

**EPPING FOREST DISTRICT COUNCIL
NOTES OF A MEETING OF RESOURCES SELECT COMMITTEE
HELD ON TUESDAY, 4 DECEMBER 2018
IN COMMITTEE ROOM 2, CIVIC OFFICES, HIGH STREET, EPPING
AT 7.30 - 9.15 PM**

Members Present: A Patel (Chairman), P Stalker (Vice-Chairman), L Burrows, K Chana, D Dorrell, I Hadley, J Lea, A Mitchell, M Owen, C P Pond, D Stocker and J H Whitehouse

Other members present: A Lion and G Mohindra

Apologies for Absence: N Bedford and J Jennings

Officers Present P Maddock (Assistant Director (Accountancy)), P Maginnis (Service Director (Business Support Services)) and V Messenger (Democratic Services Officer)

28. SUBSTITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)

It was reported that Councillor D Stocker was substituting for Councillor N Bedford.

29. NOTES OF PREVIOUS MEETING

Minutes

RESOLVED:

That the notes of the meeting of the Select Committee held on 16 October 2018 be agreed.

Matters Arising

- (i) Provisional Revenue Outturn 2017-18 (Note 17 – 16.10.18)

Regarding Councillor N Bedford's recycling income question (Note 6 – 09.07.18), the Assistant Director (Accountancy), P Maddock, asked that he be contacted directly for this information.

- (ii) Quarterly Financial Monitoring Quarter 1 (Note 20 – 16.10.18)

Councillor J H Whitehouse queried if Essex County Council had paid the recycling credit income for the first quarter yet, to which P Maddock replied that this was still an issue. Councillor G Mohindra (Portfolio Holder (Business Support Services) and ECC Cabinet Member (Economic Development) advised that he would speak with his ECC Cabinet colleague for Environment and Waste, Councillor S Walsh, to see what progress had been made.

P Maddock reported to Councillor A Lion that he was currently revising the budget to mitigate the impact the Local Plan would have on the Council's other revenues. The next medium term financial strategy would be updated for January 2019 and reported to Cabinet in February.

(iii) Financial Issues Paper 2019/20 (Note 21 – 16.10.18)

Councillor A Lion was informed that corporate fraud would be reported in the quarter 3 monitoring report. P Maddock would be happy to report back on right to buy income as this would not be set in the budget. Furthermore, there was currently no parking enforcement on the Council's housing estates.

Councillor A Patel was advised that P Maddock was still awaiting a response on indemnity insurance. This had been in relation to any business rates' appeals that might go against the Council.

(iv) Technology Strategy Update (Note 22 – 16.10.18)

Councillor A Lion reported that he would be meeting with the Service Director (Customer Services), R Pavey, regarding his previous enquiry on whether members would be included in the satisfaction survey. Other issues he would ask to be looked at would include the services members received from the ICT Help Desk and R Pavey and S Tautz, Democratic Services Manager, would be assessing 'paperless' agendas.

Councillor I Hadley's enquiry on the ICT Service Level Agreement to inform people promptly of any problems, would be followed up by P Maginnis, Service Director (Business Support Services).

(v) Fees and Charges (Note 23 – 16.10.18)

P Maddock would reply to Councillor Bedford on whether HMO (houses of multiple occupancy) licences were for a set period.

30. DECLARATIONS OF INTEREST

Pursuant to the Members' Code of Conduct, Councillor G Mohindra (Portfolio Holder (Business Support Services), declared a non-pecuniary interest in any item that was relevant to Essex County Council as he was the ECC Cabinet Member (Economic Development).

31. TERMS OF REFERENCE AND WORK PROGRAMME

(i) Terms of Reference

The Committee noted the Terms of Reference. The Chairman, Councillor A Patel, asked if the Service Directorate Business Plan 2019/20 could be incorporated into the Select Committee's Terms of Reference for the next municipal year. He was advised to contact the S Tautz directly on this matter.

(ii) Work Programme

The relevant items for this meeting included the Corporate Plan Performance Reports (quarters 1 and 2), sickness absence report, the quarterly Financial Monitoring Report, a general update on the General Fund CSB, DDF and ITS and an update on shared services working.

