

EPPING FOREST DISTRICT COUNCIL
NOTES OF A MEETING OF FINANCE AND PERFORMANCE MANAGEMENT SCRUTINY
PANEL
HELD ON TUESDAY, 17 SEPTEMBER 2013
IN COUNCIL CHAMBER, CIVIC OFFICES, HIGH STREET, EPPING
AT 7.00 - 9.11 PM

Members Present:	A Lion (Chairman), , K Angold-Stephens, T Church, D Jacobs, J Knapman, G Mohindra, Ms S Watson and J Wyatt
Other members present:	D Stallan, Ms S Stavrou, G Waller, C Whitbread and Mrs J H Whitehouse
Apologies for Absence:	Mrs R Gadsby
Officers Present	S Bacon (Senior Systems Support Officer), B Copson (Performance Improvement Officer), J Gilbert (Director of Environment and Street Scene), A Hall (Director of Housing), A Hendry (Democratic Services Officer), D Macnab (Deputy Chief Executive), P Maddock (Assistant Director (Accountancy)), S Mitchell (PR Website Editor), D Newton (Assistant Director (ICT)), N Richardson (Assistant Director (Development Control)), A Stephen (Technical Services Manager) and S Tautz (Performance Improvement Manager)

13. SUBSTITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)

The Panel noted that there were no substitute members.

14. MINUTES OF THE LAST MEETING

The minutes of the previous meeting held on 17 June 2013 were agreed.

15. DECLARATION OF INTERESTS

No declarations of interest were made.

16. TERMS OF REFERENCE / WORK PROGRAMME

The Panel noted their Terms of Reference and Work Programme.

17. ICT STRATEGY AND WEBSITE FEEDBACK

The Assistant Director ICT, David Newton took the meeting through a presentation on the proposed ICT Strategy. Members noted that the strategy was made up of three documents, strategy; projects and initiatives (plus an annual ICT update). The strategy document was an overarching 5 year core strategy document. The ICT projects document listed all projects and would be updated annually. Finally, the ICT Update would give an annual update of the progress made. The strategy will be taken to the Cabinet in October for formal approval. However, not all items in the strategy had been budgeted for. These will be taken to the Cabinet for consideration on a rolling programme.

Apart from internal drivers for change the council was also responding to changes in the public sector such as the Public Sector Network (PSN), the G Cloud, the use of open source/open standards software and the localism agenda.

The ICT strategy was based around ten key themes:

- 1) **Working smarter** – to acquire and provide the skills and tools for the council to become smarter, more adaptable and more efficient;
- 2) **New technology** – develop the ICT infrastructure to take advantage of new technology and greater efficiency, keeping up with technology including 'Cloud' where there was a robust business case;
- 3) **System integration** – where suitable facilitate the integration of back end systems across directorates and functions, including common architectures;
- 4) **Big data (Business Intelligence)** – to provide tools to collect, use and manage data efficiently and effectively across the council and partners;
- 5) **Value for Money** – to maximise value for money by making best use of existing systems and hardware and exploring alternative software solutions including open source;
- 6) **Keeping the Lights on** – maintain reliable and secure ICT service for internal users and members;
- 7) **24/7/365** – to provide 24/7/365 digital by default services for residents;
- 8) **Partnerships** – investigate and develop external partnerships where appropriate for EFDC and internal partnerships where ICT could add value;
- 9) **Communication and Training** – putting in place communication and training to assist technical and cultural change and development;
- 10) **A shared vision** – to provide a clear supported and understood ICT strategy building on the Council's needs, external drivers and demands from residents.

Councillor Knapman said that he was surprised that we had not done this before as they were common sense ideas. He thought we were on the right lines here but was interested in what this would cost the council and could we afford it. Mr Newton said that the budgeted costs would go to Cabinet on a yearly, rolling basis for capital projects.

Councillor Angold-Stephens was unclear on how the bespoke systems of the Council could be integrated with each other. Mr Newton said that the key to this was link them to the property gazetteer with a unique property number to link all the systems using this as a key field.

