

NORTH DEVON COUNCIL

Minutes of a meeting of Policy Development Committee held at Barum Room - Brynsworthy on Thursday, 14th November, 2019 at 2.00 pm

PRESENT: Members:

Councillor D. Spear (Chair)

Councillors Hunt, Jenkins, Luggar, Mack and Walker

Officers:

Head of Operational Services, Accountancy Services Manager and Exchequer Manager.

20. APOLOGIES

Apologies for absence were received from Councillor Campbell.

21. TO APPROVE AS CORRECT RECORDS THE MINUTES OF THE MEETINGS HELD ON 12TH SEPTEMBER AND 15TH OCTOBER 2019 (ATTACHED).

RESOLVED that the minutes of the meetings held on 12th September and 15th October 2019 (circulated previously) be approved as correct records and signed by the Chair.

22. DECLARATIONS OF INTEREST.

There were no declarations of interest announced.

23. PERFORMANCE AND FINANCIAL MANAGEMENT QUARTER 2 OF 2019/20.

The Committee considered a report to the Strategy and Resources Committee on 4th November 2019 by the Head of Resources regarding the Performance and Financial Management Quarter 2 of 2019/20.

The Chair welcomed the Accountancy Services Manager and the Exchequer Manager to the meeting.

The Accountancy Services Manager highlighted the following points to the Committee:

- As at 30th September 2019, the latest forecast net budget was £12.605m, which produced a budget deficit of £0.087m. The deficit for quarter one was £0.028m.
- Operational Services had seen increasing pressure in quarter two on various budgets due to increased levels of missed collections and higher levels of sickness absence. Employee costs were currently forecast to exceed the budget by £0.229m, the main reasons contributing to this overspend were increased use of agency and overtime to cover the inefficiencies.
- The Head of Operational Services had outlined plans to address some of the issues by:
 - Introducing changes to the workshop to reduce vehicles off the road – The working hours of the vehicle workshop had been extended as part of a trial to increase vehicle availability and to reduce overtime both in the workshop and on the collection crews. The number of technicians had also been increased from five to six as part of the trial. Previously the workshop had been operating between 6am and 5pm with one technician in at 6am. The workshop would now be operating between 6am and 6pm with two technicians in from 6am to 2pm, two from 8am to 4pm, and two from 10am to 6pm. Productivity would be closely monitored to establish the level of repairs / maintenance that were undertaken between 6am & 7am and 3pm & 6pm (the vehicles needed to be available to the collection staff between 7am and 3pm). The intention was to complete more work outside of core hours and to minimise reduced vehicle availability from breakdowns and maintenance. This in turn would reduce /remove the need for collection crews to work beyond 3pm or on a Saturday to “catch up” due to the lack of vehicle availability.
 - Challenging the resource allocation across all Works and Recycling manual sections had identified that the street cleansing team could be reduced by two (over the winter months) and they would now be redeployed to assist with cover on the refuse and recycling services which in turn would see a positive reduction in the number of agency staff used for cover. In addition an analysis of winter tonnages had been undertaken for the green collection service. Resource requirements had been challenged across the 10 day collection cycle and crew sizes had been reduced accordingly (in consultation with the staff) this created a pool of staff that would now be redeployed to cover holiday and sickness across black and recycling services which would produce a positive reduction in agency support. Weekly usage of agency and overtime would now be tracked against the revised projections.
 - The average number of days lost to sickness in Works and Recycling was currently 16.3 days per person compared to 11.1 days per person in 2018/19. The budget included an average of 10 days per person so the increased level of 16.3 was placing an adverse pressure on the budget which was being addressed as follows. Officers of Works and Recycling were working closely together with Human Resources to reduce current levels by reviewing each individual case, referring staff

to Occupational Health for up to date medical advice on staff capability. All sickness absence reviews would be updated, staff targets would be set and monitored and the Capability Policy would be used to reduce absence levels.

- The sale of recyclable materials was an uncontrollable variable where the Council had seen a recent decline in the income, in particular cardboard and paper, current projections showed an income deficit of £0.090m.
- There had been a reduction in the forecast planning fee income of £0.190m due to a reduction in the larger applications received, this was in line with other authorities experiencing the same pressure. A further decline in large applications could worsen that projection.
- At 30th September 2019, the Council was assuming a £0.200m increase to the business rates growth already factored into the budget, the growth was now estimated at £1.702m, this estimate was based on the update received from the Devon-wide Pool.
- The Budget and Financial Framework report to Executive 4th February 2019 outlined the Capital Programme for the 2019/20 financial year of £9.609m. Project under spends of £1.234m were brought forward from 2018/19 year and further variations of £14.710m and (£14.653m) were approved as part of the performance and financial management reports to Strategy and Resources on 3rd June 2019 and 5th August 2019 to produce a revised Capital Programme of £10.900m.
- A capital funding bid for a further £0.030m was submitted to the Project Appraisal Group (PAG) in relation to Refurbishment of Lower Lyndale Public Toilets, Lynmouth. The project was to be funded from the repairs fund. The project had been scored medium to high and had been put forward by the Project Appraisal Group.
- The overall budget variations of £1.888m were proposed to the 2019/20 Capital Programme under the following headings:
 - Other variations (+ and -) to 2019/20 Capital Programme of £502,036.
 - Budget virement (transfer) between projects 2019/20.
 - Project movements (to)/ from future years - £2,390.395.
 - Other virements (transfer between projects 2020/21).
- The revised Capital Programme for 2019/20 was £9.012m.
- The actual spend on the 2019/20 Capital Programme, as at 30 September 2019 was £2.408m. A number of the larger schemes were due to start shortly.
- The overall Capital Programme for 2019/20 to 2021/22 was £30.471m and was broken down as follows:
 - 2019/20 £9.012m
 - 2020/21 £11.677m
 - 2021/22 £9.782m.
- The Programme of £30.471m was funded by Capital Receipts / Borrowing (£14.056m), External Grants and Contributions (£14.010m) and Reserves (£2.405m).