32. CHANGE IN ORDER OF AGENDA

The Select Committee agreed that the item, Corporate Plan 2018-2023 - Performance Report Quarters 1 & 2 2018-19, would be dealt with after Shared Services Working.

33. SICKNESS ABSENCE

The Service Director (Business Support), P Maginnis, reported on the Council's absence figures for quarters 1 and 2, 2018/2019. This included the total number of days lost since 2016/17, the number of employees who had met the trigger level, those who had taken more than 4 weeks absence and the absence reasons.

The Council no longer had a performance indicator for sickness absence, therefore, no target had been set for his year. During quarter 1, 5.4% of employees had met the trigger levels or above, 24.5% had sickness absence but had not met the triggers and 70.1% had no absence. During quarter 2, 5.2% of employees had met the trigger levels or above, 22.6% had sickness absence but had not met the trigger levels and 72.2% had no absence. Under the Council's Managing Absence Policy there were trigger levels for initiating management action in cases of excessive sickness absence and managers were expected to deal with employees who met the triggers in accordance with the policy.

The last figures published by the Chartered Institute of Personnel and Development (CIPD) for 2016 showed that the average number of days taken as sickness absence in local government was an average of 9.9 days. This compared with 6.3 days across all sectors, 8.5 days in public services and 5.2 days in private sector services. The average number of days lost per employee could not be provided for quarters 1 and 2 owing to the on-going development of the HR payroll system. Average figures by directorate had also not been provided because of the difficulty of staff moving to their new service directorates as the Council's restructure progressed. It was intended that these figures would be given in future reports. Comparison data detailed the actual number of days lost to sickness absence over the last two years.

Members were asked for their views on future sickness absence reports.

Councillor J H Whitehouse remarked that as this report was for noting it was purely information and not to be scrutinised. This could be published in the Council Bulletin instead. Councillor G Mohindra replied that sickness absence had originally been reviewed by this Committee because of the high scrutiny level of such absence, but if sickness absence had improved and the report was of no value, then members should determine if they still required this information.

Councillor D Dorrell commented that trends were important and what had happened over the last two or three years. Therefore, he would prefer the long term picture rather than the last few months. Councillor M Owen asked for a trend to show any increase of sickness. Councillor G Mohindra advised that sickness absence was also reported at the Joint Consultative Committee, which met on a quarterly basis. Councillor A Lion commented that there was more value in a trend only analysis and to set trigger points, which when reached, should be reported to the Committee, but otherwise he questioned the value of this report. The Chairman, Councillor A Patel said that a good summary would be sufficient, if this included mental health issues.

P Maginnis replied that members had wanted sickness absence reports reviewed every six months and broken down by service area, but she would change the report

format to suit what members required. The previous two quarters had not been attributed to work related stress, e.g. those off with bereavement. The Council organised resilience courses and also offered access to Mind (mental health) charity resources. Managers had undertaken training and received ongoing support. This was also part of a resource package that was available for managers on the Intranet. She also explained that there was a reports development package on the new HR system, iTrent, which allowed managers to produce overnight information on their employees and teams.

The Chairman advised this was the first year of the Council's People Strategy, did member want to keep the six-monthly sickness absence report in the current format and then review in six months time?

Councillor G Mohindra said that officers would track sickness absence anyway and the Executive also monitored this. Councillor A Lion supported a trend-only analysis but to set a trigger level for this to be reported back to the Committee. It was also important to see how the People Strategy was affecting staff morale. Councillor M Owen asked if this could be adjusted for part time employees, to which P Maginnis replied that iTrent automatically calculated this.

The Select Committee agreed to receive a summarised version of this sickness absence report on a six monthly basis, which was to show a trend-only analysis with the use of relevant trigger levels, if this was appropriate.

RESOLVED:

That the report on sickness absence be noted.

34. QUARTERLY FINANCIAL MONITORING

The Assistant Director (Accountancy) reported on the second Quarterly Financial Monitoring report, which provided a comparison between the original estimate for the period ended 30 September 2018 and the actual expenditure or income. The reports covered the key areas of income and expenditure from 1 April 2018 to 30 September 2018. They were aligned to the new service directorates responsible for delivering the services to which the budgets related and the budgets themselves were the original estimate. However, the salaries monitoring data, which represented a large proportion of the Councils' expenditure, was not presented under the new service directorates due to its complexity.

