

## Select Committee Agenda



### **Resources Select Committee Monday, 14th December, 2015**

You are invited to attend the next meeting of **Resources Select Committee**, which will be held at:

**Committee Room 2, Civic Offices, High Street, Epping  
on Monday, 14th December, 2015  
at 7.30 pm .**

**Glen Chipp  
Chief Executive**

**Democratic Services  
Officer**

A Hendry, Directorate of Governance  
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#### **Members:**

Councillors G Mohindra (Chairman), P Keska (Vice-Chairman), K Angold-Stephens, N Bedford, S Kane, H Mann, A Mitchell, A Patel, S Watson and J M Whitehouse

**SUBSTITUTE NOMINATION DEADLINE:**

**18:30**

**1. APOLOGIES FOR ABSENCE**

**2. SUBSTITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)**

(Director of Governance) To report the appointment of any substitute members for the meeting.

**3. NOTES OF THE LAST MEETING (Pages 5 - 16)**

To agree the notes of the last meeting held on 13 October 2015.

**4. DECLARATIONS OF INTEREST**

(Director of Governance). To declare interests in any items on the agenda.

In considering whether to declare a pecuniary or a non-pecuniary interest under the Code of Conduct, Overview & Scrutiny members are asked pay particular attention to

paragraph 11 of the Code in addition to the more familiar requirements.

This requires the declaration of a pecuniary or non-pecuniary interest in any matter before an OS Committee which relates to a decision of or action by another Committee or Sub Committee of the Council, a Joint Committee or Joint Sub Committee in which the Council is involved and of which the Councillor is also a member.

Paragraph 11 does not refer to Cabinet decisions or attendance at an OS meeting purely for the purpose of answering questions or providing information on such a matter.

**5. TERMS OF REFERENCE AND WORK PROGRAMME (Pages 17 - 22)**

(Chairman/Lead Officer) the Overview and Scrutiny Committee has agreed the Terms of Reference of the Committee. This is attached along with an ongoing work programme. Members are invited at each meeting to review both documents.

**6. DRAFT GENERAL FUND CSB AND DDF LISTS AND SAVINGS UPDATE (Pages 23 - 32)**

(Director of Resources) to consider the attached report.

**7. QUARTERLY FINANCIAL MONITORING - QUARTER 2 (Pages 33 - 58)**

(Director of Resources) to consider the attached report.

**8. KEY PERFORMANCE INDICATORS 2015/16 - QUARTER 2 PERFORMANCE (Pages 59 - 78)**

(Director of Governance) to consider the attached report.

**9. SICKNESS ABSENCES 2015/16 - QUARTERS 1&2 (Pages 79 - 90)**

(Director of Resources) to consider the attached report.

**10. UPDATING REPORT (Pages 91 - 98)**

(Director of Resources) to consider the attached report updating the Committee on the Council's Apprentices; the Graduate Trainee; the Shared HR Services; the Mast Money Budget; and on Employee Engagement.

**11. REVIEW OF PRIVATE FUNDING (Pages 99 - 102)**

(Director of Resources) to consider the attached report.

**12. REPORTS TO BE MADE TO THE NEXT MEETING OF THE OVERVIEW AND SCRUTINY COMMITTEE**

To consider which reports, if any, should be submitted to the Overview and Scrutiny Committee at its next meeting.

**13. FUTURE MEETINGS**

To note the scheduled future meetings. They are:

9<sup>th</sup> February 2016; and  
12<sup>th</sup> April.

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**EPPING FOREST DISTRICT COUNCIL  
NOTES OF A MEETING OF RESOURCES SELECT COMMITTEE  
HELD ON TUESDAY, 13 OCTOBER 2015  
IN COMMITTEE ROOM 1, CIVIC OFFICES, HIGH STREET, EPPING  
AT 7.30 - 9.56 PM**

<b>Members Present:</b>	G Mohindra (Chairman), P Keska (Vice-Chairman), K Angold-Stephens, N Bedford, S Kane, A Patel, S Watson and J H Whitehouse
<b>Other members present:</b>	A Lion, J Philip, D Stallan and S Stavrou
<b>Apologies for Absence:</b>	H Mann and J M Whitehouse
<b>Officers Present</b>	P Maddock (Assistant Director (Accountancy)), J Godden (Principal Planning Officer (Heritage, Enforcement & Landscaping)), A Hall (Director of Communities), D Newton (Assistant Director (ICT and Facilities Management)) and R Perrin (Democratic Services Officer)

**10. SUBSTITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)**

It was noted that Councillor J H Whitehouse was substituting for Councillor J M Whitehouse.

**11. NOTES OF THE LAST MEETING**

The notes from the meeting on 14 July 2015 were agreed as a correct record.

**12. DECLARATIONS OF INTEREST**

Pursuant to the Council's Code of Member Conduct, Councillors K Angold-Stephens, N Bedford, P Keska, A Lion, G Mohindra, A Patel, J Philip, D Stallan, S Stavrou and S Watson declared a personal interest in item 7 of the agenda, in so far as it relates to the Local Council Tax Support payable to Town/Parish Councils as they are Town/Parish Councillors. They understood that there are no binding decisions being made by the Select Committee at the meeting and therefore would advise that when the decisions were due on this later in the budget cycle, they would seek a dispensation from the Standards Committee to participate.

**13. TERMS OF REFERENCE AND WORK PROGRAMME**

The Select Committee noted the terms of reference and work programme.

**14. PLANNING ENFORCEMENT MATTERS**

The Principal Planning Officer (Heritage, Enforcement & Landscaping), J Godden, introduced a report on the work of the Planning Enforcement Section.

It was noted that:

- The Planning Enforcement section was a non-statutory discretionary function of the Council, which had historically been actively supported by Councillors;

- Complaints were received from the public, Town and Parish Councils, Councillors and other departments which were responded to within 24 hours of the complaints, if they involved Listed Buildings, Preserved Trees and new Gypsy & Traveller Sites or within 14 days for all other complaints;
- Officers spent a considerable amount of time on and off site investigating, evidence gathering, negotiating and advising with both complainants and complainers' whilst complying with the law and regulations;
- The complaints ranged from the serious and complexed, to trivial and non-planning related with enforcement investigations being completed after a first visit or in more complex cases taking several years; and
- All prosecutions and actions had to be legal, proportionate and expedient. The system allowed appeals on planning and enforcement decisions to go as high as the Supreme Court which took time and often appeared to the public and Members that no action was being taken;
- There was encouragement for complaints to keep in touch for regular updates and progress on the cases;
- The section was adequately resourced and had an active relationship with other Councils sections and the Essex Police;
- Income was generated by the receipt of retrospective planning applications and the pursuit of S106 Planning obligation monies;
- The Council had spent £424,000 in 2014/15, which compared to other Essex authorities was greater, although the District had the largest amount of Green Belt in Essex;
- The additional resources invested in planning enforcement reflected the seriousness of the planning enforcement function and would be detrimental to the authority and its residents if it was not maintained.

Councillor N Bedford asked whether cases were allocated into timescales. J Godden advised that cases varied because of the right to appeal.

Councillor A Patel asked whether costs could be recovered. J Godden advised that the Government set costs centrally, although costs were awarded in some cases.

Councillor Watson asked whether cases were referred on to the relevant department, if the issue was not an enforcement matter. J Godden advised that the team passed on all relevant information and advised the complainant as well.

The Committee enquired whether a drone would be of any use within this department. J Godden advised that this could save officers time and get a real time picture of the events unfolding on a site that was not visibly accessible. The Committee commented that this could be considered through the Save to Invest scheme.

Councillor A Lion asked whether a data base of cases could be produced with update information. J Godden advised that there was not a central data base and this would probably increase the work load, although Members were advised that details of enforcement issues were placed in the weekly Members Bulletin and could always contact the team for further details.

Councillor S Watson asked about the use of internal Building Control. J Godden advised that an applicant could engage their own Building Control company or the Councils. The Governance and Performance Development Portfolio Holder advised that any future Council projects would use Councils Building Control and that costs had to be kept competitive.

**RESOLVED:**

- (1) The Committee noted the work of the Planning Enforcement Section; and
- (2) That a report be submitted to Management Board for consideration of purchasing a drone to use for enforcement issues from the Save to Invest Scheme.

**15. FINANCIAL ISSUES PAPER**

The Assistant Director Accountancy, P Maddock introduced the Financial Issues Paper. This provided the initial framework for starting the 2016/17 budget and updated Members on a number of financial issues that would affect the Authority in the short to medium term. The following issues represented the greatest areas of current financial uncertainty and risk to the Authority, which included Central Government Funding, Business Rates Retention, Welfare Reform, New Homes Bonus, Development Opportunities, Income Streams, the Waste and Leisure Contracts and Transformation. The report took the Members through the General Fund Outturn for 2014/15, the updated Medium Term Financial Strategy (MTFS) and Continuing Service Budget (CSB).

- It also went through Central Government funding, noting that over the three years of the new system, funding had reduced by £1.889m or 25.9%. The Local Council Tax Support reductions for 2016/17 were not yet available, so no figures could be recommended at this point. Therefore the same principle was applied as previous years;
- Business Rates Retention had not gone smoothly with authorities taking on liabilities for all outstanding appeals. The deadline for appeals had been set at 31 March 2015, which had produced an influx of appeals and resulted in the provision required by the Council to be doubled to £3m. In addition a further flaw had been created by where the General Fund and Collection Fund accounted for items in difference years, which created the appearance of more income in 2014/15 but in reality it was less. Therefore in 2016/17 the business rates deficit of £439,000 was significantly larger than the Council Tax surplus of £170,000, although this had been based on the provisions for appeals and could vary significantly from current predictions. This resulted in extensive financial modelling and an Essex pool was formed, which after the lower levy rate had been achieved, meant that an additional £3.431m had been retained across the pool and resulted in the Council gaining approximately £136,000. Although the late surge of appeals could effect the viability of the pool and this would have to be monitored;
- Welfare Reforms would continue with changes to tax credits, a welfare cap, the requirement for social landlords to reduce rents by 1% each year for the next four years and the introduction of Universal credits;
- New Homes Bonus (NHB) was approximately £230,00 for 2016/17, although it had been thought prudent to cap the NHB CSB figure at £2.2m and take any amount above that to DDF, when certainty about the future of the scheme and the figures were clearer;
- Development Opportunities highlighted for the District were the retail park, Langston Road and the St Johns area in Epping. The income of MTFS had not been adjusted but the capital projections had, which made clear that the retail park would probably use up the available capital receipts. Therefore a different way of thinking would be required as capital would no longer be freely available;

- Income Streams indicated that the improved income position in the second half of 2014/15 had continued in 2015/16, although Land Charges were a concern because of the legal position and the role that local authorities would play in the service. Also the CSB estimates would be adjusted once the future income of the North Weald Market became certain and the new parking fees had been introduced in July 2015;
- Waste and Leisure Contracts were both high profile. The initial problems with the waste contract being reorganised to a four day week had now stabilised with Biffa committing significant additional resources. They were still confident that their obligations would be fulfilled at the price tendered, which had been included with the MTFs. The Leisure Management Contract would be following a similar process to the waste contract. Although it appeared that the leisure contract would be unlikely with the required time frame, therefore further negotiations would be required and the MTFs would need to be kept under review;
- Transformation fund had been re-phased with £75,000 in 2015/16 and £75,000 in 2016/17 with the bulk being spent on a fixed term 18 month contract for additional resource. There was also the Invest to Save budget of £0.5m;
- DDF had a carry forward of £575,000, which represented a decrease of £107,000 on the £682,000 of slippage for 2013/14. The two largest carry forwards were the asset rationalisation programme of £111,000 and the Transformation project of £75,000. The financial forecast showed that nearly £1m of DDF would be available at by April 2020, although a financial update to the Cabinet regarding the Local Plan indicated that it would consume most of the funding;
- Revised MTFs showed that the four-year forecast had target levels of savings close to the policy of keeping the reserves above the 25% of the NBR. The net savings included were £150,000 for 2016/17 and 2017/18 and £350,000 for 2018/19 and 2019/20, which would give a total CSB figure for 2015/16 revised of £13.348m and 2016/17 of £13.003m. Therefore DDF expenditure was at £1.844m for the revised 2015/16 and £550,000 for 2016/17, which was likely to be used up in the medium term.
- Council Tax – There had been no mention of further incentives for local authorities to freeze the Council Tax for 2016/17. Therefore a 2.5% increase had been applied for 2016/17 and subsequent years.

In conclusion the Council remained in strong financial position as the overspend in 2014/15 had not been significant and the Council had substantial reserves. Following the General Election a greater political certainty had been created although there were a lot of funding and financial uncertainties for the Council. The Council would be awaiting the autumn spending review to find out where the £20 billion of savings were to come from and it had been clear that Local Government would be playing apart in the reduction of the deficit.

Councillor Patel commented on information he had received from a Chamber of Commerce regarding the 40% of business rates that authorities could keep, compared to the figures within the report. P Maddock advised that there was a difference between the 40% figure suggested and what the Council actually received. P Maddock advised that he would provide Members of committee with an explanation note on this matter.

There were still concerns over the final settlement figures on the business rate appeals and whether pooling had proved a success and whether the new leisure



contract and the tender exercise of the market at North Weald would prove productive.

The Committee asked when further financial details would be available. P Maddock advised that it would hopefully be around November 2015, although the Finance Portfolio Holder, S Stavrou advised that how this effected the Council wouldn't be known till December 2015.

**RESOLVED:**

1. The Committee agreed to recommend to the Cabinet the establishment of a new budgetary framework including the setting of budget guidelines for 2016/17 covering:

(a) The Continuing Services Budget, including growth items;

(b) District Development Fund items;

(c) The use of surplus General Fund balances; and

(d) The District Council Tax for a Band 'D' property.

2. That a revised Medium Term Financial Strategy for the period to 2019/20, and the communication of the revised Medium Term Financial Strategy to staff, partners and other stakeholders be recommend to the Cabinet;

3. That a reduction in parish support, in line with the reduction in the central funding that the Council received be recommended to the Cabinet;

4. That P Maddock would provide the Committee Members with an explanatory note on the 40% business rates received by the Council.

**16. ENERGY SAVINGS AND IMPROVED MANAGEMENT PROCESS UPDATE**

The Assistant Director ICT and Facilities Management, D Newton introduced the progress update on energy savings and improved management processing. He advised that the management and payment of energy supplies had historically been spread across numerous Directorates and the information had become fragmented therefore an energy consultant, Smith Bellerby (SB) had been approached to produce an accurate consolidated database, identify potential savings and streamline working practices.

The Select Committee noted that;

- SB were energy cost reduction specialists;
- The invoice processing element alone utilised at least 2 weeks of a full time post each month which now took 3 hours to process;
- SB dealt directly with the energy companies on behalf of the Council;
- The largest savings were from gas and electric supplies changing to cheaper tariffs which resulted in anticipated saving of £13,000, a scope to reduce available capacity charges yielding £3,300 per year and two additional savings of £500 per year for meter operator and data collector contracts; and

- The majority of savings had been identified during the first year, however the use of SB for a further year would provide time savings and a conclusion to the numerous ongoing disputes.

The Select Committee were in agreement with the use of SB, although concerns were raised about whether the consultants would need to be used continuously. They were advised that costs associated with consultants would reduce because of the initial work carried out and it would have to be reviewed.

Councillor N Bedford asked whether the Invest to Save funding could be used. D Newton advised that he would look into it.

**RESOLVED:**

- (1) That the progress made by the energy consultants, Smith Bellerby, with energy saving and data consolidation was noted; and
- (2) That retaining Smith Bellerby for an additional year be recommended to the Cabinet.

**17. CALL HANDLING**

The Assistant Director ICT and Facilities Management, D Newton introduced a report on the first quarter for telephone monitoring statistics 2015/16, which included the percentage of abandoned calls and the number of calls sent directly to the voicemail system.

D Newton advised that the figures for quarter 1 had been skewed because of problems with the new waste contract, which had now settled down and certain figures needed to be removed as they were related to answer phone services.

The Committee asked for more detailed information regarding the departments, teams and issues that had affected the call rates, which should come back to the Committee.

**RESOLVED:**

That the telephone monitoring statistics for Quarter 1 - 2015/16 be noted.

**18. CARELINE AND HOUSING RELATED CHARGES**

The Director of Communities, A Hall introduced a report on a proposed Charging Plan for Housing Related Support (HRS) services.

The Committee noted that:

- HRS covers the Careline Service, Scheme Management Service and the provision of Intensive Housing Management;
- For 2015/16, the Council had increased the HRS charges by 50% of the amount that was expected to be required, in order to recover reductions in funding from Essex County Council (ECC) and for the service to become self funding;
- ECC had decided very late not to proceed with the planned reductions in funding in 2015/16, but because the charges had been increased and tenants affected had been advised they remained;

- The Housing Portfolio Holder had previously presented the Cabinet with 5 options on what action could be taken with the increased income, although even after increasing the charges for 2015/16, it had been noted that to provide the Scheme Management Service there had been a £50,250 deficit;
- The Council also relied on the HRS funding from ECC, which had been expected to reduce in 2016/17 and was likely to continue to reduce in further years;
- Therefore the Cabinet had previously decided that the Housing Portfolio Holder should produce a Charging Plan on how the HRS charges should be increased each year from April 2016 until the cost of the Scheme Management Service became self-funded and included the potential for annual reductions in funding from ECC;

Accordingly, the Housing Portfolio Holder reported on the Charging Plan that he intended to present to the next meeting of the Finance and Performance Management Cabinet Committee, and sought the views of the Select Committee on the proposals. The Epping Forest Tenants and Leaseholders Federation had considered the proposals the previous evening and had supported the Charging Plan and associated methodology.

The Housing Portfolio Holder, D Stallan advised that HRS services had been supported by the HRA for over 10 years and that there were other financial pressures on the HRA, therefore it was fairer for all, that the costs were spread over the users of the service.

Councillor J H Whitehouse asked what the difference was between residents on Housing Benefits (HB) and residents who paid; and whether it was fair, as the costs should really be spread fairly across all users of the service and that in most cases there was a very fine line between HB receipts and non HB receipts in this case. A Hall advised that the funding received from ECC was intended to support tenants in receipts of HB, hence the reason why such tenants were now being charged for HRS services, albeit at a much lower charge than those not in receipt of HB.

Councillor S Watson commented that it was a very good idea to spread the cost over a period of time in order to reduce the impact on residents.

**RESOLVED:**

That the Select Committee considered the proposals of the Housing Portfolio Holder for a Charging Plan for future charges in respect of the Housing Related Support (HRS) Support Services and recommends to the Finance and Performance Management Cabinet Committee:

(1) That the separate charges for the Council's Careline Service, Scheme Management Service and Intensive Housing Management Support be increased annually in accordance with the following principles:

- (a) The expected amount of reduction in ECC funding for the forthcoming year should be added to the current service deficit (or subtracted from the current service surplus) - which was the total deficit/surplus to be recovered/repaid;
- (b) The deficit for the Scheme Management Service should be recovered over a 10 year period and should therefore be divided by the number of

years remaining between April 2016 and April 2026 - which was the service deficit to be recovered in the forthcoming year;

- (c) Any deficit/surplus for the Careline Service should be recovered/repaid in the following year - which was the service deficit/surplus to be recovered/repaid in the forthcoming year;
- (d) The prevailing level of annual pay increases, as calculated by the Office of National Statistics (ONS), should then be applied to the total current income received from current charges and added/deducted to/from the service deficit/surplus to be recovered/repaid, in the forthcoming year - this results in the total amount to be recovered/repaid in the forthcoming year;
- (e) The total amount to be recovered/repaid should then be spread across service users, in the same proportions as currently, as follows:
- Scheme management and intensive housing management charges - Sheltered tenants and area tenants; and
  - Careline charges – Council tenants and private users;
- (f) The resultant monetary increase (but not the percentage increase) for those both in receipt and not in receipt of housing benefit should be the same;
- (g) The increase for those not in receipt of housing benefit should be no more than 10% in any one year; and
- (h) The methodology used to calculate the increases in accordance with the above principles should be as set out at Appendices 2 and 3;
- (2) That only 50% of the expected ECC HRS funding reduction in 2016/17 was taken into account when calculating HRS charges for 2016/17; and
- (3) Accordingly, using the above principle and the methodology at Appendices 2 and 3, the HRS charges for 2016/17 be set as follows:

#### Careline

Council tenants:	
<i>Self-funders</i>	- £3.60 per week
<i>In receipt of housing benefit</i>	- £0.55 per week
Private users	- £112 per annum

#### Scheme Management

Sheltered tenants:	
<i>Self-funders</i>	- £8.30 per week
<i>In receipt of housing benefit</i>	- £1.26 per week
Area tenants:	
<i>Self-funders</i>	- £2.09 per week
<i>In receipt of housing benefit</i>	- £0.32 per week

#### Intensive Housing Management (not paid by those in receipt of housing benefit)

Sheltered tenants	- £1.46 per week
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Area tenants

- £0.37 per week

**19. FEES AND CHARGES 2016/17**

The Assistant Director Accountancy, P Maddock introduced the report which provided details on the fees and charges that the Council levies and what scope, if any, there was to increase any particular charges. This was an annual report produced as part of the annual budget process.

It was noted that:

- The Medium Term Financial Strategy (MTFS) had identified the need for savings around £1m over the four year period with £150,000 falling in 2016/17, which was based on an assumed reductions in Government funding of 10% per annum;
- Increasing existing fees and charges was fairly limited and introducing charges where they were not levied was also limited;
- The traditional use of the September Retail Index (RPI) and Consumer Prices Index (CPI) had been widely used as a guide to inflation but it was thought that the Labour inflation rate was now more relevant as employee costs represented the largest element of the expenses, which was currently 2.8%.

The Director of Communities advised that the Tenants and Leaseholder Federation supported the proposed housing-related fees and charges for 2016/17, which were generally increased by the labour Inflation rates, which were currently 2.8%.

P Maddock advised that increasing fees for Building Control could be possible but as the service operated in a competitive market it had not been considered. The Governance and Performance Management Portfolio Holder, J Philip advised that the Council would be using Building Control for any business that the Council conducted as well.

Councillor K Angold-Stephens enquired whether the MOT costs could be more competitive to increase business. G Mohindra felt that this would be something that the Cabinet would have to look into.

Councillor K Angold-Stephens asked whether the charges for registered charities at the Limes Centre could be put into line with charges for Scale 1, which included Epping Forest House Residents on Income support/Housing benefits. G Mohindra suggested that this suggestion should be passed onto the Leisure and Community Services Portfolio Holder to consider and to comment on within the report on to the Finance and Performance Management Cabinet Committee.

**RESOLVED:**

- (1) That the Committee agreed with the proposed level of fees and charges for 2016/17;
- (2) That the Leisure and Community Wellbeing Portfolio Holder consider the charges at the Limes Centre for registered charities to included with Scale 1; and
- (3) That the Environment Portfolio Holder be asked to consider a more competitive rate for MOT costs.

**20. QUARTERLY FINANCIAL MONITORING**

The Assistant Director Accountancy, P Maddock introduced the Quarterly Financial Monitoring reports on key areas of income and expenditure, proving a comparison between the original estimates for the period 1 April 2015 to 30 June 2015 and the actual expenditure or income applicable.

