

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

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PRESENT: Councillor M Pope (Chairman)  
Councillors A Alder, D Andrews, P Boylan,  
S Cousins, R Henson, J Kaye, D Oldridge,  
L Radford, S Reed, P Ruffles and T Stowe

OFFICERS IN ATTENDANCE:

Lorraine Blackburn	- Democratic Services Officer
Isabel Brittain	- Head of Strategic Finance and Property
Fiona Corcoran	- Scrutiny Officer
Jonathan Geall	- Head of Housing and Health
Robert Winterton	- Financial Services Manager

ALSO IN ATTENDANCE:

Natalie Clark	- Ernst and Young LLP
Alan Cooper	- SIAS
Debbie Hanson	- Ernst Young LLP

163 APOLOGIES

Apologies for absence were submitted from Councillors P Ballam, K Crofton and J Wyllie. It was noted that Councillor S Cousins was substituting for Councillor Crofton and Councillor D Andrews was substituting for Councillor Wyllie.

164 MINUTES - 4 JULY 2017

RESOLVED – that the Minutes of the meeting held on 4 July 2017 be confirmed as a correct record and signed by the Chairman.

165 CHAIRMAN'S ANNOUNCEMENTS

The Committee Chairman asked that, with Members' consent agenda items 11 (Annual Statement of Accounts 2016-17) and 12 (Audit Result report - shown on the agenda as the Annual Audit Letter) be brought forward. This was supported.

166 ANNUAL AUDIT LETTER

The External Auditor (Ernst Young) submitted a report on the results of the Audit Plan. The External Auditor referred Members to the Executive Summary and advised that, subject to concluding outstanding matters referred to in the report, they expected to issue an unqualified opinion on the Council's financial statements as detailed within Section 3 of their report.

The External Auditor explained the areas of the audit focus and confirmed that they were still completing procedures in relation to the Council's property asset valuations. They referred to the issue in relation to the methodology deployed and confirmed that this was in line with the CIPFA Code of Practice and guidelines. The Head of Strategic Finance and Property explained that this was under review for next year.

In response to a query from the Committee Chairman regarding pension disclosures, the External Auditors confirmed that they were happy with the range of assumptions which had been made.

The Committee Chairman queried the new accounting and regulatory accounting standards referred to within Appendix C of the External Auditor's report. The Head of Strategic Finance and Property assured Members that the Council

would work with the External Auditor to close the accounts within the regulatory timeframe.

In response to a query by the Committee Chairman regarding the Audit Fee, the External Auditor said that this had not yet been completed and that any additional fee requests would be referred back to the Committee as soon as a final figure had been reached.

Members received the Audit Result report.

RESOLVED – that the Audit Result report be received.

167 ANNUAL STATEMENT OF ACCOUNTS 2016-17

The Executive Member for Finance and Support Services submitted a report which set out the background to the 2016/17 Statement of Accounts and provided details of the Council's overall financial position in terms of the Balance Sheet, and revenue activities for the General Fund and the Collection Fund.

The Committee Chairman referred to the briefing on 14 September 2017 regarding the Statement of Accounts and said that this had provided a useful opportunity to review the accounts, adding that the narrative and format of the accounts was informative and helped the document read well. Councillor P Ruffles welcomed the introduction but queried the reference to the 10 museums cited as being under the control of the Council which, he said was incorrect.

Councillor J Kaye referred to the Priority 1 which encouraged residents to live active and healthy lives and stated that having been involved in one initiative, he was impressed with the responses he had received.

The Head of Strategic Finance and Property advised Members that the issue of a valuation in relation to Hill Cress Hostel, Spellbrook remained outstanding and subject to its satisfactory conclusion, asked Members to approve the Statement of Accounts 2016/17 as a fair and true

representation and that the Letter of Representation be approved for signature by the Chairman. This was supported.

The Committee supported the recommendations, as now detailed.

RESOLVED – that (A) the Council’s Statement of Accounts for the financial year 2016/17 be approved and authorised by the Chairman of Performance, Audit and Governance Scrutiny Committee at the conclusion of the meeting; and

(B) the Letter of Representation be approved for signature by the Chairman of Performance, Audit and Governance Scrutiny Committee and the Head of Strategic Finance and Property.

#### 168 SIAS 2017/18 AUDIT PLAN PROGRESS REPORT

The Shared Internal Audit Services (SIAS) submitted a report setting out the progress made in delivering the Council’s Annual Audit Plan for 2017/18 and on performance management information (as at 8 September 2017).

