

EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Finance and Performance Management Cabinet Committee **Date:** Thursday, 19 March 2015

Place: Committee Room 1, Civic Offices, High Street, Epping **Time:** 7.00 - 7.50 pm

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

Other Councillors: Councillors

Apologies: A Lion and J Philip

Officers Present: R Palmer (Director of Resources), McNamara (Procurement Manager) and R Perrin (Democratic Services Assistant)

47. Substitute Members (Council Minute 39 - 23.7.02)

The Cabinet Committee noted that Councillor Waller was a substitute for Councillor Lion at this meeting.

48. Declarations of Interest

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

49. Minutes

RESOLVED:

That the minutes of the meeting held on 19 January 2015 be taken as read and signed by the Chairman as a correct record.

50. Key Performance Indicators 2014/15 (Q3 Performance) & 2015/16 (Targets)

The Director of Resources presented report on the Quarter 3, Key Performance Indicators 2014/15 and targets for 2015/16.

The Director of Resources reported that pursuant to the Local Government Act 1999, the Council was required to make arrangements to secure continuous improvement in the way in which its functions and services were exercised, having regard to a combination of economy, efficiency and effectiveness. As part of the duty to secure continuous improvement, a range of Key Performance Indicators (KPI) relevant to the Council's service priorities and key objectives, were adopted each year. Performance against the KPIs was reviewed on a quarterly basis.

A range of thirty-six Key Performance Indicators (KPI) was adopted for 2014/15 in March 2014. The KPIs were 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

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KPIs was 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.

As part of the overview and scrutiny review undertaken in 2013/14, changes had been made with effect from the current municipal year, where the existing scrutiny panels (Finance and Performance Management, Housing, Planning Services, Safer, Greener, Cleaner) were now responsible for the review of the quarterly performance against specific KPIs within their areas of responsibility. This was rather than all indicators being considered by the Finance and Performance Management Scrutiny Panel.

The overall position with regard to the achievement of target performance for all the KPIs at the end of 31 December 2014 were that 26 (72%) indicators had achieved the cumulative third-quarter target, 10 (27%) indicators had not achieved the cumulative third-quarter target, although 1 (3%) of these KPI had performed within the agreed tolerance for the indicator and 29 (81%) of the indicators were currently anticipated to achieve the cumulative year-end target.

The Director of Resources advised that the Finance and Performance Management Scrutiny Panel had not put forward any further considerations for the Cabinet Committee. The Cabinet Committee were also advised that KPI RES001, Sickness absence (days) was unlikely to meet the year end target because of high levels of sickness in the winter period along with national reports indicating that the Flu vaccinations had not been effective; KPI RES002, Invoice payments were not likely to improve this year but improvements in this process were being implemented in 2015/16; and RES004, NNDR Collection was slightly behind because of the Governments introduction of payments being spread over 12 months rather than 10.

The continued relevance of the existing KPI's set for 2015/16 had been considered by Management Board and the measures were considered appropriate for the ongoing evaluation of relevant performance factors, with some changes which included 3 indicators being deleted as they were no longer carried out by EFDC or were ineffective; 3 new indicators had been added to replace one of the deletions; and 3 indicators required their definitions to be revised to facilitate benchmarking or to comply with new Government guidance.

The Cabinet Committee commented on KPI RES005, Benefits reducing the target from 25 days to 22 days for 2015/15 and whether it was possible to make a further reduction if the current performance was 21.63, whilst concerns were also raised on whether the target was working days or not and how this could likewise affect the performance. The Director of Finance could not confirm whether the target was working days or not without consulting the relevant officer. Councillor Stallan asked that subject to the answer, he would like working days to be added to the description.

Resolved:

- (1) That the performance in respect of the third quarter of 2014/15 in relation to the Key Performance Indicators be noted; and
- (2) That the proposed Key Performance Indicators and targets for 2015/16 be agreed subject to the addition of working days to the description of KPI RES005 Benefits if required.

Reasons for Decisions:

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

A number of KPIs were used as performance measures for the Council's key objectives. It was important that relevant performance management processes were in place to review and monitor performance against the key objectives, to ensure their continued achievability and relevance, and to identify proposals for appropriate corrective action in areas of slippage or under performance.

Other Options Considered and Rejected:

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

51. Quarterly Financial Monitoring

The Director of Resources presented the Quarterly Financial Monitoring report for the period 1 April to December 2014, which provided a comparison between the original and revised budgets for the period ended 31 December 2014 and the actual expenditure or income. The report provided details of the revenue budgets for both the Continuing Services Budget and District Development Fund and the capital budgets, including details of major capital schemes.

