

CORPORATE GOVERNANCE COMMITTEE

TUESDAY, 18 JUNE 2019 - 2.30 PM



PRESENT: Councillor I Benney, Councillor G Booth, Councillor J Clark, Councillor S Clark, Councillor D Divine, Councillor Mrs J French, Councillor K French, Councillor M Purser and Councillor D Topgood

APOLOGIES: Councillor Wicks

Officers in attendance: Mark Saunders (Chief Accountant), Izzi Hurst (Member Services & Governance Officer), Neil Krajewski (Deputy Chief Accountant), Kathy Woodward (Internal Audit Manager) and Anna Goodall (Head of Governance and Customer Services)

CGC1/19 APPOINTMENT OF CHAIRMAN FOR THE MUNICIPAL YEAR.

Izzi Hurst requested a nomination for Chairman of the Corporate Governance Committee.

It was proposed by Councillor Benney, seconded by Councillor Mrs French and resolved that Councillor J Clark be elected Chairman of the Corporate Governance Committee for the Municipal Year.

CGC2/19 APPOINTMENT OF VICE-CHAIRMAN FOR THE MUNICIPAL YEAR.

It was proposed by Councillor J Clark, seconded by Councillor Purser and resolved that Councillor Miss French be nominated as Vice-Chairman of the Corporate Governance Committee for the Municipal Year.

CGC3/19 PREVIOUS MINUTES.

The minutes of the meeting of Tuesday 19 March 2019 were confirmed and signed, subject to the following comments;

1. Councillor Booth highlighted that in reference to Minute CGC32/18, all members of the Corporate Governance Committee had given thanks to Councillor Sutton and Councillor Tanfield for their work as members of the Corporate Governance Committee during the previous Municipal Year.

CGC4/19 ERNST & YOUNG - ASSURANCE LETTER.

Members considered the Ernst & Young (EY) – Assurance Letter as presented by Councillor J Clark.

Councillor J Clark confirmed that as Chairman of the Corporate Governance Committee, he was satisfied with the Assurance Letter and is happy to sign the letter on behalf of the Corporate Governance Committee.

Councillor Booth asked that future reports considered by the Corporate Governance Committee contain further details in relation to those areas where the External Auditor has sought

assurances.

The Corporate Governance Committee agreed for Councillor J Clark to sign the assurance letter to Ernst & Young on their behalf.

(Councillor J Clark signed the letter after the meeting)

CGC5/19 TREASURY MANAGEMENT ANNUAL REVIEW 2018/19.

Members considered the Treasury Management Annual Review report presented by Mark Saunders.

Mark Saunders confirmed that external assessors monitor the Council's outstanding loans to calculate whether it is financially viable for the Council to pay these off prior to their end dates. Due to the redemption fees associated with these loans, it is not seen as cost effective to do this. He added that these are monitored regularly.

Member asked questions, made comments and received responses as follows;

1. Councillor Mrs French asked for the end date of the Council's outstanding loans. Mark Saunders confirmed that the end dates for the two PWLB loans are 01/02/2029 and 13/03/2032 and the LOBO loan has an end date of 18/03/2054. The loans were taken out in 1994 and 1997 with competitive interest rates at that time however following the Recession in 2008 nobody envisaged that interest rates would fall so low.
2. Councillor Benney asked what the Council funded using these loans. Mark Saunders explained that in 1994 and 1997, loans were predominantly used to fund the Council's Capital Programme. He could not recall the specific use of these funds at that time.
3. Councillor J Clark confirmed that Local Authorities used to borrow money to fund community projects so it is possible that this was the purpose of the loans.
4. Mark Saunders explained that many years ago loans were used to fund the Council's Capital Programme to meet the gap between available resources and funding required. Nowadays they are used to fund specific schemes in the Capital Programme which are assessed on an individual basis.
5. Councillor Benney asked for the interest rate of these loans. Mark Saunders confirmed that this information is contained within the report (page 16 of the agenda pack). He added that interest rates are much more attractive now and the current Capital Programme suggests that the Council may consider borrowing additional funds in the future however the interest rates will be reassessed at that time.
6. Councillor Booth asked how the Council's return on investment compares with others. Mark Saunders confirmed that the external assessors carry out these benchmarking comparisons and they meet with the Council regularly throughout the financial year to provide assurance and offer advice. They have suggested previously that the Council could marginally improve returns by investing in higher risk organisations. As the returns are marginal, the Council is not considering this at this time. He reminded members that many other Local Authorities are currently investing in property funds which have a high return short-term.
7. Councillor Booth explained that following his career in Financial Services, Local Authorities tend to make investment decisions based on organisations Credit Ratings. He highlighted that companies domiciled in the UK tend to have lower credit ratings than International companies however it is often the case, that these UK companies can be a safer investment.
8. Mark Saunders confirmed that the Council had several Building Societies based on their investment list however most of them only offer short term investment periods. He confirmed that both he and Peter Catchpole review the Council's investment position

