

Minutes

Governance Committee



19th September 2012

Councillors	Present	Councillors	Present
S Canning	Yes	D M Reid	Apologies
M C M Lager (Chairman)	Yes	D E A Rice	Yes (until 9.20pm)
D J Louis	Yes	V Santomauro	Yes
J M Money	Yes	C M Thompson	Apologies

In attendance:

Chris Fleetham	Corporate Director
Trevor Wilson	Head of Finance
Phil Myers	Financial Services Manager
Cherie Root	Head of Business Solutions
Vicki Stevens	Assistant Chief Executive
David Eagles	PKF (External Auditors)
Alison Langridge	PKF (External Auditors)
Alison Webb	Member Services Officer

17 **DECLARATIONS OF INTEREST**

INFORMATION: There were no interests declared.

18 **MINUTES**

DECISION: That the Minutes of the meeting of the Governance Committee held on 28th June 2012 be approved as a correct record and signed by the Chairman.

19 **QUESTION TIME**

INFORMATION: There were no questions asked or statements made.

20 **PERFORMANCE MANAGEMENT ARRANGEMENTS – BRIEFING**

INFORMATION: Mrs Cherie Root, Head of Business Solutions, gave a presentation and circulated a briefing note on performance and project governance.

The presentation and note provided an overview of the Council's performance management and project governance reporting process including information on the business planning cycle; the quarterly reporting process; project governance; performance governance; and the role of the Governance Committee.

In discussing this item, Members of the Committee requested further information on, and suggested changes to, the performance management process. In particular, it was suggested that Members of the Committee should receive a briefing on the Council's covalent financial management system; that they should undertake an in-depth analysis of a particular service area; and that further consideration should be given to performance indicators.

DECISION:

- (1) That a report be submitted to the next meeting of the Committee on the detailed issues raised by Members during the discussion.
- (2) That a briefing session on the Council's covalent financial management system be arranged for Members of the Committee.

21 **KEY FINANCIAL INDICATORS – 31ST AUGUST 2012**

INFORMATION: Members considered a report on Key Financial Indicators for the financial year to 31st August 2012.

In considering expenditure on capital projects, it was agreed that future reports should contain more detail on profile budgets and variances. With regard to Housing Benefits, it was agreed to provide Members of the Committee with details of the process followed to recover overpayments. Members requested more information to be included in future reports on the recovery of other outstanding debts. It was also agreed that a report should be presented to the Committee in January 2013 on a recent error which had resulted in monthly Council-Tax direct debit payments being collected from customers' bank accounts earlier than normal, at the end of August 2012 rather than early September 2012. It was noted that an investigation had established how this error had occurred and procedures had been put in place to ensure that it did not happen again. A report would also be presented to full Council.

DECISION: That the report on the Key Financial Indicators as at 31st August 2012 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.

22 **INTERNAL AUDIT ACTIVITY REPORT FOR THE PERIOD TO 24TH AUGUST 2012**

INFORMATION: Consideration was given to a report on the details and outcomes of assignments undertaken by Internal Audit during the period from 1st June 2012 to 24th August 2012.

It was agreed that future reports should include dates by which high priority action should be completed.

DECISION: That the Internal Audit Activity Report for the period from 1st June 2012 to 24th August 2012 be accepted.

REASON FOR DECISION: To advise the Committee of the audit assignments completed for the period.

23 **STATEMENT OF ACCOUNTS 2011/12**

INFORMATION: Consideration was given to the Statement of Accounts 2011/12. It was noted that the Accounts and Audit Regulations 2011 required Councillors to approve the accounts after consideration of the External Auditor's (PKF) findings. These were set out in the Annual Governance Report which was attached to the Agenda at Item 8 (b). Formal publication of the Accounts was required by no later than 30th September 2012.

DECISION: That the Statement of Accounts 2011/12 be approved.

REASON FOR DECISION: To comply with the Accounts and Audit Regulations which require Councillors to approve the Statement of Accounts after receiving the findings of the external auditor.

24 **ANNUAL GOVERNANCE REPORT 2011/12**

INFORMATION: Consideration was given to PKF's (External Audit) Annual Governance Report 2011/12. The Auditor had concluded that an unqualified audit opinion could be issued with respect to the Council's financial statements, and anticipated that an unqualified value for money conclusion for the year ending 31st March 2012 could be issued.

