

<b>Committee:</b>	Council	<b>Date:</b>
<b>Title:</b>	Annual Report	Tuesday, 20 July 2021
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<b>Lead Member:</b>	Cllr Edward Oliver, Chair, Governance, Audit and Performance Committee	

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## Summary

1. There is a requirement under the Council's Constitution for the Chair of the Committee to report annually to Full Council.
2. This report summarises the Committee's work in 2020/21.

## Recommendations

3. None

## Financial Implications

4. None

## Background Papers

5. None

## Impact

- 6.

Communication/Consultation	The Annual Report helps the committee inform other councillors and the public of their work.
Community Safety	None
Equalities	None
Health and Safety	None
Human Rights/Legal Implications	None
Sustainability	None

Ward-specific impacts	None
Workforce/Workplace	None

## Situation

7. The Covid-19 pandemic did impact on the Committee's ability to meet during 2020/21 as some reports at the beginning of the pandemic were circulated by email after the March 2020 meeting was cancelled.
8. The Committee adapted well to virtual meetings and has continued to discharge its duties.

## External Audit

9. BDO remains the Council's auditors following their appointment last year.
10. BDO undertook the audit of the 2019/20 accounts, with an extended deadline for completion due to the Covid 19 pandemic.
11. The Council published its draft accounts by the 31 May deadline and following the audit republished them with some minor changes by the post-audit 20 November deadline.
12. Members received a report in November setting out those changes. There were two financial errors identified, totalling £125,000, which were corrected. By comparison, in the previous year there were two errors totalling £2.148m. In addition, there were 12 narrative and formatting changes plus rounding and casting corrections to ensure consistency throughout the document.
13. Three further errors totalling £627,000 were not adjusted. By comparison, the previous year there were three such errors totalling £724,000. These are known as "unadjusted misstatements" and occur where the totals are not material but correcting the error would affect a significant number of other tables to such an extent that the auditor would need to revisit a large part of the audit.
14. Members were told that in the view of the Section 151 Officer, the 2019/20 financial audit has achieved a better outcome than the 2018/19 one. The 2018/19 audit achieved an 'unmodified audit opinion', which is a new audit term for unqualified.
15. However, as Members will be aware, BDO was unable to give its opinion on the Statement of Accounts due to an issue relating to the Annual Governance Statement, which forms part of it.
16. BDO supplied the following words as explanation, which were reported to the Committee at the November meeting:
17. "BDO have received information that has relevance to our consideration of the Council's Annual Governance Statement (AGS) and arrangements for use of

resources (UoR). This is being investigated. Until this has concluded, we are unable to issue our opinion on the Statement of Accounts (because the opinion includes the Annual Governance Statement) or conclusion on the Council's arrangements for use of resources."

18. By the end of the 2020/21 year, the Statement of Accounts remained in draft due to the investigation.

### **Internal Audit**

19. During the first half of 2020/21, the Committee received progress reports on the work of Internal Audit, which had been impacted by the Covid 19 pandemic as Internal Auditors had been redeployed within the Revenues and Benefits services to provide assistance in checking Business Grant applications and Benefit claims. The Committee then reviewed the Internal Audit Strategy and Work Programme for 2020/21, following Internal Audit work resuming from September 2020.
20. Following the retirement of the Audit Manager in October, the Committee was advised of future service provision arrangements; the Audit Manager role is now being shared between Chelmsford City Council and Uttlesford District Council, with the Audit Manager providing 18 hours per week to UDC.
21. In February 2021, the Committee received an Interim Report by the new Audit Manager covering the work that Internal Audit had undertaken between April and December 2020 and setting out the planned work to the end of March 2021. Changes had been made to the revised audit plan in order to focus on the higher risks to the Council. The draft Annual Internal Audit Plan for 2021/22 and the Internal Audit Charter was also presented to Committee.

### **Constitutional and Electoral Matters**

22. During 2020/21 the Committee was asked to consider two such matters.
23. The Committee was asked to consider proposed changes to the Council Procedure Rules in respect of the time permitted for questions to the executive and committee chairs at meetings of Full Council. Comments had been made at Full Council about the increased number of Cabinet Members and therefore a question was asked of the committee by a member as to whether the committee could look at amending the relevant procedure rule to increase the amount of time.
24. After debating various points, the committee opted to establish a task and finish group comprising councillors Driscoll, Isham, Jones and Khan. Cllr Barker was also enlisted an advisor, given her extensive experience at Essex County Council.
25. This task and finish group reported back at the following meeting with the recommendations that the time period be extended to 30 minutes and that written answers to questions should be published with the agenda. It was felt that this would help aid order, bring clarity and improve the tone of meetings. The task and finish group recommended these changes be trialled for two

meetings. The committee endorsed the recommendations and send the report to Full Council for a decision.

26. During the year the Committee authorised the commencement of a Community Governance Review of parish ward boundaries, by approving the terms of reference and timetable for the review.
27. The Council had originally given permission for the review, which was at the request of three parish councils, in 2013 but in order to avoid conflict with the electoral review by the Local Government Boundary Commission for England, it was delayed. Officer resource issues meant it had not been possible to pick up the work again until now.
28. The Committee endorsed the timetable, which sees the review getting underway after the May 2021 elections and reporting back to the Committee ahead of the publication of the register of electors in December 2021, in which any parish boundary changes would be reflected.

