

**EPPING FOREST DISTRICT COUNCIL
NOTES OF A MEETING OF RESOURCES SELECT COMMITTEE
HELD ON TUESDAY, 16 OCTOBER 2018
IN COMMITTEE ROOM 1, CIVIC OFFICES, HIGH STREET, EPPING
AT 7.30 - 9.36 PM**

Members Present: A Patel (Chairman), P Stalker (Vice-Chairman), N Bedford, L Burrows, I Hadley, J Lea, A Mitchell, M Owen, C P Pond, B Vaz and J H Whitehouse

Other members present: A Lion, C Whitbread, R Morgan and G Mohindra

Apologies for Absence: K Chana, D Dorrell and J Jennings

Officers Present P Maddock (Assistant Director (Accountancy)), D Newton (Assistant Director (ICT and Facilities Management)), S Bacon (ICT Operations Manager), G Blakemore (Strategic Director) and A Hendry (Senior Democratic Services Officer)

16. SUBSTITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)

It was noted that there were no substitute members for this meeting.

17. NOTES OF PREVIOUS MEETING

Minutes

The notes of the meeting held on 9 July 2018 were agreed subject to noting that the Committee had asked for minute item 12 (Project Initiation Documents) to be deferred to a future meeting.

Matters Arising

The Assistant Director, Resources noted that:

- under item 5, provisional capital outturn 2017/18, the action point on the disabled adaptations, that this would now go through as part of the budget process;
- under item 6 provisional revenue outturn 2017-18 – Councillor Bedford had not yet received a reply for his question on recycling income, this would be chased up;
- under item 7, corporate plan key action plan 2017-18 qtr.4 outturn - Councillor Dorrell had asked for a definition of the phrase ‘under control’ – this was now taken to mean that the project would be completed within the next 6 months; and
- under item 8, KPI 2017-18 qtr.4 outturn – under RES005 – it was reported that EFDC had been due to fully utilise Universal Credit by the end of this year, but with the recent government announcement, this had been put back again.

18. DECLARATIONS OF INTEREST

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

19. TERMS OF REFERENCE AND WORK PROGRAMME

The Committee noted their Terms of Reference. The Chairman reminded members that part of their Terms of Reference was to scrutinise value for money.

The Assistant Director, Resources, Mr Maddock reported that a report on the People's Strategy would be going to the December 2018 meeting and would be added to the work programme.

The Chairman added that a report on the Council's use of agency staff would also be coming to a future meeting and this would also be added to the work programme.

20. QUARTERLY FINANCIAL MONITORING - QUARTER 1

The Assistant Director, Resources, Mr Maddock introduced the quarter 1 financial monitoring report. The report provided a comparison between the original estimate for the period ended 30 June 2018 and the actual expenditure or income as applicable.

He noted that:

- overall there was a salary underspend of 2.8%, with the Neighbourhood Directorate having the largest part of this;
- the investment interest was slightly above the target due mainly to the Council holding more cash than was expected;
- Development Control income at Month 3 was well above expectations. Fees and charges were £274,000 higher than the budget to date and pre-application charges were £5,000 lower than expected;
- Building Control income was £22,000 lower than the budgeted figure at the end of the first quarter due to some administrative issues. By the end of month 4 these had been resolved and income was only £5,000 below budget;
- Public Hire licence income was above expectation and other licensing was below expectations. A significant number of renewals were due in the autumn which should bring licensing income back into line with the budget;
- Local Land Charge income was now £8,000 below expectations however it was a little early in the year to be sure whether this trend would continue;
- expenditure and income relating to Bed and Breakfast placements had reduced in recent months. Invoicing had been a little slow from bed and breakfast accommodation providers but also Housing Benefit caseload had been reasonably static;
- no recycling credit income had been received in the first quarter and Essex County Council would have to be chased up for this; and
- the Housing Repairs Fund showed an underspend of £38,000; this related mainly to planned maintenance works.

