

North Devon Council Governance Committee

Date: March 2023

Half Yearly Report of the Chair of Governance Committee

The last report was presented in June 2022. Since then the Committee had met on 26th September 2022, 15th November 2022 and 10th January 2023

26th September 2022:

Annual Governance Statement 2021/22

During the year Internal Audit undertook 18 audits with the reports then sent to Senior Management Team for review. Their overall opinion was 'reasonable assurance' that generally sound system of governance, risk management and control was in place. The Director of Resources and Deputy Chief Executive advised that the reports had been reduced significantly.

Statement of Accounts 2021/22

The draft accounts for 2021/22 financial year were signed off by the Chief Financial Officer on 5th July.

An Unqualified opinion had been issued by the auditors, which was a clean audit of the accounts.

The Council had originally budgeted to spend £13.639m in 2021-22. As at 31 December 2021, the Council was forecasting a net surplus of £89,000 against the budget.

It was pleasing to report that the final out turn position was a budget surplus of (£604,000) against original budget, which was an overall movement of (£515,000) from the last forecast at quarter 3.

Letter of Representation

The Letter was required as part of the final process for the approval of the Statement of Accounts for 2021/22.

Compensation Payments made under Delegated Powers

The existing constitution gave delegated powers to Officers to agree compensation payments following investigation through the Councils complaints procedures, subject to consent from the relevant Head of Service and the Head of Governance. Compensation was only ever paid out when a customer had used excessive time and trouble to get their complaint resolved or where the investigating officer felt that the complaint warranted a refund and/or compensation due to the impact the service failure had on

the customer. Most complaints were resolved without compensation being paid. A total of £561 had been paid out in compensation, which covered a variety of services.

Internal Audit Progress Report

There were three audit reports, which were summarised all with reasonable assurance ratings.

The Council's target to deliver Net Zero emissions by 2030 was still a challenge and there should be a focus on mitigation by the Council to achieve this objective.

The audit of security measures for the Council explored the mechanisms that were in place to protect Officers and Members in loan working situations and whilst the risk to Members was relatively low at the present time as there were no surgeries taking place, this risk is likely to increase with the elections in 2023.

The Council had a Scheme of Members' Allowances, which was updated annually with an Independent Remuneration Panel undertaking a fundamental review every four years. Since Covid-19 the number of members claiming travel allowance had reduced significantly, in line with a reduction in the travel being undertaken. Personal safety was potentially compromised with the publishing of residential addresses.

The grants system was audited and all payments had been made accurately via the Councils processes.

There had been no reported fraud issues in the year to date.

The Council had agreed with Devon County Council that they would fund an exercise to review the Single Person Discounts claimed by individuals.

External Audit Findings Report

The post-statements audit began in July 2022 and as of 15th September 2022 it was substantially complete.

Subject to the completion of the remaining audit pieces of work and receiving responses to outstanding queries and having regard to any national guidance, it was anticipated that an unqualified audit opinion would be issued following the receipt of the letter of assurance from the Devon Pension Fund auditor in October 2022.

North Devon Council's audit was one of the most progressed audits and well ahead of its November 2022 deadline.

Cyber Security Update

The ICT Manager outlined the Council's current cyber security position including potential costs moving forward. The highlight report outlined the work that had already been done in reducing North Devon Council's attack surface.

Corporate Risk register

The Head of Governance took the Committee through the main highlights of the report and advised that the report would be presented to the Committee on a quarterly basis.

Audit Recommendation Tracker

In response to a question regarding the reasons for requested extensions, the Director of Resources and Deputy Chief Executive advised that in light of recent events with the passing of Her Majesty the Queen and other areas of work that Government had asked the Council to prioritise help for such as supporting the ongoing refugee situation, that officers had been reassigned to other priority areas of work that were more pressing and so were unable to meet the current target deadlines within the report and thus why short extensions were now being requested.

15th November 2022:

Internal Audit Progress Report

The Audit Manager from Devon Audit Partnership stated that the Authority was on track for an overall opinion of 'Reasonable Assurance'. He was pleased that the levels of quantity of QA checks being carried out had increased back to pre-covid levels.

The Housing Benefits and Council Tax audits were of Substantial Assurance

Waste and Recycling was of Reasonable Assurance. This was due to the significant pressure on the service and the increasing requirements to meet national recycling rates and targets.

Debtors was of Limited Assurance (due to the levels of debt carried forwards)

Equality and Diversity was of Limited Assurance

External Audit Progress Report and Sector Update

The External Auditor confirmed:

- Good progress had been made since the last meeting. Only two areas of the audit were outstanding: The Letter of Assurance from the Pension Fund (due soon) and final pieces of work on the Property, Plant and Equipment valuations.
- An additional reporting item since the Audit Findings Report was presented to Governance Committee on 26 September 2022 was as follows: As part of the PPE testing, the External Auditors identified that the valuers had incorrectly calculated the valuation for Commercial Road Car Park.

- It was hoped that the final audit opinion would be issued prior to 30th November 2022. NDC would be one of a small number of Authorities able to meet the 2021/22 deadline of 30th November.

The Director of Resources and Deputy Chief Executive confirmed that:

- the carpark valuation error would be covered within the financial statements for the next financial year.
- The recent pay award would also provide budgetary pressure.
- There were early indications of a public sector grant funding freeze
- A £5 increase to Council Tax for 2023/24 was currently built into the projections however this would be subject to the detailed budget setting process. The £5 was roughly equivalent to around a 2.5% increase. The budget gap would not be mitigated solely by the increase in Council tax.

