



**MINUTES of
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
25 MARCH 2021**

PRESENT

Chairman	Councillor Mrs J C Stilts
Vice-Chairman	Councillor K W Jarvis
Councillors	Mrs P A Channer, M S Heard, A L Hull, J V Keyes, S P Nunn, N G F Shaughnessy and W Stamp, CC
In Attendance	Councillor C Morris

349. CHAIRMAN'S NOTICES

The Chairman welcomed everyone to the remote meeting, held under new regulations which came into effect on 4 April 2020 in response to the COVID-19 pandemic. She took Members through the etiquette for the meeting and then asked Officers and Councillors in attendance to introduce themselves.

This was followed by a roll call of Committee Members present.

350. MINUTES

RESOLVED

- (i) That the Minutes of the meeting of the Committee held on 25 February 2021 be received.

Minute No. 8 – Review of Corporate Performance – Quarter 3

Pg. 4, paragraph 3 final bullet point add 'with' after Conversation to read 'Conversation **with** 80 businesses'.

RESOLVED that subject to the above amendment the Minutes of the meeting of the Committee held on 25 February 2021 be confirmed.

351. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor M W Helm.

352. DISCLOSURE OF INTEREST

Councillor Mrs P A Channer, CC, declared a non-pecuniary interest as a Member of Essex County Council in relation to any items on the agenda pertaining to that organisation.

353. PUBLIC PARTICIPATION

No requests had been received.

354. EXTERNAL AUDIT FEES UPDATE

The Committee received a verbal update on External Audit Fees from the Director of Resources. He reminded the Committee that a briefing had been circulated to all Members covering the outcomes from a meeting on 16 March 2021 with the Public Sector Audit Appointments Limited (PSAA), the Chairman and Vice-Chairman of the Performance Governance and Audit Committee together with the Director of Resources.

He then summarised the headline issues from that meeting:

- Following discussions with the External Auditors the fee originally set at £100,00 had now been reduced to £88,500.
- That £6,000 of that reduction related to the delay in implementation of a new accountancy standard. That charge will now apply in the following year when the accounting standard comes into force.
- That of the £15m grant from central government in respect of audit fees the Council could anticipate an allocation of circa £12,000. This was a crude estimate based on population statistics.
- That PSAA recognised significant changes to the audit market taking place and that original scale fees would need to increase. They will be conducting independent research to determine what represents a reasonable fee variation.
- That the PSAA had not yet looked at 2020/21 audit fees, however, the Council had conveyed its concerns regarding the fee levels.
- In terms of the process for approving the fees, once the audit was completed towards the end of this calendar year External Audit will submit the proposals to the PSAA. The PSAA will question auditors as appropriate on fee variations, seek further information and may request to review audit files if required.
- Finally, the PSAA will speak to the Council again to check if it has any further concerns/queries before making a final decision.

355. INTERNAL AUDIT REPORTS - PROGRESS; FOLLOW-UP OF RECOMMENDATIONS AND PAYROLL AUDIT

The Committee considered the report of the Director of Resources and associated appendices that covered three reports from the Internal Auditors BDO LLP namely, the *Progress Report*, the *Follow-up of Recommendations Report* and the *Payroll Audit report*.

The Chairman introduced the reports and deferred to the Internal Audit Manager to present the detail. She took the Committee through the *Progress Report* that summarised Internal Audit's progress against the 2020/21 internal audit plan. The

Payroll Audit report was finalised since the last committee and on today's agenda, the *Knowledge Management Audit* was underway and audits on *Housing Needs and Affordable Housing* together with *Management of Property* were in the planning stage. The *Annual Plan* for next year had been approved at the last meeting and work on that was in the planning stage to be reported at the meeting on 29 July 2021. Internal Audit was also on track to deliver its *Internal Audit Report* ahead of Internal Audit opinion, this would be considered at the meeting on 29 July 2021.

