



**MINUTES of
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
24 SEPTEMBER 2020**

PRESENT

Chairman	Councillor E L Bamford
Vice-Chairman	Councillor K W Jarvis
Councillors	B S Beale MBE, Mrs P A Channer, CC, M F L Durham, CC, M S Heard, J V Keyes, S P Nunn, Mrs J C Stilts, C Swain and Mrs M E Thompson
In Attendance	Councillors C Morris and A L Hull

1206. CHAIRMAN'S NOTICES

The Chairman welcomed everyone to the remote meeting, held under new regulations which came into effect on 4 April 2020 in response to the COVID-19 pandemic. She took Members through some general housekeeping issues, together with the etiquette for the meeting and then asked Officers present to introduce themselves.

This was followed by a roll call of Committee Members present.

1207. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors N Skeens and W Stamp.

1208. MINUTES OF THE LAST MEETING

RESOLVED that the Minutes of the meeting of the Committee held on 30 July 2020 be approved and confirmed.

1209. DISCLOSURE OF INTEREST

Councillor Mrs P A Channer, CC, declared a non-pecuniary interest as a Member of Essex County Council in relation to any items on the agenda pertaining to that organisation.

Councillor M F L Durham, CC, declared a non-pecuniary interest as a Member of Essex County Council in relation to any items on the agenda pertaining to that organisation.

1210. PUBLIC PARTICIPATION

No requests had been received.

1211. INTERNAL AUDIT REPORTS - PROGRESS; FOLLOW-UP OF RECOMMENDATIONS; CORPORATE GOVERNANCE; AND FLOODING RISK MANAGEMENT

The Committee considered the report of the Director of Resources and associated appendices that covered three reports from the Internal Auditors BDO LLP, the *Internal Audit Progress Report; Follow-up of Recommendations Report; Corporate Governance Audit* and *Flooding Risk Management Audit*, all as at September 2020.

The Chairman introduced the report and deferred to the Internal Auditors to present the detail. The Internal Audit Partner then presented the Progress and Follow-up of Recommendations reports.

He drew Members' attention to page 17 of the *Progress* report noting that the two audits due for consideration today concluded the 2019/20 programme of work. Progress on a number of other audits for this current year was currently underway despite a slow start due to COVID-19. The internal auditors were also completing two pieces of advisory work 1) *Fraud Risk Assessment* that still had some actions to follow-up together with training and support and 2) *Accountancy Standards IFRS 16*, accounting for leases where training and support would be provided to Officers. This would not result in an audit but form part of the work programme.

The *Follow-up of Recommendations* report had only one recommendation for completion, the Waste Strategy and once this had been incorporated into the Climate Strategy it would be ready for sign-off. He felt that overall good progress had been made despite the difficulties.

In response to a question regarding the assessment of fraud as high priority and the number of fraud cases since January 2020 the Director of Resources reported that the Department of Works and Pensions (DWP) had taken over fraud related Housing Benefit issues. Other types of fraud relating to supply or payments was low to non-existent. The Internal Audit Partner reminded Members that at the last meeting the recommendation was for an up-to-date Fraud Strategy together with an action plan to address the strategy. This was a regulatory requirement from the Government and incumbent on all authorities to have in place. Given the action plan was not in place at that time the high priority rating was maintained, and all appropriate actions had now been taken.

The Director of Service Delivery in response to a question regarding the delivery of the Community Safety recommendations in October advised that work was on track and would meet the October 2020 implementation deadline.

The Lead Specialist Community in response to a query regarding the timing of the Climate Change and Waste Strategy report to Strategy and Resources Committee advised that a version with a much wider scope was currently being worked on and shared with internal partners. It would be submitted to the Strategy and Resources Committee in December 2020.

The Internal Audit Manager then presented the two audits starting with the *Corporate Governance Audit*. She took Members through the report and advised that they had

undertook a review of arrangements and conducted interviews with key officers and members to determine the operational effectiveness of current structures. The final assessment was moderate in both Design and Operational Effectiveness. She reported that following Transformation committees were restructured, new Terms of Reference (TORs) established and the scheme of delegation updated to take account of the changes to the structure. Gifts and Hospitality Registers were in place and being used.