Councillor Stallan said that elections had been mentioned and also there was a reference to keeping the lights on. Recently concerns had been raised about councils selling information from their elections register and how would keeping the lights on affect the out of hours services. Mr Newton replied that in respect of reliability of services they have now put a number of systems in place and if problems were encountered officers could now address it remotely or if necessary come in and affect repairs. The system should now contact the appropriate member of staff if encountered problems.

As for elections we meant that we need only enter information once to update all the systems we have, including elections. This was by entering information once into the gazetteer to update all the other systems.

Councillor Lion asked how this would fit into the proposed new structure for the council. Mr Newton said it would fit in well as it would relate to what we had and was adaptable. It would be good for use at home or out in the field (remote working).

What was proposed would break the silo type of working, bring people together, and promote hot-desking with wireless working within the building.

Councillor Waller thanked Mr Newton and his team for being responsive to the comments from the recent workshops and hopefully by next month members would be able to access the EPS system. He wondered how many members were using mobile systems at present. Mr Macnab, the Deputy Chief Executive, noted that officers were corresponding with the appropriate Minister about moving away from the use of paper. He would keep members advised about any developments.

Mr Newton said that the second part of his report dealt with the recent workshops held for members. He noted that in total, 15 members had turned up, and they had raised a lot of issues about ICT. Officers took this away, did an initial response and presented this to the Website Development Board. These issues were recorded in appendix 1 of the report. Some of the problems mentioned were:

- Access via the VPN token was slow and difficult to use – officers are looking to getting a ‘soft token’ using emails or texts;
- VPN training – officers would try and offer this from next month, they would also try and offer home help to members and help set up their VPN systems;
- They were also looking at remote access;
- To consider members desire for Email provision of an EFDC address;
- As for mobile working and people using such things as i-pads, the Council now has an app called ‘Good’ to enable members to pick up their council emails on the move;
- There was also a possibility to update Modern dot Gov. This would enable members to look at restricted documents on the web; and
- It was noted that the councillor pages on our site was generally appreciated by the members.

Unfortunately none of these changes were free and approximately £27,000 would be needed. This would be put in the ‘Capital Requirements’ of the proposed budget for Cabinet to discuss.

There would be an option to set up a member’s users group to discuss these proposals.

Councillor Lion asked if officers had surveyed members on their use of the IT systems as it would be useful to have the evidence that this would bring. Mr Newton said they had asked the 15 members that went to their work shops but could do a full scale survey of all members. This could be used to inform their report to the Cabinet.

RESOLVED:

- 1) That the potential options for improved Member connectivity following feedback from the recent website and mobile working workshop was considered and noted;
- 2) That a full survey of all Members be undertaken to ascertain their thoughts on the Council’s IT systems. The results of this survey to inform their report to Cabinet;
- 3) That the proposed solutions as outlined in the report be supported in principal for consideration by the Cabinet.

18. KEY PERFORMANCE INDICATORS 2013/14 - QUARTER 1 PERFORMANCE MONITORING

The Performance Improvement Manager, Mr S Tautz, introduced the report on the quarter 1 performance of the Key Performance Indicators for 2013/14.

It was noted that a range of thirty-four Key Performance Indicators (KPI) for 2013/14 was adopted by the Finance and Performance Management Cabinet Committee in March 2013.

As an additional enhancement to the quarterly review of KPI performance, this was the first period for which KPI reporting reflected an additional 'amber' performance status. This performance category identified indicators that had not achieved the target for the quarter, but where performance was within a tolerance or range.

The meeting noted the Q1 performance for KPI 41 had shown a marked increase in the number of days taken to re-let void properties. Initial investigations had shown that individual properties were capable of distorting overall performance because, despite being by their nature difficult to let, they were not currently included under the definition of 'difficult-to-let properties' which were taken out of the overall calculation. There were also concerns about the current definition of 'Major Works'. The Assistant Director for Housing was to review both of these issues and bring a full report on the definition of KPI 41 to the next meeting.

The meeting went on to considered only the KPIs that were designated red or amber.

