

3. RESOURCES SELECT COMMITTEE

The Resources Select Committee consisted of the following Members:

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

The Lead Officer was Peter Maddock, Assistant Director (Accountancy).

Terms of Reference

- 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;
- To undertake quarterly performance monitoring in relation to the services and functions of the Resources Directorate, through review of progress against adopted key performance indicators and other appropriate measures;
- 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;
- To review key areas of income and expenditure for each directorate on a quarterly basis throughout the year;
- To monitor and review progress on the implementation of all major ICT systems;
- 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;
- To monitor and review areas of concern or significance that comes under Human Resources.

The Panel scrutinised a number of important issues over the last year, which included:

(i) Key Performance Indicators 2014/15 Outturn Performance – At their meeting in July 2015 the Committee received the outturn report for the Quarter 4 results for the Key Performance Indicators for 2014/15. The Committee noted that the overall position for all the KPIs at the end of year (31 March 2015) was:

- 26 or 72% - indicators achieved the cumulative end of year target;
- 10 or 28% - indicators did not achieve the target; and
- 1 or 3% - performed within the agreed tolerance for the indicator.

Eleven of these indicators fell within the Resources Select Committee area of responsibility. The overall position at the end of the year for these eleven indicators was as follows:

7 or 64% - achieved the cumulative fourth quarter target; and
4 or 36% - did not achieve the cumulative fourth quarter target.

(ii) Sickness Absence Outturn Report 2014/15 - Also at their July meeting the Committee received the outturn report for the sickness absence levels for 2014/15.

The Committee considered the sickness absence for quarters 3 and 4, 2014/15. It was noted that the target for sickness absence, under KPI10 for 2014/15 was an average of 7 days per employee; the outturn figure for that year was 9.2 days, making the Council above target for the first time in 4 years.

(iii) Provisional Capital Outturn 2014/15 - The Committee then received a report on the Council's capital programme for 2014/15 in terms of expenditure and financing and compared the provisional outturn figures with the revised estimates. The revised estimates, which were based on the Capital Programme, represent those adopted by the Council in February 2015.

It was noted that the Council's total investment on capital schemes in 2014/15 was £20,114,000, compared to a revised estimate of £24,092,000. The largest underspends were experienced on General Fund projects. In particular, there was an underspend of £1,000,000 on the St John's Road Development scheme as the land purchase and asset negotiations planned to enable the proposed development of this site, had not taken place yet. As a consequence the full £1,000,000 set aside for this scheme was requested for carry forward to 2015/16. In addition, there was another large underspend of £448,000 on the Museum redevelopment scheme, for which Heritage Lottery funding has been secured. A carry forward of £448,000 to 2015/16 was requested.

(iv) Provisional Revenue Outturn 2014/15 – Also in July 2015 the Committee received a report on the Council's revenue outturn for the Continuing Services Budget (CSB) of the general fund and the consequential movement in balances for 2014/15.

Net expenditure (CSB) for 2014/15 totalled £14.547 million, which was £763,000 (5%) above the original estimate and £223,000 (1.5%) above the revised. When compared to a gross expenditure budget of approximately £74 million, the variances can be restated as 1% and 0.3% respectively.

The main movement between the Original estimate and the Revised and Actual position was the creation of the spend and save reserve which had moved £500,000 from the General Fund Balance into an earmarked reserve set up to fund any initial costs required to achieve on-going CSB savings. The fund would operate in a similar way to the District Development Fund (DDF) in that there would be the ability to move budgetary provision money between years as necessary. 2015/16 would be the first year of operation for this Fund.

(v) Planning Enforcement Matters – At their October 2015 meeting the Committee had a report on the work of the Planning Enforcement Section.

They 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 complex, to trivial and non-planning related with enforcement investigations being completed after a first visit or in more complex cases taking several years;
- 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.

(vi) Financial Issues Papers – The Committee noted 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 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.

(vii) Energy Savings and Improved Management Process – The Committee received a progress update report on energy savings and improved management processing. They were 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.

(viii) Call Handling – The Committee received 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.

The Committee were 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.

(ix) Careline and Housing Related Charges – Also at their October 2015 meeting, the Director of Communities, introduced a report on the charging plan for Housing Related Support (HRS) services.

