

PERFORMANCE AND AUDIT COMMITTEE MEETING held at COUNCIL OFFICES LONDON ROAD SAFFRON WALDEN on 24 September 2015 at 7.30pm

Present: Councillor E Oliver – Chairman
Councillors G Barker, M Foley, J Freeman, N Hargreaves and B Light.

Also present: Councillor H Rolfe – Leader and Jo Wardle - EY.

Officers in attendance: J Mitchell (Chief Executive), R Auty (Assistant Director – Corporate Services), C Canbolat (Specialist Accountant), R Dobson (Principal Democratic and Electoral Services Officer), A Knight (Assistant Director – Finance) and A Webb (Director of Finance and Corporate Services).

PA12 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Gordon, Knight, Jones and Loughlin. Apologies were also received from Debbie Hanson of EY and from the Executive Member for Finance, Councillor Howell.

PA13 MINUTES OF THE MEETING HELD ON 30 JULY 2015

The minutes of the meeting held on 30 July 2015 were received and signed by the Chairman as a correct record.

PA14 MATTERS ARISING

i) Minute PA4 – annual governance statement

The Assistant Director – Corporate Services said the Internal Audit Manager would update members on the action point for inclusion of table format for showing information in the annual governance statement regarding allegations of breaches of the code of conduct.

ii) Minute PA5 - statement of accounts

The Assistant Director – Finance said the statement of accounts now omitted the joint parking partnership partner table and contained additional narrative, so it only reflected what was happening within Uttlesford, and was now more representative.

iii) Minute PA10 – fly tipping

The Assistant Director – Corporate Services said the last prosecution for fly tipping had been on 5 August 2014. The enforcement team were currently investigating a case that could lead to a prosecution. Enforcement would act where there was evidence, but it was very difficult to take action if there was none. In 2013 -14 there were 36 incidents of fly tipping; in 2014 -15 there were 45 and in the current year to date there had already been 34.

PA15

AUDIT RESULTS REPORT 2014/15

Jo Wardle presented EY's audit results report for the year 2014/15. She said the report gave an unqualified opinion on the financial statements and concluded that the Council had made appropriate arrangements to secure value for money. The report confirmed to the National Audit Office that the Council was below the specified audit threshold of £350 million. The audit certificate had been issued.

Regarding the audit risk, Jo Wardle said EY had, in accordance with the audit plan, looked at capital expenditure from the perspective of the audit risk of manipulation of accounting records. The auditors had not found any items where management had tried to manipulate items. There were a few items in capital expenditure which had been coded inappropriately to housing repairs but it was clear this error was not manipulative, and the items were not significant.

Jo Wardle said there had been reduced materiality in areas which might be politically sensitive and she would refer to these in more detail. With respect to value for money, the auditors had identified a risk area which was the Council's dependence on the new homes bonus. This authority was not alone in being in that position. The auditors had concluded that the current Medium Term Financial Strategy took account of this and that there were reasonably high levels of reserves should the new homes bonus be withdrawn.

Regarding EY's fees, the audit had been kept to within the fee, but there was an additional report to come, which would need to be taken into account.

Jo Wardle drew attention to a number of small adjustments to the figures to add more explanation, but none of these impacted on the bottom line.

There was a small item regarding cash in transit and the cash flow statement, and an unresolved balancing item.

Councillor Foley asked a question about the cash in transit item.

Jo Wardle explained the unresolved cash flow amount was very similar to one which was unresolved last year. The cash in transit figure which was a historical error identified as likely to have been an uncompleted step in bank reconciliation.

The Assistant Director – Finance said officers had validated the item back to 2009/10 and were confident it was a double-count. The transaction had remained on the general ledger, but would be adjusted out this year.

The Chairman said it was intriguing that the cash flow item had been resolved but seemed to have been caused by an error within the CIPFA toolkit.

The Assistant Director – Finance said the error was not solely attributable to the toolkit, as it was very difficult to isolate actual cash flow from many notional accounts. The reason for the error had been identified by the diligence of the Specialist Accountant.

There being no further questions, the Chairman thanked the Assistant Director – Finance and the finance team for the excellent work they had done, which he said had also been completed in good time.

PA16

STATEMENT OF ACCOUNTS 2014-15

The Committee considered the report of the Director of Finance and Corporate Services.

The Assistant Director – Finance highlighted a number of minor corrections which had been made since the report had first been circulated with the agenda pack. The updated copies of the Statement of Accounts had been circulated immediately prior to the meeting. The changes included minor alterations to the wording of the narrative. For the sake of clarity, it was noted that the parking partnership information had been included in the previously circulated accounts. This change was the removal of the North Essex Parking Partnership table so that the statement of accounts now only included the data for this authority, and not for the rest of the partnership.

The Assistant Director – Finance drew members' attention to the Letter of Representation at Appendix A of the report, which confirmed the Council had fulfilled its responsibilities. The letter included a summary of the three unadjusted audit differences which had been identified, and which the Council considered immaterial to the financial statements taken as a whole. She asked the Committee to approve the draft Letter of Representation as attached to the report and the Statement of Accounts as amended.