The *Follow-up of Recommendations* report had one recommendation relating to flood risk management which had been implemented and one overdue on Building Control. The remaining recommendations on the table were not yet due for completion. The Specialist Services Manager then provided an update regarding the overdue Building Control recommendation which was largely due to capacity issues and the impact of COVID. Currently two staff members covered this area and a new staff member was due to start in May 2021. This would free up the Senior Specialist to complete the actions required. In response to a query from Councillor Heard regarding the completion date it was clarified that work would be completed by the end of September 2021, which was a realistic timeline.

The Internal Audit Manager then presented the *Payroll Audit* report which had a level of assurance of substantial in both design and operational effectiveness. This included a review of starters, leavers, overtime claims, Member expenses and allowances. The report was positive with no significant weaknesses found.

A query was raised by Councillor Nunn regarding two staff leavers who were paid the annual increase which had not been approved until after their leaving date. Officers clarified that procedures had been followed in accordance with the national pay award. It was agreed that the wording in the report on page 28 be changed with reference to 'Council' removed and replaced by 'Officers' to clarify the decision makers in this instance.

There being no further discussion the Chairman moved the recommendations, to include the amendment to the report under recommendation (iii) as outlined above and these were seconded by Councillor Nunn. She then put the recommendations to the Committee and they were agreed by assent.

RESOLVED by assent that the Committee considered, commented and approved the:

- (i) Internal Audit Progress Report - March 2021 at Appendix 1;
- (ii) Follow-up of Recommendations Report – March 2021 at Appendix 2, and,
- (iii) the Payroll Audit Report – February 2021 at Appendix 3 with the amendment to page 28 removing reference to the 'Council' and replacing it with 'Officers'.

356. ANNUAL AUDIT SUMMARY LETTER ON THE 2019/2020 EXTERNAL AUDIT

The Committee considered the report of the Director of Resources that provided the Performance, Governance and Audit Committee with the audit summary letter from Deloitte LLP, the Council's External Auditor, for the audit of the 2019/20 financial year, attached at Appendix 1.

The Chairman introduced the item and deferred to the Audit Partner from Deloitte LLP to present the detail. The Audit Partner reported that this was the annual audit letter summarising all the audit reporting to this committee previously, amalgamated into an

executive summary for ease of access. He advised that it contained nothing new in terms of conclusions or findings to date.

The Chairman moved the recommendation in the report and this was seconded by Councillor Jarvis.

In response to questions raised Officers reported the following:-

- That the concerns around valuations of property assets had been covered previously and appropriate actions taken. External Audit (EA) found variations two years in a row that elevated this area to a significant audit risk. EA then extended the work, working with the Council and the valuers to determine the cause and look at historical valuations. External Audit were now satisfied all was now in order. Officers had met with the valuers to review the process. An approval timetable had been agreed that ensured sufficient checking time for a robust review of information received to take place as part of the process and expectations were clear on both sides. The valuations for this year had already been submitted to the valuers. Further External Audit recommendations around this area would be picked up with officers during the course of the next audit.
- That a detailed analysis of additional audit fees had been submitted to the Council. These were largely due to the increased risk on a number of individual balances as a result of COVID. For example, potential increased risks caused by remote working and the possibility of not following procedures; delays in receipt of supplies, etc. As a result, External Audit had to develop a new set of procedures to take account of these in the audit which resulted in additional fees.
- That ultimately the PSAA would have the final say on audit fee levels, however, taking into consideration the amount of additional work undertaken by the External Auditor the Senior Management was satisfied the service represented value for money.

There being no further queries the Chairman put the recommendation to the Committee and it was agreed by assent

RESOLVED by assent that the Committee considered and reviewed the content of the letter.

357. STAFF SURVEY HEADLINE RESULTS

The Committee considered the report of the Director of Strategy Performance and Governance that updated Members on the recent staff survey results and gathered Committee feedback on the associated action plan at Appendix A, that had been put together by the Management team.