In response to a question regarding the increase of sickness absence by 50% in Works and Recycling and whether or not that was a typical swing Council wide. The Accountancy Services Manager confirmed that only the Works and Recycling service was affected by the increase. He added that the average level of sickness for the whole Council was less than 10 days per annum.

The Chair invited the Head of Operational Services to address the Committee.

The Head of Operational Services explained that historically sickness levels had been higher within the manual workforce as opposed to the office based employees. He added that due to high sickness levels in 2011, a number of measures were introduced to address the problem such as the Bradford Factor, which measured and calculated an individual sickness score for each employee. Sickness levels within the service were at their lowest ever level 18 months ago. However, the levels had increased since that time and were in part attributed to long term sickness absence, which was an absence of more than four weeks and those absences had contributed to the increase in the level of days lost.

He outlined the issues within the vehicles and explained the measures which had been put in place to address the challenges and provided a solution going forward, which would be monitored closely.

In response to a number of questions, the Head of Operational Services provided clarification in relation to the following:

- Not all of the long term sickness issues were work related and of a degenerate nature. He added that where any trends were observed, risk assessments were always reviewed and updated and followed up with Occupational Health where necessary.
- The Council had a group of street cleansing staff, which operated district wide and during the winter months when less maintenance of weeds was required some of those staff could be re-deployed to operate the mechanical sweeper to collect and clear the leaves.
- There had been discussions at Senior Management Team regarding the purchase of an additional fuel tank, which would build in resilience in the event of any fuel shortage. This was primarily being looked at in the event of a no deal BREXIT.
- Following advice from Vanguard, a scoping exercise had commenced to review the Works and Recycling systems and a number of experiments were currently underway to assess any potential changes that could be made to the Waste and Recycling service. However, with only just over a months' worth of monitoring it was too early to assess if any potential changes had been beneficial.
- Following the opening of the waste transfer station adjacent to the Brynsworthy Environment Centre, the rounds for both the black and green bins had been re-modelled. As a result the rounds had been reduced by one per service. However, some of the re-modelling was not quite right in terms of

vehicle size for collection routes and the Council would need to learn from those mistakes.

- The Bartec system, which was an in cab technology used in the vehicles alerts the driver to an assisted collection. However, a driver unfamiliar with a route or Bartec might miss an assisted collection. Further training at induction would address this.
- In terms of maximising driver hours, the Committee was provided with an explanation as to the factors for drivers working hours.

RESOLVED, that the decisions and recommendations of the Strategy and Resources Committee be endorsed.

The Committee thanked the Head of Operational Services for his attendance at the Committee.

24. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY MID-YEAR TREASURY MANAGEMENT REVIEW 2019/20

The Committee considered a report to the Strategy and Resources Committee on 4th November 2019 by the Chief Financial Officer regarding the Treasury Management Strategy Statement and Annual Investment Strategy Mid-Year Review Report 2019/20.

The Exchequer Manager highlighted the following points to the Committee:

- The Treasury Management Strategy Statement (TMSS) for 2019/20 was approved by Full Council on 25th February 2019.
- The TMSS approved previously required revision in the light of economic and operational movements during the year. He outlined the proposed changes, which were as follows:
 - The Capital Financing Requirement had reduced from £6.44m to £5.462m.
 - The Authorised Borrowing limit had increased from £11m to £22.5m.
 - The Maturity Structure of Debt over 10 years had increased from 50% to 90%.
- The Council's Capital (Prudential Indicators), which outlined the Prudential Indicator for Capital Expenditure together with the changes to financing of the Capital Programme.
- The Changes to the Prudential Indicators for the Capital Financing Requirement, External Debt and the Operational Boundary.
- The limits to Borrowing Activity, which had a revised indicator for the authorised limit for external debt of £22.5m.
- The Council held £18.6m of investments as at 30 September 2019 (£8.56m at 31st March 2019) and the investment portfolio yield for the first six months of the year was 0.70% against the benchmark 7 day LIBID of 0.57%.

- The Council's budgeted investment return for 2019/20 was £70,000. As at 30th September 2019 £62,203 investment interest was earned in the half-year period.
- The Council's Capital Financing Requirement (CFR) for 2019/20 was £5.46m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR was positive the Council may borrow from the Public Works Loan Board (PWLB), or the market (external borrowing), or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing was generally driven by market conditions.
- At present, the Council had projected total external borrowing of £1.25m and utilising £4.21m of cash flow funds in lieu of borrowing. This was a prudent and cost effective approach in the current economic climate but would require ongoing monitoring of economic conditions.
- During October 2019, HM Treasury announced, with immediate effect, that it was increasing the margin that applies to new loans from the PWLB by 100bps (one percent) on top of usual lending terms. This was in part due to some local authorities substantially increasing their use of the PWLB in recent months, as the cost of borrowing had fallen to record lows. This had effectively restored interest rates to the levels available in 2018.

RESOLVED that, the recommendations of the Strategy and Resources Committee be endorsed.

25. WORK PROGRAMME/FORWARD PLAN.

The Committee considered the work programme/forward plan for 2019/20 (circulated previously).

The Chairman explained that the Clerk was currently collating feedback that he had received from other Members in relation to items of interest for future inclusion in the work programme.

RESOLVED, that the Work Programme be noted.

Chairman

The meeting ended at 2.55 pm

NOTE: These minutes will be confirmed as a correct record at the next meeting of the Committee.