The Cabinet Committee noted that the Salaries budget showed an underspend of £164,000 or 1.1%. The pay award had now been agreed and implemented from 1 January 2015 so the underspend would probably reduce going forward. Three of the five directorates were currently showing an underspend, the most significant in monetary terms being £77,000 in Governance which related mainly to the Estates Division; Resources showed an underspend of £75,000 which related to a number of areas the most significant being Revenues and the remaining variances were relatively insignificant. Investment interest levels in 2014/15 were slightly above expectations at quarter 3, due to an increase in surplus cash available for investment although there was still no clear indication when rates might improve.

Within the Governance Directorate, Development Control income was £82,000 higher than budgeted and pre-application charges were £16,000 higher. Building Control income was £18,000 higher than budgeted and the ring-fenced account was showing an in-year surplus of £18,000 resulting in a surplus of around £30,000 compared to the original budget, which had predicted a deficit of around £40,000.

Within the Neighbourhoods Directorate, the Hackney Carriage income was £2,000 above expectations and other licensing was in line with the budget. The income from MOT's carried out by Fleet Operations was in line with the revised position. The Local Land Charge income was in line with revised expectations at the end of December but there was still significant uncertainty surrounding the future charging for these services which may or may not be resolved during the financial year. From the start of the new waste management contract recycling credits were paid only on dry recycling and at the end of December credits for November had been invoiced which was a marked improvement on the situation earlier in the year. The final payment to the previous Waste Management contractor was still under negotiation as there were some issues with vehicle damage at the end of the contract and payments to the new contractor were in line with expectations. Payments to the Leisure Management contractor were two months behind as expected.

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Within the Communities Directorate, the Housing Repairs Fund was showing an underspend of £79,000, but the full year budget was likely to be fully spent.

The Director of Resources reported that this was the second year of operation for the Business Rates Retention Scheme whereby a proportion of rates collected were retained by the Council. At the end of December 2014 the decrease in the overall value of the rating list was a concern but cash collection was still going well and with the Council entering into an Essex Business rates pool from 2015/16 this would reduce the risk further.

There were two projects included on the Major Capital Schemes schedule relating to the Museum redevelopment and House Building programme. The House Building scheme was a concern because of the risk of having to repay the Government any unspent 1-4-1 Right to Buy capital receipts and the possible loss of some or all of the HCA Affordable Housing Grant.

In conclusion, the Director of Resources stated that with regard to revenue, income was up on expectations and was expenditure down. The increased income levels were very much welcome, and appeared to provide some evidence of the economic recovery. The expenditure being below budget was not surprising as expenditure was usually heaviest in the final quarter and the Council had experienced revenue underspends consistently over the last few years.

Councillor Stallan advised that the Assistant Director (Housing Property and Development) was aware of the tight timescale for the Housing Building programme and reassured the Cabinet Committee this would be monitored.

Resolved:

(1) That the Quarterly Financial Monitoring Report for the period April to 31 December 2014 be noted.

Reasons for Decision:

To note the third quarter financial monitoring report for 2014/15.

Other Options Considered and Rejected:

No other options were available.

52. Corporate Risk Update

The Director of Resources presented a report regarding the Council's Corporate Risk Register.

The Corporate Risk Register had been considered by both the Risk Management Group on 23 February and Management Board on 25 February 2015. These reviews identified amendments to the Corporate Risk Register but no additional risks or scoring changes. They included;

(a) Risk 1 – Local Plan

Key dates within the risk had been updated to reflect the current position. The consideration of hiring a PR firm to assist with the delivery of the next statutory consultation had been added as a Required further management action.

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(b) Risk 2 – Strategic Sites

The Risk Owner had been amended from Colleen O'Boyle to Derek Macnab as this now fell within Neighbourhoods Directorate. The Effectiveness of controls/actions had also been updated with the identified sites to advise the progress to date.

(c) Risk 4 – Finance Income

The Vulnerability had been amended due to the possible changes to government policy for New Homes Bonus and the local retention of NDR after the general election in May 2015. The key date had also been amended to 7 May 2015.

(d) Risk 5 - Economic Development

The Risk Owner had been amended from Colleen O'Boyle to Derek Macnab. The Effectiveness of controls/actions had been amended to advise that it was too early to establish the effectiveness of the new management and posts.

