

**NORTH DEVON COUNCIL**

Minutes of a meeting of Governance Committee held at Barum Room - Brynsworthy on Tuesday, 14th June, 2022 at 6.30 pm

PRESENT: Members:

Councillor Roome (Chair)

Councillors Henderson, Luggar, Phillips, Topps, Turton and Walker

Officers:

Director of Resources and Deputy Chief Executive, Head of Governance and Senior Solicitor and Monitoring Officer

**1. APOLOGIES FOR ABSENCE**

There were no apologies for absence received.

**2. TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE MEETING HELD ON 8TH MARCH 2022**

RESOLVED that the minutes of the meeting held on 8<sup>th</sup> March 2022 (circulated previously) be approved as a correct record and signed by the Chair.

**3. ITEMS BROUGHT FORWARD WHICH IN THE OPINION OF THE CHAIR SHOULD BE CONSIDERED BY THE MEETING AS A MATTER OF URGENCY.**

There were no items brought forward by the Chair.

**4. DECLARATIONS OF INTERESTS.**

There were no declarations of interest declared.

**5. INTERNAL AUDIT ANNUAL REPORT**

The Committee considered a report by Devon Audit Partnership regarding the Internal Audit Annual Report 2021-22 (circulated previously).

The Internal Auditor advised that, in relation to the Internal Audit Annual Report;

- The report set out the background to the Annual Governance Statement (AGS).

- The overall opinion was that of Reasonable Assurance. The opinion was supported by a Reasonable Assurance rating for 14 of the 18 audits, with two substantial and two limited opinions.
- Appendix one noted the remaining 2021-22 audits which were: Payroll, Grounds Maintenance and Corporate Plan
- The assurance map (appendix 2) highlighted only one risk as red/high. That was Climate Change.
- The Performance Indicators (appendix 6) confirmed 90% of the Audit Plan (full year target) had been completed.
- Appendix 7 detailed the results of the Customer Service Survey results for April 2021- March 2022.

In response to a question from the Committee, the Director of Resources and Deputy Chief Executive confirmed that fuel costs would add to budget pressures, alongside potential pay settlements and utility costs. These would be covered within a report to Strategy and Resources Committee in July 2022.

RESOLVED that the Internal Audit Annual Report be approved.

## **6. EXTERNAL AUDIT PLAN**

The Committee considered a report by Grant Thornton regarding the External Audit Plan (circulated previously).

The External Auditor confirmed:

- The plan set out the approach for the audit. This was similar to previous years.
- Materiality was determined to be £1m (PY £1.19m) which equates to approximately 2% of the prior year gross expenditure. This would be revisited.
- The significant risks were:
  - Management override of controls
  - Revenue and expenditure recognition
  - Valuation of land and buildings
  - Valuation of investment properties
  - Valuation of the net pension fund liability
- The Value for Money arrangements would be structured under three specific reporting criteria:
  - Improving economy, efficiency and effectiveness
  - Financial Sustainability
  - Governance
- Commercialisation Strategy had been identified as a risk of significant weakness across Councils; requiring audit consideration and procedures.
- Audits were staggered across the South West, however North Devon had been prioritised to commence in July. The findings would be brought to the September committee.
- The fees for 2021-22 had not yet been set. Consultation with the Public Sector Audit Appointments Limited (PSAA) had been in progress. The fees

would be provided to the Director of Resources and Deputy Chief Executive prior to the September committee.

- The Informing the Audit Risk Assessment (appendix) was a standard report which sets out the good practice arrangements.

In response to a question from the Committee, the Director of Resources and Deputy Chief Executive confirmed that:

- The financial implications of the commercialisation strategy, particularly the purchase of the Green Lanes Shopping Centre, would be covered within the Medium Term Financial Strategy. Any ongoing budget implications (regarding gaps or uncertainty) would be reflected within the statement of accounts. Details would be covered by the accompanying narrative statement. The accounts themselves would address any areas of concern, whilst the Value for Money statement and annual report would reflect the robustness of the Council.

RESOLVED that the External Audit Plan be noted.

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

The External Auditor addressed the Committee in relation to the Progress report and Sector Update.

The External Auditor confirmed:

- The planning works were at the expected stage.
- The works would commence within the next few weeks once the draft accounts had been received.
- The Audits had open communications with SMT where projects had been openly discussed. This had included discussions regarding the acquisition of the Green Lanes shopping centre. This helped to facilitate a smooth audit process.

RESOLVED that the update on the Progress report and Sector Update be noted.

## **8. CONSTITUTION UPDATE**

The Committee considered a report by the Senior Solicitor and Monitoring Officer regarding the Constitution Update.

Councillor Henderson declared an interest as a member of the Licensing Committee as the Licensing functions were covered within the proposed changes.

