

EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Finance and Performance Management Cabinet Committee **Date:** Thursday, 23 January 2020

Place: Council Chamber - Civic Offices **Time:** 7.00 - 7.31 pm

Members Present: Councillors J Philip, C Whitbread (Chairman), S Kane and A Lion

Other Councillors: Councillors N Bedford and I Hadley

Apologies: S Stavrou and H Whitbread

Officers Present: A Hendry (Senior Democratic Services Officer), P Maginnis (Service Director (Business Support Services)), J Nolan (Service Director (Commercial & Regulatory Services)) and R Perrin (Democratic Services Officer)

28. Webcasting Introduction

The Chairman reminded everyone present that the meeting would be broadcast live to the Internet and that the Council had adopted a protocol for the webcasting of its meetings.

29. Substitute Members

The Committee noted that Councillor A Lion would substitute for the Councillor H Whitbread for the duration of this meeting.

30. Declarations of Interest

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

31. Minutes

RESOLVED:

That the minutes from the meeting held 14 November 2019 were read and signed as a correct record by the Chairman.

32. Finance Strategy

The Interim Strategic Director (Finance), N Dawe introduced a report on the draft financial strategy for 2020/21 which included;

- the Medium-Term Financial Strategy of the Authority;
- the Budget for 2020/21;
- Prudential Indicators; and
- the proposed Council Tax Increase.

These items were linked and formed around the aim of delivering a sustainable growth strategy and acting prudently throughout the future planning period. The final

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figures were awaiting the Government's announcements and allowed for a cumulative net impact of £500,000 on the direction of the Leader and in consultation with the Portfolio Holder for Finance and the Section 151 Officer. Any adjustments that required a value more than £500,000 would be brought back to the Cabinet before being agreed by the Council on 25 February 2020.

The Interim Strategic Director gave further details on the following elements of the Financial Strategy;

Medium Term Financial Strategy

- The prudent estimates in the Medium Term Financial Strategy, particularly in respect of inflation of cost, charges and fees, and the aim to maintain the financial strength of the Council had been evidenced by the reserve balances and would be broadly maintained throughout the MTFS period; and
- There would be an increased importance on the income from Qualis in respect of the MTFS and the budget.

Budget 2020/21

- That the approach to cost and income inflation would be 3.0%;
- That rents would increase as per the national formula by 2.7%;
- That car parking income would not rise and awaited the outcome of the parking review;
- That there was a confirmed list of developments for which funding would be released on implementation, with details on how they would be prioritised and grouped;
- That the General and HRA capital spend was £26,171,528 with the Council House Building Programme and the Accommodation Strategy being the largest projects planned;
- That the loans to Qualis totalled up to £160m in 2020/21, which were reliant on income from Qualis and the prudent reduction of the estimates in the first year of operation; and
- That the overall funding adjustments for District Development Fund (DDF), savings and contingency were a net draw from DDF of £1,774,906 (£2m forecast last year), £500,000 of savings and the formation of a contingency fund which assumed a spend of £1,095,540.

Prudential Indicators

- That the Council intended keeping the financial strength of the Council at current levels;
- That the impact of taking and granting loans to Qualis would have a margin of profit for the Council;
- That there was a general risk price approach to the loans granted to Qualis; and
- That the full set of prudential indicators along with the Treasury Strategy would be presented to the Full Council on 25 February 2020.

Council Tax Increase

- That council tax would increase by 1.5% which was half of the predicted inflation rate for 2020/21; and
- That the options to cease or reduce council tax rates existed although there was an accepted Government expectation on what should be raised from council tax.

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There would be further minor adjustments made in the coming weeks before the budget was put to the Council for approval on 25 February 2020. Furthermore, the balance sheet for the MTFS would be made available shortly, as there had been significant changes expected in asset ownership , loans and other balance sheet items before it was present to Council.

Councillor J Philip commented that under Efficiency, Effectiveness and Economy in the MTFS, clarification was required, as it appeared to suggest savings generated through a reduction in staff, rather than efficiencies and that it should read a minimum of 0.25%. Secondly, he felt that under Income- Housing Rents, it should be noted that the Council had only increased the housing rents by CPI and not CPI plus 1%. The Interim Strategic Director confirmed that the staff efficiencies had already occurred and that the Council had only applied the CPI following discussions with officers and members, which could be highlighted in the report to Council.

