

MINUTES OF A MEETING OF THE
PERFORMANCE, AUDIT AND
GOVERNANCE SCRUTINY COMMITTEE
HELD IN THE COUNCIL CHAMBER,
WALLFIELDS, HERTFORD ON TUESDAY 4
JULY 2017, AT 7.00 PM

PRESENT: Councillor M Pope (Chairman)
Councillors A Alder, P Boylan, S Cousins,
K Crofton, R Henson, J Kaye, D Oldridge,
S Reed, P Ruffles, S Stainsby, T Stowe,
J Wyllie and C Woodward.

ALSO PRESENT:

Councillor M Allen

OFFICERS IN ATTENDANCE:

Lorraine Blackburn	- Democratic Services Officer
Isabel Brittain	- Head of Strategic Finance and Property
Claire Pullen	- Engagement and Partnerships Officer (Grants)
Graeme Reid	- Shared Service Manager - Revenues
Chris Smith	- Business Engagement Manager
Adele Taylor	- Director
Ben Wood	- Head of Communications, Strategy and Policy

ALSO IN ATTENDANCE:

Alan Cooper - SIAS

85 CHAIRMAN'S ANNOUNCEMENTS

The Chairman welcomed all those in attendance.

The Chairman requested that, with Members' consent, agenda item 7 (New Business Incubation Space in Bishop's Stortford) be brought forward on the agenda, as the first substantive item. This was supported.

86 APOLOGIES

Apologies for absence were submitted on behalf of Councillors P Ballam and Radford. It was noted that Councillor S Cousins was substituting for Councillor P Ballam and Councillor C Woodward was substituting for Councillor L Radford.

87 MINUTES

RESOLVED – that the Minutes of the meeting held on 23 May 2017 be confirmed as a correct record and signed by the Chairman.

88 NEW BUSINESS INCUBATION SPACE IN BISHOP'S STORTFORD

The Executive Member for Economic Development submitted a report setting out proposals on a business incubation facility at Charrington's House in Bishop's Stortford against the background of changes to business rates, anticipated housing growth and the need to provide employment opportunities to residents. The Business Engagement Manager provided a summary of the report.

Councillor J Wyllie supported the proposal, stating that this was something Bishop's Stortford needed and spoke of the need to review and support growth.

Councillor C Woodward sought and was provided with clarification on the role of WENTA in supporting the Council's aims and in relation to the proposal now detailed. The Head of Communications, Strategy and Policy explained that what was proposed was a pilot to explore which businesses showed interest and how the incubator was able to be used.

In response to a query from Councillor D Oldridge, Members were assured that there would be no post code or other restrictions imposed on those interested in occupying the incubator space (of 55 stations).

Councillor J Kaye queried what proportion of Charrington's House was currently used and similar (competitive) space provided locally. The Head of Strategic Finance explained that she would write to Members with the exact occupation figures, adding that approximately 1/8 was currently populated by East Herts staff. From a competitive viewpoint, it was noted that there was limited local office space available.

Councillor M Allen supported the proposal and suggested that Members be provided with an evaluation of the pilot within six months of its operation and then 12 months on. Councillor D Oldridge and P Boylan stated that identifying targets from the beginning was important. This would help provide valuable information on business survival rates and successes achieved. This was supported.

In terms of the market, the Business Development Manager referred to the links being developed, one of which could bring in customers from the Baltic states.

The Head of Communications, Strategy and Policy agreed to develop realistic targets and would circulate these to all Committee Members in advance of the pilot commencement.

Members of Performance, Audit and Governance Scrutiny Committee considered the proposal in terms of relevance and feasibility and supported the recommendations as now detailed.

RESOLVED – that (A) the pilot facility proposed be

supported and that measurable methods, including specific targets to aid the evaluation of the pilot, such as the number of businesses expressing interest and amount of desk usage taken up be developed and be evaluated at 6 months then in 12 months in order to assess its potential success; and

(B) a further report be submitted to Performance, Audit and Governance Scrutiny Committee within six months of its operation and then in June 2018 to consider the results of the pilot study and to consider whether this should be developed further.

89 GENERAL FUND REVENUE AND PERFORMANCE OUTTURN 2016/17

The Executive Member for Finance and Support Services submitted a report on the General Fund Revenue Outturn for 2016/17, which explained variances against the approved budget, the financing arrangements for 2016/17 Capital Outturn (and approved slippage) and the 2017/18 capital budget. The report also provided an update on the annual position against the Council's key performance indicators.

