

EPPING FOREST DISTRICT COUNCIL
NOTES OF A MEETING OF FINANCE AND PERFORMANCE MANAGEMENT SCRUTINY
PANEL
HELD ON TUESDAY, 11 NOVEMBER 2014
IN COUNCIL CHAMBER, CIVIC OFFICES, HIGH STREET, EPPING
AT 7.00 - 9.15 PM

Members Present:	T Church (Chairman), A Mitchell MBE (Vice-Chairman), K Adams, K Angold-Stephens, D Dorrell, J Knapman, H Mann and Ms S Watson
Other members present:	A Lion
Apologies for Absence:	G Mohindra, J M Whitehouse and Mrs E Webster (Vice Chairman of Council)
Officers Present	P Maddock (Assistant Director (Accountancy)), D Macnab (Deputy Chief Executive and Director of Neighbourhoods), B Copson (Performance Improvement Officer), P Maginnis (Assistant Director Human Resources), G. Nicholas (National Management Trainee), C Pasterfield (Assistant Director (Asset Management and Economic Development)), R Wilson (Assistant Director (Housing Operations)) and A Hendry (Democratic Services Officer)

21. SUBSTITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)

The Panel noted that Councillor K Adams was substituting for Councillor Jon Whitehouse.

22. DECLARATION OF INTERESTS

No declarations of interest were made.

23. MINUTES OF THE LAST MEETING

The minutes of the previous meeting held on 9 September 2014 were agreed subject to noting that under minute item 14, KPI GOV001 – Councillor Dorrell queried the target for the fourth quarter and not the first.

24. TERMS OF REFERENCE / WORK PROGRAMME

The Panel's terms of reference were noted and that item 12 of their work programme, the progress on the ICT Strategy, would go to the next meeting.

25. CHANGE IN ORDER OF THE AGENDA

With the permission of the Chairman the order of the agenda was changed so that items 7,11,8 and 12 were taken in in that order.

26. KEY PERFORMANCE INDICATORS 2014/15 - QUARTER 2 PERFORMANCE

The Performance Improvement Officer, Barbara Copson, introduced the report on the quarter 2 performance of the 2014/15 key performance indicators relevant to this Scrutiny Panel.

The Panel noted that the overall position with regard to the achievement of target performance for all of the KPIs at the end of the second quarter (1 July to 30 September 2014) of the year was:

- (a) 25 (69%) indicators achieved the cumulative second - quarter target; and
- (b) 11 (30%) indicators did not achieve the cumulative second-quarter target, although 2 (5%) of these KPIs performed within the agreed tolerance for the indicator.
- (c) 30 (83%) are currently anticipated to achieve the cumulative year-end target.

Eleven of the Key Performance Indicators fell within the F&PM SP areas of responsibility. The overall position with regard to the achievement of target performance at the end of the second quarter of the year for these eleven indicators, was as follows:

- (a) 4 (36%) indicators achieved the cumulative second quarter target;
- (b) 7 (63%) indicators did not achieve the cumulative second quarter target, although 1 (9%) of these KPI's performed within the agreed tolerance for the indicator; and
- (c) 7 (63%) were currently anticipated to achieve the cumulative year-end target.

Councillor Knapman commented that some indicators seemed to get stuck in certain areas. Two thirds were not meeting their targets. Were the targets wrong or were they encountering problems. He would like data from the last three years to see if there were any trends. It seemed that the council was standing still. Ms Copson replied that this data could be produced, were there any specific questions that he had? Councillor Knapman said it was a question of if we reached the targets by the end of the year. He noted that our website response of 43 customers was too small to be meaningful (KPI GOV001 – website satisfaction). Looking at the figures it looks like we were getting worse, so how can we say we will meet the target? Ms Copson agreed it was not a particularly useful indicator and this had been flagged up before. She would feed this back to the relevant director. The Chairman asked if the target for quarter 2 was incorrect; would we meet this target at the end of the year and could we look at changing this. Ms Copson agreed that it could be an accumulative target and it would be reconsidered.

