

EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Stronger Council Select Committee **Date:** Thursday, 24 November 2022

Place: Council Chamber - Civic Offices **Time:** 7.00 - 8.48 pm

Members Present: Councillors S Patel (Vice-Chairman, in the Chair), R Bassett, R Brookes, H Kane, R Morgan and J M Whitehouse

Members Present (Virtually): Councillors E Gabbett

Other Councillors: Councillors S Kane and A Lion

Other Councillors (Virtual): Councillors

Apologies: J McIvor, I Hadley and S Heather

Officers Present: A Hendry (Democratic Services Officer), A Small (Section 151 Officer), C Ferrigi (Service Manager (ICT & Business Support)), C Hartgrove (Interim Chief Financial Officer), P Maginnis (Service Director (Corporate Services)) and R Moreton (Corporate Communications Officer)

Officers Present (Virtually): G Woodhall (Team Manager - Democratic & Electoral Services)

20. Webcasting Introduction

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

21. Substitute Members (Council Minute 39 - 23.7.02)

The Committee noted that Councillor H Kane would substitute for Councillor J McIvor for the duration of this meeting.

22. Declarations of Interest

Councillor Richard Bassett declared a Non Pecuniary interest by virtue of being a Non-Executive Director of Qualis.

23. Notes of Previous Meeting

Resolved:

That the notes of the meeting held 26 September 2022 were agreed as a correct record.

24. Terms of Reference & Work Programme

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

25. People Strategy update

P Maginnis (Service Director- Corporate Services) introduced the Peoples Strategy report, updating the meeting on the recent employee survey carried out in June and July of this year. The meeting also received a short PowerPoint presentation.

The meeting noted that there was a 77% response to this survey and that the results would be put in the Council Bulletin. At present about 53% of staff work from home or remotely most of the time. 81% said that they felt as though they could be flexible in their role. 86% said that having a flexible working pattern was beneficial to them.

Asked about the 77% response rate Ms Maginnis said that amounted to about 410 employees and this also included interim staff.

The committee noted that although 79% had agreed that their manager had supported them on understanding Hybrid working; only 23% would actively promote the council to friends and family – were officers exploring the reasons for this? They were told that they were looking further into the data, but at this stage were not going back to ask specific questions. It seems that the longer a person had been employed here the less they would recommend it.

The committee asked what sort of safeguards did the council have in place that they could monitor that they were getting value for money, and how was the quality of work monitored? They were told that the council had a performance management programme, with managers holding regular one to ones with staff, and also set targets and measurements for individual staff and parts of the organisation. The committee came back by asking how the council controlled the allocation of work to the individuals. They were told that line managers controlled the allocation of work and monitored it.

They had noted that just about 50% of staff did not come into the office, so they could lose contact with their colleagues and managers; was there a policy on how many times a person needed to come into work? They were told that they did not have such a policy, it was down to the line manager how they managed this; some teams did have regular team meetings via 'Teams'. Although they were aware that a number of organisations had this type of policy, this council had chosen to go down the line to give officers a choice. They try not to lose contact with individuals, and this was where team meetings came in. Working from home was easier for some roles than others. There were benefits and gains from staff working from home, it was a balance.

The committee noted that the issue was that there were not many people in the office anymore and councillors did not know who to contact when they had a problem. It would be handy to have a list of contacts. Also, do we check that the home workers had the right facilities at home and did we pay for equipment? They were told that there was the member portal to raise queries, the next step was to go to the

customer services team. But if at the end of the day a councillor did not get an answer, contact either Andrew Small or Jennifer Gould. This was a similar problem that the Town and Parish council had, and we advised them to go through the Customer Services Team. It was important that any questions did go through the customer services desk initially in order to keep track of any problems so they could be fixed. As for assessment of equipment, there was an electronic form that an employee fills out and then it goes to their manager to deal with.

The committee noted that nearly half of the employees had joined the council in the last two years. Most of them would not have met a councillor or know what a councillor did or what they were for. What did we know of why the new staff joined the council or at the other end why did people leave the council. They were told that as a council they were working hard on the recruitment process. 7 years ago, they reviewed roles and salaries, which resulted in moving away from the national pay structure and towards the beginnings of flexible working. These practices have been some of the positives why people were choosing to join us. The committee noted that some posts were still hard to fill such as where flexible working was not an option. How was the People Strategy evolving to answer those questions. They were told that they had picked up that Hybrid working was a good way to work, and they would develop a new peoples' strategy to look at this. The committee asked where the biggest area of change would need to be? They were told that it would be in the way they tackled isolation and looking at performance and in developing managers skills sets. There was still work to be done, hence the surveys to get more information.

The committee then asked if the number of employees had gone up or down and what were the number of vacancies at present. They were told that the officers did not have these numbers to hand. This survey was just a snapshot of the council's position a few months ago. The last time they had noted it, there were about 80 vacancies, some of which were being held at present because of the budget pressures. Some they were trying to fill. They reviewed every post that became available to make sure they could balance the budget. In all, the number of employees were going down.

