



Uttlesford District Council

Chief Executive: Dawn French

Governance, Audit and Performance Committee

Date: Thursday, 26th September, 2019

Time: 7.30 pm

Venue: Committee Room - Council Offices, London Road, Saffron Walden,
Essex CB11 4ER

Chair: Councillor E Oliver

Members: Councillors A Dean, G Driscoll (Vice-Chair), V Isham, R Jones,
A Khan, S Luck, A Storah, M Sutton and J De Vries

Substitutes: Councillors G Bagnall, S Barker, M Caton, C Criscione, R Freeman
and G Sell

Public Speaking

At the start of the meeting there will be an opportunity of up to 15 minutes for members of the public to ask questions and make statements subject to having given notice by 12 noon two working days before the meeting. A time limit of 3 minutes is allowed for each speaker. Please refer to further information overleaf.

AGENDA PART 1

Open to Public and Press

1 Apologies for Absence and Declarations of Interest

To receive any apologies for absence and declarations of interest.

2 Minutes of the Previous Meeting

5 - 10

To consider the minutes of the previous meeting.

3 Internal Audit Progress Report 01 May - 31 August 2019

11 - 20

To receive the Internal Audit Progress report 1 May – 31 August 2019.

4 Local Government Ombudsman Annual Review 2018/19 21 - 32

To receive the Local Government Ombudsman Annual Review for 2018/19.

5 2019/20 Corporate Risk Register Update 33 - 48

To receive an update on the Corporate Risk Register for 2019/20.

6 PFI Contract Update 49 - 60

To receive the PFI Contract update report.

MEETINGS AND THE PUBLIC

Members of the public are welcome to attend any of the Council's Cabinet or Committee meetings and listen to the debate. All agendas, reports and minutes can be viewed on the Council's website www.uttlesford.gov.uk. For background papers in relation to this meeting please contact committee@uttlesford.gov.uk or phone 01799 510548/369.

Members of the public and representatives of parish and town councils are permitted to speak or ask questions at any of these meetings. You will need to register with the Democratic Services Officer by midday two working days before the meeting.

The agenda is split into two parts. Most of the business is dealt with in Part I which is open to the public. Part II includes items which may be discussed in the absence of the press or public, as they deal with information which is personal or sensitive for some other reason. You will be asked to leave the meeting before Part II items are discussed.

Agenda and Minutes are available in alternative formats and/or languages. For more information please call 01799 510510.

Facilities for people with disabilities

The Council Offices has facilities for wheelchair users, including lifts and toilets. The Council Chamber has an induction loop so that those who have hearing difficulties can hear the debate.

If you are deaf or have impaired hearing and would like a signer available at a meeting, please contact committee@uttlesford.gov.uk or phone 01799 510548/369 as soon as possible prior to the meeting.

Fire/emergency evacuation procedure

If the fire alarm sounds continuously, or if you are instructed to do so, you must leave the building by the nearest designated fire exit. You will be directed to the nearest exit by a designated officer. It is vital you follow their instructions.

For information about this meeting please contact Democratic Services

Telephone: 01799 510369 or 510548

Email: Committee@uttlesford.gov.uk

General Enquiries

Council Offices, London Road, Saffron Walden, CB11 4ER

Telephone: 01799 510510

Fax: 01799 510550

Email: uconnect@uttlesford.gov.uk

Website: www.uttlesford.gov.uk

This page is intentionally left blank

Agenda Item 2

**GOVERNANCE, AUDIT AND PERFORMANCE COMMITTEE held at
COMMITTEE ROOM - COUNCIL OFFICES, LONDON ROAD, SAFFRON
WALDEN, ESSEX CB11 4ER, on THURSDAY, 25 JULY 2019 at 7.30 pm**

Present: Councillor E Oliver (Chair)
Councillors A Dean, G Driscoll, A Khan, A Storah, M Sutton and
J De Vries

Officers in attendance: A Bochel (Democratic Services Officer), S Bronson (Audit
Manager), P Evans (Customer Services and Performance
Manager), D French (Chief Executive), A Knight (Assistant
Director - Resources), O Knight (PFI and Performance Officer),
A Webb (Director - Finance and Corporate Services) and
N Wittman

Also present: D Eagles and A Langridge (BDO Auditors)

GAP11 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors Jones and Luck.

GAP12 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting were approved and signed as a correct record.

GAP13 AUDIT RESULTS REPORT 2018/19

David Eagles gave a summary of the report and apologised on behalf of BDO for not having the audit completed. There had been staffing issues across the whole of the sector and these had been affecting BDO. The audit would be completed by 31 July, which was the date that the statement of accounts needed to be signed off.

The primary outstanding issue was that a pension fund adjustment; officers had challenged BDO as to whether it was necessary for an adjustment to take place. BDO would need to respond to the Committee on this point.

In response to a Member question, David Eagles said prior period adjustment was a simpler way of accounting which is why the Council had chosen to adopt this method of treatment of forward starting loans.

RESOLVED that because the audit results report was incomplete, while other items on the agenda would be considered that night, the Committee would adjourn until 30 July at 17.30.

GAP14 STATEMENT OF ACCOUNTS 2018/19

The Assistant Director – Finance gave a summary of the report.

The following documents required formal sign off at the meeting, following approval by the Committee:

- Letter of Representation and the Statement of Accounts – by the Section 151 Officer and the Chairman of the Governance, Audit and Performance Committee.
- Annual Governance Statement (which forms part of the Statement of Accounts) – by the Chief Executive and the Leader of the Council.

Because the audit results report was incomplete, these documents could not be signed off until the meeting was readjourned on Tuesday 30 July.

Two adjustments had been made in the final accounts, and three errors had not been adjusted on these accounts in discussion with the auditors.

In response to a Member question, the Director – Finance and Corporate Services said discussions were ongoing with the administration regarding the governance arrangements for Aspire.

In response to a Member question, the Director – Finance and Corporate Services said he would talk to the relevant officer who could advise how many accounts had been signed off.

In response to a Member question, David Eagles said BDO was happy with the way valuations of Council land and buildings was undertaken.

RESOLVED to adjourn discussion of this item until 17.30 on 30 July.

GAP15 CYBER SECURITY UPDATE

The Assistant Director – Facilities gave a summary of the report, which was presented to the Committee at its last meeting. However, with the change in membership of the Committee, it was being re-presented so new members could obtain an understanding of the cyber issues facing the authority and the steps being taken to combat them. There was still a requirement for a lead member to be appointed responsible for oversight of cyber security.

RESOLVED to appoint Councillor de Vries as the Lead Member for oversight of cyber security.

GAP16 INTERNAL AUDIT ANNUAL REPORT AND OPINION 2018-19

The Internal Audit Manager gave a summary of the report, which advised on the work carried out by Internal Audit during 2018/19 and provided an overall opinion

on the Council's control environment for 2018/19. The report also showed the state of compliance with the Public Sector Internal Audit Standards (PSIAS) which came into effect on 01 April 2013 and was revised and updated from 01 April 2017.

In response to a Member question, officers confirmed Internal Audit was appropriately resourced to deal with the demands upon the department. Any changes for resourcing were put through the Corporate Management Team (CMT), and there was no reason to believe a large-scale project would require the secondment of members of the team.

In response to a Member question, the Internal Audit Manager said the topic of Corporate Equality and Diversity had been picked up by CMT and there was now an officer responsible for overseeing this.

GAP17 INTERNAL AUDIT STRATEGY AND WORK PROGRAMME 2019-20

The Internal Audit Manager gave a summary of report which informed Members of the review and updating of the Internal Audit Strategy and Work Programme 2019/20.

In response to a question from Councillor Khan, the Internal Audit Manager said the Corporate Plan and the Corporate Risk Register were examined in preparing the audit strategy and risk programme. These documents could be sent to Councillor Khan.

GAP18 QUARTER 1 2019/20 KPI & PI REPORT

The PFI and Performance Officer gave a summary of the report which presented the Quarter 1 2019/20 outturn and data analysis for all Key Performance Indicators and Performance Indicators.

In response to a Member question, the PFI and Performance Officer said the 75% target set for KP1 12, Processing of Planning Applications: Minor applications (within 8 weeks or including any agreed extension time) (Max) was a national benchmark statistic set by the Ministry of Housing, Communities and Local Government.

In response to a Member question, the Democratic Services Officer said PI 21, percentage of minutes from meetings within 10 working days (Max), had been affected by turnover of staff within the office and an officer shortage during busy periods leading up to and during the May elections and the following induction period. The Director – Finance and Corporate Services said this target had in the past been reached and the target of 95% was not too high.

In response to a Member question, the PFI and Performance Officer said PI 06, Percentage of standard searches carried out in 10 working days (Max) was in place to provide a benchmark against a statutory guidance figure set by the

government. The Chair said it was worth considering whether another target could be set because the current target was easily met.

In response to a Member question, the Internal Audit Manager said PI 07, The Level of Achievement attained under the Equality Framework for Local Government (Years) (Max) was a new target for 2019/20 stemming from the results of last year's internal audit.

In response to a Member question, the PFI and Performance Officer said P1 16, Number of Households Living in Temporary Accommodation, had been affected by the Homelessness Reduction Act 2017, which had increased the amount of prevention work done by the Housing Options Department. Councillor Dean said he would like to refer the matter to the Housing Board.

In response to a Member question, the Director – Finance and Corporate Services said officers could look to review how PI 46, Quality of Decisions: Percentage of Appeals Upheld for Major Planning Applications as a proportion of decisions made (Min) was measured.