The SIAS Officer provided a summary of the report. In response to a query by Councillor P Ruffles, regarding the introduction of items onto the Audit Plan, the SIAS Officer explained how the process worked, including working with Heads of Service to highlight key areas of risk. The Head of Strategic Finance and Property explained that she had been liaising with SIAS on the issue of future plans and that she would prefer that the next Audit Plan start from a “zero” position and would be reviewing the Council’s risk profile.

Councillor P Ruffles sought and was provided with clarification by the Head of Strategic Finance and Property on the issue of the removal of the risk management plan from the Audit Plan.

Councillor P Boylan expressed concern regarding the Performance Management statistics and commented that it was not until a report was presented to Members with quarter

three figures before Members became aware of possible issues of concern. He asked for assurances that more frequent reporting be put in place. The SIAS Officer commented that he would be happy to write to Members with information and was confident that Internal Audit would meet the targets as set out in the Audit Plan. The Head of Strategic Finance and Property agreed to present a short report to the next meeting.

Members of Performance, Audit and Governance Scrutiny Committee noted the Internal Audit Progress report and the status of high priority recommendations.

RESOLVED – that (A) the Internal Audit progress report and amendments to the Audit Plan as at 8 September 2017 as now submitted, be noted; and

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

169 ANNUAL SIAS BOARD REPORT 2015-16

The Shared Internal Audit Services (SIAS) submitted the annual report of its activity of the service for the financial year 2016/17. The Officer from SIAS provided a summary of the key issues.

The Committee Chairman sought and was provided with clarification regarding the issue of salaries and salary related partner and consultancy costs on the SIAS Cost Centre papers and why the deficit had come about.

The Committee noted the report, as now detailed.

RESOLVED – that the report be noted.

170 THE ROLE, RESPONSIBILITY AND PREPAREDNESS OF EAST HERTS COUNCIL IN A MAJOR EMERGENCY SITUATION

The Head of Housing and Health submitted a report setting

out the key elements of the Council's Emergency Plan and how the Council would react to a major incident. The report set out work currently under review. The Head of Housing and Health provided a summary of the report.

Councillor D Andrews commented that following the Grenfell Tower incident, he was not sure about Members' roles and responsibilities in the wake of any such future emergency event. He referred to the reliance on electricity and telephony and queried what would happen if all means of communication were "down". He cited by example, the constant difficulty he had in trying to get through to the Council's own telephone systems. He asked that more information be included in the Plan regarding Members' roles and responsibilities. Councillor Andrews referred to a "test" whereby evacuees were sent to the Sports Centre, Wodson Park, Ware. He agreed that although lessons had been learned from the exercise, many issues had not been thought through properly, e.g., the absence of food for the volunteers, etc.

The Head of Housing and Health explained how emergencies were classified and how volunteers were issued with credit cards to buy things and "Grab Bags" and emergency power connections and the various categories of emergencies. He explained that alternative incident rooms (rather than Wallfields) were being investigated.

In response to a query from Councillors A Alder and P Boylan, the Head of Housing and Health explained that Town and Parish Councils were involved in the development of an Emergency Plan and the role of Hertfordshire County Council in working across boundaries. Assurances were provided by the Head of Service regarding competency training for Officers generally and that Officers who were included on the duty rota received appropriate training.

Councillor D Oldridge queried whether the Council could take a proactive approach in getting email addresses from all residents in order to disseminate information. It was noted that the Council could collate email addresses as part of the

electoral process but that Data Protection legislation might preclude the Council from using this information. The Head of Housing and Health stressed the need for the Council to co-ordinate with appropriate agencies.

Councillor P Ruffles raised the issue of terrorism and stated that radicalisation was happening in outlying areas. He urged the prevention of working in “silos” and to work with a cross agenda approach. The Head of Housing and Health explained that his role enabled him to take a cross partnership approach and that he was in regular contact with the Police. He explained his role in terms of pro-activity and in helping develop continuity of management.

Councillor S Cousins referred to the issue of “swallow holes” and urged the Council to ensure that it had a list of current specialist contractors to call on in any emergency.

Councillor P Boylan emphasised the issue of a clear lines of communication (“not tweeting”) and of the expectation of clear guidelines in the event of a major incident. Councillor D Andrews reminded Members that communication and IT could be viewed as a potential target and that the Police could turn off mobile networks if necessary. The Head of Housing and Health stated that the Council had a priority SIM card system should anything happen.

The Committee supported the remit of review so far and asked Officers to report back with a revised version of the Emergency Plan.

The Committee Chairman suggested that recommendation (A) be amended slightly to acknowledge that the review was underway and that Officers would report back with a revised version of the Emergency Plan. This was supported.

