

Minutes

Governance Committee



28th September 2016

Councillors	Present	Councillors	Present
M Dunn	Yes	Miss V Santomauro	Yes
J Elliott (Chairman)	Yes	Miss M Thorogood	Yes
J Goodman	Yes	R van Dulken	Yes
D Hufton-Rees	No		

Councillor P Schwier was also in attendance.

In attendance:

Lesley Day	Audit, Insurance and Fraud Manager
Chris Fleetham	Corporate Director
Tracey Headford	Performance and Improvement Manager
Alison Webb	Governance and Members Officer
Trevor Wilson	Head of Finance
Emma Wisbey	Governance and Member Manager

Jo Wardle	Ernst & Young LLP (External Auditors)
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14 **MINUTES**

DECISION: That the Minutes of the meeting of the Governance Committee held on 30th June 2016 be approved as a correct record and signed by the Chairman.

15 **PUBLIC QUESTION TIME**

INFORMATION: There were no questions asked, or statements made.

16 **DECLARATIONS OF INTEREST**

INFORMATION: There were no interests declared.

17 **FIRST QUARTER PERFORMANCE MANAGEMENT REPORT 2016-17**

INFORMATION: The Committee considered a Performance Management report for the First Quarter of 2016-17 (April to June 2016). This provided details of projects and performance indicators. The report included details of financial performance for the same period.

It was reported that three performance indicators had missed target by 5%. These related to the percentage of household waste sent for reuse, recycling and composting and the tonnage of residual waste not recycled; the percentage of the District on high speed broadband; and the time taken to process housing benefit claim changes.

In considering the financial performance report, it was noted that an overall positive variance of £204,000 (-1%) against the budget of £13.107million was forecast; it was expected that income would be overachieved by £98,000; and there was a projected net underspend of £106,000 on staffing and other expenditure.

In considering this Item, Members made reference to the Council's decision to stop collecting garden waste during the Winter months, which had led to some complaints from residents. This decision had been taken as part of the Council's budget proposals, and following public consultation. It was noted that the situation would be monitored and, if necessary, the Cabinet Member for Environment and Place would request the Council to reconsider the matter. Future performance management reports would be adjusted to take account of lower garden waste collection rates during the Winter months.

A Member queried whether arrangements could be made for waste collection facilities to be provided at locations across the District during the Winter to enable residents to dispose of their garden waste. It was agreed that this should be investigated.

Members of the Committee thanked Tracey Headford, Performance and Improvement Manager, for her report and congratulated the Council's staff on their performance and achievements.

DECISION: That the First Quarter Performance Management report for 2016-17 be received and noted.

18 **EMPTY HOMES UPDATE**

INFORMATION: At the last meeting of the Governance Committee, Members had requested additional information regarding the District's empty homes.

In response, a report was attached to the Agenda which provided information about why there were empty homes in the District; the number of empty homes; the work of the Council's Empty Homes Officer; and the action being taken to encourage home owners to bring empty properties back into use.

In discussing this Item, Members of the Committee queried whether planning legislation existed to secure the maintenance of empty Listed Buildings which had fallen into disrepair. It was agreed that this should be investigated.

DECISION: That the report be noted.

19 **KEY FINANCIAL INDICATORS – 31ST AUGUST 2016**

INFORMATION: Members considered a report on Key Financial Indicators which provided information on performance for the financial year to 31st August 2016.

DECISION: That the report on the Key Financial Indicators as at 31st August 2016 be accepted.

REASON FOR DECISION: To provide evidence that the Council adopts good practice in actively monitoring its financial performance and actively manages issues that may arise.

20 **INTERNAL AUDIT – ACTIVITY REPORT FOR THE PERIOD TO 8TH SEPTEMBER 2016**

INFORMATION: Consideration was given to a report on the details and outcomes of assignments undertaken by Internal Audit during the period 1st June 2016 to 8th September 2016.

The report included an update on reportable recommendations and it was noted that no applications had been made under the Regulation of Investigatory Powers Act during the stated period of time.

DECISION: That the Internal Audit activity report for the period 1st June 2016 to 8th September 2016 be accepted.

REASON FOR DECISION: To advise Members of the audit assignments completed for the period 1st June 2016 to 8th September 2016.

21 **STATEMENT OF ACCOUNTS 2015-16 AND THE EXTERNAL AUDITOR'S AUDIT RESULTS REPORT**

INFORMATION: Consideration was given to the Statement of Accounts 2015-16 and the External Auditor's Audit Results Report. The statutory deadline for publication of the audited accounts was 30th September 2016.

The Council's External Auditor, Ernst & Young LLP had commenced the audit of the accounts on 18th July 2016. The findings of the audit were set out in the Audit Results Report which was attached to the Agenda. The auditor had issued an unqualified opinion on the accounts and had requested the Council to provide a Letter of Representation to be signed by the Corporate Director and Chairman of the Governance Committee. Ms Jo Wardle, representing Ernst & Young, attended the meeting and spoke on this Item. Ms Wardle complimented the Council and its staff for their excellent work in preparing the accounts and their co-operation during the audit. In acknowledging this commendation, Members of the Committee congratulated staff within the Council's Finance Team on their work and the clarity of the Statement of Accounts.

