

AUDIT AND GOVERNANCE COMMITTEE

MINUTES OF MEETING HELD ON MONDAY 14 NOVEMBER 2022

Present: Cllrs Belinda Bawden, Richard Biggs (Chairman), Simon Christopher, Susan Cocking (Vice-Chairman), Barry Goringe, David Gray and Bill Trite

Apologies: Cllrs Robin Legg

Also present: Cllr Jon Andrews and Ian Howse

Officers present (for all or part of the meeting):

Aidan Dunn (Executive Director - Corporate Development S151),
Jonathan Mair (Director of Legal and Democratic and Monitoring Officer),
Jim McManus (Corporate Director - Finance and Commercial),
Andrew Billany (Corporate Director of Housing, Dorset Council),
David Trotter (Risk and Resilience Officer),
Matthew Piles (Corporate Director - Economic Growth and Infrastructure),
Sally White (Assistant Director SWAP),
Katie Hale (Head of Revenues and Benefits),
David Wilkes (Service Manager for Treasury and Investments),
Angela Hooper (Principal Auditor SWAP),
Susan Dallison (Democratic Services Team Leader),
Chris Harrod (Senior Democratic Services Officer)
Joshua Kennedy (Apprentice Democratic Services Officer)

76. Apologies

No apologies for absence were received at the meeting.

Cllr R Legg had advised that he would be late and would attend virtually if possible.

77. Minutes

The minutes of the meeting held on 22 June 2022 were confirmed and signed.

78. Declarations of Interest

No declarations of disclosable pecuniary interests were made at the meeting.

79. Public Participation

There were no public statements and questions at the meeting.

80. Minutes of the Audit & Governance Sub-committee

The minutes of the meetings held on 18 August 2022 and 24 October 2022 were noted.

81. Draft 2021/22 Outturn Report

Jim McManus, Corporate Director – Financial and Commercial, introduced the report which set out the budget outturn for Financial Year 2021/22 and highlighted the key points that Members should be aware of.

Officers responded to Members' comments and requests for clarification, details included:

- Despite usual restrictions which meant that capital receipts could only be used for capital projects, it was currently possible them to be used flexibly towards transformation and organisational change. The sum of capital receipts gained from surplus property and assets would be fed back once Mr McManus had the information available to him.
- Due to the impact of Covid, It had proven more challenging to collect housing and rent arrears efficiently until relatively recently, but now collection activities had stepped up and the council was working to recover debt at a greater pace, whilst remaining sensitive to the issues that were being faced – greater detail could be provided to Members outside of the meeting.
- The recovery process on all Council Tax and Business Rate accounts had been 'reset', which meant that all rate payers would have the opportunity to maximise the reduce and/or eliminate arrears on their accounts before court action was sought. It was considered that a 'reset' was the fairest way of doing things and it was further highlighted that a full debt recovery programme would be undertaken, and that this would be done sensitively. So far customers had engaged well with the first reminders that had been sent out and appropriate support as being offered where needed.
- Demand for homelessness accommodation was high and therefore was particularly challenging for the housing teams in terms of availability and cost of sourcing. The team was working to ensure that those seeking assistance were in receipt of all assistance that they were entitled to and that the correct signposting was on the Council's website.
- Where housing debt needed to be recovered, the team were establishing if there was a need to undertake legal action where appropriate and ensure that the situation didn't get to this stage. Writing off bad debt was a last resort that needed to be avoided at all costs and it was important to ensure that people were assisted to prevent themselves from getting into difficulty at as earlier a stage as possible.
- The auditing of Infrastructure assets had been delayed and this was a national issue that was due to be resolved in the near future, once guidance had been provided by CIPFA and a Statutory Instrument had been laid. It was hoped that following this, the audit for Dorset's

2020/21 accounts would be completed early in the new year. Work would then progress to complete the audit of the 2021/22 accounts and these would be completed by November 2023.

Noted

82. Quarter 2 Financial Management Report

Jim McManus, Corporate Director – Financial and Commercial, introduced the report which set out the current financial position and the progress made to date in working towards setting a balanced budget for the 2023/24 Financial Year.

