

**PERFORMANCE SELECT COMMITTEE held at COUNCIL OFFICES
LONDON ROAD SAFFRON WALDEN at 7.30 pm on 5 FEBRUARY 2008**

Present:- Councillor H S Rolfe – Chairman.
Councillors S Barker, M L Foley, A J Ketteridge, T P Knight,
J Salmon and P A Wilcock.

Officers in attendance:- A Bovaird (Chief Executive), D Bradley (Acting Head of Finance), S Bronson (Acting Audit Manager), Simon Martin (Head of Corporate Support and Revenue Services), Roz Millership (Head of Housing Management), Michael Perry (Assistant Chief Executive), Rebecca Procter (Committee Officer), and A Webb (Acting Chief Financial Officer).

Also present:- P King, M Matthews and I Davidson – Audit Commission.

PS51 APOLOGIES FOR ABSENCE

No apologies for absence were received from Members. It was noted that the Lead Officer could not be present due to illness.

PS52 MINUTES OF PREVIOUS MEETING

The Minutes of the extraordinary meeting of 11 December 2007 were received, confirmed and signed by the Chairman as a correct record.

PS53 BUSINESS ARISING/ACTION LIST UPDATE

The Committee received the list of committee actions.

(a) PS17 – Dunmow Library scoping paper

Councillor Barker said she had secured funding of £30K from Essex County Council for the Market Square project outside the Dunmow Library. The Chairman asked her to liaise with the Head of Corporate Support and Revenue Services after the meeting for this item to be included in his report as a material fact.

(b) PS20 – Understanding of Risk Management

The Acting Audit Manager said there had been a meeting on 29 January of the Senior Management Board to discuss risk management in the context of appraisals and competency setting. The Chairman asked how Members would be kept informed of how Heads of Division implement the proposals. There would be further detailed consideration with the HR team. The Chief Executive said that there were two issues: reporting to Members performance indicators for the number of appraisals which took place; and the assessments which took place within those appraisals, which would by their nature involve confidential information. There will be work done on simplifying the competency framework and designing a risk management competency.

RESOLVED that

a report be brought to the next meeting of the Committee on the assessment of risk management in appraisals and the mechanism by which this would be reported to Members

PS54

REVISED WORKING ARRANGEMENTS BETWEEN INTERNAL AUDIT AND AUDIT COMMISSION

The Committee considered a report prepared by the Acting Audit Manager. The Chief Executive explained that the report set out a revised approach to establishing vigorous scrutiny in working relationships between Management, Internal and External Audit. The report focused on robust financial reporting systems and the early identification of divergences from budgets. The Chief Executive referred to statements in the report on the Corporate Budget, and recommended exploration of a revised timetable to assist officers in producing the necessary information to the Finance and Administration Committee. He suggested that a quarterly cycle for reporting to committees on performance and finance would be helpful rather than the current five-times yearly which did not match with other reporting cycles.

The Chairman said that the Committee needed to be assured that the proposals in the report represented substantive changes. The Acting Audit Manager replied that historically Internal Audit have looked only at individual budgets and not at the budget setting process. Mr Davidson commented that the Audit Commission would be undertaking an additional review of internal audit work. There was discussion of the proposal to increase the internal audit process to 35 days. The Chairman said that it would be helpful for the Committee to have an annual plan showing how often SMB were looking at budgets. Councillor Barker noted that the proposals before Committee suggested a move towards an overall rather than a topic-based assessment and said she was concerned about the lack of a stated timescale. In reply, officers stated that historically reports to Members had concentrated on results rather than the operational details of carrying out internal audits. The aim was now to make the workings visible, although it was also important to allow the audit process to run smoothly.

Councillor Knight asked for assurances that full quarterly management accounts would be done. In reply, officers said that this would be very difficult to do, as the resources were not available, but that monthly budget monitoring would be set in place.

The frequency of budget reports was discussed, and the Chairman then sought to clarify how the systems now being suggested would provide the necessary reassurance to Members. He asked whether any other councils carried out a full audit more than once a year. It was important that the Audit Commission obtain information on frequency to assure Members that the financial processes and outcomes were being carried out effectively.

Councillor Knight was concerned that the system in place last year had not permitted challenge. Councillor Foley said that he had sympathy with this view, as challenges were indeed being made at that time, but assurances had

been given. He would be keen for Members to be given additional confidence in finances by means of a quarterly report.

Councillor Wilcock said that when Members received figures they had not always had supporting information to prove their accuracy, and that a mechanism to address this was needed. He was concerned that lessons should be learned, and was in favour of setting in place an annual plan giving the opportunity to Members to challenge and monitor high risk elements in audit reports.

