

**EPPING FOREST DISTRICT COUNCIL
NOTES OF A MEETING OF RESOURCES SELECT COMMITTEE
HELD ON MONDAY, 9 JULY 2018
IN COMMITTEE ROOM 1, CIVIC OFFICES, HIGH STREET, EPPING
AT 7.30 - 9.21 PM**

Members Present: A Patel (Chairman), P Stalker (Vice-Chairman), N Bedford, K Chana, D Dorrell, J Jennings, A Mitchell, M Owen, C P Pond, B Vaz and J M Whitehouse

Other members present:

Apologies for Absence: L Burrows, I Hadley and J Lea

Officers Present R Pavey (Assistant Director (Revenues)), P Maginnis (Assistant Director (Human Resources)), T Brown (Senior Finance Officer) and A Hendry (Senior Democratic Services Officer)

1. SUBSTITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)

It was noted that there were no substitute members for this meeting.

2. NOTES OF PREVIOUS MEETING

Minutes

The notes of the meeting held on 14 March 2018 were agreed.

Matters Arising

Councillor Patel noted minute item 47, resolved (2), that the committee would like to see the anticipated progress for each project, had still not been implemented in the project dossier progress reports.

3. DECLARATIONS OF INTEREST

There were no declarations of interest made pursuant to the Members Code of Conduct.

4. TERMS OF REFERENCE AND WORK PROGRAMME

The Committee noted their Terms of Reference.

The Chairman noted item 10 of the Terms of Reference, Value for Money, and said that this year he would like the Committee to focus on this point in all their deliberations.

The Committee also noted their Work Programme for the year. Mr Pavey drew their attention to item 21, Business Rates Retention Consultation Papers, noting that a government consultation should be coming to this Committee in the autumn. Also Universal Credit would be starting up in September and a report on its introduction would be coming to the Committee.

5. PROVISIONAL CAPITAL OUTTURN 2017/18

Teresa Brown the Principal Accountant introduced the annual report on the provisional capital outturn for 2017/18. This report set out the Council's capital programme for 2017/18, in terms of expenditure and financing, and compared the provisional outturn figures with the revised estimates.

Appendix 1 to the report summarised the Council's overall capital expenditure and funding for 2017/18. It showed the total amount of expenditure invested in Council-owned assets within the General fund, analysed over the directorates, and showed the sum invested in existing and new Housing Revenue Account (HRA) assets separately. Below this was the total sums advanced in the form of Capital Loans and the Revenue Expenditure Financed from Capital under Statute (REFCuS).

An analysis of the funds used to finance the Council's capital expenditure in 2017/18 was also given, detailing the use of government grants, private funding, capital receipts and direct revenue funding.

The Council's total investment on capital schemes and capital funded schemes in 2017/18 was £37,930,000 compared to a revised estimate of £40,124,000, representing an underspend of 5%. With regard to the General Fund projects, there was an overall overspend of £525,000 or 4%.

The Technology Strategy was agreed at Cabinet on the 9th November 2017 as part of the Council's transformation process to ensure that themes emerging in the new Corporate Plan 2018-2023 were also reflected in the ICT strategy. The general ICT schemes had progressed very well in 2017/18 with the majority of the projects being completed on time and within the allocated budgets.

The Neighbourhoods Directorate was reporting an overall overspend of £753,000 within the 2017/18 financial year which represented a 6% increase on what was budgeted. This was primarily due to the good progress with the construction of the new Hillhouse Leisure Centre and the redevelopment of the Council's other leisure centres. Overall, expenditure was £1,267,000 ahead of what was estimated within the Capital Programmes as at 31 March 2018. Therefore, it was recommended that this sum was brought forward from the 2018/19 allocation to cover these costs.

The budget for the Epping Forest Shopping Park was split between the costs of constructing the shopping park and the costs of undertaking the Section 278 highways works. At the end of the financial year, nine of the twelve units were trading with two of the vacant units continuing to be marketed and the remaining one in the hands of the solicitors. Two extra units were now trading with one pending the signing of the lease.

The General Fund element to the Communities Directorate included CCTV installation schemes and recharges to the General Fund for the housing estate parking schemes. During 2017/18, the majority of the general CCTV projects were completed on time and within budget as planned.

Under the Housing Revenue Account there was a £2.5 million underspend due to delays in the housebuilding programme.

An allocation of £345,000 was included in the housebuilding programme to finance a pilot scheme to provide three modular units of temporary accommodation for six single vulnerable homeless people at Norway House, North Weald. Detailed designs

of the works had been completed, however the planning permission for this site has delayed the works and a start on site date is expected within quarter two of 2018/19 with a further six to nine month construction period.

