AUDIT AND GOVERNANCE COMMITTEE

MINUTES OF MEETING HELD ON MONDAY 29 JUNE 2026

Present: Cllrs Spencer Flower (Chair), Steve Murcer (Vice-Chair), Belinda Bawden, Jill Haynes, Andy Todd, Ryan Hope, Ray Bryan, R Ong and S Roach

Present remotely: Cllr Neil Eysenck

Apologies: Cllrs Beryl Ezzard and Ryan Holloway

Officers present (for all or part of the meeting):
Sean Cremer (Director - Resources (Section 151 Officer)), John Miles (Democratic Services Officer), Jan Britton (Executive Director - Economy and Environment), Lisa Cotton (Interim Executive Director - Modernisation and Customer Delivery), Liz Crocker (Head of Strategy), Steven Ford (Assistant Chief Executive), Chris Heighway (Strategic Performance, Intelligence & Risk Lead), Jennifer Lowis (Head of Strategic Communications and Engagement), Chris Swain (Risk Management and Reporting Officer), Louis Wicks (Democratic Services Officer Apprentice) and David Wilkes (Service Manager for Treasury and Investments), Tom Scarratt (National Management Trainee), and Christopher Matthews (Head of People and Workforce)

Officers present remotely (for all or part of the meeting): Paul Dempsey (Executive Director – Children's Services) and Adam Williams (Assistant Director - SWAP)

1. **Apologies**

Apologies for absence were received from Cllr Beryl Ezzard, Cllr Ryan Holloway, and Cllr Neil Eysenck.

2. **Minutes**

The minutes of the meeting held on the 27th April 2026 were confirmed and signed.

3. **Audit and Governance Action Tracker**

There was a comment regarding actions 3, 4, 5, and 9 which were in progress and it was suggested that if there was no due date assigned for future actions then it would be assumed they would be completed by the next meeting date.

The Head of Service - Strategy confirmed that action 5 would be completed at this meeting.

Going forward, it was agreed that completed actions would be removed from the action tracker.

The action tracker was noted.

4. **Declarations of Interest**

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

5. **Public Participation**

There were no questions from the public.

6. **Questions from Councillors**

There were no questions from councillors.

7. **Minutes of the Audit & Governance Sub-committee**

There had been no meetings held.

8. **Quarterly Risk Management Update**

The Risk Management and Reporting Officer introduced the report. The report continued the thematic reporting introduced in April which focused on four strategic risks which were selected by the committee and how they related to the council's principal risk and associated risk appetite for reputation. The report highlighted that while these risks remained significant, they were understood and actively managed. Alongside this update, the report set out the risk management framework.

The Integrated Care Board (ICB) Place Director for Dorset explained that they were in the process of bringing together three ICBs, had published their restructure plans, and were recruiting for those positions. This structure would be launched on the 1st of August.

A question was asked regarding what financial modelling had been done and when members of the committee would be informed should the council incur any costs from the NHS. The ICB Place Director explained that every year an annual plan was completed, and that this year a balance plan had been submitted for next year and was based on the best information available at the time. Concerns were raised regarding the financial risk to the future for Dorset Council's financial forecasting. The Director of Adults and Social Care commented that Dorset Council had done some modelling of the potential impacts of the current position with the ICB and that in the worst case scenario there could be financial pressures of £5 million to £8 million on the local authority if the current approach was maintained but were looking at it through a partnership lens.

It was commented that the report was about what officers were doing and not about whether it was working. There was a suggestion that the committee focus less on the existence of governance structures and more on whether those structures had provided better outcomes to making the council more secure. The report had some proposed mitigations but did not include how those mitigations would affect the level of risk. The Risk Management Reporting Officer responded that the feedback regarding more detail would be taken away and looked at, and future reports would include information regarding the drivers of risks and the likelihood of them.

The Executive Director of Children's Services, commented on risk four which referred to the high needs block. There was a deficit in this area and the ICB had submitted a plan to the Department for Education which set out what was to be reformed regarding children with special educational needs and disabilities. Were this to be approved, central government would have funded 90% of the deficit.

The recommendations were noted.

9. **Audit Actions Update Report**

The Strategic Performance, Intelligence and Risk Lead introduced the report. The paper provided an update of progress against SWAP audits and associated actions, and highlighted activity since the previous committee meeting in April 2026. The focus of the report was around an update on the implementation of the investigation action plan audit. It was explained that a continued risk-based lens was used to present the audit activity which then aligned with the council's principal risks helping members focus on areas of greatest organisational exposure. There had been a reduction in overdue actions but it was highlighted that work still needed to be done to improve the amount overdue.

It was asked whether an explanation could be given as to when the actions surrounding staff signing up to corporate policies and declarations of gifts and hospitality would be completed. The Head of People and Workforce responded that the approach to capturing declarations would be launched in mid-July. The timeframe reflected the decision to change from a form to integrating the process into the existing DES system. This was done to ensure that the process aligned with other similar activities that sat within the system. The second overdue action regarding agency workers was aligned with the declarations action due to the need for those members of staff to be made aware of Dorset Council's policies and procedures.