In response to a Member question, the PFI and Performance Officer said the government required the Council to measure Performance Indicators 46 and 47. Councillor Storah said the quality of report writing at Uttlesford was good, but not perfect, and small changes to report writing could affect the quality of decision-making. Officers and members were on board with improving the quality of decision-making and this was a work in progress.

In response to a Member question, the PFI and Performance Manager said officers were monitoring KPI 08(a) Average re-let time in days (all re-lets including time spent in works), but performance had been complicated due to many changes of staffing and of the contractor. Her team was looking to work with the Housing Team to go to tender for a new contractor in the next six months. It was important to have the right provider to help ensure the Council met its performance indicators. The Council's Procurement Team was responsible for overseeing contract management.

The meeting adjourned at 9.05pm until 17.30 on 30 July.

**GOVERNANCE, AUDIT AND PERFORMANCE COMMITTEE ADJOURNED
FROM 25 JULY 2019 held at COMMITTEE ROOM - COUNCIL OFFICES,
LONDON ROAD, SAFFRON WALDEN, ESSEX CB11 4ER, on TUESDAY, 30
JULY 2019 at 5.30 pm**

Present: Councillor E Oliver (Chair)
Councillors A Dean, G Driscoll, V Isham, A Khan, A Storah and
M Sutton

Officers in attendance: D French (Chief Executive), B Ferguson (Principal Democratic
Services Officer), E Horner (Finance Manager), A Knight
(Assistant Director - Resources), and A Webb (Director -
Finance and Corporate Services)

GAP19 AUDIT RESULTS REPORT 2018/19

The meeting held on 25 July 2019 had been adjourned due to the incompleteness of the Audit Results report. The Chair congratulated the Finance Manager and her team for ensuring the auditor's error relating to the Essex Pension Fund was brought to light and not included in the auditor's report.

The Assistant Director – Resources summarised the changes made to the Audit Results report. A list of all adjustments and how they relate to the previous report have been appended to these minutes for reference.

In response to a question from Councillor Khan regarding UDC's contribution to grant schemes, the Director – Finance and Corporate Services said next year the Council would include reference to the fact that UDC contributed a greater percentage of its budget to grant schemes than any other Council in Essex.

GAP20 STATEMENT OF ACCOUNTS 2018/19

Councillor Dean proposed seeking a reduction in the audit fee due to the auditor's error regarding the pension fund. He said this had caused officers extra work and had left the Council with additional costs.

The Director - Finance and Corporate Services said if councillors wished a letter registering the Council's disappointment with how the audit had gone could be sent to BDO and PSAA.

The Chairman added that the auditor needed to learn from this mistake and ensure that future audits were adequately resourced.

RESOLVED to approve:

- a) The Letter of Representation attached to this report as Appendix A

b) The audited 2018/19 Statement of Accounts as presented with this report

c) That a letter be sent to the auditor and copied in to the regulator PSAA expressing the Council's disappointment in the audit.

The Chair thanked the finance team for their hard work in finalising the accounts.

Councillor Khan said future reports should include a narrative telling the story of the Council's financial activity for the past year, as well as highlighting and promoting the positives that could be found in the report.

The Director – Finance and Corporate Services said a foreword would be included in future years.

The accounts were signed.

The meeting ended at 18.05.

Agenda Item 3

Committee: Governance, Audit and Performance Committee

Date:

Thursday, 26
September 2019

Title: Internal Audit Progress Report 01 May - 31 August 2019

Report Author: Sheila Bronson, Audit Manager
sbronson@uttlesford.gov.uk

Summary

1. To report to the Governance, Audit & Performance Committee details of work undertaken by Internal Audit since the last report to the Committee on 30 May 2019 and to provide an update on implemented and outstanding internal audit recommendations

Recommendations

2. That the Internal Audit Progress Report 01 May to 31 August 2019 be noted

Financial Implications

3. None. There are no costs associated with the recommendations

Background Papers

4. None.

Impact

- 5.

Communication/Consultation	The Internal Audit Work Programme 2018/19 and 2019/20 referred to in this report have been approved by the Corporate Management Team and endorsed by the Governance, Audit & Performance Committee.
Community Safety	none
Equalities	none
Health and Safety	none
Human Rights/Legal Implications	none

Sustainability	none
Ward-specific impacts	none
Workforce/Workplace	none

Situation

6. The purpose of this report is to provide management and members with:
- i) Details of the work completed by Internal Audit since the last report to the Governance, Audit & Performance Committee at its meeting 30 May 2019;
 - ii) Performance against the Internal Audit Work Programme 2018/19;
 - iii) Performance against the Internal Audit Work Programme 2019/20;
 - iv) Details of risk level 3 and 4 highest priority recommendations implemented since the last report to Members;
 - v) Details of any recommendations not implemented within the agreed timescale.

Work Undertaken by Internal Audit 01 May to 31 August 2019

7. Since the last report to the Committee:
- i) Between 01 May to 31 August 2019, 10 of the remaining 11 audits from the 2018/19 audit programme were completed and final reports issued with a total of 25 recommendations made; the remaining audit of Budgets 2018/19 is awaiting final agreement with auditees on recommendations and is expected to be completed and final report issued by the date of this meeting;
 - ii) Between 01 May to 31 August 2019, 1 audit from the 2019/20 audit programme has been completed and final report issued, no recommendation were made;
 - iii) All final audit reports issued have been copied to Governance, Audit & Performance Committee Members and are available on the Council's Intranet. A summary of final reports issued is presented at Appendix A (i);
 - iv) Between 01 May and 31 August 2019 work has started on 11 audits from the Internal Audit Work Programme 2019/20. Progress on the 2019/20 programme is presented at Appendix A (ii).

Recommendations Implemented 01 May to 31 August 2019

8. Eleven level 3 or level 4 recommendations were implemented during this period; a summary is presented at Appendix A (iii).

Recommendations Not Implemented by due date at 31 August 2019

9. As of 31 August there are no recommendations reported in Pentana as not being implemented in accordance with their agreed due dates.

Risk Analysis

10.

Risk	Likelihood	Impact	Mitigating actions
The issues highlighted in the internal audit reports are not acted upon	1 Action is already being taken towards the implementation of the recommendations contained in the reports	2 There would be varying levels of impact from non-implementation of recommendations given the significance of the control risks identified	Internal audit reports are followed up to ensure compliance. There are escalation procedures in the event of non-compliance

- 1 = Little or no risk or impact
- 2 = Some risk or impact – action may be necessary.
- 3 = Significant risk or impact – action required
- 4 = Near certainty of risk occurring, catastrophic effect or failure of project.

This page is intentionally left blank

FINAL & REPORTS ISSUED 01 May to 31 August 2019

ref	2018/19 INTERNAL AUDIT WORK PROGRAMME	Revised potential days	Risk	Final Report Issued	Days Taken	Recommendations Made					Audit Opinion
						No.	Risk Level				
						total	4	3	2	1	
03C	Corporate Health & Safety	10	4	12/07/19	1.75	0	0	0	0	0	satisfactory
04KF	HR & Payroll (combined)	15	4	20/06/19	10.37	0	0	0	0	0	substantial
06KF	Cash & Bank	5	4	12/07/19	8.14	7	0	2	2	3	satisfactory
07KF	Contracts & Procurement	10	3	18/06/19	10.10	6	0	0	4	2	satisfactory
14O	Community Safety	10	3	02/08/19	6.33	2	1	1	0	0	satisfactory
18O	Housing Property Services - Planned Maintenance	15	3	10/06/19	19.84	3	1	2	0	0	limited
21O	ICT Security	10	3	11/07/19	12.02	1	0	0	1	0	substantial
22O	Building Control Service and Fees	10	3	13/08/19	11.34	4	0	2	1	1	satisfactory
23O	Planning - Support & Business	10	3	28/05/19	7.70	0	0	0	0	0	substantial
28O	Street Services - Trade Waste	10	4	20/06/19	8.67	2	0	1	1	0	satisfactory
						25	2	8	9	6	

ref	2018/19 INTERNAL AUDIT WORK PROGRAMME	Revised potential days	Risk	Final Report Issued	Days Taken	Recommendations Made					Audit Opinion
						No.	Risk Level				
						total	4	3	2	1	
06KF	Asset Management	4	10	02/08/19		0	0	0	0	0	substantial
						0	0	0	0	0	

PROGRESS ON THE AUDIT PROGRAMME 2019/20

ref	Audit	2019/20 days	IA Risk 2019/20	qtr	Started	Draft	Final	Days Taken	Status
01KF	Business Rates	10	4	3				0.00	
02KF	Grants & External Funding received	10	4	2	17/07/19			3.30	planning
03KF	Insurance	10	4	4				0.00	
04KF	Recovery	10	4	2	17/07/19			14.13	testing
05KF	Treasury Management	10	4	3				0.00	
06KF	Asset Management	10	4	2	26/06/19	31/07/19	02/08/19	9.86	FINAL
07KF	HR & Payroll (combined)	10	3	2	24/07/19			1.40	planning
08C	EU Exit	5	4	2	03/07/19			1.61	planning
09C	Consultants and Agency Staff	10	3	2				0.00	
10C	Equality & Diversity	5	3	3				0.00	
11C	Health & Safety	5	3	3				0.00	
12C	Information Governance	10	3	2				0.00	
13O	Leisure PFI	5	2	3				0.00	
14O	Museum	10	3	2	12/08/19			0.34	planning
15O	Domestic Waste & Recycling	10	3	3				0.00	
16O	Members' Allowances & Expenses	10	3	3				0.00	
17O	Business Continuity & Emergency Planning	10	3	2	24/07/19			2.17	planning
18O	Environmental Health - Commercial Food Safety	10	3	4				0.00	
19O	Emergency Planning - combined with 17O	0	0	0				0.00	
20O	Environmental Health - Imported Food Controls	10	4	2	03/07/19			2.60	planning
21O	Environmental Health - Licensing	10	4	4	01/08/19			1.49	on hold to 01/20
22O	Environmental Health - Enforcement	5	2	3				0.00	
23O	Property Services - Repairs Service	10	3	3				0.00	
24O	Property Services - Right to Buy	10	3	3				0.00	
25O	Property Services - Stock & Voids	5	3	4				0.00	
26O	Wellbeing - Allocations	10	3	3	12/08/19			0.07	planning
27O	Wellbeing - Homelessness	10	3	3				0.00	
28O	Development Management	10	4	2	17/07/19			2.23	planning
29O	Section 106 Obligations	10	3	3				0.00	
TOTAL AUDIT DAYS		250						39.20	

