

Select Committee Agenda



Resources Select Committee Tuesday, 28th March, 2017

You are invited to attend the next meeting of **Resources Select Committee**, which will be held at:

Committee Room 1, Civic Offices, High Street, Epping
on **Tuesday, 28th March, 2017**
at **7.30 pm** .

Glen Chipp
Chief Executive

**Democratic Services
Officer**

A Hendry, Directorate of Governance
email: democraticservices@eppingforestdc.gov.uk Tel:
01992 564246

Members:

Councillors S Kane (Chairman), A Patel (Vice-Chairman), N Bedford, A Boyce, D Dorrell, R Gadsby, R Jennings, P Keska, A Mitchell, C Roberts, D Roberts, H Whitbread and J M Whitehouse

SUBSTITUTE NOMINATION DEADLINE:

6.30 pm

1. APOLOGIES FOR ABSENCE

2. SUBSTITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)

(Director of Governance) To report the appointment of any substitute members for the meeting.

3. NOTES OF PREVIOUS MEETING (Pages 5 - 14)

Minutes

To agree the notes of the meeting of the Select Committee held on 7 February 2017.

Matters Arising

To consider any matters arising from the minutes of the last meeting.

4. DECLARATIONS OF INTEREST

(Director of Governance). To declare interests in any items on the agenda.

In considering whether to declare a pecuniary or a non-pecuniary interest under the Code of Conduct, Overview & Scrutiny members are asked pay particular attention to paragraph 9 of the Code in addition to the more familiar requirements.

This requires the declaration of a non-pecuniary interest in any matter before an OS Committee which relates to a decision of or action by another Committee or Sub Committee of the Council, a Joint Committee or Joint Sub Committee in which the Council is involved and of which the Councillor is also a member.

Paragraph 9 does not refer to Cabinet decisions or attendance at an OS meeting purely for the purpose of answering questions or providing information on such a matter.

5. TERMS OF REFERENCE AND WORK PROGRAMME (Pages 15 - 20)

(1) (Chairman/Lead Officer) the Overview and Scrutiny Committee has agreed the Terms of Reference of the Committee. This is attached along with an ongoing work programme. Members are invited at each meeting to review both documents.

(2) Following on from the last Overview and Scrutiny Committee meeting held on 28 February 2017, the Resources Select Committee has been tasked with scrutinising the Transformation Project. To this end a special one item meeting has been arranged for Monday, 10 April 2017 to consider how the Committee would wish to tackle this project.

An agenda with appropriate background papers will be sent out in due course.

6. KEY PERFORMANCE INDICATORS 2017/18 - REVIEW AND TARGETS (Pages 21 - 24)

(Director of Governance) To consider the attached report.

7. QUARTERLY FINANCIAL MONITORING (Pages 25 - 46)

(Director of Resources) to consider the attached report.

8. INFORMATION AND COMMUNICATION TECHNOLOGY UPDATE (Pages 47 - 52)

(Director of Resources) to consider the attached report.

9. TELEPHONE MONITORING STATISTICS (Pages 53 - 56)

(Director of Resources) To consider the attached report.

10. AGENCY STAFF AND CONSULTANCY (Pages 57 - 64)

(Director of Resources) to consider the attached report.

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

To consider which reports are ready to be submitted to the Overview and Scrutiny Committee at its next meeting.

12. FUTURE MEETINGS

To note that an extra meeting has been scheduled for Monday 10 April 2017. This would be the last meeting in this municipal year.

Meetings scheduled for the new year are as follows:

13 July 2017;
17 October;
19 December;
13 February 2018;
03 April.

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**EPPING FOREST DISTRICT COUNCIL
NOTES OF A MEETING OF RESOURCES SELECT COMMITTEE
HELD ON TUESDAY, 7 FEBRUARY 2017
IN COMMITTEE ROOM 1, CIVIC OFFICES, HIGH STREET, EPPING
AT 7.30 - 9.00 PM**

Members Present:	S Kane (Chairman), A Patel (Vice-Chairman), N Bedford, D Dorrell, R Gadsby, R Jennings, J Lea (Chairman of the Council), C Roberts, D Roberts and J M Whitehouse
Other members present:	A Lion
Apologies for Absence:	A Boyce, A Mitchell and H Whitbread
Officers Present	P Maddock (Assistant Director (Accountancy)), J Twinn (Assistant Director Benefits), E Higgins (Insurance & Risk Officer) and A Hendry (Senior Democratic Services Officer)

40. SUBSTITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)

It was noted that Councillor J Lea was substituting for Councillor H Whitbread.

41. NOTES OF PREVIOUS MEETING

Minutes

The notes of the meeting held on 6 December 2016 were agreed subject to noting that Councillor D Roberts had given her apologies; and also amending the sixth paragraph of minute item 32 (Corporate Plan Key Action Plan 2016/17...) to read "Councillor Jennings said as a general observation..."

Matters Arising

Mr Maddock updated the Committee on the discretionary charges for people on Housing Benefits (minute item 28). There was a 50% discount but there was a data protection issue and the ability to cross check names for people on benefits. He was advised that the name could be viewed as long as the Council had advertised there was a 50% discount so suitable members of the public could also apply for the discount.

Councillor Lea said that this was the same discount for pensioners and Mr Maddock agreed saying that the intention was for it to be the same.

Councillor Lion asked if we monitored the number of claim benefits we had. Mr Maddock said that he was not sure if we did but, he could find out.

42. DECLARATIONS OF INTEREST

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

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

The Committee noted their Terms of Reference.

Work Programme

Item 6 – ICT Strategy - The Committee noted that an update on item 6 would be going to their next meeting.

Councillor Patel wondered if this tied in with what the Governance Select Committee wanted to look at, the new Customer Services project. Mr Maddock said that this would also tie in with what was going to the next O&S Committee, a PICK form to scrutinise the transformation project.

Councillor Lion noted that the new Customer Services Manager would be reporting to the Management Board and then on to the Cabinet.

Councillor Kane agreed that this should be added to the next years Work programme.

Item 17- Shared Services working - it was noted that the new payroll system was now up and running. Officers were giving it some time to bed-in and will be reporting back on it at the July 2017 meeting.

Councillor Lion noted that there was nothing on Facilities Management, who have been upgrading the energy efficiency of the building. Would the Committee like to look at this. Councillor Patel agreed that it would be useful. He would like to know the payback period on these investments. Councillor Lion noted that there was still parts of this upgrade to be carried out. Mr Maddock commented that every autumn they continued with a rolling five year maintenance programme. Maybe a report could go to this meeting in the new year.

Councillor C Roberts suggested that this could be reflected back to the public as a good news story.

Item 21 – Review of Agency Staff and costs – Mr Maddock said a report would be going to the next meeting of this Committee.

44. INSURANCE CLAIMS STATISTICS

The Risk Management and Insurance Officer, Mr Higgins introduced the report on Insurance Claims Statistics. The statistics were for 2011/12 to 2015/16. The Council's insurance cover was provided by Zurich Municipal. All the insurance claims shown directly affected the Council but did not include policies that were recharged. Table 1 showed claims for our fleet vehicles over this period and it was noted that our drivers only had 10 claims, the rest were when we were hit by other drivers.

Councillor Bedford asked if our vehicles were fitted with black boxes or dash-cams. Mr Higgins said that they were not, but they were fitted with trackers.

Councillor Bedford asked about the fire damage claims made and if smoke detector alarms were fitted. Mr Higgins said that all properties had them fitted. The Council

had recently changed the battery operated ones with the kind that were wired into the mains. Councillor Dorrell noted that one of these claims was due to a direct lightning strike.

Councillor Bedford added that the Chief Fires Officer had offered to match fund one for one on sprinklers and that the Communities select Committee should be informed about this offer.

Councillor Patel asked about the way that the claims were processed, how would it affect our premiums. Mr Higgins said that we had entered into a long term contract with Zurich so our premiums tend not to change, except for the vehicles.

Councillor Patel then asked what support we got from Zurich on Public Liability claims. Mr Higgins replied that they handled all our claims from the very beginning of the process to the finish. They had the expertise in house and their charges were in our premiums.

Councillor Bedford on commenting on the vehicles was really wondering about the fitting of vehicle 'black box' technology which if fitted could reduce our premiums. Mr Higgins agreed and noted that Zurich had suggested we install dash-cams. He was advocating for the installations of these on Council vehicles. He noted that Zurich would be sending a Risk Management Analyst to inspect our regimes and advise us on them. He would provide a future meeting with a report on the outcome.

Councillor Patel asked if Zurich could indemnify us for HR claims in the future for such things such as employment tribunal costs. Mr Higgins said that he would ask this question at next years renewal negotiations.

RESOLVED:

That the report on the Council's Insurance Claims statistics be noted.

45. BENEFITS FRAUD AND COMPLIANCE UPDATE

The Assistant Director Benefits, Janet Twinn introduced the report updating members on the work being undertaken to combat both Housing Benefit and Local Council Tax Support fraud and compliance.

The meeting noted that the Housing Benefit fraud investigation ceased to be the responsibility of the Council from 1 October 2015. The existing Investigation Officers at that time were transferred to the Single Fraud Investigation Service (SFIS), part of the Department for Work and Pensions. The Council however, still remained responsible for the verification and checking of Housing Benefit applications. Local Council Tax Support was the Council's own scheme and therefore the Council remained responsible for Local Council Tax Support fraud and compliance.

Officers had known for some time that Housing Benefit investigation work was going to be transferred to the Department for Work and Pensions (DWP) from 1 October 2015 and had therefore restructured both the Benefits Service and the Internal Audit service to manage benefit compliance work and Local Council Tax Support fraud and compliance. A compliance team was set up in the Benefits Division to carry out reviews of both Housing Benefit and Local Council Tax Support applications and a Corporate Fraud team was set up as part of the Internal Audit Service.

The DWP advised of the procedure to be followed to refer claims to the Single Fraud

Investigation Service (SFIS). Where there was suspicion of Housing Benefit fraud, the Benefits Division made an on-line referral to SFIS and a team within the DWP would assess the referral and decide whether it was worthy of being passed to an investigating officer, who could be based anywhere in the country. If they did not consider that it should be passed to SFIS, they would decide whether the referral should be passed to their own compliance team who would phone the claimant and ask some questions or, they could decide not to pursue the referral at all. If they decided to investigate, the investigating officer would contact the Authority and request that we send them all the documents associated with the claim. Unfortunately, the Authority was not advised which action was to be taken and, of the 37 cases that had been referred to SFIS since October 2015, there has been no further contact from them. The only contact that we have had from SFIS in relation to requests for information and the reassessment of entitlement, were cases where the investigation had been instigated by SFIS. It was known that staff were not happy there and tended to leave.

However, our Compliance Team reviews both Housing Benefit and Local Council Tax Support applications, either by asking for a review form to be completed, or by visiting or telephoning claimants and checking whether any of their circumstances had changed. The team was very proactive in visiting claimants and they would check that a claimant was actually resident, the household composition, and also the relationships between occupants of the property. They also visited every claim where there was a tenant renting a room from a resident landlord as frequently the landlord and tenant were in a relationship or they are close relatives and therefore ineligible for Housing Benefit. Several claims have been withdrawn during visits when it was obvious that the circumstances were not what were originally presented to the Authority. The team worked closely with the Council Tax section and would advise of any cases where they have identified that a council tax discount should be removed. They also work closely with the Benefit Overpayment Officers and have succeeded on several occasions in facilitating a quick repayment of an overpayment where they had identified an unreported change which had resulted in an overpayment.

The Compliance team were also undertaking enquiries into any data-matching mismatches notified to us by the Housing Benefit Matching Service, or any claims referred to us by HMRC where they have identified mismatches though their Real Time Information (RTI) system which gathers earnings information. Currently, there are mandatory RTI's which we had to action, but there were also optional RTI's where there was no obligation on the Authority to investigate. However, the Compliance team was looking at both mandatory and optional RTI's and recalculating entitlement as necessary. The HMRC intend to expand the RTI system and the Compliance team would then have on-line access to RTI information when required, instead of only being able to obtain information when the HMRC send a mismatch file. When this was available, it would help speed up benefit processing times in general as earnings details would be readily available to Assessment Officers.

Additionally, the Compliance team also undertook some welfare visits where the claimant required assistance with claiming or to check to see if someone was exempt from the Removal of the Spare Room Subsidy where there was a disabled child or an overnight carer.

It should be noted that we were not allowed to carry out our own prosecutions anymore although we would if we could, for example of persons who claim they have children living with them but do not but use this to claim larger properties.

Councillor Kane asked if this was just the tip of an iceberg and would there be a lot more that we did not know about. Ms Twinn said that SFIS tended to just phone a claimant, ask them standard questions and if satisfied would sign off on that case. This also meant that Local Authority officers did not really trust SFIS to do a thorough job.

