



Alison Stuart
Head of Legal and
Democratic Services

MEETING : PERFORMANCE, AUDIT AND GOVERNANCE
SCRUTINY COMMITTEE
VENUE : COUNCIL CHAMBER, WALLFIELDS, HERTFORD
DATE : TUESDAY 23 MAY 2017
TIME : 7.00 PM

PLEASE NOTE TIME AND VENUE

MEMBERS OF THE COMMITTEE

Councillor M Pope (Chairman)
Councillors A Alder, P Ballam, P Boylan, K Crofton, R Henson, J Kaye,
D Oldridge, L Radford, S Reed, P Ruffles, S Stainsby, T Stowe and
J Wyllie

Substitutes

Conservative Group: Councillors D Andrews, S Cousins, W Mortimer
and C Woodward

*(Note: Substitution arrangements must be notified by the absent Member
to Democratic Services 24 hours before the meeting)*

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DISCLOSABLE PECUNIARY INTERESTS

1. A Member, present at a meeting of the Authority, or any committee, sub-committee, joint committee or joint sub-committee of the Authority, with a Disclosable Pecuniary Interest (DPI) in any matter to be considered or being considered at a meeting:
 - must not participate in any discussion of the matter at the meeting;
 - must not participate in any vote taken on the matter at the meeting;
 - must disclose the interest to the meeting, whether registered or not, subject to the provisions of section 32 of the Localism Act 2011;
 - if the interest is not registered and is not the subject of a pending notification, must notify the Monitoring Officer of the interest within 28 days;
 - must leave the room while any discussion or voting takes place.
2. A DPI is an interest of a Member or their partner (which means spouse or civil partner, a person with whom they are living as husband or wife, or a person with whom they are living as if they were civil partners) within the descriptions as defined in the Localism Act 2011.
3. The Authority may grant a Member dispensation, but only in limited circumstances, to enable him/her to participate and vote on a matter in which they have a DPI.
4. It is a criminal offence to:
 - fail to disclose a disclosable pecuniary interest at a meeting if it is not on the register;
 - fail to notify the Monitoring Officer, within 28 days, of a DPI that is not on the register that a Member disclosed to a meeting;
 - participate in any discussion or vote on a matter in which a Member has a DPI;
 - knowingly or recklessly provide information that is false or misleading in notifying the Monitoring Officer of a DPI or in disclosing such interest to a meeting.

(Note: The criminal penalties available to a court are to impose a fine not exceeding level 5 on the standard scale and disqualification from being a councillor for up to 5 years.)

Public Attendance

East Herts Council welcomes public attendance at its meetings and will provide a reasonable number of agendas for viewing at the meeting. Please note that there is seating for 27 members of the public and space for a further 30 standing in the Council Chamber on a “first come first served” basis. When the Council anticipates a large attendance, an additional 30 members of the public can be accommodated in Room 27 (standing room only), again on a “first come, first served” basis, to view the meeting via webcast.

If you think a meeting you plan to attend could be very busy, you can check if the extra space will be available by emailing committee.services@eastherts.gov.uk or calling the Council on 01279 655261 and asking to speak to Democratic Services.

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AGENDA

1. Covalent Demonstration: Online Portal for Members to Access Performance Data

2. Chairman's Announcements

3. Appointment of Vice-Chairman

4. Apologies

To receive apologies for absence.

5. Declarations of Interest

To receive any Member(s)' Declaration(s) of Interest and Party Whip arrangements.

6. Shared Anti-Fraud Service – March 2017 (Pages 5 – 26)

7. Annual Leisure Contract Performance Report for 2016 (Pages 27 – 46)

8. Housing and Health Strategy Action Plan Update 2017 (Pages 47 – 60)

9. Scott's Grotto Asset Transfer (Pages 61 – 86)

10. Risk Management Monitoring – Quarter 4 (Pages 87 – 98)

11. Scrutiny Work Programme (Pages 99 – 116)

12. Urgent Items

To consider such other business as, in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration and is not likely to involve the disclosure of exempt information.



East Hertfordshire District Council
Shared Anti-Fraud Service
Report
March 2017

Recommendation

Members are recommended to:

Note the progress of the Shared Anti-Fraud Service and progress against the Anti-Fraud Action Plan 2016/2017 *(to 31.7.2016)*.

Agree the Anti-Fraud Action Plan 2017/2018.

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Appendices.

1. Progress against East Herts Councils –Anti-Fraud Action Plan 2016/2017



Adobe Acrobat
Document

2. Proposed East Herts Council Anti-Fraud Action Plan 2017/2018



Adobe Acrobat
Document

1 Introduction and Background

Purpose of Report

1.1 To provide Members with:

- the progress made by the Shared Anti-Fraud Service (SAFS) against the Council's Anti-Fraud Action Plan which supports the Council's published Anti-Fraud and Corruption Strategy;
- the proposed Anti-Fraud Action Plan for 2017/2018.

Background

According to reports from the Chartered Institute for Public Finance and Accountancy (CIPFA) The National Audit Office (NAO), and Cabinet Office, it is estimated that fraud loss across local government in England stands at around £2.2billion each year.

The Department for Communities and Local Government, and CIPFA have also issued guidance, advice, and best practice to support local councils in the fight to reduce the risk of fraud and prevent loss to the public purse. This advice includes the need for Councils to be vigilant, to recognise their fraud risks and to invest resources in counter fraud activities that deliver savings.

It is essential that the Council has in place a robust framework to prevent and deter fraud, including effective strategies and policies, as well as plans to deal with the investigation and prosecution of fraud.

2 SAFS Update

Staffing

2.1 The Shared Anti-Fraud Service is a partnership of councils and housing providers across Hertfordshire and Bedfordshire with the aim of deterring, preventing, investigating and pursuing fraud for each of its partners providing a robust and resilient service

2.2 East Hertfordshire Council (the Council) is a founder member of the SAFS Partnership and this service provides the front line of the Council's Anti-Fraud activity.

- 2.3 SAFS was originally created as a two year pilot, in 2015, with an option to extend the service for a maximum of five years. In December 2016 the SAFS Board agreed to continue with the existing service from April 2017 and the Partnership has now been joined by Luton Borough Council from January 2017.

Fraud Awareness and Reported Fraud

- 2.4 One of the key elements of a successful service is for SAFS to ensure that fraud can be reported by both staff and the public. The Council's website has options for the public and staff to report suspected fraud.
- 2.5 SAFS has its own webpage – www.hertfordshire.gov.uk/fraud which has an online reporting tool, a hotline (0300 123 4033) and a secure email account for reporting fraud – fraud.team@hertscgcsx.gov.uk. These contact details have been added to the Council's own website to capture all fraud reported to the Council.
- 2.6 Between April and December 2016, SAFS received over 600 allegations of fraud across all of its Partners. For East Herts Council 108 matters were reported in year and a number of live cases were carried forward from 2015/2016.
- 2.7 A full report on cases dealt with in 2016/1017 will be provided to this committee in the summer of 2017 but currently fraud savings or losses in excess of £30k have been identified.
- 2.8 Training has been delivered to officers of the Council on Anti-Money Laundering, Housing Fraud, Fraud Awareness and ID Fraud. Elected Members have also been provided with some general fraud awareness as well as an introduction to SAFS.
- 2.9 Being a Partner to SAFS also includes access to the services of the National Anti-Fraud Network, CIPFA Centre for Counter Fraud and the latest fraud alerts and emerging fraud risks from Action Fraud and Hertfordshire Police.

Pilot Projects

- 3.0 SAFS has developed a good relationship with the Councils Shared Revenue and Benefit Service and this has included fraud awareness training and an improved reporting fraud process. SAFS have also worked with the Housing, Customer Service and Parking Enforcement Teams.
- 3.1 SAFS has delivered a county-wide Council Tax Review Framework to identify fraud in Council Tax, particularly around fraudulent discounts and exemptions, as well as empty homes, and council tax support schemes. This will be introduced in the Spring of 2017 for all districts, and will be funded by the County Council and all participating districts.
- 3.2 East Herts Council is a pilot site (one of 5 in the UK) for joint working with the Department for Work and Pensions where allegations of fraud impact on both council tax and housing benefit these are investigated in partnership by SAFS and DWP Investigators. This pilot has been so successful that DWP have announced a national roll out in the summer of 2017.
- 3.3 SAFS have recently begun undertaking investigations into Blue Badge abuse/fraud in the Councils car-parks and have worked with the Councils Parking/Civil Enforcement Officers conducting joint patrols around the District.

3 Anti-Fraud Documents

Performance against Anti-Fraud Action Plan 2016/2017

- 3.1 The Council has in place an Anti-Fraud and Corruption Policy although this is due for review in the near future.
- 3.2 A copy of the 2016/2017 Anti-Fraud Action Plan and progress against this can be found at **Appendix 1**. Activity against the plan includes the officer/service with the responsibility for action, and key dates for delivery.
- 3.3 With the introduction of SAFS, delivery of the plan has been shared by various Council Officers, SIAS, and SAFS. This has worked well in 2016/2017 with more of the work around proactive counter fraud activity migrating towards SAFS.

- 3.4 All of the objectives set in the 2016/2017 plan have been achieved, or are well on the way to delivery.

Proposed Anti-Fraud Action Plan 2017/2018

- 3.5 Although the format and delivery of the 2016/2017 worked well this still represented the delivery of a new service. The plan for 2017/2018 uses slightly different format which is based on SAFS providing a more business as usual service. See **Appendix 2** for a copy of the plan.
- 3.6 Adherence to the proposed plan for 2017/2018 will ensure compliance with the Council’s own Strategy, and the best practice guidance issued by the Government, NAO, and CIPFA.

SAFS Reports 2017/2018

- 3.7 SAFS will provide a full report to this Committee in summer 2017 on the Council’s anti-fraud performance and activities in 2016/2017. This will include the number of, and types of, cases investigated with outcomes and the financial savings identified from all anti-fraud activity. In March 2018 SAFS will provide a revised Anti-Fraud Action Plan for 2018/2019.
- 3.8 SAFS will also provide data to meet the requirements of Transparency Code for publication by the Council.



**East Herts Council
Performance against
Anti-Fraud Plan
2016/2017**

(Hertfordshire Shared Anti-Fraud Service)



EHC Anti-Fraud Action Plan 2016/2017

Anti-Fraud and Corruption Strategy	Activity	Lead Officer/s	Target Date/Value/Measure	Progress at 31.12.2016
Acknowledge and understand fraud risks	Review the Councils existing Anti-Fraud and Corruption Strategy, Fraud Response Plan and, Whistleblowing Policy, Money Laundering Policy implement a new Fraud Prosecution Policy.	Head of Legal Services. Chief Exec. SAFS Manager	October 2016	Prosecution Policy presented AC by SAFS for adoption in March 2016. EHC Legal will review WB and AML Docs in 2017/2018
	Ensure that the Council retains its Board and Partner role in SAFS and funding for the services provided by SAFS.	S.151 Officer. Chief Exec	March 2017	s.151. or Rep attends SAFS Board. SAFS Board agreed in December to retain SAFS from April 2017
	Annual fraud reports to the Audit Committee.	s.151 Officer and SAFS Manager	September 2016/ March 2017	AC dates for SAFS reports agreed Sep 2016 and March 2017 in Fwd Plan
	Identify key fraud risks faced by the Council. Add to Risk Register as appropriate.	Risk Manager. SAFS Manager	Ongoing	Outstanding.

	Promote and publicise the costs of fraud to staff, members and local residents including the impact this had on Council Services.	SAFS Manager and EHC Comms Team	Ongoing	Further Cheater Campaign linked to new SAFS webpage ran in Sep/Oct 2016.
	Subscribe to organisations and events that demonstrate the Councils zero tolerance to fraud.	SAFS Manager	Ongoing. CIPFA/CIH/LAIOG/NAFN	SAFS joined CIPFA Centre for Counter Fraud for all Partners.
	Roll out an E-learning anti-fraud training package for EHC Staff	SAFS Manager. HR Manager	March 2017	Outstanding. SAFS are developing an E-Learn Package for HCC and will roll this out to all Partners
	Provide Money Laundering training for appropriate staff	Monitoring Officer. MLRO. Head of Legal Services.	October 2016	Arranged for s.151 and MLRO for October 2016.
	Provide Fraud Awareness training to Elected Members	SAFS Manager	March 2017	Delivered in January 2017 to Audit Committee
Anti-Fraud and Corruption Strategy	Activity	Lead Officer/s	Target Date/Value/Measure	Progress at 31.12.2016



Prevent and deter fraud	Maintain a strong internal control framework as assessed by SIAS Internal Audit Annual Report	S.151 Officer – SIAS Manager	Ongoing. AGS and Planned Audits.	SBC/SIAS Internal Audit Plan
	Create and maintain Data Sharing Procedures including Information Sharing Protocol (ISP), PIA/EIA to allow for lawful exchange of data between SAFS and EHC.	IT Manager. Head of Legal. SAFS Manager	Ongoing but reviewed each April.	ISP being reviewed for all SAFS Partners by HCC and NHDC Legal with emphasis on revised PIA.
	Deliver fraud awareness, prevention training and workshops to Council Services at risk if fraud	SAFS Manager	5 Local Events at EHC delivered by SAFS	Housing Event Oct 2016 AML Oct 2016 NNDR- Nov 2016 Induction Training for new staff in place.
	Have in place one SAFS Counter Fraud Officer FTE for EHC exclusive use. Access to SAFS Intel/Admin to support for this role. Access to SAFS Manager for Senior Mgt Meetings.	SAFS Manager	Ongoing	HF (SCFO) in place NJ/SE support this work
	Issue Fraud Alerts to appropriate staff and managers as when new fraud threats arise and publish a Fraud & Corruption Newsletter for staff.	SAFS Manager	Ongoing.	16 Alerts issued to 31 st December. from NAFN, OWL, NFIB and Partners.

	Have in place fraud reporting tools to allow staff and public alike to report fraud.	SAFS Manager	Ongoing	Webpage, Hotline, Direct line, email all available.
	Permit SAFS to oversee and assist the delivery of the National Fraud Initiative 2016 as the NFI SPOC for EHC.	SAFS Manager. S.151 Officer.	October 2016	Agreed that SAFS will act as Key-Contact and upload roles for 2016/2017.
	Provide access to services such as National Anti-Fraud Service (NAFN), CIPFA, Local Authority Investigation Officers Group (LAIOG) to benefit both EHC and SAFS.	SAFS Manager	Ongoing	SAFS subscribes to NAFN, CIPFA, LAIOG, PNLD for all Partners.
Anti-Fraud and Corruption Strategy	Activity	Lead Officer/s	Target Date/Value/Measure	Progress at 31.12.2016
Be stronger in pursuing fraud and recovering losses	Record identified financial savings from anti-fraud activity. Record value of all fraud identified to an agreed, auditable and recognised standard.	SAFS Manager	SAFS Champion Meetings. Audit Committee. £100K Target for EHC. KPI	Fraud of £30k+ identified to 31.12.2016.
	Maximise civil recovery and utilise civil recovery methods to seek redress where fraud is identified.	SAFS Manager and Head of R&B Service	Ongoing	EHC have policy and process in place and are now issuing CPs.
	EHC will Publicise prosecutions, sanctions, recovery to demonstrate a zero tolerance	SAFS Manager and EHC Comms Team	Ongoing	PR will be issued for outcomes that will be



	to fraud and act as a deterrence to others.			reported as well.
	To work in a partnership role with SAFS and ensure that SAFS delivers value for money and return on investment to EHC, be this in actual new revenue or future savings.	S.151 Officer and SAFS Manager.	Champion Meetings	Meetings taking place with S.151
	East Herts Council will support County wide CTAX SPD review which will benefit the Council, and any other opportunities to conduct anti-fraud projects with SAFS as required.	s.151 Officer, Head of Shared R&B Service and SAFS Manager	From October 2016	SAFS have developed a CTAX 'Review Framework' for whole County. Go live-April 2017.

