

MINUTES OF A MEETING OF THE  
PERFORMANCE, AUDIT AND GOVERNANCE  
SCRUTINY COMMITTEE HELD IN THE  
COUNCIL CHAMBER, WALLFIELDS,  
HERTFORD ON TUESDAY 13 MARCH 2018,  
AT 7.00 PM

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

ALSO PRESENT:

Councillors S Rutland-Barsby

OFFICERS IN ATTENDANCE:

|                    |   |
|--------------------|---|
| Isabel Brittain    | - Head of Strategic<br>Finance and<br>Property      |
| Lorraine Blackburn | - Democratic<br>Services Officer                    |
| Helen Standen      | - Director  |
| Ben Wood           | - Head of<br>Communications,<br>Strategy and Policy |

ALSO IN ATTENDANCE:

|               |                                       |
|---------------|---------------------------------------|
| Alan Cooper   | - SIAS                                |
| Debbie Hanson | - Ernst Young LLP                     |
| Pamela Hillie | - Ernst Young LLP                     |
| Nick Jennings | - Shared Anti-Fraud Service<br>(SAFS) |

389 CHAIRMAN'S ANNOUNCEMENTS

The Chairman welcomed all to the meeting adding that this was the last meeting of the civic year.

390 APOLOGIES

Apologies for absence were submitted on behalf of Councillors P Boylan, R Henson, and J Kaye. It was noted that Councillor S Cousins was substituting for Councillor J Kaye.

391 MINUTES – 16 JANUARY 2018

RESOLVED – that the Minutes of the meeting held on 16 January 2018 be confirmed as a correct record and signed by the Chairman.

392 CORPORATE FINANCIAL HEALTHCHECK REPORT - QUARTER 3

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The Head of Strategic Finance and Property and Head of Communications, Strategy and Policy submitted a monitoring report on finance and performance as at 31 December 2017.

The Head of Strategic Finance and Property stated that the budget overspend as at 31 December 2017, was £58k and this now stood at £55k. She added that the overspend had been considered by Leadership Team and that going forward, the future aim was to come in on budget. The Committee Chairman acknowledged that the overspend had been trending downwards.

Councillors K Crofton and J Wyllie referred to the underspend in relation to the Castle Weir micro hydro scheme and the apparent lack of progress in this project . The Head of Strategic Finance and Property explained the budgeting arrangements on this issue and undertook to ask the Head of Operations to provide an update. The Committee Chairman reminded Members that the Environment Agency had been slow to respond and had delayed progress.

Councillor S Cousins supported the Castle Weir micro hydro scheme, adding that it would bring great benefit financially, to the running costs of Hertford Theatre.

Councillor A Alder sought clarification regarding Decent Home Grants (Policy) and the Bell Street, Sawbridgeworth toilets and car park. The Head of Strategic Finance and Property agreed to ask appropriate Heads of Service to provide Members with an update.

In response to a query by Councillor D Oldridge, the Head of Strategic Finance and Property explained how claw backs in the budget were approached, e.g., by not filling vacant posts, reducing office consumables to prevent over-ordering.

Councillor K Crofton requested further information regarding a £13k reduction in income predicted in orders for clinical waste collections. The Head of Strategic Finance and Property undertook to ask the Head of Operations to respond to Members.

The Chairman referred to depressed rental incomes in respect of Charrington's House, Bishop's Stortford.

The Head of Strategic Finance and Property commented that there had been a number of new signings which would go some way to address the gap in the 2018/19 budget. The Head of Communications, Strategy and Policy provided an update in relation to “Launch Pad” and the internal changes to the ground floor layout of Charrington’s House in order to attract smaller businesses.

The Committee Chairman referred to the increased costs in Legal and Democratic Services and was advised that an interim member of staff had been appointed to fill a position at the beginning of the year, however, the post had now been permanently filled.

Members debated the issue of shortages and causes in recruiting sufficient planning staff. Members supported the suggestion that this be referred to the Interim Head of Human Resources and Organisational Development as a first step and the possibility of including this in the work programme for review.

The Committee Chairman referred to the overspend of £110k in relation to BATs shared service and the increased costs in respect of cyber security and additional software licenses. The Committee supported a suggestion that this be added to the work programme for further scrutiny.

