

**GOVERNANCE, AUDIT AND PERFORMANCE COMMITTEE held at  
COUNCIL CHAMBER - COUNCIL OFFICES, LONDON ROAD, SAFFRON  
WALDEN, CB11 4ER, on WEDNESDAY, 15 MARCH 2023 at 7.00 pm**

Present: Councillor E Oliver (Chair)  
Councillors G Driscoll (Vice-Chair), M Foley, A Khan, B Light,  
S Luck and J De Vries

Officers in attendance: P Holt (Chief Executive), N Coombe (Interim Legal Services  
Manager and Deputy Monitoring Officer), D Deeks (Internal  
Audit Manager), C Gibson (Democratic Services Officer),  
D Hermitage (Director of Planning) and A Webb (Director -  
Finance and Corporate Services)

**GAP81 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

Apologies were given by Councillors Asker and Loveday.

The Chair welcomed the Interim Legal Services Manager and Deputy Monitoring Officer and the new Internal Audit Manager to the meeting.

**GAP82 MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 30 November 2022 were approved as correct.

**GAP83 INTERNAL AUDIT UPDATE (VERBAL REPORT)**

The Chair brought this item up the Agenda.

The Internal Audit Manager said that she had only been in post for two weeks and that the new Audit Plan would be taken to CMT shortly and would be brought to GAP at the June 2023 meeting. It would be linked to Service Plans and the Risk Register. She said that a number of audits would be carried over to 2023/4 and that follow-up audits were taking longer than planned. 12 of 23 audits had been completed to date. She said that moving forward her intention was that she would review audits with substantial or moderate assurances and that full follow-ups would only be carried out on areas with limited assurance. She said that she intended to hold a Corporate Anti-Fraud Working Group on 20 April 2023.

In response to various questions from Members, the Internal Audit Manager:

- Explained how she planned to link the Internal Audit Plan to risk registers and that she had been in contact with Senior Officers in terms of their service risks.
- Said that the key financials needed to be reviewed.
- Said there was a need to follow up on Safeguarding and CCTV reviews.

- Said that reviews would be undertaken in the next financial year in respect of UNSL and the Planning Department.

The Chair said that he welcomed the fact that the Council now had a full-time Internal Audit Manager in post.

**GAP84 2022/23 CORPORATE RISK REGISTER UPDATE - REVIEW OF CURRENT RISKS**

The Chair introduced the report and outlined the changes to the register being proposed as outlined in Paragraph 15 of the report.

The Director of Finance and Corporate Services said that this report had last been presented to GAP in January 2022 but that it had been regularly reviewed by CMT. He said that a further deep-dive review would be completed by CMT by the end of March 2023 and that any new risks would be identified through this forum.

In response to various questions from Members, the Director of Finance and Corporate Services:

- Referred to the red Borrowing and Investments risk and said that the risk needed to change completely to focus on UDC as the previous assessment had been made based on UDC responding to an earlier CIPFA consultation.
- Referred to the amber Financial Control risk and said that in Local Government all budgets had to be balanced but that in this instance there might be some movement towards a red assessment.
- Referred to the red Contracts and Partnership Management risk and stated that this referred to all areas of the Council but that a new team of officers were in place to oversee these areas.

The Director of Planning outlined timelines for the Local Plan; he said that the current risk assessment was probably at amber. The Internal Audit Manager confirmed that the Local Plan would be audited during 2023/4.

Members indicated that the risk register should be forward looking and noted the report.

**GAP85 Q3 PERFORMANCE INDICATOR DATA AND ANALYSIS**

The Chair introduced the report and referred Members to Paragraph 15 of the report that showed the five KPI's that had not met their target for Q3 but were within the 10% threshold and had an amber status. He highlighted KPI 08(a) Average re-let time that had a red status.

The Director of Planning gave a PowerPoint presentation relating to Planning Enforcement. In response to various questions he said that Planning Enforcement was about purely corrective action. He said the team now would have 3 staff and 1 additional officer on a 1 year fixed contract. He said that

planning enforcement information comparisons were published on the Government website.

The presentation was positively received and it was suggested that this information be provided to the new administration.