**East Herts Council
Anti-Fraud Plan 2017/2018**

in partnership with

Hertfordshire Shared Anti-Fraud Service



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Introduction

This plan supports the Councils Anti-Fraud and Corruption Strategy by ensuring that the Council, working in partnership with the Hertfordshire Shared Anti-Fraud Service, has in place effective resources and controls to prevent and deter fraud as well as investigate those matters that do arise.

The Councils states that the key elements for the Strategy are;

- Culture- the prevailing set of assumptions and values within the organisation- and the reporting of suspicions of fraud and corruption,**
- Actions to prevent and deter fraud and corruption,**
- Controls to detect and ensure investigation of fraud and corruption,**
- Alertness and vigilance reinforced by training.**

This plan includes objectives and key performance indicators to measure the Councils effectiveness against its Policy and meet the best practice guidance/directives from central government department such as Department for Communities and Local Government and other bodies such as National Audit Office and the Chartered Institute for Public Finance and Accountancy.

National Context.

The Chartered Institute for Public Finance and Accountancy (CIPFA) ***Local Government Counter Fraud and Corruption Strategy (2016-2019)*** included a summary of fraud losses across councils in England.

- Actual fraud losses reported by local government in 2013 totalled £207m (this excludes housing benefit)
- Hidden fraud loss for local government was estimated at £1.9bn.
- As admitted previously by the National Fraud Authority in 2013 the scale of fraud against local government is large, but difficult to quantify with precision.
- The strategic response to fraud threats contains three main principles 'Acknowledge/ Prevent/ Pursue'.

In its 2015 publication '***Code of practice on managing the risk of fraud and corruption***' CIPFA highlights five principles outlining public bodies responsibility to embed effective standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management

The five key principles of the code are to:

- Acknowledge the responsibility of the governing body for countering fraud and corruption
- Identify the fraud and corruption risks
- Develop an appropriate counter fraud and corruption strategy
- Provide resources to implement the strategy
- Take action in response to fraud and corruption.

SAFS/ EHC Team Business Plan 2017 2018

Mission	Objectives	Goals	Strategies	Measures/Success Criteria	Responsibility
ACKNOWLEDGE	ACKNOWLEDGEMENT The risk of fraud the the Councils responsibility to prevent and investigate fraud	Show the Councils Willingness to Combat Fraud	Anti- Fraud Strategy	Have in place an Anti-Fraud and Corruption Strategy	Head of Legal
			Membership of SAFS	Retaining Board Membership of SAFS	S.151 Officer
			Internal Audit	Have in place an effective IA Plan and Audit Committee	S.151 Officer
	FRAUD AWARENESS Promote an effective anti fraud culture w ithin the Council	Enhance the level of fraud aw areness internally and externally	Member Support	Policies to deal w ith Money Laundering/ Bribery/ Whistleblow ing/ Sanctions	Head of Legal
			Local New s Media	Issue a press release for every successful prosecution in 2017/2018	SAFS/Comms
			Promote Fraud Team	Promotion of internet fraud pages (SAFS) and local media exposure	SAFS/Comms
PREVENT	CUSTOMER SERVICE Service performance is managed to the highest standards so that agreed levels of service are met	Ensure customers and staff are informed about counter fraud w ork	Fraud Aw areness Training	Deliver five fraud training aw areness trainging sessions to Council Staff, or tailored training as requested by services	SAFS
			Internal Aw areness	Conduct an E-Survey of fraud aw areness across officers	SAFS
			Customer Service	Issue customers w ith information leaflets w hen attending interview s	SAFS
	PERFORMANCE Maximize performance through robust risk assessment and quality investigation w ork.	Be recognized as a high performing and successful fraud team.	Shard Revs and Bens	Maintain good relationship w ith Revs and Bens Team	SAFS/R&B Mgt
			Meeting SAFS Champion	Quarterly meetings w ith EHC SAFS Board Rep	SAFS/S.151
			Reports to Audit Comms	2 Reports to Audit Committee	SAFS
PURSUE	QUALITY INVESTIGATIONS Undertake high quality investigations maximizing all investigative resources and achieving value for money	Ensure that investigations comply w ith the law and are beyond reproach	Quality Fraud Referrals	100% risk assessment on all fraud referrals received	SAFS
			Individual Targets	SAFS CFO- Set PMDS Targets to match EHC KPIs	SAFS
			Data Matching	NFI Data Matches 2017 to be review ed in year	SAFS
	SANCTIONS/PROSECUTIONS Instigate legal sanctions to counter criminal behaviour	Ensure the prosecution of fraud and dishonesty in appropriate cases	Fraud Referrals	Monitor source of fraud referrals each quarter	SAFS
			Performance Report	Issue a performance report in Summer 2018	SAFS
			Interview Under Caution	SAFS management checks on all sanctions issued	SAFS
PURSUE	QUALITY INVESTIGATIONS Undertake high quality investigations maximizing all investigative resources and achieving value for money	Ensure that investigations comply w ith the law and are beyond reproach	Sanction Files	File management checks on live caseload	SAFS
			Witness Statements	100% check on witness statements used in prosecution cases	SAFS
			Legal Services	promote case conferences betw een Solicitors & Investigators @ HCC	SAFS/ HCC Legal
	SANCTIONS/PROSECUTIONS Instigate legal sanctions to counter criminal behaviour	Ensure the prosecution of fraud and dishonesty in appropriate cases	Prosecutions	Ensure all cases suitable for sanction are review ed in line w ith Policy	SAFS
			Formal Cautions	Ensure that the Councils makes use of civil penalties w here appropriate	SAFS/S.151
			Admin Penalty	Ensure that the use of Administrative Penalties is maximised	SAFS/S.151
PURSUE	SANCTIONS/PROSECUTIONS Instigate legal sanctions to counter criminal behaviour	Ensure the prosecution of fraud and dishonesty in appropriate cases	Legal Service Liaison	Continue to w ork w ith HCC Legal Service and maximise recovery of costs	SAFS/ HCC Legal

SAFS Resources 2017/2018**Budget**

In December 2016 the SAFS Board accepted a report from the SAFS Manager to restructure and reorganise the Service from April 2017/2018. This restructure would result in a small increase in fees for all Partners. The Board agreed that the annual fee for District Councils, who did not hold housing stock, would be fixed to £80,000 +VAT. The Board also received assurance from financial modelling that the service would be sustainable, in its current form for 5 years with an increase in fees each year at 1% from 2019 onwards.

It has been agreed that the service would be allowed to build up a small operating reserve but should this be exhausted all Partners agree to meet any shortfall in Budgets equally.

Staffing

The full complement of SAFS now stands at 14.5 FTE's; 1 Manager, 2 Assistant Managers, 8 Investigators and 2 Intelligence Officers. The Team is also supported by 1 FTE Data-Analyst and 0.5 FTE Business Support who are funded from SAFS Budgets.

For staffing – East Herts Council will have exclusive access to 1 FTE Investigator, access to intelligence functions of the service, all data-matching services being offered through the local data-warehouse and call on one of the Assistant Managers for quarterly liaison meetings, management meetings and two Audit Committees reports per annum. SAFS also have access to an Accredited Financial Investigator (AFI) and criminal litigation services.

SAFS

KPIs for EHC 2017/2018

KPI	Measure	2017/2018 Target	Quarterly Target	SAFS Project Aims
1	Provide an Investigation Service	1 FTE on call at EHC (supported by SAFS Intelligence/ Management). Membership of NAFN Membership of CIPFA Counter Fraud Centre Access to Case Management System (CMS) Local Data Hub Fraud training events for staff*	100% of all	Ensure ongoing effectiveness and resilience of anti-fraud. Deliver a return on investment for the Councils financial contribution to SAFS.
2	Identified Value of Fraud prevented/detected. Based on the Methodology agreed by SAFS Board	£100k From fraud identified and savings/prevention	£25k	Deliver financial benefits in terms of cost savings or increased revenue.
3	Allegations of fraud Received. From all sources.	100 Fraud referrals from all sources to SAFS	25	Improve the reach into the areas of non-benefit and corporate fraud within the county.
4	Success rates for cases investigated. This will ensure that quality investigations are undertaken.	50%	50%	Create a recognised centre of excellence able to disseminate alerts and share best practice nationally.
5	Conduct Data-Matching using the local data-hub, NFI and other data-matching/mining.	Data-Hub for local data matching. Access to NFI output. County wide Council Tax Review Framework.	100%	Create a data hub for Hertfordshire.

**Costs will include salary and direct on-costs for CFO (1 FTE), ACFM (1/3 FTE), Intel Officer (1/3 FTE) = £62k. Costs for NAFN/CIPFA/CMS/ Data Hub = £10k. Costs for 5 training events = £2.5k.*

SAFS - Standards of Service.

SAFS will provide the Council with the following fraud prevention and investigation services as part of the contracted anti-fraud function.

1. Access to a managed fraud hotline and webpage for public reporting.
2. Process and document for SAFS Partner staff to report suspected fraud to SAFS.
3. Training in: Fraud Awareness (management/staff/members), Fraud Prevention, Identity Fraud Prevention.
4. Assistance in the design of Council policies processes and documents to deter/prevent fraud.
5. SAFS will design shared/common anti-fraud strategies and policies or templates to be adopted by the Council.
6. SAFS will provide a proactive data-matching solution (data-warehouse) to identify fraud and prevent fraud occurring.
 - The data-warehouse will be funded by SAFS and located in accordance with Data Protection Act requirements.
 - The data-warehouse will be secure and accessible only by named SAFS Staff. Data will be collected and loaded in a secure manner.
 - SAFS will design and maintain a data-sharing protocol for SAFS Partners to review and agree to as they choose. The protocol will clearly outline security provisions and include a Privacy Impact Assessment.
 - SAFS will work with nominated officers in the SAFS Partners to access data-sets to load to load into the data-warehouse and determine the frequency of these.
 - SAFS will work with Partners to determine the most appropriate data-matching for each of them and the frequency of such data-matching.
7. All SAFS Staff will be qualified, fully trained and/or accredited to undertake their duties lawfully, or be working towards such qualifications.
8. All SAFS investigations will comply with legislation including DPA, PACE, CPIA, HRA, RIPA* and all relevant policies of the Council.
9. Reactive fraud investigations.
 - All reported fraud will be actioned by SAFS within 10 days.
 - The Council will be informed of all reported fraud and how SAFS are going to deal with this.
 - SAFS will allocate an officer to each investigation.
 - SAFS officers will liaise with nominated officers at the Council to access data/systems/accommodation required to undertake their investigations.
 - SAFS Officers will provide updates on cases and a report with summary of facts and supporting evidence on conclusion of the investigation for the Council to review and make any decisions.

- Where a decision indicates an offence SAFS Officers will draft a report for the nominated officers of the Council to make a decision on any further sanctions/prosecutions.
10. Where sanctions, penalties or prosecutions are sought SAFS will work with the Council to determine the appropriate disposal based on the Code for Crown Prosecutors and the Council's published policies. Decisions on imposition of any sanction will lay with the Council but the issue of any penalty will be resolved locally on a case by case basis.
 11. SAFS will provide reports through the SAFS Board on progress and to the Council's Audit Committee.
 12. SAFS will provide Alerts to the Council, of suspected fraud trends or reports/guidance from government and public organisations that are relevant to fraud.

**Data Protection Act, Police and Criminal Evidence Act, Criminal Procedures and Investigations Act, Human Rights Act, Regulation of Investigatory Powers Act.*

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EAST HERTS COUNCIL

PERFORMANCE, AUDIT AND GOVERNANCE SCRUTINY COMMITTEE –
23 MAY 2017

REPORT BY HEAD OF OPERATIONS

ANNUAL LEISURE CONTRACT PERFORMANCE REPORT FOR 2016

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- To present the eighth annual review of the council's ten year leisure contract with Sport and Leisure Management Ltd (SLM) – trading as Everyone Active.

<u>RECOMMENDATIONS FOR PERFORMANCE, AUDIT AND GOVERNANCE SCRUTINY:</u> That	
(A)	The Annual Report be received; and
(B)	The views of the PAG Scrutiny Committee be noted.

1.0 Background

1.1 On 1 January 2009, following a competitive tender process, the council entered in to a ten year leisure management contract with the leisure provider SLM, trading as Everyone Active.

1.2 This eighth annual review covers two main elements:

- a) Performance in relation to the specification of the contract.
- b) Qualitative successes and improvements.

2.0 Report

2.1 Performance review information is detailed in **Essential Reference Paper 'B'** and sets out SLM's performance against the main elements of the contract. The section below looks at a summary of areas regarding the performance of the contract in greater detail; customer throughput, customer satisfaction, financial performance, public satisfaction, health and safety management, added social value and investments.

Performance

2.2 Customer Throughput

2.2.1 The Council has a long history of encouraging and improving opportunities for individuals to engage in sports and physical activity through the provision of its sports and recreational facilities. Encouraging people to be active through swimming, gym activities and the opportunity to use its outdoor facilities all of which can help individuals to have the opportunity to live a healthier and active lifestyle is underpinned by the Council's commitment to Health and Wellbeing.

2.2.2 A key measure for the Council to assess the performance of the contractor in providing leisure services promoting health and well-being is the number of customers using the five facilities.

2.2.3 Across the leisure centres there were a total 1,007,800 recorded visits in 2016 compared to 999,800 in 2015, this includes:

- casual swimming
- the gym
- group exercise classes
- pool parties
- private swim lessons
- Everyone Active swim lessons
- school lessons
- crèche usage
- payment visits
- outdoor activities including;
- tennis
- bowls
- football

This figure does not include swim spectators or football spectators. The increasing footfall does have a significant impact on the infrastructure of all the facilities.

2.2.4 In East Herts casual 'pay and play' swim throughput statistics are broken down by age group:

- Under 16 age group swims 47,014 visits.

- 16 – 60 age group swim 87,821 visits.
- 60+ age group swim 23,664 visits.

The number of these recorded swim visits totalled 158,499 in 2016 compared to 164,497 visits in 2015.

2.2.5 Interventions to address previous drops in the 60+ age and the 16 – 59 year old age group had limited success in 2016, but did help to increase the 60 + age group swim visits.