throughout the year.

9. Councillor J Clark highlighted that often a higher return can mean a higher risk and the Council have to consider its risk appetite.

The Corporate Governance Committee noted the Treasury Management Annual Review 2018/19 report.

CGC6/19 STATEMENT OF ACCOUNTS 2018/19.

Members considered the Statement of Accounts 2018/19 report presented by Mark Saunders.

Members asked questions, made comments and received responses as follows;

1. Councillor Booth highlighted that the map contained within the report (page 29 of the agenda pack) is not clear.

The Corporate Governance Committee noted the Statement of Accounts 2018/19 report.

(Councillor Booth declared an interest by virtue of the fact that he is a former employee of Yorkshire Building Society and the Council had previously held investments with the Building Society)

CGC7/19 ANNUAL GOVERNANCE STATEMENT 2018/19.

Members considered the Annual Governance Statement 2018/19 presented by Anna Goodall.

Members asked questions, made comments and received responses as follows;

1. Councillor Booth suggested that further assurance on the delivery of change and transformation should be included in the report (page 138 of the agenda pack). He added that the report needs to include the control and assurances the Council have in place over the effective delivery of these projects and partnerships.
2. Anna Goodall agreed to consider this however assured members that the Council are currently working on their Transformation and Efficiency Plan (TEP) and clearly want to evidence how this is being managed and governed. She agreed to incorporate Councillor Booth's comments into the final report.

The Corporate Governance Committee APPROVED the content of the Annual Governance Statement for inclusion in the Council's published Statement of Accounts 2018/19.

CGC8/19 INTERNAL AUDIT OUTTURN AND QUALITY ASSURANCE REVIEW.

Members considered the Internal Audit Outturn and Quality Assurance Review report presented by Kathy Woodward.

Kathy Woodward confirmed that there are no overdue recommendations (page 157 of the agenda pack). She confirmed that she would be providing a statement confirming 'adequate assurance' as to the adequacy and effectiveness of internal controls, the risk management and governance arrangements.

Members asked questions, made comments and received responses as follows;

1. Councillor Booth suggested that the report should include separate information relating to recommendations made to Anglia Revenues Partnership (ARP). Kathy Woodward confirmed that ARP's recommendations are reviewed by their own respective Committee

and the ARP Joint Committee therefore they may not need to be considered by the Corporate Governance Committee.

2. Councillor Booth thanked Kathy Woodward for her response but suggested that ARP's statistics should be reported to the Corporate Governance Committee to satisfy the Council's own governance. He asked how the Council get assurance from ARP. Councillor Mrs French explained that as Portfolio Holder, she had recently attended the meeting of ARP last week. She confirmed that she had requested that ARP provide the Council with a report in relation to this.
3. Councillor Booth asked if members could be provided with the general themes of the recommendations. Kathy Woodward said this could not be included in the report as there are a number of recommendations made but agreed to provide members with further information on the themes of these recommendations at subsequent meetings.
4. Kathy Woodward agreed to incorporate Councillor Booth's alterations and provide members with separate information relating to ARP's recommendations. She confirmed to members that she liaises with all of ARP's local authority audit partners to ensure that they are all informed about outstanding recommendations and these are monitored on a quarterly basis.

The Corporate Governance Committee;

- **Noted the outturn for Internal Audit for 2018/19, which states all Audits were completed as per the agreed Internal Audit Plan, and their associated assurance ratings.**
- **Noted the Internal Audit Manager's opinion on the "adequacy" of Internal Control.**
- **Noted the positive outcome of the independent quality assurance review.**

CGC9/19 CORPORATE GOVERNANCE ANNUAL REPORT

Members considered the Corporate Governance Annual Report presented by Kathy Woodward.