Councillor Bedford wondered if we could ask an area manager from SFIS to come and talk to us. Ms Twinn responded that officers were not sure who they were. Councillor Kane said that maybe we should get our local MP involved and establish who they were through them. Ms Twinn said that the Director of Resources would take this back to National Audit as other authorities had the same kinds of problems.

Councillor Lion asked if these problems had been reported to the Finance Portfolio Holder. He was told that the Portfolio Holder had been informed. Councillor Lion asked how much did this cost us. Ms Twinn said that one overpayment was over £90,000; and we did prosecute them.

Councillor Chris Roberts asked what other Councils were doing. Ms Twinn said that they were as helpless as we were. But we do our own compliance and visits and so were ahead of the game on this.

Councillor Whitehouse said that this was a very useful report, he was pleased to see in paragraph 7 that we also assisted claimants who needed it and did not overlook people in need. Ms Twinn noted that we were building up on our welfare side.

It was noted that when we went after an overpayment, say of £100; the government gave us £40, and if we recovered the £100 we would keep that and the £40.

Speaking on staff turnover in the SFIS it was noted that a lot of the contacts made there tended to disappear within months. It was unknown if they resigned or had been moved on to a different office or another part of the country. Councillor Bedford asked if we could put in a Freedom of Information request to SFIS asking for their management structure. Councillor Lion said it would not hurt to go to our MPs as well. Councillor Kane added that this was a major issue that covered other authorities.

Ms Twinn noted that all authorities in Essex were working on Data Matching, that is putting their data into one big 'pot' to find any discrepancies that crossed borders, matching data that had not been matched before. This was only possible now that they have got over the legal hurdles and the data matching problems. They have a company working on this to pull it all together, putting the data into secure servers. It was hoped to increase the Council Tax base and to extend beyond this into other areas, increasing our income in other sections. This data base would be going live soon. The Chairman asked if we could have some feedback on this project in the new year.

RESOLVED:

- (1) That the Committee noted the report on Benefits Fraud and compliance;
- (2) That an updating report on Data Matching be brought to a future meeting.

46. KEY PERFORMANCE INDICATORS 2016/17 - QUARTER 3 PERFORMANCE

The Assistant Director, Accountancy, Mr Maddock introduced the quarter 3 performances of the Key Performance Indicators 2016/17. The meeting noted that as part of the duty to secure continuous improvement, a range of Key Performance Indicators (KPI) relevant to the Council's services and key objectives, were adopted each year by the Finance and Performance Management Cabinet Committee. Performance against the KPIs was monitored on a quarterly basis by Management Board and overview and scrutiny to drive improvement in performance and ensure corrective action was taken where necessary.

The overall position for all thirty-seven (37) KPIs at the end of the third Quarter was as follows:

- (a) 26 (70%) indicators achieved third quarter target;
- (b) 11 (30%) indicators did not achieve third quarter target, although 4 (11%) of KPIs performed within the agreed tolerance for the indicator; and,
- (c) 31 (84%) indicators were currently anticipated to achieve the cumulative year-end target and a further 3 (8%) were uncertain whether they would achieve the cumulative year-end target.

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 Q3 for these nine indicators, were as follows:

- (a) 7 (78%) indicators achieved target;
- (b) 2 (22%) indicators did not achieve target,
- (c) 0 (0%) indicators performed within the agreed tolerance for the indicator;
- (d) 8 (89%) of indicators were currently anticipated to achieve their year-end target and a further 1 (11%) was uncertain whether it would achieve the year-end target.

RES004 – *what % of the district's annual business rates was collected* – it was noted that this was only just under target. It was noted that the NHS were now paying over a 12 month period and not the 10 month period they used to. If this was taken into account then we would be above the target.

RES006 – *on average, how many days did it take us to process notices of a change in a benefit claimant's circumstances* – Councillor Dorrell noted that there were seasonal differences on this target, could we adjust the targets to take this into account. Mr Maddock said that this would need to be done for the new year. Ms Twinn added that this target was like this every year. It was high target for the first three quarters and a low one for the last quarter. Councillor Kane said that these were known variances and it should be revised. Ms Twinn assured the meeting that they would meet the target at the end of quarter 4.

Councillor Kane commented that RES009 (*are customer needs being met by the Corporate Website being available*); RES010 (*are customer needs being met by the main Corporate Website not having broken links*); and RES011(*are customer needs being met by the main Corporate Website having effective navigation*) were worthless as the performance graphs generated flat lines thus making the measurements meaningless. Councillor Lion said that we should look at what the customer saw and felt about our website; this has been recognised as a problem and our new Customer Services Manager will be looking into this.

Councillor Patel asked what they would like to look at if not RGS009, 010 and 011. Councillor Kane replied that this would depend on next year's Key Action Plan. Councillor Kane asked if these KPI's could be dispensed with. Councillor Whitehouse commented that it was difficult to measure how easy it was to find what members of the public wanted to find. Also if we knew if they were using our web forms and not phoning us. In short, we needed some sort of customer service measurement.

The Committee agreed that it would be agreeable to loose KPIs RES009, 010 and 011 in the new year.

RESOLVED:

- 1) That the Select Committee noted the KPIs performance for quarter 3 in its area of responsibility; and
- 2) That KPIs RES009, 010 and 011 be dropped from next years indicators.

47. CORPORATE PLAN KEY ACTION PLAN 2016/17 - QUARTER 3 PROGRESS

The Assistant Director, Accountancy, Mr Maddock introduced the quarter 3 progress report of the Corporate Plan Key Action Plan for 2016/17. 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 are 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 for previous years. The annual action plans contained a range of actions designed to achieve specific outcomes and were working documents and therefore subject to change and development to ensure the actions remained relevant and appropriate, and to identify opportunities to secure further progress or improvement.

Some actions have cross directorate responsibility. Where this is the case the most appropriate Select Committee was requested to consider the action. This report presented progress against the Key Action Plan for 2016/17 for actions most appropriately considered by the Resources Select Committee.

Progress against the Key Action Plan is reviewed on a quarterly basis to ensure the timely identification and implementation of appropriate further initiatives or corrective action where necessary. Q 3 progress against the individual actions of the 2016/17 Key Action Plan is as below:

There were 49 actions **in total** for which progress updates for Q3 are as follows:

• Achieved or On-Target:	26 (53%)
• Under Control:	13 (27%)
• Behind Schedule:	4 (8%)
• Pending:	<u>6 (12%)</u>
Total	49 (100%)

13 actions fell within the areas of responsibility of the Resources Select Committee. At the end of Q3:

- 8 (62%) of these actions have been 'Achieved' or were 'On-Target'
- 2 (15%) of these actions were 'Under Control'
- 1 (8%) of these actions were 'Pending'
- 2 (15%) of these actions were 'Behind Schedule'

Councillor R Jennings asked what the status indicator 'under control' meant. Was it out of control before? Mr Maddock said that the Performance Improvement Unit should use a better term as it indicated an ongoing situation for that target that could be handled by officers by simply, for instance, changing the target date.

Councillor Patel noted that at a recent Audit and Governance meeting the same problem was identified. If a target date was not met then the officer should explain why not.

Councillor Dorrell said that 'amber' usually meant that the target was in trouble and not under control. Once a date had slipped then it has to be noted and reported on.

Councillor Lion noted that item 3 (develop additional business cases) was a rolling programme and so it was strange to put a target date on it. Councillor Patel said that this had also been raised before. There needed a better way to report this for the entire council. Councillor Lion added that these were not SMART objectives and they should be. Councillor Jennings agreed. Councillor Patel said that this should be put to Management Board as a general issue and have them look at it and take it forward.

Councillor Patel asked about the Council's apprenticeship scheme and where were we with the apprenticeship levy. Mr Maddock said that we had to pay £69k next year but were confident that we could use all this in our proposed schemes.

RESOLVED:

- (1) That the Committee noted and reviewed the third quarter (Q3) progress of the Corporate Plan Key Action Plan for 2016/17 in relation to its areas of responsibility;
- (2) That the Performance Improvement Unit find a better term than that used for an amber target as 'under control';
- (3) That the Committee identified that the objectives should be recast more as SMART objectives; and
- (4) That item 3 (develop additional business cases) was a rolling programme and should not have a target date set.

48. COST OF MEMBER AND CORPORATE SERVICES

Mr Maddock introduced the report providing information on the cost of Member and Corporate Services, how it was calculated and what was the definition of these services. The two areas that this report was concerned with was Corporate Management which was made up of two cost centres and Member Activities which was made up of six cost centres. The former fell within the Office of the Chief Executive budgets and the latter, Governance.

Corporate Management sometimes referred to as Corporate Policy Making was the cost of managing the authority as a whole and includes the cost of the Chief Executive, management board meetings, production of the accounts, external audit, Cost of maintaining a corporate bank account and a number of other similar costs. There was a popular misconception that a service area that provides support to all areas of the Council was a charge to Corporate Management, this was not the case as the definition was rather more narrow than that and the costs of these functions should be apportioned out to all Council services.

Member activities were sometimes referred to as Democratic Representation and as the name suggested was concerned with the cost to the authority of having elected members. It included Members Allowances, the holding of committee meetings and provision of agendas, the cost of attendance at external meetings where the member was representing the Council, officer advice to members and the provision of member admin services.

As regards the total cost of both of these services the HRA should bear a proportion of the cost as members and officers carrying out this work clearly make decisions that affect both the HRA and General Fund.

As regards to Corporate Management, a significant proportion of the costs relate to officer time and all the cost of the Chief Executive. As regards Member activities, much of the costs were incurred regardless of the number of meeting held. A proportion related to office space including the Council Chamber, Members Room and Committee Rooms. The majority of the Democratic Services Team were also charged here along with support provided to members by other officers.

It was noted that the costs of Corporate Management and Member Activities were quite significant and based on the 2017/18 original estimate represent 12% of the General Fund 'Net Cost of Service' of £17.959 million. However in common with a number of other services there was a significant fixed element to the costs which would only vary when large scale changes were made.

Councillor Lion noted that the production of paper agendas was now moving over to a paperless agenda system. There were now no more Council Bulletins on paper. He asked what was the cost of paper agendas. Mr Maddock said that he would find out.

Councillor Patel said that the report was interesting and that it fed into the Transformation project with its costs for the building and offices.

The Committee had a short discussion on Members ability to read or connect to the new electronic Members Bulletin and their problems generally viewing things on line.

RESOLVED:

That the Committee noted report on the cost of Member and Corporate Services.

49. 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.

50. FUTURE MEETINGS

The date of the upcoming meetings were noted.

RESOURCES SELECT COMMITTEES

TERMS OF REFERENCE 2016/17

Title: Resources Select Committee

Status: Select Committee

1. 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;
2. To consider any matter referred to the Select Committee by the Overview and Scrutiny Committee;
3. To undertake quarterly performance monitoring in relation to the services and functions of the Resources Directorate, though review of progress against adopted key performance indicators and other appropriate measures;
4. To identify any matters within the services and functions of the Resources Directorate requiring in-depth scrutiny, for referral to the Overview and Scrutiny Committee;
5. To establish working groups as necessary to undertake any activity within these terms of reference;
6. To respond to applicable consultations as appropriate;

Finance

7. 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;
8. To review key areas of income and expenditure for each directorate on a quarterly basis throughout the year;

Information and Communications Technology

9. To monitor and review progress on the implementation of all major ICT systems;

Value For Money

10. 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;

Human Resources

11. To monitor and review areas of concern or significance that comes under Human Resources.

Chairman: Cllr S Kane

Resources Select Committee (Chairman – Cllr S Kane)

2016/17

Item	Report Deadline/ Priority	Progress / Comments	Programme of Meetings
(1) Key Performance Indicators 2015/16 – outturn review	Outturn KPI performance considered at the first meeting of each municipal year.	Outturn KPI performance report for 2015/16 - went to July 2016 meeting	12 July 2016; 10 October; 06 December;
(2) To review the specific quarterly KPI's for 2016/17	Quarterly.	Review of quarterly performance: Q1 in October 2016 – completed; Q2 in December '16 – completed; Q3 in Feb. '17 – completed	07 February 2017; 28 March Extra Meeting: 10 April
(3) Corporate Plan Key Action Plan 2015/16 – Outturn review	First meeting of each municipal year	Outturn Key Action Plan 2015/16 performance went to July 2016 meeting	
(4) Corporate Plan Key Action Plan 2016/17 – quarterly review	Quarterly	Review of quarterly performance: Q1 October 2016 – completed; Q2 December 2016 – completed; Q3 February 2017 – completed.	
(5) Detailed Portfolio Budgets	Portfolio budgets considered on an annual basis jointly with the Finance & Performance Management Cabinet Committee.	Annual review of portfolio budgets to be considered at joint meeting with the F&P M Cabinet Committee in January of each year.	