It was noted that disabled adaptations were now on the increase because Essex County Council had got to grips with its part of this work and was referring more cases to us. Councillor Patel noted that this had been a large underspend but now ECC were trying to keep residents in their own homes for as long as possible, so that this figure would continue to rise. We needed to look at our obligations and what we needed to provide. Councillor Bedford was worried that this may mean one person blocking a large house; officers should be taking this into account.

It was noted that the Communities Select Committee received annual reports on the disabled adaptations scheme and the budget implications for the HRA.

ACTION: It was agreed that the Communities Select Committee be asked to keep the disabled adaption scheme and Housing stock under review.

It was noted that a request to bring forward money to upgrade the Janus Security System was one of the recommendations of the report.

There were more Capital Receipts than had been anticipated and part of this money was being used to fund part of the new housebuilding programme. Councillor Whitehouse noted that we should spend this money quickly before it was claimed by the Government. Councillor Bedford asked if we were confined to buying property within our district, which was one way to spend this quickly. He was told that no, we were not.

Councillor Bedford noted that planning permission could cause delays to our schemes. Ms Brown said that we would need to work closer with planning officers on these projects and make contingency plans, noting that Burton Road was one of the largest schemes that we had.

RESOLVED:

- (1) That the provisional outturn report for 2017/18 be noted;
- (2) That retrospective approval for the over and underspends in 2017/18 on certain capital schemes as identified in the report were noted;
- (3) That approval for the carry forward of unspent capital estimates into 2018/19 relating to schemes on which slippage has occurred was noted;
- (4) That approval of the funding proposals outlined in this report in respect of the capital programme in 2017/18 was noted;
- (5) That a recommendation for approval be given to enhance the 2018/19 HRA structural schemes budget by £653,000 via a combination of virements of £494,000 from other budgets in 2018/19 and £159,000 of savings generated in 2017/18;
- (6) That a recommendation for approval be given for other virements within the HRA capital programme totalling £372,000 to supplement the

windows, doors and roofing budget and the disabled adaptations budget as detailed in the report;

- (7) That a recommendation for approval be given to bring forward a budget of £30,000 for an urgent planned maintenance project on the 'Janus Security System' from 2020/21 to 2018/19.

6. PROVISIONAL REVENUE OUTTURN 2017-18

Teresa Brown the Principal Accountant introduced the summary report of the revenue outturn for the financial year 2017/18.

The General Fund saw £487,000 being added to the opening balance compared to using £473,000 which was predicted in the revised estimate. Total net expenditure on the General Fund was £12,766,000, some £343,000 lower than the original estimate and £830,000 lower than the revised estimate, after allowing for a £1,000,000 transfer to the DDF. Expenditure from the DDF and ITS was £2,409,000 less than estimated.

The position on the Housing Revenue Account was £12,000 worse than anticipated.

The net expenditure for the General Fund for 2017/18 totalled £12,766,000, which was £343,000 (2.7%) below the original estimate agreed in February 2017 and £830,000 (6.2%) below the revised estimate compiled in December 2017. The variance on the revised position was almost entirely due to a change in accounting treatment relating to the rent free periods on the shopping park.

There was a big change in the Continuing Services Budget with more than a £1million variance. This was due largely to a change in accounting treatment for rental income from the shopping park. In effect income relating to the whole period of the leases has been spread over the whole period rather than just the time when income was actually received.

Net DDF expenditure was around £1,542,000 below the revised estimate but carry forwards of £1,301,000 had been requested, a net underspend of £241,000 was shown. In some cases they had received more income than they had anticipated such as from North Weald Airfield which they banked. Similarly any savings made were also banked.

Councillor Bedford queried the figures on page 58 of the agenda covering the reduction in recycling income and the item below it on additional sacks and recycling payment. Ms Brown said that she would seek clarification on this and get back to members.

Councillor Whitehouse noted that the invest to save reserve was exhausted, was that intentional? He was told that it was.

Councillor Owen noted that the figures on Council tax collection on page 58 of the agenda did not seem right. Mr Pavey said that we were in a shareing group with Essex County Council who takes 80% and has set up an investing group of invest to save. Bcause of this we had to give back income we have kept before. But this was a one off and it would even itself out.

RESOLVED:

- (1) That the provisional 2017/18 revenue out-turn for the General Fund and Housing Revenue Account (HRA) be noted; and
- (2) That the carry forward of £1,470,000 District Development Fund (DDF) and £23,000 Invest to Save Reserve (ITS) expenditure be noted.

