

**EPPING FOREST DISTRICT COUNCIL
NOTES OF A MEETING OF RESOURCES SELECT COMMITTEE
HELD ON TUESDAY, 6 DECEMBER 2016
IN COMMITTEE ROOM 1, CIVIC OFFICES, HIGH STREET, EPPING
AT 7.35 - 9.11 PM**

Members Present: S Kane (Chairman), A Patel (Vice-Chairman), R Jennings, A Mitchell, M Sartin, H Whitbread and J M Whitehouse

Other members present:

Apologies for Absence: N Bedford, A Boyce, D Dorrell, P Keska and C Roberts

Officers Present P Maddock (Assistant Director (Accountancy)), P Maginnis (Assistant Director Human Resources) and A Hendry (Senior Democratic Services Officer)

27. SUBSTITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)

It was noted that that Councillor M Sartin was substituting for Councillor A Boyce.

28. NOTES OF PREVIOUS MEETING

Minutes

The notes of the meeting held on 10 October 2016 were agreed as a correct record.

Matters Arising

1. Mr Maddock updated the meeting on the time it took to action new benefit claims, a query raised at the last meeting. He noted that a new claimant was sent a list of required information that was needed to process their claim, but sometimes they did not always provide all the information asked for and were then given a month to provide any missing bits. Hence the delays noted in the system. The statistics given were an average of our turnaround times.

He also noted that there were discretionary charges for people on Housing benefits. However, there were issues around data protection and the ability to cross check names of people on Housing Benefits for other benefits. Officers are seeking ways around this dilemma.

2. Mr Maddock reported back on the quarterly financial monitoring report on Development Control when members noted that Development Control had higher applications than normal and asked if this extra money could be put towards clearing the backlog that had been built up. He noted that a report had gone up to the Cabinet regarding the use of extra money to help Development Control catch up.

29. DECLARATIONS OF INTEREST

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

30. TERMS OF REFERENCE AND WORK PROGRAMME**Terms of Reference**

The Committee noted their Terms of Reference.

Work Programme

The Committee noted that item 14 on their work programme "review of risk management arrangements" had been moved to their February 2017 meeting.

Councillor Patel asked for a presentation on the Customer Transformation Programme. Mr Maddock noted that this had been slated to go to the main Overview and Scrutiny Committee as it was more of an overarching topic that covered the whole of the Council.

31. KEY PERFORMANCE INDICATORS 2016/17 QUARTERLY REVIEW

Mr Maddock introduced the report on the quarter 2 performance of the Key Performance Indicators for 2016/17. The report included the performance results for the end of quarter 2 in respect of the KPIs falling within the Resources Select Committee's area of responsibility for 2016/17.

The overall position for all thirty-seven KPIs at the end of the Quarter 2 was as follows:

- (a) 28 (76%) indicators achieved target;
- (b) 9 (24%) indicators did not achieve target, although
- (c) 2 (22%) of these indicators performed within the agreed tolerance for the indicator.
- (d) 31(84%) of indicators are currently anticipated to achieve year-end target and a further 4 (11%) are uncertain whether they would achieve year-end target.

Resources Select Committee indicators – nine 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 Q2 for these nine indicators was as follows:

- (a) 6 (67%) indicators achieved target;
- (b) 3 (33%) indicators did not achieve target, however 2 (22%) indicators performed within the agreed tolerance for the indicator;
- (d) 8 (89%) of indicators are currently anticipated to achieve year-end target and a further 1 (11%) is uncertain whether it will be achieve year-end target.

The Committee noted that RES006 – *on average how many days did it take us to process notices of a change in benefit claimant's circumstances* – was the only

indicator in the red. Councillor Kane noted that the target figures had been changed from 10 to 6 and had now failed to meet that target. Mr Maddock replied that traditionally this indicator had a good third and fourth quarter when the figures resolve themselves for the year. It will achieve its target by the end of the fourth quarter.

Councillor Kane asked if the target for each quarter should be adjusted to make them more realistic. Mr Maddock said that the reduction to 6 was probably an attempt to do just this.

RES001 – *How many working days did we lose due to sickness absences* – Councillor Patel asked what had changed to enable us to meet the target this year. Ms Maginnis said that HR had put in a lot of work with managers and now had an automated system of reporting to line managers if their staff had hit their maximum target absence date.

RES009 – *are customer needs being met by the Corporate Website being available* – Councillor Kane asked if the current problems with the Modern.Gov system had been rectified. The Senior Democratic Services Officer informed the Committee that just that afternoon most of the system had come back and working and officers were in the process of updating the database with agendas and minutes that had not been published recently and checking that everything was working properly.