KPI 4 - *% of visitors to the council website were satisfied with their experience* – noted that it was just slightly below its target. People tended to comment on the satisfaction of the service they were looking for and not specifically on the use of the website. But the indicator was considered important as the website was one of our primary communications tools and we needed to get it right.

KPI 10 – *how many working days did we lose due to sickness absence* – members were disappointed that this had dipped slightly below its target but officers assured them that it would rectify itself by quarter 2. They also noted that staff were offered flu vaccinations on an annual basis.

KPI 11 – *what % of the rent we were due to be paid for our commercial premises was not paid* – noted that the notes at the top were in error and that they needed updating as it had moved from annual reporting to quarterly.

KPI 20 – *how much non-recycled waste was collected for every household in the district* – it was noted that we performed at a high level on this indicator but we had reached some sort of plateau. Officers were still looking at ways to do better especially with the new waste contracts being considered. The public needed to be encouraged again to recycle as they may have got a bit lax. Asked about the progress made on recycling in blocks of flats, officers noted that that they were trying to get more flats involved and also the new waste contract would be considering as they went through the procurement process.

Councillor Jacobs queried the figures as they seemed contradictory. The Director of Environment and Street Scene said he would have someone look at the figures and get back to him.

KPI 27a – *what % of the recorded incidence of fly-tipping (contract cleared) are removed within 5 working days of being recorded* – Councillor Mohindra asked if we had issues with County Highways on this. He was told that yes they had battles over the types of fly-tipping and who was responsible for cleaning them up.

KPI 27b – *what % of the recorded incidences of fly-tipping are removed within 10 working days of being recorded* – Councillor Knapman asked if it would be useful to have comments on why something went over the 10 day deadline – not specifics but overall, general reasons would be welcome. Officers agreed to put in more information when possible.

KPI 32 – *what % of the district's annual business rates were collected* – the 85% increase in collections for previous years was questioned. Officers said they were still collecting Council Tax from the previous year and this had increased in proportion to the amount collected for this year.

Councillor Watson asked if a business changed hands would the new lease owner have to pay the old bills off – did the council apply this rule. Mr Maddock said that he would check up on this and report back.

KPI 40 – *what % of the rent due from our council home tenants was paid* – Councillor Mohindra noted that this was an efficient indicator to look at the way forward. The Director of Housing, Alan Hall said that they were looking at the collection of rent arrears in other council's experiences. They noted that the tenants do get used to paying this and the second quarter should be better than the first. This needed to be kept under consideration.

KPI 41 – *on average, how many days did it take us to re-let a council property* – Councillor Mohindra wondered if excluding the one difficult to let property (mentioned in the introduction to this item) would have helped the figures. He was told that if they did that it would have reduced the figures by a number of days. The section also had vacancies in their allocations team which did not help the figures. Officers hoped that by quarter 2 the figures would be back up to a reasonable level. However, they did need to look at the definition of the indicator as it needed to properly measure performance.

Councillor Jacobs agreed that this indicator needed to be reviewed as one item had made it worse by 5 days.

AGREED that the definition of this indicator be reviewed.

KPI 52 – *what % of minor planning applications were processed within 8 weeks (delegated decisions only from 2012/13)* – asked if that was in fact worse that it looked and could the officer reassure members that they were not making the figures look better that they were. The Assistant Director (Development Control) noted that they were driven by targets but were reasonably confident that the figures would be better next time. They were also looking for ways forward, with the applicant, by examining the reasons for refusal.

KPI 53 – *what % of other planning applications were preserved within 8 weeks (delegated decision only from 2012/13) (also KPI 54 & 55)* – these were all in the red. Officers said these were similar to the last one (KPI 52) and would improve once the staffing levels improved. Councillor Knapman queried if this was a realistic target as they had achieved over 90%; would that not be a better target. Mr Richardson said

that they did have a lower target a few years ago which they had achieved, so the target had been increased. But, officers were still hopeful they could achieve this.

