

MINUTES OF A MEETING OF THE
PERFORMANCE, AUDIT AND GOVERNANCE
SCRUTINY COMMITTEE HELD IN THE
COUNCIL CHAMBER, WALLFIELDS,
HERTFORD ON TUESDAY 22 JANUARY 2019,
AT 7.00 PM

PRESENT: Councillor M Pope (Chairman)
Councillors A Alder, P Ballam, R Brunton,
S Cousins, D Oldridge, T Page, L Radford,
S Reed, P Ruffles and T Stowe

OFFICERS IN ATTENDANCE:

Lorraine Blackburn	- Democratic Services Officer
Mike Edley	- Interim Scrutiny Officer
Simon Russell	- ICT Strategic Partnership Manager
Helen Standen	- Deputy Chief Executive

ALSO IN ATTENDANCE:

Nick Jennings	- Shared Anti-Fraud Service (SAFS)
Simon Martin	- Shared Internal Audit Service
Suresh Patel	- EY (Ernst Young)

The Chairman reminded Members to turn off their mobile devices, of Fire Alarm arrangements and of the unisex toilet outside of the Council Chamber.

The Chairman sought Members' consent to change the order of the agenda and move agenda item 12 (Cyber Security and IT Disaster Recover) and agenda item 14 (Section 106 Agreements) before agenda item 5 (Annual Audit Letter and External Grants Certification Summary). This was supported.

The Chairman advised Members about the recent sad death of former Chief Inspector Gerry McDonald.

346 APOLOGIES

Apologies for absence were submitted on behalf of Councillor P Boylan, K Crofton and J Wyllie. It was noted that Councillor R Brunton was substituting on behalf of Councillor K Crofton.

347 MINUTES – 20 NOVEMBER 2018

It was moved by Councillor A Alder and seconded by Councillor D Oldridge that the Minutes of the meeting held on 20 November 2018 be confirmed as a correct record and signed by the Chairman. After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that the Minutes of the meeting held on 20 November 2018 be confirmed as a correct record and signed by the Chairman.

348 CYBER SECURITY AND IT DISASTER RECOVERY

The Deputy Chief Executive submitted a report which provided an update on the progress of plans to strengthen and improve cyber security and resilience of ICT provision across the Council's shared IT service. The Deputy Chief Executive provided a summary of the report. The report was debated at length when Members sought and were provided with clarification on a number of issues including:

- Resilience (the reduction in resilience issues from 99 to 3): Members asked that they be appraised of the number and length of downtimes;
- Upgrades (compatibility issues with i-pads and VMware 7 and delays;
- Data security – the recent appointment of a Data Protection Officer to the Shared Service working for both partners.

It was moved by Councillor D Oldridge and seconded by Councillor R Brunton that the report, as detailed be supported. After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that the report be received.

349 SECTION 106 AGREEMENTS

The Deputy Chief Executive submitted a report providing an update in relation to Section 106 Agreements. The Chairman reminded Members that Essential Reference Paper "B" contained exempt information and of the need to move a motion to exclude the press and public should Members wish to discuss information contained within this reference paper.

The Deputy Chief Executive provided a summary of the report. Members debated the report at length and supported the suggestion that the Executive be advised that, in order to generate relevant community improvement projects for Section 106 monies, the Council should consider engaging with:

- Communities – to consider what local communities need;
- Partner Organisations – (and being ready with projects to put to developers);
- Town and Parish Councils – with identified local needs;

Members also supported the suggestion that consideration should be given to combining the CIL (Community Infrastructure Levy) and Section 106 Monies.

The Chairman requested that a further update be presented to Members in approximately six months. This was supported.

It was moved by Councillor D Oldridge and seconded by Councillor T Stowe that the report, as detailed, be supported and Members' comments as detailed above, be referred to the Executive. After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that the (A) Executive be advised that report be received and that in order to generate relevant community improvement projects for Section 106 monies, the Council should consider with, communities, Partner Organisations and Town and Parish Councils;

(B) consideration be given to combining CIL and Section 106 monies; and

(C) a report be presented to Members in approximately six months.

350 ANNUAL AUDIT LETTER AND EXTERNAL GRANTS
CERTIFICATION SUMMARY

The External Auditor (EY) submitted a report setting out the Audit Fees for 2017/18. It was noted that the final fee for non-audit work in relation to grants was yet to be confirmed. The Chairman and Members sought clarification of a number of issues including:

- the change of classification in relation to the Old River Lane site from an asset management issue and of the need to ensure that Charrington's House was classified as an investment property.
- The Council's pension fund and pension liability;
- Work being undertaken in relation to IFRS 16 (Leases);
- The proposed fee for non-audit work (Grants);
- The fees and scope of work in relation to housing subsidy claims ;
- Housing benefit subsidy and the need for further staff training;
- the impact of Universal Credit on housing benefit

subsidies.