The Head of Strategic Finance provided a summary of the key highlights of the report in terms of where and why overspends had occurred.

Councillor M Pope expressed concern that there appeared to be a trend in overspending and sought more detailed information on why this had occurred. The Head of Strategic Finance explained, by way of example, the issues associated with increasing IT software costs, and the establishment of the building control company.

The Director commented that with regard to business and technology, changes had occurred in how the Council had to pay for some software and licensing costs in terms of the use of capital rather than revenue. She also explained that there had been some increases in licencing costs that left little room to negotiate plus the need to review cyber security arrangements. The Council negotiated where it could.

Councillor J Wyllie sought and was provided with further clarification on the performance indicator QEHPI 5.13c (Customer Satisfaction). The Head of Communications, Strategy and Policy assured Members that satisfaction levels were increasing and that the target figure might need revision next year.

The tenancy of Charrington's House and the need to reduce costs relating to vacant space was discussed. Councillor C Woodward urged Officers to be more flexible in relation to the leases offered to prospective tenants.

The Chairman sought and was provided with clarification on the following:

- the establishment of a building control company and the costs incurred;
- the deficit on the collection fund;
- alternative sources of funding for the services delivered;
- complaints resolved within 14 days (10 working days) or less; and
- Council Tax Collection - % of current year liability collected.

Councillor K Crofton expressed concern on the level of overspends as detailed, and urged the need for more accurate budgeting so that an appropriate level of Council Tax could be set. He stated that the Council should not be diving into its reserves. The Head of Strategic Finance accepted that the budget should have been updated to reflect contributions from reserves. She stated that in relation to Council Tax the Council could only increase this by 2%.

The Director reminded Members that some expenditure was totally out of the Council's control, e.g., the Council did not set business rates and did not make decisions on business rate appeals which any business could ask for. The Council took a

view on the likely level of appeals and set aside earmarked reserves against which to write down an appeal which is what had happened in 2016/17 and was reflected in this report. Decisions about the budget were, therefore, made on the basis of best information available and also why it set aside reserves for specific purposes.

Members sought and were provided with clarification on residual household waste per household refuse bin collections and street sweeping. It was noted that this year's value was 435kg per household (468 kg last year) and not as shown in the report which in effect, improved on the Council's target this year by 40kg. The Head of Communications, Strategy and Policy agreed to feed this back to the Head of Operations and ask her to respond to Members.

Members of Performance, Audit and Governance Scrutiny Committee agreed the recommendations, as now detailed

RESOLVED – that the Executive be advised that Performance, Audit and Governance Scrutiny Committee endorses (A) the suggestion that the General Fund revenue outturn of £166k overspend be funded from the General Reserve;

(B) Capital Budgets totalling £1,899k being re-profiled from the 2016/17 capital programme to 2017/18 in order to fund ongoing capital schemes ;

(C) the Capital Programme for 2017/18 to 2020/21 as now detailed in paragraph 5.5 of the report ; and

(D) the Annual Performance report as now detailed, be noted.

90 ANNUAL GOVERNANCE STATEMENT 2016/17

The Leader of the Council submitted a report presenting the 2016/17 Annual Governance Statement and the 2017/18 Annual Governance Statement Action Plan. The Head of Strategic Finance provided a summary of the report.

The Chairman sought and was provided with clarification from SIAS on the issue of Substantial and Moderate assurances on financial and non-financial systems. He explained processes and protocols in relation to levels of assurance.

Councillor J Wyllie stated that IT was an issue that continually came up as an area of concern. The Director explained that the Council was constantly working on its security and had action plans in place to make the systems more reliable, including cyber security and in adhering to new guidelines, so that the Council kept up to date.

In response to a query by the Chairman, the Head of Strategic Finance provided an overview of the new finance planning and reporting system which would provide information on invoicing, debtors, general ledger functions and generally provide an integrated financial system.

The Chairman raised the issue of the impact of Welfare Reform changes in terms of the provision of more support for services. The Director referred to the support provided by revenues staff, a third of whom made up the Council's workforce and the successes achieved.

