

## PERFORMANCE AND GOVERNANCE COMMITTEE

Minutes of a meeting of the Performance and Governance Committee held on 13  
March 2012 commencing at 7.00 pm

Present: Cllr. Fittock (Chairman)

Cllr Walshe (Vice-Chairman)

Cllrs. Mrs. Bayley, Clark, Mrs. Cook, Davison, Dickins, Gaywood, Grint, Hogarth, McGarvey and Piper.

Apologies for absence were received from Cllrs. Firth and London.

Cllrs. Mrs. Davison and Ramsay were also present.

### 52. MINUTES

Resolved: That the Minutes of the meeting of the Performance and Governance Committee held on 10 January 2012, be approved and signed by the Chairman as a correct record.

*ACTION 1: The financial year to be included when minuting the monthly budget monitoring reports.*

### 53. DECLARATIONS OF INTEREST.

No declarations of interest were made.

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

#### (a) Treasury Management Strategy (Response from Cabinet – 9 February 2012)

The response was noted.

### 55. ACTIONS FROM THE LAST MEETING OF THE COMMITTEE.

The completed actions were noted. Members thanked the Audit Risk and Anti-fraud Manager for the excellent free training session provided by Zurich Municipal.

*ACTION 2: The Audit Risk and Anti-fraud Manager to provide Members with copies of the presentation slides.*

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### 56. TO RECEIVE THE MINUTES OF THE FINANCE ADVISORY GROUP FOR INFORMATION.

Members noted the Minutes of the meeting of the Finance Advisory Group held on 25 January 2012.

With reference to Minute 38 'Kent County Council Superannuation Fund – Investments', the Chairman of the Finance Advisory Group advised the Committee that he had written to the Secretary of the Superannuation Fund and had received a reply that would be considered at the next meeting to which everyone was welcome to attend. Sevenoaks District Council was not directly represented, however vacancies did arise but the Committee had to be politically balanced.

The Director of Corporate Resources and Deputy Chief Executive, advised that there was ongoing dialogue at officer level, and that the Secretary of the Superannuation Fund Committee was always willing to give presentations on performance.

*ACTION 3: The Director of Corporate Resources and Deputy Chief Executive to arrange a presentation to all Members either at a separate meeting or at Full Council, by the Secretary of the Superannuation Fund Committee.*

Resolved: That

- a) Members' concerns in relation to the limited influence of district councils and lack of feedback from the Superannuation Fund Committee, be noted; and
- b) the Finance Advisory Group be requested to monitor this issue.

### 57. FUTURE BUSINESS, THE WORK PLAN 2011/12 AND THE FORWARD PLAN.

Members noted that 'Self Assessment of the Effectiveness of the Committee' had been removed from the Work Plan as the Council was no longer under an obligation to continue to do this. 'Annual Review of Terms of Reference' remained on the Work Plan but had not been submitted because a fundamental review of the Council's Constitution was due to take place in the summer.

Members discussed adding the monitoring of s.106 contributions, social housing contributions and the community infrastructure levy (CIL) to the Work Plan, or referring the issue to the appropriate committee. The concern was that checks should be kept on the amounts received and how they were allocated. The Chairman of the Finance Advisory Group reported that these arrangements were already reviewed by the Finance Advisory Group. The Chairman responded that the Committee could therefore monitor this issue through receipt of the Finance Advisory Group minutes.

58. AUDIT COMMISSION - AUDIT PLAN AND UPDATE.

The District Auditor, Andy Mack, and the Audit Manager, Richard Smith, presented the report. The District Auditor advised that they were very familiar with the Council's systems and procedures and that there was good continuity on both sides. With the new Financial Manager in position, he was assured for arrangements until September 2012. The Audit Manager reported that property valuations had been highlighted as a potential risk as they were subjective and cut across various accounts, and advised that the interim visit had already started with the final visit occurring in the summer once the draft accounts had been completed.

Members attention was drawn to key emerging national issues and developments and a list of questions which the Committee needed to consider in order to assess whether it had received sufficient assurances on emerging issues. The Audit Manager advised that responses to these questions should be ideally submitted by 30 April, but it was possible to wait until June 2012.