Members noted the update and received the report.

RESOLVED - that the report be received.

351 TREASURY MANAGEMENT – MID-YEAR REVIEW 2017-18

The Executive Member for Finance and Support Services submitted a report on the Council's Treasury Management activities for the first six months 2018/19 financial year, including the prudential indicators. The Head of Strategic Finance and Property provided a summary of the report.

Members supported the report. It was moved by Councillor P Ruffles and seconded by Councillor A Alder that the Executive be advised that the Treasury Management Activity and Prudential Indicators for the first six months of the 2018/19 financial year, be approved. After being put the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that the Executive be advised that the Treasury Management Activity and Prudential Indicators for the fix six months of the 2018/91 financial year, be approved.

352 TREASURY MANAGEMENT AND CAPITAL STRATEGIES FOR 2019/20

The Executive Member for Finance and Support Services submitted a report which set out the proposed Treasury Management Strategy and Annual Investment Strategy for 2018-19 including the Prudential Indicators. The Head of Strategic Finance and Property provided a summary of the

report. The Committee Chairman reminded Members that agenda item 6 (Treasury management – Mid Year Review 2017-18) was backward looking and this report, looked forward.

In response to a Member's question, the Council's borrowing ability was explained. Members supported the report as detailed.

It was moved by Councillor R Brunton and seconded by Councillor T Stowe, that the Treasury Management Activity and Prudential Indicators for the first six months of the 2018/91 financial year be approved. After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that (A) the Executive be advised that Treasury Management Strategy and Annual Investment Strategy, including the Prudential Indicators discussed in paragraph 2.1 – 2.3 be recommended for approval by Council via the Executive;

(B) the credit and counterparty risk management and approved countries list discussed in paragraph 2.3 be recommended for approval by Council via the Executive.

353 CAPITAL STRATEGY - GOING FORWARD

The Executive Member for Finance and Support Services submitted a report summarising changes made by the Ministry of Housing Communities and Local Government (MHCLG) in relation to Investment and Minimum Revenue and Provision Guidance. The Chairman sought assurances

that the Hertfordshire LEP and Strategic Economic Plan aligned with East Herts Strategic Plan and the impact BREXIT could have on funding arrangements.

It was moved by Councillor R Brunton and seconded by Councillor P Ballam that the Capital Strategy 2019 onwards be recommended for approval by Council via the Executive. After being put the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED - that the Executive be advised that Members recommend support of the Capital Strategy 2019 onwards as detailed within Essential Reference Paper "B" for decision by Council.

354 SHARED INTERNAL AUDIT SERVICES - UPDATE ON THE AUDIT PLAN

The Shared Internal Audit Service submitted a report on the progress made by SIAS in delivering the Council's 2018/19 Internal Audit Plan as at 4 January 2019, the findings for the same period and the implementation status of previously agreed Internal Audit Service recommendations. The report also contained an update on performance management information. The SIAS Officer provided a summary of the report.

Members noted the Internal Audit Progress and the status of critical and high priority recommendations.

RESOLVED – that the Internal Audit Progress and the status of critical and high priority recommendations, be noted.

355 PROGRESS ON ANTI-FRAUD PLAN 2018/19

The Shared Anti-Fraud Service submitted a progress report on the Anti-Fraud Plan 2018/19. The SAFs Officer provided an update of the report. In response to a query from the Committee Chairman, the SAFs Officer explained that East Herts had an effective anti-fraud culture and had low levels of fraud. Clarification was sought and provided in relation to Key Performance Indicators for 2018/19 period.

Members noted the progress on the work of the Council and the Shared Anti-Fraud Service in delivering the Anti-Fraud Plan 2018/19.

RESOLVED – that the work of the Council and the Shared Anti-Fraud Service in delivering the Anti-Fraud Plan 2018/19, be noted.

356 PERFORMANCE AUDIT AND GOVERNANCE - WORK PROGRAMME 2018/19

The Chairman of Performance Audit and Governance submitted a report on the future of the work programme for Performance, Audit and Governance. The Interim Scrutiny Officer reminded Members that, at the last joint meeting of scrutiny committees, they had proposed a review of community Housing Associations. The Interim Scrutiny Officer, Executive Member for Housing and Head of Service had explored possibilities and had framed a proposal based upon an event-based task and finish group. In recognising the considerable preparatory work for such an approach and the time remaining before the end of the Municipal Year, this review might be better recommended to the 2019/20 committee. In the interim, a short report documenting the performance of two of the larger associations in the district was to be circulated to

Members.

It was moved by Councillor M Pope and seconded by Councillor T Stowe, that the draft work programme, as detailed, be supported. After being put the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED - that the draft Work Programme, as now amended, for Performance Audit and Governance, be approved.

The meeting closed at 8.45 pm

Chairman
Date