LEVEL 3 AND 4 RECOMMENDATIONS IMPLEMENTED 01 May to 31 August 2019

Code & Title	Description	Risk Level	Managed By	Due Date	Completed
1718 23O Car Parking Partnership NEPP 02	It is recommended that there should be embedded regular monitoring, reporting and review to support the work of the Economic Development team, in regards to the “on and off-street” parking operations and to provide solutions to the development and management of the car parks.	3	A/D PLANNING	30/03/19	15/05/19
1819 02C 1819 02C Equality & Diversity 01	It is recommended that a) Resources are identified to coordinate equality for the Council together with active Member representation. b) Officers review the methodologies of engagement with representatives of people with protected characteristics. c) Consideration is given to establishing an equality forum to meet periodically.	3	A/D HOUSING, HEALTH & COMMUNITIES	31/07/19	24/07/19
1819 08KF Resources - Creditors 03	It is recommended that a) The Finance Manager should ensure that supporting documentation is retained to support the amendments made to supplier details including authorisation for the changes to be made. b) It is recommended that the Procurement Team introduce a process for carrying out additional checks on changes to supplier details on receipt of workflow notifications.	3	A/D RESOURCES	31/05/19	23/05/19

LEVEL 3 AND 4 RECOMMENDATIONS IMPLEMENTED 01 May to 31 August 2019

Code & Title	Description	Risk Level	Managed By	Due Date	Completed
1819 09KF Rents 01	It is recommended that the GDPR and Data Protection act (DPA) 2018 is complied with in regards to former tenants' personal data.	3	A/D RESOURCES	19/07/19	08/07/19
1819 15O Environmental Health Enforcement 01	It is recommended that a) All use of the COEDIS application ceases with immediate effect and that the software be decommissioned. b) It is also recommended that advice be sought from Legal Services on the retention of records for safeguarding purposes and to consider alternative arrangements to retain and store valid records within the legal retention timeframe.	3	A/D HOUSING, HEALTH & COMMUNITIES	30/06/19	03/07/19
1819 15O Environmental Health Enforcement 03	It is recommended that a sign off process be in place to authorise the closure to an investigation.	3	A/D HOUSING, HEALTH & COMMUNITIES	29/03/19	08/05/19
1819 15O Environmental Health Enforcement 04	It is recommended that a full risk assessment be carried out on enforcement activities in line with the working environment to decide on the right level of supervision to maintain contact with Officers or put in place alternative arrangements.	3	A/D HOUSING, HEALTH & COMMUNITIES	29/03/19	08/05/19

LEVEL 3 AND 4 RECOMMENDATIONS IMPLEMENTED 01 May to 31 August 2019

Code & Title	Description	Risk Level	Managed By	Due Date	Completed
1819 180 Planned Maintenance 01	<p>It is recommended that</p> <p>a) Immediate action is taken to cease allocating work to a different contractor for work covered by the existing 3 star service contract.</p> <p>b) The value of work allocated to contractors should be monitored to ensure it remains within the EU threshold.</p> <p>c) Clear instructions to be communicated to the Customer Service & Repairs Team and Out of Hours agency staff to ensure jobs are correctly allocated to the relevant contractors.</p> <p>d) M3NHF schedule of rates should be referenced to on the invoices to enable checks on correct pricing of jobs.</p>	4	A/D HOUSING, HEALTH & COMMUNITIES	21/06/19	12/06/19
1819 180 Planned Maintenance 02	<p>It is recommended that</p> <p>a) Checks are carried out to ensure the asset management systems are updated following a programme of works.</p> <p>b) Procedures are documented on report writing for the Asset Management software and staff are trained or refresher training carried out.</p>	3	A/D HOUSING, HEALTH & COMMUNITIES	30/08/19	27/08/19

LEVEL 3 AND 4 RECOMMENDATIONS IMPLEMENTED 01 May to 31 August 2019

Code & Title	Description	Risk Level	Managed By	Due Date	Completed
1819 260 Planning Enforcement 01	<p>It is recommended that</p> <p>a) Open cases should be closed on the system when investigations have been completed.</p> <p>b) Management reports should be in place for monitoring and discussion at team meetings to address caseload, progress and turnaround time of complaints.</p>	3	A/D PLANNING	28/02/19	15/05/19
1819 280 Street Services - Trade Waste and Income Generating Services 01	<p>It is recommended that a bin inventory list that reconciles to customers record is maintained and kept up to date on new customers, cancellations and changes to request.</p>	3	A/D ENVIRONMENTAL SERVICES	31/07/19	12/07/19

Committee: Governance, Audit and Performance Committee
Title: Local Government Ombudsman Annual Review 2018/19
Report Author: Dawn French, Chief Executive
dfrench@uttlesford.gov.uk
Tel: 01799 510400

Date:
Thursday, 26
September 2019

Summary

1. The annual review letter has been received from the Local Government Ombudsman summarising the complaints relating to the Council's services dealt with by the Ombudsman's office for the year ended 31 March 2019.
2. This report also details the complaints and compliments received by the council in the same period.

Recommendations

3. To note the contents of the Ombudsman's annual review letter and the position with regards to complaints and compliments for the year ended 31 March 2019.

Financial Implications

4. There are no financial implications arising from this report. There were no instances where the Ombudsman awarded compensation to complainants.

Background Papers

5. The papers referred to by the author in the preparation of this report are mentioned in the body of the report and are already published.

Impact

- 6.

Communication/Consultation	Review reports are published on the Council's and the Ombudsman's websites
Community Safety	N/A
Equalities	N/A
Health and Safety	N/A
Human Rights/Legal	Residents and users of the Council's services are able to complain to the

Implications	Ombudsman about the handling of complaints where the complainant is dissatisfied with the service or response received, within time limits
Sustainability	N/A
Ward-specific impacts	All wards
Workforce/Workplace	N/A

Situation

7. The Council's annual review letter has been received from the Local Government Ombudsman and is attached at Appendix A. It lists nine complaints received.
8. In four cases the complaints were closed after initial enquiries and two of these cases were closed because the complaints were submitted late and there was no evidence of fault by the Council.
9. Three complaints were determined as 'not upheld' with the Ombudsman deciding there was no fault found against the Council. Two complaints were referred back for local resolution, these complaints were considered premature and referred back to the Council to complete the internal complaints procedure.
10. This is a typical pattern of complaint investigation by the Ombudsman and there is nothing particularly unusual or that stands out. The previous review letter for 2017/18 reported on nine complaints of which five were referred back for local resolution, one complaint was closed after initial enquiries and advice was given for one case. There were no upheld complaints in this period.
11. There are two cases that will appear on the Ombudsman Annual Review 2019/20 letter where the Council has been found at fault and has been required to apologise and pay compensation. Both cases relate to the Planning Service and are the result of incorrect advice to the complainants.
12. Attached at Appendix B is a summary of complaints received by the Council during the 2018/19 period to enable a contrast to be drawn between the number of overall complaints referred for internal investigation and the number then referred onwards for investigation by the Ombudsman.
13. These complaints are reviewed quarterly by the Council's Corporate Management Team in order to share any lessons learnt. In general these are small in number and make it difficult to identify trends.
14. It is acknowledged that the number recorded as 'complaints' does not represent the genuine level of complaints received by the Council. Issues of dissatisfaction raised directly with service are often apologised for and resolved without being formally recorded. Therefore it is reasonable to

assume the recorded complaints reflect 'stage 2' complaints where the matter has been escalated to a senior service manager.

15. Similarly the level of recorded compliments will be an under representation of the numerous occasions residents and customers recognise the excellent work of our staff.
16. Compliments are also reviewed and shared at all the regular staff briefings, where examples of staff 'going the extra mile' are showcased and staff more publicly recognised.

Risk Analysis

17.

Risk	Likelihood	Impact	Mitigating actions
1 – full investigation of complaints referred to the Ombudsman is always undertaken	2 – in cases where fault has been found it might be necessary to provide a remedy to satisfy the complainant and in some cases changes to internal procedures followed by service areas	2 – where a change of process is required to meet a recommendation from the Ombudsman it may have some impact on service provision	As recommended by the Ombudsman – sometimes a review of internal practices may be required if significant failings in service provision are identified

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

This page is intentionally left blank

24 July 2019

By email

Dawn French
Chief Executive
Uttlesford District Council

Dear Ms French

Annual Review letter 2019

I write to you with our annual summary of statistics on the complaints made to the Local Government and Social Care Ombudsman about your authority for the year ending 31 March 2019. The enclosed tables present the number of complaints and enquiries received about your authority, the decisions we made, and your authority's compliance with recommendations during the period. I hope this information will prove helpful in assessing your authority's performance in handling complaints.