KPI 55 – *what % of planning applications, refused by Council Members against the planning officer's recommendations, were granted permission on appeal* – Councillor Knapman queried usefulness of planning inspectors and that it did not fit well with the stated aims of localism.

RESOLVED:

That the first quarter performance for Key Performance Indicators for 2013/14 be noted.

19. QUARTERLY FINANCIAL MONITORING REPORT - QUARTER 1

The Assistant Director of Finance, Peter Maddock, introduced the first quarter financial monitoring report for 2013/14, covering the period from 1 April 2013 to 30 June 2013. He noted that the salaries schedule showed an underspend of £99,000 or 2.0%. This compares to 3.4% at this time last year.

The Deputy Chief Executive showed a 4.8% overspend; this was because some external funding was secured for a disability awareness officer and the Youth Futures Project after the budget was agreed.

He also noted that expenditure in Building Control was underspent by 13.8% or £9,000.

The Council had received £1.940m of the original £2.5m investment placed with Heritable Bank as at 30 June 2013, this now brought the recovery up to 77.28%. A further payment was due in July but was not received until late August; however a sum of £420,161 was received which exceeded expectations and brought the recovery to 94.4%.

Development Control income at Month 3 was £19,000 below expectations. Generally applications so far this year have been quite small, though pre-application income had exceeded the full year's budget already which may indicate that some larger applications are on the way.

He also noted that the Hackney Carriage and other licensing income were below expectations; there have been fewer renewals particularly on other licenses. This appeared to be related to the recession. Also, income from MOT's carried out by Fleet Operations was below expectations and income at month 3 was £8,000 below target. Expenditure on salaries was down but only by about £3,000. Local Land Charge income was broadly in line with the prior year and above the original estimate which suggests, as last year, income would exceed budget for the year.

Councillor Wyatt noted that the income from MoTs had fallen. He wondered if a survey on local garages and their charges had been carried out to compare prices, or if we used discount rates for our MoTs. Mr Maddock said he was not sure about a survey being carried out but he did know that we had competitive rate.

Councillor Knapman noted that the pre-application incomes on planning applications were up, but just what was this income. Mr Richardson, Assistant Director (Development Control), said that they had expanded this to include a wider range of applications. This has already brought in about £35,000 so far this year which had

exceeded expectations. However, they did not seem to be getting many major applications.

Councillor Jacobs wondered why we were not performing as well as expected on refuse collection and recycling. The Director of Environment and Street Scene, Mr Gilbert said that they were continuing to press County for data. This was a long winded process, it takes a long time before we get billed for this.

Councillor Mohindra asked why the voluntary sector grants decisions had been delayed. Mr Maddock said that some grants had been delayed from month 3 to month 4. Grants were generally done on a three year cycle.

Councillor Knapman asked if we were putting up business rates in view of the present climate. Mr Maddock was not sure, but said he would check it out.

Councillor Angold-Stephens asked about the voids in Langston Road and asked were the businesses going else where because our rents were too high. Mr Maddock said he would find out from the appropriate officer. Councillor Angold-Stephens added that he was getting a lot of complaints about the high level of rents from local traders. Councillor Lion added that he had heard similar complaints.

Councillor Watson asked that the commission received from the David Lloyd centre be explained to her. Mr Maddock said it was based on a year end estimate. There were on-going negotiations regarding the lease. The comments were indicating that the income may be lower because of these negotiations, he would confirm later. Councillor Watson said she would to find out the variances.

Councillor Lion asked if the current risk management (and the increasing risks) would this effect the income stream of the Council. Mr Maddock said that it would. Income streams were down at present and things were less certain than they had been, he anticipated that there would be a tough few years ahead.

Councillor Knapman asked about the budget and the upgrade for industrial units, was the budget more that what was needed or was there other expenditures planned for this year. Mr Maddock replied that there were other plans other than those indicated he would get further information and get back to him. Councillor Knapman said he would like to see where the money would go. Mr Macnab added that any underspends would generally go back into the Capital Review.

Councillor Knapman asked if the Waltham Abbey regeneration budget was a one off. He was told that it was.

