

## **AUDIT AND CORPORATE GOVERNANCE SCRUTINY COMMITTEE**

### **MINUTES OF MEETING HELD ON 24 NOVEMBER 2016**

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## **AUDIT AND CORPORATE GOVERNANCE SCRUTINY COMMITTEE**

### **MINUTES OF MEETING HELD ON 24 NOVEMBER 2016**

#### **Present:**

Councillor D Skinner ..... (Chair)

Councillor G Morley (Vice Chair)

“ B Barnes

“ G Butler

Councillor A Garrett

“ Mrs C A Smith

“ M E Thacker

#### **Also Present:**

D Clarke - Assistant Director – Finance and Revenues and Benefits

S Cottam - Governance Officer

B Mason - Executive Director – Operations

J Williams - Head of Internal Audit

Also in attendance was T Crawley of KPMG

#### **425 Apologies for Absence**

An apology for absence had been received from Councillor S J Ellis.

#### **426 Declarations of Interest**

Members were requested to declare the existence and nature of any disclosable pecuniary interests and/or other interests, not already on their register of interests, in any item on the agenda and to withdraw from the meeting at the appropriate time.

There were no interests declared at this meeting.

#### **427 Minutes of Last Meeting**

RESOLVED – That the Minutes of the meeting of the Audit and Corporate Governance Scrutiny Committee held on 22 September 2016 be approved as a correct record and signed by the Chair subject to the inclusion of Councillor M E Thacker's apology being recorded.

#### **428 Annual Audit Letter 2015/16**

The Audit and Corporate Governance Scrutiny Committee considered the Annual Audit Letter in respect of 2015/16 which had been prepared by KPMG for consideration by elected members of the Council and other stakeholders. A copy of the Annual Audit Letter had previously been circulated to all members of the Council and would be included on the full Council agenda on 3 January 2017. The Committee were advised that the Annual Audit Letter 2015/16 had been published on the website for the public.

RESOLVED – That the Audit and Corporate Governance Scrutiny Committee considers and notes the attached report from the Council's External Auditors, KPMG.

**429 Corporate Plan Targets Performance Update – July to September 2016 (Q2 – 2016/17)**

The Committee considered the Corporate Plan targets performance update for July to September for Quarter 2 for 2016/17. The purpose of the report was to report the quarter 2 outturns for the Corporate Plan 2015/2019 targets.

The Executive Director – Operations gave a summary of the Corporate Plan targets and advised that these were part of a balance scorecard. It was noted that members of the Committee had expressed interest in seeing the Corporate Plan target performance updates.

Concerns were raised over the targets for Supporting Our Communities To Be Healthy, Safer, Cleaner and Greener.

Flytipping was still an issue in the district and concerns were raised regarding the one target that was flagged as an alert as; may not been able to achieve its intended outcome this year. However, no concerns had been expressed by the lead officer who expected the target to be achieved this year. The Committee were advised that Environmental Health annual undertook ten local environmental enforcement educational initiatives in targeted areas to deal with dog fouling, littering and flytipping. Four enforcement educational initiatives had been delivered to date.

Members felt that the service could not be scaled down, whilst still maintaining front line services and felt that this issue should be recommended and referred to the Communities Scrutiny Committee to be considered.

Councillor M E Thacker also raised an issue over childhood obesity rising up in North East Derbyshire and felt that the district may not be getting value for money through the 5/60 programme and asked if this issue could also be referred onto the Communities Scrutiny Committee for consideration.

RESOLVED – That:-

- (1) Progress against the Corporate Plan 2015/19 targets be noted.
- (2) The Audit and Corporate Governance Scrutiny Committee request that the Communities Scrutiny Committee considers the concerns raised over flytipping in the district and also asked if the Council was receiving value for money through the 5/60 programme due to an increase in childhood obesity in North East Derbyshire.

**430 Budget Monitoring Report – Quarter 2 – July to September 2016**

The Assistant Director – Finance, Revenues and Benefits presented the report which gave a summary of the budget monitoring for the second quarter of 2016/17. This report summarised the financial position of the Council following the second quarters budget monitoring exercise for the General Fund, Housing Revenue Account, Capital Programme and Treasury Management activity. The report concluded that the Council was in a satisfactory position on the Housing Revenue Account, the Capital Programme and Treasury Management at the end of the second quarter.

