

**EPPING FOREST DISTRICT COUNCIL
NOTES OF A MEETING OF RESOURCES SELECT COMMITTEE
HELD ON TUESDAY, 12 JULY 2016
IN COMMITTEE ROOM 1, CIVIC OFFICES, HIGH STREET, EPPING
AT 7.30 - 8.35 PM**

Members Present:	S Kane (Chairman), N Bedford, G Chambers, D Dorrell, P Keska, C Roberts, D Roberts, M Sartin and B Surtees
Other members present:	A Lion and G Mohindra
Apologies for Absence:	A Patel, A Boyce, R Jennings, A Mitchell, H Whitbread and J M Whitehouse
Officers Present	R Palmer (Director of Resources), D Newton (Assistant Director (ICT and Facilities Management)), W Stump (HR Manager), J Bell (Senior Account) and A Hendry (Senior Democratic Services Officer)

1. SUBSTITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)

It was noted that Councillor B Surtees was substituting for Councillor Jon Whitehouse; Councillor G Chambers was substituting for Councillor T Boyce; and Councillor M Sartin was substituting for Councillor A Patel.

2. NOTES OF THE LAST MEETING

Minutes

The notes of the meeting held on 12 April 2016 were agreed as a correct record.

Matters Arising

(1) Councillor Bedford wondered if the minutes could be sent out electronically and also agreed electronically. The Senior Democratic Services Officer said that he could not see any problem with their electronic distribution but it may not be possible or legal to have them agreed electronically. He would investigate and get back to the meeting.

(2) Councillor Kane wondered if any of the items minuted could be followed up at the next meeting. It was decided that a 'Matters Arising' could be added to the notes of the last meeting section in the agenda to cover any updating of the items minuted.

3. DECLARATIONS OF INTEREST

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

4. TERMS OF REFERENCE AND WORK PROGRAMME

The meeting received an updated work programme and a list of the cost codes by directorates, which covered all the responsibilities for each directorate. They noted

that there was now a co-ordinating group set up consisting of the Chairmen and Vice Chairmen of the Overview and Scrutiny Committee and the four Select Committees that were working on co-ordinating the work programmes of the various scrutiny committees.

The Director of Resources went through the various responsibilities of the Resources Directorate and the various lead officers and their responsibilities. The tabled work programme had added in three more items as identified by the co-ordinating group at their recent meeting. They were: a review of risk management arrangements; a review of Section 106 monies and monitoring thereof; and the cost of member and corporate activities. These would be considered later in the year.

Councillor Dorrell commented that the Governance Select Committee was also looking at Section 106 work, would this be different or just a repeat of that work. The Senior Democratic Services Officer agreed to find out.

**Subsequent to the meeting the Senior Democratic Services Officer found out that the Governance Select Committee had received a S106 monitoring report at their October 2015 meeting, but had decided that this would be more appropriate for the District Development Management Committee to look at and not them. This monitoring report would now go to the DDMC on an annual basis. The Governance Select Committee did not have this on their work programme anymore.*

RESOLVED:

That the Terms of Reference and updated Work Programme were agreed by the Committee.

5. CORPORATE PLAN KEY ACTION PLAN - 2015/16 - Q4 OUTTURN POSITION

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

The Key Objectives were delivered by an annual action plan, with each year building upon the progress against the achievement of the Key Objectives from previous years. The annual action plans contained a range of actions designed to achieve specific outcomes and were working documents, therefore subject to change and development to ensure the actions remained relevant and appropriate, and to identify opportunities to secure further progress or improvement.

In May 2016 Management Board agreed that scrutiny could be enhanced by consideration by the Select Committees on a quarterly basis.

There were 55 actions in the Key Action Plan 2015/16. At the end of the year:

- 36 (65%) of these actions had been achieved; and
- 19 (35%) of these actions had not been achieved.

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

- 11 (85%) of these actions have been achieved; and
- 2 (15%) of these actions have not been achieved.

The Committee considered the two actions that had not been achieved and were behind schedule. They were:

Item 5 - *Explore providing payroll services to other authorities* – this was currently behind scheduled. It was noted that because of unavoidable delays by another Essex authority we had to go through the tender process again. We were now back on track and were investigating other commercial opportunities by selling our services to other authorities.

Item 8 - *Complete a review of accommodation and make recommendations on utilisation of space and flexible methods of working* – Price Waterhouse Cooper had now been contracted to review our accommodation. This will take about six or seven weeks to complete. A report will then be going to the October 2016 cabinet meeting.

RESOLVED:

That the current position of the Corporate Plan key Action Plan for 2015/16 in relation to this Select Committee's area of responsibility was noted.

