

**PERFORMANCE SELECT COMMITTEE held at COUNCIL OFFICES  
LONDON ROAD SAFFRON WALDEN at 7.30 pm on 2 FEBRUARY 2010**

Present: Councillor H S Rolfe - Chairman  
Councillors S Barker, J E N Davey, A J Ketteridge,  
T P Knight, R M Lemon, J Salmon, P A Wilcock and  
A C Yarwood.

Officers  
in attendance: R Auty (Head of Community Engagement),  
S Bronson (Audit Manager), P Evans (Business  
Improvement and Performance Manager), S Joyce (Chief  
Finance Officer), J Mitchell (Chief Executive), P Morrison  
(Business Improvement and Performance Officer),  
R Procter (Democratic Services Officer) and C Rockall  
(Interim Change Manager).

Also attending: Debbie Hanson, Ian Davidson and Paul King - Audit  
Commission.

**PS50 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

Councillor Yarwood declared a personal interest in the item on risk  
management and strategy, as he had given input into the draft strategy.

**PS51 MINUTES**

The Minutes of the meeting held on 17 November 2009, having been  
received, were approved as a correct record and signed by the Chairman.

**PS52 BUSINESS ARISING/ACTION LIST UPDATE**

**09-PS35 Provision of affordable housing**

Councillor Barker asked why the figures quoted for 2008/09 were not the  
same as those reported in the East of England monitoring report. The Chief  
Executive said he would report back to Councillor Barker personally.

**09-PS39 Pension fund deficit**

Councillor Barker asked whether a date had been set for a meeting with the  
County Council. The Chief Finance Officer said there had been no further  
progress. (By way of an update to this Minute, a meeting has now been  
arranged for 12 February.)

**AUDIT COMMISSION REPORTS**

The Committee considered the report of the Chief Finance Officer, asking Members to note the three Audit Commission reports, the 2008/09 Annual Audit Letter; the 2008/09 Organisational Assessment and the 2008/09 use of Resources Inspection.

Ian Davidson said the reports gave a comprehensive picture of the Audit Commission's findings.

The Auditor, Paul King, then introduced his colleague Debbie Hanson who would be taking over his role. The Chairman thanked Mr King on behalf of the Committee for the support he had given to the Council in moving forward.

Mr King gave a brief overview of the Annual Audit letter 2008/09. He said the Council had scored a level 2 for Use of Resources, which was a positive achievement in view of the enhanced reporting framework, and which reflected positive progress over the last two to three years.

Councillor Knight asked a question about compensation for recovery of the investment in Icelandic banks. The Chief Finance Officer said as a local authority, Uttlesford was a preferred creditor, so should receive 83 – 90% over the next ten years. Whilst non-preferential creditors were challenging the process, the Local Government Association had a high degree of confidence that this level of return could be expected. He was in regular contact several times per week with the Local Government Association, and was keeping the Finance and Administration Committee informed.

Mr King said the Council had taken a positive and constructive approach to the audit, and he wished to thank officers for their support and co-operation.

Councillor Barker asked whether financial reporting systems were able to take into account leased assets and accrual of staff annual leave carried over. The Chief Finance Officer replied that the International Financial Reporting Standards (IFRS) would have implications for the way in which local authorities prepared their annual financial statements. Regarding staff leave, he confirmed the Council's systems were capable of dealing with the required information. The amount of untaken annual leave was not material for the purposes of the accounts, and he did not intend to make an adjustment. The policy regarding leave being carried over was that under normal circumstances staff could not carry forward more than five days except in exceptional circumstances.

Regarding leased assets, there were a small number of quite high value assets, which would need to be reflected in the accounts. The PFI assets might also have to appear on the balance sheet, which would be a major change. Staff would receive IFRS training.

The Chairman noted the Audit Commission's comments on a workforce plan, and the Chief Finance Officer said work on a corporate workforce strategy would start next month.

