

**PERFORMANCE SELECT COMMITTEE held at COUNCIL OFFICES  
LONDON ROAD SAFFRON WALDEN at 7.30 pm on 24 JUNE 2008**

Present:- Councillor H S Rolfe – Chairman.  
Councillors S Barker, J Davey, M L Foley and J Salmon.

Also in attendance:- Councillor R M Lemon.

Officers in attendance:- D Bradley (Interim Head of Finance), S Bronson (Audit Manager), Alaine Clarke (Head of Partnerships and Performance), John Mitchell (Interim Chief Executive), Cathy Roberts (Democratic Services Officer), Colin Rockall (Interim Change Manager), Geoff Smith (Head of Environmental Health), Adrian Webb (Interim Director of Central Services).

Also present:- Paul King (District Auditor, Audit Commission).

**PS1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

Apologies for absence were received from Councillors A J Ketteridge and P A Wilcock.

**PS2 MINUTES**

The Minutes of the meeting held on 29 April 2008 were received, confirmed and signed by the Chairman as a correct record.

**PS3 BUSINESS ARISING/ACTION LIST UPDATE**

The Committee received the list of committee actions.

**(i) Minute PS72 – Estimated End of Year (07-08) Performance Data and Target Setting 2008/09**

The Head of Partnerships and Performance updated the meeting on targets re Best Value Performance Indicators 191,197 and National Indicator 17.

**(ii) Minute PS73 – Essex Local Agreement Indicators and Targets**

The Head of Partnerships and Performance informed the meeting that the Energy Efficiency Surveyor wished the Council to 'have regard to' two additional National Indicators NI185 and NI186 in the Local Area Agreement.

RESOLVED that the two suggested Indicators be accepted.

**PS4 DRAFT AUDIT AND INSPECTION PLAN 2008/09**

Paul King, the District Auditor, presented the Audit and Inspection Plan setting out the audit and inspection work proposed for 2008/09. The Council's Relationship Manager, Ian Davidson, would remain their main contact, but was now called the Comprehensive Area Assessment Lead.

The report alluded to the Audit Commission's responsibilities, explained the fee structure for 2008/09 which would include an additional fee of £10,000 charged for supplementary work in 2007/08 (overall fee £200,095) and detailed actions the Council could take to reduce its audit fees, namely

- 1 Having an effective finance team to prepare the accounts.
- 2 Having proper and effective financial systems and controls, which the Commission could rely on when evaluating the financial statements.
- 3 Effective arrangements to secure efficient economic and effective use of resources.

The Chairman of the Committee asked Paul King to specify what defects of efficiency, economy and effectiveness in use of resources remained and likewise what financial systems and controls were not able to be relied upon.

Paul King referred to the previous assessment made of the Council's arrangements and said that this had affected the general level of engagement and scrutiny with the Audit Commission. He added that it was always necessary to have peer review.

The Chairman of the Committee asked Mr King whether it might be possible to provide a tick-list regarding efficiency and effectiveness and suggested that this was a matter which should be discussed later with Mr King.

Councillor S Barker drew attention to paragraph 15 of the report regarding financial statements 'which may become apparent'. Mr King confirmed that this should read 'which may not become apparent'.

In answer to a question from Councillor Barker, Mr King confirmed that the 'sufficient length of time' referred to, regarding establishing efficiency of budgetary control arrangements, meant by the end of the year 08/09 and probably before. He added that the review for 2007/08 on the criteria set out on page 10 of the report would be carried out and a report submitted by the end of September. He had noted that the Council had sought to preserve capacity despite the staff reduction in front line services and the Audit Commission would make a recommendation regarding this later in the year.

He referred to the Use of Resources Assessment as part of the CPA framework and stressed that from 2008/09 a new assessment framework would take into consideration new issues. A follow-up inspection around the housing service was necessary in the light of the Housing Management inspection score and this would take place in the latter part of 2008/09. The Chairman of the Committee suggested that it should take place after the Performance Select Committee meeting in September and Paul King said that it would be more likely to occur in 2009.

The Chairman of the Committee referred to paragraph 28 of the report outlining areas for improvement in the Council's performance and Paul King

agreed that the expression 'extremely challenging' to describe the Council's financial position was now no longer appropriate and should be changed to merely 'challenging'.