The representatives of PKF present at the meeting and Members of the Committee congratulated the Council's Accountancy Team on the quality of their work and for their thoroughness in preparing the accounts.

DECISION: That the Annual Governance Report 2011/12 be accepted.

REASON FOR DECISION: To comply with the Accounts and Audit Regulations which require Councillors to receive the findings of the external auditor before approving the Statement of Accounts.

25 **TREASURY MANAGEMENT ANNUAL REPORT 2011/12 AND MID-YEAR REPORT 2012/13**

INFORMATION: Consideration was given to the Treasury Management Annual Report 2011/12 and Mid-Year Report 2012/13.

The report included details of the Council's Treasury Management activity and investment portfolio, which had been circulated separately.

It was reported, that in response to changing market conditions, and in full consultation with its external treasury management advisor Arlingclose, the Council had revised its investment policy. It was proposed that the Council's investment strategy should be revised by removing reference to short-term ratings from the definition of "high credit rated". This would bring the criteria into line with that used by most institutions when considering creditworthiness, by putting the focus on the longer-term and support ratings of institutions. Short-term ratings, along with a range of other information, would still be considered before determining whether an institution would be used.

DECISION: That Cabinet be advised:-

- (1) To accept the Treasury Management Combined Annual Report 2011/12 and Mid-Year Report 2012/13.
- (2) That, for the purpose of selecting suitable investment counterparties, the Governance Committee supports a change to the Council's investment strategy which proposes the removal of the reference to short-term ratings from the definition of a "high credit rated" financial institution.

REASON FOR DECISION: To demonstrate appropriate scrutiny over the treasury management function by those charged with governance responsibilities, and to consider proposed changes to investment criteria.

26 **STRATEGIC RISK MANAGEMENT**

INFORMATION: Consideration was given to a report on the Council's draft Strategic Risk Register. The Register had been updated following a review by the Council's Management Board on 19th June 2012 and by Cabinet Members to assess those risks which had potential to impact on the delivery of the Council's Corporate Strategy over the four year period to March 2016. The Cabinet was scheduled to consider the Register at its meeting on 29th October 2012.

It was noted that the number of strategic risks identified was nine and that a total of three risks required active management.

In discussing this item, the Committee agreed the following drafting amendments to Appendix B to the report:-

Medium-Term Financial Strategy

Progress to date (page 56) – add 'fall' after '5%'

Local Development Framework and Growth Agenda

Vulnerability (page 57) – add:-

Workforce skills remain lower than areas against which the Braintree District competes
Integrated County Strategy (whole place community budgeting) does not work
Community Infrastructure Levy and other financing tools and mechanisms not taken-up

Consequence (page 57) – amend 'loss revenue' to 'less revenue'

Progress to date (page 57) – amend 'Core Strategy is adopted' the 'Local Development Framework is not yet adopted'

- amend 'The 'site' allocations statement is being progressed'

Community Resilience

Consequence (page 58) – amend to include references to 'an ageing population and frailties; poorer lifestyles including obesity and smoking'

Action /controls already in place (page 59) – amend to include references to ‘Mi-Community, and the devolution programme to empower communities’

Progress to date (page 59) – amend reference to ‘New Leisure Contract’ to ‘New Leisure Contract addresses a number of health inequalities, access for hard to reach groups, training and volunteering outcomes’

DECISION: That the updated draft Strategic Risk Register and the associated Action Plans for managing the highly rated risks, as amended above, be noted and endorsed.

REASON FOR DECISION: To assure Members of the Governance Committee that the Council’s strategic risks with a high risk rating are being actively managed.

27 **FORWARD LOOK – 2012/2013**

INFORMATION: Members considered a schedule of reports which would be presented to the Governance Committee over the forthcoming 12 month period.

It was agreed also that reports should be presented to the Committee in January 2013 on the recent Council-Tax direct debit early collection error (Minute 21 refers), and a position statement on standards issues, including the appointment of an ‘Independent Person’. For March 2013, it was agreed to present a Governance Committee annual report, and a report on the effectiveness of the Committee including any training and development issues.

In discussing the schedule, it was noted that reference to September ‘2012’ should be amended to September ‘2013’.

DECISION: That the report schedule for the coming 12 months, as amended above, be noted.

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

The meeting commenced at 7.15pm and closed at 9.32pm.

M C M LAGER
(Chairman)