Councillor Knight questioned the value for money conclusions. She was concerned the Council was said to meet only the minimum level on four out of five standards, and that an overall level of 2 could hide significant failings in these areas. Mr King said the Council's overall score of level 2 was drawn from a combination of four scores in areas where the Council was assessed as needing improvement. The Use of Resources assessment for 2009/10 was about to start, and he would expect and hope to find on re-assessment against the same criteria that there would be improvement.

Councillor Ketteridge said he did not agree with Councillor Knight's comments that it was not too difficult for the Council to improve, as enormous strides had been made.

The Committee considered the organisational assessment. Mr Davidson said there was a range of services where improvement could be seen. When the Audit Commission had looked at the direction of travel last year, there had been some concerns, but Uttlesford's performance improvements had been maintained, despite there were some ongoing issues which derived from external sources. The overall score of 2 was an improvement from last year's level 1. He recognised the work that had gone into complying with the new regulatory system. There were areas where further work on performance was needed, which would link into corporate governance and planning.

Mr Davidson said the new regulatory system included assessing the priorities for the local area in Essex as part of the Comprehensive Area Assessment. The area of children's services had been given 'red flag' status, to ensure each partner addressed the question of their role in safeguarding children.

The Chairman said it would be helpful for Mr Davidson and Ms Hanson to attend one of the Local Strategic Partnership board meetings, particularly as the West Essex LSP had recently attracted a grant of £1 million. Mr Davidson said he would be happy to attend a meeting.

Councillor Wilcock asked how the Sustainable Community Strategy would be embedded in the work of the Council; and how the Council had promoted partnership working regarding speeding vehicles. Regarding the latter point, Councillor Rolfe said speedwatch initiatives had taken place as a result of partnership working. The Chief Executive said the Sustainable Community Strategy would form part of the corporate plan.

The Committee considered the Use of Resources assessment. Mr King said the Council had adequate arrangements overall for the use of resources, which was now a scored Key Line of Enquiry. In summary, there were some positives, and there were generally adequate arrangements for governing the business. Weaknesses had been identified the areas of risk management, and in some areas of data management. In terms of the workforce, whilst some HR policies were in place, there was an issue around a workforce strategy. He had made recommendations for those areas in the 2008/09 assessment, which would be re-assessed in the 2009/10 report.

In reply to a question from the Chairman, Mr King said he would not go so far as to say there were no such areas where work was underway, but the key

point was what stage that work had reached. A judgment would be reached on assessment.

Councillor Knight expressed concern about statements in the Audit Commission's reports to the effect that the Council 'did not have a sound understanding of costs and performance'. She considered this to be a very damning statement and wished the Audit Commission to qualify it.

Mr King said statements about the understanding of costs were not to be taken in isolation, but were about the relationship between costs and performance. The ideal would be an optimum balance between low cost service and high performance levels.

Councillor Barker said the Audit Commission had congratulated the Council on its waste service and reduction in that cost, but they could not have it both ways. Mr Davidson said in terms of waste, the Council was not currently undertaking a costs performance analysis.

Councillor Yarwood asked the Audit Commission for indications and advice to enable the Council to take action on understanding costs and performance. Mr Davidson said the Auditors had shared guidance on use of a grid system in relation to the value for money assessment.

The Chairman replied that the Committee wished to understand what needed to be done in real terms to improve the Council's position. The Chief Executive suggested an action plan be brought to the Committee. In reply to a question from Councillor Knight, he said he did not agree the Council did not have a sound understanding of costs and performance, but the important point was that the Council was not complacent.

The Chief Finance Officer said in his view the Council did have a good understanding of the budget and what each service cost, but that it did not necessarily understand high level analysis compared to other service providers. Accounting and performance reporting needed to be integrated. The Council aspired to a level 3, and required guidance. However he felt aspects of the Use of Resources framework terminology were unduly harsh, and he had fed back those comments to the Audit Commission.