## Performance and Risk

29. A new set of performance indicators (called Covid-19 PIs) were introduced for monitoring during 2020/21 in light of the Covid-19 pandemic. These indicators were introduced to monitor how Covid-19 was affecting service delivery, and more broadly to highlight how services were performing in unprecedented circumstances. The Covid-19 PIs covered varying aspects of service delivery which were identified as being particularly affected by the pandemic and/or particularly important to the Council's operations.
30. Six reports were presented to the Committee during the year, providing a consecutive picture of PI outturns. Where possible, notes were included to narrate the circumstances surrounding performance. Long-term comparisons were also included, to reflect on the effect of the pandemic upon service delivery.
31. Whilst some indicators show that performance had inevitably decreased due to the current circumstances (e.g. **CV 17 Percentage of NNDR collected**), reports primarily highlighted that services continued to perform well during the pandemic. Indeed, monthly data at times demonstrated performance improvement in comparison to the 2019/20 year. Following the review of PI data, areas of discussion during the meetings included planning application processing times, car park data and the processing of Housing Benefit & Local Council Tax Support New Claims and Change Events.
32. The Committee also reviews the Council's Corporate Risk Register. The 2020/21 revised Corporate Risk Register was presented in November 2020. All existing corporate risks identified were reviewed in light of the pandemic. As a fundamental component of this, the wording for most risk entries was changed. Whilst the structure of risks remained predominantly the same, particular emphasis was placed upon reviewing current controls and further actions identified in light of the pandemic to mitigate each risk. The main issues raised during the meeting focused on the Governance risk, and whether the risk scoring reflected the current situation.

## **Annual Reports**

33. The committee receives annual reports on the PFI contract for the leisure centres, the findings of the Local Government Ombudsman and, new for 2020/21, Data Governance.
34. With regard to the PFI contract, the main focus of the discussion was in relation to how the contract had been managed during the Covid 19 pandemic, which necessitated the closure of all three leisure centres for parts of the year.
35. Among the matters discussed were the waiver of the £14,500 a month operator fee normally payable to the Council by operator 1Life, the way risk assessments were reviewed to ensure the safety of centre users when open, and the work being done to ensure financial sustainability in the face of the pandemic.
36. A report containing the annual review letter from the Local Government Ombudsman was presented in October 2020. This detailed complaints against the Council which were dealt with by the Ombudsman's office in the year ending 31 March 2020. The report also covered complaints and compliments received directly by the Council in the same period.
37. In the letter there were four complaints that had been closed by the Ombudsman following initial enquires and two cases relating to Planning where the Council had been found at fault.
38. For complaints dealt with directly by the Council, there were 106, of which 16 had been upheld. Over the same period, 55 formal compliments had been received for good service.
39. The Committee noted that all the recommendations by the Ombudsman had been enacted by the Council.
40. The Committee received the first Information Governance Annual Report in September 2020. This report provides assurance with regards to data protection and information governance matters. The Committee heard how positive steps had been taken by the Council following the introduction of the new Data Protection Act 2018 and the General Data Protection Regulation (GDPR) to improve information governance in the Council and to promote better awareness of data protection issues to staff.
41. The Data Protection Officer said that the CMT-approved recommendations included service managers taking ownership of Freedom of Information (FOI) requests within their areas, the nomination of FOI liaison officers to work alongside the FOI team as well as training being provided by the Data Protection Officer.
42. Concern was expressed about Freedom of Information Act response rates and the steps that were being taken to improve the picture, including further

training and establishing FOI liaison officers within service areas, were outlined. It was accepted that the Covid 19 pandemic may mean some FOI enquiries were taking longer to deal with because of pressures on services and the public were warned of this when contacting the Council.

## **Grants Governance**

43. Following a request from a member, a report was taken to the Committee by the Chief Executive regarding a grant received by the Council some five years earlier from the Armed Forces Covenant Fund Trust for the benefit of the Debden Village Hall Trust to build a new village hall.
44. A member of the Committee expressed significant concerns about governance arrangements with the grant, due to it having been passported to the Debden Village Hall Trust in its entirety, rather than any staged payment plan being put in place.
45. Following the discussion the Committee requested Internal Audit produce a report on grant governance in the Council. The Committee discussed the Terms of Reference for the review at its final meeting of 2020/21.
46. Separately during the year, the Committee discussed the Council's new Grant Allocation Policy (Sports Provision – Major Projects) ahead of it being considered by Cabinet. The policy set out the governance arrangements, procedures and monitoring process to be followed when awarding a Community Grant for a major sports project.
47. While the Committee accepted the principal of the policy, some members expressed disquiet that they were being asked to recommend the policy for approval when it appeared to them that a decision had already been made as to who was to receive it.
48. In recommending the policy to Cabinet, the Committee put forward a series of questions on matters members felt should be clarified, including whether the same organisation could apply in subsequent years and whether the timescales for spending the grant stipulated in the policy was realistic.

## **EU Exit**

49. In October 2020 the committee received a requested report on the potential implications on the council from the end of the EU Exit transition period. The report set out the various impacts on council services and on the community. The committee heard how an internal officer group had been meeting to mitigate against these impacts, with work focusing on the Border Inspection Point at Stansted Airport, data management, procurement, potential fuel and labour shortages and supporting local businesses.