

**PERFORMANCE AND AUDIT COMMITTEE held at COUNCIL OFFICES
LONDON ROAD SAFFRON WALDEN at 7.30 pm on 15 AUGUST 2013**

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

Also present: Councillors J Ketteridge and R Chambers.

Officers in attendance: J Mitchell (Chief Executive), R Auty (Assistant Director Corporate Services), S Bronson (Internal Audit Manager), M Cox (Democratic Services Officer), M Donaldson (Accountancy Manager) and S Joyce (Assistant Chief Executive – Finance).

Also present from Ernst & Young LLP – Debbie Hanson (Audit Director), Jo Wardle (Audit Manager) and Francesca Palmer (Principal Auditor).

PA1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillor Parr.

PA2 MINUTES

The minutes of the meeting held on 16 May 2013 were signed by the Chairman as a correct record, subject to the recording of Emma Patchett's title as Audit Manager.

PA3 ANNUAL COMMITTEE BRIEFING

The Committee received an Audit Committee briefing report prepared by Ernst and Young. It highlighted issues that might have an impact on the Local Government sector and be of interest to the Committee.

Councillor Eden asked about to the audit arrangement for public health, following its transfer to local authorities in April 2013. The Audit Director said that separate audits were conducted and this was likely to continue, particularly in the light of the Government's intention to reduce audit legislation.

The report was noted.

PA4 **COMMITTEE REPORT TIMETABLE 2013/14**

The Committee noted the reports that were due to be presented to the Committee during the year 2013/14.

PA5 **DRAFT STATEMENT OF ACCOUNTS**

The Committee received the draft statement of accounts 2012/13 which were due to be approved at the meeting on 26 September 2013.

Members were updated on the document. There were still no issues or adjustments identified that would affect the Council's useable reserves or reported outturn position. The two errors identified in the benefit claims were not material for the accounts at this stage. The related party declaration forms had now been returned by all members. The Audit was expected to be completed by early September.

The Assistant Chief Executive – Finance explained the main issues in the accounts. He said that this was a relatively straightforward set of accounts, with no changes to the format or content and no significant accountancy issues. New elements this year reflected recent changes to housing finance and included the first year of the loan interest and expenditure on council house build. Other points of note were an increase in the investment recovered from Landsbanki and a further increase in the pension fund deficit.

In terms of the key results all three areas of the Council's finances, the General Fund, HRA and Capital Programme were within budget and had strengthened reserves.

The Assistant Chief Executive – Finance thanked the Finance Team and external audit for all their work in preparing the accounts.

Councillor Eden commented on the Essex Pension Fund deficit, that to March 2013 the Council's share of the deficit had increased by £2.3m and as the fund was administered by ECC the Council had little control over this figure. He questioned whether the actuarial advisor's optimistic assumption on the return on investment was realistic. The Assistant Chief Executive – Finance agreed that although the assumptions appeared quite high they had been modified from 2011/12 and the actuary was taking a long term view to 2050. The pension fund would though continue to be a significant challenge for the Council in the future.

Councillor Oliver asked the external auditors if they had any areas of concern with the statement of accounts. The Audit Director replied that the audit was not yet complete but to date there nothing unusual to report.

Councillor Eden asked about the finance arrangements for the parking partnership. He was advised that the NEPP was concerned with income from on-street parking. Each authority contributed an agreed level depending on the performance of the partnership. This contribution was kept under review. The NEPP was required to have separate audited accounts.

The Chairman made a number of comments. He was pleased at the disclosure of the remuneration of senior officers and noted that the number of senior managers in the higher band had decreased. He asked for information on the number of council employees, and the number of members of the pension scheme to be included in the document. There had been no termination benefits paid in 2012/13 which demonstrated good discipline on the part of the Council. He was also pleased to note that the Members' basic allowance had gone down and there had been a reduction in fees payable to the external auditors.

The Committee noted the increase in the General Fund reserves, which was prudent in the light of the uncertainty of future funding. The Assistant Chief Executive – Finance said he was working on a 10 year financial forecast which he would present to the October Cabinet meeting.

The Committee noted the report. The comments made would be included in the document for the next meeting.

PA6

INTERNAL AUDIT CHARTER AND STRATEGY 2013

The Audit Manager explained that from 1 April 2013 the district's internal audit would be governed by the UK Public Sector Internal Audit Standards (PSIAS). This required a risk based audit plan to be incorporated in, or linked to a strategic statement of how the service would be delivered in accordance with the internal audit charter and how it linked with organisational objectives and priorities.

The Internal Audit Strategy had been updated to ensure compliance with the PSIAS and this was presented to the Committee.

Under the new arrangements, the Internal Audit Charter was required to be reviewed periodically by the senior management team and the 'Board'. The 'Board' would sensibly be defined as the Performance and Audit Committee but this would require a change to the delegation scheme at

the next Council meeting in October. In the meantime the Charter would be revised to ensure compliance with the new standards and be presented to the November meeting of the Committee.

RESOLVED that the revised Internal Audit Strategy be approved.

