

# GOVERNANCE AND ETHICS COMMITTEE

## MINUTES OF THE MEETING HELD ON MONDAY, 28 NOVEMBER 2016

**Councillors Present:** Steve Ardagh-Walter, Graham Bridgman, Keith Chopping (Chairman), James Cole, Lee Dillon, Sheila Ellison (Substitute) (In place of Jeff Beck), Anthony Pick and Quentin Webb

**Also Present:** Sarah Clarke (Acting Head of Legal Services), Andy Walker (Head of Finance) and Moira Fraser (Democratic and Electoral Services Manager)

**Apologies for inability to attend the meeting:** Councillor Jeff Beck, Chris Bridges and Barry Dickens

### PART I

#### 17 Election of the Chairman

**RESOLVED** that Councillor Keith Chopping be elected Chairman of the Governance and Ethics Committee for the remainder of the 2016/17 Municipal Year.

#### 18 Minutes

The Minutes of the meeting held on 5 September 2016 were approved as a true and correct record and signed by the Chairman subject to the inclusion of the following amendments:

**Page 2, Item 9 (A New Councillors Code of Conduct), Resolution** - insert the word 'and' between the words Governance and Ethics.

**Page 4, Item 12 (Annual Governance Statement – Statement in Support by the Monitoring Officer), final paragraph, last sentence** – replace the words 'would make' with 'made'.

**Page 4, Item 13 (Annual Governance Statement), Resolution** – insert 'subject to the inclusion of the amendment suggested by Councillor Cole as set out above' after the word 'Committee'.

**Page 5, Item 14 West Berkshire council Financial Statements 2015/16 including KPMG Opinion), final paragraph, last sentence** – replace the word 'lead' with 'led'.

**Page 5, Item (Changes to the Constitution – Part 11 (Contract Rules of Procedure)), fourth paragraph penultimate sentence** – replace the word 'titles' with 'titled'.

#### *Matters Arising*

Members requested that John Ashworth circulate a written note to Members of the Committee updating them on the progress that had been made with auditing the assets that had been owned by Berkshire County Council at the time of the local government re-organisation in 1998.

Councillor Graham Bridgman noted that the revised Code of Conduct and Contract Rules of Procedure had been adopted by Full Council. Councillor Bridgman noted that at the time the Code of Conduct had been discussed it had been suggested that the revised Code should be adapted and then circulated to the town and parish councils. Moira Fraser confirmed that this had been done but that to date the Council had not been advised that any of them had decided to adopt the revised document.

## **GOVERNANCE AND ETHICS COMMITTEE - 28 NOVEMBER 2016 - MINUTES**

Councillor Bridgman also reported that a Webcasting Procedure was being developed. The draft document would be circulated to Councillors Rick Jones and Alan Macro for comment and then it would be sent to the original Webcasting Task Group to consider prior to it being brought back to the Governance and Ethics Committee for discussion.

Councillor James Cole noted that he had been asked to update the Committee on the way Risk Management was dealt with by the Council. He had been involved in a project with Ian Priestley and confirmed that changes would be made and that he would report back to the Committee at the April 2017 meeting.

**RESOLVED that:** Changes to Risk Management be added to the agenda for the 24 April 2017 meeting.

### **19 Declarations of Interest**

There were no declarations of interest received.

### **20 Forward Plan**

The Committee considered the Governance and Ethics Committee Forward Plan (Agenda Item 5).

It was noted that the following items needed to be added to the Governance and Ethics Forward Plan:

#### 24 April 2017

- Changes to Risk Management

#### August 2017

- West Berkshire Council Financial Statements 2016/17 including external auditor's Opinion.
- Annual Governance Statement
- Annual Governance Statement - Statement in Support by the Monitoring Officer
- Annual Governance Statement - Statement in Support by the Section 151 Officer
- Internal Audit Annual Report 2016/17
- Update on Ethical Matters - Quarter 1 of 2017/18

#### November 2017

- Update on Ethical Matters - Quarter 2 of 2017/18
- Financial Statements 2016/17 - Annual Audit Letter

Councillor Lee Dillon noted that allegations had been made in respect of cash handling by Civil Enforcement Officers and he questioned whether or not this was something the Committee could look into. The Committee agreed that this could be considered as part of the Internal Audit – Interim Report 2016/17.

#### **RESOLVED that:**

1. the Governance and Ethics Committee Forward Plan be noted subject to the inclusion of the amendments set out above.
2. Cash handling by Council Officers would be looked into as part of the Internal Audit - Interim Report 2016/17.

### **21 Update on Ethical Matters - Quarter 2 of 2016/17 (GE3090)**

The Committee considered the Update on Ethical Matters – Quarter 2 of 2016/17 (Agenda Item 6).

## GOVERNANCE AND ETHICS COMMITTEE - 28 NOVEMBER 2016 - MINUTES

Sarah Clarke reported that during Quarter 2 of 2016/17 one formal complaint was received by the Monitoring Officer. This complaint pertained to a parish councillor. Following the Initial Assessment of this complaint it was agreed that no further action should be taken. There had been a significant decrease in the number of complaints when compared to the first half of the previous year. She noted however that fifteen of the sixteen complaints in 2015/16 pertained to one planning committee meeting.