The District Auditor reported that since the despatch of the agenda, the contract for the next five years covering South London, Surrey and Kent had been awarded to Grant Thornton, the fifth largest audit firm in the United Kingdom and which would now become the largest provider of public audit. In October, staff would transfer to Grant Thornton under TUPE arrangements, the Council would be consulted and notified in writing. There would be an opportunity to meet the new providers on 3 May 2012.

The Audit Manager advised that the audit fee would see a reduction of up to 40%. In response to questions he confirmed that this would be on top of the 10% reduction already received. Much of the savings would be made from the ceasing of certain functions such as no longer producing national reports, and also benefiting from private sector efficiencies such as a larger organisation with more up to date technology. It was hoped that at the local level service would be maintained, though charging may be introduced where accounts and statements were not of good quality. Furthermore the Audit Commission had built up reserves over time which as it was now disbanding would be returning, and would be refunding 8% for 2011/12. The District Auditor stated that he and the Audit Manager were determined to maintain and improve their performance and would be happy to report regularly to the Committee and were happy to agree to local performance indicators.

Resolved: That

- a) authority be delegated to the Chairman and Vice Chairman to consult with Officers and provide a response to the assurances required, on behalf of the Committee, in order to meet the 30 April 2012 deadline; and
- b) the report be noted.

59. ARGYLE ROAD OFFICES, SEVENOAKS - OCCUPANCY REPORT.

The Property Services Manager reported that the Council periodically reviewed the costs and benefits of retaining the building compared with the costs and benefits of alternative accommodation. At the latest review in October 2009 it was concluded that the most cost effective option for the Council was to remain in the Argyle Road offices but to increase occupancy rates where possible to make best use of the asset. 50% of the annual cost was non domestic rates, the building had been designed for one user and it was difficult to split it up due to the heating and ventilation systems. A number of developments were due to take place shortly, or were being considered, that would make further improvements in the use of the building and were outlined in the report. Further to this, talks were taking place with Kent Social Services and the Chamber of Commerce. It was not possible to start work on the area vacated by Environmental Health until April 2012 due to IT issues.

A Member asked whether there was an increased risk by having non-council staff within the building. The Property Services Manager replied that he had checked this with the insurers. There would be an increased risk if it were commercial organisations, but this would be difficult to achieve anyway, and the physical risk was reduced by the Police presence. He advised that all staff from MOAT were CRB checked and there were relevant clauses in the agreements to deal with any problems. The MOAT and Police IT systems were separate and therefore the Council's IT infrastructure was not vulnerable.

A Member queried the amount of letting space available. The Property Services Manager advised that it was limited without a large investment.

*ACTION 4: The Property Services Manager to inform Members of the amount of letting space available.*

Members were concerned by the lack of rent paid by the Police. In response to questions the Property Services Manager responded that the Police only paid running costs as they put in a significant amount of capital paying for all the work undertaken that also benefited the Council in the long term. MOAT was a better example of the usual transaction. The Chief Executive explained that the Police had been looking to move into their own premises at Swanley and Edenbridge, but approached the Council as they wished to keep a presence in Sevenoaks. It was agreed by Council that on top of the capital outlay they would move in and pay running costs, not rent, with the proviso that when they no longer paid for their rented accommodation in Sevenoaks a rental agreement would then be revisited. This was due to be reviewed as part of the rental negotiations for the proposed new Police Office. A Member was not happy with the commercial basis on which this has been done. Another Member wondered whether the cost of CCTV could be met as part of the reciprocal costs.

The Property Services Manager advised that the Cabinet Member for Finance and Value for Money would approve any rent agreed based on the cost of works with payback within the occupancy period. At the moment they were looking at a ten year

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lease with an 8% return but this depended on the tender price, which would be brought before Members once received. In response to questions he replied that there would have to be break clauses built into the contracts. The Chief Executive advised that the running costs of the Argyle Road accommodation were fixed whether the space was let or not, so there was a benefit in real terms by having them filled with a contribution to running costs.

Resolved: That

- a) a further report be brought back with an update on the new Police Office and a more in depth consideration of value for money in the letting process; and
- b) the report be noted.

### 60. UPDATE OF THE COUNCIL'S ANTI-FRAUD AND CORRUPTION STRATEGY TO REFLECT THE REQUIREMENTS OF THE BRIBERY ACT 2010

Members noted that the Bribery Act came into force in July 2011, and the Act introduced new requirements which UK organisations (both commercial and public bodies) had to comply with. In order to respond to the requirements of the Act parts of the Anti-Fraud and Corruption Strategy needed to be updated in order to reflect the requirements of the Act.

