

**BRECKLAND COUNCIL**

**At a Meeting of the**

**GOVERNANCE & AUDIT COMMITTEE**

**Held on Thursday, 25 July 2019 at 10.00 am in  
Norfolk Room, Conference Suite, Elizabeth House, Dereham**

**PRESENT**

Mr W.P. Borrett (Chairman)	Mrs J. James
Mr R.G. Kybird (Vice-Chairman)	Mrs L.H. Monument
Mr H. E. J. Clarke	Mr R.W. Duffield (Substitute Member)
	Mr J Plaskett (Independent Lay Advisor)

**Also Present**

Mr J.P. Cowen	Mr T. Birt
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**In Attendance**

Ross Bangs	- Corporate Innovation, Change & Performance Manager (shared)
Alison Chubbock	- Chief Accountant (Deputy Section 151 Officer) (BDC)
Mark Hodgson	- Lead Audit Partner
Rory Ringer	- Democratic Services Manager
Mark Stinson	- Executive Manager Governance (Deputy Monitoring Officer)
Julie Britton	- Democratic Services Officer

**36/19 MINUTES (AGENDA ITEM 1)**

The Minutes of the meeting held on 5 June 2019 were confirmed as a correct record and signed by the Chairman.

**37/19 ACTIONS ARISING FROM THE MINUTES (IF ANY) (STANDING ITEM) (AGENDA ITEM 2)**

Under Minute No. 32/19, Councillor James asked if a response had been received to Councillor Kybird's question in relation to the Constitution review.

The Chairman, Councillor Borrett advised that he had been informed that such a review was not under the Governance & Audit Committee's remit; however, he would be happy to put this question to the Executive Member.

The Vice-Chairman, Councillor Kybird felt that there should be a specialist sub-group set up to look at the list of responsibilities under each Committee.

It was agreed that a Legal Officer attends a future meeting to discuss this matter further<1>.

**38/19 APOLOGIES (AGENDA ITEM 3)**

An apology for absence was received from Councillor Grey. Councillor Duffield was in attendance as her substitute.

**Action By**

Mark  
Stinson

**Action By**

**39/19 URGENT BUSINESS (AGENDA ITEM 4)**

None.

**40/19 DECLARATION OF INTERESTS (AGENDA ITEM 5)**

None declared.

**41/19 NON-MEMBERS WISHING TO ADDRESS THE MEETING (AGENDA ITEM 6)**

Councillor Birt was in attendance to observe the meeting.

**42/19 TRAINING (STANDING ITEM) (AGENDA ITEM 7)**

Both the Vice-Chairman and Councillor James had attended the training held at the Broads Authority on 11 June 2019 and recommended the training to the remaining Committee Members who had not been able to attend.

The Chairman stated that Members would be informed if the training was repeated. Councillor Birt had also attended the aforementioned training session and felt that it could have included more detail.

**43/19 Q1 STRATEGIC RISK REPORT (AGENDA ITEM 8)**

At this point of the meeting the Chairman read aloud the exclusion of press and public paragraph under Agenda item 15 to enable the Capita Risk report at Agenda item 16 to be discussed.

Councillor Birt then queried the exclusion paragraph under Agenda item 15. The proposal was explained and it was agreed that this matter would be clarified with a Legal Officer who would be attending the meeting for Agenda item 12.

**RESOLVED** that under Section 100(A) (4) of the Local Government Act 1972, the press and the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as contained in paragraph 3 of Part 1 of Schedule 12A to the Act.

The Corporate Innovation, Change & Performance Manager presented the status of the Council's 14 strategic risks as of the end of quarter 1 19/20.

He apologised for an error on the heat map matrix as the risk relating to ICT security had been reduced from a high risk to a medium risk.

The risk relating to the Council's ability to maximise income from its asset portfolio remained static.

Referring to the risk report on page 19 of the agenda pack in relation to the impact of the Homelessness Reduction Act, Members were informed that the Team were still facing sustained levels of unprecedented demand and the findings and action plan from the review of the Housing Service facilitated by the LGA were still on-going.

