

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

PRESENT: Councillor M Pope (Chairman)
 Councillors P Ballam, K Crofton, J Kaye,
 D Oldridge, L Radford, S Reed, P Ruffles,
 T Stowe and J Wyllie

ALSO PRESENT:

Councillors M Casey, J Goodeve, G Jones,
 J Jones and G Williamson

OFFICERS IN ATTENDANCE:

Lorraine Blackburn	- Democratic Services Officer
Isabel Brittain	- Head of Strategic Finance and Property
Fiona Corcoran	- Scrutiny Officer
Alison Stuart	- Head of Legal and Democratic Services
Ben Wood	- Head of Communications, Strategy and Policy

ALSO IN ATTENDANCE:

Darren Bowler	- Shared Anti-Fraud Service (SAFS)
Nick Jennings	- Shared Anti-Fraud Service (SAFS)

253 TRAINING - SHARED ANTI-FRAUD SERVICE

An Officer from the Shared Anti-Fraud Service (SAFS) provided a presentation on fraud risks nationally and at a Local Government level. The presentation looked at:

- SAFS Objectives (including strategies, policies and procedures to deter prevent and pursue fraud).
- Identified fraud loss estimates by victim.
- Hidden fraud loss estimates by victim.
- Local Government losses.
- Quantifying the unknown – difficulties with estimations.
- The SAFS Partnership and external “partners”.
- Identified risks for East Herts Council and why these are relevant and the role of the Council to protect itself from fraud.

The SAFS Officer explained the size of the team and how they worked with partners to return losses back to the organisation.

In response to a query from Councillor D Oldridge regarding fraud losses nationally, estimated at £7.3Billion, the SAFS Officers explained that it was important to note that this was an estimate. The SAFS Officer stated that although they did not market themselves as a service, it was important to increase partnership working with other Councils in Hertfordshire and especially with housing providers and referred to levels of housing benefit fraud.

In response to a query, SAFS Officers commented that an Anti-Bribery Policy was being reviewed by Hertfordshire County Council’s legal section and that an E-Learning Policy was in place at Hertfordshire County Council. It was anticipated that both these policies would be in general use by April 2018.

Councillor S Reed referred to the fraudulent use of Blue Badges. SAFS Officers explained what information was contained in a Blue Badge pass and the difficulties in catching and taking appropriate action against abusers.

Councillor D Oldridge suggested that SAFS should campaign in schools to raise fraud awareness in young children. SAFS Officers agreed that this was a good idea and would investigate further.

The Chairman, on behalf of Members, thanked the Officers for their presentation.

RESOLVED – that the presentation be received.

254 APOLOGIES

Apologies for absence were submitted on behalf of Councillors A Alder, P Boylan and R Henson.

255 MINUTES - 26 SEPTEMBER 2017

The Head of Strategic Finance and Property referred to Minute 168 (SIAS 2017/18 Audit Plan Progress Report) and provided an update in relation to Performance Management statistics.

The Head of Strategic Finance and Property referred to Minute 173 (Annual Treasury Management review 2016-17) and confirmed that income from property could be included in the revenue outturn budget.

RESOLVED – that the Minutes of the meeting held on 26 September 2017 be confirmed as a correct record and signed by the Chairman.

256 CHAIRMAN'S ANNOUNCEMENTS

The Chairman advised Members that workshops would be held to consider the Medium Term Financial Plan. The Head of Strategic Finance and Property explained that further details would follow.

257 SHARED ANTI-FRAUD PLAN – UPDATE

The Shared Anti-Fraud Service (SAFS) submitted a report setting out the progress made against the Anti-Fraud Action Plan 2017/18 and the action taken by the Council to prevent and deter fraud and protect public funds. The SAFS Officer provided a summary of the report and provided updates on the E-Survey for quarter four.

Assurances were provided by the SAFSs Officer that the Council had in place a number of safeguards for the prevention and detection of fraud. Members were assured that the SAFS partnership was providing good value for money working across its partners to provide a robust service. The Head of Strategic Finance and Property commented on the difficulty in putting a value on a prevention agenda and the positive benefits of working with partners to prevent and detect fraud.

The Committee noted the progress of the Shared Anti-Fraud Service Action Plan 2017/18 and the action taken by the Council to deter fraud and protect public funds.

RESOLVED – that (A) the progress of the Shared Anti-Fraud Service Action Plan 2017/18 be noted; and

(B) the action taken by the Council to prevent and deter fraud and protect public funds be noted.

258 STANDARDS - CONSULTATION ON UPDATING
DISQUALIFICATION CRITERIA FOR LOCAL AUTHORITY
MEMBERS

The Head of Legal and Democratic Services submitted a report on consultation proposals by the Department for Communities and Local Government (DCLG) to update the criteria that bars individuals from becoming or being a local councillor or directly-elected mayor. The Head of Legal and Democratic Services provided a summary of the report.

