



EAST
CAMBRIDGESHIRE
DISTRICT COUNCIL

CORPORATE GOVERNANCE AND FINANCE COMMITTEE

Minutes of a Meeting of the Corporate Governance and Finance Committee held in Council Chamber, The Grange, Nutholt Lane, Ely, on Monday 3 April 2017 at 4.30pm.

PRESENT

Councillor David Brown (Chairman)
Councillor David Ambrose-Smith (Vice-Chairman)
Councillor Derrick Beckett
Councillor Peter Cresswell
Councillor Lorna Dupré
Councillor Lis Every
Councillor Chris Morris
Councillor Stuart Smith

APOLOGIES

Councillor Ian Bovingdon
Councillor Coralie Green
Councillor Hamish Ross

In attendance

Suresh Patel - External Audit, Ernst and Young
Neil Hunter – Deputy Head of Audit, LGSS
Rachel Ashley-Caunt – Deputy Head of Audit, LGSS
Jonathan Tully – Principal Audit Manager, LGSS

John Hill – Chief Executive
Emma Grima – Director Commercial
Ian Smith - Principal Accountant
Hetty Thornton – Performance Management Officer
Sally Bonnett – Infrastructure & Strategy Manager
Tracy Couper – Democratic Services Manager

73. PUBLIC QUESTION TIME

No questions were submitted by the members of the public.

74. DECLARATIONS OF INTEREST

There were no declarations of Interests by Members of the Committee.

75. **MINUTES**

It was resolved:

That the Minutes of the meeting of the Committee held on 30 January 2017 be confirmed as a correct record and signed by the Chairman.

76. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman made the following announcements:

Alteration of Order of Business on the Agenda

The Chairman stated that he had agreed to a request to alter the order of business on the Agenda to take Agenda Item 8 on Service Delivery Plans as the first main item of business before the External Audit items.

Fees and Charges Schedule – Mooring Charges

The Chairman stated that it had recently come to light that the charge for Mooring at Ely Riverside was excluded from the fees and charges schedule that was approved by Council on the 23rd February 2017. This fee, which is £100 for stays of over two days, has been in place since March 2015 and is not changing for 2017-18.

The Committee was asked to note that this charge will be included in the final Fees and Charges Schedule for 2017-18 which will be published on the Council website.

Agenda Item 14 – ARP Joint Committee Minutes

The Chairman reported that this item had been withdrawn from the agenda as the Minutes of the Joint Committee meeting on 28 March 2017 had not been received yet. They will be submitted to the next meeting of the successor Committee in June 2017.

Final Meeting of Current Year

As this was the last meeting of the Committee for the current municipal year, the Chairman wished to place on record his thanks to Members, Officers and both internal and external Audit for all their support and work on the Committee.

77. **PERFORMANCE MANAGEMENT – NEW SERVICE DELIVERY PLANS AND END OF YEAR PERFORMANCE REPORTS**

Councillor Dupré entered the meeting at 4.35pm

The Committee considered a report (reference R243, previously circulated) detailing end of year performance outputs for 2016/17 and the new Service Delivery Plans (SDPs) for 2017/18 for the Services within the remit of this Committee. The Performance Management Officer explained that the Council had introduced a new simplified template for Service Delivery Plans. This now would be the only template on which Service Delivery Leads reported their performance outcomes, although the 2016/2017 end of year reports were presented on the previous template to finish the reporting process for the current year. The Performance Management Officer also corrected references to Strategic Housing to Strategic Planning in the covering report. Councillor Cresswell commended the Performance Management Officer on the new Service Delivery Plan template and commented that it was a step in the right direction towards improved performance reporting.

The Democratic Services Manager, Tracy Couper, summarised the content of the end of year performance report and new Service Delivery Plan for 2017/18 for Democratic Services. On the Committee and Member Support side, notable areas had been the conducting of the 4 year review of Members' Allowances by the Independent Remuneration Panel (IRP); the ongoing review of the Committee structure; ensuring that the necessary decisions were taken regarding Devolution; and contributing to the Commercialisation agenda of the Council by clerking of the Board and other governance structures on the Council side associated with the East Cambridgeshire Trading Company (ECTC), as well as providing clerking and interim management support to external bodies on a chargeable basis in response to direct approaches from those bodies. With regard to Electoral Services, reference was made to conducting of the Police and Crime Commissioner election and EU Referendum which had taken place in 2016; the completion of the transition to Individual Electoral Registration (IER); the completion of the LGBCE Electoral reviews of the County Council and East Cambridgeshire District; and currently acting as CARO and LRO for the Combined Authority Mayoral election. Councillor Every commended the efficiency and quality of service of the Democratic Services Team. Councillor Dupré referred to the Community Governance Review (CGR) required in the light of the electoral review of this District to address anomalies arising from the review and other issues and asked why this was not included in the Service Delivery Plan. The Democratic Services Manager confirmed that this would need to be completed before the next District Council Elections in May 2019, but it was yet to be decided if late 2017/18 or early 2018/19 would be the most appropriate time to conduct the CGR.