#### Revenue Budgets

It was noted that;

- The salaries schedule showed an underspend of £191,000 or 3.6%. The variance this time last year was 2.0% and an allowance of 1.5% had been allowed for but vacancies were running at a rather higher level with the exception of the Chief Executive showing a degree of underspend;
- Investment interest levels were slightly below expectations in the first quarter due to the payment made to Polofind for the land at Langston Road in July 2015 and for the second half of the financial year, when construction of the retail park commences;
- Development Control was continuing the recent upwards trend and was £118,000 above expectations by the end of July 2015. Fees and charges were £71,000 higher and pre-application charges were £15,000 higher than budgeted;
- Building Control income was £18,000 higher than the budgeted figure at the end of the first quarter with the ring-fenced account showing an in-year surplus of £34,000;
- Hackney Carriages income was £4,000 above expectations and other licensing activities were in line with the budget;
- Income from MOT's carried out by Fleet Operations was £3,000 above expectations, although the budget was expected to breakeven in 2015/16;
- Car Parking income was £51,000 below the estimate and based on the current information there could be a shortfall and it would need to be kept under review;
- Local Land Charges income was below expectations because of the reductions in searches undertaken which had continued from 2014/15 and would be kept under review;
- The new waste management contract recycling credits paid for dry recycling had been delayed and in order to reduce the administration time and speed up the payments times, it had been agreed that a fixed sum be paid. After initial difficulties with no payments being received in the first quarter the payments were now running smoothly; and
- The Housing Repairs Fund showed an underspend of £320,000, which was likely to be fully spent within the year.

#### Business rates

It was noted that;

- There were two aspects to monitor which were the changes in the rating lists and the cash collections;
- The NNDR1 form set out the non-domestic rate estimated for the year started with a gross yield of £41,552,448 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 £35,883,949. At the end of June 2015 the net rate yield had increased by £242,358 and as the Council retains 40% of the gains or losses this had meant an increase in funding of £96,943. However given outstanding appeals and a number of claims for small business rates and other reliefs being received, it had been expected that it would reverse; and

- The cash collections had collected a total of £10,334,743 and payments out were £8,538,069, which had meant that the Council held £1,796,674 of cash and therefore benefited from the effective collection of non-domestic rates.

**RESOLVED:**

That the revenue and capital financial monitoring report for the first quarter of 2015/16 be noted.

**21. KEY PERFORMANCE INDICATORS - 2015/16 - QUARTER 1**

The Assistant Director of Accountancy, P Maddock introduced the Key Performance Indicators 2015/16 for Quarter 1 Performance. The Committee noted the overall position for all KPI's at the end of Quarter 1 was as follows:

- 22 (61%) indicators achieved the target at the end of Quarter 1;
- 14 (39%) indicators had not achieved the target;
- 3 (8%) indicators performed within their tolerated amber margin; and
- 27 (75%) indicators were currently anticipated to achieve their cumulative year-end target.

Nine of the Key Performance Indicators fell within the Resources Select Committee's area of responsibility. The overall position with regards to the achievement of target performance at the end of Quarter 1 for these nine indicators was as follows:

- 6 (67%) – achieved the first quarter target;
- 3 (33%) – did not achieve the first quarter target;
- 1 (11%) – were within the tolerated amber margin; and
- 7 (78%) – were anticipated to achieve their cumulative year-end target.

P Maddock advised that KPI RES-002 – the percentage of invoices received and paid for within 30 days had improved to 96% and would probably meet the end of year target.

**RESOLVED:**

That the Committee noted the Quarter 1 Performance in relation to the Key Performance Indicators 2015/16.

**22. REPORTS TO BE MADE TO THE NEXT MEETING OF THE OVERVIEW AND SCRUTINY COMMITTEE**

The Committee noted that a general update would be going to the next O&S Committee.

**23. FUTURE MEETINGS**

The dates of the Select Committee's future meetings were noted.

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## RESOURCES SELECT COMMITTEES

### TERMS OF REFERENCE 2015/16

**Title:** Resources Select Committee

**Status:** Select Committee

1. To undertake overview and scrutiny, utilising appropriate methods and techniques, of services and functions of the Resources Directorate, excluding those matters within remit of the Audit and Governance Committee, the Standards Committee or the Constitution Working Group;
2. To consider any matter referred to the Select Committee by the Overview and Scrutiny Committee;
3. To undertake quarterly performance monitoring in relation to the services and functions of the Resources Directorate, though review of progress against adopted key performance indicators and other appropriate measures;
4. To identify any matters within the services and functions of the Resources Directorate requiring in-depth scrutiny, for referral to the Overview and Scrutiny Committee;
5. To establish working groups as necessary to undertake any activity within these terms of reference;
6. To respond to applicable consultations as appropriate;

#### **Finance**

7. To consider the draft directorate budgets for each year, and to evaluate and rank proposals for enhancing or reducing services where necessary, whilst ensuring consistency between policy objectives and financial demands;
8. To review key areas of income and expenditure for each directorate on a quarterly basis throughout the year;

#### **Information and Communications Technology**

9. To monitor and review progress on the implementation of all major ICT systems;

#### **Value For Money**

10. To consider the Council's comparative value for money 'performance', and to recommend as required to the Finance and Performance Management Cabinet Committee, in respect of areas where further detailed investigation may be required;

**Human Resources**

11. To monitor and review areas of concern or significance that comes under Human Resources.

**Chairman:** Cllr Mohindra

## Resources Select Committee (Chairman – Cllr Mohindra)

### 2015/16

Item	Report Deadline/ Priority	Progress / Comments	Programme of Meetings
(1) To review the specific quarterly KPI's for 2015/16	Quarterly.	Progress reports to meetings: Q1 in October 2015; Q2 in December '15; Q3 in April '16	14 July 2015; 13 October; 14 December;
(2) Key Performance Indicators 2014/15– Outturn	Outturn KPI performance considered at the first meeting of each municipal year.	Outturn KPI performance report for 2014/15 for July 2015 meeting.	09 February 2016; 12 April
(3) Detailed Portfolio Budgets	Portfolio budgets considered on an annual basis jointly with the Finance & Performance Management Cabinet Committee.	Annual review of portfolio budgets to be considered at joint meeting with the F&P M Cabinet Committee in January of each year.	
(4) ICT Strategy – Progress Call-handling in October '15	Progress against ICT Strategy considered on an annual basis.	Progress report considered at meeting on 13 October 2015. Including call/response handling but not on options following introduction of new telephony system.	
(5) Fees and Charges 2016/17	Proposed fees and charges for 2016/17 - considered at October 2015 meeting.	Proposed fees and charges considered on an annual basis each October.	
(6) Provisional Capital Outturn 2014/15	Provisional outturn for 2014/15 considered at July meeting.	Provisional Revenue Outturn considered on an annual basis at first meeting in each municipal year.	

(7) Provisional Revenue Outturn 2014/15	Provisional outturn for 2014/15 considered at July 2015 meeting.	Provisional Revenue Outturn considered on an annual basis at first meeting in each municipal year.
(8) Sickness Absence Outturn	July 2015	To review the Sickness Outturn report for 2014 - 15.
(9) Sickness Absence	Half-yearly progress reports for 2015/16 to be considered at December and April meetings.	Detailed progress against achievement of sickness absence targets reviewed on a six-monthly basis
(10) Medium Term Financial Strategy & Financial issues paper	October 2015	Received the financial issues Paper and Medium term financial strategy including 4 year General Fund forecast
(11) Quarterly Financial Monitoring	Oct 2015; Dec.2015; & Feb.2016	To receive quarterly financial monitoring reports
(12) Apprentices & Graduates	December 2015	To receive a presentation on the Council's apprenticeship scheme and it's graduate scheme
(13) Planning Enforcement	October 2015	Received a review of the Planning Enforcement team's work. Considering their processes and not specific cases.
(14) Shared Services Working	December 2015	To review any shared services working being carried out by EFDC. HR are currently working with Colchester and Braintree Councils on a shared HR payroll system.
(15) Facilities Management	October 2015	Received an updating report on the rationalising of the Council's Energy Bills.
(16) Private Funding	December 2015	To consider any avenues of private funding available to EFDC.

(17) Housing Benefit Fraud & Compliance	February 2016	To receive a report on the fraud team's work.
(18) Corporate Debt Processes	April 2016	To receive a report on the approach adopted to dealing with the debts due to the Council.
(19) Careline and Housing Related Charges	October 2015	Received a report on the proposed charging plan for Housing Related Support (HRS)

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## **Report to the Resources Select Committee**



**Epping Forest  
District Council**

**Date of meeting: 14 December 2015**

**Portfolio: Finance**

**Subject: Draft General Fund CSB and DDF lists and Savings Update**

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

**Democratic Services Officer: Adrian Hendry - (01992 - 56 4246)**

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### **Recommendations**

**To note the first draft of the Continuing Services Budget (CSB) and District Development Fund (DDF) schedules.**

### **Executive Summary**

The report provides the first draft of the Continuing Services Budget (CSB) growth and District Development Fund (DDF) Schedules for 2016/17.

### **Reasons for proposed action**

Members are asked to note the first draft of these schedules and make comments as appropriate.

### **Other options for action**

No other options applicable.

### **Report**

1. The Financial Issues Paper was considered by to this Committee at its meeting in October. The report highlighted a number of financial uncertainties and risks facing the Authority including the reductions in Central government funding, Retention of Business Rates, Welfare reform and the Leisure Management Contract Renewal.
2. The Medium Term Financial Strategy (MTFS), which forms part of the Financial Issues Paper, identified that savings of around £1 million were required over the forecast period. The savings required in 2016/17 were identified at £150,000 after savings of £410,000 already identified had been taken into account.
3. Since then there have been a number of other items identified; From 1 April 2016 there will be an increase to the employers national insurance contributions related to employees in the Local Government Pension Scheme. As the majority of employees are in the scheme the General Fund element is likely to be close to £500,000. There will also be lost investment income as a result of the Construction of the Shopping Park, St Johns Development and Oakwood Hill and North Weald Housing depot construction. However, offsetting these, there is Grant income from Central Government given to Local Authorities in recognition of the lost Business Rates due to the various government led reliefs given to businesses. This is expected to be around £700,000 in 2015/16. The current contract for the North Weald Market ends on the 31 December 2015 however a new operator has now been appointed for an initial period

of three years with a possible two year extension. This will see an improvement in the income achieved from the site. The lists attached show the current position however the budget process is still at an early stage and there will undoubtedly be further additions and amendments to the list as the budget progresses.

4. There was an overspend on the revenue budget in 2014/15 in contrast to recent years. Whilst there was an underspend on salaries this was offset by an increase in the Bad Debt provision and savings anticipated on the Waste Contract did not materialise to the extent originally expected.
5. Previous years have seen regular underspends and the exercise to remove such budgets has generally been successful and given the move to an overspend last year this might suggest that most of these underspends have now been removed. However the budget process so far has revealed a few areas where further work is required.
6. There are some CSB budgets that either have a one off element within them or in some cases are budgets where there is a degree of uncertainty around whether they will be spent or not. In both cases treating an appropriate element as DDF rather than CSB should make managing those budgets easier and give a degree of flexibility.
7. The schedules of CSB growth/savings and DDF expenditure are attached and these are at Annexes 1 & 2. Work is on-going on these lists and this represents the position so far. An updated list will be tabled at the meeting if there has been any significant changes since the agenda was published.
8. There are a number of areas where further work is required before figures to be included within the budget can be finalised. Clearly the emphasis in this budget cycle will need to be on CSB savings rather than growth but there are some areas as previously mentioned where growth is inevitable. The figures generally need to be viewed in the context of this being quite early in the budget preparation process and will clearly need to be revisited over the next two months or so as the budget comes together.
9. The detailed budgets will be presented to the Finance Cabinet Committee on 21 January 2016 and members of this Committee are invited to attend that meeting.

### **Consultations Undertaken**

This is the first draft of the CSB and DDF schedules. Consultations with spending officers regarding their budgets are ongoing at the moment but apart from this further consultation will take place later in the budget cycle.

### **Resource Implications**

The schedules represent potential additions and reductions to the budget depending on decisions made during the budget process.

### **Legal and Governance Implications**

The preparation of budgets well in advance of the financial year to which they apply, enable sound financial planning to take place. They subsequently provide a basis against which financial monitoring can take place during the year in question.

### **Safer, Cleaner, Greener Implications**

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



## **Background Papers**

Various budget working papers held in Accountancy.

## **Impact Assessments**

### Risk Management

The setting of the budget has an impact on all areas of the Council there is a risk that the budget might be set at an unaffordable level, however setting guidelines early in the process means that the level of budget that is acceptable is known in advance.

### 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? No

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

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## CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST

Directorate	Service		Estimate	Revised	Estimate	Estimate	Estimate	Estimate
			2015/16 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's	2019/20 £000's
<b>Chief Executive</b>	Corporate Policy Making	Flexible Working and Accomodation Review			(100)			
	Corporate Policy Making	Supplies & Services - Other Misc			(5)			
	Directorate Restructure	Savings	(20)	(20)				
	<b>Total Chief Executive</b>		<b>(20)</b>	<b>(20)</b>	<b>(105)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Communitites</b>	Affordable Housing	Senior Housing Development Officer - Additional Hours	5	5				
	All Weather Pitch	Townmead Project	(5)	8				
	Community Arts Programme	Additional Income	(10)	(10)				
	Grants to Vol. Organisations	Budget Reduction	(17)	(12)				
	Safer Communities	Recharged to HRA for Anti Social Behaviour Work	(5)	(5)				
	Safeguarding	Safeguarding Officers			50			
	Safeguarding	Recharge to HRA			(29)			
	* Youth Council	Project Work			8			
	* Community Development	Project Work			25			
	<b>Total Communities</b>		<b>(32)</b>	<b>(14)</b>	<b>54</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Governance</b>	Building Control	Fees & Charges		(39)			
Building Control		Ring Fenced Account		39				
Development Control		Publicity Savings	(6)	(6)				
Development Control		Senior Planning Officer		15				
Development Control		Fees & Charges		(55)				
Directorate Restructure		Savings	(19)	(19)				
Governance Admin		Training			9			
Governance & Performance Management		Restructure	(10)	(10)				
Internal Audit		Corporate Fraud Team	66	46	10			
Legal Services		Restructure	(10)	(10)				
Legal Services		Fees & Charges		(5)				
Local Land Charges		Professional Fees - ECC Highways		(4)				
Local Land Charges		Reduction Re Fees & Charges		39				
Public Relations		Discontinuance of the Forester	(39)	(44)				
<b>Total Governance</b>		<b>(18)</b>	<b>(53)</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>0</b>	

<b>Neighbourhoods</b>	Animal Welfare	Cleansing Contract	(7)	(7)			
	Animal Welfare	Budget Savings		(15)	(16)		
	Countrycare	Additional Income	(15)	(3)	(12)		
	Emergency Planning	Leased vehicle	4	4			
	Estates & Economic Development	Estates & Economic Development Restructure	92	92			
	Fleet Operations	Removal of Deficit	(29)	(29)			
	Land and Property	Additional Rental Income - Shops	(13)	(13)			
	Land and Property	Industrial Estates	(21)	(21)			
	Land and Property	Oakwood Hill Units	(24)	(24)			
	Land and Property	Greenyards	(3)	(3)			
	Leisure Management	Savings from New Contract			(75)	(175)	
	Licensing	Licencing Officer (Premises Licences)	6	6			
	Off Street Parking	Parking Fee Increases	(95)	(95)	(23)		
	Off Street Parking	Cleansing Contract	8	8			
	Off Street Parking	Machine Maintenance and collections	27	27	5	8	
	Waste Management	Inter Authority Agreement, reduced ECC Income	8	8	19		
	Waste Management	New contract	(88)	(88)	(159)		
	Directorate Restructure	Savings	(24)	(24)			
		<b>Total Neighbourhoods</b>		<b>(174)</b>	<b>(177)</b>	<b>(261)</b>	<b>(167)</b>
						<b>0</b>	<b>0</b>
<b>Resources</b>	Cashiers	Closure of Epping Cash Desk			(15)	(5)	
	Cashiers	Electronic Payments		35			
	Cashiers	Income		(5)			
	Central Services	Audit Fees		(12)			
	Civic Offices	Out of Hours Service	(36)	(36)			
	Civic Offices	Solar Panel Energy Saving	(10)	(2)	(8)		
	Civic Offices	Planned Maintenance Programme	(28)	(28)			
	Civic Offices	NDR re-assessment	22	20			
	Corporate Training	Consultant Fees	(11)	(11)			
	Corporate Improvement	Improvement budget savings	(20)	(20)			
	Council Tax Collection	Court Costs		(25)			
	Facilities Management	Casual Staff	(8)	(8)			
	Finance Miscellaneous	Car Leasing (excluding HRA)	(20)	(26)	(15)	(24)	
	Housing Benefits	Benefits restructure/SFIS transfer	(67)	(67)			
	Housing Benefits	Admin Reductions	22	22			
	Housing Benefits	Docs On Line		(19)			
	ICT	Essex on line Partnership Subscription	6	6			
	Insurance Services	Savings from new contract (GF element)		(26)			
	Procurement	Essex Procurement Hub		(8)			
		<b>Total Resources</b>		<b>(150)</b>	<b>(210)</b>	<b>(38)</b>	<b>(29)</b>
					<b>0</b>	<b>0</b>	

**Other Items**

Investment Interest	Reduction due to shops transfer/use of balances	45	100	100		
New Homes Bonus		(242)	(252)	(104)		
All Directorates	Additional Employers National Insurance			500		
Other Grants	S31 Grants		(700)			
Pensions	Deficit Payments	17	17	43		
<b>Total CSB</b>		<b>(574)</b>	<b>(1,309)</b>	<b>208</b>	<b>(196)</b>	<b>0 0</b>

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## DISTRICT DEVELOPMENT FUND

Directorate	Service	Description	Estimate	B/F from	Revised	Estimate	Estimate	Estimate	Estimate	Estimate
			2015/16 £000's	2015/16 2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's	2019/20 £000's	
Chief Executive	Corporate Policy Making	Transformation Programme	75	75	30	74		6		
	Corporate Policy Making	LLPG staffing	16		16					
	Corporate Policy Making	LLPG staffing HRA Contribution	(4)		(4)					
	<b>Total Chief Executive</b>		<b>87</b>	<b>75</b>	<b>42</b>	<b>74</b>		<b>6</b>	<b>0</b>	<b>0</b>
Communities	Communities	Externally Funded Projects	153		197	86				
	Communities	Externally Funded Projects	(153)		(197)	(86)				
	Communities	Get Active Epping Forest			10					
	Communities	Museum Store License (Lease)			52	17				
	Grants to Voluntary Orgs	VAEF transport scheme		5	5					
	Homelessness	Legal Fees	20	7	27	20		20		
	Private Sector Housing	Landlord Accreditation Scheme	3	3	6					
	Private Sector Housing	Energy Efficiency Works		3	3					
	Private Sector Housing	Works in default	5		5					
	Private Sector Housing	Works in default	(5)		(5)					
	Safeguarding	Safeguarding audit	47		47					
	Safeguarding	Recharge to the HRA	(27)		(27)					
	Safer Communities	Analysts post	27		26	33		4		
	<b>Total Communities</b>		<b>70</b>	<b>18</b>	<b>149</b>	<b>70</b>		<b>24</b>	<b>0</b>	<b>0</b>
	Governance	Building Control Group	Salary saving re vacant posts (net of Consultants)	(57)		(57)				
Building Control Group		Salary saving re vacant posts Ring Fenced Element	41		41					
Building Control		Fees & Charges			(25)					
Building Control		Ringfenced Account			25					
Development Control		Pre Application Consultation Fees			(20)					
Development Control		Fees & Charges			(150)					
Development Control		Trainee Contaminated Land Officer				22		26		
Development Control		Trainee Planning Officer				22		26		
Development Management		Administrative Assistant		10	8	10		12		
Development Management		Additional Temporary staffing	25		25	25		25		
Development Management		Document Scanning		23	23	68				
Development Management		Savings to fund document scanning project		19	19					
Electoral Registration		Individual Registration Costs	49	27	84					
Electoral Registration		Individual Registration Costs	(49)		(37)					
Enforcement & Planning Appeals		Income			(25)					
Legal Services		Transformation Programme			13	27				
Local Land Charges		Additional Income	(20)							
Local Land Charges	New Burdens Grant			(103)						
Planning Appeals	Professional Fees			(5)						
Planning Appeals	Contingency for Appeals	35	1	36						
Public Relations & Information	Savings to fund Social Media Management Application		10	10						
Tree Preservation & Landscape	Technical Assistant - Conservation	10		10	15					
<b>Total Governance</b>		<b>34</b>	<b>90</b>	<b>(128)</b>	<b>189</b>		<b>89</b>	<b>0</b>	<b>0</b>	

<b>Neighbourhoods</b>	Contaminated Land & Water Quality	Contaminated land investigations	64		64		
	Countrycare	Protected species/habitat related consultation	10		10		
	Countrycare	Staffing	7		7		
	Countrycare	BRIE - SLA	4		4	4	4
	Economic Development	Economic Development Strategy	5	4	9		
	Economic Development	Tourism Task Force	15		18		
	Economic Development	Town Centres Support/Portas Funding	9	28	28	9	
	Estates & Valuation	Council Asset Rationalisation	188	111	299		
	Estates & Valuation	New Development Project Officer	90	(8)	82		
	Food Safety	Inspections	3	1	4		
	Forward Planning	Local Plan	250	(34)	577	379	181
	Forward Planning	Neighbourhood Planning		9	9		184
	Highways General Fund	Roundabout maintenance		7			
	Leisure Management	Contract set up costs	46		46		
	Leisure Management	Contribution from SLM	(23)		(23)		
	Licensing	Additional Staff Premises Licences	4		4		
	North Weald Airfield	Safety of Bund	3	1	4		
	North Weald Airfield	Consultancy Exercise		20	20		
	North Weald Airfield	Loss of Market rent			178		
	Off street parking	Payment to NEPP for redundancies		31	31		
	Off street parking	Traffic orders and information boards	15		15		
	Off street parking	Sale of old pay and display machines			(6)		
	Parks & Grounds	Roding Valley Lake - Disabled Projects		5	5		
	Parks & Grounds	Open Spaces - Tree Planting		10		10	
	Parks & Grounds	Survey of River Roding erosion	15		15		
	Town Centre Regeneration	Waltham Abbey Regeneration Projects	45		45		
	Waste Management	Waste Contract mobilisation		5			
	<b>Total Neighbourhoods</b>		<b>750</b>	<b>190</b>	<b>1,381</b>	<b>466</b>	<b>0</b>
						<b>185</b>	<b>184</b>

Resources									
Accounts Payable	Implementation of E-Invoicing	3	4	5	2				
Civic Offices	Vending Machine Rental saving	(5)							
Council Tax Benefits	Previous Year Clawback	(35)		(35)					
Council Tax Collection	Temporary Additional Staffing	190	1	125	234		211		
Council Tax Collection	Professional Fees			4					
Council Tax Collection	Collection Investment	(47)		(47)					
Council Tax Collection	Local Council Tax New Burdens Expenditure	32	13	45					
Council Tax Collection	Local Council Tax New Burdens Grant					79			
Housing Benefits	Hardship & Compliance - Benefits Officers					62	62	62	
Housing Benefits	Benefits Specific Grants - Furniture			5					
Housing Benefits Administration	Hardship & Compliance	(5)		(82)	(82)		(82)		
Housing Benefits Administration	Benefits Grants	55	43						
Housing Benefits Administration	Benefits Specific Grants - Online Forms			30					
Housing Benefits Administration	Benefits Specific Grants - Data Matching					60			
Housing Benefits Administration	Benefits Specific Grants - Unallocated					18			
Human Resources	Savings to fund redundancy		14	14					
Non HRA Building Maintenance	Planned Building Maintenance Programme	129	58	74	110		74	156	76
Unappropriated Land	Emergency Premises Works	18	(1)	9	8				
<b>Total Resources</b>		<b>335</b>	<b>132</b>	<b>147</b>	<b>491</b>		<b>265</b>	<b>218</b>	<b>76</b>
<b>Total Service Specific District Development Fund</b>		<b>1,276</b>	<b>505</b>	<b>1,591</b>	<b>1,290</b>		<b>569</b>	<b>402</b>	<b>76</b>
Capital Expenditure Charged to Revenue		12	50	49					
Council Tax Freeze		(83)		(83)					
Council Tax Collection	Technical Agreement Contributions	(197)		(316)	(316)		(316)		
Lost Investment Interest		115		115					
New Homes Bonus						(444)			
Parish Council's	Support Grants	6		6					
		<b>1,129</b>	<b>555</b>	<b>1,362</b>	<b>530</b>		<b>253</b>	<b>402</b>	<b>76</b>



## **Report to the Resources Select Committee**



**Epping Forest  
District Council**

**Report reference:**

**Date of meeting: 14 December 2015**

**Portfolio: Finance**

**Subject: Quarterly Financial Monitoring**

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

**Democratic Services Officer: Adrian Hendry (01992 – 56 4532)**

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### **Recommendations/Decisions Required:**

**That the Committee note the revenue and capital financial monitoring report for the second quarter of 2015/16;**

### **Executive Summary**

The report provides a comparison between the original estimate for the period ended 30 September 2015 and the actual expenditure or income as applicable.