Councillor J Wyllie referred to the residency status mentioned

within paragraph 8 (The Current Disqualification Criteria) as submitted, and queried the absence of European nationals within the list. Councillor D Oldridge referred to the difficulties associated with undertaking residency checks.

Councillor K Crofton stated that councillors should be temporarily suspended pending an allegation. The Head of Legal and Democratic Services reminded Members of the premise of “innocent until proven guilty”. Councillor Wyllie suggested that it was for the political party to suspend a Member.

In response to a query regarding lack of attendance at meetings, the Head of Legal and Democratic Services explained that non-attendance (over a period of time) did not mean an automatic disqualification as it depended on the Member’s circumstances.

Councillor K Crofton queried whether the disqualification criteria included unitary authorities. The Head of Legal and Democratic Services undertook to clarify this.

The Committee noted the report and asked the Monitoring Officer to respond to the Department for Communities and Local Government (DCLG) consultation, in generic terms, taking on board Members’ comments as detailed, and following liaison with the Committee Chairman.

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

(B) the Monitoring Officer, on behalf of the Council, respond to the Department for Communities and Local Government (DCLG) consultation in generic terms, taking on board Members’ comments as detailed and following liaison with the Committee Chairman.

259 CORPORATE HEALTH CHECK QUARTER 2 (JULY - SEPTEMBER 2017)

The Head of Strategic Finance and Property and the Head of Communications, Strategy and Policy submitted a joint report

updating Members on finance and performance monitoring for East Herts Council for the period 2017/18 as at 30 September 2017. Officers provided a summary of the report in relation to revenue budget forecasts, capital schemes and performance indicators.

The Head of Strategic Finance and Property explained that the forecasted overspend of £251k had reduced and now stood at £143k. Officers were continuing to find ways of further reducing the overspend to balance the Medium Term Financial Plan (MTFP) and that sessions were being held with staff to obtain their input.

It was noted that of the 38 Performance Indicators reported corporately, 28 indicators had a target set against them, four had failed to meet their targets by varying degrees and two results were a month in arrears as sources were from an external body. It was noted that the Council had established 44 corporate actions within its Corporate Strategic Plan, of which 16 had been completed within the 2017 calendar year.

Councillor J Wyllie commented on the overspend (now of £143k) stating that the Council appeared to go over budget quite frequently. He commented that scrutiny was not about “rubber stamping” overspends and that the Executive should be called to account for the overspend. This view was supported.

The Committee Chairman referred to Charrington’s House, Bishop’s Stortford, the monies spent to refurbish it and the depressed rental income.

The Head of Strategic Finance and Property explained that the inability to rent space was attributable to the future of the building in relation to what was being proposed for the whole Old River Lane (ORL) site. The Head of Communications, Strategy and Policy explained that the building was geared to renting to companies with 50 plus employees and that now more work needed to be done to reduce this to look at four-desk 1000 sq ft arrangements to draw in those needing smaller office suites and those needing short term tenancies.

The Scrutiny Officer reminded Members that the Executive Member for Finance and Support Services would be presenting his portfolio update to Performance, Audit and Governance Scrutiny Committee in January 2018.

The Head of Strategic Finance and Property explained that the ORL site was in its early stages in terms of how the site could be used. Councillor K Crofton expressed his concern on the decision to spend £20Million to buy back this site and then to show a budget loss of £225k. He suggested that the building be unloaded. The Head of Strategic Finance and Property explained that the bigger picture was about the regeneration of the Town Centre and the added benefits this would bring to the community which would be more than the £20Million spent. Councillor J Wyllie agreed that buying the site was a valuable opportunity to improve and benefit residents and the town centre and that the long term benefits would be fantastic.

Members reviewed at length, the net cost of services and the overspends which had occurred within those services. The Head of Strategic Finance and Property explained that Officers were focussing on the MTFP and making sure budgets were achievable and making sure there were income streams being generated across services.

The Committee Chairman sought clarification on the Performance Indicators for Housing and Health and how this might impact on licensing income. The Head of Strategic Finance and Property undertook to refer the matter to the Head of Housing and Health.

The Head of Communications, Strategy and Policy provided a summary of Performance Analysis as detailed and specifically those schemes showing a “red” status. Officers responded to a number of detailed queries from Members.

Members stated in the strongest terms, their dissatisfaction, disappointment and displeasure at being asked to “rubber stamp” reports to the Executive and particularly those where

the Council had clearly “under performed” and was overspending. They asked that the Executive be reminded that the function of PAG was to scrutinise actions taken or about to be taken and to make recommendations.

