

**EPPING FOREST DISTRICT COUNCIL
NOTES OF A MEETING OF RESOURCES SELECT COMMITTEE
HELD ON TUESDAY, 14 JULY 2015
IN COMMITTEE ROOM 1, CIVIC OFFICES, HIGH STREET, EPPING
AT 7.10 - 8.40 PM**

Members Present:	G Mohindra (Chairman), P Keska (Vice-Chairman), K Angold-Stephens, S Kane, A Mitchell MBE, B Surtees and S Watson
Other members present:	A Lion and S Stavrou
Apologies for Absence:	N Bedford, H Mann, A Patel and J M Whitehouse
Officers Present	P Maddock (Assistant Director (Accountancy)), P Maginnis (Assistant Director Human Resources) and A Hendry (Democratic Services Officer)

1. SUBSITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)

It was noted that Councillor B Surtees was substituting for Councillor Jon Whitehouse.

2. DECLARATIONS OF INTEREST

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

3. TERMS OF REFERENCE AND WORK PROGRAMME 2015/16

The Committee considered their Terms of Reference and their work programme.

Terms of Reference

The Committee made no changes or amendments to their Terms of Reference.

Work Programme

The Committee considered their work programme and made the following comments or additions to the programme:

- That the Medium Term Financial Strategy and the Financial Issues Paper be added for consideration at their October 2015 meeting;
- The Chairman noted that unless members had something specific they wanted to consider, the KPI quarterly updates would just be noted;
- Members should give advance warning of any KPI that they wanted to consider so that an appropriate officer could be asked to attend the meeting;
- That the Committee consider the Councils apprenticeship and graduate scheme;
- That the work of the Planning Enforcement Team be considered – to look at what they did and how they did it – taking a general overview at the processes involved and not at specific cases (members noted that they

seemed to be entirely reactive and not proactive and that they were a Monday to Friday service and did not work weekends);

- An initial report on enforcement to go to the October 2015 meeting;
- That the Committee look at Shared Services Working – they noted that currently HR were working with Colchester and Braintree Councils on a joint HR payroll system; and
- That they look at Facilities Management and their rationalising of the Council's energy bills.

Councillor Lion asked about looking at the Resources Directorate Business Plan in conjunction with the KPIs. Councillor Mohindra said that the problem with Business Plans were that they were quite long and detailed; it would be a long process to consider them. He was currently looking at a couple to see how they would fit. Councillor Stavrou said that an overall view of business plans should go to the Governance Committee.

As a general statement of how this Committee would operate, the Chairman said that he would like to consider things that were either going really well or really badly.

Councillor Watson suggested looking at cash flow forecast, Mr Maddock said he would look into it. She then also asked about financial diligence, was that for Audit and Governance? She was told that fell into two camps Audit and Finance and Governance.

RESOLVED:

That the following be added to this Committees Work Programme:

- i. the Medium Term Financial Strategy and the Financial Issues Paper;
- ii. the Councils apprenticeship and graduate scheme (to the October or December meeting if possible);
- iii. the work of the Planning Enforcement Team be considered;
- iv. to look at Shared Services Working;
- v. to look at Facilities Management and their rationalising of the Council's energy bills.

4. KEY PERFORMANCE INDICATORS 2014/15 - OUTTURN

The Assistant Director Accountancy, Mr Maddock introduced the outturn report for the Quarter 4 results for the Key Performance Indicators for 2014/15. The Committee noted that the overall position for all the KPIs at the end of year (31 March 2015) was:

- 26 or 72% - indicators achieved the cumulative end of year target;
- 10 or 28% - indicators did not achieve the target; and
- 1 or 3% - performed within the agreed tolerance for the indicator.

Eleven of these indicators fell within the Resources Select Committee area of responsibility. The overall position at the end of the year for these eleven indicators was as follows:

7 or 64% - achieved the cumulative fourth quarter target; and
4 or 36% - did not achieve the cumulative fourth quarter target.

Councillor Surtees commented that that they were looking at very small variances in the most part.

Councillor Stavrou commented that due to the use of paper invoices the thirty day target was never going to be met. As long as this continued there was very little that could be done about this. Mr Maddock said that they were looking at e-invoicing but this would take some time to implement; once implemented invoices would go straight into our system which would speed everything up. But this could not be done until the end of this financial year.

Councillor Lion asked about the utilisation of accommodation. The Chairman said they would leave this for now, hopefully the Cabinet would look at this; if not then this committee may consider it.

RESOLVED:

That the Committee noted the outturn performance in relation to the Key Performance Indicators for 2014/15.

5. SICKNESS ABSENCES OUTTURN REPORT 2014/15

The Assistant Director Human Resources, Ms Maginnis introduced the outturn report for the sickness absence levels for 2014/15.

The Committee considered the sickness absence for quarters 3 and 4, 2014/15. It was noted that the target for sickness absence, under KPI10 for 2014/15 was an average of 7 days per employee; the outturn figure for that year was 9.2 days, making the Council above target for the first time in 4 years.