### **Reasons for proposed decision**

To note the second quarter financial monitoring report for 2015/16.

### **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 second quarterly report for 2015/16 and covers the period from 1 April 2015 to 30 September 2015. The reports are presented based on which directorate is responsible for delivering the services to which the budgets relate and the budgets themselves are the Original Estimate updated for the District Development Fund items that were brought forward from 2014/15.

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 – 6)**

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 £287,000 or 2.7%. This time last year the variance was 1.6%. Whilst the monetary value of the underspend has increased since quarter 1, the level in percentage terms has reduced. A vacancy allowance of 1.5% has been allowed for but clearly vacancies are running at a rather higher level at the moment with all directorates (except Chief Executive) showing a degree of underspend.

4. Resources and Neighbourhoods have the largest underspend of £114,000 and £98,000 respectively. The former relates mainly to Revenues, Benefits and to a lesser degree Accountancy and the latter to Grounds Maintenance and Estates.
5. Investment interest levels are below expectations at Month 6 by £45,000. This is likely to continue as the second half of the financial year should see the start of the construction of the retail park which will deplete cash balances further.
6. Development Control income at Month 6 is continuing the recent upward trend. Fees and charges were £179,000 higher than the budget to date and pre-application charges are £12,000 higher.
7. Building Control income was £31,000 higher than the budgeted figure at the end of the second quarter. Also the ring-fenced account is showing an in-year surplus of £51,000 as at Month 6. It was expected that a surplus of £13,000 for the full year would be achieved it already looks as if the position will be substantially better. The surplus on the account brought forward into this financial year was £81,000 due to a very good final quarter in 2014/15.
8. Public Hire licence income is in line with expectations but other licensing is below expectations. A number of reminders have recently been sent out so income should be back on track by quarter 3.
9. Income from MOT's carried out by Fleet Operations is £3,000 above expectations. The budget has been set to breakeven in 2015/16, on the basis that a saving will be achieved when the service is reviewed. This review is currently being undertaken however the full year saving necessary to achieve a breakeven position may not be seen until 2016/17.
10. Car Parking income was £41,000 below the estimate as at month 6. Pay and display income is being received in line with the profiled budget though telephone payments were, and continue to be, two months behind and account for £12,000 of the shortfall. Season ticket income is £8,000 down but this could be made up later in the year. Penalty Charge Notice income is £22,000 below expectations and given there was a shortfall in 2014/15 the budget will probably need revising downwards.
11. Local Land Charge income is £14,000 below expectations as there has been a reduction in searches undertaken, the budget will need to be revised downwards as this trend has been continuing now for about 9 months.
12. From the start of the new waste management contract recycling credits are paid only on dry recycling. There is a time lag between achieving recycling credits and the income being paid. By the end of month 6 only two months had been invoiced, however billing is now up to the end of August.
13. In order to cut down on the amount of administration and speed up payment times it was agreed to pay the waste contractor the agreed contract sum monthly by Direct Debit as this is a fixed sum. The contract variations are paid as and when invoiced which at the moment are behind expectations. After a period of stability with Leisure Contract payments these have again fallen behind due to late billing.
14. The Housing Repairs Fund shows an underspend of £314,000. The budget is in the process of being reviewed and some savings look likely. There is also a significant variance on HRA Special Services which relate partly to heating and lighting. There are likely to be some savings here also due in part to the work undertaken by Smith Bellerby.
15. In some cases income levels are generally holding up well and Development and Building Control income is going exceptionally well. The budget is currently under revision and as part of that we need to assess how much of the Development Control income can be treated as additional ongoing income and how much as DDF.

16. With regard to Land Charge and Car Parking income there is some concern that income levels may not be achieved so these areas in particular need to be kept under review and if necessary be revised downwards as part of the budget process.

### **Business Rates**

17. This is the third year of operation for the Business Rates Retention Scheme whereby a proportion of rates collected are retained by the Council.

18. 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 £41,552,448 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 £35,883,949. At the end of September the net rate yield had reduced by £576,602 and as the Council retains 40% of gains and losses this would mean an reduction in funding of £230,641.

19. 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 September the total collected was £19,093,976 and payments out were £17,076,138, meaning the Council was holding £2,017,838 of cash and so the Council's overall cash position was benefitting from the effective collection of non-domestic rates.

20. In summary, at the end of September the decrease shown is only a concern, but cash collection is going well.

### **Capital Budgets (Annex 7 - 11)**

21. Tables for capital expenditure monitoring purposes (annex 7 -11) are included for the six months to 30 September. There is a commentary on each item highlighting the scheme progress.

22. The full year budget for comparison purposes is the budget updated as part of the Capital outturn report.

### **Major Capital Schemes (Annex 12)**

23. There are three projects included on the Major Capital Schemes schedule these relate to the Museum redevelopment, House Building package 1 and The Epping Forest Shopping Park. Annex 12 gives more detail. The variance reported is a comparison between the anticipated outturn and approved budget.

### **Conclusion**

24. With regard to revenue, income is generally up on expectations and expenditure down. The increased income levels are very much welcome, in particular Development and Building Control income, though some concern exists over Land Charges and Car Parking income. Expenditure being below budget is not surprising as expenditure is usually heaviest toward the end of the financial year.

25. The Committee is asked to note the position on both revenue and capital budgets as at Month 6.

### **Consultations Undertaken**

This report was presented to the Finance Cabinet Committee in November, and there were no further comments made to bring to the attention of this Committee.

### **Resource Implications**

There is little evidence at this stage to suggest that the net budget set will not be met however the budget is being revised and as usual any variances reflected therein.

### **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.

# Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

<b>Date / Name</b>	<b>Summary of equality analysis</b>
03/09/15  Director of Resources	The purpose of the report is to monitor income and expenditure. It does not propose any change to the use of resources and so has no equalities implications.

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**SEPTEMBER 2015 - SALARIES**

<u>DIRECTORATE</u>	<u>2015/16</u>			<u>2014/15</u>		
	<u>EXPENDITURE TO 30/09/15</u>	<u>BUDGET PROVISION (ORIGINAL)</u>	<u>VARIATION FROM BUDGET (ORIGINAL)</u>	<u>EXPENDITURE TO 30/09/14</u>	<u>BUDGET PROVISION (ORIGINAL)</u>	<u>VARIATION FROM BUDGET (ORIGINAL)</u>
	<u>£000</u>	<u>£000</u>	<u>%</u>	<u>£000</u>	<u>£000</u>	<u>%</u>
CHIEF EXECUTIVE	91	91	0.0	108	113	-4.4
RESOURCES *	2,771	2,885	-4.0	2,772	2,781	-0.3
GOVERNANCE	1,653	1,673	-1.2	1,657	1,708	-3.0
NEIGHBOURHOODS *	2,226	2,324	-4.2	2,045	2,118	-3.4
COMMUNITIES *	3,611	3,666	-1.5	3,565	3,590	-0.7
<b>TOTAL</b>	<b>10,352</b>	<b>10,639</b>	<b>-2.7</b>	<b>10,147</b>	<b>10,310</b>	<b>-1.6</b>

\* Agency costs are included in the salaries expenditure.

Please note a vacancy allowance of 1.50% has been deducted in all directorate budget provisions.

	15/16 Full Year Budget £'000	Second Quarter			15/16 Variance Budget v Actual		Comments
		15/16 Budget £'000	15/16 Actual £'000	14/15 Actual £'000	£'000	%	
<u>Major expenditure items:</u>							
Museum	75	36	36	31	0	0	No major variances.
Bed & Breakfast Accommodation	121	50	73	45	23	46	This year has seen an increase in placements compared to 2014/15. It is likely that the budget will need to be increased as a result.
Grants to Voluntary Groups	87	44	56	73	12	27	The spend on grants is lower in the first six months compared to last year, profile set quarterly at the present time. Grant release tends to be slow in first part of the year.
Voluntary Sector Support	170	170	93	153	-77	-45	Both main Grants were paid by Month 6 in 2014/15. Only one had been paid by Month 6 in 2015/16. Similarly the Grant to VAEF is down for the same reason.
<u>Major income items:</u>							
Bed & Breakfast Accommodation	107	45	76	58	31	69	This year has seen an increase in placements compared to 2014/15. It is likely that the budget will need to be increased as a result.
	560	345	334	360			



	15/16 Full Year Budget £'000	Second Quarter			15/16 Variance Budget v Actual		Comments
		15/16 Budget £'000	15/16 Actual £'000	14/15 Actual £'000	£'000	%	
<u>Major income items</u>							
Development Control	675	299	490	397	191	64	Development Control fees are profiled on the average of the previous three years. The income received in the first half of the year has significantly exceeded both the budget to date and the previous year's actual due to the up-turn in the market resulting in a vast increase in the number of planning applications received.  The £191,000 additional income received in comparison to the budget at the end of quarter two includes £179,000 in development control fees and charges and £12,000 in pre application consultation fees.
Building Control Fee Earning	386	209	240	218	31	15	Income is higher than expected this year and the previous year, which is a reflection of the nationally strengthening market and the high standard of service provision. The Building Control service are marketing themselves amongst local architects to form a Local Authority Building Control Partnership Scheme to increase its share of the market.
Local Land Charges	215	113	99	121	-14	-12	Income is lower than estimated and the previous year due to a reduction in the number of searches carried out by the Council. The number of searches received is approximately 150 less than the same period last year.
	1,276	621	829	736			

	15/16	Second Quarter			15/16		Comments
	Full Year	15/16	15/16	14/15	Variance		
	Budget	Budget	Actual	Actual	Budget v Actual		
	£'000	£'000	£'000	£'000	£'000	%	
Major expenditure items:							
Refuse Collection	1,270	431	415	349	-16	-4	The expenditure variance is due to delays as regards Biffa invoicing.
Street Cleansing	1,208	403	416	415	13	3	The overspend relates to Street Arisings.
Recycling	2,411	806	798	990	-8	-1	No major variance. Sacks and Gate Fees are part of the contract now, the Total Expenditure and Income on this cost centre has shifted downwards since 2014-15 due to the new contract.
Highways General Fund	54	24	4	17	-20	-83	The expenditure variances relate to Bus Shelters, Litter Bins and Street naming.
Off Street Parking	561	331	299	294	-32	-10	Budget heads under spent such as Other Maintenance, NDR, Equipment and Advertising.
North Weald Centre	209	113	121	85	8	7	Due to their nature, timing differences arise. It is a volatile budget. Equipment up £2,000, Marketing £2,000, and £23,000 maintenance of Market car park.
Land Drainage & Contaminated Land	185	18	14	14	-4	-22	Expenditure tends to be heavier in the second half of the year.
	5,898	2,126	2,067	2,164			

	15/16 Full Year Budget £'000	Second Quarter			15/16 Variance Budget v Actual		Comments
		15/16 Budget £'000	15/16 Actual £'000	14/15 Actual £'000	£'000	%	
<u>Major expenditure items</u>							
Forward Planning/Local Plan	217	126	75	42	-51	-40	There has been less expenditure in the first six months than expected due to slippage in the programme. This budget is due to be reviewed in detail shortly to assess when money will be spent and how much will be required to complete the process.
<u>Contract cost Monitoring</u>							
Leisure Facilities:-							
Loughton Leisure Centre	-132	-33	-47	-70	-14	42	}
Epping Sports Centre	321	132	79	103	-53	-40	The in year variances are due to contractor invoices being two months in arrears at the end of September 2015. The budget profile assumes one month in arrears so the actual spend at Month 6 only contains 3 monthly payments. }
Waltham Abbey Pool	523	218	130	170	-88	-40	}
Ongar Sports Centre	301	125	75	98	-50	-40	}
	1,013	442	237	301			

## DIRECTORATE FINANCIAL MONITORING - NEIGHBOURHOODS (3)

	15/16 Full Year Budget £'000	Second Quarter			15/16 Variance Budget v Actual		Comments
		15/16 Budget £'000	15/16 Actual £'000	14/15 Actual £'000	£'000	%	
<u>Major income items:</u>							
Refuse Collection	41	21	27	81	6	29	No major variances
Recycling	1,408	382	270	636	-112	-29	The income variance is made up of £142,000 less than expected in recycling credits not yet received, but the full year budget is still the anticipated income for the year. Avoided Disposal Payment not received until after the year end. Since 2014-15 a feature of the new contract is a significant reduction in recycling credits.
Off Street Parking	1,226	560	519	398	-41	-7	Pay and display income is £12,000 less than profile, Season Tickets are £8,000 down and Penalty Notices are £21,000 down.
North Weald Centre	774	494	414	646	-80	-16	There is one rent review ongoing and related rent arrears to be collected. During 2014/15 the basis for charging for the market was changed from a fixed rental to an income share. This resulted in a refund of some of the income shown at this stage in 2014/15 and reduced the full year estimate. The lease of the current operator ends at 31 December 2015 and an exercise is underway to find a replacement.
Hackney Carriages	181	90	90	94	0	0	No major variances.
Licensing & Registrations	114	57	49	55	-8	-14	Income is a little behind this time last year however a number of reminders have recently been sent out which should see this income received.
Fleet Operations MOTs	228	114	117	118	3	3	No major variances.
	3,972	1,718	1,486	2,028			

	15/16 Full Year Budget £'000	Second Quarter			15/16 Variance Budget v Actual		<u>Comments</u>
		15/16 Budget £'000	15/16 Actual £'000	14/15 Actual £'000	£'000	%	
<u>Major income items:</u>							
Industrial Estates	1,162	837	816	777	-21	-3	Rents from the Industrial units are slightly below expectations due to a number of units being vacant at the Oakwood Hill Workshop Units and a number of voids affecting the Langston Road Seedbed Centre income.
Business Premises - Shops	2,156	1,617	1,599	1,624	-18	-1	This income relates to non housing assets which include shops, doctors surgeries, a petrol station and public houses. Income is slightly below the profiled budget. The actual also includes rents billed in advance for the third quarter of around £530,000.
Land & Property	142	32	31	33	-1	-3	Commission is received from the David Lloyd Centre based on their turnover. Income relating to 2015/16 will be accounted for at the end of the year, but received during the initial part of 2016/17. Income received from land and property in the first half year is on target with the profiled budget.
	3,460	2,486	2,446	2,435			

	15/16 Full Year Budget £'000	Second Quarter			15/16 Variance Budget v Actual		Comments
		15/16 Budget £'000	15/16 Actual £'000	14/15 Actual £'000	£'000	%	
<u>Major expenditure items:</u>							
Building Maintenance	510	114	115	149	1	1	Building Maintenance works are difficult to forecast but generally works are undertaken in the latter part of the year which allows for preparation work to take place initially. The expenditure to date is in line with the profiled budget but lower than the previous year comparative. This is due to the overall reduction in the full year budget in comparison to the budget of 14/15 which was £703,000.
Information & Communication Technology	940	695	699	757	4	1	The full year budget now comprises of the total cost of the councils ICT expenditure including the Switchboard, Mobile Phones and the annual contract costs for all of the major systems in use. The prior year comparative has been adjusted to reflect this change. Expenditure is in line with the current budget spending profile as the majority of maintenance contracts for systems are paid at the beginning of the year with network charges continuing to be paid throughout the year. Although the previous year comparative is greater than the current year actual it is expected that in quarter 3 the actual and comparative will be on target.
Bank & Audit Charges	142	23	23	29	0	0	No major variances
	1,592	832	837	935			
<u>Major income items:</u>							
Investment Income	470	235	190	217	-45	-19	Investment interest is below that expected. Investment balances are around £14m lower than last year. There are a number of significant capital projects that have drawn on these funds. Having said that the timings of capital spend are somewhat unpredictable and the actual income received will be heavily dependent on the progress of these schemes in general and the retail park in particular.
	470	235	190	217			

	15/16 Full Year Budget £'000	Second Quarter			15/16 Variance Budget v Actual		Comments
		15/16 Budget £'000	15/16 Actual £'000	14/15 Actual £'000	£'000	%	
<u>Major expenditure items:</u>							
Management & General	312	131	110	112	-21	-16	Expenditure is lower in 2015/16 due to no spending on Document Archiving.
Housing Repairs	6,378	3,037	2,723	2,280	-314	-10	The underspend mainly relates to the responsive repairs of the HRA. The budget is profiled evenly across the year, as it is unknown when responsive repairs will arise. Gas servicing contract was expected to increase in cost but hasn't.
Special Services	1,158	520	298	246	-222	-43	The main areas showing an underspend are: Gas and Electricity, Tree Maintenance, Equipment and Cleansing.
	7,848	3,688	3,131	2,638			
<u>Major income items:</u>							
Non-Dwelling Rents	858	424	423	412	-1	0	Garage rents increased 2.5% year on year.
Gross Dwelling Rent	32,177	16,089	16,138	15,749	49	0	The variance between years is due to the annual rents increase which was 2.2% from April 2015.
	33,035	16,513	16,561	16,161			

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2015/16 DIRECTORATE CAPITAL MONITORING -  
COMMUNITIES

ANNEX 7

	15/16 Full Year Budget £'000	Second Quarter		15/16 Variance Budget v Actual		<u>Comments</u>
		15/16 Budget £'000	15/16 Actual £'000	£'000	%	
Epping Forest District Museum	1,463	732	746	-15	-2	Please see comments on the major schemes schedule.
CCTV Systems	165	82	27	-55	-67	The CCTV systems projects have been progressing well, with the new system at North Weald Airfield completed in the first quarter, the Waltham Abbey Museum system expected to be installed by December 2015, and the procurement of replacement portable equipment also completed now. Essential installation of CCTV systems at Town Mead Depot, due to security problems, has led to unexpected expenditure on this budget, which will be covered by a contribution from Revenue funds. The CCTV systems at Langston Road Depot and Roundhills are fully dependant on ground-work currently progressing at both sites before the installation of the systems can be completed. Although the Roundhills installation is expected to be completed by the end of the financial year, the Langston Road scheme is anticipated to slip into 2016/17 due to the current schedule being delayed. A decision has been made to delay work on system in Epping high street to 2016/17 as well due to staff capacity. This will allow work on the procurement and installation of CCTV systems in Council carparks to commence in February 2016.
Housing Estate Parking	424	0	0	0	0	The off-street parking schemes undertaken on council owned land, jointly funded between the HRA and General Fund, are currently undergoing design works on the remaining phase 6-sites, Paley Gardens and Torrington Drive, following the appointment of a design consultant. Works on both sites are planned to commence early 2016 subject to successful planning applications. However, it is likely that the off-street parking budget will be underspent in 2015-16.
<b>Total</b>	<b>2,052</b>	<b>814</b>	<b>773</b>			

	15/16 Full Year Budget £'000	Second Quarter		15/16 Variance Budget v Actual		Comments
		15/16 Budget £'000	15/16 Actual £'000	£'000	%	
Epping Forest Shopping Park	16,859	8,429	10,256	1,827	22	Please see comments on the major schemes schedule.
St John's Road Epping Development	1,000	50	8	-43	-85	Negotiations have yet to fully conclude on the contract between Essex County Council and the District Council, with regard to the County Council's sale of their land to the authority. Agreement has still to be reached on an overage clause protecting the County Council's interests, if a scheme of significantly higher value was developed. State Aid approval still awaited from the Secretary of State. The £1,000,000 budget shown represents the net cost of the transactions to the Council and the gross costs and forecast capital receipts will be identified as part of the Capital Review. This scheme is currently on course to spend the full budget within this financial year.
Sir Winston Churchill Pub House Development	35	18	16	-2	-12	The scheme is now being taken forward by Epping Forest based developer Higgins Homes. Work has commenced on site with an anticipated 20 month build programme. Once complete, the Council anticipates receiving rental income from the ground floor retail premises in late 2017.
Oakwood Hill Depot	2,625	1,312	69	-1,243	-95	Work commenced on site in late September and the project is scheduled to be completed by the end of April 2016. Service managers moving to the new depot are making preparations to transfer from the Langston Road Depot. The Museum Collection has already vacated.
2nd Floor Bridgeman Hse W Abbey	309	0	0	0	0	It is still not known if the Council will be able to acquire an area of office space on the second floor of Bridgeman House, Waltham Abbey, to enable the transfer of the Community Services team to be located all in the same building, above the museum, but it is envisaged that there will still be sufficient budget within the capital programme for this if needed; but it is expected to slip into 2016/17
North Weald Airfield	15	15	15	0	0	The £15,000 contribution has been used towards upgrading CCTV; the works have now been completed.
Total c/f	20,843	9,824	10,364			

	15/16 Full Year Budget £'000	Second Quarter		15/16 Variance Budget v Actual		Comments
		15/16 Budget £'000	15/16 Actual £'000	£'000	%	
Total b/f	20,843	9,824	10,364			
Waste Management Equipment	101	51	15	-35	-69	This budget is currently under review pending a decision on how to account for future replacement refuse bins under the new contract. Any proposed changes to budgetary provisions will be reported as part of the Capital Review.
Parking Schemes	317	64	0	-64	-100	The parking review at Buckhurst Hill is nearing completion, with the final invoice for the works expected to be received soon. Loughton Broadway is dependent on the completion of the Buckhurst Hill site and its works are unlikely to commence until 2016/17. However an informal meeting is being arranged with members to start discussions for this project.
Superfast Broadband Programme	84	84	84	0	0	Following the award of the Superfast Broadband (Phase 2b) Rural Challenge Project contract by Essex County Council to Gigaclear, preparatory work has been taking place and a detailed delivery plan is being prepared. The building of the network will begin in November 2015 and the first community engagement event was held on 15 October in Moreton Village Hall, for those who live and work in Moreton, Bobbingworth and Bovinger. A further event has been organised for November in Fyfield. These community events are intended to help everyone understand what they are doing, how they are doing it and what difference it will make to the community and Gigaclear will be hosting a series of similar community events throughout the district as the rollout progresses over the course of the next 12 to 18 months. The Rural Challenge Project sits alongside the ongoing Phase 1 and Phase 2a elements of the Superfast Broadband project which, in partnership with BT, are aiming to deliver 95% superfast broadband to the whole of Essex. Delivery under these programmes is continuing and the latest information on the rollout can be found on the Superfast Essex website.
Other Schemes	251	126	133	8	6	This category includes the Council's grounds maintenance vehicle replacement programme, the pay and display car park scheme and flood alleviation equipment. The grounds maintenance team are looking to procure a replacement vehicle in the new year, expecting delivery around January/February time. The pay & display machines have all now been installed to all of the schemes car parks with further expenditure to come through in quarter 3. The flood alleviation budget is also currently under review with any proposed changes to budgetary provisions being reported as part of the Capital Review.
<b>Total</b>	<b>21,596</b>	<b>10,149</b>	<b>10,598</b>			

