



Uttlesford District Council

Chief Executive: John Mitchell

Performance and Audit

Date: Thursday, 20 November 2014
Time: 19:30
Venue: Committee Room
Address: Council Offices, London Road, Saffron Walden, CB11 4ER

Members: Councillors K Artus, A Dean, K Eden, M Felton, M Foley, S Howell (Chairman), D Jones, K Mackman, E Oliver, D Sadler

Public Speaking

At the start of the meeting there will be an opportunity of up to 15 minutes for members of the public to ask questions and make statements subject to having given two working days prior notice.

AGENDA PART 1

Open to Public and Press

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| 1 | Apologies for absence and declarations of interest. | |
| 2 | Minutes of the meeting held on 25 September 2014 | 5 - 14 |
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MEETINGS AND THE PUBLIC

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The agenda is split into two parts. Most of the business is dealt with in Part 1 which is open to the public. Part II includes items which may be discussed in the absence of the press or public, as they deal with information which is personal or sensitive for some other reason. You will be asked to leave the meeting before Part II items are discussed.

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For information about this meeting

Democratic Services Officer – Maggie Cox

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**PERFORMANCE AND AUDIT COMMITTEE held at COUNCIL OFFICES
LONDON ROAD SAFFRON WALDEN at 7.30 pm on 25 SEPTEMBER
2014**

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

Also present: Councillor R Chambers.

Officers in attendance: J Mitchell (Chief Executive), R Auty (Assistant
Director Corporate Services), S Bronson (Internal Audit
Manager), R Dobson (Principal Democratic Services Officer), A
Knight (Acting Assistant Director – Finance) and A Webb
(Director of Finance and Corporate Services).

Also present from EY –Debbie Hanson and Jo Wardle (External Auditors).

PA23 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors D Jones and A
Ketteridge.

PA24 MINUTES

The minutes of the meeting held on 22 July 2014 were signed by the
Chairman as a correct record, subject to the following amendment:

Amendment to Minute PA17: the draft annual governance statement was
approved, rather than noted.

PA25 BUSINESS ARISING

i) Minute PA16 – EY Audit Committee briefing

The Director of Finance and Corporate Services referred to a
question by Councillor Eden regarding the impact of interest rate
rises on the Council's borrowing. The information was set out in
the treasury management forecast tabled at this meeting.

ii) Minute PA17 – draft annual governance statement

Councillor Dean referred to comments made regarding car parking. He asked if there was any intention to include a performance indicator in the reports.

The Assistant Director of Corporate Services said there were no specific arrangements to monitor car parking at district council level. Any such PIs would go to the North Essex Parking Partnership (“NEPP”), on which Councillor S Barker sat.

Councillor Howell said it was right to raise the point.

Councillor Oliver referred to the parking partnership accounts for 2013/14 and for 2012/13, where a “profit” was shown in both years. This was after contributions had been made by the various councils party to the organisation. This Council’s contribution to NEPP had been £145,000 in 2012/13 and in the second year £138,000, so it seemed the Council received no benefit from these figures at all. The issue was now being examined by the Scrutiny Committee.

Councillor Dean said he noted the points regarding NEPP’s finances, although his concern was the service to the public.

Councillor Eden said he was concerned about what he considered to be unreliable technology used by NEPP which detracted from the service they delivered, and should be looked into.

The Chairman suggested officers take forward the comments made in relation to performance indicators to consider how these could be included in the reports. The workings of NEPP were for the Scrutiny Committee to consider, and it was not for this committee to call members of Cabinet to appear before it except in exceptional circumstances.

iii) Minute PA18 – 2013/14 draft statement of accounts

The Director of Finance and Corporate Services said information relating to the restatement for pension interest was included in the papers now tabled.

Councillor Dean said he wished to ask a question about “substantial reserves” referred to at this Minute, and would like to do so when the accounts were discussed.

The Chairman said the issue had been debated at considerable length at the last meeting, and he would not suggest the Committee debate it twice.

PA26

AUDIT RESULTS FOR THE YEAR ENDED 31 MARCH 2014

Debbie Hanson presented the audit results for the year ended 31 March 2014. Following some minor amendments, all work had been completed and subject to Members' approving the accounts she intended to issue an unqualified opinion. The value for money conclusion was unqualified, and the statutory certificate could be issued. She thanked the finance team.

Ms Hanson then drew attention to changes which had been made. The change to the arrangements for business rate arrangements from April 2013 was a significant audit risk for all councils. There was a challenge for councils in that the data was not within their control, but that of the Valuation Office. Officers had had to revisit the figures for appeals provision and there had been changes in particular relating to future appeals not yet lodged.

Additional work had therefore been required which was a material adjustment.

Councillor Eden asked whether the Council should consider insurance for what could be a £5 million risk provision regarding business rates appeals, as this was not an area in which the Council had expertise.

Ms Hanson said this question was not for her, but for officers to consider, and a particular area for such consideration was the likelihood of business rates appeals by firms based around Stansted Airport.

Councillor Eden said he was concerned at exposure of the Council to the risk of losing £5million.

Ms Hanson said that as the rateable values were set by the Valuation Office, this factor was not within the Council's control, and the Council's duty was to account for the appeals, but not to manage them.

The Chairman said his assumption was that this situation was the same for all councils, and that a prudent approach should be maintained.

Ms Hanson said the Council had adopted an appropriate approach to this issue; it had engaged consultants. There was an issue in the collection of funds reflecting income, which would be repayable if appeals were successful. The process needed to be robust, but it was necessary to make provision based on the best information at that point in time.

In reply to further member questions, Ms Hanson said it was necessary to be prepared for further appeals by businesses at the Airport following the outcome of the appeal relating to Diamond Hangar. Existing businesses could still appeal the 2010 rating list, so the window for them to do so was not yet closed; and even for new businesses provision needed to be made against the possibility of them making an appeal.

The Chairman said this was the reason why the council had reserves.

Jo Wardle said the Council had been prudent to instigate a business rates reserve, which whilst in the General Fund Reserves was ring-fenced and therefore not available to spend for other purposes.

The Chairman said although the Council was disappointed to have had to take this step, it had recognised the need to do so.

Ms Hanson continued to summarise the main points of the report, drawing attention to financial resilience and arrangements for value for money. In terms of resilience, the external auditors were not looking at Uttlesford in particular, but to all councils in view of the increased risks to authorities in future years after the next two years. An example was the New Homes Bonus, which was a significant funding stream, but which was not guaranteed in the future.

Ms Hanson referred to budget gaps, where the Council still faced a challenge, but not to the extent seen in some other councils. There were good levels of reserves and under the Medium Term Financial Strategy there was no planned use of reserves for base spending.

Regarding Council Tax, another key funding stream for the Council, impacts had been highlighted to take into account increases or reductions, not just one year ahead, but for future years in addition. The external auditors were very satisfied with the Council's plan.

Ms Hanson said in conclusion members should note that she was satisfied as to the independence of all members of the engagement team.

Councillor Howell declared a non pecuniary interest regarding goods purchased from Mrs Wardle's husband.

Councillor Dean referred to the level of reserves. He said the Council had substantial reserves, which in the external auditor's report were estimated to stay at between £6.5 million and £7 million for the next four years. He said there was not a clear rationale for holding reserves at that level. He acknowledged the figures were broken down, but he was not aware of

how they were justified at that level. Some members talked of “a rainy day”, but East Hertfordshire Council had admitted in the press that it had been in breach of its own policy to hold no more than £6.7 million in reserves, as it was currently holding £8 million. East Hertfordshire was a significantly larger council than Uttlesford, so for a much smaller council like this one, the reserves figure was too much. The time was right for Cabinet to set out what would be an appropriate level of reserves and to justify it, to be clear with residents. He proposed that this Committee recommend this work to be done.

Councillor Chambers said over the last seven years the Council had been prudent with its finances; between 2003 and 2007 under a Liberal Democrat administration the Council’s finances had nearly required intervention by Government. Public money should be used prudently. East Hertfordshire was not Uttlesford, and Uttlesford was in an extremely good position at the moment. Councillor Dean could look at the accounts and would see every reserve accounted for. Councillor Chambers referred to the External Auditor’s report, which indicated sound policy in having reserves. Officers were working very hard, and the accounts set out the information if Councillor Dean wished to look.

Councillor Howell said he endorsed the comments made by Councillor Chambers. It was clear there were significant challenges over future years, and all the Council’s sources of funding were under pressure. He saw no indication that the Government’s funding was going to improve. An amount had to be ring-fenced for business rates appeals. The Committee had debated the issue of reserves thoroughly at its last meeting, and it was inappropriate to seek the auditor’s comments on it or to debate it tonight. Councillor Dean’s proposal had not been seconded.

Councillor Dean said he agreed the matter of reserves was for Council rather than the external auditor and that there should be ring-fenced reserves, however he was referring to those reserves that were not ring-fenced. There should be an explanation for such reserves in the accounts to justify them.

Councillor Howell said he wished the minutes to record that the statement of accounts made it clear the reserves were fully justified. Regarding the audit fee and a reference by the external auditor to additional work on the revaluation reserve, in his view this work was included in the audit and he would be surprised if an additional fee were to be charged.

Councillor Howell thanked Ms Hanson and Mrs Wardle.

Councillor Chambers added his thanks for the amicable way in which the accounts had been concluded, which was of benefit to the public.

2013/14 STATEMENT OF ACCOUNTS

The Director of Finance and Corporate Services expressed his gratitude to the external auditor for working with officers during the finalisation of the accounts. He drew Members' attention to the schedule of amendments to the statement of accounts which had been circulated, none of which were material. He referred to the letter of representation which set out items which were unadjusted audit differences, explaining why the Council considered these were immaterial, and confirming that they would be examined in 2014/15 and if necessary would in the 2014/15 statement of accounts be the subject of appropriate adjustment.

Councillor Dean asked why the HRA balance had gone from £2.9 million to almost £3.4 million at a time when the need for new housing was critical.

The Director of Finance and Corporate Services said there were two items: the first was the sheltered housing reserve, which was established as a result of the surplus in the HRA at the end of the year 2013/14. Cabinet had agreed to use this sum for future improvement in sheltered housing. Regarding the second element, which comprised future capital, the reason for this level of reserve would be answered by the Director of Public Services, who was not present at the meeting tonight.

Councillor Oliver said the sum related to properties which had been identified for redevelopment.

Councillor Howell said the purpose of this committee was to be satisfied that the accounts had been audited properly, and not for members to drill down each line of the accounts in detail. The intention of the meeting was to consider whether the accounts should be approved. He was satisfied that they should.

Councillor Oliver proposed, and Councillor Eden seconded the motion, that the Statement of Accounts and letter of representation be approved.

RESOLVED

- a) to approve the Letter of Representation as attached to the report
- b) to approve the audited 2013/14 Statement of Accounts as presented with the report.

Councillor Howell thanked the Director of Finance and Corporate Services and the finance team for their hard work during the preceding months.

PA28

INTERNAL AUDIT PROGRESS REPORT

The Committee considered the report on details of work undertaken by the internal audit since the last report to the Committee on 22 July 2014, and an update on implemented and outstanding internal audit recommendations.

The Committee noted the report.

PA29

QUARTER 1 PERFORMANCE

The Committee considered a report on the Quarter 1 results for all quarterly-reported Key Performance Indicators and Performance Indicators.

The Assistant Director Corporate Services said performance was generally good, with only three Key Performance Indicators missing their target. There were several where performance had improved as against the last quarter or against the parallel quarter last year.

Councillor Dean referred to KP15 (the number of return visits to collect bins that had been missed on the first visit). He said the fact that the target continued to be missed must indicate a chronic problem. The explanatory note referred to the use of a high percentage of contractors employed and Councillor Dean asked whether this indicated an underlying staff issue.

Councillor Howell said the performance indicator for return visits to collect bins missed on the first visit was of concern to the Committee. He had reported on this subject to Full Council. The missed target continued to be of concern, and he had invited the management team to report on what would be put in place to address it. Clearly those measures had not produced the results which had been hoped to achieve. He asked officers to update the Committee.

The Assistant Director Corporate Services said during the third quarter of 2013/14 an analysis was carried out to identify incorrectly reported missed bins, such as when a resident puts out the wrong bin or contaminates a bin with the wrong sort of waste.. It was possible that staff sickness was a contributory factor, and an HR advisor was working with Street Services to bring down the level of staff sickness absence. In addition, a re-structure was taking place in the section.

Councillor Eden asked whether the target for missed bins was realistic.

Councillor Artus said the number of missed bins was unfortunate but was not a huge amount. There was an issue of balancing management time in reducing the indicator, which could perhaps be better spent.

Councillor Howell said he did not share that view, and this target was one which the Council should aim to reduce. The issue of missed bins was one where the Committee would expect to see improvement, and that continued examination of the reasons and work to reduce sickness absence levels would be monitored. The Committee would return to this item after the next quarter.

Councillor Dean asked whether the Council would be benchmarking the service against that of other authorities.

The Assistant Director Corporate Services said there were very few councils in this area that measured this indicator, and since the national indicator was abolished many councils no longer measured missed bins. He would report back to the Committee on this point. Regarding sickness levels, there had been continued work on this subject over the summer, and it was likely the Committee would see an improvement.

Councillor Howell said he had experience of working in this industry, and whilst the Committee did need to be reassured, performance figures were good.

Councillor Dean referred to PI 35 (the number of tonnes of garden waste from kerbside collections sent for composting). He said the target continued to be missed, and questioned whether aspirations were too high, or the service was not a success.

The Assistant Director Corporate Services said the garden waste collection service had more subscribers but people were putting less in their bins. This could be attributable to the weather. In setting up the service the amount which might be collected had been an unknown quantity, so the target could potentially be reviewed.

Councillor Eden said there was likely to be a correlation between the amount of garden waste collected and the fact that it had been a dry summer.

Councillor Howell said this service was one which the Council had chosen to offer.

Councillor Dean asked whether it could be established whether the service of garden waste collection was within costs.

Councillor Howell said this aspect was a matter for Scrutiny Committee.

PA30

QUARTER 1 CORPORATE RISK REGISTER

The Committee considered a report on the Corporate Risk Register as at the end of the first quarter of 2013/14.

Councillor Dean referred to the Risk Code 14-CR 03 (key partners unable to support the Local Strategic Partnership (“LSP”). He said some members of the LSP groups felt the Council was not playing its part in supporting them, and that the partnership was a two-way process. There was a feeling of disconnect, and he asked where the risk lay.

The Chief Executive said the risk was the extent to which there was contribution to the LSP, which was hosted by the Council but was not a partner of the Council. The Council provided much support to the LSP, but no longer received any significant financial support. The real issue was where any items which were considered by the LSP informed any decisions of this Council.

Councillor Artus asked about the reference to 14-CR-05 (external contracts). The Chief Executive said he would speak to Councillor Artus after the meeting, as discussion of the matter would require the meeting to move to Part 2.

PA31

ANY OTHER BUSINESS

Councillor Howell reminded members of the training session to be held on 16 October 2014 at 7pm.

The meeting ended at 8.45pm.

Committee: Performance and Audit Committee
Date: 20 November 2014
Title: Annual Audit Letter 2013/14
Author: EY

Agenda Item

4

Item for
information

Summary

1. The Annual Audit Letter summarises the key findings from the 2013/14 audit and was sent to all members in October.

Recommendations

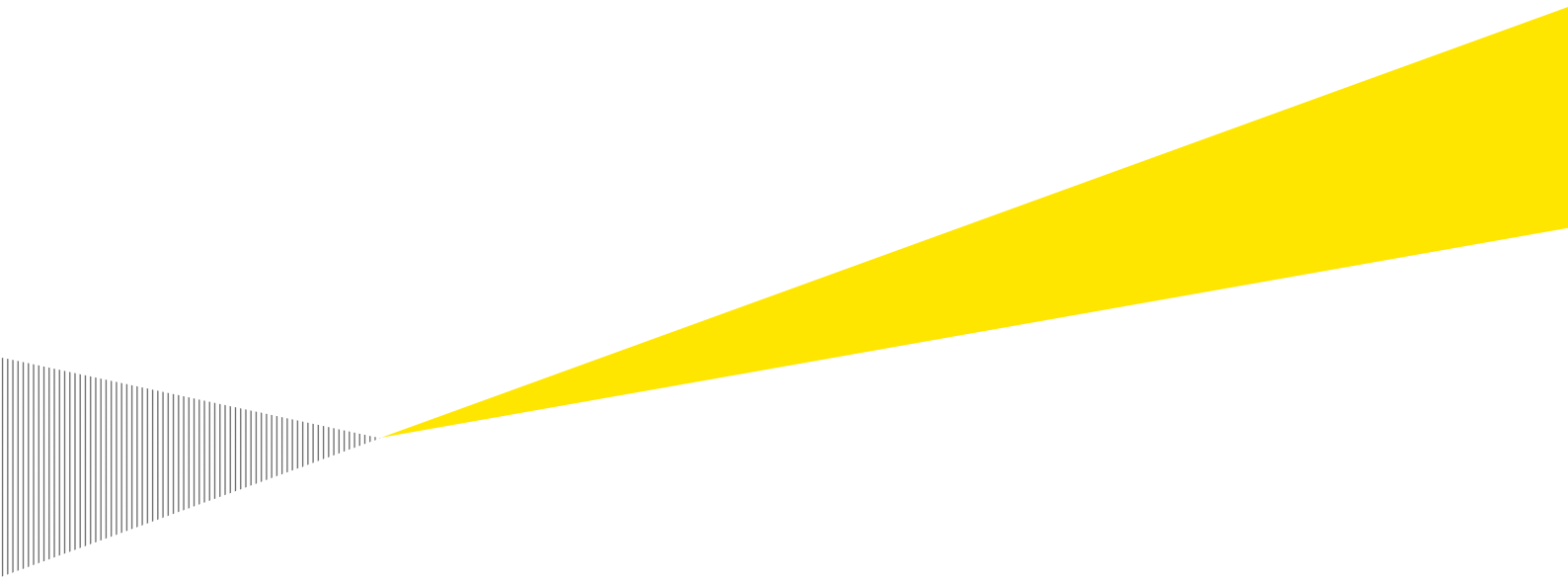
2. The committee notes the report.

Uttlesford District Council

Year ending 31 March 2014

Annual Audit Letter

20 October 2014



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The Members
Uttlesford DC
Council Offices
London Road
Saffron Walden
Essex
CB11 4ER

20 October 2014

Dear Members,

Annual Audit Letter

The purpose of this Annual Audit Letter is to communicate to the Members of Uttlesford DC and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to their attention.

We have already reported the detailed findings from our audit work to those charged with governance of Uttlesford District Council in the following report:

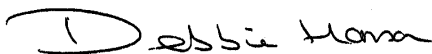
**2013/14 Audit results report for Uttlesford
District Council**

Issued 25 September 2014

The matters reported here are the most significant for the Authority.

I would like to take this opportunity to thank the officers of Uttlesford District Council for their assistance during the course of our work.

Yours faithfully



Debbie Hanson
Director
For and behalf of Ernst & Young LLP
Enc

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In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

1. Executive summary

Our 2013/14 audit work has been undertaken in accordance with the Audit Plan we issued on 11 March 2014 and is conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

The Authority is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. In the Annual Governance Statement, the Authority reports publicly on an annual basis on the extent to which they comply with their own code of governance, including how they have monitored and evaluated the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period. The Authority is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for:

- ▶ forming an opinion on the financial statements;
- ▶ reviewing the Annual Governance Statement;
- ▶ forming a conclusion on the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources; and
- ▶ undertaking any other work specified by the Audit Commission.

Summarised below are the conclusions from all elements of our work:

Audit the financial statements of Uttlesford District Council for the financial year ended 31 March 2014 in accordance with International Standards on Auditing (UK & Ireland)	On 25 September 2014 we issued an unqualified audit opinion in respect of the Authority's financial statements.
Form a conclusion on the arrangements the Authority has made for securing economy, efficiency and effectiveness in its use of resources.	On 25 September 2014 we issued an unqualified value for money conclusion.
Issue a report to those charged with governance of the Authority (the Performance and Audit Committee) communicating significant findings resulting from our audit.	On 25 September 2014 we issued our report in respect of the Authority.
Report to the National Audit Office on the accuracy of the consolidation pack the Authority is required to prepare for the Whole of Government Accounts.	We reported our findings to the National Audit Office on 25 September 2014.
Consider the completeness of disclosures in the Authority's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work and consider whether it complies with CIPFA / SOLACE guidance.	No issues to report.
Consider whether, in the public interest, we should make a report on any matter coming to our notice in the course of the audit.	No issues to report
Determine whether any other action should be taken in relation to our responsibilities under the Audit Commission Act.	No issues to report

Issue a certificate that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.

On 25 September 2014 we issued our audit completion certificate.

Issue a report to those charged with governance of the Authority summarising the certification (of grants claims and returns) work that we have undertaken.

Work on the Council's housing benefit claim is still ongoing. Our annual certification report in respect of the 2013/14 financial year will be issued to those charged with governance on completion of this work in December 2014.

2. Key findings

2.1 Financial statement audit

We audited the Authority's Statement of Accounts in line with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission. We issued an unqualified audit report on the 25 September 2014.

In our view, the quality of the process for producing the accounts, including the supporting working papers was generally good, although further improvements could be made in relation to the cash flow statement. We have not identified any misstatements, either corrected or uncorrected, that were individually or in aggregate material to the presentation and disclosures of the Authority's financial statements for the year ended 31 Month 2014. The main issues identified as part of our audit were:

Significant risk 1: Consideration of the risk of fraud

ISA (UK&I) 240 requires that we plan our audit work to consider the risk of fraud. This includes consideration of the risk that management may override controls in order to manipulate the financial statements.

Our audit procedures and testing did not identify any instances of misstatement due to fraud and error.

Significant risk 2: Localisation of business rates

There have been significant changes in the arrangements for business rate arrangements from April 2013. The detailed accounting arrangements for the new arrangement were not clear at the time the Authority was preparing its accounts, and this therefore presented a risk in terms of the financial statements. One of the main changes is that individual councils now need to provide for rating appeals. This includes not only claims from 1 April 2013 but claims that relate to earlier periods.

Our audit work confirmed that the accounting treatment adopted by the Council for business rates was appropriate and complied with the CIPFA Code of Practice. Our audit work identified a number of issues with the estimation of the business rates appeals provision. We found a number of appeals that had been settled at a lower rateable value (RV) than originally provided for, and a number of high risk property categories that had not been provided for. In addition, no provision had been made in relation to appeals to previous RVs that had not yet received. As a result of our work, business rate appeals provision was increased from £6.8 million (Uttlesford's share £2.7 million) to £11.5 million (Uttlesford's share £4.6 million). There was no impact on the Council's overall financial position or the balance sheet as a result of this change. This is due to the way the national business rates system operates and the fact that the Authority is already in a 'safety net' position and therefore is in receipt of funding from central Government in relation to business rates. We are satisfied that the amended business rates appeals provision had been calculated on a reasonable basis in line with the requirements of relevant international accounting standards (IAS 37).

Other audit findings: capital accounting

A number of amendments were made to the draft accounts to address the requirements of the CIPFA Code of Practice on Local Authority Accounting regarding capital accounting. The key item was the correction of adjustments between the capital adjustment account (CAA) and the revaluation reserve in 2012/13. This has resulted in a movement of £39.2 million between the opening revaluation reserve balance and the CAA balance. Both of these balances are non-useable reserves and therefore the change has no impact on the Authority's financial position. A detailed review of the capital accounting arrangement has been undertaken by the EY technical team to ensure that these entries are correct going forward.

2.2 Value for money conclusion

We are required to carry out sufficient work to conclude on whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

In accordance with guidance issued by the Audit Commission, in 2013/14 our conclusion was based on two criteria:

- ▶ The organisation has proper arrangements in place for securing financial resilience; and
- ▶ The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

We issued an unqualified value for money conclusion on 25 September 2014. Our audit did not identify any significant matters.

We did however note that, along with many other local authorities, Uttlesford is facing significant financial challenges over the next four years. The Authority's external funding sources are reducing and are subject to change and uncertainty in future years. Some of the main areas of uncertainty relate to:

- ▶ Future levels of business rates income.
- ▶ Future funding through the New Homes Bonus.
- ▶ Level of Government funding through the Revenue Support Grant (RSG) and Baseline Funding (business rates).

The Authority is aware of the challenges it faces and is developing plans to identify and deliver further savings. It has a strong track record of delivering savings and meeting its budget, with a reported general fund underspend of £0.47 million in 2013/14. Good progress has also been made on identifying savings to bridge the budget gaps in future years. Members need to be aware of the future financial pressures the Council is facing and consider carefully the impact of any decisions they make on the ongoing sustainability of the Council's financial position and its ability to maintain service levels in future years.

2.3 Whole of government accounts

We reported to the National Audit office on 25 September 2014 the results of our work performed in relation the accuracy of the consolidation pack the Authority is required to prepare for the whole of government accounts. We did not identify any areas of concern.

2.4 Annual governance statement

We are required to consider the completeness of disclosures in the Authority's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it complies with CIPFA / SOLACE guidance. We completed this work and did not identify any areas of concern.

2.5 Certification of grants claims and returns

We will issue the Annual Certification Report for 2013/14 in December 2014.

2.6 Audit fees

The table below sets out the scale fee and our final proposed audit fees.

	Planned fee (£)	Scale fee (£)	Final (£)
Code audit work	69,654	69,654	To be agreed*
Certification of claims and returns	18,716**	18,716**	see *** below
Non-Code work	Nil	N/A	Nil

* Our actual fee is in line with the agreed fee for the Code audit work, with the exception of the extra work that has been undertaken on the audit of the amendments required to the revaluation reserve and CAA adjustment. An additional fee is proposed in relation to this. We are in the process of discussing this with management now that the audit is complete.

** Since we issued our Audit Plan, the Audit Commission has reduced the scale fees for certification work by £2,484. The revised scale fee noted above reflects the removal of council tax benefit from the benefit subsidy system. We have amended the planned fee in line with the amended scale fee.

*** Work on the certification of the housing benefit claim and return is not yet complete. We will report our final fee for the certification work in our report which will be issued by 31 January 2015. However, it should be noted that the indicative fee is based on the actual fee for 2010/11. In 2010/11, the audit did not identify any significant errors and therefore no additional testing was undertaken. As errors were identified in 2012/13 we are required to undertake additional testing in 2013/14 and as such an additional fee will be required. We will confirm and agree the level of this fee once our audit work has been completed.

We confirm that we have not undertaken any non-audit work.

3. Control themes and observations

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal of internal control we communicated to those charged with governance at the Authority, as required, significant deficiencies in internal control.

We have not identified any significant weakness in the design or operation of an internal control that might result in a material error in your financial statements of which you are not aware.

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Committee: Performance & Audit Committee

Agenda Item

Date: 20 November 2014

5

Title: Internal Audit Progress Report,
13 September to 07 November 2014

Author: Sheila Bronson, Internal Audit Manager
01799 510610

Item for Information

Summary

1. To report to the Performance & Audit Committee details of work undertaken by Internal Audit since the last report to the Performance & Audit Committee on 25 September 2014 and to provide an update on implemented and outstanding internal audit recommendations.

Recommendations

2. That the Internal Audit Progress Report (13 September to 07 November 2014) be noted

Financial Implications

3. None. There are no costs associated with the recommendations.

Background Papers

4. None

Impact

- 5.

Communication/Consultation	The Internal Audit Work Programme 2014/15 referred to in this report has been approved by the Corporate Management Team and endorsed by the Performance & Audit Committee.
Community Safety	none
Equalities	none
Health and Safety	none
Human Rights/Legal Implications	none
Sustainability	none

Ward-specific impacts	none
Workforce/Workplace	none

Situation

6. The purpose of this report is to provide management and members with:
- i) Details of the work completed by Internal Audit since the last report to the Performance and Audit Committee at its meeting 25 September 2014;
 - ii) Performance against the Internal Audit Work Programme 2014/15;
 - iii) Details of risk level 3 and 4 highest priority recommendations implemented since the last report to Members;
 - iv) Details of any recommendations not implemented within the agreed timescale.

Work Undertaken by Internal Audit 13 September to 07 November 2014

7. Since the last report to the Committee:
- i) Between 13 September to 07 November 2014, 5 audits from the 2014/15 Internal Audit Work Programme were completed and final reports issued with a total of 17 recommendations made. All final audit reports have been copied to Performance & Audit Committee members and are available on the Council's Intranet. A summary of final reports issued is presented at Appendix A(i);
 - ii) Between 13 September to 07 November 2014 work has started on a further 10 audits from the 2014/15 Audit Programme; progress on the 2014/15 programme is presented at Appendix A(ii).

Audit Work Programme 2014/15

8. The Internal Audit Work Programme is a rolling programme of audit work expected to be undertaken during 2014/15 and, in accordance with the Internal Audit Strategy, was reviewed and updated in October 2013 to identify the scope of the key financial and other audit work to be undertaken in quarters 3 and 4 of 2014/15. The revised programme has been agreed with CMT at its meeting 05 November 2014 and is presented in Appendix A(ii).
9. As of 07 November 2014, work has been undertaken on 24 out of the 30 planned audits; of these:
- i) 11 audits have been completed and Final Reports Issued
 - ii) 13 audits are currently work in progress

Recommendations Implemented 13 September to 07 November 2014

10.2 risk level 3 and 4 recommendations have been implemented in this period; a summary is presented at Appendix A (iii).

Recommendations Not Implemented by due date at 07 November 2014

11. At 07 November 2014 there is 1 recommendations reported in Covalent as not being implemented in accordance with its agreed due dates; a summary is presented at Appendix A (iv).

Risk Analysis

12.

Risk	Likelihood	Impact	Mitigating actions
The issues highlighted in the internal audit reports are not acted upon	1 Action is already being taken towards the implementation of the recommendations contained in the reports.	2 There would be varying levels of impact from non-implementation of recommendations given the significance of the control risks identified.	Internal audit reports are followed up to ensure compliance. There are escalation procedures in the event of non compliance

- 1 = Little or no risk or impact
- 2 = Some risk or impact – action may be necessary.
- 3 = Significant risk or impact – action required
- 4 = Near certainty of risk occurring, catastrophic effect or failure of project.

FINAL REPORTS ISSUED **13 September to 07 November 2014**

ref	Audit	Risk	Revised potential days	Final Report Issued	Days Taken	Recommendations Made					Audit Opinion
						No.	Risk Level				
						total	4	3	2	1	
KF10 O	Payroll-(flowchart) & HR	3	15	29/09/14	14	6	0	0	5	1	adequate
COR13	Corporate Governance & AGS	3	15	24/10/14	15	2	0	0	2	0	substantial
OP21	Community Safety - including anti-social behaviour	3	10	06/11/14	10	2	0	0	2	0	substantial
OP30	Planning - Development Management and Support & Advice	4	25	16/09/14	23	3	0	0	2	1	substantial
OP33	Street Services - Waste & Recycling	4	25	03/11/14	23	4	1	1	2	0	adequate
						17	1	1	13	2	
						total	4	3	2	1	

PROGRESS on the 2014/15 AUDIT PROGRAMME**13 September to 07 November 2014**

Internal Audit Programme 2014/15 – revised October 2014										
ref	Audit	2014/15 potential days	qtr	IA Risk 2014/15	Started	Draft	Final	Days Taken	Status	Comment
Key Financial - Corporate										
KF01 C	Cash & Bank	5	3	3	06/10/14			3	flowchart	flowchart; possible audit scope tbc
KF02 C	Main Accounting System (formerly General Ledger)	5	3	3	23/09/14			3	flowchart	flowchart; possible audit scope tbc
KF03 C	Asset Management	0		2				0		substantial 2013/14, no audit 2014/15
KF04 C	Budgets	0		2				0		substantial 2013/14, no audit 2014/15
	Contracts & Procurement	0		1				0		substantial 2013/14, no audit 2014/15
	Income - Fees & Charges	0		1				0		substantial 2013/14, no audit 2014/15
Key Financial - Operational										
KF05 O	Council Tax	5	3	3	29/09/14			4	flowchart	flowchart; possible audit scope tbc
KF06 O	Creditors	15	3	3	22/09/14			4	flowchart	flowchart; possible audit scope tbc
KF07 O	Housing Benefits	20	2	3	06/10/14			3	flowchart	flowchart; possible audit scope tbc
KF08 O	Housing Rents	3	3	3	17/10/14			0	flowchart	flowchart only
KF09 O	NNDR	5	3	3				0		flowchart; possible audit scope tbc
KF10 O	Payroll-(flowchart) & HR	15	2	3	22/07/14	10/09/14	29/09/14	14	final	flowchart only
KF11 O	Recovery	15	4	3	17/10/14			8	flowchart	flowchart; possible audit scope tbc
KF12 O	Housing Repairs	0		3				0		postponed to 2015/16
KF41 O	Taxation	3	3	1	03/11/14			0	flowchart	flowchart only
KF42 O	Treasury Management	3	3	2	06/10/14			3	flowchart	flowchart; possible audit scope tbc
Other - Corporate										
COR13	Corporate Governance & AGS	15	1	3	20/05/14	15/10/14	24/10/14	15	final	AGS + corporate governance
COR14	Equality & Diversity	5	2	3				0		carried forward from 2013/14
COR15	Health & Safety	15	1	3	08/05/14	08/08/14	03/09/14	12	final	
COR16	Information Management	0		3				0		postponed to 2015/16
COR17	Training	10	2	3	16/07/14	10/09/14		13	draft	carried forward from 2013/14

PROGRESS on the 2014/15 AUDIT PROGRAMME**13 September to 07 November 2014**

ref	Audit	2014/15 potential days	qtr	IA Risk 2014/15	Started	Draft	Final	Days Taken	Status	Comment
Other - Operational										
OP18	Building Control Service and Fees	10	1	3	14/03/14	16/06/14	16/06/14	11	final	
OP19	Car Parking Partnership (NEPP)	15	3	3	24/09/14			2	planning	
OP20	Leisure - PFI	10	3	3	23/07/14			0	planning	
OP21	Community Safety - including anti-social behaviour	10	2	3	23/07/14	20/10/14	06/11/14	10	final	
OP22	Disabled Facilities Grants	10	1	3	25/03/14	16/05/14	29/05/14	10	final	
OP23	Economic Development Service	10	1	3	14/04/14	12/06/14	26/06/14	9	final	
OP24	Elections	0		3				0		postponed to 2015/16
OP25	House Sales	3	1	4	20/05/14	12/06/14	20/06/14	3	final	2013/14 limited assurance - follow up
OP26	Housing Contract Systems	15	4	3				0		
OP27	Housing Rent Deposit Scheme	3	1	4	25/03/14	14/05/14	21/05/14	4	final	2013/14 limited assurance - follow up
OP28	Planning - Housing Strategy Local Plan	0		4				0		postponed to 2015/16
OP29	Members' Allowances & Expenses	0		3				0		postponed to 2015/16
OP30	Planning - Development Management (control)	25	2	4	27/05/14	12/08/14	16/09/14	23	final	
OP31	<i>Planning - Support & Advice (planning fees) - included in op30</i>									
OP32	Services for Older People	10	3	3				0		
OP33	Street Services - Waste & Recycling	25	1	4	26/03/14	30/09/14	03/11/14	23	final	1st audit since reorganisation
OP34	Street Services - Street Cleaning	5	3	3				0		last audit 2009/10

PROGRESS on the 2014/15 AUDIT PROGRAMME**13 September to 07 November 2014**

ref	Audit	2014/15 potential days	qtr	IA Risk 2014/15	Started	Draft	Final	Days Taken	Status	Comment
OP35	Street Services - Highway Ranger Services	5	4	3				0		new audit
OP36	Street Services - Grounds Maintenance	5	3	3	03/11/14			0	planning	last audit 2007/08
OP37	Street Services - Trade Waste	0	p	3				0		
OP38	Street Services - Transport & Plant Utilisation & Maintenance	0	p	3				0		
OP39	Street Services - Income Generating Services (Bulky Household Goods; Garden Waste)	0	p	2				0		
OP40	Community Health & Fitness	0	p	3				0		
OP43	Street Services - Management & Admin	0	p	3				0		
TOTAL AUDIT DAYS		300						177		

LEVEL 4 & 3 RECOMMENDATIONS IMPLEMENTED**13 September to 07 November 2014**

Code & Title	Description	Risk Level	Managed By	Due Date	Completed
1314 KF13 O -01 PAYROLL & HR	It is recommended that the Assistant Director of Corporate Services address the incorrect authorisation on overtime claims at appropriate Management Team meetings.	3	Assistant Director of Corporate Services	23-Sep-14	31-Oct-14
1415 OP33 – 02 Street Services - Waste & Recycling	A stock control system should be introduced to record accurate bin stock figures including new bins received into stock and bins issued out.	3	Head of Street Services	30-Sep-14	30-Sep-14

RECOMMENDATIONS NOT IMPLEMENTED**13 September to 07 November 2014**

Code & Title	Description	Risk Level	Managed By	Due Date	Note
1314 OP29 - 01 FACILITIES MANAGEMENT	<p>It is recommended that for reasons of business continuity and to improve on management coordination a central record/documentation is in place which links to the building maintenance programme.</p> <p>The documentation should provide management with information with an audit trail on when the work had actually been carried out and the reasons for slippages</p>	2	Acting Assistant Director ICT & Facilities Management	30-Sep-14	Awaiting Management update

Committee: Performance & Audit Committee

Agenda Item

Date: 20 November 2014

6

Title: Internal Audit Counter Fraud & Corruption Work

**Author: Sheila Bronson- Internal Audit Manager
01799 510610**

Item for information

Summary

1. The purpose of this report is to update members on the counter fraud and corruption work undertaken by the council's Internal Audit section since the last report to the Performance & Audit Committee on 13 February 2014

Recommendations

2. The Committee is requested to note this report.

Financial Implications

3. There are no direct financial implications.

Background Papers

None

Impact

- 4.

Communication/Consultation	none
Community Safety	none
Equalities	none
Health and Safety	none
Human Rights/Legal Implications	none
Sustainability	none
Ward-specific impacts	none
Workforce/Workplace	none

Situation

5. From 01 April 2010, Internal Audit assumed responsibility for promoting the council's anti-fraud and corruption policies and our objective is to raise internal and external awareness of fraud and corruption and of the various actions that the council is taking to prevent, identify and counteract it. These include the Internal Audit Manager chairing of the Counter Fraud Working Group (CFWG), Fraud & Bribery Risk Assessments, revision of the Council's Corporate Anti-Fraud & Corruption Strategy and Policies, co-ordination of the Council's National Fraud Initiative (NFI) data matching exercises.
6. A number of initiatives to assist local authorities in their counter fraud activities have been launched; the most applicable of these for this authority is Protecting the Public Purse currently published by the Audit Commission. This is an annual publication, most recently published in November 2013 with summaries of data from all English local authorities.
7. At the 15 May 2014 meeting of the committee Members received a presentation from the External Auditor of the Audit Commission's individual fraud briefing for this authority, comparing its performance to the other authorities in Essex.

Fraud & Bribery Risk Assessment 2013

8. At the 13 February 2014 meeting of the committee Members received a report on the Fraud Risk Assessment carried out by the Internal Audit Manager of the Council's current level of counter fraud activities and fraud awareness based on the checklists from the November 2012 and 2013 Protecting the Public Purse publications in conjunction with an updated Bribery Act 2010 risk assessment carried out by the Internal Audit Manager.
9. A total of 18 recommendations were made aimed at improving the Council's levels of effectiveness in fraud awareness and prevention. Progress towards implementation of these recommendations was been reviewed with CMT on 05 November 2014.
10. Of the 18 recommendations:
 - 12 have been fully implemented
 - 3 are in progress towards implementation
 - 3 recommendations relating to fraud recording and training are scheduled to be discussed at the next meeting of the CFWG**
11. **A copy of the review of recommendations and management action plan will be made available to members on request.**
12. The self-assessment checklist from the November 2014 Protecting the Public Purse publication has been made available early and the Internal Audit Manager will shortly be undertaking a new assessment exercise using this checklist and report to outcomes to members.

Counter Fraud Working Group

13. In line with the recommendations made in the Fraud Risk Assessment, a Counter Fraud Working Group (CFWG) has been established and meets on a quarterly basis. A copy of the CFWG Terms of Reference will be made available to members on request.
14. Work is underway towards revising and updating the Council's Counter Fraud Strategy and Policies; electronic training in Fraud Awareness, Money Laundering and Whistleblowing Policy is expected to be available for all staff and members from January 2014.

CIPFA – Counter Fraud Centre

15. In recent years both Central and Local Government organisations have identified a need to increase the level of awareness of the potential of fraud against Local Government and of measures that authorities can take to improve their counter fraud and fraud awareness arrangements.
16. In July 2014 CIPFA Counter Fraud Centre was launched as the UK's centre of excellence for counter fraud, its remit being to lead and co-ordinate the fight against fraud and corruption across the public services. It has brought together several public sector fraud organisations including the National Fraud Authority and part of the Audit Commission.
17. The Counter Fraud Centre will work closely with the Department for Communities and Local Government (DCLG), the National Crime Agency (NCA), Cabinet Office and other agencies to help counter fraud practitioners both here and abroad.
18. In October 2014 the Counter Fraud Centre published the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. It is expected that there should be a statement in the Annual Governance Statement on adherence to this code. A copy of the code is available on the CIPFA web-site <http://www.cipfa.org/-/media/files/publications/reports/code%20of%20practice%20on%20managing%20the%20risk%20of%20fraud%20final.pdf>
19. The Head of the CIPFA Counter Fraud Centre has been invited to give a presentation at the next meeting of the CFWG to CMT and CFWG members on the Counter Fraud Centre and the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.

National Fraud Initiative (NFI)

20. The Audit Commission's National Fraud Initiative (NFI) is a data matching exercise which compares information held by and between around 1,300 organisations including councils, the police, hospitals and nearly 100 private companies to identify potentially fraudulent claims, errors and overpayments for investigation by participating organisations. All district councils are required to participate, each council appointing a NFI Key Contact responsible for coordinating and monitoring the overall exercise within their council and providing feedback on its outcome.

21. The Internal Audit Manager is the Council's NFI Key Contact and has responsibility for coordinating the 2014/15 NFI exercise which commenced in October 2014 from which potential fraud data matches will be made available to councils on 29 January 2015.

22. A separate Council Tax to Electoral Register data matching exercise is due to start on 01 December 2014.

Risk Analysis

23.

Risk	Likelihood	Impact	Mitigating actions
Financial and reputational risk to the Council if it fails to actively commit to an anti-fraud and corruption strategy	2 = Some risk if public and staff unaware of anti-fraud and corruption commitment	3 = Significant risk of financial loss / penalties and reputation	Participation in NFI Initiatives Corporate Counter Fraud & Corruption Strategy and Policies

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

Committee: Performance and Audit

Agenda Item

Date: 20 November 2014

7

Title: Quarter 2 Performance 2014/15

Author: Richard Auty, Assistant Director Corporate Services

Item for information

Summary

1. This report presents the Q2 results for all quarterly and bi-annual Key Performance Indicators and Performance Indicators.

Recommendations

2. None

Financial Implications

3. None. There are no costs associated with this report.

Background Papers

4. None

Impact

- 5.

Communication/Consultation	None
Community Safety	None
Equalities	None beyond service improvement on the equality and diversity performance indicators
Health and Safety	None beyond service improvement on the health and safety performance indicators
Human Rights/Legal Implications	None
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

Situation

6. Attached as Appendix A are the Key Performance Indicators (KPIs) and Performance Indicators (PIs) for Quarter 2 of 2014/15 (1 July to 30 September).

7. The majority of KPIs have performed well, with two red indicators this quarter (one fewer than Q1).
8. KPI 15 - As stated in Appendix A, the number of missed bins is overstated as it includes all reports, including those where the wrong bin was left out, the bin was not put out on time or there was contamination in the bin. The true figure is likely to be closer to the Q3 2013/14 figure, when considerable management time was put into analysing every missed bin report received. Other work pressures have meant it has not been possible to repeat this process.
9. KPI 07 – if long term sickness absence is removed from the calculation, the cumulative target would have been met.
10. Attached as Appendix B is the requested benchmarking data for missed bins. To summarise this information, of the 11 other district/borough councils in Essex:
 - five do not report on missed bins
 - two monitor the level if missed bins collected within 24 hours
 - two monitor missed bins per 100,000 collections
 - two monitor total missed collections expressed as a percentage
11. At the last committee meeting, members also asked about the possibility of providing parking service performance information.
12. An initial discussion with the Assistant Director of Planning and Building Control (the council's lead officer for the North Essex Parking Partnership) suggests that the most appropriate approach would be to provide an annual report from the Partnership to the committee. Due to other work pressures, it will not be possible to devote any further time to this matter until the new year.

Risk Analysis

13.

Risk	Likelihood	Impact	Mitigating actions
That performance indicators will not meet quarterly/ annual targets	2 – The majority of Performance Indicators perform on or above target	3 – In some areas the risk of not meeting targets could impact on areas such as customer satisfaction and statutory adherence to government led requirements	Performance is monitored by CMT and the committee on a quarterly basis. Inclusion of five quarters of data helps identify trends.

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

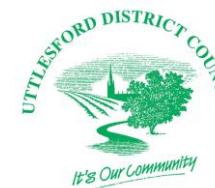
3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.











2014/15 Quarter 2 Key Performance Indicators

Report Author: Tülay Norton




Generated on: 10 November 2014



Directorate Chief Executive						
PI Code & Short Name	Q2 2013/14	Q3 2013/14	Q4 2013/14	Q1 2014/15	Q2 2014/15	Latest Note
KPI 01 % of supplier invoices paid within 30 days of receipt by the Council (Max)	92.22%	96.67%	97.78%	95.56%	94.44%	Q2 2014/15 Numerator: 85 Denominator: 90 = 94.44% Of the invoices sampled, four were found to be outside the acceptable criteria. RSS remains an impact on performance, with currently more man hours spent resolving outstanding issues. % of payments made within the targeted 30 days = 94, (prior Qtr.95). 29% < 10 days, 53% < 20 days & 12% < 30 days. Total invoices processed during the quarter 2842, (2789 prior Qtr).
	95.00%	95.00%	95.00%	95.00%	95.00%	
KPI 03 Percentage of Non-domestic Rates Collected (Max) *	59.20%	87.90%	98.81%	29.72%	58.34%	Q2 2014/15 Numerator: 25,031,188.24 Denominator: 42,904,250.83 = 58.34%. Collection has increased due to the second largest ratepayer now successfully liaising with the Council and instalments being made on time.
	56.00%	84.00%	97.00%	29.00%	56.00%	
KPI 04 Accuracy of processing - HB/CTB claims (Max)	98.30%	100.00%	96.83%	98.91%	99.38%	Q2 2014/15 322 claims checked with 2 errors giving an accuracy rate of 99.38%.
	99.00%	99.00%	99.00%	98.00%	98.00%	
KPI 05 % of Council Tax collected (Max) *	58.54%	86.85%	98.77%	30.32%	58.51%	Q2 2014/15 Numerator: 29,682,381.98 Denominator: 50,735,041.71 = 58.51%. Collection is holding well despite carrying out single resident discount review which has meant an increased liability for some customers who have had their award cancelled.
	57.00%	85.00%	98.00%	29.00%	57.00%	

PI Code & Short Name	Q2 2013/14	Q3 2013/14	Q4 2013/14	Q1 2014/15	Q2 2014/15	Latest Note
KPI 06a Time taken to process Housing Benefit/Council Tax Benefit new claims (Min)	21.2	18.6	18.4	21.6	24.0	Q2 2014/15 There were 195 new claims to Housing benefit taking 4559 days and 271 new claims to LCTS taking 6629 days. This is a total of 466 new claims taking 11188 days which equates to an average of 24.00 days. The benefits team are amending processes to enable the target to be met in future quarters.
						
