

**PERFORMANCE AND AUDIT COMMITTEE held at COUNCIL OFFICES
LONDON ROAD SAFFRON WALDEN at 7.30pm on 15 NOVEMBER 2016**

Present: Councillor E Oliver (Chairman)
Councillors G Barker, M Foley, J Gordon, D Jones, N Hargreaves
and B Light.

Officers in attendance: R Auty (Assistant Director Corporate Services), D
Cottrell (Corporate Health and Safety Officer), R Dobson (Principal Democratic
and Electoral Services Officer), A Knight (Assistant Director – Resources) and
A Webb (Director of Finance and Corporate Services).

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

PA21 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillor Parr and from the Internal
Audit Manager.

PA22 MINUTES

The minutes of the meeting held on 28 July 2016 were received and signed by
the Chairman as a correct record.

PA23 MATTERS ARISING

The committee considered action points from the last meeting.

Local Plan Expenditure – The item was on the agenda and would be
considered at this meeting.

Q4 Performance – missed bins – The information requested had been
supplied to Councillor Jones regarding the common causes of missed bins.
Councillor Jones said the most common reason was human error, for example
missing bins at properties on corners where two rounds met; where two loaders
worked together in a team; or where a journey was resumed after a break.
There were sometimes issues over the location of new properties or confusion
over new rounds. Other reasons were resident errors such as not placing bins
out, leaving the access to bins locked up, failing to place bins by 7am or
presenting the incorrect bin.

Councillor Jones said it should be easy to train loaders to improve these figures
where bins were being missed due to human error, which would be an
operational matter for the relevant manager. The Director of Finance and
Corporate Services said he would take that request back to the Director of
Public Services. He was aware of some technical issues and recent use of

agency staff which had affected the figures. These issues were being addressed.

Aspire Board – Councillor Light asked whether there was more information on the action for the Leader to consider the concept of Non-Executive Directors. Councillor Howell said the point had been made and would be considered.

PA24

ANNUAL AUDIT LETTER 2015-16

Mark Hodgson, Executive Director of EY, presented the annual audit letter for the 2015/16 Audit, which was issued following completion of the audit procedures for the year, following the audit opinion and duly signed certificate in July. He said it was again good news as the opinion on the Council's financial statements was unqualified, and other information published with those statements was consistent with the Annual Accounts. The auditors had concluded that the Council had put in place proper arrangements to secure value for money in its use of resources. The Governance Statement was consistent with the auditors' understanding of the Council and there were no issues of significance to report. Mark Hodgson drew attention to two areas for future focus: the first, in respect of the result of the EU Referendum which would mean likely significant ongoing uncertainty for a number of months, affecting investment property valuations and defined benefit pension obligations; the second, the setting up of a special purpose vehicle (SPV) which would require consideration of legal powers, contracting arrangements, governance structures, risk management, financial modelling, accounting and tax implications.

The Chairman thanked Mark Hodgson and congratulated the Director of Finance and Corporate Services and the Assistant Director – Resources for their excellent work.

Councillor Hargreaves asked a question about a reference to “inappropriate capitalisation”. Mark Hodgson explained this was where capitalisation should have been expressed within the year rather than over a period of time. There were no indications that the incidence of inappropriate capitalisation at Uttlesford was due to anything other than a procedural error.

Officers explained the figure was £6,000 which related to items such as housing repairs where there had been confusion as to what was revenue and what was capital. Some training had therefore taken place to address this misunderstanding.

The Committee NOTED the annual audit letter.

PA25

ANNUAL AUDIT AND CERTIFICATION FEES 2016-17

The Committee received a report on audit and certification work which EY proposed to undertake for 2016/17. Mark Hodgson said the fees would be held at the same rates as for 2015/16 with the exception of work in relation to

housing benefit subsidy claim certification work, which would be set according to an indicative certification fee. EY would update its risk assessment after completion of the benefit certification work.

The Committee NOTED the annual audit and certification fees 2016/17.

PA26

AUDIT COMMITTEE BRIEFING

Mark Hodgson presented the latest audit briefing.

Councillor G Barker referred to suggested key questions for the Committee. He asked officers whether forthcoming changes to off-payroll working would impact on agency staff.

The Assistant Director – Resources said she understood the requirement would be to include agency staff on the Council’s payroll. She confirmed there would need to be detailed assessment of what would be required and the implications. The main areas which would be affected would be waste and planning, but for other services there should not be a significant impact.

Councillor Barker asked about actions needed to progress a review processes for reporting election results. The Director of Finance and Corporate Services said the proposed review would be submitted to the Democratic and Electoral Services Manager.

The Committee NOTED the report.

PA27

APPOINTMENT OF EXTERNAL AUDITORS

The Assistant Director - Resources presented a report on the transitional arrangements following cessation of the Audit Commission, which themselves were due to close after 2017/18. Options open to the Council were to opt in to the arrangements for a Sector Led Body, the Public Sector Audit Appointments (PSAA); to arrange an auditor panel and conduct a procurement exercise; or to explore the establishment of a local joint procurement arrangement with neighbouring authorities.

The report recommended the Council should opt in to the PSAA arrangements.

