

BRECKLAND COUNCIL

At a Meeting of the

GOVERNANCE AND AUDIT COMMITTEE

**Held on Thursday, 2 December 2021 at 10.00 am in the
The Breckland Conference Centre, Anglia Room, Elizabeth House, Walpole Loke,
Dereham, NR19 1EE**

PRESENT

Cllr Bill Borrett (Chairman)
Cllr Harry Clarke
Cllr Jane James
Cllr Linda Monument

ALSO PRESENT

Cllr Timothy Birt
Cllr Philip Morton
Cllr Mark Robinson
Cllr Sarah Suggitt

In Attendance

Alison Chubbock	- Assistant Director Finance (Section 151 Officer)
Faye Haywood	- Head of Internal Audit
Stephen James	- Executive Director
Ryan Pack	- Innovation and Change Business Partner
Sarah Wolstenholme-Smy	- Legal Services Manager (Deputy Monitoring Officer)
Teresa Smith	- Democratic Services Team Leader

Action By

63/21 INTRODUCTIONS

The Chairman welcomed the new Lay Member, David Fowler to the Committee, and Members and Officers introduced themselves.

Mr Fowler thanked everyone for the warm welcome. Mr Fowler said that he had worked in Local Authorities for a number of years and was a planner by background and was looking forward to working with Breckland Council and the Governance and Audit Committee.

64/21 MINUTES

Councillor Monument requested that the following amendments be made:

Minute ref: 57/21 – follow up report on Internal Audit Recommendations (Para 10; line 8) should read ‘...agreements coming through with a number not actually complying with ...’

Action By

Minute ref: 59/21 – 2020/21 Audit results Report (para 15; last line) should read ‘...signing and did not detract from the publication requirements.’

Subject to the above amendments, the minutes of the meeting held on 30 September 2021 were agreed.

65/21 ACTIONS ARISING FROM THE MINUTES (IF ANY) (STANDING ITEM)

None.

66/21 APOLOGIES

An apology for absence was received from Councillor Kybird.

67/21 URGENT BUSINESS

None.

68/21 DECLARATION OF INTERESTS

None.

69/21 NON-MEMBERS WISHING TO ADDRESS THE MEETING

The Chairman welcomed all non-members present to the meeting.

70/21 TRAINING (STANDING ITEM)

Members had appreciated the Treasury Management training that took place on 14 October and felt it had been very beneficial.

71/21 CONSTITUTION - PROPOSED VARIATIONS

Councillor Robinson, the Executive Member for Customer, Digital and Performance presented the report that considered variations to the Constitution. Section 151 Officer has a very high workload and generally appoints a Deputy to assist. It is proposed that the constitution is amended to allow delegation of the S151 functions and will cover the exercise of the functions in all situations and not when the S151 Officer is absent.

Full Council meetings are lengthening due to the number and complexity of questions asked by members to both the Leader, cabinet members and supplemental questions on notice. It is proposed that all of these are now combined into one item in the Council agenda and to limit the time to a period of 30 minutes. The order of who can ask the questions will remain.

Members at committees and sub-committees may requisition a recorded vote, but the Constitution is not clear about how many members need to support that requisition. It is proposed that the

Action By

calculation will be the same as the quorate figure for that particular committee.

It is proposed that the delegation to the S151 officer be amended to include the power to write off debts in accordance with the debt recovery policy which has already been approved, and also be able to dispose of obsolete stores or equipment.

It is proposed that Chief Officers are authorised to make payments of compensation in connection with complaints to a maximum of £10,000 subject to agreement with the monitoring officer and appropriate cabinet member/chair of committee and to inform OSC. Currently any payments over £1000 are submitted to Council for approval.

Councillor James questioned why the figure of compensation had risen from £1000 to £10000 and what calculations had been used to reach that figure.

It was also noted that changes should be made to reflect the policy of the Council to ensure that the Constitution was updated to future proof and ensure it remained gender neutral.

Councillor Monument asked if Paragraph 10 (d) of Part 3 Section F1 be re-worded to say 'The Section 151 Officer shall in all instances ensure that where there is a conflict of interest in relation to any matter detailed in paragraph (c) above the matter is dealt with by the duly appointed Deputy (remove reference to they s/he).