7. CORPORATE PLAN KEY ACTION PLAN 2017-18 QUARTER 4 OUTTURN

The Assistant Director - Revenues, Rob Pavey introduced the quarter 4 outturn position report on the Corporate Plan Key Action Plan for 2017/18. The Corporate Plan was the Council's key strategic planning document, setting out its priorities over the five-year period from 2015/16 to 2019/20. The priorities or Corporate Aims were supported by Key Objectives, which provided a clear statement of the Council's overall intentions for these five years.

The Key Action Plan 2017/18 was populated with actions or deliverables designed to secure progress against each of the Key Objectives during 2017/18. During the subsequent years in the lifetime of the Key Objectives, annual action plans will be developed which build on progress achieved during preceding years.

There were 50 actions in the Key Action Plan 2017/18. At the end of the year:

• Achieved or On Target:	28 (56%)
• Under Control:	15 (30%)
• Behind Schedule:	6 (12%)
• Pending:	<u>1 (2%)</u>
Total	50 (100%)

Nine actions fell within the areas of responsibility of the Resources Select Committee. At the end of the year:

- 4 (44.5%) of these actions had been 'Achieved' or were 'On-Target'
- 4 (44.5%) of these actions were 'Under Control'
- 1 (11%) of these actions were 'Behind Schedule'

One of the actions (action 5) behind schedule was the provision of joint payroll services with Braintree and Colchester Councils. Ms Maginnis, Assistant Director Human Resources explained that they were implementing a new payroll service with Braintree and Colchester and were expecting to have a business case in September looking at these shared services. However, some of this had been put on hold for the last four months as other more important work on pensions had to be completed. That being done they were now back up progressing with this action on joint services.

Councillor Dorrell noted that all the target dates were in the past, so why were their status classified as 'under control'. They were either finished or not. Councillor Patel commented that this had also been picked up at O&S who also asked for clarity.

Councillor Dorrell also noted that the action on the implementation of the ICT strategy was very confusing. It needed a new target date. Councillor Patel agreed saying it needed to be looked into.

RESOLVED:

That the Committee reviewed and commented on the outturn position of the Corporate Plan Key Action Plan for 2017/18 in relation to its areas of responsibility.

8. KEY PERFORMANCE INDICATORS 2017-18 - QUARTER 4 OUTTURN PERFORMANCE

The Assistant Director, Revenues, Rob Pavey introduced quarter 4 outturn performance report on the Key Performance Indicators for 2017/18.

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

A range of thirty-two (32) Key Performance Indicators (KPIs) for 2017/18 had been adopted by the Finance and Performance Management Cabinet Committee in March 2017. The KPIs were important to the improvement of the Council's services, and comprised a combination of some former statutory indicators and locally determined performance measures. The aim of the KPIs was to direct improvement effort towards services and the national priorities and local challenges arising from the social, economic and environmental context of the district.

All indicators - The overall position for all 32 KPIs at the end of the year was as follows:

- (a) 21 (66%) indicators achieved the cumulative end of year target;
- (b) 11 (34%) indicators did not achieve target; although
- (c) 5 (16 %) of these KPIs performed within the agreed tolerance for the indicator.

Resources Select Committee indicators – Six of the Key Performance Indicators fell within the Resources Select Committee's areas of responsibility. The overall position with regard to the achievement of target performance at the end of the year for these indicators was as follows:

- (a) 2 (33.3%) indicators achieved target;
- (b) 2 (33.3% indicators did not achieve target; and
- (c) 2 (33.3%) indicators performed within its tolerated amber margin.

It was noted that there was a full report on sickness absences (RES001) in the agenda for this meeting. And that RES002, percentage of invoices received were paid within 30 days, had failed to reach its target by just 1%.

RES005 - *on average how many days did it take to process a new benefit claim* - Councillor Bedford noted that the impending introduction of Universal Credit would affect this indicator. Mr Pavey said that we did process some Universal Credit claims at present. However, when it came into full affect we would not be dealing with the claims. Councillor Bedford asked if we could feed our comments on the way this was

working up to the government agency dealing with this, especially when things went wrong. Mr Pavey said that officers would be monitoring this closely and would bring a report on this to a future meeting.

Councillor Patel said that new KPIs would be going to the next meeting and members should look at what they wished to keep for our scrutiny.

Following the meeting the following information was provided:

P172 – Corporate ICT Team review – relocation of ICT staff from other services to be completed by September. The full review of the ICT service would be undertaken once the Strategic Director and Service Director were in post.

P039 – Out of Hours Power Management Systems – this was on hold pending the completion of the accommodation review.