In response to a query from Councillor A Alder about Aged Debtors, the Head of Strategic Finance and Property stated that one large invoice regarding the car park in Bishop’s Stortford remained outstanding. She agreed to write to Members with an update.

The Committee Chairman queried whether the “My Incubator” project offered value for money. The Head of Communications, Policy and Strategy provided an update on this, funding streams and proposed alternative accommodation.

The Committee Chairman queried the issue of the £240k housing benefit equalisation reserve and whether the volatility was likely to continue. The Head of Strategic Finance and Property explained the position in relation to housing subsidy claims and the impact on the budget.

In response to a query from the Committee Chairman regarding the £821k capital resources for future social housing schemes, the Head of Strategic Finance and Property explained that this sum was being set aside in reserves until a worthy scheme had been identified.

The Committee supported the recommendations as detailed.

RESOLVED – that (A) the Executive be advised that Members noted the projected revenue budget forecast overspend of now £55k in 2017/18 ;

(B) the capital budget forecasted underspend of £2.166m , be noted;

(C) the reported performance and actions for the period October 2017 to December 2017 be noted;

(D) the Head of Operations provide Members

with an update in relation to the Castle Weir Micro Hydro scheme including the issue of the budget underspend;

(E) the Head of Strategic Finance and Property provide Members with an update on the Decent Homes Grants (Policy);

(F) the Head of Operations provide Members with an update in relation to the Bell Street, Sawbridgeworth toilets and car park;

(G) the Head of Operations provide Members with an update in relation to a £13k reduction in predicted income in relation to clinical waste collections;

(H) the BATs shared service and the increased costs which have occurred in respect of cyber security and additional software licenses be added to the Work Programme for further scrutiny; and

(I) the Head of Strategic Finance and Property provide Members with an update in relation to Aged Debtors and the large invoice still outstanding in relation to the car park at Bishop's Stortford.

### 393 GENERAL DATA PROTECTION REGULATIONS (GDPR) – UPDATE

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The Head of Legal and Democratic Services and Monitoring Officer submitted an update in relation to the forthcoming General Data Protection regulations

due to come into force on 25 May 2018. The Committee Chairman asked Members to write to the Head of Legal and Democratic Services and Monitoring Officer with any queries.

Councillor A Alder requested that a training session be arranged on how Members held and used personal data. This was supported.

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

(B) the Head of Legal and Democratic Services and Monitoring Officer, be advised of Members' support for training.

394 EXTERNAL AUDITOR - AUDIT PLANNING REPORT - YEAR ENDING 31 MARCH 2018

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The External Auditor submitted a report summarising the Audit Plan and the approach proposed by the External Auditors in carrying out their responsibilities.

The report explained the proposed audit approach in accordance with statute and professional requirements and in relation to the Committee's and service expectations. The Audit Plan provided a summary of the External Auditor's initial assessment of the key risks and the strategy to address those risks. The External Auditor commented that specialist advice was sought when needed and that their role was to ensure that value for money was achieved and to confirm that sound arrangements were in place.

The report was debated at length. Members sought and were provided with clarification on a number of

issues, including:

- the valuation of assets and the assumptions made;
- Old River Lane – valuation of asset;
- changed deadlines in relation to the finalisation of the accounts;
- time spent on site by the External Auditors and number of return visits made.
- value for money arrangements and value for money risks (including those in relation to the Old River Lane plans and the establishment of a property company, and those in relation to a long term leisure company; and
- materiality set at 2% of the Council's prior gross expenditure and why it had been set at this figure.

The External Auditor explained the various stages involved in an audit, what could be included and the proposed timeframes for a review. This included:

- Income and expenditure;
- Property, Plant and Equipment (PPE) additions;
- Exit packages;
- Grant information;
- Contracts;
- Leases; and
- Housing benefits.

It was noted that timescales would be the subject of discussion with the Head of Strategic Finance and Property.

Members supported the level of materiality (2%)



suggested by the External Auditor and noted the report.

The Committee Chairman on behalf of Members thanked the External Auditor for their report.

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

(B) the level of materiality set by the External Auditor at 2%, be supported.

395 SHARED ANTI- FRAUD SERVICE DRAFT PLAN 2018/19

The Shared Anti-Fraud Officer submitted a report setting out the proposed Anti-Fraud Plan for 2018/19 and reminded Members that the LGA Workbook on Fraud and Bribery Prevention had been made available at the last meeting.

