 Actual £'000	£'000	%	
<u>Contract cost Monitoring</u>							
Leisure Facilities:-							
Loughton Leisure Centre	-172	-111	-95	-54	16	-14	} } } } } In year variances relate to the contractor being one month behind in invoicing. This accounts for the difference between actual 12/13 and actual 13/14.
Epping Sports Centre	307	206	180	197	-26	-13	
Waltham Abbey Pool	500	334	289	320	-45	-13	
Ongar Sports Centre	287	192	166	184	-26	-14	
	922	621	540	647			
<u>Major income items:</u>							
Refuse Collection	79	50	29	53	-21	-42	The major variance relates to the Tipping Away payments which are due to be invoiced shortly.
Recycling	2,472	1,664	1,520	1,667	-144	-9	Timing difference in invoicing for Recycling Credits is the main cause of the variance on in-year operations, and against that collected in 12/13.
Off Street Parking	927	688	714	646	26	4	Pay and Display and Season Ticket income are over achieving against estimate, but PCN income is reducing this surplus.
On Street Parking	0	0	0	284	0	0	Now part of North Essex Parking Partnership
North Weald Centre	1,049	905	881	1,080	-24	-3	Rental income is down due to tenants awaiting new leases from Estates Management/Legal clearance before clearing arrears.
	4,527	3,307	3,144	3,730			

	13/14 Full Year Budget £'000	Third Quarter			13/14 Variance Budget v Actual		Comments
		13/14 Budget £'000	13/14 Actual £'000	12/13 Actual £'000	£'000	%	
<u>Major expenditure items:</u>							
Management & General	303	182	169	173	-13	-7	There are under-spends on external printing costs and Professional/Consultants fees.
Housing Repairs	5,722	4,158	3,859	3,843	-299	-7	The underspend relates to the responsive repairs and planned maintenance areas. Responsive repairs are phased evenly over the 12 months as it is unsure as to when they will arise. Planned maintenance is under-spent as valuations are expected in early in the new year in respect of the Gas Servicing Contract.
Special Services	515	316	275	252	-41	-13	The main under-spends are in relation to utility bills.
Interest on Loans	5,532	2,762	2,762	2,773	0	0	Interest is payable on the loans totalling £185.456 million. £31.8 million is due for repayment in March 2022 and is a variable rate loan with remainder due for repayment at annual intervals between March 2038 and March 2042. Any variation to the budget will be due to variations in the variable rate payable.
	12,072	7,418	7,065	7,041			
<u>Major income items:</u>							
Non-Dwelling Rents	875	637	633	636	-4	-1	The shortfall is in relation to the Broadway Market. We are no longer going to receive this rent under the new terms of their lease.
Gross Dwelling Rent	30,966	22,787	22,814	21,945	27	0	The year on year variance due to the annual rent increase. The in year variance is due to increased void levels.
	31,841	23,424	23,447	22,581			