Complaint statistics

As ever, I would stress that the number of complaints, taken alone, is not necessarily a reliable indicator of an authority's performance. The volume of complaints should be considered alongside the uphold rate (how often we found fault when we investigated a complaint), and alongside statistics that indicate your authority's willingness to accept fault and put things right when they go wrong. We also provide a figure for the number of cases where your authority provided a satisfactory remedy before the complaint reached us, and new statistics about your authority's compliance with recommendations we have made; both of which offer a more comprehensive and insightful view of your authority's approach to complaint handling.

The new statistics on compliance are the result of a series of changes we have made to how we make and monitor our recommendations to remedy the fault we find. Our recommendations are specific and often include a time-frame for completion, allowing us to follow up with authorities and seek evidence that recommendations have been implemented. These changes mean we can provide these new statistics about your authority's compliance with our recommendations.

I want to emphasise the statistics in this letter reflect the data we hold and may not necessarily align with the data your authority holds. For example, our numbers include

enquiries from people we signpost back to your authority, some of whom may never contact you.

In line with usual practice, we are publishing our annual data for all authorities on our website, alongside our annual review of local government complaints. For the first time, this includes data on authorities' compliance with our recommendations. This collated data further aids the scrutiny of local services and we encourage you to share learning from the report, which highlights key cases we have investigated during the year.

New interactive data map

In recent years we have been taking steps to move away from a simplistic focus on complaint volumes and instead focus on the lessons learned and the wider improvements we can achieve through our recommendations to improve services for the many. Our ambition is outlined in our [corporate strategy 2018-21](#) and commits us to publishing the outcomes of our investigations and the occasions our recommendations result in improvements for local services.

The result of this work is the launch of an interactive map of council performance on our website later this month. [Your Council's Performance](#) shows annual performance data for all councils in England, with links to our published decision statements, public interest reports, annual letters and information about service improvements that have been agreed by each council. It also highlights those instances where your authority offered a suitable remedy to resolve a complaint before the matter came to us, and your authority's compliance with the recommendations we have made to remedy complaints.

The intention of this new tool is to place a focus on your authority's compliance with investigations. It is a useful snapshot of the service improvement recommendations your authority has agreed to. It also highlights the wider outcomes of our investigations to the public, advocacy and advice organisations, and others who have a role in holding local councils to account.

I hope you, and colleagues, find the map a useful addition to the data we publish. We are the first UK public sector ombudsman scheme to provide compliance data in such a way and believe the launch of this innovative work will lead to improved scrutiny of councils as well as providing increased recognition to the improvements councils have agreed to make following our interventions.

Complaint handling training

We have a well-established and successful training programme supporting local authorities and independent care providers to help improve local complaint handling. In 2018-19 we delivered 71 courses, training more than 900 people, including our first 'open courses' in Effective Complaint Handling for local authorities. Due to their popularity we are running six more open courses for local authorities in 2019-20, in York, Manchester, Coventry and London. To find out more visit www.lgo.org.uk/training.

We were pleased to deliver a complaint handling course to your staff during the year. I welcome your Council's investment in good complaint handling training and trust the course was useful to you.

Finally, I am conscious of the resource pressures that many authorities are working within, and which are often the context for the problems that we investigate. In response to that situation we have published a significant piece of research this year looking at some of the common issues we are finding as a result of change and budget constraints. Called, [Under Pressure](#), this report provides a contribution to the debate about how local government can navigate the unprecedented changes affecting the sector. I commend this to you, along with our revised guidance on [Good Administrative Practice](#). I hope that together these are a timely reminder of the value of getting the basics right at a time of great change.

Yours sincerely,



Michael King
Local Government and Social Care Ombudsman
Chair, Commission for Local Administration in England

Local Authority Report: Uttlesford District Council
For the Period Ending: 31/03/2019

For further information on how to interpret our statistics, please visit our [website](#)

Complaints and enquiries received

Adult Care Services	Benefits and Tax	Corporate and Other Services	Education and Children's Services	Environment Services	Highways and Transport	Housing	Planning and Development	Other	Total
0	1	0	0	1	0	1	6	0	9

Decisions made

Incomplete or Invalid	Advice Given	Referred back for Local Resolution	Closed After Initial Enquiries	Detailed Investigations			Total
				Not Upheld	Upheld	Uphold Rate (%)	
0	0	2	4	3	0	0	9

Note: The uphold rate shows how often we found evidence of fault. It is expressed as a percentage of the total number of detailed investigations we completed.

Satisfactory remedy provided by authority

Upheld cases where the authority had provided a satisfactory remedy before the complaint reached the Ombudsman	% of upheld cases
0	0

Note: These are the cases in which we decided that, while the authority did get things wrong, it offered a satisfactory way to resolve it before the complaint came to us.

Compliance with Ombudsman recommendations

Complaints where compliance with the recommended remedy was recorded during the year*	Complaints where the authority complied with our recommendations on-time	Complaints where the authority complied with our recommendations late	Complaints where the authority has not complied with our recommendations	
0	0	0	0	Number
	0%		-	Compliance rate**
<p>Notes: * This is the number of complaints where we have recorded a response (or failure to respond) to our recommendation for a remedy during the reporting year. This includes complaints that may have been decided in the preceding year but where the data for compliance falls within the current reporting year. ** The compliance rate is based on the number of complaints where the authority has provided evidence of their compliance with our recommendations to remedy a fault. This includes instances where an authority has accepted and implemented our recommendation but provided late evidence of that.</p>				

This page is intentionally left blank

Appendix B

2018/19 COMPLAINTS	Q1 Total Complaints	Number upheld	Q2 Total Complaints	Number upheld	Q3 Total Complaints	Number upheld	Q4 Total Complaints	Number upheld
Benefits	6	2	5		2	1	1	
Corporate Services								
Council Tax & Recovery	1		1	1	1		2	
Electoral Services								
Environmental Health			2	1			1	
Housing			3		11	4	11	
Legal								
Parking								
Planning (*)	23	2	9	3	22	5	94	75
Street Services	13	5	23	11	5	2	5	1
	43	9	43	16	41	12	114	76

2018/19 COMPLIMENTS	Q1	Q2	Q3	Q4
Benefits			1	1
Corporate Services				
Council Tax & Recovery		2		
Electoral Services				
Environmental Health		1	1	2
Housing	6	5	4	5
Legal			1	
Parking				
Planning				
Street Services	1	1	1	3
	7	9	8	11

Note:

(*) Planning: A significant increase in complaints were recorded during Q4. These related to complaints chasing determinations or missing deadlines. The Chief Executive and Directors have been meeting regularly, and continue to meet, with the Planning Management team to monitor performance management and resources to manage the case load going forward. Worth noting is that complaints within the Planning Service for the first quarter of 2019/20 have dropped to 16 (3 of which were upheld) which supports the management approach adopted.

This page is intentionally left blank

Agenda Item 5

Committee: Governance, Audit and Performance Committee

Date:

Thursday, 26
September 2019

Title: 2019/20 Corporate Risk Register Update

Report Author: Oliver Knight, PFI and Performance Officer

OKnight@uttlesford.gov.uk

Paula Evans, Customer Services &
Performance Manager

PEvans@uttlesford.gov.uk

Summary

1. This report presents the Council's 2019/20 Corporate Risk Register.

Recommendations

2. None

Financial Implications

3. Other than the risk directly addressing Financial Control (**19-CR-01**), there are no direct financial implications associated with this report.

Background Papers

4. None

Impact

- 5.

Communication/Consultation	Internal communication on risk management is required through CMT and SMT meetings.
Community Safety	None
Equalities	None beyond general management of equality and diversity impacts for risks.
Health and Safety	Health and Safety risks are managed where appropriate.
Human Rights/Legal Implications	None

Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

Situation

6. Appendix A shows the 2019/20 Corporate Risk Register.
7. Corporate Risks are identified in alignment with UDC's Risk Management Strategy, which was approved by the Governance, Audit and Performance Committee in July 2018.
8. The risks included in the Corporate Risk Register are cross-cutting risks which if not controlled could have a serious impact on the council's ability to carry out its functions.
9. Whilst the Performance Team coordinate the update process for the Corporate Risk Register, the Corporate Management Team is responsible for the management of each risk and the introduction of relevant mitigation measures.
10. Each risk has been reviewed during August 2019 to highlight current controls in place and further control actions still to be implemented. A written progress update has also been included; providing detail on relevant risk mitigation measures.
11. Whilst most scores for current likelihood and current impact have remained the same since the 2018/19 Corporate Risk Register, it is noted that many new risk mitigation measures have been implemented and further updates will be provided ongoing to members, as relevant.
12. **19-CR-10 EU Exit:** The Council is now managing this risk through preparing for the scenario that the UK leaves the European Union without a deal. The financial implications of this risk will continue to be monitored and reported as national plans becomes clearer.

Risk Analysis

13.

Risk	Likelihood	Impact	Mitigating actions
If risks are not properly identified or managed then preventable problems could occur and affect the council's	2 – The Corporate Risk register ensures a continuing and ever-evolving focus on the	3 – The Corporate Risk Register focuses upon key issues at all levels of the	The Council's Risk Management Policy and Corporate Risk Register ensure effective risk management is placed centrally within

finances, reputation or resources. Conversely opportunities to improve these aspects may be underutilised.	key risks affecting the council.	organisation.	its operations.
--	----------------------------------	---------------	-----------------

- 1 = Little or no risk or impact
- 2 = Some risk or impact – action may be necessary.
- 3 = Significant risk or impact – action required
- 4 = Near certainty of risk occurring, catastrophic effect or failure of project.

