

GOVERNANCE & AUDIT COMMITTEE
28 JANUARY 2015
7.30 - 8.41 PM



Bracknell Forest Borough Council:

Councillors Heydon (Chairman), Allen (Vice-Chairman), Blatchford, Ms Brown and Thompson

Apologies for absence were received from:

Councillors McCracken, Ward and Worrall
Gordon Anderson

23. Declarations of Interest

There were no declarations of interest.

24. Minutes - 24 September 2014

RESOLVED that the minutes of the meeting of the Committee held on 24 September 2014 be approved as a correct record and signed by the Chairman.

25. Urgent Items of Business

There were no items of urgent business.

26. External Audit Matters

The Committee considered an update report on various external audit matters presented by Helen Thompson and Rachel Brittain from Ernst & Young.

The report covered the completion of the 2013/14 audit (summarised in the annual audit letter later in the agenda) and a late variation to the audit scale fee. It went on to summarise the planned work for the 2014/15 audit, referring to the risk based approach to the audit of financial statements and the work to be undertaken to arrive at a statutory conclusion on the Council's arrangements to secure economy, efficiency and effectiveness (value for money assessment).

RESOLVED that the Audit Progress Report 2014/15 be noted.

27. Grant Claims and Returns

The Committee considered the Certification of Claims and Returns annual report 2013/14 presented by Helen Thompson and Rachel Brittain from Ernst & Young.

The certification work carried out by the external auditors involved executing prescribed tests designed to give reasonable assurance that the claims and returns made to the Department of Work and Pensions (DWP) towards the cost of housing benefits paid were fair and in accordance with specified terms and conditions. The housing benefits subsidy claim, with a total value of £33.4m had been certified, having identified fewer errors compared to previous years. The DWP were satisfied

that no further work was required by the Council. A reduced fee was payable for the certification as a result of removal of council tax benefit from the scheme.

RESOLVED that

- 1 The Certification of Claims and Returns Annual Report 2013/14 be noted; and
- 2 The External Auditors and Officers be thanked for their work in achieving this satisfactory result.

28. Annual Audit Letter

The Committee considered a report containing the external auditor's Annual Audit Letter 2013/14, presented by Helen Thompson of Ernst & Young.

The letter summarised the findings from the 2013/14 audit, comprising two elements:

- the audit of the financial statements; and
- the assessment of the Council's arrangements to achieve value for money in the use of resources.

The external auditor had issued an unqualified opinion on the Council's financial statements and an unqualified conclusion had also been given on the Council's arrangements for securing value for money. There were no specific recommendations which the Council was required to address.

Arising from a question it was explained that the auditors had commented that the Council should move to develop a more formalised suite of processes to support and inform the medium term financial strategy. This would link to cashflow and treasury management plans together with a strategy on borrowing and debt repayment, which was particularly important taking into account the substantial capital investment in projects such as the town centre redevelopment.

RESOLVED that the Annual Audit Letter 2013/14 be noted.

29. Amendments to the Constitution: Health Overview and Scrutiny

The Committee considered a report recommending changes to the Council's Constitution arising from new Regulations and recommendations from a Health Overview and Scrutiny (O&S) Working Group.

The new Regulations had introduced some revisions to the system of health scrutiny; in particular health scrutiny functions had been conferred on the local authority as distinct from any overview and scrutiny committee or panel within the authority. The change was designed to give councils greater flexibility in the way they choose to exercise health scrutiny functions.

It was proposed that:

- a) The Health O&S Panel should continue to work closely with the Executive Member for Health and the Director of Adult Social Care, Health and Housing when responding to consultations, involving the Council as appropriate. (This practice was followed most recently and successfully with the 'Shaping the Future of Health Services' consultation where the final response was agreed by full Council).

- b) The power to refer consultations to the Secretary of State for review be reserved for Council decision instead of the Health O&S Panel as previously.

Some Constitution amendments were also proposed arising from the implications of the Francis Report (recommended by the Health O&S Panel Working Group) together with some minor procedural updates. A question was asked in relation to the proposal to specify that a representative of Local Healthwatch be included as an Observer on the Health O&S Panel. The Borough Solicitor was asked to write separately to members to explain this change.

RECOMMENDED that the Constitution be amended, as shown in Appendix 1 to the report.

30. **Treasury Management Report**

The Committee considered a report containing the Mid-Year Review of the Council's Treasury Management Report.

The Mid-Year review comprised:

- An economic update for the first nine months of 2014/15.
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy.
- The Council's capital expenditure.
- A review of the Council's investment portfolio for 2014/15.
- A review of compliance with Treasury and Prudential Limits for 2014/15.

The Committee noted that the high level of cash balances had created opportunities to deposit cash at longer fixed term maturities, placed with the most highly rated UK financial institutions or part-nationalised UK Banks. This together with discounts for Pension Fund prepayments had boosted investment income for the year. The total of £48m currently invested was likely to reduce towards the year end.