Officers responded to Members' comments and requests for clarification, details included:

- The Council was currently in discussions with the Department for Education that related to the Dedicated Schools Grant (DSG) and a couple of options were being explored, which involved reviewing the profile of the recovery and whether or not the current agreement could be extended, although this was not agreed with the DfE at this point. The Council's position was that an extended period was required to pay back the debt.
- Further the above, officers were also seeking to ensure that there were sufficient places within Dorset for children with SEND requirements, thereby reducing the need for high-cost out of area placements, although this was dependent on the delivery of the Capital Strategy and the risk of increasing build costs was high.
- Officers were working hard to reduce the debt within certain areas of the Council.
- Officers were hoping that the Government would continue to allow the flexible use of capital receipts and so far, discussions had not suggested that this mechanism would be removed in the near future. There were some capital receipts that had not yet been realised.
- There were currently 121 capital schemes across the council and when reviewing the programme, each item was interrogated in terms of risk of increased costs, loss of revenue etc. It was highlighted again, that the rising costs and general availability within the construction sector was proving to be problematic and needed to be well-managed.
- Rural authorities experienced higher costs than urban authorities, largely due to geographical size and the impact it had on the delivery of services that relied on transportation of people, highways maintenance and refuse collection etc. Dorset Council was not in receipt of a Revenue Support Grant (RSG), both Officers and local MP's were lobbying for additional support for the Council to ensure that it was better funded and its rurality was taken into consideration. The Council was awaiting the Local Government Finance Settlement on 21 December 2022 to understand the detail of what to expect for next year.
- The Council had increased the payments made to key operators, such as home to school transport operators and other contractors to cover

the increased costs of transport, but this was only a temporary measure. The council was also working closely with over 500 contractors and was having discussions with colleagues nationally about the charges faced within the transport sector.

- There was currently a programme of replacement that would be replacing the existing parking meters across the county, the problems currently faced largely related to the inheritance of multiple machines using different systems. This programme was working to rationalise the parking assets.

Noted

83. Treasury Management Annual Report 2021/22

David Wilkes, Service Manager – Treasury and Investments, introduced the report which summarised the treasury management performance and position information for the Financial Year ending 31 March 2022.

Mr Wilkes Highlighted that he would present both this Report and his following report as one as certain aspects within would be considered as a “cross-over”.

Officers responded to Members’ comments and requests for clarification, details included:

- The majority of the external borrowing included in table 11 of the report was inherited from the predecessor councils, and at the time of accruing this debt, each of the respective councils would have focussed on spreading their debt to avoid too much of it maturing at similar points in time. This was why there were extended periods within the table that illustrated no debt was due to mature.
- Other sources of external debt, such as Private Finance Initiatives (PFIs) and leases were not included in this table.

Noted

84. Treasury Management Mid-Year Update Report

David Wilkes introduced the report which summarised the treasury management performance and position information for the first six months of the 2022/23 Financial Year from 1 April 2022 to 30 September 2022.

There were no comments or requests for clarification in relation to this report.

Noted

85. Quarterly Risk Management Update

David Trotter, Risk and Resiliency Officer, introduced the report, which set out the development and promotion of risk management within the Council.

Officers responded to Members' comments and requests for clarification, details included:

- The risks that had been classed as 'catastrophic' and 'certain to happen' related to cyber security and there were controls and mitigation in place to address those risks, which were regularly reviewed.
- Officers were regularly submitting exception reports where extreme risks were identified and required attention to both A&G and the relevant scrutiny committee. There was a strong focus on eliminating extreme risks as a priority, but low and medium risks were being addressed within the organisation – good progress was being made.
- The Head of Legal and Democratic Services would provide an explanation for committee members as to the Council's relationship with Southwest Audit Partnership, how it was formed and the relationship with the internal auditors.
- SWAP had undertaken an audit on the Council's risk management process in the form of a risk maturity assessment which had indicated that the Council moving from 'aware' to 'defined' and with the implementation of the recommendations could move to a 'managed position'. A survey undertaken across the Council had indicated that risk management was not as embedded as it could have been and as such married up with the outcome of the audit.

Noted

86. SWAP Update Report

Sally White, Assistant director of SWAP Internal Audit Services, introduced the report which provided the Committee with an update relating to the work undertaken by the Internal Auditors.

Officers responded to Members' comments and requests for clarification, details included:

- The Place and Resources Scrutiny Committee had met prior to this committee taking place which had considered the annual property report and Members of this committee may find the information contained in the written report to be most valuable and would put some concerns at ease, however, the report author could be invited to A&G to present if required.

Noted

87. Forward Plan

The Committee reviewed the Forward Plan, which included an update from the Monitoring Officer to add an item relating to the operation of public questions and statements at meetings of the Council.

Mr Mair suggested that the establishment of a task and finish group might be an appropriate way of dealing with this.

Resolved

That the additional item be added to the forward plan and a Task and Finish Group be established to scope and resolve the issue before bringing it back to the Audit and Governance Committee for consideration.

Duration of meeting: 10.00 - 11.26 am

Chairman

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