

**PERFORMANCE SELECT COMMITTEE held at COUNCIL OFFICES
LONDON ROAD SAFFRON WALDEN at 7.30 p.m. on 14 MAY 2009**

Present: Councillor H S Rolfe – Chairman
Councillors S Barker, J E N Davey, A J Ketteridge, J Salmon and
P A Wilcock.

Officers in attendance: S Bronson (Audit Manager), P Evans (Business
Improvement & Performance Manager), S Joyce (Chief Finance
Officer), J Mitchell (Chief Executive), T Norton (Business
Improvement & Performance Officer), C Roberts (Democratic
Services Officer) and A Webb (Director of Central Services).

Also present: C Connolly, I Davidson and P King (Audit Commission)

PS1 APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor R M Lemon.

PS2 MINUTES

The minutes of the meeting held on 12 February 2009 were received,
confirmed and signed by the Chairman as a correct record.

PS3 ACTION LIST UPDATE

(i) Finance and Procurement Module

The Director of Central Services explained the factors which were temporarily
delaying implementation of the total system and in answer to a question from
the Chairman he assured the meeting that the current facility was still helpful
but that the Council hoped to benefit from streamlining in the near future.

(ii) Anti-fraud Policy for Contractors

The Audit Manager informed the meeting that it appeared the Essex County
Council supplied its contractors with documentation concerning fraud in all
contracts over a certain figure. She had been asked to incorporate a similar
arrangement in Uttlesford.

(iii) Audit Commission Annual Fees

A document entitled "Comparison of audit and inspection days" was circulated
at the meeting by the representatives of the Audit Commission in response to

the Council's request (in Minute PS58) that the Audit Commission provide a breakdown of the Commission's annual fees.

The Audit Commission representatives stressed that the massively increasing number of benefit claims would not lead to a significant increase in the Commission's charges. Mr King added that the cause of increased Commission work was the discovery of errors, not the volume of the ordinary work. Substantial improvements were being made by the Council which would reduce errors and might well result in fee reduction.

RESOLVED that the action list be noted.

PS4

2008/09 OUTTURN & QUARTER 4 PERFORMANCE REPORT

The Committee received the report of the Business Improvement & Performance Officers which gave a summary of both the Outturn (i.e. annual) performance data and the Quarter 4 (Jan – Mar) performance data 2008/09 for the Corporate, National and Service Indicators.

The Business Improvement & Performance Manager explained that for four indicators estimated data had been provided because actual data had yet to be received from Essex County Council. For four National Indicators outturn was not yet available. In the case of indicators where end of year performance was below the 2008/09 target, explanatory notes had been collected from relevant officers and included as comments in the spreadsheets.

Since most indicators were new in 2008 information on their long term direction of travel (i.e. comparing annual performance 2008/09 against annual performance 2007/08) was minimal. For a few indicators it was extremely difficult to set targets for 2008/09 because there was no baseline data from previous years.

SMB had reviewed the data and was satisfied with progress, but four areas had been identified for further immediate action; number of days that a property remains void; % of Council Tax collected and rent collection and arrears recovery; accuracy of processing housing benefit/council tax benefit claims and % of relevant staff up to date on appraisals.

The Chairman commented that he had not thought it appropriate for HODs to attend on this occasion but that there were concerns particularly voids and rent collection, and that processing accuracy and appraisals had both been raised before.

Councillor S Barker said the meaning of some of the spreadsheet values/targets was difficult to follow and gave as examples indicators CI 05b and CI 12. The Chief Finance Officer undertook to investigate CI 05b, (*It was*

established after the meeting that the value in this indicator should have read 0.6 not 33).

The Chief Executive informed the meeting that training in the new appraisal programme had only recently been completed so that catch-up needs explained the current data. Members were concerned that staff should have the benefit of appraisal or else information as to why it had not been carried out. It was therefore agreed that appraisals be reviewed and the results reported to Committee at the end of the first quarter of 2009/10.

The Director of Central Services said that benefits claims accuracy was expected to improve as a result of the introduction by SMB of a new resource which was understood to ensure 98% accuracy where it had been installed. Updates would be provided by Heads of Division.

The Chairman of the Committee asked for Members to be circulated meantime with the last two months figures.

Mr Davidson informed the meeting that up to date bench marking information could now be supplied by the Audit Commission to all 14 Essex District authorities free of charge.

The Director of Central Services explained that benefit claim statistics were skewed by short term arrangements for extended time to pay rent, and by delays in acquisition of job seeker status inherent in the job seeker enrolment systems.

The Chairman expressed the Committee's thanks for the figures presented in the report and asked that the indicators be circulated ten days before the next meeting so that any attendance requests could be sent to relevant Heads of Division in good time.

PS5

ANNUAL AUDIT AND INSPECTION LETTER

The Committee received the Annual Audit and Inspection Letter from the Audit Commission which acknowledged that the Council had made progress in some priority areas despite significant financial pressures. Mr Davidson said that he expected the Council's scores would catch up because the quantity of its best performing statistics was above average.

In answer to a question from the Chairman the Chief Executive informed the meeting that a re-inspection of Housing Services was planned for May. The Housing part of the Audit Commission had been very positive about the Council's direction of travel in this context. He suggested that the results of self-assessment be brought to the Committee as soon as available.

RESOLVED that the Annual Audit and Inspection Letter be noted and that the Housing Services Re-Inspection Self-assessment results be submitted to the meeting of the Committee in September.

PS6

AUDIT FEE AND INSPECTION FEE LETTERS 2009/10

The Committee considered the letters received from the Audit Commission in connection with the Committee's previous request for a breakdown of costs and reasons for them.