The Assistant Director – Resources said most local authorities operating in Essex, although not the County Council, were choosing to opt in to the PSAA arrangements. By opting in, this council would still be able to have input and express a preference within the list of approved auditors.

In response to a question from Councillor Light, regarding costs implications, the Assistant Director-Resources said the fees would be reflected in the auditors’ fees. Whilst it was not possible to state whether there would be an increase until after the tender, any fee would be likely to be much less than if the Council conducted the procurement exercise itself.

Mark Hodgson confirmed that the audit certification fee would include the PSAA fee.

The Chairman thanked Mark Hodgson for the work EY had done, and for his reports to the committee.

RESOLVED to recommend to Full Council that the Council opts in to the appointing person arrangements made by Public Sector Audit Appointments (PSAA) for the appointment of external auditors.

PA28

PROCUREMENT ARRANGEMENTS

The Committee considered the report of the Procurement Manager. The report summarised procurement activity for the first six months of the current financial year. Information was provided on two specific areas: contracts awarded over the value at which they were required to be tendered, which was £50,000; and instances where exceptions requests to contract procedure rules had been requested. The procurement strategy and brief details of contracts over the value of £50,000 were appended to the report. Clarification of a typographical error was given, in that a reference for a contract to convert back records should have stated *from*, not *to*, microfilm, as old records were being digitised.

Councillor Jones asked about the contract for water monitoring and treatment. The contract was stated to have an approximate value over the four-year life of the contract of £58,287.84, which would bring a projected saving of £271,712.16 against the current budget provision of £55,000 per annum. Councillor Jones questioned how such a large saving was being achieved.

The Assistant Director-Resources said the Procurement Manager had been working over a period of six years, to go through all the Council's long-term contracts, to ensure they suited the Council's purposes. Following much work on refining the contracts with suppliers to ensure precision over what was required, many were now much more competitive.

Councillor Jones said it was essential to ensure the contracts were right, and that there was no scope for challenge on any grounds.

The Assistant Director – Resources said no services had been downgraded as a consequence of this exercise. Performance management had been applied to ensure the right level of service was maintained and that the Council obtained value for money.

Councillor Foley asked about renewal of insurance contracts. The Assistant Director – Resources confirmed officers undertook a renewal check each year.

Councillor Barker asked about the implications of The Modern Slavery Act 2015. The Assistant Director – Resources said officers would be required to select and monitor all suppliers to ensure the Council was not dealing with any

that could be connected with exploitation. Risk areas for the Council needed to be identified.

The Committee NOTED the procurement update.

PA29

HEALTH AND SAFETY UPDATE

The Corporate Health and Safety Officer presented a report on health and safety activity and statistics on accident trends within service areas for the Council. The report, relating to the period 2014 – 2016, set out the categories of information, which covered accidents, near misses, aggressive incidents, road collisions and events involving members of the public. The Corporate Health and Safety Officer highlighted the main points of the report, in particular drawing attention to the fact that Street Services was the highest risk area and describing measures taken to reduce the risk. It was noted that trends showed a reduction in the number of accidents resulting in work absences and in the severity of accidents, and that the reason for accident reporting number remaining the same was due to increased reporting. Safety training had been delivered in-house, at a more competitive cost than if it had been given by an external supplier.

Councillor Gordon suggested health and safety training could include preventative training. He asked whether a known risk register was maintained.

The Corporate Health and Safety Officer confirmed he was responsible for the Council's register of persons who were known risks, the "visiting officers' register", which was used mainly by enforcement and electoral registration canvassers.

Councillor Barker commended the fact that training was now being provided in-house, saving money. He asked about the potential for such training to be supplied to external organisations. The Corporate Health and Safety Officer said this suggestion was under consideration.

The Chairman thanked the Corporate Health and Safety Officer on the progress made, and for what was a very helpful report. He asked that future updates be provided every six months.

The Committee NOTED the health and safety update.

PA30

INTERNAL AUDIT CHARTER 2016-2018

The Committee received a report on the review and updating of the Internal Audit Charter. Presenting the report on behalf of the Internal Audit Manager, the Director of Finance and Corporate Services highlighted the revisions to be made, following changes in legislation and guidance, and to reflect the current Corporate Management Team composition.

Councillor Barker asked whether there were any resource implications.

The Director of Finance and Corporate Services confirmed there were no resource implications.

RESOLVED to approve the internal audit charter 2016-18.

PA31

INTERNAL AUDIT PROGRESS REPORT

The Committee received the report of the Internal Audit Manager, presented by the Director of Finance and Corporate Services. The report set out details of work completed since the last meeting of the Committee; performance against the Internal Audit Work Programme; details of risk level 3 and 4 highest priority recommendations implemented since the last report, of which there were five, and confirmation that for this period there were no recommendations which had not been implemented by the due date.

[Councillor Rolfe joined the meeting at this point.]

Councillor Light questioned whether the report should refer to the need to consider data security as a consequence of the incident of a data breach suffered by the payroll supplier, Sage, during the Summer.