The Principal Accountant, Ian Smith, summarised the content of the end of year performance report and new Service Delivery Plan for 2017/18 for Financial Services. With regard to the end of year performance report, the Principal Accountant highlighted the approval of the Business Case for

the Leisure Centre; the financial support provided to the Trading Company; the payment of 99.4% of invoices within 30 days; and the approval of a balanced Budget for the Council. Priorities for 2017/18 included the closedown of 2016/17 accounts and financial advice and support for the Waste Service in the light of the decision to transfer it to the Trading Company.

Councillor Beckett entered the meeting at 4.45pm

In response to a question by Councillor Every as to how services were charged to the Trading Company, the Principal Accountant explained that Service Level Agreements (SLAs) had been prepared, some of which included charging a fixed fee and others on an hourly rate basis. Councillor Dupré referred to the performance target relating to increasing sign-up from registered Social Landlords (RSLs) to share tenancy information and the fact that there had been no RSL sign-up to date and that this target had not been included in the SDP for 2017/18. The Principal Accountant agreed to provide a written response to Members of the Committee on this issue. The Principal Accountant also agreed to arrange a meeting with the Member Service Delivery Champion. The Chairman suggested that, since we have a performance indicator for how quickly we pay invoices, a new performance target be included on the timescale for the payment of monies owed to the Council.

The Infrastructure and Strategy Manager, Sally Bonnett, summarised the content of the end of year performance report and new Service Delivery Plan for 2017/18 for Infrastructure and Strategic Housing. Ms Bonnett reported that the service was responsible for developer contributions (CIL & S106), facilitating delivery of infrastructure to support growth, including facilitating the delivery of the North Ely Development and enabling the delivery of genuinely affordable housing, in particular helping local communities to develop Community Land Trusts. The Team currently was facilitating delivery of projects such as the Ely Southern Bypass, the District-Wide Leisure Centre and Downham Road Leisure Complex. The first CLT houses had been moved into at Stretham and work was ongoing with Network Rail with regard to the re-opening of Soham Station and the Ely Station Gateway. In response to a question by the Chairman, the Infrastructure and Strategy Manager confirmed that the CLT houses at Swaffham Prior had been occupied last year. Councillor Cresswell commended the quarterly Infrastructure Update email to Members giving updates on projects within the District. In response to a query by Councillor Dupré, the Infrastructure and Strategy Manager agreed to provide a written response to Members of the Committee on the position regarding the GP surgery provision at Stretham CLT.

The Director Commercial, summarised the content of the end of year performance report and new Service Delivery Plan for 2017/18 for Strategic Planning on behalf of Richard Kay. Key areas for the Service included: the production of the new Local Plan; and assisting Parishes with the development of Neighbourhood Plans. With regard to the Local Plan, a further 69 new sites had come forward from the call for sites which had meant that the timetable for approval of the Local Plan would be amended

and the 3rd draft now would be submitted to the October Council meeting or a special Council meeting arranged. In response to a question by Councillor Beckett, the Director Commercial confirmed that no staff were directly employed in Strategic Planning and the Service was delivered via a SLA with Peterborough City Council. Councillor Dupré commented that the large number of further sites coming forward from the call for sites was likely to require a review of the CIL list for infrastructure, particularly in relation to educational provision. Therefore, Councillor Dupré queried whether the CIL list was being reviewed and the timescale for this review. The Director Commercial explained that a continuous review of CIL took place in conjunction with the County Council and there also was a national review in progress. Councillor Every commented that the national CIL review was not known about by all Councillors, so she suggested that all Members be provided with information on this. The Director Commercial agreed that a briefing on the current proposals from the Government could be circulated to all Councillors.

It was resolved:

- (i) That the End of Year Performance Reports (2016/17) be noted.
- (ii) That the Service Delivery Plans (2017/18) for the following Services be approved:
 - Democratic Services;
 - Financial Services;
 - Infrastructure and Strategic Housing;
 - Strategic Planning.

78. **EXTERNAL AUDIT – AUDIT PLAN**

The Committee received the External Audit Plan for 2017. Suresh Patel, Executive Director for the Council's External Auditors, Ernst and Young, explained the content of the Plan. He commented that he was conscious that this Committee date was three days after the commencement of the Plan, and he would be looking to submit it to a winter meeting of the Committee in future. He highlighted the Financial Statement Risks on page 2 of the Plan, which reflected national priorities and specific risks for this Council in terms of ECTC. The additional audit procedures in respect of ECTC required an increase in the audit fee of approx £1,500 and any increase beyond this would be raised with the Council's Management Team. Mr Patel highlighted the materiality threshold for this Council on page 9 of the Plan and a correction to the date in paragraph 4.7 on page 10 of the Plan to read '2017/18'.