Mr King said that the Audit fee was an exercise in resource assessment and accounting, and the scale of the fee reflected the risks arising from the previous assessment. He acknowledged that the Council was working very hard and he felt that when the Commission returned in December with the experience of the 2008/9 audit there might well be adjustments to the fee. He assured Members that the Commission would liaise with Council Officers in connection with the work/risks to be addressed set out on page 3 of the report to maximise the usefulness of the Commission's contribution.

Members drew comparisons with the audit costs of other organisations and asked why the Uttlesford fees in fact appeared to have risen by a factor of 10% during a period of reducing risk.

The Audit Commission representatives said that the audit was more expensive because it now required greater technical expertise than at the earlier stage, but that the scale fee charged of 30%, which was the maximum, could be expected to reduce.

Councillor S Barker reminded the meeting that although officers had worked hard to obtain completion of accounts by June last year there had been delay by the Commission; she therefore asked for assurance that the Audit Commission would start its work earlier. Mr King said that the audit would commence on or about 6 July and in answer to further questions he added that there was scope for the cost to decrease. He continued that the fixed fee formed a greater proportion of income in councils which had a small spend, like Uttlesford. The costs would be driven down if the Council improved the areas of work set out on Page 3 of the Audit Commission's report.

RESOLVED that the Audit Fee Letter and the Inspection Fee letter be noted and acknowledged

PS7

CUSTOMER FEEDBACK PROJECT

The Committee considered an update by the Business Improvement and Performance Manager. She explained that there might be a Partnership opportunity for system sharing and additional management support from the Essex County Council.

The Chief Executive advised that officers were investigating a number of partnership options in this context and whilst no decisions had been taken as yet the results of the research were very promising.

RESOLVED that the report be noted with officers' assurance that there will be improved customer service in place by September with an update to the Committee.

PS8

ANNUAL GOVERNANCE STATEMENT 2008-2009

The Committee received the report of the Audit Manager seeking approval for including it in the Council's published final accounts for 2008/9.

Members asked why the document was needed and the Audit Manager explained that it was required by the Accounts and Audit Regulations 2003 (as amended). Members asked for the language to be simplified and the document abbreviated next time. The Chairman also asked that all agenda papers be circulated in one bundle at the same time.

RESOLVED that the draft Annual Governance Statement 2008/09 be approved for inclusion in the Council's published final accounts for 2008/9.

PS9

RISK MANAGEMENT UPDATE

The Committee received the report of the Audit Manager giving an update on Risk Management meetings, reviews and monitoring and process.

In answer to questions she gave her opinion that there was room to improve the process of risk management. The Chief Finance Officer felt that more challenge should occur within the process, and some Members felt that the meetings of the Risk Management Steering Group would be improved by increasing the number of Councillors on the Group.

RESOLVED

1 that the report of the Audit Manager be noted.

2 that a task group be formed comprising Councillors Rolfe and Wilcock with the Director of Central Services and the Chief

Finance Officer to meet and review the risk management process and report back to the next meeting of the Committee.

(In Minute PS11 below Members agreed that the Task Group referred to in Minute PS9 should review counter-fraud measures on completion of their review of risk management matters).

PS10

CORPORATE AUDITS 2009/10

The Committee received the report of the Audit Manager summarising the Corporate Audit work undertaken by Internal Audit as part of its 2008-09 work plan. She invited the Committee to consider in particular the audits on contracts and procurement and on information management.

The Chairman referred to the discussions between the Director of Central Services and officers of the Essex County Council which should have a bearing on contracts/procurement, and asked to be updated routinely on these negotiations at the June meeting or earlier in the event of any faltering in the negotiation.

Members noted that six of the audit recommendations for information management had already been implemented and that the area would be revisited in 2009/10.

RESOLVED

- 1 That the report of the Audit Manager summarising the Corporate Audit work be accepted.
- 2 That the Committee continues to receive reports on individual internal audits.

PS11

PERFORMANCE SELECT COMMITTEE SELF ASSESSMENT 2008/09

The Committee received the report of the Audit Manager advising Members that, to establish whether the Committee was meeting its responsibilities against the guidelines provided by Chartered Institute of Public Finance and Accountancy (CIPFA), a self-assessment of its work 2008-09 had been undertaken. This self-assessment would be included as evidence in support of the Annual Governance Statement 2008-09.

The Audit Manager informed the meeting that the Committee had achieved a 91% positive response for the self-assessment and the five negative responses were areas that were not felt to have a critical impact on the Committee's performance.

From this it could be concluded that in 2008-09 the Performance Select Committee had effectively fulfilled its Audit Committee functions in accordance with CIPFA guidelines.

In answer to a question from Councillor Wilcock the Chief Executive said that a joint Scrutiny Annual Report would be brought to the Council.

Members agreed that the Task Group referred to in Minute PS75 above should review counter-fraud measures on completion of their review of risk management matters.

RESOLVED

1. The Committee approve the outcome of Performance Select Committee Self-Assessment 2008-09
2. That the Task Group referred to in Minute PS9 above review counter-fraud measures on completion of their review of risk management matters.

PS12 **"CODE OF AUDIT PRACTICE"**

The Committee considered this Audit Commission publication and received an explanation by the Commission's representatives regarding the dates of printing and circulation.

RESOLVED that the Code is noted.

PS13 **"STATEMENT OF RESPONSIBILITIES"**

The Committee considered this Audit Commission publication and the Commission's representatives answered questions regarding the consequences of the introduction of Comprehensive Area Assessment.

RESOLVED that the Statement is noted.

PS14 **COMMITTEE PAPERS**

The Chairman of the Committee asked for a hard copy of all Committee papers in time for the meeting.

The Director of Central Services said that sending large emails to all councillors was inefficient and took up significant storage space on the email archiving server; a link to a central document store was much more appropriate.

The meeting ended at 9.30 pm.