	15/16 Full Year Budget £'000	Second Quarter		15/16 Variance Budget v Actual		Comments
		15/16 Budget £'000	15/16 Actual £'000	£'000	%	
Planned Maintenance Programme	916	458	399	-59	-13	This budget covers all projects undertaken within the Council's Planned Maintenance Programme, except for the solar panel project reported on separately in this schedule. In the second quarter: the window replacement in the main building has been completed; the installation of smart metering to reduce energy usage in the Civic complex is currently ongoing; and the separation of 4 areas, each floor plus 323 house, of the Civic Offices heating system have been separated allowing greater control of the temperatures in each areas. Most of the other schemes are planned to be undertaken in the autumn and winter and are expected to be completed by the end of the financial year. However, four schemes have been identified as slipping into 2016/17 including the replacement of electrical distribution equipment at the Civic Offices. The other three schemes were planned to be undertaken at the leisure centres at Epping and Waltham Abbey; these schemes have been put on hold pending finalisation of the Leisure Strategy. These budgets total £70,000 and the re-phasing will be addressed as part of the Planned Maintenance Review.
Upgrade of Industrial Units	271	0	0	0	0	In October 2013 Stace were instructed to undertake an appraisal of the industrial units at Oakwood Hill Industrial Estate. They reviewed a typical lease to assess current repairing obligations and future liabilities and within the terms of the lease, it is the landlord's obligation to ensure that all exterior additions are undertaken to a rentable standard and it is the tenant's responsibility to maintain skylights. With roof repairs needed to achieve current building regulation standards, four options were considered and overlay sheeting was decided to be the best method. The main complication with this scheme has been how the Council would recover the costs of the works from its current tenants. Meetings with the council tenants are likely to begin in late October which will give more accurate information with regards to the start dates for works on the industrial units, which are currently anticipated to commence late in this financial year.
Solar Energy Panels	267	0	0	0	0	The project to install solar energy panels at the Civic Offices has commenced, with the installation being combined with essential roofing upgrade works in order to achieve economy of scales savings on the two schemes. The work commenced on the 17 August 2015 and is programmed to last 12 weeks, the roofing work is well underway and the photo voltaic panels will be installed on completion of these works.
ICT Projects & Other Equipment	401	201	149	-52	-26	The completion of the Bankers' Automated Clearing Service replacement system in August, configurations for the remote management & service desk systems, and continuing implementation of the Freedom of Information system has shown notable progression within the ICT schemes. The mobile and flexible working solutions continue to perform well and all other projects are on schedule. Despite an underspend at present, it is anticipated that all schemes will be completed within the current financial year and the budget will be on target. This will be achieved through an increase in activity in the second half of the financial year. In particular, work is expected to progress on the mobile and flexible working scheme, following the appointment of a new Head of Transformation starting in November. The final phase of the purchasing of uninterruptable power supplies will take place in the next few months, with the confirm system replacement (Parks) possibly being delayed slightly whilst development of the replacement system is carried out. It is still hoped that this will be completed in this financial year.
<b>Total</b>	<b>1,855</b>	<b>659</b>	<b>548</b>			

	15/16	Second Quarter		15/16		<u>Comments</u>
	Full Year	15/16	15/16	Variance		
	Budget	Budget	Actual	Budget v Actual		
	£'000	£'000	£'000	£'000	%	
Housing Developments	5,772	2,886	921	-1,965	-68	Housing developments include phases 1 and 2 of the new house building programme and the conversion works at Marden Close and Faversham Hall. Please refer to Annex 12 (major schemes) for timings, costs and information on phase 1 of the new build scheme as well as an update on future phases. The Marden Close works to convert 20 bedsits into 10 flats along with the conversion of Faversham Hall into 2 new 1-bed flats commenced on site on 15 September 2014 is currently nearing completion. There have been some minor delays on the conversion works, mainly due to some additional works needed to the structure once it was exposed and also due to new mains connections; subsequently this scheme has accrued variations amounting to an additional £90,000.
Heating/Rewiring /Water Tanks	3,032	1,515	1,237	-278	-18	This category includes, gas and electrical heating; mechanical ventilation and heat recovery (MVHR) installation; rewiring; and communal water tank replacements. There is an overall underspend as at the 30th September 2015, most of which relates to gas heating. The contract for the replacement of gas communal boilers at Jubilee and Parsonage Court was awarded in June and is nearing completion with the final payment due mid-November. The budget for MVHR is on target, and expenditure on the electric heating budget has increased over the last three months. Overall therefore, the underspends have reduced since quarter one. The budget for rewiring is currently showing an underspend despite the increased expenditure on the electrical testing and upgrade programme in council flats. Reductions in the work required to bring domestic properties up to current electrical installation standards has resulted in reduced levels of expenditure; if this trend continues an underspend is expected at the year end. The communal water-tanks installed in flat blocks have been on a planned replacement programme over the last 5 years and the programme for 2015/16 remains on target
Windows/Doors/Roofing	2,598	1,299	972	-327	-25	All budgets in this category with the exception of flat roof covering are currently underspent, including PVCu window replacement, front entrance door replacement, tiled roofing and balcony resurfacing programmes. Following the appointment of a specialist contractor, who accelerated the programme of catch up works for front entrance door replacements, the scheme is currently on target for 2015/16 despite a small underspend at the end of the second quarter. Expenditure on PVCu window replacements is showing the largest underspend in this category but with the contract for PVCu window replacement to council blocks has now been awarded and works have commenced; expenditure is expected to increase in the next few months. The flat roofing programme is ahead of schedule as these works are profiled for completion in the summer months, whilst the works on the tiled roofing have increased following a slow start.
Total c/f	11,402	5,700	3,130			

	15/16	Second Quarter		15/16		Comments
	Full Year	15/16	15/16	Variance		
	Budget	Budget	Actual	Budget v Actual		
	£'000	£'000	£'000	£'000	%	
Total b/f	11,402	5,700	3,130			
Other Planned Maintenance	673	287	30	-256	-89	This category includes Norway House improvements, door entry system installations and energy efficiency works with all the budgets currently showing an underspend. The last of the planned bathroom upgrades as part of the Norway House improvement scheme is due to commence shortly, with additional works and expenditure planned for 2015/16. Limited work has been undertaken to date on door entry system installations as the contact is currently out to tender; a small programme of upgrades is planned for this financial year. The budget for energy efficiency work is showing the largest underspend in this category; the only energy efficiency work that currently attracts substantial government grant funding is the Domestic Renewable Heat Incentive (DRHI) repaid over a 7-year term following the installation of air source heating. An accelerated programme of air source heating installation is currently underway and, to date, income of £10,756 has been received. However, income of £296,858 is projected for all current registered installations over the 7-year term, assuming there are no changes to the existing rules.
Kitchen Replacements	809	405	338	-66	-16	The kitchen replacement programme is still showing an underspend as at 30 September, this is due to "no-access" properties slowing the programme down.
Bathroom Replacements	1,173	587	662	76	13	The acceleration of the bathroom replacement programme has resulted in expenditure on the bathroom replacement budget at the end of the second quarter being back on target. The completion of a 4-year Bathroom upgrade programme of the flats located in the blocks at Copperfield is on target for completion by the end of 2015.
Void Refurbishments & Other Small Works	3,203	1,602	897	-704	-44	The nature of void works is that it is largely demand led and therefore it is difficult to predict expenditure outcomes each year. Although the budget is currently underspent, expenditure is expected to increase in the next three months following the completion of phase 1 of the house building programme (refurbishment properties). In order to identify the nature of the capital work undertaken on void properties, the voids budget has been allocated within specific capital works budgets including gas heating, rewiring, water-tanks, kitchen and bathroom replacements. All works reflect the current underspend with the exception of water-tank renewals. However, based on the trends experienced in previous years it is thought likely that the budget will be fully spent by the end of 2015/16.
Structural & Other Works	452	276	202	-74	-27	Although the programme is currently showing an underspend as at the 30 September 2015 most of the structural projects are planned to take place in the second half of the budget year and this will bring the structural works budget back on target for 2015/16. It is anticipated that the conversion of Leonard Davies House will be undertaken next financial year.
Council Estate Parking, Garages & Other Environmental Works	1,578	789	326	-463	-59	This category includes garages, fencing, off-street parking, estate environmental works, CCTV installations, external lighting schemes and a gas pipe-work replacement programme. The largest programme within this category is the off-street parking programme where parking schemes are undertaken on council owned land. This is joint funded by the HRA and General Fund; an update of this programme is given in the Communities annex. The programme for the replacement of gas pipe-work is progressing well with the work on the blocks in Waltham Abbey expected to be completed in 2015 and work on blocks in Loughton expected to take place in 2016/17. The budget for external lighting schemes was increased in 2015/16 to finance additional requirements and works at Jessop Court and other locations are nearing completion. Although the external lighting scheme budget is currently showing an underspend, expenditure is expected to be on budget for this financial year. CCTV installation on HRA properties in Springfield and Shelly Close are expected to be completed in 2015/16, and funds are likely to be requested to be brought forward from 2016/17 as part of the Capital Review to accommodate a new system to cover Limes Farm yellow block.
Total c/f	19,290	9,646	5,585			

	15/16	Second Quarter		15/16		Comments
	Full Year	15/16	15/16	Variance		
	Budget	Budget	Actual	Budget v Actual		
	£'000	£'000	£'000	£'000	%	
Total b/f	19,290	9,646	5,585			
Disabled Adaptations	442	221	255	34	15	This budget is currently overspent and due to a number of large projects being undertaken this year in addition to an increase in demand for disabled adaptation request generally. It is anticipated that the budget will be fully spent by the end of the financial year and it may be necessary to put some disabled adaptation requests on hold until the next financial year.
Other Repairs and Maintenance	179	90	42	-47	-53	This category includes feasibilities, asbestos removal and the contingency budget. The largest programme within this category is the asbestos removal budget which is predominantly demand led and currently shows an underspend.
Capital Service Enhancements	350	175	74	-101	-58	The capital service enhancements budget includes the front entrance fire door replacement programme on leasehold properties, the Oakwood Hill estate enhancement scheme, the refurbishment of communal kitchens in sheltered schemes and a small budget for the provision of electric scooter stores at sheltered schemes. Phase 2 of the refurbishment of communal kitchens in sheltered housing schemes has been completed, and additional work has been required on lift and door entry equipment which has resulted in a small overspend to date. After completing the provision of electric scooter stores at two schemes in 2014/15, a review of demand for scooter stores is being undertaken and a small budget is available for 2015/16 for design works on two currently on-hold schemes, expenditure will depend on the results of the review. The front entrance fire door replacement project on leasehold properties is currently underspent, but demand is showing signs of increasing. There has been no expenditure on the Oakwood Hill Estate enhancement scheme, as the scope of the work has yet to be agreed with the project team and expenditure is currently on hold and the budget is unlikely to be spent by the end of the financial year. The online rents system budget is expected to be carried forward due to the scheme being dependent on the installation of a separate system as well as the recruitment of a new IT team leader.
Housing DLO Vehicles	58	0	0	0	0	Due to the need to replace some council owned tipper vehicles in 2016/17 it is being proposed that the current year budget will be carried forward to accommodate these more expensive vehicles; therefore no expenditure is expected in this year for this scheme. These provisions will be reported as part of the Capital Strategy.
<b>Total</b>	<b>20,319</b>	<b>10,131</b>	<b>5,956</b>			

2015/16 DIRECTORATE CAPITAL MONITORING -  
REVENUE EXPENDITURE FINANCED FROM CAPITAL UNDER STATUTE (REFCuS))  
AND CAPITAL LOANS

REFCuS	15/16 Full Year Budget £'000	Second Quarter		15/16 Variance Budget v Actual		Comments
		15/16 Budget £'000	15/16 Actual £'000	£'000	%	
Disabled Facilities Grants	500	250	358	108	43	Expenditure on Disabled Facility Grants (DFGs) advanced to private sector residents in the District is currently exceeding the budget. The ability to control costs, however, is limited because the Council has a legal duty to provide DFGs to all residents who meet the eligibility criteria and residents are referred to Epping Forest District Council by occupational therapists provided by Essex County Council. The number of referrals rose significantly in 2014/15 and this increased level of demand has levelled off at an all-time high such that expenditure is forecast to be around £500,000 per year from 2015/16 onwards. As a result of the continuing high number of Occupational Therapist's referrals for DFGs the Council agreed to a supplementary estimate of £120,000 for 2015/16. A capital growth bid is also being made for an additional £120,000 for the following 3 years until 2018/19.
Other Private Sector Housing Grants	0	0	12	12	N/A	These actuals cover private sector housing grants approved in 2013, under the previous system of non-repayable grants for decent homes, small works and thermal comfort assistance. The Council currently offers financial assistance in the form of repayable loans instead of grants and this is reported on separately in the capital loans section below; however this expenditure relates to works on two properties that were both approved in 2013 but have been delayed until 2015; this commitment has now been completed and paid for.
HRA Leaseholders	150	0	0	N/A	N/A	These costs relate to capital expenditure on sold Council flats and are currently shown in the HRA capital programme. They are will be identified once the works are complete and reported at the end of the financial year.
<b>Total</b>	<b>650</b>	<b>250</b>	<b>370</b>			

CAPITAL LOANS	15/16 Full Year Budget £'000	Second Quarter		15/16 Variance Budget v Actual		Comments
		15/16 Budget £'000	15/16 Actual £'000	£'000	%	
Home Ownership Schemes	357	179	146	-32	-18	The Open Market Shared Ownership Scheme provides interest-free loans to B3Living to enable first time buyers to purchase properties on the open market on a shared ownership basis. EFDC's loan amounts funds 58% of B3Living's 50% share. Phase 1 of the scheme was completed in 2012/13 and 8 loans were advanced. The scheme is now in its second phase and this includes an allocation to fund 5 loans of which 2 were completed in 2013/14. Two advances were made in the first two quarters of the year. The remaining purchase is in progress.
Repayable Private Sector Housing Loans	120	60	52	-8	-13	This scheme offers discretionary loans to provide financial assistance for improving private sector housing stock. It is anticipated that some money paid out in previous years will be re-couped this year as applicants move on and properties are sold. At this point in the year the budget allocated is expected to be spent.
<b>Total</b>	<b>477</b>	<b>239</b>	<b>198</b>			



## MAJOR CAPITAL SCHEMES

## HOUSE BUILDING PHASE 1

Original Start on Site Date	Original Finish Date	Actual Start on Site Date	Proposed Finish Date	Original Tender	Pre-Forecast	Updates	Approved Budget	Actual Expenditure To Date	Anticipated Outturn	Variance Anticipated Outturn to Approved Budget	Approved Budget Unspent To Date
				£'000 (A)	£'000 (B)	£'000 (C)	£'000 (D)	£'000 (E)	£'000 (F)	% ((E-C)/Cx100)	£'000 (G-D)
Apr-14	Jun-15	Oct-14	Jul-16	3,948	-429	3,519	979	3,519	0%	2,540	

**Phase 1:** Work started on time in October 2014 on 4 sites in Waltham Abbey, which make up Phase 1 of the Council's Housebuilding Programme after the fifth site was rejected. However, the works have not progressed in line with the original contract period, which had a completion date of 13 November 2015.

As at 30 September 2015, approximately one third of the value of works was completed although an outstanding contract payment, processed in early October, does not show in the Month 6 actual costs shown in the above table. The latest estimate suggests that the contractor is behind programme by between 5 and 8 months based on a 12-month contract. The contractor Broadway Construction Ltd is reporting they will complete works on the Red Cross site and the two sites on Roundhills by March 2016 and they will complete works on the site in Harveyfields in July 2016

The contractor has yet to submit a formal request for an extension of time. Any requests will be considered in line with the contract conditions.

**Future Phases:** Since obtaining planning permission for Phase 2 in September 2015 to build 51 homes at Burton Road, tenders are currently being sought based on a "Design and Build" contract. A Cabinet Committee has been scheduled for early January 2016 to consider the tenders and to appoint a contractor.

Planning applications have also been submitted for the 9 sites that make up Phase 3 of the house-building Programme, which centres on Epping, Coopersale and North Weald. Approval has been received for sites in Centre Avenue and London Road. Further applications are being prepared for Phases 4 and 5 in Loughton, Buckhurst Hill and Ongar.

## EPPING FOREST DISTRICT MUSEUM

Original Start on Site Date	Original Finish Date	Actual Start on Site Date	Proposed Finish Date	Original Tender	Pre-Forecast	Updates	Approved Budget	Actual Expenditure To Date	Anticipated Outturn	Variance Anticipated Outturn to Approved Budget	Approved Budget Unspent To Date
				£'000 (A)	£'000 (B)	£'000 (C)	£'000 (D)	£'000 (E)	£'000 (F)	% ((E-C)/Cx100)	£'000 (G-D)
Feb-14	Jan-15	Apr-15	Nov-15	1,750	345	2,095	1,379	2,183	4%	716	

In November 2012 the Museum Service submitted a bid to the Heritage Lottery Fund for an extension and redevelopment of the Epping Forest District Museum, this was supported by an agreed capital commitment from EFDC of £250,000 towards the purchase of the lease of the first floor of the adjoining 37 Sun Street. The bid was successful resulting in an award totalling £1,654,000 in March 2013; £1,500,000 for the capital redevelopment works and £154,000 for the associated engagement programme over a three year period. The project will transform the museum, providing step free access across the site and bringing a large percentage of the reserve collections into the heart of the museum.

Following the tender process and call in period, Coniston Ltd were selected as the preferred main contractors in December 2014 and Cabinet approved an additional allocation of £345,000 to allow for the agreed tendered sum. Works began on site at the end of April 2015 with a projected completion by end of October 2015. However, there have been a number of events which have caused delays including: a requirement to record several elements of historic listed building fabric and archaeological features before their removal; the builders cutting through active ventilation ducts for the library; difficulties with the planned installation of the lift, which enables the building to have step-free access (a main requirement of the Heritage Lottery Fund); and the need for temporary alterations to access the residential floor above and put in place additional fire protection for the museum.

Regular fortnightly site meetings continue to be held to monitor progress. The additional building work has resulted in a total delay of 8 weeks and an extension of time (EOT) certificate has been submitted to, and agreed by the contract administrators and the Council. It is anticipated that no further delays will be encountered. Although the majority of the cost in relation to the EOT can be met through the project contingency budget, a report will be presented to Cabinet on 3 December 2015, seeking authority to utilise £88,000 of the remaining capital budget currently allocated to the purchase of the second floor of Bridgeman House. This is to cover the additional building costs and also increased professional fees from Hawkins Brown who are the project architects and contract administrators. Their costs in relation to the project have increased due to the extended period that they have needed to work on the project and a range of additional fees linked to architectural work and cost of the overall project.

EPPING FOREST SHOPPING PARK											
Proposed Start on Site Date	Proposed Finish Date	Actual Start on Site Date	Actual Finish Date	Original Tender	Pre-Forecast	Updates	Approved Budget	Actual Expenditure To Date	Anticipated Outturn	Variance Anticipated Outturn to Approved Budget	Approved Budget Unspent To Date
				£'000 (A)	£'000 (B)	£'000 (C)	£'000 (D)	£'000 (E)	£'000 (E)	% ((E-C)/Cx100)	£'000 (C-D)
Mar-16	Oct-16	N/A	N/A	31,161	0	31,161	12,401	31,161	31,161	0%	18,760

From the inception of the Shopping Park Development, external consultancy advice has been obtained, with respect to the various technical roles and responsibilities involved in managing a project of this scale and complexity. These consultants have been working together in a Project Team, with co-ordination provided by a specialist project manager from White Young and Green. A number of the consultants were originally engaged by Polofind. However, all costs have been split evenly up until the time that the Council acquired the sole interest. The Council's external solicitors, DAC Beachcroft have been transferring the consultant's appointments to the Council. A number of the revised contacts are now completed, with the remainder to be concluded by the end of October 2015.

The Asset Management and Economic Development Cabinet Committee will be taking responsibility for the detailed monitoring of the scheme and a report has been presented to the meeting on the 15 October, suggesting how this can be achieved in practice.

The project budget includes the initial budgets approved for all preliminary costs incurred since 2010/11 plus the supplementary capital estimate of £30,636,000 was approved by Cabinet in June 2015. This supplementary sum covers the purchase of Polofind's interest in the Epping Forest Shopping Park and the development of the site at Langston Road by the Council as sole owner developers. It also includes an estimate for S278 Highways Works and professional fees relating to letting agents, some of which will constitute revenue expenditure. A financial analysis is currently being undertaken to identify the revenue elements.

The purchase of Polofind's interest was completed on the 3rd July 2015 and the tenders, for both the S278 Highways Works and the main construction contract for the Epping Forest Retail Park, have been issued to perspective tenderers. Once evaluated the award of the contracts is to be considered by a special Cabinet on the 11 January 2016. Whilst the current project plan still anticipates a shell completion for October 2016 ready for tenant fit out, the final opening date for the new Retail Park will depend on the programme of works accepted as part of the award of tenders. Marketing activity is ongoing to secure anchor tenants in advance of letting the main construction contract.



**Report to: Resources Select Committee**

**Date of meeting: 14 December 2015**

**Portfolio:** Finance (Councilor S. Stavrou)

**Subject:** Key Performance Indicators 2015/16 - Quarter 2 Performance

**Officer contact for further information:** B. Copson (01992 564042)

**Democratic Services Officer:** A. Hendry (01992 564246)

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### **Recommendations/decisions required:**

**That the Select Committee reviews performance against the Key Performance Indicators within its areas of responsibility, at the end of Quarter 2**

### **Executive Summary:**

The Local Government Act 1999 requires that the Council 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.

As part of the duty to secure continuous improvement, a range of Key Performance Indicators (KPI) relevant to the Council's services and key objectives, are adopted each year by the Finance and Performance Management Cabinet Committee. Performance against the KPIs is monitored on a quarterly basis by Management Board and overview and scrutiny to drive improvement in performance and ensure corrective action is taken where necessary.

### **Reasons for Proposed Decision:**

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.

It is important that relevant performance management processes are in place to review and monitor performance against the key performance indicators 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:**

No other options are appropriate in this respect. Failure to monitor and review KPI performance and to consider corrective action where necessary could have negative implications for judgements made about the Council's progress, and might mean that opportunities for improvement are lost.

## Report:

1. A range of thirty-six (36) Key Performance Indicators (KPIs) for 2015/16 was adopted by the Finance and Performance Management Cabinet Committee in March 2015. The KPIs are important to the improvement of the Council's services, and comprise a combination of some 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.
2. Progress in respect of each of the KPIs is reviewed by the relevant Portfolio Holder, Management Board, and overview and scrutiny at the conclusion of each quarter. This report includes in detail only those indicators which fall within the areas of responsibility of the Resources Select Committee
3. A headline Quarter 2 performance summary in respect of each of the KPIs falling within the Resources Select Committee's areas of responsibility for 2015/16, is attached as Appendix 1 to this report together with details of the specific six-month performance for each indicator.
4. Improvement plans are produced for all of the KPIs each year, setting out actions to be implemented in order to achieve target performance, and to reflect changes in service delivery. In view of the corporate importance attached to the KPIs, the improvement plans are agreed by Management Board and are also subject to ongoing review between the relevant service director and Portfolio Holder over the course of the year. The Improvement Plans for indicators which have failed to reach target performance for the quarter are attached at Appendix 2 to this report.

### Key Performance Indicators 2015/16 – Quarter 2 Performance

5. The overall position with regard to the achievement of target performance for **all** of the KPIs at the end of Q2, was as follows:
  - (a) 26 (72%) indicators achieved target at the end of Q2;
  - (b) 10 (28%) indicators did not achieve the Q2 target; although
  - (c) 1 (10%) indicators performed within their tolerated amber margin.
  - (d) 26 (72%) indicators are currently anticipated to achieve their cumulative year-end target.
6. Nine (9) of the Key Performance Indicators fall within the Resources Select Committee's areas of responsibility. The overall position with regard to the achievement of target performance at the end of Q2 for these 9 indicators, was as follows:
  - (a) 6 (67%) indicators achieved the Q2 target;
  - (b) 3 (33%) indicators did not achieve their Q2 target; although
  - (c) 1 (11%) indicators performed within its tolerated amber margin.
  - (d) 8 (89%) indicators are currently anticipated to achieve their cumulative year-end target.
7. The 'amber' performance status used in KPI reports identifies indicators that have missed the agreed target for the quarter, but where performance is within an agreed tolerance or range (+/-). The KPI tolerances were agreed by Management Board when targets for the KPIs were set in February 2015.
8. The Select Committee is requested to review second quarter performance in relation to the KPIs for 2015/16 within its areas of responsibility.