RESOLVED – that (A) Members acknowledge the review currently underway and request Officers to submit a revised version of the Emergency Plan for further consideration by Members;

(B) the issues for consideration as detailed in paragraph 3.3 of the report be endorsed as part of the review of the Plan; and

(C) any additional proposed issues identified be forwarded to the Head of Housing and Health for future consideration by Members.

171 RISK MANAGEMENT MONITORING REPORT (APRIL - JUNE 2017)

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The Executive Member for Finance and Support Services submitted a report on the action taken to mitigate and control strategic risks during the period April to June 2017. The Head of Strategic Finance and Property provided a summary of the report.

The Committee Chairman queried whether, in relation to 5b (Information Management: Cyber Risk) the Council was being complacent in relation to residual and inherent risks and the levels of protection. The Head of Strategic Finance and Property assured Members that she would report this matter back to Leadership Team.

Councillor A Alder referred to item 10 on the Strategic Risk Register (Compliance with the Children's Act 2004) and requested the Head of Strategic Finance and property to provide feedback on the Awareness Raising Session held on 20 July 2017. She also sought further information in relation to item 15 (Referendum Vote to leave the EU) in terms of information about unspent funds.

The Committee noted the controls implemented and those planned and received the report, as now detailed.

RESOLVED – that (A) the report be received; and

(B) the Executive be advised of Members' concerns in relation to 5b (Information Management: Cyber risk).

172 QUARTERLY CORPORATE HEALTHCHECK - JUNE,  
QUARTER 1 2017/18

The Head of Strategic Finance and Property and the Head of Communications, Strategy and Policy submitted a report updating Members on finance and performance monitoring for East Herts Council for 2016/17 as at 30 June 2017. Officers provided a summary of the report in relation to revenue budget forecasts, capital schemes and performance indicators.

It was noted that of the 37 Performance Indicators reported corporately, 17 of the 28 indicators had achieved or sat within their target range. Three results were not available and eight did not meet their target, the detail of which was set out in the report.

The Head of Strategic Finance and Property explained why the overspend in Legal and Democratic Services had occurred and that the underspend in Housing related to staff vacancies. The Head of Housing and Health assured Members that targets were being achieved despite some “pinch points” within the service.

In relation to schemes within the remit of the Head of Shared Business and Technology Services (Essential Reference Paper E), the Head of Strategic Finance and Property assured Councillor D Oldridge that there were a lot of complex projects being pursued across two authorities, but that economies of scale were being achieved. She commented that some of the schemes might require a longer timeframe.

Councillor D Andrews referred to the issue of contaminated loads and queried whether this was getting worse. The Head of Strategic Finance and Property stated that she would refer the issue to the Head of Operations.

The Committee Chairman referred to the Capital Programme adding that there were a lot of old schemes still included in this. The Head of Strategic Finance and Property provided an update and in relation to the housing benefit subsidy scheme.

Councillor P Boylan drew Members' attention to Table 2 (Revenue Forecast Outturn) in that the total net cost of services was £13,945,000 and not as detailed in the report.

Officers responded to a number of detailed queries from the Committee. Members received the report and supported the recommendations, now detailed.

RESOLVED – that (A) the report be received;

(B) the projected revenue budget forecast overspend of £90k in 2017/18, as detailed in paragraph 2.1 of the report, be reviewed;

(C) a transfer of £500k from earmarked reserves to set up a Housing Benefit Subsidy equalisation reserve as detailed in paragraphs 2.8.1 and 4.7 be supported;

(D) the capital budget forecast underspend of £318k, as detailed in paragraph 6.1 of the report submitted, be reviewed; and

(E) the reported performance for the period April to June 2017 as detailed in paragraph 8, be noted.

### 173 ANNUAL TREASURY MANAGEMENT REVIEW 2016-17

The Executive Member for Finance and Support Services submitted a report setting out the Council's treasury management activities for 2016/17, the prudential indicators and the associated impact on the 2017/18 treasury management strategy. The Head of Strategic Finance and Property provided a summary of the report.

The Committee Chairman queried the Overall Treasury Position (as at 31 March 2017) and whether the income from property could be left in the outturn figures. The Head of Strategic Finance and Property said that she would provide Members with a written response.

The Committee approved the 2016/17 Treasury Management Activity and Prudential Indicators.

RESOLVED – that the 2016/17 Treasury Management Activity and prudential Indictors, be approved.

174 WORK PROGRAMME 2017/18

The Committee Chairman submitted a report detailing the proposed work programme for the Committee.

The Scrutiny Officer provided an update on topics that had been suggested so far. It was suggested that Members could receive a training item from the Shared Anti-Fraud Service at their next meeting. This was supported.

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

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

The meeting closed at 9.01 pm

Chairman .....
Date .....