

**BROMSGROVE DISTRICT COUNCIL**

**MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE**

**18TH JANUARY 2018, AT 6.00 P.M.**

PRESENT: Councillors M. J. A. Webb (Chairman), S. R. Colella (Vice-Chairman),  
C. Allen-Jones, R. J. Laight, P. M. McDonald, S. R. Peters and  
M. Thompson

Observers: Mr. C. Scurrall, Richard D Percival and Councillor B. T.  
Cooper

Officers: Ms. J. Pickering, Mr. A. Bromage, Ms. C. Flanagan,  
Mr C. Forrester and Ms. J. Bayley

28/17 **APOLOGIES FOR ABSENCE AND NAMED SUBSTITUTES**

Apologies for absence were received on behalf of Councillors R. J.  
Deeming and P. L. Thomas.

The Chairman advised that Councillors C. Allen-Jones and R. J. Laight  
would be arriving late.

29/17 **DECLARATIONS OF INTEREST AND WHIPPING ARRANGEMENTS**

There were no declarations of interest nor of any whipping  
arrangements.

30/17 **TO CONFIRM THE ACCURACY OF THE MINUTES OF THE AUDIT,  
STANDARDS AND GOVERNANCE COMMITTEE MEETING HELD ON  
14TH SEPTEMBER 2017**

The minutes of the meeting of the Audit, Standards and Governance  
Committee held on 14<sup>th</sup> September 2017 were submitted.

The Chairman noted that at the previous meeting of the Committee  
reference had been made to a weakness in relation to the submission of  
the pension returns to Worcestershire County Council and Officers had  
advised that this was a system condition with the payroll system which  
was being addressed. It was confirmed that since the previous meeting  
deadlines were being met, though problems with the payroll software  
were still being addressed.

**RESOLVED** that the minutes of the meeting of the Audit, Standards and  
Governance Committee held on 14<sup>th</sup> September 2017 be approved as a  
correct record.

31/17

## **STANDARDS REGIME - MONITORING OFFICERS' REPORT**

The Deputy Monitoring Officer presented the Monitoring Officer's report and in so doing highlighted the progress that had been achieved with two complaints about Parish Councillors since the last meeting of the Committee, both of which had concluded. Following the previous meeting one formal complaint had been received (district Member to Member) as well as a couple of general enquiries which had not yet resulted in formal complaints. A number of training sessions had been delivered since the previous meeting, though no further training sessions were anticipated for the remainder of the municipal year.

Following the presentation of the report Members discussed the support provided by the Monitoring Officer with regard to complaints involving Parish Councillors and questions were raised about the potential to charge Parish Councils for this support. The Committee was advised that under the Localism Act 2011 the Monitoring Officer of the local district Council had responsibility to handle standards arrangements in respect of Parish Councillors. It was agreed that Members comments in respect of this matter should be reported for the consideration of the Monitoring Officer and a verbal update on this subject, covering the length of time spent on complaints against Parish Councillors, was requested for this item at the following meeting of the Committee.

During consideration of this item Members discussed the process that needed to be followed when reporting complaints about a Parish Council and the differences between this and complaints about a Parish Councillor. Officers advised that the Monitoring Officer's role was in relation to complaints about individual Parish Councillors. Any concerns in relation to a Parish Council could be reported and discussed at County Association of Local councils (CALC) meetings.

**RESOLVED** that the report be noted.

32/17

## **DISPENSATION REPORT**

The Committee considered an application from Councillor C. Hotham for a Dispensation under Section 33 of the Localism Act 2011 to enable him to participate in and vote at meetings of the Worcestershire Health Overview and Scrutiny Committee (HOSC) on behalf of the Council. This request had been made due to Councillor Hotham's Disclosable Pecuniary Interest arising from his spouse's employment as a GP and Partner in the New Road Doctor's Surgery in Bromsgrove.

Members discussed the request and noted that whilst reference was made in the report to his spouse's position no information had been provided in respect of Councillor Hotham's individual employment. It was noted that in Councillor Hotham's register of interests on the Council's website reference was made to his employment as a business advisor to a GP's Practice and Members suggested that this might also be an interest for which a dispensation would be required to participate

in Worcestershire HOSC meetings. In this context Members concurred that it would not be appropriate to make a decision about this dispensation at this stage until further information was available.