This page is intentionally left blank

Corporate Risk Register 2019/20

Governance, Audit and Performance Committee Update – September 2019



Likelihood Scores

Score	Probability
1 (Little Likelihood)	Less than 10%
2 (Some Likelihood)	10% to 50%
3 (Significant Likelihood)	51% to 90%
4 (Near Certainty)	More than 90%

Impact Scores

Score	Impact Level on Strategic Objectives
1	Minor impact/delay/difficulty
2	Small impact/delay/difficulty
3	Considerable impact/delay/difficulty
4	Extreme impact/delay/Difficulty

Page 37

Each risk score for likelihood and impact is plotted onto a risk matrix to produce its score. A green score indicates risks which the organisation is most prepared to accept and red those which are less likely to be accepted.

		1	2	3	4
LIKELIHOOD	4	4	8	12	16
	3	3	6	9	12
	2	2	4	6	8
	1	1	2	3	4
		1	2	3	4
		IMPACT			

19-CR-01 FINANCIAL CONTROL						
<p>If the council does not implement and sustain a robust 5 year financial strategy then reserves may be inadequate to meet unforeseen circumstances leaving the council with undue financial pressures</p>	Owner	Original Likelihood	Original Impact	Original Score	Current Controls	
	AW	2	4	8	<ul style="list-style-type: none"> • Monthly budget monitoring – Revenue and Capital (including HRA) • Quarterly budget monitoring to Members 	
		Current Likelihood	Current Impact	Current Score	Further Action	
		2	4	8	<ul style="list-style-type: none"> • Actively seeking a second major investment • Service reviews to drive efficiencies 	
		Target Likelihood	Target Impact	Target Score	Action owner	Planned Completion date
1	4	4	CMT	31.03.2020		
<p><u>PROGRESS UPDATE (August 2019)</u></p> <p>The 2020/21 budget setting process is underway. A service efficiencies workshop has been held and agreed reductions will be built into the new budget. Service growth will be refined in October along with Member priorities. This will be aided by the early announcement of the one year financial settlement which is expected in September. A revised Investment Strategy will be taken to Cabinet in September and Council in October for approval. Investment opportunities will continue to be sought.</p>						

19-CR-02 BUSINESS CONTINUITY						
	Owner	Original Likelihood	Original Impact	Original Score	Current Controls	
<p>If the council does not have sufficient and robust corporate resilience and Business Continuity management then a major disruptive event could impact staff, property, or systems and networks leading to a reduction in service delivery, damage to organisational reputation or significant financial loss</p>	RH	2	3	6	<ul style="list-style-type: none"> Existing Business Continuity Plans 	
		Current Likelihood	Current Impact	Current Score	Further Action	
		2	3	6	<ul style="list-style-type: none"> Check all Services have Business Continuity plans in place Update as relevant Testing of Business Continuity plans 	
		Target Likelihood	Target Impact	Target Score	Action owner	Planned Completion date
		1	3	3	Service Managers (SMT)	31.03.2020
<p><u>PROGRESS UPDATE (August 2019)</u></p> <ul style="list-style-type: none"> ◇ Part time Emergency Planning Officer (EPO), a shared resource with Essex County Council, has been recruited. ◇ EPO is currently in the process of reviewing the corporate Business Continuity plan, and existing policies and procedures. ◇ An updated corporate Business Continuity plan is scheduled for mid-September. 						

19-CR-03 HEALTH AND SAFETY							
<p>If the council does not manage the Health and Safety and welfare of its general public, visitors and staff then it will not be meeting its statutory organisational responsibilities leading to a loss of reputation as a responsible employer, potential involvement in legal action or loss of life or serious injury</p>	Owner	Original Likelihood	Original Impact	Original Score	Current Controls		
	AW		1	4	4	<ul style="list-style-type: none"> • Regular H&S Audits/Training/Risk Assessments • Up-to-date Policies and Procedures 	
		Current Likelihood	Current Impact	Current Score	Further Action		
			1	4	4	<ul style="list-style-type: none"> • Ongoing maintenance of systems, procedures and reporting 	
		Target Likelihood	Target Impact	Target Score	Action owner	Planned Completion date	
	1	4	4	RM/TC	31.03.2020		

PROGRESS UPDATE (August 2019)

A part-time Corporate Health & Safety Officer has been recruited, and policy and procedure reviews are underway. As part of this, the authority will be undertaking a Health & Safety audit based upon the HSG 65 guidance published by the Health and Safety Executive. The internal Safety Advisor’s Team (SAT) has also been reinvigorated.

19-CR-04 PEOPLE							
<p>If the council's workforce is not reviewed and developed then it may hinder its ability to support transformational programmes and service delivery leading to an inability to achieve corporate objectives, retain and recruit staff and loss of reputation</p>	Owner	Original Likelihood	Original Impact	Original Score	Current Controls		
	AW		2	3	6	<ul style="list-style-type: none"> • Transformational projects identified through corporate planning process and staff resources identified to deliver. 	
			Current Likelihood	Current Impact	Current Score	Further Action	
			2	3	6	<ul style="list-style-type: none"> • Workforce Strategy ("People Plan") to be developed as per LGA peer review recommendation in order to identify organisational needs for the coming years and put in place actions to address those needs. 	
			Target Likelihood	Target Impact	Target Score	Action owner	Planned Completion date
	1	3	3	RA	31.03.2020		
<p><u>PROGRESS UPDATE (August 2019)</u></p> <ul style="list-style-type: none"> ◇ A strategic review of HR has been completed by a consultant supplied by the East of England Local Government Association and the report is being used to inform future service developments. ◇ Recruit of a fulltime HR manager is under way. One of the first tasks for the successful applicant is to develop the Workforce Strategy. ◇ A second tranche of managers will undertake the Institute of Leadership and Management Level 5 qualification this year following a successful course last year, which will help development management skills to drive change in the Council. The Apprenticeship Levy is being used to upskill existing staff in areas which can be difficult to recruit into, such as Planning & Building Control. 							

19-CR-05 DATA PROTECTION							
<p>If the council does not adopt and implement Data Protection controls then there may be a loss of data, inadequate data handling, unlawful sharing of data or security breaches leading to loss of public and partner confidence, reputational damage, breach of legislation and financial loss due to fines</p>	Owner	Original Likelihood	Original Impact	Original Score	Current Controls		
	DF		2	4	8	<ul style="list-style-type: none"> E-learning module for all staff Use, storage and sharing protocols Building and IT security 	
		Current Likelihood	Current Impact	Current Score	Further Action		
			2	4	8	<ul style="list-style-type: none"> Learning, reflection and sharing of good practice arising from implementation of GDPR, in particular advice from ICO; monitoring of subject access requests; appointment of permanent DPO; monitoring of new procedures introduced to the organisation; establishment of Information Governance Group; regular reports to Corporate Management Team. 	
		Target Likelihood	Target Impact	Target Score	Action owner	Planned Completion date	
	1	4	4	Project team, led by SP	31.03.2020		
<p><u>PROGRESS UPDATE (August 2019)</u></p> <p>The GDPR implementation project has been completed and the organisation has moved forward significantly. An Information Governance Group has been established, chaired by the Assistant Director for Governance & Legal, on which representatives from across the organisation attend; this group receives a regular update on progress against new tasks identified and approved by that group, providing a strengthened governance role around this work. This group reports to the Chief Executive and Corporate Management Team. All new processes and services are now subject to a data protection assessment, to identify the risks and introduce mitigation measures as part of implementation.</p> <p>The review of the documentation policy remains outstanding but will be completed by March 2020. The large intake of new members following the election in May has created an additional area of work to ensure they are fully aware of their role in data protection.</p> <p>We remain ambitious to reduce the likelihood to 1 through the range of proactive measures by increasing the organisational awareness; however, this is an area in which simple human error will always be a risk.</p>							

19-CR-06 INFORMATION TECHNOLOGY						
<p>If the council does not ensure resilient and robust IT security is in place then the organisation may be exposed to network vulnerabilities such as cyber-attacks and system failures leading to reputational damage, liability issues, loss of service provision and reputation</p>	Owner	Original Likelihood	Original Impact	Original Score	Current Controls	
	AW	3	4	12	<ul style="list-style-type: none"> • The majority of ICT systems are held off site in data centres • Windows operating system security patches are updated • Members of CERT-UK WARP (Warning, Advice and Reporting Point) part of the Centre for protection of National Infrastructure. It provides us with privileged access to cyber threats 	
		Current Likelihood	Current Impact	Current Score	Further Action	
		3	4	12	<ul style="list-style-type: none"> • Further investment in system security • Robust recovery plan 	
		Target Likelihood	Target Impact	Target Score	Action owner	Planned Completion date
2	4	8	NW	31.03.2020		
<p><u>PROGRESS UPDATE (August 2019)</u></p> <p>Following the recently completed LGA cyber stocktake where the council score mid-range (Amber), a relatively small amount of external funding has been secured and additional levels of security put in place to enable the council to progress to a top range (Green) score. Even allowing for this progress, cyber-attacks are such that the risk will always remain high.</p>						

