

**NORTH DEVON COUNCIL**

Minutes of a meeting of Governance Committee held at Barum Room - Brynsworthy on Tuesday, 5th November, 2019 at 6.00 pm

PRESENT: Members:

Councillor Roome (Chair)

Councillors Phillips, Bushell, Jenkins, Saxby, Topps and Walker

Officers:

Chief Executive (KM), Head of Resources (JT) and Senior Solicitor and Monitoring Officer (TB).

Also Present:

R. DeBradeny, MAZARS (present for minutes 34 to 37),  
M. Bartlett, Grant Thornton.

**34. APOLOGIES FOR ABSENCE**

Apologies were received from Councillors Campbell and Henderson.

**35. TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE MEETING HELD ON 3RD SEPTEMBER 2019**

RESOLVED that the minutes of the meeting held on 3rd September 2019 (circulated previously) be approved as a correct record and signed by the Chairman.

**36. DECLARATIONS OF INTERESTS.**

There were no declarations of interest announced.

**37. INTERNAL AUDIT PROGRESS REPORT**

The Committee considered a report by MAZARS Public Sector Internal Audit Limited regarding the Internal Audit Progress Report (circulated previously).

The Committee was advised of the following in relation to the Internal Audit Progress Report:

- The report set out the current position in respect of the audits being undertaken in 2019/20.
- There were 19 audits in the 2019/20 plan. Of these, five were in progress (an increase on the three noted in the report) and four had agreed dates set.

- There were 17 audits in the 2018/2019 plan. Of these, one was currently in draft and five others were still in progress. 11 had been completed.
- Testing of all the 2018/2019 audits had been completed.
- Audit number 16 of annexe 1 (the Crematorium) had now been completed with a Full assurance rating.
- In addition to the programmed Audits for 2019/2020 listed in Annexe 2, a further two audits had been arranged:
  - Risk Management and Corporate Governance 18<sup>th</sup> Nov 2019
  - Housing Benefits 2<sup>nd</sup> Dec 2019.

The Head of Resources advised the Committee that to have two audits with a Full assurance rating was a good result.

RESOLVED that the Internal Audit Progress report for be noted.

### **38. EXTERNAL AUDIT PROGRESS REPORT AND SECTOR UPDATE**

The Committee considered a report by Grant Thornton regarding the External Audit Progress Report and Sector Update (circulated previously).

The External Auditor advised the committee of the following points as noted in the External Audit Progress Report and Sector Update:

- The opinion on the 2018/19 accounts was issued on 31<sup>st</sup> July 2019.
- The planning for the 2019/2020 audits would begin in December / January and a detailed audit plan would be issued.
- The interim audit would start in January 2019.
- The Value for Money work would be included in the audit plan.
- The certification of the Housing Benefit Subsidy claim was currently in progress and would be completed by the 30<sup>th</sup> November 2019 deadline. This certification work was no longer part of the Public Sector Audit Appointments (PSAA) contract and was subject to a separate engagement letter.
- The report signposted a number of articles which were considered to be of use/interest to the Authority. These included a Sector Update, CIPFA – CFO Confidence Survey, MHCLG – Independent Probe into Local Government Audit, National Audit Office – Code of Audit Practice, and the LGA – Profit with a Purpose report. The latter was recommended by the Chief Executive as a report which provided opinion in line with the Council's Strategy for income generation.

In response to a question from the Chair, the External Auditor advised that nationally Grant Thornton had struggled to meet the dates for the Audit Deliverables. The dates had been brought forward to allow for the changes imposed by the Government on Local Authorities where they were now to produce final accounts by

31<sup>st</sup> July, rather than the previous September deadline to enable the Treasury to set their own budgets. This had resulted in Local Authorities and Auditing Firms being put under pressure. Local Authorities had brought their deadlines forward by one month but the Auditors had to bring theirs forward by two months to meet the target deadline. The industry as a whole was having difficulties with this. Issues being faced included the problem in hiring and retaining newly qualified staff and the changing demand for services through the year made it difficult to find enough work for staff during quiet times of the year. The size of the average Financial Statements had doubled over the past few years due to the increased requirements of the regulator.

