

AUDIT AND CORPORATE GOVERNANCE SCRUTINY COMMITTEE**MINUTES OF MEETING HELD ON 11 SEPTEMBER 2019****I N D E X**

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AUDIT AND CORPORATE GOVERNANCE SCRUTINY COMMITTEE

MINUTES OF MEETING HELD ON 11 SEPTEMBER 2019

Present:

Councillor M Foster (Chair)
Councillor K Tait (Vice Chair)

Councillor N Barker
“ P R Kerry

Councillor G Morley
“ M Roe

Also Present:

S Ainsworth - Legal Officer
J Dethick - Chief Accountant
L Hickin - Strategic Director – People – (for Min No 231 only)
S Kitching - Client Director – Arlingclose Ltd - (for Min No 230 only)
P Roberts - Assistant Client Director – Arlingclose Ltd - (for Min No 230 only)
L Roebuck - Senior Legal Officer
J Williams - Internal Audit Consortium Manager
S Veerman - Overview and Scrutiny Manager – (for Min No 238 only)
D Stanton - Governance Officer

227 Apologies for Absence

Apologies for absence had been received from Councillors W Armitage and R Shipman.

228 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.

No declarations of interest were declared at this meeting.

229 Change of Order of Agenda Items

The Chair, in agreement with other Members of the Committee, changed the order of the agenda items as set out within these Minutes.

230 Treasury Management and Investment Opportunities

The Committee received a presentation from Arlingclose Ltd. The presentation outlined a number of key themes that related to Treasury Management, including a recap on what Treasury Management was, the role of elected Members, NEDDC's plans and the UK and International economic outlook.

Members commented that the economic outlook outlined in the presentation was relatively positive, and enquired about the recent economic forecast given by the Governor of the Bank of England, which was deemed contradictory.

The Committee discussed the Council's current investment risk strategy, and how it compared to that of other local authorities. Members noted that the risk was spread across a variety of institutions, and as such the Council was in a good position. It was stated that the Council's debt had been managed well and that the authority had a sound financial base.

Members raised concerns in regards to the fluctuating housing market, and the house price disparities within North East Derbyshire. The Committee heard that the District was not an unusual area in regards to house prices, and that the national housing market in general was fairly dysfunctional.

The impacts of the UK leaving the EU without a withdrawal agreement and how prepared the Authority was in mitigating the risks of such an outcome was discussed. It was stated that the Council was well prepared for such an event.

The Committee considered the use of registered providers, and the need to diversify the Council's social and financial investments.

Members thanked the Client Director and Assistant Client Director from Arlingclose Ltd for attending the meeting.

RESOLVED – That the presentation be noted.

231 Minutes of Last Meeting

Further to Minute No 158, the Strategic Director – People was present at the meeting to discuss ICT arrangements, as the Joint Head of Partnerships and Transformation was unable to attend the meeting. Members had a number of questions which would be forwarded to the Joint Head of Partnerships and Transformation so that a full written response could be provided for Members consideration.

- Society is going more cashless by the day. Do our services need to reflect that?
- I am concerned about the development of systems (building our infrastructure). When a system is internally developed, strict practices of writing code needs to be followed otherwise problems will be encountered down the line when a developer leaves.
- Wages in IT are going through the roof over the last 12 months. What does the next 3-5 years look like?
- What level of staff retention do we have?

- How big will the ICT team become in 3-5 years?
- Where are the new ideas coming from? With regards to the gap between the staff not understanding what is possible and IT department not understanding what the company needs.
- Is our online service good enough? Does it need more marketing to enable us to save money.
- What capital expenditure is needed over the next 3-5 years?
- How are the charges split between the three Councils?
- Are we paying our fair share, is this still cost effective over just having our own service? When did we last have a look at this?
- I am concerned over the commercial activity of the service. What commercial contracts do we currently have and which ones are we currently seeking? I would like the details of the contracts. How much have we invested in them? How many staff do we employ to work them (hours or £s)? What profit or surplus is made or forecast? And over what period of time? There may be more questions around this area.

The Officer stated that digitalisation was the trend, and as a result the Council needed to ensure that spending satisfied the demand for such services. The Strategic Director referred to a recent government paper around digital efficiencies, which concluded that without the digitalisations that had occurred over the past 10 years or so, spending to provide the same or similar services would cost in the region of £1.8 billion more to provide today.

The Committee heard that this move to digitalisation had resulted in significant increased financial efficiencies and was driven by market demands. The Strategic Director – People, used Bolsover District Council's Leisure Service as an example, where the use of technology and digitalisation had brought forward many efficiencies, which had included, but not limited to the following; virtual fitness instructors had increased the number of fitness classes available, and the use of online access that had resulted in customers being able to book classes at their convenience. This had changed the staff profile but significantly increased efficiency and profitability.

Members noted that the Joint ICT provisions had started in 2010 and that the concept was based on increased efficiency by pooling people and their skills. It was stated that there was 28.6 full time Joint ICT staff that serviced 375 employees at Bolsover District Council, 251 employees at Derbyshire Dales Council and 572 staff at North East Derbyshire District Council and Rykneld Homes. The Strategic Director – People explained that this allowed the Organisation to maximise the potential of the department, in line with the objectives of the Transformation Programme.