19-CR-07 GOVERNANCE						
<p>If the council does not have a clear and robust governance framework then leadership and decision making will not be effective with un-defined responsibilities resulting in a lack of accountability to our stakeholders, potential breaches of legislation and significant financial loss</p>	Owner	Original Likelihood	Original Impact	Original Score	Current Controls	
	DF	2	4	8	<ul style="list-style-type: none"> Annual governance statement Have a documented constitution, which is regularly reviewed Adopted corporate plan and service plans 	
		Current Likelihood	Current Impact	Current Score	Further Action	
		2	4	8	<ul style="list-style-type: none"> Review corporate governance framework in accordance with CIPFA guidance notes Update training/awareness Roll out of use of mod.gov to all staff and members, including recording and publication of key decisions. 	
		Target Likelihood	Target Impact	Target Score	Action owner	Planned Completion date
1	4	4	SP	31.03.2020		
<p><u>PROGRESS UPDATE (August 2019)</u></p> <p>The implementation of mod.gov has substantially improved the governance of formal decision making. A significant member development programme has been implemented for all members following the elections in May 2019, which included topics on the Constitution and effective decision making. The programme has received very positive feedback and results of a survey will be analysed to ensure further improvements as the next phase of the programme is delivered. The Annual Governance Statement was signed off by the Council's external auditors as part of the statement of accounts. The full review of the corporate governance framework has been put on hold pending a member-led review of the Council's governance arrangements.</p>						

19-CR-08 SERVICE DELIVERY						
<p>If the council does not achieve its key priorities and objectives and service plans then opportunities to improve the wellbeing of the community and protect the character of the district will be missed leading to dissatisfied residents and stakeholders, reputational damage and potential government intervention</p>	Owner	Original Likelihood	Original Impact	Original Score	Current Controls	
	DF	1	4	4	<ul style="list-style-type: none"> • Adopted corporate plan, delivery plan and service plans • Budget and MTFS to support delivery • Regular performance monitoring and reporting to CMT, Cabinet and GAP 	
		Current Likelihood	Current Impact	Current Score	Further Action	
		1	4	4	<ul style="list-style-type: none"> • Produce corporate governance framework 	
		Target Likelihood	Target Impact	Target Score	Action owner	Planned Completion date
1	4	4	SP	31.03.2020		
<p><u>PROGRESS UPDATE (August 2019)</u></p> <p>The organisation continues to work to the Council's priorities agreed by Council in February 2019 and a delivery plan approved by the Conservative Administration. The new Administration formed following the May Elections and has yet to establish and communicate fully its priorities, which may impact on service planning and budget setting for 2020/21. Cabinet members continue to monitor KPI and PI data prior to formal consideration by GAP but these are not indicators or targets which they have set. Some work is progressing on the corporate governance framework and aligning it to the CIPFA recommended presentation.</p>						

19-CR-09 LOCAL PLAN							
<p>If the council does not have an up to date local plan it is exposed to significant risks: adverse impact on its revenue position related to the lack of a sound base for its development management function and on- going costs of preparing a local plan and likely intervention by the MHCLG ; and reputational damage affecting its ability to recruit high calibre staff, bid for external government funding and form joint ventures and secure commercial income</p>	Owner	Original Likelihood	Original Impact	Original Score	Current Controls		
	RH		2	4	8	<ul style="list-style-type: none"> Local Plan Project Board Planning Policy Working Group 	
			Current Likelihood	Current Impact	Current Score	Further Action	
			2	4	8	<ul style="list-style-type: none"> Local Development Scheme Submission of plan for examination 	
			Target Likelihood	Target Impact	Target Score	Action owner	Planned Completion date
	1	4	4	CMT	Winter 2019/20 (as started in the LDS). However, a more realistic adoption date is now Summer 2020.		
<p><u>PROGRESS UPDATE (August 2019)</u></p> <p>The local plan was submitted, as programmed, in January 2019. Two Planning Inspectors were subsequently appointed by the Secretary of State in February 2019. The Inspectors' initial Matters, Issues and Questions (MIQs) were addressed in May 2019. The Local Plan Hearings Stage 1 started on 2nd July and came to a close on 18th July, having sat for six days in total. When the inspectors proceed to the second stage Hearings, the focus will be on more the detailed policies used for development management purposes – for example, the affordable housing policies, conservation policies and employment/commercial policies – as well as site allocations. The inspectors are likely to clarify this in October 2019.</p>							

19-CR-10 EU EXIT							
<p>If the council does not prepare for the short term outcome and implications of the UK exiting from the EU Exit then staff, partners, residents, businesses and visitors may be adversely affected resulting in the reputation of the council being damaged</p>	Owner	Original Likelihood	Original Impact	Original Score	Current Controls		
	RH		4	3	12	<ul style="list-style-type: none"> Defra working group steering implementation of systems to replace existing EU system for controlling food imports and exports with third countries, and monitoring movements within the EU. Withdrawal Act 2018 ensures that there is legal certainty over areas of law that impact on the council's activities 	
			Current Likelihood	Current Impact	Current Score	Further Action	
			2	4	8	<ul style="list-style-type: none"> Continued review of potential implications on the authority 	
			Target Likelihood	Target Impact	Target Score	Action owner	Planned Completion date
			1	3	3	CMT	31.03.2020
<p>PROGRESS UPDATE (August 2019)</p> <ul style="list-style-type: none"> Following the change in PM, the Council is preparing for the scenario that the UK leaves the EU without a Withdrawal Agreement in October 2019. It is not possible to identify the financial impact for the Council of leaving the EU without a deal. The financial implications will be explored and reported as national plans become clearer. Senior officers are liaising with the MHCLG and attending workshops as appropriate. Officers are participating in discussions regarding border controls and systems, and monitoring the Settlement Scheme for EU Citizens. Resources are being made available (together with security clearance) to support airport activity before and immediately after the UK exits. Procurement issues such as EU processes and systems and contracts to establish any supply issues are being reviewed. Withdrawal of access to grants currently received from the EU and the opportunity to 'bid' for replacement funds from the UK government are being monitored. Together with the Essex Resilience Forum and the Resilience and Emergency Division of the MHCLG, risks relating to fuel, food, transport, animal welfare and medicines are being monitored. Business Continuity plans are being refreshed to ensure that risks not specific to EU Exit but which may arise can be managed (e.g. staff shortage). The EU Exit is a standing item on the CMT agenda to maintain visibility and aid communication. The EU Exit is a standing item on the Essex Chief Executives' association agenda. Officers are keeping under review the Government's technical notes and information shared by the LGA. 							

This page is intentionally left blank

Committee: Governance, Audit and Performance Committee

Date:

Thursday, 26
September 2019

Title: PFI Contract Update

Report Author: Oliver Knight, PFI and Performance Officer

OKnight@uttlesford.gov.uk

Paula Evans, Customer Services &
Performance Manager

PEvans@uttlesford.gov.uk

Summary

1. This report provides members with an overview of the contract and operational arrangements for the Uttlesford Leisure PFI contract. It provides a summary of the history, structure and governance of the contract, and explains the Council's current approach to contract monitoring. This report also presents the future challenges and ambitions of the contract; ensuring the contract continues to provide value for money to both leisure centre users and the Authority over the contract duration. The structure of the contract is complex; Appendix A provides an overview of the main contractual documents, and the structure between parties.

Recommendations

2. None

Financial Implications

3. There are no financial implications associated with this report. However, members should note that the Leisure PFI contract is the largest General Fund contract that the council has entered into to date. This is based on the term of the contract rather than the value.

Background Papers

4. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report:
 - Uttlesford PFI Contract Documentation
 - National Audit Office – Review of the VFM Assessment process for PFI (2001)
 - Outline Business Case – PFI Scheme to Provide Sports & Leisure Facilities in Uttlesford (September 1998)
 - UDC PFI Board Minutes (June 1999 to Nov 1998)
 - Leisure Contract Management Working Party Minutes (March 1995 to September 2005)
 - UDC Community and Leisure Committee (Sept 2003 to Sept 2005)

- Amenities Sub-Committee, Contracts Board, Policy & Resources Committee and Council Minutes (1997 to 2003)
- House of Commons Forty-Sixth Report of Session 2017-19: Private Finance Initiatives (June 2018)
- National Audit Office report – HM Treasury: PFI & PF2 (Jan 2018)
- Governance, Audit & Performance Committee Report, entitled Leisure Private Finance Initiative (Sept 2018)

Impact

5.

Communication/Consultation	Contract governance and compliance processes have been established to ensure all necessary communication and consultation requirements within the contract structure are met. Effective governance is delivered through scheduled contract meetings, and dedicated authority resource on monitoring/managing the contract.
Community Safety	None
Equalities	None
Health and Safety	Health & Safety is embedded in the governance of the contract and regularly reviewed at monthly liaison meetings and the Annual Health & Safety meeting.
Human Rights/Legal Implications	None
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

Situation

- 6. Contract History** – Uttlesford District Council began discussions on the procurement of a new outsourced leisure provision in 1995. Prior to the PFI contract, the council outsourced its leisure services through a private company – DC Leisure – who operated the Lord Butler Leisure Centre in Saffron Walden. Following resident consultations it was agreed that the geographical extent of the authority’s leisure provision should be extended.

The PFI project involved the submission of both outline & full business cases to the Department of the Environment, Transport and the Regions. Following

this a complex tendering process was undertaken, resulting in Linteum's selection as the preferred bidder, and awarded the contract post-negotiations. The Uttlesford Leisure PFI contract was signed in May 2002 and has a 33 year duration, expiring in August 2035. There are no break causes, except in the event of significant default by contract parties. The Uttlesford Leisure PFI contract was one of the first leisure PFIs to be introduced in the UK.