	13/14	Third Quarter		13/14		Comments
	Full Year	13/14	13/14	Variance		
	Budget	Budget	Actual	Budget v Actual		
	£'000	£'000	£'000	£'000	%	
Planned Maintenance Programme	468	211	184	-27	-13	This allocation includes budgets for 30 capital projects being undertaken within the Planned Maintenance Programme. The largest projects include major upgrades of electrical & lighting works and energy conservation works at the Civic Office. Other works include fire safety upgrades, DDA compliant works and environmental improvement works to the Civic Offices. Although the majority of these schemes are progressing well, some of the energy efficiency works and the upgrade of the fire escape stair case have been delayed and are expected to slip into 2014/15. The Planned Maintenance Programme also covers capital works on other Council-owned offices, North Weald Airfield, Chigwell Row Recreation Ground and the Upshire Road shops. Most of these works are expected to be completed by the year end. However, the planned upgrade of the fire escape at the North Weald Airfield Control Tower has been delayed as the tower has recently been designated a listed building. It is anticipated that there will be an underspend in the order of £80,000 to £90,000 over all projects within this section, most of which is likely to be requested as a carry forward although there may be some savings.
Upgrade of Industrial Units	13	2	2	0	0	The planned work to upgrade the roofs on the industrial units at Oakwood Hill is expected to start next financial year, for which there is allocation of £300,000. The actual costs shown in this table relate to the consultant's report completed earlier this year. It is unlikely that any more feasibility work will take place until the results of the tenant consultation has been received and reported to Cabinet. The unspent budget of £11,000 is therefore expected to be carried forward to 2014/15.
Other Capital Investments	1,059	76	51	-25	0	This budget includes £654,000 for the purchase of the lease of the second floor of Bridgeman House, Waltham Abbey; £89,000 for the Bakers Lane toilet block refurbishment works; £35,000 for a new property management system; and £281,000 for three areas of feasibility works. The feasibility works cover new developments; solar energy panels; and the Waltham Abbey swimming pool roof. Negotiations for the lease of Bridgeman House are in hand and, although it is hoped that completion will be achieved by the year end, it is more likely that this will take place in 2014/15. The Bakers Lane toilet refurbishment is complete, for which £51,000 has been paid to date, and the property management system is expected to be purchased by the end of the financial year. Legal work has commenced on preparing and negotiating a Development Agreement for the redevelopment of the Sir Winston Churchill site. Consultants have undertaken feasibility works for solar panels and a report will be presented to Cabinet before further work is undertaken. The feasibility study for the roof at Waltham Abbey Swimming Pool is due to be commissioned but will not take place until 2014/15. It is anticipated that there will be a total carry forward in this section of approximately £50,000 to £60,000 but this would increase to over £700,000 if the Bridgeman House purchase is delayed.
Total	1,540	289	237			

	13/14 Full Year Budget £'000	Third Quarter		13/14 Variance Budget v Actual		<u>Comments</u>
		13/14 Budget £'000	13/14 Actual £'000	£'000	%	
ICT Projects	467	351	347	-4	-1	Overall this budget is broadly on target. However, some slippage has occurred on the replacement of the Council's telephone system which may mean that some of the £295,000 budget will be requested to be carried forward. Other projects progressing include: the completion of the document management system roll out; the core switch replacement scheme; and the development of the Council's wireless network and mobile working facilities. The work planned on the gazetteer/environment & street scene system in this financial year will now be undertaken next year. To compensate for this slippage, additional work identified on the mobile working facilities project, has been brought forward from 2014/15 to 2013/14.
Total	467	351	347			

	13/14 Full Year Budget £'000	Third Quarter		13/14 Variance Budget v Actual		Comments
		13/14 Budget £'000	13/14 Actual £'000	£'000	%	
Waste Management Equipment & Vehicles	313	283	258	-25	-9	The budget of £223,000 for waste collection vehicles has been fully spent on the purchase of two mechanical sweepers. However, the £90,000 budget for waste and recycling containers is underspent to date because the purchase of new bins has been kept to a minimum, pending the re-letting of the new waste management contract. It is likely that this budget will be underspent by the year end and it is estimated that a carry forward of approximately £30,000 to £40,000 to 2014/15 will be requested.
Parking Reviews	202	51	-10	-51	-100	There has been no spending on this budget in the first nine months of this financial year and there is still an outstanding liability relating to the Epping scheme. Although, the Epping parking scheme is complete, the council is yet to be invoiced for works already carried out; a £10,000 budget is available for this. Design work and surveys have now commenced on the Buckhurst Hill parking scheme and the formal consultation process (including planning applications and advertising) is due to be carried out in March/April 2014. The scheme is unlikely to be completed in this financial year and significant slippage is expected on this budget. The parking scheme in Loughton will follow once the Buckhurst Hill scheme is completed, this is expected to start in 2014/15.
North Weald Airfield	74	37	12	-25	-68	This budget is funded from contributions from the airfield's market operator Hughmark. The current position remains unchanged from the last quarter following the decision that the Council is to carry out essential work only in response to a negotiated reduction in Hughmark's capital contributions this year.
Other Environmental works	157	85	64	-20	-24	This category includes £39,000 for the Council's grounds maintenance vehicle replacement scheme; £95,000 for the provision of new and upgraded CCTV systems; and £23,000 for flood alleviation improvement work . Expenditure on grounds maintenance vehicles is in line with the profiled budget but no further spending is expected before the end of the financial year. The programme of CCTV upgrades is in progress and several systems have already been installed including the one at Langston Road Depot. The Loughton CCTV upgrade is being tendered and the contractor is expected to be appointed before the end of the financial year. Slippage on the Loughton system and also the Lower Queen's Road upgrade is anticipated and a carry forward to 2014/15 is likely to be requested. No expenditure has been incurred on the flood alleviation improvement programme although a full procurement exercise is currently under way for the purchase of flood warning telemetry systems equipment. It is likely that the majority of this budget will need to be carried forward.
Total	746	455	324			