Officers explained it was not within the remit of Internal Audit to investigate the data breach of an external supplier, and that the Council had terminated the contract. The data breach had been due to a Sage employee who was determined to commit fraud. However the employee was foiled by the company's existing anti-fraud procedures. The Information Commission had carried out an investigation and had confirmed it was satisfied with the measures in place.

The Committee NOTED the internal audit progress report for 16 July to 31 October 2016.

PA32

LOCAL PLAN COSTS 2015-16

The Director of Finance and Corporate Services presented a report prepared in response to a request made at the meeting of the Committee on 19 May 2016 for a summary of the costs of the local plan in relation to the year 2015-16. As the accounts had been approved on 28 July, this was the first meeting of the Committee since that date. The report stated the budgeted costs of £220,000 and the actual costs of £354,000 and explained the fact that although the budget was set was based on work needed to continue to support a plan as it was adopted, the direction of travel changed and new studies were required to be undertaken at additional cost. It was further highlighted that the employee expenses included the use of agency staff, and although there had been an overspend against budget there had been no draw down made from the

Planning Reserve as there had been underspends in other areas of the directorate.

Councillor Hargreaves thanked officers for the report, and asked what the references to income from internal charges related to. The Director of Finance and Corporate Services said income related provision of services to other departments.

Councillor Hargreaves said he had expected the local plan costs for this period to amount to a higher sum.

The Director of Finance and Corporate Services said the period to which this report related was confined to the year 2015/16, as requested, and that there were four months between this period and the period covered by an earlier report requested by Councillor Parry. A figure of £190,000 had been incurred during the four months ending at 31 March 2015. The total costs would therefore need to take that figure into account.

The Committee NOTED the summary of the 2015/16 costs of the local plan.

PA33

QUARTER 2 PERFORMANCE 2016/17

The Assistant Director Corporate Services presented a report on quarter 2 performance for 2016/17. The report now included indication of trends.

The Committee considered each Key Performance Indicator (KPI).

KPI05 – Percentage of council tax collected

Councillor Hargreaves said members of the public had asked him about a report in the public domain about a councillor who had not paid council tax, and who was the subject of recovery action. In order to address these comments he requested an explanation of the situation.

The Director of Finance and Corporate Services explained the provisions of section 106 of the Local Government Finance Act 1992, which prevented a member in arrears of council tax voting on any financial matter. Section 106 of the Local Government Finance Act, 1992 set out that where a member was two months or more in arrears with council tax they were unable to vote on any matter that might affect the setting of the council tax. In effect this meant voting on any financial matter. At the start of any meeting where financial matters were to be voted on, the member in arrears would have had to declare that in accordance with S106 they were unable to take part in the said item due to council tax arrears. During the period of time when Councillor Goddard was in this position he had not attended any meetings where financial decisions were being made and therefore did not have to make such a declaration. Like any person who was in arrears, and where recovery has reached the court stage, the entire annual council tax debt became due. Therefore the amount owed and paid by Councillor Goddard was £2,548.95 including £80 of costs relating to the

granting of a Liability Order. It was important to note that the granting of a Liability Order was not a prosecution and Councillor Goddard has not been prosecuted for council tax arrears and he did not receive a fine.

Councillor Howell said he did not usually comment on this Committee's meetings, but had been invited to attend and wished to speak. The business of this Committee was the monitoring of the performance of the Council, and not that of any individual member. Consideration of this matter was inappropriate at this venue. Process had been correctly followed and the matter was now closed.

Councillor Hargreaves said if this forum was not the correct place to raise the matter, he apologised, but he had wished to understand more in order to account to those who had accused the Council of "looking after its own".

KPI 08 – average re-let time in days (General Needs only)

Councillor Jones asked what impact was anticipated on the Airport sell-off of properties.

Councillor Rolfe said MAG had been encouraged to sell its housing. The Council would be engaging with MAG regarding options.

Councillor Barker said he was aware the Portfolio Holder was attending a meeting this evening for residents who would be affected.

The Committee NOTED the report on Quarter 2 Performance for 2016/17.

PA34

Q2 CORPORATE RISK REGISTER 2016-17

The Assistant Director Corporate Services presented the report on the Corporate Risk Register as at the end of quarter 2 2016/17.

He said there were changes to the risk management processes to be introduced in the 2017/18 year. Much of the changes were based on the current Institute of Risk Management guidance, and should prove useful for looking at key risks of corporate plan priorities. There were fewer risks on the register but these were stated in greater detail. It was also suggested some risks could be views as opportunities and risk tolerance levels should be redefined.

The Committee NOTED the Quarter 2 corporate risk register 2016/17.

PA35

ANY OTHER URGENT ITEMS

The Chairman said there were no urgent items. However he wished to comment that he had attended the peer review session which he considered to have been a very good exercise for the Council.

The meeting ended at 8.40pm.

ACTION POINTS

Minute PA23 – missed bins	Suggestion for training of bin loading officers to be put to Director of Public Services to reduce number of bins missed due to human error.
Minute PA26 – key questions for Committee listed in EY briefing	Review of process for reporting election results to be conducted with input from Democratic and Electoral Services Manager
Minute PA29 – health and safety updates	Health and Safety updates to be provided six monthly.