AUDIT COMMITTEE

26 JUNE 2018

PRESENT: Councillors R Newcombe (Vice-Chair, in the Chair), C Adams, M Collins, A Harrison, L Monger (In place of S Raven), R Stuchbury, A Waite and H Mordue (ex-Officio)

APOLOGIES: Councillors P Irwin and D Town.

1. MINUTES

With regards to the letter of the former Managing Director of AVB that had been circulated at the 12 June meeting, the Committee was informed that Members had been advised at the meeting that it was reasonable and lawful for them to consider the letter as part of their deliberations on the AVB review report.

RESOLVED –

That, subject to the above clarification, the minutes of the meeting held on 12 June, 2018, be approved as a correct record.

2. EXTERNAL AUDIT PROGRESS REPORT

The Committee received a verbal update from the external auditors and were informed that audit work on the draft 2017/18 Statement of Accounts was progressing satisfactorily. The external auditors were currently working onsite at the Council offices undertaking the audit of the accounts and would report their findings and other conclusions to the Audit Committee on 23 July 2018. There were no significant issues to report to Members.

Members requested further information and were informed:-

(i) that the auditors were aware of the recommendations of the review of AVB, that would help to inform their future audit work.

(ii) that the Audit Committee had played an active role over the last 2 years in challenging the governance arrangements of AVB.

RESOLVED –

That the external auditors progress report be noted.

3. INTERNAL AUDIT PROGRESS REPORT

The Committee received a progress report on assurance work activity undertaken against the 2017/18 Assurance Plan. Last year's work had now concluded and the Assurance Plan for next year's work (2018/19) would be considered by Members as a separate agenda item at the meeting. The following matters were highlighted:-

Final Reports issued since the previous Committee Meeting

The following reviews had been completed since the last Committee meeting:-

- **Accounts Payable (Medium risk)** – the review had identified one high, one medium and one low risk finding. Overall, there had been a decline in performance compared to the previous year, primarily as a result of organisational changes, new staff and capacity issues.

- o High – the timeliness of Purchase Order (PO) approval and payments made to suppliers within 30 days performance had deteriorated compared to the prior year. 100% of purchase transactions made from April 2017 to January 2018 had been analysed. From the 5,652 invoices received by the Council during this period, 40% had POs raised either on the same day or later than the invoice date. 21% of invoices had been processed for payment over 30 days later than the invoice dates.
- o Medium – key performance indicators had not been reported and monitored.
- o Low – Historic duplicate and incomplete supplier information in TechOne needed to be reviewed and cleared.

- **Payroll (Low risk)** – the report had identified two medium risk findings. Overall, payments by payroll had been made in line with Council establishment lists and were accurate/complete through to payslips. No issues had been identified. The 2 medium findings were:-
  - o Travel and subsistence – there was no up-to-date policy for staff and Managers to follow when submitting claims. The narrative held in expense claims was also insufficient.
  - o Starters, Leavers and Variations – these were not always processed in line with the Council's requirement and forms were completed post and prior to the start and leaving dates respectively.

The full review reports were attached as Appendix 3 to the Committee report.

2017/18 Internal Audit Plan Work in Progress

With the exception of a small piece of work to obtain an independent review of the Annual Governance Statement, the Internal Audit Plan for 2017/18 had been completed.

Summary of changes to the 2017/18 Internal Audit Plan

To remain relevant, the annual internal audit plan needed to be flexible to respond to emerging or changing risks. With budget constraints, there was also a need to ensure prioritisation was given to work that would achieve the greatest value to the organisation. The following changes had been made to the 2017/18 plan since it was approved in July 2017:

- Accounts Receivable – work was continuing to progress on implementing actions identified in prior year internal audit reports. Progress was being monitored through the audit action follow up process. A review would be performed in 2018/19 when the new processes were in place.

- Tech 1 – an action plan was in place to update the Tech1 system and improve operational functionality. A Tech1 "system review" would be included in the 2018/19 plan and an appropriate scope of work agreed.