A seminar for Members regarding the Statement of Accounts had been held on 8th September 2016. This had provided Members with a fuller explanation of the accounts and the various key statements and notes contained within them, and had given Members the opportunity to raise any queries. Members had found the event very beneficial. In response to a specific query, the Head of Finance invited Members to contact him should they wish to visit the Council Offices to experience work in the Finance Department on a daily basis.

DECISION:

- (1) That the External Auditor's Audit Results Report for the year ended 31st March 2016 be received and noted.
- (2) That the Corporate Director and the Chairman of the Governance Committee be authorised to certify the Letter of Representation as outlined in Appendix D to the External Auditor's report.
- (3) That the Council's Statement of Accounts 2015-16 be approved.

REASON FOR DECISION: To comply with the Audit and Accounts Regulations, Members are requested to approve the Council's Statement of Accounts having regard to the External Auditor's Audit Results Report.

22 TREASURY MANAGEMENT MID-YEAR REPORT 2016-17

INFORMATION: Consideration was given to the Treasury Management Mid-Year Report 2016-17.

DECISION: To **Recommend to Cabinet** acceptance of the Treasury Management Mid-Year Report 2016-17 prior to its submission to Full Council.

REASON FOR DECISION: The Council has adopted the CIPFA Code of Practice for Treasury Management in Public Services which requires that the Council receives at least one mid-year report on the treasury management function. This report is to be considered first by the Governance Committee in order to exercise its responsibility for scrutiny over treasury management activities. The report will then be considered by Cabinet before submission to Full Council with the benefit of any proposed changes, or comments of the Governance Committee.

23 FUTURE APPOINTMENT OF EXTERNAL AUDITORS

INFORMATION: Consideration was given to a report on arrangements for the future appointment of external auditors.

Members were advised that in accordance with the Local Audit and Accountability Act 2014, the responsibilities of the Audit Commission had ceased and transitional arrangements had been established for the appointment of external auditors and the setting of audit fees for all local government and National Health Service bodies in England. The Council's current external auditor is Ernst & Young LLP and the contract which includes the audit of the 2017-18 accounts is now managed by Public Sector Audit Appointments Limited (PSAA).

It was reported that when the current transitional arrangements end on 31st March 2018, the Council would move to the local appointment of its external auditor. There are three options available. These are: to make a stand-alone appointment and to establish an Auditor Panel with the whole, or a majority of its members being independent; to set up a Joint Auditor Panel/local joint procurement arrangements with other authorities with the whole, or a majority of the Panel's members being independent; or to opt-in to a Sector Led Body (SLB) which would be able to negotiate contracts with national firms in order to maximise opportunities for the

most economic and efficient procurement of external audit services for the whole sector. PSAA has been authorised to act as an 'appointing person' for auditor appointments to principal local government bodies and is working on the details of the arrangements required to award contracts to audit firms by June 2017.

The Council has until December 2017 to appoint an external auditor, but should have one of the three options in place by Spring 2017 to enable a contract negotiation process to be carried out during 2017.

DECISION: That it be **Recommended to Full Council** that the 'Opt-in to a Sector Led Body' option with Public Sector Audit Appointments Limited for the procurement of future external audit contracts be agreed.

REASON FOR DECISION: To inform Members of changes to the arrangements for appointing external auditors following the closure of the Audit Commission; the end of transitional arrangements at the conclusion of the 2017-18 audit; and the need to consider the options available and to put in place new arrangements in time to make a first appointment by 31st December 2017.

24 **REFERENCE FROM OVERVIEW AND SCRUTINY COMMITTEE MEETING OF 8TH JUNE 2016**

INFORMATION: At the Overview and Scrutiny Committee meeting held on 8th June 2016 consideration had been given to that Committee's Annual Work Programme for 2016-18. One of the topics put forward for inclusion in the Programme related to Braintree District Council's long-term and short-term investment policy 2016-17. The topic had been suggested in recognition of a previous Members' seminar presented by the Council's treasury management advisors Arlingclose, which had provided information about investments. The Overview and Scrutiny Committee had decided not to include the topic within its work programme, but had referred the proposal to the Governance Committee.

Members were reminded that the Governance Committee had responsibility for considering the Council's draft Treasury Management Strategy including the investment policy for the ensuing year; and year-end and mid-year Treasury Management reports.

It was agreed that it would be beneficial to hold another seminar for Members to enable Arlingclose to provide information on current investment and treasury management issues, challenges and risks.

DECISION: That a seminar be arranged to enable the Council's treasury management advisors Arlingclose to provide Members' with information on long-term and short-term investments, and current treasury management issues, challenges and risks.

REASON FOR DECISION: To determine a reference to the Governance Committee from the Overview and Scrutiny Committee.

25 **FORWARD LOOK – TWELVE MONTHS TO SEPTEMBER 2017**

INFORMATION: Consideration was given to a schedule of routine audit and accounts reports and annual governance reports which would be presented to the

Governance Committee during the forthcoming 12 months. Ad-hoc reports would be presented to the Committee as required.

DECISION: That the Governance Committee report schedule for the next 12 month period be noted.

REASON FOR DECISION: To agree the work and reports to be undertaken by and presented to the Governance Committee over the coming 12 months.

The meeting commenced at 7.15pm and closed at 8.49pm.

Councillor J Elliott
(Chairman)