No dispensations were granted during Quarter 2 of 2016/17.

A small number of gifts and hospitality had been declared by District Councillors during Quarter 2 of 2016/17.

The Monitoring Officer reported that, as had previously been mentioned by Councillor Bridgman, the revised Councillors Code of Conduct and Contract Rules of Procedure had been adopted at the September 2016 Council meeting. A small number of changes had also been made to Parts 2 and 3 of the Constitution by the Monitoring Officer under delegated authority.

Councillor Lee Dillon requested that Councillor Hilary Cole's second declaration of gifts and hospitality be clarified. *(Post meeting note: the typographical error on the database has been corrected.)*

**RESOLVED** that the report be noted.

### 22 Public Sector Audit Appointments (GE3211)

The Committee considered a report regarding Public Sector Audit Appointments (Agenda Item 7).

Andy Walker explained that following the closure of the Audit Commission and the end of the transitional arrangements, at the conclusion of the 2017/18 audits, the Council would need to consider the options available in terms of appointing an external auditor and putting in place new arrangements in time to make a first appointment by 31 December 2017.

Opting in to a national scheme would provide maximum opportunity to limit the extent of any increases by entering in to a large scale collective procurement arrangement and would remove the costs of establishing an auditor panel. There would not be a fee to join the national scheme, the audit fees that opted in bodies would be charged by the sector led body and would cover the costs of appointing auditors. The Local Government Association believed that audit fees achieved through block contracts would be lower than the costs that individual authorities would be able to negotiate. In addition by using this national scheme the Council would avoid having to do its own procurement and the legal requirement to set up a panel of independent members. The S151 Officer explained that around 270 authorities, including all five other Berkshire Unitaries, had indicated that they would opt into the scheme. Mr Walker commented that the LGA would be sensitive to tight local government resources.

Councillor Steve Ardagh-Walter queried what benefits would be achieved other than the fact that this appeared to be a more convenient approach. Councillor Keith Chopping was concerned about possible cost implications associated with this proposal. The Committee were concerned that the Council had to respond by the 08 March 2017, but that the contracts would only be awarded in June 2017 and that the scale of fees would only be published in autumn 2017 and would come into effect in March 2018. Members queried whether they would be able to withdraw from the process if fees were higher than anticipated.

## **GOVERNANCE AND ETHICS COMMITTEE - 28 NOVEMBER 2016 - MINUTES**

The S151 Officer explained that the Council would be asked to sign up to a five year contract which might include a break clause if terms were not agreeable to the organisation but that this might have cost implications for the Council.

Councillor Quentin Webb stated that he was somewhat reassured by the fact that the scheme would be administered by the LGA as a not for profit company. Councillor Steve Ardagh-Walter commented that the scheme might only illicit tenders from the 'big six suppliers' and that more attractive terms might be able to be negotiated with a smaller firm. The S151 Officer noted this comment but explained that any auditors applying would have to be familiar with public sector practices. This would not necessarily discount smaller firms and the LGA had spoken about breaking down barriers to entry into this market. He hoped that this process might engage more auditing firms.

It was agreed that additional information was required by the Committee in order for them to make a recommendation to Full Council. Additional information required included indicative costings should the Council wish to appoint its own external auditors, getting a 'Plan B' auditor in place should the offer prove to be unattractive, information on 'get out clauses', any additional information on costs of the proposed scheme that became available in the interim period. The Committee therefore agreed to defer the decision until the 06 February 2017 to allow additional time to gather more information. They would then make a recommendation to the March 2017 Full Council meeting.

### **RESOLVED that:**

1. A revised report would be brought to the 06 February 2017 Governance and Ethics Committee.
2. Following discussion at the 06 February 2017 meeting a recommendation would be made to the Full Council meeting on the 02 March 2017.
3. Call-In comments to be completed.

## **23 Financial Statements 2015/16 - Annual Audit Letter (GE3210)**

The Committee considered a report (Agenda Item 9) concerning the Financial Statements 2015/16 Annual Audit Letter. This audit letter summarised the outcome from KPMG's audit work at West Berkshire Council in relation to the 2015/16 audit year.

Andy Walker reported that Value for Money was given an unqualified conclusion, KPMG were satisfied the Council had appropriate arrangements in place for securing economy, efficiency and effectiveness in the use of its resources.

The main areas identified in the risk assessments were; Financial Resilience in the face of pressures on its income, increased demand for its services, and a low General Fund reserves balance and particular pressure from Care Act eligibility due to the lack of funding from Government.

KPMG issued an unqualified opinion on the Council's financial statements on 28th September 2016.

KPMG agreed the Whole of Government Accounts return for central Government was consistent with the audited Financial Statements.

Members noted that the external audit fees had decreased from £129k in 2014/15 to £96k in 2015/16. They congratulated Officers on the work they had put into preparing the financial documentation and asked Andy Walker to pass their thanks onto his team.

**RESOLVED that** the report be noted.

*(The meeting commenced at 5.00 pm and closed at 5.50 pm)*

**GOVERNANCE AND ETHICS COMMITTEE - 28 NOVEMBER 2016 - MINUTES**

**CHAIRMAN** .....

**Date of Signature** .....