



To be submitted to the Council at its meeting on 29th July 2021

AUDIT AND GOVERNANCE COMMITTEE

24th June 2021 at 9.30.a.m.

Present:

Councillors Harness (in the Chair), Furneaux, Mickleburgh, Patrick, Reynolds, Robinson, Silvester and Westcott.

Officers in attendance:

- Sharon Wroot (Executive Director, Environment, Economy and Resources)
- Simon Jones (Assistant Director Law, Governance and Assets)
- Rachel Carey (Strategic Lead – Financial Planning, Treasury and Capital)
- Peter Hanmer (Head of Audit and Assurance)
- Bev O'Brien (Scrutiny and Committee Advisor)
- Dave Tipple (Relationship Manager)

AC.1 APPOINTMENT OF CHAIRMAN AND DEPUTY CHAIRMAN

It was noted that at the Annual General Meeting of the Council held on 27th May, 2021, Mr. Tim Render had been appointed Chairman and Councillor Harness had been appointed Deputy Chairman of this Committee for the Municipal Year 2021/2022.

AC.2 APOLOGIES FOR ABSENCE

Apologies for absence were received from Tim Render – Independent Chair, Councillor Shreeve – Portfolio Holder Finance, Resources and Assets and Mark Surridge – Mazars for this meeting.

AC.3 DECLARATIONS OF INTEREST

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

AC.4 MINUTES

RESOLVED – That the minutes of the Audit and Governance Committee meeting held on 22nd April 2021 be agreed as an accurate record, subject to the addition of Councillor Furneaux to the attendance list.

AC.5 TRACKING OF RECOMMENDATIONS

The committee received a report from the Executive Director for Environment, Economy and Resources tracking the recommendations of the Audit and Governance Committee.

RESOLVED – That all completed actions be removed from tracking.

AC.6 REVIEW OF GOVERNANCE ARRANGEMENTS - REGENERATION PARTNERSHIP

The committee received a verbal update from the Assistant Director, Housing, Transport and Highways on the governance arrangements for the Council's Regeneration Partnership.

Councillor Patrick asked why opposition leaders no longer sat on the Engie Partnership Board. Mr Jones explained that he seemed to recall that the membership of the Board was decided by all Members at Full Council's Annual General meeting in 2019. Councillor Patrick asked for a written response on the membership of the Engie Partnership Board and the exclusion of opposition leaders.

In relation to an update on service improvements, Councillor Harness asked whether workers were able to participate in feeding back anything they would like to review or improve within the service. Mr Tipple explained he was not aware of anything specifically, but that various meetings take place which feed into management meetings and the Partnership Board. Councillor Harness stated that it was important to make sure the workforce was listened to.

RESOLVED –.

1. That a written response on the membership of the Engie Partnership Board and the exclusion of opposition leaders be sent to all members of the Audit and Governance Committee.
2. That the update be noted.

AC.7 VALUE FOR MONEY - ANNUAL REPORT 2020/21

The committee received a report from the Executive Director, Environment, Economy and Resources summarising activity during 2020/21 in relation to securing value for money and identifying additional actions in 2021/22.

Councillor Harness asked for reassurance that they had the resources to take the work reported forward. Ms Wroot explained that resources were always a challenge, but she was confident they had sufficient resources in place.

Councillor Patrick asked what governance controls were in place for projects where money had been spent but the project itself had not flourished. Ms Wroot explained that there were robust internal governance arrangements in place from conception of a project to its delivery. Part of the process was to continually review and monitor progress against plans, and where appropriate identify actions to mitigate.

RESOLVED – That the report be noted.

AC.8 TREASURY MANAGEMENT OUTTURN REPORT 2020-21

The committee received a report from the Strategic Lead Financial Planning, Treasury and Capital containing details of treasury management arrangements, activity and performance during 2020-21.

Councillor Harness asked if delayed borrowing indicated that there would be slippage on the capital programme. Ms Carey explained that they do adhere to very robust borrowing requirements based on the requirements of the delivered programme. The long-term borrowing that was noted to be done during the year was already part of the long-term programme which assumed delivery of the programme, but the pace of delivery was monitored and borrowing requirements flexed accordingly. The reported capital outturn went to Cabinet and was also reported quarterly throughout the year, so some of the big schemes that were included in the report would be over a number of financial years and profiling does change given their complexity. Schemes were monitored and the team was sighted on forecasts so borrowing in advance of need was avoided. Councillor Harness wondered whether this would mean that there was a higher risk of interest rates. Ms Carey stated that they track and monitor the interest rate environment to make sure they undertake the optimal borrowing in terms of length of term, interest rate and short versus long term loans.