A question was raised regarding how members of the committee received reports back of audit actions that have failed to make sure that those failures were not in other corrective actions. It was explained that it would be treated in the same way as the original report as a follow-up report being brought into the reporting cycle to ensure transparency.

It was confirmed that there was a rolling plan as a part of the review to identify what audits would go into the plan which was based on risk and was reviewed with management regularly. The investigation was an area of high risk and follow-up reviews were done on actions in that area to ensure the controls and actions were properly imbedded to drive cultural change.

It was suggested that there could be a second layer of checks done to ensure less problems in the future. Confirmation was given that sample or spot checks had been done within areas such procurement. A point was made that it was important to make sure that these checks were monitored to make sure they were being done.

The recommendations were noted.

10. **Transformation Update**

The Interim Executive Director for Modernisation & Customer Delivery introduced the report. The report provided assurance on progress, governance and risk management across the transformation program including Our Future Council and built on the update received in February and aligned with the position reported to Cabinet from April. Since the last report the process had moved into the coordinated phase of delivery. There was greater clarity around the roles of Cabinet, Scrutiny, Audit & Governance committees, and the member transformation steering group. There had been tangible progress including the launch of the customer service hub and business support hub, the procurement of a new Enterprise Resource Planning (ERP) system, and the strengthening of leadership capacity. The overall risk profile remained high, however were better defined and actively managed. A number of mitigating actions had been put in place including strengthened programme capacity, a centralised portfolio management approach, and a benefits management framework.

Confirmation was requested regarding what financial savings were delivered from the 2025/26 financial year. The Director of Resources confirmed that it was £5.7 million which was against an original target of £10 million.

It was shared with the committee that the greatest risks sat withing the financial and HR system implementations but were in a much stronger position than six months ago due to the recruitment of capable people to implement these systems.

The recommendations were noted.

11. **2025/26 Draft Outturn Report**

The Director of Resources (S151) introduced the report. The report flagged that the current risk rating had been lowered to medium albeit that the underlying risk remained high. It was summarised how the council spent its money, with the headline that the council was in a balanced position with a moderate underspend. The milestone represented the active financial management and being able to balance the council's budget against the macroeconomic climate. It was delivered through offsetting, tighter spend controls and budget constraints. The report also highlighted the assessment on the reserves which included a review of what the risks were, what the expected financial magnitude of those risks were, and taken an overall view of financial risks which were being controlled.

A discussion was had regarding treating the reserves with caution due to pressures elsewhere. An overall summary of the tables within the report was given.

A question was asked regarding whether the quarter 1 (Q1) spend would have any impact on the rest of the year should that spend be high. It was explained that those figures were being worked on at the time and would come back to the committee meeting in October. It was noted that there had been a familiar forecast profile this year in terms of Q1 and Q2 becoming challenging followed by an overspend in Q3 and an underspend in Q4.

Regarding an item on page 104 within the report, it was asked whether a reference to an external report was being used to validate excuses as to why the council was not achieving its budget or was it being used to learn how to stem the issues. The paragraph in question had been put in to set the context of spending within Children's Services across the country rather than to make any excuses. Children's Services were working with partners to work with families as soon as possible and make sure that cases did not escalate into high-cost areas, however the number of children in care had gone up.

It was noted that a statement of caution was present in the report explaining that the positive headline should be treated with caution due to underlying financial pressures on services continuing. It was explained that the residual risk remained high due to these financial pressures, however current risks were reduced due to the underspend. All councils had been offered a potential 90% write off of the Dedicated Schools Grant (DSG) deficit which at the time stood at £150 million and was driving the reason for the risk being at a medium level. Concerns were raised that while this deficit write off would help, the council would inevitably incur extra costs over the next couple of years and it was asked whether it was too soon to downgrade the risk. As stated in the report the council would still spend in excess of the budget, and while the DSG deficit could be written off, it was still expected to grow to a similar number by 2028. However, due to the continued response from central government regarding the DSG deficit the risk was significantly mitigated.

Notwithstanding the reporting of an underspend the Chair emphasised the role of the Committee in ensuring that the Council understands the risks it faces. He expressed concern and reminded members of underlying financial pressures and trends and the need for caution as to how any underspend is reported.

The recommendations were noted.

12. **2025/26 Statements of Accounts**

The Director of Resources (S151) introduced the report. This report included the statement of accounts for Dorset Council and the Dorset Pension fund for the financial year ending 2026. It covered income and expenditure, asset management, and long-term sustainability. The document was to be subject to external audit to test a number of topics covered within the paper. The key financial reporting governance framework external audit was underway and would be back in November with a final opinion.

The recommendations were noted.

13. **Work Programme**

The work programme was noted.

14. **Urgent items**

There were no urgent items.

15. **Exempt Business**

There was no exempt business.

Duration of meeting: 6.30 - 8.25 pm

Chairman

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