

**PERFORMANCE AND AUDIT COMMITTEE held at COUNCIL OFFICES
LONDON ROAD SAFFRON WALDEN at 7.30 pm on 20 NOVEMBER
2014**

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

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

Also present from EY –Debbie Hanson (Audit Director).

PA32 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors M Felton and K Mackman.

The Chairman reported recent changes to the committee's membership. Councillors Mackman and Foley would be replacing Councillors Parry and A Ketteridge.

PA33 MINUTES

The minutes of the meeting held on 25 September 2014 were signed by the Chairman as a correct record.

PA34 ANNUAL AUDIT LETTER 2013-2014

The External Audit Director presented the Annual Audit letter. This was the version available to the public and summarised the main findings of the audit results for the year ended 31 March 2014, which were reported to the last meeting.

The paper concluded with details of the scale fee and the final proposed audit fee for Uttlesford. This was in line with the agreed fee for the audit work plus an additional amount for the extra work undertaken on the audit of the amendments required to the revaluation reserve and CAA adjustment.

A further letter was circulated at the meeting setting out variances to the fee, which had been agreed with the Director of Finance and Corporate Services.

The additional fee for work on the revaluation reserve and CAA adjustment had been increased by £5,148 to reflect the additional 6.3 days input from the technical specialist. This was higher than the indicative fee and reflected the considerable amount of extra work required in this area this year.

In addition the Audit Commission had applied a permanent variation of £900 to the basic scale fee from 2014/15. This was to reflect the additional audit procedures around business rate income and expenditure within the collection fund. It was proposed that just for this year Uttlesford would be charged £1,310 which recognised the additional work that EY had undertaken on the appeals provision and the underestimation of the provision.

Councillor Dean questioned how the council could be assured that it was receiving value for money from its external auditors. The Chairman said that since the service had been undertaken by EY the fee had reduced by half, due in part to the procurement outsourcing exercise. The External Audit Director explained that the fees were agreed with the client and the Audit Commission. All audit firms were subject to external reviews and comparative fees for other authorities were available on the Audit Commission website.

The Chairman said he was satisfied with the proposed fees and appreciated that EY had absorbed some of the additional costs. The Director of Finance and Corporate Services said that although the fees had reduced there had been no reduction in the quality of service provided.

The committee noted the report

PA35

INTERNAL AUDIT PROGRESS REPORT

The committee considered the report on work undertaken by Internal Audit since the last report to the committee on 25 September 2014, and an update on implemented and outstanding internal audit recommendations.

In relation to the audit of street services – waste and recycling, Councillor Dean commented that the report sent to members contained the higher level recommendations and he would welcome more detailed information about the issues considered. The Audit Manager explained that before the

report was published she sent Members the final report with recommendations, together with the original terms of reference. The issues identified in the audit report were first discussed with the service manager and then signed off by CMT. It would be possible for members to see the draft report if requested.

Councillor Jones added that it would also be useful for members to see the terms of reference of the audit at an earlier stage. He expressed concerns about the waste and recycling service, in particular whether procedures were being followed, for example returning the bins correctly after emptying.

The Chief Executive said there was a difference between day to day performance managing and the issues covered by an internal audit.

In relation to a question regarding the Payroll & HR audit, it was explained that some errors in overtime claims had been picked up by payroll staff and as a result the management team had asked all managers to ensure that claims were made correctly.

The Chairman felt that members should be more proactive in questioning the audit's recommendations. In relation to health and safety, he asked why the full time officer was not expected to be in place until March 2014. It was explained that the post of Health and Safety Officer was currently shared with Harlow Council. UDC had given notice to Harlow that it wished to retain the officer full time, so Harlow was in the process of recruiting a replacement Health and Safety Officer for themselves. It was likely that UDC's Health and Safety Officer would start full time with the authority from January.

The committee noted the report.

PA36

INTERNAL AUDIT COUNTER FRAUD CORRUPTION WORK

The Audit Manager presented a report which updated members on the counter fraud and corruption work undertaken by the council's internal audit section since the last report to the committee in February 2014

In answer to a member question, it was confirmed that the relevant policies were available on the intranet and included in the new staff induction. The Audit Manager said she was hoping to raise the profile of this area within the council and was considering various measures to support this.