The Senior Solicitor and Monitoring Officer advised:

- the proposed changes included:
  - Correcting some typographical errors
  - Reconciling of inconsistencies, eg removing "Ilfracombe" from Harbour Board to keep consistent with other references in the Constitution

- Moving existing delegated powers around to reflect changes to Heads of Services and team structures
- Actioning the recommendation from the Licensing and Community Safety Committee to fix fares/charges for hackney carriages rather than this needing to go to Strategy and Resources Committee.
- Updating the Contract Procedure Rules in Part 4 of the Constitution to reflect audit recommendations and also increasing of threshold for tender requirements from £40,000 to £75,000. This was comparable to other Local Authority arrangements.
- Notable changes proposed to the Scheme of Officer Delegations included:
  - Ability to reduce or waive pitch fees at the Pannier Market (but not to increase fees).
  - The increase of the limit from £500 to £1000 for compensation payments.
  - Changes to the delegations for the Head of Place, Property and Regeneration which would increase the limit on smaller scale property transactions from the current £5,000 to £250,000. This proposed increase had been discussed with members of Strategy and Resources and they had found it acceptable. Other Local Authorities (although differing structures) had some comparable limits. It was considered that £250,000 was a reasonable amount for a smaller scale property transaction.

In response to questions from the Committee, the Director of Resources and Deputy Chief Executive advised that:

- The increase from £5,000 to £250,000 for the limit on property transactions was to enable the officers to act quickly when needed to be able to purchase during the current market where speed was now increasingly important to enable such transactions to be made. It was felt that figure could cover the costs of purchasing cheaper properties which could be renovated. Due to the prices of such properties they currently did not remain available on the market for long, some now being sold within hours of being put on the market.
- There was no option to facilitate a mix of both Officer and Member involvement in such decisions within the current Committee structure. The involvement, or final approval by Strategy and Resources, followed by Full Council, would slow the process considerably, and make such purchases likely to be difficult. Delegated powers would enable the Authority to act quickly. Powers could only be delegated to Officers, not Members under the current committee arrangement.
- Any such acquisitions would need to fit the portfolio, eg for temporary accommodation or housing use. If so, the financial offer for a property could be made immediately under such delegated powers, which, at present could not be done.
- Bids could not be made on properties, subject to final approval from a Committee, as this would slow the process and place the Authority at a disadvantage when trying to acquire properties.

- Controls would be in place such as the current budgetary framework and appropriate budgets for purchases.

RECOMMENDED that the proposed amendments to Parts 2, 3 and 4 of the Constitution, including the Scheme of Delegations for the discharge of the functions for the year 2022/23, as per the report of the Senior Solicitor and Monitoring Officer, be approved by Full Council.

**9. ANNUAL REVIEW OF THE COMMITTEE'S EFFECTIVENESS**

The Director of Resources and Deputy Chief Executive confirmed that

- Only four completed surveys had been returned.

RESOLVED that the update on the Annual Review of the Committee's Effectiveness be brought back to the September Committee once the remaining Members had completed their surveys.

**10. HALF YEARLY REPORT FROM THE CHAIR OF THE GOVERNANCE COMMITTEE**

The Committee considered the Half Yearly Report of the Chairman of the Governance Committee (circulated previously).

RESOLVED that the Half Yearly Report of the Chairman of the Governance Committee be noted and proceed to Council for consideration.

**11. 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:

- 12 recommendations had been included in table B (recommendations completed since the last meeting of the Governance Committee).
- Table C detailed 19 recommendations for which time extensions were being requested. The majority of the extensions (17) requested were for dates within the next six months.
- Table D detailed no outstanding recommendations.
- The recommendations in Table E (Annual Governance Statement) included number for which extensions were requested.

RESOLVED:

- (a) that the time extensions requested in the Audit Recommendation Tracker be approved; and
- (b) that the Audit Recommendation Tracker be noted.
- (c)

**12. WORK PROGRAMME 2022-23**

The Committee considered the work programme for 2022-23 (circulated previously).

RESOLVED:

- a) that the item "Annual Review of the Committee's Effectiveness be moved to September 2022
- b) that the item "Cyber Security Update" be added to September 2022
- c) That the work programme for 2022-23 be noted.

**13. EXCLUSION OF PUBLIC AND PRESS AND RESTRICTION OF DOCUMENTS**

RESOLVED:

- a) That, under Section 100A (4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items as it involved the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of the Schedule 12A of the Act (as amended from time to time), namely information relating to the financial business affairs of any particular person (including the authority holding that information).
- b) That, all documents and reports relating to the item be confirmed as "Not for Publication".

**14. CORPORATE RISK REGISTER**

The Committee considered the Corporate Risk register report by the Chief Executive (circulated previously).

The Head of Governance advised the Committee that:

- This report would be presented to the Committee on a quarterly basis.
- Each was shown with updated notes.
- There was a separate risk register being produced specifically for fraud.

In response to questions from the Committee, the Director of Resources and Deputy Chief Executive confirmed that:

- A recent ICT issue was not due to cyber security issues.

- A representative of the ICT team would be invited to address the Committee in September to provide an update on the current work being carried out.
- Support for Ukrainian refugees was being enhanced by collaborative work with the Pickwell Foundation.

Councillor Walker, as someone who has hosted a refugee family, wished to pass on her praise for the NDC Officers and the support they had provided.

RESOLVED that the Corporate Risk Register be noted.

Chair

The meeting ended at 8.00 pm

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