The report outlined the following points:

- Revenue budgets (Annex 1 – 9) showed that the salaries schedule (Annex 1) had an underspend of £140,000 or 1.1%. The trend was indicating there would be a decrease over the rest of the year.
- Development Control income at month 6 was well above expectations. Fees and charges were £139,000 higher than the budget to date and other pre-assessment charges were £23,000 higher than expected. This was due to the ongoing progress of the Local Plan where a number of larger schemes had come through this year.
- Building Control income was £13,000 higher than the budgeted figure at the end of the second quarter.

- Bed and breakfast expenditure had increased from 19 cases to 21 in such accommodation, which was relatively low. This was a cost to the Council's general fund and so needed to be monitored closely. Although there were several initiatives in place to stem the use of bed and breakfast accommodation, any actual effect that those initiatives were having was difficult to measure.
- The waste contract expenditure had fallen behind due to late invoicing and the leisure management contract showed a reduction in income due to some unexpected pension related expenditure. Therefore, the full expected saving would now be achieved later than expected.
- The proposals for 75% of Business Rates to be retained within the local government sector would take effect from the financial year 2020/21. However, the proportions retained by each local government tier were likely to change. A bid was submitted to Central Government by all Essex authorities, except Thurrock, to become a 75% retention pilot for 2019/20, but the outcome due on 6 December had been delayed.

Councillor G Mohindra asked about use of the Council's pods for the homeless, to which P Maddock replied that expenditure would decrease once the pod project was completed. It was unlikely all six pods at Norway House would be in operation this financial year. P Maddock would try and clarify this with the Service Director (Housing and Property), P Pledger.

Councillor G Mohindra commented on the low expenditure on disabled adaptations and if this was not spent, whether it should be reallocated. P Maddock replied that spend in this area should be going up, but was due to a backlog caused by the combination of staffing issues and tendering for two new contractors to assist in the increasing volume of disabled adaptations and extensions, but he would clarify this with the Service Director (Housing and Property).

RESOLVED:

That the report on Quarterly Financial Monitoring for the second quarter of 2018/19 be noted.

35. GENERAL UPDATE ON THE GENERAL FUND CSB, DDF AND ITS

The Assistant Director (Accountancy) reported on the first draft of the Continuing Services Budget (CSB), District Development Fund (DDF) and Invest to Save (ITS) Schedules for 2019/20.

The report outlined the following points:

- The Medium Term Financial Strategy (MTFS) had identified that savings of £600,000 were required over the forecast period of 2020/21 and 2021/22 – £300,000 in each year, over and above those previously identified on the growth/savings lists. Savings of £2,500,000 (£1,700,000 General Fund, £800,000 HRA), or as additional income from the implementation of the People Strategy (spread over three years beginning in 2018/19), was also needed.

- Savings through the implementation of the People Strategy to meet the General Fund target of £437,000 might not be achieved by 31 March 2018 and therefore, some savings originally expected in 2018/19 would fall into 2019/20. There was also a very challenging General Fund target in 2019/20 of £1,058,000. However, additional income of at least £300,000 should be generated through the parking tariff changes that Cabinet had agreed, which were due to commence by March 2019.
- Income from the Shopping Park was showing as a lower figure than previously given in the lists, as additional income was accounted for in 2017/18. Therefore, this formed part of the opening CSB figure rather than in year growth, and overall the total CSB was unchanged.
- The lists themselves represented bids for growth for 2019/20 and would be submitted to Cabinet and Council during February when if successful would form part of the 2019/20 budget.
- The DDF was now in balance for 2018/19 mainly due to slippage on the Local Plan budget and a number of other movements. If there were no further significant bids, this should stay solvent over the forecast period.
- The Invest to Save fund's remaining balance at the end of 2017/18 had been fully allocated. Any further bid would require replenishment from the General Fund, which was currently not allowed for in the MTFs.
- The current position of the CSB growth/savings, DDF and ITS expenditure was detailed in this report, and work was ongoing on these lists.
- Emphasis in this budget cycle would again need to be on CSB savings rather than growth. There would inevitably be significant financial challenges ahead.

