



EAST
CAMBRIDGESHIRE
DISTRICT COUNCIL

Agenda Item 4

CORPORATE GOVERNANCE AND FINANCE COMMITTEE

Minutes of a Meeting of the Corporate Governance and Finance Committee held in Council Chamber, The Grange, Nutholt Lane, Ely, on Thursday 1 December 2016 at 4.30pm.

PRESENT

Councillor David Ambrose-Smith (Vice-Chairman in the Chair)
Councillor Ian Bovingdon
Councillor Peter Cresswell
Councillor Lorna Dupré
Councillor Lis Every
Councillor Coralie Green
Councillor Chris Morris
Councillor Hamish Ross
Councillor Stuart Smith

APOLOGIES

Councillor Derrick Beckett
Councillor David Brown (Chairman)

In attendance

Councillor Steve Cheetham

Suresh Patel - External Audit, Ernst and Young
Neil Hunter – Deputy Head of Audit, LGSS
Jonathan Tully – Audit Manager, LGSS
Trevor Bowd – Principal Auditor LGSS

Andy Radford – Director Resources and Chief Financial Officer
Ian Smith - Principal Accountant
Darren Hill – Business Development Manager
Hetty Thornton – Performance Management Officer
Matthew Baxter – Technical Accountant
Tracy Couper – Democratic Services Manager

47. **PUBLIC QUESTION TIME**

No questions were submitted by the members of the public.

48. **DECLARATIONS OF INTEREST**

There were no declarations of Interests by Members of the Committee.

49. **MINUTES**

The Committee received the Minutes of the meeting held on 29 September 2016. In connection with the reference to the Norman Cross Eagle in Minute 42 on the Annual Financial Report, Councillor Green noted that an explanation subsequently had been provided by the Principal Accountant that the Accounts were prepared, in part, by a consultant, who also prepared the Accounts for Huntingdonshire District Council. In error this note was included in our Accounts, when it should have appeared in the Huntingdonshire Accounts. Councillor Green queried whether any other items had been included in error as well that may not have been identified. The Director Resources stated that the Accounts had been audited by the External Auditor and found to be correct and that this error only had appeared in the wording of the text and not in the figures in the Accounts themselves.

It was resolved:

That the minutes of the meeting of the Committee held on 29 September 2016 be confirmed as a correct record and signed by the Chairman.

50. **CHAIRMAN'S ANNOUNCEMENTS**

There were no announcements by the Chairman.

51. **EXTERNAL AUDIT – ANNUAL AUDIT LETTER/EXTERNAL AUDIT LOCAL GOVERNMENT SECTOR BRIEFING**

The Committee received the Annual Audit Letter for the year ended 31 March 2016 from the Council's External Auditors Ernst and Young. The Chairman introduced Suresh Patel who had taken over from Neil Harris as the Audit Director for this Council. Mr Patel explained his background in auditing of local government and health services for the former Audit Commission.

Councillor Morris arrived at 4.35pm.

Mr Patel stated that the Audit Letter was a summary of the report given at the previous meeting of the Committee and set out the work of External Audit during the year. Mr Patel highlighted the unqualified opinion on the Financial Statements and on the Value for Money Conclusion. He referred to the fact that the Cambridgeshire Devolution deal now had been

agreed to by all the relevant authorities and that an addition to the audit fee of £2,397 had been agreed with the Director Resources.

The Committee also received the latest Local Government Sector Briefing from the Council's External Auditors Ernst and Young, which had been issued after the Agenda despatch and was tabled at the meeting. Councillor Dupré highlighted the key questions for the audit committee on page 8 of the Briefing and asked whether this Committee should be receiving a formal response to these. The Director Resources stated that he checked the Briefing each time to ensure that the Council was addressing the issues raised, and summarised the local position on them as follows:

Work was to be progressed on the impact of Brexit and changes to exit package calculations

A report to appoint an External Auditor would be submitted to full Council on 5 January 2017

A report appeared later on this Agenda proposing a review of the Council's Risk Management arrangements

Councillor Dupré proposed that in future this Committee receive a paper outlining how this Council was addressing the 'what questions should the Audit Committee be asking itself' section of the External Audit Local Government Sector Briefing and this was seconded and agreed by the Committee.

It was resolved:

1. That the Annual Audit Letter be noted.
2. That in future, a paper be received outlining how this Council is addressing the 'what questions should the Audit Committee be asking itself' section of the External Audit Local Government Sector Briefing.