Councillor Ketteridge said that, in contrast to the previous two years, Members could be reasonably confident that the budget was on a sound footing. Monthly reporting would start in June, and the administration would monitor these, and would expect committee chairmen to seek answers to questions arising from them prior to committee meetings.

In reply to a question from the Chairman, Mr Davidson said that each council was different in the mechanisms used to monitor budgets, and that it depended on the internal arrangements through the management chain. Internal Audit could use external financial diagnostic support, but the key would then be to act on those recommendations. The additional 20 and 15 days internal audit were a further resource.

Councillor Knight asked Mr Davidson whether there were any better ways in which other councils managed this process, and whether the Audit Commission could identify any issues still to be addressed. The Chairman agreed that this would be helpful.

RESOLVED that

the Audit Commission bring before the next meeting of the Committee a report setting out a comparison of mechanisms for internal audit used by other local authorities for the Committee to consider in the context of the Independent Financial Review.

Councillor Barker asked whether the Internal Audit could also look at this year's budget, as whilst she was confident in the budget at this point, a year was a long time to wait for a full accounting report. The Chief Executive replied that this could not be done since the budget was yet to be set and that this would be done in only twelve days' time. Regarding Members' confidence in the budget, he referred to the Independent Financial Review being prepared by Mr Roots. Every estimate in the budget had been deliberately pessimistic, although an inevitable consequence was that difficult decisions had had to be made on that basis. In the future Members would be able to monitor finances by means of quarterly financial reports.

RESOLVED that

- 1 At the next meeting the Committee determine whether it can be assured that the planned audit process is robust.
- 2 A press statement be issued on initiatives to be set in place by Internal and External Audit.

FINANCE SECTION STRUCTURE, PROCESSES AND REPORTING

The Committee considered a report presented by the Acting Chief Financial Officer. He referred to the difficulty in recruitment of officers to the Finance Section, in particular the need for another senior accountant. He invited Members' comments on options for improved visual presentation of budgetary updates. The Chairman said that assurances were needed that posts would be filled as soon as possible.

Councillor Ketteridge said that a further six months funding for the post of Acting Head of Finance had today been finalised from Building Capacity East. The Chairman welcomed this news.

Factors in recruitment of financial staff were discussed. The Chief Executive said that availability of accountants with Housing Revenue Accounts expertise was diminishing nationally as well as locally, since fewer and fewer councils retained their own housing stock.

The Chairman wished it to be clearly stated for the minutes that "traffic lights" should be used in preference to "smiley faces" for viewing the accounts. However, he acknowledged a reservation from Councillor Knight regarding additional administrative work and costs arising from use of colour.

Councillor Barker expressed concern that this type of display could mask factors such as loss of income, and wished to see pluses and minuses on expenditure. Councillor Wilcock said that Members had to be able to engage with the terms used, and that if not configured correctly the term "over/underspend profile" could be misleading.

The Acting Head of Finance suggested that the information should include two or three elements of major budgets to permit closer profile monitoring, although it was for the Heads of Division to look at all budget information for their division.

The Committee considered the way in which Members' questions to Heads of Division would be co-ordinated. Councillor Barker suggested that chairmen of committees would collate questions, and that a deadline for this monthly process should be set. The Chief Executive advised that some Heads of Division reported to more than one committee, though individual budgets would fall within the remit of a single committee.

RESOLVED that

a budget map be prepared and circulated by e-mail to all Committee Members, based on the following three criteria: (i) identification of the Head(s) of Division to whom Committee Chairmen should direct Members' questions on monthly budgetary updates; (ii) timings for budgetary information to be made available; (iii) dates of committee meetings.

PS56

ANNUAL TREASURY MANAGEMENT REPORT 2006/07

The Committee considered a report from the Acting Head of Finance for information. The report was a requirement of the Council's reporting procedures under the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.

RESOLVED that

The report be noted.

PS57

INTERNAL AUDIT REPORT – EMERGENCY PLANNING

The Committee considered the report of the Acting Audit Manager which was prepared following a decision by the Committee to consider internal audit reports. The Chairman said that it was a positive report and that the recommendations had largely been followed, although there was one which had not been agreed on the grounds of resources.

Councillor Barker was concerned that the report did not indicate whether what was in place was fit for purpose. She questioned how the Council would deal with difficult situations, and felt the report gave no confidence that parish or district plans would accomplish matters for which the Council had responsibility. She suggested that a template be circulated to parish councils.

Councillor Knight said that Debden Parish Council had difficulty finding people to join the council, and questioned whether account had been taken of smaller parish councils where volunteers were unlikely to be available.

Councillor Salmon reported that the parish plan for Stansted had been successfully activated when there had been a problem with the gas main in Henham. Such plans would work if they could be established at ground level.

