

**EPPING FOREST DISTRICT COUNCIL
NOTES OF A MEETING OF FINANCE AND PERFORMANCE MANAGEMENT SCRUTINY
PANEL
HELD ON TUESDAY, 17 NOVEMBER 2009
IN CIVIC OFFICES, HIGH STREET, EPPING
AT 7.30 - 9.45 PM**

Members Present:	D Jacobs (Chairman), G Mohindra (Vice-Chairman), K Angold-Stephens, J Philip, A Watts and J M Whitehouse
Other members present:	R Bassett and C Whitbread
Apologies for Absence:	J Hart
Officers Present	D Macnab (Deputy Chief Executive), R Palmer (Director of Finance and ICT), A Hall (Director of Housing), S Tautz (Performance Improvement Manager), K Durrani (Assistant Director (Engineering Services)), P Maddock (Assistant Director (Accountancy)), P Maginnis (Assistant Director (Human Resources)), L MacNeill (Assistant Director (Operations, Administration & Finance)), B Moldon (Principal Accountant), N Richardson (Assistant Director (Development Control)) and A Hendry (Democratic Services Officer)

20. SUBSTITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)

The Panel noted that there were no substitute members.

21. DECLARATION OF INTERESTS

Pursuant to the Council Code for Members Conduct, Councillor Jon Whitehouse declared a personal interest in agenda item 10, Fees and Charges, by virtue of being a tenant of the Council for a garage. He declared that his interests were not prejudicial and that he would remain for the discussion and consideration of the item.

22. MINUTE FROM THE LAST MEETING

The notes from the previous meeting held on 25 August 2009 were agreed.

23. TERMS OF REFERENCE / WORK PROGRAMME

The Panel considered their term of reference. Councillor Philip asked about item 8 on the terms of reference, monitoring and reviewing progress on the implementation of major ICT systems. The Director of Finance and ICT, Bob Palmer, said that a report updating on the work of the ICT Service would be brought to the next meeting of this Panel in January 2010.

24. FINANCIAL ISSUES PAPER

The Director of Finance and ICT, Mr Bob Palmer, introduced the financial issues paper. He explained that this went to the Finance and Performance Management Cabinet Committee in October 2009. The report is produced at the start of the budget

process looking at the previous years account, highlighting any problems that the council may face in the coming years. This was useful to establish this early in the budget cycle. The Panel noted that there were difficulties this year due to the state of the economy and the uncertainty when a recovery would occur. The other uncertainty was if the Government would come forward with a comprehensive spending review, but this would not happen until after the general election.

It was noted that because of the recession less money was coming in and more was going out, making any prediction difficult. The executive summary at the beginning of the report touched on key areas of uncertainty and risks to the authority, such as: likely reductions in grant as part of the comprehensive Spending Review; effects of the credit crunch and reduced activity in the housing market; using up of capital reserves on non-revenue generating assets; pay awards; next triennial pension valuation; capitalisation of pension deficit payments; changes to the statutory concessionary fares scheme; and the customer services transformation programme.

The capital reserves were being used up on non-revenue generating assets although they played their part in generating income by earning interest. Pay awards have a dramatic effect on the council's costs. The pay awards were lower this year than expected but may be up to 2.5% next year. As for the pension evaluation, the stock market has recovered but is still 15% below what it was in March 2007. At present if there is a pension deficit the council can apply for a capitalisation direction from the government, but it may be that the government may change this policy.

The concessionary fares scheme had proved to be a great success, but it came at a cost to authorities. So far the council has done relatively well from this and has transferred some of the costs to County level. It would be a major concern if this was removed.

There was uncertainty on how the customer services transformation programme was to be taken forward; this was elsewhere on the agenda to be discussed tonight.

There was an increase of the general fund balance over the last financial year. Other authorities were undertaking drastic cost cutting exercises. This council was looking for a £1.5 million reduction and would have the ability with its reserves, to manage this over a period of time.

Officers are assuming that the council tax increase would be set at 2.5%, balancing the service provided and the cost to the tax payers.

Councillor Angold-Stephens commented that it sounded gloomy and unpredictable, but with a predicted balance of £6 million it didn't sound so bad, were officers being over cautious. Mr Palmer said they were being cautious as they had not yet got all the data needed. But there was a need to make some savings, and the sooner the better. By 2012/13 or 2013/14, financial constraints may be able to be eased up if the conditions were right. They were still allowing for the use of £700,000 reserves for this year and £760,000 for next. Councillor Angold-Stephens asked if any saving had been identified. He was told that they had not as yet, but a joint member and officer group has been established to identify areas for review. A report had just been published and would go to the Finance and Performance Management Cabinet committee.