Councillor Birt also queried if there had ever been a report submitted to full Council to authorise payments of compensation in connection with complaints over the £1000 threshold. He also questioned if it should be reported to a committee if any amounts were to be paid.

Members heard that the £10000 limit had been set as it was in line with the insurance excess limits already in place. Councillor Monument recalled that there had not been a report to full council in over 20-years that had related to payments over the £1000 threshold.

Councillor Clarke asked if the proposals for the role of the S151 Officer had been proposed in line with the Local Government Act. He went on to ask if the proposed changes to the questions without notice at full Council would allow for questions following the Leaders report, and if there would be discretion for the Chairman of the meeting to agree that if there was an urgent or contentious item, the Chairman could vary the amount of time spent in answering a question.

The Legal Services Manager confirmed that the proposed changes to the S151 Officer were in accordance with relevant

Action By

legislation. It was also confirmed that Standing Order 54 would allow the Chairman to suspend any Standing Order and would therefore allow for an increase in time.

The Chairman added that it would also fit with the Chairman's discretion and if it was felt that more time would be needed then it would be seen as fair.

Mr Fowler asked if there was any clarification on where the compensation payments would be made and if it would be reported to full Council. The Legal Services Manager confirmed that the Overview and Scrutiny Commission would be informed and therefore this would be dealt with in the minutes that would also be presented to full Council.

Councillor Morton asked what level of debt write off a Deputy S151 Officer would have, and if this would be reported. The Legal Services Manager said that each case was assessed on its own merits. The Assistant Director of Finance added that debt write-offs were not reported as they tended to be of small value.

The Chairman suggested that it would be useful for the debt write-offs to be specifically recorded within the accounts and therefore would be brought to the attention of the Committee. It was requested that any write-offs of £10,000 or over would be specifically listed within the Treasury Management Report that would form an annual report.

RESOLVED to RECOMMEND TO FULL COUNCIL that:

- 1) In order to clarify those situations where the Section 151 Officer is able to appoint Deputies the Constitution be varied as shown in Appendix A of the report;
- 2) Part 3 Section F3 Paragraph (v)(g) (Delegations to the S151 Officer) of the Constitution be varied to read as follows:

“(g) power to write off debts in accordance with the approved debt recovery policy; and power to authorise disposal of obsolete stores or equipment subject to compliance with any requirements contained elsewhere within the Constitution.”
- 3) In order to ensure that full Council can undertake its business more efficiently Standing Orders no. 5 (Order of Business), no. 6 (Questions on Notice) and no. 7 (Questions Without Notice) be varied as shown in Appendix C of the report, and the variations be reviewed at the annual Council meeting in May 2023;
- 4) In relation to complaints:
 - (a) Item 1(h) of the terms of reference of full Council be varied to read as follows:

Action By

1(h) Payment or other benefits relating to complaints or findings of maladministration, other than minor payments/benefits of up to £10,000

- (b) Paragraph (j) of Part 3 Section F1 of the Constitution (Chief Officer general powers) be amended to read as follows:

(j) To authorise payments of compensation in connection with complaints (including those made to the Local Government Commissioner/ Ombudsman) of up to £10,000, subject to (i) the agreement of the Monitoring Officer and the appropriate Cabinet Member or Chairman of Committee and (ii) informing the Overview and Scrutiny Commission.

- 5) That in order to refer to recorded votes, Standing Order no. 39 (Voting in Committees and Sub-Committees) be varied as shown in Appendix D of the report.

72/21 APPOINTMENT OF EXTERNAL AUDITORS FROM 2023-24

The Assistant Director of Finance informed members that the existing external audit provision for Breckland was procured through Public Sector Audit Appointments Ltd (PSAA) for the period 2018-19 to 2022-23. PSAA were now undertaking a procurement for the next appointing period and had invited all eligible bodies to opt into the national process. Members were asked to consider the options for the external audit provision for the five-year period from 2023-24 to 2027-28 that were set out within the report.

The Chairman was aware that the supply of Auditors was restricted and personally felt minded to recommend the public procurement as felt there was a risk if the Council chose an alternative option.

Councillor Monument asked how long PSAA had been operating for. Members heard that the PSAA had been operating for a while and that the process of procurement last time had proven to be very simple and successful.

RESOLVED to RECOMMEND TO FULL COUNCIL:

- 1) That the Council accepts the Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors for five years from 1 April 2023.

