

O EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Finance and Performance Management Cabinet Committee **Date:** Monday, 20 July 2015

Place: Committee Room 2, Civic Offices, High Street, Epping **Time:** 7.00 - 8.45 pm

Members Present: Councillors S Stavrou (Chairman), A Lion, J Philip, D Stallan and C Whitbread

Other Councillors: Councillors G Mohindra, G Waller and J M Whitehouse

Apologies:

Officers Present: R Palmer (Director of Resources), D Macnab (Deputy Chief Executive and Director of Neighbourhoods), B Copson (Senior Performance Improvement Officer) and R Perrin (Democratic Services Assistant)

8. Declarations of Interest

(a) Pursuant to the Council's Code of Member Conduct, Councillor J M Whitehouse declared a personal interest in item 5, Corporate Plan Key Action Plan 2016/17 of the agenda, by virtue of being a resident in St John's Road, an Epping Town Councillor and Essex County Councillor for Epping and Theydon Bois. The Councillor had determined that his interest was not pecuniary and would remain in the meeting for the consideration of the issue.

(b) Pursuant to the Council's Code of Member Conduct, Councillor C Whitbread declared a personal interest in agenda item 5, Corporate Plan Key Action Plan 2016/17, by virtue of being a resident of Epping. The Councillor had determined that his interest was not pecuniary and would remain in the meeting for the consideration of the issue. In addition, the Councillor repeated the personal statement that he had made to the Cabinet in July 2012 and March 2014 namely:

"(a) in my own response as a local resident to the public consultation, I stated that I was opposed to the provision of a supermarket;

(b) my view has always been that the approved development brief should achieve the twin goals of revitalising the High Street economy and preserving its essential character;

(c) it has never been my view that maximising the financial return on the Council's landholding in that area should be the only objective of the Authority, community benefits are equally important in my mind; and

(d) the decision as to whether a supermarket or indeed any other form of development will form part of the brief is not mine as Leader of the Council but one for the whole Council."

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(c) Pursuant to the Council's Code of Member Conduct, Councillors S Stavrou, J Philip, A Lion, D Stallan, G Mohindra and J M Whitehouse declared a personal interest in item 7.a of the agenda, in so far as it relates to the Local Council Tax Support payable to Parish Councils as they are Parish Councillors. They understood that there are no binding decisions being made by the Sub-Committee at the meeting and therefore would advise that when the decisions were due on this later in the budget cycle, they would seek a dispensation from the Standards Committee to participate.

9. Minutes

Resolved:

(1) That the minutes of the meeting held on 18 June 2015 be taken as read and signed by the Chairman as a correct record.

10. Key Performance Indicators 2014/15 - Outturn

The Senior Performance Improvement Officer presented a report on the outturn performance for the Key Performance Indicators adopted for 2014/15.

The Performance Improvement Officer reported that the Council was required to make arrangements to secure continuous improvement in the way in which its functions and services were exercised, having regard to a combination of economy, efficiency and effectiveness. As part of the duty to secure continuous improvement, a range of Key Performance Indicators (KPI) relevant to the Council's service priorities and key objectives were adopted each year. Performance against all of the KPIs was reviewed on a quarterly basis and had previously been a focus of inspection in external assessments and judgements for the overall progress of the authority.

A range of thirty-six Key Performance Indicators (KPI) was adopted for 2014/15 in March 2014. The KPIs were important to the improvement of the Council's services and the achievement of its key objectives and comprised a combination of former statutory indicators and locally determined performance measures. The aim of the KPIs was to direct improvement effort towards services and the national priorities and local challenges arising from the social, economic and environmental context of the district, that were the focus of the key objectives. Progress in respect of all the KPIs had been reviewed by Management Board by the Select Committees with that area of responsibility at the conclusion of each quarter and service directors reviewed KPI performance with the relevant Portfolio Holder(s) on an on-going basis throughout the year. No indicators were subject to scrutiny at year-end only.

The position with regard to the achievement of target performance for the KPIs at the end of the year (31 March 2015), were that 26 (72%) indicators had achieved the cumulative end of year target; 10 (28%) indicators had not achieve the cumulative end of year target, although 1 (3%) of the KPIs performed within the agreed tolerance for the indicator.