Councillor Watts asked what were the possibilities of moving the information centre into the museum in Waltham Abbey. Mr Macnab replied that they had an open mind on that; they had an opportunity to provide some proper accommodation, but in

winter the museum was only open three days a week, it may be if the office was moved it could be opened for five days a week. If this were to happen it would not be at the expense of exhibition space.

Councillor Jacobs asked if all authorities were using the same assumptions as Epping officers were. Mr Palmer said that most authorities were using more or less the same assumptions.

RESOLVED:

That the Panel noted the Financial Issues Paper.

25. KEY PERFORMANCE INDICATORS 2009/10 - PERFORMANCE MONITORING

The Performance Improvement Manager, Mr S Tautz informed the Panel that this showed the performance of the Key Performance Indicators for the first six months of this year (1 April to 30 September). The Panel noted the revised targets for the following KPIs: NI 170, NI 186, NI 188, NI 195(c), NI 195 (d), LPI 01 and LPI 05.

It was noted that 25 (43.1%) had achieved the second quarter or year-end performance target for 2009/10 and that 14 (24.1%) had not achieved the second quarter or year-end performance target for 2009/10. The improvement plans for indicators not currently meeting their targets were also attached to the report for information.

Specific issues brought to the attention of the panel were:

LPI 02(b) & (c) – Processing of Licence Applications – this had a target of 100% set for the year. But, the target had been missed for both indicators in the first quarter due to system issues. Because of this it would be impossible for the year end target to be achieved as a result of the under performance in the first quarter. It was suggested that consideration should therefore be given to the adoption of revised targets for the indicators for that performance be monitored on the basis of the second and remaining quarters of the year.

AGREED that the year end performance be monitored on the basis of the second and subsequent quotas of the year.

LPI 23(a) – Capital projects (cost) – in the last financial year there were no projects completed that fell within the definition of the indicator so that nothing meaningful could be reported. The Director of Finance and ICT considered that monitoring procedures already in place for major capital schemes were significantly robust and that this indicator added no value in terms of this process and accordingly recommended that this indicator be deleted as a KPI for the remainder of 2009/10.

Members were not happy with the indicator but thought that capital projects should be looked at in the round and reported on.

AGREED: that the Director of Finance and ICT review this indicator in light of the member's comments and report back to the next meeting.

The Panel then went on to review the remaining indicators.

LPI 01 – *The level of the Equality Framework for Local Government to which the Council conforms* – noted that a peer review was to be scheduled for early in 2010.

LPI 50 – *The number of elderly people participating in physical activity* – Asked why this target was so low officers said that as they had been inundated by the success of the scheme and they would review the target at years end.

LPI 28 – *The number of working days lost due to sickness absence* – asked if there had been much impact by swine flu, the officer said that there had been no impact of swine flue at present. A paper was tabled, breaking down in percentage terms the amount of sick leave taken in quarters 1 and 2.

NI 184 – *Food establishments which are broadly compliant with food hygiene law* – asked how many establishments were checked the members were told that they were done as a percentage as established by the government.

NI 195(a) – *Improved street and environmental cleanliness (litter)* – the panel noted that this would be improved as they had re-jigged the service provided by SITA.

NI 196 – *Improved street and environmental cleanliness (Fly Tipping)* - this should see an improvement as the section were up to almost full staffing levels. Councillor Whitehouse said the improvement plan assumed that there would be a budget for additional legal activity, could officers give a more definitive answer. Mr Tautz said that they would find out and get back on this.

LPI 52(a) - *Implementation of formal containerised recycling facilities in flats and communal buildings (percentage of flats and communal buildings surveyed)* – noted that the target should read 75%.

LPI 52(b) – *Implementation of formal containerised recycling facilities in flats and communal buildings (percentage of schemes implemented)* – noted that the target should read 85%.

LPI 15 – *Percentage of national Non-Domestic Rates collected* – it was uncertain just how many businesses were struggling at present. The council did try to be reasonable and flexible on this and treated each case on its own merits.