52. **ECDC AND GREATER CAMBRIDGE, GREATER PETERBOROUGH LOCAL ENTERPRISE PARTNERSHIP MEMORANDUM OF UNDERSTANDING**

The Committee considered a report (reference R139, previously circulated) giving an update on the ECDC and Greater Cambridge, Greater Peterborough Local Enterprise Partnership (GCGP LEP) Memorandum of Understanding (MoU).

The Business Development Manager, Darren Hill, explained that the MoU replaced the Service Delivery Plan for his Team, was the first Council in the area to agree one with the LEP and had been identified as a model

for other local authorities to follow. It also provided a platform for funding bids to Government.

Mr Hill also updated Members on progress with specific projects identified in Appendix 2 of the report as follows:

Lancaster Way Enterprise Zone - £3.3M grant and loan funding secured for infrastructure which would accelerate development of the site.

Soham Rail Station – funding bid submitted to Government and hope to receive response in the spring

Hasse Fen, Soham Agri-Tech Centre – originally slippage due to loss of a key member of staff at NIAB, but now moving forward. Darren Hill now on project board and developing European funding proposals. One spin-out of research project to develop use of Black Soldier Fly for reducing waste as an alternative to anaerobic digestion.

Fordham Abbey Estate Sake Brewery – traditional Japanese blessing ceremony at site in October and due to open October 2017.

Overall it was estimated that economic investment of £50M had been generated across the District.

Mr Hill stated that the key priorities for the next 6 months would be Devolution and the overall resourcing of the Team for the future. In the event that the Devolution proposals did not address the resourcing issues, it would be necessary for these to be considered by this Committee in the late winter/early spring of 2017.

In response to a question by the Chairman, Mr Hill stated that the Council was awaiting clarification from the LEP regarding the allocation of Government Growth Fund funding in the Autumn Statement for projects in this District.

In response to a question by Councillor Dupré, Mr Hill gave an update on the Insect Breeding Farm at Mepal and Elean Data Centre Campus within her Ward.

Councillor Every congratulated the Business Development Team on its work and paid testament to the fact that this small Team had developed complex projects and an excellent relationship with the LEP. Therefore, she acknowledged the need for a resourcing review.

Councillor Bovingdon also commended the excellent work of the team and referred to the need to improve mobile phone coverage which was poor in many parts of the District.

Councillor Cheetham, as the Economic Development Member Champion, endorsed the above comments and stated that the relationship built-up by the Team with the LEP was part of the reason why this Council was so successful with its Economic Development funding bids. He also expressed the view that the Council should ensure that this team was not lost to the Combined Authority.

It was resolved:

That the report be noted.

53. **PERFORMANCE MANAGEMENT – SIX MONTH UPDATE REPORTS**

The Committee considered a report (reference R140, previously circulated) containing the mid-year performance reports on the Service Delivery Plans for the Service areas within the remit of this Committee.

The Performance Management Officer highlighted that these had been produced in accordance with the new simplified reporting process agreed. There were no issues to report and the Service areas were over-performing in a number of areas.

Councillor Cresswell commended the new format of the performance reports as a positive way forward and thanked the Performance Management Officer for her work on this.

It was resolved:

That the six month performance updates and comments from Service Delivery Champions for the following services be noted:

- Strategic Planning
- Democratic Services
- Infrastructure and Strategic Housing
- Financial Services

54. **LOCALISED COUNCIL TAX REDUCTION SCHEME**

The Committee considered a report (reference R141, previously circulated) requesting the continuation of the current Localised Council Tax Reduction Scheme (LCTRS) for 2017/18, with a full review of the scheme being undertaken in 2017/18.

The Director Resources commented that the Scheme had proved successful since the Council had been realistic, but that a review should be undertaken, including of Council Tax discounts and premiums in respect of empty homes and discretionary relief on Business Rates. In particular, an issue had been raised regarding support for 'not for profit' leisure and nursery provision. In that connection, Councillor Smith queried if some tax

relief for these areas already had been proposed by the Government in the Autumn Statement. The Director Resources confirmed that this was the case, but a review was required as to whether this would be sufficient support, particularly in rural areas. Councillor Ross commented on the need to define what 'not for profit' actually meant.

It was resolved to RECOMMEND TO COUNCIL:

- 1. That Council note the continuation of the current Localised Council Tax Reduction Scheme during 2017/18; with the intention that a full review of the scheme is undertaken in 2017/18.**
- 2. That Corporate Governance and Finance Committee reviews the Council's policy with regard to Council Tax discounts and premiums; and discretionary business rate relief, in parallel to the above review.**

55. INTERNAL AUDIT - 2016/17 APRIL TO OCTOBER UPDATE

The Committee received a report (reference R142, previously circulated) containing a report on the work of Internal Audit for the period April to October 2016 and progress against the Internal Audit Plan.

