

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, 25 JULY 2022

Councillors Present: Jeff Cant (Chairman), Jeff Beck, Rick Jones, Tony Linden, Geoff Mayes, Andy Moore and Biyi Oloko

Also Present: Shannon Coleman-Slaughter (Chief Financial Accountant), Julie Gillhespey (Audit Manager), Joseph Holmes (Executive Director - Resources), Bill Graham (Parish Council Representative), David Southgate (Parish Council Representative) and Sadie Owen (Principal Democratic Services Officer)

Apologies for inability to attend the meeting: Councillor David Marsh

10 Minutes

The Minutes of the meeting held on 27 June 2022 were approved as a true and correct record and signed by the Chairman.

11 Declarations of Interest

There were no declarations of interest.

12 Forward Plan

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

Councillor Andy Moore noted that there was no detail on the forward plan relating to the work of the Constitution Review Task Group.

Joseph Holmes acknowledged the omission and reported that there would be reports coming to the Committee in September and November.

RESOLVED that: the Governance and Ethics Committee note the Forward Plan.

13 Internal Audit Annual Assurance Report 2020/21 (GE4226)

Julie Gillhespey, Audit Manager, introduced the report (Agenda item 4), and explained that the PSIAS required her to make a formal report annually to those charged with governance in the Council. The report included her opinion on the Council's governance, risk management and internal control framework, which remained robust.

Councillor Tony Linden queried whether there would be a follow-up audit to the unsatisfactory finding relating to the audit of Deprivation of Liberty Safeguards. Julie Gillhespey explained that this was not felt to be necessary as detailed in paragraphs 5.17-5.19 of the report, and that the unsatisfactory finding related to forthcoming legislation updates and a system update. Further, Councillor Jeffrey Cant added that he had received assurances from Julie Gillhespey that no adults were at any increased risk as a result of the findings.

In response to a query raised by Councillor Linden, Julie Gillhespey reported that a follow-up audit had been undertaken of the i-college with a finding of Satisfactory.

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Councillor Jeff Beck congratulated the audit team on their performance indicator of 86% which was up from 81% the previous year.

Councillor Beck requested a further update to the audit of Deprivation of Liberty Safeguards finding.

Julie Gillhespey commented that she would need to go back to the service, but would be able to provide a progress report at the next Governance and Ethics Committee meeting.

Councillor Moore queried the statement at section 5.4 of the report that stated that intelligence was gained from other sources of assurance, both internal and external.

Julie Gillhespey commented that there were no formal routes for receiving the information, rather it was information that became available during the year.

It was explained that in relation to the recruitment of a Senior Auditor there had been no interest when the post was initially advertised and consequently it would be re-advertised later in the year when the market had hopefully improved.

Councillor Rick Jones echoed Councillor Beck's comments in relation to performance and queried whether there was perceived to be an ongoing impact from Covid to audit work going forward.

Julie Gillhespey commented that the impact was receding a little due to the cessation of business grants, but that central government was now requesting business sign off in relation to certain grants, which was proving labour intensive for the team.

RESOLVED that: Governance and Ethics Committee note the report.

14 2021/22 Draft Financial Statements Highlight Report (GE4236)

Shannon Coleman-Slaughter, Chief Financial Accountant, introduced the report (Agenda Item 6), informing Members of the key highlights from the draft 2021/22 financial statements and progress by the Council's external auditors Grant Thornton in respect of the 2020/21 external audit.

It was explained that 2020-2021 there was a negative balance sheet which was partly caused by the pension liability. The pension liability had since reduced based on assumptions from Royal Berkshire Pension Fund (the Pension Fund), and consequently this had resulted in a positive balance sheet again. It was noted that this was a provisional result given that Deloitte's were yet to complete their audit of the Pension Fund.

Councillor Cant requested that Joseph Holmes express the Committee's considerable concern at the delay taken by Deloitte's in auditing the Pension Fund, and asked that the Section 151 Officer of the Pension Fund provide assurances that there would be no major movement in the pension liability arising from their delay.

Councillor Linden commented that an audit partner had recently been reprimanded and fined over a past audit, and queried whether this was likely to impact the Council.

Joseph Holmes did not anticipate the impact on West Berkshire Council to be too significant, particularly given the fact that Grant Thornton were the council's auditors.

Councillor Biyi Oloko queried what had caused such a delay for Deloitte's. Joseph Holmes agreed to report back with an update to Governance and Ethics Committee at its next meeting following a discussion with the pension fund.

RESOLVED that: Governance and Ethics Committee note the report.

15 Financial Year 2021/22 Annual Treasury Outturn Report (EX4237)

Shannon Coleman-Slaughter introduced the report (Agenda Item 7), which provided an overview of the treasury management activity for financial year 2021/22 as at 31st March

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2022. It was highlighted that the long term borrowing had reduced due to the Council utilising short term funding as a consequence of low interest rates.