RESOLVED:

That the Panel noted the Revenue and Capital financial monitoring report for the first quarter of 2013/14.

20. EQUALITY OBJECTIVES - PROGRESS REPORT

The Performance Improvement Officer, Barbara Copson, introduced the report updating the Panel on the progress towards the achievements of the Council's equality objectives.

As part of the Public Sector Equality duty, the Council adopted four equality objectives with the capacity to make a difference to the communities of the district. The report reflected progress made to the end of the first quarter of 2013-2014.

The equality objectives focused the Council's equality related work and were required to be published every four years. The objectives must be specific and measurable, and set out how progress would be measured.

The equality objectives helped the Council meet one or more aims of the Public Sector Equality Duty and were focused on the following key areas where improvement in relation to equality had been identified:

- the use of equality intelligence
- ownership of equality
- engagement
- the workforce equality profile

The report set out the progress made against each of the four points identified.

Councillor Knapman welcomed the report but would have liked more information on the equality implications identified through the process and how the equality implications had been addressed in order to avoid discrimination against any particular group. Members would like to know how things were being done, how much was being spent and what VFM the Council was getting from these improvements.

Officers took his comments on board but noted that there was a lot of information that they needed to get across.

RESOLVED:

That the current progress in relation to the achievement of the Council's equality objectives and other work to ensure compliance with the Public Sector Equality Duty be noted.

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

1) The Chairman would report back to the Overview and Scrutiny Committee on the findings of the sub-committee set up to look at cross charging (recharging) in the Council. A copy of that report is attached to these minutes. Members were invited to read the report and comment on it at this Panel's next meeting.

2) Councillor Knapman asked that this Panel consider the effect on Council Tax if/when the government withdraw some or all of their grants to local councils. We would need to have plans in place on how we could cope with this loss in revenue and how it would affect Council Tax. He noted that some councils had not taken up the government grants on offer just because they would stop in a few years time.

Councillor Stavrou, the Portfolio Holder for Finance and Technology, said that they had this in mind and were presently looking at it. They were looking at the changes to the mid-term financial strategy and looking at all the likely scenarios to weather this storm.

Councillor Knapman replied that as this concerned this Scrutiny Panel, they needed to see the scenarios. Could they be brought back to this Panel.

Mr Macnab said that we should confirm the panel's intention to look at this with the main O&S Committee and get their blessing.

3) The Panel paid tribute to Councillor Finn, who sadly had recently passed away. He was a valued member of this Panel and the Council. He would be greatly missed.

22. FUTURE MEETINGS

The dates for the future meetings of this Panel were noted.

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Report Back to: Finance and Performance Management Scrutiny Panel
Date of Meeting: 17th September 2013

Sub Group Members: Cllrs Alan Lion, Gagan Mahindra and Sylvia Watson

1. BACKGROUND

At the meeting of Finance and Performance Management Cabinet Committee 21st January 2013 a question was raised about the recharge of member's allowances to the housing revenue account. This resulted in a discussion about how the levels of recharges made it difficult to determine if the service was providing Value for Money (VFM). The Finance and Performance Management Scrutiny Panel were asked by the Finance and Performance Management Cabinet Committee to investigate recharges as members found them confusing. Additionally when questioned Directors or Officers have been unable to effectively explain cross charged costs appearing in departmental budgets.

2. METHODOLOGY

A small sub group was set up under the Chairman of Finance and Performance Management Scrutiny Panel to investigate the issues with the view to defining the problem and to understand the methodology for cross charging.

This report is presented back to the Finance and Performance Management Scrutiny Panel for consideration and comment.

3. FINDINGS SO FAR

Working with Peter Maddock Deputy Director (Accountancy) it has been possible to investigate and look below the surface of the high level budget and accounts presented to members. The council use an accounting system which enables budget holders (Budget Spending Control Officers) to assign, approve and manage costs directly attributable to their departments. This information is recorded in the Budget Spending Control and Code Book and is measured against this during the year. However common services i.e. Service Support costs, although controlled through a single budget holder control point e.g. Accommodation, IT, the Telephone system are apportioned by Finance and allocated at year end across all departmental budgets. An example section from the Budget Spending Control book is attached.