- Budget Management – the prior year actions relating to improved budgetary reporting were progressing but were dependent on the Tech1 upgrades outlined above. The Council had delivered a balanced MTFP and forecast outturn for 2017/18 so the overall risk was considered low at this stage.

- Aylesbury Vale Estates – A review of governance arrangements over the investment in AVE would be undertaken in 2018/19, drawing upon lessons learned from the review of Aylesbury Vale Broadband.

In addition to the agreed internal audit plan for 2017/18, the Audit Committee had commissioned an independent review of the Council's governance arrangements for Aylesbury Vale Broadband. The outcome of this had reported to the Audit Committee in June 2018, and would be discussed at a special Council meeting on 28 June 2018.

Implementation of Agreed Audit Actions

The implementation of actions and recommendations raised by internal audit reviews were monitored to ensure that the control weaknesses identified had been satisfactorily addressed. Actions arising from low risk audit findings were followed up by management and reviewed, but not validated, by internal audit.

The progress made in implementing the prior year actions for Accounts Payable and Payroll was detailed at Appendix 3 to the Committee report.

A detailed listing of all internal audit actions, together with status update was included at Appendix 4. In total 112 actions had been followed up for the June 2018 Audit Committee, which included an update on all actions whether they were due by June 2018 or at a later due date. 62 out of 112 actions (55%) had been completed, which included a 63% (17 out of 27) completion rate of actions arising from High Risk findings.

Members sought further information and were informed:-

Accounts Payable

(i) that work was being done with the Waste, Fleet and Operations in regard to the timeliness of Purchase Order approval and payments.

Other Matters

(ii) that Overall Risk Rating (ORR) at Appendix 2 was the risk rating that reviews had received when a report had been issued. It was acknowledged that more information could be provided for the future, e.g. Report: 'X' Risk Rating, Current: 'Y' Risk Rating, and on the date that ORRs had been issued.

(iii) Follow-up of previous audit actions – an explanation was provided of the differences (including methodologies used to evaluate) Corporate Risk Register risk ratings (which looked at strategic/corporate risks to the Council) and risk ratings given to individual recommendations within audit reports, which related more to assessments of internal controls.

(iv) by the Cabinet Member for Resources, Governance and Compliance that he actively challenged Officers before approving sundry debtor write offs. Cabinet Member approval was required to write off debts in excess of £1,000. Members were informed that a number of the write offs related to people who had passed away and their estates were unable to pay the debt, or to people who had left the District and their current whereabouts were not known. Council tax collection / non-collection was managed through a separate account, with the overall balance shared between precepting authorities.

RESOLVED –

That the progress report be noted.

4. INTERNAL AUDIT STRATEGY AND PLAN 2018-19

The Committee received a report which detailed a risk assessment of Internal Audit and plans for audit work for 2018/19.

A summary of the approach undertaken for the risk assessment and preparing the internal audit plan was provided. The plan was driven by the Council's organisational objectives and priorities, and the risks that might prevent the Council from meeting those objectives.

The development of the internal audit risk assessment and plan had taken into account the requirement to produce an annual internal audit opinion by determining the level of internal audit coverage over the "audit universe" and key risks. Each auditable unit had been risk assessed at a high level to determine the priority for internal audit, represented by the frequency of audit review.

In developing the internal audit risk assessment assurance had come from numerous sources within the Council as well as taking into account other sources where reliance could be place upon them. Corporate level objectives and risks had been considered when preparing the plan. Input had been obtained from Directors, Assistant Directors and Senior Managers to identify any specific areas that might require reviewing.

Members were informed that the Internal Audit Plan would be reviewed on a quarterly basis to allow for flexibility to pick up new areas of risk or organisational change and would be reported to the Audit Committee as part of the progress report.

Members sought further information on the Plan for 2018/19 and were informed:-

(i) that Aylesbury Vale Estates (AVE) had been regularly scrutinised by the Economy and Business Development Scrutiny Committee and Cabinet since formation in 2009. AVE representatives had attended the Audit Committee in March 2013 as there had been an issue at that time with the timely provision of financial information by AVE to AVDC to assist in the preparation of the end of year financial statements and group financial statements. However, this situation had improved and AVE was now providing information in good time.