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. 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.

The Committee noted that there was a significant increase in long term absence, however these long term absences were returning to work so the council was not losing them. Councillor Stavrou asked if they returned to work in their original job and was told that they did, they have a phased return to work to ease them back.

The number of employees who had taken long term absence was detailed in appendix 3. Appendix 4 showed the last two financial years and showed an increase of 93% for mental health issue. This year showed a similar trend. The Joint Consultative Committee had asked if this could be broken down by grades and professional areas of work. But, as the numbers were not large it may be possible for individuals to be identified. This was taken up in paragraph 29 of the report which set out an action plan to deal with this.

The Chairman asked if any further detailed analysis could be brought to this Committee which could be looked at in private session, and if this report could be brought here on a semi-annual basis. This was agreed by the committee.

Councillor Angold-Stephens asked if it could be broken down into work related or non-work related causes.

Councillor Stavrou noted that early intervention was essential especially for mental health matters. Ms Maginnis replied that it was quite difficult for managers to deal with this. They have now got some training in place to enable line managers to be proactive.

Councillor Surtees asked if anything was done for disability adjustments to be put in place. He was told that this was done on a continuous basis. Councillor Surtees was not happy with breaking down the figures into working and non-working causes; it was usually the case that if there were problems in both areas then people could not cope. Could things be tackled from the bottom up as well as top down? He was told that the Council had just started coaching sessions for staff looking at assertiveness etc. they also had the workplace Chaplains come around. There were various things that they were doing.

Councillor Kane asked if the number of cases also increased with the number of days off. He was told that it was a bit of both. The trigger levels had decreased and so this had increased the numbers. Councillor Kane said it was important for the number of staff not so the number of days. Ms Maginnis replied that she could say that it had doubled and that included stress, but they were only talking about 5 or 6 people. A lot of this came down to managers being proactive. Councillor Kane said that this highlighted the difference between percentages and numbers. Percentages gave an entirely different perspective.

Councillor Surtees noted that effectiveness with dealing with short term absences also improved staff moral.

AGREED: The Committee noted that there was also a need to look at environmental/work factors that may also contribute to high levels of sickness. Health and Safety played a part in this and maybe a short report should go to the Chairman to consider if it should be taken further.

RESOLVED:

- (1) That the Committee noted the report on sickness absence; and
- (2) That a further detailed analysis of the increase in mental health days off be brought to a future meeting. This would be discussed in private session.

6. PROVISIONAL CAPITAL OUTTURN 2014-2015

The Assistant Director Accountancy, Mr Maddock introduced the report on the Council's capital programme for 2014/15 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, represent those adopted by the Council in February 2015.

It was noted that the Council's total investment on capital schemes in 2014/15 was £20,114,000, compared to a revised estimate of £24,092,000. The largest underspends were experienced on General Fund projects. In particular, there was an underspend of £1,000,000 on the St John's Road Development scheme as the land purchase and asset negotiations planned to enable the proposed development of this site, had not taken place yet. As a consequence the full £1,000,000 set aside for this scheme was requested for carry forward to 2015/16. In addition, there was another large underspend of £448,000 on the Museum redevelopment scheme, for which

Heritage Lottery funding has been secured. A carry forward of £448,000 to 2015/16 was requested.

Within the Resources Directorate, there was also a significant underspend of £557,000 on the planned maintenance programme. The largest underspends relate to the installation of the new windows in the main building and the solar panels.

Expenditure on the Information and Communication Technology (ICT) Programme was £424,000 last year compared to a revised budget of £533,000. The £109,000 underspend relates primarily to the installation of the new disaster recovery system and replacement of the host servers.

The two largest underspends within the Neighbourhoods Directorate relate to work on the Councils parking schemes and the upgrade of the pay and display machines in car parks.

The capital allocation for waste management equipment was set aside primarily for new refuse and recycling bins. However, the Council was now operating a stock account for bins through new arrangements with Biffa.

With regard to capital expenditure on the Council's HRA assets, a total of £13,851,000 was invested compared to a revised estimate of £15,219,000; this represents a 9% underspend. In comparison with 2013/14, however, expenditure was up by 30%.

It was noted that the largest underspend in 2014/15 was on the kitchen and bathroom replacement programmes. The vast majority of the £501,000 underspend occurred because a quarter of kitchen replacements planned for 2014/15 had to be placed on hold pending clearance of tenant arrears and other matters.

The second largest underspend was experienced on the new house building and conversions program. Work is now well underway on all four sites of Phase 1 of the house building programme.

The Chairman noted that as a general point everything had been carried forward.

Councillor Angold-Stephens had a query about waste vehicles, noting that 8 extra vehicles had to be bought (by Biffa?). He was told that we had sold our fleet of vehicles to Biffa and recently they had to hire in some extra vehicles to cover the shortfall.

The Chairman said that he would like to look at private funding arrangements, but this may have to be done in private session. The Committee agreed that they would like this added to their work programme.