(6) ICT Strategy – Progress & Call Handling	Progress against ICT Strategy considered on an annual basis. Update to go to March 2017 meeting.	Progress report on call/response handling. Also to receive a report on options following introduction of new telephony system. <i>Last update in October 2016 on telephone monitoring statistics.</i>	
(7) Fees and Charges 2017/18	Proposed fees and charges for 2017/18 – for October 2016 meeting.	Proposed fees and charges considered on an annual basis each October.	
(8) Provisional Capital Outturn 2015/16	Provisional outturn for 2015/16 for July meeting.	Provisional Capital Outturn considered on an annual basis at first meeting in each municipal year.	
(9) Provisional Revenue Outturn 2015/16	Provisional outturn for 2015/16 for July 2016 meeting.	Provisional Revenue Outturn considered on an annual basis at first meeting in each municipal year.	
(10) Sickness Absence Outturn	July 2016	To review the Sickness Outturn report for 2015 - 16 – went to July 16 meeting	
(11) Sickness Absence	Half-yearly progress reports for 2016/17 to be considered at December and July meetings.	Detailed progress against achievement of sickness absence targets reviewed on a six-monthly basis. <i>Last report received at December 2016 meeting.</i>	
(12) Medium Term Financial Strategy & Financial issues paper	October 2016	To receive the Financial Issues Paper and Medium Term Financial Strategy including 4 year General Fund forecast	

(13) Quarterly Financial Monitoring	Oct 2016- completed; Dec.2016 – completed; & February 2017	To receive quarterly financial monitoring reports
(14) Review of Risk management arrangements	March 2017	Item from the O&S Co-ordinating Group. To review the trends in claims experience.
(15) Review of Section 106 monies and monitoring report	Dec 2016	Item from the O&S Co-ordinating Group. Section 106 agreements attempt to alleviate significant impacts on the local area and reach an agreement with the developer to mitigate the costs of additional infrastructure. The Community Infrastructure Levy (CIL) looks at the wider area infrastructure and tries to gain funding for its implementation. The two funding streams cannot fund the same infrastructure
(16) Cost of member and corporate activities	February 2017	Completed – Item from the O&S Co-ordinating group. To review requests for meetings\reports and examine the cost implications.
(17) Shared Services Working	TBA	To review any shared services working being carried out by EFDC. HR currently working with Colchester and Braintree Councils on a shared HR payroll system. <i>Last update at the December 2015 meeting.</i>
(18) Housing Benefit Fraud & Compliance	February 2017	Completed – Received a report in Feb. 2016 on the fraud team's work.

(19) Invest to Save	December 2016	Received report updating the Committee on the Council's Invest to Save scheme.
(20) General update on the General Fund CSB, DDF and ITS	December 2016	Received an updating report on the CSB, DDF and ITS scheme.
(21) Review of Agency Staff and their cost by Directorate	March 2017	To review the Audit report.
(22) PICK Form on the Transformation Project	Initial meeting on 10 April 2017	



SCRUTINY



Epping Forest District Council

Report to: Resources Select Committee

Date of meeting: 28 March 2017

Portfolio: Finance (Councillor G. Mohindra)

Subject: Key Performance Indicators 2017/18 – Review and targets

Officer contact for further information: Barbara Copson (01992 564042)

Democratic Services Officer: Adrian Hendry (01992 564246)

Recommendations/Decisions Required:

- (1) That the select committee reviews the proposed key performance indicator set and targets for 2017/18 for those areas which fall within its' areas of responsibility, and provide comment for the Finance and Performance Management Cabinet Committee as appropriate.

Executive Summary:

The Council is required to make arrangements to secure continuous improvement in the way in which its functions and services are exercised, having regard to a combination of economy, efficiency and effectiveness. To assist with this a range of Key Performance Indicators (KPI) relevant to the Council's service priorities and key objectives, are adopted each year and targets set which are appropriate and challenging.

Reasons for Proposed Decision:

The KPIs provide an opportunity for the Council to focus attention on how specific areas for improvement will be addressed, and how opportunities will be exploited and better outcomes delivered. It is important that the key performance indicators are reviewed annually to ensure their continued relevance and that their targets are appropriate and challenging.

Other Options for Action:

No other options are appropriate in this respect. Failure to identify challenging performance targets, could mean that opportunities for improvement are lost and might have negative implications for judgements made about the progress of the Council.

Report:

- 1) The adoption of challenging but achievable KPIs each year is an important element of the Council's Performance Management Framework, and the KPI set is reviewed annually by Management Board to ensure the indicators and their targets are appropriate to provide challenge in the Council's key areas and to meet its objectives.
- 2) The provisional target for each indicator has been identified by service directors and relevant portfolio holder(s), based on third-quarter performance (and the estimated

outturn position) for the current year. Management Board will review the provisional targets against outturn data for 2016/17 when this becomes available, and any revisions to next year's targets will be reported to the appropriate select committees in June 2017.

- 3) The review of the KPIs which fall within the areas of responsibility of the Resources Select Committee has resulted in the proposal that the target for 3 indicators is increased, and that 3 indicators are deleted, the details of which are set out in the attached appendix.
- 4) Improvement plans will be developed for each KPI for 2017/18, identifying actions to achieve target performance, if they fail to reach target at any quarter. The plans will be considered and agreed by Management Board, and submitted to the select committee along with the quarters' performance submission.
- 5) The Select Committee is requested to consider the proposed KPIs and targets for 2017/18 which fall within its areas of responsibility. These will also be considered by the Finance and Performance Management Cabinet Committee on 30 March 2017.

Resource Implications: none for this report

Legal and Governance Implications: none for this report; however performance management of key activities is important to the achievement of value for money.

Safer, Cleaner, Greener Implications: none for this report

Consultation Undertaken: Relevant Select Committees and the Finance and Performance Management Cabinet Committee.

Background Papers: KPI submissions held by the Performance Improvement Unit.

Impact Assessments:

Risk Management: none for this report

Equality: none for this report.

Key Performance indicators review and targets 2017-18

Appendix 1

KPI Ref	Description	Target 2016/17	Q3 2016/17 Performance	Proposed Target 2017/18	Target changed Yes/No	Comments/justification for proposed target for 2017/18 and reasons for targeted reductions in performance
RES001	How many working days did we lose due to sickness absence?	7.50 days	5.03	7.25	Yes	As there has been an improvement perhaps we should consider a reduced target for 2017/18
				Amber tolerance = 7.51 days - 8.0 days		
RES002	What percentage of the invoices we received was paid within 30 days?	97.0%	97.0%	97%	No	Keep the target the same, 98% is unlikely to be achievable until e-invoicing is fully operational including those orders processed through OHMS.
				Amber tolerance = 1% below target		
RES003	What percentage of the district's annual Council Tax was collected?	97.10%	78.00%	97.80%	Yes	From collections in 2016/17 so far it is reasonable to increase this target.
				Amber tolerance = 0.50% below target		
RES004	What percentage of the district's annual business rates was collected?	97.80%	78.02%	97.80%	No	97.8% has proved a challenging target for 2016/17 and difficulties are anticipated in 2017/18 with the new rating list.
				Amber tolerance = 0.50% below target		
RES005	On average, how many days did it take us to process new benefit claims?	22.00 days	21.98	21.00 days	Yes	New target set which is challenging but achievable
				Amber tolerance = 1.50 days above target		

KPI Ref	Description	Target 2016/17	Q3 2016/17 Performance	Proposed Target 2017/18	Target changed Yes/No	Comments/justification for proposed target for 2017/18 and reasons for targeted reductions in performance
RES006	On average, how many days did it take us to process notices of a change in a benefit claimant's circumstances?	6.00 days	7.69	6.00 days	No	No change proposed as challenging target already in place. However, target needs to be profiled as 9 days for quarters 1,2 and 3, reducing to 6 days in quarter 4.
				Amber tolerance = 1.00 days above target		
RES009	Are customer needs being met by the Corporate Website being available?	99.60%	99.73%	see comment		The Resources Select Committee have suggested that this indicator should be deleted
				Amber tolerance = 0.60% below target		
RES010	Are customer needs being met by the Corporate Website not having broken links?	95.00%	100.00%	see comment		The Resources Select Committee have suggested that this indicator should be deleted
				Amber tolerance = 1.00% below target		
RES011	Are customer needs being met by the main Corporate Website having effective navigation?	79.90%	80.34%	see comment		The Resources Select Committee have suggested that this indicator should be deleted
				Amber tolerance = 0.90% below target		

Report to the Resources Select Committee

Date of meeting: 28 March 2017

Portfolio: Finance

Subject: Quarterly Financial Monitoring

Officer contact for further information: Peter Maddock (01992 - 56 4602).

Democratic Services Officer: Adrian Hendry (01992 – 56 4246)



Recommendations/Decisions Required:

That the Committee note the revenue and capital financial monitoring report for the third quarter of 2016/17

Executive Summary

The report provides a comparison between the revised estimate for the period ended 31 December 2016 and the actual expenditure or income as applicable.

Reasons for proposed decision

To note the third quarter financial monitoring report for 2016/17.

Other options for action

No other options available.

Report:

1. The Committee has within its terms of reference to consider financial monitoring reports on key areas of income and expenditure. This is the third quarterly report for 2016/17 and covers the period from 1 April 2016 to 31 December 2016. The reports are presented based on which directorate is responsible for delivering the services to which the budgets relate and the budgets themselves are the Revised Estimate.
2. Salaries monitoring data is presented as well as it represents a large proportion of the authorities expenditure and is an area where historically large under spends have been seen.

Revenue Budgets (Annex 1 – 6)

3. Comments are provided on the monitoring schedules but a few points are highlighted here as they are of particular significance. The salaries schedule (Annex 1) shows an underspend of £148,000 or 0.9%. At the third quarter last year the underspend was 1.8%.
4. Neighbourhoods is showing the largest underspend of £64,000, this relates mainly to Forward Planning and Grounds Maintenance. Resources shows an underspend of £59,000 relating to Revenues and Housing Benefits.
5. The investment interest is a little lower than the budget partly due to a delay in the

payment from Biffa for the loan. There is little speculation now about when rates might go up more about whether they will go lower still or even negative.

6. Development Control income at Month 9 is continuing the recent upward trend. Fees and charges were £59,000 higher than the budget to date and pre-application charges are in line with the updated position. By the end of Month 11 fees overall were £35,000 higher than expectations so it does look likely that the full year budget will be exceeded.
7. Building Control income was £6,000 lower than the budgeted figure at the end of the third quarter. By the end of month 11 income was only £1,000 down. The revised position on the ring-fenced account was a lower in year deficit than originally predicted but there is a surplus from previous years to draw upon. There is a lot of scanning work required to Building Control files and it is proposed to use some of the accumulated surplus to finance this work over the next few years.
8. Although Public Hire licence income and other licensing is above expectations, the Public Hire figures shown include £27,000 relating to future years so in reality income relating to 2016/17 is £7,000 down.
9. Income from MOT's carried out by Fleet Operations is £9,000 below expectations. Income has been affected by the uncertainty around the relocation to Oakwood Hill. Income levels have recovered slightly since the autumn. The account itself is budgeted to be in deficit by £40,000. This is due to the additional security costs at Oakwood Hill which are a temporary measure. Going forward these cost won't be required and the deficit should reduce accordingly.
10. Car Parking income was £14,000 below the estimate as at month 9. However there was some income relating to this period that was not received until February.
11. Local Land Charge income is £1,000 above expectations. The budget has been reduced as there have been fewer searches undertaken recently.
12. Expenditure and income relating to Bed and Breakfast placements is on the increase. Most are eligible for Housing Benefit and although some will be re-imbursed by the Department for Work and Pensions it is only around 50%, leaving a similar amount to be funded from the General Fund. Growth of £28,000 has been included in 2016/17 for the additional costs though this does now look insufficient.
13. The actual for Recycling income is low when compared to expectations. The October credits expected in month 9 were not received until January.
14. December Cabinet agreed some additional funding for the Waste Management contract. Expenditure is below the profiled budget as some of this expenditure is still due to be invoiced.
15. The Housing Repairs Fund shows an underspend of £510,000. There are underspends showing on both Planned Maintenance and Voids work. There is also a variance on HRA Special Services which relate partly to grounds maintenance and sheltered units.
16. Income from Development Control, Building Control and probably Car Parking look likely to exceed the budget. Others are less certain. MOT income is below expectations and whilst a slight recovery has been seen in recent weeks it is unlikely to reach the budgeted level.

Business Rates

17. This is the fourth year of operation for the Business Rates Retention Scheme whereby a proportion of rates collected are retained by the Council.

18. There are two aspects to the monitoring, firstly changes in the rating list and secondly the collection of cash.
19. The resources available from Business Rates for funding purposes is set in the January preceding the financial year in question. Once these estimates are set the funding available for the year is fixed. Any variation arising from changes to the rating list or provision for appeals, whilst affecting funding do not do so until future years. For 2016/17 the funding retained by the authority after allowing for the Collection Fund deficit from 2015/16 is £3,435,000. This exceeded the government baseline of £3,050,000 by some £385,000. The actual position for 2016/17 will not be determined until May 2017.
20. Cash collection is important as the Council is required to make payments to the Government and other authorities based on their share of the rating list. These payments are fixed and have to be made even if no money is collected. Therefore, effective collection is important as this can generate a cash flow advantage to the Council. If collection rates are low the Council is left to finance these payments from working capital and so has to reduce investment balances. At the end of December the total collected was £27,901,642 and payments out were £25,910,238, meaning the Council was holding £1,991,404 of cash and so the Council's overall cash position was benefitting from the effective collection of non-domestic rates.

Capital Budgets (Annex 7 - 11)

21. Tables for capital expenditure monitoring purposes (annex 7 -11) are included for the nine months to 31 December. There is a commentary on each item highlighting the scheme progress.
22. The full year budget for comparison purposes is the Budget set when the Capital Programme was reviewed at Cabinet in December.

Major Capital Schemes (Annex 12)

23. There are three projects included on the Major Capital Schemes schedule these relate to the House Building packages 1 and 2 and The Epping Forest Shopping Park. Annex 12 gives more detail. The variance reported is a comparison between the anticipated outturn and approved budget.

Conclusion

24. With regard to revenue, income is generally up on expectations and expenditure down. The increased income levels are very much welcome, in particular Development Control income. Expenditure being below budget is not surprising as expenditure is usually heaviest in the last quarter.
25. The Committee is asked to note the position on both revenue and capital budgets as at Month 9.

Consultations Undertaken

This report will be presented to the Finance and Performance Management Cabinet Committee on Thursday, and an update will be provided to that committee to cover any comments made by this Committee.

Resource Implications

There is little evidence to suggest that the net budget will not be met.

Legal and Governance Implications

Reporting on variances between budgets and actual spend is recognised as good practice and is a key element of the Council's Governance Framework.

Safer, Cleaner, Greener Implications

The Council's budgets contain spending in relation to this initiative.

Background Papers

Various budget variance working papers held in Accountancy.

Impact Assessments

Risk Management

These reports are a key part in managing the financial risks faced by the Council. In the current climate the level of risk is increasing. Prompt reporting and the subsequent preparation of action plans in Cabinet reports should help mitigate these risks.

Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

Date / Name	Summary of equality analysis
07/03/17 Director of Resources	The purpose of the report is to monitor income and expenditure. It does not propose any change to the use of resources and so has no equalities implications.

DECEMBER 2016 - SALARIES

<u>DIRECTORATE</u>	<u>2016/17</u>			<u>2015/16</u>		
	<u>EXPENDITURE</u>	<u>BUDGET</u>	<u>VARIATION</u>	<u>EXPENDITURE</u>	<u>BUDGET</u>	<u>VARIATION</u>
	<u>TO 31/12/16</u>	<u>PROVISION</u>	<u>FROM BUDGET</u>	<u>TO 31/12/15</u>	<u>PROVISION</u>	<u>FROM BUDGET</u>
	<u>£000</u>	<u>£000</u>	<u>%</u>	<u>£000</u>	<u>£000</u>	<u>%</u>
CHIEF EXECUTIVE	232	232	0.0	149	149	0.0
RESOURCES *	4,132	4,191	-1.4	4,074	4,119	-1.1
GOVERNANCE	2,741	2,765	-0.9	2,481	2,533	-2.1
NEIGHBOURHOODS *	3,241	3,305	-1.9	3,230	3,293	-1.9
COMMUNITIES *	5,611	5,612	0.0	5,363	5,487	-2.3
TOTAL	15,957	16,105	-0.9	15,297	15,581	-1.8

* Agency costs are included in the salaries expenditure.

	16/17 Full Year Budget £'000	Third Quarter			16/17 Variance Budget v Actual		<u>Comments</u>
		16/17 Budget £'000	16/17 Actual £'000	15/16 Actual £'000	£'000	%	
<u>Major expenditure items:</u>							
Museum	108	89	88	73	-1	-1	No major variances in 2016/17. Costs in 2015/16 were lower as the new extension did not open until quarter 4.
Bed & Breakfast Accommodation	271	203	252	161	49	24	There was an increase in placements during 2015/16, this has continued throughout 2016/17. The budget was revised upwards however expenditure at Month 9 is close to the full year budget and looks likely to exceed this.
Grants to Voluntary Groups	88	32	31	70	-1	-3	No major variances in 2016/17, however there has been a delay in the process this year which is why spending is behind the levels seen in the prior year. Outstanding grants are due to be paid in Month 12.
Voluntary Sector Support	170	170	170	170	0	0	No variances.
<u>Major income items:</u>							
Bed & Breakfast Accommodation	280	210	252	152	42	20	There was an increase in placements during 2015/16, this has continued throughout 2016/17. The budget was revised upwards however expenditure at Month 9 is close to the full year budget and looks likely to exceed this.
	917	704	793	626			

	16/17 Full Year Budget £'000	Third Quarter			16/17 Variance Budget v Actual			<u>Comments</u>
		16/17 Budget £'000	16/17 Actual £'000	15/16 Actual £'000	£'000		%	
<u>Major income items</u>								
Development Control	1,104	823	882	749	59		7	The income received has exceeded both the budget to date and the previous year's actual. This trend is expected to continue and the full year budget may well be exceeded. The £59,000 additional income received in comparison to the budget at the end of quarter three includes several high value applications for development purposes.
Building Control Fee Earning	490	371	365	361	-6		-2	Building Control income has been steadily improving with the upturn in the housing market. In addition the Building Control service have formed a number of partnerships with outside bodies helping to resist the threat of competition from the commercial sector. Income was a little down at quarter 3 but not significantly.
Local Land Charges	164	125	126	143	1		1	2016/17 has seen a further reduction in the level of fee income compared to the previous year which has been reflected in the current year budgets. The actual at quarter three is on target with the budget.
	1,758	1,320	1,373	1,253				

	16/17 Full Year Budget £'000	Third Quarter			16/17 Variance Budget v Actual		Comments
		16/17 Budget £'000	16/17 Actual £'000	15/16 Actual £'000	£'000	%	
<u>Major expenditure items:</u>							
Refuse Collection	1,394	831	800	728	-31	-4	The expenditure variance is due to an underspend on new equipment.
Street Cleansing	1,356	811	795	724	-16	-2	The underspend relates to the cleansing contract, payments are made monthly, however, the annual uplift from November has yet to be processed.
Recycling	2,994	1,666	1,543	1,396	-123	-7	The underspend relates to the cleansing contract, payments are made monthly, however, the payments are uplifted in November and yet to be paid. The DDF item for equipment for Dclg Recycling reward scheme is underspent, these monies will be carry forward if not spent in the last quarter.
Highways General Fund	102	39	27	12	-12	-31	The expenditure variances relate to Litter Bins, Street naming and Bus shelters. Some spending will occur in during quarter 4 but an underspend is anticipated here of around £5,000.
Off Street Parking	538	433	388	403	-45	-10	Surface Maintenance is the reason for the underspend at quarter three, there is repair work required so the budget should be fully spent by year end.
North Weald Centre	209	161	142	160	-19	-12	The budgets for General, Fixed plant and Runway Maintenance are underspent at quarter three. There tends to be more maintenance required in quarter 4 when the weather improves after the winter. That being said it has been agreed to use some underspends to finance a new fire truck.
Land Drainage & Contaminated Land	141	59	44	48	-15	-25	The expenditure underspend relates to other maintenance on Contaminated land, and flood defences/storage on Land Drainage.
	6,734	4,000	3,739	3,471			

	16/17 Full Year Budget £'000	Third Quarter			16/17 Variance Budget v Actual			Comments
		16/17 Budget £'000	16/17 Actual £'000	15/16 Actual £'000	£'000		%	
<u>Major expenditure items</u>								
Planning Policy/Local Plan	1,180	885	777	170	-108		-12	The Local Plan budget has been profiled 12 equal instalments, however there has been less expenditure in the first nine months than expected.
<u>Contract cost Monitoring</u>								
Leisure Facilities:-								
Loughton Leisure Centre	-192	-128	-135	-111	-7		5	The variance is in respect of an outstanding sundry creditor from 15/16, the invoice for this } has been paid in month 10.
Epping Sports Centre	219	213	212	184	-1		0	} No major variances.
Waltham Abbey Pool	527	351	350	303	-1		0	}
Ongar Sports Centre	303	202	201	174	-1		0	}
	857	638	628	550				

DIRECTORATE FINANCIAL MONITORING - NEIGHBOURHOODS (3)

Page 3

	16/17 Full Year Budget £'000	Third Quarter			16/17 Variance Budget v Actual		Comments
		16/17 Budget £'000	16/17 Actual £'000	15/16 Actual £'000	£'000	%	
Major income items:							
Refuse Collection	75	56	53	47	-3	-5	No major variances
Recycling	1,439	739	646	690	-93	-13	The credits profile is set two months in arrears, however the October credits were received in month 10. The actual amount collected is down on expectations.
Off Street Parking	1,386	938	924	914	-14	-1	Pay and display income was £63,000 less than expected, the monthly income due for months 8 and 9 were not received until February. However, season tickets and penalty notices income are up by £49,000.
North Weald Centre	812	686	695	591	9	1	The income is higher than the budget profile at quarter three with regards to rents.
Hackney Carriages	181	136	156	153	20	15	The income for private hire has exceeded the budget at quarter three. Some licences are now issued for three and five years rather than one about £27,000 of this income will relates to future years.
Licensing & Registrations	111	84	89	93	5	6	The income is higher than the budget profile at quarter three with regards to premises liquor licences.
Fleet Operations MOTs	199	149	140	170	-9	-6	MOT income is down by £9,000, there has been a slight improvement recently but reaching the target now looks unlikely.
	4,203	2,788	2,703	2,658			

	16/17 Full Year Budget £'000	Third Quarter			16/17 Variance Budget v Actual			<u>Comments</u>
		16/17 Budget £'000	16/17 Actual £'000	15/16 Actual £'000	£'000		%	
<u>Major income items:</u>								
Industrial Estates	1,169	1,127	1,196	1105	69		6	Rents from the Industrial units are above expectations, mainly due to rent reviews at Brooker Road.
Business Premises - Shops	2,169	2,169	2,169	2,143	0		0	This income relates to non housing assets which include shops, doctors surgeries, a petrol station and public houses. There are no major variances.
Land & Property	322	305	305	59	0		0	Commission is received from the David Lloyd Centre based on their turnover. Income relating to 2016/17 will be accounted for at the end of the year, but received during the initial part of 2017/18. Income received from land and property up to and including the third quarter is on target with the profiled budget.
	3,660	3,601	3,670	3,307				

	16/17 Full Year Budget £'000	Third Quarter			16/17 Variance Budget v Actual		Comments
		16/17 Budget £'000	16/17 Actual £'000	15/16 Actual £'000	£'000	%	
<u>Major expenditure items:</u>							
Building Maintenance	517	229	232	211	3	1	Building Maintenance works are difficult to forecast but generally works are undertaken in the latter part of the year which allows for preparation work to take place initially. The expenditure to date is in line with the profiled budget.
Information & Communication Technology	991	885	883	842	-2	0	The full year budget now includes the cost of the councils Multi Function Devices along with the ICT, Switchboard, Mobile Phones and the annual contract costs for all of the major systems in use. Expenditure is in line with the current budget spending profile as the majority of maintenance contracts for systems are paid at the beginning of the year with network charges continuing to be paid throughout the year.
Benefit relating to Bed & Breakfast cases (Non-HRA Rent Rebates)	110	83	98	72	15	18	The cost to the General Fund in 2016/17 of placements in bed & breakfast accomodation has been increased to £110,000 (from £82,000). This does now look like being exceeded.
Bank & Audit Charges	122	49	49	71	0	0	The expenditure in quarter three is on target with the budget to date. The reduction in expenditure compared to the prior year is the result of not having been invoiced for fees in respect of the audit of the housing benefit subsidy claim.
	1,740	1,246	1,262	1,196			
<u>Major income items:</u>							
Investment Income	375	281	279	225	-2	-1	We have received a further interest receipt from the B3 Living loans made some years ago as the resident has purchased further equity in their property. This has been offset by the BIFFA loan being in arrears by a further month than expected.
	375	281	279	225			

	16/17 Full Year Budget £'000	Third Quarter			16/17 Variance Budget v Actual		<u>Comments</u>
		16/17 Budget £'000	16/17 Actual £'000	15/16 Actual £'000	£'000	%	
<u>Major expenditure items:</u>							
Management & General	263	202	192	163	-10	-5	No major variances in year. In the prior year there were some underspends on rent accounting and other communal services
Housing Repairs	5,500	4,341	3,831	4,268	-510	-12	The underspend mainly relates to the responsive repairs on the HRA. The budget is profiled evenly across the year, as it is unknown when responsive repairs will arise. Headings such as responsive repairs and gas servicing are showing an underspend and a saving of around £300,000 looks likely.
Special Services	1,047	681	670	523	-11	-2	The main areas showing an underspend are various utility costs and grounds maintenance.
	6,810	5,224	4,693	4,954			
<u>Major income items:</u>							
Non-Dwelling Rents	878	650	650	617	0	0	No variance.
Gross Dwelling Rent	31,788	24,455	24,456	24,843	1	0	No major variances in the current year. Rents have reduced by 1% in 2016/17
	32,666	25,105	25,106	25,460			

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**2016/17 DIRECTORATE CAPITAL MONITORING -
COMMUNITIES**

Scheme	16/17	Third Quarter		16/17 Variance		Comments
	Full Year Budget	16/17 Budget	16/17 Actual	Budget Vs Actual		
	£'000	£'000	£'000	£'000	%	
Museum Schemes	32	24	-13	-37	20	The uplifted fees agreed for the architects, which were reduced from the original sum quoted, have been paid for additional work undertaken. The 2.5 % retention will be paid before the end of the financial year as a satisfactory 12 months defects inspection has now been completed for work undertaken by the main contractors. Improvements to the gallery's sliding doors, electrical systems, and fire alarm systems was agreed at Cabinet on 1st December 2016.
CCTV Systems	55	41	44	3	3	The budget for Longcroft Rise and Upshire shops has been reallocated after the decision to decommission the systems was made in December and the systems have been removed. As part of the Capital Review the Council have also procured two new re-deployable cameras, whilst the remaining capital allocation in 2016/17 is expected to be spent on a new automatic number plate reader system to be installed in Limes Farm by the end of march.
Car Park CCTV	32	24	24	0	0	The car park CCTV installation programme has been working in conjunction with the "Invest to Save" LED lighting scheme (see Annex 8). Works have progressed well with the car park CCTV schemes, with two of the three schemes proposed in 2016/17 (Bansons Hill and The Pleasance) both completed. Works at Trapps Hill car park have been delayed on two separate occasions due to lighting and power issues on site, although it is still expected to be completed by the year end. An additional site at Lower Queens Road car park has also been added to the planned programme in 2017/18.
Housing Estate Parking	321	8	8	0	0	The off-street parking schemes undertaken on council owned land is jointly funded between the HRA and General Fund. The General Fund proportion of costs will be allocated at year-end. Due to the complications outlined in Annex 10 expenditure is anticipated to be very low and any underspend will be carried forward to 2017/18.
Total	440	97	63			

**2016/17 DIRECTORATE CAPITAL MONITORING -
NEIGHBOURHOODS**

Scheme	16/17	Third Quarter		16/17 Variance		Comments
	Full Year Budget	16/17 Budget	16/17 Actual	Budget Vs Actual		
	£'000	£'000	£'000	£'000	%	
Epping Forest Shopping Park	11,086	5,957	3,021	-2,936	-49	Please see the major schemes section.
St Johns Road Development	7,096	7,096	6,755	-341	-5	This Council completed the purchase of Essex County Council's interest in the land at St John's Road, Epping, in December 2016. The underspend shown in the table relates to the Stamp Duty, which was paid in January 2017. Preparations are now in hand regarding the subsequent disposal to the preferred developer.
Oakwood Hill Depot	703	703	850	147	21	The new depot at Oakwood Hill has been operational from September 2016. Whilst practical completion has been achieved there has been an ongoing issue in relation to off-site monitoring of the alarm system. A new alarm system has been installed at the depot however, until this system can be fully tested, additional costs for a physical out-of-hours security presence are being incurred. Recovery options from the contractor are being explored. A report will be submitted to Cabinet once all costs have been finalised and retrospective approval will be sought for the overspend. A review is also being undertaken to maximise the occupancy of the building as part of the Council's wider review of accommodation.
N W Airfield Vehicle Compound	12	0	0	0	0	The invest to save scheme is currently awaiting planning permission before works on the compound extension can begin. These works are not expected to start in the current financial year
Car Park Schemes	120	15	3	-12	-80	The installation of the new pay and displays machines in the Council's car parks has now been completed and, as anticipated, the scheme came under budget. The LED lighting and associated electrical works are now being carried out in Traps Hill Car Park Loughton and this is expected to be completed in the current financial year. The subsequent car parks will be improved in 2017/18 in line with the programme schedule. An additional £75,000 in the budget has been allocated from the Invest to Save Fund, for the purchase and set up costs in respect of the ICT infrastructure needed for the delivery of the off-street enforcement operations.
Other Schemes	104	38	38	0	0	The £93,000 Grounds Maintenance Budget includes a supplementary sum of £25,000 from a Section 106 contribution. This money has been used to procure additional machinery required to maintain adopted open space land at Tower Road, Epping. A further mower has been procured to replace an older unit with the remaining capital allocated to procure a replacement ride-on mower also nearing the end of its useful life. Finally, there is an allocation of £11,000 for drainage works at the former landfill site at Bobbingworth Tip; this sum has been fully spent.
Total	19,121	13,809	10,667			

**2016/17 DIRECTORATE CAPITAL MONITORING -
RESOURCES**

Scheme	16/17	Third Quarter		16/17 Variance		Comments
	Full Year Budget	16/17 Budget	16/17 Actual	Budget Vs Actual		
	£'000	£'000	£'000	£'000	%	
Planned Maintenance	507	380	168	-212	-56	Many of the schemes in the planned maintenance programme relating to the civic offices have been delayed awaiting the outcome of the Accomodation Review. However a new electrical control panel has been installed as has a main mechanical control panel which controls the heating system. The lead valley gutter around the perimeter of the Council Chamber roof has been relined with a coating system whilst the fire alarm system upgrade works and the installation of the LED lighting have been continuing in quarter 3 and are expected to be completed by the end of the financial year. The resurfacing of the rear access yard at Limes Avenue shops in Chigwell has also been completed.
ICT Schemes	277	208	237	29	14	The planned ICT schemes are currently progressing well and are on target to be completed by the end of the financial year. Hardware for the BACS electronic banking system, which enables the Council to use the banks direct debit payment system, has been installed and the scheme to purchase units to replace obsolete thin client devices has also been completed. The licenses for GOOD access have been procured, whilst the customer service prototype is expected to be completed by the end of the financial year. There are slippages into 2017/18 for the gazetteer integration and the planning system integration.
Cash Kiosks	30	30	38	8	27	The project for the Epping Hall Kiosks has been completed. However, the kiosks required additional software to be developed to create seamless integration for a larger number of payment funds into the general ledger compared to the Waltham Abbey kiosk. This caused the increased expenditure above the original budget. The cash kiosk stolen from Waltham Abbey has been replaced after the insurance money was received.
HR/Payroll System	60	45	22	-23	-51	Payroll was transferred from Sage to iTrent and parallel running commenced in October and November to test the system. This was successful and went live in December, consequently Sage is no longer being used. Braintree, Colchester and Epping are now working together to scope and build the Employee/Manager Self Serve, health and safety, recruitment and learning elements of the system. A planned roll out of the system is scheduled to commence by June 2017. In addition to the capital allowance of £60,000, £20,000 has been allocated to the Payroll/HR system's revenue budgets.
Customer Service Project	15	5	4	-1	-20	Consultant engineers and surveyors are currently undertaking cost and feasibility investigations before the project can commence.
Total	889	668	469			

**2016/17 DIRECTORATE CAPITAL MONITORING -
HOUSING REVENUE ACCOUNT**

Scheme	16/17	Third Quarter		16/17 Variance		Comments
	Full Year Budget	16/17 Budget	16/17 Actual	Budget Vs Actual		
	£'000	£'000	£'000	£'000	%	
New Housing Builds Phase 1, 2 & 3	6,309	3,053	1,635	-1,418	-46	For Phases 1 & 2, please see comments on the major schemes schedule. With regards to Phase 3, tenders for eight sites were approved by the Council Housebuilding Cabinet Committee in December 2016, which will deliver 34 new homes.
Phase 4, 5 & 6 and Conversion Works	0	0	207	207	0	There is a moratorium in place on the housebuilding programme, which restricts Phases 4, 5 and 6 to the point that planning approvals are sought. Planning permission has been obtained for all sites making up Phase 4 with the exception of Pyrles Lane Sites A and B. The Council Housebuilding Cabinet Committee have agreed to sell these sites on the open market with any income being used to fund the house-building programme. The conversions at Marden Close and Faversham Hall were completed in 2015/16, and a retention of £22,000 is still outstanding.
Housebuilding Salaries	97	0	0	0	0	Capital salary costs will be allocated to individual housebuilding schemes at the end of the financial year.
Barnfields S106 Development	821	616	664	48	8	The S106 Affordable homes at Barnfield, Roydon are under construction, and Linden Homes are making good progress. The works are on target for completion in October 2017.
Off Street Property Purchases	2,104	2,104	2,104	0	0	The Council has completed the purchase of six open market street properties in Waltham Abbey. All six properties have been let.
North Weald Depot	70	53	11	-42	-79	The Cabinet is to consider its Accommodation Strategy in March 2017. One aspect of that is to construct the Housing Repairs HUB with additional office accommodation to free up space at the Civic Offices. In the mean time, in order to facilitate the St Johns Road Re-development, alternative temporary accommodation is being considered for the Housing Repairs Service at the Control Tower at North Weald Airfield until such time as the Accommodation Strategy is agreed and any resultant facility is constructed.
Heating and Rewire Schemes	3,635	2,726	1,972	-754	-28	Gas heating is currently showing the largest underspend of the category despite the completion of two large gas boiler replacement schemes at Hyde Mead House and Norway House. The installation of MVHR heating systems is a demand-led programme and due to the mild winter weather, properties are not suffering from damp and condensation issues. The electric heating programme is nearing completion and is ahead of schedule with extra installations being completed when properties become available to maximise the external funding. The replacement of the landlords' communal electrical supplies on a large scheme in Birch View is due to re-commence in the last quarter; however an underspend overall is still expected. The communal water-tank replacement programme still faces major delays due to access problems at Hillyfields; these problems are likely to be unresolved and consequently the budget is expected to be heavily underspent.
Windows, Doors and Roofing	2,445	1,834	1,223	-611	-33	The installation programme of 30-minute front entrance fire doors in communal areas and PVCu double-glazed windows are being installed together to accelerate both programmes although the budget is still showing an underspend. The flat roofing programme is nearing completion and currently shows a slight overspend whilst the programme for tiled roofing is underspent at present but the programme has been accelerated which will reduce this variance at the end of the financial year.
Total c/f	15,481	10,386	7,816			

**2016/17 DIRECTORATE CAPITAL MONITORING -
HOUSING REVENUE ACCOUNT**

Scheme	16/17	Third Quarter		16/17 Variance		Comments
	Full Year Budget	16/17 Budget	16/17 Actual	Budget Vs Actual		
	£'000	£'000	£'000	£'000	%	
Total b/f	15,481	10,386	7,816			
Other Planned Maintenance	127	95	63	-32	-34	This category includes Norway House improvements, door entry system installations and energy efficiency works. There has been no significant change in progress for this category since the quarter two report was published.
Kitchen and Bathrooms	3,048	2,286	1,914	-372	-16	The planned programmes for the kitchen and bathroom replacements remain behind schedule due to restricted access. Expenditure on kitchen replacements continue to show an underspend and it is anticipated that the current allocation for kitchen replacements will not be fully spent by the end of the financial year. The acceleration of the bathroom replacement programme during quarter 3 has reduced the variance within the bathroom replacement budget and plans are in place to continue with the accelerated programme.
Garages and Environment Works	658	486	458	-28	-6	The construction of the 8 off-street parking areas in Torrington Drive has experienced complications throughout. Delays in the consultation exercise, the arboriculture health and safety investigation and an ongoing dispute with Essex Highways have resulted in delays on site and a large underspend. This scheme is due to re-commence with the completion of the hard landscaping works expected late in quarter four. Paley Gardens is due to commence before 31st march. The works on the gas pipe-work replacement programme were completed ahead of the schedule during the last quarter. The installation of housing CCTV systems has progressed well in quarter 3 with Pelly Court finished ahead of schedule and works on Limes Farm Yellow Block underway.
Structual Schemes	700	525	325	-200	-38	The planned programme for miscellaneous structural works currently shows an underspend despite a number of structural schemes being completed. A number of other structural projects on the programme are nearing completion which will reduce this variance.
Disabled Adaptations	430	323	299	-24	-7	There has been a continued increase in the waiting list for disabled adaptations with a large number of disabled adaptations being put on hold due to limited resources for the programme. It is anticipated that the budget will be fully spent.
Other Repairs and Maintenance	223	167	171	4	2	This category is currently on schedule, however with the ad-hoc nature of the schemes involved it is difficult to predict whether the budget will be fully spend by the end of the financial year.
Service Enhancments	92	69	38	-31	-45	There has been no progression with the Oakwood Hill enhancement programme or mobility scooter stores from the position reported in the last quarter. Regarding the replacement of front doors programme, about 425 consultation letters have been sent to leaseholders and about 280 front doors have either been installed or committed orders raised.
Replacement Housing Vehicles	108	0	0	0	0	The order for seven DLO vehicles has been placed with the Ford Motor Company with delivery expected by the end of the financial year.
Work On Hra Leasehold Prop (Cr)	-300	0	0	0	0	This credit budget allows for work undertaken within the above categories on sold council flats. Once identified, an adjustment will be made at the end of the year.
Total	20,567	14,337	11,084			

**2016/17 DIRECTORATE CAPITAL MONITORING -
REVENUE EXPENDITURE FINANCED FROM CAPITAL UNDER STATUTE (REFCuS) AND CAPITAL LOANS**

REFCuS Scheme	16/17	Third Quarter		16/17 Variance		Comments
	Full Year Budget	16/17 Budget	16/17 Actual	Budget Vs Actual		
	£'000	£'000	£'000	£'000	%	
Parking & Traffic Schemes	60	45	3	-42	-93	Work on the Loughton Broadway parking review has started and temporary no-waiting restrictions have been put in place in disabled bays. The designs and maps have already been completed by the North Essex Parking Partnership. These should be advertised shortly and implemented in the new financial year.
Disabled Facilities Grants	630	473	463	-10	-2	Although expenditure on Disabled Facility Grants is slightly below target as at 31 December 2016, is anticipated that the full year outturn may reach £650,000. Any additional expenditure over and above the budget will be requested to be brought forward from 2017/18. This expenditure is fully supported from the Better Care Fund.
Hra Leasehold Prop (Dr)	300	0	0	0	0	This debit budget allows for work undertaken within the above categories on sold council flats. Once identified, an adjustment will be made at the end of the year.
Total	990	518	466			

Capital Loan Scheme	16/17	Third Quarter		16/17 Variance		Comments
	Full Year Budget	16/17 Budget	16/17 Actual	Budget Vs Actual		
	£'000	£'000	£'000	£'000	%	
Private Sector Housing Loans	80	60	55	-5	-8	It is anticipated that expenditure will be much higher in the last quarter and that the total outturn for the year may reach £100,000. If it is required, additional funding of up to £20,000 will be requested to brought forward from the allocation of £150,000 agreed for 2017/18.
Total	80	60	55			

**2016/17 DIRECTORATE CAPITAL MONITORING -
MAJOR SCHEMES**

HOUSE BUILDING PHASE 1										
Original Start on Site Date	Original Finish Date	Actual Start on Site Date	Proposed Finish Date	Original Pre-Tender Forecast	Updates	Original Approved Budget	Actual Expenditure to Date	Anticipated Outturn	Variance Anticipated Outturn to Approved Budget	Approved Budget Underspent to Date
				£'000 (A)	£'000 (B)	£'000 (C)	£'000 (D)	£'000 (E)	£'000 (E-C)/Cx100	£'000 (C-D)
Apr-14	Jun-15	Oct-14	Sep-17	3,948	-429	3,519	2,768	5,919	68%	751

Work started on phase 1 of the Council's Housebuilding Programme in October 2014 to construct 23 new homes for rent. This included 14 houses and 9 flats on four different sites in Waltham Abbey. However, the works did not progress in line with the original contract period, which had a completion date of 13 November 2015. A certificate of non-completion was served on the contractor Broadway Construction Ltd, and liquidated and ascertained damages were deducted from each payment at a rate of around £10,200 per week thereafter. These damages were set to reflect the loss of rent for the properties and the cost of employing consultants to continue to manage the contract.

On 1 June 2016, with approximately two-thirds of the value of works completed, the Council terminated the contract with Broadway Construction Ltd as they were not regularly and diligently progressing with the works. In September, the Council House-building Cabinet Committee agreed the appointment of P A Finlay & Co Ltd for the recovery phase of the construction works at Phase 1 in the negotiated contract sum of £2,674,335. At the time, an additional contingency sum of £267,400 was included in the budget to allow for any unforeseen works. Having assessed the situation, the final account is anticipated to be £3,122,025; this being 6.8% over the revised budget. This is largely due to remediation works to the contaminated ground, which was not progressed by Broadway Construction as it should have been. To allow for the increase, the anticipated outturn figure for the whole scheme, including the payments made to Broadway Construction Ltd and all fees, has been increased to £5,719,000 which includes a smaller contingency sum of £20,000.

The target completion dates are: Roundhills Site 4 - March 2017; Red Cross Site (houses) - May 2017; Roundhills Site 7 - May 2017; Harveyfields - June 2017; and Red Cross Site (Duplex Units) - September 2017.

HOUSE BUILDING PHASE 2										
Original Start on Site Date	Original Finish Date	Actual Start on Site Date	Proposed Finish Date	Original Pre-Tender Forecast	Updates	Original Approved Budget	Actual Expenditure to Date	Anticipated Outturn	Variance Anticipated Outturn to Approved Budget	Approved Budget Underspent to Date
				£'000 (A)	£'000 (B)	£'000 (C)	£'000 (D)	£'000 (E)	£'000 (E-C)/Cx100	£'000 (C-D)
Feb-16	Mar-18	Mar-16	Apr-18	9,110	1,723	10,833	1,657	11,216	4%	9,176

Phase 2 of the Housebuilding Programme is now progressing, having achieved planning permission in September 2015 for 51 new affordable homes at Burton Road Loughton. The Contract was awarded to Mullalley & Co Ltd following a competitive tendering exercise in November 2015 in line with the Council's Contract Standing Orders based on price and quality. Interviews were also undertaken as part of this evaluation, attended by the Housing Portfolio Holder. The contract commenced in March 2016 in the adjusted tender sum of £9,847,179 based on a design and build contract with a contract period of 105 weeks. This compared to a pre-tender estimate of £8,125,000, which was based on rates in the second quarter of 2015, without any inflationary uplift. The lowest tender as originally received was around 16% above the estimated cost and it was the view of Pellings LLP that this was due to a number of inflationary pressures affecting the construction sector.

Mullalley & Co Ltd took possession of the site in March 2016 with work commencing on site in July 2016 having discharged the planning conditions and completing the detailed designs. In order to satisfy the planning conditions around ground contamination, trial excavations revealed contaminated ground below the garages and the forecourt slabs. At the time of writing, delays of around 14-weeks are likely as a result of this additional work. The additional costs are estimated to be around £500,000 and the anticipated outturn has been updated to take this into account. However, the total cost of the works are currently being reviewed and estimates will be amended as appropriate. The Council has not yet received a claim for an extension of time, so the contract completion date remains at April 2018.

**2016/17 DIRECTORATE CAPITAL MONITORING -
MAJOR SCHEMES**

EPHING FOREST SHOPPING PARK										
Original Start on Site Date	Original Finish Date	Actual Start on Site Date	Proposed Finish Date	Original Pre- Tender Forecast	Updates	Original Approved Budget	Actual Expenditure to Date	Anticipated Outturn	Variance Anticipated Outturn to Approved Budget	Approved Budget Underspent to Date
				£'000 (A)	£'000 (B)	£'000 (C)	£'000 (D)	£'000 (E)	£'000 (E-C)/(Cx100)	£'000 (C-D)
Mar-16	Oct-16	Sep-16	Jun-17	31,161	0	31,161	15,906	31,161	0%	15,255
<p>The project budget includes the initial budgets approved for all preliminary costs incurred since 2010/11 plus the supplementary capital estimate of £30,636,000 approved by Cabinet in June 2015. It covers the purchase of Polofind's interest in July 2015, the development of the site at Langston Road by the Council as a sole owner, the costs allocated for Section 278 Highways Works as well as consultancy and other professional fees.</p> <p>The contract for the main works was signed on 28 October 2016 at an agreed sum of £10,300,000 and the contractor McLaughlin and Harvey commenced works in September 2016. They have made good progress on the construction of the retail units and are on programme with only minor cost variations, largely arising from tenant requirements. The site was cleared and construction of the retaining wall to the rear of the service yard and piling was completed in December 2016. The steel frame has been erected and the work to clad the roof and walls to achieve a water-tight building will be largely finished by the end of February 2017. The car park has had the base coat laid and all services and utility ducting has been provided. At present there are no reported delays or cost overruns on the main contract and it is anticipated that the building will be ready for tenant fit-out by the end of June 2017.</p> <p>The Section 278 road improvement works still represent the largest risk to the project with delays attributable to changing requirements from the Highways Authority. The main variations to the original design and programme have resulted from the restrictions on working in the carriageway, revised drainage requirements and the re-location of the high pressure gas main. These variations will result in further additional costs, although high level meetings are due to take place to negotiate and mitigate the financial impact of the changes while Highways work is now not envisaged to complete until late August 2017.</p> <p>Anchor tenants are largely secured and it is anticipated the agreements for lease and tenant fit-out specifications on five of the tenants will be completed before the end of March 2017. The units not under offer are continuing to be marketed. The Shopping Park is planned to open in September 2017 and the latest development appraisal still indicates a good return from the Council's investment.</p>										

Report to the Resources Select Committee

Date of meeting: 28 March 2017



Portfolio: Technology & Support Services

Subject: Information and Communications Technology (ICT) Update

Responsible Officer: David Newton (01992 564580).

Democratic Services Officer: Adrian Hendry (01992 564246).

Recommendations/Decisions Required:

To note the progress on ICT projects during 2016/2017.

Executive Summary:

Work on projects within the ICT Strategy for 2013/2018 is still on-going and this report gives an update on progress. Last year 91% of projects were completed on time. This year has seen ICT concentrating on strengthening the resilience of both systems and infrastructure with a number of key systems being out hosted.

As this existing strategy nears completion, work has already started on the next iteration of the ICT Strategy 2018/2023 which will be presented to Cabinet in due course. Cloud based options for both systems and infrastructure are already featuring heavily. In the near future, most software products will only be available via subscription payments. Historically, software has been purchased outright from capital but this change in supplier behaviour will necessitate a switch to revenue expenditure.

Reasons for Proposed Decision:

The terms of reference of the panel include – ‘to monitor and review progress on the implementation of all major ICT systems’.

Other Options for Action:

Members’ could ask for further detailed information on any of the schemes summarised on the following pages.

1. Desktop printer replacement

Project description; At the commencement of this project, there were approximately 140 printers in the EFDC estate, a ratio of approximately 1 printer for every 4 members of staff. The cost of both consumables and ICT support had become unsustainable.

Situation Report; As part of the ICT Strategy and the Transformation Programme, these individual desktop printers have now been replaced with 26 high performance Multi-Functional Devices (MFD's) generating a saving of £20,000 per annum. All the MFD's are now in place and the majority of desktop printers and spare cartridges removed awaiting disposal. Due to the number of printers and cartridges involved, a number of companies have been approached to sell these on our behalf. Approximately 15 desktop printers remain in place due to letter template issues associated with some of the more complicated core systems. ICT are confident that any issues can be resolved and that the remaining printers will be removed within the next 4 months. This is the first major project of the transformation programme to have been completed.

2. UAV (Drones)

Project description; Following a report to Cabinet the council agreed to purchase 2 Unmanned Aerial Vehicle (UAV) under the 'Invest To Save' scheme. The report highlighted many areas where cost savings can be achieved through innovative technical solutions (such as various aerial surveys, 3D modelling and compliance uses) and savings to officer time, along with potential for income generation by selling services, photos and videos.

Situation Report; EFDC now have one Civil Aviation Authority (CAA) qualified 'pilot' and an additional staff member will be CAA qualified shortly. This process has taken approximately 6 months and involved the production of detailed procedure and flight manuals, a written examination and finally a test flight monitored by qualified examiners.

The first flight for Planning Enforcement has now successfully taken place. There are 30 pending Planning Enforcement flight requests. Each flight needs careful planning, with permission required from owners to use their land for take-off and landing sites and in a lot of cases, approval from Stansted Airport to fly in their airspace. UAV flights are publicised on the EFDC website on the day the flights are due to take place.

It is anticipated that at least 2 flights a week will be achievable in the near future. As well as Planning Enforcement, requests have been received from Housing for roofing surveys and external organisations have also expressed interest in hiring the UAV service, with ICT receiving approaches from both Essex County Council and the Forestry Commission.

3. Website out hosting

Project description; To enable the continued dissemination of information in the event of losing internet connectivity to the Civic Offices.

Situation Report; The website is now completely hosted at an external site. In the event of a disaster recovery situation members, staff and residents can be kept informed as the website will be unaffected. The website has been out hosted for 2 months, with only a 2 minute interruption to availability during this time.

4. SIP trunking – telephone system out hosting

Project description; To enable telephone communications to continue in the event of a

disaster at the Civic Offices.

Situation Report; SIP trunking is effectively a process of sending and receiving telephone calls using the internet. This has replaced our traditional and expensive ISDN connections for the telephone system. As well as generating a £12,000 per annum saving, this solution has the added advantage of enabling telephone extensions to be redirected very quickly to any alternative number. Priority numbers would typically be redirected in less than one day.

5. Mod.Gov – Committee Management system out hosting

Project description; To ensure that the democratic process can continue in the event of the loss of the Civic Offices.

Situation Report; The out hosting project proved problematic for our supplier, with the transfer taking longer than anticipated and a number of issues causing access problems following the system going live. These problems have been resolved and the system is now stable.

6. GOOD/Blackberry – product development

Project description; Improving remote access to emails and calendars.

Situation Report; GOOD has recently been acquired by Blackberry and is now known as 'Blackberry WORK'. The product is currently undergoing a number of changes. ICT have now implemented the first stage, which although mainly cosmetic, has introduced faster response times, better search facilities and the ability to share calendars.

Further enhancements such as the ability to print locally and the ability to use other applications such as Microsoft Office within the secure Blackberry container are planned for future releases.

7. Storage solution for public facing servers

Project description; With the increase in remote working and system integration with external partners, the secure environment which holds our public facing servers will need to have sufficient storage space available. This project will add capacity and improve performance and resilience.

Situation Report; The new storage solution has been successfully implemented and has increased the disk storage available by 9 Terabytes.

8. Upgrade of the general ledger system

Project description; E-Financials is our general ledger system, the current version was unsupported and required a chargeable upgrade to get us onto the latest supported version, which also offered greater functionality.

Situation Report; The E-Financial system has been upgraded and is now on the most recent, supported version. The additional functionality allows spreadsheets to be seamlessly uploaded into the system and allows for an improved bank reconciliation process.

9. Essential security enhancements

Project description; A number of security devices and appliances are in use to protect our ICT infrastructure from external threats. Two key items needed replacement in order to meet the

requirements of the PSN (Public Sector Network) code of connection, and also to ensure the safe operation of our systems.

Situation Report; All devices are now in place. These have not only improved security, but have also reduced the load on our internet gateway by approximately 40% increasing the resilience of this vital connection.

Resource Implications:

The proposed ICT Work Programme and resource requirements are presented to Cabinet each year.

Legal and Governance Implications:

None

Safer, Cleaner and Greener Implications:

None

Consultation Undertaken:

Liaison and presentations to Leadership Team.

Background Papers:

ICT Strategy – 2013/2018

Report to Cabinet October 2015 (for 2016/17)

Impact Assessments:Risk Management

All projects are assessed on an individual basis and a risk capture sheet is contained within the latest ICT Business Plan.

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Report to the Resources Select Committee

Date of meeting: 28 March 2017

Portfolio: Technology and Support Services

Subject: Telephone Monitoring Statistics



Responsible Officer: David Newton (01992 564580).

Democratic Services Officer: Adrian Hendry (01992 564246).

Recommendations/Decisions Required:

To note the telephone monitoring statistics covering the period April 2016 to January 2017

Executive Summary:

The Resources Select Committee have previously requested that the following statistics are reported on a quarterly basis;

- i) The percentage of abandoned calls; and
- ii) The number of calls sent directly to the voicemail system.

Reasons for Proposed Decision:

The Resources Select Committee have requested an update on the progress made with regard to monitoring the telephone statistics.

Other Options for Action:

None.

Report:

1. To assist in identifying trends in call handling, Appendix 1 shows the monthly breakdown of abandoned & voicemail calls as a percentage in a graphical format. Appendix 2 is a graphical representation of total calls answered, abandoned and sent to voicemail. The figures for April to January for both 2015/2016 and 2016/2017 have been included for comparison.

2. ICT continues to work with all directorates to assist in identifying best working practices using the Shoretel system. The statistics below highlight a significant reduction in calls compared to the previous year, although this is not surprising given the difficulties with the waste contractor last year. With the reduction in the number of calls far fewer calls are being abandoned and there seems a much greater willingness amongst our customers to now use voicemail.

3. The Head of Customer Services is now in place and the restructuring of some customer facing services has commenced. Consequently, the telephone workgroups currently reported on are unlikely to remain in their existing design from April 2017. It is anticipated that the next telephone monitoring statistics report to the Resources Select Committee will explain these changes and suggest alternatives to the current reporting format.

Monitoring for the period from 1 April to 31 January.

	Average calls per month	% Abandoned	% Voicemail
2015/2016	30,462	7.9	6.3
2016/2017	27,210	4.6	7.2

Point in time comparison for January.

	Answered	Abandoned	Voicemail
2016	23,661	1,552	1,364
%	89.0	5.8	5.1
2017	24,612	1,524	1,796
%	88.0	5.5	6.4

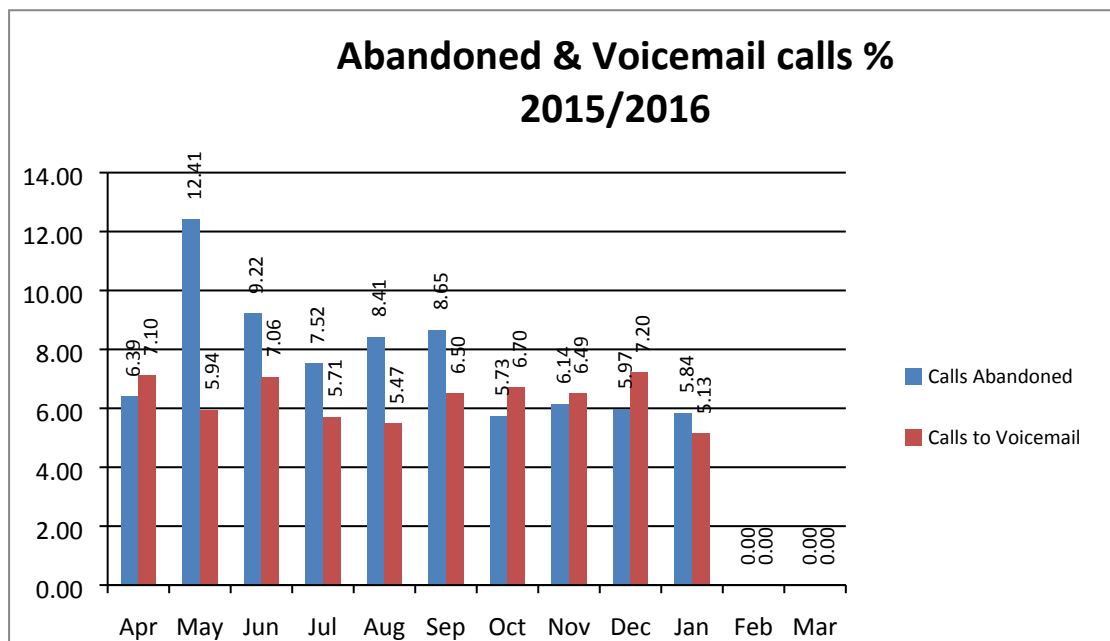
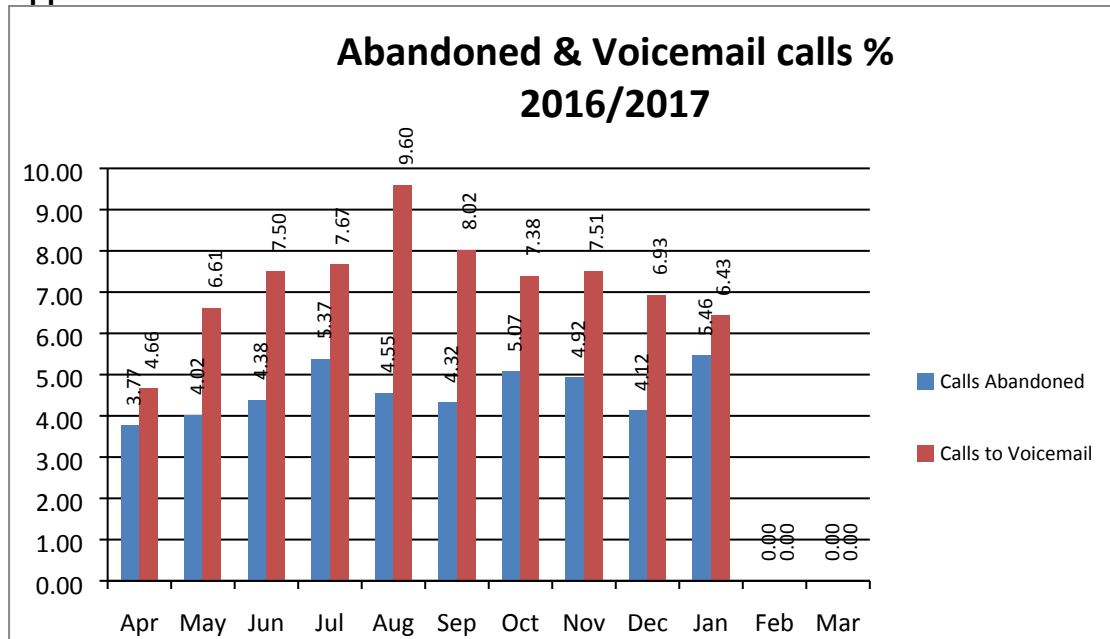
Consultation Undertaken:

None required.

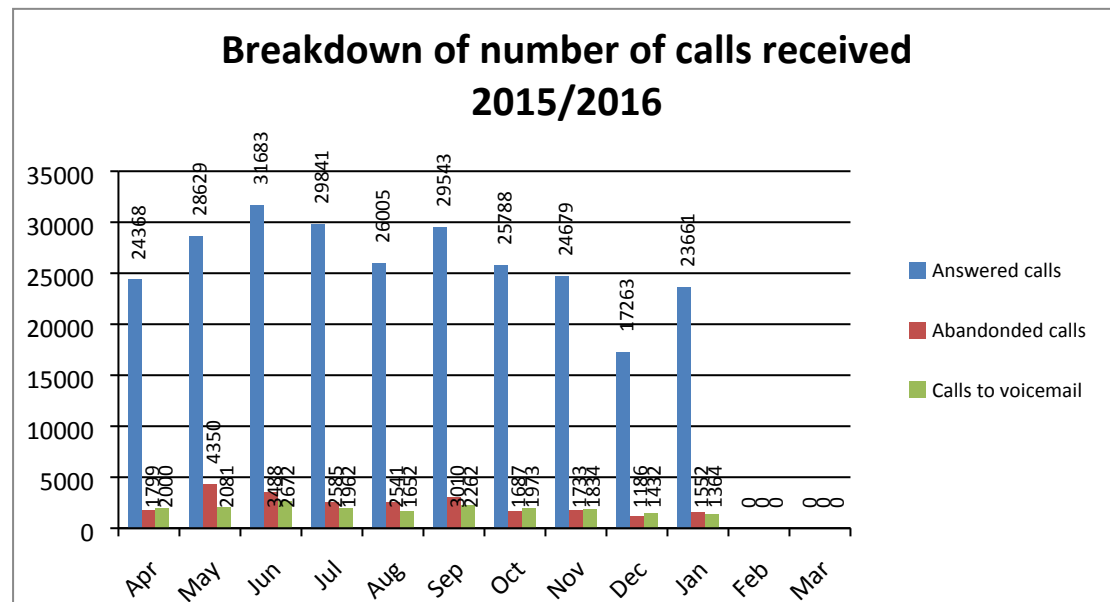
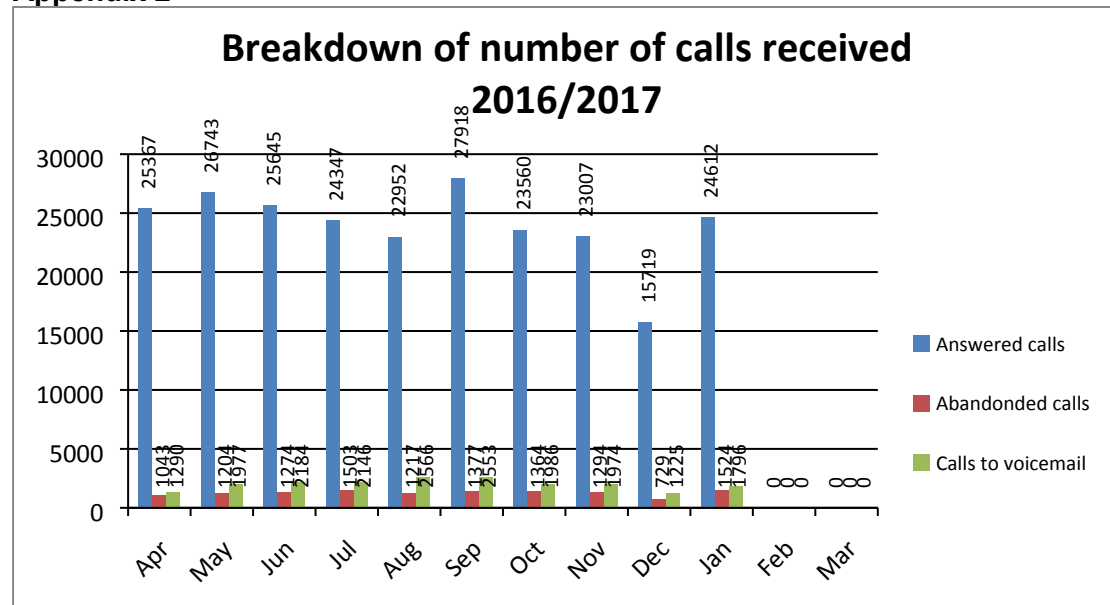
Background Papers:

RSC minutes of meeting 10th October 2016

Appendix 1



Appendix 2



Report to the Resources Select Committee

Date of meeting: 28 March 2017

Portfolio: Finance

Subject: Agency Staff and Consultancy



Officer contact for further information: Peter Maddock – (01992 - 56 4602)

Democratic Services Officer: Adrian Hendry - (01992 - 56 4246)

Recommendations

That members note the report and comment as appropriate

Executive Summary

The report provides information on the Cost of Consultants and Agency staff for both 2015/16 and up to the end of February for 2016/17. The schedules show the areas where they have worked and how much has been spent in those areas. Within the report there is some further detail and information to provide some context where possible.

Reasons for proposed action

Members are asked to note the report and comment as appropriate

Other options for action

No other options applicable.

Report

1. The Council on occasions needs employ people either on a temporary basis or for a particular project. The former situation can be for peaks in workload or to cover maternity and longer term sickness. The latter is for short term specific projects when the expertise does not exist in house and to employ someone for such a short term is impractical.
2. Such expenditure is recorded on the Council's finance system such that it is easily identifiable. However a reasonableness check has also been carried out to make sure that as far as possible the amounts recorded meet either the definition of an Agency worker or a consultant. Some commentary is provided below on a directorate by directorate basis and attached are two appendices with more detail on the areas where such costs have been charged.
3. From the new tax year there are new arrangements regarding the accounting for tax and national insurance that may apply to some of the contracts referred to in this report. Information is given on what these changes are and how it is established whether a particular contract is affected by the changes. The legislation is referred to as Intermediaries legislation (IR35).

Communities

4. Expenditure in 2015/16 was £95,000 and in 2016/17 £193,000. Most of this expenditure was for temporary agency cover with more occurring in 2016/17 than 2015/16. There is also more consultancy expenditure on Housebuilding and the HRA Business Plan in this financial year due to additional work required.

Governance

5. Expenditure in 2015/16 was £98,000 and in 2016/17 £94,000. Expenditure falls into three areas Legal, Building Control and Development Control. There is a mixture of both agency and consultancy in all three areas but the largest proportion of expenditure is for specialist legal advice that is required from time to time when the need arises. There is a budget provided each year for this purpose which in 2015/16 was slightly underspent and based on the latest position looks likely to be underspent this year too.

Neighbourhoods

6. Expenditure in 2015/16 was £913,000 and in 2016/17 £1,448,000. Expenditure in Neighbourhoods is far higher than other directorates but given the areas they deal with this is not entirely surprising.

7. Expenditure relating to the local plan was £301,000 in 2015/16 but £917,000 so far this year. The nature of the local plan is that a significant number of consultants are required to carry out pieces of work to provide the evidence on which the plan is based. 2015/16 and the first half of 2016/17 was spent completing the draft plan and carrying out the sustainability appraisal followed by a two month consultation period ending on 12 December 2016. The preparation of the submission plan and sustainability appraisal will take up the whole of 2017 with final adoption expected to be in the Autumn 2019. There has therefore been significant expenditure required to reach the consultation stage and further significant expenditure will be needed to meet the proposed timetable with completion still around two and a half years away.

8. As well as the various consultants costs temporary staffing has also been necessary to cover the maternity of the Assistant Director of Planning Policy and other planning staff as it has proved extremely difficult to recruit and retain the necessary staff to ensure that the Local Plan work continues.

9. Expenditure in the Estates division has also been quite significant £183,000 in 2015/16 and £269,000 in 2016/17. The majority of this is on agency staff as again it has proved extremely difficult to recruit and retain the necessary staff. There has, and continues to be, significant additional income generated by the Council's property holdings that are managed by this team which has more than compensated for the additional cost employing the staff concerned. For example the team has worked on the St Winston Churchill Development, David Lloyd Centre lease renewal and the Glyn Hopkins lease renewal amongst others all of which have generated additional income to the Council.

10. There has also been a drive to make better use of Council Assets which has involved a number of pieces of work being carried out to establish how this might be achieved. Expenditure in 2015/16 was £287,000, including work undertaken at North Weald Airfield, and in 2016/17 £147,000, including time spent dealing with the St John's Road development. There is also some consultant expenditure relating to the Leisure and car parking contracts. The former expected to yield savings in excess of £1 million.

Resources

11. Expenditure in 2015/16 was £342,000 and in 2016/17 £258,000. The figures include external training providers, the Council's treasury advisors, ad hoc VAT advice and a number

of temporary agency costs. The most significant areas in the latter category relate to additional staffing in revenues and benefits that are funded from the agreement with major preceptors rather than the Council itself.

Chief Executive

12. The only expenditure showing here relates to 2016/17 and the Accommodation Review (£82,500).

Intermediaries legislation (IR35)

13. IR35 was introduced in April 2000 to combat disguised employment. It stopped permanent employees leaving their employment one day and returning to their desks the next day as a limited company contractor and gaining the tax and benefits of running their own limited company.

14. The draft Finance Bill 2017 introduces a new Chapter 10 into the Income Tax Earnings and Pensions Act 2003 which will be known as 'Workers services provided to public sector through intermediaries'.

15. Broadly speaking, the legislation maintains that if the individual 'looks and smells like an employee' i.e. would have been an employee, but for the fact that their services are provided via the intermediary, they should be taxed as if they were an employee.

16. Currently, these changes are only where the client is a public body.

17. From the 6 April 2017 the public sector will have responsibility for deciding whether an individual who is personally providing a service falls in or out of scope of IR35; and in certain circumstances liable for deducting tax and National Insurance Contributions (NICs) at source. Currently this responsibility falls to the individual themselves.

18. The first assessment is to decide whether the intermediary is a Personal Services Company if so then an employment status check has to be carried out.

19. The main features of the employment status test are;

(a) Do they have to provide the service personally or can they be substituted?

(b) How much control does the Council have over when, where, how the work is carried out? Are they covering/fulfilling a role on the Council's structure?

(c) Is there a mutuality of obligation on both parties? i.e. is there an obligation for the Council to offer the work or for the individual to accept the work.

(d) Does the individual carry any of the financial risk? i.e. Is the individual able to make more profit by more efficient working, or incur loss if overruns on time, or if required to rectify defects in own time?

(e) Are they using their own or equipment provided by the Council? This would include, IT equipment, a desk/office etc.

(f) Are they part and parcel of the organisation? Do they have access to the Council's email system? Do they get invited to the Christmas lunch?

(g) What is the intention of the parties regarding employment status? Is the contract specific?

20. The answers to the first three questions are likely to determine whether or not the person falls within the scope of IR35 assuming they have met the first test. If both tests are

met then the council becomes liable for the Tax and NIC Contributions in relation to those people.

21. There are expected to be a few contracts with the Council that will be subject to the new arrangements and how we manage these going forward needs to be decided. There will also potentially be an additional administrative burden placed on the Council as a result. A verbal update will be provided on this point.

Conclusion

22. Consultants and agency staff are used for a number of reasons and in most cases are either for short term cover arrangements or specific projects which are short term in nature and require expertise that the Council does not have in house.

Consultations Undertaken

Information has been provided to each Director for their observations and comments.

Resource Implications

The report refers to the cost of agency staff and Consultants in some cases specific budget is provided in other cases costs of agency staff have to be funded from salary savings.

Legal and Governance Implications

The Council has to comply with the additional requirements from April 2017 and some legal advice may be required, which can be met from existing budgets.

Safer, Cleaner, Greener Implications

Nothing specifically identified.

Background Papers

Various working papers held in Accountancy.

Impact Assessments

Risk Management

With regard to the additional IR35 requirements there may be some amendments necessary to exiting procedures to ensure the Council fulfils its requirements properly as failure to do so may result in a fine being imposed by HMRC.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties; reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? No

What equality implications were identified through the Equality Impact Assessment process? None

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?

N/A

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Agency & Consultancy 2015/16

	Governance Communities		Neighbourhoods	Resources	Total
Description	£	£	£	£	£
Legal	51,760.83				51,760.83
Building Control	30,083.65				30,083.65
Development Control	16,013.04				16,013.04
Housing options		10,412.75			10,412.75
Housing Maintenance		20,935.50			20,935.50
Housing Repairs		5,194.62			5,194.62
Housing Management		17,224.76			17,224.76
House Building		11,677.13			11,677.13
Repairs Fund		11,497.50			11,497.50
Policy & Management		4,322.60			4,322.60
Hsg computer systems		13,867.50			13,867.50
Estates			182,898.71		182,898.71
Waste Management			15,807.09		15,807.09
Land Drainage			22,977.11		22,977.11
Grounds maintenance			60,764.27		60,764.27
LSP			1,064.88		1,064.88
Local Plan			300,756.82		300,756.82
Off Street Parking			3,598.75		3,598.75
Asset Rationalisation			261,539.51		261,539.51
Economic Development			7,996.81		7,996.81
North Weald Strategy			25,753.13		25,753.13
Leisure Contract			29,500.00		29,500.00
HR (Training)				57,440.64	57,440.64
Facilities Management				9,305.15	9,305.15
Housing Benefits				67,848.25	67,848.25
Revenues				139,388.91	139,388.91
Accountancy				21,174.00	21,174.00
Treasury				25,500.00	25,500.00
ICT				21,697.50	21,697.50
	97,857.52	95,132.36	912,657.08	342,354.45	1,448,001.41

Agency & Consultancy 2016/17 (April to February)

	Governance	Communities	Neighbourhoods	Resources	Chief Executive	Total
Description	£	£	£	£	£	£
Legal	41,933.37					41,933.37
Building Control	22,103.00					22,103.00
Development Control	29,488.00					29,488.00
Housing admin		19,780.02				19,780.02
Housing options		36,537.25				36,537.25
Housing Maintenance		22,673.77				22,673.77
Housing Repairs		15,022.12				15,022.12
Housing Management		17,749.58				17,749.58
House Building		61,570.50				61,570.50
Repairs Fund		10,135.00				10,135.00
Policy & Management		6,346.80				6,346.80
Hsg computer systems		3,500.00				3,500.00
Estates			268,709.95			268,709.95
Licensing			2,485.75			2,485.75
Land Drainage			15,376.89			15,376.89
Grounds maintenance			79,930.74			79,930.74
Local Plan			916,632.86			916,632.86
Off Street Parking			18,825.00			18,825.00
Asset Rationalisation			146,533.59			146,533.59
HR (Training)				56,341.06		56,341.06
Facilities Management				44,766.11		44,766.11
Housing Benefits				32,143.75		32,143.75
Revenues				46,921.46		46,921.46
Accountancy				34,807.15		34,807.15
Treasury				26,500.00		26,500.00
ICT				16,253.95		16,253.95
Accommodation Reveiw					82,500.00	82,500.00
	93,524.37	193,315.04	1,448,494.78	257,733.48	0.00	1,993,067.67