2.2.6 Overall there has been a 4% decline in pool attendances across the sites compared to 2015 but this is less than the reported 6% reduction in the National decline in swimming. Swimming is still consistently ranked by adults as one of the most popular forms of regular physical activity. However, officers and SLM are continuing to look at options to address this drop in visits in all age groups by:

- Increasing the opportunity of more public swim time.
- Continually working on promoting the centres and service through social media advertising and community outreach activities.
- Freezing of all casual swim sessions price for 2017/18, along with offering all participants on the Everyone Active swim scheme free swimming during the summer holiday period.
- Continued investment in the facilities where appropriate.

2.2.7 Overall swim visits for 2016 were 158,499, this amount of visits is significantly greater than the baseline contractual target figure set at the beginning of the contract in 2009, which was 135,320 visits + 1% increase per year, a target of 146,532 for 2016.

2.2.8 Gym throughput statistics are broken down by age group and activity:

- 16 – 60 year old age group recorded 151,710 gym visits.
- 60+ age group recorded 21,196 gym visits.
- 11 – 15 year old age group 10,412 gym visits.
- Group Exercise, studio based exercise, was attended by 114,346 visitors.

The total number of visits to the gym and classes totalled 297,664 in 2016 compared to 277,451 visits in 2015.

2.2.9 In 2016 there were a total of 43,885 recorded visits from the 60+ age group attending; casual 'pay as you go' swims and gym sessions compared to 41,875 in 2015. To cater for and further improve attendance for the 60+ age group work is ongoing to:

- Expanding the Forever Fit exercise group sessions at Hartham
- Delivering Forever Active swim lessons, in conjunction with East Herts Council.
- Further develop the 'Active 4 Life' exercise referral classes at both Hartham and Grange Paddocks gyms.
- Maintaining the 'Healthy Herts' Cardiac Rehab Phase IV Referral classes
- Introducing the 'Get Up and Try' adult swim sessions for new swimmers.

2.2.10 Everyone Active annual and direct debit Memberships averaged 6,464 members a month compared to 6,492 a month in 2015; this constantly healthy level of both DD and Annual membership across the contract over 2016 shows the strength of the contract in delivering high quality gyms with regards to both equipment and staff.

2.2.11 In addition to formal set monitoring arrangements, the Council's Leisure Services Manager undertakes a mixture of monthly unannounced and announced inspections recording; service delivery, marketing, Health and Safety and monitoring procedure standards. These inspections have shown an acceptable level of performance in the quality of the leisure service delivered across the four areas inspected.

2.3 **Customer Satisfaction**

2.3.2 The five sites carry out biannual Customer Satisfaction Exit surveys. The collection method initially employed face to face interviews with a cross section of facility users. In a change to the normal process the September/October 2016 survey was carried out using the online survey service of Atreemo's Single Customer View system to collate the feedback for the survey rather than a paper based system at sites. The accumulated data is automatically collated as is the analysis of the data. Trends are now becoming apparent after four data gathering periods. Information from the surveys is used to help develop the management and performance of the centre and incorporated into the Centres Business Plan and acted upon appropriately.

2.3.3 Results indicate that overall customer satisfaction at all pools range from good to excellent, more detailed results are shown on Essential Reference Paper 'C' 'Customer Exit Survey summary' and full results can be made available for inspection if required.

2.3.4 These digital surveys and emails were supported by use of tablets in the centre asking customers views on their experience after using the

centre. At the larger sites 30% of total responses came from the email links and at the dual use sites this reduced to 5%.

- 2.3.5 Data collected had the ability to breakdown age and gender for individual sites as well as across the contract, for example we are able to see that in the 60+ age group across the contract 56% of respondents were female, 38% male, 6% questioned declined to answer.
- 2.3.6 The overall score is Good, with a slight 2% drop from 2015 to 2016 customer experience at all pools, essentially the change to the feedback mechanisms being electronic provided much more insightful feedback for analysis.
- 2.3.7 From a cleanliness perspective the scores from the surveys in 2015 and 2016 have remained static, 77%, but in response to improve the cleanliness of the buildings contract cleaners were employed to complete end of day cleaning, focusing on improving the customer experience in the changing areas.
- 2.3.8 Most noticeably the overall performance of Fanshawe following the 2015 action plan has seen a marked increase in customer satisfaction with 2015 overall satisfaction score being 65% this has grown to 80% with marked improvement in cleanliness growing from 57% in 2015 to 84% in 2016.
- 2.3.9 Although the Grange Paddocks Leisure Centre is showing a 'Good' overall result in the Survey in the Swimming – overall experience drops to a 'Fair' banding.
- 2.3.10 Also gathered was qualitative responses, customers were asked; "If you could think of one thing that would help us to improve the facility what would that be?"
- 2.3.11 From the qualitative feedback section of the survey information gathered it is possible to gain a better understanding of the concerns and areas of potential improvements that can be acted upon in both the short term and the long term.
- 2.3.12 Fanshawe comments include; renovation of the building, a studio for classes – even though the school has one, but not for community use, and more car parking spaces.
- 2.3.13 Grange Paddocks comments include: inadequate size of the changing rooms and showers, dry side changing rooms, family changing rooms,

lack of studio space and available lesson time, bigger gym, better reception area, expand crèche availability, upgrade pool, more car parking in football season, and cleanliness.

2.3.14 Hartham comments include: inadequate size of the changing rooms and better showers, update gym kit and increase size of gym, lack of studio space and available lesson time, more free car parking time, better lockers and cleanliness.

2.3.15 Leventhorpe comments include: Disabled changing facility on poolside, better showers, increase size of gym, new gym equipment, decoration, improve car park, spectators area, bigger changing facilities, daytime classes, better lockers and cleanliness.

2.3.16 Ward Freman comments include: total refurbishment, build a gym, upgrade changing facilities, better showers and replace lockers,.

2.3.17 In response to the previous survey results from 2015 and client concerns SLM commenced a programme of works working with the council to improve the site. These have included:

- relining small pool tank, which was completed in December 2016
- review of Group Exercise classes and timetabling
- Introduction of a more comprehensive training regime for colleagues to drive spot cleaning and improve consistency in standards.
- Review of poolside cleaning, standard and training for the teams
- Regular deep cleaning of the poolside areas with more effective cleaning products.
- Introduction of service agreement for locker repairs in the changing areas.

2.3.18 Officers believe there is scope for further improvement and continue to work with SLM on maintaining satisfaction levels at all sites.

2.4 Financial Performance

2.4.2 Performance Indicator EHPI2 'Net cost of the Leisure Service per user' is the primary cost indicator for the service and reflects the total cost to the council of running leisure centres (including on-costs).

2.4.3 The estimated 'Net cost of the Leisure Service per user' has been calculated as; £0.75/visit in 2016, compared with £0.99/visit in 2015.

2.4.4 In 2016 the Leisure Management Fee to SLM was £246,841, which included an ongoing £44,976 annual reduction due to previous 'invest to save' capital investments, i.e. 3G pitch conversion at Hartham, installation of Pool Covers and purchase of Gym Equipment for JUP facilities, initiated by Officers to drive down the cost of the service delivery.

Qualitative successes and improvements

2.5 Public Satisfaction

2.5.2 Officers working with SLM developed a non-user survey via Community Street and School Research which was to help both the council and SLM to focus on barriers to participation. The survey was carried out by Leisure-Net Solutions Ltd in May 2016

2.5.3 This research was designed to investigate attitudes and behaviour around usage of the Everyone Active managed facilities and to find out what the respondents think about the facilities and performance provided by Everyone Active in East Herts.

2.5.4 Research covered an 899 person sample street survey and 83 person sample.

2.5.5 The survey showed that 70% of the sample state that physical activity is 'very important' to them with a further 26% stating it is 'important' to them.

2.5.6 In summary the survey showed that for this group of non-users of the Councils facilities the main barriers to physical activity were; availability of time; personal motivation/goals and accessibility and good quality facilities. 58% of respondents indicated that they would like to do more physical activity and they would consider using East Herts Council facilities, what would encourage them the most would be; lower costs; programming and improved facilities.

2.6 Health and Safety

2.6.2 With over 1 million all user visits there were 166 reportable accidents in 2016; an annual accident rate of 2.33 per 10,000 visits compared to 2.16 per 10,000.00 visits in 2015. This represents a consistently high level of commitment to an already good record towards Health and Safety. Generally across the contract the accident per 10,000 visits has been lower than SLM corporate objectives.

2.6.3 All pools are tested by East Herts Council's Environmental Health Team on a quarterly basis as well as independently tested by Kingfisher Environmental Services Ltd monthly for Pseudomonas, E-Coli and Coliforms.

2.7 **Added Social Value**

2.7.2 Throughout the year SLM were involved in working with Charity partners, the community and charity events such as:

- Anthony Nolan a variety of fundraising, awareness and testing days.
- Juvenile Diabetes Research Foundation Ltd (JDRF), the type 1 diabetes charity, supporting World Diabetes day with Bake Off's, football competitions and colleague activities such as sponsored 120km bike rides and .
- Great British Swimathon.
- Everyone Active open days offering
- Free swimming
- Free gym sessions
- Bouncy castle
- Face painting
- Colouring competitions
- Golden ticket hunts to win annual memberships.
- Aspire Swim Chanel Challenge.
- EHC's Love Parks Week offering fun activities outside.
- National Fitness Day on 7 September.
- Grange Paddocks Leisure Centre hosted Sainsbury's Sport Relief Mile, which included a 1, 3 and 6 mile challenge.
- Celebrated Women's Sport Week in October with free activities for women of all ages and abilities.
- Involvement in Green Travel event organised by Sawbridgeworth Town Council.
- Engaged with Hertford Town Council with the Christmas lights switch on event.

2.7.3 Developed with the Herts Sport Partnership, as part of the Sport England's 'This Girl Can' campaign, a series of women and girls only sessions, including free swims, free aqua aerobic sessions and gym sessions as well as 'This Girl Can Lift' and Hula Hoop classes.

2.7.4 Involved in the Public Health England 'One You' campaign with a 'Drop a Jean Size' challenges.

- 2.7.5 Working with Grove Cottage, Everyone Active hosted the annual Santa Dash and Reindeer Run with over 100 people running dressed up as Santa.
- 2.7.6 SLM continues to link with corporate business in East Herts with “Know your Numbers” events at Herts County Council, East Herts Council, GSK and other local businesses, focussing on recording statistics and recording activity levels.
- 2.7.7 SLM continues to work in partnership with the ‘Aspire’ charity, whose work includes conducting outreach in the community to encourage disabled people to be active within the Hartham Leisure Centre. One of SLM’s Fitness Trainers won the coveted Disabled Sports Coach of the Year award at the December Herts Services to Sports Awards event.
- 2.7.8 SLM work with EHC Officers to further develop the Forever Active East Herts ‘learn to swim’ scheme, 84 participants attended 552 times in 2016.
- 2.7.9 Both Grange Paddocks and Hartham Leisure centres offer:
- free swimming sessions to people with disabilities and their carers’ as part of an initiative to ensure everyone has equal access to swimming
 - a site for the delivery of externally managed Pulmonary Rehabilitation classes in partnership with the council and the Primary Care Trust.
- 2.7.10 Corporately SLM launched their Sporting Champions project in October where in a bid to support and develop the next set of Olympic hopefuls at Tokyo 2020, they have created a 3 tiered sponsorship for talented athletes. These tiers being Gold, Silver and Bronze, at the Gold and Silver level Everyone Active are supporting Athlete’s like gymnast Max Whitlock, whilst at the Bronze they are supporting several East Herts Athletes with free access to the centres.
- 2.7.11 Working with the East Herts Community Safety Partnership (CSP), free swim vouchers were offered to young people and families during the summer holidays. The vouchers were given to those on a discretionary basis and for a number of different reasons; such as those who are working with an agency in the CSP, a positive contribution to a community project or an identified disadvantage.
- 2.7.12 SLM play an active role in the Active East Herts Community Sport

Network supporting the development of this community group and raising its profile to the sporting community.

- 2.7.13 SLM hold Customer Forums at sites where customer representatives meet with the Managers to feedback on the centres performance, these include Football Forums, Group Exercise Forums and Full Customer Forums.
- 2.7.14 In 2016 SLM won the UK Active Flame Awards – Leisure Operator of the Year. The Flame awards represent the final stage in the rigorous assessment process, whereby entrants must prove that the work they do is shaping the future of physical activity in the UK.
- 2.7.15 In 2016 SLM was awarded the Amateur Swimming Association (ASA) Facility Operator of the Year. This award recognises facility operators who have demonstrated continued commitment to improving their aquatic programmes over the past 12 months. The contract caters for around 190,000 swim lesson, adults and children, visits per year on a continual rolling programme.
- 2.7.16 As a group SLM have achieved QUEST Accreditation for Swimming Lessons. This is part of SLMs ongoing commitment with their ASA partnership. Supports the delivery of the national benchmarking standard and this is reassessed every two years.
- 2.7.17 As a group SLM achieved the ISO 14001 standard. ISO 14001 sets out the criteria for an Environmental Management System (EMS). It does not state requirements for environmental performance, but maps out a framework that a company or organization can follow to set up an effective EMS.

2.8 **Investments**

- 2.8.2 Due to the age and nature of the Councils leisure facilities there is in place an on-going maintenance programme that requires planned preventative maintenance as well as a Capital Investment programme. This programme of works helps improve and enhance the facilities.
- 2.8.3 In 2016 Councils Property team working with Leisure Services invested £250,000 in the on-going maintenance and enhancement of the leisure facilities. Works included:
- Installation of Plate Heat Exchangers at Grange Paddocks to replace old pool Calorifiers and increase the efficiency of heating the swimming pool.

- Relining of the small learner pool at Grange Paddocks to maintain the integrity of the pool and improve the swim experience for residents and their children.
- Various building fabric enhancements at both Hartham and Grange Paddocks leisure centres; renewing flat roof coverings and the lagging of external duct work.
- Commenced refurbishment of the Hartham Pavilion which includes the relocation of the public toilets to the pavilion area.

2.8.4 SLM continue to invest within the facilities, throughout 2016 they have invested in:

- Recruitment of Contract Maintenance Manager - to assist and improve the management of maintenance and Planned Preventative Maintenance across the contract.
- Recruitment of contract cleaners to support the improvements in the customer experience.
- New pool inflatables at Hartham and Ward Freman pools to drive participation in parties and public Fun Swim sessions.

2.8.5 Working with the council, SLM has worked to reduce energy consumption across all sites and therefore reduce operating costs. CO₂ reductions from these investment will contribute to achieving the Councils carbon reduction targets, these investments include:

- A more efficient curtain heater in the Hartham Leisure Centre reception area, significantly improving the reception area temperature for users.
- installation of non-half hourly meters for energy management monitoring across all sites.
- New lighting installed into Grange Paddocks Changing rooms and LED lighting in the Hartham admin office and back of house area, as part of the SLM 'reuse, reduce, recycle and replace' environmental action plan where any lights that are replaceable will be replaced with lower energy units.

2.8.6 At Hartham Leisure Centre the investment in the new pool air handling unit in 2015 has seen the 'Energy Performance Operational Rating' of the centre improve to a C banding (55 units) from the previous D band (81 units) attained in 2015, this is a measure of how efficiently energy has been used in the building. Total CO₂ emissions have also dropped to around 450 tonnes/year from around 700 tonnes in 2015. This information is measured and displayed on a Display Energy Certificate (DEC). The DEC is an operational energy rating that identifies the

actual energy use of a building and compares this against the energy use for a benchmark building of the same type. Any public building over 500 m² occupied in whole or part by public authorities or by institutions providing public services which are frequently visited by the public should have a DEC produced for the building.

