

**GOVERNANCE, AUDIT AND PERFORMANCE COMMITTEE held at
COUNCIL OFFICES LONDON ROAD SAFFRON WALDEN at 7.30pm on 27
JULY 2017**

Present: Councillor E Oliver (Chairman)
Councillors A Dean (substituting for M Foley), J Gordon, D Jones,
N Hargreaves and B Light.

Officers in attendance: D French (Chief Executive),
R Auty (Assistant Director Corporate Services), S Bronson (Audit
Manager), P Evans (Leisure and Performance Manager), B
Ferguson (Democratic Services Officer), E Horner (Finance
Manager) and A Webb (Director of Finance and Corporate
Services).

Also Present: Councillor S Howell (Cabinet Member for Finance and
Administration), M Hodgson (Executive Director - EY) and J
Wardle (Audit Manager - EY).

GAP11 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors Barker, Davey and
Foley. Councillor Dean was substituting in the place of Councillor Foley.

Councillor Dean said he would be abstaining on the vote regarding the
Statement of Accounts as had not received a paper copy of the document.

GAP12 MINUTES

The minutes of the meeting held on 18 May 2017 were received and signed by
the Chairman as a correct record.

GAP13 AUDIT RESULTS REPORT 2016-17

Councillor Hargreaves entered the meeting at 7.35pm.

Mark Hodgson, Executive Director (EY) presented the findings of the 2016/17
Audit. He was pleased to report UDC had completed the accounts by the 31
July, and thanked the Director of Finance and Corporate Services and his team
for achieving that deadline.

He highlighted the Value for Money section and told members he was
comfortable with the risks involved in establishing a holding company (Aspire)
and its three subsidiaries, because effective and efficient governance
arrangements had been put in place.

Mr Hodgson highlighted the misstatement relating to the 'Draft Comprehensive
Income & Expenditure Statement', which had incorrectly included internal

recharges. He explained this was a 'netting' issue and had been corrected by management, which had reduced both income and expenditure by £21.294 million. This had not impacted on the bottom line.

Members were given a 'summary of unadjusted differences' that officers had chosen not to amend in the 2016/17 accounts. These were (i) Understatement of Property, Plant and Equipment by £133,000 compared to the external Valuer's report; (ii) and the cash flow statement balanced by an unresolved balancing item of £178,000. In response to a question from the Chairman, it was explained that these sums were relatively small. Mr Hodgson said the differences would have no impact on the ability of the auditors to sign off the statement of accounts for 2016-17.

The Director of Finance and Corporate Services gave a brief summary of the audit. He said it had been done quickly and professionally and thanked the audit team for their good work. The process had been helped by the fact that EY had the same team of people working on the audit for the second consecutive year.

Councillor Dean commended all involved in the audit. He asked what signs the auditors would be looking for if there were risks to the Council's financial health, specifically with regards to Aspire. Mr Hodgson said his team were looking for a clear audit trail, demonstrating thought processes, expertise and transparent due diligence to ensure the council was not breaching legal standards as a company or as a Local Authority.

GAP14

STATEMENT OF ACCOUNTS 2016/17

Councillor Howell as Cabinet Member for Finance and Administration was present for the signing of the accounts.

The committee considered the Statement of Accounts for 2016/17, the document which had informed the audit report. It was considered in the context of the findings presented in the audit results.

Councillor Jones asked a question relating to the Housing Revenue Account (HRA) and the increase in spending on Supervision and Management costs for 2016-17. In response, the Finance Manager said this increase was immaterial and was due to changes with regards to how the revenue stream was presented. The Chairman added that the figure in question was relatively small in terms of the overall HRA financial statement.

Councillor Hargreaves asked a question relating to the Collection Fund Income and Expenditure Account, specifically with regards to the 'Business Rates:- Provision released into Collection Fund' expenditure line which stated £8.738,000 had been spent. The Director of Finance and Corporate Services explained this was primarily due to a council tax refund granted to Stansted Airport on appeal.