**Resource Implications:**

Resource requirements for actions to achieve specific KPI performance for 2015/16 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 2015/16 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 2015/16 will have been identified by the responsible service director.

**Consultation Undertaken:**

The performance information and targets set out in this report have been submitted by each appropriate service director and have been reviewed by Management Board. The individual KPI improvement plans for 2015/16 were agreed by the Board.

**Background Papers:**

KPI submissions are held by the Performance Improvement Unit. Detailed performance data is held by the responsible service director.

**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 2015/16 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 2015/16 will have been identified by the responsible service director.

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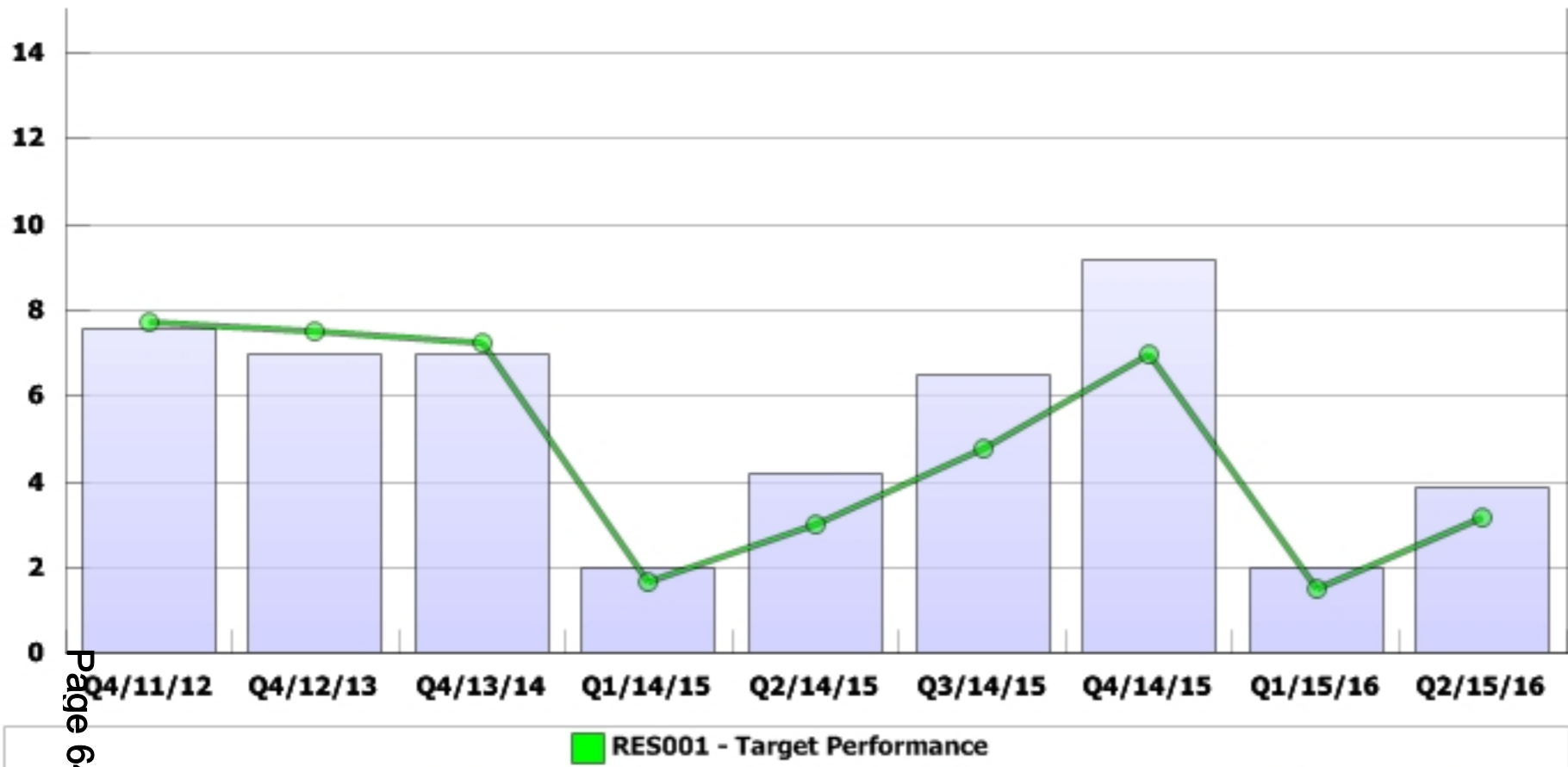
Quarterly Indicators		Quarter 1		Quarter 2		Quarter 3		Quarter 4		Is year-end target likely to be achieved?
		Tgt	Actual	Tgt	Actual	Tgt	Actual	Tgt	Actual	
<b>Resouces Quarterly KPIs</b>										
RES001	(Sickness absence) (days)	1.54	2.02	3.20	3.88	4.95	7.00	No		
RES002	(Invoice payments) (%)	97%	95%	97%	96%	97%	97%	Uncertain		
RES003	(Council Tax collection) (%)	27.10%	27.56%	51.98%	52.54%	77.00%	96.50%	Yes		
RES004	(NNDR Collection) (%)	28.38%	28.52%	53.04%	53.54%	78.09%	97.20%	Yes		
RES005	(New benefit claims) (days)	22.00	22.56	22.00	22.36	22.00	22.00	Yes		
RES006	(Benefits changes) (days)	10.00	7.03	10.00	7.19	10.00	6.00	Yes		
RES009	(Website Availability) (%)	99.60%	99.96%	99.60%	99.94%	99.60%	99.60%	Yes		
RES010	(Website Broken Links) (%)	94.10%	95.50%	94.10%	100.00%	94.10%	94.10%	Yes		
RES011	(Website Navigation) (%)	79.90%	81.97%	79.90%	81.57%	79.90%	79.90%	Yes		

# RES001 How many working days did we lose due to sickness absence?

**Additional Information:** This indicator monitors the level of staff sickness absence across the authority, and supports the implementation of the Council's Managing Absence Policy. Quarterly targets and performance details for this indicator represent the cumulative total for the year to date.

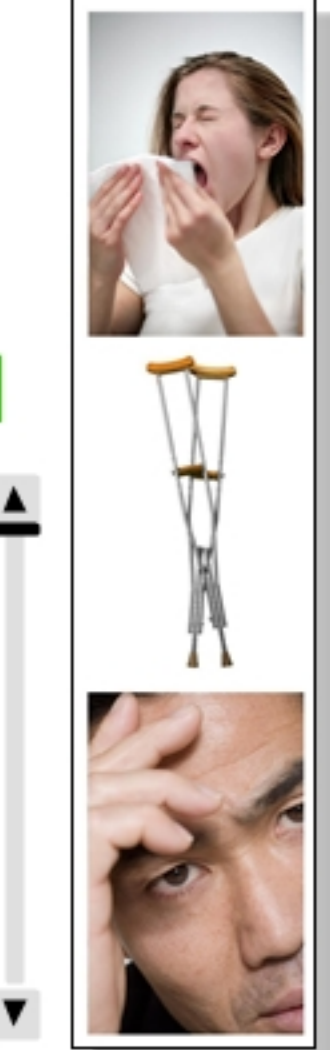
For enquiries regarding this indicator contact the Performance Improvement Unit by email on performance@eppingforestdc.gov.uk or by telephone on 01992 564042.

## Current and previous quarters performance



Quarter	Target	Actual	Status
Q2/15/16	3.20	3.88	✗
Q1/15/16	1.54	2.02	✗
Q4/14/15	7.00	9.20	✗
Q3/14/15	4.82	6.51	✗
Q2/14/15	3.05	4.21	✗

**Annual Target:** 2015/16 - 7.00 days  
 2014/15 - 7.00 days  
**Indicator of good performance:**  
 A lower number of days is good  
 ↓ is the direction of improvement



Is it likely that the target will be met at the end of the year?  
 No

### Comment on current performance (including context):

(Q2 2015/16) Sickness absence continues to be above target in each quarter since Q1 2014/15. However, compared with quarter 2 2014/15 there has been a slight decrease of 0.33 average days in this quarter.

### Corrective action proposed (if required):

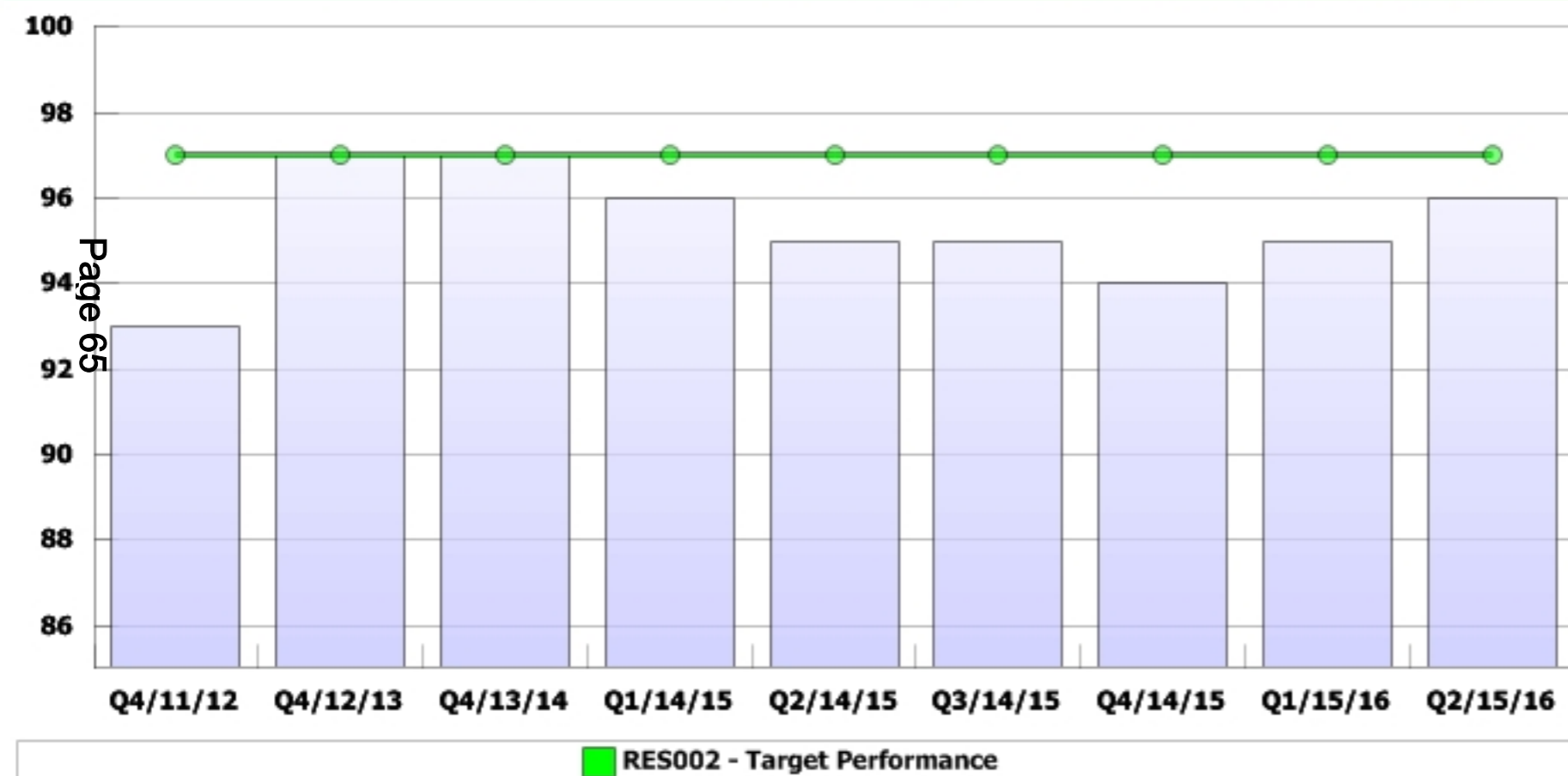
- (Q2 2015/16) The Improvement Plan states;
1. The Assistant Director (HR) will carry out further analysis on the increase in the number of days taken for mental health issues.
  2. HR will arrange mandatory workshops for managers to ensure that the Council's Managing Absence Policy is applied consistently and timely across the authority. In addition, managers will be encouraged to become proactive when managing absence.
  3. HR will arrange workshops for managers on mental health issues.
  4. HR will work with Directors to produce the most useful management information regarding sickness absence
  5. The Assistant Director (HR) to meet with the Council's Occupational Health provider regarding the information provided to managers by their doctors. (This has been completed)
  6. The Council's sickness absence position will be published in District Lines.



**Additional Information: This indicator encourages the prompt payment of undisputed invoices for commercial goods and services**

For enquiries regarding this indicator contact the Performance Improvement Unit by email on [performance@eppingforestdc.gov.uk](mailto:performance@eppingforestdc.gov.uk) or by telephone on 01992 564042.

### Current and previous quarters performance



Quarter	Target	Actual
Q2/15/16	97%	96%
Q1/15/16	97%	95%
Q4/14/15	97%	94%
Q3/14/15	97%	95%
Q2/14/15	97%	95%

Annual 2015/16 - 97%

Target: 2014/15 - 97%

Indicator of good performance:  
A higher percentage is good

↑ is the direction of improvement

Is it likely that the target will be met at the end of the year?

Uncertain

### Comment on current performance (including context):

(Q2 2015/16) - Performance has improved by a percentage point since quarter 1 and is now within 1% of target. September was a good month with all directorates achieving at least 98% for the month.

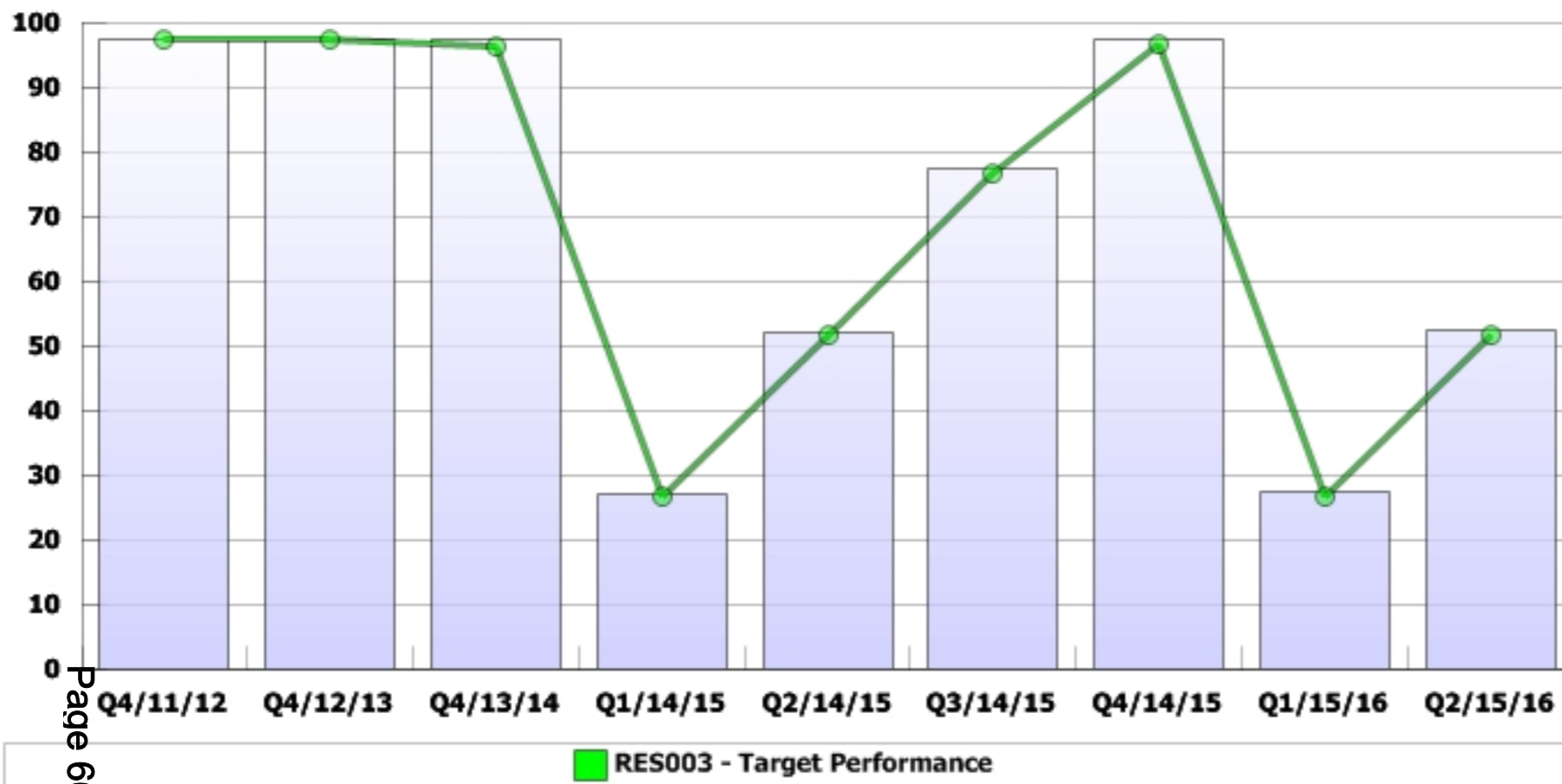
### Corrective action proposed (if required):

(Q2 2015/16) - It is important to encourage prompt processing and where invoices are in dispute registering as such. Reminders are issued from time to time and this should continue.

**Additional Information:** This indicator monitors the rate of collection of Council Tax. Quarterly targets and performance details for this indicator represent the cumulative total for the year to date.

For enquiries regarding this indicator contact the Performance Improvement Unit by email on [performance@eppingforestdc.gov.uk](mailto:performance@eppingforestdc.gov.uk) or by telephone on 01992 564042.

Current and previous quarters performance



Quarter	Target	Actual
Q2/15/16	51.98%	52.54%
Q1/15/16	27.10%	27.56%
Q4/14/15	97.00%	97.79%
Q3/14/15	77.56%	77.63%
Q2/14/15	51.94%	52.40%



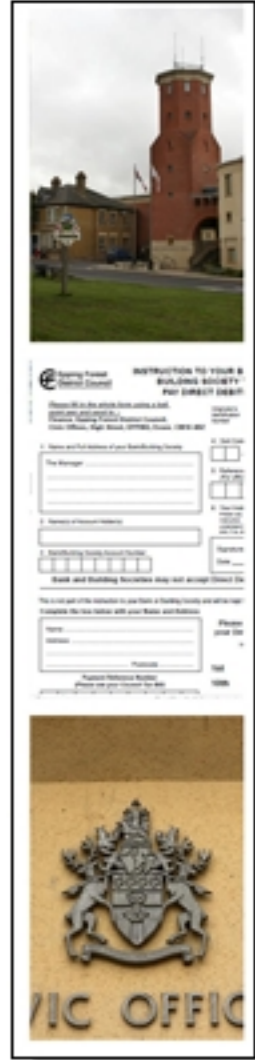
**Annual Target:** 2015/16 - 97.00%  
 2014/15 - 97.00%

Indicator of good performance:  
 A higher percentage is good

↑ is the direction of improvement

Is it likely that the target will be met at the end of the year?

Yes



Comment on current performance (including context):

(Q2 2015/16) The collection performance is 0.14% up on the same stage in 2014/15.

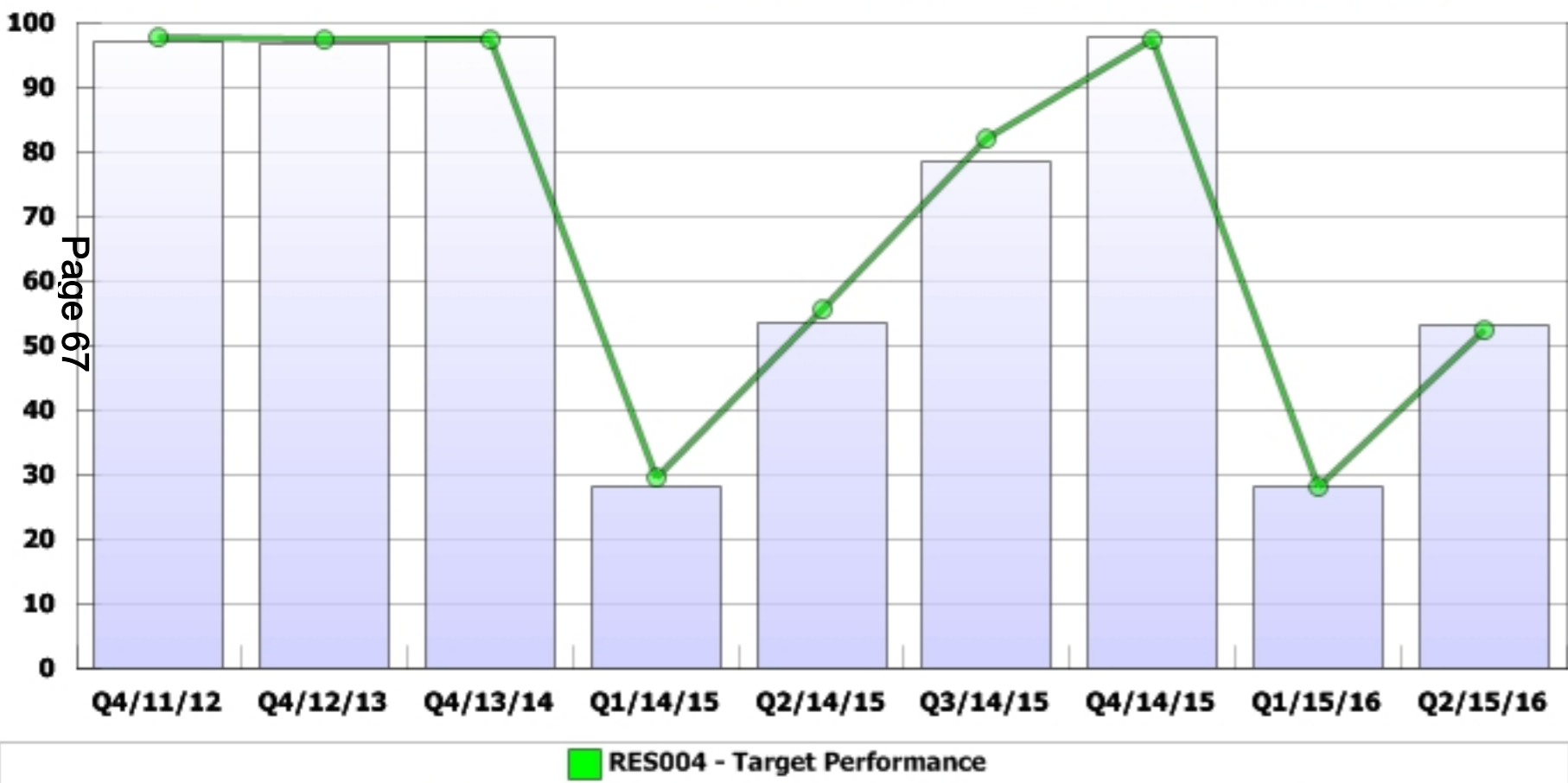
Corrective action proposed (if required):

(Q2 2015/16) Collection and recovery procedures are in place for outstanding debts.