	13/14 Full Year Budget £'000	Third Quarter		13/14 Variance Budget v Actual		<u>Comments</u>
		13/14 Budget £'000	13/14 Actual £'000	£'000	%	
Limes Farm Hall Development	11	8	-22	-30	-369	Snagging works at Limes Farm Hall have been completed. The negative actual expenditure relates to unpaid retention monies. A number of building control issues have been identified and remedial actions are in progress. The retention monies will only be released when these issues have been fully addressed.
Waltham Abbey All Weather Pitch	12	12	18	6	46	This budget is showing an overspend. Although work on the pitch surface is now complete, there have been issues with regard to the installation of floodlights on the pitch. These are currently being addressed and it is likely that extra funding will be required to complete this project. The overspend will be dependant on how much of the retention will be released and this is subject to contractual negotiations.
Museum Property Purchase	650	163	0	-163	-100	Funds amounting to £1,165,000 have been secured from the Heritage Lottery Fund for this project of which £495,000 is allocated for the purchase of the lease of the first floor at 37 Sun Street. A three-way negotiation between the Council, Bridgeman and Essex County Council for the lease purchase is in progress and anticipated to be completed by the end of the financial year. Some slippage on this budget is anticipated as it is unlikely that works will commence on this project before the end of the financial year. Approximately £130,000 is expected to be carried forward to the next financial year.
Total	673	183	-5			

	13/14 Full Year Budget	Third Quarter		13/14 Variance Budget v Actual		<u>Comments</u>
		13/14 Budget	13/14 Actual	£'000	%	
	£'000	£'000	£'000			
Housing Estate Off Street Parking	150	68	64	-4	-6	A report on the outcome of current off street parking schemes on housing estates and future schemes was reported to Cabinet on 3 February 2014. Progress is being made on the third and fourth phases of the programme with three schemes already completed. Work on the Harveyfields site is due to start in late February, having been delayed following concerns from British Telecom with regards to their infrastructure on this site. Planning permission has now been submitted for approval for the Parndon House site, where work is expected to be carried out in the next financial year. These schemes are jointly funded between the General Fund and the HRA, and in the past, this has been split based on a 51:49 ratio to reflect the proportion of Council properties compared to the number of Right to Buys across the district as a whole. However, Cabinet has agreed to split the funding on a scheme by scheme basis from 2013/14 onwards. The effect of this change is difficult to assess at present but will be reflected in the Outturn figures and any explanations will be provided as necessary.
Total	150	68	64			