6. SICKNESS ABSENCES Q3 AND Q4 - 2015/16

The HR Manager, Wendy Stump, introduced the outturn report for the Council's sickness absence figures for quarter 3 and 4 of 2015/16.

The Council's target for sickness absences under KPI10 for 2015/16 was an average of 7 days per employee. The outturn figure for 2015/16 was an average of 7.99 days per employee. This was an improvement of 1.21 days compared to 2014/15.

During Q3, 3.7% of employees met the trigger levels or above, 27.9% had sickness absence but did not meet the triggers and 68.4% had no absence. During Q4, 4% of employees met the trigger levels or above, 35% had sickness absence but did not meet the trigger levels and 61% had no absence.

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.

The average number of days taken as sickness absence across all sectors was 8.3 days. In public services the figure was 9.3 days and 7.4 days in the private sector. In local government the figure was an average of 8 days. Last year the Council's outturn figure was 9.2 days. The Council's outturn figure of 7.99 days was now just below the local government average and 0.5 above the private sector.

Councillor Kane noted that the previous high levels of sickness was due to high levels of stress, was this improving? Ms Stump said there were currently two long term cases, one of them had returned to work and the other had left the job.

The Director of Resources added that the overall position had improved significantly over the year. Figures were now split into work related stress and non-work related stress. The council had put a training programme in place to provide workshops for managers on mental health issues and over the last year there had been a decrease of 29% in the number of days lost due to mental health issues compared to the year before.

Councillor Sartin asked if rates of sickness were related to age; as employees got older were there any related sickness trends. Ms Stump said that she could not tell at present but could research it and bring back the information. The Chairman agreed that the Committee would like to see any data around this.

Councillor Chambers noted that statistically older people took less sick leave. He also noted that the stress levels went up previously when the Council was going through restructuring at that time.

Councillor Bedford asked if return to work assessments and stress risk assessments were made when an officer returned to work, Ms Stump said that they were.

RESOLVED:

That the Committee noted the report on Sickness absences for 2015/16.

7. ENERGY SAVINGS AND IMPROVED MANAGEMENT PROCESS - UPDATE

The Committee noted the report updating them on the energy savings and improved management processes. They noted that the Council's energy consultants, Smith Bellerby (SB), were now dealing with all aspects of the energy billing and monitoring process on behalf of EFDC. Officers were extremely happy with the services provided. Since the start of the contract in May 2015, savings of £31,000 had been made, mainly by identifying both major billing errors and by transferring supplies on high rate tariffs to preferential low rate tariffs on the Crown Commercial Services (CCS) Frameworks.

SB had produced an accurate, consolidated database of all gas and electricity suppliers and currently EFDC were responsible for 477 electricity supplies and 45 gas supplies.

Monitoring of all energy bills had identified frequent large billing errors from suppliers. Last financial year SB had dealt with 52 major queries on our behalf. These queries were often complex and extremely time consuming.

SB had processed 6337 invoices over the last financial year and 1470 invoices so far this current financial year. These were sent electronically to EFDC and were imported and processed directly into the EFDC finance system. This was a huge staff resources saving as the time consuming processing and manual coding elements were no longer required.

It was noted that the majority of one-off savings had now been identified but that the staff resourcing savings would more than cover the SB annual charge. The charge for the financial year 2017/18 would be reduced to £22,587.

Officers were very pleased with how SB was performing and they now knew how many suppliers we had and the amount of money we spent on energy. This also allowed us to accurately report to the Department of Energy and Climate Change on greenhouse gasses and be fully compliant with the legislation.

Councillor Kane asked if the £31,000 savings was in labour and staff. He was told that in real terms it meant a saving in staff time which was in excess of one full time post.

Councillor Surtees noted that at present the council was in a state of flux, was there a long term plan to take this in house or establish a long term contract. He was told that the long term plans depended on the current transitional arrangements; and yes it may go in house.

RESOLVED:

- (1) That the progress made by energy consultants, Smith Bellerby with energy savings and data consolidation be noted; and
- (2) That the Committee recommend to the Portfolio Holder that Smith Bellerby be retained for an additional year (2017/18).

8. KEY PERFORMANCE INDICATORS 2015/16 - Q4 (OUTTURN) PERFORMANCE

The Select Committee noted that a range of thirty-six Key Performance Indicators (KPIs) for 2015/16 was adopted by the Finance and Performance Management Cabinet Committee in March 2015. The KPIs were important to the improvement of the Council's services, and comprise a combination of some former statutory indicators and locally determined performance measures. The aim of the KPIs was to direct improvement effort towards services and the national priorities and local challenges arising from the social, economic and environmental context of the district.

