

Committee: Council
Title: Governance, Audit and Performance Annual Report
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Summary

1. There is a requirement under the Council's Constitution for the Chairman of the Committee to report annually to Full Council.
2. This Annual Report summarises the key work of the Committee in the 2021/22 year and was considered by the Committee at its meeting on 28 June 2022.

Recommendations

3. None

Financial Implications

4. There are no financial implications associated with this report.

Background Papers

5. None

Impact

- 6.

Communication/Consultation	The report provides a summary of the committee's work for all members
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 Governance Audit and Performance Committee has continued its role to provide oversight of various functions of the Council and in 2021/22 was able to return to in-person meetings.
8. The Committee's work covers in the main matters relating to external and internal audit, governance matters, changes to the Council's Constitution, electoral changes and monitoring performance and risk.

External Audit

9. In November 2021, the Committee discussed the options in appointing new external auditors at the end of the current five-year appointment term in 2023. The current auditors are BDO.
10. The Council had two options for the procurement of the external auditor appointment: to either establish an auditor panel and conduct its own procurement exercise, or to become an opted-in authority with Public Sector Audit Appointments Limited (PSAA), which would carry out the full procurement process on behalf of all opted in eligible authorities.
11. The Committee agreed with the officer recommendation that continuing with this latter approach was most appropriate for the Council, and made this recommendation to Full Council.
12. The annual audit of the Housing Benefit Subsidy Claim for 2019/20 was completed by BDO and presented to the Committee in September 2021.
13. For the third year, the error rate was so low that the Council actually gained subsidy payment rather than having to repay the Department for Work and Pensions due to processing and calculation errors. The Council's accuracy rate was over 99 per cent on a total claim value of £12.2 million.
14. By the end of the 2021/22 year, the Statement of Accounts for 2019/20 remained in draft due to an ongoing investigation. Whilst the outstanding issue does not relate directly to the Council's finances, it does mean that the Council's last audited and approved financial balances were 2018/19. Consequently, the intervening years' annual opening balances are unaudited estimates and therefore subject to change upon final external inspection. The external audit of the 2020/21 accounts is still in progress.

Internal Audit

15. During 2021/22, GAP received several reports from Internal Audit, updating them on progress against the plan and high-risk issues identified.
16. The Internal Audit Report on Governance of Grants to Community Organisations presented in June 2021 detailed the outcome of the review, highlighting two high priority recommendations on Grant Policy and Procedures and Grant Funding Terms and Conditions, plus four medium priority recommendations. A service update on progress being made against the recommendations was presented to GAP in November 2021, where it was reported that a new Grants Policy was being developed to improve the control framework and that once in place, Internal Audit would undertake a formal follow-up assessment.
17. The Internal Audit Annual Report 2020/21 detailed the work undertaken during the 2020/21 financial year and provided details on the high risk and priority issues which could impact on the effectiveness of the internal control environment, risk management and governance arrangements across the Council. It provided an overall annual opinion of “moderate assurance” that demonstrated the Council’s systems for control, risk and governance were generally adequate with some improvements required.
18. Although falling outside the 2021/22 year that this report covers, it should be noted that at its first meeting of the 2022/23 year, the committee received the 2021/22 Annual Report, in which the council was given an audit opinion of “limited assurance” due to a number of significant control weaknesses, including one critical and 14 high priority, had been identified during 2021/22. Work is, or has already been, done to address all of these issues.
19. The Internal Audit Strategy 2021-23 covered how the service will be delivered and developed, as a key component of compliance with Public Sector Internal Audit Standards. It outlines the service’s mission statement and goals, the key internal audit outputs and the measurements of success. Progress made against the strategy will be reported back to GAP through the Internal Audit Annual Reporting mechanism.
20. The Internal Audit review of the Council’s internal governance arrangements with Uttlesford Norse Services Limited (UNSL), and management treatment response plan was presented to GAP in November 2021. Since then, GAP has received further updates in respect of this area of work.
21. In addition to the above, Internal Audit provided an interim report of its work in January 2022 which summarised what the service had undertaken since April 2021 and set out the forthcoming work to the end of March 2022.
22. The Internal Audit Plan 2022/23 was approved by the Committee in March 2022. This document is based on a prioritisation of the audit universe using a risk-based methodology, including input from the Council’s Corporate Plan, Corporate Risk Register, along with discussions with Council staff including senior management, plus consideration of local and national issues and risks.