Paul King confirmed that the figure of £61,150 for the total audit and inspection audit fee on page 23 of the report was the up to date one regarding 2007/08, the figure on page 7 being an estimate. He added that the Commission had sought to keep fees low and that work done for claims and returns had been less than that in 2006/07 and consequently the fee was reduced.

The Chairman of the Committee referred to appendix 5 – Working Together, and requested a quarterly meeting with the Commission. He also requested that at the first meeting there be a clear spelling out of the whole requirement for economy, efficiency and effectiveness, which he had asked about earlier.

In answer to a question from the Chairman regarding the effectiveness of asset management arrangements, the Interim Director of Central Services confirmed that he was talking to the Essex County Council about seconding an officer as soon as possible to assist with this aspect. It was agreed that progress on this matter should be brought to the next meeting of the Committee in August.

The Chairman of the Committee referred to two sets of papers which had been submitted too late to be included in the agenda, but which contained urgent business from the Audit Commission. Paul King explained that the letter and appendix explained the reasons for the revised fee referred to previously. The Interim Director of Central Services confirmed that he had discussed the contents of the letter with Paul King and considered that the increase in cost was in the circumstances inevitable and the fee charged not unreasonable. In answer to a question from the Chairman of the Committee Paul King agreed that in the following year assurance would be improved by the assets arrangement management and budget control systems, which had been introduced.

The second document was a report showing progress of the audit to date. The audit would be completed in July and a report brought back in September.

The Chairman of the Committee thanked Paul King for this report and thanked the District Council's Finance Team for being in a position to take the accounts to the Finance and Administration Committee.

RESOLVED that the report of the Audit Commission on the Audit and Inspection Plan and supplementary opinion on the audit plan 2007/08 be received and accepted.

The Committee received the report of Sheila Bronson, the Audit Manager, seeking approval for the Annual Governance Statement to be included in the Council's published financial accounts for 2007/08. She explained that advice

had been taken from Colin Rockall and using a template from other authorities. Officers confirmed in answer to a question from the Chairman of the Committee that all appropriate plans, strategies etc were updated or being updated and the Chairman of the Committee asked that the Housing Strategy be brought to the Committee for consideration when the Audit review of Housing was submitted to Committee in September 2008. Officers were requested to change the expressions 'you perform' and 'chairperson' on pages 10 and 11 of the report respectively.

The Chairman referred to section 5 of the report 'Significant Control on Governance Issues' and asked what gaps there were. The Audit Manager felt that risk management was being given insufficient priority and agreed to report on monitoring of these issues to the February meeting of the Committee.

RESOLVED that the Annual Governance Statement be approved and signed off by the Chief Executive and Leader of the Council.

## PS6 **INTERNAL AUDIT REPORT AND OPINION**

The Committee received the report of the Audit Manager advising on work carried out by Internal Audit during 2007/08 and giving an overall opinion on the Council's control environment for that year. The report also showed the state of compliance with the Code of Practice for Internal Audit in Local Government.

The Audit Manager answered questions about risk management in areas identified by her as not always as well controlled.

It was agreed that the area of elderly persons risk management should be brought back to the meeting of the Committee in August, the Chairman asked that a guarantee be provided at that meeting also, that follow up to recommendations had taken place.

## PS7 **CORPORATE RISK REGISTER AND RISK MANAGEMENT UPDATE**

The Committee considered the report of the Audit Manager on arrangements the Council has in place to ensure risks are well managed including the Corporate Risk Register. The Risk Register was recommended for approval with a programme for the review and monitoring of the corporate and operational risk registers. In answer to a question from the Chairman of the Committee she explained that there were 1,000 analysed operational risks and that this number had been trimmed down from an earlier one. Members were concerned about the volume and complexity of the risks and the Chief Executive explained that they reflected assessment of the aims contained within the Corporate Plan. The Audit Manager added that the original perception of risk had been from Internal Audit, but now the appropriate manager's perception was used.

In answer to a question, the Chairman of the Committee preferred not to look at the risks quarterly, but asked how the Strategic Management Board

monitoring of these risks was progressing. His concern was whether the message was getting across as a general culture. He congratulated the Audit Manager on the progress she had made for this new process which had been well done.