(ii) Commercial Property – that work during 2017/18 had looked at service charges within the Estates and Asset Management area. The actions identified during that review had now been actioned. It was not planned to do internal audit work in this area during 2018/19. However, if issues arose in-year then the Audit Committee would be consulted and audit resources could be re-directed.

(iii) Section 106 – Members asked that the scope for this review include looking at how developer contributions were determined and whether developers were, or were not, complying with and delivering on their commitments.

RESOLVED –

That the Internal Audit Strategy and Plan for 2018-19 be approved.

5. DRAFT ANNUAL GOVERNANCE STATEMENT

The Committee received a preliminary draft of the Annual Governance Statement (AGS) for 2017-18 and were asked to identify any issues for further consideration or amendment. The “review of effectiveness” (pages 19-20) had not yet been included. The finalised AGS would be reported to the Audit Committee in July 2018, along with the Annual Internal Audit Opinion, prior to the AGS being included in the Statement of Accounts. All other sections were complete.

Members were informed that the Annual Governance Statement had to be prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2015/16 following the principles set out in the CIPFA Delivering Good Governance in Local Government Framework (2016). The preparation and publication of the Annual Governance Statement was a statutory requirement of the Accounts and Audit Regulations 2011. The Council was required to “conduct a review at least once in a year of the effectiveness of its system of internal control” and to prepare a statement on internal control “in accordance with proper practices”.

Local authorities were required to prepare an annual governance statement in order to report publicly on the extent to which they complied with the good governance principles in the Framework. This included how they monitored and evaluated the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period.

The annual governance statement was a valuable means of communication. It enables an authority to explain to the community, service users, tax payers and other stakeholders its governance arrangements and how the controls it had in place managed risks of failure in delivering its outcomes. It needed to reflect an individual authority’s particular features and challenges.

The annual governance statement also provided a meaningful but brief communication regarding the review of governance that had taken place, including the role of the governance structures involved (such as the authority, the audit and other committees). It focused on outcomes and value for money and related to the authority’s vision for the area. It should provide an assessment of the effectiveness of the authority’s governance arrangements in supporting the planned outcomes – not simply a description of them.

The annual governance statement would be reported to the Audit Committee in July 2018 along with the statement of accounts. Once approved, it would be signed by the Leader of the Council and the Chief Executive at the same time as they signed the Annual Statement of Accounts.

RESOLVED –

That the content of the draft Annual Governance Statement 2017-18, be noted.

6. DRAFT STATEMENT OF ACCOUNTS 2017-18

The Committee received a report on the current position in terms of the Statement of Accounts preparation, which set out the provisional financial outturn for 2017/18.

The dates for the accounts approval process had changed in recent years, but now required the Council to make available for audit its draft Annual Accounts by 31 May 2018, with a view to producing the final (audited) Annual Accounts for approval by 31 July 2018. The Accounts and Audit Recommendations required the accounts to be formally signed off by the Chairman of the Audit Committee and the Director responsible for Finance., which would be done at the Audit Committee on 23 July.

Whilst there was no requirement to do so, the guidance to the Accounts and Audit Regulations suggests it was good practice to give members an early notification of the financial outcome of the previous year and to this end, the draft Statement of Accounts had been submitted to this meeting. The timetable for the preparation of the draft accounts (31 May deadline) and final approval (31 July) was earlier than previous years and had presented challenges for both the preparers and the auditors of the financial statements.

The Council had liaised closely with external auditors and planned a shorter period for the production and audit of the Councils Annual Accounts. From 1 June 2018 to 12 July 2018, members of the public and local government electors would be able to inspect the accounts of the Council for the year ended 31 March 2018 and certain related documents. A copy of the Council unaudited statement of accounts was also currently available on the Councils website.

Members were informed that the formal audit of the accounts by the external auditors (Ernst and Young LLP) had commenced on 18 June for a 3 week period. Following the audit, the accounts would be submitted to the Audit Committee on 23 July to consider and approve them. The Committee would also be requested to consider the findings of the annual review of the effectiveness of the system of internal control, approve the Annual Governance Statement and consider the Annual Audit letter.