The Senior Performance Improvement Officer advised the Cabinet Committee that the two KPIs within the Resources Directorate that had missed the end of year target were the (RES002) (Invoice Payments) and (RES001) (Sickness Absences). The corrective action proposed;

- (a) (RES002) - to review and improve processing times for invoices with the addition of correctly marking up of disputed invoices; and

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- (b) (RES001) - HR were reporting figures monthly to Directors, with information on the trigger levels and processes to follow, which would then be reported to the appropriate Select Committee and Management Board.

The Committee was requested to note outturn performance for the 2014/15 set of KPIs.

Resolved:

- (1) That the Outturn Performance for the Key Performance Indicators for 2014/15 be adopted.

Reasons for Decisions:

The KPIs provide an opportunity for the Council to focus attention on how specific areas for improvement would be addressed, and how opportunities would be exploited and better outcomes delivered.

A number of KPIs were used as performance measures for the Council's key objectives. It was important that relevant performance management processes were in place to review and monitor performance against the key objectives, to ensure their continued achievability and relevance, and to identify proposals for appropriate corrective action in areas of slippage or under performance.

Other Options Considered and Rejected:

No other options were appropriate in this respect. Failure to review and monitor performance could mean that opportunities for improvement were lost and might have had negative implications for judgements made about the progress of the Council.

11. Corporate Plan Key Action Plan 2016/17

The Senior Performance Improvement Officer presented a report regarding the Corporate Plan Key Action Plan 2016/17.

In April this year the Council adopted a new Corporate Plan to take the authority forward for 2015-2020, which included Aims and Objectives that were the Council's highest level strategic intentions for the next five years. The Aims and Objectives were delivered via an action plan produced annually that incrementally progressed specific activities to achieve the Aims and Objectives across the lifetime of the Plan. The Action Plans had been developed earlier within the year to allow for Members input at an earlier stage and to inform the budget setting process which commenced in July 2015. The draft Key Action Plan for 2016/17 was in the second year of the lifetime of the Aims and Objectives and draft Key Action Plan for 2016/17 and had been produced building on activities identified in the action plan for the current fiscal year.

The draft Key Action Plan for 2016/17 had been developed and populated with actions or deliverables which would build on work identified in the 2015/16 action plan, and in line with identified milestones for the delivery of the Key Objectives. The draft Key Action Plan 2016/17 would be considered by the Overview and Scrutiny Committee on 21 July 2015 and would be further considered by Cabinet in October 2015 before submission to Council for formal adoption. As a living document the Action Plan was to be reviewed at Joint Management Board / Cabinet meetings on a quarterly basis.

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The Finance and Performance Management Cabinet Committee was requested to consider and provide comments on the draft Key Action Plan 2016/17, and bring forward any additional actions for inclusion based upon the Corporate Aims and Key Objectives 2015-2020.

Councillor Philip suggested that clarification was required for the Aim 'to ensure that the Council had the appropriate resources for statutory duties and appropriate discretionary services whilst keeping the Council Tax low' and 2016/17 (b) 4) To facilitate the delivery of the St Johns Road redevelopment scheme', in that each stage of the development should be identified within the Key action Plan 2016/17.

The Cabinet Committee also commented that the 2015/16 (b) 6) the words '...as a result of flexible working arrangements', should be deleted. The plans to introduce flexible working arrangements had progressed to the consultation stage at JCC and Resources Select Committee and would be reflected within the Key Action Plan 2016/17.

The Directorate of Neighbourhoods advised that the flexible working included the relocation of staff from Hemnall Street to the Museum and Civic Offices, which would also contribute to the Chief Executive Transformation project.

The Cabinet Committee commented on the 'Aim to ensure that the Council had a sound and approved Local Plan that was subsequently delivered 2016/17 (a) (4) Agree a draft Local Plan and appropriate sustainability appraisal' there was the likelihood of delays.' The Directorate of Neighbourhoods advised that currently a delayed had occurred around the Green Belt consultation of the Local Plan and could result in a delay of a month.

