

AUDIT AND GOVERNANCE COMMITTEE

Wednesday 19 September 2018

Present:-

Councillor Natalie Vizard (Chair)
Councillors Wood, Begley, Mrs Henson, Musgrave, Pattison, Sheldon and Thompson

Also Present

Chief Executive & Growth Director, Director Finance, Corporate Manager Democratic and Civic Support, Audit Manager (HP), Policy Officer and Democratic Services Officer (MD).

Also Present

David Bray, Senior Manager – Grant Thornton
Geraldine Daly, Associate Audit Director – Grant Thornton.

23

APOLOGIES

Apologies were received from Councillors Lamb and Warwick.

24

MINUTES

The minutes of the meeting held on 25 July 2018 were taken as read and signed by the Chair as a correct record.

25

DECLARATION OF INTERESTS

No declarations of disclosable pecuniary interests were made.

26

EXTERNAL AUDIT PROGRESS REPORT AND ANNUAL AUDIT LETTER

The Chief Finance Officer presented the external auditors report on behalf of KPMG. He discussed the external auditors work in delivering their responsibilities as the external auditor, highlighting the financial statements, value for money and certification of claims and returns. He provided a summary of the Councils Annual Audit Letter which was a statutory requirement, requiring approval, and provided a summary and conclusion of key findings from the work carried out for the City Council in 2017/18. He highlighted that the severance policy had been raised as a high risk recommendation in the audit.

In response to Member questions, the Chief Finance Officer responded:-

- The 'except for' qualified Value for Money opinion meant that VFM for the Council had been rated had been rated as good, except for in respect of procurement and had been in place for three years. The auditors had noted the procurement recruitment work had been ongoing and acknowledged that progress had been made. A new procurement team was now in place and training and development was being delivered;
- The housing benefit certification and capital receipts work were two separate functions and would not impact on each other.

The Audit and Governance Committee noted the External Audit Progress Report and approved the Annual Audit Letter.

27

INTERNAL AUDIT PROGRESS REPORT

The Audit Manager (HP) presented the report on the internal audit work carried out during the period 1st April to 30th June 2018, advising Members on the overall progress against the Audit Plan, which had been approved on 14th March 2018 and reported on any issues that required Member consideration. She explained that progress was on target, but there had been an over spend against CIL/S106 for additional work requested by the previous S106 Member Champion, which would be covered the contingency time built into the plan. She confirmed that the agreed actions from previous audit reports were being progressed satisfactorily.

The Audit Manager (HP) commented on the Planning Applications audit, stating that the statutory period for local planning authorities to deal with planning permission applications was eight weeks for minor applications and up to 13 weeks for major applications. If an application had not been determined within the statutory period, the applicant had a right to appeal to the Secretary of State. If the application remained undetermined after 26 weeks, any fee paid by the applicant would be refunded. The audit had identified that, there had been a drop in minor application performance during the last 12 months and remedial actions had been agreed to resolve the issues.

The Audit Manager (HP) provided an update on the Counter Fraud report, highlighting that the biggest fraud and emerging risks had been shared with the Senior Management Board (SMB) and that SMB responses to the Organised Crime checklist were being managed by the Chief Finance Officer.

Members were advised on the Regulation of Investigatory Powers Act (RIPA) Inspection, noting that a positive report had been provided by the Investigatory Powers Commissioners Office (IPCO). Recommendations made at the last inspection had been satisfactorily addressed. The IPCO had made some further recommendations for improvements which are being addressed.

In response to questions from Members, the Audit Manager (HP) and the Chief Executive & Growth Director responded:-

- The audit had identified that applicants had failed to use the pre-application advice service, it is not clear whether this is because applicants are unaware that they could receive pre-application advice. Measures are being put in place to raise awareness that pre application advice can be provided;
- Extensions to planning application determinations can be made, if agreed by both parties and are recommended, to save the application going to appeal, which would be more costly and timely, and there were no deadlines for applications given an extension;
- The Planning team were aware of the issues in processing minor applications, however there was a nationwide issue in recruiting skilled staff members to resolve the resource issues;
- Exeter City Council was the only authority in the South West that did not charge for pre application advice and received more engagement with applicants accordingly. The authority would always look to make improvements and was addressing how minor applications could be improved.

The Chair commented that the issue for planning applications would be monitored and a Planning Officer could be invited to a future Audit and Governance Committee meeting if required.

The Audit and Governance Committee noted the Internal Audit Report for the first quarter of the year 2018/19.

28 **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT - EXCLUSION OF PRESS AND PUBLIC**

RESOLVED that, under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the consideration of the following item on the grounds that it included the likely disclosure of exempt information as defined in paragraph 3, of Part 1 of Schedule 12A of the Act.

29 **CORPORATE GOVERNANCE RISK REGISTER (QUARTERLY REVIEW)**

The Policy Officer presented the report which advised the Audit and Governance Committee of the Council's risk management process and presented the updated Corporate Risk Register. The Audit and Governance Committee was responsible for the monitoring and reviewing the Council's risks.

She discussed the two new risks that had been added to the register and that the number of high risks had been reduced to three during the last quarter. She explained to Members, about the risks, which had been downgraded and on the risk removed from the register during this quarter. She explained that another high risk item, was expected to be removed from the register by the December meeting.