Councillor Knapman commented about benefit fraud (RES007 - benefits fraud investigations) this does not appear to be running very smoothly. Mr Maddock noted that there had been problems with this indicator and there was also a problem with one of the benefits officers being on long term sick absence. Councillor Knapman noted that the target for quarter 1 was 47 but for quarter 2 was 78 more; were we being unfair to officers here? Mr Maddock said that he would investigate this.

Councillor Adams wanted to know how many officers were on the benefits team, so that they could make sense of the numbers given. Mr Macnab noted that there would be two reports going to the Cabinet, one on benefit fraud and one on the transfer of work to the DWP.

Councillor Lion commenting on GOV001- website satisfaction, noted that it looked at external visitors; but there was a need to split the figures between internal and external visitors. It would also be interesting to have the owners of the website to come to one of these meetings and tell us who they envisioned taking the website forward. Mr Macnab noted that this was originally a statutory indicator and officers were now trying to bring it up to date. Comments should be taken to the website board.

Councillor Lion noted that GOV002 - % of rent due to be paid for commercial premises, was looking for significant savings; the comments said this was hoped for, but could something more definitive be put in? Mr Maddock replied that this was on the agenda for discussion.

RESOLVED:

That the performances of the Key Performance Indicators for the second quarter lying within this Panel's area of responsibility were noted.

27. EQUALITY OBJECTIVES 2012-2016 - QUARTER 2 PROGRESS 2014/15

The Panel noted the quarter 2 progress on the Equality Objective. In 2012 the Cabinet had agreed a range of equality objectives for the four years from 2012 to 2016, designed to help the Council meet the aims of the general duties of the Equality Act (2010) and bring about positive improvements to service design and delivery. The report reflected progress against these objectives as at the end of the second quarter of 2014/15. The achievement of these objectives were supported by an action plan spread across the four year time frame. It was noted that some of the actions outlined in the action plan could only be carried out incrementally and that all the actions scheduled for quarter 2 was under control or had been achieved.

RESOLVED:

That the progress on the Equality Objectives (2012-2016) for the first six months of 2014/15 was noted.

28. SICKNESS ABSENCE 2014/15 - QUARTER 1 & 2 PERFORMANCE

Paula Maginnis, the Assistant Director (Human Resources), introduced the sickness absence report reporting the council's absence figures for quarters 1 and 2 for 2014/15. It included absence figures for each directorate and the number of employees who had met the trigger level.

It was noted that:

- The Council outturn figure for Q1 (2014/15) was 2.03 days against a target of 1.69 days and Q2 (2014/15) was 2.18 days against a target of 1.36.
- During Q1, 5% of staff met the trigger levels or above, 22% had sickness absence but did not meet the triggers and 73% had no absence. During Q2, 6% of staff met the trigger levels or above, 23% had sickness absence but did not meet the trigger levels and 71% had no absence.
- For this purpose long term absence has been defined as 4 weeks or over. During Q1 a total of 15 employees had 4 weeks or more absence in Q2 this increased to 16. All of the employees in both quarters had one continuous period of absence, with the exception of two employees in Q2.

- 41.6% of lost time for Q1 was due to long term absence, 33.2 % of time lost met the trigger level (and above to 19 days) and 25.6% due to short term absence. In Q2 these figures were 42.2% due to long term absence, 30.7% was above the trigger level and below 19 days and 27.1% due to short term absence.
- Seven employees recorded non work related stress during Qtrs 1 & 2. Only one of these employees remains absent from work (as at 22 October 2014).
- In Q1 the total number of days recorded as non-work related stress was 29.2 days, of which:
 - 62% was short term absence
 - 38% was medium term absence
- There was no long term absence.
- In Q2 the total number of days recorded as non-work related stress was 103.4 days, of which:
 - 5% was short term absence
 - There was no medium term absence
 - 95% long term absence

Staff would be made aware of these figures in the near future. It was noted that the figures had taken a bit of a downturn this year; this seemed to be due to several long term absences. Councillor Knapman noted that long term stress and depression seemed to account for a lot of the absences; he wanted to know if there was anything that could be done about this. Ms Maginnis noted that EFDC treated absences seriously and that this may be just a blip. They were doing as much as they could. Councillor Church asked if there were any pastoral care things that we did to overcome this. Ms Maginnis replied that the Council has a referral system to the Occupational Health for counselling and we also have an industrial Chaplain along with a number of other strategies available.