Councillor Patrick noted that a lot had been reported that would involve borrowing over the next few years. However, the level of council debt stayed steady. He wondered what reassurance there was to show that we were getting value for money and a commercial return. Ms Carey explained that from a treasury perspective, the capital programme was approved by Full Council and treasury was around how that was funded,

and the prudential indicators provide assurance on affordability. Treasury borrowing happened at the point Officers think the authority would need the money, however, all aspects were assessed robustly.

Councillor Patrick stated that for public accountability it would be better to understand how the authority would spend it and what the controls were in place for it. Ms Wroot provided an overview of the governance and assurance processes which were in place regarding all major projects and schemes and explained how decisions in relation to borrowing were part of that, she reminded the committee that borrowing did not take place on a scheme-by-scheme basis but was based on an assessment of need overall.

Councillor Harness asked a question in relation to returns on projects requiring capital investment and borrowing and whether returns were factored into borrowing decisions. Ms Wroot provided assurance regarding the process of developing business cases for capital projects and confirmed that returns were considered as part of that appraisal process.

Councillor Furneaux added that there was a lot of borrowing in the capital programme, and he wondered whether we were becoming dependent on borrowing. He asked whether the Council had experienced any issues with borrowing and whether stringent methods had been put in place when they were trying to apply for loans. Ms Carey explained the process officers follow to undertake borrowing, with the Public Works Loan Board (PWLb) being the primary lender, but this also included continual assessment of other alternative lenders to ensure that risk was being managed appropriately and the most efficient deals were sought.

Councillor Patrick thought it was interesting to see how they were achieving these returns through borrowing, particularly the £1million to rebalance maturing loans. Ms Carey explained that the approach to borrowing was to look at a mix of borrowing ranging from other local authorities to long-term loans, all within the parameters of the treasury management strategy. Councillor Patrick stated that this could possibly mean paying higher interest rates compared to what they initially had. Ms Wroot stated that this was part of the risk assessment process to borrow at the most competitive rates where it was appropriate to do this.

RECOMMENDED TO CABINET – That the content of the Treasury Management Outturn Report 2020/21 be noted.

AC.9 RISK MANAGEMENT ANNUAL REPORT 2020/21

The committee received a report from the Executive Director for Environment, Economy and Resources providing a summary of the developments relating to risk management and the Strategic Risk Register.

Councillor Harness asked whether training was being put in place. Mr Hamner confirmed that training would be implemented in the autumn.

Councillor Patrick asked why the operational risk register did not come

before the Audit and Governance Committee. Councillor Harness stated that he would talk to the Chair as to whether there was a need for the operational risk register to come to the Audit and Governance Committee.

RESOLVED – That the report be noted.

AC.10 GOVERNANCE AROUND SCRUTINY PROCESS

The committee received a briefing note from the Assistant Director Law, Governance and Assets on the governance around the scrutiny process.

Councillor Patrick explained how, historically, Members had been denied rights to certain information that would help them undertake their role as Elected Members. Mr Jones explained that Elected Members rights to accessing Council information was set out in the constitution.

Councillor Mickleburgh stated that sometimes they received papers late. He explained that it did not give them enough time to read them thoroughly before the meeting. Mr Jones stated that it was now included in the scrutiny protocol that papers must be sent out four working days before the meeting.

RESOLVED – That the briefing note be noted.

AC.11 CIPFA FINANCIAL MANAGEMENT CODE OF PRACTICE

The committee received a report from the Executive Director Environment, Economy and Resources, informing the committee of the CIPFA Financial Management Code and the council's current level of compliance against the expectations outlined within it.

Councillor Harness asked whether resources would be a challenge to achieve the expectations outlined in the report. Ms Wroot stated that it was always a challenge, but she believed that they currently would be able to achieve it.

RESOLVED – That the report be noted.

AC.12 EXTERNAL AUDIT PROGRESS AND TECHNICAL UPDATE

The committee received a report from the Council's External Auditor providing an overview of progress in delivering its responsibilities as our external auditors and highlighting the main technical issues which were currently having an impact in local government.

RESOLVED – That the report be noted.

AC.13 EXCLUSION OF PRESS AND PUBLIC

RESOLVED - That the press and public be requested to leave 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.14 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 10.28 a.m.