The Committee were advised that the recent Autumn Statement had announced the removal of the proposed pay to stay legislation, together with a delay to the introduction of the proposal that the HRA make a contribution to the costs of RTB discounts in respect of housing association properties.

RESOLVED – That the Audit and Corporate Governance Scrutiny Committee notes the report concerning the Council's budget monitoring for quarter 2 - 2016/17.

**431 Medium Term Financial Plan – Revised Budget 2016/17**

The Assistant Director – Finance, Revenues and Benefits presented the report to Members which gave a summary of the revised budgets which were presented to Cabinet at its meeting on 23 November 2016.

The revised budget process was now complete and all the relevant service managers had been consulted and were in agreement with the budget changes proposed. The original savings targets of £395k was now forecast to be delivered together with further savings of £392k which would be earmarked for the Invest to Save Reserve. The Committee were advised that business rates and leisure services were doing well and voids were also performing better than expected. Members were advised that the money made from the sale of Saltergate was used to repay debts, resulting in no debt now being outstanding on the premises and land acquired at Mill Lane.

RESOLVED – That the Audit and Corporate Governance Scrutiny Committee notes the report concerning the Council's Medium Term Financial Plan - Revised Budgets 2016/17.

**432 Risk Management Update, Partnership Working and Strategic Risk Register**

The Executive Director – Operations presented a report which allowed the Audit and Corporate Governance Scrutiny Committee to consider the Strategic Risk Register key issues identified in the Risk Register included the impact of Brexit which was an unknown. The impact of price rises needed to be considered as contingency budgets may need to be put in place to manage potential overspends against budgets. The Committee were advised that there were a range of uncertainties around the Council's budget and service delivery arrangements.

Concerns were raised by Members that reports were not coming to Audit and Corporate Governance Scrutiny Committee before Cabinet. It was requested that in future, officers look at the Committee cycle to ensure that the Audit and Corporate Governance Scrutiny Committee could provide an effective role before decisions were taken by Cabinet.

**RESOLVED-**

- (1) That Officers consider the work programme and meetings schedule in order to allow reports to be considered by the Audit and Corporate Governance Scrutiny Committee in a timely manner before their submission to Cabinet.
- (2) That the Audit and Corporate Governance Scrutiny Committee notes the report.

(Executive Director - Operations)

**433 Key Issues of Financial Governance**

The Executive Director – Operations presented the report which provided an update regarding the progress on addressing the key issues of financial governance. Elsewhere on the agenda was the Annual Audit Letter 2015/16 from KPMG the Council's External Auditors. This, together with the external audit report, 'Report to those Charged with Governance' reported to the September meeting of the Committee constituted the most recent external assessment of the Council's arrangements. The key messages of this report concerned firstly the Statement of Accounts where the external auditors were able to issue an unqualified audit opinion of the Statement of Accounts by 30 September 2016. Secondly, the auditors had concluded that the authority had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources. While the overall conclusion clearly represented a satisfactory outcome the reports also set out a limited number of areas where improvements were required and helped to clarify where the Council needed to focus efforts to ensure that existing standards were maintained.

**RESOLVED** - That the reports be noted.

(Executive Director - Operations)

**434 Evaluate the Role and Effectiveness of the Audit and Corporate Governance Scrutiny Committee**

The Committee considered a report of the Executive Director – Operations which enabled members of the Audit and Corporate Governance Scrutiny to undertake a self assessment of the operation of the Committee to enable them to take a view as to the effectiveness of the Committee and to recommend any actions which were necessary in order to make it more effective.

Members answered a series of questions which were extracted from CIPFA/SOLACE - Delivering Good Governance in Local Government (2012). The assessment covered the six principles of good governance.

- (1) Good governance means focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
- (2) Good governance means members and officers working together to achieve a common purpose which clearly defined functions and roles.
- (3) Good governance means promoting values for the authority and demonstrating the values of governance through upholding high standards of conduct and behaviour.
- (4) Good governance means taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
- (5) Good governance means developing the capacity and capability of members and officers to be effective.
- (6) Good governance means engaging with local people and other stakeholders to ensure robust local public accountability.

**RESOLVED** – That the Audit and Corporate Governance Scrutiny Committee performed in line with the CIPFA / SOLACE requirements, with a limited number of areas of weakness identified which will be addressed at future meetings. .

(Executive Director – Operations)

**435 Urgent Business – Public Session**

The Committee was advised there was no urgent business to be considered in the public session of this meeting.

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