In response to various questions relating to all PI's, the Director of Finance and Corporate Services:

- Clarified the need for lead officers to use their specialist knowledge to clear draft minutes before publishing (PI 21).
- Said that voids was a significant issue and was currently under review (KPI 08(a)).
- Said that the cost of living crisis was having a significant effect across many areas of the Council.

The Director of Planning clarified the position in respect of PI 46. He explained that lag times in respect of five outstanding appeals could make the statistical situation worse in the short-term in the event of appeals being lost. He said that officers were looking to agree some sub-indicators on a shorter time frame and that he would report back post-election.

The report was noted.

## **GAP86 ANNUAL ACCOUNTS (VERBAL REPORT)**

The Director of Finance and Corporate Services outlined the current situation. He said that there had been no movement in respect of the 2019/20 accounts and that discussions were on-going with BDO, who currently had major staffing issues. He said that there would be a need initially for a forensic team to be sent in first after these delays. He said that KPMG would be the newly appointed external auditors to take over from BDO.

In response to various questions, the Director of Finance and Corporate Services:

- Confirmed that the accounts had not been certified since 2018/19, that the auditors had not been in a position to comment on value for money issues since then and that the Annual Governance Statement had not been signed off either.
- Said that in the light of BDO clearly having issues providing enough audit staff he intended to approach PSSA to possibly ask KPMG to take over external audits once the 2019/20 accounts had been signed off.
- Said that one or more allegations were still being investigated and once resolved there would be a need to look at post-balance sheet events, which would clearly impinge on Finance staff time. He said that he had confidence in his team and that the External Auditor had indicated the lack of sign off of the accounts was not because of monetary issues.
- Said that in respect of credit ratings, some local authorities would not lend to other local authorities if they did not have up to date certified accounts.

*The meeting adjourned from 8.40 pm – 8.50 pm for a comfort break; the Chief Executive joined the meeting as it re-started and apologised for being late.*

## GAP87 **UTTLESFORD NORSE SERVICES LTD. (VERBAL REPORT)**

The Chief Executive outlined the historical background to this situation; he said that the Regulator of Social Housing had been in regular contact with UDC to track progress on the path to compliance and had recently indicated that the UDC would not be put in special measures.

He said that in respect of asbestos checks in communal areas, he expected 100% compliance to be reported by the end of March 2023. In respect of the standard 10 year electrical checks, all bar 17 properties had been visited and access was being sought to the remainder and that very substantial progress had been made relating to the standard 5 year electrical checks with around 140 dwellings outstanding. This information had also been validated by Penningtons, who had shared the information with the Social Housing Regulator, who had confirmed sufficient confidence with progress made.

He said that Savills were involved in carrying out a Stock Condition Survey which should be completed by the end of April 2023. To date Savills had reported several hundred category 1 and 2 hazards relating to damp and mould.

*At this point Members agreed to continue beyond the 9.00 pm cut-off point.*

The Chief Executive reported that there was a report being presented to Cabinet the next day looking to approve an additional one-off HRA revenue expenditure of up to £1 million in 2023/24 to cover costs of around £400k relating to damp and mould, £275k relating to additional staff in a Contract Management Team and the continued employment of an Interim Director of Housing.

In response to various questions the Chief Executive:

- Said that UDC was unlikely to recover monies from UNSL in respect of damp and mould but that real priorities were being worked through within a budget ceiling of £8.8 million. He said there could possibly be a negotiated withholding of funds.
- Said that the contract with UNSL was for 10 years with a break clause at 5 years; this would require a 12 month notice period.
- Referred back to the original decision to go into partnership; he said that UDC at that time did not have the economies of scale in-house to continue to manage the housing stock. He said that most neighbouring local authorities did not hold any housing stock. He admitted that client-side management of the contract had not been carried out well-enough.
- Referred to the 50% profit share agreement made in 2019 that had resulted in an approximate profit of £70k to be shared each year.

In closing the meeting, the Chair thanked Members and Officers for their contributions over the past four years.

Members thanked the Chair.

*The meeting closed at 9.25 pm.*