Councillor Philip asked that new additions to the Key Action Plan 2015/16 be highlight in grey to distinguish them.

The Committee asked for the 'Aim (c) Key Action Plan 2016/17 (1)' to be strengthen to reflect the need for Officers to use Building Control in house and justify why they had not used them.

Councillor Lion identified that Broadband would be fundamental to the progression of the Key Plan and perhaps considerations should be made to include the requirement in standard utilities of new developments. Councillor Mohindra advised that telecommunications should also be included as well. The Directorate Neighbourhoods advised that it would be encompassed within the Local Plan section of the Key Action Plan.

Resolved:

- 1) That the appropriateness of the proposed actions in the Corporate Plan Key Action Plan for 2016-2017 be noted; and
- 2) That the following amendments be made to the Action Plan in line with the Corporate Aims and Key Objectives;
 - a) Aim to ensure that the Council had a sound and approved Local Plan that was subsequently delivered (a) Key Action Plan 2016/17 (4) Agree a draft Local Plan and appropriate sustainability appraisal and the likelihood of delays. The Directorate of Neighbourhoods advised that currently a delayed had occurred around the Green Belt section of the Local Plan
 - b) the Aim to ensure that the Council had the appropriate resources for statutory

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duties and appropriate discretionary services whilst keeping the Council Tax low (b) Key Action 4) To facilitate the delivery of the St Johns Road redevelopment scheme, in that each stage of the development was identified within the Key action Plan 2016/17

- c) (b) Key Action 2015/16 (6), in particular the result of flexible working arrangements had progressed to the consultation stage at JCC and Resources Select Committee and should be reflected within the Key Action Plan 2016/17.
- d) Aim (c) Key Action Plan 2016/17 (1) to be strengthened to reflect the need for Officers to use Building Control in house and justify why not, if this was required

3) Councillor Philip asked that new additions to the Key Action Plan 2015/16 be highlight in grey to distinguish them.

Reasons for Decisions:

The Key Objectives delivered the Council's highest level aims across the five years from 2015/16 – 2019/20. The Key Objectives were in turn delivered via an annual action plan populated with actions to achieve the Council's Corporate Aims by the end of their Lifetime.

The development and adoption of the annual action plan in a timely way both informs the budget setting process, and facilities a longer term view and enables planning for the next stages in the delivery of the Key Objectives and Corporate Aims.

Other Options Considered and Rejected:

The annual action plan could be set later in the fiscal year; however this would be too late to inform the budget setting process.

12. Sickness Absence

The Director of Resources presented a report regarding Sickness Absence. The latest figures published by the Chartered Institute of Personnel and Development (CIPD) for 2014 showed that the average number of days taken as sickness absence across all sectors was 7.4. In public services it was 8.2 days and 6.6 days in the private sector. In local government the figure was an average of 8 days. The Council was currently above these figures. The report provided information on the Council's absence figures for Q3 and Q4, 2014/2015 and included absence figures by Directorate, the number of employees who had met the trigger level, those who had more than 4 weeks absence and the reasons for absence.

The Council's target for sickness absence under KPI10 for 2014/2015 was an average of 7 days per employee. The outturn figure for 2014/2015 was an average of 9.20 days per employee. At 9.20 days the Council was above target for the first time in 4 years. The Council outturn figure for Q3 (2014/15) was 2.30 days against a target of 1.77 days and Q4 (2014/15) was 2.69 days against a target of 2.18. During Q3, 6.6% of staff met the trigger levels or above, 30.4% had sickness absence but did not meet the triggers and 63% had no absence at all. During Q4, 6.6% of staff met the trigger levels or above, 32.4% had sickness absence but did not meet the trigger levels and 61% had no absence.

Under the Council's Managing Absence Policy there were trigger levels for initiating management action in cases of excessive sickness absence. These were:

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- (i) during any 'rolling' twelve-month period an employee has had 5 or more separate occasions of absence; or
- (ii) during any 'rolling' twelve-month period an employee has had at least 8 working days of any combination of un/self certificated, or medically certificated absences.

