

# Minutes

## Corporate Governance Group

16<sup>th</sup> January 2020



### Present

Councillors	Present	Councillors	Present
P Euesden	Apologies	R van Dulken (Chairman)	Yes
D Hume	Apologies	D Wallace	Apologies
H Johnson (Vice-Chairman)	Yes	T Walsh	Apologies
D Mann	Yes	Mrs L Walters	Yes
Miss V Santomauro	Yes		

### **In attendance:**

Chris Fleetham	Corporate Director
Jessica Mann	Governance and Members Officer
Angie Mitchell	Audit, Insurance and Fraud Manager
Phil Myers	Financial Services Manager
Trevor Wilson	Head of Finance

Francesca Palmer      BDO (External Auditors)

### 19      **MINUTES**

**DECISION:** The Minutes of the meeting of the Corporate Governance Group held on 24<sup>th</sup> October 2019 were approved as a correct record and signed by the Chairman.

### 20      **PUBLIC QUESTION TIME**

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

### 21      **DECLARATIONS OF INTEREST**

**INFORMATION:** There were no interests declared.

### 22      **KEY FINANCIAL INDICATORS – 30<sup>th</sup> NOVEMBER 2019**

**INFORMATION:** Members considered a report on key financial indicators which provided information on performance for the financial year to 30<sup>th</sup> November 2019.

Members were informed that figures in relation to December 2019 had been released since the publication of the report. A number of verbal updates were therefore provided throughout the duration of the report. The first update concerned the Council Tax Collection Rate, which had increased from 77.15% as at 30<sup>th</sup> November 2019 to 86.2% as

at the end of December 2019. This marked a small variance in the amount collected when compared with the previous year's rate of 86.8% collected. In respect of Business Rates, it was reported that the Collection Rate as at the end of December 2019 had increased to 84.58%, which again signified a slight variance when compared with the previous year's 85.09%. It was noted that there was work outstanding by the Valuation Office in this area, with a number of new properties still awaiting formal banding before the Council could begin to charge Council Tax and that a debit of £200,000 of business rates was raised in late December.

A further update was provided in regard to the Council's pooled funds. It was reported that as of 30<sup>th</sup> November 2019, the market values of the pooled funds indicated an unrealised net gain in the principal sum of £1.82m; as at the end of December 2019, the figure had increased to £2.1m.

**DECISION:** Members accepted the report of the Key Financial Indicator as at 30th November 2019.

**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.

## 23 **INTERNAL AUDIT UPDATE, INCLUDING PROGRESS AGAINST AUDIT PLAN 2019/2020**

**INFORMATION:** Consideration was given to a report which provided Members with an update on progress against planned work and any other matters that affected the provision of the Internal Audit Service.

**DECISION:** Members noted the progress against the Internal Audit Plan 2019/20.

**REASON FOR DECISION:** The Public Sector Internal Audit Standards (PSIAS) required the Internal Audit activity to report functionally to the Corporate Governance Group, being the Committee charged with independent assurance on the adequacy of the risk management framework and the associated internal control environment.

The report provided an update on Internal Audit activity, and progress and performance against the approved Internal Audit Plan in accordance with the Corporate Governance Group role and the requirements of the PSIAS.

## 24 **CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2018/19**

**INFORMATION:** Members gave consideration to a report which summarised the results of the work carried out by BDO on the 2018/19 Housing Benefit Subsidy Claim.

Members were informed that as a result of the audit there was one amendment made to the Housing Benefit Claim, which resulted in an increase in the amount due to the Council of £21.00. Although the error was considered to be marginal, it was stressed that every error identified needed to be investigated further by BDO. It was reported that there were also four areas for additional testing as part of BDO's investigation; these were in respect of rent allowance, tax credit, earned income and start and end dates.

**DECISION:** The Certification of Claims and Returns annual report for 2018/19 was received.

**REASON FOR DECISION:** For Members to receive the Certification of Claims and Returns annual report for 2018/19.

## 25 **FRAUD UPDATE**

**INFORMATION:** Members were provided with an overview of Fraud risks affecting Local Authorities and the work being undertaken by staff, which included the Audit, Insurance and Fraud team. A number of key areas within the report were noted; under Corporate Policies and Procedures, it was highlighted that the Risk Management Policy, Strategy and Implementation Plan was currently being updated and would be presented to a future meeting of the Corporate Governance Group.

In response to a question raised by a Member regarding the recent document awareness training sessions for internal staff, officers advised that the contact details of training provider would be confirmed and notes taken during the sessions circulated for information.

**DECISION:** Members noted the report.

**REASON FOR DECISION:** The Corporate Governance Group functions include monitoring the effectiveness of the Council's risk management procedures, the internal control environment and counter fraud and corruption arrangements.

The Public Sector Internal Audit Standards (PSIAS) require the Chief Audit Executive to periodically report significant risk and control issues, including fraud risks. The PSIAS also require the function, as part of Internal Audit Risk Management activity, to evaluate the potential for the occurrence of fraud and how the organisation manages fraud risk.

This report summarises fraud risks affecting the public sector, and approaches taken by the Council to address those risks.

## 26 **DRAFT TREASURY MANAGEMENT STRATEGY STATEMENT 2020/21**

**INFORMATION:** Consideration was given to a report on the Council's draft Treasury Management Strategy Statement (TMSS) 2020/21.

Members were provided with an overview of the external factors which could impact the Council's treasury management activities along with an updated interest rate forecast provided by the Council's treasury management adviser, Arlingclose

In respect of local factors, it was reported that the Council's increasing Capital Financing Requirement (CFR) was due to its capital programme, which indicated that there was a need to borrow for the purposes of capital expenditure. The increased need to borrow was projected to be met largely through the use of internal borrowing, although this would ultimately lead to a reduction in the Council's investment balances as a result. For this purpose, it was explained that investment balances were assumed to be retained at a minimum amount of £20m.

In regard to the Council's Borrowing Strategy, it was reported that whilst in previous years the Public Works Loan Board (PWLb) would have been the main source of any new borrowing, the Council would now be giving consideration to alternative source of borrowing in future, as the cost of borrowing from the PWLB had risen by 1% since October 2019.

On the subject of the Council's Investment Income, Members were informed that the forecast for 2020/21 was currently £1.086m. Interest payable on borrowing and leases in 2021/21 was estimated at £282,000 and £99,000 respectively. Whilst a number of strategic projects in the capital programme included provision for additional capitalised interest, the current strategy was to mitigate this by utilising internal resources. The Corporate Director for Finance would keep this position under review in conjunction with Arlingclose.

Following consideration of the report, Members agreed that further clarification should be included in the TMSS regarding which foreign countries any direct (i.e. not through a pooled fund) investment counterparties may be domiciled.

**DECISION:**

That the Corporate Governance Group:-

1. Reviewed the draft Treasury Management Strategy Statement; and
2. Considered whether the Group would like to propose any amendment or provide comments or observations which the Cabinet Member for Finance and Performance Management could take into account when presenting the final Treasury Management Strategy Statement to Cabinet and Full Council.
3. Agreed that further clarification should be included in the draft Treasury Management Strategy Statement regarding which foreign countries direct investment counterparties may be domiciled.

**REASON FOR DECISION:** The Council's Constitution requires that prior to consideration by Cabinet and Full Council, the draft Treasury Management Strategy Statement is reviewed and scrutinised by the Corporate Governance Group.

The meeting commenced at 7.15pm and closed at 8:18pm.

Councillor R van Dulken  
(Chairman)