**Additional Information:** This indicator monitors the rate of collection of National Non-Domestic rates. Quarterly targets and performance details for this indicator represent the cumulative total for the year to date.

For enquiries regarding this indicator contact the Performance Improvement Unit by email on [performance@eppingforestdc.gov.uk](mailto:performance@eppingforestdc.gov.uk) or by telephone on 01992 564042.

Current and previous quarters performance



Quarter	Target	Actual	Status
Q2/15/16	53.04%	53.54%	✓
Q1/15/16	28.38%	28.52%	✓
Q4/14/15	97.70%	97.86%	✓
Q3/14/15	82.33%	78.72%	✗
Q2/14/15	55.97%	53.63%	✗

**Annual Target:** 2015/16 - 97.70%  
 2014/15 - 97.70%

Indicator of good performance:  
 A higher percentage is good

↑ is the direction of improvement

Is it likely that the target will be met at the end of the year?

Yes



Comment on current performance (including context):

(Q2 2015/16) The collection performance is 0.09% down on the same stage last year

Corrective action proposed (if required):

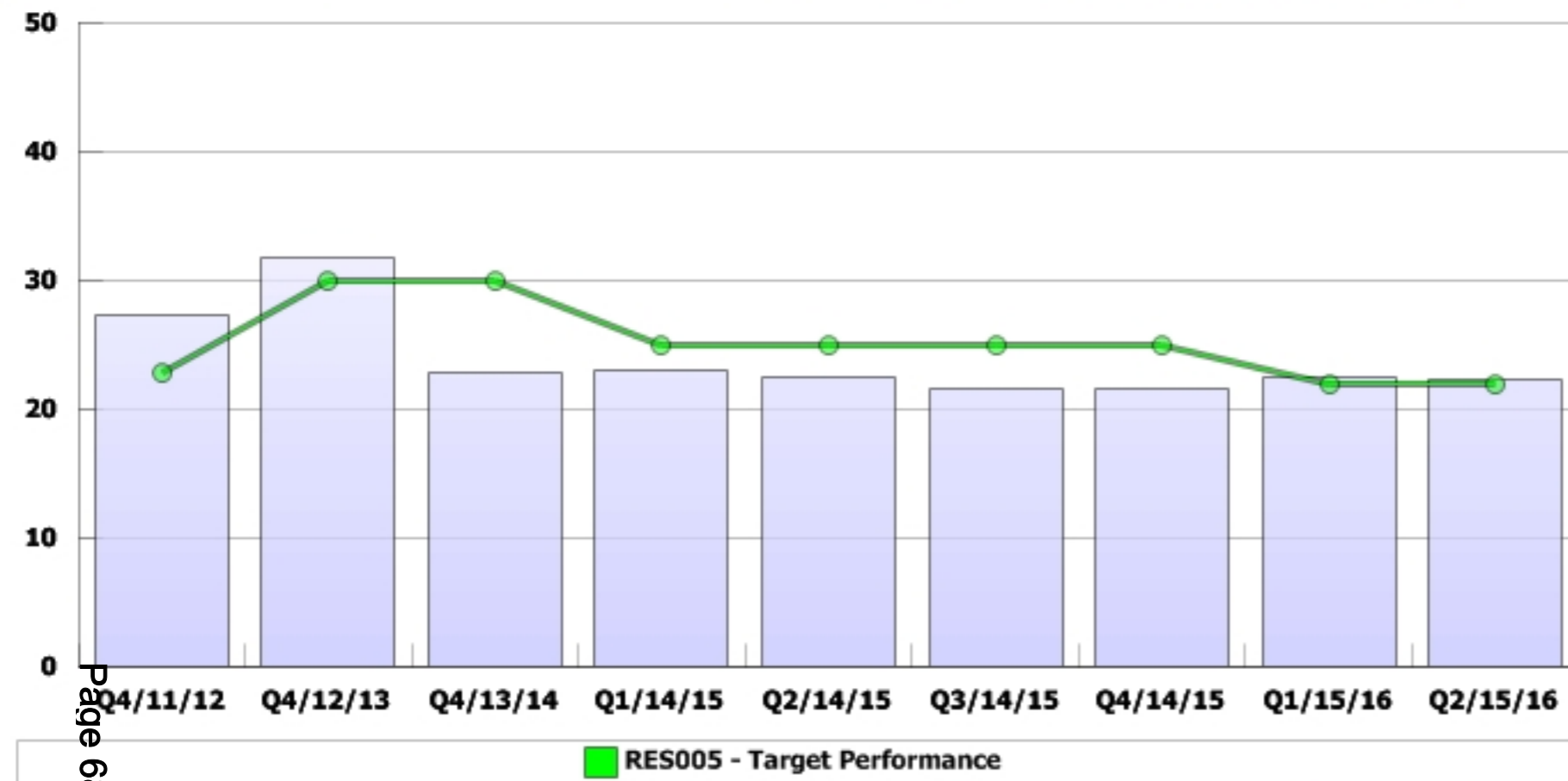
(Q2 2015/16) The Council is taking recovery action to collect the outstanding debts.

**RES005 On average, how many days did it take us to process new benefit claims?**

**Additional Information:** This indicator monitors the administration of Housing and Council Tax Benefit. Targets and performance are measured in days.

For enquiries regarding this indicator contact the Performance Improvement Unit by email on performance@eppingforestdc.gov.uk or by telephone on 01992 564042.

**Current and previous quarters performance**



Quarter	Target	Actual	Status
Q2/15/16	22.00	22.36	X
Q1/15/16	22.00	22.56	X
Q4/14/15	25.00	21.74	✓
Q3/14/15	25.00	21.63	✓
Q2/14/15	25.00	22.55	✓

**Annual Target:** 2015/16 - 22.00 days  
 2014/15 - 25.00 days  
**Indicator of good performance:**  
 A lower number of days is good  
 ↓ is the direction of improvement

**Is it likely that the target will be met at the end of the year?**  
 Yes

**Comment on current performance (including context):**

(Q2 2015/16) - The first two quarters performance has improved on the performance at the end of quarter 2 in 2014/15 of 22.55 days. The second quarter for 2015/16 showed a performance of 22.16 days and is on course to achieve the annual target.

**Corrective action proposed (if required):**

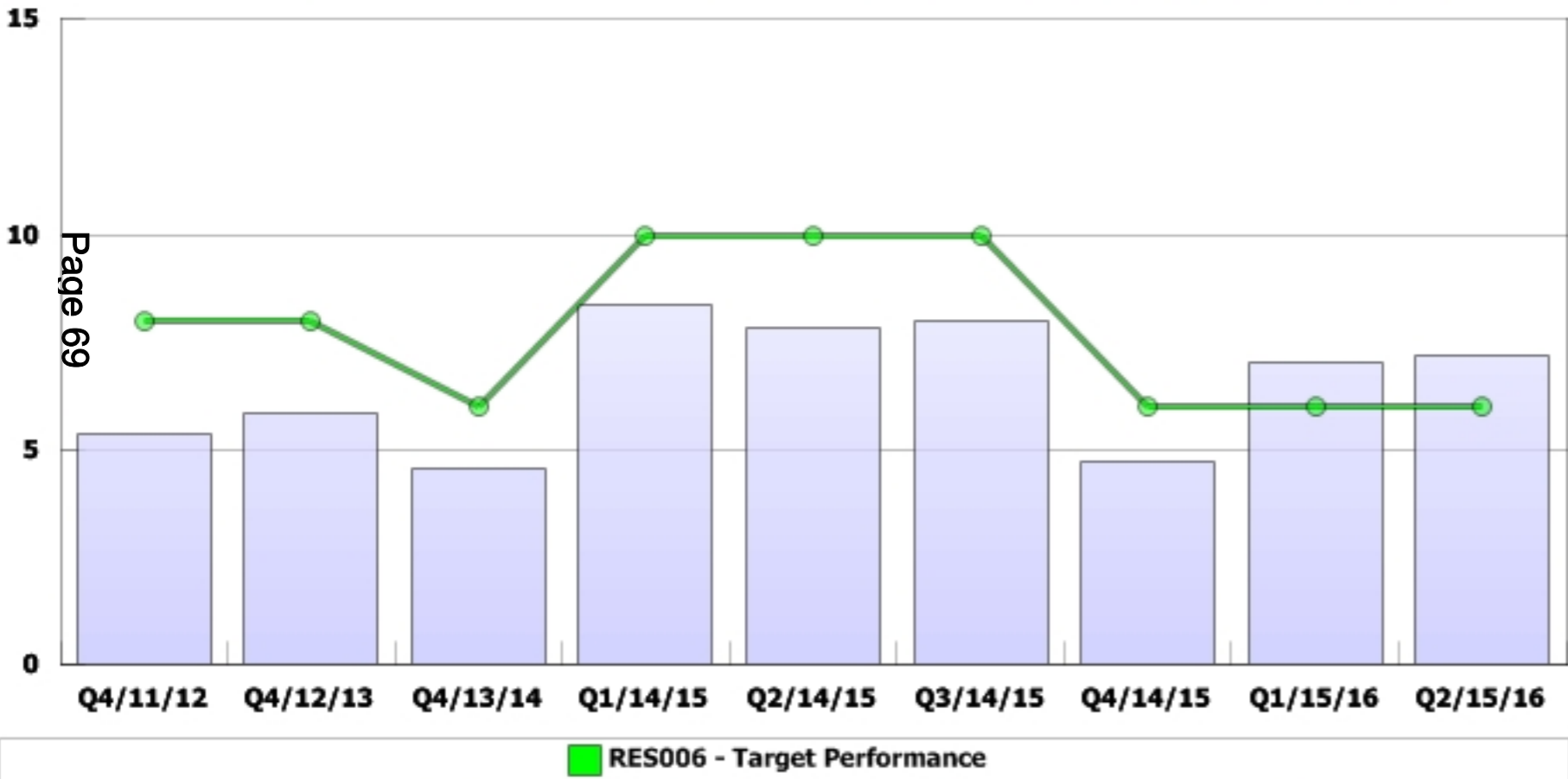
(Q2 2015/16) - Performance is monitored on a weekly basis and improvements to processes are made when appropriate.

**RES006 On average, how many days did it take us to process notices of a change in a benefit claimant's circumstances?**

**Additional Information:** This indicator monitors the administration of Housing and Council Tax Benefit. Targets and performance are measured in days.

For enquiries regarding this indicator contact the Performance Improvement Unit by email on performance@eppingforestdc.gov.uk or by telephone on 01992 564042.

**Current and previous quarters performance**



Quarter	Target	Actual	Status
Q2/15/16	10.00	7.19	✓
Q1/15/16	10.00	7.03	✓
Q4/14/15	6.00	4.74	✓
Q3/14/15	10.00	8.00	✓
Q2/14/15	10.00	7.87	✓

**Annual Target:** 2015/16 - 6.00 days  
 2014/15 - 6.00 days  
**Indicator of good performance:**  
 A lower number of days is good  
 ↓ is the direction of improvement

Is it likely that the target will be met at the end of the year?  
 Yes

**Comment on current performance (including context):**

(Q2 2015/16) - Performance has improved on the quarter 2 performance in 2014/15 of 7.87 days and is on course to achieve the target.

**Corrective action proposed (if required):**

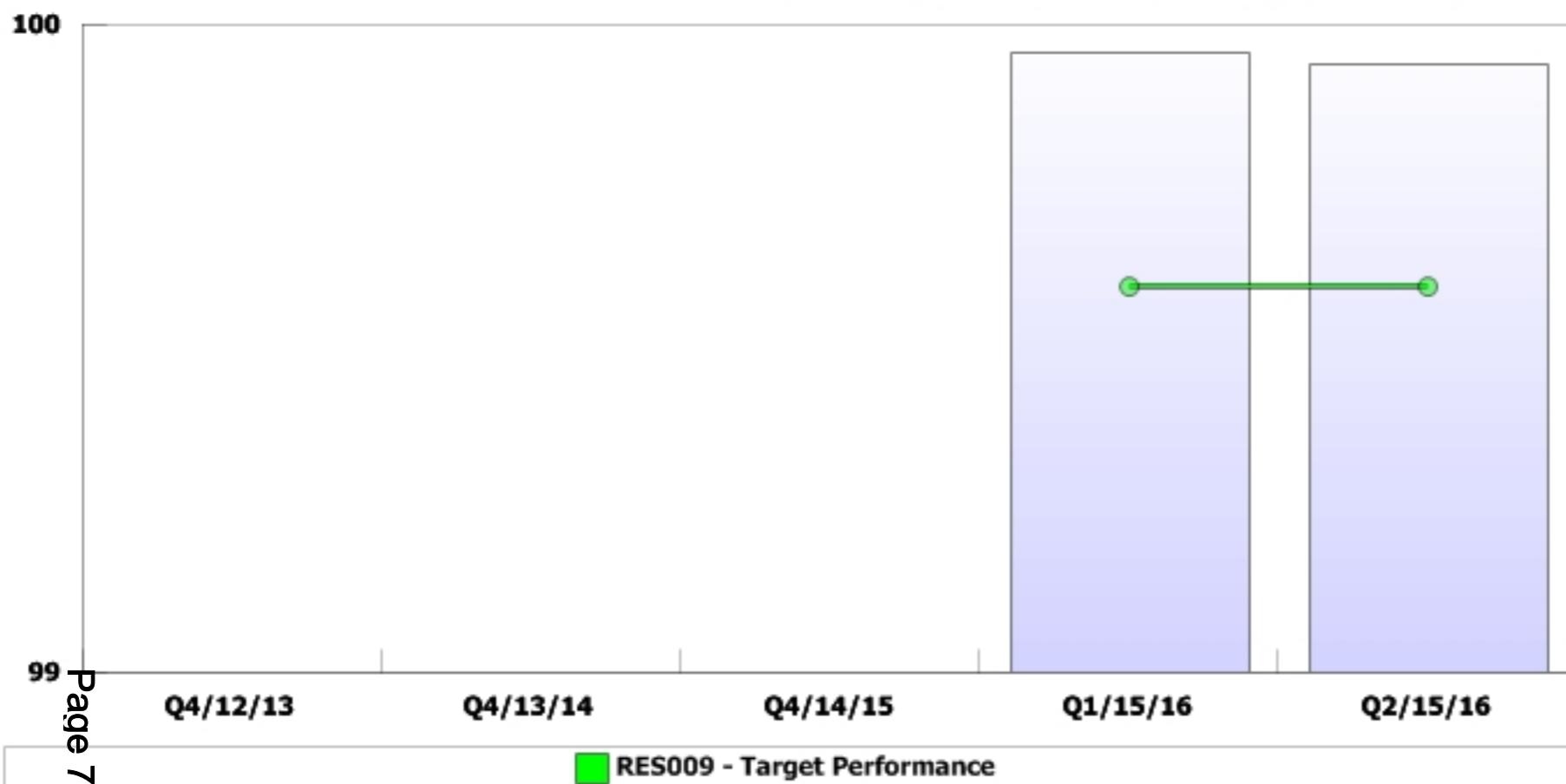
(Q2 2015/16) - Performance is monitored on a weekly basis and improvements to processes are made when appropriate.

## RES009 Are customer needs being met by the Corporate Websites being available?

**Additional Information:** This measures aspects of website functionality which affect user experience. The amount of time the main sites (Joomla; Word Press; Planning Explorer; Info @t Work Public Access; and Modern.gov) are available impacts on the provision of Council information and together with RES010 and RES011, provides technical information against which customer satisfaction can be inferred.

For enquiries regarding this indicator contact the Performance Improvement Unit by email on performance@eppingforestdc.gov.uk or by telephone on 01992 564042.

### Current and previous quarters performance



Quarter	Target	Actual
Q2/15/16	99.60%	99.94%
Q1/15/16	99.60%	99.96%
Q4/14/15	-	0.00%
Q4/13/14	-	0.00%
Q4/12/13	-	0.00%

Annual Target: 2015/16 - 99.6%  
2014/15 -

Indicator of good performance:  
A higher number is good

↑ is the direction of improvement

Is it likely that the target will be met at the end of the year?

Yes

### Comment on current performance (including context):

(Q2 2015/16)  
RES009 is a new KPI for 2015/2016.  
The target for uptime of 99.6% was achieved with the average uptime across the 5 sites being 99.94%. ICT continuously monitors performance in real time and responds to outages during the year.

### Corrective action proposed (if required):

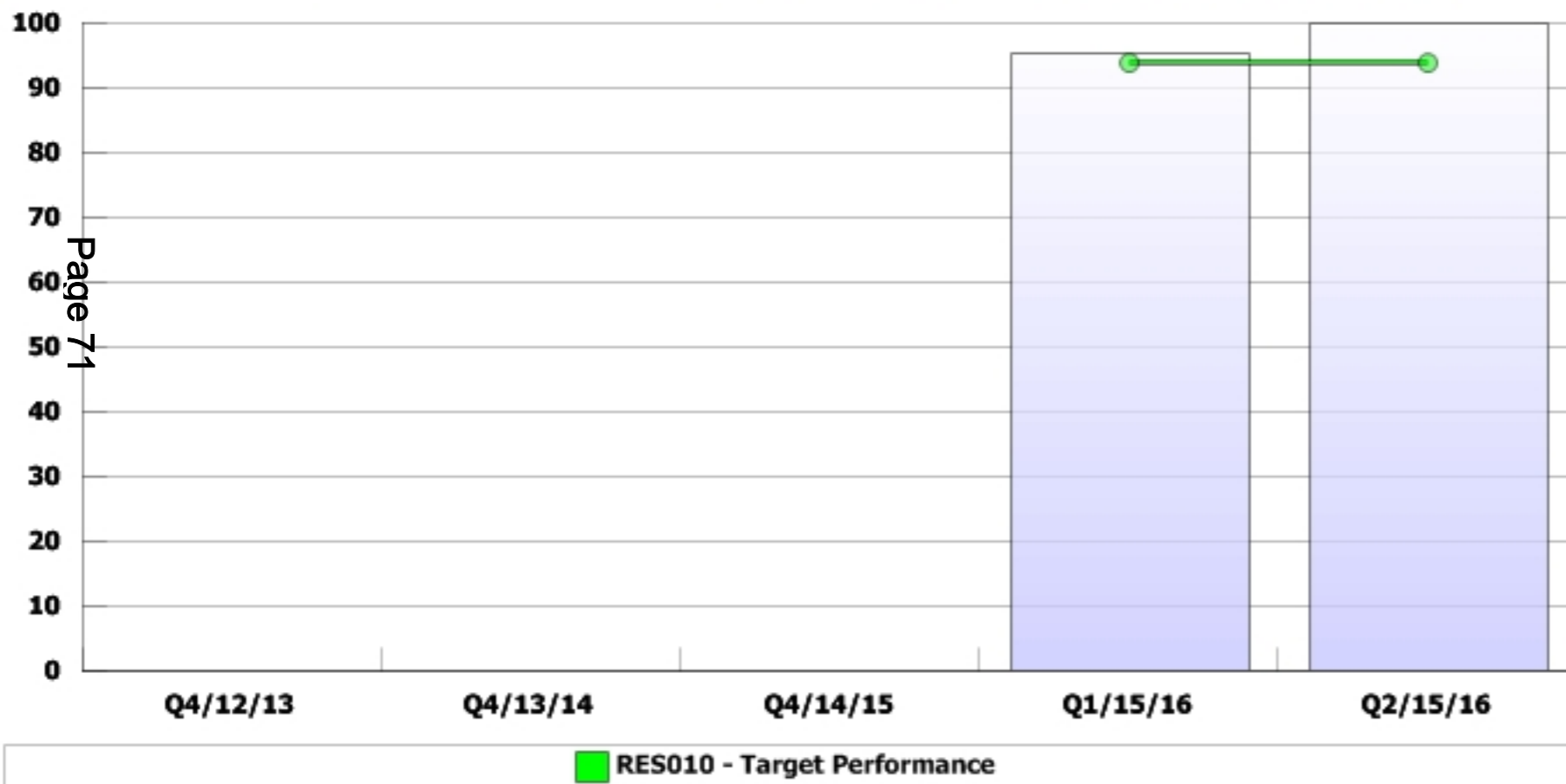
(Q2 2015/16) None.

## RES010 Are customer needs being met by the main Corporate Websites not having broken links?

**Additional Information:** This indicator measures aspects of website functionality which will affect user experience. The absence of broken links on the main website (Joomla) mpacts on the successful provision of Council information and a positive website user experience. Together with RES009 and RES011, this indicator provides technical information against which customer satisfaction can be inferred.

For enquiries regarding this indicator contact the Performance Improvement Unit by email on performance@eppingforestdc.gov.uk or by telephone on 01992 564042.

### Current and previous quarters performance



Quarter	Target	Actual
Q2/15/16	94.10%	100.00%
Q1/15/16	94.10%	95.50%
Q4/14/15		0.00%
Q4/13/14		0.00%
Q4/12/13		0.00%

Annual 2015/16 - 94.10%  
Target: 2014/15 -

Indicator of good performance:  
A higher number is good

↑ is the direction of improvement

Is it likely that the target will be met at the end of the year?

Yes

### Comment on current performance (including context):

(Q2 2015/16)  
RES010 is a new KPI for 2015/2016.  
The target for the number of pages without broken links on is 94%. The actual percentage of pages without any broken links on was 100% made up of 0 broken links on 864 main website pages. These broken links will be continually monitored and corrected during the year, increasing the number of pages without any broken links on.

### Corrective action proposed (if required):

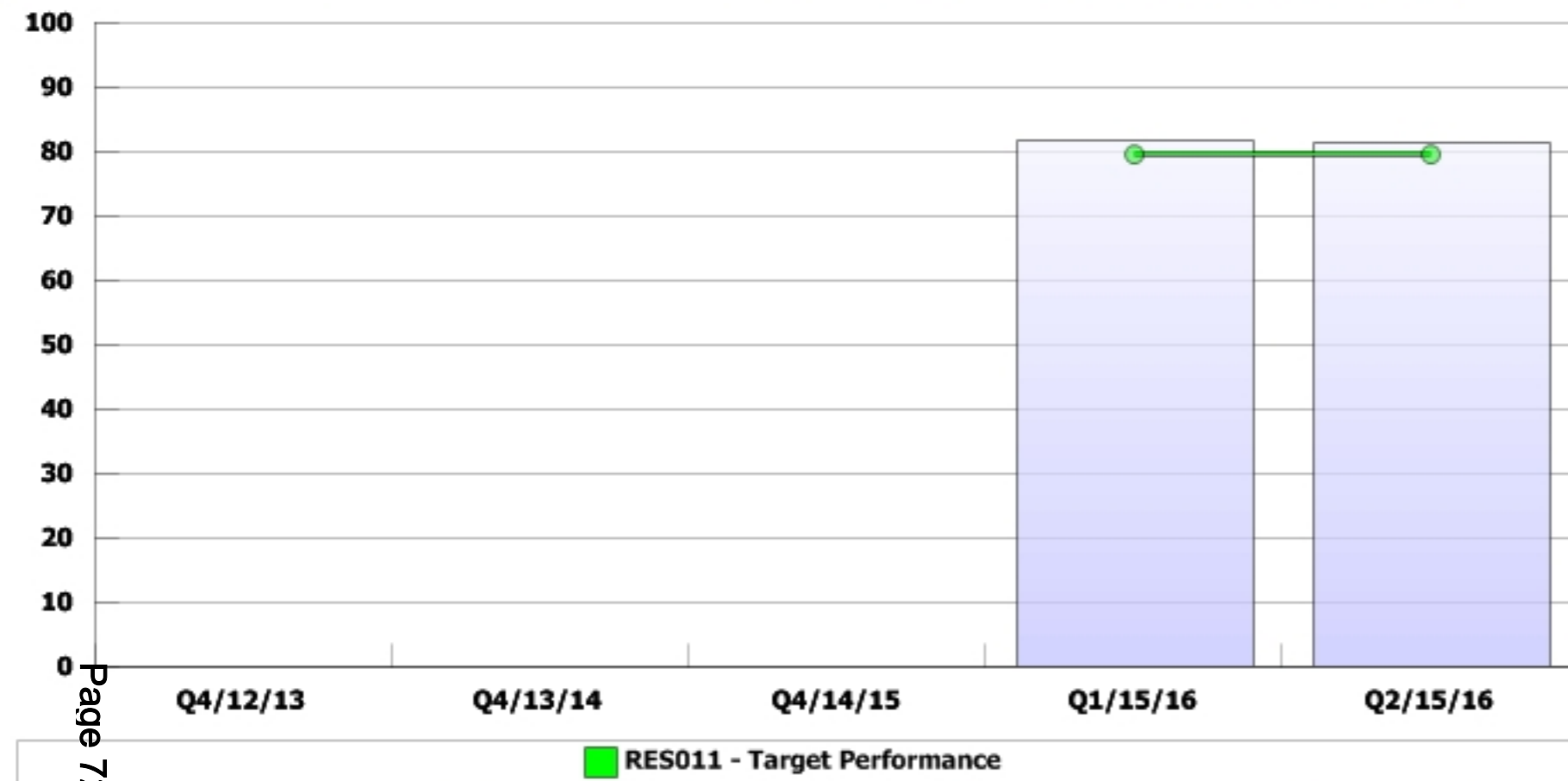
(Q2 2015/16) None.