The PFI contract encompasses three leisure centres:

- ◇ The refurbishment, ongoing maintenance, financing and operation of the Lord Butler Leisure Centre in Saffron Walden.
- ◇ The design, construction, ongoing maintenance and operation of two new leisure centres – the Mountfitchet Romeera Leisure Centre and the Great Dunmow Leisure Centre.

All of these works were completed in August 2003, and the operational services period then commenced.

The authority finances the PFI agreement through a Unitary Charge, set at £36.2m over the contract duration. This is based upon actual indexation and forecasts to the contract expiry. This Unitary Charge includes clauses for Sculpting, which takes into account financial variations in Planned Maintenance fund usage.

Although situated at the same site as the Lord Butler Leisure Centre, Turpin's Indoor Bowls Club sits outside of the PFI contract, and is therefore managed independently of the contract.

7. **Contract Structure** – This contract has a complex structure but this is required due to the several parties which form the core infrastructure of the contract. There are various signed agreements between these bodies which govern contract management. Details of the full structure can be seen in Appendix A, with a summary of the main contractual documents and an accompanying diagram showing the contract parties' structure within the agreement.

8. **Project Purpose** – Two purposes are identified in the contract:

- ◇ To ensure that people of Uttlesford receive high quality and valued leisure facilities and services to meet user needs at an affordable price.
- ◇ To provide new and improved facilities and services to enable schools in the district to meet PE curriculum requirements, and to encourage participation in sport and development of sporting potential among pupils.

To meet these aims, all of the centres offer a sports hall, fitness suite, crèche, outdoor floodlit multi-use games area and group training studio. Lord Butler Leisure Centre & Great Dunmow Leisure offer a 25m swimming pool, sports injury clinic and café facilities. There is also a full-size floodlit multi-

purpose Astro Turf at Great Dunmow Leisure Centre. Both the Mountfitchet Romeera and Great Dunmow Leisure Centres occupy land owned by the school; there are various management and lease agreements within the structure between the School Governors, the Authority, Essex County Council and Linteum, as relevant.

All three centres support the authority’s Health & Wellbeing priorities, by providing various sports, leisure and well-being facilities and activities to a wide-ranging demographic across the district.

The table below shows customer usage for the last two years:

Year	Lord Butler, SW	Helena Romanes, GD	Romeera, Stansted	Totals
2017/18	334,038	255,577	52,805	642,420
2018/19	364,488	230,189	54,452	649,129

9. **Responsibilities** – The management of the contract has been under the responsibility of council officers for community and leisure activities since its inception in 2002. Since February 2016 the Customer Services & Performance Manager has been given full responsibility to act on behalf of the Authority for all actions and decisions relating to the contract.

In January 2019 the role of PFI & Performance Officer was created as part of the restructure of the Customer Services, and Leisure & Performance departments. Previous to this date the Community Development Officer provided administrative support to the contract, now the PFI & Performance Officer has this responsibility, and is a dedicated resource who undertakes day-to-day contract monitoring and management. Reporting to the Customer Services & Performance Manager, this new role sits within the Corporate Services Directorate, and in turn reports to the Assistant Director – Corporate Services. The Contract falls within the responsibilities of Cllr Armstrong as Portfolio Holder for Sports and Leisure.

Support from other authority departments is provided as necessary. Any contract variations which have considerable financial impact for the authority are discussed and agreed with the Assistant Director – Resources and/or the Director of Finance and Corporate Services prior to approval. The council’s solicitor provides legal advice, and the PFI team work frequently with the Health & Wellbeing Team to enhance the PFI’s leisure provision in alignment with UDC’s Health & Wellbeing priorities.

The day-to-day management of the contract is overseen by:

- ◇ The council’s Customer Services & Performance Manager;
- ◇ The council’s PFI & Performance Officer;

- ◇ The SPV (Linteum Uttlesford Limited) General Manager;
- ◇ The Leisure Operator (1Life Management Solutions Ltd), and its Uttlesford Contract Manager. Planned and responsive maintenance is sub-contracted to Emcor.

This management is facilitated through the following scheduled meetings:

Meeting	Frequency	Representation	Objective(s)
Operational Liaison Meetings	Monthly	UDC, 1Life, Emcor, Pario	Review of operational performance
IPS Meeting	Quarterly	1Life, Pario, IPS	Ongoing review of contractual obligations; Determination of funding applications.
Sub-Contractor's Meeting	Quarterly	1Life, Emcor, Pario, Linteum	Ongoing review of contractual obligations
Principal's Meeting	Quarterly	UDC, Emcor, Pario, Linteum Board	Ongoing review of contractual obligations and informal escalation of issues
Board Meeting	Quarterly	Linteum Board	Ongoing review of contractual obligations
Annual Health & Safety Meeting	Annually	UDC, 1Life, Pario, Linteum Board	Review of H&S data, policies and assessments.

10. Performance Management – The Contract's Payment Mechanism provides a method through which operational performance can be measured and monitored. There are 9 key performance indicators, each of which has a performance standard. The Operator provides a monthly monitoring report to the Council, which details their performance against each of the performance standards. If a performance standard is not met, then consequently the Operator incurs a financial penalty; this is recovered through reduction in the Council's monthly unitary charge payments.

The following table provides a summary of nine Key Performance Indicators (KPIs), and their respective Performance Standards:

Number	Service Standard	Monitoring	Performance Standard
1	Lifecycle – The Contractor shall maintain schedules and procedures for carrying out planned lifecycle and preventative maintenance.	Quarterly	95% of all critical tasks
2	Cleaning – The contractor will ensure that all facilities are cleaned within agreed schedule and standards.	Monthly	90% of tasks completed
3	Staff Training – The Contractor is to provide the staff with necessary operational and technical competence as appropriate.	Quarterly	90% of planned training completed
4	Programming – The contractor will provide a programme of group exercises, competitions, school holiday activities and coached courses.	Quarterly	90% of planned programme
5	Marketing – The contractor will provide an Annual Marketing strategy, detailing activities to be completed.	Quarterly	90% of activities
6	GP Referral Scheme – The contractor will provide a GP referrals scheme at each facility.	Quarterly	Yes/No
7	Customer Satisfaction – The contractor will undertake an annual satisfaction survey for users of each Facility which will be externally analysed. <i>*This KPI is currently under review*</i>	Annual	Upper Quartile of National Survey
8	Quest – The contractor will obtain, and retain QUEST accreditation for all three sites.	Annual	Yes or No
9	School Provision – Provide access for Helena Romanes School & Forest Hall Academy to use entirety of their Actual Usage Provision.	Monthly	Yes or No

Alongside these KPIs, the Payment Mechanism has provision for financial penalties based upon the non-availability of the facilities. Zone Data Sheets for each area (e.g. Swimming Pool; Dance Studio) dictate availability criteria and a Rectification Period if a facility closes. If the issue is not resolved within the relevant Rectification Period, an unavailability Deduction is applicable. This ensures all facilities are available to the specification of the contract, and that any issues are resolved efficiently. The Payment Mechanism ensures the contractor provides a high-level of service, whilst giving the authority oversight of all key operational aspects.

Authority's New Approach: Contractual Monitoring

11. Since taking on responsibility for the day-to-day contract management and monitoring, the PFI & Performance Officer has advanced contract monitoring and governance. This has been achieved through utilising a rigorous attention to detail when assessing operational documents, and research into the different parties' contractual obligations when relevant. All issues are escalated efficiently and effectively through the relevant structure to ensure their expedient resolution, and minimise the impact on service provision. This enhanced critical framework aims to ensure increased authority governance of the contract, but also works to ensure that the contract is providing value for money for the Authority. Alongside this, the following monitoring and management actions are in progress:
12. **KPI Monitoring Procedures** – The authority is working with the contractor to gain the necessary electronic access to remotely monitor performance. For each contractual KPI, a documented monitoring procedure is in development; involving set instructions to be adhered to and comprehensive record keeping. Working firstly on the Cleaning KPI, the authority now has access to 1Life's cleaning system - Agility. This is used to monitor the completion of scheduled cleaning tasks on a real-time basis, and to investigate complaints when relevant. Scheduled remote checks are now in place to ensure ongoing oversight.
13. **Non-Contractual KPIs** – The authority intends to introduce some key performance indicators to extend current performance management arrangements. It is intended these will focus upon such areas as: Customer Complaints, Customer Usage Provision and Membership Attrition Rates. These will be introduced for the 2020/21 year, and be reported to Governance, Audit & Performance Committee.
14. **Staged Contractual Review** – It is intended that each contractual document will be reviewed and analysed to ensure we are aware of all contractual obligations, as relevant. This will produce a PFI monitoring calendar; a centralised resource to be used by the authority to enable effective monitoring of all parties' contractual obligations.
15. **Annual Service Plan** – In addition to the Payment Mechanism, the contractor is required annually to provide a range of documents to support the ongoing assessment of their performance. Examples of these include: an Annual Programming Schedule and the Annual Cleaning Schedule. The authority has

begun closely monitoring performance against these documents, and asking questions wherever necessary to ensure the best standard of service is provided to users. To consolidate this process, we are also working with the contractor to develop a report which collates all of these separate requirements relating to annual planning into a single Annual Service Plan. Once this format has been finalised, this can be used as a document to monitor performance on a regular basis.