	13/14 Full Year Budget £'000	Third Quarter		13/14 Variance Budget v Actual		Comments
		13/14 Budget £'000	13/14 Actual £'000	£'000	%	
Housing Developments	566	164	160	-4	-2	This budget category includes new housebuilding, conversions and an acquisition. For new housebuilding, see comments on the major schemes schedule (Annex 17). Conversion works include the re-development of Marden Close and Faversham Hall, which are expected to go ahead in the next financial year once planning permission for Faversham Hall is obtained. It has been agreed that these conversions will be funded from the Service Enhancement Budget and there is a budget of £29,000 in 2013/14 for preliminary work. There is a further allocation £254,000 for the acquisition of a property at Pyrles Lane; this is in progress and expected to be finalised in the final quarter.
Heating/Rewiring /Water Tanks	3,282	1,901	2,150	249	13	The overall budget is currently showing as overspent. This is mainly due to the gas heating programme of replacement gas boilers being ahead of schedule where good progress is being made. Conversely, there are underspends on the other budgets in this category, including electrical heating, rewiring and communal water tank replacement. It is anticipated that overall, this category will be underspent by £78,000 at the end of the financial year.
Windows/Doors/Roofing	3,008	2,102	1,556	-546	-26	All budgets in this category are currently underspent. Work on the windows and doors programme was delayed awaiting the outcome of a fire risk assessment. This has now been completed and the replacement programme has been accelerated in order to meet fire precautions guidelines as soon as possible; expenditure is now expected to be roughly on target. On the other hand, roofing budgets are expected to be underspent due to the re-letting of contracts. Portfolio holder approval is being sought for the tiled roof contract and the tender for the flat roof replacement and balcony resurfacing works is expected to be in place by April 2014. Overall, this category is expected to be underspent by £166,000.
Other Planned Maintenance	400	297	90	-206	-70	This category includes Norway House improvements, communal TV upgrades, door entry system installation and energy efficiency works. Improvement works at Norway House are on target but the other two budgets are underspent, particularly the energy efficiency works. These have been put on hold following the withdrawal of the anticipated British Gas ECO grant funding for the external wall insulation programme. Officers are consulting with other utilities companies to secure ECO funding which could be used to fund up to 50% of energy efficiency works. It is anticipated that only £137,000 of the £400,000 available budget will be spent in this financial year.
Kitchen Replacements	850	410	250	-160	-39	The underspend on this budget has occurred as a result of unexpected delays on the contract. The original contractor, appointed in October 2013, withdrew their tender after a number of trial kitchen installations were completed. The need to gain approval and appoint the second contractor delayed the commencement of the programme. Despite this, the planned number of kitchen replacements is still expected to be achieved as about half of the total programmed replacements are being carried out within the voids programme. Approval for a £431,000 virement from this budget to the voids budget was sought at the February Cabinet meeting to reflect the kitchen replacement works carried out within the voids programme.
Bathroom Replacements	1,200	558	280	-278	-50	The planned and ad-hoc bathroom replacement programmes also commenced late in the year with the appointment of two contractors in October 2013. The planned programme will span over three years and see the replacement of non-standard bathrooms in approximately 600 properties on the Limes Farm estate. Progress has been hampered by a number of practical issues, primarily relating to problems of access to the properties and also because works have to be completed in floor order, starting with lower floors. This budget is expected to be £573,000 underspent by the end of the financial year.
Total c/f	9,306	5,431	4,487			