	20.0	20.0	20.0	22.0	22.0	
KPI 06b Time taken to process Housing Benefit/Council Tax Benefit change events (Min)	6.2	5.2	4.8	6.8	6.3	Q2 2014/2015 There were 2991 Housing Benefit changes of circumstance taking a total of 20500 days and 3150 LCTS changes taking a total of 18387 days. The total is 6141 changes of circumstances taking a total of 38887 days which equates to an average of 6.3 days.
						
	8.0	8.0	8.0	8.0	8.0	
















Directorate Corporate Services

PI Code & Short Name	Q2 2013/14	Q3 2013/14	Q4 2013/14	Q1 2014/15	Q2 2014/15	Latest Note
KPI 02 Customer satisfaction with services (Max)	76%	N/A	74%	N/A	78%	H1 2014/15 The satisfaction rate represents the total average satisfaction of a range of services from those panel members who expressed an opinion. The comparative average dissatisfaction rate was 22% nominal (22.10% actual). Satisfaction levels for many services including the Animal Warden, Building Control, Council Housing – Homelessness, Tenant Liaison, Environmental Health, the Museum and Planning Enforcement have improved since the previous panel survey in March 2014. During the same period there has been a small decline in satisfaction with the Council Supported Day Centres, Pest Control, Waste and Recycling and the website. Two Planning services, though, have seen a marked decline since March with satisfaction in Planning advice dropping from 67% down to 58% and satisfaction with Planning applications going down from 57% to 48% during this period.
						
	75%		75%		76%	

KPI 07 Average number of sickness days per employee per annum (Min) *	3.45	5.84	8.27	2.14	4.52	Q2 2014/15 Numerator: 818 Denominator: 342 = 2.39 days for the quarter (2.66 last year). The figure for the long term sick is 0.35 days per member of staff. Cumulative Numerator: 1579 Denominator: 349 = 4.52 days per member of staff for the quarter. The figure for long term sick is 1.77 days per member of staff.
	3.50	5.25	7.00	1.75	3.50	




Directorate Public Services

PI Code & Short Name	Q2 2013/14	Q3 2013/14	Q4 2013/14	Q1 2014/15	Q2 2014/15	Latest Note
KPI 08 (GNPI 36) Average re-let time in days (General Needs only)	9.21	14.3	13	18	16	Q2 2014/15 Numerator: 196 Denominator: 12. A combination of lower turnaround times and less voids has seen an improvement in this PI this quarter. A dedicated Voids workforce is to be introduced that should add further improvement of this PI in the coming months.
	21	21	21	18	18	
KPI 09 Number of accidents that are reportable under RIDDOR (Min)	4	2	5	4	0	Q2 2014/15 No RIDDOR reports in Q2 - Accident free whole of August.
	0	0	0	0	0	
KPI 11 Processing of planning applications: Major applications (within 13 weeks) (Max)	63.64%	66.67%	62.50%	76.92%	66.67%	Q2 2014/15 Numerator: 8 Denominator: 12 = 66.67%. Cumulative Numerator: 18 Denominator: 25 = 72%. Quarterly target achieved.
	60.00%	60.00%	60.00%	60.00%	60.00%	
KPI 12 Processing of planning applications: Minor applications (within 8 weeks) (Max)	84.47%	80.00%	61.90%	83.33%	81.25%	Q2 2014/15 Numerator: 91 Denominator: 112 = 81.25%. Cumulative Numerator: 166 Denominator: 202 = 82.18%. Quarterly target achieved.
	80.00%	80.00%	80.00%	80.00%	80.00%	
KPI 13 Processing of planning applications: Other applications (within 8 weeks) (Max)	90.32%	88.85%	88.58%	90.14%	89.83%	Q2 2014/15 Numerator: 265 Denominator: 295 = 89.83%. Cumulative Numerator: 585 Denominator: 650 = 90%. Quarterly target achieved.
	82.00%	82.00%	82.00%	82.00%	82.00%	

KPI 14 Percentage of household waste sent for reuse, recycling and composting (LAA) (Max)	56.72%	51.91%	54.30%	51.40%	55.10%	Q2 2014/15 Numerator: 4,085.74 tonnes (recycled and composted) Denominator: 7,415.81 tonnes (total domestic waste arising). Uncertainty of the actual contamination level at our co-mingled recycling customer is still to be resolved and might adversely affect results. The result for Q2 is expected to be above the annual figure as there are 13 recycling weeks in the quarter.
						
	59.10%	55.30%	52.40%	55.02%	58.01%	
KPI 15 Number of return visits to collect bins that have been missed on the first visit (per 100,000 collections) (Min)	71	49	60	98	128	Q2 2014/15 Numerator: 1220 (missed bins) Denominator: 954,000 (collections) x 100,000 = 128. During this quarter there was again a high percentage of contractors employed, as well as more than desired level of sickness (including long term sick), which inevitably results in a high missed bin count. However, the true level of missed bins is likely to be overstated in this figure as all reported missed bins are included, irrespective of whether they contain contamination or were not left out on time. (Collection rate 99.87%)
						
	45	45	40	40	40	
KPI 16 Rent collected as percentage of rent owed (including arrears b/f) (Max) *	94.63%	96.29%	97.52%	89.50%	93.36%	Q2 2014/15 Numerator: £3,972,365.83 Denominator: £4,574,392.78 (86.84%). Cumulative Numerator: £7,480,737.12 Denominator: £8,012,932.60 = 93.36%. Although slightly under target continued specific focus on rent collection activities within the Rents team should support the performance of this PI and enable it to reach target by Q4.
						
	93.55%	94.55%	96.30%	88.50%	93.55%	

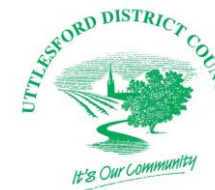
* Cumulatively monitored

Quarterly targets for these indicators have been profiled

PI Status	
	This PI is more than 10% below target.
	This PI is between 0.01 and 10% below target.
	This PI is on target.

2014/15 Quarter 2 Performance Indicators

Report Author: Tülay Norton
Generated on: 10 November 2014

































Directorate Chief Executive						
PI Code & Short Name	Q2 2013/14	Q3 2013/14	Q4 2013/14	Q1 2014/15	Q2 2014/15	Latest Note
PI 02 Average time to pay supplier invoices (Min)	11.6	10.8	11.2	15.8	14.4	Q2 2014/15 Numerator: 1300 Denominator: 90 = 14.4. A positive response & reduction from prior quarter, however RSS continues to create delays whilst personnel transfer knowledge from the training session to "hands on". Cumulative for six months, April - September = 15.14.
	12.5	12.5	12.5	12.0	12.0	
PI 03 % of sundry debt income overdue (debts over 90 days old not subject to a payment agreement) (Min)	2.6%	3.7%	1.1%	10.3%	4.1%	Q2 2014/15 As at 1 Oct 2014, total outstanding sundry debt was £631,978.97 of which £26,156.07 was over 90 days old and not subject to a payment agreement. The issue with one account has now been resolved by our legal department and the service invoices direct.
	5.0%	5.0%	5.0%	5.0%	5.0%	
PI 06 % of standard searches carried out in 10 working days (Max)	100%	100%	100%	100%	99.59%	Q2 2014/15 Numerator: 244 Denominator: 245. Only one search not completed within 10 working days, due to resolving queries before search could be completed.
	100%	100%	100%	100%	100%	
PI 21 % of minutes from meetings made available to the public within 10 working days (Max)	100%	100%	88%	100%	95%	Q2 2014/15 Numerator: 18 Denominator: 19. The target of 95% was achieved. One set of minutes was published one day after the 10 working day time limit. This was due to pressure of other work on the section.
	95%	95%	95%	95%	95%	
PI 39 Number of written customer complaints against leisure centre usage (Min)	0	0	2	3	0	Q2 2014/15 No complaints received by the District Council during this quarter.
	2	2	2	2	2	





















Directorate Corporate Services

PI Code & Short Name	Q2 2013/14	Q3 2013/14	Q4 2013/14	Q1 2014/15	Q2 2014/15	Latest Note
PI 20 % of IT help Desk calls resolved within target (Max)	97.01%	97.70%	96.83%	93.34%	98.88%	Q2 2014/15 1603 calls 1585 done within SLA. Additional 1 FTE resource in-situ during the quarter due to a management handover.
	90.00%	90.00%	90.00%	90.00%	90.00%	
PI 22 Museum users: Total visitors to the museum building and on-site events (Max) #	4,709	4,298	3,528	3,900	4,205	Q2 2014/15 Visitor figures 5% over target, maintaining visit levels. Cumulative 8,105
	3,300	3,400	4,000	3,200	4,000	

