



To be submitted to the Council at its meeting on 17th December 2020

AUDIT AND GOVERNANCE COMMITTEE

24th September 2020 at 9.30.a.m.

Present:

Mr. T. Render (in the Chair)

Councillors Beasant, Harness, Hudson, Mickleburgh (substitute for Patrick), Rogers, Silvester, K. Swinburn (substitute for Furneaux) and Wheatley.

Officers in attendance:

- Sharon Wroot (Director of Resources and Governance)
- Simon Jones (Chief Legal and Monitoring Officer)
- Peter Hanmer (Head of Audit and Assurance)
- Guy Lonsdale (Deputy S151 Officer)
- Bev O'Brien (Scrutiny and Committee Advisor)

Also, in attendance:

- Mark Surrige (Mazars)
- Councillor Shreeve (Portfolio Holder for Finance and Resources)

AC.19 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Furneaux and Patrick.

AC.20 DECLARATIONS OF INTEREST

There were no declarations of interest made with regard to any items on the agenda for this meeting.

AC.21 MINUTES

RESOLVED – That the minutes of the Audit and Governance Committee meeting held on 23rd July 2020 be agreed as an accurate record.

AC.22 TRACKING THE RECOMMENDATIONS

The committee received a report from the Director of Resources and Governance tracking the recommendations of the Audit and Governance Committee.

Ms O'Brien explained that AC.42 had been completed as an email had been sent out regarding the Lender Option Borrower Option risk mitigation transaction on the 6th March 2020.

At AC.15, Ms O'Brien informed Committee that she had emailed all the Chairs of Scrutiny with the Audit and Governance Work Programme and had also invited relevant officers to Audit and Governance Committee throughout the year.

RESOLVED – That AC.42 and AC.15 be removed from the tracking of recommendations report.

AC.23 EXTERNAL AUDIT UPDATE

The committee received a report from the Council's External Auditor updating on the progress in delivering their responsibilities as the Council's external auditor.

Mr Surridge explained how this update would normally have been received at an earlier date, but due to Covid 19 delays had been caused for several local authorities. However, he explained that the audit had now commenced and was progressing nicely. The deadline for completion had now been revised for 13th November 2020. He assured Members of one item that may be flagged in the future, which was the valuation of land and buildings. It was a complex area of financial reporting. It was due to the uncertainty around Covid 19, but Mr Surridge explained that the carrying value of assets would remain as a best estimate. The implication of this meant that the audit report would include an emphasis of matters paragraph, which would simply emphasise that the financial statements contained a disclosure note stating that Covid 19 has created some uncertainty in property markets.

The Chair stated that the report contained more emphasis on the going concern statement and asked if there was any guidance on what this meant. Mr Surridge stated that it was just to emphasise some of the services already in place. The code of guidance stated that local authorities would always be a going concern. However, this allowed authorities to highlight areas that had a growing uncertainty.

RESOLVED – That the report be noted.

AC.24 MEDIUM TERM FINANCIAL PLANNING PROCESS

The committee received an update on the medium-term financial planning process, considering the impact of Covid 19 and the Recovery Plan.

Mr Lonsdale provided a presentation to the Members of the Committee. He explained that, considering the current conditions of Covid 19, there were no fundamental changes to the way the local authority was going about its financial planning process.

Ms Wroot reminded Members that because of the Covid 19 measures, the picture presented could change week by week and these really were unprecedented times.

The Chair stated that the Committee's role was to look at the process and it was good that an early start to the process had happened. It very overtly dealt with the risks and uncertainty that the current situation left the local authority in.

RESOLVED – That the update be noted.

AC.25 PARTNERSHIPS

The panel considered a report from the Director of Resources and Governance focusing on a stocktake of partnership governance.

Mr Hamner explained that the report focused on our governance arrangements with four main partnerships, Engie, Lincs Inspire Ltd., the Shared Service with North Lincolnshire, and the Union Board. The report highlighted the cost of each partnership, their governance arrangements and some of the key issues facing the partnerships over the next year, particularly in relation to Covid 19.

The Chair stated that it was good to see that the revised partnership protocol that was approved earlier in the year allowed each partnership to gain clear governance arrangements and clear reporting to the wider council. He asked if the new way of reporting was working. Mr Hamner believed it was but stated that it was still early days. He explained that each scrutiny panel received updates regularly on the partnerships and this gave scrutiny panel members the opportunity to receive information on the delivery of each partnership's outcomes.

The Chair stated that there obviously were some issues for some of the partnerships, however, the Committee had scheduled, as part of their work programme, to see some of the leads of these partnerships and received information on the current situations.

Councillor Harness asked about the regeneration partnership and how the local authority was looking at transferring the asset management, estates and evaluation function back to the Council. He asked whether

this was a cost saving exercise or was it for a governance reason. Ms Wroot stated it was both. It allowed for greater management and oversight, and improved decision making. This was in line with the administration's priority around the commercialisation agenda, recognising that the Council was better served to have those arrangements in house. Ms Wroot also stated that there was a small saving on the back of this, as well as other commercial opportunities. Councillor Harness asked whether this was the first of many or whether this was the only item identified at this moment in time. Ms Wroot stated that it was only this area that had been identified and it had been implemented earlier this year.

The Chair acknowledged the role of the Place Board in responding to Covid 19. He requested that the committee receive the terms of reference for the Place Board, to be able to better understand its role. Mr Jones stated that the terms of reference had recently been circulated to all the members of the Place Board for approval. He was happy that the terms of reference was fairly comprehensive with exception to a few cosmetic changes that wanted to be made by the Board. Mr Jones confirmed that he was expecting the finalised terms of reference in the next 10-14 days. The Chair asked that when they had been finalised if a copy of them could be sent to members of the Audit and Governance Committee.

The Chair proposed that as part of the work programme, the following updates be provided:

- Union Board update – November 2020
- Shared Services update – January 2021
- Leisure update – January 2021
- Engie update – later in Municipal year.

Councillor Wheatley was happy for these arrangements to go ahead, but she showed some concerns over the transparency of the governance for the Engie partnership as it's board used to be politically balanced so that the leader of the opposition sat on it as well. This appeared to have changed, which she believed compromised the governance and it was no longer as transparent as it used to be.

RESOLVED -

1. That the report be noted.
2. That the finalised terms of reference for the Place Board be sent to all members of the Audit and Governance Committee.
3. That the lead officers for the above-mentioned partnerships be invited to the Audit and Governance Committee meetings mentioned above.

AC.26 EXCLUSION OF PRESS AND PUBLIC

RESOLVED – That the press and public be excluded from the remainder of the meeting on the grounds that discussion of the following business was likely to disclose exempt information within paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).

AC.27 ISSUES FOR DISCUSSION WITH THE INTERNAL AND EXTERNAL AUDITORS

The committee was provided an opportunity, at the close of this meeting, to discuss any confidential matters of concern with the External Auditor and the Head of Internal Audit.

No such matters were raised.

There being no further business, the Chair declared the meeting closed at 10.25 a.m.