The Finance and Performance Management Cabinet Committee (FPMCC) would be considering the detailed budget at its meeting on 24 January 2019. This was an opportunity for members of the Resources Select Committee to attend this meeting.

A member training course on Treasury Management had been organised for the evening of 22 January 2019 with an external trainer. Members would find this a useful course to attend, as it would be looking at processes and investing etc. Although the members training course on Risk Management had been cancelled, it was expected to be rescheduled for February / March 2019.

Councillor A Lion commented that the January 'budget' meeting of the FPMCC had been poorly attended by members from this Select Committee in previous years.

Councillor G Mohindra commented that he thought the Council did not pass over the fee cost on the credit card fees. He also remarked that costs, like redundancies, to the People Strategy could be significant if these were to staff resources for the Local Plan, as the Council needed to ensure it succeeded.

RESOLVED:

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

36. SHARED SERVICES WORKING

The Service Director (Business Services), P Maginnis, provided a brief update on the Council's shared services with other authorities.

The Council already had shared services working in HR with Braintree District and Colchester Borough councils. A joint purchase of the iTrent system would result in a shared payroll system, which was due to commence from 1 June 2019. This would allow Payroll to finalise the end of year salaries and produce the P60s etc.

Councillor A Lion advised that negotiations with another authority were ongoing to provide shared legal services.

37. CORPORATE PLAN 2018-2023 - PERFORMANCE REPORT QUARTERS 1 & 2 2018-19

The Corporate Plan 2018-2023 was the authority's key strategic planning document. A corporate specification (previously called the Key Action Plan) for each year was being delivered through operational objectives, which in turn were linked to annual Service business plans. The previous regular performance reports that had covered the annual Corporate Plan Key Action Plan, Key Performance Indicators and Transformation Highlight Report had now been superseded by this single integrated performance report.

The success of the Corporate Plan was being assessed through the achievement of a set of benefits, each measured through one or more performance indicators. This provided the Council with the opportunity to focus on what could be achieved for its customers – on how specific improvements would be addressed, opportunities exploited and better outcomes delivered. The Corporate Plan when viewed as a set of benefits maps had one map for each of the ten corporate aims. A benefit was a measurable improvement from an outcome that was perceived as an advantage, and contributed to an organisational objective(s). All benefits from individual corporate objectives connected back to four key benefits, which were:

- K1 Improved customer value – recognising what customers' value about our services and placing them as the heart of everything we do;
- K2 Increased efficiency – focussing on our speed of delivery and getting things right first time;
- K3 Increased agility – reducing red tape, simplifying how we work through joined up services; and
- K4 Increased savings and income – delivery of resource savings and income generation, to keep Council Tax low.

The Chairman, Councillor A Patel, was concerned that data given in the Performance Report did not make sense, and/or was unclear. He asked the Committee for its feedback so that the Transformation Team could be apprised of the difficulties members had encountered in understanding this report.

P Maddock explained that under aim 2, Adults and children were supported in times of need, operational objective 2.1.3, Ensure applicant compliance, that this objective was to ensure people were receiving the right housing benefit. The onus was on the claimant to inform the Council of any change. Now officers were systematically checking individual claimants to ensure that their claims were correct.

Councillor G Mohindra asked if artificial intelligence (AI) was being used by officers. Some people did make honest errors when filling out forms. Councillor I Hadley added that AI was useful in profiling. P Maginnis replied that there was software that looked at duplicate invoices and information was checked to meet the National Fraud initiatives. However, she would ask ICT about the use of AI, and if this could provide a quicker and cheaper option to current work practices.

Councillor G Mohindra queried the interim benchmark of 50%, was this good or bad, and where was this figure now. Councillor A Patel said that the figure given was for the end of September 2018. However, if this Committee's meetings were brought forward to October in the meeting cycle for the overview and scrutiny committees, this would help. P Maddock agreed that members were always looking at financial data that was almost two months out of date. All new claims would be subject to operational objective 2.1.2, Transition of new claims to Universal Credit. This action would be replaced by a new action, which would not be known until March 2019.