- 2.8.7 At Grange Paddocks Leisure Centre the 'Energy Performance Operational Rating' has maintained its D band (96 units), which is just above the typical banding for a facility of this nature. Total CO₂ emissions are consistent with previous years and are just under 480 tonnes/year.
- 2.8.8 At Fanshawe Pool and Gym the 'Energy Performance Operational Rating' was measured as a D banding (92 units), which is above the typical banding for a facility of this nature. Total CO₂ emissions were around 270 tonnes/year.
- 2.8.9 At Leventhorpe the 'Energy Performance Operational Rating' was measured as a B banding (43 units), which is above the typical banding for a facility of this nature. Total CO₂ emissions were around 120 tonnes/year.
- 2.8.10 For buildings over 500 m² but less than 1000 m² the DEC is valid for 10 years. Ward Freman Pool fits into this category, the 'Energy Performance Operational Rating' here was measured as a D banding (100 units), which is around the typical banding for a facility of this nature. Total CO₂ emissions were around 270 tonnes/year.

3.0 **Implications/Consultations**

- 3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

None.

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ESSENTIAL REFERENCE PAPER 'A'

IMPLICATIONS/CONSULTATIONS

Contribution to the Council's Corporate Priorities/ Objectives <i>(delete as appropriate)</i> :	<p>Priority 1 – Improve the health and wellbeing of our communities</p> <p>Priority 2 – Enhance the quality of people's lives</p>
Consultation:	No consultation noted specifically for this report.
Legal:	There are none.
Financial:	<p>There are no financial implications for this report. As background information, the combined financial revenue benefits of the ten year contract include;</p> <ul style="list-style-type: none"> • Savings in revenue cost as a result of retendering the leisure contract £2.7m • Savings in revenue cost as a result of investment to reduce management fee over life of the contract £3.77m • Savings in revenue cost as a result of investment in gym equipment to reduce management fee by £154,700 over the last seven years of the contract, £22,100 per annum. • Savings in revenue cost as a result of investment in pool covers to reduce management fee by £51,795 over the last five and a quarter years of the contract, £9,500 per annum • Savings in revenue cost as a result of investment in 3G pitch conversion at Hartham to reduce management fee by £61,000 over the last four years of the contract <p>Total savings due to developments and capital investment is approximately £6.74m.</p>
Human Resource:	There are none
Risk Management:	There are none
Health and wellbeing – issues and impacts:	Leisure Services is key in the delivery of the council's health and wellbeing objectives. SLM as a company are committed in supporting the council in improving health and wellbeing and has delivered initiatives as described within the report.

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Essential Reference Paper 'B'

Performance Review Information – Council set Performance Indicators to measure performance of service

Main performance indicators	Frequency	Current performance		Target	Comment
QUEST Plus Assessment – Sport England continuous improvement tool - to help managers enhance, improve and continue to improve the quality of service to customers.	biennial			'Good' banded result	The next QUEST assessments are scheduled for 2017. The three Joint Use Pools are also being assessed by QUEST with one day assessments in 2017.
National Benchmarking Service - Sport England benchmarking service – an independent customer satisfaction survey	biennial				The next NBS survey is due in 2017.
EHPI 1a % of customers satisfied with the service – all sites	Biannual	2015 81% Excellent	2016 79% Good		Essential Reference paper C presents the customer satisfaction findings in more detail, category by category. Full results can be made available for inspection if required.
EHPI 1b Overall Experience % of customers satisfied with the service – Leventhorpe	Biannual	2015 89% Excellent	2016 85% Excellent		
Overall Experience EHPI 1c % of customers satisfied with the service – Hartham	Biannual	2015 85% Excellent	2016 78% Good		
EHPI 1d Overall Experience % of customers satisfied with the service – Fanshawe	Biannual	2015 65% Good	2016 80% Excellent		
EHPI 1e Overall Experience % of customers satisfied with the service – Ward Freman	Biannual	2015 86% Excellent	2016 80% Excellent		
EHPI 1f Overall Experience % of customers satisfied with the service – Grange Paddocks	Biannual	2015 80% Excellent	2016 75% Good		
EHPI 3a Usage: number of swims (under 16s)	quarterly / annually	2015 51,827	2016 47,014	+1% per annum. 2010-2016	Baseline established for 2009: 46,800 pa. Target + 1% each year = 50,678 Achieved 47,014

EHPI 3b Usage: number of swims (16 – 60)	quarterly / annually	2015	90,138	2016	87,821	+1% per annum, 2010-2016	Baseline established for 2009; 70,317 pa Target + 1% each year = 76,143 Achieved 87,821
EHPI 3c Usage: number of swims (60+)	quarterly / annually	2015	22,532	2016	23,664	+1% per annum, 2010-2016	Baseline established for 2009; 18,203 pa Target + 1% each year = 19,711 Achieved 23,664
EHPI4a Usage: Gym (16 – 60)	quarterly / annually	2015	151,215	2016	151,710	+1% per annum, 2010-2016	Baseline established for 2009; 74,403 pa. Target + 1% each year = 80,568 Achieved 151,710
EHPI4b Usage: Gym (60+)	quarterly / annually	2015	19,343	2016	21,196	+1% per annum, 2010-2016	Baseline for 2009; 5,840 pa. Target + 1% each year = 6,324 Achieved 21,196
EHPI2 Net cost of the Leisure Service per user	annually	2015	£0.99	2016	£0.80		Calculated by dividing the probable net expenditure for Leisure Services in 2016, £803,400, by the 1,007,800 recorded visits. 'Net cost of the Leisure Service per user', include those attending the gym, group exercise classes, casual swimming, pool parties, school, private and Everyone Active swim lessons and outdoor activities including; tennis, bowls and football and crèche. The primary cost indicator for the service reflects the total cost to the council of running leisure centres (including on-costs) This performance indicator is comparable with the 2015 performance indicator. The Management fee has seen no significant increase but the recorded numbers has increase, therefor the small reduction in Net cost per user.






Notes:

1. The contract is measured through continuous improvement targets.
2. Performance and other management and operational matters are monitored formally through monthly minuted meetings between client and contractor with quarterly strategic meetings at director level.
3. Monthly meetings are attended by EHC property and finance officers and where necessary the contractors property and finance colleagues.
4. In addition to formal set monitoring arrangements, the council's Leisure Services Manager undertakes monthly unannounced inspections picking up on service delivery, marketing and Health & Safety and other indicators and several announced inspections.

5. Performance indicators relating to customer satisfaction are reported through the corporate management performance process, usage is reported through the corporate management performance process (as tracked by Covalent).
6. Reporting for the Leisure performance indicators is based on the calendar year i.e. from 1 January to 31 December; this will be coterminous with the contract start date.

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Customer Exit Survey summary showing customer experience levels, 2016						
Customer satisfaction levels; fairly or very satisfied in service area.						
	Fanshawe	Grange Paddocks	Hartham	Leventhorpe	Ward Freman	Overall customer satisfaction at all pools
If you use this facility regularly how satisfied are you with the centre, fairly or very satisfied	85%	69%	79%	94%	84%	82%
Swimming - overall experience of service, fairly or very satisfied	72%	61%	73%	81%	74%	72%
Group Exercise	74%	79%	79%	82%	N/A	79%
Gym - overall experience, fairly or very satisfied	75%	84%	76%	75%	N/A	78%
Reception Area – fairly or very satisfied	92%	88%	81%	85%	80%	85%
Cleanliness - fairly or very satisfied	84%	66%	77%	91%	83%	80%
Overall experience	80%	75%	78%	85%	80%	79%

Legend	
Excellent 80%+	
Good 65% - 79%	
Fair 50% - 64%	
Poor 40% - 49%	
Very Poor Under 40%	

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EAST HERTS COUNCIL

PERFORMANCE, AUDIT AND GOVERNANCE SCRUTINY COMMITTEE – 23 MAY 2017

REPORT BY EXECUTIVE MEMBER FOR HEALTH AND WELLBEING

HOUSING AND HEALTH STRATEGY ACTION PLAN UPDATE 2017

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- To report to Members the progress made in 2016/17 in delivering the objectives stemming from the Housing and Health Strategy Action Plan 2016-2021 to enable comment and consideration of futures ways of achieving the objectives going forward.

<u>RECOMMENDATIONS FOR PERFORMANCE, AUDIT AND GOVERNANCE SCRUTINY: That</u>	
(A)	The progress made in 2016/17 in delivering the objectives stemming from the Housing and Health Strategy Action Plan 2016-2021, be noted; and
(B)	Suggestions regarding ways to achieve the objectives detailed in the Action Plan are forwarded to the Head of Housing and Health for consideration.

1.0 Background

1.1 The Housing and Health Strategy 2016-2021 was published in 2016 and since then the council and its partners have been working to deliver the associated Action Plan.

1.2 The Housing and Health Strategy 2016-2021 is a high level strategy and the action plan looks to aid the Strategic Objectives to:

- enable affordable housing delivery through partnership working and maximise suitably located and constructed development opportunities, whilst ensuring the best use of existing stock
- focus on meeting the housing needs of active and frail older persons

- work to meet the needs of vulnerable people in the housing market
- seek to support rural communities in meeting their local housing needs.

2.0 Delivery in 2016/17

2.1 This report highlights progress for each of the Strategic Objectives. Full details are contained in **Essential Reference Paper 'B'**. Key achievements in 2016/17 are highlighted below.

2.2 First, with regard to *Strategic Objective 1: Enable affordable housing delivery through partnership working and maximise suitably located and constructed development opportunities, whilst ensuring the best use of existing stock*, the Housing and Planning teams have worked closely on ensuring that new affordable housing is delivered effectively in the District.

2.3 Achievements in 2016/17 include:

- updated Affordable Housing Policy included in the draft District Plan so as to clearly lay out the council's expectations of the quantity and type of affordable housing included in private developments
- supporting the Rural Housing Enabler based at the Community Development Agency for Hertfordshire to commence a programme of research into the need for affordable homes in rural parishes
- delivering a new affordable housing units – 200 delivered through housing associations in 2016/17.

2.4 *Strategic Objective 2: Focus on meeting the housing needs of active and frail older persons:*

- liaison with Hertfordshire County Council to consider older persons' needs; this working is on-going
- grant funding for ten new affordable homes being developed by Network Housing at Gladstone Road, Ware. This scheme is due for completion in 2017.
- Housing for Older Persons Policy included in the draft District Plan.

2.5 *Strategic Objective 3: Work to meet the needs of vulnerable people in the housing market:*

- a checklist of key housing hazards has been drawn up and provided to Hertfordshire Council for use by their professionals when visiting vulnerable residents. This is helping both East Herts Council and the County target interventions.

2.6 *Strategic Objective 4: Seek to support rural communities in meeting their local housing needs:*

- a Parish Housing Needs Survey of Walkern parish was carried out by the CDA
- an Affordable Housing Information sheet has been provided to Planning Policy to aid Rural Neighbourhood Planning Groups when seeking advice.

3.0 Priorities for 2017/18

3.1 The priorities for 2017/18 to deliver the overall Strategic Objectives include:

- To continue to deliver a strong pipeline of Affordable Homes.
- To work with partners such as Hertfordshire County Council and Registered Providers on meeting the needs of Older and Vulnerable People in the District.
- To work with Health partners to co-ordinate projects which maximise health and housing opportunities.
- To implement the Homelessness Reduction Act.

3.2 These actions are included in the table in **Essential Reference Paper 'B'**.

4.0 Implications/Consultations

4.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

4.2 Members to consider and comment on the progress made to date.

Background Papers

None.

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ESSENTIAL REFERENCE PAPER 'A'

IMPLICATIONS/CONSULTATIONS

Contribution to the Council's Corporate Priorities/ Objectives (delete as appropriate):	Priority 1 – Improve the health and wellbeing of our communities Priority 2 – Enhance the quality of people's lives Priority 3 – Enable a flourishing local economy
Consultation:	The Action Plan was updated and prepared in consultation with Housing and Health, Planning Policy and Public Health colleagues at Hertfordshire County Council.
Legal:	None for the council arising directly from this report.
Financial:	The resources to deliver the actions for 2017/18 in the Action Plan are already identified in the MTFP. Resources to support actions in the latter years of the 2016-2020 Action Plan will be subject to future proposals to Members.
Human Resource:	None for the council arising directly from this report.
Risk Management:	None for the council arising directly from this report. Individual elements of the Action Plan are subject to their own risk analysis where required.
Health and wellbeing – issues and impacts:	This Action Plan is part of the Housing and Health Strategy which seeks to bring together work streams from across the sector to improve the quality of life for residents.

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East Herts Housing and Health Strategy 2016 – 21

Progress against Housing Strategy Objectives, Actions and Targets –May 2017

Actions Completed and Closed during 2016/17.

- Utilise and disseminate the information to partners contained within the Housing Needs Survey by September 2016.
- *Action achieved.*

- For the Council to be involved in a multi-agency working group being set up to develop a rogue landlord project for participating Herts Authorities subject to confirmation of funding.
- *Project funding not successful and instead the Safe and Well Project will be rolled out during 2017/18.*

- To develop and publish a Statement of Principles for imposing penalty charges for breaches of the Smoke and Carbon Monoxide Alarm Regulations by July 2016.
- *Action not completed. Paper due to be submitted for Member approval.*

- To provide a checklist of key housing hazards suitable for referrals by health and care professionals for housing assessment.
- *Provided to Hertfordshire County Council's Occupational Therapists and Housing Quality Group.*

	Objective	Key action to meet objective	Target deadline / ongoing work
	Strategic Objective 1		
1.1	Achieve the right mix, tenure and proportion of affordable housing on new developments based on need.	a)To deliver the new affordable housing policy as set out in the Draft District Plan.	200 units of affordable housing has been delivered in 2016/17 in the District. The Affordable Housing Policy is ongoing throughout the Examination of the Draft District Plan
1.2	Maximise funding opportunities for the delivery of new affordable housing.	a)To continue to work with Registered Provider partners to find opportunities to support affordable housing developments b)To bid for Government grants which become available such as the Accelerated Housing Fund and the Community Housing Fund.	The Council has worked in partnership with Network Homes and has provided grant funding for the Ridgeway Scheme, Hertford and Gladstone Road, Ware. The Council will continue to work with partners to fund affordable housing schemes by March 2018. The Council bid for funding from DCLG in 2016/17. The Council has been successful with funding for the Community Housing Fund and is awaiting the outcome for the Accelerated Housing Fund.
1.3	Raise standards in the private	a)For the Council to work	Being developed, according to

Essential Reference Paper 'B'

	Objective	Key action to meet objective	Target deadline / ongoing work
	sector, particularly in Houses in Multiple Occupation (HMOs)	with HCC on the Eco Homes Project and to focus on poor thermal housing improvements.	HCC/District project timetable
		b)To commission and facilitate a stock modelling survey and provide key health data to the Joint Strategic Needs Assessment. An interim report is expected in April with additional information on EPCs to be provided at a later date once available.	April 2017. EPCs became available end March 2017. Interim report produced. EPCs being integrated April/May 2017. Health Impact Assessment data due shortly after, Likely to provide to HCC for JSNA by end June 2017
		c)To inspect and initiate action in at least 10 HMOs per year and is monitored in the Housing and Health Service Plan as SPI 2.16	March 2018. 9 achieved in 2016/17 and a further 8 brought up to standard within that period.
		d)To review the Housing Enforcement Policy in the light of the Deregulation Act restrictions on retaliatory eviction, by June 2017. Awaiting guidance from	June 2017, subject to guidance being provided

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	Objective	Key action to meet objective	Target deadline / ongoing work
		Government.	
	Strategic Objective 2		
2.1	To work with the County Council and Registered Providers to identify opportunities within the district for flexi-care schemes.	a)The Draft District Plan contains policies on Older and Vulnerable People going forward. HCC is setting up Local Accommodation Boards to look at provision in the District.	The Council has held a joint meeting with HCC to set up a Local Accommodation Board to look at the needs of Older and Vulnerable People in the District. March 2018.
		b)To prepare a database of older persons scheme information for the provision in the District and have an information booklet..	July 2017 for the new East Herts website.
2.2	To work with the Dementia Friendly Programme to mainstream the principles into East Herts accommodation.	a)To work with Registered Provider partners to implement the Dementia Friendly Programme in their organisations.	March 2018.
2.3	To undertake a strategic review with partners of all Older Persons accommodation in the District.	a)To support Planning Policy in looking at the implications of an older population in the District and the impact on	District Plan has been submitted for Examination.