73/21 AUDITOR'S ANNUAL REPORT - YEAR ENDED 31 MARCH 2021

The Assistant Director of Finance informed Members that the report had repeated much of what had been discussed at the

Action By

previous meeting, and that there were positive opinions on the financial statements, going concern, value for money and of the public interest report.

It was noted that there had been a recommendation within the report that suggested that any actions or issues reported within the Performance Board be incorporated into the appropriate risk register to ensure the overall governance and reporting of those key contracts. This was just in relation to the major contracts, not on general performance of the Council. However, information discussed within the Contracts Performance Boards would not be relevant to bring to the Governance and Audit Committee as it was an operational level. Any major performance issues would be picked up through the PI report to Overview & Scrutiny, which covered an element of the recommendation. It was proposed that a new risk be added to ensure that all contracts be managed effectively and a failure to manage those contracts would not mean the Council was working towards the Corporate Plan. Therefore, this would be added as a new strategic risk, and would be reported to the Commission in February 2022.

Ernst and Young would be informed that this would form part of the normal audit procedures.

Members noted the contents of the report.

74/21 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY UP TO 22 NOVEMBER 2021 IN RELATION TO THE COMPLETION OF THE ANNUAL INTERNAL AUDIT PLAN FOR 2021/22

The Head of Internal Audit, Faye Haywood presented the progress report on Internal Audit Activity up to 22 November 2021 in relation to the completion of the Annual Internal Audit Plan for 2021/2022.

It was highlighted that since the report to the Governance and Audit Committee in September 21, there had been a significant change to the Internal Audit Plan. The Private Sector Housing including the Disabled Facilities Grant audit was to be carried out in two parts with the first part culminating in a position statement and further detailed testing scheduled in Q4 to allow for changes to embed following the, recent Housing Services restructure and changes in the arrangements for sourcing contractors..

Mr Fowler asked how confident the 45 days of work would be completed before the end of December. The Head of Internal Audit confirmed that there had been a significant move on the work since the report had been published and was confident that the Quarter 3 results would be received.

RESOLVED that Members reviewed the progress of the Internal Audit Plan for 2021/22 in the period covered by the report.

Action By

75/21 FOLLOW UP REPORT ON INTERNAL AUDIT RECOMMENDATIONS

The Head of Internal Audit presented the report that provided Members with the position on the progress made by management in implementing agreed Internal Audit recommendations as at 22 November 2021. One important internal audit recommendation was reported as outstanding however the service area had informed that the recommendation had been completed. It was proposed that the recommendation be marked as completed following Internal Audit verification work.

Mr Fowler asked for clarification as priorities were listed as 'Important', but yet also listed as 1, 2 and 3 and asked for the definition of 'Important'. The Head of Internal Audit provided clarification and also said she would review the documents to include the priority level, rather than refer to numbers.

Members noted the contents of the report.

76/21 Q3 STRATEGIC RISK REPORT

The Executive Member for Customer, Digital and Performance presented the report that informed Members on the status of the Councils' strategic risks for Quarter 3. It was particularly highlighted that the Council continued to work with partners concerning the potential outcomes of the Governments Waste consultation. There was no detail with regard to the implementation or funding and therefore it was likely it would be broken into a separate strategic risk to the Council.

The Innovation and Change Business Partner added that whilst there was a cyber incident which was under investigation it was hoped more information would be shared at the next meeting. He also highlighted an error within the report that stated that there had not been any GDPR breaches; however, there had been breaches reported.

Councillor Clarke suggested that a strategic risk of delivering the Local Plan should be included that would allow the Governance and Audit Committee to monitor the timetable of progress and ensuring the Council delivered what Cabinet had agreed.

Members heard that it would be discussed at how the suggestion could be brought forward as a risk.

Mr Fowler added that when the report was discussed at Cabinet it had been identified as a key risk for not delivering the plan on time, and also suggested that recruitment should be included as a risk. He also asked why there was such a variance of the financial and budget impact with regards to waste consultation and if this would be a one-off consequence.

The Innovation and Change Business Partner said that until

Action By

further detail had been provided regarding the waste consultation, it was not clear what the financial burden would be; and therefore, a predicted figure was used. Recruitment formed part of an operational risk, and therefore the recruitment of specific planning consultants would fall under that category.