It ultimately supports the delivery of an annual audit opinion that can be used by the Council to inform its governance statement, and which concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

23. In June 2021, the Committee considered and approved the Local Code of Corporate Governance 2021 and the Draft Annual Governance Statement (AGS) 2020/21 for publication with the Statement of Accounts. The Local Code sits within the Constitution and the AGS is a Council-wide self-assessment of the current in-year arrangements. For 2020/21, this included CIPFA guidance recommendations to reflect Covid 19 implications throughout the statement. The AGS also set out identified governance areas for improvement or monitoring during 2021/22 which included:
 - Ensuring that the Council aligns effectively and efficiently with the Fighting Fraud and Corruption Locally Framework 2020.
 - Implementing recommendations from the Governance Review Working Group.
 - Reviewing the Council's alignment with Financial Management Code
 - Member Training and Induction
24. In line with Public Sector Internal Audit Standards, GAP approved the Internal Audit Charter in March 2022, which sets out the purpose, authority, and responsibility of the Internal Audit activity and establishes Internal Audit's position within UDC, including the Audit Manager's reporting lines, authorisation to access to records, staff and physical properties relevant to the performance of engagements, and also defines the scope of Internal Audit activities.
25. GAP also received the refreshed and revised Counter Fraud & Corruption Strategy 2022, and its Action Plan for delivery, in March 2022. Given the various changes in personnel across the Council since its last update in 2019, it was a pertinent opportunity to review, refresh and update the Council's approach to Counter Fraud to ensure it is in line with best practice, CIPFA's guidance on Managing the Risk of Fraud and Fighting Fraud and Corruption Locally.
26. The 2022 Counter Fraud Strategy encompasses key principles such as acknowledging the responsibility for countering fraud and corruption, identification of fraud and corruption risks, provision of resources to implement the strategy and the action to be taken in response to fraud and corruption.

Constitution

27. During 2021/22 the Committee was asked to consider two constitutional matters.
28. In the 2020/21 year, the Committee had been 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

(Rule 2.4). On the recommendation of GAP, Full Council agreed to trial the proposed Question Time scheme for two meetings.

29. The scheme was trialled at the Full Council meetings held on 20 July 2021 and 5 October 2021.
30. At its meeting on 28 September 2021, the Committee agreed to establish a Task & Finish Group to review the pilot scheme and to make a final recommendation regarding Rule 2.4. The Task & Finish Group was composed of Councillors Driscoll, Emanuel and Khan.
31. On 8 November 2021, the Task & Finish Group considered a report summarising member comments regarding the pilot scheme and the headline areas to be reviewed. The Group agreed that the new scheme was an improvement on the previous question time procedure, and minor revisions were recommended rather than full-scale changes. Specifically, there was support for the written question and answer aspect of the procedure, as the Group felt that the quality of answers provided at Full Council had greatly improved and there were fewer questions that required answering outside of the meeting.
32. In terms of altering the pilot scheme, the Group did introduce a mechanism for responding to questions that had not been answered within the 30-minute time limit, as well as permitting urgent questions on matters that had occurred on the day of meeting.
33. GAP Committee endorsed the Task & Finish Group's recommendations on 22 November 2021 and final approval was granted to amend the Constitution at Full Council the following month.
34. On 30 March 2022, GAP Committee were presented with four constitutional recommendations from the Planning Committee Working Group relating to the Council's planning function and operation of the Planning Committee.
35. The first recommendation related to the Member call-in procedure for planning applications; the window for call-in was reduced from five weeks to four.
36. The second related to the provision of mandatory annual training for Planning Committee members.
37. The third related to the Scheme of Delegation to the Assistant Director of Planning and Building Control.
38. The fourth recommendation proposed a minor change to the Public Speaking protocol, whereby applicants or agents would not be provided the right to speak at Committee if their application was recommended for approval and no one was speaking in objection to the application.
39. GAP Committee recommended these proposals without change to Full Council, where final approval was granted to amend the Constitution on 20 April 2022.

Community Governance Review of Parishes

40. The Committee considered a report on 28 September 2021 about the results of the initial consultation on a community governance review of all parishes

within Uttlesford. This was as part of the legal timetable approved by the Committee in October 2020. The report presented all comments received during the stage one consultation period, as published on the Council's website.