The overall position for all 36 KPIs at the end of the year was as follows:

- (a) 27 (75%) indicators achieved target;
- (b) 9 (25%) indicators did not achieve target; although
- (c) 1 (3 %) of these KPIs performed within its tolerated amber margin.

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 the end of the year for these indicators, was as follows:

- (a) 8 (89%) indicators achieved target;
- (b) 1 (11%) indicator did not achieve target.

The one indicator that was in the red was RES001 Sickness Absence, that had been discussed in a previous agenda item.

Councillor Sartin said she was pleased to see that the Resources Directorate was in such good shape in regards to meeting their KPI targets.

RESOLVED:

That the Select Committee noted the performance of the Key Performance Indicators for its area of responsibility for 2015/16.

9. PROVISIONAL CAPITAL OUTTURN 2015/16

The Senior Accountant, John Bell took the Committee through the report on the provisional capital outturn for 2015/16, in terms of expenditure and financing compared with the revised estimates.

The Committee noted that:

- The Council's total investment on capital schemes and capital funded schemes in 2015/16 was £37,298,000 compared to a revised estimate of £49,917,000, representing an underspend of 25%;
- Within the Resources Directorate, there were two large underspends of £306,000 and £151,000 on the planned maintenance programme and the upgrade of the industrial units at Oakwood Hill respectively;
- Of the 27 projects scheduled to be undertaken within the Council's planned maintenance programme, 14 were fully completed or nearly completed at a cost of £856,000. However, delays had been experienced on the remaining 10 schemes, most of which related to the civic offices at Epping;
- It was recommended that the full £306,000 underspend was carried forward for these 10 projects;
- The Information and Communication Technology (ICT) Programme progressed very well and 15 schemes were completed successfully in 2015/16. Capital expenditure totalled £311,000, compared to a revised budget of £315,000;
- Progress on the new Shopping Park at Langston Road has been delayed, partly due to the need to re-tender the contract for the main construction works, and partly due to hold ups on the Section 278 highways work as a result of some very restrictive traffic management constraints imposed by Essex County Council after the tenders were submitted. Approval was sought to carry forward £2,076,000 to 2016/17 to continue the project;
- Although the construction of the new depot at Oakwood Hill had progressed well since it started last September, some slippage had been experienced on this scheme. A carry forward of £503,000 was therefore recommended to complete the scheme early in 2016/17;
- The major investment within the Communities Directorate had been the extension and refurbishment of the Council's museum. Practical completion of the building works was achieved in December 2015 and the new facility was opened to the public in March 2016. The cost of the project was higher than originally estimated and the budget had been increased to allow for this. It was considered prudent to carry forward the underspend of £20,000 to 2016/17;
- The approved HRA capital budget for 2015/16 was increased compared to previous years to provide for the Council's housebuilding programme. A revised budget of £17,349,000 was approved but expenditure during the year totalled £13,811,000, representing an underspend of £3,538,000 or 20%;
- A large underspend of £1,123,000 was on kitchen and bathroom replacements. This was primarily due to much lower numbers of replacements being undertaken on void properties. This was because kitchens and bathrooms were only replaced if deemed necessary and, as many void properties had already had replacements under the planned programme, works on voids had reduced;
- The second largest underspend was experienced on the new house building

and conversions program. The Marden Close and Faversham Hall conversions were completed in November 2015 and all flats had been let. However, construction work had been delayed due to difficulties with the main contractor at the 4 sites within phase 1 of the new housebuilding programme and a carry forward of the full £1,069,000 underspend was sought to complete works at these sites;

- With regard to the Capital Loans provided to third parties by the Council, these were more or less on target. The loan to the Council's waste management operator went ahead as planned and a monthly repayment schedule has been agreed; and
- Although the total value of loans made to individuals to improve private housing stock was lower than anticipated, demand increased in 2015/16 to £119,000 compared to £65,000 the previous year. Given the upward trend, it was recommended that the £41,000 underspend was carried forward to 2016/17.

Councillor Sartin asked if the bathrooms and kitchens were not to be replaced, was that because they had been replaced by previous tenants? Mr Bell replied that as people moved out their property was updated, we were now seeing more properties that had good bathrooms and kitchens.

Councillor Bedford asked if we could claim against the County Council for the delay they caused. He was told that we could not. We have tried to engage with them and get some feedback. They did promise to engage with our contractors before a tender was issued but this did not happen. Finally they came to us and upped the specifications and put in restrictions on the hours of working so as to cause less disruption on the site. Also, where there were highways works scheduled, the County Council should part-fund them but they now maintain that they have no plans to repair the roads around this area. It should be noted that Chelmsford had also encountered problems dealing with the County Council highways service.

Councillor Bedford asked if a joint letter with Chelmsford could be sent to the leader of Essex CC expressing our disappointment with the problems we were encountering with Essex Highways. The Director of Resources said he would put this suggestion to his Neighbourhood Directorate colleagues who deal with this scheme.