Councillor A Lion asked how the Council would be dealing with the general risk of the downturn in the High Street economy. The Interim Strategic Director advised that the Council was awaiting details from the national budget and if there was a major change, it would be expected that there would be some sort of compensatory system.

The Interim Strategic Director advised that in conclusion, the budget had been achieved through the changes to the staff and management structure, the proposed developments that were inline with the Corporate Plan and the income receipts from Qualis being linked to developments. Therefore the more successful Qualis was, the more developments would be produced.

RESOLVED:

The Committee noted the following;

1. That the Financial Strategy of the Council had been further developed and consisted of the MTFS, the Budget 2020/21, the Prudential Indicators and the Council Tax, which would be subject to Government announcements and final due diligence;
2. That the Financial Strategy allowed for controlled changes as a result of receiving later and better information, i.e. they allow for this level of final change before presentation of the Financial Strategy to the Full Council on 25 February 2020, adjustments with a cumulative net impact of £500,000 could be made on the direction of the Leader in consultation with the Portfolio Holder for Finance and the Section 151 Officer and would be reported back to the Cabinet; and
3. That any adjustments to the papers with a value more than £500,000 would be brought back to the Cabinet.

In regards to the Medium Term Financial Strategy;

- (i) The prudent estimates in the Medium Term Financial Strategy, particularly in respect of inflation of cost and charges and fees and the aim to maintain the financial strength of the Council as evidenced by reserve balances were broadly maintained throughout the period; and
- (ii) That there was an increased importance of the income from Qualis in

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respect of the Medium Term Financial Strategy and the budget.

In regards to the Budget 2020/21

- (i) That the approach to cost and income inflation would be 3.0%, rents would rise per the national formula by 2.7% and car parking income would not rise at all pending the outcome of the review;
- (ii) That the outlined 2020/21 budget be noted
- (iii) That the list of developments for which funding would be released on implementation and how they were prioritised and grouped be confirmed;
- (iv) That the general and HRA capital spend of £26,171,528 in total with the House Building Programme and the Accommodation Strategy being the largest project planned be noted;
- (v) That the loans to Qualis would total up to £160m in 2020/21; and
- (vi) That the overall funding adjustments for District Development Fund and savings and contingency were as set out, i.e. a net draw from DDF of £1,774,906 (£2m forecast last year), £500,000 of savings, the formation of a contingency fund assumed spent of £1,095,540.

In regards to the Prudential Indicators

- (i) That the intention was to keep the financial strength of the Council at current levels;
- (ii) That the impact of taking loans and onwardly granting loans to Qualis with a margin of profit for the Council be noted;
- (iii) That the general risk price approach to the loans granted to Qualis be noted; and
- (iv) That the full set of prudential indicators along with the Treasury Strategy would be presented to Council 25 February 2020.

In relation Council Tax Increase

- (i) That the council tax would be increased by 1.5% (half the predicted inflation rate) for 2020/21 and that this was below the prevailing rate of inflation and the impacts on council tax base; and
- (ii) That in 2021/22 the options to cease or reduce council tax rates existed although the Government expectation on what should be raised from council tax had be noted.

Reason for decision:

To ensure strategies were linked, robust and challenged.

Options Considered and Rejected:

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A variety of options and priorities were considered during the budget setting process.

The papers form a set that showed how the Medium-Term Financial Strategy of the Authority, the Budget for 2020/21, the Prudential Indicators and the proposed Council Tax Increase were linked and were formed around the aim of delivering a sustainable growth strategy and acting prudently throughout the planning period.

33. Corporate Plan - Performance Exception Report Quarter 3 2019/20

The Service Director (Business Services), P Maginnis reported on the Quarter 3 performance in relation to the Key Performance Indicators & Work Programmes within the Corporate Plan. She advised that the performance measures had been streamlined to enable improved focus on how Corporate Objectives were being met. The Corporate Plan Quarterly Reporting provided details on an exception basis for Amber and Red RAG Ratings or items worth noting.

The Service Director reported the following updates;

Stronger Communities

- Increased Customer Satisfaction – The target originally set had been 75%, which had been increased to 80% and the actual target achieved was 83%.
- Improved Customer First Contact – The annual target had been set at 45% but the actual was currently 40.17%. The Contact Centre had taken on other services areas and hoped to achieve the target by the end of the financial year, following the increased improvement of 4.56% in the last quarter.