Councillor Angold-Stephens commented that we should bear in mind that we were talking about a small number of people. One or two people can throw the figures out.

RESOLVED:

The Panel noted the updating report on the sickness absences.

29. EQUALITY INFORMATION - WORKFORCE DATA

The Assistant Director (Human Resources) introduced the report on Equality Information, generated under action E04.02 of the Council's Equality Objectives 2012-16 to "carry out analysis of workforce data to identify trends and patterns in areas as identified by Corporate Equalities Working Group". This information for the workforce has been collated within the Council for a number of years.

The Panel noted that:

- Women were well represented in the Council's workforce (56.02%) and there was evidence that they were accessing training opportunities and achieving promotion;
- Disabled people were well represented in the Council workforce. The figure was 11.14% for the Council and 10.17% for the district. There was evidence that this group were accessing training opportunities and achieving promotion;

- The Council workforce was older on average than the local population, with 34.06% being in the 45-59 age range;
- 52.97% of Council staff did not wish to disclose their religion or belief. Statistics for the staff that did provide this information show that non-Christian groups are under-represented with 3.05% for the Council and 8.1% for the district;
- 51.07% of Council staff did not wish to disclose their sexual orientation. There was no comparative information from the 2011 Census; and that
- Human Resources were currently analysing their recruitment data, and when compiled it would be brought to a later meeting.

Councillor Knapman asked if there was an equivalent 'Springboard' course for men. He was told that there was an equivalent course for men called 'Navigator', but this had not been taken up.

Councillor Knapman commented that if this report revealed a problem then we should look at it. But if there were no problems, why were we looking at this? We seem to be becoming a collector of information. Unless it affects performance, why should we care about this? Councillor Church asked if it was a requirement to provide this information and was told that it was a requirement of the Equalities Act to publish this information on our website. It was a useful tool for officers and until this information was understood, officers would not know if there was a problem or not. For example, half the workforce were women but only one third of them were in senior posts. Councillor Knapman said that as long as we have the best person for the job and our recruitment process ensured that we got the right person, then why go down the road of equality. Councillor Adams agreed but said that we also needed this as background information. Councillor Watson agreed with Councillor Knapman; did the processes we have in place ensure the best outcome to get the best person in place.

Councillor Dorrell noted that this was the first time he had seen this type of report. A lot of staff did not want to disclose information, was this normal? He was told by Ms Maginnis that these were new questions so there was no historical data as yet. People were not used to answering these types of questions. She did not know if this was normal for other authorities.

RESOLVED:

That the equality information on the workforce be noted.

30. QUARTERLY FINANCIAL MONITORING 2014/15 - QUARTER 2

The Assistant Director (Accountancy), Peter Maddock introduced the quarterly Financial Monitoring report, providing a comparison between the original estimates for the period ended 30 September 2014 and the actual expenditure or income applicable.

Revenue Budgets: It was noted that:

- The salaries schedule showed an underspend of £163,000 or 1.6%. The variance this time last year was only 0.4%, but the pay award had been settled at this point last year, whereas this was still outstanding in the current year;
- Investment interest levels in 2014/15 were slightly above expectations in quarter 2 due to an increase in surplus cash available for investment;