He reported that this was the seventh year of operation of the Business Rate Retention Scheme where a proportion of the rates collected were retained by the Council. There were proposals that 75% of Business Rates were to be retained within Local Government, to possibly take effect for the financial year 2010/21. The Council had volunteered to take part in a pilot programme for the 75% retention rate in 2019/20 and would find out early next year if it had been successful.

The salaries budget was on track having spent around £6million for the first quarter of the year. The table in the report shows the breakdown under the old structure. This is currently being revised into the new council structure.

Councillor Lion asked why the Communities Directorate were over spent by 0.3% he was told that they were overspent on the HRA but underspent on the General Fund by £7k.

Councillor Bedford asked about slow invoicing from Bed and Breakfast placements. He was told that although they were currently slow in invoicing the Council they would have caught up by the end of the year.

Councillor Patel was concerned that Building Control fees were significantly lower in the first quarter this year than in previous years. He asked if this had picked up in the meantime. He was told that it had now sorted itself out from the end of June.

The Committee noted that the local plan had recently been submitted and expenditure was now on hold. Councillor Stalker asked if the barrister's fees for the appeal had been included in the figures given and was told that they had not yet been taken into account as the council had not been billed as yet.

It was noted that there was now a Local Plan implementation team in Planning Services looking at the scheme. Councillor Lion asked what impact the Local plan would have on other revenues. Councillor Whitbread added that this would need to be profiled as it came into effect. Mr Maddock said that this was something to keep an eye on and to go into the next medium term financial strategy report.

Councillor Owen noted that there was a lot of non-cash items coming through in annex 4d, would there be any way to see the true figures. Mr Maddock said that they did have these figures and he could share it the councillors.

RESOLVED:

That the Committee noted the revenue and capital financial monitoring report for the first quarter of 2018/19;

21. FINANCIAL ISSUES PAPER 2019/20

The Assistant Director, Resources introduced the Financial Issues Paper 2019/20 that had originally gone to the Finance and Performance Management Cabinet Committee in July of this year.

This report provided a framework for the Budget 2019/20 and updated Members on a number of financial issues that would affect this Authority in the short to medium term.

In broad terms the following represented the greatest areas of current financial uncertainty and risk to the Authority:

- Central Government Funding
- Business Rates Retention
- Welfare Reform
- New Homes Bonus
- Development Opportunities

- Transformation
- Waste and Leisure Contracts
- Miscellaneous, including recession and pay awards

Since the last report was issued last year we have had a general election and the country was involved in preparations for the uncertainty of Brexit when we will officially leave on midnight on 29th March 2019. It would be a while yet before the Council could fully evaluate the effects of the Brexit but what we could see at the moment is that for district councils it has increased political uncertainty and reduced funding prospects.

Low interest rates continued and had been with us for nearly a decade, falling to an historic low of 0.25% in 2009. There was no evidence to suggest that things would change dramatically in the future.

Since 2016 the budget had been moved from the Spring to the Autumn so there was a little more uncertainty at this point in the year than previously but it is hoped that more clarity on the two big issues of the Fair Funding Review and Business Rates Retention would be provided in this year's budget.

Councillor Bedford asked if any work had been done on the assumption that there would be no Brexit plan and how it would affect this council. Mr Maddock said that there was a project on this in the planning stage. There have also been officer discussions at the risk management group and this had been put on the 'risk watch list'. However, it was difficult to assess what the effects would be.

The meeting then considered the updated medium term financial strategy. They noted that for some time Members had aligned the balances to the Council's 'Net Budget Requirement' (NBR), allowing balances to fall to no lower than 25% of NBR. The predicted balance at 1 April 2019 of £6,389,000 represented just short of 50% of the anticipated NBR for next year (£12,902,000) and was therefore somewhat higher than the Council's current policy of 25%. However, predicted changes and trends mean that by 1 April 2022 the revenue balance would have reduced to £4,755,000. This still represented over 36% of the NBR for 2020/21 (£12,933,000).