	13/14 Full Year Budget £'000	Third Quarter		13/14 Variance Budget v Actual		Comments
		13/14 Budget £'000	13/14 Actual £'000	£'000	%	
Total b/f	9,306	5,431	4,487			
Void Refurbishments & Other Small Works	1,229	922	1,013	91	10	This budget is overspent as at 31 December 2013. As part of the repairs refresh programme, increased capital improvements including kitchen and bathroom replacements are now being undertaken while properties are void. There has been a significant increase in the number of void numbers since the introduction of the benefit cap within the Welfare Reform Act; this has resulted in a number of tenants downsizing due to under-occupancy. The original budget was increased by £791,000 to accommodate this increase in void works.
Council Estate Parking, Garages & Other Environmental Works	709	294	246	-48	-16	This category includes garages, fencing, off street parking, estate environmental works, environmental improvements, watercourse repairs, CCTV, drainage works, external lighting schemes and Ninefields gas pipeworks. Overall, the category is underspent, mostly due to delays on the Ninefields gas pipework renewal project. This project involves working on National Grid infrastructure and can only be undertaken by approved Lloyd registered contractors. Although originally tendered in November 2013, a re-tendering exercise is currently in progress, which will result in the full allocation of £267,000 slipping into 2014/15. The CCTV upgrade programme has also slipped and some systems have been re-scheduled into next year. Variations between budgets and actuals on the other schemes in this category are relatively small. The off-street parking programme is on target; this scheme is jointly funded between the HRA and General Fund and more information is given on annex 14. The temporary hold on works to garage sites is still in place, pending the confirmation of potential development sites for the house building programme. However, some additional essential emergency works have been identified on some garages, which will result in a small overspend. Underspends in other areas, which are essentially demand led, are expected to offset these overspends to some extent but, overall, this category is expected to be underspent by about £290,000.
Structural & Other Works	600	431	351	-81	-19	Although structural works are currently being carried out at a number of properties, expenditure to date is relatively low and it is likely that the budget will be underspent by the end of the financial year.
Disabled Adaptations	446	320	304	-16	-5	Although this budget is showing a small underspend as at 31 December 2013, work is progressing well and it is expected to be fully spent by the end of the financial year.
Other Repairs and Maintenance	221	133	80	-53	-40	This category includes feasibility studies and asbestos removal, and both areas of work are currently underspent. New projects for feasibility studies have been lower than expected, primarily due to resources being directed towards the new housebuilding project. Asbestos removal works are demand led and will only pick up if asbestos materials are found on Council properties.
Capital Service Enhancements	194	106	72	-33	-32	This category includes all works to be financed from the Service Enhancement Budget in 2013/14, except for the conversions at Marden Close and Faversham Hall, which are covered in the Housing Developments section above. Works include: DDA works to communal toilets; fitting smoke detectors; and installing the Locata computer system & module. DDA conversion works at Barrington Hall are due to start in February with a predicted mid-March finish date. Although the smoke detector & rewiring programme is currently showing an underspend, this budget is expected to be fully spent by the end of the financial year. Progress on the procurement of a review module to complement the existing Locata housing system is on-going and still expected to be purchased this financial year.
Housing DLO Vehicles	82	64	64	0	0	Five vehicles have been bought and no further spending is expected on this budget. The unspent budget is likely to be requested as a carried forward in the next financial year.
Total	12,787	7,701	6,616			

2013/14 DIRECTORATE CAPITAL MONITORING -
Revenue Expenditure Financed from Capital under Statute

	13/14 Full Year Budget £'000	Third Quarter		13/14 Variance Budget v Actual		<u>Comments</u>
		13/14 Budget £'000	13/14 Actual £'000	£'000	%	
Disabled Facilities Grants	330	248	210	-38	-15	Expenditure on Disabled Facilities Grants was low last year due to the reduced number of occupational therapist referrals received at the end of the previous financial year. Essex County Council has now taken action to address the situation and, as a result, there has been a significant increase in the number of referrals received in 2013/14; for example in quarter 3 this year there were 39 referrals compared to 18 over the same period last year. It was established at a meeting with Essex County Council officers in December 2013 that this steady increase in referrals is likely to continue. Despite this, the budget is currently underspent. Although every effort is being made to process and approve the grant referrals as quickly as possible and arrangements are being made for the works to be done quickly, some grant payments will inevitably slip into 2014/15. Any unspent budget will be carried forward to 2014/15 to accommodate this.
Other Private Sector Housing Grants	100	63	73	10	17	This budget covers private sector housing grants approved under the previous system of non-repayable grants for decent homes, small works and thermal comfort assistance. The budget is expected to be fully spent by the end of the financial year when all the works for approved discretionary grants are completed and paid for. The Council now offers financial assistance in the form of repayable loans instead of grants and this is reported on separately in the capital loans section below.
Waltham Abbey Regeneration	35	17	27	10	59	This regeneration initiative started in 2011/12, financed from the £165,000 premium paid by Lidl in respect of 1 Cartersfield, Waltham Abbey. It consists of a number of grants to Waltham Abbey Town Council for various projects. As the projects do not enhance EFDC assets, these grants are now classified as revenue expenditure, although they can be financed from capital resources. The projects are progressing well and three more grant payments have been made this financial year. It is anticipated that the initiative will be completed this year.
Total	465	328	310			