Councillor Moore queried whether overall borrowing would be any different had the Public Works Loan Board restrictions been in place earlier.

Shannon Coleman-Slaughter clarified that where borrowing had taken place to fund commercial property purely to obtain a yield would not have been allowed, however such investment was allowed at the time that it was made and consequently gave rise to a commercial property portfolio. The guidance restricted any further borrowing to invest in commercial property, but that already purchased could be retained.

It was clarified that the properties listed at Appendix B were either commercial properties which had been invested in by the Council in recent years, or properties retained as investments.

RESOLVED that: Governance and Ethics Committee note the report.

16 **Going Concern Assessment as at 31 March 2022**

Shannon Coleman-Slaughter introduced the report (Agenda Item 8), which summarised management's assessment of the Council's ability to function as a going concern; this determination supporting the preparation of the Statement of Accounts for 2021/22.

It was noted that there were no going concern issues raised at present.

Councillor Moore referred to the statement made at 4.2 (f) which recorded that the Council's private finance initiative (PFI), liability had reduced to £11.5 million, and queried what the liability related to.

Shannon Coleman-Slaughter reported that it was the waste PFI and dealt with the recycling centres. It was noted that it was an annual liability which reduced over time leading to no liability at the end of the contract.

Joseph Holmes noted that there were a few draft numbers within the report and the draft financial statements which may change slightly when the draft statements were published at the end of the week.

RESOLVED that: Governance and Ethics Committee note the Section 151 Officer's assessment, and propose the report is provided as a working paper to the external auditor confirming that the going concern assessment has been completed and that the conclusion maintains the assertion that the Council is a going concern as at the Balance Sheet date of 31 March 2022.

17 **Community Governance Review relating to Parish of Greenham - draft proposals (GE4256)**

Councillor Cant noted that Council had resolved on 10th May 2022 to delegate authority to the Committee to consider and approve the draft recommendation relating to the Governance Review of the Greenham Parish Council following initial consultation.

If approved by the Committee the draft recommendations would need to be consulted upon for a second 6 weeks period. Due to the summer period it was noted that there were no Governance and Ethics Committee meetings scheduled in August, and to schedule a further meeting in August would present various challenges.

Rescheduling to September would mean that the Council could not comply with Local Government Boundary Commission for England deadline of 1st October. Following consultation the recommendation would be referred to Local Government Boundary Commission for England. It was noted that the Boundary Commission deadline was 1st

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October 2022 and consequently it was considered urgent for the paper to be considered at the meeting.

Anita Stanbury introduced the report (Agenda Item 9), and commented that it represented draft proposals stemming from an initial consultation, and recommendations for further consultation.

Councillor Linden queried if a decision was made that evening whether it would be in time to bring about the changes for the 2023 local elections.

Anita Stanbury confirmed that was the intention. It was clarified that were substantive changes required following the forthcoming consultation then it would be unlikely that changes would be made in time for the local elections.

Councillor Moore queried whether allocation of seats would be proportionate to population.

Anita Stanbury reported that there were currently approximately just over four thousand residents in the Greenham Parish, with only six located in the Sandleford ward.

It was noted that the Sandleford ward currently had an allocation of five parish council seats. It was suggested that were a 'Racecourse ward' to be created the Sandleford allocation of five parish council seats would be moved to the new ward to represent approximately fifteen hundred residents.

Ten parish council seats would then be allocated to the proposed 'Common ward' with a resident population of approximately three thousand.

In response to a query from Councillor David Southgate, Anita Stanbury noted that seat allocation was determined by the Local Government Boundary Commission for England and could not be amended by West Berkshire Council.

RESOLVED that: the Governance and Ethics Committee approve the following draft recommendations arising out of the initial public consultation to proceed to second public consultation:

- Split Common ward (GB1) into two wards, with the current Racecourse development (GB2) area, becoming a separate "Racecourse ward".
- Reincorporate Sandleford ward (GB3) back into Common ward (GB1). This can be re-split into two separate wards, at such time as there are sufficient electors to warrant such a separation.
- Allocate the 5 parish council seats currently allocated to Sandleford ward, to the proposed new Racecourse ward (GB2).

Following second public consultation period and provided that there are no requests for substantive amendments to the above proposals then these proposal shall be sent to the Local Government Boundary Commission for England (LGBCE) for their review and formal consent. On receipt of formal consent from the LGBCE, the approval for a reorganisation order for the governance arrangements for Greenham parish shall be requested for consideration by Council.

(The meeting commenced at 6.30 pm and closed at 7.15 pm)

CHAIRMAN

Date of Signature