Audit Recommendation Tracker

- 14 recommendations had been completed since the last meeting of the Governance Committee
- Assurance statement for Safeguarding duties – In Devon there was an agreement for joint assurance – this however had been held up by Devon County Council (DCC)
- Table D detailed one outstanding recommendation. The previous Planning Manager had started to engage with consultees in order to obtain responses. Since she had now left the Authority, the new Planning Manager had started to recommence the works.

Annual Review of the Committee's Effectiveness

All members of the Governance Committee had completed the survey. The answers to questions for which there had been some 'no' or 'don't know' answers were clarified.

There have been occasions where a meeting has been cancelled when not quorate, or delayed when Councillors were late. The Corporate and Community Services officer had been telephoning Members to remind them to attend the meetings or give apologies in advance.

The Internal Auditor confirmed that they were currently undertaking a review of the reports provided to each of the Devon Authorities and ascertain any different requirements across the region.

A peer review had been undertaken, and the results circulated previously. That had covered areas of work that could come to the Committee within the work programme.

The Chief Executive confirmed that the findings of the Organisational Development team had been circulated to officers and a report would be presented to this Committee in due course. This work considered the culture of the organisation: both staff and members.

The Chief Executive reiterated that the role of the Governance Committee was to look at the controls and procedures set in place and ensure issues were picked up through performance rather than specific cases or incidents.

10th January 2023:

Update on Planning Service

The Service Manager (Development Management) provided the committee with an update on the planning service. She updated the Committee on the background of the planning service, and the current situation within the Planning Team

She advised that:

- The team was not yet fully resourced. There was a national shortage of suitable planning professionals looking to take on roles within Local Authorities.
- The Environment Agency were consultees on applications. Consultee views were all taken into account when considering planning balance and all Local Planning Authorities tried to ensure that any decisions were robust as they were open to judicial review and appeal.
- 97% of applications were approved, with a low appeal-rate for those refused. Very few decisions were overturned at appeal.
- Reports on the processing times were to be presented to Members on a quarterly basis.

Audit Recommendation Tracker

- There were 27 live recommendations.
- 23 recommendations had been completed since the last meeting of the Governance Committee
- Requests for time extensions were being requested for 7 recommendations.
- There were no outstanding recommendations.
- The Chair confirmed the need for realistic extension dates to be set in order to reduce need to re-request when deadlines were not met.

Internal Audit Progress Report

There were 6 further audit reports and findings completed in the 2022-23 plan

The Head of Internal Audit's opinion was that the Authority was on track for an overall opinion of 'Reasonable Assurance' on the adequacy and effectiveness of the Authority's internal control framework.

The Director of Resources and Deputy Chief Executive advised that the Parking Strategy had been covered within the Policy Development Committee when considering the service plans and that it would be reconsidered in conjunction with the outcomes of the Future High Street fund works.

The Chief Executive advised that the issues of carbon offsetting and income generation from the car parks would need to be considered. There was a conflict over providing more car parking, and perhaps promoting public travel services. There was still demand for car parks. There was not the infrastructure to provide electric charging points, or points powered by solar energy, in many of the car parks.

External Audit Progress Report and Sector Update

The External Auditor confirmed:

North Devon Council were within a small percentage (12%) who had their accounts signed off within the deadline. The completion statement was issued in November 2022.

The Value for Money (VfM) report would come back to this Committee in March 2023 once finalised.

Only one audit claim was outstanding: the Housing Benefit Subsidy claim. The Department for Works and Pensions (DWP) had extended the deadline to 31st January 2023. It was expected that this deadline would be met. There was not believed to be any penalties for late submission.

There were no significant weaknesses within the Authority's commercialisation plans.

Polling Places Designations

The Head of Governance advised that the changes on previous locations were

- Barnstaple Forches Ward: St Johns Community Centre
- (Part of) Ilfracombe West: Holy Trinity Church Governance Committee
- North Molton: Memorial Hall
- Fremington and Yelland (Part 2): (Garage of) 31 Linscott Crescent, West Yelland

Update on Governance Arrangements Following Review of the Committee System

The Director of Resources and Deputy Chief Executive provided the Committee with an update on the Governance Arrangements following the Review of the Committee System, along with results of a survey held at the end of 2022 (previously circulated).

The Director of Resources and Deputy Chief Executive advised the Committee:

- The survey had been issued to all (42) Councillors. 16 surveys had been completed. Of those, 50% were new Councillors (elected in 2019), with the remaining 50% having been Councillors prior to the previous election.
- The answers were mainly positive, or neutral to the main questions.
- Suggestions regarding training needs would be considered when the Corporate and Community team set the Member training programme following the elections. Although training sessions would likely take place during the day, those sessions would be recorded where possible and made available online.
- Overall there had been a good response, and positive feedback.

Corporate Risk register

The Head of Governance took the Committee through the main highlights of the report and advised that the report would be presented to the Committee on a quarterly basis.

In response to questions from the Committee, in particular around the risks to increased homelessness, the Chief Executive confirmed that

- Creating close working ties with third parties such as the Pickwell Foundation meant that placements under the Homes for Ukraine scheme were generally very successful.
- Regular multi-agency meetings were held.
- Government guidance dictates that councils were given 24 hours-notice of any new asylum hotels