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AUDIT AND GOVERNANCE COMMITTEE

MINUTES OF MEETING HELD ON MONDAY 24 FEBRUARY 2025

Present: Cllrs Gary Suttle (Chair), Spencer Flower (Vice-Chair), Belinda Bawden, Neil Eysenck, Jill Haynes, Andrew Parry and Andy Todd

Co-Opted Members: R Ong and S Roach.

Present remotely: Cllrs Wheller and Somper,

Also present: Cllr Biggs, Ireland, Bartlett, Clifford and Wilson

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

Sean Cremer (Corporate Director for Finance and Commercial), Susan Dallison (Democratic Services Team Leader), Aidan Dunn (Executive Director - Corporate Development S151), Angela Hooper (Principal Auditor SWAP), Heather Lappin (Head of Strategic Finance), Jonathan Mair (Director of Legal and Democratic and Monitoring Officer), John Miles (Democratic Services Officer), Sally White (Assistant Director SWAP) and Grace Evans (Head of Legal Services and Deputy Monitoring Officer)

Officers present remotely (for all or part of the meeting): David Wilkes (Service Manager Treasury and Investments) and Heather Lappin (Head of Strategic Finance).

72. **Apologies**

An apology for absence was received from Cllr Alex Futhman.

73. **Minutes**

The minutes of the meeting held on 13th January 2025 were confirmed and signed.

74. **Declarations of Interest**

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

75. **Public Participation**

A question was received from a member of the public:

[\(Public Pack\)Public Participation Pre-ambule and Question Agenda Supplement for Audit and Governance Committee, 24/02/2025 18:30](#)

Cllr Suttle responded Thank you for your question Mr Bailey and for yet again demonstrating your ongoing commitment to monitoring Council finances.

Your question highlights some of the complexity of running a Council, having to try and apply a relative priority to competing services - from spending money on Health and Safety improvements to buildings people live and work in, through to administering the public health ringfenced grant to improve the health and wellbeing of the residents we serve through encouraging smoking cessation.

Turning to the matter you have referred to as your question:

The Beryl Bikes scheme in east Dorset was set up as an extension to the existing scheme operating in the BCP council area, enabling people to use bikes across the two areas, as part of the government funded Transforming Cities Fund (TCF) sustainable transport programme. Dorset Council purchased 122 bikes and 47 bays including from Beryl for this part of the scheme at a cost of £266k. This spending was funded from Community Infrastructure Levy £240k + £26k TCF - so to be clear, not from Council Taxpayers.

These bikes will now be redistributed across Upton and Corfe Mullen. The new TCF cycleways have helped more people to walk and ride safely around the area. While there is good usage of the new cycle infrastructure as a whole, bike hire uptake has not been high enough to be commercially viable to Beryl. The part of the scheme with low ridership will close on the 28th February. Beryl will continue to operate bikes in Corfe Mullen and Upton and in the Dorchester/Weymouth/Portland area where there are good levels of uptake.

76. Minutes of the Audit & Governance Sub-Committee

No meetings held.

77. Auditors (Deloitte) Annual Report up to Financial Year 2022/23 and Final ISA 260 2021/22

The Audit Director for Deloitte introduced the two reports. He began with the first report and highlighted pg 13 the Auditors Annual Report that covered the years 2021, 2022 and 2023. Which summarised all of the outcomes from each of the audits. Deloitte had previously reported the final outcomes from our value for money work. The main headlines were that Deloitte had not identified any significant weaknesses in 2021, 2021-22 and 22-23. However, they had identified a recommendation in relation to the dedicated school's grant deficit for 22- 23. The final page of the report on pg 24, in relation to the audit fees. Deloitte had flagged their proposed additional fees for the years audited and this related to fees around additional work required to complete that was above and beyond what Deloitte expected. This had been presented to management in which was not accepted but the next step would be to present to the PSAA who oversee the contract and look to arbitrate the value around additional fees.

The second report was our revised and final ISA 260, and Deloitte had previously presented an ISA 260 for 2021-22 Audit on 9th December 2024. The report finalised any outstanding items that were included in the original report.

Noted.