P110 – Free up Computer Suit 1 – this was on hold pending the completion of the accommodation review.

P121 – Corporate GIS replacement – this had been completed.

RESOLVED:

That the Select Committee reviewed and noted the performance against the Key Performance Indicators within its areas of responsibility for 2017/18.

9. BUSINESS RATES AND FUNDING SERVICES

The Assistant Director Revenues introduced the report explaining the background to our business rates collections and how this translated into the funding of local services.

The Council itself does not have control over the amount of rates payable as the rateable value was set by the Valuation Office Agency (HMRC) and the multiplier used to calculate the bill was set by central government. For 2017/18 the Council collected around £36m in Business Rates. Ratepayers paid that money to Epping Forest District Council but there can be a misconception of who retains this money to spend. Currently the Council retains less than 10% of this income to fund local services.

It should be noted that 50% of the rates collected was transferred to central government whilst 50% was retained as what is termed the 'local share'. The 'local share' was split with 40% belonging to Epping Forest DC; Essex CC receives 9% and Essex Fire Authority 1%. So in cash terms this means that of the £36m collected, this authority retained around £14m. However the 40% EFDC share is further reduced by the 'tariff' applied of over £10m as the Government has set a business rates income baseline of a little over £3.1m as this is the governments assessment on how much EFDC actually needs.

There was one further adjustment to be made as this authority belongs to a Business Rates pool with other Essex authorities which means it would receive more of the increases in Business Rates income than not being part of a pool. The actual

retained income increased to £3.7m for 2017/18. Therefore it could be seen that the final retained income was only around 10% of the Business Rates collected.

It was noted that the Council had a statutory duty to collect Business Rates and must act diligently in doing so. Officers would however seek to help struggling businesses within the parameters of this duty by ensuring that they were receiving all reliefs eligible to them and making payment arrangements to manage their debt.

This was the first of a series of reports that would be brought to the Resources Select Committee. The Government was expected to issue a series of consultation papers in the coming months, ahead of local rates retention moving from 50% to 75%. It was hoped that the release dates and response deadlines to these consultation papers would coincide with future meetings.

Councillor Whitehouse noted that this was a helpful starting point. He added that there was an economic development side to this, the difference between large and small businesses. Mr Pavey replied that most of our businesses were small businesses. Councillor Whitehouse added that business relief was mentioned; it would be helpful to have a note on discretionary and statutory reliefs. Mr Pavey agreed that this could be supplied.

Councillor Stalker wanted to know how rateable values were calculated. He was told that there were different valuation methods for different types of businesses, some also being zonal.

Councillor Patel asked the committee if they wanted to look at anything specifically they should the officers know.

RESOLVED:

That the Committee noted the report on Business Rates.

10. SICKNESS ABSENCES Q3 AND Q4

The Assistant Director, Peoples Team and Business Support, Ms Maginnis introduced her report on Council absence figures Q3 and Q4 for 2017/18. It included absence figures by Directorate, the number of employees who had met the trigger level, those who had more than 4 weeks absence and the reasons for absence.

The Council's target for sickness absence under RES001 for 2017/2018 was an average of 7.25 days per employee. The current outturn figure for the two quarters was an average of 4.74 days, which was above the target of 3.22 days.

During Q3, 6.3% of employees met the trigger levels or above, 28.2% had sickness absence but did not meet the triggers and 65.5% had no absence. During Q4, 7.2 % of employees met the trigger levels or above, 29.3 % had sickness absence but did not meet the trigger levels and 63.5 % had no absence.

The number of long term cases due to Cancer has remained the same during Q2 – Q4 and represented 21% of the number of staff with long term absence. This percentage figure was the same for Mental Health issues. The number of employees with musculoskeletal problems had also been consistent across all 4 quarters.

Further to the discussions at the last Resources Select Committee further analysis of long term absences including age, years' service and grade has been provided.

Overall in Q3, 28% of staff with service less than 5 years the same as employees with 26 years +, 44% were in the age bracket 46-55 and 61% were at grades 4 – 6. In Q4, 56% of long term absence was taken by employees with 5 years' service or less, they would more likely be in the age bracket 46–55 at 33% and in the grade range of 4-6 at 61%.

Over two thirds of staff had no absences which had been quite consistent over a number of years; however, the actual number of employees' not recording sickness absence had reduced in this current period compared to the same quarters last year.

The Council was 0.72 days over its target of 7.25 during 2017/2018. Q1 performance was reasonable but the rest of the year quarterly targets were met or exceeded. Officers with less than 5 years service had the majority of long term absences in Q3 and Q4.