- Development Control at month 6 was going particularly well. Fees and charges were £120,000 higher than the budget to date and pre-application charges were £23,000 higher. They had nearly the full years budget with five months to go;
- Building Control was £4,000 higher than the budgeted figure at the end of the second quarter;
- Hackney Carriage income was £4,000 above expectations and other licensing £2,000 below expectations;
- Income from MOT's carried out by Fleet Operations was £4,000 above expectations. Overall a deficit of £29,000 was predicted for 2014/15;
- Local Land Charge Income £22,000 above expectations at the end of September;
- Income from Car parking has been a little sporadic at times which makes monitoring more difficult. NEPP have recently changed their cash collector and although there have been some initial teething problems it was expected that cash receipts would become more timely. Officers will be monitoring this closely over the next few months; and
- The Housing Repairs Fund showed an underspend of £510,000. However a larger than average proportion of the expenditure was seasonal, falling in the winter months.

Business Rates:

- This was the second year of operation for the Business Rates Retention Scheme whereby a proportion of the rates collected were retained by the Council;
- There are two aspects to the monitoring, firstly changes in the rating list and secondly the collection of cash. Changes in the rating list were important as with local retention the overall funds available to authorities would increase or decrease as the total value of the list increases or decreases;
- The NNDR1 form set out the non-domestic rate estimates for the year and started with a gross yield of £40,972,136 which was then reduced by the various reliefs for charities and small businesses and an allowance for appeals to get to a net rate yield of £33,766,634. At the end of September the net rate yield had reduced by £182,495 and as the Council retains 40% of gains and losses this would mean a decrease in funding of £72,998. Previously this had shown an increase but as expected a number of claims for reliefs have come forward and reduced the yield, however the government will reimburse the General Fund in part for these losses; and
- At the end of September the decrease in overall value of the rating was a concern, but cash collection was going well.

Councillor Knapman noted that the private sector did MOT's particularly well, so why did we still do this. How did we justify subsidising the operation year after year. Public Services provide services that the market does not provide, but MOT's are provided privately. We should not keep doing this. Councillor Angold-Stephens added that it was a bit more complicated. He understood that the MOT's were brought in to use up some seasonal slack. Also, taxis had to be tested so that they met our criteria; and when the taxis had to have meters fitted in a short time scale, only our garage could do this. Councillor Knapman replied that his point was that the service had to break even. Initially this was all about protecting jobs, but we are now decades down the road from this. Taxpayers should not subsidise this business. Mr Maddock noted that this section had made a surplus in the past but this year was in deficit. When the operation moves site it will be slimmed down to match the requirements placed on them. Councillor Knapman was glad that officers would be looking at this.

Councillor Knapman, noting the figures on Forward Planning said that this concerned him, were officers confident that they have a fully staffed unit to delivery the work. Mr Maddock replied that the figures shown related to non-staffing spending, and that he could not comment on the staffing side. Councillor Knapman considered that we did not seem to be spending this money.

Councillor Knapman noted that spending on telephones would have an £18k overspend. The figures did not seem to add up. Mr Maddock said they believed that there would be an underspend on ICT on the second half of the budget and expenditure overall would be on target.

Councillor Knapman queried the figures on Housing Estate Parking. Mr Wilson, the Assistant Director (Housing Operations) noted that a report on off street parking schemes would be going to the February Cabinet.

Councillor Knapman asked why the Waltham Abbey Playing Field was not covered by a guarantee. Mr Wilson said he would check up on that.

Councillor Watson noted that the notes accompanying the recycle figures said that the income for the first six months would reach the target. But have we not reached the six month now. Could Mr Maddock look into this? And, why are the spend figures on the parking schemes so low. The major spend items would be for advertising in the newspapers and for Essex Highways, but she was unsure of the terms of the contract. The bulk of the work should now all be done. The numbers did not quite make sense, but she did not have the background information for this. Mr Maddock said that the recycling credits would come through in December and this should have been made clearer in the comments. He would look into the parking schemes expenditure.

Councillor Watson also asked about housing voids; we seem to be off on our voids expectations and what we had budgeted for. Were the assumptions we were making wrong?

RESOLVED:

That the revenue and capital financial monitoring report for the second quarter of 2014/15 be noted.