The Committee discussed the relationship of commercial strategy which would benefit the local people and economy. This had been demonstrated by the recent purchase of property to be used to alleviate the homelessness issue, whilst providing them with more stable accommodation (rather than Bed and Breakfast placements) it had created savings of £150,000 on the 2017-18 costs and provided long term capital assets for the Authority.

RESOLVED that the External Audit Progress Report and Sector Update be noted.

**39. DRIVER AND VEHICLE LICENSING AGENCY (DVLA) AUDIT OF NORTH DEVON COUNCIL**

The Committee considered a letter from the Driver and Vehicle Licensing Agency in respect of the DVLA Audit of North Devon Council (circulated previously).

The Head of Resources advised the Committee that the Audit had achieved a high level of compliance.

The Committee passed on their appreciation of the team involved and congratulated them on their work.

RESOLVED that the DVLA Audit of North Devon Council be noted.

**40. PROVISION OF INTERNAL AUDIT SERVICES**

The Committee considered a report by the Head of Resources regarding the Provision of Internal Audit Services (circulated previously).

The Head of Resources advised the Committee that:

- Although the existing contract with MAZARS had been extended for a further year, the company were anticipating issues regarding their ability to provide the service to the North Devon Council for 2020-21 year. This was due to the fact that the company were based in London and had one Auditor who currently worked at the North Devon Council location although she was resident in South Devon. This Auditor had been considering retirement

(although no final decision had yet been made). She currently worked 22 hours per week on site.

- The lack of other staff in the area had been a cause of logistical issues as staff from the London area had to provide cover.
- It was noted that should she decide not to retire, her employment would be transferred to the new service provider.
- The recommendation was that the Council join the Devon Audit Partnership (DAP) as a partner with effect from 1<sup>st</sup> April 2020 for the provision of internal audit services.
- The DAP was founded in 2009 as a shared service agreement between Devon, Torbay and Plymouth Authorities. Devon County Council were the 'Host' to the partnership, with Torridge and Mid Devon District Councils currently full members.
- Governance arrangements would result in the Head of Resources and two members of the Governance Committee becoming members of the DAP Board/Committee.
- The partnership would be on a twelve month rolling contract. Twelve months' notice would be required to leave the partnership.
- There would be a potential saving of £4,600 per annum on current costs.

RESOLVED that:

- (a) North Devon Council join the Devon Audit Partnership (DAP) as a partner from 1<sup>st</sup> April 2020 onwards, for the provision of internal audit services; and
- (b) The Head of Resources work with the Head of Devon Audit Partnership (DAP) and respective Legal, Human Resources and Finance teams to prepare and sign contracts to enable the above partnership to take place.

#### **41. 21:21 PHASE 2 REPORT**

The Chief Executive provided the Committee with an update on the 21:21 project. He advised the Committee:

- The 21:21 project had been based on the Authority's previous corporate priorities. It had addressed the issues of improving services, customer focus, modernising processes and expanding the online services.
- It had four themes: Learning and Transformation, One Site, Improvements to Waste and Recycling Services and Income Generation.
- The new priorities were Financial Security, Customer Focus, Environment and North Devon Futures. The new Corporate Plan was more specific around what the Council wanted to do.
- The Civic Centre had now been vacated by the Authority and the majority of staff were now based at Brynsworthy Environment Centre (BEC).
- Security had been improved with the implementation of the ID/entry card system and enhanced CCTV provision.

- The increased availability of online services had not yet resulted in any reduction in the number of phone calls received.
- The advantages of open plan offices and the teams working in closer proximity. Communication had improved and the logistics of working together.

The Committee discussed:

- BEC was now at capacity – with regards to the building/office space and the car parking availability.
- Should any further expansion be required for the BEC site, North Devon Council would be the planning Authority.
- The lack of a green travel scheme could hinder further expansion. There was no public transport route, cycle way, or safe pedestrian route (although walking or cycling to BEC may not be an attractive prospect due to the steep hill).
- Skype for Business would change the way staff worked and in some cases could eliminate the need to travel between work locations and/or enable working from home. This could possibly free-up space at BEC for staff from Lynton House.
- The need to retain a town centre base for the Authority for the public.