It was noted that the Council was meeting the requirements of the Local Government transparency code on the Council's website through the 'Your Right to Know' page. A review of the committee structure, as well as a review of the Redmond Review, had resulted in recommendations being made to improve the make-up of the committees in line with best practice. Improvements were noted in methods of performance and governance reporting, dashboards for HR and the development of a balanced scorecard. The Corporate Governance Working Group had acknowledged that whilst the Overview and Scrutiny Committee had not satisfactorily met its brief, it should continue, supported by appropriate training for all Members and that in relation to regular oversight of committees' annual review be embedded in the respective TORs.

A debate ensued where Members raised concerns around the number of Members interviewed as part of the audit process and whether it was representative, the lack of training or discussion around skillset, incorrect reporting structures together with the need for more area specific Working Groups.

In response the Audit Manager reported that she had worked with the Corporate Governance Working Group to meet with Members and that she would circulate the list of those interviewed. She reassured Members that it was not a case of not having the right skills rather that the structures and support mechanisms in place in other like organisations around training, development, refresher courses were not in place in the Council.

The Chairman noted that Overview and Scrutiny had not met regularly due to a lack of business and advised that a number of the issues raised would be addressed following the Statutory Annual Council meeting in November 2020.

The Audit Manager then addressed the *Flooding Risk Management* audit. She reported that she had conducted a review and the assessment outcome was moderate on both Design and Operational Effectiveness. She advised that the former lead for this area had returned on a temporary basis to support training and knowledge transfer. Work on the Strategic Flood Protection Plan had restarted led by the Lead Specialist Community and meetings that had been halted due to COVID-19 had also recommenced. In conclusion she said that the Council did not have roles and responsibilities identified for urban drainage systems and that this would be addressed in the revised Flood Risk Strategy document. All outstanding issues would be reported at the next committee meeting.

In response to questions raised Officers reported as follows:-

- That as of 15 September 2020 the Flooding and Coastal Group had recommenced meetings.
- That given Essex County Council (ECC) was the Lead Local Flood Authority specialist support would be provided by them in respect of flood management and drainage systems. The Internal Auditors were happy with that approach.

- That for efficiency and effectiveness the Lead Specialist Community was liaising with one main contact at ECC namely Dave Chapman, Project Delivery Manager.
- That the updated Flood Risk Masterplan would outline who was responsible in each area but that the Lead Specialist Community would have overall responsibility for performance management.

There being no further questions the Chairman moved the recommendations which were duly seconded by Councillor Nunn. She then put the recommendations to the Committee and they were agreed by assent.

RESOLVED that the Committee considered, commented and approved the following:-

- (i) Internal Audit Progress Report - September 2020 at Appendix 1;
- (ii) Follow-up of Recommendation Report – September 2020 at Appendix 2;
- (iii) Corporate Governance Audit – September 2020 at Appendix 3;
- (iv) Flooding Risk Management Audit – March 2020 at Appendix 4.

1212. EXTERNAL AUDIT FEES REPORT 2019/20

The Committee considered the report of the Director of Resources that informed the Committee of the audit fee for Deloitte LLP, the Council's External Auditor for the audit of the 2019/20 financial year.

The chairman introduced the report and deferred to the External Audit Partner to present. He informed the Committee that there was nothing specific to report given that the Director of Resources and Section 151 Officer's input to the report incorporated the content of all discussions held with External Audit.

The Chairman acknowledged this and informed the Committee that both she and Councillor Jarvis, the Vice-Chairman, had discussions with the External Auditor prior to production of the report and negotiated a considerably reduced fee.

In response to a query on benchmarking the Director of Resources and Section 151 Officer advised that benchmarking on fee levels had been undertaken across Essex with like organisations. Similarly, benchmarking with other Audit firms working with those organisations and acting on advice from the Public Sector Audit Appointments Ltd (PSAA) who had the ultimate say on fee levels. The end result was a sample showing similar fee levels across the county, varying slightly for different reasons.

The Chairman moved the recommendation that the report be noted, and this was seconded by Councillor Nunn. She then put the recommendation to the Committee and it was agreed by assent.

RESOLVED that the content of this report be noted.

1213. EXTERNAL AUDIT UPDATE - 2019/20 AUDIT

The Committee considered the report of the Director of Resources that provided the Committee with an audit update from Deloitte LLP, the Council's External Auditor, for the audit of the 2019/20 financial year, attached at Appendix 1.