Stronger Place

- To deliver the Council Housebuilding Programme/Building or acquiring new affordable properties in the District – Phased 2 had been completed and progress was being made on phases 3 and 4 in 2020.
- Local Plan Programme – A member working group had been established to assist with the issues concerning the Habitats Regulation Assessment and what progression the Council could make, whilst awaiting the Main Modifications and further direction from the Planning Inspector.
- St John's Road Programme – The target had only been missed due to the delay in the Cabinet meeting, which had been because of the General Election in December 2019.

Stronger Council

- People Strategy Programme – There had be a number of work streams which would be completed by the end of the financial year and a new strategy would be presented from 1 April 2020. Furthermore, the Stronger Council Select Committee had requested a workshop on the new structure that would be presented to the Cabinet and Overview and Scrutiny Committee.
- Accommodation Strategy Programme – There were a number of working groups involved and the Decant Strategy and full ICT surveys would establish further requirements of the Civic Offices.

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The Strategic Projects Portfolio Holder raised concerns about the low target set for the Improved Customer First Contact and it not being achieved. The Service Director advised that a Customer Strategy had recently been adopted and training was being provided to staff, to ensure that as many customer enquiries at first point of contact could be resolved.

Councillor I Hadley enquired about the number of staff in the Customer Contact Centre, their response time and whether there was any second line dedicated support officers. The Service Director advised that there were the equivalent of 15 full time members of staff in the Customer Contact Centre and response timelines had been set out in the Customer Strategy. The Customer Contact Officers did not have any second line support as any enquiries they could not resolve, were passed onto the relevant technical officer.

The Community & Partnership Portfolio Holder asked whether an update could be given on the Council Housebuilding Programme - Phase 2, Burton Road, Loughton. The Service Director advised that this phase had now been completed.

The Planning Services Planning Portfolio commented that the target for mid June 2020, for the consultation on the main Modifications in the Local Plan Programme, could possibly slip due to the Planning Inspector advising that her schedule was very busy. Also the comments sections for the St John's Road Programme appeared to be missing some text.

RESOLVED:

That the Quarter 3 Performance in relation to the Key Performance Indicators & Work Programmes within the Corporate Plan be noted.

34. Interim Council & Community Plan 2020

The Service Director (Business Services), P Maginnis advised that since the introduction of the Council's Corporate Plan 2018/23, the Council had moved forward significantly in terms of planned development and aspirations for the future.

The interim plan provided an overview of the achievements of the Council against its key aims and objectives stated in the 2018-2023 Corporate Plan, which identified a 100% success rate in delivery. The interim Council & Community Plan 2020 had been considered by the Stronger Council Select Committee on 14 January 2020.

The Planning Service Portfolio Holder advised that the item under Stronger Communities, 'Supporting the provision of improved health services through the relocation of Princess Alexandra Hospital enabling the building of the new Hospital in Epping Forest on junction 7a of the M1', was highly unlikely to be achieved within 2020, although some progress was likely as the site had been included within the Local Plan. Furthermore, under Stronger Place the figures relating to the Council's aimed delivery of 12,000 new homes should be 11,400 and by 2033 not 2025.

RESOLVED:

That the Committee noted the Interim Council and Community Plan for 2020 with the amendments stated above.

35. Risk Management - Corporate Risk Register

The Service Director (Commercial and Regulatory) J Nolan reported that this would be the final Corporate Risk Register to be reported to Finance & Performance Management Cabinet Committee. Future reports would be made to the Audit & Governance Committee which would bring the Council's reporting in line with CIPFA guidance for effective Audit Committees.

The current Corporate Risk Register had been reviewed by the Risk Management Group on 8 January 2020 and had been produced in a new format which incorporated both the gross (before controls were applied) and net risk (after controls had been applied). This ensured that the direction of travel for each risk was more transparent and that risk mitigations were working as intended. The colour coding focussed attention on the highest scoring risks and the use of the 'if then' format, which would improve the articulation of the risks.