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	Objective	Key action to meet objective	Target deadline / ongoing work
		type, tenure and location of housing requirements through the Local Plan process by Spring 2016.	
2.4	To participate in the countywide review of housing adaptations to support independent living.	a)To continue to support Crossroads Care to develop and deliver the Dementia Friendly Homes project to 200 residents, and to evaluate the scheme.	Two year project funding ends end June 2017. Additional funding being sought to enable it to continue.
		b)To continue to participate in the countywide review of housing adaptations services, in accordance with the project plan and timetable.	In accordance with the project timetable for the introduction of a Home Improvement Agency.
	Strategic Objective 3		
3.1	To work with the Accommodation Boards to undertake a strategic review of Vulnerable Peoples Needs in the District.	a)To review the referral and move-on processes with the young person's project at Rose Court and the YMCA to ensure it is working effectively by July 2016. b)HCC is setting up Local	July 2017 The Council has held a joint meeting with HCC to set up a Local Accommodation Board to look at the

Essential Reference Paper 'B'

	Objective	Key action to meet objective	Target deadline / ongoing work
		Accommodation Boards to look at provision in the District.	needs of Older and Vulnerable People in the District.
3.2	To ensure that our Temporary Accommodation offer is fit for purpose.	a)Undertake a review of temporary accommodation provision in the District .	December 2017
3.3	To seek to work with the County Council to develop effective partnerships for appropriately assessing and addressing housing impacts on wellbeing.	a)To publish a fees policy for relevant protected caravan sites by December 2016.	Due to other operational priorities this action has not been completed. It is hoped to complete this by December 2017, subject to key vacancies being filled.
		b)To provide a checklist of key housing hazards suitable for referrals by health and care professionals for housing assessment.	Provided to HCC's Occupational Therapists, and Housing Quality Group. The next steps are to monitor its implementation and impact.
	Strategic Objective 4		
4.1	To work with Parishes to identify local housing needs through Neighbourhood Plans and Parish Housing Needs Surveys.	a)To engage with a Parish on carrying out at least one Parish Housing Needs Survey by December 2017.	The Council has supported the CDA for Herts in working with Rural Parishes. This partnership working is continuing during 2017/18.
4.2	To ensure that any potential Exception Sites are delivered in	a)To provide information as requested to aid with	December 2017.

Essential Reference Paper 'B'

	Objective	Key action to meet objective	Target deadline / ongoing work
	partnership with all interested stakeholders.	<p>Neighbourhood Planning as an ongoing initiative.</p> <p>b)To work with Neighbouring Authorities in delivering the Community Housing Fund to explore opportunities for community led housing and self-build in the District.</p>	<p>The Council has been successful in securing funding from the Community Housing Fund and is working with Neighbouring Authorities to deliver a project focusing on community led housing and self-build.</p>

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EAST HERTS COUNCIL

PERFORMANCE, AUDIT AND GOVERNANCE SCRUTINY COMMITTEE – 23 MAY 2017

REPORT BY EXECUTIVE MEMBER FOR ECONOMIC DEVELOPMENT

SCOTT'S GROTTO ASSET TRANSFER

WARD(S) AFFECTED: WARE CHADWELL

Purpose/Summary of Report

- To present the business reasons behind the proposal to set up a trust to own and manage Scott's Grotto, and to seek Scrutiny views on how the trust could operate

RECOMMENDATIONS FOR PERFORMANCE, AUDIT AND GOVERNANCE SCRUTINY: That

(A)	Members scrutinise whether the following objectives were appropriate and also whether the trust should be considering any other objectives: <ul style="list-style-type: none">• To continue the advancement of Ware's heritage by protecting the grotto, the summerhouse and the surrounding gardens; and by continuing to keep the Grotto open to the public.• To continue the advancement of the grotto for public benefit through education, community involvement and tourism• To ensure the budget is managed effectively and sustainably, and to ensure that the grotto has funding for the short, medium and long-term.• To fulfil legal duties as a charitable trust, as
(B)	Members scrutinise whether the following suggested numbers of trustees was right? <ul style="list-style-type: none">• 2 trustees appointed by East Herts Council• 2 trustees appointed by the Ware Society• 1 trustee from the local community (i.e. a Ware resident)

(C)	<p>Members consider which of the following would be the best financial model to adopt and whether the following amounts were appropriate to incentivise sustainability:</p> <ul style="list-style-type: none"> • A one-off payment of £50,000 to cover revenue and capital costs for the next five years with the expectation that the trust is financially sustainable thereafter • An annual grant of £10,000 for five years, again with an expectation the trust is financially sustainable thereafter • The council will offer an initial smaller sum (£25,000), but then offer funding support when grant money is received (up to £25,000) again with an expectation the trust is financially sustainable after 5 years
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1.0 Background

1.1 Scott's Grotto is an underground labyrinth of tunnels and chambers built in the eighteenth century by a Quaker poet, John Scott. It is located on Scott's Road in the South of Ware, next to Hertfordshire Regional College. **Essential Reference Paper 'B'** sets out more details.

1.2 Scott's Grotto has been owned by East Herts Council (EHC) since 1974 and managed in partnership with a local charitable organisation, the Ware Society. It does have unique cultural appeal, attracting around 2000 visitors per year. It is open to the public for 2 hours on a Saturday afternoon (between April – October) and other times only upon request (e.g. School visits).

1.3 Previous work has been undertaken to test the feasibility of enhancing the Grotto's touristic value, focusing on whether EHC could expand the offer and make it more commercial. However there are several limitations as follows:

- The site currently has no access to utilities and any attempt to develop such would likely result in damage to the grotto
- The grotto is a Grade I listed historic building and the summerhouse and gardens are Grade II* listed, restricting the ability to make physical changes
- There is very little parking available near the site and limited space for the construction of further parking spaces
- The grotto is not DDA compliant and the topography of the site restricts the possibility of making it DDA compliant

- The site's hidden location behind a fence in a quiet residential area means that it does not benefit from being a 'visible' heritage asset that adds significant character to the town
 - The Grotto hosts a bat roost and as such the space is subject to legal protection by both domestic and international legislation. A study was undertaken in the winter of 2015/16 to establish the size of the roost and a small number were observed during the hibernation period. Although just a handful in number, the recommendation is that the site remains closed during "peak" hibernation times (between January – February each year) and preferably for the periods of December and March also.
 - If visitor footfall were to increase, erosion and damage to the grotto would also increase and may exceed the site's capacity to withstand this.
- 1.4 The commercial viability of the grotto and any attempt to increase its profile are therefore inherently limited. Without a great deal of marketing and focused investment it is unlikely to become a tourist "destination".
- 1.5 Alongside this the District Council is reducing its investment in tourism and the visitor economy and has limited capacity to support and run cultural and heritage assets that don't directly deliver objectives set out in the Corporate Strategic Plan.
- 1.6 These various strands of activity have led to the conclusion that the Grotto is marginal to the overall direction of travel for East Herts Council and its ownership could be reviewed.
- 2.0 Report – current arrangements
- 2.1 The Council employs a warden to run the Grotto on a day to day basis. The warden carries out this task in collaboration with the Ware Society, who has traditionally been more active in the operational management of the grotto than EHC. The warden liaises with 31 volunteers from the Ware Society, who assist in managing visitors to the site, including delivering tours. The Ware Society manage the website as well as liaise with the Councils parks and open spaces team who carry out maintenance. The warden is also a Member of the Ware Society.
- 2.2 The arrangement between EHC and the Ware Society is based on historic trust and goodwill. There is no written agreement, documents, protocols or memorandum of understanding in place.

2.3 The revenue costs for Scott's Grotto are between £1000 and £4000 per annum (including grounds maintenance, environmental services, salaries and insurance). This is part of the economic development budget, managed by the Head of Communications, Strategy and Policy in consultation with the Ware Society.

2.4 This budget has not been overspent in the past although pressures on the grounds maintenance budget can vary. Moreover, no conditions survey had been undertaken on the site since the Council acquired in 1974. As a consequence, Scott's Grotto is not on EHC's forward capital improvement programme. In anticipation of this, a conditions survey was undertaken in 2016. This provided estimates of on-going costs in the short to medium term to keep the Grotto in good condition and concluded a sum of around £30,000 - £35,000 would be needed over the next 5 years. Combined with the revenue costs outlined above, total costs to the Council for keeping the Grotto running over the next 5 years will be in the region of £50-£60k.

2.5 Visitors to the Grotto are invited to make a £1 donation to assist with covering costs. This income is retained by the Ware Society as part of the informal agreement referred to in (2.2). Donations total about £2000 per year. This funds some basic overheads such as the Grotto Guide and the Walk About Ware booklet, both Ware Society publications. Historically the money has also been used to contribute towards grounds maintenance work (e.g. tree cutting; funding for the extension of the garden path; funding for shrub planting bordering the new path; provision of 2 garden seats and new signage).

3.0 Future options:

3.4 There are three broad options for consideration with regards to future management arrangements for Scott's Grotto:

- (1) Sale/transfer of asset
 - Freehold sale through open market tender
 - Transfer asset to a local organisation through gifting/donation
 - Granting a long lease (at a 'peppercorn' rent)
- (2) Maintain current management arrangements
 - Carry on as is
 - Enhance touristic potential through investment

(3) Close the site and restrict access

- 3.5 **Essential Reference Paper ‘C’** outlines in detail each option and the benefits and risks associated with them. It also concludes with an options appraisal to analyse each option quantitatively according to five measures: revenue cost, capital cost, value for community, political priority and financial risk.
- 3.6 Transferring the asset through gifting/donation came out as the best option, as this would reduce council liability and ensure that the grotto could be managed by a trust or organisation with a greater interest in sustaining its future as a valued heritage asset. As a consequence, East Herts Council engaged in dialogue with the Ware Society about taking on ownership and full management of the Grotto. After some months of deliberation, they declined to progress these conversations any further. Although supportive of the Grotto the overall feeling was they did not have the capacity to take it on. The Town Council also did not express an interest. In the past approaches have also been made to other heritage organisations (e.g. English Heritage) who have also declined to take on ownership.
- 3.7 However there is the option for the Council to set up an independent trust and then gift the asset to that trust. Although the trust would be underwritten by the council, it presents opportunities for:
- Increased community involvement in local heritage
 - Stimulation of new uses
 - Attraction of new audiences and/or new sources of grants and investment capital to restore/develop the asset further not available to the council. A particular example would be the Resilient Heritage Grant Scheme offered by the national lottery. The grant offered is: £3,000-£250,000. The grant specifies support for charities who are undertaking ‘activities to support a group taking on new responsibility for heritage, such as working with a local authority on an asset transfer process’.
- 3.8 The Ware Society have indicated this would be something they would support and would be willing to provide a trustee. There is also an expectation that they would continue to be involved in the day to day running of the Grotto. This has been the model in place for some years for the Ware Museum which has been successful. Please note Ware Town Council were also approached regarding

this model and have declined to provide any trustees should it go ahead.

3.9 If this option is not pursued, given there are no other agencies willing to take on ownership and management of the Grotto, the likelihood is that the “do nothing” option becomes the direction of travel. In the short term this presents no challenges but in the medium – longer term this could result in incremental disinvestment in the Grotto.

4.0 Next steps:

4.1 Given the setting up a trust to take on ownership and management of the Grotto is deemed the best option, this can be pursued. However Scrutiny views are sought on the principles of this approach before any work is progressed. Key issues to consider are:

4.2 Trust governance and purpose:

4.3 The actual mechanics of setting up a trust are straightforward however there are a number of issues to consider before doing so. Guidance to governance, from the Charity Commission, can be found at the following link: <https://www.gov.uk/guidance/how-to-write-your-charitys-governing-document>].

4.4 Some key principles will be captured within the deeds of the trust, such as making it clear that in the case of the trust folding ownership of the Grotto reverts back to East Herts Council. We would also expect the Council’s Communications, Strategy and Policy Team to support the trust in its initial development stages with training and development of trustees to mitigate against the risk of failure.

4.5 A key issue is to consider what the objectives of the trust should be. The following is a set of possible objectives:

- (A) To continue the advancement of Ware’s heritage by protecting the grotto, the summerhouse and the surrounding gardens; and by continuing to keep the Grotto open to the public.
- (B) To continue the advancement of the grotto for public benefit through education, community involvement and tourism

- (C) To ensure the budget is managed effectively and sustainably, and to ensure that the grotto has funding for the short, medium and long-term.
- (D) To fulfil legal duties as a charitable trust, as set out by the Charity Commission

4.6 *Key question for Scrutiny: are the objectives set out above appropriate? Should the trust have any other objectives?*

4.7 Number of trustees:

4.8 The Charity Commission recommends that a trust should have at least 3 trustees. However it is recommended that more trustees are appointed. A possible approach is to have:

- 2 trustees appointed by East Herts Council
- 2 trustees appointed by the Ware Society
- 1 trustee from the local community (i.e. a Ware resident)

4.9 The trustees do not have to be a named person, but can be a named post (for example, the head teacher at a specified school). Therefore, it would be possible to name a trustee, for example, as the representative member for Ware Chadwell, or Ware Society Treasurer, rather than as a specified individual.

4.10 Both the Council and Ware Society would take responsibility for ensuring appointed trustees are appropriate and appointed through the proper means (i.e. at Annual Council and the Annual General Meeting respectively). Basic vetting must also take place (eg. Checks that nominees have not been disqualified from acting as trustees). A trustee representing the local community can be advertised for or found by word of mouth. Appointed trustees can agree what skills; experience and knowledge are needed to ensure the interests of the Grotto are protected. A brief application and interview process could be undertaken.