Councillor Kane asked about the contract for the housebuilding project; would that start by the end of July? He was told that the new contract had not been let as yet – Housing have put this to another contractor and are currently having discussions with them.

RESOLVED:

That the Select Committee noted and agreed the recommendations of the provisional Capital Outturn (2015/16) report.

10. PROVISIONAL REVENUE OUTTURN 2015/16

The Senior Accountant, John Bell introduced the provisional Revenue Outturn Report for 2015/16. The report provided an overall summary of the revenue outturn for the financial year 2015/16. The General Fund saw £347,000 more than estimated being used from the opening balance, which was more than outweighed by the use of the District Development Fund being £1.1 million less than estimated. Overall the total

net expenditure on the General Fund was £16.1 million, some £669,000 lower than the revised estimate.

Similarly, the position on the Housing Revenue Account was £716,000 better than anticipated.

It was noted that:

- Net expenditure (CSB) for 2015/16 totalled £16.204 million, which was £2,856,000 (21.5%) above the original estimate and £435,000 (3%) above the revised;
- It was felt sensible to use some of the balance as in recent years there has been Central Government criticism of Local Authorities holding “excessive” reserves;
- The in year deficit on the business rates collection fund was again relatively small and the main factor creating this was the provision to cover future rating appeals that had to be made;
- The Councils portion of the Business Rates collection fund deficit at the end of March 2016 was some £606,000 which will need to be paid back over the next two years, thus adversely affecting the future funding available to the General fund;
- However the Council Tax collection fund shows a surplus of £310,000 which would be paid into the General Fund in future years. The combined net position was approximately £27,000 worse than was anticipated in the Medium Term Financial Strategy adopted by Council in February 2016 and so was not a cause for concern;
- CSB expenditure was £283,000 below the original estimate and £407,000 higher than the revised;
- When measured against the Original Budget, salaries were underspent by £465,000. Actual salary spending for the authority in total, including agency costs, was some £20.802 million compared against an original estimate of £21.267 million;
- There was an additional amount of £215,000 added to the General Fund Bad & Doubtful debts provision as a number of uncollectable debts were written off and Housing Benefit Overpayment debts outstanding at the year end have increased significantly from £2,382,000 to £2,723,000;
- Net DDF expenditure was expected to be £1,129,000 in the original estimate and £949,000 in the revised estimate. In the event the DDF showed net income of £143,000. This was £1,272,000 below the original and £1,092,000 below the revised;
- As spending was £1,092,000 below the revised estimate but carry forwards of £775,000 had been requested, a net underspend of £317,000 was shown;
- Now several transformation projects were underway it was apparent that to progress them small amounts of expenditure were required that could not be repeatedly found from existing resources. To allow these projects to proceed quickly but with appropriate oversight, it was proposed that a DDF budget was established under the control of Management Board, subject to consultation with the Leader;
- The Invest to Save Reserve was created at the end of 2014/15 with a £500,000 transfer from the General Fund balance. Expenditure was estimated at £87,000 the actual being £75,000. The underspend related to investigating the withdrawal from the NEPP contract;
- A Surplus within the HRA of £60,000 and deficit of £83,000 was expected within its original and revised revenue budgets respectively, the actual outturn was a surplus of £633,000; and

- The current financial year was likely to be more difficult for the HRA with the 1% rent reduction coming in and the potential effects of the forced sale of high value voids, the detail of which has yet to be decided, so the better outturn position than expected for the HRA was helpful when viewed in that context.

Councillor Bedford noted the £215,000 added to the General Fund Bad & Doubtful debts provision; did we employ a debt recovery service? Mr Bell said that they were claiming some of the money back but it was a slow process. Mr Palmer added that it could be deducted from benefits paid and/or earnings. If the debtors moved on then we would use an agency to track them.

RESOLVED:

- (1) That the provisional 2015/16 revenue outturn for the General Fund and the Housing Revenue Account (HRA) be noted; and
- (2) That the Committee noted and agreed the comments made by the Finance and Performance Management Cabinet Committee to Cabinet, namely:
 - a. That the additional unbudgeted income of £254,000 from the agreement with the major preceptors be used to create a District Development Fund budget of £100,000 for transformational projects and to top up the Invest to Save Fund;
 - b. That projects will only be funded from the transformation budget following approval by Management Board and consultation with the Leader; and
 - c. That as detailed in Appendix E of the report, the carry forward of £775,000 District Development Fund and £12,000 Invest to Save Reserve expenditure be noted.

11. 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.

12. FUTURE MEETINGS

The Committee noted the scheduled future dates for these meetings.