Similar calculations are made as part of the budget preparation, allowing the annual financial accounts to be compared with the budget. It is not clear as to the value gained from this for day to day management by the after the event comparison, especially given the significant amount of work involved.

This preliminary investigation has inevitably resulted in more questions.

Q – Is it a Financial Control requirement to prepare budgets that includes allocations (recharges) of costs?

Certainly the allocation of costs on a particular department from other areas have limited if any relevance to spending control officers as they are not in control of those cost items.

The allocations of costs not directly attributable to specific activities are calculated according to CIPFA rules. This is required for the annual accounts and is not necessary for management accounting.

4. THE BUDGET

The budget is a tool used in planning future activities for a particular time period and against what actually happens; this can be compared revealing variances.

Variances must be identified in good time to be able to affect remedial action to remain financially neutral. The reasons why variances have occurred must be determined to ensure that the appropriate action is taken, i.e. additional savings found or underspends justified. Revision of the budget should only happen if the original budget was not valid.

The budget should be part of the management controls to ensure that the strategic objectives of the council are met. As such it should be pro-active planning rather than “cut and see”.

5. SPENDING CONTROL

Spending control officers do not actually spend all the money attributable to them and appear to take responsibility for costs directly signed off by them but not all controllable costs. In the spending control book salaries are for example described as for Accountancy Use Only but arguably these are controllable costs. If the spending control officer is unable to directly influence the magnitude of such a cost or decide whether it should be incurred at all it begs the question “who does?” Every cost must be controllable by someone.

Because of way costs are allocated the spending control officers have items in their budgets over which they have no direct control. However this does make them aware of all their costs and the effect on council’s position.

The term “spending control” reveals an approach that is not designed to control effectiveness and efficiency where a measure of outputs would also have to be applied. Whenever a service could be obtained by outside

contracting e.g. maintenance or running canteen an outside alternative should at least be investigated to provide a benchmark for comparison.

6. CONTEXT FOR NEXT STEPS

The Chief Executive's plans to restructure the council have been presented. Should this provide an opportunity to review the management of costs in the overall context of the setting of objectives through to measuring and controlling outputs and costs?

The council's activities do not yield a readily identifiable monetary value and how much should be spent on these activities becomes a matter of judgment. The most important stage occurs when decisions are made on where to allocate resources and on which projects to undertake. Judgments about efficiency can only be made in the light of both costs and outcome and value of outcome. This is normally a matter of qualitative opinion rather than quantitative measurement. Therefore cost allocations and budgets must be looked at together with KPIs in the context of the strategic plans. Information systems that relentlessly churn out unused information could amount to nothing more than misdirected work.

This raises additional wider issues -

- a) Who is responsible for setting the budget and controlling effectiveness and efficiency;
- b) Local Government does not have a profit or competitive driver, how can the council achieve best in class. VFM, best process and clear responsibility;
- c) Benchmarking against other authorities may not be an effective measure;
- d) How to drive forward through continuous improvement and change management; and
- e) Should business plans have a role in establishing the way forward?

7. NEXT STEPS

The areas identified for further immediate information fall into two broad categories:

- Hierarchy of delegation
- Cost allocation for management purposes

As regards the hierarchy of delegation we need to establish the responsibility and scope of control of:

- a) Portfolio holders
- b) Directors
- c) Other officers

In respect of cost allocation for management purposes we need to establish:

- i) Which costs are controllable within each responsibility centre (controllable costs may include direct fixed costs e.g. depreciation if a directorate controls the fixed asset decisions and imputed interest charge based on opportunity cost of funds.);
- ii) Which fixed costs are committed costs that cannot be eliminated without a change in objectives;
- iii) Which common fixed costs are medium term costs that can be reduced without immediate major disruptions to the objectives;
- iv) Whether there is cross charging should be market based or negotiated rather than cost-based;
- v) Which costs are step costs in nature?

*Alan Lion
Gagan Mahindra
Sylvia Watson.*