



Minutes of the meeting of the **Corporate Governance & Audit Committee** held Virtually on Tuesday 1 September 2020 at 2.00 pm

Members Present: Dr K O'Kelly (Chairman), Mr T Johnson, Miss H Barrie, Mr J Brown, Mr F Hobbs, Mr D Palmer, Mr P Wilding and Mr A Dignum

Members not present:

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

Officers present: Mrs H Belenger (Divisional Manager for Financial Services), Mr S James (Principal Auditor), Miss K Davis (Democratic Services Officer), Mr M Catlow (Group Accountant (Technical and Exchequer)), Mr J Todd (Corporate Investigations Officer), Mr J Ward (Director of Corporate Services), Mrs J Hotchkiss (Director of Growth and Place) and Mrs D Shepherd (Chief Executive)

15 **Chairman's Announcements**

The Vice-Chair, Dr O'Kelly took the Chair as the Chairman had rescinded his role as Chairman having recently been appointed to the Cabinet.

16 **Approval of Minutes**

Minute 13 – Meeting Timings: An update would be brought to the meeting on 18 January 2021.

RESOLVED

That the minutes of the meeting held on 2 July 2020 were agreed as a correct record.

17 **Urgent items**

There were no urgent items.

18 **Declarations of Interest**

There were no declarations of interests.

19 **Public Question Time**

There were no public questions.

20 **Corporate Governance and Audit Work Programme 2020-2021**

The Committee considered this report.

Members noted a correction to the Work programme Committee dates to read 19 October 2020, 18 January 2021 and 22 March 2021.

It was agreed that a Meeting Timings Progress report would be reported to the Committee meeting on 18 January 2021 and a report on Income generation would be reported to the meeting on 22 March 2021. With some bench marking to show the income opportunities in the council's proposed budget as compared with other local authorities' approach.

Resolved

That the report be approved as amended.

21 **2019-2020 Treasury Management Outturn Report**

The Committee considered the summary of the Council's treasury management activities for 2019-2020 circulated with the agenda.

Mr Catlow presented the report and highlighted the key risks. The impact of the Covid 19 pandemic had been the most significant event, having affected investment values.

During the discussion officers were thanked for preparing a thorough and well presented report that he considered the approach was sensible and risk adverse. During the discussion a comment was made, concerning the Council's performance of pooled funds, that if the Council's strategy had been less risk adverse with more equity investments the Council's financial situation would have been much worse. A view was expressed that, with regard to the Council's direct investments in commercial property, at present it was not a good time to dispose of any Council owned commercial property.

Responding to members' questions, Mr Catlow advised that discussions were taking place with Arlingclose Ltd concerning arrangements for the annual Treasury Management member workshop and confirmed an update on Environmental, Social and Governance investments would be provided. It was not known when the suspended Local Authority Property Fund would resume. However, the market was showing signs of increased activity, which at this stage was a good sign.

Mr Catlow responded to a request for additional information to be included in the report concerning details of occupancy rates and rental payments for the Council's commercial property. Due to the level of detail already contained in this overview report he suggested that the detail around the investment properties should be taken as a separate report for consideration at the October meeting each same time of year.

RECOMMENDED

- 1) That the 2019-2020 Treasury Management Outturn Report be recommended to Cabinet.
- 2) That the Corporate Governance and Committee has noted the assessment made by officers at paragraphs 6.3 and 6.4 and are content that no additional comments to Cabinet are necessary.

22 **Local Authority Borrowing**

The Committee considered the report on Local Authority Borrowing, requested by the Committee at its previous meeting.

Mr Catlow introduced the report.

During the debate members discussed the issue of borrowing. A comment was made that no examples of maturity borrowing had been shown and that should be given consideration in light of the currently low interest rates for borrowing. Nor were there examples of lengths of time over which the Council can borrow and the interest rates. However, some members were of the opinion that the Council should not borrow just because it could and referred to paragraph 4.3 of the report that stated that Council "...must demonstrate and justify the need to borrow...".

Mr Ward advised members that it was unlawful for the Council to borrow for speculative or revenue reasons. It was noted that any maturity borrowing would require the Council to set aside minimum revenue provision for the each year of the loan. Officers were not adverse to borrowing if there was a justified case for doing so. Currently the Council's capital programme was fully funded.

The Chair advised that she would be interested in having details of all the borrowing options available to the council, as she was aware there were others, such as Green Bonds and Crowd Funding.

Mrs Belenger advised that ways of generating income was an action for officers on the Environment Panel's action plan, which would address the points made concerning options for environmental and green issues.

It was agreed that further information on the borrowing options available to fund projects as they arose, including examples of the maturity borrowing option with interest rates would be provided by officers outside of the meeting.

The Chairman suggested that Mr Hobbs, a member of the Environment Panel, brief it's members to explain that the Corporate Governance and Audit Committee was looking for a more joined up approach for borrowing options.

RESOLVED

That the report be noted and that a borrowing supplement to the report should be produced and appended to the minutes.

POST MEETING NOTE: With regard to the request for a borrowing supplement to the report, Arlingclose will cover at the treasury Management workshop for members, at which members of the Committee will have a much greater opportunity to explore the issue of borrowing.

23 Progress Report - 2019/20 Audit Plan & Audit Plan 2020/2021

The Committee considered this report attached to the agenda and the audit reports on Land & Buildings, Council Tax Debt Recovery and Business Rates Debt Recovery.

Mr James reported that the completed audits had all received reasonable assurance and any outstanding matters would be followed up within six months.

RESOLVED

That the performance against the 2019/20 audit plan, and also the audit plan for 2020/21 be noted.

24 Fraud Prevention Report 2019/2020

The Committee considered this report. Mr Todd presented the report. He referred to the impact of Covid 19, which may affect some of the Team's priorities going forward.

The Chair thanked the officers for the work in recuperating considerable sums of money.

A correction to the report was made at paragraph 10.2, penultimate sentence to read "The 2020 match...".

RESOLVED

- 1) That the Committee notes its stewardship role in fighting and protecting the public purse; and
- 2) That the Committee notes the Council will actively pursue potential frauds identified through ongoing investigations by the Corporate Investigations Officer.

25 Appointment to the Strategic Risk Group -Verbal Report

A request was made for the Strategic Risk Group to start at the later time of 3.00pm if convenient for the remaining members of the Group.

RESOLVED

that Mr Brown, Mr Johnson and Dr O'Kelly be appointed to the Strategic Risk Group for 2020-2021.

26 Exclusion of the Press and Public

That the public and press be excluded from the meeting for the following items on the grounds that it is likely there would be a disclosure to the public of 'exempt information' of the description specified in Paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that information)) and Paragraph 5 (Information in respect of which a claim or legal professional privilege could be maintained in legal proceedings) and of Part I of schedule 12A to the Local Government Act 1972 and because, in all the circumstances of the case, the public interest in maintaining the exemption of the amount outweighs the public interest in disclosing the information.

27 Income Strip and Wrapper Lease

Mr Ward introduced this item.

Officers responded to members' questions and comments.

During the discussion on this matter the Committee agreed an amendment to the proposal detailed in Section 5 of the report.

RECOMMENDED

That the proposal set out in Section 5 of the report be recommended to Cabinet as amended.

28 Late items

There were no late items.

The meeting ended at 4.45 pm

CHAIRMAN

Date: