

**PERFORMANCE AND AUDIT COMMITTEE MEETING held at COUNCIL OFFICES LONDON ROAD SAFFRON WALDEN on 19 NOVEMBER 2015 at 7.30pm**

Present: Councillor E Oliver – Chairman  
Councillors G Barker, J Freeman, J Gordon, D Jones, T Knight, B Light and J Loughlin.

Also present: Councillor S Howell (Cabinet member for Finance)  
Debbie Hanson (Audit Director – EY) and Jo Wardle (Audit Manager – EY).

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

**PA19 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Foley and Hargreaves.

Councillor Jones declared a non-pecuniary interest as he was a member of the Essex Pension Fund.

**PA20 MINUTES**

The minutes of the meeting held on 24 September 2015 were received and signed by the Chairman as a correct record subject to the correction of minute PA18 to refer to 2015/16 rather than 2014/15.

**PA21 MATTERS ARISING**

**i) Minute PA16 – Statement of Accounts**

Councillor Jones asked whether the expected rate of return for the pension fund was still 14% as stated in the minute. The Assistant Director - Finance had supplied a statement which said that rate of return was for the Assets only and was not a fixed rate figure, being 8% at 31st March 2014 and 14% at 31st March 2015. It was difficult to predict the movements year on year as the fund was run independently by Essex and involved high value and complex investments. Some of the investments were based on long term return and the rate of return was also dependant on the current economy and would move accordingly based on the annual economic outturn.

## **ii) Minute PA14 – Annual Governance Statement**

The Audit Manager confirmed that information about allegations of breaches of the Code of Conduct would be included in the Annual Governance Statement when it was prepared next year.

### **PA22 ANNUAL AUDIT LETTER 2014/15**

Debbie Hanson presented the Annual Audit letter. This communicated to the public the key issues arising from the work on the 2014/15 audit, which had been reported to the meeting on 24 September. It was a positive letter referring to the unqualified opinion on the financial statements and the appropriate arrangements that had been made to secure value for money. Good quality accounts had been prepared and she thanked officers for their assistance during the course of this work.

The letter included an additional section looking ahead to the changes in accounting and auditing requirements, which would impact on the future production of accounting statements.

On this matter the Director of Finance and Corporate Services said that the council was aware of the implications of the changes to local authority accounting to be implemented from 1 April 2016 and was waiting for further government guidance, particularly in relation to the requirement to account for infrastructure assets under depreciated historic cost. Officers were looking at changes in practice to achieve the requirement to produce the 2017/18 accounts at the earlier date of 31 May and progress towards this had been achieved with the completion of the 2014/15 accounts by 15 June 2015.

The report was noted.

### **PA23 AUDIT FEE LETTER 2014-15**

The committee noted the confirmation of the audit fee for 2014/15. This was in line with the agreed scale fee for the main audit work. The work on the housing benefit claim had not yet been completed and would be charged separately in January.

### **PA24 AUDIT COMMITTEE BRIEFING**

The committee noted a report by EY which highlighted current issues that might have an impact on the authority.

There was mention of the living wage, and it was confirmed that the council was already paying the amount specified by the Living Wage Foundation to staff and third parties. There had as yet been no announcement about the proposed Government national living wage.

There was a new requirement for local authorities to produce a narrative report on its financial performance and use of resources. The council was in the process of looking at an appropriate format.

It was noted that the current contract with EY would end in 2017. The Council would need a new contract for its external auditors and was looking at the possibility of a joint procurement with other local authorities.

The Chairman said that this was Debbie Hanson's last meeting. He thanked her for all the work she had done over the past few years and wished her success in her new position.

#### PA25 **INTERNAL AUDIT PROGRESS REPORT**

The Audit Manager presented the report which detailed the work undertaken by Internal Audit since 30 July 2015, an update on implemented and outstanding recommendations and an outline of the programme for the remainder of the financial year.

#### PA26 **INTERNAL AUDIT COUNTER FRAUD AND CORRUPTION WORK**

The committee considered a report which gave details of the counter fraud and corruption work undertaken by the council's internal audit section since the last report to the committee.

In relation to a question about the National Fraud Initiative, the Audit Manager explained that this was a national data matching exercise which compared information held by 1300 organisations to identify potential fraudulent claims. The recent exercise had identified 375 potential fraud matches but after more detailed investigation only four cases of fraud had been found.

Councillor Jones referred to a letter about entitlement to single person's council tax discount, which had been sent out by Civica on behalf of the council. Although he understood the need to seek supporting information, he was concerned at the threatening tone of the letter and a lack of transparency that the letter came from UDC. He was advised that the letter had been revised in the light of comments made but it was necessary to obtain specific personal details in order to assess entitlement, as this area was particularly susceptible to fraud. It was also noted that there had been a press campaign around this letter and an amnesty period for claimants.