4.11 *Key question for Scrutiny: How many trustees should there be? Is the suggestion in (4.8) right?*

5.0 Trust finances and financial support from the council:

5.1 The on-going direct revenue costs to the council for running the Grotto on an annual basis and over the next 5 years in total are as follows:

2016/17 amount (£)	
Building Insurance	1,280
Maintenance of Grounds	1,200
Tourism Partnership Projects	1,100
Warden Salary	1,200
Total	4,780
Total over 5 years:	23,900

5.2 In addition there will be work required to ensure the maintenance of the Grotto, as outlined in the conditions survey. These were estimated as follows:

Timescale for repairs	Amount (£)
Urgent repairs	£ 2,000
Within two years	£ 9,650
Within five years	£ 18,400
After five years	£ 2,200
Desirable (ie extras)	£ 6,500
Total	£ 38,750

5.3 Thus, regardless of whether a trust is created or not, the cost to the council of maintaining the Grotto over the next five years will be in the region of £53,950 - £60,450. The higher figure represents the total costs outline above (less those for “after five years”) and the lower figure removes the “desirable” costs which are optional. This provides the starting point for considering a realistic financial package to support a trust with owning and running the Grotto.

5.4 There are options around how financial support to the trust is provided from the council. However the overwhelming objective is to ensure the trust is sustainable and within five years no longer requires financial support from the council. Options include:

- A one-off payment of £50,000 to cover revenue and capital costs for the next five years with the expectation that the trust is financially sustainable thereafter
- An annual grant of £10,000 for five years, again with an expectation that the trust is financially sustainable thereafter
- ‘Match funding’. The council will offer an initial smaller sum (£25,000), but then offer funding support when grant money is received (up to £25,000) again with an expectation the trust is financially sustainable after 5 years

5.5 The table below suggests different models and their associated benefits and risks.

Model	Amount	Benefits	Risks
One-off Lump Sum	£50,000 (approximate figure based on the lower end of predicted costs to the council for running the Grotto over the next 5 years)	<ul style="list-style-type: none"> • The council and the trust will become an immediate community asset • Financial freedom would allow the grotto to be invested in, as the Trust saw fit. • Gifting the 'right' amount allows the trust to be sustainable, whilst allowing incentive to be self-sufficient. 	<ul style="list-style-type: none"> • Mis-management of funds
Annual grant for five years	£10,000 per annum over 5years (amount as per the above)	<ul style="list-style-type: none"> • Reduced risk of financial mis-manageme nt 	<ul style="list-style-type: none"> • It would take a series of years before the grotto had freedom from the council. This may limit its increased involvement from the community/grotto improvement. • Regular payments from the Council may disincentivise

			<p>the trust to apply for grants.</p> <ul style="list-style-type: none"> • Grant ending after 5 years is seen as a “cut”
Match Funding for five years	One off-sum of £25,000 then additional amount up to £25,000 when funding is secured	<ul style="list-style-type: none"> • Incentivise the trust to apply for grants. This encourages financial sustainability. • Reduced risk of financial mis-management 	<ul style="list-style-type: none"> • If the grotto is awarded a large grant, the council is unlikely to be financially able to match the sum. Terms and conditions of match funding would need to be drawn up. • The council would still be in active role with the grotto, and the trust would have reduced financial autonomy.

5.6 The financial package should consider that, whilst charities do not pay tax on most of their income, charities do pay tax on dividends and on profits from developing land and buildings.

5.8: *Key question for scrutiny: what is the best financial model to adopt? Are the amounts suggested appropriate to incentivise sustainability?*

6.0 Implications/Consultations

6.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper ‘A’**.

Background Papers

None.

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ESSENTIAL REFERENCE PAPER 'A'

IMPLICATIONS/CONSULTATIONS

<p>Contribution to the Council's Corporate Priorities/ Objectives <i>(delete as appropriate)</i>:</p>	<p><i>Improving the Health and Wellbeing of our Communities</i></p> <p>This priority focuses on delivering strong services and seeking to enhance the quality of life, health and wellbeing, particularly for those who are vulnerable.</p> <p><i>Enhancing the Quality of People's Lives</i></p> <p>This priority focuses on attractiveness of place, and that development meets the needs of local residents. This ensures cleanliness of place.</p> <p><i>Enabling a Flourishing Local Economy</i></p> <p>This priority focuses on supporting communities, business and towns with the right infrastructure. This further focuses on partnerships, town centre design and business support.</p>
<p>Consultation:</p>	<p>Consultation with the Ware Society has taken place to determine their history in managing the asset and interest in owning the site. Consultation with Ware Town Council to determine their views of setting up as a trust.</p>
<p>Legal:</p>	<p>Need to determine if our legal partners have expertise in this area.</p>
<p>Financial:</p>	<p>A bat survey was undertaken at a cost of £1209.24. This was funded out of the economic development budget.</p> <p>A conditions survey was funded out of the new homes bonus priority spend reserve, which cost £6,250. This determined the level of expenditure required to accommodate a future schedule of likely works or repairs, as outlined in the paper.</p>
<p>Human Resource:</p>	<p>N/A</p>
<p>Risk Management:</p>	<p>N/A</p>
<p>Health and wellbeing – issues and impacts:</p>	<p>N/A</p>

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ESSENTIAL REFERENCE PAPER 'B'

HISTORIC/CONTEXTUAL BACKDROP

(1) John Scott and the 18th Century Grotto

According to Perman's (1991; 1995) "A New Guide to Scott's Grotto", John Scott was an eighteenth century Quaker poet who was best known for his liberal prose, often concerned with the Poor Law and Vagrancy Acts. He was born in Bermondsey in 1731 and moved to Amwell End, Hertfordshire, in 1740. Scott's poems can be found in various collections up until the early nineteenth century.

It is unclear when exactly Scott built his grotto, but it reflected the English fashion for grotto-building that began in the seventeenth century. Perman attributes Scott's motivations for the construct to his fashion and his desire to make his garden as attractive as possible; his love of solitary life and writing in peace; and his desire to bring London society to him at Amwell. His subterranean grotto, which consists of six underground chambers linked by passageways and air tunnels, attracted thousands of visitors – including the famous literary critic Dr Samuel Johnson. On the hill above the grotto there is also a summerhouse, which would once have boasted an extensive view over Ware.

For more information about the site's historical significance, see either Perman's guide or the following websites:

- <http://www.scotts-grotto.org/>
- <http://www.eastherts.gov.uk/grotto>
- <http://www.wareonline.co.uk/features/scotts.asp>



Photo credit: Graham Watson

(ii) Recent Management History

After Scott's death in 1783, the grotto was in the possession of his daughter, Maria, until her death in 1863. Scott's Road was subsequently built and the grotto came into the garden of a large Victorian house, which was demolished in the 1960s to make way for the construction of modern housing.

At this stage, Scott's Grotto was owned by Ware Urban District Council. However, following the passage of the Local Government Act in 1974, wherein the district of East Herts was formed and superseded the former local government structure, EHC acquired possession of the site. The council carried out basic repairs and the grotto was opened to the public in 1983 by Ware Society – a local organisation whose remit lies in preserving the town's character and improving its amenities.

These management arrangements have been maintained ever since. EHC are responsible for the site and its maintenance and Ware Society manage visitors to the grotto. In 1990, a full-scale restoration of the grotto was proposed and managed by Ware Society. The total cost of these works was £124,000: EHC contributed £60,000; English Heritage made a grant of £32,000; and the remaining funds were raised by Ware Society from businesses, private donors, charitable trusts and other bodies. Scott's Grotto is a Grade I listed site (part of the 1.3% of listed

buildings in the District) and the summerhouse and gardens are individually Grade II* listed.

(iii) Overview of Present Activities

A total of 31 volunteers for the Ware Society assist in managing visitors to the site. Estimations by Ware Society suggest that the average number of hours volunteers spend on tasks related to Scott's Grotto each year is 210 hours: 155 hours for normal openings; 15 hours for evening groups; 10 hours for exceptional visits and 30 hours for maintenance.

Scott's Grotto is currently only open to visitors from the beginning of April to the end of September, during scheduled weekend opening hours (2pm-4.30pm each Saturday and Bank Holiday Monday). Group visits are arranged at other times by prior appointment.

The reason for the seasonal restrictions in access is that a local, independent bat expert claims that the site is a bat hibernaculum during the winter months. The bat population is generally small during winter (<10) and mainly Daubenton's and Natterer's bats. However, much of this is open to interpretation, particularly regarding the legal aspects of bat protection and conservation. A recent bat survey suggested there were up to 4 bats present during the hibernation period.

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OUTLINE OF MANAGEMENT OPTIONS FOR THE FUTURE

(i) Sale/transfer of asset

If Scott's Grotto were to be sold or transferred to an individual, trust or organisation who wished to keep the site open for the public, the future manager(s) of the site would require access to the specialist knowledge required for the site's maintenance and would benefit from having an interest in its history. This would not be a requirement, however, if the grotto was purchased for private use.

Local organisations (such as Ware Society), neighbours, Ware Town Council or national heritage bodies are flagged as having a potential interest in this option. However, it is notable that in their advice on the topic, Historic England state that local authorities have the power to dispose of assets at 'less than best' consideration where this would support a use that brings social, economic or environmental benefits for the area (Rolph et al, 2015).

There are a number of forms this option could take, three of which are outlined below.

(a) *Freehold sale through open market tender*

This would rid the council of any liability, provided that buyers came forward. However, there is a risk that the site's limited potential for financial return would deter private investors and its future maintenance costs would deter smaller charitable organisations.

It may be that buyers come forward with the intention of using the grotto for private as opposed to public use. Whilst this represents a viable consideration, EHC must also be mindful of Historic England's advice that accepting the highest purchase offer is not always appropriate.

(b) *Transfer asset to a local organisation through gifting/donation*

With the latter point in mind, it could also be possible to 'donate' the grotto to a local organisation with a vested interest in the site and a demonstrable long-term plan for its management. This would encourage a more appropriate use for the site as a local heritage attraction whilst still ridding the council of its liability. However, it may be beyond the

capacity of local organisations to fund future repairs given the grotto's low financial income.

(c) Granting a long lease (at a 'peppercorn')

This final option would mean that EHC maintains overall ownership of Scott's Grotto, but its day-to-day operational management would be owned by the organisation it was leased to. However, if there is doubt regarding organisations' capacity to fund repairs on the grotto, a further charge for rent (however small) would likely cause more issues. Furthermore, whilst this option presents a viable short-term solution for EHC, in the long-term the site would remain a liability of the council.

It may be that a mixture of the above options is undertaken. For example, the head lease of an asset could be taken on by a town or parish council and then sublet/licensed to a community group. Furthermore, there may be a lack of existing organisations with the capacity or interest to take on the asset, but one may emerge/evolve in response to the threat or risk of the site's closure.

The broad benefits and risks associated with the options to sell or transfer Scott's Grotto are listed in the table below:

Option	Benefits	Risks
(a) Freehold sale through open market tender	<ul style="list-style-type: none"> • The grotto would no longer be a capital liability to the council • The grotto could be bought and owned by an organisation with an interest in sustaining the site's historic/cultural value 	<ul style="list-style-type: none"> • Asset may not be used in the public interest (this risk is accentuated considerably if the grotto were bought for private use) • Organisations/trusts may be unable to raise sufficient funds (either for purchase or maintenance costs)
(b) Transfer asset to a local organisation through gifting/	<ul style="list-style-type: none"> • The grotto would no longer be a capital liability to the council • The grotto could be managed by a trust/organisation with an 	<ul style="list-style-type: none"> • Small organisations who are most likely to have an interest in the grotto may have insufficient capacity to manage the

<p>donation</p>	<p>interest in sustaining its future as a valued heritage asset.</p> <ul style="list-style-type: none"> • Trust/organisation may stimulate new uses, attract new audiences and/or attract new sources of grants and investment capital to restore/develop the asset further • Communities are given the opportunity for increased involvement and engagement in their local assets, which can lead to enhanced volunteer commitment, community enterprise and risk capital to test new approaches 	<p>development or the running of the site</p> <ul style="list-style-type: none"> • Organisations/trusts may be unable to raise sufficient funds for maintenance • Conflict between and within community organisations may occur
<p>(c) Granting a long lease (at a 'peppercorn' rent)</p>	<ul style="list-style-type: none"> • If the grotto were leased to a community organisation, the above benefits (under option b) would apply 	<ul style="list-style-type: none"> • Likewise, the above risks apply, yet as the council would retain ownership it would be financially accountable

One final comment to make about the option of transferring the asset is the possibility of doing so with a grant to cover the costs of expected maintenance or refurbishment costs. EHC has its own grant scheme, which could be explored, but Rolph et al (2015) list other potential sources of funding as follows:

- Government grants – usually be for end uses if there are economic benefits and the location has been targeted for assistance
- Lottery funds – include not just HLF, but also the Arts Council England and Big Lottery Fund
- The Architectural Heritage Fund – an important source of funding for buildings being transferred to building preservation trusts and other not-for-profit organisations in the UK

- Charitable trusts and foundations – only tend to support very specific uses
- Loans – may be available to charities from specialised institutions or banks and building societies in cases where the risks are small
- Community investment – a way of raising money from communities through the sale of shares in order to finance enterprises serving a community purpose. Unlike charitable fundraising, community investors can get their money back (subject to specific terms), and some also receive financial compensation in the form of interest on the money they invest.
- It may be possible to generate funds from the development of adjoining land (often as part of a Section 106 agreement), or by commercial development of the asset itself

(ii) Maintain current management arrangements

The second option to consider is maintaining the current management arrangements of the site, wherein East Herts Council would continue to own the site and manage its visitors through collaborative working with Ware Society.

(a) Carry on as is

On the one hand, this could mean a continuation of current practice, which would mean that the heritage value of the site would be preserved through the involvement of Ware Society and its maintenance needs would be met by EHC. However, it would continue to be a capital liability for the council and the site's economic and cultural value would not be maximised.

(b) Enhance touristic potential

On the other hand, more could be done within the current management arrangements to enhance the number and experience of visitors to the grotto.

Whilst there are a number of barriers to developing the site into a commercial venture (as listed earlier), the most promising option in this regard would possibly be to emphasise the educational value of the site. For example, an educational liaison officer could be employed to undertake outreach work with schools and youth organisations and organise more tours and events. However, this would require significant extra resources from EHC.