Councillor Ambrose-Smith asked about the relationship with the Council's new internal Auditors and Mr Patel stated that this was working well, with mutual co-operation and reliance on their work, as appropriate. Councillor Beckett referred to the requirement on page 5 of the report under 'Value for Money Risks' for the Auditors to consider whether the Council has put in place proper arrangements to secure economy, efficiency and

effectiveness in its use of resources. Therefore, he queried if External Audit had considered whether the Council had secured value for money by awarding the Waste Contract to the Trading Company without a tendering exercise. Mr Patel stated that it was not for External Audit to challenge the tendering processes of the Council and they were not aware of any concerns at the present time. In response to a further question by Councillor Beckett, the Principal Accountant confirmed that the Trading Company would own vehicles associated with the Waste contract.

It was resolved:

That the External Audit Plan be noted.

79. **EXTERNAL AUDIT LOCAL GOVERNMENT SECTOR BRIEFING**

The Committee received the Local Government Sector Briefing from the Council's External Auditors Ernst and Young and a report containing the response from the Principal Accountant to the five key questions detailed in the Briefing, as requested at the December meeting of the Committee.

Suresh Patel, Executive Director for the Council's External Auditors, Ernst and Young, commented that this approach was a good way to receive and respond to the Briefing and that the Principal Accountant's response regarding the Sustainability and Transformation Plan (STP) was similar to what other Councils had made. Councillor Dupré also commended the usefulness of this approach to the Briefing.

It was resolved:

That the External Audit Briefing and the response from the Principal Accountant to the key questions contained therein be noted.

80. **INTERNAL AUDIT PLAN 2017/18**

The Committee considered a report (reference R244, previously circulated) which presented the Internal Audit Plan for the financial year 2017/18.

Neil Hunter, Deputy Head of Audit LGSS, introduced Rachel Ashley-Caunt and Jonathan Tully who would be responsible for delivering the Audit Plan with Trevor Bowd and highlighted the key areas in the Plan. Mr Hunter stated that the Plan was different in format than in previous years and was a risk-based Plan linked to the Council's objectives and priorities. It was intended to bring an update on progress to this Committee on a quarterly basis. West Norfolk would continue to undertake ARP audits on behalf of LGSS, who would agree coverage and give assurance of the work undertaken. The key risks identified by External Audit also were covered in the Plan.

Councillor Every referred to the 10 days allocated for audit of the Trading Company under the heading of 'Risk Based Audits' and asked for details of the scope and reporting arrangements for this. Mr Hunter stated

that the audit was to give assurance of the governance, processes, outcomes and anticipated benefits relating to the Trading Company. It would be reported to the Chief Executive and Section 151 Officer in the first instance and then to this Committee. In that connection, the Chief Executive advised that consideration also would be given to reporting arrangements in relation to the Council's Shareholder Committee, once a decision was taken regarding the future configuration and Terms of Reference of this body as part of the review of the Committee structure.

Councillor Morris queried the lack of an allocation of days for audits of the Transformation Strategy and retention of Business rates in 2018/19 under the 'Making Every Penny Count' heading. Mr Hunter stated that this was due to uncertainty regarding the requirement or level of audits needed for these areas in 2018/19, but this would be reviewed during the year.

Councillor Beckett queried if the outcome of audits would be reported to this Committee. Mr Hunter confirmed that this would be undertaken on an exception basis and explanation given of the improvements required.

Councillor Smith questioned if monitoring would be undertaken and reported back on how the new Waste contract performed compared to the previous contract. The Principal Accountant confirmed that financial monitoring of the contract would be undertaken.

Councillor Ambrose-Smith queried how any additional days over the programmed 200 days allocated for audits in the Plan would be charged for. Mr Hunter stated that either the Plan would be reviewed to see if the days allocated to specific audits could be adjusted in the light of changing circumstances to accommodate any additional work within the programmed 200 days, or they would be charged at the same rate as those in the Plan, unless specialist or technical resources were required for the particular audit.

In response to a question by the Chairman, Mr Hunter explained that the 'Use of GPC' Audit under the 'Compliance' heading related to the use of the Government Procurement Card.

It was resolved:

That the Internal Audit Plan for 2017/18 be approved.