Councillor Sartin said that this indicator ‘inferred’ the satisfaction of customers; was there no better way to measure this other than inferring. Councillor Kane said this could be inferred by lack of complaints.

RESOLVED:

That the Quarter 2 performance indicator for the Key Performance Indicators that fell within it area of responsibility be noted.

32. CORPORATE PLAN KEY ACTION PLAN 2016/17 - QUARTERLY PROGRESS

The Assistant Director, Accountancy, Mr Maddock introduced the report on the Quarter 2 progress of the Corporate Plan Key Action Plan 2016/17. This was a key strategic planning document, setting out its priorities over the five year period from 2015/16 to 2019/20. These corporate aims were supported by Key Objectives, which provided a clear statement of the Council’s overall intentions for these five years.

The meeting noted that under Aim (i), (2) *progress preparations for delivering savings* – should be *for 2017/18* and not as indicated *for 2016/17*.

There were 49 actions in total for which progress updates for Q2 were as follows:

- 29 (59%) of these actions have been ‘Achieved’ or were ‘On Target’
- 14 (29%) of these actions were ‘Under Control’
- 2 (4%) were ‘Behind Schedule’
- 4 (8%) were ‘Pending’

13 actions fell within the areas of responsibility of the Resources Select Committee. At the end of Q2:

- 8 (62%) of these actions had been 'Achieved' or were 'On-Target'
- 4 (31%) of these actions were 'Under Control'
- 1 (8%) of these actions were 'Pending'
- 0 (0%) of these actions were 'Behind Schedule'

The Committee reviewed the Quarter 2 progress against the Key Action Plan for 2016/17 that fell within their area of responsibility.

Councillor Roberts said as a general observation that there was not enough information given under the progress heading for any action going wrong in time for any action to be taken to remedy the situation. Councillor Kane noted that there had been some discussions on revised target dates, but he was unsure how to completely rectify this problem. Mr Maddock said that he would raise it as a concern.

Councillor Sartin asked about Aim (i)(c), (10) '*evaluate possibility of shared service as part of Debt working Party*' – as it was past the target date, should it not be classed as red and not orange. She then noted that as it was for the end of quarter 2 (end of September). Mr Maddock said that there should be a revised target date for this and another meeting on this subject was coming up soon to discuss this.

Councillor Kane added that there needed to be some explanations for the "Under Control" items to show a way forward, with some extra explanation. Mr Maddock said that he would take these comments back.

Councillor Kane asked for more details on Aim (ii) (1) '*Continue with the Council's apprenticeship scheme for the district's young people, providing sustainable employment opportunities*'. Ms Maginnis, Assistant Director Human Resources, replied that the graduate programme was run by the Local Government Association. The Council partook in this scheme every other year. They had interviewed 4 candidates this year and would like to appoint 2 of them, but it turned out that they would like to work for the larger authorities and on the bigger schemes. Our selling point was that they would be working with senior managers and the Management Board. They would have a senior sponsor to see them through their time here. It did not happen for us this year.

As for apprentices, we need to have a certain percentage of apprentices on our payroll to contribute to an apprentice levy to the government to pay for the whole scheme. Councillor Patel asked if we would get funds if we did not meet the target. Ms Maginnis replied that they had not been told directly, but the Government would take the money we spent on the levy if it was not used.

Councillor H Whitbread asked how wide was the graduate scheme and how far did the Council trawl for new graduates? She was told that at present the Apprentice Corporate Scheme was for school leavers 16 to 18 year olds. The higher level apprentices tend to be more expensive for us and we were looking at this at present. Councillor Whitbread asked if we could work jointly with the County Council or Harlow Council and spread the costs. Ms Maginnis noted that we had a high rate of drop outs because of travel difficulties. It may be different for our higher apprentices as they were older and may have their own transport.

Councillor Jennings noted that he was a member of the LGA who had a meeting recently to discuss this. Local government was not that appealing at present, the Civil service was more attractive and the LGA were looking to address this for the future.

Councillor Sartin asked if it was possible to have a short article on apprentices and graduates to go into the Members Bulletin. Councillor Kane agreed that this was a good idea and then asked if as ward Councillors they could do something to help. He was told that officers regularly attend Epping Forest College Career Festival where our apprentices lead on this and talk to the students and roll out the publicity for this scheme.

Councillor Patel asked if we have asked the current graduate intake to complete a questionnaire to find out what they wanted and what they liked about us. Ms Maginnis replied that Mr Nicholas was our one and only graduate so far as we had not recruited anyone this year. He has given us some feedback on his time here and was very positive about our programme.