	<u>Action By</u>
<p>The Vice-Chairman pointed out that the Overview &amp; Scrutiny Commission was well aware of this issue and had added Housing to its work programme for a future meeting.</p>	
<p>Referring to page 21 of the agenda pack, Members were made aware that there had been a sharp increase to the Council's turnover rate; however, following a trend analysis being carried out it had been found that there was no cause for concern.</p>	
<p>It was noted that the risk report had been reviewed by relevant Directors.</p>	
<p>Councillor James for the sharp increase to staff recruitment and retention to be explained. Members were informed that this was a seasonal occurrence and was not exclusive to local authorities.</p>	
<p>In response to a question, Members were informed that short term contracts were featured in the performance measures.</p>	
<p>Mr Plaskett felt that the rating for the homelessness target would be difficult to reduce and did not believe that the target set would be met.</p>	
<p>In response, the Corporate Innovation, Change &amp; Performance Manager completely agreed. There was no quick fix and this had already been included on the aforementioned Action Plan.</p>	Ross Bangs
<p>The Vice-Chairman felt that part of the solution to the investment asset portfolio was the development of the property in Thetford. Members were informed that this risk had an impact on the Council's ability to reduce homelessness.</p>	
<p>It was therefore agreed that the target date should be changed from 31 October 19 to 31 March 2020.</p>	Ross Bangs
<p>On page 20 of the agenda pack, under Contracts Monitoring, it was agreed that the target date be changed from 31 July 2019 to 31 December 2019 to take account of the pending Brexit result.</p>	Ross Bangs
<p>Mr Plaskett said that he would be reluctant to remove the ICT security breach risk anytime soon. The Chairman felt that the Team should be congratulated as given the length of time it had been on the risk register the current risk score had never changed.</p>	
<p>The critical risk for staff recruitment would be removed but would remain as an operational risk. The Chairman asked that the Operational Risk Register be brought to a future Governance &amp; Audit Committee meeting. It was agreed that this would be brought forward in Q2.</p>	Ross Bangs
<p>Mr Plaskett felt that risks should move from red to amber then green before it was removed from the critical risk register. The Corporate Innovation, Change &amp; Performance Manager agreed and would take this suggestion forward.</p>	Ross Bangs
<p>An informal resolution was then proposed and agreed that a risk must not be removed in its entirety until the risk score was green.</p>	

	<u>Action By</u>
Councillor Monument asked if the ICT risk could be reduced to 2. Members were informed that this had to remain on the register due to the constant evolution of this risk.	
It was agreed that the target date for the Medium Term Financial Plan on page 22 of the agenda pack would be moved to end of December 2019.	Ross Bangs
It was further agreed that risk under failure to deliver the Council's Corporate Priorities would be removed.	Ross Bangs
Due to it achieving its target date, it was agreed that the risk relating to impact of County Council budget reductions would be moved from a critical risk to an operational risk.	Ross Bangs
The Capita Service risk would remain Councillor Clarke asked if the time scale for the comments received from the Planning Inspector in relation to the Local Plan were reflected in the target score. Members were informed that this information would be reported back to the next Governance & Audit Committee meeting.	Ross Bangs
Referring to the General Data Protection Regulations implementation, the Vice-Chairman reported that all Members had been asked to participate in an on-line test and further asked if this training would reduce the risk. Councillor Birt said that he was not aware of such a test. In response to concerns about whether the training had been offered to all Members, the Corporate Innovation, Change & Performance Manager said that he would discuss the matter with Kirsty Mallett, the Information Governance Officer.	Ross Bangs/ Kirsty Mallett
Subject to the aforementioned amendments and recommendations, the contents of the report were otherwise noted.	
<b>44/19 <u>AUDIT RESULTS REPORT (AGENDA ITEM 9)</u></b>	
Referring to the query in respect of the exclusion of press and public paragraph, Mark Hodgson, the External Auditor for Ernst & Young advised that the paragraph number used was, in fact, incorrect. It was agreed that this matter would be picked up with Mark Stinson, the Council's Executive Manager for Governance.	
The report summarised the preliminary audit conclusion in relation to the audit of Breckland Council 2018/19.	
Key findings from the 2018/19 audit and the areas of work that had been covered were explained in great detail by the Audit Partner. He updated the Committee on the status of the audit and the results of procedures completed since the date of the report. In summary, there were no further issues to bring to the Committee's attention. As a result, an unqualified audit opinion on the financial statements was proposed subject to the completion of the remaining outstanding items. However, the Partner had noted, that as they had audited and reported against the significant audit risks, there was a low risk of any material amendments being required.	
The Finance Team were thanked for their unprecedented cooperation.	
Referring to the draft financial Statements, Members were informed that	

**Action By**

the materiality assessment level had been updated to £1.4million.

Members' attention was then drawn to page 38 of the Agenda pack, the Pension Liability Valuation where it was explained that estimates and other audit changes from the pension scheme audit had increased the pension liability by £925k. The audited Statement of Accounts had been adjusted accordingly; however, this increase could have implications on the budget going forward.

The CIPFA Code of Practice on local authority accounting (the Code) required the Council to comply with the requirements of two new accounting standards for 2018/19 new accounting standards highlighted on page 39 of the agenda pack could give rise to changes to the accounts in future.

Councillor Cowen, the Executive Member for Finance & Growth thanked the External Auditor for all his hard work.

The External Auditor drew attention to the Value for Money graph on page 50 of the agenda pack as he felt that this would be useful for Members as it was his pessimistic view of what could happen in the next few years. The Chairman felt that the VFM graph was quite positive and financially robust.

In response to a question about non-domestic rate retention, Members were informed that this had not been included due to the uncertainty of future funding levels

The recommendations had been amended accordingly to take account of the completed audit.

