

## PERFORMANCE AND GOVERNANCE

### Minutes of the meeting of the Performance and Governance held on 27 September 2011 commencing at 7.00 pm

Present: Cllr. Walshe (Vice-Chairman in the Chair)

Cllr. K S Bayley, Cllr. C Clark, Cllr Mrs A Cook, Cllr. M Dickins,  
Cllr. Mrs A Firth, Cllr J Gaywood, Cllr. J Grint, Cllr. J London and  
Cllr. R Piper

Apologies for absence: Cllr. M Fittock and Cllr. P McGarvey

Cllr. Mrs B Ayres, Cllr. L Ayres, Cllr Mrs J Davison, Cllr. A Eyre,  
Cllr. P Fleming and Cllr. B Ramsey were also present

#### **18. MINUTES OF THE PREVIOUS MEETING**

Resolved: That the minutes of the meeting of the Performance and Governance Committee held on 28 June 2011 be approved and signed by the Chairman as a correct record.

In response to a Member's query as to who decided which areas of underperformance were appropriate to be referred to a Select Committee or Officers (Minute 9 (b) 28.06.11), the Deputy Chief Executive and Director of Corporate Resources advised that it was for the Committee to decide.

#### **19. DECLARATIONS OF INTEREST.**

Cllr. Mrs Cook declared a personal interest in Minute No. 9 as a governor of Leigh Primary School.

Cllr. Mrs Firth declared a personal interest in Minute No. 3 (a) and 9, as a local Member for Ide Hill.

Cllr. Piper declared a personal interest in Minute No. 3 (a) and 9, as a local Member for Brasted, Chevening and Sundridge and as a Member of Sevenoaks Town Council.

#### **20. FORMAL RESPONSE OR CONSULTATION REQUESTS FROM THE CABINET AND/OR SELECT COMMITTEES FOLLOWING MATTERS REFERRED BY THE COMMITTEE:**

- a) Property Review – Disposal of Public Toilets (Ide Hill, Kemsing, Leigh, Swanley (Cabinet 21.07.11)

The response was noted.

- b) Argyle Road Offices – Accommodation for Moat Housing (Cabinet 27.07.11)

The response was noted.

**21. MINUTES OF THE FINANCE ADVISORY GROUP**

The Minutes of a meeting of the Finance Advisory Group held on 27 June 2011, were noted.

*Action 1: Invitations to be extended to Local Members to attend meetings of Finance Advisory Group when considering property disposals in the first instance.*

**22. ACTIONS FROM THE LAST MEETING OF THE COMMITTEE**

The completed actions were noted.

**23. FUTURE BUSINESS, THE WORK PLAN 2011/12 (ATTACHED) AND THE FORWARD PLAN.**

The Committee considered the Work Plan for the coming year and made the following amendments:

- Internal Audit Q2 Report moved from November 2011 to January 2012 meeting.
- Note removal of the Audit Commission Audit Fee letter from the Work Plan as this had now been placed on the Members' Portal for information.
- Draft Statement of Accounts to be considered at the next scheduled meeting after June 2012.
- Medium Term Financial Strategy moved from November 2011 to January 2012 meeting.

It was noted that much of the Committee's work programme and timescales were dictated by legislation and external agencies.

*Action 2: Chairman and Vice Chairman to review the Work Plan with the Deputy Chief Executive and Director of Corporate Resources, with a view to balancing the workload where possible.*

**24. STATEMENT OF ACCOUNTS 2010/11 - OUTCOME OF EXTERNAL AUDIT**

The Committee welcomed the District Auditor – Andy Mack, Audit Manager - Richard Smith and Team Leader – Lauren Massoud from The Audit Commission. The District Auditor advised that with reference to the two main areas - Statement of Accounts and Value for Money, it was good news. With regards to the Financial Statements he was happy to issue an unqualified opinion. It had been a challenging year as it was the first time the Statement of Accounts, in common with those for all other local authorities, had been compiled in line with International Financial Reporting Standards (IFRS). The Council had done a good job of bringing the local authority accounting in line. There was nothing to worry about and no fundamental amendments, overall there were good financial systems and controls in place. With reference to Value for Money, he was also happy to issue an unqualified opinion on the Council's economy, efficiency and effectiveness in its use of resources stating that the Council had performed well and shown good practices such as its partnership working. There was robust and resilient long and medium term financial planning which was managed well by a small but efficient team.