LPI 16 – *Average time for processing new benefit claims* – asked if there was a problem with staffing, Mr Palmer said that a report on this was going to the next Finance and Performance Management Cabinet Committee. The section had lost a few of their experienced staff this summer. The service had been restructured and there was a new system in operation. There will be a benefits inspection in January.

NI 155 – *The number of affordable home delivered (gross)* – the Director of Housing said there was good news as there was a predicted outturn of 107, well above the target set. Over the next few years there was an expectation of about 460 new affordable homes.

LPI 04 – *Rent collected as a proportion of rents owned on Housing Revenue Account dwellings* – members asked who the council was cracking down on. They were told that there were actions that had to be gone through before anyone could be taken to court. Nowadays the courts tended to be more lenient and the council had to go through an exhaustive process before they got there.

NI 159 – *Supply of ready to develop housing sites* – members were confused as the target was 100% and the actual figure reached last year was 212.4%. How did this work.

AGREED: that a fuller explanation of the target was to be brought along with the quarter three figures.

LPI 44 – *The achievement of milestones within the Local Development Scheme* – members asked what resources were being put into achieving a sound LDF. They were told that the Planning Scrutiny Panel was looking at this and that the council was also dependent on the East of England Plan, Harlow and East Herts. It was also noted that staffing resources were being released to bolster the LDF process.

NI 157(b) – *Processing of planning applications as measured against targets* - noted that the improvement plan did not have all the text that it should have.

AGREED: that this be brought back to the meeting with the full text inserted.

LPI 45 – *The number of appeals allowed against refusal of planning applications, as percentage of the total number of appeals against refusal* – a report about this to go to the District Development Control Committee.

Officers hoped that the members found the improvement plan useful. At the quarter 3 stage they would only publish the plans for any of the failing indicators. Members could bring a copy of the improvement plan as published in this meetings agenda to the quarter 3 meeting in February 2010.

Councillor Whitehouse asked who reviewed the improvement plans. He was told that they were compiled by Directors and went to the Corporate Executive Forum for review.

RESOLVED:

(i) That the Council's performance for the first six months of 2009/10, in relation to the Key Performance Indicators adopted for the year be noted;

(ii) That the future performance in respect of Key Performance Indicators LPI 02(b) and (c) (Processing of Licence Applications) for 2009/10 be monitored on the basis of the second and subsequent quarters of the year; and

(iii) That that the Director of Finance and ICT review Key Performance Indicator LPI 23(a) (Capital Projects - Cost) in light of the members comments and report back to the next meeting.

26. VALUE FOR MONEY COST AND PERFORMANCE ANALYSIS

Councillor Jacobs took the Panel through a short verbal report of the value for money sub-group they had considered various services to look at, but had decided that Planning was being dealt with, as was Housing which had their own Standing Panels. Duplication was to be avoided. The Sub-group had decided to look at the benefits section after they had their inspection in January 2010.

The Panel agreed that this would a valuable area to scrutinise.

RESOLVED:

That, as a result of the consideration of the Value for Money Cost and Performance Analysis and the impending inspection to be undertaken by the Audit Commission, progress reports on the performance of the Benefits Division be made to each future meeting of the Panel.

27. QUARTER 2 FINANCIAL MONITORING

The Assistant Director (Accountancy), Peter Maddock, introduced the quarterly financial monitoring report for the second quarter of 2009/10. This report provided a comparison between the profiled budgets for the period ended 30 September 2009 and the actual expenditure or income as applicable.

The Panel noted that there were significant savings on salaries of £450,000 or 4.5%, due to a large part on the low pay award. There were also savings made on Building Control and with upcoming developments the account should be in surplus and contribute towards the recovery of the ongoing deficit. Investment interest levels in 2009/10 would be lower than that in the estimates and rates looked unlikely to recover much for at least two years. Income from MOTs carried out by Fleet Operations was providing an increased income significantly above budget. A surplus of around £50,000 was expected and this would benefit the General Fund. It was also noted that £314,000 for Civic Office Works was to be rephased into next year.

Councillor Whitehouse commented that it was difficult to work out the overall net effect although he understood that we were only half way through the year. Mr Maddock said that interest rates should recover; the CSB would not be as underspent as last years. This was a work in progress and we would be wiser after quarter 3.