Councillor Hargreaves said the assertion *'the Council retains a 40% share of the total business rates...this equates to a net income of £2.95 million after tariff and levy payments,'* was unhelpful as it did not explain where the remainder of the business rates were spent. The Director of Finance and Corporate Services said next year the report would be worded in such a way to help clarify the Council's position and to avoid any confusion.

In response to a question from Councillor Light, the Director of Finance and Corporate Services gave a brief overview of the workings of Aspire Holdings (UDC) Ltd and its three subsidiaries. Aspire Property and Management Ltd had been trading since the 1st April and had been carrying out work for a local charity. Both Aspire Rentals Ltd and Aspire Land Development Ltd were both dormant for the time being. He confirmed these would be included in the group accounts next year.

RESOLVED TO

- 1 Approve the Letter of Representation as attached to the report.
- 2 Approve the audited 2016/17 Statement of Accounts as presented with the report.

The Chairman commended officers and the team at EY for their work in achieving these results.

The meeting adjourned for the signing of the accounts at 7.55pm. Mr Hodgson and Ms Wardle left the meeting and the Chairman recommenced proceedings at 8.00pm.

GAP15

INTERNAL AUDIT PROGRESS REPORT

The Internal Audit Manager reported on the work undertaken by Internal Audit since she last reported to the Committee. She gave a summary of the outstanding reports from 2016-17 and told members she hoped to have these finished by 31 August.

The Internal Audit Manager told members of the forthcoming change to the Internal Audit staffing situation, as she had been appointed to lead the project group for the implementation of the General Data Protection Regulations in May 2018, which would take 4 out of 5 working days a week. Arrangements would be put in place to provide adequate cover and to ensure the quality of internal audit work was maintained. She said the Internal Audit Strategy and Work Programme for 2017/18 would be revised to reflect these changes and would be brought to the next meeting for the consideration of members.

In response to a question from Councillor Dean, the Internal Audit Manager said a change had been introduced with regards to fuel management for the Council's fleet. The report issued was in fact a follow up audit, taken to ensure the recommendations within the original report were being implemented and to

assess their effectiveness. The Internal Audit Manager was pleased to say that these recommendations were being followed.

Councillor Dean asked if the 'Plan Car Parking Partnership' audit had been completed, as the Scrutiny Committee had been in dialogue with the parking partnership and had put forward a number of changes. The Internal Audit Manager said it was still to be carried out and she was aware that the Scrutiny Committee had looked at this programme.

The Chairman asked a question relating to missed bin collections and if this was primarily due to the reliability of the fleet. The Director of Financial and Corporate services said this was part of the problem and Street Services were addressing this by changing the way in which fleet vehicles were procured. Going forward, instead of the whole fleet being replaced at once, vehicle procurement would be 'staggered', to ensure the life cycles of the vehicles did not come to an end simultaneously.

In response to a question from the Chairman, the Chief Executive said a report could be brought to the committee, detailing the situation of Street Services, issues affecting their performance and the plans that would be put in place to rectify identified problems. The Chairman agreed it would be helpful if such a report could be brought to the committee.

Councillor Light asked the Internal Audit Manager how she would manage the workload when she moved on to lead the project group in May. The Internal Audit Manager said it would be a matter of team management and planning, and a revised work programme would be brought to the next committee meeting.

GAP16

REVISION OF THE CONSTITUTION: DEFINITION OF KEY DECISION

The Chief Executive presented the report on revising the definition of a key decision within the Uttlesford constitution. As 28 days public notice had to be given in advance of a vote on a key decision, this was of statutory importance. Redefining the definition of a 'key decision' would make it clearer for officers, members and the public, and would ensure key decisions were 'flagged' up 28 days in advance of a vote. The Council would therefore become more transparent and consistent in its decision making process.

Councillor Light welcomed the change as it demonstrated openness and democratisation. The Chief Executive said the Council already published key decisions on its website but this revision would make the process more consistent.

