

EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Finance and Performance Management Cabinet Committee **Date:** 23 November 2009

Place: Committee Room 1, Civic Offices, High Street, Epping **Time:** 6.30 - 7.50 pm

Members Present: C Whitbread (Chairman), R Bassett, Mrs D Collins, Mrs M Sartin and D Stallan

Other Councillors: K Angold-Stephens, Mrs R Brookes, D Jacobs, J M Whitehouse and D Wixley

Apologies: Ms S Stavrou

Officers Present: P Haywood (Chief Executive), D Macnab (Deputy Chief Executive), J Gilbert (Director of Environment and Street Scene), R Palmer (Director of Finance and ICT), J Twinn (Assistant Director (Benefits)), D Jolley (Senior Finance Officer - Procurement & Administration), D Clifton (Principal Housing Officer [IT]) and G J Woodhall (Democratic Services Officer)

17. WEBCASTING INTRODUCTION

The Chairman stated that the meeting would be broadcast live to the Internet, and that the Council had adopted a protocol for the webcasting of its meetings.

18. DECLARATIONS OF INTEREST

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

19. MINUTES

RESOLVED:

That the minutes of the meeting held on 5 October 2009 be taken as read and signed by the Chairman as a correct record.

20. ANY OTHER BUSINESS

It was noted that there was no other urgent business for consideration by the Cabinet Committee.

21. QUARTER FINANCIAL MONITORING - JULY TO SEPTEMBER 2009

The Assistant Director (Accountancy) presented the Quarterly Financial Monitoring report for the period July to September 2009. A comparison had been provided of the difference between the profiled budgets and the actual income or expenditure as applicable.

The key areas of income and expenditure that were highlighted by the Assistant Director included the salary underspend of £450,000 (4.5%), the reduced income from Building Control of £64,000, a small deficit of £10,000 for Development Control income, and the reduced returns from the Council's investments of approximately £362,000. It was also highlighted that income from MOT tests carried out by Fleet Operations had exceeded expectations by approximately £50,000.

In response to questions from the Members present, the Assistant Director explained that although investment income would usually be credited to the Continuing Services Budget (CSB), any further losses this year and next would be credited to the District Development Fund (DDF). The Director of Finance & ICT further explained that as the Council Tax requirement was set on the basis of the CSB, allocating all investment income to the DDF would artificially lower the CSB and adversely affect the Council Tax.

Whilst the report had stated that payments to the Waste Management contractor had fallen behind schedule, the Director of Environment & Street Scene stated that all payments were now up to date. The Director also stated that it was not known whether the £7,000 shortfall for Refuse Collection income was due to the new collections of food waste, but undertook to investigate and respond with the answer in the next few days.

RESOLVED:

That the revenue and capital financial monitoring report for the second quarter of 2009/10 be noted.

22. FEES & CHARGES 2010/11

The Assistant Director (Accountancy) presented a report concerning the level of Fees and Charges for 2010/11. The fees and charges levied by the Council were listed along with the scope that the Council had to increase particular charges, as the Cabinet Committee were reminded that certain fees were proscribed by the Government. A general increase of 5% had been proposed, with the exception of the pay-and-display car parking charges which remained at their current levels. The Finance & Performance Management Scrutiny Panel had generally been in favour of the proposed increases at their previous meeting, and had particularly supported the proposed no increase in car parking charges.

In response to questions from Members, the Director of Environment & Street Scene explained that it was mainly small local businesses that used the Animal Welfare services, hence it was also proposed to freeze these charges for 2010/11. The Assistant Director (Accountancy) also undertook to report back the cash effects of the proposed changes.

The Cabinet Committee particularly welcomed the proposal to retain the car parking charges at their current levels. The Council's parking charges were relatively low in comparison to other councils, and free parking was offered on Saturdays at certain car parks within the District to assist the economic viability of the town centres. The Council had been praised last year by the Small Business Federation for retaining their car parking charges at a low level.

RECOMMENDED:

That, with the exception of pay-and-display car parking charges to be retained at their current levels, a general increase of 5% be applied to the fees and charges

levied by the Council in 2010/11.

Reasons for Decision:

To agree changes to fees and charges as part of the annual budget process.

Other Options Considered and Rejected:

In areas where the Council had discretion on the level of fees and charges it could set, there were a number of other possible percentage increases that could be applied, which if applied would help to reduce the level of savings required in order to set an acceptable budget.