Subject to further testing on the remaining outstanding items; it was:

**RESOLVED** that the Audit Results report be noted.

**45/19 AUDITED FINANCIAL STATEMENTS 2018-19 (AGENDA ITEM 10)**

Alison Chubbock, the Chief Accountant presented the audited Statement of Accounts 2018-19.

Members were informed that except for an increase in the pension liability from £51,177k to £52,252k (as mentioned in the previous agenda item) only a small number of minor changes had been made to the Statement of Accounts.

Attention was drawn to the recommendations that had been amended to take account of the completed audit. The Chairman suggested that additional wording should be added to the second recommendation, to read:

“delegated authority be given to the S151 Officer in conjunction with the Chairman of the Governance & Audit Committee to approve any further amendments to the Statement of Accounts 2018-19” .

Councillor Duffield did not support the second recommendation in its entirety as he felt that any further amendments should not be delegated.

**Action By**

The Chief Accountant assured Members that there should not be any additional major amendments.

Referring to the pension reserves on page 87 of the agenda pack, Mr Plaskett asked if the narrative had been changed. Members were informed that the narrative had changed to reflect the £925k - the pension liability had been the only change to the numbers within the accounts.

The Vice-Chairman queried the Heritage Assets on page 107 of the agenda pack. He had noticed that the Ancient House Museum had not been included even though Breckland Council paid the insurance on it. He asked the Chief Accountant to find out if Breckland owned the building as Norfolk County Council did not believe it belonged to them. Members were informed that Ancient House came under White Hart Street on the Asset Register but did not meet the accounting criteria to be classed as a heritage asset, so was included in the accounts under property.

**RESOLVED** that:

- 1)
  - a) the Statement of Accounts 2018-19 be approved;
  - b) the Annual Governance Statement (AGS) 2018-19 be approved;  
and
  - c) the letter of representation 2018-19 be approved.
- 2) delegated authority be given to the Chairman of the Governance & Audit Committee in conjunction with the S151 Officer to approve any further amendments to the Statement of Accounts 2018-19.

**46/19 TREASURY MANAGEMENT OUT-TURN 2018-19 (AGENDA ITEM 11)**

The Chief Accountant presented the annual report.

Attention was drawn to section 2 of the report on page 189 of the agenda pack where it highlighted the overall treasury position as at 31 March 2019. It was noted that no borrowing had been undertaken for capital purposes and the statutory borrowing limit had not been breached.

An update from Link Asset Services, the Councils Treasury Management Advisors, on the economy and interest rates had been attached at Appendix A, for information purposes.

Attention was then drawn to the table at section 2 of the report and the table at section 2.2 of Appendix B which showed £3m less than the estimate at the start of the year due to delays in the capital programme spend and this had an impact on the investment balances held.

The Chairman felt that zero borrowing was quite an unusual position for a local authority to be in - a positive for Breckland Council.

In response to a question, Members were informed that the acronym HRA stood for Housing Revenue Account.

Councillor Duffield asked if there was much money remaining in the Icelandic Accounts. The Chief Accountant advised that only one bank remained with only £30k outstanding with 5% to 6% interest being paid.

**Action By**

Mr Plaskett thanked the Chief Accountant for an excellent report.

**RESOLVED** that:

- 1) the Treasury Management stewardship report for 2018/19 at Appendix B and Appendix C be noted; and

**RECOMMEND** to Council that:

- 2) the actual 2018/19 prudential indicators be approved.

**47/19 ANNUAL REPORT ON STANDARDS ARRANGEMENTS (AGENDA ITEM 12)**

Rory Ringer, the Democratic Services Manager presented the 6<sup>th</sup> annual report since the new regime came into effect in July 2012.

Further detail was provided on the nature of the complaints and the status of these complaints since March 2019.

In response to a concern, it was noted that the 10 complaints for 2017-18 had been dealt with and there were 3 new ones for 2018-19.

The report was otherwise noted.

**48/19 WORK PROGRAMME (AGENDA ITEM 13)**

It was agreed the following items be added to the Work Programme:

- Constitution (Governance & Audit Committee - Terms of Reference/delegations) – for the October meeting
- Review of Standards Arrangements – for the December meeting

MStinson/  
RRinger/  
SWS

**49/19 NEXT MEETING (AGENDA ITEM 14)**

The arrangements for the next meeting on Thursday, 3 October 2019 at 10am in the Norfolk Room were noted.

**50/19 EXCLUSION OF PRESS AND PUBLIC (AGENDA ITEM 15)**

See Minute No. 43/19 above.

**51/19 Q1 STRATEGIC RISK REPORT (AGENDA ITEM 16)**

See Minute No. 43/19 above.

**Member Training: Dealing with Standards Cases**

Following the meeting a training session took place facilitated by Mark Stinson, the Executive Manager for Governance and Rory Ringer, the Democratic Services Manager.

The meeting closed at 11.25 am

CHAIRMAN