The Director Resources introduced the three key audit staff from LGSS, who had taken over the Council's Internal Audit function from 1 October 2016, Neil Hunter, Deputy Head of Audit, Jonathan Tully, Audit Manager, and Trevor Bowd, Principal Auditor. Mr Hunter and Mr Tully outlined their background and experience to the Committee and the nature of LGSS and the range of skills and resilience it could bring to the Council.

With reference to the update report, attention was drawn to the revised format and the fact that Internal Audit would be meeting with the Council's Management Team each quarter to discuss the priority areas for audit. In addition, the Internal Audit Plan inherited by LGSS would be reviewed.

The Chairman referred to the 7 audits not yet started in the Internal Audit Plan equating to 53 days. Mr Hunter stated that the Principal Auditor would receive support from other LGSS staff with specialised knowledge/skills in particular areas to complete some audits.

In that connection, the Director Resources highlighted that LGSS would be reviewing the Council's Risk Management Strategy and suggested that a briefing on this could be included as part of the Member Budget Seminar on 24 January 2017. The Committee supported this proposal.

It was resolved:

That the work undertaken by Internal Audit from April to October 2016 detailed in Appendix 1 to the submitted report be noted.

56. **TREASURY OPERATIONS MID YEAR REVIEW**

The Committee received a report (reference R143, previously circulated) containing an update on the Council's current 2016/17 Treasury position. The Strategy and Policy approved by Council in February and revised to reflect the Leisure Centre in June 2016 had been fully complied with. The Director Resources informed the Committee that he was intending to use his officer delegation to allow a variation in the Investment Counterparty Criteria to place a sum maturing imminently to be invested in a fixed term deposit account which was offering a higher interest rate, which was not in compliance with the agreed policy. Councillor Bovingdon commented that the bank had performed well in the banking 'stress test' reported on recently in the media.

It was resolved:

That the mid-year review of the Council's Treasury Management for 2016/17 to 30 September 2016, as set out at Appendices 1 and 2 of the submitted report, be noted.

57. **BUDGET MONITORING REPORT**

The Committee received a report (reference R144, previously circulated) containing an update on the Council's current financial position for 2016/17 for both revenue and capital expenditure. The Principal Accountant, Ian Smith, highlighted the projected underspendings identified across the Council's services against the original Revenue and Capital Budgets.

Councillor Cresswell commended the very healthy financial position of the Council and raised a question regarding the overspending of £10,000 relating to Financial Services. The Principal Accountant explained that this was due to the requirement to employ agency staff for the accounts closedown work due to vacancies in the Team, which now had been filled.

It was resolved:

1. That the projected year end underspend of £173,000 compared to its approved revenue budget of £3,660,876 for this Committee be noted.
2. That the overall projected year end underspend of £251,000 compared to its approved revenue budget of £10,436,843 for the Council be noted.

3. That it be noted that, whilst this Committee has no specific capital schemes linked to it; the overall position for the Council on Capital is a projected capital outturn underspend of £513,294.

58. **CORPORATE RISK REGISTER 2016/17 MID YEAR REVIEW**

The Committee received a report (reference R145, previously circulated) containing the mid-year review of the Council's Corporate Risk Register. The Director Resources highlighted the changes to the Risk Register since the Annual Review and the proposed overall review of the Council's Risk Management Policy referred to earlier in the meeting. The Director Resources responded to questions from the Chairman and Councillor Ross on the Risk Management Policy review and the adjusted risk rating in relation to Service improvements.

It was resolved:

That the mid-year review of the Council's Corporate Risk Register detailed in Appendix 1 of the submitted report be approved.

59. **ANGLIA REVENUES AND BENEFITS PARTNERSHIP (ARP) JOINT COMMITTEE MINUTES**

The Committee received the Minutes of the meeting of the ARP Joint Committee held on 20 September 2016.

It was resolved:

That the Minutes of the meeting of the ARP Joint Committee held on 20 September 2016 be noted.

60. **FORWARD AGENDA PLAN**

Members received the Forward Agenda Plan for the Committee. With regard to items raised earlier in the meeting,

It was resolved:

That the Forward Agenda Plan be noted and items added as follows:

Economic Development Resourcing – provisionally for January 2017, with potential adjustment depending on Devolution, etc.

Paper outlining how this Council is addressing the 'what questions should the Audit Committee be asking itself' section to be submitted in conjunction with future External Audit Local Government Sector Briefings.

Council Tax Support Scheme Review – report(s) to be added to
Agenda Plan for autumn 2017.

The meeting closed at 5.28pm.

Chairman:.....

Date: 30 January 2017