Overall, the benefits and risks of maintaining current management arrangements are listed overleaf:

Option	Benefits	Risk
(a) Carry on as is	<ul style="list-style-type: none"> • EHC has an established budget for maintenance and repairs • Ware Society have demonstrated commitment to maintaining and showcasing the value of the grotto as a heritage asset in Ware for the past few years and will likely continue to do so 	<ul style="list-style-type: none"> • The grotto would continue to represent a capital liability for the council • Ware Society are constrained by EHC with regards to pursuing any of their own ideas for enhancing the site's economic and cultural value
(b) Enhance touristic potential	<ul style="list-style-type: none"> • If EHC decided to invest in educational outreach, the site could contribute to local history and schooling 	<ul style="list-style-type: none"> • EHC does not have an officer dedicated to heritage, therefore does not have the expertise or drive to explore further touristic enhancements • Would require extra resources from the council

(iii) Close the site and restrict access

The final option worth considering is closing the grotto completely and restricting all access to the site. This may be an unpopular option, but would save EHC a considerable sum of money:

Benefits	Risks
<ul style="list-style-type: none"> EHC would save considerable amounts of money in both maintenance costs and in getting a condition survey completed. These savings could then be used to improve other important services 	<ul style="list-style-type: none"> It would likely be an unpopular option amongst members of the public and Ware Society, who have invested a lot of time and energy in the site and value the grotto as an important cultural and historical asset

OPTIONS APPRAISAL

An options appraisal was undertaken to assess in more detail the risks and benefits associated with each option. This is a subjective, quantitative analysis of each option according to five measures: revenue cost, capital cost, value for community, political priority and financial risk.

Each of these measures was graded from one to five, where one represents the worst option and five the best option. The total score for each is calculated in the final column.

Option	Cost		Value for community	Political priority	Financial Risk (for EHC)	Total
	Revenue	Capital				
Freehold sale through open market tender	5	4	2	2	5	18
Transfer asset through gifting/ donation	4	2	5	4	5	20
Granting a long lease (at a	4	2	5	3	3	17

peppercorn)						
Carry on as is	2	3	3	3	3	14
Enhance touristic potential	1	2	5	4	2	14
Close site and restrict access	5	5	1	1	5	17

Transferring the asset through gifting/donation comes out as the best option, closely followed by freehold sale through open market tender. However, both of these options are dependent on a 'buyer' coming forward, and past consultation suggests that this is unlikely.

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EAST HERTS COUNCIL

PERFORMANCE, AUDIT AND GOVERNANCE SCRUTINY COMMITTEE – 23 MAY 2017

REPORT BY THE EXECUTIVE MEMBER FOR FINANCE AND SUPPORT SERVICES

RISK MANAGEMENT MONITORING REPORT (JANUARY TO MARCH 2017)

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- This report relates to action taken to mitigate and control strategic risks in the period January to March 2017.

<u>RECOMMENDATION FOR PERFORMANCE, AUDIT AND GOVERNANCE SCRUTINY: That</u>	
(A)	Consideration be given to controls that have been implemented and those planned; and
(B)	The Executive be advised of any further actions that could be taken to mitigate risk.

1.0 Background

1.1 The Strategic Risk Register was last considered by Audit and Governance Committee on 22 March 2017. (Period October to December 2016). The content of the register has been updated with controls implemented between January and March 2017 recorded. Please see **Essential Reference Paper 'B'**.

2.0 Report

2.1 Risk management can be defined as: The process which aims to help organisations understand, evaluate and take action on all their risks with a view to increasing the probability of their success and reducing the likelihood of their failure. (Source: The Institute of Risk Management).

2.2 Managing threats and opportunities helps to create an environment of “no surprises” and the Authority is in a stronger position to deliver services in accordance with corporate priorities. By managing opportunities, it is better positioned to provide continuous improvement in its services and better value for money.

2.3 The system of rating listed below applies to the 2016/17 financial year:

Rating the potential impact if the risk was to occur using the following scores:

- 4 **High** - Greater than £300,000 and / or national criticism and / or catastrophic fall in service quality
- 3 **Medium** - £150,000 to £300,000 and / or regional criticism and / or major long term fall in service quality
- 2 **Low** - £50,000 to £150,000 and / or long term local media criticism and / or minor long term or major short term fall in service quality
- 1 **Negligible** - Below £50,000 and / or short term local media criticism and / or short term fall in service quality

Rating the likelihood of occurrence using the following scores:

- 4 **Probable** - The event is likely to occur within a year
- 3 **Possible** - The event is likely to occur within, or more than one in three years
- 2 **Unlikely** - The event could occur less frequently than every three years
- 1 **Rare** – The event could occur in exceptional circumstances

2.4 Target scores have also been included with effect from 1st April 2016, although the terminology has been changed to ‘residual risk’. These demonstrate where Officers believe the likelihood and / or impact can be mitigated. (The title ‘current risk’ has also changed to ‘inherent risk’).

2.5 Controls implemented during the period January to March 2017 have been recorded. Scores have also been reviewed but remain unchanged. Please refer to Essential Reference Paper B for more information. Members are invited to review the content and identify any controls requiring further consideration.

- 2.6 The Executive will consider the Strategic Risk Register on 27 June 2017.
- 2.7 All strategic risks can be viewed on Covalent.
www.covalentcpm.com/eastherts
- 3.0 Implications/Consultations
- 3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

2016 /17 Quarter 3 risk management monitoring report to Audit and Governance Committee 22 March 2017.

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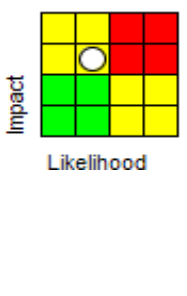
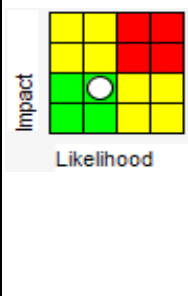
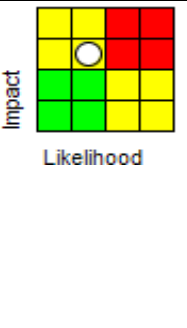
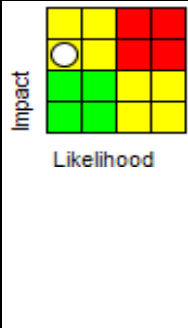
ESSENTIAL REFERENCE PAPER 'A'

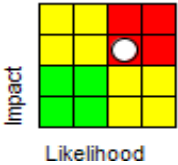
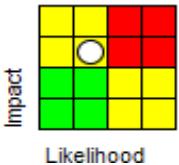
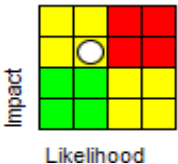
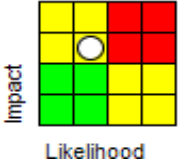
IMPLICATIONS/CONSULTATIONS

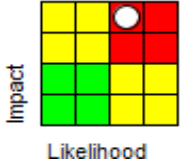
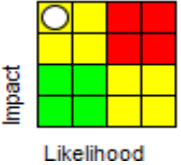
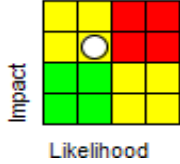
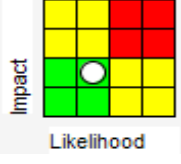
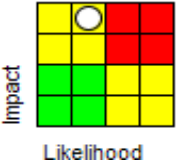
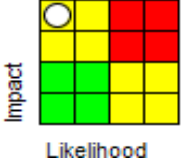
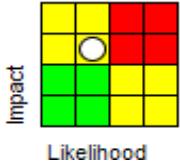
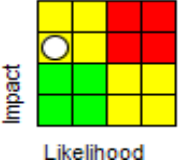
Contribution to the Council's Corporate Priorities/ Objectives:	Priority 1 – Improve the health and wellbeing of our communities Priority 2 – Enhance the quality of people's lives Priority 3 – Enable a flourishing local economy
Consultation:	There are no specific consultation implications arising directly from this report.
Legal:	There are no specific legal implications arising directly from this report.
Financial:	There are no specific financial implications arising directly from this report.
Human Resource:	There are no specific human resource implications arising directly from this report.
Risk Management:	There are no additional risk management implications to those already contained in this report. However, it should be noted that if East Herts did not have a risk management monitoring process, the Authority would be seen to be not managing risks appropriately, which would have a significant negative impact on recommendations made by the External Auditors through the Annual Audit Letter.
Health and wellbeing – issues and impacts:	There are no specific health and wellbeing implications arising directly from this report.

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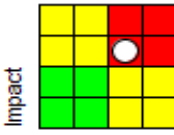
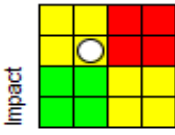
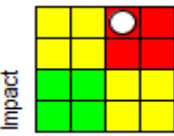
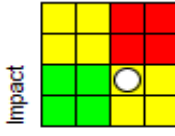
Code 16SR	Title	Description	Inherent Risk Matrix	Inherent Impact	Inherent Likelihood	Controls introduced in quarter four, and future controls planned	Residual Risk Matrix	Residual Impact	Residual Likelihood	Managed By
1a	Risk of significant deviation from plan in terms of funding. This is predominately a risk of a significant reduction but a significant increase could also cause risks to materialise.	There is uncertainty around future funding, both from Government and other areas such as income from commodities markets for recycled materials. There is some clarity on 2016/17 but little beyond then, particularly with the potential impact of leaving the EU and on trade relations. There are cost pressures combined with an increased awareness and scrutiny of financial position.		3	3	January to March 2017: The Healthcheck reporting process remains in place. Funding situation is being carefully monitored. Uncertainty going forward following announcement (in April) of the General Election.		3	3	Isabel Brittain
1b	Business rate income significantly reduced from planned anticipated level (and current levels).	Appetite and ability as a Council to influence economic development. Neighbouring authorities reducing rates. Revaluation and appeals. (Maximum liability circa £10m if all appeals were granted). Inability to influence economic regeneration. Economic vitality.		4	4	January to March 2017: There has been a freeze of position since the announcement of the General Election.		4	3	Isabel Brittain
2	Risk of not having capacity / capability and flexibility to continue to deliver service levels over time.	There are challenges to ensure the Council is fit for the future, in terms of workforce skills, capacity and flexibility.		3	3	January to March 2017: Services have restructured to ensure their services meet customer demand and are efficient and effective. Digital East Herts will support this transformation.		3	2	Emma Freeman
3	Risk that supplier / contractor or key third sector partner fails or fails to deliver.	A number of key services are delivered through major contracts, both directly and in consortia. This is both through private sector supply chains and in conjunction with the voluntary and third sector.		3	2	January to March 2017: No concerns reported with any major contracts or shared service. Waste tender progressing.		3	1	All Heads of Service

4	<p>Risk that investment and effort in alternative service delivery models does not deliver benefits and returns.</p>	<p>Moving more towards other delivery models in future with public sector partners. This is part of the wider context of the changing role of Local Government moving forward. Potential for lack of consistent political buy-in by all partners resulting in considerable effort without benefit. There is also a challenging skill set for managers due to the complexity.</p>		3	2	<p>January to March 2017: Report about potential Property Investment Company submitted to Executive for consideration April 2017.</p>		2	2	<p>All relevant Heads of Service</p>
5	<p>Information management: Misuse or loss of key information leading to breach. The potential disclosure of personal data inappropriately.</p>	<p>The Council handles a large amount of information and data which if not managed properly could be compromised. This could be perhaps through carelessness or hacking and security of the information could be compromised. Failure to comply with information governance principles. Action may be taken by the ICO. Individuals may suffer if their personal data, particularly sensitive personal data is disclosed.</p>		3	2	<p>January to March 2017: No reportable data breaches. Staff training programme continues.</p>		3	1	<p>Alison Stuart</p>

6	Impact of Housing and Planning Act.	<p>The key potential impacts are:</p> <ul style="list-style-type: none"> • Introduction of Starter Homes as a form of affordable housing, with nationally prescribed percentages to be delivered through the planning process, is likely to reduce the supply of new affordable rented homes thus reducing housing options for those on no / low incomes. This could place increased pressure on existing housing stock and potentially increase homeless approaches to the Council, leading to higher workloads • The opening up of the planning application assessment process to third parties could see workloads/income drop for the Council and its influence in decision making reduced. Potential for significant impact on staff resources, income and the ability to support direct and back office services. • Provisions for the Government to determine district plans where local authorities have not done so within certain time limits could erode the Council's reputation and ability to shape local development. • Further provisions for flexibilities with regard to fee levels and self setting of fees if the Council continues to operate established performance levels. 		3	3	January to March 2017: Both service areas will continue to monitor the implementation of the Housing and Planning Act where secondary legislation is introduced. During this period, in relation to planning issues, most changes have been of a procedural or technical nature, and do not have significant implications for the operation of the Council's service. With regard to the District Plan, please refer to risk 7 below.		3	2	Jonathan Geall and Kevin Steptoe
7	Development of a District Plan that is acceptable to the community and the planning inspectorate.	<p>Risk of not being able to agree plan in timeframe meaning: Increased costs, Lack of effective development management, Cannot bid for funding for infrastructure, lost opportunity, open to challenge in meantime, legal / reputational / political issues. Impact on New Homes Bonus.</p>		3	2	January to March 2017: District Plan submitted to the government for examination.		3	2	Kevin Steptoe

8	<p>Significant development proposals at strategic sites (Welwyn Garden City, Bishop's Stortford) - need to ensure good quality developments securing all necessary infrastructure.</p>	<p>Ambitions not achieved. Ability of building industry to deliver, including contribution for infrastructure. Poor environment. Loss of development opportunity. Reputational risk.</p>		4	3	<p>January to March 2017: The Council endorsed a master planning approach to significant development sites. This will be applied, through continued dialogue with potential developers and through the evolution of development proposals in the run up to the Examination of the District Plan.</p>		4	1	Kevin Steptoe
9	<p>Failure to deliver Digital East Herts.</p>	<p>Risk that services are not provided across multiple channels to improve the customer experience and realise efficiency gains.</p> <p>Step change to digital basis for service delivery will not be made within the window of invest opportunity in the next two years.</p>		3	2	<p>January to March 2017: Individual projects being monitored via Digital East Herts project tracker through steering group and exception reporting in place on a monthly basis to Leadership Team to identify any resourcing issues or issues arising that could impact on overall programme delivery.</p>		2	2	Adele Taylor
10	<p>Compliance with the Childrens Act 2004.</p>	<p>Whilst the Council's self-assessment obtained ratings of at least 'adequate' there is a commitment to improve and thereby ensure the safety of children.</p>		4	2	<p>January to March 2017: The council has worked closely with the Police to prepare for the CSE Awareness Day in June.</p>		4	1	Jonathan Geall
11	<p>Safeguarding adults.</p>	<p>Maintain and develop interagency relationships, Council policy and training.</p>		3	2	<p>January to March 2017: SIAS carried out a review of the council's approach to safeguarding during qtr4. The draft report was issued on 30 March. SIAS can provide 'substantial assurance that there are effective controls in operation'. The Head of Housing and Health is providing the management response prior to the issuing of the final report.</p>		3	1	Jonathan Geall