The committee commended the officers for organising the recent member / officer meetings.

Officers noted that they were looking at customers and their needs in what we did, that was key in what we do. Also, they were looking at better ways in how we communicated and how we could improve our systems to make them more effective.

RESOLVED:

The Select Committee noted the update on the People's Strategy.

26. Cabinet Report - Outsourcing of the Concierge Service

The Service Manager for ICT & BS, C Ferrigi introduced the report going to the next Cabinet meeting on the outsourcing of the Concierge Service. This came to this meeting for any comments the Select Committee may wish to make to be passed on to the Cabinet.

Due to various operational and resource challenges, the Senior Leadership Team (SLT) agreed to explore the outsourcing of the Concierge Service at the Civic Offices, by formally going out to tender, to then review bids and make a decision as to whether the Council proceeds to the formal stages of outsourcing.

Out of four contractors that showed an interest, only one of them, PCS Group, put forward a bid. The bid was a strong, tailored and detailed response, scoring 96.5/100 during the evaluation process.

Based on a three-year contract, the costs for year 1 and 2 were lower than our current operating costs and year 3 was higher. The savings made in the first 2 years offset the increase in the third year. If the service remains in house, costs will increase year on year due to salary increases and the cost of the existing contracts for out of hours and daytime cover.

The committee asked what would happen in year 4. They were told that officers would look at the contract every year and if it worked well, they could extend it and may include the welcome desk into the contract.

The committee asked why only one company choose to put in a bid and noted that what you would lose would be the background knowledge that the council's current staff had. The contract would be managed by one of our team managers and the existing employees would be TUPE'd across, so we would still retain their knowledge. As for contractors, one of the companies thought that it would be too much for them to handle. And the other was more security focused.

The committee wanted to ensure anyone taking this job would be thoroughly trained and asked if there would be a training handbook that could be referred to; especially for the relief teams who take over at night. They were told that this was something they needed to think about on how this would work.

The committee noted that the company could come back to us should their pension liability exceed the figure they have budgeted for. Have they put a reasonable figure in their quote, otherwise, they could come back with any amount. They were told that they had not put in a figure, but officers had assessed the risks along with some employee relations issues they had at present and were comfortable there was not a risk there. The committee asked if officers knew at what point a figure would be put in, a few months or a few years later. The officer was not sure but said she would find out and put it in the minutes.

ACTION: to confirm when a figure would be given.

The committee noted that currently the council used a contractor to fill in gaps. Were they asked to put in a bid for the service. They were told that yes, they were asked but chose not to. Asked what would happen if one person was not available out of the two officers we had. They were told that the PCS group carried out time and motion studies and we were told that we only required two officers; the difference would be the overnight resource who would carry out security work. We also have some resilience in the support team that carries out some background for the Concierge service.

Asked if the PCS group had experience with other local authority's, officers said that they were not aware of any. Also asked was, could cover be had at an hourly basis or did the council have to block book for an eight-hour shift. Officers said that they not looked into this, but they had budgeted for eight-hour blocks for this year.

Asked what the Select Committee would like to pass on to the Cabinet on this proposal, the committee said they wanted the current staff to be kept up to date on this; that the people coming to be trained properly on the ways of the council; and that there be a continuity of staff.

RESOLVED:

That the Committee noted and commented on the outsourcing of the concierge service.

27. Quarter 2 Budget Monitoring Report - 2022/23

The Interim Chief Financial Officer, Chris Hartgrove introduced the quarter 2 budget monitoring report for 2022/23. This report set out the 2022/23 General Fund and Housing Revenue Account positions, for both revenue and capital, as at 30th September 2022 ("Quarter 2").

In terms of General Fund revenue expenditure – at the Quarter 2 stage – a budget overspend of £1.259 million, with projected net expenditure of £16.890 million against an overall budget provision of £15.631 million, was forecast.

As with Quarter 1, the Quarter 2 position was dominated by a range of substantial spending pressures, as detailed in the report.

The committee thanked Mr Hartgrove and his team for the work they were doing in difficult circumstances. They asked if the council had heard anything about any forthcoming government help? They were told that they have had the autumn statement recently, with some clues in there; but no good news for district councils. It tended to be dominated by adult social care costs and support for business rates. There was no good or bad news at present and because of this, this was a cautious financial plan.

The committee noting the problems with social housing and rents etc., wanted to know what the current collection rates were. They were told it was holding up quite well at present, but as the economic difficulties bite, this would cause problems and may reduce what was collected.

They then wished to know if more people were cancelling direct debits and asked how were our rent collections holding out? Mr Hartgrove did not know but would find out and come back with an answer.

After the meeting Mr Hartgrove supplied this answer:

"In response to the question at the Stronger Council Select Committee on Thursday evening (24th November), regarding the potential cancellation of Council Tax Direct Debits in the light of the worsening economic situation, I can confirm the following:

- April 2022 - number of Direct Debits taken 40,507
- October 2022 - number of Direct Debits taken 41,225

As you can see the numbers have actually increased since the start of the year. However, it was suspected that the Council Tax Energy Rebate scheme has had an impact, whereby the quickest way to get the Rebate (for non-Direct Debit customers) was to sign up to Direct Debit.