Mr King said he agreed benchmarking was useful, and there were many examples of good practice on the Audit Commission's website.

Councillor Rolfe suggested each of the recommendations in the use of resources report be brought back to the Committee with an action plan.

Mr Davidson referred the Committee to the OnePlace website which would be a useful source of benchmarking information.

Revenues and Benefits service following stalled discussions with South Cambridgeshire DC.

Members were invited to endorse the Internal Audit work plan 2010/11 and to note the Internal Audit Strategic Work plan 2010/11 to 2014/15.

The Audit Manager said the total number of planned audit days was now 344, although the figure would be subject to some revision, as preliminary discussions were being held with Harlow District Council around a potential shared services arrangement for internal audit.

The Chairman questioned the number of days allocated for Committee work, and asked for clarification of the work covered by 'other' audit, totalling 20 days. The Audit Manager said the Committee work involved preparation for seven meetings. Other work had included looking into issues raised by Members, such as diesel.

Councillor Yarwood commended officers for the new layout and suggested it would also be helpful to include information on what was required and what was available in terms of audit time.

Councillor Wilcock said the risk frequency of some risk items should be examined, and moved from annual to bi-annual review. He suggested the three Corporate Audit items assessed at risk level two could be moved to bi-annual assessment, and could revert to annual assessment if the need arose.

The Audit Manager said regarding corporate governance, much time was spent planning the corporate governance statement, which had to be done each year. However towards the end of the year she proposed to look at the new risk management systems coming in. Regarding grants and external funding, this was the first year it had been assessed, and therefore she planned to revisit it next year.

RESOLVED to endorse the Internal audit work plan 2010/11 and to note the internal audit strategic work plan 2010/11 to 2014/15, as set out in the revised appendix to the report.

PS55

## **CORPORATE RISK REGISTER**

The Committee considered the report of the Audit Manager setting out the corporate and operational risks above the corporate risk appetite selected for review by the Committee.

The Chairman noted the report showed risks on the basis of impact and likelihood, but said it did not necessarily measure the Council's response to risk. The Audit Manager said action was reviewed with officers on each occasion the risks appeared before this Committee. The Chairman said it was right to draw attention to the risks highlighted, but that the Committee also required some assurance that mitigation was in place.

Councillor Yarwood said the report was helpful, provided the actions were reviewed and kept up to date, so they could be challenged and mitigated. The Committee only needed to see key risks, but required reassurance that those 'under the line' were also being dealt with. Risk management was never a done deal, and must be managed, but he was pleased this report showed the Council was moving in the right direction.

Councillor Barker commented on three corporate risks relating to environment matters. She challenged the risk score given to the management of development and delivering affordable housing for local people, as in her view the Council was providing affordable housing at a number of sites. She would also question the red score given to planning growth, where reference was made to undertaking strategic assessment of the housing market, as she thought the SHLAA had been done. The Council was performing in these areas, which were not high risk, and the report came across as unduly critical.

In connection with these points, Councillor Yarwood suggested a review of rating, and said it might be useful to include additional comments against the actions and review notes in the report.

The Chairman said it would be helpful to have another RAG rating to show the response to each risk, as the Committee needed assurance as to whether responses had mitigated the risk.

RESOLVED to note the Corporate Risk Register update.

The chairman asked for an update on the situation regarding Lord Butler Leisure Centre. Councillor Ketteridge said he had attended a meeting with the Chief Executive and Leisure Centre staff. It was expected to re-open the Centre after re-tiling was completed in March. The issues of rebates for members of the Centre had been discussed, and officers would be looking into compensation for the Council under the PFI agreement.

PS56

## **INTERNAL AUDIT PROGRESS REPORT**

The Committee considered the report of the Audit Manager giving an update on recent internal audit work and on implemented and outstanding recommendations. The Audit Manager said since the report had been issued, four corporate audits had been completed, and two further recommendations had been made. The report set out an overall summary of final reports issued together with an analysis of recommendations agreed; and gave details of overall performance against the audit plan to date. The number of auditor days taken completing the 2009/10 audits to draft stage were exceeding allocated days by 34 net days.