The report was noted.

#### PA27 **QUARTER 2 PERFORMANCE 2015/16**

The committee considered a report presenting the Q2 results for all quarterly-reported Key Performance Indicators and Performance Indicators.

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

The report included an update from the Director of Public Services which explained the increased figure to 319 this quarter. There had been high levels of sickness and annual leave which has resulted in the use of agency staff but there had been a lack of suitable drivers to meet the demand. Alongside this changes to the collection system phased in from Q2 were still bedding in. Also there had been a number of vehicle breakdowns during this period. To mitigate this, procurement arrangements were being reviewed to obtain more suitable agency staff and there would be a programme to train loaders as drivers. There would be a phased approach to repair and maintenance and for the replacement of vehicles.

Members felt that the district's waste and recycling service provided an excellent service and the indicator represented a challenging target. It was noted that even with the increase in the number of bins missed this quarter the collection rate was 99.68% compared with the target of 99.96%

**KPI03 – percentage of non-domestic rates collected**

The figures had been distorted due to the delay in the payment of the instalment from Stansted Airport and Diamond Hanger but should be back on target by the end of the financial year.

**KPI107 a/b – Average number of days lost per employee through long term/short term sickness.**

The long term sickness figure, although still showing a red indicator, was being addressed. Members referred to a recent opinion that a number of periods of short term sickness were more disruptive to the business than long term absence. This area would continue to be monitored by the management team.

**KPI 09 – number of accidents reportable under RIDDOR**

Some members had mentioned that they had seen some of the crews running whilst on their rounds. This was something that should be addressed with the crews as a potentially dangerous activity.

**PI 14a – Number of people presenting as homeless**

**PI 14b – The number of cases where positive intervention by the council prevented homelessness.**

The committee felt that it was not appropriate for this area to be reported as quarterly performance statistics. The homelessness issue was already discussed at the Housing Board and it was agreed that a quarterly summary of the homelessness performance data should be circulated with the Members' bulletin from Q3 onwards. The figures would still be reported to the management team as local indicators.

**QUARTER 2 CORPORATE RISK REGISTER 2015/16**

The committee considered a report presenting the Corporate Risk Register as at the end of quarter 2 2015/16. Two new risks had been added in relation to the council's position around the proposed Greater Essex devolution.

**Risk 15-CR-06 – the council does not demonstrate how consultation responses have been taken into account**

Councillor Light was concerned that the Community Engagement Group set up a number of months ago had not yet met, particularly as the council was entering a critical period of public engagement. The Chief Executive said that this was a Member led group but he would pass these concerns to the chairman of the group.

**Risk 15-CR-09 – Inability to implement the economic strategy**

It was explained that reference to broadband options being difficult to progress referred to lack of cooperation of owners of tall structures where aerials could be placed. The council was exploring alternative ways of reaching communities in these areas.

**Risk 15-CR-16 - Potential breaches of planning control**

The Chief Executive answered concerns about the statement that 'the enforcement service is almost entirely reactive'. He said that given the available resources, this was a reasonable approach to take but it was important that the complaints were acted upon.

**Risk 15-CR-19- Aspirations of airport owners conflict with the council's views.**

A member asked how this risk related to further development at the airport. It was explained that the airport was yet to trigger the permission for between 25 – 35 mppa. Part of this permission would be the service access strategies, which would be considered by the council.

**CHAIRMAN'S URGENT ITEMS**

The Chairman said there was an opportunity to provide training for members of the committee and it was agreed to find a convenient date in January 2016.

There would also be the annual Performance and Audit Committee self-assessment day in April, which all members would be invited to attend.

The meeting ended at 8.15pm.

## ACTION POINTS

Minute PA27 Q2 Performance	<b>KPI 09 – Accidents under RIDDAR</b> The Assistant Director Corporate Services to ask the Director of Public Services to highlight the danger of running during rounds to the crews of the waste and recycling service.
	<b>KPI 14a &amp; 14b – Homelessness performance Indicators</b> The Assistant Director Corporate Services to remove the indicators from the quarterly performance statistics and advise the appropriate departments of the revised arrangements.
Minute PA16 Risk 15-CR-O6	The Chief Executive to speak to the Chairman of the Community Engagement Group about arranging a meeting.
Minute PA17 – chairman’s urgent items	The Audit Manager/Assistant Director Corporate Services to circulate dates for committee training in January 2016.