In addition to the above, a manager should consider referring an employee to Occupational Health when an employee had been absent from work for at least one month if there was no estimate when they would be fit to return, or if this was unlikely to be within a reasonable period.

The Director of Resources advised that the Council had an aging workforce which could account for the increase in the number of days taken for other musculo-skeletal problems (the period had not include staff absence for operations and recuperation time) and there was an increase of flu and the Norovirus within the general population before and after the Christmas period, which could account for the increased number of days taken and number of staff off for infections and gastric problems during Q3 and Q4. The number of days taken due to mental health issues had increased significantly from 2013 to 2015.

The Director Resources advised that the report had been discussed in detail by the Council's Management Board which agreed the following actions;

- (1) The Assistant Director (HR) to carry out further analysis on the increase in the number of days taken for mental health issues;
- (2) HR would arrange mandatory workshops for managers to ensure that the Council's Managing Absence Policy was applied consistently and timely across the authority. In addition, managers would be encouraged to become proactive when managing absence;
- (3) HR would arrange workshops for managers on mental health issues;
- (4) HR would work with Directors to produce the most useful management information regarding sickness absence; and
- (5) The Assistant Director (HR) to meet with the Council's Occupational Health provider regarding the information provided to managers by their doctors.

In addition to the above an article on the Council's sickness absence position would be published in District Lines.

The Cabinet Committee suggested that posture could also be looked into, in connection with musculo-skeletal problems.

Resolved:

- (1) That the report on sickness absence be noted.

Reasons for Decision:

To enable members to make decisions regarding actions to continue to improve the Council's absence figures.

Other Options Considered and Rejected:

For future reports the Committee may wish to include other information or receive no further information.

13. Any Other Business

Resolved:

(1) That, in accordance with Section 100B(4)(b) of the Local Government Act 1972, together with paragraphs (6) and (24) of the Council Procedure Rules, the Chairman had permitted the following item of urgent business to be considered following the publication of the agenda:

(a) Financial Issues Paper.

14. Financial Issues Paper

The Director of Resources advised that the report provided a framework for the Budget 2016/17 and updated Members on a number of financial issues that would affect the Authority in the short to medium term. The greatest areas of current financial uncertainty and risk to the Authority were;

- Central Government Funding – the comparisons of Funding Assessment level from 2013/14 to 2015/16 showed a reduction in funding by £1.889m (25.9%) and further 10% reductions had been assumed for the Funding Assessment for 2016/17 and beyond. This would further impact on parish councils within the District with similar reductions in their support.
- Business Rates Retention – the deadline on 31 March 2015 for the raising of appeals against the 2010 valuation list caused an avalanche of new appeals and with a back log from before, there would be no realistic prospect of a resolving the issue in the short term. This had been reflected by the necessity to double the provision for the appeals from £1.5m to £3m. Another flaw in the retention of Non Domestic Rates allowed for the General Fund and the Collection Fund to account for items in different years. Therefore resulting in a deficiency on business rates of £253,000 which was largely off-set by Council Tax surplus of £211,000 in 2015/16 but was more noticeable in 2016/17 where the deficiency on business rates of £439,000 was significantly larger than the Council Tax surplus of £170,000, although this had been based on the provisions for appeals, so it could vary. The Authority was part of the Essex pooling system and anticipated gaining approximately £136,000, which again could be affected by the surge of appeals and would be closely monitored in 2016/17.
- Welfare Reform – the latest reforms were to be achieved through significant reductions in tax credits, welfare cap and the requirement for social landlords to reduce their rent by 1% each year for the next four. In addition, the implementation of Universal Credit progressed with new single claimants starting in December 2015 with the aim of full migration by April 2020.
- New Homes Bonus – the Council would approximately receive £230,000 in 2016/17, which took the Continuing Service Budget (CSB) to £2.33m although it may be prudent to cap the New Homes Bonus at £2.2m and place any excess amount in the District Development Fund as the current trend predicts a reduction in the NHB.
- Development Opportunities – The retail park at Langston Road continued to progress, although the re-development of St Johns area in Epping had taken much longer than anticipated. The MTFs had not been adjusted but capital

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projections had and this would affect the availability of capital funds which would no longer be freely available, therefore borrowing costs would need to be considered as part of any options appraisals.