Councillor Hargreaves asked whether the expected rate of return of 14% for pension scheme assets and liabilities would continue to be expected in the future.

The Assistant Director – Finance said the figures had been supplied by the actuary for the pension fund.

Councillor Hargreaves asked about the increase in pension fund liabilities, and whether information was set out regarding a plan for reducing the deficiency.

The Assistant Director – Finance said an increase in liabilities was very complicated and therefore the information was directly supplied by the Essex Pension Fund figures. However further information on yield could be supplied to members on request.

Councillor Hargreaves referred to the collection fund. He asked whether the figure of £3,840,000 was still to be collected in respect of business rates. If so, should it be included in Sundry Debtors?

The Assistant Director – Finance explained the collection fund represented not only this authority, but all precepting authorities; furthermore the fund was broken down across different areas.

Councillor G Barker declared a non-pecuniary interest in that his wife Councillor S Barker was a member of the Essex County Council Pension Steering Committee. He held a dispensation from the Assistant Chief Executive – Legal in respect of this interest.

Councillor G Barker said the Essex Pension Fund had last year received a good rating in comparative surveys. He asked a question about the approach taken in the use of brackets in the report to denote negative or surplus figures.

The Assistant Director – Finance said all surpluses should be bracketed and all deficits non-bracketed.

RESOLVED to

- a) approve the Letter of Representation as attached to the report.
- b) approve the audited 2014/15 Statement of Accounts as presented to the Committee.

The Leader congratulated the finance officers for another unqualified set of accounts.

The Chairman thanked Jo Wardle for the work she and EY had done.

PA17

QUARTER 1 PERFORMANCE 2015/16

The Committee considered a report presenting the Q1 results for all quarterly-reported Key Performance Indicators and Performance Indicators.

The Assistant Director Corporate Services said he would first respond to questions asked at the last meeting. Regarding a request to collect information on reports submitted under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (“RIDDOR”) a summary of those regulations was available for members. The information set out circumstances in which an accident had to be reported to the Health and Safety Executive.

Regarding the time being taken to supply residents with replacement bins, the Assistant Director Corporate Services said an additional staff member had been deployed to bin deliveries and it was hoped that the deliveries backlog would be cleared within the next five weeks.

Councillor Foley said he had been contacted by residents who had now received their bins.

The Assistant Director Corporate Services then referred to the report. He drew members' attention to several points, in particular KPI 03 (Percentage of Non-domestic Rates collected), which, as described in the notes, showed the collection rate was down this quarter. This was due to two of the biggest ratepayers in the district (Stansted Airport and Diamond Hangar) having had a split in their rateable value assessment which had pushed their first payment instalment to July 2015. However by the end of quarter 4 this would have righted itself.

Regarding PI 14a (Homelessness: number of people presenting as homeless), the Assistant Director Corporate Services reminded members there had been questions at the previous meeting asked about this indicator. It was up to the Committee whether it should continue to be included. The data was already presented to the Housing Board. In order to include the date in the risk assessment management system it was included in the form of a performance indicator, but figures for how many people presented as homeless were not themselves an indicator of performance. Discussions with the Housing service had taken place regarding these performance indicators, and the conclusion reached that it would be for the Committee to decide whether it wished to continue receiving the data.

The Assistant Director Corporate Services said the next Key Performance Indicator, KPI 14b (the number of cases where positive intervention by the Council prevented homelessness), was of more interest to this Committee in terms of risk assessment.

PA18

QUARTER 1 CORPORATE RISK REGISTER 2014/15

The Committee considered a report presenting the Corporate Risk Register as at the end of quarter 1 2014/15.

The Assistant Director Corporate Services said this report related to the Council's new corporate risk register which had been approved by the Council in February 2015. It identified the key risks associated with delivering the Council's main strategic objectives. It had been amended to include a new corporate risk concerning the current refugee crisis.

In response to a question by Councillor Light about risk 15-CR12 (Range of services provided by the council is too broad), the Chief Executive said there were significant events occurring, one of which was the government's autumn statement; another was the move to devolution; and in contrast to the wider economy, the salaries this authority could offer to employees reflected

austerity levels. For these reasons it was difficult to attract recruits and Council would need to keep under review the services it provided. Many councils outsourced such services, and options for the future for this authority's role in providing its current services would need to be considered.

Councillor Light asked about any steps already taken to identify such services for review.

The Chief Executive said this exercise would be one for the whole council, after the autumn statement, over the next 18 months. There were no specific services identified at present.

The meeting ended at 8.15pm.

ACTION POINTS

Minute PA14	The Internal Audit Manager to update members on the action point for inclusion of table format for showing information in the annual governance statement regarding allegations of breaches of the code of conduct.
Minute PA16	Information on the Essex Pension Fund yield to be supplied to members on request.