Councillor Owen asked what would happen if it went below 25%. Mr Maddock said that this was just for guidance, we have never been anywhere near 25% but were now getting closer.

It was observed that for the first time last year officers had to top up the DDF from the General Fund balance. This would be kept under review from now on.

Councillor Pond asked if the Council had to do any borrowing so far. She was told that the council had not done any as yet and hopefully there would not be any need to borrow until 2019/20. There were many ways a Local Authority could borrow money, but it was mainly from the Public Works Board at preferential rates. We could also take out short term loans from other Local Authorities (better short term rates). We have loaned out to other authorities in the past. Also, the LGA was setting up a bonds scheme and officers would have to research this.

The Government had previously announced a Fair Funding Review (FFR). The FFR would affect allocations and distributions between local authorities from 2020/21 onwards. A consultation paper was expected between now and mid 2019 with indicative figures for 2020/21 and beyond available from summer 2019 for

implementation in April 2020. FFR will not apply to funding outside the Local Government Finance settlement such as schools and policing but for this Council it was likely to affect the New Homes Bonus, Housing Benefit Admin grant and more importantly how Business Rates retention was going to evolve over the next few years.

The council was now into the sixth year of business rates retention. Since the introduction of business rates retention this Council has done rather better than the DCLG has predicted.

It should be noted that a lot of the earlier business rate appeals had still not been settled. Progress on clearing these appeals had been extremely slow, but we were now down to a little over 100, and calculating an appropriate provision for appeals remained extremely difficult and provision needed to be set aside for these appeals.

It had been mentioned that the Council had benefitted significantly from being in a business rates pool and consequently it had remained in a pool for 2018/19. Monitoring so far indicated that this would still prove beneficial but we were reliant on the outcomes from the other pool members. If it became evident through the monitoring for 2018/19 that this Council would not benefit financially from pooling, a recommendation will be made not to pool for 2019/20.

It was noted that recent comments by the government meant that Universal Credit was currently on hold for its planned roll out in December.

Also, during 2017/18 significant changes were made to the way New Homes Bonus (NHB) was allocated and the reductions in grant were far greater than had been anticipated.

The retail park was now operational with only one unit still under negotiation. Once all units were operating, income from leases should be just over £2,500,000, however, due to rent free periods the amount shown in the accounts each year would be slightly lower.

The Council's single largest cost was its annual pay bill of around £24million and the pay award for 2018/19 averaged out at around 2.3%.

When the adoption of the local plan occurs there would be 11,400 properties built within the district over the period of the plan generating additional Council Tax income. It was difficult to assess what effect this would have on council services other than additional waste collections.

Councillor Lion asked if the income of Corporate Fraud was reflected in the report. He was told that it was not showing in the monitoring report but could be put in. The Council was also getting income from its shared services and from the right to buy, these could also be put on the monitoring report.

Councillor Lion then asked if the Council had car parking enforcement on its estates. Councillor Bedford replied that this was being looked at for the Debden area and was currently under negotiation.

Councillor Patel asked if there was any way the Council could reduce its liability in regards to Business Rates appeals such as an insurance policy. Mr Maddock said that he did not know of any, but could ask about it.

Councillor Bedford asked if the £24million pay bill included pensions. He was told that it did include payments to pension schemes.

RESOLVED:

That the Financial Issues paper be noted.

22. TECHNOLOGY STRATEGY UPDATE

The Assistant Director ICT, Mr Newton, introduced the updating report on the Technology Strategy. He reported that the implementation of the new corporate project management system, PENTANA, enabled the monitoring of the entire transformation process. Accordingly, all projects from the Technology Strategy had been entered into the system, making PENTANA the central point of reference for the ICT work programme. This report was the first generated for the Resources Select Committee using this new process and was identical to the report presented regularly at Leadership Team meetings. Members were invited to comment on the format and give any feedback to be used to develop the report to improve future presentations.

The Committee noted that there would be a rollout of 420 new laptops of which half had so far been distributed. The Council had purchased 'Office 365' as their new system. They were also replacing the old VPM technology with a better system to enable better out of office working. This also enabled them to replace old technology with newer ones.