**RESOLVED** that the Member Dispensation Request be reconsidered at the following meeting of the Committee.

33/17

### **ANNUAL AUDIT LETTER REPORT**

Richard Percival, from Grant Thornton, presented the Annual Audit Letter Report which summarised the key findings from work carried out at the Council up to 31<sup>st</sup> March 2017. The report reflected the audit opinion that had been reported to the Committee in September 2017. Unqualified opinions had been given for the accounts and a qualified opinion had been given on the Value for Money (vfm) judgement. It was anticipated that the process for finalising the accounts would be more challenging in 2018 as the Government had moved forward the deadline for local authorities.

The Executive Director of Finance and Corporate Resources confirmed that the deadline of July 2018 for the close down of the accounts was a concern for most local authorities. The Council was working with CIPFA on the big red button in an attempt to streamline processes. The chief Accountant was shortly due to go on maternity leave. To ensure that the Council could settle their accounts in this context additional skilled support had been obtained for the Financial Services team. In a context in which the system for finalising the accounts was changing Officers were keen to keep Members informed about the Council's progress in respect of this matter. The Executive Director of Finance and Corporate Resources therefore proposed to provide an update at every meeting of the Committee on the position that had been reached with the Council's accounts.

Following presentation of the report Members briefly discussed the a number of points in detail:

- The potential impact that the liquidation of Carillion might have on local government finances. The Committee was advised that the Council had had no contracts with Carillion.
- The availability of sufficient resources to enable the Council to finalise their accounts by the new deadline of July 2018. Officers confirmed that there were systems in place which would identify any potential barriers, which would be raised at a meeting of the Corporate Management Team where necessary.
- The risks to the Council's finances posed by the negative grant position. Members were advised that this would be taken into account by the auditors when considering the Council's Medium Term Financial Plan.
- The Council's Risk Management Strategy and the extent to which this enabled the authority to effectively manage risks. Members were advised that Grant Thornton had assessed the Council's

Annual Governance Statement and were satisfied that risks were being addressed.

- The surplus that had been achieved in 2016/17 in the Council's budget and action that could be taken to avoid this in future. Members were advised that any surplus was reviewed as part of the vfm assessment.
- The focus of the external auditors on the Council's financial management arrangements, including savings plans and reserve levels.
- The need for the Council to undertake more action in respect of forecasting. Members were advised that Heads of Service were reviewing budgets in an attempt to improve this.

**RESOLVED that the Annual Audit Letter 2016/17 be noted.**

34/17

### **INTERNAL AUDIT MONITORING REPORT**

The Head of the Internal Audit Shared Service presented the Internal Audit Monitoring Report and in so doing noted that this had been written on 31<sup>st</sup> December 2017 and there had been a few developments since then. There were a number of summary reviews provided for information, with the assurance for these reviews varying from moderate to significant. There were also a couple of high priority recommendations, one of which had been resolved. All high and medium priority recommendations were followed up to ensure that action was taken by relevant officers.

Following presentation of the report Members discussed a number of matters in detail:

- The action that would be taken in respect of recommendations from Internal Audit and the extent to which this action would be reported back to Committee. Officers confirmed that reports on progress with these would be provided to the Committee on an ongoing basis.
- The provision of services to customers for land charges prior to payment and the extent to which this approach to service delivery was appropriate. The Committee was advised that this would be raised with the appropriate lead officer.
- The production of action plans to accompany the implementation of all recommendations from Internal Audit, regardless of whether these were considered to be high, medium or low priority.
- The arrangement by which any recommendations that were not implemented by the deadline provided to officers would automatically be reported to Committee.
- The potential for an example action plan to be provided for Members' consideration in a future agenda pack.
- The legislative changes in respect of data protection that were due to come into effect in May 2018 and the implications for the Council. The Committee was advised that the Head of Business

Transformation and Organisational Development had an action plan which addressed all of the key areas raised in this legislation.

- The level of assurance that could be achieved through the audit process. Officers confirmed that it was rare for Councils to achieve full assurance in the audit process.

**RESOLVED that the report be noted.**

35/17

**PROVISIONAL AUDIT PLAN REPORT 2018/19**

The Head of the Internal Audit Shared Service presented the provisional Audit Plan Report 2018/19. During the presentation of this report a number of key points were highlighted for Members' consideration:

- The provisional Audit Plan had been formulated in a slightly different way to previous years. The content was being linked to the Council's strategic purposes.
- In previous years the plan was structured over a 12 month period and this was followed without variation. The new plan was designed to be more flexible and to respond to changing circumstances.
- The plan covered a period of 230 days and the Internal Audit team would be keen to focus on higher priority areas.
- The plan provided a breakdown of audit arrangements across Bromsgrove and Redditch. There might be more of a focus on one Council over another depending on where the demand was for services.
- Bromsgrove and Redditch had separate budgets which were used to pay for their internal audits.
- Priority areas were determined by the Internal Audit team in consultation with the Section 151 Officer and the Strategic Management Team (SMT).
- The Internal Audit team also took into account the content of the Corporate Risk Register and information highlighted in reports from the external auditors when producing the audit plan.