- Income Streams – The indications were encouraging and the improved income position in the second half of 2014/15 had continued into 2015/16. The Council had decided to look at other income generating opportunities on the North Weald Market with the current operator being given notice which would end December 2015. The Off Street Parking income would also be monitored with regards to the new parking fees introduced in July 2015.
- Waste and Leisure Contracts – The Waste contract received considerable difficulties when re-organised to a four day week basis in May 2015, which had now been stabilised with Biffa committing significant additional resources staying in place until the transition was completed. The Leisure Management contract would expire before the renegotiation of a new contract was completed, resulting in a need to be extended. This calls into question the CSB savings of £125,000 in 2016/17 and 2017/18 and would have to be kept under review.
- Transformation – The budget had been split between 2015/16 and 2016/17, with the bulk being used for a fixed term 18 Month contract for additional resources at Assistant Director level. The Invest to Save Budget of £500,000 had been set up to finance schemes which could produce reductions to the net CSB requirements in future years.

The Director of Resources reported that the Council remained in a strong financial position as the overspend in 2014/15 had not been significant. After the General election in May 2015 a political certainty had been resolved but a greater uncertainty remained on funding and finance. The Autumn Budget and Spending Review would give clearer indication of the savings to come, which Local Government would play a role in. There was also uncertainty over the final settlement figures for business rate appeals and whether the Essex pooling would prove successful. The updated MTFs set out the programme of necessary savings over the medium term and this process would be assisted by the Invest to Save fund helping with initial funding or investment, allowing for more creative solutions to be developed.

The four-year forecast would give the total CSB figures for 2015/16 revised of £13.348m and 2016/17 of £13.003m, which set the net DDF expenditure at £1.844m for the revised 2015/16 and £550,000 for 2016/17 and it was likely that the DDF would be used up in the medium term. Over the period of the MTFs, the balance on the Capital Fund would be used up entirely.

The Director of Neighbourhoods advised that the Licensing Regulations around renewing Taxi Drivers licenses had also changed from annual cost of £88 to every 3 years, which would also have an impact on the Licensing Income. Further consideration would also be needed with the potential change to increase from 3 to 4 years for MOT's, which could affect the Fleet Operations income as well.

Councillor Mohindra enquired whether the extension to Leisure Contract would raise any concerns. The Director of Neighbourhoods advised that the current company had been accommodating to the Council and would look to extend the contract, which would probably be a further 9 months.

Councillor Waller advised that ideas had been suggested around LED lighting within the Council's car parks and which would use the Invest to Save fund. Other suggestions hopefully would come forward for the Invest to Save fund.

Recommended:

- (1) That the establishment of a new budgetary framework including the setting of budget guidelines for 2016/17 be set including;
 - (a) The ceiling for Continuing Services Budget net expenditure be no more than £13.003m including net growth;
 - (b) The ceiling for District Development Fund expenditure be no more than £550,000;
 - (c) The balances continue to be aligned to the Council's net budget requirement and that balances be allowed to fall no lower than 25% of the net budget requirement; and
 - (d) The District Council Tax be increased by 2.5% with Council Tax for a Band 'D' property at £152.46.
- (2) That a revised Medium Term Financial Strategy for the Period to 2019/20 be developed accordingly;
- (3) That communication of the revised Medium Term Financial Strategy to staff, partners and other stakeholders be undertaken;
- (4) That reductions in parish support, in line with the reductions in the central funding this Council received be taken forward.

Reasons for Decisions:

By setting out clear guidelines at this stage the Committee established a framework to work within in developing growth and savings proposals. This should help avoid late changes to the budget and ensure that all changes to services had been carefully considered.

Other Options Considered and Rejected:

Members could decide to wait until later in the budget cycle to provide guidelines if they felt more information, or a greater degree of certainty, were necessary in relation to a particular risk. However any delay would reduce the time available to produce strategies that complied with the guidelines.

15. Exclusion of Public and Press

The Cabinet-Committee noted that there were no items of business on the agenda that necessitated the exclusion of the public and press from the meeting.

CHAIRMAN

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