Councillor A Patel said more description and how the data was captured was needed on 2.1.3, Ensure applicant compliance. Councillor J H Whitehouse added that the description was all about the process, rather than on what was being monitored. What wasn't working? What had been changed on a practical basis? P Maddock agreed that more work would be required on this, and that the faster benefit claims could be processed, the better for the claimant.

Councillor A Patel sought clarification of performance indicator M2.2, Number of days to process benefits claims. P Maddock replied that this was to make sure that there were sufficient resources in the right areas.

Councillor G Mohindra commented that M2.2 quarter 1 performance had not been on target because of long term sickness absences and hoped the situation had improved. Councillor I Hadley agreed other staff would be needed to keep the process going. P Maddock reported that problems with processes in quarter 2 had meant that performance had deteriorated. However, the changes implemented had brought performance closer to the target. Under 'corrective action' not enough detail had been given, and it was noted that it would have been useful for members to know what actions had been taken to mitigate this situation and why this had happened.

Under performance indicator M2.3, Number of compliance checks on Housing Benefit and Council Tax Support Benefit, Councillor A Patel asked about the target to achieve checks on between 20% and 30% of the caseload during the year, and if the target should be increased to 30%. Councillor G Mohindra advised that this was left to the end of the municipal year as it was reviewed annually. Councillor A Lion asked about the number of compliance checks and was the delivery the right result, to which P Maddock replied 20%, i.e. a fifth of cases. It was noted that this only measured the process, but not the reality of what a meaningful measure might be.

Under aim 6, An environment where new and existing businesses thrive, the operational objective 6.2.1 Deliver Council apprenticeships scheme, had only achieved progress of 50% at the end of quarter 2. This related to the performance

indicator M6.4, Number of apprenticeships within the organisation. Councillor A Patel asked about the target shown as 15 and how this had been set. P Maginnis replied that the apprenticeship percentage was a statutory figure, i.e. 2.2% of the workforce, which had meant 15 apprentices for the Council. Councillor A Patel asked what was being done for other businesses within the District and how the information was being captured, but not just for the Council. Councillor G Mohindra commented that this information might only be held by the Essex Employment and Skills Board. P Maginnis explained that an internal workstream had been needed as the Council did not have control over the numbers of apprentices in the District. It was not within the Council's scope to help businesses take on apprentices, therefore, a target on this would not help. It could observe but not influence businesses and the Council was also not ready to extend the programme. On apprenticeships, the main cohort had been taken on annually with some higher apprentices appointed on an ad hoc basis.

Councillor G Mohindra asked how long would performance indicator M6.3, Increase of Business Rates Tax Base, last. P Maddock said that any achievement to attract more businesses into the District would increase the tax base. Councillor D Dorrell commented that there were a lot of annual targets in this performance report and the target here was £97 million. P Maddock replied that he did have monthly figures, and that this currently stood at £96.3 million.

Councillor G Mohindra questioned the 50% progress reported under operational objective 9.1.1, Implement the People Strategy Programme (year 2), and where the Council was supposed to be as the descriptions were too bland and members could not benchmark any success of the project. The original business case should have stipulated the benchmark. Councillor A Lion said that clarification on whether this project was meeting objectives was required, and if not, then how would it be brought back on track. Councillor I Hadley commented that landmarks could be used to measure progress.

Furthermore, the lengthy description given for P106, People Strategy Programme, was just a lot of jargon that needed to be simplified. P Maginnis replied that this description had been lifted straight from the People Strategy project. The project measured performance indicators M9.1, Workforce operational cost savings, and M9.3, Increased flexible workforce. M9.3 was a 'loose' link to job descriptions, which numbered between 600 to 700 in the Council. The Council wanted to achieve more flexibility within the workforce rather than to have restrictive job descriptions for individual officers. It was noted that the Service Directors had one generic job role. The 60% target given was confusing and Councillor A Patel asked if this was a one-off measure. Councillor P Stalker referred to overtime payments for people if work needed to be done, also it would be difficult to measure over a period of time but was a snapshot. P Maginnis asked members to contact her directly if they had any further queries on this section.

