

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE COMMITTEE held in the CIVIC SUITE (LANCASTER/STIRLING ROOMS), PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, CAMBS, PE29 3TN on Tuesday, 30 May 2023

PRESENT: Councillor N Wells – Chair.

Councillors A M Blackwell, E R Butler, J A Gray, J E Harvey, P J Hodgson-Jones, S A Howell, A R Jennings, P Kadewere, T D Sanderson and I P Taylor.

APOLOGY: An Apology for absence from the meeting was submitted on behalf of Councillor J Clarke.

IN ATTENDANCE: Councillor M A Hassall.

4 MINUTES

The Chair welcomed Councillor A R Jennings to his first meeting of the Committee.

The Minutes of the meetings of the Committee held on 26th April and 17th May 2023 were approved as a correct record and signed by the Chair.

5 MEMBERS' INTERESTS

No declarations were received.

6 2022/23 OUTTURN REPORT

With the aid of a report prepared by the Director of Finance and Corporate Resources (a copy of which is appended in the Minute Book) the Committee were presented with the Council's projected financial performance for 2022/23.

In introducing the report, the Managing Director (Interim) reported that the overall outturn for 2022/23 reflected an underspend of £476,000 when compared to the approved budget. This was attributable to macro-economic factors and global market challenges which impacted upon the Council's holdings and interest on its treasury positions. Specific mention was made of the Council's performance in respect of recyclable material, levels for which had exceeded the targets which had been set, together with savings achieved in the Council's Strategic Planning Team.

In response to a question raised by Councillor A M Blackwell, the Managing Director (Interim) reported that the recyclable material market often fluctuated and that he was anticipating the Council to revert back to a less fortunate position in the future.

Councillor P Kadewere then questioned the performance of the Commercial Investment Strategy (CIS) where it was noted that a £765,000 return on property investments had been achieved. The Managing Director (Interim) reported that the Strategy would continue to be closely and actively monitored in the future. Arising from which, Councillor J A Gray then queried the recent leadership and staff changes which had occurred within the Strategic Property Team, when a refresh of the CIS was anticipated and the savings which had been achieved relating to staff costs within the Planning Team. The Managing Director (Interim) responded that the new Strategic Property Asset Manager came with experience of working within a commercial and local authority background and that the immediate priority would be to review some of the Council's investments with a view to generating longer term returns. In respect of the refresh of the CIS, the Committee noted that core principles for this would be established over the summer period and that further developments would be expected in due course. Finally, it was confirmed that an underspend had been achieved within the Strategic Growth Team of the Council's Planning function and not within the Development Management Service where an overspend had been reported. The Committee were assured that the latter service was doing their best to meet demand and that weekly meetings were being held with the Managing Director (Interim) together with the Chief Planning Officer and members of her team to review caseloads and resources for the Development Management Service.

Councillor A R Jennings then queried if there would be any impact upon the Council owing to the delays with completing the external audit and publishing the final set of accounts for 2021/22 by the prescribed deadline of 31st May 2023. The Committee were assured there would be no negative impact upon the Council and that an appropriate statement would be published on the Council's website explaining the reasons and cause for the delay. Furthermore it was reported that the issue of external audit completion timeliness remained a national concern and one that the Council actively lobbied for amongst various groups and organisations. Councillor P J Hodgson-Jones then raised questions around audit scheduling and where the Council sat within this and the impact of property/asset valuations within the CIS. In response, it was reported that the Council was generally regarded by the external auditors as a low risk authority but that the CIS offered an enhanced risk which meant that some priority had to be accorded to scheduling the completion of the Council's external audit sooner. Additionally, it was noted that the CIS had resulted in additional audit checks being undertaken in respect of valuations which had contributed towards the delay in finalising the 2021/22 accounts.

Whereupon, it was

RESOLVED

that the financial performance for the financial year 2022/23, as detailed in Appendix 1 and summarised in paragraph 3.2 of the report now submitted be received and noted.

7 LOCAL CODE OF CORPORATE GOVERNANCE

A report by the Internal Audit Manager was submitted (a copy of which is appended in the Minute Book) providing an update on the new supporting narrative to the Local Code of Corporate Governance.

The Managing Director (Interim) introduced the report and advised the Committee that seven core principles recommended by the Chartered Institute of Public Finance and Accountancy had now been incorporated within the Code together with the Council's ability to remove from the Annual Governance Statement a substantial amount of narrative describing the Council's governance arrangements.