In noting that the Executive Member for Finance and Support Services was programmed to present his portfolio to the next meeting, the Committee asked that he also address the Council’s under performance. Members also requested Officers to report on the issue of Charrington’s House and proposals to address the depressed income.

The Committee received the report and forwarded comments to the Executive as now detailed.

RESOLVED – that (A) the Executive be advised in the strongest terms of Members’ dissatisfaction, disappointment and displeasure at being asked to “rubber stamp” reports to the Executive and particularly those where the Council had overspent;

(B) the Executive Member for Finance and Support Services present his portfolio update to the January 2018 meeting and that this includes the issue of the Council’s “under performance”;

(C) the Head of Strategic Finance and Property and the Head of Communications, Strategy and Policy be requested to present a report to Members in January 2018 on the issue of Charrington’s House and proposals to address the depressed income;

(D) the projected revenue budget forecast overspend of £251K in 2017/18, as detailed at paragraph 2.1 of the report submitted, be noted;

(E) the capital budget forecast underspend of £1.573m, as detailed at paragraph 6.1 of the report submitted, be noted;

(F) the reported performance and actions for the period

July to September 2017, as detailed at paragraph 9 of the report submitted, be noted); and

(G) the Committee's comments as now detailed, be passed to the Executive.

260 TREASURY MANAGEMENT - MID YEAR REVIEW 2016-17

The Executive Member for Finance and Support Services submitted a report which reviewed the Council's treasury management activities for the first six months of 2017/18 financial year, including the prudential indicators. The Head of Strategic Finance and Property provided a summary of the report. An update was provided on the issue of property bonds.

The Committee noted the treasury management activity and prudential indicators for and recommended approval to the Executive.

RESOLVED – that Executive be advised that the Treasury Management activity and prudential indicators for the first six months of the 2017/18 financial year be recommended for approval.

261 UPDATE ON THE IMPLEMENTATION OF THE ANNUAL GOVERNANCE STATEMENT 2016-17: ACTION PLAN

The Head of Strategic Finance and Property submitted a report on the Annual Governance Statement which contained measures to enhance the Council's internal control framework during 2017/18. The Committee Chairman referred to the issue of ever increasing cyber attacks on organisations. The Head of Strategic Finance and Property commented that IT had a robust plan in place.

The Committee Chairman referred to the issue of the new data regulations (GDPR) which would be in force from May 2018. The Head of Strategic Finance and Property explained that the Head of Legal and Democratic Services was leading on these new data handling requirements. Members asked

for a report at the next meeting.

The Committee noted the progress made against the Action Plan contained in the 2016/17 Annual Governance Statement.

RESOLVED – that (A) the progress made against the Action Plan contained in the 2016/17 Annual Governance Statement be noted; and

(B) the Head of Legal and Democratic Services be asked to present Members with a report in January 2018 on the GDPR process and its implications for the Council.

262 RISK MANAGEMENT MONITORING (JULY - SEPTEMBER 2017)

The Executive Member for Finance and Support Services submitted a report on the action taken to mitigate and control strategic risks during the period July – September 2017. The report sought Members' recommendations on any further actions that could be taken to mitigate risk which could be recommended to the Executive for consideration.

The Head of Strategic Finance and Property sought Members' views on a proposal to receive exception reports on a quarterly basis and a detailed annual report on Risk Management Monitoring. This was supported.

Councillor D Oldridge referred to the matrices in respect of Production of a District Plan meeting community and regulatory needs – No 7 and Devolution – fail to engage and influence partners to engage leading to missed opportunities – No 14 in that there had been no discernible improvement within the matrices as detailed. He questioned what could be done to improve this. The Head of Strategic Finance and Property undertook to review this.

The Committee Chairman referred to cyber risk (5b Information management) and whether this was high enough. The Head of Strategic Finance and Property explained that

she had taken this query (raised at the last meeting) to Leadership Team when it had been discussed and no changes had been proposed. She undertook to raise this issue with IT.

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) Risk Management Monitoring reports be presented to Members as exception reports on a quarterly basis, supplemented by a detailed Annual Report.

263 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. She explained that there would be a Question and Answer session on the budget on 7 December 2017. The Scrutiny Officer reminded Members that as a result of previous debate, the Work Programme would need to be amended to include the following:

- Budget (Under) Performance
- Charrington's Housing Bishop's Stortford – depressed rental income and future income streams
- GDPR – overview on progress and implications for the Council

It was also noted that the Annual Audit Letter would be presented to Performance, Audit and Governance Scrutiny Committee in January 2018. These changes were 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 9.15 pm

Chairman

Date