

# DRAFT

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

## GOVERNANCE COMMITTEE

### MINUTES OF THE MEETING HELD ON MONDAY, 20 NOVEMBER 2023

**Councillors Present:** Erik Pattenden (Chairman), Dominic Boeck, Jeremy Cottam, Owen Jeffery, David Marsh, Christopher Read, Stephanie Steevenson (as a Substitute) and Louise Sturgess

**Also Present:** Simon Carey (Independent Person), and David Southgate (Parish Council Representative)

**Officers Present:** Joseph Holmes (Executive Director – Resources), Julie Gillhespey (Internal Audit Manager), Sadie Owen (Principal Democratic Services Officer), Vicky Phoenix (Principal Democratic Services Officer) and Nicola Thomas (Service Lead – Legal and Democratic)

**Also in attendance:** Sophia Brown (External Auditor-Grant Thornton)

**Apologies for inability to attend the meeting:** Councillor Howard Woollaston and Councillor Iain Cottingham

#### 1 Minutes

Councillor Erik Pattenden paid tribute to Parish Councillor Bill Graham who had sadly passed away the previous week. Councillor Pattenden noted that Bill had been Shaw-Cum-Donnington Parish Chairman for eight years and had been a member of the Governance Committee since 2021, playing an active role in meetings, even in the preceding week. Councillor Pattenden described it as tragic news and offered condolences on behalf of the Committee to Bill's family and friends.

The Minutes of the meeting held on 25 September 2023 were approved as a true and correct record and signed by the Chairman.

#### 2 Declarations of Interest

There were no declarations of interest received.

#### 3 Forward Plan

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

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

#### 4 Membership of the Constitution Review Task Group - Verbal Item

Nicola Thomas noted that it had been agreed at the previous meeting that the Constitution Review Task Group would be re-established and reported that the following membership nominations had been received:

Councillors Jeff Brooks, Justin Pemberton, Antony Amirtharaj, David Marsh and Ross Mackinnon.

Councillor Owen Jeffery proposed, and Councillor Jeremy Cottam seconded the membership of the task group.

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### RESOLVED that:

- Governance Committee approved the revised membership of the Constitution Review Task Group.

### 5 External audit letter - financial sustainability (G4464)

Joseph Holmes introduced a report (Agenda Item 6), which informed Members that the Council's external auditors, Grant Thornton had written to the Council about concerns relating to financial sustainability.

In response to a query from Councillor Jerney Cottam, Sophia Brown of Grant Thornton commented that the letter had been written directly after reviewing the Council's finances of Quarter One, 2023/24, and the significant deficit identified at that time. Sophia Brown noted that she was now tracking the deficit position and had received a Quarter Two report from Joseph Holmes that day which showed that it had almost halved.

Councillor Paul Dick queried whether the deficit had reduced due to planned or real savings. Sophia Brown commented that she had referred to the planned outturn for the end of the year. It was noted that there was still a risk to the Council as a deficit position would impact the Council's reserves.

Councillor Dominic Boeck requested clarification as to what a Capitalisation Directive entailed and the implications for the Council. Joseph Holmes explained that it was the process whereby a Council approached Government to request funding in the form of capital money, which if granted, could also be used for any revenue purpose. The money would then be paid back to the Government either similarly to a normal loan or through sale of capital receipts. It was clarified that the process could be used in order to avoid a section 114 report. Joseph Holmes explained that a Minister would write a letter that he 'was minded to' lend the Council a certain amount, DHLUC would then visit and review the Council and report back to the Minister and either recommend to allow the release of funds or not.

Councillor David Marsh commented that there was nothing within the report, which Members did not already know. Sophia Brown was encouraged by this noting that it was not the case in every local authority. Sophia Brown explained that as an external auditor it was not her job to predict financial behaviour, but to ensure that a balanced budget was being set. It was explained that the letter had been sent due to the extent of the deficit and the impact on the Council's reserves.

Councillor Erik Pattenden suggested that it would have been useful to have received the letter in July rather than September. Sophia Brown explained that the delay had been due to the timings of financial reporting, and Joseph Holmes clarified that the Quarter One report had only been published at the end of August.

Parish Councillor David Southgate queried the implication of the Council's reserves reducing from £7m to £3m. Joseph Holmes explained that he was obliged to write to Council annually recommending a minimum level of reserves. It was noted that it was a Council decision as to whether to take the advice or to decide on a level below that suggested by the s151 Officer. Joseph Holmes explained that CIPFA had historically suggested a reserve level of 5%, but that there was no set minimum requirement.

**RESOLVED that:** Governance Committee noted the letter.

### 6 Outcome of the External Assessment of Internal Audit (G4465)

Julie Gillhespey introduced a report (Agenda Item 7), which updated Members on the outcome of an external assessment of Internal Audit. It was reported that the outcome of

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the assessment was that the Council's Internal Audit team 'Fully Conformed' with the PSIAS requirements, which was the highest category of compliance.

Councillor Erik Pattenden congratulated Julie Gillhespey and her team for a successful external assessment.

**RESOLVED that:** Governance Committee noted the report.

*(The meeting commenced at 6.30 pm and closed at 7.00 pm)*

**CHAIRMAN** .....

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