23. UPDATE ON COUNCIL PROCUREMENT ACTIVITIES & THE ESSEX PROCUREMENT HUB

The Senior Finance Officer (Procurement) introduced a report regarding the Council's procurement activities and in particular its use of the Essex Procurement Hub. The Council had been a member of the Procurement Hub since October 2006, making a net contribution of approximately £52,000 but generating savings of more than £227,000 from Hub procurement activity.

The Senior Finance Officer reported that the Hub, based at Braintree, provided strategic and operational support, guidance and advice for procurement activities of its members, which currently totalled seven members. Each Hub member was allocated a lead contact who maintained a regular presence at the member location and provided advice on the letting of framework agreements, obtaining quotes and running mini-competitions, guidance on specifications, tendering, and EU procurement regulations. Framework agreements set up by the Hub could be used by any of its members, and the Council had recently used such agreements for the procurement of Construction Consultancy, Playground Schemes, Waste Management Services and Webcasting services.

The Senior Finance Officer advised that the benefits of using the Hub included cost savings through the use of framework agreements, increased opportunities for collaboration to generate further savings through increased purchasing power, an on-site procurement advisor, and business risk mitigation through ensuring that all procurement exercises complied with the relevant regulations which would avoid the sort of legal challenge detailed in Appendix E of the report. When the value of the contract fell within the EU procurement thresholds, the use of a Framework agreement enabled the Council to save a minimum of 87 days from the procurement exercise. The next area of improvement would be to rationalise the Council's stationery and furniture purchases.

In response to Member questions, the Senior Finance Officer stated that there was the possibility that local businesses did not bid for framework agreements or read the Official Journal of the European Union to bid for the larger contracts. It was confirmed that 56% of the Council's procurement activities was carried out with small or medium sized enterprises. The Council had attempted to work with Parish & Town Councils to make them aware of the Hub's framework agreements, and that Parish & Town Councils could combine together to use a framework agreement from the Hub. The Director of Finance & ICT added that the Procurement Steering Group encouraged best practice throughout the Council and that any savings from the Council's procurement activities were highlighted in the revenue fund listings.

The Cabinet Committee felt that it was important to encourage local suppliers for its services, but acknowledged that the Council itself was also a local business and looking to make savings. It was felt that a seminar could possibly be arranged with local businesses to explain the Council's procurement procedures.

RESOLVED:

That the current performance of the Council's procurement activities via the Essex Procurement Hub be noted.

24. DRAFT GENERAL FUND CSB-DDF LISTS 2010/11

The Assistant Director (Accountancy) presented a report concerning the first draft of the General Fund Continuing Services Budget and District Development Fund schedules for 2010/11. A brief summary was also provided of the areas of financial uncertainty facing the 2010/11 Budget, which included the cost of the Waste Management service and the loss of investment income. It was also highlighted that a number of the figures within the schedule were provisional and would be subject to change as additional information was realised; for example the figure for File Retrieval, Checking and Destruction within Planning Services would be amended to £30,000 in line with the recent decision by the Cabinet.

RESOLVED:

That the draft Continuing Services Budget (CSB) and District Development Fund (DDF) schedules for 2010/11 be noted.

25. UPDATE ON PERFORMANCE OF BENEFIT CLAIM PROCESSING

The Assistant Director (Benefits) presented an update report upon the current performance levels for processing new benefit claims and change events for existing benefit claims, as well as a forthcoming inspection by the Audit Commission.

Since the update report at the June meeting of the Cabinet Committee, the Assistant Director reported that performance had declined over the summer months, but had recently started to improve again. The reasons given for this decline in performance were: the resignations of four permanent members of staff & three agency staff members; the conversion of the IT system; the restructure of the section in July, which had affected performance in the short-term; and the higher incidence of annual leave taken in the summer months. It was highlighted to the Cabinet Committee that 40% more claims and change events were being processed than this time last year, and that the number of post items received was also up by 200-300 per week.

The Assistant Director informed the Cabinet Committee that a recruitment exercise had been undertaken for the eight vacancies within the section. Four posts had been filled but it was expected that the staff would not start until early 2010. Two applicants had turned down offers for the fixed term Benefits Officer post, one specially because it was a fixed term post. The response for the System Administration Officer post had been disappointing after the Job Evaluation Panel had made it a grade 5 post, not grade 6 as requested. Interviews for the two Benefit Assistant posts were on-going. The Council had also received notification from the Audit Commission that the Benefits Section would be undergoing an inspection during the week commencing 25 January 2010.