In reply to questions from Members, the Internal Audit Manager said there were no audit days being carried over relating to unplanned projects. The Chief Finance Officer explained a purchase order module would be introduced in one department in April, to make the process of ordering goods more efficient.

The Chairman noted steps for implementation were in place for all recommendations except in respect of inspection of trees in the vicinity of Council facilities. The Internal Audit Manager said a contractor had now been instructed to supply a ground level tree survey. The Chairman commended officers for the report.

PS57

### **QUARTER 3 2009/10 PERFORMANCE REPORT**

The Committee considered a report presenting a summary of performance data for quarter 3 of 2009/10 for all quarterly collected national, corporate and service indicators which included an Essex Policy and Performance Network benchmark figure for a quarter 2 performance comparison. The Business Improvement and Performance Manager suggested equivalent comparative data be presented in all future reports, if Members considered this would be informative, to which the Chairman agreed.

The Chairman asked for a category to be included in the report relating to underperformance, in particular a summary of performance indicators that had underperformed against the EPPN benchmark. Councillor Barker said, regarding the red status SI 20 (the number of days a property was void) that this figure had drifted over recent years. Members queried the impact on these figures of Choice Based Letting.

The Chief Executive said the Business Improvement Team and Housing Service had recently carried out exhaustive review work in housing. It was apparent an unrealistic indicator for voids had previously been set, giving an inaccurate picture. Voids could occur for various reasons: some properties were hard to let; some required major works such as conversion for disability standards. The policy of Choice Based Letting had been considered and accepted by the Community and Housing Committee as not bearing any relation to voids. The introduction of several indicators to manage voids performance had been discussed and would be brought to the committee for consideration at a future meeting.

Councillor Yarwood questioned whether some targets were realistic, and suggested there could be some work to be done in assessing this aspect of future reports. The Chairman agreed this would be helpful.

Regarding indicators for the Museum, the Chairman expressed disappointment that the post of Learning Officer had remained vacant, as this had a direct bearing on the decline in school visits. He strongly recommended addressing this situation as soon as possible. The Chief Executive said the Council was discussing options with the Museum Society regarding the Museum service, and that it would be wrong to recruit to this post in the circumstances. The Head of Community Engagement said the policy of vacancy management would apply to this post in any event.

Councillor Ketteridge said the Museum had been the subject of scrutiny in the past, and the Council had at times increased or capped its expenditure. The Museum represented a significant proportion of the Council's expenditure at

this time, and a pragmatic approach was being taken. The Chairman said he awaited the outcome of discussions.

PS58

## **PERFORMANCE OF THE PLANNING SERVICE**

The Committee considered a report which was brought forward following the decision at its previous meeting to require such a report should the speed of decisions on planning applications not improve during the third quarter of the financial year.

The Chief Executive gave an update on performance to the end of January. Performance management was picking back up after having slipped from a previously good standard, for a combination of reasons, but mainly because workload did not decrease, whilst staffing levels had done so. The service had now taken on additional agency staff, and Development Control Committee meetings were now four weekly rather than three weekly. The section had benefitted from review by the Business Improvement Team, and whilst there were still some long-term staffing issues, there was a better team spirit.

The Chairman said the outlook seemed much more positive. He asked about the number of full time equivalent staff. The Chief Executive gave details, and confirmed the section was close to full complement. It was right to bear in mind the fact that approximately one quarter of the posts in planning were lost, and the section was continuing to work within a very tight budget.

Members asked questions about the detail of the report. Regarding a question on any policy for expediting the return to work of staff on sick leave using private health care, the Chief Executive said the Council had no policy to pay for private health care for staff. Regarding reduction of staffing levels in the previous two years, Councillor Ketteridge said he would like to aim to decide on an established number for each department. Following that reduction the number of staff was 329, and since then the Council had not exceeded that figure. This was a credit to those running the services.