Directorate Public Services




PI Code & Short Name	Q2 2013/14	Q3 2013/14	Q4 2013/14	Q1 2014/15	Q2 2014/15	Latest Note
PI 14a Homelessness: Number of people presenting as homeless (Min)	24	30	14	30	30	Q2 2014/15 Presentations have remained static due to continuing difficult economic times and the lack of affordable housing, either social or private within the district. Advice and prevention are still the main focus.
	15	20	25	25	25	
PI 14b The number of cases where positive intervention by the Council has prevented homelessness	23	26	18	14	9	Q2 2014/15 Total prevented and relieved =9 which is down on the last 2 quarters. Increasingly a lot of the homeless cases presenting have been complex and involved debt and mental health issues and were not preventable owing to their nature. It is still a very challenging time with an increasing lack of affordable privately rented accommodation. The start of an in house rent deposit scheme in April 2014 involving the empty homes officer is providing more positive opportunities to liaise and work with local landlords but it is still difficult to persuade landlords to take on tenants who are on benefits or have a poor credit history.
	35	35	35	35	35	

PI Code & Short Name	Q2 2013/14	Q3 2013/14	Q4 2013/14	Q1 2014/15	Q2 2014/15	Latest Note
PI 15 % Residents satisfied with the most recent repair (Max)	99.30%	98.50%	98.00%	99.28%	99.78%	Q2 2014/15 Numerator: 448 Denominator: 449 Performance above target.
						
	98.00%	98.00%	98.00%	98.50%	98.50%	
PI 16 Number of households living in temporary accommodation (CI 19 & NI 156) (Min)	19	32	15	26	13	Q2 2014/15 Snapshot as at 30 September 2014. Council owned and shared accommodation = 12 cases. Emergency B&B placements = 1. The emergency placement was a 17 year old that we temporarily housed whilst working with social services to house him permanently. Excellent results for a snapshot with numbers have halved. Sound casework and good prevention work ensured that families were moved into permanent accommodation promptly.
						
	15	15	15	15	15	
PI 17 Number of service users who are supported to establish and maintain independent living	1,241	1,244	1,213	1,205	1,211	Q2 2014/15 395 sheltered tenants. There are currently only 2 voids within the available sheltered stock of 397. The number of lifelines is 816 making a total of 1211 supported households. The main reason for the removal of lifelines is death; the number of new lifelines continues to match the removals so the overall number remains fairly constant. The work of promoting the service continues.
						
	1,300	1,300	1,300	1,300	1,300	
PI 19 Percentage of accidents that are investigated within 10 working days of the accident (Max)	89%	89%	97%	100%	100%	Q2 2014/15 A total of 9 accidents reported Q2, and 1 near miss (No RIDDORS) all investigated within 10 working days.
						
	100%	100%	100%	100%	100%	
PI 24a Planning appeals allowed for major applications (Min)	.0%	.0%	40.0%	33.3%	50.0%	Q2 2014/15 Numerator: 1 Denominator: 2 = 50%. Cumulative Numerator: 2 Denominator: 5 = 40%. Target not achieved this quarter. Relatively small number of decisions this quarter. 2 allowed over the whole year included Wedow Road where refused issue (ecology) was addressed during appeal process.
						
	30.0%	30.0%	30.0%	30.0%	30.0%	
PI 24b Planning appeals allowed for minor applications (Min)	16.6%	25.0%	28.6%	11.1%	7.7%	Q2 2014/15 Numerator: 1 Denominator: 13 = 7.7%. Cumulative Numerator: 2 Denominator: 22 = 9.09%. Target achieved.
						
	45.0%	45.0%	45.0%	45.0%	45.0%	

PI Code & Short Name	Q2 2013/14	Q3 2013/14	Q4 2013/14	Q1 2014/15	Q2 2014/15	Latest Note
PI 24c Planning appeals allowed for other applications (Min)	100.0%	45.5%	33.3%	40.0%	25.0%	Q2 2014/15 Numerator: 1 Denominator: 4 = 25%. Cumulative Numerator: 3 Denominator: 9 = 33.33%. Target achieved.
						
	45.0%	45.0%	45.0%	45.0%	45.0%	
PI 24d Appeals allowed for enforcement notices (Min)	33.3%	.0%	50.0%	.0%	100.0%	Q2 2014/15 Numerator: 1 Denominator: 1 =100%. Cumulative Numerator:1 Denominator: 1 = 100%. Target not achieved very small number of appeal decisions.
						
	30.0%	30.0%	30.0%	30.0%	30.0%	
PI 30 % planning applications validated within 5 days (Max)	99%	99%	99%	100%	100%	Q2 2014/15 Numerator: 457 Denominator: 459 = 99.56%. Cumulative: Numerator: 941 Denominator: 944 = 99.68%.
						
	90%	90%	90%	90%	90%	
PI 35 Number of tonnes of garden waste from kerbside collections sent for composting	420.9	216.56	50.78	340	342.8	Q2 2014/15 The volume of garden waste collected through Q2 is lower than that collected during the same period last year even though there has been an increase in the number of subscribers (4400) to the scheme. Overall the total of kerbside collections and the weekend skip service remains at the same level as last year – 790 tonnes. July and September were very dry months and as a consequence, grass cuttings were lower which has affected the tonnage.
						
	540	360	100	450	420	

* Cumulatively monitored

Quarterly targets for these indicators have been profiled

PI Status	
	This PI is more than 10% below target.
	This PI is between 0.01 and 10% below target.
	This PI is on target.

Missed Bins Benchmarking

Authority	Description of PI(s) on missed bins	Data / Target	What is considered as 'missed'
Basildon	Not monitored		
Braintree	Number of missed bins not collected within 24 hours of being reported (per 100,000 collections).	Q4 2013/14 9.6 against a target of 12 (the outturn represents 186 missed bins from January to March) Q1 2014/15 5.27 against a target of 10 (the outturn represents 102 missed bins from April to June)	Missed bins have to be 'true' missed bins so they must be out on time, at the agreed collection point (which is usually the boundary of the property). Missed bins usually occur where there is agency staff on or the crews have been changed round and they are not familiar with agreed collection points or assisted collection customers (including new assisted collections) or just generally miss it as they think another crew member has dealt with it.
Brentwood	Not monitored		
Castle Point	Missed bins per 100,000 collections	Q1 2014/15 - 22.36 Q2 2014/15 - 25.37	The definition of missed is when someone calls to inform us that a collection has not been made. If on returning we find it has been left due to being contaminated or that it has not been out for collection, this would be removed from the list.

Chelmsford	Not monitored		
Colchester	Number of missed collections	2013/14 (i.e. end of Q4) Target 4,620 Actual 3,930 (missed bin collection rate of 0.035%) Q1 2014/15 Target 1,352 Actual 1,367	What counts as a missed bin is if the item is put out by 7am on collection day.
Epping Forest	Not monitored		
Harlow	Not monitored		
Maldon	Number of missed collections per 100,000	Q4 2013/14 Target 50 missed collections per 100,000. There were 511 validated missed collections in quarter 4. This equates to 50.37/100,000 for the quarter. Q1 2014/15 Target 50 missed collections per 100,000 There were 741 validated missed collections in quarter 1. This equates to 72.69/100,000 for the quarter.	Actual missed bins figure based on complaints received from residents. These complaints are referred to the contractor who advises whether it is a valid missed bin or not. Any invalid missed bins (so those not put out on time for example) will be removed from the figure reported.

Rochford	Missed bins as a percentage of the total bins collected = Total number of missed bins reported / Total Waste Collections	Q4 2013/14 - 0.006%	RDC counts any bin that is reported the day after collection as missed. Bins reported on the same day as collection are not counted as missed and they are dealt with on the same day as collection.
Tendring	Percentage of missed bins collected within a 24 hour period.	Q1 2014/15 - 99.4%. Our target is for 90% of missed collections to be collected within 24 hours.	A missed bin is a waste receptacle that isn't collected by the contractor on the day on which it should be. If the member of the public placed the wrong recycling out for collection it is not counted as a missed collection.

Committee: Performance and Audit

Agenda Item

Date: 20 November 2014

8

Title: Quarter 2 Corporate Risk Register 2014/15

Author: Richard Auty, Assistant Director Corporate Services

Item for information

Summary

1. This report presents the Corporate Risk Register as at the end of quarter 2 2014/15.

Recommendations

2. None

Financial Implications

3. There are no financial implications associated with this report.

Background Papers

4. None

Impact

- 5.

Communication/Consultation	The Risk Register is discussed and updated by the Corporate Management Team at least quarterly.
Community Safety	None
Equalities	None
Health and Safety	None
Human Rights/Legal Implications	None
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

Situation

6. Appendix A is the council's Corporate Risk Register as approved by Full Council in February alongside the Corporate Plan. It continues the approach of identifying the key risks associated with delivering the council's main strategic objectives.
7. Appendix B details those risks which have changed score since Quarter 1.
8. The committee's opinion is sought on the necessity of continuing to include 14-CR-06 Potential increase in environmental crime. In officers' experience this has not presented a significant corporate risk for some time and controls are in place to ensure such matters are dealt with promptly.
9. Members' views are also sought on an emerging risk to the council with regard to the potential impact of moves in English devolution on the fabric of the council and current local authority structures in the county.

Risk Analysis

10.

