

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, 29 JANUARY 2024

Councillors Present: Erik Pattenden (Chairman), Howard Woollaston (Vice-Chairman), Dennis Benneyworth (as substitute), Laura Coyle, Janine Lewis (as substitute), Christopher Read and Louise Sturgess

Also Present: Catalin Bogos (Performance Research Consultation Manager), Shannon Coleman-Slaughter (Service Lead – Financial, Reporting and Property), Julie Gillhespey (Audit Manager), Joseph Holmes (Executive Director – Resources), Ben Ryan (Democratic Services Officer)

Apologies for inability to attend the meeting: Councillor Dominic Boeck, Councillor Jeremy Cottam, Councillor Owen Jeffery, Councillor David Marsh and Simon Carey

PART I

1 Minutes

The Minutes of the meetings held on 13 and 20 November 2023 were approved as true and correct records 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 Internal Audit Update Report - Quarter Two 2023/24 (G4476)

Julie Gillhespey introduced the report (Agenda Item 5), which provided an update on the Internal Audit work as at the end of quarter two 2023/24. Julie Gillhespey highlighted section 5.3 of the report which noted that no completed corporate audits within the quarter had received a less than satisfactory opinion.

It was further reported that since the previous update the Audit Team had changed approach to the audit report opinion categories so that there were now four assurance categories which would be RAG rated to highlight report opinions. Julie Gillhespey commented that the changes had been incorporated to align with good practice.

In response to a query from Councillor Chris Read, it was clarified that the categories had changed from control opinions to assurance categories predominantly to reflect less emotive terminology, but that the two were directly linked.

RESOLVED that: Governance Committee noted the content of the report.

5 Financial Year 2023/24 Mid Term Treasury Report (G4459)

Shannon Coleman-Slaughter introduced a report (Agenda Item 6), which provided details of the mid-year treasury position as at September 2023. Sections 4.2 and 4.4 of the report were highlighted which referred to the Council's reduced approach to long-term borrowing due to high Public Works Loan Board (PWLB) interest rates.

Shannon Coleman-Slaughter further referenced section 5.23 of the report which outlined the Council's decision to amend its Minimum Revenue Provision (MRP) which would generate revenue savings in the current year of approximately £3.2m.

Councillor Howard Woollaston noted the significant savings and queried why the MRP had not been amended in the past. Shannon Coleman-Slaughter commented that it had been timely to have a review and that it had been one of the suggestions from the new external advisors. It was clarified that whilst there was a change in policy WBC would still be in line with other local authorities and not at undue risk.

Joseph Holmes further clarified that the Department for Levelling Up, Housing and Communities (DLUHC) had recently created the Office for Local Government (Oflog), which provided comparison data for local councils in relation to the levels of financing and debt, and that WBC had lower levels of debt but higher levels of capital financing to similar size councils, which was another reason for the review.

David Southgate referred to section 5.16 of the report and queried whether the £10m used to fund capital expenditure would be returned to reserves at a later date. Joseph Holmes responded that the Council was moving towards a blend of some short term borrowing (up to 25%) and long-term loans due to the level of interest rates.

Councillor Howard Wollaston proposed and Councillor Dennis Benneyworth seconded the recommendations within the report.

RESOLVED that: Governance Committee

- Noted the mid-term treasury position as detailed in this report. The Section 151 Officer is satisfied that treasury management practices in year have operated in accordance with the approved performance management criteria.
- Approved the proposal for an in year amended to the Council's approved Minimum Revenue Provision (MRP) Policy. The current policy is included in appendix C. Section 5.16 of this report details the proposal to move to applying MRP using the annuity method and a weighted average life per financial year. The change in policy will generate a £3.2 million revenue saving in 2023/24

6 Investment & Borrowing Strategy Financial Year 2024-25 (G4444)

Shannon Coleman Slaughter introduced a report (Agenda Item 7), which sought to consolidate the investments and borrowing strategy for the year ahead by detailing how and where the Council would invest and borrow in the forthcoming year, within a particular framework. It was noted that the paper would form part of the Budget papers which would be reviewed by Council on 29 February 2024. It was highlighted that the Council would not be fully financing the Capital Strategy. The Investment and Borrowing Strategy would be set lower than the Capital programme as the Council was proposing to dispose of some commercial property to enable capital receipt and future capital financing from those receipts.

Councillor Howard Wollaston queried whether West Point House should be included as one of the non-operational properties. Shannon Coleman-Slaughter explained that the report separated the commercial investment assets which were directly financed from borrowing as opposed to those assets not directly financed by borrowing.

RESOLVED that: Governance Committee noted the report.

7 Risk Management Q2 2023/24 Report (G4470)

Catalin Bogos introduced a report (Agenda Item 8), which highlighted the corporate risks as at the end of September 2023, and the actions that had been implemented to mitigate those risks. Catalin Bogos explained that 'gross rating' referred to the risk without any mitigation, and the 'current rating' was at the time of reporting which took into consideration the mitigations in place at that time.

It was reported that the Council had adopted a new Council Strategy in October 2023 and that the risks detailed within the report were aligned to the new Strategy.

It was noted that one additional risk had been added to the risk register.

Councillor Howard Woollaston commented that the heat map illustrated at Appendix C appeared to be particularly red. Catalin Bogos explained that only the highest risks were reported and escalated to the Corporate Risk Register and so it was to be expected that they would be the highest rated risks of all those risks monitored throughout the Council.

Councillor Christopher Read queried whether it would be possible for future reports to contain a graph detailing how the risks were trending. Catalin Bogos noted that there would be little historical data as the current system had only been implemented the previous year, however agreed that it would be possible to review quarterly trends.

David Southgate suggested that as a risk management tool, the Committee were reviewing data that was effectively six months old, and queried whether the Council used the risk management tool pro-actively. Catalin Bogos explained that the report was being reviewed by the Committee for assurance purposes to approve that the risk management process was sound rather than to assist with the actual management of risk. Further it was noted that all Members had access to risk management data in real time.

Councillor Laura Coyle queried whether there was any target for de-escalation of risks. Catalin Bogos explained that there was no target for escalation or de-escalation, but that the priority was to identify, monitor and mitigate against risks.

RESOLVED that: Governance Committee

- Noted the September 2023 position and actions undertaken to minimise the impact for existing 16 risks on the Corporate Risk Register (CRR), as a result of one new risk being escalated and no risks being deescalated from the Corporate Register during the reporting period report.

8 Exclusion of Press and Public

9 Risk Management Q2 2023/24 Report (G4470)

(Paragraph 3 – information relating to financial/business affairs of particular person)

(Paragraph 5 - information relating to legal privilege)

(Paragraph 6 - information relating to proposed action to be taken by the Local Authority)

The Committee considered an exempt report (Agenda Item 10) concerning the corporate risks as at the end of September 2023 and the actions that were being taken to mitigate those risks.

RESOLVED that: Governance Committee

- Noted the September 2023 position and actions undertaken to minimise the impact for existing 16 risks on the Corporate Risk Register (CRR), as a result of one new risk

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being escalated and no risks being deescalated from the Corporate Register during the reporting period report.

(The meeting commenced at 6.30 pm and closed at 7.30 pm)

CHAIRMAN

Date of Signature