12	Encouragement of economic vitality cross the District.	Risk that opportunities to develop and improve Bishop's Stortford and Hertford town centres are not maximised through the Old River Lane Planning Framework and Hertford Urban Design Study. Also ensure regular dialogue with business and organisations representative of business. Interventions to be proposed where appropriate e.g. business improvement district opportunities.		4	2	January to March 2017: Feasibility on Bishop's Stortford business improvement district approved by Executive and proceeding to development phase. LEP contribution of £200,000 for HUDS agreed. Business Engagement Manager recruited.		4	1	Ben Wood
13	Extreme weather - Either unable to resource or prioritise emergency planning response and other mitigation measures.	Frequency of events likely to increase. Emergency planning response could be compromised. Impact on east/west travel in District and on infrastructure, especially transportation. Lack of resource for mitigation activity e.g. land drainage function. Impact on Council properties, particularly sites on flood plains.		3	3	January to March 2017: The Emergency Planning Duty Officer rota migrated to Rotacloud in quarter four which provides up-to-date details of on-call officers' shifts and improves overall resilience.		2	3	Jonathan Geall
14	Devolution - fail to engage, and influence partners to engage, leading to missed opportunities.	Hertfordshire not seen as a 'player' nationally and regionally. Unable to be proactive and engage early on in this agenda. Missed opportunities to maximise benefit.		2	3	January to March 2017: A five point action plan for Hertfordshire ('A Better Deal for Hertfordshire Residents') was signed off at a public sector leaders' meeting in March 2017. This takes up the areas which leaders thought required more collaboration across Hertfordshire without necessarily requiring devolution. Areas include: World class skills, Strategic Planning and Transport, Fully collaborative Health & Social Care, Safe and Cohesive Communities, and Maximising public sector assets. Work is overseen by a small steering group of leaders, and managed through the Chief Executive's Coordinating Group for Hertfordshire.		2	3	Liz Watts

15	Referendum vote to leave EU.	Further budget reductions likely. Potential impact on the economy, particularly employment and the housing market. Loss of EU funding for local schemes. Legislative changes.	 <p>Impact</p> <p>Likelihood</p>	3	3	January to March 2017: Rural Development Programme funding has been guaranteed by the Government up to the point at which the UK leaves the EU.	 <p>Impact</p> <p>Likelihood</p>	3	2	Ben Wood
16	Development of Old River Lane, Bishop's Stortford.	The acquisition of the Old River Lane site presents opportunities to revitalise and shape the town centre, but there are risks around undertaking large-scale development, including land use choices, viability, impact on other areas and functions of the town centre, etc.	 <p>Impact</p> <p>Likelihood</p>	4	3	January to March 2017: A&M commissioned to undertake final piece of work on options for the site; Property consultants appointed; Project Manager recruited (working full time on Bishop's Stortford projects).	 <p>Impact</p> <p>Likelihood</p>	2	3	Liz Watts

EAST HERTS COUNCIL

PERFORMANCE, AUDIT AND GOVERNANCE SCRUTINY COMMITTEE – 23 MAY 2017

REPORT BY CHAIRMAN OF PERFORMANCE, AUDIT AND GOVERNANCE SCRUTINY COMMITTEE

SCRUTINY WORK PROGRAMME

WARD(S) AFFECTED: None.

Purpose/Summary of Report

- To review and determine Performance, Audit and Governance (PAG) Committee's future work programme.

RECOMMENDATION FOR DECISION:

(A)	The work programme detailed in this report be agreed.
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1.0 Background

- 1.1 Items previously required, identified or suggested for the PAG work programme are set out in **Essential Reference Paper 'B'**.

2.0 Report

- 2.1 The draft agenda for 2017/18 meetings of PAG Committee is shown in **Essential Reference Paper 'B'**. The timing of some items shown may have to change depending on availability of essential data (e.g. from central government).
- 2.2 Members are asked whether there is any additional topic they wish to put forward for inclusion on any future agenda. Suggestions can be made at the meeting or by completing the form attached as **Essential Reference Paper 'C'** and submitting to the Scrutiny Officer. The Committee will also be given the chance to contribute suggestions and select new topics for consideration at a work programme planning meeting; the date of which will be confirmed in due course.

2.3 Members are also asked whether they wish to extend an invitation to one or more of the Executive members to attend a particular meeting or for a specific agenda item.

2.4 Members are asked whether there is any training relevant to scrutiny or to the function/remit of PAG as a committee which they would like to have arranged. This could be done as a separate session open to all scrutiny members or as an item on a future PAG agenda (as appropriate).

3.0 Implications/Consultations

3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

None

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fiona.corcoran@eastherts.gov.uk

ESSENTIAL REFERENCE PAPER 'A'

IMPLICATIONS/CONSULTATIONS

<p>Contribution to the Council's Corporate Priorities/ Objectives:</p> <p>2017/18 wording</p>	<p>Priority 1 – Improve the health and wellbeing of our communities</p> <p>Priority 2 – Enhance the quality of people's lives</p> <p>Priority 3 – Enable a flourishing local economy</p> <p>Effective use of the scrutiny process contributes to the Council's ability to meet one or more of its corporate objectives.</p>
<p>Consultation:</p>	<p>Potential topics for scrutiny are always invited from the Executive and all Members and the public are asked through an annual item in the 'council tax' edition of LINK magazine which is delivered to every household. Members of each scrutiny committee are consulted at every meeting as their work programme is a standing item on the agenda.</p>
<p>Legal:</p>	<p>According to the Council's constitution, the scrutiny committees are responsible for the setting of their own work programme in consultation with the Executive and in doing so they shall take into account wishes of members on that committee who are not members of the largest political group on the Council.</p>
<p>Financial:</p>	<p>Any additional meetings and every task and finish group has resource needs linked to officer support activity and time for officers from the services to make the required input.</p>
<p>Human Resource:</p>	<p>None</p>
<p>Risk Management:</p>	<p>Matters which may benefit from scrutiny may be overlooked. The selection of inappropriate topics for review would risk inefficient use of resources. Where this involved partners, it could risk damaging the reputation of the council and relations with partners.</p>
<p>Health and wellbeing – issues and impacts:</p>	<p>The broad remit of scrutiny is to review topics which are of concern to the public, many of which have an indirect impact on the general wellbeing of residents of East Herts.</p>

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Performance, Audit and Governance Scrutiny (PAG) Committee Work Programme 2017/18 – DRAFT

Meeting Date	Topic	Lead Officer	Notes
23 May 2017	Covalent demonstration: online portal for Members to access performance data	Noel Wallis, Improvement and Insight Analyst Tamara Jarvis, Improvement and Insight Manager	10 minute demo: all Members to be invited for this
	Update on Shared Anti-Fraud Service (SAFS) report to EHC Audit Committee March 2017	Nick Jennings, Counter Fraud Manager, Shared Anti-Fraud Service HCC Isabel Brittain, Head of Strategic Finance	Arising from Cllr Boylan's query. The Chairman agreed this should go on agenda of first PAG meeting in response to questions voiced by Members at March Audit Committee meeting.
	Leisure Contract – year 8	Jess Khanom, Head of Operations and Mark Kingsland, Leisure Services Manager (+ rep from SLM: name TBC)	NOTE: include finer breakdown of satisfaction data to show very/fairly etc – requested by members at their 15/03/16 meeting

	Delivery of Housing and Health strategy – 1 year review	Louise Harris, Housing Development and Strategy Manager; Jonathan Geall, Head of Housing and Health	
	Asset Transfer: Scott's Grotto	Ben Wood, Head of Communications, Strategy and Policy	
	Risk Management Monitoring Report (January to March 2017)	Isabel Brittain, Head of Strategic Finance; Graham Mully, Risk Assurance Officer	
	Work Programme	Fiona Corcoran, Scrutiny Officer	
4 July 2017	16/17 anthology of all that has happened – finance, performance, projects, complaints	Alison Street Isabel Brittain, Head of Strategic Finance Ben Wood, Head of Communications, Strategy and Policy	Including 4 th quarter finance health check (including the final outturn report)
	new business incubation space in Stortford	Ben Wood, Head of Communications, Strategy and Policy	Subject to portfolio holder agreement

	<p>SAFS UPDATE</p> <p>1. Report on Anti-Fraud Activity at EHC 2016/2017</p> <p>2. Report on SAFS Progress against EHC Anti-Fraud Action Plan 2017/2018.</p>	Nick Jennings, Counter Fraud Manager, Shared Anti-Fraud Service HCC	
	SIAS Annual Assurance	Isabel Brittain, Head of Strategic Finance or Terry Barnett HCC	Confirm who presents
	SIAS Audit Plan Update	Isabel Brittain, Head of Strategic Finance or Terry Barnett HCC	Confirm who presents
	Update on implementation of 2016/2017 annual governance statement plan	Isabel Brittain, Head of Strategic Finance	
	Draft annual governance statement 2016/17	Isabel Brittain, Head of Strategic Finance	

	Draft statement of accounts	Isabel Brittain, Head of Strategic Finance	
	Work Programme	Fiona Corcoran, Scrutiny Officer	
26 September 2017	Quarter 1 Finance Healthcheck (April – June 2017)	Alison Street, Accountant; Isabel Brittain, Head of Strategic Finance	
	Statement of Accounts 16/17	Isabel Brittain, Head of Strategic Finance	
	Risk Management Monitoring Report (April – June 2016)	Isabel Brittain, Head of Strategic Finance/Graham Mully, Risk Assurance Officer	
	External Audit Results Report	Isabel Brittain, Head of Strategic Finance And External Auditor from EY?	
	Treasury Management Strategy 16/17 Outturn	Isabel Brittain, Head of Strategic Finance	
	SIAS Audit Plan Update	Isabel Brittain, Head of Strategic Finance or Terry Barnett HCC	Confirm who presents
	Annual SIAS- Board	Isabel Brittain, Head of	Confirm who presents

	Report 2015-16	Strategic Finance or Terry Barnett HCC	
	Asset Management Plan	New Head of Property (due in post May 2017)	
	Work Programme	Fiona Corcoran, Scrutiny Officer	
21 November 2017	Corporate strategic plan progress	Ben Wood, Head of Communications, Strategy and Policy	
	Treasury Management Mid-Year Review 2017-18	Isabel Brittain, Head of Strategic Finance	
	Quarter 2 Finance Healthcheck (July – September 2017)	Alison Street, Accountant	
	External Auditor Annual Audit Letter for the year ended 31 March 2016	Isabel Brittain, Head of Strategic Finance and External Auditor from EY	Confirm External Auditor from EY
	The Council's response to the annual audit letter	Isabel Brittain, Head of Strategic Finance	
	Update on implementation of annual governance	Isabel Brittain, Head of Strategic Finance	

	statement 2017/18 action plan		
	Review of the introduction of 'pay-on-exit' parking software	Andrew Pulham, Parking Manager	Due to start in Nov 2016 (base review on 9 months of data)
	Risk Management Monitoring Report (July to September 2017)	Isabel Brittain, Head of Strategic Finance/Graham Mully, Risk Assurance Officer	
	Work Programme	Fiona Corcoran, Scrutiny Officer	
16 January 2018	Budget Report and Medium Term Financial Plan	Isabel Brittain, Head of Strategic Finance	
	External Audit Grants Certification 2016/17	Isabel Brittain, Head of Strategic Finance and External Auditor from EY	Confirm External Auditor from EY
	Treasury Management Strategy 2018-19	Isabel Brittain, Head of Strategic Finance and External Auditor from EY	Confirm External Auditor from EY

	SIAS Audit Plan Update	Isabel Brittain, Head of Strategic Finance or Terry Barnett HCC	Confirm who presents
	Update on implementation of annual governance statement 2017/18 Action Plan	Isabel Brittain, Head of Strategic Finance	Jan or March meeting?
	Work Programme	Fiona Corcoran, Scrutiny Officer	
13 March 2017	External Auditor 2017-18 Audit Plan	Isabel Britain, Head of Strategic Finance and External Auditor from EY	Confirm External Auditor from EY
	Quarter 3 Finance Healthcheck (October – December 2017)	Alison Street, Accountant	
	Update on implementation of annual governance statement 2017/18 action plan	Isabel Brittain, Head of Strategic Finance	Jan or March meeting?
	SAFS UPDATE	Nick Jennings HCC	
	1. Report on SAFS		

	<p>Progress against EHC Anti-Fraud Action Plan 2017/2018.</p> <p>2. Proposed Anti-Fraud Action Plan for 2018/2019.</p>		
	Shared Internal Audit Plan 2018/19	Isabel Brittain, Head of Strategic Finance or Terry Barnett HCC	Confirm who presents
	SIAS Audit Plan Update	Isabel Brittain, Head of Strategic Finance or Terry Barnett HCC	Confirm who presents
	Risk Management Monitoring Report (October to December 2016)	Isabel Brittain, Head of Strategic Finance/Graham Mully, Risk Assurance Officer	
	Risk Management Strategy	Isabel Brittain, Head of Strategic Finance/Graham Mully, Risk Assurance Officer	Confirm if this is an annual update and therefore should stay on agenda
	Work Programme	Fiona Corcoran, Scrutiny Officer	

Other items/notes:

- Quarter 4 17/18 Healthcheck to go to first (May) PAG in 2018/19 Calendar. Finance will continue to provide quarterly finance health checks for 2017-18. The dates for the quarterly finance healthchecks to go to PAG are as following:
 - Quarter 1 (April – June 2017) PAG – 26/09/2017
 - Quarter 2 (July – September 2017) PAG – 21/11/2017
 - Quarter3 (October – December 2017) PAG – 13/03/2017
 - Outturn (full year 2017/18) PAG – will go to PAG in July 2018
- Complaints lodged with the monitoring officer - dates TBC (Alison Stuart, Head of Democratic and Legal Support Services)
- Constitution Review – TBC if any further reporting back/monitoring needed on this (Alison Stuart, Head of Democratic and Legal Support Services)

Items for 2018/19 Work Programme

July 2018	Finance Outturn (full year 2017/18)	Alison Street	
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PERFORMANCE, AUDIT AND GOVERNANCE SCRUTINY – Deadlines for Papers

DATE OF MEETING	AGENDA DISPATCH	REPORT DEADLINE
23 May 2017	15 May 2017	10 May 2017
4 July 2017	26 June 2017	21 June 2017
26 September 2017	18 September 2017	13 September 2017
21 November 2017	13 November 2017	8 November 2017
16 January 2018	8 January 2018	3 January 2018
13 March 2018	5 March 2018	28 February 2018

ESSENTIAL REFERENCE PAPER 'C'

Scrutiny Proposal form

Name of proposer:

What would you like to suggest for investigation / review by scrutiny?

Why would you like this to be reviewed? (Include the main issues / concerns to be considered)

Please continue on a separate sheet if necessary

What would be the likely benefits and outcomes of carrying out this investigation / review?

Estimated resource implications on staff and councillors (e.g. research group, one-off report, dedicated meeting etc) to achieve the likely outcome. The outcome must be proportionate to the cost of carrying out the review.

Suggested witnesses, documentation and consultation required

Will this investigation / review contribute to one or more of the Council's Strategic Priorities? If so, which (please tick)?

Improve the health and wellbeing of our communities	
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Enhance the quality of people's lives	
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Enable a flourishing local economy	
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Will this investigation / review meet one of the criteria below? If so, which (please tick)?

Public Interest: The issue has been identified as a concern by local people	
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Impact (Value): The issue will make a significant difference to the social, economic and environmental wellbeing of residents, and has the potential for outcomes that could lead to real improvements	
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Relevance: The issue is relevant and does not duplicate existing work being undertaken elsewhere	
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Partnership working or external scrutiny: The issue involves moving towards collective action and community leadership	
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Would you like to be involved in the investigation / review?	
Yes	No
Date of request:	Signed:

Please return this form to the: Scrutiny Officer, East Herts Council,
 Wallfields, Pegs Lane, Hertford, SG13 8EQ
 Email: fiona.corcoran@eastherts.gov.uk

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