Councillor Kane added that we needed a clear idea of what we could do to attract graduates and apprentices here.

Councillor Jennings asked what they did when they had finished their time here. Ms Maginnis said that we liked to keep them here and continue working with us under our "grow your own" scheme after they finished their formal time here. They were valuable assets.

RESOLVED:

That the Committee reviewed and identified any actions arising from the Quarter two progress of the Corporate Plan Key Action Plan for 2016/17 that fell within its area of responsibility.

33. SICKNESS ABSENCE 2016/17

The Assistant Director, Human Resources, Ms Maginnis introduced the half yearly report on the Council's absence figures for Quarters 1 and 2 for 2016/17. It included absences figures by Directorate, the number of employees who had met the trigger levels and those who had more than 4 weeks absence and the reasons for the absence.

The Council's target for sickness absence under RES001 for 2016/2017 was an average of 7.5 days per employee. The current outturn figure for the two quarters was an average of 2.98 days, which was below the target of 3.64 days.

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

- (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.

It was noted that during Q1, 4.9% of employees met the trigger levels or above, 14.5% had sickness absence but did not meet the triggers and 80.6% had no absence. During Q2, 4.5% of employees met the trigger levels or above, 10.8% had sickness absence but did not meet the trigger levels and 84.7% had no absence. They noted that the number of long term cases had been reduced and half of them had returned to work.

Councillor Jennings asked how we compared to similar authorities. Ms Maginnis said that we were about the same as Braintree and we were one of the better authorities. Councillor Jennings asked if HR spoke to authorities who were good at managing absences. Ms Maginnis said that they did not as they were all at about the same level.

Councillor Patel asked if staff got paid when they were off sick. He was told that they did, as it was part of a national agreement. Councillor Patel added that some organisations gave benefits directly to their staff. Ms Maginnis said that was something like an insurance scheme, but to do this would involve negotiations with the unions and pulling out of the national agreements.

Councillor Patel asked about stress and long term sickness. Ms Maginnis said that this had reduced significantly recently. There were times when certain types of illnesses went up spontaneously and we tended to get these blips. Presently it was musculoskeletal problems.

Councillor Sartin asked if these figures included our waste contractors or our leisure contractors. Ms Maginnis said that it did not, it was just the 650 direct employees of the Council.

Councillor H Whitbread asked if we had access to our contractor's sickness data. Ms Maginnis said that we did not but could ask to see it if need be.

RESOLVED:

That the Committee noted and commented upon the report for sickness absences for quarters one and two of 2016/17.

34. INVEST TO SAVE UPDATE

The Assistant Director Accountancy, Mr Maddock, introduced the report on the Council scheme, 'Invest to Save'.

The meeting noted that in setting the budget for 2015/16 Council decided that, as the balance on the General Fund Reserve exceeded the minimum requirement and further savings were required, £0.5 million should be transferred from the General Fund Reserve into an Invest to Save earmarked reserve. This was subsequently topped up with an additional £154,000 during the current year. It was intended that this earmarked reserve would be used to finance schemes that would reduce the Continuing Services Budget (CSB) in future years.

Prior to the approval of the 2016/17 budget by Council in February 2016 a total of six schemes had been approved for Invest to Save funding and £309,000 of the fund balance of £500,000 had been allocated. A further three allocations were made by the March and April Cabinet meetings, which included the accommodation review and work on the future funding and structure of the museums service, these reduced the balance of unallocated funds to £92,000. As the fund had proved useful in generating savings schemes, Members agreed a top up of £154,000 in closing the 2015/16 accounts.

The most recent business cases were considered by the FPM Cabinet Committee in June and approval was given for some capital works at North Weald Airfield to

extend a vehicle compound. A structural survey of the current main reception area and a programme management system for prototype activities were also approved.

Councillor Sartin commented that this was a useful report and explained the 'Invest to Save' scheme. She asked if a short explanatory note could be put in the Members Bulletin explaining the scheme. Mr Maddock said that this could be done.

Councillor Kane said he would also like clearer information on how much was invested and how much was saved. For instance the commentary on the change to car park lighting to LED was a bit misleading. Mr Maddock replied that the savings on this scheme would come in the longer term.

Councillor Patel asked about the accommodation review update. Mr Maddock said that the next phase was now going ahead and a report would be going to Members before Christmas to be discussed in the new calendar year. Councillor Patel asked how much was likely to be saved. Mr Maddock replied that there were various options outlined and the coming report would flesh out the numbers better. All options would provide some savings, some more than others.