	13/14 Full Year Budget £'000	Third Quarter		13/14 Variance Budget v Actual		<u>Comments</u>
		13/14 Budget £'000	13/14 Actual £'000	£'000	%	
Home Ownership Schemes	375	281	316	35	12	The Open Market Shared Ownership Scheme is now in its second phase and, to date, the Council has provided a total of 10 interest-free loans to B3Living (formerly Broxbourne Housing Association) to enable first time buyers to purchase properties on the open market. Three extra loans have been approved and will be released pending the first time buyers finding suitable properties. This is not expected to happen before the end of the financial year. Any unspent budget will be carried forward to the next financial year. An option of a third phase will be considered when the second phase is successfully completed.
Repayable Private Sector Housing Loans	139	101	55	-46	-46	This scheme offers discretionary loans to provide financial assistance for improving private sector housing stock and replaces the old non-repayable grants scheme referred to above. The initial uptake for loans was low but demand is growing. An overall underspend on this budget is anticipated and it is likely that a request will be made to carry forward any unspent allocation to 2014/15.
Total	514	382	371			

2013/14 HOUSE BUILDING - PACKAGE 1										
Original Start on Site Date	Original Finish Date	Proposed Start on Site Date	Proposed Finish Date	Original Pre-Tender Forecast £'000	Updates £'000	Latest Forecast £'000	Actual Expenditure To Date £'000	Anticipated Outturn £'000	Variance to Original Cost %	Variance to Approved Budget %
Apr-14	Jun-15	Jun-14	Aug-15	3,948	-565	3,383	67	TBA	-14%	N/A

In July 2013 the Housebuilding Cabinet Committee met to consider the Council's Housebuilding Strategy and to agree a report on how the housebuilding programme will be funded as well as the financial appraisals and feasibilities for the schemes to be included in the first phase.

Package 1 centres on Waltham Abbey, on the Roundhills and Harveyfields estates in particular. The principle reason for these areas being the first to be selected was that the Council was successful in securing a grant of £90,000, through a bidding process from the Harlow Growth Area Fund for flood mitigation works to enable development of the former Red Cross Hall site on Roundhills. East Thames, who are the Council's Development Agent, prepared individual feasibility study reports for the five individual sites originally included in Package 1: the former Red Cross Hall site; 3 further garage sites on the Roundhills Estate, Waltham Abbey; and a garage site in Harveyfields. In total, this package was expected to deliver 25 new affordable Council dwellings, subject to planning approval, with the first applications submitted in September 2013.

A financial viability assessment was undertaken for each site individually and collectively as a package and a pre-tender forecast of £3,948,000 was agreed for Package 1 at the Housebuilding Cabinet Committee in July 2013. This forecast covered all five sites originally included in Package 1. However, the forecast has been re-assessed and revised down to £3,383,000 since the withdrawal of one of the Roundhills sites, which reduces the overall number of new affordable Council homes to 23 in Package 1. These costs are subject to tender, so the forecast will need be updated again after the scheme is tendered in March 2014.

Subject to planning approval, it is now anticipated that the first phase will be tendered using the East Thames Framework Agreement and that work will commence on site in June 2014. If these timescales are achieved, the first phase of the housebuilding programme is expected to be completed by August 2015.

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