In response to a request for a reduction in the size of the Statement of Accounts, the District Auditor advised that the bulk was due to the detail required by the new International reporting standards which had been brought in as a result of public concerns over misappropriation of funds. However the Audit Commission was lobbying CIPFA, the Government and the CLG for the ability to produce a shorter summary paper for Members as they were not expected to know and understand every last nuance but needed to receive a report that gave them a broad understanding and enabled them able to ask relevant and informed questions. He also undertook to meet with officers and see if there was anything that could be done in the meantime, and noted that a Sevenoaks specific scene for the front picture of future reports would be more favoured.

With regards to the abolition of the Audit Commission, the District Auditor explained that the date for abolition by the end of 2012 had been pushed back due the complexity. It would now happen as a two stage process. Stage one was the privatisation of the Audit Commission staff by the end of 2012, to avoid redundancy costs and in order to establish a more competitive audit market from which to be able to select tenders by 2015 (stage two). The Leader of the Council addressed the Committee advising that it was not a very competitive market and offered little choice with many of the larger firms not interested in tendering. There was also the possibility that instead of lowering fees due to the competition that fees may increase as a result of less market choice.

A Member asked whether there was any news from the Appeal at the Supreme Court concerning The Icelandic Bank, as to what proportion, if any, of the £1M would be retrieved. The District Auditor understood that a judgment was due imminently but understood there may be a delay. The Head of Finance and Human Resources reported that she had been advised that they would be informed of the decision in October.

In response to various queries the District Auditor advised that the reporting format was dictated. Private Finance Initiatives (PFIs) had previously been encouraged as off balance sheet accounting. In his opinion this had been wrong and the new format forced them back onto the balance sheet. An error in the note referring to Officers' Remuneration and other employees was noted for correction.

Resolved: That the Statement of Accounts 2010/11, be approved.

**25. PERFORMANCE MANAGEMENT PERFORMANCE REPORT**

The Chairman, with the agreement of the Committee, brought consideration of this item forward on the agenda. Members' attention was brought to the paper tabled at the meeting which reported the Services Select Committee Performance Indicators (PI's) for August 2011/12, and the Deputy Chief Executive and Director of Corporate Resources referred Members to the changes from the July information contained in the agenda.

A Member was concerned that the target set for LPI DC 004 seemed a little tough and asked whether it was management aspiration or a historical figure. In response, the Deputy Chief Executive and Director of Corporate Resources advised that in general targets were set with reference to historical performance, feedback, requests from Portfolio Holders, and where resources allowed, an aspiration to perform in the top quartile of national performance. In general they were quite tough to give Service Managers something to aspire to. It was noted that this was an overall performance indicator and did not differentiate between delegated and committee decisions. The Portfolio Holder for Planning and Improvement advised the Committee that lessons had been learnt and more comprehensive reasons for refusal were being formulated whenever applications were turned down within the Green Belt.

The Head of Environmental and Operational Services was asked whether it would be appropriate to increase the charges for collection of trade waste and cesspool emptying, whether it was a legal duty to provide these services, and whether it was profitable enough to continue. In response he explained that charges were put up annually, there was only a legal duty to provide the service if it was requested – but that it could be delegated to contractors, and that it was profitable and helped to offset other costs. The Leader of the Council advised that it gave a degree of flexibility to matters such as household waste collections, and allowed more effective use of labour. Members agreed that the issues would benefit from a more in depth review by the Finance Advisory Group.

Members considered red indicators for Housing Benefits and agreed to refer this for further consideration to the next meeting of Services Select Committee, along with the September figures. Members discussed the difficulties in recruiting experienced Benefits Assessors.

Concern was expressed at the possible dangers of having targets that were reliant on third party action and out of the Council's control.

Resolved: That:

- (i) the contents of the report be noted;
- (ii) LPI DS 002 –be referred to the Finance Advisory Group for further consideration; and
- (iii) LPI HB 001, 002, 005 & 006 be referred to Services Select Committee for further consideration.