Councillor A Patel asked how the measurement of relevant skills was achieved under M9.3. P Maginnis said that a recent skills audit of staff had been in relation to officers' management capabilities, and if they were the 'right' skills. This was part of the work on the pay and development review so that career paths and gradings would become clearer once implemented.

It was recommended that more frequent measures be given, rather than annually, for performance indicators, M9.1, M9.2 and M9.3.

Performance indicator M9.4, Staff satisfaction survey, would go live in 2019/20 after an initial survey of data had taken place. Data being collected as a baseline for

2018/19 would be used for performance reporting from 2019/20. This would be supplied as a percentage.

It was noted that performance indicator M9.5 Employee relations cases encompassed sickness absence, conduct and disciplinary cases.

On M9.6, Delivery of Technology Strategy, Councillor I Hadley asked why 18 new projects had been added in quarter 2, which had reduced the percentage completion. More information was required because the description was meaningless in its current form.

P Maddock advised that under operational objective 10.1.1, Review the Medium Term Financial Strategy, this would be reviewed by the Finance and Performance Management Cabinet Committee in January 2019, not February as stated, and Cabinet in February 2019. This also showed an annual update, but members could have a verbal update in January/February 2019 for quarter 3, which was agreed.

It was noted that in relation to performance indicator M10.2, Annual Council Tax Collection, the Council did still collect Council Tax after the end of the year, as more people were paying over 12 months rather than 10 months.

Under performance indicator M10.2, Staff desks to head ratio, Councillor A Patel queried the reason for having an annual measure in the 'comments' section. P Maginnis replied that she could supply a breakdown of this data. This indicator related to project P106 Service Accommodation Programme, and that the objective was to have a desk ratio of 7:10 for office moves.

Councillor I Hadley observed that for 'back office staff', they might require 10 desks for 10 people. Councillor A Lion asked if there would be any point in measuring people working from home, to which P Maginnis advised that that information would not be captured, as working from home was done on an ad hoc basis.

Under performance indicator M10.4, Income from commercial leases, it was noted that this covered the existing portfolio and new lease income, e.g. from the Retail Park, were added on. Councillor A Patel recommended this was done quarterly, rather than as an annual measure, and asked for a separate breakdown of the 'current' and 'new' lease measurements going forwards, which was agreed.

Under performance indicator M10.5, Income from Service Contracts, he commented that the target would have been set by whatever was within a service contract, e.g. Leisure Management Contract, yet the aim was to maximise 'good performance'. Councillor G Mohindra queried whether this should be measured if it could not be changed.

RESOLVED:

- (i) That the Select Committee reviewed and noted the progress of the Corporate Plan Performance Report for 2018/19, Quarters 1 and 2 (outturn position), in relation to its area of responsibility;
- (ii) That the Committee had identified actions and/or suggestions, as detailed above, in its robust scrutiny of this Performance Report; and especially,

- (iii) That Democratic Services consider moving forwards the Resources Select Committee meetings within the overview and scrutiny committees' cycle for the next municipal year. This would facilitate the scrutiny of more recent financial report data.
- (iv) That more frequent measures be provided, rather than annually, for performance indicators, M9.1, M9.2 and M9.3.
- (v) That on 10.1.1, Review the Medium Term Financial Strategy, an update would be reported in January/February 2019 for quarter 3;
- (vi) That performance indicator M10.4, Income form commercial leases, would be monitored quarterly; and
- (vii) That also on M10.4, a separate breakdown on what the 'current' and 'new' lease measurements were would be provided in future.

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

It was noted that the Chairman would report on the following items:

- Corporate Plan 2018-2023 – Performance Report Quarters 1 and 2 2018/19 – to report recommendations made.
- Sickness Absence Report – to receive a summarised version on a six monthly basis, and to show a trend-only analysis.

39. FUTURE MEETINGS

It was noted that the next meetings of the Resources Select Committee would be held at 7.30pm on:

- 12 February 2019; and
- 2 April 2019.

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