Performance, Audit and Governance Scrutiny Committee supported the Annual Governance Statement 2016/17 and noted the risks, as now detailed within the 2016/17 Annual Governance Statement and the 2017/18 Action Plan.

RESOLVED – that (A) Annual Governance Statement for 2016/17 be supported; and

(B) the risks detailed within the 2016/17 Annual Governance Statement and the 2017/18 Action Plan, be noted.

91 SHARED INTERNAL AUDIT SERVICE (SIAS) ANNUAL ASSURANCE STATEMENT 2016/17 AND INTERNAL AUDIT ANNUAL REVIEW

The Shared Internal Audit Service (SIAS) submitted a report setting out their overall view on the adequacy and

effectiveness of the Council's control environment on key issues for the period 2016/17. The report summarised the performance of SIAS on the issue of compliance with Public Sector Internal Audit Standards and the Quality Assurance and Improvement Programme. SIAS also presented their Audit Charter for the civic year 2017/18 for approval. Members accepted the Audit Charter.

The SIAS Officer explained that in terms of the number of high priority audit recommendations agreed, 93% had met the deadline. He provided an overview as to why 100% had not been achieved and that a detailed report would be presented to Members in September 2017.

The Chairman referred to recent high profile cyber hacking attacks and sought assurances that the Council had preventative processes in place following recent attacks. The Director gave a brief overview of what actions had taken place both in the immediate aftermath of awareness of the global attacks, as well as ongoing actions. She thanked the teams for their hard work and efforts, particularly in the immediate aftermath. She assured Members that the Council had an Action Plan in place that was based upon the best practice guidance from the National Cyber Security Centre and liaised with relevant partners for up to date advice and guidance whenever possible. This had been in place prior to the high profile attacks and she stated that the Council continued to raise awareness with staff and Members around safe IT usage.

The Head of Strategic Finance provided assurance that the scope and resources for internal audit had not been subject to inappropriate limitations in 2016/17.

Members of Performance, Audit and Governance Scrutiny Committee approved the recommendations as now detailed.

RESOLVED – that (A) the Annual Assurance Statement and Internal Audit Report be noted;

(B) the results of the Self-Assessment as required by the Public Sector Internal Audit Standards (PSIAS) and

the Quality Assurance and Improvement Programme be noted;

(C) the SIAS Audit Charter for 2017/18 be approved; and

(D) the assurance from management, that the scope and resources for internal audit had not been subject to inappropriate limitations in 2016/17, be noted.

92 SHARED INTERNAL AUDIT SERVICE (SIAS) AUDIT PLAN 2017/18 AUDIT PLAN UPDATE

The Shared Internal Audit Service (SIAS) submitted a report detailing the progress made by SIAS in delivering the Council's Annual Audit Plan for 2017/18 (as at 17 June 2017). The report proposed amendments to the approved 2017/18 Audit Plan and provided an update on performance management information.

The SIAS Officer provided a summary of the report. The Head of Strategic Finance commented that high risk areas would be the focus.

Members of Performance, Audit and Governance Scrutiny Committee noted the Internal Audit Progress Report and the amendments to the Audit Plan as at 16 June 2017 and in relation to the status of high priority recommendations.

RESOLVED – that (A) the Internal Audit Progress report and amendments to the Audit Plan as at 16 June 2017 as now submitted, be noted; and

(B) the status of high priority recommendations be noted.

93 WORK PROGRAMME

The Chairman of Performance, Audit and Governance (PAG) Committee submitted a report detailing the proposed work programme.

The Scrutiny Officer provided an update on topics that had been suggested at the PAG work programming meeting held on 15 June 2017. These had been taken to the Leadership Team for their views. She also advised Members that the 2016/17 Scrutiny Annual Report would be submitted to the next Council meeting.

The Scrutiny Officer advised that an additional informal briefing would be arranged in September 2017 to consider the Draft Statement of Accounts. The Head of Strategic Finance stated that the draft accounts would be published on the Council’s website (with a link sent to all Members). She asked that Members prepare as many questions in advance of that meeting for submission to her so that better use could be made of the time available.

Performance, Audit and Governance Scrutiny Committee supported the revised work programme for Performance Audit and Governance Committee, as now amended.

RESOLVED – that the work programme, as now amended, be approved.

The meeting closed at 8.45 pm

Chairman
Date