The Accounts presented detailed the Accounts for the Authority but also extended to the group financial statements where the Council had material interests in subsidiaries and joint ventures. The accounts include results for Aylesbury Vale Broadband, Vale Commerce and reflected the material interest in Aylesbury Vale Estates.

The Accounts

Local authority financial statements had to comply with CIPFA's Local Authority Code of Practice, which is based on International Financial Reporting Standards (IFRS), and also the requirements of accounting and financing regulations of central government. The year end position within the Statutory Accounts contains transactions that were required by the Accounting Regulations. These transactions were intended to provide a complete picture of the Councils financial affairs during the course of the year.

The report explained the key features of the primary statements and notes that made up the set of financial statements. These included:

Narrative Report/Explanatory foreword: which provided a commentary on the financial statements, including an explanation of key events and their effect on the financial statements. The explanatory foreword reconciled the year end financial position reported to members (the outturn) to the statutory financial accounts.

Annual governance statement: The annual governance statement (AGS) sets out the arrangements the Council had put in place to manage and mitigate the risks it faced when meeting its responsibilities. The AGS explained the risks facing the authority and the controls in place to manage them. While the AGS was prepared by the authority at the end of the year, it was built up from processes designed, run and tested throughout the year.

Movement in reserves statement (MIRS): Reserves represent the authority's net worth and show its spending power. Reserves are analysed into two categories: usable and unusable. The movement in reserves statement (MIRS) analyses the changes in each of the authority's reserves from year to year. The statement provides detail on what has caused the movement in each reserve.

- Usable reserves: these resulted from the authority's activities and included the General Fund, earmarked reserves and capital receipts reserve.
- Unusable reserves: These were derived from accounting adjustments and could not be spent. They included pensions reserve, revaluation reserve and the capital adjustment account.

Comprehensive income and expenditure statement: The comprehensive income and expenditure statement (CIES) reported on how the authority performed during the year and whether its operations resulted in a surplus or deficit. The CIES included cash payments made to employees and for services, as well as non-cash expenditure such as depreciation and accruals. It also showed all sources of income received and accrued in the year. The CIES showed the accounting position of the authority before statutory overrides are applied. It analysed income and expenditure based on services. It included:-

- Cost of services: Presented in a standardised format as set out by the Service reporting code of practice for local authorities'. This included service specific income and expenditure.
- Other operating income and expenditure: This included the surplus or deficit from the sale of property, plant and equipment.
- Financing and investment income and expenditure: This included interest payable and receivable.
- Taxation and general grant income: This included revenue from council tax and the revenue support grant.
- Other comprehensive income and expenditure: Items that were not allowed to be accounted for elsewhere in the CIES, such as increases in the value of land and buildings and changes in the actuarial assessment of pension liabilities.

Balance sheet: The balance sheet is a 'snapshot' of the authority's financial position at a specific point in time, showing what it owns and owes at 31 March 2018. The balance sheet is always divided into two parts including a) assets less liabilities and b) reserves.

The main elements of the balance sheet were:

- Non current assets: including property, plant and equipment, heritage assets, intangible assets, investment property. Non-current assets have a life of more than one year. For AVDC, the biggest balance by far is property, plant and equipment. These are tangible assets that are used to deliver the authority's objectives.
- Current assets: includes cash and other assets that, in the normal course of business, will be turned into cash within a year from the balance sheet date. Other assets include investments, non-current assets held for sale, inventories and debtors.
- Current liabilities: Comprises short-term borrowing, trade creditors, amounts owed to other government bodies and receipts in advance.
- Long-term liabilities: Includes borrowings, any amounts owed for leases and private finance initiative (PFI) deals. There will also be an estimate for the cost of meeting the authority's pension obligations earned by past and current members of the pension scheme.
- Reserves: These are usable and unusable reserves.