The Committee noted that:

- The HRS covered the Careline Service, Scheme Management Service and the Intensive Housing Management;
- The Council had increased the HRS charges by 50% for 2015/16, in order to recover expected 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 the tenants affected had been advised, they remained;
- The Housing Portfolio Holder had presented the Cabinet with 5 options on what action to be taken with the increased income, although after reviewing the services it had been noted that providing 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 decided that the Housing Portfolio Holder should produce a charging plan on how the HRS charges would be increased each year from April 2016 until the cost of the Scheme Management Service became self-funded and included the annual reductions in funding from ECC;
- The Epping Forest Tenants and Leaseholders Federation supported the charging plan and associated methodology.

The committee were 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.

(x) Fees and Charges 2016/17 - This 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 increased by the labour Inflation rates, which were currently 2.8%.

(xi) Quarterly Financial Monitoring – The Committee received 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.

(xii) Key Performance Indicators 2015/16 Quarterly Updates - The Committee reviewed the Key Performance Indicators relevant to their Select Committee on a quarterly basis.

(xiii) Draft General Fund CSB and DDF Lists and Savings Update – In December 2015 the Select Committee considered the first draft of the Continuing Services Budget (CSB) and the District Development Fund (DDF) schedule for 2016/17.

They noted that the Financial Issues Paper went to the October 2015 meeting of this committee, highlighting a number of financial uncertainties and risks facing the authority, including the reduction in Central Government funding, retention of Business Rates, Welfare reform and the Leisure Management Contract renewal. Since then there had been a number of other items identified such as the increase in the employers national insurance contributions, relating to the employees in the Local Government Pensions Scheme.

The Governments Spending Review was due shortly; speculation was that District Councils would be hit the hardest, although this Council was well placed to meet that challenge

(xiv) Sickness Absences 2015/14: Quarters 1 & 2 - It was noted that the Council's target for sickness absence for 2015/16 was an average of 7 days per employee. The outturn figure for 2014/15 was an average of 9.2 days per employee. This put the council above its target for the first time in 4 years. This year, although still running above target the figures were slightly better than this time last year. It

was also noted that the 2015 Chartered Institute of Personnel Development (CIPD) report stated that a number of organisations (not just in the public sector) reported that they had seen an increase in stress related absence and mental health problems. Although minor illness accounts for most short term absence whereas acute conditions such as stress, musculoskeletal, mental health and back pain are the most common reasons for long term absences. The council reflected these findings.

As part of the improvement plan HR will arrange workshops for managers on mental health issues. The first four of a number of workshops have been arranged for December and it would be mandatory for all managers to attend. The Council was also working with 'Rethink', a mental health charity and Vine HR to arrange these sessions.

(xiv) Update of Work Carried Out by the HR Team –

Apprentices - The Committee noted that the first cohort of apprentices (2013-15) had now successfully finished their apprenticeships. The council appointed 7 business administration apprentices and 2 multi trade apprentices. The business administration roles would provide a range of transferable skills and thus offer more opportunities for employment.

A second cohort had now been appointed and it had been decided that it would be just for local young people who would do appropriate NVQs at the local college. There was not as much money around to fund as many places as last time but they received some help from the Communities Directorate in conjunction with a Housing Association and were able to fund two more places, but these places were reserved for the children of their tenants. This time around, the apprentices' progress would be monitored more closely.

Shared Services – HR – The HR team participated in the Essex network of the heads of HR the Essex Strategic Partnership for a number of years. In 2010 the partnership reviewed its governance arrangements and agreed to develop it into a not for profit company.

The aim of setting up a not for profit organisation was 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 could 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.

Procurement of a HR/Payroll IT System – The current payroll IT system was not fit for purpose and that officers were presently in discussions with Colchester and Braintree Council's with the aim of jointly procuring a system. The evaluation process was due to be finalised before Christmas 2015 with an implementation/start date early in the new financial year.

Broxbourne – Officers were having initial discussions with Broxbourne Council to identify potential areas where we could work together and find efficiencies. They currently provide museum services for us and it may be we could work closer with them.

Mast Money Budget – It was noted that the Council receives rent from communications companies for the lease of space on the Civic Offices roof for a communications mast. Members have agreed that any money from this lease would be allocated to projects that would benefit the staff.

Employee Engagement – The Graduate Trainee organised Employee Engagement Workshops to involve staff and 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.

Employee Survey – As part of the work on the Engagement Strategy the Graduate Trainee was tasked with carrying out an Employee Survey. During the workshops referred to previously employees were asked their views

(xv) Review of Private Funding – Also at their December 2015 meeting the Select Committee noted that 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 was granted for development schemes. 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 could range from education, highways, leisure, health and affordable housing provision. In some cases the money was provided to the County Council or the National Health Service and in other cases to this Council.