The Chief Executive advised that:

- The Income Generation element of the plan had progressed and a number of properties had been purchased which were being used to provide temporary accommodation for the homeless, rather than using Bed and Breakfast placements. This was a good example of how designing service improvements around the needs of the customers could also provide savings. It resulted in families being accommodated in more secure, settled environment and being able to access intervention services if needed. This work had been featured on a recent episode of 'Inside Out' and was being treated as an example of good practice for other Local Authorities. The purchase had been made using a mixture of the Council's budgets and Section 106 allocations. The purchase of our own properties had also provided the Authority with long-term capital assets.
- 'Recycle More' had resulted in increased recycling rates, with areas trialling a three week collection of residual waste and weekly, unlimited, recycling collections and food caddy collections. A paid-for green waste service was also introduced across the North Devon Council area. Some issues with the roll-out had been created due to its timing. The heatwave that summer had resulted in complaints where bins were smelling of rotten food where caddy collections were missed and left on the kerbside for a number of weeks. Some missed collections were caused by routes being too large – where vehicles were full early on the routes and had to return to base. Roads were often blocked by vehicles and our trucks struggled to access. The routes had originally been created with the assistance of an external contractor. The routes were unsuccessful and works had been ongoing to re design them using internal staff. Some routes were now

better designed but not totally efficient. There was still room for improvement.

- Missed collections were recently at around 500 per 100,000 (0.5%) based on the industry standard. Private contractors were able to attain 20-60 missed collection per 100,000. It was noted that although the Council's rate was a low percentage it was still a large number missed.
- Going forward the Council's Waste and Recycle service would need to be robust enough to cope with a roll out of the any services (as per the trial areas) eg suitability of vehicles, number of staff etc.
- The benefits of purchasing vehicles, as opposed to hiring or leasing, would need to be reviewed.
- Further work in relation to training staff and staff instructions was ongoing. There needed to be a consistent approach to collections, as, for example, one team may not collect a bin which was partially on private property, when another team may do so.
- The Plastic Free Consortium had been established by North Devon Council in order to co-ordinate the various organisations in the area.
- A Peer Review had been planned alongside a review on transformation.

The Committee passed on their appreciation of the teams involved with the purchase of the properties for temporary accommodation placements and congratulated them on their work.

RESOLVED that the update be noted.

#### **42. AUDIT RECOMMENDATION TRACKER**

The Committee considered the Audit Recommendation Tracker report by the Chief Executive in respect of actions taken to address internal and external audit recommendations (circulated previously).

The Committee noted the following updates:

- Table A detailed the 17 live recommendations.
- Table B detailed the 6 recommendations completed since the last meeting of the Committee.
- Table C detailed 3 recommendations for which time extensions were being requested. It was noted that Recommendation 17 G 07 remained on the tracker as the team wished to review the current procedures at the end of the financial year when a full appraisal of the new system could be carried out. Recommendations 16 SP 01 and 17 PO 01 were delayed due to policy changes.
- Recommendation 17 G 07: the new system had been installed however the current percentage of applications submitted electronically was approximately 30%. Assistance with online applications was available by phone or email with the Corporate and Community Services team.
- Table D detailed 1 outstanding recommendation in relation to risk registers which was being picked up as part of this year's service planning process.

- 14 AGS 02 (Table E) would be finalised once the final testing of the ICT Disaster Recovery Plan were completed.

RESOLVED that:

- (a) the actions completed since the 3<sup>rd</sup> September 2019 Committee meeting be noted;
- (b) time extension be granted for those recommendations as listed in table C;
- (c) 17 RM&CG 02 be given a new due date of 31<sup>st</sup> December 2019; and
- (d) the Audit Recommendation Tracker be noted.

**43. WORK PROGRAMME**

The Committee considered the work programme for 2019/20 (circulated previously).

RESOLVED that:

- a) the Chief Executive provide a further update on the 21:21 project to the Governance Committee in March 2020; and
- b) the Work Programme 2019/20 be noted.

Chairman

The meeting ended at 7.28 pm

NOTE: These minutes will be confirmed as a correct record at the next meeting of the Committee.