The ICT Operations Manager, Mr Bacon, added that this type of PENTANA report was tight and focussed showing cancelled and delayed projects.

Councillor Hadley said that he would like to see just how many projects had slipped and when. He also asked why the laptop build happened in house; why not let HP do it? Mr Newton said that it was cheaper and quicker to build them in house. Mr Bacon agreed that they could add slipped projects into future reports.

Councillor Whitehouse asked why T7.01.05 (service desk satisfaction survey) had been cancelled. She was told that this had been rolled up into a larger piece of work, but more information could be added if needed. Councillor Stalker asked if this could be had as an exception report.

Councillor Bedford asked about T6.02.23 (SQL Server) and why had it been given a due date of 31 March 2023 when it had been completed in 16 April 2018. This was a bit of an overestimation as it had been done in two weeks. Mr Bacon said that they had made the wrong assumption on this.

Councillor Lion asked if, as part of the satisfaction survey, members were going to be surveyed as they were customers too.

Councillor Hadley asked if ICT had a Service Level Agreement (SLA) in place. Mr Bacon said that they did and part of that agreement was to tell people what was happening and about any problems as quickly as possible.

Councillor Patel asked if they put in a 'critical path' for the projects and put in a progress bar. Also as it was a new system how were they finding it? Mr Newton replied that they could not manage their strategy without this new tool. Mr Bacon added that as the projects were based on themes and capital budgets they could see

progress at a glance. Councillor Patel asked Mr Maddock if he used the system. He said that he was considering it at present.

Councillor Patel then asked how easy was it to use the system. Mr Bacon said that initially it was hard as they had to train all the staff, but now that they know what it could do they were happy to use it.

Councillor Patel then asked how they would tweak the format of the report. Mr Newton said that they would take into consideration what had come out of this meeting. Also if members had any other comments to make they could contact him separately at any time.

RESOLVED:

- 1) That progress on ICT projects within the current Technology Strategy 2018-2023 be noted; and
- 2) That the committee reviewed and made recommendations on the reporting format of the PENTANA project management software.

23. FEES AND CHARGES 2019/20

The Assistant Director, Resources introduced the annual report on the fees and charges that the Council levies and what scope, if any, there was to increase particular charges.

The meeting noted that the Medium Term Financial Strategy had identified the need to find savings of £600,000, £300,000 in both 2020/21 and 2021/22, this was over and above the £2.5m (£1.7m General Fund) savings from the implementation of the people strategy which in itself was very challenging. Revenue Support Grant funding was set to be phased out in 2019/20 and although we had already had the settlement figures as part of the four year agreement this had still to be confirmed by the Government. At this stage there was no real information on funding levels from 2020/21 onwards except that it was expected that 75% of Business Rates income would be retained by the Local Authority sector. The funding split between upper and lower tier authorities had still to be confirmed and it was unclear whether any additional responsibilities would be placed on the sector as a result.

In reality, going forward the Council would have to fund all its General Fund services from the Council Tax, Retained Business Rates and Fees and Charges. If these resources were not sufficient the General Fund balance would need to make up the difference.

Under the Community and Partnership Services officers were looking to generally add on between 2.3 and 2.4% on charges.

Housing and Property Services were looking to add about 2.3%.

Development Control fee levels were controlled by Central Government and the levels of income were somewhat dependant on the economic climate and the number and size of planning applications. The Government introduced an increase in fees of 20% from January 2018 under the proviso that the additional income would be used for planning related services. An assessment would need to be made to ascertain how much income this amounted to and also it would need to be monitored going forward to ensure we comply with the requirements of the new fee regime.

The way Local Land Charges were recorded and dealt with was undergoing significant change. Longer term all information was to be held centrally by the Land Registry with local authorities having access to that system. There was a significant amount of work required by the Council before that could happen including data cleansing and migration to the Land Registry system. This council was expected to be part of the first phase due to be completed by December 2019. A full report on this was to be presented to Cabinet in due course and a review of fees and charges would be carried out for financial year 2020/21.