(xvi) Housing Benefit Fraud and Compliance – This went to the February 2016 meeting of the Select Committee. They noted that from 1 October 2015, the responsibility for the investigation of Housing Benefit fraud was transferred from the Authority to the Single Fraud Investigation Service (SFIS) which was part of the Fraud and Error Service within the Department for Work and Pensions (DWP). Responsibility for Local Council Tax Support fraud remained within the Authority and was investigated by the Corporate Fraud Team.

Four of the existing Benefit Investigators were transferred to the DWP under TUPE like legislation. The former Benefit Investigation Manager was now the Manager of the Council's Corporate Fraud Team and was the only member of the former Benefit Investigation team who remained with the Authority. The transfer went smoothly.

(See Case Study for full details)

(xvii) Data Quality Strategy 2016/17 to 2018/19 – The meeting noted that the Council needed timely, accurate and reliable data in order to manage activities and meet internal and external requirements to demonstrate accountability through accurate reporting. Data was used for the assessment of the Council's performance, including the Key Performance Indicators (KPIs). The Data Quality Strategy set out the arrangements for the next 3 years to ensure key data met the highest standards and was 'right first time'.

Good quality data was essential to support the Council's decision making especially decisions involving finance and performance. Additionally the Council's customers, partners and others interested in the Council's performance, needed to be able to rely on the data produced for evaluation purposes. The Council was also accountable for the money it spent and must manage competing claims on its resources. It

therefore required data which was accurate, reliable and timely in order to plan for the future and meet customer needs.

(xviii) Government Consultation on New Homes Bonus – The Committee received a report on the government consultation on New Homes Bonus, part of the draft financial settlement for local authorities.

The meeting noted that:

- The consultation sought views on a number of significant changes to the New Homes Bonus.
- The stated intention of the proposed changes to the scheme was to save £800 million which can then be used to fund adult social care.
- The removal of £800 million and the re-allocation of this amount has the overall effect of changing the distribution so two thirds will now go to counties and only a third to districts.

Case Study – Housing Benefit Fraud and Compliance

The meeting noted that from 1 October 2015, the responsibility for the investigation of Housing Benefit fraud was transferred from the Authority to the Single Fraud Investigation Service (SFIS) which was part of the Fraud and Error Service within the Department for Work and Pensions (DWP). Responsibility for Local Council Tax Support fraud remained within the Authority and was investigated by the Corporate Fraud Team.

Four of the Council's existing Benefit Investigators were transferred to the DWP under TUPE like legislation. Three of these were transferred to the Harlow DWP office and the other was transferred to the Basildon DWP office. The former Benefit Investigation Manager was now the Manager of the Council's Corporate Fraud Team and was the only member of the former Benefit Investigation team who remained with the Authority. The transfer went smoothly.

If a referral was passed to SFIS for investigation, it could be allocated to any SFIS team and would not necessarily be investigated by the SFIS team in Harlow. As they had no documents relating to Housing Benefit, the Council were requested to provide all the documentation that it had. However, this had proved problematic as the Council needs to send the documents electronically but the DWP's IT system could not accept the file size that the Council needed to send. This had emerged as a problem for all Authorities which the DWP had not yet resolved. The Council either has to split it up into a lot of smaller emails or hand over the paperwork physically, but the amount of work this was causing was becoming a problem.

Following the transfer to the DWP, the Council set up a Compliance team to carry out initial enquiries and clarify/obtain information relating to applications for Housing Benefit/Local Council Tax Support, and Liaison Officer posts were created with part of their duties being the liaison point between the Authority and SFIS.

Traditionally communication with the DWP was difficult because their staff were frequently moved to different roles and/or offices. It was therefore not possible to build any relationship with regard to any particular project or work stream.

Communication with the SFIS team in Harlow had been good with regard to the cases that were transferred, but only because three members of the former Benefit Investigation team were currently based there. However, two of those are now transferring out of the Harlow office which means that future communication may not be so effective.

In conclusion it was noted that the Council's working practices have been changed to adapt to the lack of control over Housing Benefit fraud investigation and officers would continue to monitor the situation and make further changes if necessary. However, it was too early to determine exactly how effective the transfer to a single fraud investigation service would be in reducing fraud in the Housing Benefit system in the future.