**RES011 Are customer needs being met by the main Corporate Website having effective navigation?**

**Additional Information:** This indicator measures aspects of website functionality which will affect user experience. The ease of navigation impacts on the successful provision of Council information and a positive website user experience. Together with RES009 and RES010, this indicator provides technical information against which customer satisfaction can be inferred.

For enquiries regarding this indicator contact the Performance Improvement Unit by email on performance@eppingforestdc.gov.uk or by telephone on 01992 564042.

**Current and previous quarters performance**



Quarter	Target	Actual
Q2/15/16	79.90%	81.57%
Q1/15/16	79.90%	81.97%
Q4/14/15		0.00%
Q4/13/14		0.00%
Q4/12/13		0.00%



**Annual Target:** 2015/16 - 79.90%  
2014/15 -

**Indicator of good performance:**  
A higher number is good

↑ is the direction of improvement

**Is it likely that the target will be met at the end of the year?**

Yes

**Comment on current performance (including context):**

(Q2 2015/16)  
RES011 is a new KPI for 2015/2016.  
The visit depth target for the main website is 79.9%. Visit depth is the number of page views for each visit with the target based on 1 to 4 page views. The target was achieved with 81.57% of the 281,747 pages views in Qtr1 being between 1 to 4 pages. This will be monitored throughout the year.

**Corrective action proposed (if required):**

(Q2 2015/16) None.



**RES01 How many working days did we lose due to sickness absence?**

Outturn			Target
2012/13	2013/14	2014/15	2015/16
6.99 days	7.25 days	9.20 days	7 days

**Responsible Officer**

Bob Palmer  
Director of Resources

Improvement Action	Target Dates	Key Measures / Milestones
The Assistant Director (HR) to carry out further analysis on the increase in the number of days taken for mental health issues.	December 2015	A report is submitted to Management Board
HR will arrange mandatory workshops for managers to ensure that the Council's Managing Absence Policy is applied consistently and timely across the authority.	December 2015	Managers become proactive when managing absence.
HR will arrange workshops for managers on mental health issues.	December 2015	Managers are confident when dealing with mental health issues of their staff
HR will work with Directors to produce the most useful management information regarding sickness absence	September 2015	Directors/Assistant Directors/Managers receive regular timely information from HR.
The Assistant Director (HR) to meet with the Council's Occupational Health provider regarding the information provided to managers by their doctors.	June 2015	Meeting took place 24 June 2015

An article on the Council's sickness absence position will be published in District Lines.

August 2015

Staff are informed of the Council's absence figures.

Please detail any budget or resource implications of the improvement actions you have listed overleaf. Please quantify any additional resources which will be required to implement the improvements and detail how the additional resources will be allocated.

Currently no additional resources are required.

Please describe any contextual factors, internal or external, which may impact upon the ability to deliver the improvements listed.

Flu/other infection epidemic.

The Council has an ageing workforce which maybe more susceptible to operations/procedures that require some recuperation time



**RES02 What percentage of the invoices we received was paid within 30 days?**

Outturn			Target
2012/13	2013/14	2014/15	2015/16
97%	97%	94%	97%

**Responsible Officer**

Bob Palmer  
Director of Resources

Improvement Action	Target Dates	Key Measures / Milestones
Reminder e-mails stressing the importance of passing invoices in a timely fashion and making sure officers register disputed invoices on the Accounts Payable system	31/7/15	
The Council is in the process of implementing E-invoicing which will significantly reduce the amount of paper invoices being passed around the authority. This will take time to implement so it is unlikely to have an impact on the 2015/16 KPI	December 2015	Pilot exercise complete October 15 full rollout Marketplace and OHMS November 15

Please detail any budget or resource implications of the improvement actions you have listed overleaf. Please quantify any additional resources which will be required to implement the improvements and detail how the additional resources will be allocated.

It is intended to implement E-invoicing from within approved budgets so no additional resources are currently required.

Please describe any contextual factors, internal or external, which may impact upon the ability to deliver the improvements listed.

**RES05 On average, how many days did it take us to process new benefit claims?**

Outturn			Target
2012/13	2013/14	2014/15	2015/16
31.83 days	23.00 days	21.74 days	22.00 days

**Responsible Officer**

Bob Palmer  
Director of Resources

Improvement Action	Target Dates	Key Measures / Milestones
Regular review of procedures to reduce delays and unnecessary requests for information.	10th July 2015, 9 <sup>th</sup> October 2015 and 15th January 2016	Weekly monitoring and KPI performance reported on a quarterly basis
Review documentation to encourage claimants to provide documentation with their applications and reduce the need to write to request the information that has not been provided.	9 <sup>th</sup> October 2015	Weekly monitoring and KPI performance reported on a quarterly basis
Regular review of training requirements	10th July 2015, 9 <sup>th</sup> October 2015 and 15th January 2016	Weekly monitoring and KPI performance reported on a quarterly basis

Improvement Action	Target Dates	Key Measures / Milestones
Recruitment of experienced staff to vacant posts. If experienced staff can be recruited, the training required will be reduced.	As vacancies arise	Weekly monitoring and KPI performance reported on a quarterly basis

Please detail any budget or resource implications of the improvement actions you have listed overleaf. Please quantify any additional resources which will be required to implement the improvements and detail how the additional resources will be allocated.

No additional resources are currently required.

Please describe any contextual factors, internal or external, which may impact upon the ability to deliver the improvements listed.

The Government is pursuing a significant programme of Welfare Reform to reduce the overall welfare bill by £12 billion. It is not yet clear how this programme will effect claimants or local authorities.



### **Report to the Resources Select Committee**

**Date of meeting: 14 December 2015**

**Subject:** Sickness Absence

**Officer contact for further information:** Paula Maginnis (01992564536)

**Committee Secretary:** Adrian Henry (01992564246)

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#### **Recommendations/Decisions Required:**

**That the Committee notes the report on sickness absence.**

#### **Executive Summary**

This report provides information on the Council's absence figures for Q1 and Q2, 2015/2016; it includes absence figures by Directorate, the number of employees who have met the trigger level, those who have more than 4 weeks absence and the reasons for absence.

The Council's target for sickness absence under KPI10 for 2015/2016 was an average of 7 days per employee. The outturn figure for 2014/2015 was an average of 9.20 days per employee. At 9.20 days the Council was above target for the first time in 4 years.

During Q1, 4.3% of employees met the trigger levels or above, 22.1% had sickness absence but did not meet the triggers and 73.6% had no absence. During Q2, 4% of employees met the trigger levels or above, 24.2% had sickness absence but did not meet the trigger levels and 71.8% had no absence.

Currently, under the Council's Managing Absence Policy there are trigger levels for initiating management action in cases of excessive sickness absence. These are:

- (i) during any 'rolling' twelve-month period an employee has had 5 or more separate occasions of absence; or
- (ii) during any 'rolling' twelve-month period an employee has had at least 8 working days of any combination of un/self certificated, or medically certificated absences.

#### **Reasons for Proposed Decision**

To enable members to discuss the Council's absence figures and make decisions regarding actions to improve them.

#### **Other Options for Action**

For future reports the Committee may wish to include other information or receive no report to future meetings.

#### **Report:**

#### **Introduction**

1. The latest figures published by the Chartered Institute of Personnel and Development (CIPD) for 2015 show that the average number of days taken as sickness absence across all sectors is 8.3 days. In public services the figure is 9.3 days and 7.4 days in the private sector. In

local government the figure is an average of 8 days. Last year the Council's outturn figure was 9.2 days. Q1 and Q2 figures for this year are indicating that the Council will again be above the average of 8 days. The report concludes that public sector absence has increased by almost a day.

2. Under the Council's Managing Absence Policy there are trigger levels for initiating management action in cases of excessive sickness absence. These are:

- (i) during any 'rolling' twelve-month period an employee has had 5 or more separate occasions of absence; or
- (ii) during any 'rolling' twelve-month period an employee has had at least 8 working days of any combination of un/self certificated, or medically certificated absences.

3. In addition to the above a manager should consider referring an employee to Occupational Health when an employee has been absent from work for at least one month if there is no estimate when they will be fit to return, or if this is unlikely to be within a reasonable period.

### Quarterly Figures 2011/2012 – 2015/2016

4. The KPI target for sickness absence remained at 7 days for 2015/16. The target has been exceeded in both quarters this year and it is unlikely the Council will meet the target. However, there are slight reductions on last year figures in both quarters.

5. Table 1 below shows the absence figures for each quarter since 2011/2012.

	Q1	Q2	Q3	Q4	Outturn	Target
<b>2015/2016</b>	2.02	1.86				7
<b>2014/2015</b>	2.03	2.18	2.30	2.69	9.20	7
<b>2013/2014</b>	1.69	1.36	1.78	2.18	7.01	7.25
<b>2012/2013</b>	1.6	1.78	1.83	1.78	6.99	7.5
<b>2011/2012</b>	1.86	1.64	1.87	2.21	7.58	7.75

Table 1

### Directorate Figures 2015/2016

6. Table 2 shows the average number of days lost per employee in each Directorate. Only Governance was below the target average of 1.75 days per quarter in both quarters, Resources was below this figure for Q1.

Directorate	Ave FTE	Average Number of Days Absence 2015/2016				Total Ave No of Days 2015/15
		Q1	Q2	Q3	Q4	
<b>Communities</b>	212.05	2.56	2.06			
<b>Governance</b>	88.78	0.92	0.99			
<b>Neighbourhoods</b>	117.9	2.28	2.03			
<b>Resources</b>	148.76	1.67	2.0			

Table 2  
Page 80



7. This table is represented by a graph which can be found at appendix 1.

### Long Term Absence 2013/2014 – 2015/2016

8. For this purpose long term absence has been defined as 4 weeks or over. During the year there was the following number of employees on long term absence:

	Q1	Q2	Q3	Q4
<b>2015/2016</b>	12	14		
<b>2014/2015</b>	15	16	21	19
<b>2013/2014</b>	10	8	11	8

Table 3

9. There was a significant increase in long term absence during 2014/2015 compared to the previous year. The number of long term absences has decreased slightly in both quarters during this financial year but there has been a slight increase in number from Q1 to Q2. The reasons for long term absences during Q1 & Q2 are set out in table 4.

Reason for long term absence	Number of employees Q1	Number of employees Q2
Depression not stress	3	3
Non work related stress	1	1
Work related stress	0	1
Musculoskeletal (including back problems)	4	5
Gastro	2	1
Heart	2	2
Cancer	0	1

Table 4

10. The 2015 CIPD report stated that a number of organisations (not just in the public sector) reported they had seen an increase in stress related absence and mental health problems. It shows that minor illness accounts for most short term absence whereby acute conditions such as stress, musculoskeletal, mental health and back pain are most common reasons for long term absences. The Council reflects these findings as table 4 shows.

11. All of the employees in both quarters had one continuous period of absence, with the exception of one employee in Q2. At the end of Q1 there were a number of employees still absent from work however, this has improved during Q2 whereby only 2 employees were absent going into Q3. Table 5 provides further detail on these employees.

2015/16 Quarter	Resigned	Return to work	Warning	Dismissed	Redundancy	Still Absent	Ill-Health Retirement	Phased Return	Deceased
<b>Q1</b>	0	2	0	0	0	6	1	3	0
<b>Q2</b>	2	5	0	1	1	2	0	3	0

Table 5

12. At appendix 2 there is a graph which sets out a breakdown of days lost to long term absence, those who met the trigger level and those below the trigger level. This graph shows that overall, 47% of lost time for Q1 was due to long term absence, 20% of time lost met the trigger level (and above to 19 days) and 33% due to short term absence. In Q2 these figures

were 36% due to long term absence, 20% was above the trigger level and below 19 days and 43% due to short term absence.

### Reasons for Absence

13. Appendix 3 shows the reasons for absence, including the number of days lost and number of employees for each reason.

14. The largest increase in the number of days taken from Q1 to Q2 was for work and non-work related stress, heart/circulation problems, and respiratory problems.

15. The reasons with the largest increases in the number of employees over this period were for back problems and eye, ear, nose throat issues.

16. The largest increase in the average number of days per employee was for work related stress, heart, also cancer issues. The largest decrease was for non-work related stress.

### Numbers of Absent Staff

17. Table 6 shows that there were fairly consistent numbers of staff who had no absence and those that had absence over the course of Q1 and Q2. Over two thirds of staff had no absence but there has been an increase in sickness absence compared to 2013/14.

<b>Quarter</b> (Based on 670 headcount)	<b>Staff with no absence</b>	<b>Staff with 7 days or less</b>	<b>Staff with 8 days or more</b>
1 – 2015/2016	73.6% (493)	22.1% (148)	4.3% (29)
2 – 2015/2016	71.8% (481)	24.2% (162)	4% (27)
3 – 2015/2016			
4 – 2015/2016			
<b>Quarter</b> (Based on 670 headcount)	<b>Staff with no absence</b>	<b>Staff with 7 days or less</b>	<b>Staff with 8 days or more</b>
1 - 2014/2015	73% (486)	22% (150)	5% (34)
2 - 2014/2015	71% (475)	23% (155)	6% (40)
3 - 2014/2015	63% (423)	30.4% (203)	6.6% (44)
4 - 2014/2015	61%(409)	32.4%(217)	6.6%(44)

Table 6

### Mental Health Issues

18. During 2014/2015 there was a significant increase in the number of days taken due to mental health issues. At the Council they are recorded under depression, non-work related stress and work related stress. The additional number of days taken for these reasons was 563.2, an increase of 93.3%. This was as a comparison to 2013/2014. For the first 2 quarters of this year there has been a (pro rata) reduction in the number of days taken for these reasons and a reduction in the number of employees recording work related stress (8 employees in 2014/2015 to 2 in 2015/2016)

19. So far 2015/2016 has seen a reduction in days lost to mental health issues. At the half way point in the year only 42% of the days lost in 2014/2015 have been lost in 2015/2016 (i.e 1042.7 days in 2014/2015 to 436.4 days in 2015/2016).

20. The types of issues that HR are made aware of when dealing with depression and non-work related stress include; bereavement, workplace change, (working) relationships with colleagues and family issues. In cases of work related stress they tend to be workplace change and (working) relationships with colleagues. The type, volume and nature of work are very rarely stated, if at all, as reasons for work related stress.

21. The length of time an employee is absent from work due to one of these reasons varies and is not only medium or long-term periods it can be as little as a day.

22. Of those employees in Q1 who recorded depression, non-work or work related stress;

- 3 left the Council
- 4 returned to work
- 1 employee remains absent
- 1 returned to work and is absent again

23. Of those employees in Q2 who recorded depression, non-work or work related stress;

- 3 left the Council
- 6 returned to work
- 1 employee remains absent
- 1 returned to work and is absent again

24. Please note that 5 employees appear in both quarters and have been included in paragraphs 23 and 24 (including the employee currently absent).

25. It is worth noting that according to Mind (the mental health charity) in some instances staff report that they are absent due to musculoskeletal problems rather than mental health reasons. Individuals can experience back and other musculoskeletal pain when suffering from mental health issues. As table 4 shows this was the reason with the highest number of employees off on long term absence. In all cases it seems that there were no underlying mental health issues for those recording this reason as sickness absence.

## **Conclusion**

26. The number of days taken due to mental health issues had increased significantly from 2013 to 2015. This may be due to internal factors such as change within the authority, there has been a number of directorate/team reorganisations or that mental health issues have lost some of its stigma and staff are more comfortable recording their absence correctly. Staff may also have concerns and worries about family finances, potential redundancies and caring responsibilities which could affect their mental health. However, there has been an improvement in these figures as that this year the number of days lost to mental health issues shows a 16.3% reduction on 2014/2015. (This assumes that the 1042.7 days were lost evenly throughout the year so the comparative half year figure would be 521.35, which has reduced by 84.95 days or 16.3%).

## **Actions**

27. An action within the Key Performance Indicator Improvement Plan 2015/16 stated that HR will arrange workshops for managers on mental health issues. The first 4 of a number of workshops have been arranged for the 15 and 17 December. It is mandatory for all managers to attend.

28. The Council is working with Rethink (a mental health charity) and VineHR to arrange these sessions.

## **Resource implications:**

N/A

## **Legal and Governance Implications**

N/A

## **Safer, Cleaner and Greener Implications**

N/A

### **Consultation Undertaken**

N/A

### **Background Papers**

N/A

### **Risk Management**

Failure to manage sickness absence results in loss productivity and if it is significantly high could adversely affect the reputation of the authority.

### **Due Regard Record:**

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

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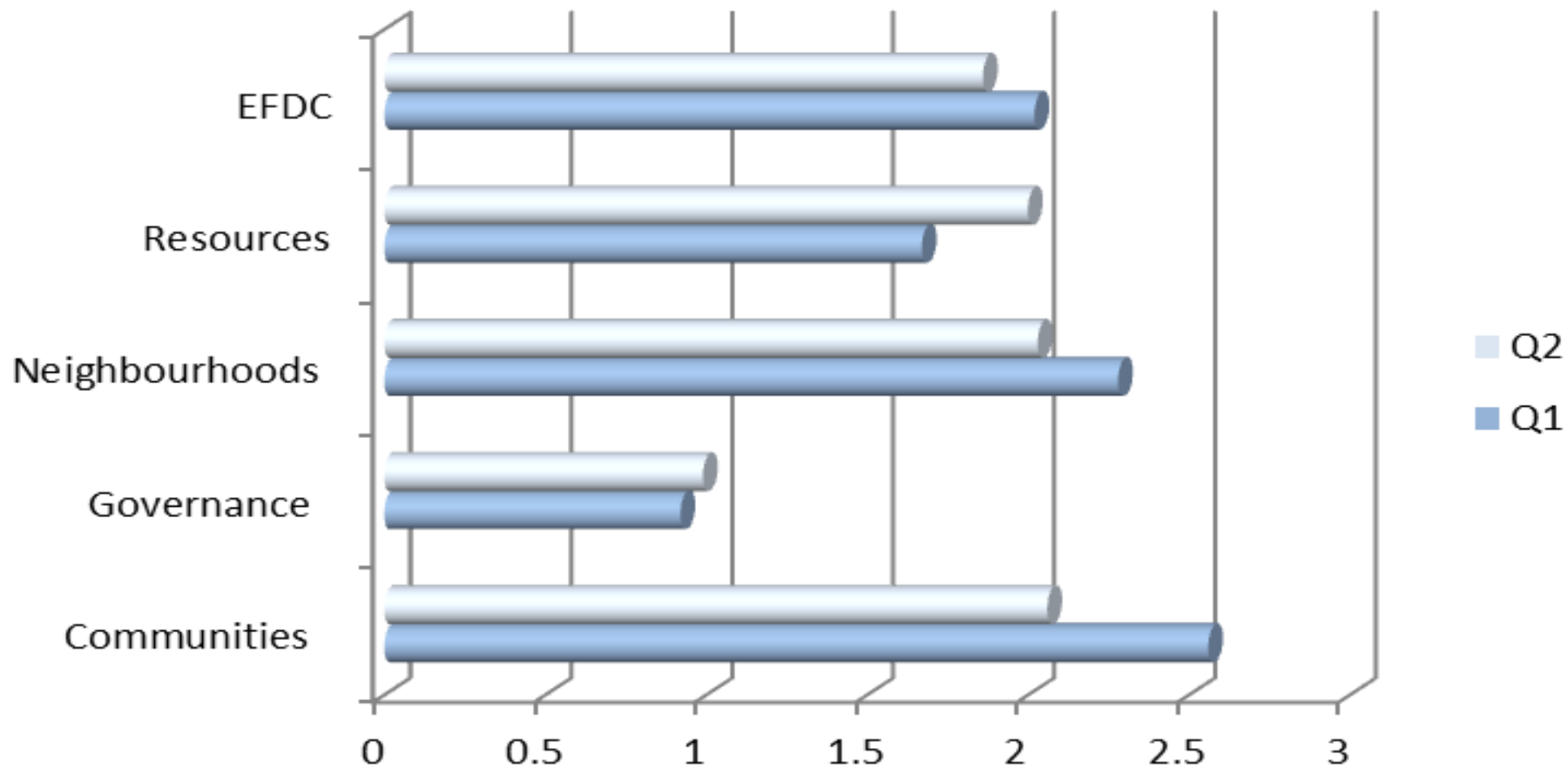
The Council's Managing Absence and Medical Health/Incapacity Policies offer advice and guidance to managers on reasonable adjustments when they are managing absence cases.

Before any action is taken the Council seeks advice from its Occupational Health provider.

The Council provides training for managers on managing absence and is currently arranging workshops to assist managers when dealing with mental health issues.

