



Minutes of the meeting of the **Corporate Governance & Audit Committee** held in Committee Room 2 - EPH on Tuesday 19 January 2016 at 9.30 am

Members Present: Mrs P Tull (Chairman), Mr G Hicks (Vice-Chairman), Mr G Barrett, Mr I Curbishley, Mrs N Graves, Mrs P Hardwick, Mr P Jarvis and Mr S Morley

Members not present: Mr T Dempster and Mr F Hobbs

In attendance by invitation: Mr M Young (Ernst & Young LLP)

Officers present: Mr M Allgrove (Planning Policy Conservation and Design Service Manager), Mrs K Dower (Principal Planning Policy Officer (Infrastructure Planning)), Mr S James (Principal Auditor), Mrs B Jones (Principal Scrutiny Officer) and Mr J Ward (Head of Finance and Governance Services)

43 **Chairman's Announcements**

Apologies had been received from Mr T Dempster and Mr F Hobbs.

44 **Approval of Minutes**

Mrs Tull referred to minute 33 and advised that an update on the housing benefit and council tax benefit claims would be reported to the next meeting in March. The query raised at the last meeting regarding the Boxgrove contributions at Halnaker would also be answered at the next meeting.

The minutes of the meeting held on 12 November 2014 were agreed and signed by the Chairman as a correct record.

45 **Urgent items**

There were no urgent items.

46 **Declarations of Interest**

There were no declarations of interest.

47 **Public Question Time**

No public questions had been received.

48 **New Value for Money Conclusion Guidance for 2015-16**

The committee considered the slides in the agenda (copy attached to the official minutes).

Mr M Young Audit Manager, Ernst & Young LLP (EY) explained the requirements of the Value for Money Code of Audit Practice 2015. The following comments were made:

- The most significant change in audit practice is in redefining the criteria and sub-criteria. EY needs to ask questions from a slightly different perspective. The National Audit Office had aligned the sub-criteria with procedures which are already in place in local authorities so there are no additional requirements.
- The potential significant risk of major outsourcing, such as Leisure, will be taken into account when planning the 2016-17 audit.
- If EY makes an incorrect judgement they have a lessons learned process to ensure that it does not happen again

RESOLVED

That the report be noted.

49 Audit Progress Report

The committee considered a report by EY (copy attached to the official minutes).

Mr Young Audit Manager EY shared the timetable of the proposed audit of the 2015-16 financial statements and advised that the 2016-17 audit plan would be brought to the committee at their next meeting in March 2016, along with the certification report.

RESOLVED

That the report be noted.

50 Implementation of CIL including Revised S106 and CIL Protocol

The committee considered a report by the Principal Planning Policy Officer Infrastructure Planning (copy attached to the official minutes). The Planning Policy Conservation and Design Service Manager attended to take questions.

Members considered that the following points in the Protocol required clarification and/or rewording:

- Define CIL in full in the initial box.
- Amend the last paragraph on page 31 to read 'CIL will eventually replace many of the existing S106 planning obligation arrangements.
- Para 16 – reword this para to include 'with the agreement of the other party to the agreement'.

- Para 22 should spell out that interest is invested in interest bearing accounts and ring fenced for the project on which it is to be spent with respect to S106 and for infrastructure in general with respect to CIL.
- Amend the third bullet point under para 23 to read 'non receipt of payments or non-financial contributions by developers'
- Para 29 amended to explain this point more clearly;
- Para 40 amended to clarify that it should be 'the relevant service' Cabinet Member
- Amend para 45 with a comma after Authority and before CIL
- Para 46 – amend to read '.... Committee will monitor the effectiveness of this protocol and....'

With the agreement of the Chairman, Mr Oakley requested clarification as to whether the Council had authority to claw back monies which had been passed to other bodies for projects which are subsequently not progressed. Officers advised that there were service level agreements or contracts with these organisations and the Council's role was to ensure that if the money is not spent within timescales that it is returned. Some projects involve monies from a number of sources or are sub-contracted to builders. These projects will be monitored regularly for progress.

Mrs Hardwick queried whether the new Planning Officer role, created to assist in the collection and administration of CIL, should be a financial role sitting within the Accountancy team. Mr Ward advised that it was something that officers looked at but it was felt that the close working relationship was with planning officers regarding information from planning documents, liaising with developers on trigger dates etc. and occasionally the need for enforcement. He considered that on balance this role sits within the planning team.

RESOLVED

1. That the Revised S106 and CIL Protocol be approved.
2. That the planned actions to ensure the successful implementation of CIL on 1 February 2016 following its anticipated adoption by Council be noted.
3. That delegated authority be granted to the Head of Planning Services to make typographical and other minor amendments prior to publication following consultation with the Cabinet Member for Housing and Planning.

51 Budget Task and Finish Group feedback

Mr Ward gave an oral report on the considerations of the Budget Review Task and Finish Group.

The amount of Revenue Support Grant (RSG) we will receive is worse than predicted. Those authorities who run out of Revenue Support Grant (RSG) will still have to contribute by way of negative RSG. Our New Homes Bonus (NHB) grant has been confirmed for 2016-17 and is more than anticipated.

The authority does not rely on NHB to resource the base budget and therefore we are in a better position than some of our neighbours. The Government has proposed to reduce the pot significantly to sharpen the incentive to increase development. Payments would be withheld on planning applications which were subsequently agreed on appeal.

The Government has issued a consultation document – the provisional Local Government Finance Settlement 2016/17 - and an offer to councils for future years. The Government is not proposing a Council Tax freeze grant in 2016/17. The cap of 2% on a Council Tax increase before a referendum is required, however low taxing authorities such as Chichester can put in place an increase of £5 which equates to 3.5%.

If there is a decision to outsource Leisure and to increase Council Tax it is likely that the Council will balance its budget for the next four years.

A full submission will be prepared on the consultation document which is due in March 2016.

RESOLVED

That the oral report be noted.

52 Internal Audit - Audit Plan Progress

Mr James introduced the reports for Project Management, Building Control and the Housing Register. No questions were raised concerning these audits. Mr James also advised members that at the last meeting he had informed the committee that there were five audit reports to be considered at this meeting, however two reports were currently being reviewed and would be presented to the next meeting of the committee.

RESOLVED

1. That progress against the Audit Plan be noted.
2. That the audit reports for Project Management, Building Control and the Housing Register be noted.

The meeting ended at 10.52 am

CHAIRMAN

Date: