3. FINANCE AND PERFORMANCE MANAGEMENT STANDING PANEL

The Finance and Performance Management Scrutiny Panel consisted of the following Members:

Councillor A Church (Chairman)
Councillor A Mitchell (Vice Chairman)
Councillors K Angold-Stephens, D Dorrell, J Knapman, H Mann, G Mohindra; H Ulkun, Jon Whitehouse, S Watson and E Webster

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

Terms of Reference

Performance Management

1. To review Key Performance Indicator (KPI) outturn results for the previous year, at the commencement of each municipal year;

2. To identify on an annual basis, subject to the concurrence of the Finance and Performance Management Cabinet Committee:

    (a) a basket of KPIs important to the improvement of the Council's services and the achievement of its key objectives; and

    (b) the performance targets and monitoring frequency of the KPIs for each year.

3. To review performance against the adopted KPIs on a quarterly basis throughout each year, and to make recommendations for corrective action in relation to areas of slippage or under performance;

Public Consultation and Engagement

4. To develop arrangements as required, for the Council to directly engage local communities in shaping the future direction of its services, to ensure that they are responsive to local need;

5. To annually review details of the consultation and engagement exercises undertaken by the Council over the previous year;

Finance

6. To consider the draft portfolio 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;

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

Information and Communications Technology

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

Value for Money

9. To consider a regular analysis of 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; and

Equality

10. To annually review the achievement of the Council's equality objectives for 2012/13 to 2015/16, and progress in relation to other equality issues and initiatives.

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

(i) Key Performance Indicators 2013/14 – The outturn report on the key performance indicators adopted by the Council for 2013/14 went to Panel's July's meeting. The meeting noted that a range of thirty five Key Performance Indicators had been adopted by the Finance and Performance Management Cabinet Committee in March 2013.

The position in regard to the KPIs for the end of the year was as follows:

a) 28 (80%) indicators achieved the cumulative target; and
b) 7 (20%) indicators did not achieve the cumulative target, although 2 of these indicators performed within the agreed tolerance for that indicator.

Members were reminded that as part of the Overview and Scrutiny Review undertaken in 2013/14, changes had been made to the existing arrangements for the quarterly review of KPI performance.

From the first quarter of the year, four of the existing Scrutiny Panels (Finance and Performance Management, Housing, Planning, and Safer Cleaner and Greener) will each be responsible for the review of quarterly performance against relevant KPIs, rather than all indicators being considered by the Finance and Performance Management Scrutiny Panel.

(ii) Sickness Absence 2013/14 (final figures) – At their July, 2014 the Panel received a sickness absence report for quarters 3 and 4 for 2013/14. The Panel noted that the Council's target for sickness absence under KPI10 for 2013/14 was an average of 7.25 days per employee. The final overall outturn figure of 7.01 days was below the target of 7.25 days for the year.

(iii) Consultation and Engagement – The Panel received the annual report on the public consultations carried out during 2013/14.

Every year a list of consultation planned and carried out by the Council was published on the website and brought to the attention of this Panel.

The Consultation Register was a list of the most recent exercises, which have been carried out on behalf of the Council or by the Council in the last financial year.

It was noted that some new policies and initiatives had been consulted on such as the Introduction to Annual Site Licence Fees for Permanent Residential Park Homes; and the HealthWorks Survey (Healthworks was a health improvement and well-being project for young people aged 11 to 19, and encourages them to adopt healthier lifestyles, providing a range of activities, workshops and courses).

The Panel noted that the Council had undertaken 6 statutory surveys and had planned a further 2 so far this year. It had also carried out 4 discretionary surveys.

Costs were being kept low by using resources in-house and using online technology. Three statutory surveys made up the bulk of the costs involved in public engagement which totalled £111,000; the ‘Local Plan Preferred Options’ consultation planned for December, involved the highest costs mentioned in the report of £90k.

Judgement on whether or not to include a consultation on the register should be relative to the impact and local sensitivity of the subject. For example if the changes being proposed are likely to be either:

- contentious,
- an expensive project,
- a possible cause for complaint,
- effect a lot of people,
- controversial;
- or a possible nuisance to residents

then they would be included on the register, however small they were.

More emphasis had been given to data protection in consultation**.** Further monitoring would be carried out to ensure this happened.

Online consultation was steadily becoming more advanced and the Council was starting to use WebHost, which was Cloud technology and gave more control and faster recovery of data and analysis.

Further use of Social Media for consultation purposes was being researched to see if the feedback or publicity aspects were a useful source of public engagement and or feedback.

(iv) Provisional Capital Outturn for 2013/14 – This report set out the Council’s capital programme for 2013/14, in terms of expenditure and financing, and compared the provisional outturn figures with the revised estimates. The revised estimates, which were based on the Capital Programme, represented those adopted by the Council in February 2014.

The Council’s total investment on capital schemes in 2013/14 was £13,006,000, compared to a revised estimate of £15,610,000. The largest underspends were experienced on General Fund projects, virtually all of which were underspent.

(v) Provisional Revenue Outturn for 2013/14 - This provided an overall summary of the revenue outturn for the financial year. The Panel noted that the net expenditure of the Continuing Services Budget (CSB) for 2013/14 totalled £14.219 million, which was £149,000 (1.0%) below the original estimate and £265,000 (1.9%) below the revised. When compared to a gross expenditure budget of approximately £75 million, the variances can be restated as 0.2% and 0.35% respectively.

There were also improvements in the funding position as this showed an increase of £286,000, however this was not the full story as movements between the Collection Fund (where Council Tax and Business Rates are accounted for) and the General Fund are governed by specific regulations.

The Panel noted that when HRA Self Financing was introduced it became clear that more money would be available for service improvements and enhancements. Each year an amount was allocated for service enhancement based on the likely funding available. There was an underspend on the programme last year and therefore £112,000 was requested for carry forward into 2014/15.

(vi) Key Performance Indicators – Performance by Quarters – The Panel noted that from this year, each Scrutiny Panel would be receiving their own performance indicators to review on a quarterly basis. Through the year the Panel received a quarterly update on their own set of indicators.

Eleven of the Key Performance Indicators fell within the F&PM SP areas of responsibility.

By their last meeting the Panel had the third quarter results for the KPIs specific to their Panel for 2014/15 and noted that:

(a) 6 (55%) indicators achieved the cumulative third quarter target, and
(b) 5 (45%) indicators did not achieve the cumulative third quarter target.
(c) 7 (64%) were currently anticipated to achieve the cumulative year-end target.

(vii) Quarterly Financial Monitoring – the Panel also received quarterly updates on the financial state of the council.

They noted that the new Business Rates Retention scheme was in its second year whereby a proportion of rates collected were retained by the Council. By the end of June 2014 the figures were looking good with the Council retaining funding of £40,680; but this might not continue depending on the number of claims from small businesses that were received.

(viii) Performance Monitoring – Call Handling – The report on call handling performance that was produced in response to a request made by this Panel at their March meeting. They had wanted to know how long would a member of the public have to wait before they were answered by the switchboard. They noted that our new telephone system was now live and capable of producing very detailed management information. However it was noted that although a report on switchboard times was possible the majority of calls now bypass the switchboard and go to direct dial extensions. It would be more beneficial to monitor what happens following the switchboard transferring a call.

ICT staff had only just been trained in the use of this new monitoring system and on the subsequent production of reports. They were now looking to members to give a steer as to what they would like to have monitored. Officers could then produce regular reports monitoring as appropriate.

By their March 2015 meeting the Council's new telephone system was live and could produce various monitoring information. Following the introduction of a number of auto attendants (menu assisted calls), a large number of calls now bypass the switchboard and go straight to directorate contact centres and workgroups.

They noted that other authorities that had telephone systems like us tended to favour reporting on:

a. The percentage of abandoned calls (subject to a minimum of 4 rings); and
b. The number of calls sent directly to the voicemail system.

ICT tended to favour these indicators that specifically relate to the service callers were receiving. During January, 35,388 calls were received – 9.8% of these were classified as abandoned with 4.22% of calls going directly to voicemail. This may be something that the Panel would want to monitor. The Panel agreed that these would be appropriate points to monitor in the coming year.

(ix) Financial Issues Paper - This provided the initial framework for starting the 2015/16 budget. It had been to the Cabinet Finance Committee in July and was here for the Panel comments on the initial budgetary structure for 2015/16.

The report took the members through the General Fund Outturn for 2013-14, the updated Medium Term Financial Strategy and the Continuing Services Budget. It also went through central government funding, noting that significant changes had happened at the start of 2013/14 and we were only a year and a half into these changes. It was noted that as part of abolishing Council Tax Benefit and introducing Local Council Tax Support (LCTS), the DCLG had to determine whether parish Councils would be affected by the reduction in council tax base or left outside the calculations. However, despite the consultation response on the scheme being massively in favour of tax base adjustments only at district level, the DCLG decided that parish councils should also be affected. One of the problems with this decision was that DCLG did not have a legal power to make grant payments directly to parish councils. This meant the funding for these councils had to be included in the grants to districts and it was then for districts to determine how much of the grant was passed on. Members determined that parish councils should be fully protected from this change for 2013/14, a decision that was not shared by many authorities across the country.

It was noted that half of the Business rates retention was kept locally, 40% to EFDC, 9% to Essex County Council and 1% to the Essex Fire Authority; and 50% went to Central Government.

As the billing authority we were responsible for collecting the money and then paying it over. However, as our share (£12,755,334) exceeds the amount of our funding deemed to come from retained business rates (£2,909,311) the excess (£9,846,023) was also paid to Central Government as a "Tariff". The tariffs are used to provide "Top Ups" to those authorities whose non-domestic rate income was lower than their deemed funding from business rates. Overall this meant we were collecting nearly £32 million but retaining less than £3 million, or just over 9%.

(x) Equality Objectives 2012-2016 – At their November 2014 meeting the Panel noted the quarter 2 progress on the Equality Objective. In 2012 the Cabinet had agreed a range of equality objectives for the four years from 2012 to 2016, designed to help the Council meet the aims of the general duties of the Equality Act (2010) and bring about positive improvements to service design and delivery. The report reflected progress against these objectives as at the end of the second quarter of 2014/15. The achievements of these objectives were supported by an action plan spread across the four year time frame.

(xi) Sickness Absence for 2014/15 – The Panel noted the absence figures for quarters 1 and 2 for 2014/15. It included absence figures for each directorate and the number of employees who had met the trigger level. . It was noted that the figures had taken a bit of a downturn this year; this seemed to be due to several long term absences.

(xii) Equality Information – Workforce Data - This report on Equality Information, generated under action E04.02 of the Council's Equality Objectives 2012-16 to "carry out analysis of workforce data to identify trends and patterns in areas as identified by Corporate Equalities Working Group".

The Panel noted that:

- Women were well represented in the Council's workforce (56.02%) and there was evidence that they were accessing training opportunities and achieving promotion;
- Disabled people were well represented in the Council workforce. The figure was 11.14% for the Council and 10.17% for the district. There was evidence that this group were accessing training opportunities and achieving promotion;
- The Council workforce was older on average than the local population, with 34.06% being in the 45-59 age range;
- 52.97% of Council staff did not wish to disclose their religion or belief. Statistics for the staff that did provide this information show that non-Christian groups are under-represented with 3.05% for the Council and 8.1% for the district; and that
- 51.07% of Council staff did not wish to disclose their sexual orientation. There was no comparative information from the 2011 Census.

(xiv) Fees and Charges 2015/16 - This report that went to the Panel's November 2014 meeting, provided details on the fees and charges that the council levies and what scope, if any, there was to increase any particular charge. This was an annual report produced as part of the annual budget process.

It was noted that:

- The medium term financial strategy had identified the need for savings around £1.5m over the four year period, with £500,000 falling in 2015/16. This may well rise to near £1m;
- Increasing existing fees and charges would help reach the savings target set, however, there were issues to consider such as whether fee increases will drive customers away and have the opposite of the desired effect and actually reduce income;
- The September Retail Prices Index (RPI) has recently been published at 2.3%. Previously this has been used as a guide when setting the level of

increase however other factors such as cost of provision also need to be considered;

- Generally, it was recommended that the majority of fees and charges be increased by the Retail Prices Index (RPI) for September 2014 (2.3%) - rounded up or down as appropriate.

The Panel broadly agreed with the proposed level of the fees and charges for 2015/16, but would like the increase charges to the 'Careline' services to be revisited.

(xv) Commercial Property – Rent Paid – The Panel at its meeting in September 2014 considered KPI GOV002 (Commercial Property – Rent Paid) and noted that the percentage of rent arrears over 90 days was 4.73% against a target of 3% and an explanation was required as to why this figure was below target.

Members were invited to look at how this indicator was presented, it had distorted figures as it included former tenants and historic debts and did not relate to current expected income for the financial year. Targets would need to be adjusted to reflect this, perhaps by breaking it down into two sets of figures.

The Panel, on consideration thought that there was a need for early intervention, a way to see and identify the warning signals.

(See Case Study for full details)

(xvi) ICT Updates – The Panel received update on the Council's Information and Computer Technology systems updating them on the ongoing works and projects of the ICT strategy. Overall the projects were on track and progressing well.
They noted that the Council now had:

- An Auto Attendant telephone system with menu assisted calls;
- There were now mobile applications to enable officers and members to work out of the office;
- The whole council was now covered by wireless connectivity;
- ICT now have out of hours call-out arrangements to enable them to resolve any problems before core working time begins; and
- The Council has now developed its own online booking system for leisure services and this will eventually link in with the Finance system.

(xvii) Financial Monitoring - The Panel undertook quarterly financial monitoring on income and expenditure for quarter three of the financial year. The last quarter would be reported in the new municipal year.

By the end of quarter three it was reported that it would be a surprise if the Council showed an underspend this year.

Case Study – Commercial Property – Rent Paid

At their meeting in September 2014 the Panel considered KPI GOV002 (Commercial Property – Rent Paid) and noted that the percentage of rent arrears over 90 days was 4.73% against a target of 3% and an explanation was required as to why this figure was below target.

The Chief Estates officer noted that:

- The Council had substantial property portfolios;
- This KPI excluded debts under 90 days to enable people to pay;
- There had been resources issues but it was hoped that two Asset Management & Economic Development Assistants, approved by Council in September 2014 would be able to help chase outstanding debts;
- Members were invited to look at how this indicator was presented as it had distorted figures as it included former tenants and historic debts and did not relate to current expected income for the financial year; and
- Targets would need to be adjusted to reflect this, perhaps by breaking it down into two sets of figures.

The Panel considered a list of arrears from current tenants and former tenants and lists of debts that the council's legal services were dealing with. Where it was felt that the situation would not improve, court orders had been obtained for possession of the properties so that the Council could re-let to new tenants. It was noted that some tenants were making regular payments to reduce their debt; or had been paying but had now stopped; there were a number of debts not worth pursuing as they may have gone into administration. If these were taken out, the arrears would go down to below 3%.

The Panel noted that these were only commercial property debts; and that although some went back to 2006, were still listed, but as they were still being paid of, if only a small amount on a regular basis, the Council was still collecting.

Asked if the Council asked for deposits and took due diligence in letting to new tenants, the Chief Estates Officer said that they did exert due diligence and also took a deposit and used it if they have to take re-possession.

The Panel went on to examine certain cases as detailed in the report in more depth to get a better knowledge of the cases outstanding.

The Panel concluded that there was a need for early intervention, a way to see the warning signals. Future problems were hard to identify as the signs were not always clear. Officers did not know the tenants business in detail and had to make judgement calls on this.

The Chairman summed up by saying that the general consensus was that prevention was better. Deposits could be use to pay arrears and if used they should be topped up by the tenants and if they could not, it would be a sign that they were in trouble. This could be used as an indicator. The Panel recommended that the risk management policy for this be reviewed. They would also like the KPI reviewed to consider if the figures should include historic debt which did not relate to the current expected income for the financial year. Targets would need to be adjusted to reflect this.