

EPPING FOREST DISTRICT COUNCIL
NOTES OF A MEETING OF FINANCE AND PERFORMANCE MANAGEMENT SCRUTINY
PANEL
HELD ON TUESDAY, 9 SEPTEMBER 2014
IN COUNCIL CHAMBER, CIVIC OFFICES, HIGH STREET, EPPING
AT 7.00 - 8.23 PM

Members Present: T Church (Chairman), A Mitchell MBE (Vice-Chairman), D Dorrell, J Knapman, G Mohindra, H Ulkun, Ms S Watson and Mrs E Webster (Vice Chairman of Council)

Other members present: D Stallan and Ms S Stavrou

Apologies for Absence: K Angold-Stephens

Officers Present P Maddock (Assistant Director (Accountancy)), D Newton (Assistant Director (ICT and Facilities Management)), S Tautz (Democratic Services Manager), J Twinn (Assistant Director Benefits) and A Hendry (Democratic Services Officer)

11. SUBSTITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)

The Panel noted that there were no substitute members.

12. DECLARATION OF INTERESTS

Councillors Stallan, Mohindra, Stavrou, Ulkun, Webster, Church, Watson and Knapman declared a non pecuniary interest in agenda item 8, recommendation 4 – Financial Issues Paper, by virtue of being members of their respective Town and Parish Councils. They advised that they would remain in the meeting for the duration of the item.

13. MINUTES OF THE LAST MEETING

The minutes of the previous meeting held on 16 July 2014 were agreed.

14. KEY PERFORMANCE INDICATORS 2014/15 - QUARTER 1 PERFORMANCE

The Panel noted the problems with the printing of the KPI sheets on the agenda and the tabled sheets of the 11 KP Indicators that were for this Panel to scrutinise. They also noted that from this year, each Scrutiny Panel would be receiving their own performance indicators to review on a quarterly basis.

The Panel then went through their KPIs individually.

GOV001 – *how satisfied with their experience were visitors to the Council website* – Councillor Dorrell queried the target for the first quarter. He was told that the target for this quarter was correct.

GOV002 – *what % of the rent we were due to be paid for our commercial premises was not paid* – Councillor Mohindra wondered that as a commercial landlord, did we not have the power to ensure that people paid on time. Officers were unsure of our powers and promised to bring back a response.

RES001 – *How many working days did we lose to sickness absence* – Councillor Mohindra asked why this year's quarter figure was higher than last years. Officers would investigate and get back to him.

RES002 – *what % of the invoices we received were paid within 30 days* – Councillor Mohindra asked if we were keeping to our informal 10 day payment deadline for local suppliers. He was told that it was nearer to 20 days.

RES003 – *what % of the district's annual Council Tax was collected* – the Panel were happy with the council's performance on this indicator.

RES005 – *on average how many days did it take us to process new benefit claims* – and **RES006** – *on average how many days did it take us to process notices of a change in a benefit claimant's circumstances* – the Panel noted that we had exceeded our performance target on both these indicators.

RES008 – *in what % of fraud investigations was fraud proven* – Councillor Mohindra noted that he had requested this indicator as a more useful measurement. He hoped that we remained effective in our investigations. The Assistant Director Benefits, Ms Twinn, noted that these investigations could take a long time to complete. The Government Department for Works and Pensions (DWP) would be taking over all benefit investigations in October 2015; unfortunately Council staff working in this area did not know if they would remain with the Council or be seconded to the DWP.

It was also noted that the current quarter 2 performance figures were on target and would catch up on the quarter one target.

RESOLVED:

That Panel noted the performance indicators within its area of responsibility for the first quarter of the year.

15. QUARTERLY FINANCIAL MONITORING

The Assistant Director (Accountancy), Mr Maddock introduced the report on quarterly financial monitoring, outlining the position at the end of June.

The Panel noted that:

- the salaried schedule showed an underspend of £103,000 or 2%. This was in line with last year's figures;
- all Directorates revenue budgets were either in line with the budget or underspent;
- the investment interest levels in 2014/15 were slightly above expectations at quarter 1. There was still no clear indication when rates may improve although an upward movement, although small, seemed a possibility during 2015/16;
- the council had received a 94% return of monies from the Heritable Bank and it looked likely that that the remained would be paid back by the autumn;

- development control was going particularly well with fees and charges up by £53,000;
- building control income was on budget at the end of June as was expenditure;
- hackney carriage and other licensing income were both above expectations by £9000 and £1000 respectively;
- income from MoTs and Fleet Operations was £4000 above expectations, but an overall deficit of £29,000 was predicted for 2014/15;
- one note of caution expressed was that the number of traders at the North Weald Airfield Market was still in decline;
- in general expenditure was generally lower in the first quarter than other quarters so it was no surprise that a number of areas were showing underspends.