(e) Risk 6 - Data/Information

The Risk Owner had been amended from Bob Palmer to Colleen O'Boyle. Two additional Required further management actions had been added. These were the consideration for the purchase of a new system for handling Data Protection and Freedom of Information requests and that data sharing and fair processing notices be reviewed and standardised.

The Cabinet Committee felt that an additional risk should be added regarding the House Building Programme and concern around the risk of having to repay the Government any unspent 1-4-1 Right to Buy capital receipts and the possible loss of some or all of the HCA Affordable Housing Grant. The Director of Resources advised that he would have to consider where this new risk would be placed on the risk register.

Recommended:

- (1) That Risk 1 – Local Plan be updated with the Key dates and an additional Required further management action;
- (2) That Risk 2 - Strategic Sites be updated in the Effectiveness of controls/actions and the change in Risk Ownership to Derek Macnab;
- (3) That Risk 4 – Finance Income be updated to include vulnerability and Key dates;
- (4) That Risk 5 – Economic Development be updated in the Effectiveness of controls/actions and the change in Risk Ownership to Derek Macnab;
- (5) That Risk 6 – Data/Information be updated to include an additional Required further management action and the change of Risk Ownership to Colleen O'Boyle;
- (6) That a new Risk be added to the Corporate Risk Register for the House Building Programme;
- (7) That the amended Corporate Risk Register be recommended to Cabinet for approval;

(8) That the updated Risk Management Strategy and Policy Statement be recommended to Cabinet for adoption; and

(9) That the updated Terms of Reference of the Risk Management Group be noted.

Reasons for Decisions:

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

Other Options Considered and Rejected:

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

53. Procurement Strategy 2015-20

The Procurement Manager presented a report on the Procurement Strategy for 2015-20. The current strategy was due to expire at the end of March 2015 and was in need of reviewing. The new Procurement Strategy for 2015-20 had been updated to reflect how procurement could support the delivery of the Council's new Corporate Plan 2015-2020 as well as including the recent Public Contract Regulations 2015 that would have a major impact on all public procurement over the coming years.

The Procurement Manager advised that other authorities had fallen foul by not following procurement procedures and this had resulted in contracts being challenged and damages being payable. This Council had a robust policy and would continue to use the best practice procurement approaches and processes which were supported by the Council's Corporate Plan. This ensured the Council had appropriate resources to fund the statutory duties and appropriate discretionary services whilst keeping Council Tax low and adopting a modern approach to the delivery of the Council's service to make sure that they were efficient, effective and fit for purpose.

The Public Contract Regulations 2015 came into effect from 26 February 2015 and implemented the 2014 EU Public Sector Procurement Directive and a number of new reforms which included the following;

(a) abolition of a pre-qualification stage for procurements below the EU thresholds (£172,514), and a requirement to have regard to guidance on qualitative selection issued by Cabinet Office for above EU threshold procurements;

(b) a requirement for contracting authorities to insert provisions in all public contracts to ensure prompt payment through the supply chain;

(c) the requirement to advertise as many public sector opportunities in one place (Contracts Finder), and to publish award notices for contracts and call-offs from framework agreements.

Furthermore all contract opportunities over the value of £25,000 were now required to advertise on the Government's website, Contracts Finder and the Public Contract Regulations 2015 also implemented the 2014 EU Public Sector Directive into UK Law. The law was designed to open up the EU's public procurement market to

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competition, to prevent 'buy national' policies and to promote the free movement of goods and services.

Finally the Procurement Manager advised that the Council currently procured 30% of services from local businesses and 57% of these were small to medium sized businesses.

Councillor Waller enquired about the Procurement Hub usefulness. The Procurement Manager advised that the expertise was available when required and had been paid for through rebates and a national framework with around £200,000 of savings produced in 2013/14.

Recommendation:

(1) That the updated Procurement Strategy be recommended to Cabinet for approval.

Reasons for Decision:

The Council was nearly at the end of the period covered by the current Procurement Strategy, and before it expires an updated strategy needed to be adopted to guide work in this important area.

Other Options Considered and Rejected:

Members were invited to consider and amend as appropriate the attached draft Procurement Strategy 2015-2020, to either increase or reduce the relative importance of any of the issues covered in this strategy, or indeed to introduce any additional elements.

54. Any Other Business

It was noted that there was no other urgent business for consideration by the Cabinet Committee.

55. Exclusion of Public and Press

The Cabinet committee noted that there were no items of business on the agenda that necessitated the exclusion of the public and press from the meeting.

CHAIRMAN