The Accounts also include a number of other statements:

- Cash flow statement: Sets out the authority's cash receipts and payments during the year, analysing them into operating, investing and financing activities. Cash flows are related to income and expenditure, but are not equivalent to them.
- Collection fund: Shows the transactions in respect of council tax and

- Group accounts: Prepared if the authority has a significant subsidiary, such as a local authority trading company. Shows the combined income and expenditure and balances of all the constituent bodies

The Accounts also included Additional disclosures, contained within the notes to the financial statements. These include:

- Accounting policies: setting out the accounting rules the authority had followed in compiling its financial statements. They were largely specified by International Financial Reporting Standards and the Local Authority Code of Practice.
- Estimates: The authority may need to use estimates to value assets, liabilities and transactions. The major sources of estimation uncertainty should be disclosed if there was a significant risk the estimate would need to be materially adjusted next year.
- Property, plant and equipment: Details about assets acquired and disposed of during the year, whether they have been revalued, the impact of any changes in value and the amount of depreciation charged.
- Leases and PFI schemes: Set out how much would be paid annually to leasing companies and how much would be paid in total over the lifetime of the agreement.
- Employee remuneration Details of the pay of the most senior officers, all officers' remuneration, disclosed in bands, and the cost of any redundancies. Other notes show the annual cost and cumulative liabilities of pensions.
- Contingent liabilities: Details of possible costs that the authority may need to meet, but had not charged to the CIES because it was thought that it would probably be able to avoid them.

The Quarterly Financial Digest: 2017/18 Year End Position

The Statutory Accounts only present actual expenditure and income, without reference to budgeted levels. Therefore, whilst the accounts present the definitive position on the Authority by way of its financial resources, it did not inform on whether this was planned or the expected position.

The Quarterly Financial Digest was the primary reporting tool for in-year financial management and provided management information designed to explain significant financial events which occurred during the year by comparing them with the expected or budgeted equivalent figures.

The Quarterly Financial Digest for the financial year 2017-18 would be submitted resented to the Finance and Services Scrutiny meeting in early July 2018. Based on the provisional financial results for 2017-18, Members were informed that the provisional financial outturn reported a deficit of £0.453m for the financial year when comparing actual expenditure against that budgeted (before the transfer from general fund balances).

This was a slight reduction on the deficit assumed in Budget Plans for 2018/19 agreed by Council in January 2018. A deficit of £0.487m had been forecast, as at December 2017. The slight improvement to the financial outturn leaves the general fund working balances at a marginally higher level than predicted. The closing balance on the general fund for 2017-18 was reported as £1.977m.

The Council's 2017/18 revenue outturn position is shown in the table below:

General fund revenue	2017/18 Budget £000	2017/18 Actual £000
Expenditure	88,772	105,266
Income	(71,247)	(66,652)
Net cost of services	17,525	38,614
Cost of borrowing	2,656	817
Other costs	5,254	(17,688)
Investment interest	(2,101)	(2,222)
Retained business rates	(4,458)	(4,831)
Income from grants	(8,528)	(8,825)
Net expenditure	10,348	5,865
Local taxpayers	(10,243)	(10,243)
Net balance	-	453

General fund balances	2017/18 Budget £000	2017/18 Actual £000
Balance 1 April	(3,646)	(2,873)
Net balance from fund	-	453
Special application of balances	-	443
Balance 31 March 2018	(3,646)	(1,977)

Members were informed that the year end financial position was largely being driven by exceptional staff costs associated with the fundamental council-wide reorganisation which concluded during 2017/18. Over the past 12 months, the Council had undergone a series of business reviews in order to position itself as a more customer centric, innovative and commercial organisation. The financial benefit of the reorganisation had been to realise significant savings and had been central to the Council setting a balanced budget for the next 4 years.

In the year to 31 March 2018, salary savings were recognised as a result of business reviews and vacancies. However, some of these vacant posts were being filled by temporary staff (agency and consultants) at a premium. Further staff cost pressures included redundancy costs of £1.725m.