The new Business Rates Retention scheme was in its second year whereby a proportion of rates collected were retained by the Council. By the end of June the figures were looking good with the Council retaining funding of £40,680; but this might not continue depending on the number of claims from small businesses that were received.

Councillor Stallan noted that there had been changes in the collection laws and asked if this had increased the amount of work for our collectors and had there been any increase in our collecting rates. Mr Maddock replied that he was not aware of any changes and would have to consult the officer concerned. Councillor Stallan said he would like an answer for next week's Finance Cabinet Committee meeting as it would be helpful to have an update on this.

Councillor Church noted that we had not received our money on recycling for 2013/14 as yet from the County Council. Mr Maddock noted that this was a lengthy process but this money should be coming in about now. Councillor Mohindra asked if this process could be streamlined in any way with Essex County Council. Mr Maddock noted that officers were in discussions with the county looking at ways things could be speeded up.

Councillor Mohindra asked if we were expecting a loss of £175k for Loughton Leisure Centre. Mr Maddock replied that because of the way the contract was set up this was in effect, a surplus.

Councillor Mohindra asked about council garage rents. Councillor Stallan noted that the number of current garages was in decline as some sites had been demolished, so the figures would change because of this and also because some tenants would relocate.

Councillor Mohindra asked what the overspend of Capital Fees for the purchase of lease regarding Torrington Drive related to. Mr Maddock said he would find out how it related to capital fees and this purchase.

Councillor Knapman wanted to know if we would receive more money if we collected more food and garden waste. He was told that we would.

Councillor Knapman noted that IT had experienced an inflationary increase of 7%; how was this possible as inflation was not that high. Mr Maddock said that it was partly a combination of inflation and partly because of the change in the timing of the contracts.

Councillor Knapman noted that the Property Management System had a variation of 0% but nothing had been spent on it was this right? Mr Maddock said the money would be spent towards the end of the year.

Councillor Knapman commented that we seemed to be behind on everything, will this happen every year? Mr Maddock replied that a slow start was the most likely cause of this; we would catch up as the year progresses. The Capital Programme would be reviewed again in December. Councillor Knapman said he would keep an eye on this to see that it did catch up.

RESOLVED:

That the Revenue and Capital Financial Monitoring report for the first quarter of 2014/15 be noted.

16. PERFORMANCE MONITORING - CALL HANDLING

The Assistant Director, ICT and Facilities Management, Mr Newton, introduced his report on call handling performance that was produced in response to a request made by this Panel at their March meeting. They wanted to know how long would a member of the public have wait before they were answered by the switchboard. He noted that our new telephone system was now live and capable of producing very detailed management information. However it was noted that although a report on switchboard times was possible the majority of calls now bypass the switchboard and go to direct dial extensions. It would be more beneficial to monitor what happens following the switchboard transferring a call.

ICT staff had only just been trained in the use of this new monitoring system and on the subsequent production of reports. He was now looking to members to give a steer as to what they would like to have monitored. Officers could then produce regular reports monitoring as appropriate.

Councillor Knapman noted that given the change in the system, they would need time to evaluate the system. He thought that other local authorities should be consulted as to what they monitored. He also noted that on our current system did not give an option for planners, which he thought was a good thing as the people who were phoning the planning department generally knew the name of the planner they wanted. Mr Newton said that he was getting the same sort of feedback on planning. Housing would be added at a later date.

Councillor Watson suggested that direct dial calls be monitored and the percentage that went through to voicemail.

Councillor Church suggested that this be deferred for officers to bring some sample reports to a future meeting to give them an idea of what could be done. This was agreed.

RESOLVED:

That sample monitoring reports be brought to a future meeting of this Panel as an indication of what could be done.

17. FINANCIAL ISSUES PAPER

The Assistant Director (Accountancy), Mr Maddock introduced the Financial Issues Paper. This provided the initial framework for starting the 2015/16 budget. It had been to the Cabinet Finance Committee in July and was here for the Panel comments on the initial budgetary structure for 2015/16.