### Performance Indicator – Average Number of Days per Employee

#### Sickness Absence All Directorates 2015-16

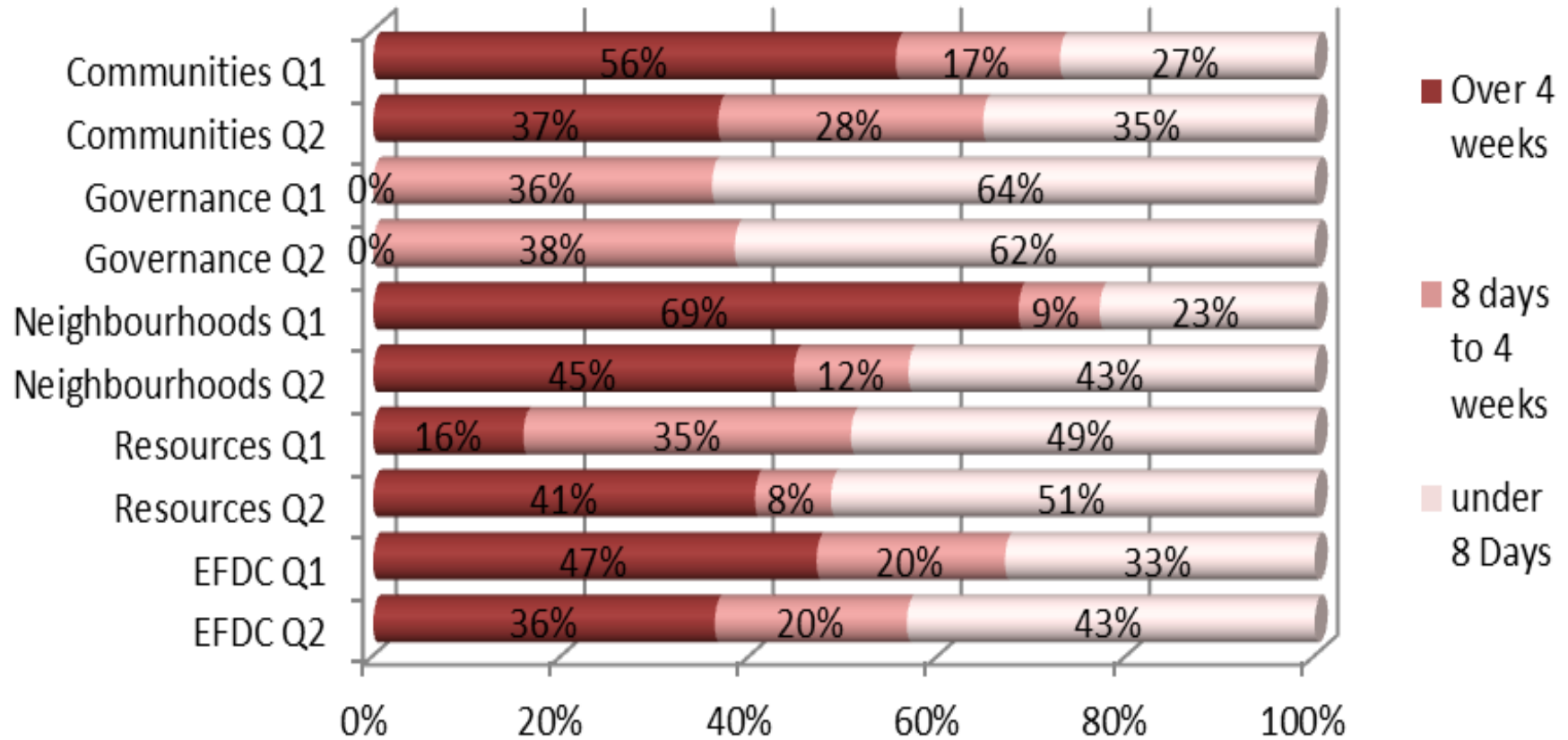


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Sickness Absence by Duration

Q1 & Q2 – 2015/2016

### Short/Med/Long Term %



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## SCRUTINY



## **Report to the Resources Select Committee**

**Date of meeting: 14 December 2015**

**Subject:** Update Report: Apprentices  
Graduate Trainee  
Shared Services – HR  
Mast Money Budget  
Employee Engagement

**Officer contact for further information:** Paula Maginnis (01992 564536)

**Committee Secretary:** Adrian Henry (01992 564246)

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### **Recommendations/Decisions Required:**

**That the Committee notes the update report on Apprentices; the Council's Graduate Trainee; Shared Services in Human Resources; the Mast Money Budget and Employee Engagement activity.**

### **Executive Summary**

This report provides the Committee with an update on various Corporate projects and areas of work carried out by the HR Team. The update includes the following areas;

- Apprentices
- Graduate Trainee
- Shared Services – HR
- Mast Money Budget
- Employee Engagement.

### **Reasons for Proposed Decision**

To update members on activity across a number of Human Resources work streams.

### **Other Options for Action**

This is an update report therefore no other action is appropriate at this time.

### **Report:**

#### **Introduction**

1. The Committee wished to be provided with further information regarding a number of areas managed by HR. This report provides members with an update on activity within the following areas;

- Apprentices
- Graduate Trainee
- Shared Services – HR
- Mast Money Budget
- Employee Engagement

## **Apprentices**

### **Cohort 1 - 2013/2015**

2. In 2013, at the Leader's request HR developed an Apprenticeship Programme for the District's young people. Funded from the Council's Corporate Improvement Budget 7 Business Administration apprentices and 2 multi trade apprentice roles were established, forming the first apprenticeship Cohort.

3. The business administration roles would provide the apprentices with a range of transferable skills and offer more opportunities for employment with the Council once they had completed the Programme. Housing Repairs identified the requirement to recruit multi skilled apprentices as a priority.

4. The Business Administration apprentices were issued with fixed-term contracts for a maximum period of 2 years, the multi skilled apprentices were issued with a two year fixed-term contract to ensure the necessary training was completed. The aim of the apprenticeship programme was to ensure that the apprentices were recruited to permanent positions in the Council.

5. The Council worked with the County's NEET Team (Not in education, employment or training) who processed the initial applications and provide the Council with a 'long list'. Those applicants who made the long list attended a 2 week pre-employment training course which included a range of subjects relevant to 16-18 year olds, i.e. behaviours, time management, dress code, team work, interview skills etc. The applicants also received feedback from the interviews and support with career advice.

6. During and following the training a short-list was drawn up in conjunction with the Council and Epping Forest College. The advantage of this approach is that even though some candidates dropped out at this stage, they received experience of completing an application and attended an employability training course which they can put on their CV.

7. Those candidates who made the short-list were interviewed by the Council's Learning and Development Manager along with two other Assistant Directors.

8. Once appointed the Business Administration Apprentices completed 4 x 6 month placements across the Council, the multi skilled apprentices were placed in the Housing Repairs Team only.

9. Throughout the Programme all the apprentices were allocated a coach/mentor from the Council's pool of qualified coaches/mentors. As part of their development each of the apprentices had their own Personal Development Plan, devised by the Council's Learning and Development Manager, which they discussed with their mentors/supervisors and completed during the Programme.

10. The Business Administration apprentices were required to complete a NVQ level 2 or 3 in Business Administration and/or Customer Care, the level and subject was determined by the level of education already attained and the needs of the Council. The multi-skilled apprentices were required to complete a relevant NVQ/technical qualification. The Council worked with Epping College who delivered the Business Administration and Customer Care training and with Harlow College to provide the multi-skill/construction training.

11. All apprentices attended relevant training from the Corporate Training Programme, which was identified by the Learning and Development Manager and set out in their Personal Development Plan.

### **Cohort 1 - Outcomes**

12. Of the 7 Business Administration Apprentices, 3 left the Council before completing the

full Programme. As far as the Council is aware 2 are in employment. The remaining 4 Apprentices have permanent roles within the Council, in the Resources and Communities Directorates. The 2 Multi-Skilled apprentices have also successfully completed their programme and have permanent roles with Housing Repairs.

13. Eight of the 9 apprentices passed their qualifications. The one who did not had left early in the Programme.

### **Cohort 2 – 2015 -2016**

14. The process outlined above was used to recruit the Council's second apprenticeship Cohort in 2015. However, following a review of the Programme a number of changes were made, namely;

- The pre-employment course was reduced to 1 week.
- The original contracts are fixed term for 1 year. This will be extended for a further year if the apprentices successfully complete the first year of the Programme.
- The Programme started earlier in the year.
- Timekeeping and sickness absence would be a regular discussion at the apprentice's monthly review with the Learning and Development Manager and their supervisor.
- The apprentices will be graded by the Learning and Development Manager on behaviour, their college work and work performance.

15. Due to funding the Council only intended to recruit 5 Business Administration apprentices and 1 Multi Skilled/Construction apprentice to the second Cohort. However, a number of Housing Associations on the Council's Preferred Supplier List began to contribute to a Community Fund which allowed, potentially, a further 4 Business Administration apprentices or 3 Business Administration and 1 Construction apprentice to be recruited.

16. Following the Council's recruitment process for the second Cohort, 7 Business Administration apprentices and 1 construction apprentice were recruited. Two of the placements are funded by the Community Fund. The new Cohort have settled well into their work placements which are currently in ICT, Resources Support/ Invoices, Council Tax and Benefits and both administration teams for Neighbourhoods and Housing Repairs.

17. They are progressing well with their college work and qualifications. They have also been involved with organising and attending a careers fair at St Johns School in Epping.

18. The partnership with the Housing Associations (sponsorship of 2 apprentice roles) is going well. One of the partners, B3Living, invited all the apprentices to their Community Day at the Lea Valley White Water Rafting Centre in October.

19. The Council is working with Higgins Homes and Hill Group to provide work placements for the apprentices. This will be a great opportunity for our apprentices to gain experience in both the public and private sectors.

20. In addition to the above Programme which is corporately funded within the Governance Directorate, Planning Support, a further three apprentices are undertaking a number of administration tasks. These roles are funded by Governance. They also have a mentor and supported by the Learning and Development Manager.

### **Graduate Trainee**

21. The Council agreed to participate in the National Graduate Development Programme (NGPD) which is a 2 year national management trainee programme for high calibre graduates with the potential to become senior leaders in local government within the next 10 years. The Local Government Association (LGA) coordinates the programme nationally and provides the

infrastructure for its delivery. The LGA recruits/assess/selects the final candidates, it manages and commissions the training element.

22. The placements and training programme are carried out in parallel so that the graduates can implement their learning whilst working on real projects. The formal training programme is delivered by Solace and Inlogov from the University of Birmingham. The graduates attend 6 residential over the 2 years where they will gain a Diploma in Strategic leadership (ILM Level 7).

23. Management Board agreed to participate in this Programme in 2014 as officers considered it too early to take on a further cohort of apprentices in terms of management capacity and therefore a resource at a more senior level in the organisation was believed to be the better option to build further capacity into the authority. It was felt that the NGPD was a viable alternative to the existing apprenticeship scheme as the main objective of the programme was to progress a number of appropriate projects specifically in areas where the Leadership Team had identified a number of reviews to be carried out.

24. The Council employed one graduate for a fixed term of 2 years through this Programme. During the two year placement they are required to carry out 4 projects/placements in various parts of the Council covering front line, operational and strategic roles/reviews. They have been allocated a mentor with the Council's Learning & Development Manager identifying other appropriate training as necessary.

25. Managers were required to bid to have the graduate for 6 months, and they have fully completed 2 of their 4 placements; review of the scrutiny function and develop an employee engagement strategy and carryout a staff survey. Currently they are working in Communities researching the impact of an aging population on the Council's services. Their final placement will be working with the Head of Transformation.

26. The Trainee is also completing an ILM 5 qualification in coaching and mentoring and is currently mentoring three apprentices.

27. No decision has been made as to whether the Council participates in the National Graduate Development Programme 2016.

## **Shared Services – HR**

### **VineHR**

28. The Council's Human Resources (HR) Team has participated in the Essex network of the Heads of HR the Essex Strategic HR Partnership for a number of years. The Partnership assisted authorities to work together on projects, policies and training. At this time the Partnership was not a legal entity and could not procure, contract or own products, this meant it has to rely on other Essex authorities to carry out these functions on its behalf. In 2010 the Partnership reviewed its governance arrangements and agreed to develop it into a not for profit company.

29. The Partnership looked at various options, with continuing advice and support from Essex County's legal team and worked with a Solicitor who specialised in Commercial law. They recommended that the Partnership establishes a wholly owned company on a not for profit basis, which the Partnership has agreed.

30. The aim of setting up a not for profit organisation is so that;

- it could generate its own income so it becomes self-sufficient,
- it could provide value for money for the member authorities in any contractual arrangements,
- Heads of HR can work more collaboratively and achieve greater savings for their authorities, and

- It provides a formal framework for the Heads of HR, limiting the risks and liabilities for individual authorities.

31. The Partnership established VineHR and there are currently 7 Directors managing the business. Since the establishment of VineHR, it has undertaken 2 significant procurement exercises for the following;

- E-Learning Platform
- Framework of management training providers

32. Using the framework, the Council has trained 54 number of managers and potential managers through the ILM management and leadership programmes and our internal coaches/mentors, of which we have 15, also attend ILM coaching/mentoring programmes. We are able to provide this training by working with others collectively.

33. The Council used the training framework to commission a Leadership Development Programme for Management Board which saved time, as only a mini competition process was required, and money as the rate was competitive. Other Councils in VineHR have also uses the training framework for their management development which saved them considerable time and money.

34. The Council's Assistant Director (HR) took the lead to commission mental health awareness training for managers on behalf of VineHR which 140 of its managers will attend as part of the sickness absence improvement plan.

35. The Council's Learning and Development Manager is a member of VineHR's Training Project Team who successfully put together the ILM programmes and commission/organise a range of Masterclasses on a wide range of subjects.

36. VineHR has a pool of associates that can carry out ad hoc pieces of work, investigations, mediation, and coaching at a cheaper rate than the market.

### **Procurement of a HR/Payroll IT System**

37. Back in 2014 Cabinet agreed a capital bid of £80,000 to purchase an integrated HR/Payroll It system as the current system is not fit for purpose.

38. Officers entered into discussions with Chelmsford Borough Council to investigate the possibility of working with them to use the IT system they had recently procured and implemented. Unfortunately, due to contractual reasons we were not able to progress this any further.

39. Around the same time, Colchester, who currently provide a Payroll/HR IT system to Braintree, were required to go to the market as their current contract was ending in March 2016. The Council have been working with Colchester and Braintree Council's on the tender documents and process with the aim of jointly procuring a system. The evaluation process is due to be finalised before Christmas with an implementation/start date early in the new financial year.

### **Broxbourne**

40. Officers in Hr have had initial discussions with Broxbourne Council to identify potential areas of working together to find efficiencies specifically at this stage regarding training and providing more specialist expertise that either one authority may not have.

### **Mast Money Budget**

41. The Committee may be aware that the Council receives money from leasing space on the Civic Offices roof for a communications mast. When the mast was initially located on the

roof staff raised health and safety concerns and the potential dangers it posed. Members agreed that any money from this lease would be allocated to projects which would benefit staff.

42. Following last year's agreement to purchase £20 M&S gift cards at Christmas, discussions have taken place at the Joint Consultative Committee regarding projects for future expenditure of this budget. In addition an initial employee consultation exercise was carried out towards the end of 2014. There were a limited number of responses to this consultation so a section was included in this summer's Employee Survey. The outcome of the Survey showed that the 3 most popular suggestions were; Gift Cards; a Benefit Portal and Health Checks.

43. The current budget is £79,000 as there has been a rental increase and recently a one-off back payment of £30,000 has been received. The approximate cost of the gift card is £20,000 (which includes the costs for Benefit in Kind Tax and NI) and the Benefit Portal is £3,330 (based on £4.90 for each employee). HR will discuss the provision of the Health Checks with SLM and obtain a cost.

44. The advantage of all three suggestions is that they can apply equally to all staff regardless of their location.

45. The Chairman and Vice Chairman of the Joint Consultative Committee, G Greenwold and Cllr Lion respectively, have supported the decision to purchase One4All Gift Cards for Christmas which allows employees to redeem the card in a range of high street stores. A card will be purchased for all staff employed by the Council on the 18 December and the cards will be circulated to managers during the week commencing the 14 December.

46. Essex County Council has procured a rewards portal which enables other Essex Councils to participate with. A portal will offer employees a range of goods and services at discounted prices. The price is £4.90 per employee regardless if the individual uses the portal or not, there is no reduction in price. It is proposed that the portal is demonstrated to the Leadership Team in the new year with a launch across the Council soon after.

47. HR will liaise with SLM to provide Health Checks and it is proposed to launch the initiative as part of a health and wellbeing week in January/February 2016.

### **Employee Engagement**

48. Earlier this year the Council's Graduate Trainee carried out a review of employee engagement across the Council. The outcome of the review would be an agreed Strategy and Action Plan, the purpose of these would be to create an all-inclusive and engaging culture within the Council, also to avoid the perception of it being a responsibility of HR with limited involvement from employees and directorates.

49. To involve staff in this process Employee Engagement Workshops were run from April to June 2015 to gain feedback from employees on a range of engagement centred topics. There were 62 employees who attended the workshops across five different sessions. The workshops were targeted to include a range of employees across the authority e.g. different; locations, grades, roles and areas of work. There were a further two more workshops presented to Leadership Team and JCC.

50. The consultation with employees was concluded with a final workshop being held to present draft versions of the Engagement Strategy and Action Plan. Employees were asked to comment on both documents to help ensure they were fit for purpose and easy to understand. Participants expressed a need for further clarity on some of the action points which was completed before submission to Management Board.

51. The Strategy and Action Plan have recently been agreed by the Joint Consultative Committee and once agreed by Cabinet will be published for staff to read.



## **Employee Survey**

52. As part of the work on the Engagement Strategy the Graduate Trainee was tasked with carrying out the Employee Survey. During the workshops referred to previously employees were asked their views on obstacles to completing the survey, they suggested;

- having smaller surveys that were not as time consuming – breaking the survey down in to less questions and having them run throughout the year (as opposed to a large survey once per year). Only 3 sections were included in the recent survey.
- having an incentive for staff to participate in the survey – having a prize drawer in place for staff who enter the survey. Staff suggested vouchers, a pair of cinema tickets and additional annual leave. Other authorities have implemented an incentive with good results that have been based on a prize draw with four winners per survey. The first two questions of the survey (name and email address) have been included as optional questions for people who want to be entered in to the prize drawer. If they would rather remain anonymous then these questions do not need to be completed. This was done for this survey.
- including topics that are current and relevant to staff – the draft survey has included topics that are considered current and relevant to staff i.e. spending the mast money and employee engagement.
- improving accessibility to the survey – a range of methods were used including a QR code, booking the IT suite, providing support to staff to complete the survey.
- Being able to complete the survey during working hours and reminding managers of this so that it can be communicated and reinforced to staff – this was reinforced through all communications regarding the survey
- Having an advanced warning of the survey – An advert was placed in an early District Lines edition, a special survey focused edition of District Lines was published and reminders sent.
- having reassurances over confidentiality – Information was provided via a special edition of District Lines to reiterate the confidentiality of survey responses
- Not being too Civic Office focused – the questions include encouragement for non-Civic Office based members of staff to participate e.g. the mast money section.

53. Unfortunately, despite taking all the above comments on board, the response rate was lower than the previous staff survey (58% in 2013 compared to 32% in 2015). The Joint Consultative Committee has requested that those employees who did not participate are asked why they did not

54. The HR Policy and Projects post will be taking forward actions from the Employee Engagement Action Plan and the Survey.

### **Resource implications:**

No additional funding is required.

### **Legal and Governance Implications**

N/A

### **Safer, Cleaner and Greener Implications**

N/A

### **Consultation Undertaken**

N/A

### **Background Papers**

N/A

### **Risk Management**

No risks identified.

### **Due Regard Record:**

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

This is an update report and therefore no comments are provided.

## **Report to the Resources Select Committee**



**Epping Forest  
District Council**

**Date of meeting: 14 December 2015**

**Portfolio: Finance**

**Subject: Review of Private Funding**

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

**Democratic Services Officer: Adrian Hendry - (01992 - 56 4246)**

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### **Recommendations**

**That the Committee consider the current position on private funding and any further opportunities, whilst bearing in mind potential conflicts of interest.**

### **Executive Summary**

The report provides information on the use of Section 106 monies and provides a brief commentary on one or two other possibilities that are or will be explored.

### **Reasons for proposed action**

Members are asked to note the report.

### **Other options for action**

No other options applicable.

### **Report**

1. The Council derives its revenue funding from a number of sources for example the General Fund receives money from Central Government, the Council Tax, Business Rates, various fees and charges and other grants and contributions. The Housing Revenue Account (HRA) receives money from Housing Rents, various fees and charges and other non-dwelling rents.
2. Capital expenditure is funded slightly differently, from Capital Receipts, various grants and contributions and with regard to HRA schemes, also from revenue resources which in effect means Housing Rents etc.
3. Grants and Contributions make up a fairly modest proportion of capital funding, this includes section 106 and similar income which the Council receives as part of agreements made when planning permission is granted for development schemes. These monies can be provided for a variety of different purposes and will be based upon requirements identified as part of the planning process. The types of project can range from education, highways, leisure, health and affordable housing provision. In some cases the money is provided to the County Council or the national health service and in other cases to this Council.
4. If a developer is developing land for housing purposes there is a requirement to provide 30% affordable housing. The developer will either build that housing on the site they are developing or as in a number of instances, provide money to the Council to meet the required social housing on another site. Prior to the house building programme this money

was used by the General Fund and passed to housing associations, however this money is currently being used by the HRA.

5. The Section 106 agreements themselves can vary and in particular can have a repayment clause included where the money has to be spent for the agreed purpose within a specific timescale. If this timescale is not met the money becomes repayable and the provider is entitled to apply for the money to be returned to them.

6. There are also other legal documents which provide for financial payments to be made to the Council known as a Deed of Unilateral Undertaking. The Council is not a party to the Deed but under the legislation (S106 Town and Country Planning Act 1990, as amended) is able to enforce the undertaking given if necessary. As the Council is not a party it does not make any commitment to returning the monies if not spent, so the party making the payment has no ability to enforce repayment against the Council. Having said that the Council must spend the monies for the purpose given or be open to possible challenge by way of Judicial Review.

7. As at 31<sup>st</sup> March 2015 the Council held £2,172,000 in various private contributions; £1,173,000 for affordable housing, £474,000 for other projects, £477,000 due to other organisations varying from NHS England to a number of parish councils and £48,000 from the Civic Offices O2 mast. Based on current expectations the affordable housing contributions should all be used in 2015/16, however there is likely to be funding still available for other projects.

8. The Governance Select Committee of 6 October received a report setting out the section 106 agreements entered into during the last financial year. Concern was expressed at the meeting around the ability of members to properly scrutinise the section 106 agreement process without a complete overview of the progress of all agreements in preparation. It was therefore felt that the annual report should in future be made to the District Development Management Committee.

9. It is possible that Section 106 agreements will be replaced by the Community Infrastructure Levy or CIL, This is being evaluated as part the Local Plan process by a consultant who is doing the groundwork to assess whether or not we should put a CIL in place, however we will not be able to adopt this until the Local Plan has been finalised. The work on this is being paid for from the Local Plan DDF budget.

10. There are other areas where private finance could play a part in Council service delivery and indeed with the redevelopment of the museum the possibility of the creation of a museum, heritage and culture trust is being investigated. This has the potential to open new avenues of funding to the Council. A report on this is expected during the new calendar year.

11. The new Leisure contract is due to be let during the Autumn of 2016 and is being procured using the competitive dialogue process adopted for the Waste Management contract. With the poor state of the swimming pool in Waltham Abbey and the limited life expectancy of the sports centre in Epping there is likely to be a requirement for some significant capital expenditure during the life of the next leisure management contract. As part of the dialogue the funding requirements necessary to achieve the aspirations in the Leisure Strategy will need to be explored.

12. Another area that has been used by some organisations and not necessarily particularly well are Private Finance Initiatives (PFI). These are projects undertaken by Public bodies that are funded using money from the private sector. Important projects such as the building of Hospitals, Schools and to carry out major infrastructure works have been funded in this way. This approach was particularly popular during the 1990's and early 2000's, the attraction was that there was no need to find the required money up front, however the downside of course was the level of interest payable on these debts and the length of time necessary to repay them. In recent years such arrangements have fallen out of favour though the resultant debt will be with us for some time to come.

## Consultations Undertaken

Consultations with a number of other officers but in particular the Assistant Director of Governance with responsibility for Section 106 agreements.

## Resource Implications

The report refers to funding for the house building programme and other projects. This funding becomes available as a result of negotiations with developers as part of the planning process. Much of the funding is already allocated but there is potential for further funding for projects depending on the outcome of these negotiations.

## Legal and Governance Implications

All sums paid to the Council referred to above will be the subject of a legal agreement which stipulates when and how much is payable to the Council. The agreements themselves are monitored by officers to ensure that the obligations therein are adhered to. There is also the possibility for conflicts of interest where an organisation that has provided finance to the Council subsequently seeks planning permission for something or might become subject to planning enforcement action.

## Safer, Cleaner, Greener Implications

Nothing specifically identified, though agreements entered into will consider the environmental impact of the proposed use of the money.

## Background Papers

Various agreements held in legal Services and working papers held in Accountancy.

## Impact Assessments

### Risk Management

In negotiating the agreements it is important that the projects for which funding is sought are thought through properly as there is a risk that having secured funding it is then not spent within the required timescale and has to be returned to the developer. There is also a risk of using this money for capital projects that then leave unfunded revenue consequences.

### 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? No

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

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