Councillor Birt had carried out comparisons from previous reports and raised that the likelihood impacts had not been set the same across the risks. He also felt that as Waste remained a most critical risk for the Council, that a separate agenda item should be brought forward to highlight what mitigations were important to the Council. Councillor Birt also asked for a definition of Raw Score.

The Innovation and Change Business Partner clarified that the Raw Score was defined as what would happen if the Council did nothing. He had also taken on board the comments made by Councillor Birt with regards to the Likelihood impacts and these would be reviewed.

Members noted the contents of the report.

77/21 TREASURY MANAGEMENT MID YEAR REPORT 2021-22

The Assistant Director for Finance presented the mid-year update on treasury activity to members. The report included an update from LINK advisors on the interest rate environment and advised progress against the Council's Capital position.

The Chairman added that inflation was out of the Council's control but asked if that was a material concern. Members heard that it was not of material concern for Treasury Management, however it would be reflected within the mid-term financial report and the budget report.

RESOLVED that the mid-year report and information on treasury activity be agreed.

78/21 TREASURY MANAGEMENT POLICY & STRATEGY 2022-23

The Assistant Director of Finance presented the report that outlined the Council's Prudential Indicators for 2022-23 to 2024-25 and the expected treasury operations for this period and requested approval of the Treasury Management Policy, Strategy, and Prudential Indicators for 2022-23 to 2024-25.

Members heard that the contract with the Council's external treasury management advisors, Link, had been extended until 31 March 2022. In the meantime, the procurement of a new advisory contract was underway, and Members would be updated on progress in due course.

In addition, CIPFA were consulting on the Treasury Management and Prudential codes and therefore the proposed policy did not include that information as it was not yet known and would be

Action By

referred to the Committee in March 2022 if required.

It was highlighted that the Council would be in a borrowing position for the first time in many years, but this could be funded through internal borrowing as we were paying back capital spend through revenue contributions.

The list of countries who had a sovereign rating of AA or higher had previously been updated by LINK to include Qatar and Abu Dhabi, and Members were asked to consider adding these back into the Council's list of investments (as the Committee had removed them previously).

Councillor Birt asked if there were any ethical standards on where to invest. Members heard that there were not any ethical standards in place, but that the LINK counterparty list had been based on finance factors. In addition, those countries listed as AAA did not always deal with small amounts and therefore it was unlikely that Breckland would be able to deal with all those counterparties on the list.

Councillor Monument asked what would happen if the Council's external treasury management advisors, Link, would not be extended past March 2022. The Assistant Director of Finance said that if there was a different advisor appointed, then they may hold a different list of ratings, in which case the Committee would be informed. However, in practice all advisors used similar guidance and limits.

Mr Fowler had noted that there had been a loan made to the Mid-Norfolk Railway Trust but asked if there had been a typographical mistake. The Assistant Director of Finance confirmed that the original loan had been £50,000 but that a balance of £5,000 remained outstanding.

RESOLVED to RECOMMEND to FULL COUNCIL:

- 1) That the Treasury Management Strategy 2022-23 to 2024-25 at **Appendix A** of the report is approved
- 2) That the Minimum Revenue Provision (MRP) statement contained within **Appendix A** of the report which sets out the Council's policy on MRP is approved
- 3) That the Prudential & Local Indicators and limits contained within **Appendix A** of the report (Tables 1-11) are approved
- 4) That the Investment Strategy 2022-23 (**Appendix B** of the report) and the detailed criteria included in **Appendix B1** of the report is approved
- 5) That the Treasury Management Policy at **Appendix B2** of the report is approved

79/21 WORK PROGRAMME

Members were asked to note that the Code of Conduct Standards

Action By

Review would come into force at the same time as the new Council would be elected in May 2023. An initial draught would be brought to the Committee towards the end of 2022 and onto Council in 2023. This would be added to the work programme.

It was also noted that the Internal Audit Plan for 2022/23 be added to the meeting in February 2022.

80/21 NEXT MEETING

The arrangements for the next meeting on Thursday 10 February, 2022 at 10.00am in the Anglia Room, The Conference Centre, Elizabeth House, Walpole Loke, Dereham were noted.

The meeting closed at 11.10 am

CHAIRMAN