A number of factors contribute to the financial position including:

- pay costs were the largest contributor to the reported in-year overspend;
- housing benefits overpayments made in error due to system changes;
- savings relating to transitional relief on payment of business rates refunds;
- vehicle savings from the introduction of the new fleet, and savings on their running expenses;
- above budgeted levels of income from lettings at Pembroke Rd and the Gateway;
- use of reserves to fund redundancy costs; and
- above budgeted receipt of government grant income in relation to business rates.

Whilst overall the variance had remained largely unchanged from the forecast outturn position reported at the end of December 2017, there have been some changes in the outturn at Service centre level. The forecast variance, at portfolio level, was worse than the year end position. These changes included:

- housing payments made in error as a result of system changes. This could not have been foreseen when completing the forecast at December 2017;
- changes in forecast income for car parking income and lettings;
- lower than forecast income from trade waste disposal fees and recycling credits. It had previously been indicated that income from recycling would reduce but this has happened earlier than anticipated;
- the impact of the staff changes across the organisation have been difficult to assess with precise accuracy. For operational issues, some changes didn't happen as quickly as forecast, and additional unanticipated costs were incurred in the last quarter.

There had also been a number of changes in relation to the financing items, the overall impact of which was to offset the position reported at portfolio level. This included lower borrowing costs and higher than expected income from business rates.

Capital Outturn 2017-18

The Council spent £8.505m on the delivery of its capital programme in 2017/18. Capital expenditure was financed by revenue contributions and capital receipts. It was anticipated during the year that a significant element of the programme would be funded from prudential borrowing.

The Council had taken a prudent approach to financing the capital programme by deploying revenue reserves and cash balances instead of using external borrowing where possible as this produced a lower net cost.

Reserves and Balances

The slight improvement to the financial outturn had left the General Fund Working Balances at a marginally higher level than predicted. The closing balance on the general fund for 2017-18 was reported as £1.977m. The detail of the General Fund Balances was outlined as follows:-

General fund revenue	2017/18 Budget £000	2017/18 Actual £000
Expenditure	88,772	105,266
Income	(71,247)	(66,652)
Net cost of services	17,525	38,614
Cost of borrowing	2,656	817
Other costs	5,254	(17,688)
Investment interest	(2,101)	(2,222)
Retained business rates	(4,458)	(4,831)
Income from grants	(8,528)	(8,825)
Net expenditure	10,348	5,865
Local taxpayers	(10,243)	(10,243)
Net balance	-	453

General fund balances	2017/18 Budget £000	2017/18 Actual £000
Balance 1 April	(3,646)	(2,873)
Net balance from fund	-	453
Special application of balances	-	443
Balance 31 March 2018	(3,646)	(1,977)

The total of provisions and reserves held at 31 March 2018 were:

RESERVES AND PROVISIONS	OPENING BALANCE 01/04/2017 £'000	INCOME TO 31/03/2018 £'000	SPEND TO 31/03/2018 £'000	CLOSING BALANCE 31/03/18 £'000
Total Provisions	(3,786)	(897)	98	(4,585)
Total Reserves	(32,622)	(17,658)	16,898	(33,382)

Members sought further information and were informed:-

(i) Pensions Reserve (Note 27.4 to the core financial statements) – on the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Director with responsibility for Finance informed Members that he was content with the current provisions.

(ii) Salary Savings (paragraph 5.12, covering report) – that information on salary savings and cost pressures would be included in the latest Quarterly Finance

Digest that would be included with the agenda published this week for the Finance and Services Scrutiny Committee.

(iii) an explanation was provided on the differences between 'Council' and 'Group' which appeared throughout the accounts. While information on Subsidiaries at note 43 to the core financial statements included information on companies that were partly or wholly owned by the Council, it was requested that a clearer explanation of the difference between these two be included within future covering reports.

RESOLVED –

(1) That the current position in relation to the statutory accounts preparation and the outturn be noted.

(2) That Officers be thanked for the work done in preparing the statutory accounts.

7. CORPORATE RISK REPORT

The Audit Committee had a role to monitor the effectiveness of risk management and internal control across the Council. As part of discharging this role the committee was asked to review the Corporate Risk Register (CRR). The CRR provided evidence of a risk aware and risk managed organisation and reflected the risks that were on the current radar for Commercial Board. Some of the risks were not dissimilar to those faced across other local authorities.