The Chairman introduced the report and deferred to the Programmes, Performance and Governance Manager to present the detail. She advised that the report was presented to the Committee as an update on the recent staff survey, which ran between September and November 2020. This was the second year that the survey had been run internally, affording the opportunity to now benchmark year on year.

She drew Members attention to section 3.2, that showed a good response rate of 72%, and overall the responses to the survey represented a positive increase in staff satisfaction between 2019 and 2020. Additional questions were included this year around the impacts of COVID on staff and preferences for future ways of working, which have also been fed into associated workstreams. Section 3.3 showed the areas where staff satisfaction had increased, and also where it was at its lowest.

In response to this, the Extended Leadership Team met in January 2021 to review the full results, together with feedback, and identified an Action Plan to address some of the staff concerns. The Action Plan is attached at Appendix A to give Members reassurance that staff feedback was being addressed and the high level actions taken. Behind this, detailed action plans and areas of responsibility had been identified, in order to implement the plan operationally. The Communications Team and the internal 'One Team' champions have also been working on turning the plan into a format of 'you said, we did' to be launched shortly to staff.

Officers responded to questions as follow:-

- That the Management Team Workshop to review the full analysis and trends on feedback was held in January 2021, not 2020.
- That the Action Plan would address the problem areas highlighted in the feedback. A key action will be to unbundle the low satisfaction rates around workload to determine the extent of the impact of COVID and/or determine whether there were organisational structure issues impacting the low rates.
- That a further 8 roles had been appointed to in Service Delivery that had not been in place when the survey was completed. These had relieved some of the pressure and staff would continue to monitor resource levels.
- That the performance management process was working well and with the recent refresh of the Corporate Plan, a clear vision had been set for the organisation. The Golden thread from Corporate Plan to Service Plans to Individual Staff Objectives was working well. Staff appraisals to set individual objectives, determine training needs and explore development opportunities had taken place despite the pandemic. The Council, through this process, was embedding the new corporate objectives.
- That in addition to appraisals, regular 1 to 1s were held every 6-8 weeks. These provided the opportunity to discuss wellbeing, progress on objectives, personal development, career progression etc. Training had continued via TEAMS with positive feedback.

Councillor Nunn said this was very important work but that it was imperative to read staff surveys in context. Referring to some low satisfaction levels he said it was inevitable that COVID would be a factor on staff morale and equally new ways of working. The Action Plan should be read in tandem with the full report which contained some real positives with wellbeing levels increased, which was a credit to Senior Management. He noted that development and direction seemed to be down, however, overall the highest negatives were low, between 18-28% and the highest positives were high, between 91-94%. Taking all of that into account he asked if officers felt it would be helpful for this Committee to monitor implementation of the Action Plan.

The Director of Strategy Performance and Governance said he would be happy to bring a further report covering progress on actions taken and the results of the 'You said, we did' exercise. He reminded Members that the information would also be available through the Balance Scorecard and final results would only be known when next year's survey results were available to do a comparison analysis. The major positives were the improvement in response rates from previous years and the introduction of the Action Plan to address issues arising from the survey.

Councillor Stamp congratulated the staff on the report, she was heartened by the staff response to the survey and management's awareness of the need for a work life

balance. She concluded by saying she welcomed Councillor Nunn's suggestion to monitor progress against the Action Plan.

There being no further discussion the Chairman moved the recommendations in the report and these were seconded by Councillor Nunn. She then put them to the Committee and they were agreed by assent.

RESOLVED by assent

- (i) That the committee reviewed and commented on the staff survey results and associated action plan at Appendix A;
- (ii) That Members confirmed that through this, they were assured the staff survey response was being managed effectively.

358. ANY OTHER ITEMS OF BUSINESS THAT THE CHAIRMAN OF THE COMMITTEE DECIDES ARE URGENT

This being the last meeting of this committee prior to Statutory Annual Council the Chairman thanked all officers and committee members for their support to her in the role of Chairman.

The meeting closed at 3.06 pm.

MRS J C STILTS
CHAIRMAN