The Chairman introduced the report and deferred to the External Audit Partner to present the content. He took the Committee through the report and drew Members' attention to the key observations.

He advised that the audit was nearing completion and with the exception of asset valuation and pension liability, all outstanding work was related to normal finalisation procedures. The scope of the work remained broadly in line with the audit plan with 2 key impacts 1) the elevated risk around valuation of Property, Plant and Equipment from an area of focus to significant risk and 2) the impact of COVID-19 which was included as a summary in the report. Other key impact areas included the provision of additional narrative and disclosure reports in the accounts.

He provided further clarification around a number of areas included in the report and made particular mention that the Council had made good progress on the Property Valuation recommendations from last year, with 95% complete by 2 July 2020. He reassured members that the clause in the report, included due to volatility in the market, was a common feature of all valuation reports prepared to 31 March 2020 and that valuation of pensions was in the final stages, awaiting information from the actuary.

He concluded by thanking the Director of Resources, the Interim senior Specialist Finance, James Carter and the Finance Team for their hard work, meeting the challenges of the past year with the added complexity of the pandemic and having to deliver the audit remotely.

The Chairman acknowledged the External Audit Partner's comprehensive report and thanked him for the appreciation shown towards the Council Officers.

The Chairman then moved the recommendation that the report be noted, and this was seconded by Councillor Durham. There being no further questions the Chairman put the recommendation to the Committee and it was agreed by assent.

RESOLVED that the content of the report be noted.

1214. QUARTERLY REVIEW OF CORPORATE RISK

The Committee considered the report of the Director of Strategy, Performance and Governance that required the Committee to undertake a quarterly review of the Corporate Risk Register as assurance that the corporate risks were being managed effectively. Appendix 1 was attached to the report for this purpose.

The Chairman introduced the report and deferred to the Programmes, Performance and Governance Manager to take the Committee through the report.

The Manager advised that the report dealt with Quarter 1 Risk (covering April-June 2020). In summary for changes since Quarter Four (Q4) there were two risks that had

seen a decrease in score: R17- Failure to maximise services through promotion and engagement and R29- Failure to deliver services as a result of COVID- which was added as the pandemic hit, but by June 2020 the Corporate Leadership Team (CLT) had a better view on service impact.

There were two risks recommended for closure, namely, R22- Contract Management as the monitoring steps were now in place and R17 - Promotion and engagement as this was now in place. She then drew Members' attention to paragraph 3.2.2 where three risks had seen an increase in score, R7- 5 year housing land supply, R8- meeting affordable housing need and R10 – Creating jobs to support the growing population. The increases were due to the wider impacts of the current pandemic.

In response to questions raised Officers responded as follows:-

- That R14-Recruitment and Retention reported the same score as in the previous quarter report. This was because it related to a specific skillset, that of planning officers. The Council was experiencing continuing difficulties in recruiting to this area.
- That details of turnover and recruitment (R14) in specialist areas would be provided to the Committee outside of the meeting to determine if the Council was carrying gaps in these areas. Subsequent to the meeting a recruitment update was circulated to all committee members on 29 September 2020.
- In respect of R8- Failure to meet the affordable housing need- that at the time of writing the report the refusal of the strategic site stood as this report covered matters up to the end of June 2020. The site had subsequently been approved in August 2020 and the impact on the risk level would be reflected in the next iteration of the Risk report.
- That in respect of R10 - Officers were focussing on how to maximise promotional opportunities arising from the pandemic which would be reflected in the COVID-19 Economic Response and Recovery Plan.

Councillor Durham informed the Committee that in his county council role he was Chairman of *Visit Essex* and about to embark on a series of activities promoting the Essex Coast and Maldon would feature prominently in that promotion. The Chairman welcomed this opportunity for Maldon.

There being no further questions the Chairman moved the recommendations in the report and they were seconded by Councillor Durham. She then put the recommendations to the Committee and they were agreed by assent.

RESOLVED

- (i) That Members noted the change in scoring in this report, to reflect recent policy updates;
- (ii) That Members reviewed the Corporate Risk Register in Appendix 1 and provided comment and feedback for consideration;

- (iii) That Members were assured through this review that corporate risk was being managed effectively;
- (iv) That Members challenged risk where the Committee felt that the Council's corporate goals may not be achieved.