41. The review allowed anyone to make comment on the current arrangements of parish councils. A number of comments were received from parish councils themselves and interested members of the public. The review allowed changes to be made to a parish's membership size; parish name; whether it should be warded or de-warded and its boundary. Also, any area without a parish council had the opportunity to request that a parish council be created.
42. The proposals included a number of comments, including the reduction in membership of two parish councils (Clavering and Chrishall); a change in the name of Elmdon and Wenden Lofts to incorporate Duddenhoe End; a proposal to move Mole Hill Green to Broxted parish and for Chickney parish to move under Henham Parish Council. Three proposals were put forward from parish councils themselves to re-align boundaries due to major planned housing development – these being between Great and Little Chesterford; Elsenham and Henham and between Saffron Walden Town Council and Swards End Parish Council. The latter also included some proposals to increase the Town Councils membership and merge two wards together.
43. Members sought clarification on the Saffron Walden proposals where there was no agreement between the Town Council and Swards End Parish Council. In the event of the planning development going ahead a further interim review could be undertaken to determine a possible boundary change. The report was agreed which enabled the final consultation stage to commence during October.
44. The Committee receive the stage two final comments in a report on 22 November 2021. The report set out further comments received on the initial proposals and had the final recommendation of the Electoral Services Manager on each proposal.
45. All the proposals set out in the final consultation were approved. Regarding Saffron Walden Town Council, the Committee agreed to increase the size of the Town Council by just two additional seats and not four as initially presented. The change to merge Castle with Little Walden was supported.
46. Members were reassured that there were no consequential district ward changes because of the proposals. Changes in the membership size of the three parish areas would take effect from the May 2023 elections, with other approved changes taking effect from 1 March 2022, as set out in the legal Order that was made following the review. Statutory bodies were subsequently notified.

Performance and Risk

47. At its first meeting of 2021/22, the Committee ended its monitoring of the Covid PIs which were introduced to monitor the impact of the pandemic on key council services in recognition of the gradual return to pre-pandemic working arrangements.

48. From September, the Committee instead received the regular quarterly reports on all Key Performance Indicators and Performance Indicators.
49. Chief among concerns raised by Committee members during these discussions were the impact of the pandemic and economic climate on debt, housing and employment, including specific issues such as the number of people in temporary accommodation, benefits claim rates and Council Tax collection rates.
50. During 2021/22 the Chief Executive proposed a change in focus for the Committee with regard to its monitoring of Council performance. Going forward, the Committee would be asked to participate in a “deep dive” of certain service areas, engaging in a qualitative discussion of service performance. There would also be a greater use of comparative data from statistical near neighbours. This new approach would be developed through 2022/23.
51. The Committee also reviews the Council’s Corporate Risk Register. The 2021/22 revised Corporate Risk Register was presented in June 2021. The register, which sets out the key cross-cutting risks most likely to impact on the Council’s ability to fulfil its functions, was updated to include a risk related to the climate emergency. A further update during the year saw explicit reference to the risks relating to borrowing and investments in light of government changes and then in January 2022, a further risk was added covering contracts and partnership management. This risk was introduced by the Corporate Management Team following concerns about the Uttlesford Norse Contract. Managing this risk will ensure the council is effectively monitoring all current contracts and service agreements; making expectations clear on standards, quality and performance levels for both contracted and partnership services.

Annual Reports

52. The committee receives annual reports on the PFI contract for the leisure centres and the findings of the Local Government Ombudsman.
53. With regard to the PFI contract, the annual report outlined matters including the contract structure and the impact of the Covid 19 pandemic on leisure services including the reopening of the centres following lockdown.
54. The main focus of the discussion was in relation to the potential relocation of Helena Romanes School in Great Dunmow, customer satisfaction statistics and the end of the contract in 2035.
55. The Local Government and Housing Ombudsman’s annual report was presented to the Committee in September 2021. The report summarised complaints relating to the Council’s services dealt with by the Ombudsman’s office for the year ended 31 March 2021 as well as the complaints and compliments received by the Council in the same period.
56. There had been four complaints received by the Ombudsman and the Council had been found at fault in relation to one case, the details of which were reported to Full Council in July 2021.

57. There had been 175 Stage 2 complaints dealt with internally, of which 52 had been upheld and 27 formal compliments received during the period.

Contract Procedure Rules

58. The Council entered into a shared service agreement with Chelmsford City Council for procurement at the beginning of 2021/22 and revised Contract Procedure Rules were recommended by GAP to Full Council for approval in June 2021.
59. The Rules set out the Council's processes and procedures for all contractual commitments for goods and services and changes included a streamlined process for exceptions, an updated bribery and corruption statement and updated procurement methods that do not require a tender or advertisements.

New arrangements for Statutory Senior Officer Disciplinary Procedures

60. The Committee approved a proposal to amend the disciplinary procedures for the Council's statutory posts – the Head of Paid Service, the Monitoring Officer and the S151 Officer.
61. The amendments brought the procedures in line with current legislation and guidance from the Joint Negotiating Committee, the national body which negotiates pay and conditions, and saw the creation of three new bodies in the event of any disciplinary action being required – an Investigating and Disciplinary Committee, an Appeals Committee and an Independent Panel.