

# DRAFT

Note: These Minutes will remain DRAFT until approved at the next meeting of the Committee

## GOVERNANCE AND ETHICS COMMITTEE

### MINUTES OF THE MEETING HELD ON MONDAY, 26 JULY 2021

**Councillors Present:** Jeremy Cottam (Vice-Chairman), Tony Linden, Thomas Marino (Chairman), Andy Moore and Graham Pask (Substitute) (In place of Rick Jones)

**Also Present:** Catalin Bogos (Performance Research Consultation Manager), Sarah Clarke (Service Director (Strategy and Governance)), Shannon Coleman-Slaughter (Chief Financial Accountant), Julie Gillhespey (Audit Manager), Joseph Holmes (Executive Director - Resources), Gary Lugg (Head of Development & Planning), Bryan Lyttle (Planning & Transport Policy Manager), Councillor Jeff Beck, Stephen Chard (Democratic Services Manager), Bill Graham (Parish Council Representative), Jack Karimi (Democratic Services Officer), Councillor Claire Rowles and David Southgate (Parish Council Representative)

**Apologies for inability to attend the meeting:** Councillor Rick Jones and Councillor David Marsh

#### PART I

#### 3 Minutes

The Minutes of the meeting held on 19 April 2021 were approved as a true and correct record and signed by the Chairman, subject to the following amendments:

##### Item 28 - Minutes

Councillor Tony Linden confirmed that he was present at the meeting held on 1 February 2021, but was late in arriving.

##### Item 33 – Revised Audit Findings for West Berkshire Council

It was noted that Councillor Linden's name had been misspelt.

The Minutes of the meeting held 4 May 2021 were approved as a true and correct record and signed by the Chairman.

#### 4 Declarations of Interest

There were no declarations of interest received.

#### 5 Forward Plan

The Committee considered the Governance and Ethics Committee Forward Plan (Agenda Item 4).

Julie Gillhespey raised that GE4093 should state Quarter 3 rather than Quarter 4.

**RESOLVED** that the Governance and Ethics Committee Forward Plan be noted.

#### 6 Annual Governance Statement 2020-21 (GE4031)

Joseph Holmes introduced the Annual Governance Statement for the 2020/21 financial year, noting that approval of the report was an important annual requirement, and that it set out key areas of governance to focus on in the following year, as well as noting

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progress on the key areas from 2019/20. Joseph Holmes noted that some areas such as Asset Management were retained, as well as new issues for governance.

The Chairman proposed to suspend Standing Orders in order to allow the External Auditor, Iain Murray, to speak. This was approved.

Councillor Jeremy Cottam asked what remained to be done to improve the issue of Asset Management. Joseph Holmes responded that there was an update to the previous committee, and some of the internal audit actions were due for completion.

Councillor Cottam asked about the monitoring of the current portfolio, and whether there would be a mechanism in place to monitor the position of the purchased assets. Joseph Holmes responded that the Property Investment Board met quarterly to assess the investments and monitor their success. Joseph Holmes noted that the audit referenced was a one-off as part of the internal audit arrangement, but the Committee now had Treasury Management within its remit, and commercial properties would form part of its strategy. A report on the portfolio could come to the Committee if requested.

Councillor Graham Pask noted that it was important that the Committee continued to be informed.

The Chairman noted some typographical errors, and Joseph Holmes agreed to amend the report.

The Chairman noted that some points had been removed from the Annual Governance Statement, and asked who had signed off on that decision and whether it would be open to public scrutiny. Joseph Holmes noted that the decision was made based on where the report could be best used, but assured that items could be added at a later stage.

**RESOLVED** that the Annual Governance Statement be approved.

### **7 Going Concern Assessment as at 31 March 2021 (GE4030)**

Shannon Coleman-Slaughter introduced the report which outlined the assessment of the Section 151 Officer on whether the Council could fulfil all of its financial obligations. In its conclusion, the Council could meet those obligations as a Going Concern.

**RESOLVED** that the report be noted.

### **8 2020/21 Draft Financial Statements Highlight Report (GE3820)**

Shannon Coleman-Slaughter introduced the report, particularly noting the pension liability and the reasons why it had increased.

Councillor Tony Linden asked whether the suburban population of Reading West within West Berkshire should be included on future versions of reports such as this. Joseph Holmes responded that it could be added in future.

Councillor Linden noted that the report stated the Council had been created as a unitary district council after the dissolution of Newbury District Council. Councillor Linden asked whether that was the case, or whether it was simply renamed in 1998 on assuming more powers. Joseph Holmes stated that he would check to see whether it was correct.

David Southgate asked for further clarification on the summary and the seven negative points that had been highlighted. Joseph Holmes stated that this was reference to two separate reports, one of which had already been considered by the Committee.