The Committee also reviewed the Treasury Management Strategy for 2015/16, as requested by the Executive, prior to its submission to Council in February 2015 as part of the overall budget package and Council Tax decision. Given the significant level of investment planned by the Authority over the next three years, more detailed planning in line with a borrowing strategy would be required, which will be dependant on the progress made in completing the major schemes.

RESOLVED that

- 1 The Mid-Year Review report be endorsed and circulated to all Members of the Council; and
- 2 The Treasury Management Report for 2015/16 be endorsed for submission to the Council.

31. **Sealing of Deeds**

The Committee considered a report proposing a change to the provision in the Constitution relating to the execution of deeds on behalf of the Council.

Currently, the execution of deeds required attestation by the Borough Solicitor and the Mayor, the Deputy mayor or another nominated Member. Given the number deeds that needed to be executed (amounting to 358 transactions in the 2013

calendar year, often with two, three or more engrossments of each deed) this was unnecessarily bureaucratic and did not facilitate the swift completion of deeds.

RECOMMENDED that the Council's Constitution be amended to provide that the affixing of the Common Seal of the Council should be attested by the Borough Solicitor or (in his/her absence) another Solicitor authorised by the Borough Solicitor.

32. **Delegated Powers for Community Infrastructure Levy**

The Committee considered a report seeking views as to those delegations of powers which should be made to officers in order for the Council to operate the Community Infrastructure Levy (CIL).

CIL was a tariff based levy charged on new development which was due to come into force from 6 April 2015 (not 1 April as referred to in the report) once the Council had adopted a Charging Schedule. CIL would to a large extent replace agreements/undertakings under section 106 of the Town and Country Planning Act 1990.

The vast majority of decisions relating to CIL will be of a routine, administrative nature appropriately taken by Officers. However, some decisions identified in the report related to key policy elements and were appropriate to be reserved for Members. These included such matters as whether or not to make (or withdraw) discretionary charitable relief or discretionary social housing relief, the approval of an instalment policy for the payment of the levy, and whether or not to accept a "land payment" in full or part payment of the levy.

RECOMMENDED to the Leader of the Council, that save as proposed and detailed in Section 5 of the report, the Council's powers relating to CIL should be delegated to Officers.

33. **Internal Audit Assurance**

The Committee considered a report providing a summary of Internal Audit activity during the period April to December 2014.

Delivery of the planned audit programme was on track and during the period 10 grants had been certified, 1 memo was issued in compliance with NHS Pensions requirements, 28 reports had been finalised, 8 had been issued in draft and were awaiting a management response with a further 4 in draft awaiting internal quality review. Since the report had been issued, 7 more reports had been finalised, with a further 4 issued in draft.

The Committee noted 7 areas where a limited assurance opinion had been given; these would be revisited in 2014/15 to ensure successful implementation of agreed recommendations. A summary was also given of counter fraud activities taking place during the year.

Finally, the Committee reviewed an Internal Audit Charter, which had been drafted to comply with Public Sector Internal Audit Standards (PSIAS), and which all local authorities and other public sector organisations were required to adopt. The Charter was required to formally define the purpose, authority and responsibility of internal audit and be approved by senior management and "the Board" (a function of the Committee).

RESOLVED that

- 1 The Internal Audit Assurance report be noted; and
- 2 The Internal Audit Charter be approved.

34. **Exclusion of Public and Press**

RESOLVED that pursuant to Section 100A of the Local Government Act 1972, as amended, and having regard to the public interest, members of the public and press be excluded from the meeting for the consideration of the following item which involves the likely disclosure of exempt information under the following category of Schedule 12A of that Act:

- (3) Information relating to the financial or business affairs of any particular person.

35. **Strategic Risk Management Update**

The Committee considered the updated Strategic Risk Register which had been presented for review. The Register was attached to the report at Appendix 1.

In accordance with the Risk Management Strategy, during 2014/15 the Strategic Risk Register had been reviewed quarterly by the Strategic Risk Management Group and every six months by the Corporate Management Team. An update on mitigating actions had been obtained to inform the assessment of risk.

The Committee expressed satisfaction with the presentation of the Register and risk matrix in summarised format. In answer to a question, the assessment of the risk of the Council being unable to balance its finances whilst maintaining satisfactory service standards was explained in terms of the immediate and ongoing need to make year on year savings and efficiencies.

The Committee noted the Strategic Risk Register set out in Appendix 1 to the report

36. **Date of Next Meeting**

The Committee noted that its next meeting would be held on 25 March 2015 at 7.30 pm.

Councillor Blatchford submitted his apologies owing to a Mayoral engagement that evening.

CHAIRMAN