## **26. ASSET MANAGEMENT PLAN - ANNUAL REPORT**

The report detailed the progress made against the Asset Management Plan, the performance of the Council's properties and identified further improvements to be undertaken in the forthcoming year. The Professional Services Manager advised that the National Property Performance Indicators were not compulsory and their validity, given the lack of participating councils was in question. He would be attending a meeting with CIPFA the following month to discuss whether these were still appropriate and should be reviewed. In response to a question concerning the lengthy timescales such as for the disposal of public toilets, he replied that a transfer could be very complex but he had been in discussions with the legal team who were aware of the timescales and he would be holding regular meetings with them to expedite the process as much as possible.

A Member was pleased with the percentage of properties in good or satisfactory condition, but queried the 20.4% needing essential work within two years. The Professional Services Manager reported that the numbers were not too dramatic and the Team was aware of the issues and did their best to balance the works needed with the money available. There was a limited budget to fund maintenance works, which was why the property review was being carried out. The Deputy Chief Executive and Director of Corporate Resources pointed out that building maintenance was only 40% funded and therefore it was difficult to meet all the requirements. He praised the Team for the work they managed with their budget.

*Action 3: The Professional Services Manager to produce a report on occupancy of the Argyle Road council building once MOAT has moved in.*

Resolved: That the contents of the report be noted.

## **27. ASSESSMENT OF COMPLAINTS**

The Head of Legal and Democratic Services presented a report which detailed the outcome of a review into complaints being forwarded to Members (Action 7 Minute 12 – 28 June 2011), and provided further background to the issue. Members' attention was drawn to the legal advice circulated as a separate addendum to the agenda. It was noted that the suggested amendment provided in the legal advice had already been implemented.

Members supported the current approach and were happy to be involved in more depth at the request of the complainant.

*Action 4: Internal procedures be amended to ensure that where consent has been given in compliance with Data Protection, the final response on any complaint be sent to involved Members.*

Resolved: That the report be noted.

## **28. INTERNAL AUDIT PROGRESS REPORT - QUARTER 1**

The report summarised the audits issued during the year to date and the progress of the team in delivering the Annual Internal Audit Plan 2011/12. The Audit, Risk and Anti-fraud Manager informed Members of his proposal to defer or cancel three reviews within the plan. However, these deferrals or cancellation would not affect the team's ability to deliver assurance at the end of the year. Members were assured that Dartford Borough Council had received a similar report requesting postponements of three reviews.

Resolved: That:

- (i) the content of the report and the progress made by the audit team in delivering the 2011/12 Annual Internal Audit plan, be noted; and
- (ii) it be noted that the three audits from the 2011/12 Annual Plan may need to be deferred or cancelled.

## **29. ANNUAL TREASURY MANAGEMENT REPORT 2010/11**

Members considered the report which provided the customary review of investment activity during 2010/11 as required by the Council's Financial Procedure Rules. The report outlined the strategy adopted during the year, showed the position of the investment portfolio at the beginning and the end of the year and gave details of how the fund performed in comparison with previous years and against various benchmarks.

Resolved: That the Annual Treasury Management Report for 2010/11 be commended to Cabinet.

## **30. BUDGET MONITORING - AUGUST 2011 FIGURES**

The Head of Finance and Human Resources introduced the report and advised that the Finance Advisory Group had already considered the figures to the end of July 2011. The main difference since then was that though the year end forecast figure was still worse than budget (£54,000 adverse), it was an improvement and would hopefully be further reduced.

A Member was concerned lest savings through delays in filling vacant posts may be making the figures more favourable. The Head of Finance and Human Resources reported that with regard to vacant posts there was an assumption of a three month delay in filling a post and the pay budget for these months were removed from the service budgets unless held vacant for other reasons or it had not been possible to fill the post. In response to a question as to whether planning officer jobs were being held vacant for the three months, the Chief Executive advised that all departments were able to make a special request to recruit to vacant posts more swiftly, and that planning had just made such a request.

In response to a question the Leader of the Council addressed the Committee confirming the Council's good track record of partnership working – highlighted by the recent silver award awarded by the Institute of Revenues, Ratings and Valuation (IRRV), and advising that the risk was in the ability to find a willing partner.

Resolved: That the report be noted.

THE MEETING WAS CONCLUDED AT 8.50 pm

Chairman