Councillor Philip noted that Bobbingworth Tip (appendix 17) was completed but that it was difficult to track the capital programme if they did not have comparable figures. If a new project was started under the same name as an old one it should be treated as new. A 125% variance was very large. Mr Maddock said they could expand the table and put in other columns to explain in more detail. Councillor Philip said that they needed to get it right from the beginning. Mr Durrani, Assistant Director (Engineering Services), said that the scheme went back 18 or 19 years. Unlike other schemes it needed an investigation into what remedial works needed to be carried out. Part of the problem was how the financial system worked for audit purposes. We could not just start a new scheme if the old one was not valid. Councillor Philip said it did not allow us to track a scheme properly.

Nigel Richardson, Assistant Director (Development) commented that Development Control relied on major applications to give them a large fee. The number of planning applications was down by 100, they usually got about 200 a year. However, the War Memorial Hospital in Ongar would be coming in a few weeks and there was still potential for recouping some of the losses.

RESOLVED:

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

28. FEES AND CHARGES

The Assistant Director (Accountancy), Peter Maddock, introduced the report on fees and charges for 2010/11. The report was to provide information on the fees and

charges that the council levies and what scope if any there was to increase particular charges. As part of the annual budget process change to fees and charges need to be agreed.

The Panel noted that the council was faced with a period of considerable financial uncertainty with Revenue Support Grant settlements from 2011/12 likely to be cut in real terms. There was less freedom for Authorities wishing to raise additional revenue from fees and charges as more are subjected to cost recovery only or government direction. Against this it was felt that fees and charges should be increased by 5% where possible.

Examples of increases were schemes such as Lifewalks to be increased by 10% as this fee had remained unchanged for a number of years. The personal search fees under Land Charges was to increase from £11 to £22 from 1 January 2010 the reassessment of the cost of carrying out full searches was currently underway, but there was not expected to be any significant changes to the level of fees as a result of this review.

Councillor Philip thanked officers for keeping the pay and display charges the same as this helped local businesses and the Council should be congratulated for doing this.

RESOLVED:

That the Panel noted and agreed the Policy for increasing fees and charges for 2010/11, recommending a general increase of 5% to the Finance and Performance Management Cabinet Committee.

29. CUSTOMER TRANSFORMATION TASK AND FINISH PANEL

The Deputy Chief Executive introduced the item on the Customer Services Task and Finish Panel. The Task and Finish Panel undertook a review of the Customer Services Programme, previously explored by the council, to identify those initiatives which could have a general impact on improving access to services and response to customer enquiries.

The Task and Finish Panels final report went to the Overview and Scrutiny Committee and subsequently by Cabinet in February 2009. Having accepted the recommendations in principle the cabinet asked that the following recommendations be prioritised. As this Panel has taken over the work of the Task and Finish Panel it would fall to them to consider the recommendations that had not been acted upon as yet.

The recommendations cover four areas for improvement:

- Recommendations 3 and 4, related to the creation of a single reception/customer services area at the Civic Offices.
- Recommendations 5 and 6 relate to the development and deployment of a Customer Relationship Management System, which would also meet the needs of NI 14.

- Recommendation 7 relates to reporting the findings of the Survey on the future design and content of the Forester, to Overview and Scrutiny Committee.
- Recommendations 8 and 9 relate to the establishment of a bespoke Customer Contact Centre, along the lines of "Contact Harlow".

The Scrutiny Panel discussed the merit of each of the four points noting that the issue of the Forester had been largely dealt with and decided there were three main areas that should be concentrated on. They were:

- 1) A single reception point, although the Council' CAA Organisational Assessment recommended that services should be improved across the district and not just concentrated in Epping. While this would be advantageous in terms of ease of access it must be viewed against the level of capital costs likely to be incurred.
- 2) Customer Relationship Management System/NI14 – there were issues about telephone handling, we currently had a poor telephone switch system. Members would like a Customer Relationship Management System but realised the council would need a common IT system and a common document management system. This may not happen at least until 2012/13.
- 3) A Customer Contact Centre – the noted that Harlow had reduced avoidable contact but had needed added resources.

Having discussed the merits of each of the improvements the members considered that more information was needed, including potential costs. They had concluded that the three top priorities were:

- 1) a better telephone system;
- 2) better interview rooms; and
- 3) taking services out to satellite offices in the district.

It was noted that an officer group on avoidable contact was collecting information at present. There was also a management group doing a similar project. Officers would bring back more information to this Panel at a future meeting so that a final decision could be made.

RESOLVED:

That a further report giving more details on the three priority areas identified would be brought to a future meeting of this Panel.

30. 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.

31. FUTURE MEETINGS

The schedule for future meetings were noted.