

EAST HERTS COUNCIL

EXECUTIVE – 6 FEBRUARY 2018

REPORT BY PERFORMANCE, AUDIT AND GOVERNANCE SCRUTINY
COMMITTEE CHAIRMAN

PERFORMANCE, AUDIT AND GOVERNANCE COMMITTEE UPDATE

WARD(S) AFFECTED: All

Purpose/Summary of Report

- This report details the comments and recommendations made by the Performance, Audit and Governance Committee since the last meeting of the Executive.

<u>RECOMMENDATION FOR EXECUTIVE:</u>	
(A)	That the Executive note the contents of the report.

1.0 Background

1.1 Since the last meeting of the Executive, the Performance, Audit and Governance Scrutiny Committee have met once on 16th January 2018 and considered the following items:

- Update from the Executive Member for Finance and Support Services
- Budget Report and Service Plans 2018/19-2021/22
- Annual Audit Letter and External Certification of Claims Summary 2016/17
- Shared Internal Audit Services - Update on Audit Plan
- Treasury Management Strategy
- Asset Management Update
- Charrington's House, Bishop's Stortford – Update

- Work Programme

2.0 Update from the Executive Member for Finance and Support Services

- 2.1 The Executive Member for Finance and Support Services was invited to provide a presentation and update on his portfolio. The Committee discussed the presentation in detail and asked questions of the Executive Member and officers, to which comprehensive responses were provided.
- 2.2 The Executive Member for Finance and Support Services circulated a briefing note summarising his Portfolio. He referred to the outturn for last year and the progress made in relation to the potential budget overspend for this year and the progress made in addressing this including IT and Revenue and Benefits (joint working) arrangements and savings.

Members expressed concern on a number of issues:

- The process and controls in place in reporting overspends;
- Whether the measures to claw back expenses “scrimping” in the latter part of the year had impacted negatively on services;
- Measures and constraints in relation to increasing Council Tax income and Business Rates retention and the changes to be imposed by the Government in relation to the New Homes Bonus.

- 2.3 The Executive Member and Officers responded to each of the issues raised.

- 2.4 The Committee noted the presentation.

3.0 Budget Report and Service Plans 2018/19-2021/22

- 3.1 The Committee considered a report detailing the Council’s budget and Service Plans for 2018/19 to 2021/22.

- 3.2 The Head of Strategic Finance and Property provided an overview of the report which was prudent, which took into account known pressures and risks and was also forward looking.
- 3.3 Members were concerned about proposed changes to the New Home Bonus (NHB) and the recommendation to remove this from the General Fund over the life of the MTFP. Members felt that this was unfair to many towns and parishes affected by increased housing developments (particularly Bishop's Stortford); including the impact this would have on the environment and services. Members were concerned that there was no process or proposed protocols for the allocation of NHB funding following the changes. Members felt that commitments already made should receive the NHB but that measures be put in place for future housing developments.
- 3.4 The Committee agreed to recommend to the Executive that a decision to remove NHB be deferred until a process for its distribution was established (notwithstanding any current commitments) and that the Executive be requested to review the NHB in more detail to ensure a fair process for its allocation.
- 3.5 Members recognised the vital and important work undertaken by PCSOs in both town and rural areas and expressed concern about the proposed £43k savings. Members asked that a decision on this issue be deferred and that assurances be sought from the Police Crime Commissioner that the Police would fund these posts before any decision was made to remove funding.
- 3.6 The Committee recommended to the Executive that the draft service plans for 2018/19 be adopted.
- 3.7 The Committee recommended to the Executive that the East Herts share of Council Tax for a Band D property at £164.09 be

approved.

