

CORPORATE GOVERNANCE COMMITTEE

TUESDAY, 5 FEBRUARY 2019 - 2.30 PM



PRESENT: Councillor J Clark (Chairman), Councillor R Butcher, Councillor P Murphy, Councillor W Sutton and Councillor M Tanfield

APOLOGIES: Councillor Mrs F Newell (Vice-Chairman) and Councillor D Hodgson

OFFICERS IN ATTENDANCE: Mark Saunders (Chief Accountant), Kathy Woodward (Internal Audit Manager), Sam Anthony (Head of HR and OD) and Linda Albon (Member Services & Governance Officer)

ALSO ATTENDING: Mark Hodgson and Vicky Chong (Ernst & Young)

CGC23/18 PREVIOUS MINUTES

The minutes of the meeting 20 November 2018 were confirmed and signed subject to the following:

- Cllr Sutton stated that at the end of item CGC20/18, it had been agreed that a letter would be sent to Councillor Buckton, Councillor Hay and Anna Goodall recommending that the Council pursue the options available in relation to an electronic claims system for member's expenses. He asked if this letter had been sent. Councillor Clark commented that he was unsure so would have this chased up.

CGC24/18 APPOINTED AUDITOR - ANNUAL CERTIFICATION REPORT 2017-18

Mark Hodgson from Ernst & Young (EY) introduced Vicky Chong to the Committee. Vicky has replaced Flo Barrett whilst Amalia Valdez Herrera remains as Team Leader. Vicky presented the Annual Certification Report 2017-18.

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

- Councillor Sutton commented that, having also made the point in previous years, he continues to be frustrated over the costs incurred in checking errors for a relatively small amount of money.

The Corporate Governance Committee agreed to note the Annual Certification Report 2017-18.

CGC25/18 APPOINTED AUDITOR - EXTERNAL AUDIT PLAN 2018-19

Mark Hodgson from EY presented the External Audit Plan report 2018-19. He commented that this was a relatively low risk audit in comparison to other local authorities around the country.

Councillor Clark thanked Mark Hodgson for the report.

CGC26/18 CORPORATE RISK REGISTER QUARTERLY REVIEW

Members considered the Corporate Risk Register quarterly review report, presented by Sam Anthony.

Although there were no changes to the identified risks, there were some changes to the narrative as highlighted in green throughout the report. Sam Anthony also conveyed to the Committee some updates since the report was circulated, namely that the Ministry of Housing, Communities and Local Government (MHCLG) has now issued a local authority preparedness checklist in light of the risk caused by Brexit and the Chartered Institute of Public Finance and Accountancy (CIPFA) have also issued a Brexit strategy. Both are currently being looked at by the Corporate Brexit Project Group. Regular updates are also being collated on the impact associated with Brexit on a regional and national basis, which is being fed back to the East of England Local Government Association.

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

- Councillor Clark asked if the four leisure centres are the only rest centres we now have, as he understood that we had also previously used venues such as church halls. Sam Anthony confirmed that the four leisure centres and also Fenland Hall are the designated rest centres, with specialist kits situated at each of these sites.
- Councillor Sutton asked if we are referring to the types of rest centre used during Operations Pheasant and Endeavour and, if so, how does that impact on the leisure centres? Sam Anthony confirmed this to be the case and in the event of emergency the sports halls, for example, would have to be closed, but this does form part of the contractual arrangements. Councillor Sutton asked if the leisure centres would have to be reimbursed for loss of income in these cases. Sam Anthony understood this not to be the case but would check with the Contracts Manager as income generation is important. Councillor Sutton stated that not only would closure affect income, but it would affect the public generally.
- Councillor Clark asked how we would cater for the villages in an emergency. Sam Anthony advised that there are some smaller nominated rest centres and agreed to circulate that list to all members at the next All Members Seminar.
- Councillor Butcher asked that as council elections take place on 2nd May and if there is a further election on 23rd May, will the parish councils or Fenland incur the costs of these elections. Mark Saunders confirmed that direct costs would be covered by the Electoral Commission but the cost to us would only be in terms of resource.
- Councillor Sutton asked if we had any idea what savings under 'Pipeline'/CSR2 might look like. Sam Anthony advised this was currently being collated.

The Corporate Governance Committee agreed the Corporate Risk Register attached as Appendix A to the report.

CGC27/18 INTERNAL AUDIT PROGRESS REPORT Q3

Members considered the Internal Audit Plan 2018-2019 Progress Report Q3 presented by Kathy Woodward.

Kathy Woodward confirmed that the Internal Audit Team is on course to successfully deliver the audit plan for 2018-19. She stated that members were concerned at the last meeting about the high number of overdue recommendations but this report shows the progress made so to date there is only one recommendation overdue. This is being chased vigorously to ensure its completion as soon as possible.

As the Corporate Governance Committee has previously asked for a review of FACT, Kathy Woodward will submit a written progress report at the next meeting of the Committee. In the

meantime Kathy provided a verbal update, advising that the Council's Chief Executive and Monitoring Officer are both in discussions with representatives from the County Council. In respect of state aid it has been clarified that there are no implications for Fenland District Council. The new management team at FACT are liaising with our Transport Manager and they are currently working on a new service level agreement for 2019/20. The CSR2 process is underway. Councillor Clark asked for clarification that the Corporate Governance Committee has no decision making role in this other than to keep an eye on how money is spent to their satisfaction, to which Kathy Woodward agreed.

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

- Councillor Sutton noted that of the six audits completed during Q3, five were marked as substantial with one as adequate, being Sutton Bridge. He asked for an explanation of the difference and the reasoning behind this. Kathy Woodward explained the general rule is that the overall opinion depends on the significance of the recommendations that audit make in each case. If there is significant impact of those recommendations then that will determine how they view the service. In this instance, there were four recommendations made, one of which was high hence the opinion of adequate. However significant progress has been made since the report and this will be seen on the recommendations progress report at the next meeting.
- Councillor Butcher asked if the recommendation for Sutton Bridge involved a financial risk. Kathy Woodward confirmed there was no financial risk to Fenland District Council in this case.

The Chairman thanked Kathy Woodward for her hard work which is much appreciated.

The Corporate Governance Committee considered and noted the Internal Audit Plan 2018-19 Progress Report Q3.

CGC28/18 TREASURY MANAGEMENT STRATEGY STATEMENT, CAPITAL STRATEGY, MINIMUM REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2019/20

Members considered the Treasury Management Strategy Statement, Capital Strategy, Minimum Revenue Provision (MRP) Policy Statement and Annual Investment Strategy for 2019/20 presented by Mark Saunders.

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

- Councillor Sutton commented that around 2013, there was a discussion around how it was not viable to pay off £8million of debt because it was too costly. Although he understood the reasons why it was not paid off, he felt that if the debt had been paid then, this money would now be forgotten and we would be £500,000 better off in the revenue budget. Mark Saunders said that we would have needed to have funded the payment from reserves in the first place. He stated that Treasury Services, our advisors, regularly calculate what would happen if we paid off the debt, the savings that would be made and the premium charges, and this is done over the term of the remaining loan and they work out whether it is positive or negative to present value. Therefore the situation is always kept under review and if interest rates do rise over the next few years, there may be a possibility of it being prudent to pay it off but currently it is not attractive to do so.
- Councillor Clark asked what would be the VAT element in terms of the money spent on refurbishment of the Hudson Leisure Centre. Mark Saunders explained that the building belongs to Fenland District Council and because we are procuring and paying for the works, we can claim the VAT back.

The Corporate Governance Committee agreed to endorse the strategy detailed in the report to be included in the final budget report for 2019/20.

3.31 pm

Chairman