Following further debate the Committee

**RESOLVED** that the report be noted.

36/17

**S11 MONITORING REPORT**

The Executive Director of Finance and Corporate Resources presented the Section 11 Monitoring Report for the Committee's consideration. This report addressed a number of the recommendations arising from the review of the 2015/16 accounts. Whilst some of these recommendations had already been addressed there were a few areas that remained outstanding. The Council had been advised to undertake detailed budget preparations on sound assumptions, with robust business cases being prepared where appropriate. It had also been suggested that the approach to reviewing fees and charges should be

amended to enable cost recovery for service delivery. The report had subsequently been amended for the fees and charges in 2018/19 to ensure that fees did not simply increase by a standard 3.9 per cent. Finally, further work needed to be undertaken in respect of ensuring that accurate forecasts were included in the Medium Term Financial Plan moving forward.

**RESOLVED** that the content of the Action Plan for the S11 update be noted.

37/17

### **SAVINGS MONITORING REPORT**

The Executive Director of Finance and Corporate Resources presented the Financial Savings Monitoring Report for the third quarter of 2017/18. The report had been introduced following suggestions from the Council's external auditors that this should be monitored. It was important to clarify within the report whether the savings that were achieved were the same as or different to those which had been anticipated in the Council's Medium Term Financial Plan.

The Council's Efficiency Plan had been agreed in October 2016, five months before the budget had been set for the following four years. The Council was projected to achieve approximately £220,000 more in savings in 2017/18 than had been anticipated in the plan. There were a number of key areas that differed from the proposals detailed in the Efficiency Plan:

- The savings derived from the introduction of the new leisure centre would be achieved in 2018/19 rather than in 2017/18 as had been expected.
- The Acquisition and Investment Strategy had only been approved in September 2017 and no projects had yet been delivered in line with this policy.
- There had been an assumption that there would be an increase of £50,000 in business rates during the year. Unfortunately this had not been achieved and there was a concern that if the Government reset the baseline any funds arising from business rate growth would be lost.

Members discussed the report in detail and questioned whether the conditions that had been imposed in respect of the Acquisition and Investment Strategy were preventing the Council from pursuing potential opportunities. Officers clarified that the net rate of return was only 1.25 per cent which was relatively low. Therefore it was considered expedient for the Council to only investigate projects further where the associated risks were likely to be low. However, Officers did not consider the criteria to be too restrictive. The North Worcestershire Economic Development Unit (NWEDR) had the expertise to identify potential opportunities, assisted by a model developed by KPMG.

The Committee also briefly discussed the contracts secured by Lifeline and concerns were expressed that the income arising from this might be allocated to Redditch where the service was based. However, Members were assured that this was Bromsgrove District Council's income and would be retained by the local authority.

**RESOLVED** that the financial position for savings as presented in the report and Appendix 1 be noted.

38/17

**RISK MANAGEMENT STRATEGY 2018/19**

The Executive Director of Finance and Corporate Resources presented the refreshed Risk Management Strategy for the Council. Members were advised that in reviewing the strategy Officers liaised with the Council's insurance providers, Zurich Municipal.

There were Departmental Risk Registers for every service at the Council. Any areas of concern at a departmental level were added to the Corporate Risk Register. This Corporate Risk Register was reviewed and presented for the consideration of the Corporate Management Team on a quarterly basis. The document would also be presented for Members' consideration at meeting of the Audit, Standards and Governance Committee.

**RESOLVED** that the content of the Risk Management Strategy be noted.

39/17

**RISK CHAMPION - VERBAL UPDATE REPORT (COUNCILLOR P. THOMAS) AND APPOINTMENT OF NEW CHAMPION**

In the absence of Councillor Thomas the Chairman advised that there was no update for this meeting as the Committee had already considered the Risk Management Strategy.

Councillor Thomas was serving as Risk Champion for a second year. Whilst he was willing to continue in this role he was also keen to provide other Members of the Committee with an opportunity to become risk champion. However, following a brief discussion Members agreed that Councillor Thomas should remain the Risk Champion for the rest of the municipal year.

40/17

**AUDIT, STANDARDS AND GOVERNANCE COMMITTEE WORK PROGRAMME**

Members considered the content of the Committee's Work Programme and noted that the next meeting would take place on 15<sup>th</sup> March 2018.

The meeting closed at 7.25 p.m.

Chairman