Managers were still provided with appropriate guidance and support.

Councillor Chana asked if there were procedures to find out what was happening when someone went off sick. He was told that the Council had a managing Absence Policy that both staff and managers adhered to. In terms of mental health issues managers were advised to refer the employee to Occupational Health as soon as possible and to consider actions if it was a possible longer term case.

Councillor Patel asked if the Occupational Health Service was something we provided or was it outsourced. He was told that it was outsourced to Harlow Occupational Health Service.

Councillor Bedford noted that RTA should now be referred to RTCs (C for collisions). He also wanted to know if a member of staff had a dental appointment how did they take that time off. He was told that employees would be required to use their own time to cover the appointment.

Councillor Bedford wanted to know for officers on long term sick leave, were there any trigger points for instance for welfare support. Ms Maginnis said that we provided counselling support and were also looking at the Macmillan Charity to provide future help with staff dealing with cancer diagnosis and treatment. Managers keep in regular contact with their staff to keep them informed of what was happening at work etc.

Councillor Bedford noted that there was nothing about accidents and was told that there was not a specific reason for accidents; they would be recorded under one of the existing reasons i.e. musculoskeletal.

Ms Maginnis also explained the processes the council used to help officers with mental health issues, their use of a specialist charity and support both for staff and managers.

Councillor Bedford asked if there were any plans to have private health insurance for staff. He was told that this had been investigated but there were tax implications. We do use an organisation called 'Simply Health', where money was taken from an officer's salary to pay for their services; officers were also looking at other schemes.

RESOLVED:

That the Committee noted the report on sickness absence.

11. TRANSFORMATION PROGRAMME - PROJECT DOSSIER - RESOURCES DIRECTORATE

The Assistant Director - Revenues, Rob Pavey noted that the Overview and Scrutiny Committee had requested that the progress of projects and programmes within the Transformation Programme – known as the Project Dossier – be reported to regular meetings of the Committee for review.

RESOLVED:

That the Committee reviewed and noted the project dossier projects for the Resources Directorate.

12. TRANSFORMATION PROJECT - PROJECT INITIATION DOCUMENTS

The Assistant Director – Revenues noted that the Overview and Scrutiny Committee requested that Project Initiation Documents (PIDs) from the Transformation Programme were submitted to the relevant select committee for their information, or in the case of those being managed by the Chief Executive to the Overview and Scrutiny Committee.

Ms Maginnis asked if the Committee would like to have the People Strategy at their next meeting as all the PIDs listed in the report related to this document. The Committee requested all the documents for their next meeting.

RESOLVED:

- (1) That the Project Initiation Documents were noted; and
- (2) That the People Strategy and supporting documents to be brought to the next meeting.

13. TRANSFORMATION PROGRAMME - PROJECT CLOSURES

The Assistant Director – Revenues noted that the Overview and Scrutiny Committee requested that Project Closure report(s) from the Transformation Programme were submitted to the relevant select committee for their information, or in the case of those being managed by the Chief Executive to the Overview and Scrutiny Committee.

Ms Maginnis noted that this closure report was for the reprographics review. They were looking at what the Council could do with this service and the report set out three options which were considered by Management Board. They were asked to look at a hybrid option keeping some work but mostly outsourcing the bulk printing work. An action plan would be produced with detailed costings.

Councillor Whitehouse noted that the project could not be considered as finished until a decision had been made and was informed that Management Board had agreed to explore the hybrid option. It was noted that perhaps the closure report should include this. It was also noted that the contract for the reprographics machinery would be ending soon and the Council had decided to continue with the current contract on the existing arrangements which gives flexibility up until a final decisions were made.

Councillor Whitehouse commented that the accommodation review should be driven by what services were needed and not by where we could put services. Also he noted that no decisions had been made on the future of the building.

Councillor Dorrell said that the timeline needed to have dates that were planned for and the actual achieved dates. Councillor Patel agreed that this was a valid point and the Transformation Board should be asked to look at this and not just put in milestones. We could not tell if a project ran smoothly or not.

Councillor Whitehouse said that it was not made clear what the outcomes were from the report, it just seemed to show the processes.

Councillor Patel asked if lessons have been learnt from these first projects. Ms Maginnis said that the Transformation Board did look at any lessons learnt.

Councillor Bedford added that we also needed to know if this improved anything. Councillor Patel added that they would like details on what happened as outcomes from the project.

RESOLVED:

That the Project Closure report from the Transformation Programme be noted.

14. 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 meeting.

15. FUTURE MEETINGS

The Committee noted their future meeting dates.