

PERFORMANCE AND GOVERNANCE

Minutes of the meeting held on 8 January 2013 commencing at 7.00 pm

Present: Cllr. Fittock (Chairman) (Chairman)

Cllr. Walshe (Vice-Chairman)

Cllrs. Mrs. Bayley, Clark, Mrs. Cook, Davison, Dickins, Firth, London, McGarvey and Piper

Apologies for absence were received from Cllrs. Gaywood and Grint

Cllrs. Mrs. Davison and Ramsay were also present.

106. Minutes

Resolved: That the Minutes of the meeting of the Performance and Governance Committee held on 13 November 2012, be approved and signed by the Chairman as a correct record.

107. Declarations of interest

There were no declarations of interest.

108. Grant Thornton Update

The Chairman welcomed Andy Mack, District Auditor and Geoffrey Banister, the new Engagement Manager, from Grant Thornton. The District Auditor jointly presented the Audit Fee letter and the Grant Thornton document entitled 'Towards a tipping point?'

In response to questions he reported that the document had been written following the audit of fifty authorities by Grant Thornton last year, but in a year's time it would be taken from a sample of around 200 authorities. He would check the information with regard to the report stating it was only a sample of 24 authorities and did not differentiate between the 'type' of authority though on this occasion it was predominately district councils. He noted that it may be worth distinguishing next time. It was noted that there was no intention to name and shame, not without agreement of the relevant authority, the annual audit letter remained the feedback to the public. The point of the document was to highlight the importance of financial management and he recommended that Members review and consider it. It was agreed that the Finance Advisory Board would be better placed to do this. He explained that the fee was priced on the Council producing good accurate accounts, maintaining good practices and working papers, otherwise the fee would have to be reviewed. Grant Thornton was the fifth largest audit firm with the most up to date technology and economies of scale. The price was fixed for five years.

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A Member asked whether the report was necessary, the District Auditor replied that all the work was necessary for the Value for Money conclusion which required financial standing analysis. The onus was on Grant Thornton to produce something of value.

The Committee welcomed the reduction of 40% in the audit fee and requested that the work falling out of the "Tipping Point" document did not cause the Council any additional burden or expense.

Public Sector Equality Duty

Members noted that there were no adverse equality impacts arising from this report.

Resolved: That the report be noted.

109. Formal Response or Consultation Requests from the Cabinet and/or Select Committees following matters referred by the Committee:

- a) 2013/14 Budget and Review of Service Plans (Response from Cabinet 6 December 2012)
- b) Property Review – Cobden Road Centre, Cobden Road, Sevenoaks (Response from Cabinet 6 December 2012)
- c) Treasury Management Update (Response from Cabinet 6 December 2012)

The responses were noted. The Group Manager – Financial Planning report that a balanced draft budget would be presented to Cabinet on 10 January 2013.

110. Actions from the last meeting of the Committee (attached)

The completed actions were noted.

111. Future Business, the Work Plan 2012/13 (attached) and the Forward Plan.

It was noted that there would be a Benefits Fraud Annual Update presented at the next meeting, and that the Treasury Management Strategy being considered was 2013/14 and not 2012/13 as listed on the workplan.

112. Internal Audit Progress Report - Quarter 2

The Audit, Risk and Anti Fraud Manager's report provided details of the progress of the Internal Audit Team in delivering the Annual Internal Audit Plan 2012/13 and outcomes of final reports issued since the meeting of the committee in September 2012.

Members felt that with reference to the deferral of the Housing review it was potentially the right time to carry out an Audit. However The Audit, Risk and Anti Fraud Manager explained that it was normal practice to wait until things had settled down when a front line service is undergoing changes, in order to minimise disruption to service delivery. The Sale of Assets review was no longer needed because a potential proposal from Sencio had been shelved.

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Concern was expressed that of the four reports finalised during the period, there was only one review with a 'good' result. Members' attention was brought to the Audit Opinion definitions which showed that all of the reports issued were in the top three categories. With reference to the review of Information Management, the Director of Corporate Resources and Deputy Chief Executive said the result had been disappointing and mainly due to storage at London Road. However lessons had been learnt, and he hoped to see significant improvement in this area.

Public Sector Equality Duty

Members noted that there were no adverse equality impacts arising from the report.

Resolved: That the contents of the report and the progress made by the audit team in delivering the 2012/13 Annual Internal Audit Plan, be noted.

113. Risk Management Update

The report provided Members with an update on the progress of implementing the Council's revised risk management framework following the meeting in June, when Members were informed of plans to refresh and revise the framework.

Members congratulated the Audit, Risk and Anti Fraud Manager for arranging the free risk management training for Members.

Public Sector Equality Duty

Members noted that there were no adverse equality impacts arising from the report.

Resolved: That the contents of the report be noted.

114. Treasury Management Strategy 2013/14

The Local Government Act 2003 (the Act) and supporting regulations required the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans were affordable, prudent and sustainable. The Act required the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by investment guidance issued subsequent to the Act). The report set out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

Members' attention was drawn to paragraphs 57-59 of the report, which dealt with changes to the investment criteria in the light of recent credit rating downgrades. Paragraph 58 set out officer's proposals for the 2013/14 investment policy. Members agreed with the proposals in general, but expressed great concern with regards to increasing the limits of investments to 40% of the total fund to any single institution or institutions within a group of companies. Some Members felt that it should remain at 25% or possibly increase to 30%. A Member was nervous of Building Societies.

In response to a question on longer term investments, the Principal Accountant reported that advice received recommended against investments for longer than three months,

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except in the cases of semi-nationalised banks and public authorities where up to one year was recommended. This was in line with what neighbouring authorities were doing.

It was agreed that these concerns should be referred to the Finance Advisory Group.

Public Sector Equality Duty

Members noted that there were no adverse equality impacts arising from the report.

Resolved: That the concerns expressed above be drawn to the attention of the Finance Advisory Group.

115. Budget Monitoring - November 2012 Figures

Members considered the budget monitoring figures to date and noted the favourable year end forecast.

In response to questions the Group Manager – Financial Services stated that the shortfall in Direct Services would be covered by savings elsewhere within the Council. Members were advised that the services causing this situation areas were going to be reviewed. At this time there was no budget assumption that the service would be cut. It was noted that Pest Control was not a statutory service. A Member expressed great concern that there was a fixed contract for this service

Action 1: Group Manager – Financial Planning, to check the details of the contract with the Head of Environmental and Operational Services.

The Director of Corporate Resources and Deputy Chief Executive explained that a reasonable length contract had needed to be offered in order for the service to be viable. All contracts had to be looked at individually. Pest Control would be going to Social Affairs Select Committee as part of the review process, in the near future. Councillor Firth requested a full and comprehensive answer be given to the question as to which Committee was responsible for contract lengths and service standards. The Director of Corporate Resources and Deputy Chief Executive advised that this responsibility stretched across this, all the Select Committees with final responsibility resting with Cabinet. Members requested further details such as the number of similar contracts and whether they were commercially competitive.

Action 2: The details requested and procurement guidelines be reported at a future meeting.

Members discussed length and content of reports and appendices and reduction of printing costs. The Portfolio Holder for Finance and Value for Money advised that he would be looking at the committee structure and reducing the number of meetings.

Public Sector Equality Duty

Members noted that there were no adverse equality impacts arising from the report.

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Resolved: That the report be noted.

THE MEETING WAS CONCLUDED AT 8.50 PM

CHAIRMAN