The Strategic Director explained the changing nature of consumer behaviour and expectations, such as cashless payments and the ability to access services and products online. It was stated that there was a need to diversify and create more options for consumers, whilst still maintaining traditional channels of communication. The Officer reiterated that it was up to Members to determine the political dimension, and for officers to present and strengthen the business case.

Members who were present at the Joint ICT Committee commented that there could have been greater detail in the presentation that the Committee received, including a breakdown of the budget, income received from external work, recorded user units, and a track on programme hours on specific projects.

The Committee heard that a report had recently been taken to Cabinet that outlined a service review of the Organisation, including a restructure of the ICT department. It was stated that a review had not been undertaken since 2010.

Members thanked the Officer for attending the meeting.

The Officer then left the meeting.

RESOLVED –

- (1) That the Minutes of the meeting of the Audit and Corporate Governance Scrutiny Committee held on 25 July 2019 be approved as a correct record and signed by the Chair.
- (2) That the update be noted.

232 Annual Audit Letter 2018/19

A representative from the Council's External Auditor, Mazars, was unable to attend the meeting, and therefore the Section 151 Officer presented the report. The report outlined the Annual Audit Letter in respect of 2018/19 which had been prepared by Mazars for consideration by Members.

RESOLVED – That the report be noted.

233 Internal Audit Consortium Summary of Progress on the Annual Internal Audit Plan 2019/20

The Internal Audit Consortium Manager presented a report that outlined the progress made by the Audit Consortium in respect of the 2019/20 Internal Audit Plan.

RESOLVED – That the update be noted.

234 The Role of the Head of Internal Audit

The Committee considered a report from the Internal Audit Consortium Manager, which notified Members of an updated publication by The Chartered Institute of Public Finance and Accountancy (CIPFA), which was CIPFA's statement on the role of the Head of Internal Audit in Public Service Organisations.

RESOLVED – That the Audit & Corporate Governance Scrutiny Committee endorses the arrangements and processes set out in the report as meeting the requirements of the CIPFA statement on the Role of the Head of Internal Audit.

235 Medium Term Financial Plan – Budget Monitoring Report Quarter 1 – April to June 2019

The Chief Accountant and S151 Officer presented a report that outlined a summary of the Budget Monitoring for the first quarter of 2019/20, which was presented to Cabinet at its meeting on 5 September 2019.

Members discussed section 1.11 of the report, in relation to the next national financial settlement which was due to commence from April 2020. It was stated that a number of factors could have an impact on the Council's financial position, including the loss of the New Homes Bonus, a reset of the Business Rates Baseline, and the Fair Funding Review.

RESOLVED – That the update be noted.

236 Risk Management Update, Partnership Working and Strategic Risk Register

The Chief Accountant and S151 Officer presented a report which outlined the current position regarding Risk Management and Partnership Arrangements and the Strategic Risk Register as at 31 March 2019.

Members heard that a Brexit Working Party was meeting regularly to discuss the potential risks of the UK's exit from the European Union. It was stated that the Strategic Director – Place was the lead officer for this Working Party.

RESOLVED – That the report be noted.

237 Corporate Plan Targets Performance Update – April to June (Q1 – 2019/2020)

The Committee received a report that outlined the Quarter 1 outturns for the Corporate Plan 2019-2020 targets.

RESOLVED – That progress against the Corporate Plan 2019-2020 targets be noted.

238 Work Programme

The Committee received a report that would enable the Audit and Corporate Governance Scrutiny Committee to consider an appropriate Work Programme for the municipal year 2019/2020.

The Overview and Scrutiny Manager was present to discuss how Scrutiny could undertake review work including the creation of a Task and Finish Groups. Members agreed that they would like to undertake a review, to be focused on the Right to Buy service. The Overview and Scrutiny Manager agreed to arrange a meeting to scope the review and draft a timetable.

The Working Party would be comprised of the following Members:-

- Councillor Anthony Hutchinson;
- Councillor Kevin Tait;

- Councillor Mark Foster;
- Councillor Gerry Morley; and
- Councillor Nigel Barker.

RESOLVED – That:-

- (1) The Committee endorsed the Audit and Corporate Governance Scrutiny Committee Work Programme for the 2019/2020 municipal year as set out in Appendix 1 to the report.
- (2) That a Working Party be created to review the Right to Buy Service.

239 Urgent Business

There was no urgent business to be considered at this meeting.

240 Exclusion of the Public

RESOLVED - That the public be excluded from the meeting during the discussion of the following item of business to avoid the disclosure to them of exempt information as defined in Paragraph 3 Part 1 of Schedule 12A to the Local Government Act 1972 (as amended by the Local Government (Access to Information)(Variation) Order 2006).

241 Email from a Parish Council

The Committee heard that there had been a request for an audit review to be undertaken by the Council for Killamarsh Sports Centre. The Chair had agreed to authorise this request.

(Paragraph 3)