Regarding a question about any decline in the planning workload, the Chief Executive said unusually the Council had not seen a decline in larger scale applications. A great deal of officers' time had also been required by several major applications with potentially significant impact, including one for a wind turbine, the civic amenity site in Dunmow, and the Sainsbury's and Tesco's applications. Despite the national decline in the housing market this district continued to be perceived as a prosperous area, with the result that the Council had to deal with an extraordinarily high level of planning work.

The Chairman thanked the Chief Executive for his frank report and suggested that he continue to review the planning service. However he appreciated the department had gone through a difficult time. Whilst there were some lessons to be learned, he agreed with the Leader that the Council was providing a first class service, bearing in mind the context.



Councillor Knight expressed concern that senior officers' time was being taken up with unnecessary publicity campaigns and reporting. She referred to recent publicity issued to reassure residents during winter weather that every reasonable effort would be made to collect waste, but that some collections might be delayed. No residents had complained to her, and surely this was a waste of time?

The Chief Executive said he wished everyone was as understanding, as unfortunately he had received numerous complaints and therefore there seemed to be a need for the Council to issue a statement as to its policy in such conditions.

PS59

## **PROCUREMENT AND ASSET MANAGEMENT UPDATE**

The Chief Finance Officer presented a report updating the Committee on a new procurement strategy and asset management plan.

He said the Finance and Administration Committee had approved the development of these important aspects of the Council's corporate arrangements. The asset management plan was to go before that Committee for approval at its meeting on 9 February. The Service Level Agreement with the Essex Procurement Hub had been renewed to March 2012, and had been augmented by a new provision that the Hub would draft the Council's procurement strategy and contract standing orders and carry out annual reviews and updates. A procurement action plan for 2010/11 was set out in the report.

Regarding the action to instigate half-yearly meetings for staff using the Marketplace ordering system, the Chairman requested that the Committee receive updates. Councillor Knight asked whether any measurement of the impact on local businesses had been done. The Chief Finance Officer said no such analysis had been undertaken, but the strategy required a period of measurement of local versus hub procurement, following which he would report to the Finance and Administration Committee.

In response to concerns expressed by Members about alleged problems with retrieving data from such systems, the Chief Finance Officer offered reassurance as to the quality of the procurement module to be used.

Councillor Wilcock asked that a report be provided at the end of the year to monitor progress. The Chairman agreed, and thanked the Chief Finance Officer for the way in which these two areas had been rigorously addressed.

PS60

## **RISK MANAGEMENT STRATEGY AND UPDATE**

Members considered a report presenting the Council's new Risk Management Strategy, and providing an update on what was being done to progress and embed risk management throughout the authority. The Chief Executive said he wished to thank Councillor Yarwood for his great help in preparing the strategy.

Councillor Barker asked about business continuity aspects of the strategy. The Business Improvement and Performance Manager said this aspect and provisions relating to health and safety were being reviewed and would be included in a revised draft.

Councillor Wilcock said this was an excellent document, and that the main task was to embed the culture of risk management in the organisation, which would take time. Councillor Yarwood suggested setting a date for review to assess progress of embedding risk management, and to impose dates by which tasks should be completed. He acknowledged the helpful approach of officers in embracing this brief.

The Chief Executive confirmed, in reply to a question, that he would be taking the strategy forward. The Chairman noted the role given to the Strategic Management Board, and that a risk management champion, Councillor Yarwood, was appointed under the strategy. The Head of Community Engagement said the day to day responsibility for putting together the insurance framework would rest with the Business Improvement Team with his input.

The Chairman thanked officers and Councillor Yarwood for what was a huge step forward in producing a clear strategy.

**RESOLVED** that, subject to the revisions referred to in the Minute the Committee endorse the Risk Management Strategy and recommend its approval to Full Council.

The meeting ended at 9.40 pm.