Members asked questions, made comments and received responses as follows;

1. Councillor Booth suggested that the response to point 1.13 (page 169 of the agenda pack) should be 'No' as members skills and experiences are not individually assessed. He suggested that this should be considered.
2. Anna Goodall highlighted that a number of years ago, member's skills were assessed by an external assessor to inform officers of members training requirements. She highlighted that officers hold briefings for members on specific training topics, as requested and required.
3. Councillor J Clark highlighted that there are a number of training sessions being held by the Council currently for new and existing members. He suggested that members reflect on today's earlier training session held by officers and report back to the Corporate Governance Committee meeting in July 2019, of any areas of further training they may require.
4. Councillor Booth agreed but reiterated that in response to point 1.13 of the report, the answer should be no as this skill assessment has not been carried out.
5. Kathy Woodward explained that the members of the Corporate Governance Committee in the previous Municipal Year requested and received training on specific topics. Therefore she believes the response to 1.13 should remain as 'Partial'.
6. Councillor J Clark agreed with Kathy Woodward.
7. Anna Goodall explained that it is incumbent for officers to ensure members feel confident in the roles they hold on Committees therefore officers are open to providing any training, members require, to ensure this.
8. Councillor S Clark agreed and added that new members of the Corporate Governance Committee will improve their learning and knowledge throughout this year's cycle of meetings.

9. Councillor Benney asked if changing the response to point 1.13 from 'Partial' to 'No' would have a negative outcome. Kathy Woodward confirmed that changing the response would have no negative outcome.
10. Councillor J Clark agreed to consider Councillor Booth's comments and asked members to consider their training requirements in time for the next Corporate Governance Committee meeting.
11. Councillor Mrs French explained that as Portfolio Holder for Member Services, she would discuss member's ongoing training programme with officers.
12. Councillor J Clark said he had found today's earlier training session held by officers, very useful to members. He saw no need for a further skill assessment as officers are happy to provide members with training as required and requested.
13. Councillor Topgood explained that he had recently attended a Local Government Association (LGA) training session for new members and had been impressed with the training programme offered to members by the Council, in comparison with other Local Authorities training programmes.
14. Councillor Booth suggested that the response to point 4.6 (page 173 of the agenda pack) should be amended to 'Yes'. He explained that just because our external auditors adopt a substantive audit approach, this does not mean that there is not appropriate co-operation between the internal and external auditors.
15. Kathy Woodward explained that she had based her 'partial' response to point 4.6 on her experience as the Internal Audit Manager at the Borough Council of Kings Lynn and West Norfolk (BCKLWN). The BCKLWN's external auditors consider all of her internal audit reports however the auditors at Fenland District Council do not.
16. Councillor Miss French highlighted that in her experience, many private sector auditors work in the same manner. She agreed that the response to 4.6 should remain as 'Partial'.
17. Councillor J Clark agreed with Kathy Woodward's response to 4.6.

The Corporate Governance Committee AGREED to forward the Corporate Governance Annual Report for 2018/19 to Full Council.

CGC10/19 ITEMS OF TOPICAL INTEREST

1. Councillor J Clark highlighted that there have been recent changes to the Corporate Management Structure which will be considered by Staff Committee at an extraordinary meeting. These changes may add increased pressure to the existing Corporate Directors and therefore he asked that this proposal is added to the Risk Register to ensure that this proposed delivery structure is monitored correctly.
2. Mark Saunders confirmed that Paul Medd will be in attendance at the extraordinary Staff Committee meeting and agreed to report the decisions back to the Corporate Governance Committee.
3. Councillor Booth agreed that it would be prudent to include this on the Council's Risk Register to ensure resilience within the Council.
4. Councillor J Clark confirmed that the Corporate Governance Committee would like assurance in relation to this.
5. Anna Goodall assured members that there is a level of resilience within the Corporate Management Structure as Heads of Services are required to provide capacity and support to the Corporate Management Team as required.
6. Councillor Benney agreed and highlighted that if the new structure does result in additional pressure on officers, this can be reconsidered in the future.
7. Councillor J Clark agreed that this should be added to the Risk Register for future monitoring.

3.50 pm

Chairman