

**PERFORMANCE AND AUDIT COMMITTEE held at COUNCIL OFFICES
LONDON ROAD SAFFRON WALDEN at 7.30 pm on 16 AUGUST 2012**

Present: Councillor S Howell – Chairman.
Councillors K Eden, D Jones, A Ketteridge, E Oliver and D Sadler.

Also present: Councillors R Chambers and J Ketteridge.

Officers in attendance: J Mitchell (Chief Executive), R Auty (Assistant Director Corporate Services), M Donaldson (Accountancy Manager), S Joyce (Assistant Chief Executive – Finance), M Cox (Democratic Services Officer) and A Taylor (Assistant Director Planning and Building Control).

Also Present: Emma Patchett and Francesca Palmer, Audit Commission.

PA11 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors D Crome, A Ketteridge, E Parr and Debbie Hanson (Audit Commission).

Councillor Jones declared a non pecuniary interest as a member of the ECC Pension Fund.

PA12 WELCOME

The Chairman welcomed Francesca Palmer (Team Leader, Audit Commission) who was attending her first meeting.

He also stated that he had received a request for the performance of the Revenue and Benefits service to be included as a separate item but had felt that this issue could be raised on the relevant agenda items during the meeting.

PA13 MINUTES

The minutes of the meeting held on 17 May 2012 were received and signed as a correct record, subject to an amendment to minute PA3 to refer to Debbie Hanson as the District Auditor.

PA14 2011/12 DRAFT STATEMENT OF ACCOUNTS

The Committee received the draft statement of accounts for 2011/12 that were due to be approved at the meeting of the Committee on 27 September 2012.

The Assistant Chief Executive – Finance took the Committee through the report. The first section contained the core financial statements, which included the movement in reserves, income and expenditure, balance sheet and information on cash flow. He highlighted significant matters in the accounts. The main issue was that as shown on the balance sheet, the Council's net assets had decreased by £96.6m during the year from £245.8m to £149.2m. This had been due to 2 factors:

- i) HRA reform, the one off payment to the Government had been shown as a liability on the balance sheet reducing the assets by £88.4m.
- ii) An increased share of the Essex Pension deficit of £10.2m taking it to £29.4m.

It was noted that the key results of the financial year were consistent with the outturn results approved by Cabinet on 21 June 2012. The Assistant Chief Executive – Finance then took the Committee through the remainder of the document and highlighted pages of interest to Members. The Chairman thanked the Assistant Chief Executive – Finance and his team for their time and effort in preparing the draft statement.

In answer to Members' questions, the Assistant Chief Executive – Finance explained the background behind the HRA loan and how it was shown on the balance sheet. Councillor Eden asked how the benefit of not paying the £5.2m Annual Housing Subsidy was shown in the accounts. He was advised that the amount was recognised as a surplus in the HRA accounts but was shown annually and not as an up-front amount.

Members were concerned at the significant increase in the pension fund liabilities over a long period, which would be an issue for the council. The Assistant Chief Executive – Finance explained that the deficit was paid off over a period defined by the ECC actuary. Government pension reforms were being introduced to try and tackle some of the problems in this area.

Questions were asked in relation to the comprehensive income and expenditure statement and the balance sheet. The Assistant Chief Executive – Finance explained the difference between the unusable reserves (a notional accounting figure) and the usable reserve (money available to spend); this had increased from £8784m to £8947m. There were figures in relation to the value of certain assets that would need to be updated in the next version of the report but this would not affect the amount in the useable reserves.

Councillor Dean asked if it was typical for local authorities to be increasing reserves at this time. The External Audit Manager replied that there was currently no general pattern in this area. In answer to a further question the Committee was advised that the Hardship Fund was intended to help to provide homeless accommodation in the district and to assist voluntary organisations with their work in this field.

The Chairman asked why certain matters had been omitted from the statement, for example details of members' allowances and the number of staff in the

organisation. He was informed that these matters were not required to be included but the staff numbers would be added to the updated version.

The external audit of the accounts was due to be completed by 14 September 2012, the early findings were set out in the report, and would be addressed in the report to the meeting on 27 September.

The Committee noted the report.

PA15 **AUDIT COMMISSION PROGRESS REPORT**

The Committee received a report from the District Audit Manager on the external audit work undertaken to date. The audit of the financial statement had gone well, and the Council would be in a position to sign the opinion on 27 September. Work was continuing on the review of the VFM statement and audit grant claims and no problems were anticipated in these areas.

The contract with Ernst and Young had now been awarded and arrangements had been put in place for a transfer from 1 September 2012. As a result of savings from the procurement exercise and internal efficiencies, the scale of fees would be reduced by 40% for 2012/13. The Committee was pleased to note that Uttlesford would continue to work with the existing auditors.

Councillor Dean noted that the Audit Commission was considering whether to bring in Payment by Results, where commissioners pay service providers according to how well they achieve specific outcomes rather than by outputs or volume of service. He suggested that this approach could be used when setting the Council's own performance measures.

It was agreed that the Audit Commission briefing paper on this issue would be circulated to members of the Committee.

The Committee noted the report.

PA16 **QUARTER 1 PERFORMANCE 2012/13**

The Committee considered the report which set out the key performance indicators and performance indicators for Q1 of 2012/13.