- 3.8 The Committee recommended to the Executive that Members noted the updated position on the Medium Term Financial Plan and Budget for 2018/19 including the significant budget pressures and risks;
- 3.9 The Committee recommended to the Executive that a decision to remove NHB be deferred until a process for its distribution is established (notwithstanding any current commitments) and that the Executive be requested to review the NHB in more detail to ensure a fair process for its allocation.
- 3.10 The Committee recommended Executive approve the new savings in 2018/19 as shown in Essential Reference Paper 'B' with the exception of the saving proposed in relation to PCSOs until further information is received from the Police Crime Commissioner regarding who will provide funding.
- 3.11 The Committee recommended that the Head of Strategic Finance and Property be authorised to lead on a process to investigate and implement the projects set out in 'Essential Reference Paper C' of the report to PAG, with an investment pot of £200k for 'invest to save' projects (those that will pay back and ultimately create a revenue saving.)
- 3.12 The Committee recommended that Executive approve the implementation of the Capital Programme as set out in Essential Reference Paper E of the report to PAG.
- 3.13 The Committee recommended that Executive approve the schedule of charges set out in essential Reference Paper F of the report to PAG, with an overall increase of 5% for 2018/19.

4.0 **Annual Audit Letter and External Certification of Claims Summary 2016/17**

- 4.1 The Committee received the Annual Audit Letter and External

Certification of Claims Summary 2016/17 from external auditors Ernst and Young. The External Auditor provided a summary of the report and referred Members to the Executive Summary as detailed.

- 4.2 Members sought assurances that the methodology of valuing assets was appropriate. The External Auditor provided an overview of what protocols were used. Members were concerned at the level of additional fees being charged for work which had delayed the audit process and which was still the subject of negotiations with the External Auditor.
- 4.3 The Committee received the Annual Audit Letter and External Certification of Claims.

5.0 Shared Internal Audit Service (SIAS) 2017/18 Audit Plan Progress Report

- 5.1 The Committee considered a progress report on the SIAS 2017/18 Audit Plan.
- 5.2 The report set out the progress made by the Shared Internal Audit Services (SIAS) in delivering the Council's Annual Audit Plan for 2017/18 as at 29 December 2017 and provided an update on performance management as at 29 December 2017.
- 5.3 The Committee noted the Internal Audit progress report; approved amendments to the Audit Plan as at 29 December 2017 and noted the status of high priority recommendations.

6.0 Treasury Management Strategy and Annual Investment Strategy 2018-19

- 6.1 The Committee considered a report outlining the proposed Treasury Management Strategy and Annual Investment Strategy for 2018-19 and presenting the 2018-19 Prudential Indicators.

- 6.2 The Committee considered short term vs long term borrowing. The role of the Municipal Bond Agency was clarified.
- 6.3 The Committee recommended that Council approve the Treasury Management Strategy and Annual Investment Strategy.
- 6.4 The Committee recommended that Council approve the Prudential Indicators.
- 6.5 The Committee recommended that Council approve the counterparty listing outlined in paragraph 2.4 of the report to PAG.

7.0 Asset Management Update

- 7.1 The Committee considered a report outlining the asset management plan 2017 – 2020 and the processes for reviewing the property assets to seize opportunities to rationalise the estate in order to make savings and generate revenue and capital.
- 7.2 The Committee discussed how properties were valued and whether this satisfied the requirements of the Auditors. Assurances were provided. One Member expressed concern in relation to unresolved issues regarding Castle Gardens (Essential Reference Paper “B”).
- 7.3 The Committee noted the report and requested that all comments be noted by the Head of Strategic Finance and Property.

8.0 Charrington’s House, Bishop’s Stortford: Update

- 8.1 The Committee considered a report reviewing the performance of Charrington’s House as an investment and the transition into a potential development site.

- 8.2 Some Members expressed concern regarding the car park at Charringtons and the confusion caused to the public by the “blue” bays. Members felt that the public should be allowed to park there on Saturday. Concerns were also expressed regarding the position of the Disabled Parking bays (near the refuse containers) which was not felt to be acceptable. Members acknowledged the rationale for the exclusion of car parking fees from the Old River Lane account but felt that these should be included with the specific revenue account for ORL.
- 8.3 Updates were provided on the success of “Launch Pad”.
- 8.4 The Committee recommended that its views and comments be noted by the Head of Strategic Finance and Property.

9.0 Work Programme

- 9.1 The Committee received a report detailing its work programme for 2017-18.
- 9.3 The Committee approved the work programme.

Background Papers

None.

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