1215. QUARTER ONE REVIEW OF CORPORATE PERFORMANCE

The Committee considered the report of the Director of Strategy, Performance and Governance that, as part of the Corporate Performance framework, required this Committee to undertake a quarterly review of the Thematic Strategies performance, as assurance that performance was being managed effectively to achieve the corporate outcomes as set out in the Council's Corporate Plan 2019 – 2023. In addition, that recommended changes and improvements be reported to the Strategy and Resources Committee in October 2020. Appendix 1 of this report provided an overview of performance as of the end of Quarter 1 (April -June 2020).

The Chairman introduced the report and deferred to the Programmes, Performance and Governance Manager to present the detail.

The Manager reported that the Quarter 1 report covered April-June 2020 and work was largely on track with outcomes being delivered. However, the way the Council had planned to deliver had changed and activity had been diverted in some instances due to the impact of COVID-19.

She drew Members' attention to section 3.3 of the covering report that provided a summary table for each of the three themes that highlighted the number of measures either on track or otherwise. This followed feedback at previous committee meetings to give a high-level view. Section 3.4 specifically drew out the areas at risk by theme, in large part impacted by COVID-19, they were:-

Community - Customer Evaluation Survey for the private sector housing grants; Maldon District Council (MDC) digital service assistance and community weight management sessions.

Place - Volunteering activity facilitated/organised by MDC; Keeping Britain Tidy Green Flag Award for well managed parks and open spaces and the agreed 2019 Maldon District Strategic Flood Projects and Maintenance Plan.

Prosperity – The % of Strategic sites promoted through partners and the occupancy at the Enterprise hub.

Some of the new activity taking place not originally in the Corporate plan included:- *Virtual Fitness* campaigns; *Grow your own vegetables*; direct engagement with those in 'isolation' risk groups for COVID-19– which far surpassed the original target number of people expected to reach; an increase in channel shift as a result of online services; volunteering activity being used for open spaces had been redeployed to the COVID-19 response and conversations with 80 businesses in the high street as part of the COVID response.

In light of this new activity there was an additional recommendation this time round for a review report of the Corporate Plan and targets to go to Strategy and Resources committee to reflect this changed landscape and the impact on outcome measures.

In response to questions raised Officers responded as follows:-

- That the timeline for the report to Strategy and Resources Committee would be December 2020 as opposed to October as reported at the time of writing this Performance report. This revised timeline would allow for the planned in-depth review of the Corporate Plan in October-November 2020 to encompass the full impact of COVID-19 on the Corporate Plan, followed by a Workshop with all Members to review the significant additional impact on the Corporate Plan and targets.
- That Officers would approach Essex County Council (ECC) to determine if there was any data on waste/recycling that aligned with Maldon District Council's timeline for comparison purposes.
- That the Sense of Place Board was a business led independent initiative therefore did not report direct to any Council Committee. The Chairman of Strategy and Resources was a Member, representing the Council on the Sense of Place Board. That should the minutes be available they would be placed in the Document Library on Mod.gov.
- That the Director of Service Delivery would email Members the link to the 2019 Maldon District Strategic Flood Projects and Maintenance Plan. Subsequent to the meeting an update regarding the plan was circulated to all committee members on 29 September 2020.

A brief discussion ensued regarding the wording of the final recommendation and it was agreed by assent to amend recommendation (iii) as shown below.

The Chairman moved the recommendations as set out in the report and they were seconded by Councillor Channer. She put the recommendations to the Committee and they were agreed by assent.

RECOMMENDATIONS

- (i) That Members reviewed the information as set out in this report and appendix 1 with priority focus given to the Strategic Outcome level performance.
- (ii) That Members confirmed they were assured through this review that corporate performance was being managed effectively.
- (iii) That Members endorsed Officers to prepare a report for the Strategy and Resources Committee setting out any recommended changes in light of impacts on outcome performance including Covid-19, in relation to the Corporate Plan.

1216. ANY OTHER ITEMS OF BUSINESS THAT THE CHAIRMAN OF THE COMMITTEE DECIDES ARE URGENT

There were none

The meeting closed at 2.41 pm.

E L BAMFORD
CHAIRMAN