78. ISA 260 for the 2023/24 Audit – Dorset Council and Dorset Pension Fund

Jackson Murray from Grant Thornton, covered the highlights of the Audit findings report and concluded the work for this year's audit. Grant Thornton intended to issue a backstop disclaimer opinion for 2023-24. The reason for this was the lack of opening balance assurance and it was accepted that auditors needed to rebuild assurance over a period of time likely 3 audit cycles. In terms of the audited position and the original draft financial statement, there was one adjustment posted to the comprehensive increment expenditure statement of around £2.5 million. There was a PFI school that turned into an academy but retained on the Council's balance sheet and that asset was removed and the £2.5 million related to depreciation and other charges. There was a significant number of works undertaken by both teams and he provided national context on the issue of audit opinions. He went through key items in the report and referenced pg 73 of the agenda pack regarding the materiality levels that was audited 2023-24, a materiality of £13.4 million and a triviality threshold of £700,000. This meant that any error corrected or not was included within the report and any error below that level is discussed by management and not required to be formally reported.

Simon Roach referenced pg 93 and raised the procurement issue, where the council self-identified procurement arrangement had no compliance with the current procedure rules and scheme of delegation and asked if the Committee was going to hear any further about that.

Cllr Suttle responded that at this time due to the ongoing activity, the Committee would not be able to hear anything about the procurement issue, but it was going to come to the Committee as a report in which there would be a full discussion.

Cllr Flower added that judgements being made should be based on data, facts and knowledge of the situation and the Council was not in a position to bring it to the Committee at this time.

Mr Roach requested that the Committee receives the conclusions of the investigation into the procurement issue urgently.

Cllr Clifford reinforced the commitment to bring the report to the Committee as soon as possible.

Decision: 1. The Committee noted the content of the Auditor's ISA260 reports:

1.1 Dorset Council 2023/24

1.2 Dorset Pension Fund 2023/24

2. Noted the content of the Auditor's opinions:

2.1 Dorset Council 2023/24

2.2 Dorset Pension Fund 2023/24 (financial statements)

2.3 Dorset Pension Fund 2023/24 (consistency with Pension Fund Annual Report)

3. The Committee agreed the content of the letters of management representation, and delegate authority to the s151 Chief Financial Officer (in consultation with the Chair of the Audit and Governance Committee or the

Chair of the Pension Fund Committee as appropriate) to approve any further changes as required by external auditors Grant Thornton UK LLP

1.1 Dorset Council 2023/24

1.2 Dorset Pension Fund 2023/24

4. The Committee agreed the audited financial statements for the period ending 31 March 2024, and delegate authority to the s151 Chief Financial Officer (in consultation with the Chair of the Audit and Governance Committee or the Chair of the Pension Fund Committee as appropriate) to approve the accounts subject to any further changes as required by external auditors Grant Thornton UK LLP.

Reason for Decision:

As part of the national backstop stop deadline of the 28th February 2025 for the completion of the 2023/24 audit, the committee are asked to approve the recommendations which provide a disclaimer of opinion on the financial statements for 2023/24.

79. Final Auditor's (Grant Thornton) Annual Report 23/24

Jackson Murray from Grant Thornton introduced the report. He informed that this report had already been reviewed by the Committee in July 2024 as an interim version of Grant Thornton's Value for Money report and at that stage had raised a key recommendation around dedicated school's grant. The report came to the Committee as a final version, with the key substantive change around the second significant weakness and key recommendation around the procurement issue on pg 369 of the agenda pack.

Simon Roach queried recommendation 9 in the report on 23-24 controls to minimise data breaches and referenced 2023-24 there had been a serious data breach.

The Executive Director Corporate Development responded that this came about due to one of the Council's suppliers had a data hack and lost some information and as a consequence had tightened up commercial security and contract specifications. It was agreed that this would be brought back to the Committee at a later date and would be added to the Work Programme.

Noted.

80. Q3 2024/25 Budget Monitoring Report

The Corporate Director for Finance and Commercial covered the main headlines of the report. The revenue position was a £10.8 million overspend and there had been some improvement since Quarter 2. There was an overspend of £13 million within services, so there was significant pressure especially with Children's and Adults which this pressure was driven by meeting statutory need, rising complexity and growth and demand continued to increase in these areas. Our Future Council's savings which total £8.6 million and an offsetting value of releasing the contingency of £6.7 million pounds released into the 2024-25 year. There was an improvement of £2.4m as Quarter 3 saw the finalisation of the local government pay award which came out lower than it was budgeted for. £2.2 million was

released back into the financial year to offset the overspend on the revenue position. Turning to the DSG, the Q3 overspend was £35 million which was down to the high needs block, with a 53% overspend which was a national issue and increased pressure continuing until next year. The debt position figures remain relatively stable with some minor improvements quarter to quarter and was on a downward trend.