The SAFs Officer provided a summary of the report, including a summary of some of the cases currently being investigated. He thanked Councillor A Alder who had been involved in organising training for local parish clerks.

The SAFs Officer referred Members to the Action Plan 2018/19 and what areas of activity would be reviewed. He stated that he hoped the service could achieve a £150k saving next year and summarised the campaigns to highlight and identity fraud and corruption.

The SAFs Officer stated that in his view, the best action to prevent fraud, was to publicise the successes of the service. He explained how monies saved through

successful prosecutions trickled back to the appropriate Councils. The use of social media to deliver an anti-fraud culture was discussed.

The Committee Chairman on behalf of Members thanked the SAFs for the report and the targets achieved.

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

(B) the SAFs Anti-Fraud Plan for 2018/19 be approved.

396 SHARED INTERNAL AUDIT SERVICE (SIAS) INTERNAL AUDIT PLAN 2018/19

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The Shared Internal Audit Service (SIAS) submitted a report on the proposed Internal Audit Plan for 2018/19. The SIAS Officer provided a summary of the report and referred to proposals to reduce the service by 10% which he said, would not affect the level of service provided. The SIAS Officer outlined the scope of the 2018/19 proposed audit, and the anticipated length of audit days to complete each area of review. He confirmed that the internal audit would include the profile of aged debts and Section 106 spend arrangements.

Councillor K Crofton sought further information on the management challenges of Section 106 payments. The Committee supported the suggestion that this be included on its work programme for review.

The Committee noted the report and the suggestion that the management challenges of Section 106

payments be included on its work programme for review.

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

(B) the management challenges of Section 106 payments be included on the Committee’s work programme for review.

397 SHARED INTERNAL AUDIT SERVICE - AUDIT PLAN: UPDATE

The Shared Internal Audit Service submitted a progress report on the 2017/18 audit plan. He provided an update of what additional audits had been added to the internal audit, including that of the General Data Protection Regulations (GDPR).

The Committee noted the Internal Audit Progress report and supported the amendments to the Audit Plan as at 23 February 2018. The Committee also noted the status of high priority recommendations.

RESOLVED – that (A) the Internal Audit Progress report be noted;

(B) the amendments to the Audit Plan as at 23 February 2018 be approved; and

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

398 RISK MANAGEMENT STRATEGY ANNUAL REVIEW

The Executive Member for Finance and Support Services submitted a report updating Members on

proposed changes to the Risk Management Strategy. The proposed tracked changes were detailed in the report.

Members referred to Appendix 1 – Categories of risk (agenda page 205) and suggested that the wording under “Risk” within “Examples” should be amended to read “New political arrangements” and that all other wording should be deleted within this heading. This was supported.

The Committee supported the proposed change and recommended the report as amended, to the Executive.

RESOLVED – that (A) the Executive be advised that the Committee supports the revised Risk Management Strategy, as now amended.

### 399 WORK PROGRAMME 2018/19

The Chairman of Performance, Audit and Governance Committee submitted a report on the Committee’s future work programme. The Democratic Services Officer provided an update to the report:

- Annual Leisure Performance report – to be pushed back;
- Delivery of Housing Health and Strategy – subject to confirmation by the Head of Housing and Health;
- Annual Finance Report 2017/18 – to be removed (from July meeting);
- Project Savings to be added to July meeting (Head of Strategic Finance and Property);

- Constitution Review : Update – to be removed as this will be reported directly to Council;
- Statement of Accounts 2017/18 – remove as these will be signed off in July.

The Committee was reminded of an earlier suggestion to include BATs shared service and the increased costs in respect of cyber security and additional software licenses, on the work programme. This was supported.

Members referred to the difficulties the Council faced in recruiting Planning Officers and asked that Members' concerns be forwarded to the Interim Head of Human Resources and Organisational Development.

The Committee was reminded of the earlier suggestion to include within the work programme a review of the management challenges of Section 106 payments. This was also supported.

The Committee received the work programme as detailed and supported the proposed changes now detailed.

RESOLVED – that (A) the Work Programme as now amended, be received; and

(B) Members' concerns regarding the difficulties the Council faced in recruiting Planning Officers be forwarded to the Interim Head of Human Resources and Organisational Development.

The meeting closed at 8.55 pm

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| Chairman ..... |
| Date .....     |