Councillor Watson noted the slippage and commented that we may never catch up when we carry things forward. Councillor Stavrou disagreed as the causes were different each time, which tended to be one off items and instances. Councillor Mohindra added that in the past they tended to look at items on the DDF budget that stayed on for more than 3 years. Councillor Watson said this was more a question of principle and not based on any individual item and she did not want to lose sight of this. Councillor Stavrou noted that historically no one had focused attention on this. However, over the last few years the finance scrutiny panel had looked at it and it had now been tightened up. Cabinet was mindful of what scrutiny had to say.

Mr Maddock noted that coming into force was the new rule that social rents had to be reduced by 1% which would bounce back on our finances over the next four years and cost us a lot of money; which would mean that we will have to look very carefully at the HA capital programme.

RESOLVED:

- (1) That the provisional outturn report for 2014/15 be noted;
- (2) That retrospective approval for the over and underspends in 2014/15 on certain capital schemes as identified in the report be recommended to the Cabinet;
- (3) That approval for the carry forward of unspent capital estimates into 2015/16 relating to schemes on which slippage has occurred be recommended to the Cabinet;
- (4) That approval for bringing forward allocations from 2015/16 in respect of a small number of capital schemes on which expenditure had been incurred ahead of schedule be recommended to Cabinet; and
- (5) That approval of the funding proposals outlined in the report in respect of the capital programme in 2014/15 also be recommended to the Cabinet.

7. PROVISIONAL REVENUE OUTTURN 2014-2015

The Assistant Director Accountancy, Mr Maddock introduced the report on the Council's revenue outturn for the Continuing Services Budget (CSB) of the general fund and the consequential movement in balances for 2014/15.

Net expenditure (CSB) for 2014/15 totalled £14.547 million, which was £763,000 (5%) above the original estimate and £223,000 (1.5%) above the revised. When compared to a gross expenditure budget of approximately £74 million, the variances can be restated as 1% and 0.3% respectively.

The main movement between the Original estimate and the Revised and Actual position was the creation of the spend and save reserve which had moved £500,000 from the General Fund Balance into an earmarked reserve set up to fund any initial costs required to achieve on-going CSB savings. The fund would operate in a similar way to the District Development Fund (DDF) in that there would be the ability to move budgetary provision money between years as necessary. 2015/16 would be the first year of operation for this Fund.

The original in year CSB savings figure of £870,000 became an in year savings figure of £1,089,000. There were a number of items added during 2014/15 these included; savings on the refuse contract (£144,000), additional Development Control and Pre-Application income (£120,000), additional rents from shops (£73,000) and a reduction in external Audit fees (£35,000). The level of savings on the waste contract fell short by £81,000 the other three items turned out broadly as expected. Offsetting this was lost income from the market at North Weald Airfield where a further £310,000 was removed from the ongoing budget.

Net District Development Fund expenditure was expected to be £1,863,000 in the original estimate and £1,122,000 in the revised estimate. In the event the DDF

showed net expenditure of £249,000. This was £1,614,000 below the original and £873,000 below the revised. There were requests for carry forwards totalling £575,000 and these were detailed in the report.

As spending was £873,000 below the revised estimate but carry forwards of £575,000 have been requested, so a net underspend of £298,000 was shown.

The DDF reduced between the Original and Revised position by some £741,000, this was mainly due to new items identified during 2014/15; the main items being additional housing Benefit overpayments and Council Tax Benefit adjustments and grants (£326,000), additional Development Control income (£120,000), Income from shops (£78,000), slippage on the local plan budget (£91,000) and Building Maintenance (£46,000).

There was a number of items contributing to the underspend of £873,000, such as additional Development Control income over and above that allowed for previously (£103,000); a further receipt relating to the Heritable investment (£100,000) (we now have 98% and are expecting to have 100% back); Slippage relating to Building Maintenance (£123,000); Asset rationalisation (£101,000); the Transformation Programme (£75,000) and NEPP redundancies (£31,000) to name but a few.

The HRA now has a higher balance than expected, but after the last Budget we would need it.

Councillor Angold-Stephens asked how much we were expected to collect in Business Rates to get to 95%. Paragraph 6 of the report said that we would have to pay back £419k odd over the next two years. Mr Maddock replied that technically speaking the £419k was the variance. Of the total, 50% went to the government, we got 40% and then the government got a bit more. So out of the £34million we only get to keep about £3.5million. The appeals deadline had just passed so we should be stable until 2017.

RESOLVED:

- (1) That the provisional 2014/15 revenue out-turn for the General Fund and Housing Revenue Account (HRA) be noted;
- (2) That as detailed in Appendix D of the report, the carry forward of £575,000 District Development Fund expenditure be noted ; and
- (3) That the carry forward of the £67,000 HRA Service Enhancement Fund expenditure also be noted.

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

The Committee noted that their Terms of Reference would be going to the next O&S Committee for agreement.

9. FUTURE MEETINGS

The Committee noted the dates of the scheduled future meetings and agreed that they begin at 7.30pm instead of 7pm.

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