16. **Monitoring & Integrating Customer Feedback Proposal** – The authority has begun to consider how to combine customer feedback into annual development/service plans in a structured approach. There is currently a KPI measuring Customer Satisfaction, however no action is taken as a result of its annual customer survey. We are currently working on a proposal where parties annually meet to evaluate the customer satisfaction survey results in alignment with the outcomes of the Annual Service Report. This will aim to integrate Customer feedback with developing service goals, and be reflected in the following year's Annual Service Plan.
17. **Monitoring Customer Demographics** – Aligning with Uttlesford District Council's current Health & Wellbeing Strategy, the PFI contract aims to extend its leisure service provision to as many residents as possible. It is the Council's intention to monitor demographics of the leisure centre users, to enable us to identify demographic groups who do not utilise the facilities at the centres. This information can be used by the contractor to encourage greater use of the PFI facilities by those under represented amongst users.
18. **IPS Funding** – Under the PFI Agreement, the Industrial & Provident Society is given a stipend annually by the contractor, which they can award as grants based upon proposals. Such funding proposals can originate from the PFI realm, but more broadly can also contribute to UDC's Health & Wellbeing priorities. In this manner, the PFI team will continue to work with the council's Health & Wellbeing Team and support all other project partners in creating effective and socially-beneficial funding proposals. A recent example of such projects would be the introduction of a weekly Yoga4Health session which is being held at the Garden Room, Saffron Walden.
19. It is hoped the new actions advised in Points 12 to 18 will further improve contract monitoring; increasing the council's overall governance of this contract. As they proceed they will develop, and new actions will also be integrated. Progress updates will be provided to Governance, Audit & Performance Committee, as relevant.

The Future

20. **Market Competition** - Local authority leisure provision is being increasingly squeezed in a changing market, with growing competition from the commercial sector. The opening of the PureGym (a nationwide provider of discount leisure services) in Saffron Walden this month is an apparent concern for the PFI contract. We will continue to invest in the facilities, with projects at Lord Butler Leisure Centre including:

- Replacement Sauna
- Redesign of Reception Area; including new furniture
- Repairs to the Steam Room
- New treadmills, cross trainers & step machine
- Installation of MyZone Virtual Class Offering

To maintain and increase its market share, 1Life is promoting its unique offerings which commercial sector competition does not provide; for example – the recent inclusion of racquet sports within membership. 1Life has also developed a more robust local marketing campaign to highlight their leisure offer. The PFI team is supporting 1Life, and working with them to enhance and differentiate the public sector leisure facilities and services.

21. GP Referral Scheme - Following a successful funding with the IPS, during Autumn 2019 1Life will be extending the GP Referral and Specialist Class scheme currently offered. The PFI team identified that class attendance was often nearing capacity, and initiated discussions regarding the extension of this program. Following consultation with both 1Life and UDC’s Health and Wellbeing team, it has been agreed that offering a class outside of normal working hours would provide another potential alternative. 1Life has also recently secured IPS funding to further extend the Specialist Class scheme to include sessions aimed at those suffering/recovering from cancer-related illness.

22. Handback - As the contract matures towards the end of its term (August 2035), the authority will need to consider how the provision of leisure facilities will be managed in the future. The PFI team is initiating discussions with Linteum and the Local Government Association on relevant PFI handback protocols and procedures. This is a standing Agenda Item for Principal’s Meetings, with all parties raising any relevant issues. At this initial stage, this has involved the auditing and organising internal records, and discussions on procuring up-to-date building floorplans for the three centres.

23. Handback will pose opportunities for the Authority to reflect upon our wishes for leisure provision landscape in the post-PFI era. The PFI team will be looking to engage members in any additional discussions regarding how this will be managed.

Risk Analysis

24.

Risk	Likelihood	Impact	Mitigating actions
------	------------	--------	--------------------

<p>If the council does not manage/monitor the PFI contract effectively due to lack of partnership working with all contract parties, then this may lead to a loss of reputation for the council as the contract owner, and 1Life as the leisure operator.</p>	<p>2</p>	<p>2</p>	<p>Monthly contract monitoring with Linteum/Pario/1Life Representatives. Multi-faceted contractual monitoring by UDC staff of the contract.</p>
<p>If the PFI leisure contract does not provide value for money due to ineffective contract management then there may be a negative impact on the investment made by the council</p>	<p>2</p>	<p>2</p>	<p>Monthly monitoring of Payment Mechanism. Management of governance controls relating to contract finance and operational performance.</p>

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

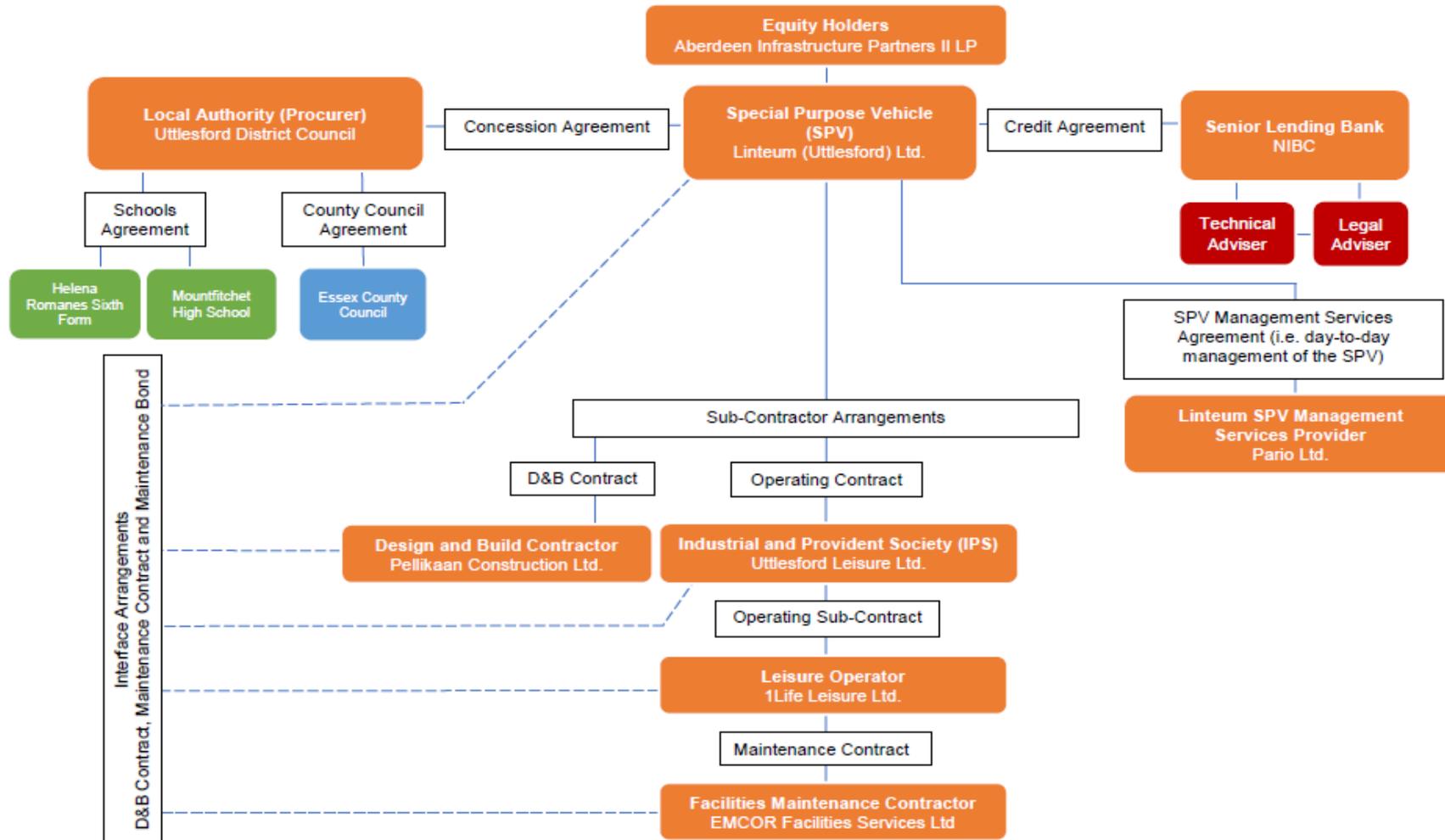
3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project

Appendix A – Part 1 Contract Structure

March 2018

Linteum (Uttlesford) Ltd. PFI Contractual Diagram



Appendix A – Part 2 Summary of Contractual Documents

- The Concession Agreement between the Authority and Linteum Uttlesford Limited (the SPV) governs the design, construction/refurbishment, finance, maintenance and operation of the centres. During the operation phase, it also determines the provision of the leisure service through Linteum on behalf of the authority. Linteum sub-contract the day-to-day management of the project to Pario Limited (a specialist PFI management service provider).
- Linteum sub-contract the operation of all three leisure centres to an Industrial & Provident Society (IPS).
- The IPS sub-contract the operation of the centres to a lifestyle and management solutions company – 1Life Management Solutions Limited.
- 1Life sub-contract the hard facilities management and maintenance of the centres to a maintenance services provider; Emcor Facilities Services Limited.
- The Leisure Management Fee Contract governs the operator payments by the 1Life Management Solutions, and also any Excess Profit Share which the authority is entitled to.
- The credit arrangements are governed by the Credit Agreement, a Debenture and also a Security Trust Deed.
- Head Leases & Sub-Leases are included for all three leisure centres.
- School Management Agreements exist for both Helena Romanes School and also Forest Hall School, permitting the school to use the facilities for an agreed amount of time annually. This is agreed by both 1Life & the authority.