

**PERFORMANCE AND AUDIT COMMITTEE held at COUNCIL OFFICES
LONDON ROAD SAFFRON WALDEN at 7.30pm on 28 JULY 2016**

Present: Councillor E Oliver (Chairman)
Councillors D Jones, N Hargreaves and B Light.

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

Also Present: Councillor S Howell (Cabinet Member for Finance and Administration), Councillor H Rolfe (Leader), Mark Hodgson (Executive Director - EY) and J Wardle (Audit Manager - EY).

PA13 **APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

Apologies for absence were received from Councillor Gordon.

PA14 **MINUTES**

The minutes of the meeting held on 19 May 2016 were received and signed by the Chairman as a correct record.

PA15 **MATTERS ARISING**

The committee considered the action points from the last meeting.

Local Plan Expenditure – The Director of Finance and Corporate Services said he would report the figure for Local Plan expenditure to the September meeting, once the accounts had been fully audited.

Revenue and Benefits Account – Councillor Hargreaves said he had not yet met with the External Audit Manager but would raise the relevant points during the meeting.

Q4 Performance – missed bins – The missed bins figures had been shown this quarter as an absolute number. However it was not yet possible to provide reliable data by route.

Q4 Performance – validation process – Councillor Hargreaves said he had exchanged several emails with the Support and Business Manager to discuss the current reporting mechanism and had suggested possible improvements to the process.

PA16

AUDIT RESULTS

Mark Hodgson, Executive Director (EY) presented the main findings of the 2015/16 Audit. He was pleased to report that UDC had again achieved unqualified opinions on the Financial Statements and Value for Money Statement and had completed the accounts by the 31 July deadline.

He said the outstanding areas of work had been addressed, so the accounts could be approved and the Certificate issued at tonight's meeting.

The necessary assurances had been gained in respect of the risks identified in the planning phase of the Audit. The audit differences of £0.546m had been corrected within the revised financial statements.

The committee noted the issues that the council had chosen not to amend in the 2015/16 accounts. These were (i) cash in transit – an unresolved balance of £58k due to an historical error (ii) An error on the HRA account of £6,286 (extrapolated to £160k) charged to capital rather than to revenue. Both these issues would be resolved at the 2016/17 year-end closedown process.

In relation to Value for Money, the Audit found that the council had proper arrangements in place to secure economy, efficiency and effectiveness.

The overall conclusion was that the Audit had not identified any weakness in the council's arrangements.

The Committee NOTED the report and congratulated officers for their work in achieving these results.

PA17

STATEMENT OF ACCOUNTS 2015/16

Councillor Jones declared a non-pecuniary interest in this item as a member of ECC pension scheme.

The committee received the Statement of Accounts 2015/16, which presented the financial results for the year and summarised the position of the council as at 31 March 2016. It was considered in the context of the findings presented in the Audit Results. The statement included the minor amendments suggested by EY prior to the meeting.

Councillor Hargreaves asked a number of questions. He noted that the pension deficiency had stabilised after previous significant increases. He was informed that this was the result of recent actuary assessments of life expectancy together with an increase in the bond yield, but this was a fluid situation, which was subject to change.

He asked about the risk for the repayment of the £88m HRA loan following the imposition of the 1% rent reduction over the next 4 years. The Director of Finance and Corporate Services said the loan was reviewed on an ongoing

basis with advice from Arling Close. The loan could be re-profiled and adjusted if necessary.

He said the figures in relation to Business Rates on the income and expenditure account were misleading as it didn't show the Government reduction. The Assistant Director Finance said the figures were required to be presented in this form, but next year she could include a narrative to explain the actual income retained by UDC..

Councillor Light asked whether the decision to leave the European Union would impact on the council's finances. The Director of Finance and Corporate Services said he would be holding a member workshop in the autumn to explain the various unknowns now facing the council post Brexit.

Member asked questions about the council's decision to establish Aspire (SPV). It was explained that the £1.882m overspend in 2015/16 had been transferred to the Strategic Initiatives Fund but no money had yet been transferred to Aspire. A member workshop to discuss this issue was planned for the Autumn.

The Leader thanked the Finance team and EY for their first class work in producing these accounts.

RESOLVED TO

- 1 Approve the Letter of Representation as attached to this report.
- 2 Approve the audited 2015/16 Statement of Accounts as presented with this report.

The Chairman signed the Statement of Accounts and the Executive Director EY signed the Audit Option.

PA18 **INTERNAL AUDIT PROGRESS REPORT**

The Internal Audit Manager reported on the work undertaken by Internal Audit since the last report to the Committee.

PA19 **Q1 PERFORMANCE 2016-17**

The Assistant Director Corporate Services presented the report on the Key Performance Indicators (KPIs) and Performance Indicators (PIs) for quarter 1 2016/17. It included changes agreed by the committee at the last meeting to include the missed bins figures as an absolute number and to remove the RIDDOR indicator, which would be replaced with a more detailed health and safety report from quarter 2. The committee noted there was an improvement in the time taken to process homeless applications after the Assistant Director Corporate Services highlighted these figures, which are normally reported and discussed elsewhere.

KPI 03 – percentage of non-domestic rates collected. This indicator was below target due to the late payment by one large business. In answer to Members' concerns it was confirmed that the situation was being kept under review and the necessary action would be taken.

KPI08 – Average re-let time in days It was noted that the housing re-let time was still below target, due mainly to the poor performance by a contractor, but this was currently being reviewed.

KPI15 (a) number of return visits to collect bins that have been missed on the first visit. The Assistant Director Corporate Services put the figures into context, explaining that there were about 30 missed bins a day from a total of 18,000.

Councillor Jones asked whether it was mainly the Council or the residents at fault. The Assistant Director said it was often issues of unfamiliarity with the rounds that caused problems but he would ask Street Services if they could provide a more detailed explanation of the common causes of missed bins..

PA20

CHAIRMAN'S URGENT ITEMS

The Chairman invited Cllr Light to speak about Aspire

Cllr Light said she was concerned at the use of public money for this project, particularly with the current economic uncertainty. However, to assist with the successful development of the project she suggested that the council should consider appointing to the Board, non- executive directors who had experience in this field.

The Leader said it had been recommended that the senior members of the Board should be council officers and he was happy with the Governance proposed. However the suggestion of non- executive directors was an interesting idea and he agreed to investigate this further.

The meeting ended at 8.40pm.

ACTION POINTS

Minute PA15 Matters arising	The Director of Finance and Corporate Services to report the figure for Local Plan expenditure to the September meeting
Minute PA10 Quarter 4 performance Indicator	The Assistant Director Corporate Services to ask the Street Services Operation Manager to provide information to Cllr Jones about the common causes of missed bins
Minute PA20 Urgent items	The Leader to consider the idea of Non- Executive Directors for the Board of Aspire