Having welcomed the improvements which had been made to the Code, Councillor J A Gray queried the capacity of the Council to carry these principles forward. The Managing Director (Interim) responded that whilst being mindful of the priority being accorded to the completion of the external audit for 2021/22, together with the challenges which existed in recruiting to the vacant Corporate Director (Place) post, the key point of this Code would be to ensure that the seven principles were embedded within existing working practices. Additionally, the Overview and Scrutiny Panel (Performance & Growth) would be reviewing the Corporate Plan Targets for 2023/24 at their meeting on 7th June 2023 and that efforts would be made to effectively utilise the current level of resources available within the organisation.

Whereupon, the Committee

RESOLVED

to endorse the new April 2023 Local Code of Corporate Governance as detailed in Appendix 1 of the report now submitted.

8 PEER REVIEW UPDATE

Councillor M A Hassall, Executive Councillor for Corporate & Shared Services, was in attendance for this item.

A report by the Director of Finance and Corporate Resources was submitted (a copy of which is appended in the Minute Book) presenting the findings of the outcome of the Local Government Association's Peer Review of Internal Audit which took place in March 2023.

In setting the context for the Peer Review, the Executive Councillor for Corporate & Shared Services advised the review was timely owing to the establishment of the Joint Administration and various Senior Management changes. The Managing Director (Interim) then provided background to the review which provided an external perspective on the Council's Internal Audit function enabling the Council to maximise the benefits of the service upon the organisation. 17 recommendations had been proposed which have initially been agreed by the external auditors, Chair, Vice-Chair, Director of Finance and Corporate Resources and Internal Audit Manager. Next steps would then be to develop an action plan for consideration by the Committee at either its July or September 2023 meeting. In his concluding remarks, the Managing Director (Interim) responded that the review had been a positive, useful and informative process.

Councillor A R Jennings raised questions relating to when the new strategic Risk Register would be brought to the Committee for consideration, the level of resources available within the Internal Audit Team and clarification on the new

Assurance Board which had been referred to within the report. Having regard to the former, the Managing Director (Interim) responded that a fundamental review had taken place last year and reported to Committee at that time. The view was to split the register into two themes, namely strategic and corporate risks and service risks. Going forward both themes would be incorporated into a single register and presented to the Committee in due course. In respect of resources within the Internal Audit Team, it was reported around 2.2 FTE operated within the service but that this would be confirmed outside of the meeting. Assurances were delivered that the level of resource within the team was comparable to that of other authorities and that there had been a period of turnover within the team which was unusual for the service. Finally, the Committee were advised that the Assurance Board had been set up in addition to weekly Senior Leadership Team meetings to provide dedicated focus on accountability of issues with relevant colleagues sharing chairing roles. Matters that were considered at such meetings included risk, escalation, compliance and controls.

Referring back to the issue of resources within the Internal Audit Team, Councillor P J Hodgson-Jones questioned what options the Council had considered to resolve this given this was regarded as a key governance issue. The Managing Director (Interim) responded that in the past the option of exploring Shared Services with South Cambridgeshire and Cambridge City had been explored together with a further shared service option with seven other local authorities in Hertfordshire. The matter remains live and it might be that the Council repursues discussions in this respect or builds a resilience model around it to address the resource issues within the team. Councillor P J Hodgson-Jones commented that if the latter was pursued by the Council, to be mindful of the resulting governance and management issues which might arise.

Finally, a question was raised by Councillor J A Gray querying when the Committee would have sight of the Peer Review action plan. It was confirmed that owing to timescales, this might not be ready for the Committee's July 2023 meeting but possibly the one thereafter in September 2023. Additionally, it was noted that the Committee would also have sight of the updated Risk Management Strategy too.

Whereupon, the Committee

RESOLVED

to accept the recommendations arising from the Peer Review as outlined in the report now submitted.

9 CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

The Committee received and noted a report (a copy of which is appended in the Minute Book) on progress of actions in response to any decisions taken at previous meetings. In doing so, the Democratic Services Officer reported that there was now one use of the Code of Procurement Waiver Procedure, details of which would be circulated around to Committee Members in due course. Additionally, it was reported that progress was underway with regards to the recruitment of 2 non-voting Independent Members and that the Chair, Vice-Chair and relevant Executive Councillor would be involved in finalising some of the detail prior to advertising the posts.

With regards to Shadow Cabinet Members, the Managing Director (Interim) advised that the matter would now be considered alongside a wider constitutional review. However, it was difficult to provide an indicative timeframe for when this review would happen owing to the current recruitment process to fill the permanent Chief Executive and Corporate Director (Place) roles within the organisation.

The meeting concluded at 7:42pm.

Chair