The report took the members through the General Fund Outturn for 2013-14, the updated Medium Term Financial Strategy and the Continuing Services Budget. It also went through central government funding, noting that significant changes had happened at the start of 2013/14 and we were only a year and a half into these changes. It was noted that as part of abolishing Council Tax Benefit and introducing Local Council Tax Support (LCTS), the DCLG had to determine whether parish Council would be affected by the reduction in council tax base or left outside the calculations. However, despite the consultation response on the scheme being massively in favour of tax base adjustments only at district level, the DCLG decided that parish councils should also be affected. One of the problems with this decision was that DCLG did not have a legal power to make grant payments directly to parish councils. This meant the funding for these councils had to be included in the grants to districts and it was then for districts to determine how much of the grant was passed on. Members determined that parish councils should be fully protected from this change for 2013/14, a decision that was not shared by many authorities across the country.

It was noted that half of the Business rates retention was kept locally, 40% to EFDC, 9% to Essex County Council and 1% to the Essex Fire Authority; and 50% went to Central Government.

As the billing authority we were responsible for collecting the money and then paying it over. However, as our share (£12,755,334) exceeds the amount of our funding deemed to come from retained business rates (£2,909,311) the excess (£9,846,023) was also paid to Central Government as a "Tariff". The tariffs are used to provide "Top Ups" to those authorities whose non-domestic rate income is lower than their deemed funding from business rates. Overall this means we were collecting nearly £32 million but retaining less than £3 million, or just over 9%.

A major concern was how appeals would be dealt with, as all appeals were to be settled by the district, even if we did not see the benefit in the first place. This was unfair for us as we would have to put aside money for any anticipated appeals.

It was noted that in the DDF the carry forward of £682,000 represented a decrease of £154,000 on the £836,000 of slippage for 2012/13. Also, given that DDF funding was limited, it should only be used to support high priority projects. If a project takes several years to be implemented questions needed to be answered over whether it was really a priority and if that money could have been used for a more urgent purpose.

The report noted that the Council was in a stronger financial position than had been anticipated, despite the reductions in funding set out in the report this was the fourth consecutive year when the General Fund Reserve has increased.

However, there will be a General Election next year and so whilst some of the uncertainty around the changes from 2013/14 had been removed there was now greater uncertainty overall for the medium term. It was possible that an incoming Government may have a different view on NHB, LCTS, retained business rates or any other aspect of local authority financing.

Councillor Knapman was concerned that the report had been written earlier on in the year and maybe it should have been updated for this meeting. He also expressed concern over the Council's large reserve. Our reserves in relation to other local authorities looked very high. Also, would our high reserves affect our services; we should be defending our services. Would the council's position be defensible with the government making savings where they could?

He also said that it was right to point out the unfairness of the appeals system; we should be making a case to the government about this.

Councillor Mohindra agreed with the proposed net savings for 2015/16 and Councillor Knapman noted that the Cabinet could always re-examine the figures at a later date to see if they were comfortable with them.

Councillor Mohindra asked if the increase in Council Tax could be revisited. Councillor Knapman wondered if a 0% increase should be considered and not a 2.5% one.

The Panel then discussed recommendation 4 of the report "to recommend to the Cabinet a reduction of 15.4% in parish support, in line with the reduction in the central funding this Council received".

On the whole the Panel thought that this was a fair way to deal with this and the proposal was hard to disagree with. It was noted that this would go on to Cabinet and then on to full Council for consideration where it would receive full consideration by all members.

The Panel noted that recommendation 3 dealing with the review of fees and charges should be deferred to their next meeting when they would receive a separate report on this.

RESOLVED:

1. The Panel agreed to recommend to the Cabinet the establishment of a new budgetary framework including the setting of budget guidelines for 2015/16 covering:
 - (a) The Continuing Services Budget, including growth items;
 - (b) District Development Fund items;
 - (c) The use of surplus General Fund balances; and
 - (d) The District Council Tax for a Band 'D' property.
2. That a revised Medium Term Financial Strategy for the period to 2018/19, and the communication of the revised Medium Term Financial Strategy to staff, partners and other stakeholders be recommend to the Cabinet.
3. That the detailed review of fees and charges, especially parking charges be deferred to the November meeting of the Panel.
4. That a reduction of 15.4% in parish support, in line with the reduction in the central funding that the Council receives be recommended to the Cabinet.

18. TERMS OF REFERENCE / WORK PROGRAMME

The Panel's Terms of Reference and work Programme was noted.

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

To report back to the Overview and Scrutiny Committee with a general update on the reports considered at this meeting.

20. FUTURE MEETINGS

The dates of the Panel's future meetings were noted.