31. FEES AND CHARGES 2015/16

The Assistant Director (Accountancy), Peter Maddock introduced the report that provided details on the fees and charges that the council levies and what scope, if any, there was to increase any particular charge. This was an annual report produced as part of the annual budget process.

It was noted that:

- The medium term financial strategy had identified the need for savings around £1.5m over the four year period, with £500,000 falling in 2015/16. This may well rise to near £1m;
- Increasing existing fees and charges would help reach the savings target set, however, there were issues to consider such as whether fee increases will drive customers away and have the opposite of the desired effect and actually reduce income;

- The September Retail Prices Index (RPI) has recently been published at 2.3%. Previously this has been used as a guide when setting the level of increase however other factors such as cost of provision also need to be considered;
- Generally, it was recommended that the majority of fees and charges be increased by the Retail Prices Index (RPI) for September 2014 (2.3%) - rounded up or down as appropriate.

Councillor Knapman commented that he was worried that when a council kept Council Tax down but puts up everything else. There came a point when you have to draw a line in the sand. There was also nothing in the report about the Council's reserves which were higher than we need; why can't we use these reserves? There was a general principal here to look at. Mr Maddock said that there would be a report on the budget for 2015/16 going forward and this would form part of that report.

Councillor Knapman commented on the proposed Careline charge increases. He would like it to break even, but did we really want to put these charges up?

Generally it was not an unreasonable argument to put up charges by 2.3% but with wages only going up by 1% was this right for this area. Where we have a monopoly we put charges up, where there was no competition we do not raise our charges. This was an easy route to achieve our savings, just put up our charges; but we needed to find another way.

The Assistant Director (Housing Operations) Mr Wilson, noted that there was going to be a reduction in Housing related funding by about £47k. The Housing Portfolio Holder would be asking the Housing Scrutiny Panel to consider future costs. It was not an ideal service to put up but officers had canvassed eight other councils and we were the lowest and still very competitive. Councillor Knapman responded by saying that Councils were about helping people. We could absorb £47k without any problems. It did not matter what other Council's were doing. This was not a message of a caring council. Why do we carry the MOT's loss and not subsidise the Careline.

Councillor Dorrell agreed about the MOT service and asked why we were making a loss on this, what were we charging and what was the local charge for these services. Mr Maddock said he would check the figures on this.

Councillor Watson asked what would a 2.3% increase give us. Mr Maddock said between £10k and £20k for the General Fund and between £20 to £25k for the Housing Revenue Account (HRA).

Councillor Watson continued, saying the Council was there to provide good necessary services. This was a drop in the ocean, especially when the report said we needed savings of between £500,000 to £1m. We should not spend too much time talking about £20/30k when we are looking for these big savings. Mr Maddock said that this report was just looking at fees and charges the report going to the Cabinet Finance Committee would look at the overall budget. Councillor Lion said this had been an interesting discussion and that this would also be discussed at the Finance Cabinet meeting, where he would draw their attention to this evening's discussion.

Councillor Church said they could put Councillor Knapman's view forward on this. Councillor Knapman said it was about helping those in most need. This was small beer as we were looking to find £1.5m over four years.

Councillor Lion noted that moving the MOT facilities would significantly reduce its capacity and bring its costs in line. This was to be carefully looked at.

The Chief Estates Officer, Chris Pasterfield said that he had been involved in developing the new depot, and in addition to servicing the taxis they also service all our vehicles and provided emergency work for our grounds maintenance vehicles. We were not allowed to make vast profits and if we did we would have to make it into a limited company. If we wound up other sections we would still have our overheads. Councillor Knapman said we should never compare our services with the private sector. MOTs were not an activity that government should be about. Councillor Watson agreed it should be sorted out. If you use the argument about overheads, nothing would change.

RESOLVED:

That the Panel broadly agreed with the proposed level of the fees and charges for 2015/16, but would like the increase charges to the Careline services to be revisited.