Councillor Andy Moore asked whether the pension fund deficit was likely to improve, and whether there were actions prepared in case it did not. Joseph Holmes stated that it was difficult to assess whether it would further worsen or improve, but the overall pension fund would be due an overall review and valuation where decisions on actions would be

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taken. Councillor Moore asked when the next review would be. Mr Holmes stated that it was in 2022.

Councillor Linden stated that the Berkshire Pension Fund had been late, but that it would be improved to allow for better reporting.

The Chairman noted that the report had to be produced by 31 July 2021, and asked whether that had been completed. Joseph Holmes responded that it had.

The Chairman noted that there were £4.2 million worth of assets marked as unable to be substantiated, and asked if there were any clear examples of that. Ms Coleman-Slaughter noted that it was predominately old ICT equipment which had remained on the register and required being written off, and some duplicate items. This was part of a review into the fixed asset management which had been undertaken.

**RESOLVED** that the report be noted.

### 9 Internal Audit Annual Assurance Report 2020/21 (GE4029)

The Committee considered a report (Agenda Item 8) concerning the Internal Audit Annual Assurance Report 2020/21.

Julie Gillhespey introduced the report. She noted that the report's conclusion stated that the Control Framework was still robust and effective, and noted the large number of areas which were marked as 'satisfactory'. A number of 'weak' opinions had been reported to Committee and since worked on. Grounds Contract Management had been 'very weak', and while this had not been improved to 'satisfactory' there had been improvement. Additionally, there were three follow-up reports which had returned unsatisfactory reports, and had been reported to the Committee and followed up on.

Joseph Holmes noted that Capital Strategy Group had seen reports on available contributions and whether they were being managed effectively.

Bryan Lytle noted that there was a new government requirement to report back on Section 106 and CIL by the December of each year. The Council had been successful on that deadline and the report was published. Section 106 agreements had gone down from 106 in 2013/14 to just eleven in the previous year, and one this year. Most information requests were being managed through the Freedom of Information Act, which were free of charge.

Councillor Jeff Beck noted that the Maintenance Contract was marked as 'very weak', and that it was a joint contract between West Berkshire Council, Newbury Town Council and an external contractor. He asked why this was suddenly 'very weak'. Julie Gillhespey noted that the report was not 'out of the blue', as there had been issues throughout, due to the failure to establish a database. An agreement had been reached on actions to improve on the audit, and these were promising.

Councillor Tony Linden noted that the Development and Planning Capital Programme Board had been marked as 'weak', and asked what actions would be taken. Julie Gillhespey stated that the Committee could request a second stage follow-up, but that the main issue, reports going to the Capital Strategy Group, had been addressed by Joseph Holmes and acted on.

Councillor Claire Rowles asked for reassurance that the Council was able to benchmark themselves against other authorities, and that the Audit Team was following the statutory requirement to be externally audited. Julie Gillhespey responded that the external assessment was a benchmark, as it was comparing the Council with other local authorities. The audit reports were additionally externally audited, and that would have raised any issues. Councillor Rowles asked how an external audit worked. Julie

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Gillhespey responded that external audits had a set of criteria to work on and that the Council had been marked as fully conforming to the standards set out.

David Southgate noted that in 5.9 there was a mention of a new process being set up in 2018/19, and in 5.21 there was an external audit in March 2018. He asked whether the process was still relevant considering there was a new process. Julie Gillhespey responded that the new process was a risk management process, and was not related to the external audit.

Councillor Rowles asked Bryan Lyttle to clarify his statements on Section 106 and CIL. Bryan Lyttle responded that the government brought in legislation requiring councils to produce reports on Section 106 and CIL spending each December. The Council has issued these reports since 2018.

Councillor Andy Moore noted that Covid-19 related work was marked as something that came in new, and asked for an overview of what that involved. Julie Gillhespey responded that the Council asked for help for business grants and community support, and a range of later grants. Each grant was signed off after a check for fraud. Additionally, there were grants with no sign-off requirement that presented a risk and were checked in order to prevent fraud.

The Chairman noted that there was an 81% score and asked whether this would return to a 90% score. Julie Gillhesey responded that she hoped that it would, although it depended on the level and nature of work, and that the Council should expect between 80% and 90%.

**RESOLVED** that the report be noted.

### 10 Exclusion of Press and Public

**RESOLVED** that members of the press and public be excluded from the meeting for the under-mentioned item of business on the grounds that it involves the likely disclosure of exempt information as contained in Paragraphs 3, 5 and 6 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information)(Variation) Order 2006. Rule 8.10.4 of the Constitution also refers.

### 11 Risk Management Q4 2020/21 Report (GE4028)

The Committee considered an exempt report (Agenda Item 10) concerning the Risk Management Q4 2020/21 Report.

**RESOLVED** that the exempt report be noted.

*(The meeting commenced at 6.30pm and closed at 7.20pm)*

**CHAIRMAN** .....

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