The review had resulted in amendments to five risks, removal of one risk and three new risks being added to the Risk Register. These were as follows;

Risk 1 Local Plan – During the last review of the Corporate Risk Register, the Committee requested that elements relating to delays in issuing Planning Permission should be shown as a separate risk. The new risk was presented as Risk 14. The Risk Management Group scored the remaining Local Plan risk B1 High Likelihood/Major Impact, which had reduced from the previous A1 score. This decision had been made as the Local Plan had been through the hearing phase and work was ongoing to undertake the Inspector's advice.

Risk 2 Strategic Sites – The majority of sites listed within the Strategic Sites risk had either been completed or were to be transferred to Qualis and it was felt that the risk should be removed.

Risk 5 Economic Development – The existing risk control had been updated to include the completion of the consultation with Stakeholders and a report would be presented to Cabinet on 6 February 2020. This would seek approval for the development of an Action Plan and related resource requirements, changing the key date to 6 February 2020

Risk 7 Business Continuity – The effectiveness of control had been updated to advise that the Business Continuity plans were largely completed. These plans would be reviewed and help develop a test exercise, which was planned for February 2020. The updated key date was now 19 February 2020.

Risk 10 Housing Capital Finance – The effectiveness of control had been updated to advise that a consultant had been engaged to utilise receipts before the deadline of the financial year end. The required further management action stated that there would be monthly meetings to monitor cash flow and the risk owner had changed to Deborah Fenton (Service Manager Housing Management and Home Ownership).

New Risk 14 Delays in issuing Planning Permission – A new risk had been developed for the specific delays in issuing Planning Permission caused by objections relating to the impact of development on air quality within the Epping Forest Special Area of Conservation. The risk had been scored A1 Very High Likelihood/Major Impact as the consequences of the risk included loss of New Homes Bonus and restricted Business Rates tax base growth.

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New Risk 15 Climate Emergency – Audit and Governance Committee asked for a risk to be developed to capture the risk following the Council's declaration of a climate emergency and an aim to become carbon neutral by 2030. The Risk had been scored B2 High Likelihood/Moderate Impact.

New Risk 16 Accommodation Project – The Accommodation Project risk detailed the individual elements of the project, with each element being given an individual risk score. The risk was presented in a new format which would be applied to all Corporate and Service Risks.

The Planning Services Portfolio Holder asked for 'Reputation damaged' under the Consequences section for Risk 14 – Delays in Issuing Planning Permission, to be moved to the top and that some form of mitigation be determined. Furthermore in relation to Risk 15 – Climate Emergency, the Consequences section should include failure to deal with the issues effectively, impacting on the Special Area of Conservation.

Councillor I Hadley asked why Qualis had not been placed in the Corporate Risk Register, following recommendations from the Audit & Governance Committee on 27 November 2019. The Service Director (Commercial and Regulatory) advised that Qualis was a separate company and this was the Council's Risk Register, therefore Qualis would determine their own Risk Register. The Leader advised that there would be a report on the governance arrangements for Qualis coming to the next Cabinet meeting on 6 February 2020. In addition, the Planning Services Portfolio Holder advised that this issue could be included in the Risk Register in regards to failure to deliver and the Council relying on the funds from Qualis for future budgets.

RESOLVED:

- (1) That the new wording and score for Risk 1, Local Plan be updated;
- (2) That Risk 2, Strategic Sites be removed;
- (3) That the existing control and key date for Risk 5, Economic Development be updated;
- (4) That the effectiveness of control and key date for Risk 7, Business Continuity be updated;
- (5) That the effectiveness of control, required further management action and the risk owner for Risk 10, Housing Capital Finance be updated;
- (6) That a new Risk 14, Delay in issuing Planning Permission be included in the Corporate Risk Register;
- (7) That a new Risk 15, Climate Emergency be included in the Corporate Risk Register;
- (8) That a new risk 16, Accommodation Project be included in the Corporate Risk Register;
- (9) That the updated risk register format for future Corporate and Service Risk Registers be noted;
- (10) That the future reporting of the Corporate Risk register would be made to Audit & Governance Committee;

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(11) That the Cabinet comments above in relation to Risks 14, 15 and Qualis be included in the Corporate Risk Register;

RECOMMENDED:

(12) That the updated Corporate Risk Register be recommended to Cabinet for approval.

Reasons for Decision:

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 such as the scoring to existing risks.

36. Any Other Business

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

CHAIRMAN

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