The Assistant Director Corporate Services updated figures in the report:
KPI 14 - percentage of household waste sent for recycling was now confirmed at 59.8%.
PI 36 - income from dry recyclables confirmed as £66900.
PI 37 - percentage of Uperform appraisals confirmed at stage 1 – this figure was now 72%.

i) KP1 06 – Time taken to process housing benefit/council tax benefit claims

The Assistant Chief Executive – Finance suggested introducing 2 separate indicators under this heading.

- i) Time taken to process new claims.
- ii) Time taken to process change in circumstance claims.

This would give greater transparency than the current composite indicator as there was a difference in performance between these two areas.

Councillor Dean said he welcomed these new measures as a good start but that discussions should continue on what the measures meant so that customers could understand the service being provided.

The Chairman felt that matters pertaining to individual circumstances should be pursued away from the committee meeting. The Assistant Chief Executive – Finance said that Councillor Dean, as the shadow portfolio member for Finance would continue to be given an insight into the operation of the service away from the formal committee meeting.

ii) KPI 11, 12, 13 - processing of major applications, minor applications and other applications.

The Committee noted that the performance on KPI 11 and KPI 12 (processing of major, minor planning applications) had continued on a downward trajectory and showed no response towards achieving the target. The processing of other applications (KPI 13) had also declined from the previous quarter but was still within 10% of the target.

In response an explanatory report had been prepared by the Assistant Director Planning and Building Control which gave details of an improvement plan to improve processing performance in all planning application categories. This would depend on the successful implementation of IDOX (including case load management) and HR Management.

Councillor Dean questioned what had brought about this decline in performance. The meeting was advised that with major applications, the process of clearing out historical cases had distorted the performance figures and there had also been an increase in the number of new applications received.

In the section as a whole there had been a period of instability during an internal reorganisation, which had resulted in a change in structure and personnel. A full team was now in place and would be working towards a change in culture to a more timely consideration of proposals. Major applications would be addressed with a team approach and greater project management.

The improvement plan anticipated speeding up the procedures for processing applications and the new IDOX planning system would assist with this. The

system, when implemented would speed up registration and consultation and enable information to be pushed out more quickly. However, Members were advised that when transferring to the new system there would be a 2 week period when no information could be processed which would lead to a further short term dip in performance.

The Assistant Director Planning and Building Control said that an improvement to the performance indicators was not expected until the end of next year. However, within the next few months it should start to become clear whether the improvement measures were likely to be effective and the Chairman asked the Assistant Director to report back to the November meeting of the Committee.

iii) KPI 15 number of return visits to collect bins that have been missed

At the last meeting there had been concern that this indicator had underperformed against target in every quarter in 2011/12 and as a result a letter had been sent from the Chairman to Councillor Barker, the Portfolio Holder. Further information from the Director of Public Services was read to the Committee which explained the reasons for the level of performance and improvement measures that had been put in place. It was noted that the new vehicles and collection rounds were being introduced. The performance had improved slightly this quarter but the service would be kept under review and the committee might need to consider whether the indicator was still appropriate under the new operating arrangements.

iv) PI 23 – number of visits to the Council website

The Chairman questioned the usefulness of this indicator as it gave no indication of the public's experience of the website. The Assistant Director Corporate Services said it would be possible to purchase a pop up survey to obtain more detailed information but this would have a cost implication. He still considered it was useful to understand changes to the way that the public accessed the Council's services. The Assistant Director Corporate Services said that in view of the comments the indicator would no longer be reported to the Committee and thought would be given as to an appropriate measure for 2013/14.

PA17

INTERNAL AUDIT STRATEGY AND CHARTER & TERMS OF REFERENCE 2012/13

The Committee was informed that the Internal Audit Strategy and the Internal Audit Charter and Terms of Reference 2012/13 had been reviewed and updated. The Audit Strategy was a high level strategy of how the internal audit service should be delivered and developed in accordance with the terms of reference and how it linked with the organisational objectives and priorities. The Audit Charter and Terms of Reference described the purpose, authority and principal responsibilities of the District Council's internal audit service. These reports and would ensure continued compliance with the CIPFA Code of Practice for Internal Audit in Local Government.

The Chairman asked about the internal audit function, which audits the Council was obliged to complete and how other councils carried out this function. The Committee deferred the item until such a time as benchmarking information could be brought forward comparing Uttlesford's internal audit function with that of other councils, in terms of cost, team size and work programme. The Chief Executive said that at a future meeting, information could be relayed to the Committee about possible closer ties between performance management and internal audit.

PA18 **INTERNAL AUDIT PROGRESS REPORT**

The Committee noted the Internal Audit Progress Report setting out the work undertaken by the Internal Audit Section from 5 May – 3 August 2012.

PA19 **CORPORATE RISK FRAMEWORK AND STRATEGY**

The Committee received a revised version of the Risk Management Framework and Strategy which had been updated to ensure it reflected the current practices in the authority.

RESOLVED that the revised Corporate Risk Framework and Strategy be approved.

PA20 **CORPORATE RISK REGISTER**

The Assistant Director Corporate Services presented the Corporate Risk Register as at the end of Q1 2012/13. Two further risks had recently been identified by the Corporate Management Team. These were i) inability to deliver the HRA Business Plan ii) Adverse impact from other welfare reforms.

Councillor Dean asked about progress with the Revenues and Benefits Partnership and was advised that there would be a report to the Scrutiny Committee on 4 September and a meeting of the Joint Partnership Committee was being arranged for a date in October.

Members asked that for the next committee, the Corporate Risk register report be amended to include the figures for the previous quarter in order to demonstrate how the situation was changing over time.

The Committee noted the report.

The meeting ended at 9.30pm.