The committee was advised that the latest version of the Audit Committee Fraud Briefing was available. It was agreed that this would be circulated to members and if it was felt appropriate, a presentation would be made to the committee at a later stage.

The committee noted the report

PA37

QUARTER 2 PERFORMANCE 2014-15

The committee considered a report on the 2014/15 Quarter 2 results for the key performance indicators and performance indicators.

The Chairman said there had been many positive performance results this quarter. He was particularly pleased with the results for KPI 11,12,13,15 in relation to the determination of planning applications. These were impressive given the previous poor performance in these areas. He appreciated that the Assistant Director Planning and Building Control and his team had managed a very heavy agenda and he was impressed with what had been achieved.

The committee made comments in the following areas:

- i) KPI 01 - % of supplier invoices paid within 30 days receipt by the council

Members questioned why the Council was not always able meet the 95% target. It was explained that the E-Buy system had a new requirement for goods receipting and it was taking time for staff to become familiar with this procedure.

- ii) KPI 15 - Number of return visits to collect bins missed on first collection (per 100,000 collections)

The committee noted that this indicator had increased for the third successive quarter.

At this item, Members considered an accompanying report which benched marked how other Essex authorities dealt with the reporting of missed bins. The Assistant Director Corporate Services said there was very little consistency in the way this indicator was monitored across the district. The two authorities who were the most similar to Uttlesford used a bag system, which could not be compared as these were more difficult to miss. It was noted that Uttlesford still used the previous national indicator, which had a strict definition of what constituted a missed bin.

Councillor Dean commented that councils should take responsibility for the services they provided and not remove a missed bin from the statistics just because the residents got it wrong. The indicator should be a measure of the service that householders wanted and expected.

Members of the committee commented on their experiences and it became clear that the number of complaints appeared to depend on the nature of the ward area and/or the knowledge and consistency of the crew.

The Chairman asked CMT to consider the comments made and work towards a resolution of this matter.

iii) KPI 14 - percentage of household waste sent for reuse recycling and composting

The Chairman was surprised that this figure was not higher as he was under the impression that many residents recycled a high percentage of their waste. The Committee was informed that a new service manager for waste and recycling would shortly be appointed which would hopefully result in improvements in this area.

iv) PI 35 – No. of tonnes of garden waste from kerbside collections sent for composting

It was agreed that this target should be reviewed for 2015/16 in order to make it more realistic.

PA38

QUARTER 2 CORPORATE RISK REGISTER 2014/15

The committee considered a report on the Corporate Risk Register as at the end of the second quarter of 2014/15.

i) 14-CR 06 Potential increase in environmental crime

The committee agreed with the conclusion of the corporate team that this had not presented a significant risk for some time and controls were in place to deal with these matters.

ii) Emerging risk with regard to potential impact of moves in English devolution and current local authority structure

Members' view were sought on an emerging risk to the council with regard to the potential impact on moves in English devolution on the fabric of the council and the current local authority structures in the county. The Chairman questioned whether local authority reorganisation was

necessarily a risk. The Chief Executive said that there was likely to be a radical rethink of how two tier authorities work together and this could possibly have implications for the future of UDC.

iii) 14-CR 03 Decisions made by LSP do not inform council policy

In answer to a member question, the Chief Executive explained that changes to the National Health regime had increased the involvement in this area for district and county councils. UDC's presence was currently through the Health and Wellbeing Group of the LSP and there was a risk that the council was not contributing to the health role to the extent that it was required to do so. There was concern that the LSP followed its own agenda which did not necessarily dovetail with the council's own strategic objectives and to delivering its statutory duties. This matter was being pursued by the corporate management team.

iv) 14-CR 04 Local Plan

Councillor Dean asked why the wording of the risk had changed. He said that the issue of the objectively assessed need had been questioned during the ongoing Local Plan Inquiry. He was informed that this was a live document and had been updated in response to the change in nature of the tests required by the Planning Inspector. The Chairman said the purpose of this risk was the principle around the local plan and the possible failure to deliver.

v) 14-CR08 Little money available for highway improvements

Councillor Dean questioned the inclusion of this risk as UDC, not being the highway authority, had little control over this area. The Assistant Director Corporate Services said this was an action within the Corporate Plan, to work with the County Council on highway matters. The risk was that the district's Highways Panel would not deliver what it should.

The meeting ended at 8.55 pm.