In response to questions from Members, the Policy Officer, Chief Executive & Growth Director and Chief Finance Officer responded that:-

- For ease of reference A3 copies of the Risk Register would be printed after the agenda is published and placed in Member's pigeon holes ahead of Audit and Governance Committee meetings;
- The Greater Exeter Strategic Plan (GESp) was a spatial plan for the local authorities of East Devon, Exeter, Mid Devon and Teignbridge, which sat above the local plans for each area, providing a joined up vision for the Greater Exeter sub region. Its purpose was to meet the area's housing needs in the right locations, providing transport and infrastructure improvements and securing economic growth. These high level ambitions could not be achieved in isolation and this was why a joint plan was being prepared.
- Exeter no longer had a five year land supply. This was because the market was prioritising purpose built student accommodation and whilst meeting a demand and protecting family housing, it would not count against the five year land supply figures;
- Exeter City Council would seek the services of other energy companies, to avoid any excessive costs, in the unlikely event that the existing provider went into liquidation at Monkerton. The risk addressed research and actions needed before any work was undertaken;
- Out of town shopping centres would increase income through the collection of additional business rates. However, increasing the number of out of town shopping centres could have a negative impact on the vitality of the city centre. This is a challenge and more than just a planning issue;

- There was an ongoing investigation for Clifton Hill, which expected to have sufficient money in place for closure. No costs had been finalised, but £100,000 had been approved by Full Council; Parkwood Leisure's insurance company was covering the cost of their reduced service at Riverside, but Exeter City Council may need to take over the insurance in the future.
- The historical contaminated Council owned land, needed to be shown as a risk but also needed to avoid causing any issues and uncertainty to the public. The land was regularly monitored to ensure there were no issues to keep it as low risk;
- The risk to the council budget and the savings to be made had included the pay increases to staff and the national living wage. Additional savings needed to be made and the exact budget reductions would be confirmed next. Unions would be consulted and discussions were ongoing. The Chief Finance Officer would be providing further information on funding and budgets at the Corporate Services Scrutiny Committee on 27 September;
- The pay increase for staff was 2% for the next two years, which also included a higher increase for lower grade salaries. These figure would be built into the 2019 budget.

The Audit and Governance Committee reviewed and noted the updated Corporate Risk Register.

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GOVERNANCE REVIEW

The Corporate Manager Democratic & Civic Support presented the report of the findings of the Governance Review Group, following a request made by Members at the Audit and Governance Committee meeting held on 14 March 2018. The review group had been made up of seven Members, the City Solicitor and Head of HR, the Corporate Manager Democratic & Civic Support, the Democratic Services Manager and the Scrutiny Programme Officer. The cross party group addressed the roles and responsibilities of the various Council Committees, ensuring they continued to meet the Council's priorities and objectives and checked the Standing Orders and constitution's procedural rules to ensure they were still fit for purpose and where improvements could be made. The results had been collated into the report which would go to Full Council for approval.

Members were informed about the items discussed at the review group meetings and highlighted the review group's findings, which noted that the Constitution and Council procedures remained fit for purpose, with a few minor amendments to strengthen the constitution. The democratic process, structure and scrutiny processes had been considered to be working well.

The Corporate Manager Democratic & Civic Support notified Members that the Democratic Services team were also providing Member services support for Teignbridge District Council, and that the Scrutiny Programme Officer would also be leaving the team at the end of September. The post would not be backfilled and he would be addressing how this would impact both the partnership working arrangements with Teignbridge, as well as this Council's future scrutiny offer

In response to questions from Members, the Corporate Manager Democratic & Civic Support and the Chief Executive & Growth Director explained that:-

- An error on a recent delegation briefing agenda, which intimated that the meeting was one open for public attendance, had been generated from the

software programme used for assembling agendas. The system had been amended so the text would not appear in future agendas;

- Meetings of Planning Delegation briefings were not a decision making body, and there was no set requirement on the number of Members needing to attend;
- Planning delegation briefings provided an opportunity for Members to speak with officers about applications which officers felt could be decided via their delegated powers, and to check if they should go to Planning Committee. Previously all applications would go to the Planning Committee, in which meetings could receive 30 or more applications, making debate on them difficult. Delegation Briefings allowed the time for discussion to look at options for applications;
- Reference throughout the Council's constitution to "the relevant Executive Member or Portfolio Holder". It was explained that such terminology avoided the need for the constitution to be amended as and when the title of Portfolio Holders changed;
- The Leader of the Council in his role as Portfolio Holder for Growth and City Development, and the Portfolio Holder for Support Services had considered the option for the Police move into the Civic Centre. It was their view that the move was not a sensitive issue and the decision was deemed suitable to be delegated to the City Surveyor. The lease would operate in the same manner as the other organisations leasing space in the Civic Centre;
- The recommendation for Scrutiny Chairs to attend Executive meetings, would be to provide additional explanation on their Committee's comments and/or recommendations, to their Executive colleagues.

RECOMMENDED that the Audit and Governance Committee support and Council approve:-

- (i) The amendment of Standing Order 8 (3) (a) to state that questions should be submitted in written form no later than 10 am on the working day before the meeting;
- (ii) The addition to Standing Order 10 (6) of the following: "As long as the effect is not to negate the motion";
- (iii) The publicising, through social media and other means determined by officers, of the Council agenda prior to commencement of the Council meeting;
- (iv) That Committee Chairs will move the minutes of their respective Committees for noting on block rather than minute by minute (with the exception of any minutes containing recommendations);
- (v) That Executive recommendations will be identified and highlighted more clearly at Council meetings and voted on accordingly;
- (vi) That the current system of three Scrutiny Committees be retained.

(The meeting commenced at 5.30 pm and closed at 7.00 pm)

Chair