Councillor Jennings asked if this scheme would be expanded in the next few years. Mr Maddock said that they were looking to expand this scheme further in the future.

Councillor Kane commented that this was a useful report to have. Mr Maddock added that the Cabinet Finance Committee would have a detailed look at this at their budget meeting in January.

RESOLVED:

That the update on the various schemes funded through Invest to Save be noted.

35. DRAFT GENERAL FUND CSB, DDF AND ITS LISTS AND SAVINGS UPDATE

Mr Maddock introduced the report on the draft for the general fund CSB, DDF and ITS lists and the Savings Update. The report provided the first draft of the Continuing Services Budget (CSB), District Development Fund (DDF) and Invest to Save (ITS) Schedules for 2017/18.

The meeting noted that the Financial Issues Paper was considered by 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.

The Medium Term Financial Strategy (MTFS), which forms part of the Financial Issues Paper, identified that savings of around £500,000 were required over the forecast period. The savings required in 2017/18 were identified at £250,000 after savings of £464,000 already identified had been taken into account. It was noted though that there was more uncertainty than usual and little had changed since then.

Since July the Council has accepted the Governments 4 year funding agreement as set out last December. There was still a further, more detailed consultation outstanding regarding Business rates retention and the Leisure Management Contract process was progressing with a report to Cabinet due in December. The

lists currently showed net CSB savings of £730,000 in 2017/18, this though still assumed a saving of £250,000 from the new leisure management contract which was somewhat prudent as the final savings were expected to be higher. However there were two other items, the Local Plan and the Waste Management Contract that were expected to require additional resources, albeit these would be a mixture of DDF and CSB.

The total CSB expenditure in 2015/16 was £2.9 million higher than the Original budget, but this was entirely down to the decision to fund Capital Expenditure of £3 million from the General Fund balance. This decision was made because of the significant General Fund balance held by the Council and the comments made by Central Government around 'excessive' balances held by local authorities. There were as ever salary savings due to vacancies and this trend had continued into 2016/17.

Of the one off items the biggest was the Local Plan to be completed in 2018, and this would be at a cost of £1.2 million over the original budget.

There were a number of areas where further work was required before figures to be included within the budget could be finalised. Clearly the emphasis in this budget cycle will again need to be on CSB savings rather than growth but there were some areas where growth was 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 came together.

This report will be updated and will go to the next Finance and Performance Management Cabinet Committee in January 2017.

Councillor Sartin asked about the take up of the Rental Loans Scheme. Mr Maddock said that they had struggled to get people for this scheme. A report on this would be going to the next Communities Select Committee meeting on ways to make this scheme better and to suggest some amendments.

RESOLVED:

That the Committee noted the first draft of the Continuing Services Budget (CSB), District Development Fund (DDF) and Invest to Save (ITS) schedules.

36. QUARTERLY FINANCIAL MONITORING

The Assistant Director Accountancy, Mr Maddock, introduced the report on the revenue and capital financial monitoring for the second quarter of 2016/17, covering the period from 1 April to 30 September 2016. Salaries monitoring data was presented as it represented a large proportion of the authorities expenditure and was an area where historically large under spends had been seen.

The Committee noted that:

- The salaries schedule showed an underspend of £338,000 or 3%. At the half year stage last year the underspend was 2.7%;
- Resources were showing the largest underspend of £121,000, relating to Revenues and Housing Benefits;
- Neighbourhoods was showing an underspend of £117,000 relating mainly to Forward Planning and Grounds Maintenance and the £83,000 on Communities is related to the Housing Works Unit.

- The investment interest is lower than the budget due to lower interest rates but this wasn't entirely unexpected;
- Development Control income at Month 6 was continuing the recent upward trend. Fees and charges were £151,000 higher than the budget to date and pre-application charges are £15,000 higher;
- Building Control income was £56,000 higher than the budgeted figure at the end of the second quarter. Also the ring-fenced account was expected to show an improved position on that budgeted;
- There was a lot of scanning work required to Building Control files and it was proposed to use some of the accumulated surplus to finance this work over the next few years;
- Although Public Hire licence income and other licensing were above expectations, the Public Hire figures shown include £25,000 relating to future years so in reality income relating to 2016/17 was £4,000 down;
- Income from MOT's carried out by Fleet Operations was £27,000 below expectations;
- Car Parking income was £3,000 above the estimate as at month 6;
- Local Land Charge income was £3,000 below expectations. There have been fewer searches undertaken in recent months so the position will need to be monitored over the next few months;
- Expenditure and income relating to Bed and Breakfast placements was on the increase. Most were eligible for Housing Benefit and although some will be reimbursed by the Department for Work and Pensions it was only around 50%, leaving a similar amount to be funded from the General Fund; and
- The Housing Repairs Fund showed an underspend of £420,000.