The Assistant Chief Executive said that the Emergency Plan was a robust document, that regular test exercises were carried out and that these had gone well. Templates had been sent out to parish councils, and Jason Dear had made visits to parishes.

Councillor Ketteridge suggested that Area Panels be invited to get involved. The Assistant Chief Executive raised the issue that as statutory responders, only those individuals who had passed Criminal Records Bureau checks could be retained on behalf of the District Council. The Chief Executive said that in certain areas which were prone to particular risks, for example the flooding in Ashdon last year, parish councils and individual householders should be encouraged to take reasonable precautions. It was suggested that the Emergency Planning Officer should explain to the three Area Panels that the District Council required information from parishes in order to be in a position to provide appropriate emergency planning assistance. It was noted that Jason Dear would be giving notice to leave the Council, and that this post would need to be replaced.

RESOLVED that

the Emergency Planning Officer should visit each Area Panel to encourage the provision of information to the District Council for the purposes of supporting local parishes in preparing emergency plans.

PS58 2006/07 QUARTILE REPORT

Members considered the report of the Performance Improvement Officer regarding performance indicators for last year, which were reported as comparators within the performance management framework. The Chief Executive said that national comparators for this period were now available. The Chairman commented on the need to address performance indicators where they continued to be negative, and suggested that the Committee proceed to consider the more recent reports before it.

PS59 PERFORMANCE MANAGEMENT REPORT – QUARTER 3 2007/08

Members considered the report of the Performance Improvement Officer, which in the absence of the Lead Officer was presented by the Chief Executive. The Chairman commented that sixteen performance indicators had worsened since Quarter 2. The rent collection indicators were discussed, and the Head of Housing Management said that this indicator was subject to seasonal factors, but that the number of people in arrears was improving and had reduced to 150. She said that 2006/07 was a bad year for rent collection for various reasons, but that this was now gradually improving. The Council had a rigorous rent arrears policy, with visits being made in weeks three and five, and with notice for possession being issued at seven weeks. The Council had collected in excess of £11m rent arrears but had written off only £2K during the period. The Chairman said that this provided Members with some reassurance regarding the Council's exposure to bad debt, and that credit was due to officers, in view of the staff shortages in the Housing Service.

Councillor Ketteridge referred to a variation in the average time taken to re-let social housing under BV212, and in reply the Head of Housing Management said that this figure had been examined closely by the Audit Commission. The time taken reflected work done on void properties in order to bring them up to the Decent Homes standard, and was in part due to some properties being harder to let as they were allocated for sheltered housing. The Choice Based Lettings policy was now increasing the rate of turnaround.

In reply to a question from the Chairman, she said that the Audit Commission's report into the Housing Service would be available towards the end of February.

RESOLVED that

the Committee receive the Report on Housing from the Audit Commission at the meeting after the Committee's next meeting.

Members then referred to the Performance Indicators relating to Housing Benefits, which the Head of Corporate Support and Revenue Services said took into account a number of redeployment posts. Subject to those officers being trained, the indicators should then improve. Performance remained in the top quartile in any event.

Performance Indicators relating to working days lost due to sickness were considered. A factor this year had been a change in terms and conditions as part of a national agreement, which now meant that employees were paid from the first day of sickness. Other factors were staff morale and the increase in long term sick leave. The Chairman hoped that morale would start to improve and that action would be taken by management to encourage the development of a more positive spirit amongst staff.

Councillor Barker raised questions regarding the three performance indicators for Planning under the heading "Environment", as she considered the figures related to three months rather than a year, and as the names of officers who had now left were stated to have responsibility for these areas. The Chairman asked that an officer from Planning should be contacted to reply to Councillor Barker.

PS60

PERFORMANCE MANAGEMENT FRAMEWORK – INDICATORS 2008/09

The Committee considered the report and attached schedule, which the Chief Executive explained set out corporate indicators which would be reported to Members, as well as service indicators, which would only come to Members if requested. Taking each section in turn, the Committee considered the indicators which should be received.

RESOLVED that

a list be prepared of corporate indicators to be passed to the Heads of Division for comment and brought back to this Committee at its main meeting, and to invite Committee Members to contact the Chairman with any further indicators to be included.

PS61

ANY OTHER ITEMS THAT THE CHAIRMAN CONSIDERS TO BE URGENT

The Chairman said that he would be unable to attend the next meeting of the Committee. The Chief Executive advised that the date could be changed at the meeting of Full Council. Accordingly the Chairman asked the Committee Officer to canvas members of the Committee on alternative dates for the next meeting.

RECOMMENDED that the proposal to alter the date of the next Performance Select Committee be put to Full Council to enable the next meeting to take place on either 29 or 30 April.