32. DRAFT GENERAL FUND CSB AND DDF LISTS AND SAVINGS UPDATE

The Panel considered the first draft of the Continuing Services Budget (CSB) growth and District Development Fund (DDF) Schedules for 2015/16. The Panel considered the draft savings lists attached to the report. Councillor Knapman asked what the Contaminated Land and Water Quality service was about. He was told that we had a legal requirement to do this, investigate land that was contaminated. Councillor Knapman asked why this was not in the CSB but shown as a one off item. He was told this was because it may or may not be spent in any one year.

Councillor Knapman then asked if there was an end date to the transformation programme. He was told that it would probably slip into the first half of 2015/16.

Councillor Angold-Stephens asked if the figures for the local plan was a phasing issue or was it new expenditure. He was told that it was a phasing issue, last year's figure had been added to this years', a one off.

RESOLVED:

That the first draft of the Continuing Services Budget (CSB) growth and District Development Fund (DDF) schedules for 2015/16 be noted.

33. EXCLUSION OF PUBLIC AND PRESS

RESOLVED:

That, in accordance with Section 100(A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the item of business set out below as it would involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12(A) of the Act indicated and the exemption is considered to outweigh the potential public interest in disclosing the information:

<u>Agenda Item No</u>	<u>Subject</u>	<u>Exempt Information Paragraph Number</u>
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14	Report on GOV002 Commercial property - Rent Paid	3
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34. COMMERCIAL PROPERTY - RENT PAID

The Finance and Performance Management Scrutiny Panel meeting in September 2014 considered KPI GOV002 (Commercial Property – Rent Paid) and noted that the percentage of rent arrears over 90 days was 4.73% against a target of 3% and an explanation was required as to why this figure was below target.

The Chief Estates officer, Chris Pasterfield noted that the Council had substantial property portfolios. This KPI excluded debts under 90 days to enable people to pay. There had also been resources issues but it was hoped that two Asset Management & Economic Development Assistants, approved by Council in September 2014 would be able to help chase outstanding debts. Members were invited to look at how this indicator was presented as it had distorted figures as it included former tenants and historic debts and did not relate to current expected income for the financial year. Targets would need to be adjusted to reflect this, perhaps by breaking it down into two sets of figures.

The Panel considered list of arrears from current tenants and former tenants and lists of debts that the council's legal services were dealing with. Where it was felt that the situation would not improve, court orders had been obtained for possession of the properties so that the Council could re-let to new tenants. It was noted that some tenants were making regular payments to reduce their debt; or had been paying but had now stopped; there were a number of debts not worth pursuing as they may have gone into administration. If these were taken out the arrears would go down to below 3%.

The Panel noted that these were only commercial property debts; and that although some went back to 2006, were still listed, but as they were still paying, if only a small amount on a regular basis, the Council could still collect.

Asked if the Council asked for deposits and took due diligence in letting to new tenants, Mr Pasterfield said that they did exert due diligence and also took a deposit and use it if they have to take re-possession.

The Panel went on to examine certain cases as detailed in the report in more depth to get a better knowledge of the cases outstanding.

The Panel thought that there was a need for early intervention, a way to see the warning signals – where were the parameters for early intervention set? They were told that each case was looked at individually. Future problems were hard to identify as the signs were not always clear. Officers did not know the tenants business in detail and had to make judgement calls on this.

The Chairman summed up by saying that the general consensus was that prevention was better. Deposits could be used to pay arrears and if used they should be topped up by the tenants and if they could not, it would be a sign that they were in trouble. This could be used as an indicator. The Panel recommended that the risk management policy for this be reviewed. They would also like the KPI reviewed to consider if the figures should include historic debt which did not relate to the current expected income for the financial year. Targets would need to be adjusted to reflect this.

RESOLVED:

- 1) That the report on the KPI on Commercial Property – rent paid (GOV002) be noted ;
- 2) That this KPI be reviewed to consider if the figures should include historic debt which did not relate to the current expected income for the financial year and if targets would need to be adjusted to reflect this.

35. 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.

36. DATES OF FUTURE MEETINGS

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