RESOLVED that the Committee approves the Corporate Risk Register and notes the programme for review and monitoring for the Corporate and Operational Risk Registers.

#### PS75 **INTERNAL AUDIT REPORT – PUBLIC HEALTH**

The Committee considered a recent internal audit report of public health with a completed management action plan. This was in response to Members' requests that Internal Audit reports are discussed at the Performance Select Committee. The Environmental Health Manager explained that systems for monitoring had been established, but full written procedures had not yet been completed although these were being developed. Staff shortage was causing delays. He assured the meeting, however, that the customers were generally happy, although there were sometimes situations where the Council could not be of help to them. The Chairman of the Committee asked that a report be submitted to a future meeting of the Committee on complaints logged as dealt with by the department.

RESOLVED that the public health internal audit report and management action plan be noted.

#### PS8 **BUDGETARY CONTROL**

The Committee received the report of the Interim Director of Central Services presenting all budgets that were 10% or greater in variance, either below expected income or over in expected expenditure from the profiled budget. The Interim Director of Central Services asked also whether the Committee was happy with the format of the report and in what circumstances the Committee would wish to hear from Heads of Division personally about variations.

The Chairman of the Committee suggested that if Heads of Division filled in a commentary box there would be no need to attend the meeting for variations, unless it was clear that a real query was being raised, eg if the item was significantly off budget.

RESOLVED that the budgetary control report be noted.

#### PS9 **BEST VALUE PERFORMANCE PLAN 2008**

The Committee received the Best Value Performance Plan 2008 which the Council had a duty to publish by 30 June 2008. It was noted that the BVPIs had now been replaced by the new National Indicator set with effect from 1 April 2008.

The Chairman of the Committee congratulated the Head of Partnerships and Performance on the presentation of the report, but was concerned that some targets had been badly missed and some would not be reported until the following year. He also asked that future reports have numbered pages. As regards the missed targets the Chairman of the Committee wished to know what the next action was in connection with direction of travel. He felt that either the appropriate officer should attend the next meeting or should give a written response.

The Interim Change Manager suggested that if the indicator was a priority for the Council an improvement plan would be necessary for that particular part of the service and it should be referred to Committee to see whether it improved over time.

In answer to a question from the Chairman of the Committee, the Interim Chief Executive explained that some indicators had been lost through abandonment of the over complex appraisal system in favour of a much simpler one.

The Chairman of the Committee said that there were about 16 indicators which he wished to draw to the attention of Members. He would supply a list to the officers and ask for a written explanation to the Committee from the relevant officer or through an improvement plan.

RESOLVED that

- 1 the content of the Best Value Performance Plan including outturn data and associated narrative, be approved.
- 2 The Committee receive a report on the situation regarding the indicators identified by the Chairman as requiring further explanation.

(Councillor Lemon left the meeting at 9.28).

PS10

## **ACCESS TO SERVICES INSPECTION**

The Committee considered the report of the Interim Change Manager, on the Access to Services Inspection Action Plan. Steps had been taken to implement the main recommendations contained in the report, but progress in some areas had been affected by recent issues at the Council. Actions and implementation dates had therefore been reviewed. The report suggested that in view of reduced resources, some of the actions that did not form part of the formal recommendations could be shelved. This would enable the Council to concentrate on key service delivery areas.

The Chairman of the Committee asked that the Strategic Management Board give an indication of the plans they intended to pursue for the future in this context. Members noted that some types of reporting, eg mystery shopping could be very expensive.

RESOLVED that an updated report be considered at the November meeting and that the Strategic Management Board be asked to provide

an extra column in the report table to accommodate information emanating from the Audit Commission inspection of housing and the views of the Community Committee.

PS11      **PERFORMANCE MANAGEMENT ARRANGEMENTS**

The Committee considered the report of the Interim Change Manager on Performance Management arrangements. The Interim Change Manager explained that the proposed arrangements would avoid duplication of reports to Committees and provide a better focus on performance.

RESOLVED that the suggested revised arrangements be approved and reviewed again prior to 2009/10.

PS12      **ANY OTHER BUSINESS**

The Chairman of the Committee thanked Alaine Clarke, the Head of Partnerships and Performance for her service to the Council and wished her all the best in her future career.

The meeting ended at 9.48 pm.