Business Rates

- This was the fourth year of operation for the Business Rates Retention Scheme whereby a proportion of rates collected are retained by the Council;
- For 2016/17 the funding retained by the authority after allowing for the Collection Fund deficit from 2015/16 was £3,435,000. This exceeded the government baseline of £3,050,000 by some £385,000. The actual position for 2016/17 will not be determined until May 2017;
- Cash collection was important as the Council was 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; and
- At the end of September the total collected was £18,978,332 and payments out were £17,273,492, meaning the Council was holding £1,704,840 of cash and so the Council's overall cash position was benefitting from the effective collection of non-domestic rates.

Councillor Patel asked about salaries and agency costs; did we have one agency that we used and who would call them in? He was told that the directorates concerned organised their own cover. There was no overarching contract. The agency used depended on the skills that were needed. This was not done centrally through Human Resources (HR).

Councillor Patel asked if this was about policy and getting the best price. Mr Maddock replied that we had to negotiate for the best prices. Councillor Patel then asked at what point were agency staff called in. He was told that would be when no suitable internal candidate could be found, agency staff would be put in place until suitable staff could be recruited.

Councillor Kane asked if HR had an overview of all directorates and their agency staff. He was told that they did not, but costs were monitored and Audit did look at agency staff. Councillor Patel asked if this report could go onto our work programme. This was agreed by the Committee and should go to their March 2017 meeting.

RESOLVED:

- (1) That the Committee noted the revenue and capital financial monitoring report for the second quarter of 2016/17; and
- (2) That the Committee receive a future report on agency staff and their costs, by Directorate.

37. REVIEW AND USAGE OF SECTION 106 MONIES

The Chairman noted that this report had been to the District Development Management Committee and to the Governance Select Committee.

Mr Maddock took the Committee through the report on the review and usage of Section 106 monies. The report provided information on the Section 106 process and monitoring arrangements. These monies could be provided for a variety of different purposes and would 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.

They noted that if a developer was developing land for housing purposes there was a requirement in most cases, where there was a development of 15 or more properties, to provide 40% affordable housing on site. Sometimes however this is not viable and the Council would accept a financial contribution to provide affordable housing in the area. Prior to the house building programme this money was used by the General Fund and passed to housing associations, however this money was currently being used by the HRA.

The Section 106 agreements themselves could vary; most have financial requirements but some had non-financial requirements. Sometimes at the developers behest a repayment clause would be included where the money had to be spent for the agreed purpose within a specific timescale. If this timescale was not met the money becomes repayable and the provider would be entitled to apply for the money to be returned to them. As an example on occasions funding has been provided for highways works and the County Council has struggled to spend the money as no clear project was identified during the planning approval process.

An officer group monitors Section 106 agreements on a quarterly basis, monitoring progress on all agreements ensuring that funds were applied to the appropriate projects and spent within the agreed timescale. There have been 113 Section 106 agreements entered into since 2001 and whilst the early ones had been concluded there were still a significant number that had obligations outstanding and some went back a number of years.

As at 31st March 2016 the Council held £363,000 in various section 106 contributions; this was a considerable reduction on the previous year as all affordable housing monies including those provided during 2015/16 were spent on the Council's house building programme in that year. The amount was made up of £248,000

related to leisure initiatives and the remaining £115,000 was due and subsequently paid to NHS England or parish council's.

It was possible that Section 106 agreements would be replaced by the Community Infrastructure Levy or CIL, This was being evaluated as part the Local Plan process by a consultant who was doing the groundwork to assess whether or not we should put a CIL in place, however we will not be able to do this until the Local Plan had been adopted, currently expected by the end of 2018.

The next report was scheduled for the summer of 2017 and would cover the financial year 2016/17. The meeting asked that this report also came to this committee.

Councillor Whitehouse said the issue was if we were practical enough to ask for this money and was there no document we could point to that had scales of payments for suitable developments.

Councillor Kane noted that money had been provided for Highway work but had not always been spent. Members, as ward councillors need to draw up a list of areas where this money could be used.

Councillor Patel said that Parish Councillors needed information on how to ask for S106 money and needed more guidance and communication with them. Councillor Kane said that this was a chicken and egg situation. Parish and Ward councillors needed to develop a hit list on what was needed and make this available to Development Control.

RESOLVED:

That the current position on section 106 funding and any further opportunities be noted.

38. 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.

39. FUTURE MEETINGS

The dates of the upcoming meetings were noted.

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