Councillor Light asked why the threshold had been set at £500,000 for decisions involving the acquisition or disposal of land, when other local authorities had a lower limit. The Chief Executive said they had looked at neighbouring authorities, some of whom had not updated their own definition for some years, but had also taken a practical approach to minimise bureaucracy

and not to diminish the impact of a key decision if the council set the threshold too low.

Councillor Hargreaves asked why there was a distinction between the acquisition or disposal of land and property (a threshold of £500,000), and any other expenditure or saving (a threshold of £100,000). The Chief Executive said this was primarily due to the cost of land and property, as there were not many purchases under £500,000. Expenditure on machinery, goods and services, where budget provisions had already been made, would not be defined as a key decision.

Councillor Jones said the monetary values being discussed were common expenditures in the public sector and he was wary of burdening the decision making process with further bureaucracy. The Director of Finance and Corporate Services reminded members this was only a redefinition of what constituted a 'key decision'. Decisions would still need to be passed through Cabinet or Council, and this would help apply a consistent approach to what was deemed 'key'. It would have no quantitative effect on the number of decisions considered by Cabinet or Council.

Councillor Dean said he was aware of previous occasions where notice had not been given on decisions, including on two decisions that went to Cabinet in July. The Chief Executive said this was due to the General Election workload and timing issues outside of the Council's control. Mitigating actions had been pursued, including notifying the Chairman of Scrutiny Committee and asking for his consent to take those items to Cabinet.

RESOLVED to recommend to Council that the proposed definition of 'key decision' is approved as set out in the appendix of the report.

GAP17 HEALTH AND SAFETY UPDATE

The Director of Finance and Corporate Services presented the report for the Committee's information, which he said presented a good picture of Health and Safety at the Council through 2016-2017.

Whilst the majority of the report was well received, members expressed concern over the rise in aggressive incidents. Members were told that 9 of 13 aggressive incidents were carried out by the same perpetrator and he had been taken to court. It was also stressed that on no occasion was it a member of staff who had initiated the aggression and staff were being encouraged to report abuse. Councillor Dean asked if members were aware of the procedures around reporting abuse. The Chief Executive said the personal safety advice that had been previously issued to members would be circulated in a members' bulletin.

GAP18 QUARTER 1 PERFORMANCE INDICATORS 2017-18

The Assistant Director Corporate Services presented the report on the Key Performance Indicators (KPIs) and Performance Indicators (PIs) for quarter 1 2017/18.

The general trend was positive, with KPI 01, KPI 05, and KPI 06a highlighted in particular for their continued good performance.. KPI 06b had not met its target but this was due to work by a third party affecting the overall result. Planning KPIs 12 and 13 had not met their targets but were still within national levels.

Councillor Dean highlighted PI 21 and asked why some minutes from meetings were not being made public within the 10 working days target. The Chief Executive said this was due to the local election in May and the snap General Election in June, which had caused a high workload for the department, as well as two new members of staff joining the team. In future she expected this indicator to improve as the team got back to full capacity.

GAP19

RISK MANAGEMENT POLICY

The Leisure and Performance Manager presented the report on the revised Risk Management Policy and new Corporate Risk Register.

The Leisure and Performance Manager said she and the Assistant Director of Corporate Services had attended a training course with leading risk management practitioners Amberwing, and this had changed the way in which they were thinking about Risk Management Policy.

Following a review of risk management, key changes to the policy included:

- Creating a Risk Appetite Statement
- A new format for describing risks
- Better definitions of likelihood and impact
- A new, easier to read format for the Corporate Risk Register
- The identification of both current controls and further action required to mitigate each risk
- The inclusion of a completion date for those further actions

To progress the policy, work would be carried out with service managers to formalise the day-to-day risk management they were already undertaking.

The Assistant Director of Corporate Services added these changes would help the committee to carry out its functions, such as the inclusion of a completion date for outstanding actions, and an easier to read format.

The Chief Executive and Chairman expressed their thanks to both the Leisure and Performance Manager and the Assistant Director of Corporate Services, and said their work had been transformational with regards to the Council's risk management policy.

RESOLVED that the revised Risk Management Policy be approved as set out in the appendix of the report.

The meeting ended at 8.55pm.