Since the last time the had considered the CRR in March 2018, there had been a number of changes to risks as follows:-

- 5 New Risks had been added:
  - Failure to provide Universal Credit applicants with the support needed to successfully claim; could result in increased rent arrears locally and subsequent pressure on homelessness services (Moderate).
  - Fail to work with stakeholders to ensure safety of residential buildings following Grenfell. Lessons learned from Grenfell are not implemented (Moderate).
  - Fail to manage and deliver major capital projects on budget and to time - Pembroke Road redevelopment (High).
  - Fail to manage and deliver major capital projects on budget and to time - The Exchange (High).
  - Implementation of new HR & Payroll system may not go live with 100% accuracy (High).

- One risk had increased from Moderate to High:
  - Failure to adequately plan for next round of growth following adoption of VALP; including consideration of CaMKOx Corridor and need to meet updated OAN housing targets.

- 2 Risks had reduced from High to Moderate:
  - Fail to recruit Technical Professional Specialists (Planning, IT, Property). Reliance on use of consultants / agency and not effectively managed.
  - Information Governance - A significant data breach, Inappropriate access, corruption or loss of data

- 3 Risks had been removed / replaced:
  - Failure to manage and deliver the requirements of the SLA for HS2.

- o Failure to respond to new legislation on Homelessness Duty, enforceable from 1 April 2018. Inability to recruit and train staff in complex new legislation.
- o Fail to manage and deliver major capital projects - Waterside North, Pembroke Road.

The background and comments against each risk was included in the report, as well as a summary in relation to residual risk ratings. There were now 25 risks on the Corporate Risk Register.

The Council's management continued to consider the risks arising following the Brexit decision. At this stage there was too much uncertainty about the specific implications on the strategic objectives and day to day operations of the Council to put anything meaningful on the CRR.

Members challenged robustly some of the assumptions made in the CRR, both in specific and general terms.

Members commented as follows:-

(i) Risk 10 – (Failure to recruit Technical Professional Specialists) – while some progress had been made in filling some specialist posts, Members expressed concerns in relation to delays in determining planning applications and responding to applicants caused through 2 or more consultants working on an application over a period of time.

Action Point: Strategic Board requested to add a risk relating to the quality of planning service delivery, decisions and the timeliness of responses to applicants, reflecting that this is compounded by vacancies in the planning team (although reducing), reliance on consultants and the rate of growth within the Vale. There were also concerns that some DMC / SDMC decisions had been made contrary to agreed Neighbourhood Plans, which could leave the Council open to challenge.

(ii) Individual Risk Ratings – Members commented that they believed Risk 10 should remain at High (see (i) above), and that some of the related challenges in regard to delivering housing and the CaMKOx corridor justified keeping the risk, "Fail to manage and deliver the requirements of the SLA for HS2" for the time being.

(iii) Woodlands Development – that AVDC, BCC and Buckinghamshire Advantage were taking on the role of developer for this development of 1,000 residential properties. As AVDC had not undertaken a development of this size in the past and was exposed to a level of risk, thought should be given to including this on the CRR.
(To be added as an Action Point)

(iv) Risk 20 (Modernising Local Government) – Members were informed that an initial discussion had been held at a high level between the District and County Council regarding what preparatory work could be done in advance of a decision from the Secretary of State.

RESOLVED –

That the current position of the Corporate Risk Register be noted.

8. WORK PROGRAMME

The Committee considered the future Work Programme (Appendix 1) which took account of comments and requests made at previous Committee meetings and particular views expressed at the meeting, and the requirements of the internal and external audit processes.

The Audit Committee Tracker (Appendix 2) was also attached to the Committee report which highlighted ongoing and completed actions identified by Members at previous meetings.

Members would be asked to consider at the next meeting topics / issues that they would like included in the training and briefing sessions.

RESOLVED –

That the future Work Programme as discussed at the meeting be approved.