81. **INTERNAL AUDIT PROGRESS REPORT**

The Committee received a report (reference R245, previously circulated) giving an update on the work of Internal Audit completed during the period April 2016 to March 2017 and progress against the Internal Audit Plan. Jonathan Tully, Principal Audit Manager LGSS, summarised the content of the progress report and stated that the testing programme had been completed and all key financials work had received substantial assurance ratings. Mr Tully also highlighted the audit assignments at draft report stage as detailed in paragraph 1.10 of the progress report. With

regard to the Data Matching exercise under the National Fraud Initiative (NFI) referred to in section 2 of the progress report, the 129 matches prioritised as being of higher importance in accordance with the NFI recommended filter, would be examined. Section 4 gave summaries of completed audits with moderate or less assurance ratings. Particular attention was drawn to the recommendation to set up a working group on information governance, in view of the fact that the Council was unlikely to appoint a specific officer with all the required skills to lead on information governance.

Councillor Every expressed concern that two important areas receiving weaker audit assurances of Procurement and Information Governance were not being progressed due to lack of key personnel and/or training. These critical areas needed to be addressed to limit the risk to the Council. Therefore, she requested that an update on these areas come to the Committee early in the new municipal year. Councillor Beckett also referred to the rating of limited compliance assurance on the Procurement Compliance audit and asked if this meant that Members should have concerns regarding compliance relating to the Waste contract. Mr Tully explained that the limited assurance rating related to historic procurement and the organisational impact was considered to be minor.

In response to a question by Councillor Ambrose-Smith, Mr Tully explained the position on the overall completion of the Audit Plan for 2016/17.

It was resolved:

That the Internal Audit progress report be noted.

82. **REVIEW OF TRAVELLER SITE RENTS**

The Committee considered a report (reference R246, previously circulated), requesting confirmation of the decision of Regulatory & Support Services Committee on 20th March 2017 to increase rents at the Traveller Sites at Earith and Wentworth within the Fees and Charges Schedule approved at Council on the 23rd February 2017, as the Committee responsible for Finance.

Councillor Smith asked if the significant rise in rents at Wentworth was due to the works undertaken there and if they were likely to result in any adverse reaction. The Principal Accountant reported that the rise would bring the rents into line with other sites across this sub-region and was unlikely to result in adverse reaction, as the majority of rents were paid via Housing Benefit.

It was resolved:

That approval be given to the increase of rent to £85 per week, per pitch for both Earith and Wentworth Traveller sites to be effective from 1st April 2017.

83. **COMMUNITY INFRASTRUCTURE LEVY (CIL): ANGEL DROVE COMMUTER CAR PARK, ELY**

The Committee considered a report (reference R247, previously circulated), requesting an allocation of up to £500,000 to Angel Drove Commuter Car Park extension from Community Infrastructure Levy (CIL) receipts.

Referring to the next report on the Agenda on CIL and S106 income and expenditure, Councillor Beckett queried if the £500K would be taken from the £727K allocated for CIL Major Projects. The Director Commercial confirmed that this was the case and would be the first project funded from this category. Councillor Dupré queried what else would be eligible for funding from the Major Projects pot. The Director Commercial stated that the Littleport Car Park extension project also would be eligible once finalised and, whilst this allocation would not be sufficient to fund all Major Projects, Capital Receipts also could be used to make up the shortfall. The Chairman concurred with the comment in the report regarding the benefit of the Car Park beyond Ely itself, since he as a Burwell resident regularly used the Car Park when travelling by train for work purposes.

It was resolved:

That approval be given to the allocation of up to £500,000 to Angel Drove Commuter Car Park, Ely extension.

84. **SECTION 106 AND CIL: INCOME AND EXPENDITURE UPDATE**

The Committee received a report (reference R248, previously circulated), giving an update on Section 106 and CIL income and expenditure. The Director Commercial circulated a revised Appendix 1 containing more detailed information on the S106 income received. She also confirmed that future reports would contain more narrative in the tables about what the funding had been used for.

In response to a question by Councillor Beckett, the Director Commercial confirmed that final payment had been made in respect of the Isleham project. The Director Commercial also explained that B2B Training payments under S106 expenditure related to training for Grounds Maintenance staff.

Councillor Dupré referred to the 5% allocated for CIL administration and commented that this seemed generous and questioned what happened if it was not spent. The Director Commercial stated that the management of CIL required a significant level of administration in terms of collecting monies, paying invoices, and consulting interested parties such as the County Council and Parishes. However, this was kept under review and, if it was not spent, this Committee would be advised with a view to spending on projects instead.

Councillor Beckett queried how projects were added to the S123 List. The Director Commercial reported that the Infrastructure and Projects

Manager worked with Parishes to explain the process of putting forward projects for inclusion on the S123 List.

Councillor Cresswell commended the content of the report which provided information and explanation on these important sources of income and funding in the interests of openness.

It was resolved:

That the report be noted.

85. **ANGLIA REVENUES AND BENEFITS PARTNERSHIP (ARP) JOINT COMMITTEE MINUTES**

Item withdrawn – to be submitted to be submitted to June meeting of successor Committee.

The meeting closed at 5.53pm

Chairman.....

Date June 2017