Cabinet have already looked at car parking services and their fee structure. The cost of collection of bulk waste was subject to an annual index linked increase in line with the Waste Management contract. The proposed fees are based on the increased cost of collection and included an admin fee.

Commercial and Regulatory Services were largely to be kept at their current levels.

There has been a big change in the level of charges for legal fees. Currently they were too low and they needed to be revisited. This had now been done and the fees updated. One proposal was to increase our charges as soon as members were happy we do so and not wait until the new financial year.

There were a number of fees and charges made by the Council which in some cases could be increased and in others could not or an increase could not be justifiable. The report sought member's views on the level of fees and charges for 2019/20.

Councillor Janet Whitehouse asked about venue hire and asked if officers took any note of the usage of the facilities. She was told that they did look at the rates of use. She then asked what the figures in brackets in appendix 2 were. Mr Maddock said that he was not sure and would find out.

Councillor Lion asked about appendix 4 of the report and what were the scooter stores mentioned. He was told that they were for disabled scooters.

Councillor Bedford noticed the licence fee charges for HMOs; he noted that there were new definitions for HMO licences and this may generate more money; he asked if the licences were for a set period or were they indefinite. Mr Maddock said that he would check up on this.

Councillor Bedford noted that licensing fees could only cover our costs; could officers put in what fees we can change and what fees we could not. Mr Maddock said that officers reviewed these charges every year.

Councillor Bedford said that bulky household waste charge concessions were dependant on the pensionable age of the person. But pensionable age varied a lot nowadays and perhaps the wording needed changing to something like "in receipt of a state pension". This was agreed by the committee.

Councillor C Whitbread on reviewing the increased legal fees in appendix 7 of the report commented that some of them still looked quite light and asked who they were benchmarked with. Mr Maddock said that officers needed to do a through review and to look at other authorities and take into account Government thinking on this. Councillor Whitbread said that he was happy to put these increases through as soon as possible, hopefully from January 2019 and then look at them again once we had researched it.

Councillor Bedford asked if we could use the legal team for services for people outside our district. Councillor Lion said that this was being considered and report would be coming forward soon.

Councillor Patel asked about Building Control Fees. Mr Maddock that they had remained unchanged since 2011 and it was therefore recommended to increase fees by an average of 5%, but the exact fee structure was yet to be determined.

RESOLVED:

That the Committee reviewed and commented on the proposed level of fees and charges for 2019/20 and made recommendations as appropriate.

24. TRANSFORMATION PROGRAMME PROJECT DOSSIER - RESOURCES DIRECTORATE

Mr Maddock introduced the report on the progress of projects and programmes within the Transformation Programme, known as the project dossier for the resources directorate. The Committee were asked to review the list of active High and Medium complexity projects pertinent to this committee.

P172 – Corporate ICT Team Review - it was noted that its due date was in a few days time.

P002 – Service Accommodation Review – a report on this would be going to cabinet shortly.

P177 – Recruitment and Retention Review – Councillor Lion noted that there was no updated commentary on this item as its due date was 31 August. Mr Maddock said that it was nearly complete and should be done by the end of October. He also noted that the Recruitment and Retention review had been split up.

RESOLVED:

That the Committee reviewed the updated project dossier for the transformation programme affecting the resources directorate.

25. TRANSFORMATION PROGRAMME - PROJECT CLOSURES

The Committee reviewed the project closure report from the transformation programme. This project closure report was for P043 – mail, correspondence and management managed by S Lekha. This was to undertake document scanning projects in legal services and development management to support the transformation programme.

Councillor Patel informed the meeting that the transformation manager Mr Nicholas had been tasked with looking at the closure reports and analysing them to learn any lessons that they brought up.

RESOLVED:

That the project closure report, P043, was noted.

26. 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 meeting.

27. FUTURE MEETINGS

The Committee noted their future meeting dates.