There was concern expressed at the reliance on agency staff within the section and the problems from making a number of posts fixed term. The Chief Executive

informed the Cabinet Committee that a similar situation had existed in 2002. The establishment of the Benefits section had been increased by two, but had been reduced subsequently through natural wastage as the workload had decreased. It was pointed out that there was traditionally a high turnover of Benefits staff due to their high demand. Market forces had increased the salaries of Benefits staff, whilst the Council had also suffered from bordering London Borough Councils who paid higher salaries. The Cabinet Committee were informed that other Essex Councils were experiencing problems.

The Performance Management Portfolio Holder highlighted an intelligent e-forms project being undertaken in the north-east of England and funded by the Department of Work & Pensions. The project claimed to have reduced benefit claim processing times and had produced savings of £100,000 in the first year. The Assistant Director undertook to investigate this particular project, and added it was one of a number of initiatives taking place in the country. The Cabinet Committee also felt that consideration should be given to converting the fixed term Benefit Officer post to a permanent role.

RESOLVED:

- (1) That the current performance of Benefit Claim processing be noted;
- (2) That the forthcoming inspection of the service by the Audit Commission in January 2010 be noted; and
- (3) That, due to problems in recruiting, the conversion of the fixed term Benefit Officer post to a permanent role be considered.

26. REPORT OF THE JOINT MEMBER & OFFICER 2010/11 BUDGET WORKING GROUP

The Director of Finance & ICT presented a report upon the first meeting of the Joint Member & Officer 2010/11 Budget Working Group. The Cabinet Committee at its previous meeting had decided to establish the Working Group to identify areas for review and ensure that resources were allocated in line with the key Cabinet priorities. This was endorsed by Cabinet on 12 October 2009. The Working Group had met on 5 November 2009 and considered a number of areas. It was decided that some of these were not appropriate to pursue at this time, such as Car Parking Charges, the Waltham Abbey Cash Office and the cost of Top Management, but a number of reviews were identified. Members and Officers were invited to identify any additional areas that might provide net savings, in addition to the following areas that had already been identified:

- Forester;
- Members – meetings and whether 58 councillors was still appropriate for the District;
- Police Community Support Officers;
- Insurance;
- Voluntary Sector;
- Information Centres;
- Print & Messenger Service;
- Secretarial Bureau & Local Land Charges;
- Legal Services;
- Building Control;
- Grounds Maintenance, Country Care & Nursery;
- Leisure & Young People – Community Arts, Museum, & Sports & Community Development; and

- Depot Rationalisation & Property Development – recommendations from the Asset Management Group.

The Performance Management Portfolio Holder, as Chairman of the Working Group, added that the intention was to maintain frontline services and keep the Council Tax increase as low as possible. The Council's finances were still good but future spending needed to be controlled, the Medium Term Financial Strategy had set a target of £1.5million of savings over the next four years, and it was acknowledged that partnership working with other Councils could provide substantial savings. The Portfolio Holder emphasised that it was intended to consult widely and for the whole process to be constructive.

In response to questions from the Cabinet Committee, the Director of Finance & ICT stated that the Medium Term Financial Strategy had allowed for 1.5% increases in salaries over the four years, as well as an allowance for vacancies. Some service reductions would be required to meet the savings target within the Strategy. The Strategy had also included the interest rate forecasts provided by Butlers, the Council's Treasury Management advisors, for investment income estimates.

Concerns were expressed over the proposed £100,000 savings target for Leisure & Young People, and it was suggested that Transport Costs should be added to the list of areas for review. It was announced that the current intention was to maintain the Voluntary Sector Grants at their current level without an inflationary increase, and encourage and assist the bodies in receipt of such funding to seek other external funding. The Cabinet Committee were informed that the Waltham Abbey Information Centre would be moved to either the Museum or Library from the Town Hall, and the possible outsourcing of Community Arts would also be considered.

RESOLVED:

- (1) That the relevant Portfolio Holders and Chief Officers be requested to commence reviews of the areas identified by the Working Group;
- (2) That the issue of Transport Costs be added to the list and reviewed by the relevant Portfolio Holder and Chief Officer; and
- (3) That an update report be received by the Cabinet Committee at its next scheduled meeting.

CHAIRMAN