The Executive Director Corporate Development in response to the question was there a culture of overspend within the organisation? He explained that there was an organisational sense that the Council can control the controllables but where services were demand driven like number of children needing support or the price, these were two areas the council could not directly control but could influence over a longer term. The areas of the budget that the Council could control more were place directorate, corporate and legal team, areas which were more staff based rather than care based, staff-based budgets rather than purchase-based budgets. The Council could exert more influence over these areas and each of those areas were underspending to manage the bottom line of the organisation. The longer-term strategy was to influence the level of demand with Our Future Council supporting the community and path finding project with family-based support within the community. But our statutory obligations to support residents override our ability to say no.

Cllr Suttle informed that 60% of the budget was uncontrollable or not completely controllable.

Noted.

81. **Response to the Consultation on Strengthening the Standards and Conduct Framework for Local Authorities**

The Director Legal and Democratic introduced the report and provided some context on the terms of reference.

He outlined the consultation questions in the report and in the appendix of the report a series of responses. The key issue that the consultation sought to address was the ability to impose more meaningful sanctions in very rare cases where Councillors behaved extremely badly. As the sector has a lack of meaningful remedies which could be imposed when there has been a breach of the code. The consultation contained that the government may introduce the ability for Councillors to suspend Councillors in the most extreme cases and a number of questions linked to that.

Cllr Flower explained that 2011 Localism Act produced nothing, and it was difficult for any meaningful sanctions to come out of it. He emphasised the importance of learning lessons from the past and referenced pg 5 - publicising investigation outcomes. He added that it was fine to publicise when the Councillor had been found to have done something wrong, but every single complaint should not be publicised. It needed to be distilled down to when there has been a requirement to take appropriate action.

He referenced Pg10 - do you think Cllrs should be disqualified more than once? He explained that this encroached on Democracy and the people that elect Cllrs were the final arbiters. He raised concerns with Pg 32 - gross misconduct and felt there were more constructive remedies applied as it would have to be quite dramatic to bring about a disqualification based on concerns around the compliance with the code of conduct. Pg 13, he asked if there was a need for another national appeals board as it would slow down the process and would be better to have a reciprocal arrangement with a neighbouring authority to deal with one another's appeals.

Cllr Haynes added that it would be useful for a modified response to the consultation to be sent out to the Cllrs as a separate email to encourage completion.

Cllr Bawden informed that she did not disagree with the point that there should be a local authority peer led process but there should be an external appeals body.

Cllr Bartlett explained that he had witnessed a culture change in code of conduct complaints against Cllrs and there was a need for more training.

The Director Legal and Democratic outlined that pg 38 of the consultation- do you think there is a need for an external national body to hear appeals? Councillors agreed that there does not need to be a national body and were happy to co-operate with neighbouring authorities.

The second clarification around numbers 31 and 32 of the consultation - is there a case for immediate disqualification for gross misconduct when there is theft and physical violence impacting the safety of members? There would be immediate disqualification for gross misconduct such as, theft and physical violence but not disqualification if you have a series of suspensions.

Decision: The Committee considered and approved the draft consultation response, with necessary amendment, for submission as the Council's formal response.

Reason for Decision:

The Audit and Governance Committee has responsibility for: (i) promoting and helping maintain high standards of conduct of Members (including co-optees), Parish and Town Councillors and any other relevant appointed representatives including advising the Council on issues relating to the Members' Code of Conduct; and, (ii) recommending training in respect of conduct standards and ensuring appropriate arrangements to consider and determine allegations of any breach concerning the Members' Code of Conduct and any other code / protocol concerning Member Conduct.

82. Update on Our Future Council Work

The Executive Director Corporate Development provided a recap.

83. **Work Programme**

No Comments.

84. **Urgent items**

There were no urgent items.

85. **Exempt Business**

There was no exempt business.

Duration of meeting: 6.30 - 8.30 pm

Chairman

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