This analysis is of course backward looking. As I mentioned on Thursday evening, there appears to be an emerging consensus that the future prospects for Council Tax collection generally are not as bright certainly for 2023/24 and potentially beyond.

As for rent collections: The outcome is that performance on Rent Collection is – so far – comparable to previous years. Thus:

- *Arrears as a % of Debit Raised (October 2021) – 1.55%*
- *Arrears as a % of Debit Raised (October 2022) – 1.59%*

Overall therefore performance fractionally down (by 0.04%) compared to last year.”

The committee expressed the hope that the housing teams would be proactive in putting in plans for people having problems.

The committee noted that people were delaying putting in planning applications at present, but we also had applications still waiting a decision. Should not the planning department be expediting these applications. They were told that developers were holding back and waiting for the Local Plan. Asked if there was a backlog officers said that there had been one but were not sure of the current situation. However, the projected shortfall for planning applications income had reduced in quarter 2.

The committee asked about the Qualis income from the squeeze in loan margins generated from Qualis loans for the council. They were told that the council matched the loans it took from the PWLB and to loan to Qualis at a higher rate. But interest rates have increased, and our borrowing costs have gone up, so as we loan to Qualis at the same level our margins have gone down.

RESOLVED:

1. That the General Fund revenue position at the end of Quarter 2 (30th September 2022) for 2022/23, including actions being undertaken or proposed to improve the position, where significant variances have been identified, be noted.
2. That the General Fund capital position at the end of Quarter 2 (30th September 2022) for 2022/23 be noted.
3. That the Housing Revenue Account revenue position at the end of Quarter 2 (30th September 2022) for 2022/23, including actions proposed to ameliorate the position, where significant variances had been identified, be noted; and
4. That the Housing Revenue Account capital position at the end of Quarter 2 (30th September 2022) for 2022/23 be noted.

28. Updated medium Term Financial Plan - 2023/24 to 2027/28

The Interim Chief Financial Officer, Chris Hartgrove introduced the Updated Medium-Term Financial Plan (2023-24 to 2027-28). He noted that the Cabinet received the Updated Medium-Term Financial Plan for 2022/23 to 2026/27 on 10th October 2022. At that meeting the contents of the report were considered and discussed, including the implications for both the General Fund and Housing Revenue Account.

Cabinet also agreed that the report should go forward for scrutiny by the Stronger Council Select Committee in accordance with the Financial Planning Framework (2023/24 to 2027/28) adopted on 30th September 2022.

This was the first iteration of the MTFP within the 2023/24 budget cycle. It was a forward-looking document which provided a tentative look at the Council's financial picture over the next five years (2023/24 through to 2027/28) and set the scene by providing a framework for developing both the General Fund and Housing Revenue Account (HRA) budgets for 2023/24.

The General Fund forecast within the MTFP reveals a projected deficit of £4.126 million for 2023/24. This reflects major spending pressures – driven by inflation – (for example) on Employees and Supplies & Services, which is exacerbated by an anticipated drop in Government grants of £1.154 million. Estimated net expenditure in 2023/24 is £19.402 million, compared to available funding of £15.276 million.

Looking further ahead – assuming a balanced budget was achieved for 2023/24, without recourse to the use of reserves – a budget gap was expected to open-up again on the General Fund from 2024/25, with annual budget pressures in the region of £1.4 million anticipated for two consecutive financial years.

The committee commented that a £4million deficit was a large proportion of the council's budget. We can look to increase the Council Tax, housing rents etc. all options must be considered. Officers confirmed that they were being considered.

The committee noted that the biggest expenditure currently was staff, it used to be accommodation, but not anymore. A substantial amount of saving therefore would come from staff, but was there any more savings to be had from accommodation? They were told that salary costs have always been high, exceeding any other expenditure that the council had. The comparatively high vacancy rate captures some of the potential savings to be had without impacting on staff directly. Options have been presented to Cabinet and they have been working through them. At the next meeting this committee will see a detailed set of proposals as agreed by Cabinet for consultation. The Cabinet are always driven by the desire to maintain services as best they can. This was by far the most difficult, challenging budget we have seen as the impact of inflation and global economic issues had not been conceived at the beginning of this year, so there was no time to plan for it. The priority was still to protect council services by driving up efficiency in council services and maximising income streams where we could. If we could not do this, we would have to look to raising tax and finally think about reduction in services which may mean some staff reductions. But hopefully, any reductions in staff in posts would be minimal.

RESOLVED:

The Committee considered and commented on the Updated Medium-Term Financial Plan 2023/24 to 2027/28 as presented to Cabinet on 10th October 2022.

29. Dates of Future Meetings

The Committee noted their future meeting dates.

CHAIRMAN