PA7 **INTERNAL AUDIT PROGRESS REPORT**

The Committee received a report on the work undertaken by Internal Audit since the last meeting. It provided an update on implemented and outstanding internal audit recommendations. All the 2012/13 audits had now been completed and the section was working to the new programme.

The Committee noted the report.

PA8 **QUARTER 1 PERFORMANCE 2013/14**

The Committee considered the report which set out the key performance indicators and performance indicators for Q1 of 2013/14.

The Assistant Director Corporate Services explained the changes made to some of the indicators for the current year. Notably a number of the corporate indicators relating to housing had been aligned with the requirements of the national HouseMark benchmarking system, through which social housing providers reported and compared performance.

(i) KPI 04/06 – Accuracy of processing HB/CTB, Time taken to process HB/CTB new claims

It was noted that performance had slipped into the yellow for this quarter. It was explained that this reflected the implementation of local council tax support and housing benefit reductions over this period. An increase in demand for the service coincided with a spike in staff turnover and the need to use agency staff. This had resulted in some back log and some errors in processing. New staff had now been recruited to the vacant posts. The latest figures showed an improvement and would hopefully be back to the target level by Q2.

The Chairman said he was very aware of the unprecedented changes in the benefits area and was reassured that the management team was dealing with this issue. The Assistant Chief Executive – Finance explained that although many new claims were turned down they took time to assess. There was a general trend towards more complicated

cases and a greater number of appeals. Over the next few months he would continue to monitor this trend and assess the impact on the service.

(ii) KPI 11,12,13,15 and PI 30 - Processing of Planning Applications

The Chairman was pleased to note that these indicators continued to show improvement and the issues were being addressed. He passed his thanks to the Assistant Director Planning and Building Control and his team as he understood the difficult challenges faced when implementing changes in working practises.

(iii) KPI 8 – Average re-let time in days

Councillor J Ketteridge highlighted that this indicator had again shown significant improvement. He was very pleased with the new procedures that had been introduced ensuring that empty homes were kept to a minimum and making better use of the Council's housing stock.

(iv) KPI 15 – number of return visits to collect bins that have been missed on the first visit

The indicator, although below target did appear to be making monthly improvements and continuing toward the anticipated level. After the recent presentations from the Director of Public Services, the Chairman said he was reassured that this issue was being monitored by the management team. If the improving trend did not continue he would ask the Director of Public Services to attend a future meeting.

(v) PI 04 – % of procurement strategy action plans completed by the due date

This target had been missed because the action had to be completed during the period when there was a problem with the Council's website. The Assistant Director Corporate Services explained the huge task involved in rebuilding the website and thanked the website team for their considerable efforts in rebuilding the website pages in a very short period of time.

(vi) PI 14 Number of people presenting as homeless

The performance target had been raised this year, but there continued to be a high number of presentations due to the economic situation and changes in benefit legislation. The figures would have been worse if there had not been 13 cases of positive intervention. The Audit Director suggested that the number of interventions could be recorded as a separate indicator as this was an area that was within the Council's

control. It was agreed that this would be included as a new indicator from Quarter 2. Councillor J Ketteridge asked if a report could be made to a future meeting explaining the various reasons for presenting as homeless and it was agreed that a member of the Housing Team would attend a future meeting to verbally update members on the types of cases they were seeing.

PI 35 – number of tonnes of garden waste from kerbside collections sent for composting

Councillor Artus asked about the viability of the green waste service as it had not met the target this quarter. He was advised that target for the year had been increased significantly to reflect the Council's ambitions in respect of green waste collection and there would be a promotional campaign to increase participation.

PA9

CORPORATE RISK REGISTER

The Assistant Director Corporate Services presented the Corporate Risk Register as at the end of Q1 2013/14.

i) Failure to embed sound Equality & diversity, H&S & corporate principles (13-CR-FIN 07)

The Chairman questioned the action being taken in respect of corporate governance and health and safety, as the latest note referred only to action taken in relation to equality and diversity. The Chief Executive replied that in terms of health and safety there were a dedicated resource shared with Harlow and recent initiatives included a near miss campaign and an e- learning programme. He would include relevant information in future reports. In answer to a question the Assistant Director Corporate Services confirmed that there was a permanent programme of spot checks for the waste and recycling crews and in the last quarter no issues had been found.

The meeting ended at 8.45pm.

ACTION POINTS

Minute PA5	The Statement of Accounts to be presented to the September meeting. (include disclosure of number of employees and number of employees that are a member of the pension scheme)
Minute PA6	The Internal Audit Charter to be presented to the November meeting
Minute PA8(iv)	The Director of Public Services to be invited back to a future meeting if the missed bin indicator does not continue its improving trend
Minute PA8(vi)	Establish a new indicator to show the number of potential homeless cases where there has been a successful intervention.
Minute PA8(vi)	An officer from Housing to attend the November meeting to provide information about the types of homelessness cases
Minute PA9	(13-CR-FIN 07) Ensure that information on Health and Safety and Corporate Governance is also included in the report

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