Resolved: That the proposed amendments to the Council's Anti-Fraud and Corruption Strategy be approved.

### 61. ANNUAL INTERNAL AUDIT PLAN 2012/13

The Audit, Risk and Anti-fraud Manager presented a report which incorporated the Annual Internal Audit programme for 2012/13 for approval by the Committee. The objective of the plan was to ensure that the Audit, Risk and Anti-fraud Team delivered reasonable assurance to the Council regarding the effectiveness of internal controls, governance and risk management processes in fulfilment of the Council's statutory responsibilities. He advised that the three audits which were deferred from last year had now been included in the plan and would be done as soon as possible, and that staffing issues had been resolved by the return of the Principal Auditor back to a five day week. A Member congratulated the Audit, Risk and Anti-fraud Manager on the clear presentation of the Audit Programme and Resource Plan for 2012/13.

Resolved: That the draft Internal Audit Plan for 2012/13, be approved.

### 62. INTERNAL AUDIT PROGRESS REPORT - QUARTER 3

The report summarised the progress of the Audit Team in delivering the Annual Internal Audit Plan 2011/12 and the outcome of audit reviews completed since the last meeting of the Committee. The report indicates that satisfactory progress is being made towards delivering the assurance requirements for 2011/12. No significant concerns were raised within the report.

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Resolved: That the contents of the report and the progress made by the Audit Team in delivering the 2011/12 Annual Internal Audit Plan, be noted.

### 63. PERFORMANCE MONITORING

The report provided the Committee with a summary of Council performance and detailed all 'Red' performance indicators for the period to the end of January 2012.

With reference to LPI DS 002 – Total Trading Account Position (year to date), the Policy and Performance Manager assured a Member that whilst the Finance Advisory Group would be considering diesel costs they would also be looking at the trading account as a whole and looking at all elements of the budget.

Members were concerned at the 10% level of staff affected by illness and requiring extended periods of absence. Members were interested to know how much was stress related, work related or other causes, and how it compared with the national average. The Director of Corporate Resources and Deputy Chief Executive recognised that long term sickness levels were high but it had been a difficult 12 months. He stated that a number of processes were in place to manage and control sickness levels, however, some delays were out of the Council's control such as chasing G.P. reports, which can take 3-4 months. The Chief Executive reported that Management Team had looked very carefully at this issue and the new Human Resources Manager had been asked to look at it and see if she could develop a revised strategy to bring the figures down.

Resolved: That

- a) that LPI HR 003 – Number of working days lost through long term sickness absence per FTE (>20cumulative days) be referred to Services Select Committee; and
- b) the contents of the report be noted.

### 64. BUDGET MONITORING - JANUARY 2012 FIGURES

Members considered the Budget Monitoring Report for the month ended January 2012, financial year ending 2011/12.

The Group Manager – Financial Services reported that the forecast for the end of the year was a favourable position of £83,000 which is 0.6% of the Net Expenditure Budget. He also informed Members that there are several financial uncertainties facing the Council in the near future such as localising support for Council Tax, Universal Credit, retention of Business Rates and setting the formula grant. By continuing to update the 10-year budget model with new information as it arrives, this Council should continue to be in a stronger position than other Council's who only budget on a year to year basis.

A Member asked for more details of the budget overspend due to the increased number of homeless people in bed and breakfast accommodation.

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*ACTION 5: The Director of Corporate Resources and Deputy Chief Executive to provide further information about the increased use of bed and breakfast accommodation.*

In response to a question the Director of Corporate Resources and Deputy Chief Executive, replied that the Big Community Fund would continue as long as it was funded by the New Homes Bonus. The Government had intended it to be for six years, however in light of changes to grant formula it would be prudent to assume it was time limited. Any monies remaining from the £10,000 per month allocation were rolled over to the following month.

*ACTION 6: The Director of Corporate Resources and Deputy Chief Executive to find out and inform Members as to the present Big Community Fund rollover amount.*

Members congratulated the finance staff and budget holders for meeting the tight financial targets for the year.

Resolved: That the report be noted.

THE MEETING WAS CONCLUDED AT 8.47 P.M.

CHAIRMAN