Risk	Likelihood	Impact	Mitigating actions
That the council does not effectively monitor the risks it faces in delivering its corporate aims and objectives	1 – The register was created, and regularly monitored, by the Corporate Management Team	3 – If mitigating actions are not identified and acted upon, then there could be serious consequences for the delivery of services	Each corporate action and associated risk is owned by a member of the Corporate Management Team. Colleagues provide challenge and discussion regularly to ensure steps are being taken to reduce the likelihood and/or impact of those risks.

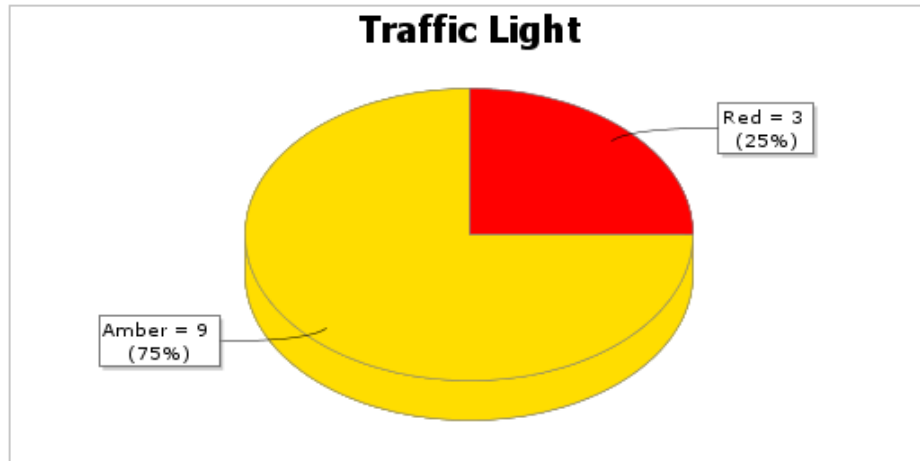
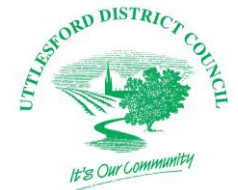
1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.



3 = Significant risk or impact – action required


4 = Near certainty of risk occurring, catastrophic effect or failure of project.





Corporate & Strategic Risk Register 2014-15 - Quarter 2







Risk Code & Title	Risk Description	Original Risk Impact	Original Risk Likelihood	Current Impact	Current Likelihood	Current Risk Score	Current Risk Traffic Light Icon	Target Risk Impact	Target Risk Likelihood	Latest Note	Mitigating Actions	Managed By
14-CR 01 Insufficient progress against savings	The council does not make sufficient progress against savings targets identified in the MTFS to achieve the necessary savings.	3	1	2	2	4		3	1	Savings targets agreed in the MTFS will not be achieved in year. However an in-year surplus is predicted and plans are underway for a savings action plan. Recent government statements on austerity	A Corporate Team was established in 2010. Savings achieved to date have been approx £1 million per annum	Adrian Webb





Risk Code & Title	Risk Description	Original Risk Impact	Original Risk Likelihood	Current Impact	Current Likelihood	Current Risk Score	Current Risk Traffic Light Icon	Target Risk Impact	Target Risk Likelihood	Latest Note	Mitigating Actions	Managed By
										indicate prolonged pressure on council finances.		
14-CR 02 External factors impact negatively on Council's finances	External factors, such as the reforms to local government finance, negatively impact on Council's finances	2	3	2	3	6		2	3	The current position remains the same. The likelihood of this happening in the next two years will increase as will the impact. Recent government statements on austerity indicate prolonged pressure on council finances.	Work with local government and other partners to share the risks and benefits of reform	Adrian Webb
14-CR 03 LSP decisions do not inform Council policy	Decisions made by the LSP do not inform Council policy	2	2	3	3	9		2	2	Increasing emphasis is being placed on the Council's role in health and wellbeing and this is currently being met through the LSP working group. The appropriate structural links to mainstream corporate policy making do not exist. Solutions to	Optimise the Localism agenda and ensure that the Council retains its commitment to supporting the voluntary sector where this provides demonstrable value for money. Ensure continued engagement with partners and the community through channels such	John Mitchell

Risk Code & Title	Risk Description	Original Risk Impact	Original Risk Likelihood	Current Impact	Current Likelihood	Current Risk Score	Current Risk Traffic Light Icon	Target Risk Impact	Target Risk Likelihood	Latest Note	Mitigating Actions	Managed By
										this problem have been placed before Cabinet members.	as Citizens Panel, Community Forums and Tenant Forum. Continue to review the working of the LSP to ensure it meets the needs of the council, its partners and the community.	
14-CR 04 Local Plan	Failure to meet objectively assessed housing need and identify suitable deliverable sites	3	2	3	2	6		3	2	Hearing statements submitted. The corporate risk register is a live document and the risk description has been changed in this quarterly review to reflect the current stage in the local plan preparation process. Examination hearing opens 17 November.	Present evidence to the examination hearing. Commitment to build local authority housing	Roger Harborough

Risk Code & Title	Risk Description	Original Risk Impact	Original Risk Likelihood	Current Impact	Current Likelihood	Current Risk Score	Current Risk Traffic Light Icon	Target Risk Impact	Target Risk Likelihood	Latest Note	Mitigating Actions	Managed By
14-CR 05 External contracts	Contracts with third parties do not benefit the Council & Community financially	3	3	3	3	9		3	1	Alterations to one significant contract in negotiation. Other major contracts in procurement process.	Constant monitoring of contracts to ensure adequate contingency arrangements are in place	Roger Harborough
14-CR 06 Potential increase in environmental crime	Potential for more cases of environmental crime leading to increased pressures on enforcement and other service areas and possible complaints	2	2	2	2	4		2	2	Abolition of tax discs could result in increase in the number of untaxed vehicles on the highway and decrease in number of referrals.	Training for Enforcement officers and closer working with PCSO's leading to an increase in the number of fixed penalty notices issued	Michael Perry
14-CR 07 Failure to embed sound Equality & Diversity, H&S & Corporate Governance principles	Failure to embed sound equality & diversity, health & safety and corporate governance principles throughout the authority, which would make it difficult to then promote these ideals to the community	3	1	3	1	3		3	1	Informal peer review has given valuable pointers to "achieve" the equality standard. High priority continues to be given to health and safety. Corporate governance regularly monitored by P&A committee	Necessary information available to all staff and regular training given	John Mitchell
14-CR 08 Little money available for Highways improvements	Highways Panel unable to deliver expectations owing to ECC financial constraints	2	3	2	3	6		2	3	Based on estimated costs the Panel's budget envelope for 2014-15 has	Targeted improvements in district due to local member involvement in Highways	Roger Harborough

Risk Code & Title	Risk Description	Original Risk Impact	Original Risk Likelihood	Current Impact	Current Likelihood	Current Risk Score	Current Risk Traffic Light Icon	Target Risk Impact	Target Risk Likelihood	Latest Note	Mitigating Actions	Managed By
										been fully allocated. Actual costs will be monitored to determine if further allocations could be made.	Panel/Locality Board	
14-CR 09 Inability to implement the economic strategy	Inability to implement the economic strategy which could lead to a failure to support existing businesses and attract new investment	3	1	3	2	6		3	1	Demanding workload set in new Action Plan. Additional resource not yet in post.	Implement the economic strategy in conjunction with local business representatives, West Essex partners and allocate budget to support this work	Roger Harborough
14-CR 10 Adverse impact from reform of council tax benefits	The reform of council tax benefits will adversely impact some people currently in receipt of benefits	3	2	2	2	4		2	2	The LCTS scheme has been amended for 2014/15 and requires non-vulnerable working age people on low incomes to pay more	Resource and implement the Council's Local Council Tax Support Policy approved 2012	Adrian Webb

Risk Code & Title	Risk Description	Original Risk Impact	Original Risk Likelihood	Current Impact	Current Likelihood	Current Risk Score	Current Risk Traffic Light Icon	Target Risk Impact	Target Risk Likelihood	Latest Note	Mitigating Actions	Managed By
										council tax. The Council has increased its funding for exceptional hardship support.		
14-SR 01 Disruption of Council business	Disruption of council business caused by: loss of building, widespread staff absence, extreme weather conditions	4	2	4	2	8		3	2	Department 'champions' will be requested to attend a one day training & exercise workshop in December for BC designed to enable plans to be produced for testing from early next year.	Ensure that emergency plans are in place to provide frontline services. Maintain regular engagement in emergency planning activities, close liaison with county council and regular communication with residents. Ensure relevant HR policies are in place and understood	Michael Perry
14-SR 02 Major emergency at the airport	Major emergency at the airport e.g. due to plane crash, terrorism etc.	2	2	2	3	6		2	1	Due to unrest globally, the likelihood has increased. Robust plans are in place, good relations remain between Stansted Airport Ltd and UDC	Ensure that emergency plans are in place and that there is regular liaison with airport operator and engagement in emergency planning activities	Michael Perry

Risk Status	
	Alert
	High Risk
	Warning
	OK



Corporate & Strategic Risks 2014/15 Changes Q1 to Q2

Risk Code & Title	Q1 Risk Impact	Q1 Risk Likelihood	Q1 Risk Score	Q2 Risk Impact	Q2 Risk Likelihood	Q2 Risk Score
14-CR 01 Insufficient progress against savings	3	1	3	2	2	4
14-CR 03 LSP decisions do not inform Council policy	2	2	4	3	3	9
14-CR 09 Inability to implement the economic strategy	3	1	3	3	2	6
14-CR 10 Adverse impact from reform of council tax benefits	3	2	6	2	2	4

