

BABERGH AND MID SUFFOLK DISTRICT COUNCILS

Minutes of the meeting of the **JOINT AUDIT AND STANDARDS COMMITTEE** held in the Frink Room (Elisabeth) - Endeavour House on Monday, 31 July 2023

PRESENT:

Chair: Bryn Hurren (Joint-Chair)

Councillors: Simon Dowling
Adrienne Marriott
Mary McLaren
Isabelle Reece
John Whitehead

John Matthissen (Joint-Chair)
James Patchett
Tim Regester

In attendance:

Councillors: Rachel Eburne
John Ward

Guest: David Green – Arlingclose Strategic Director

Officers: Chief Executive (AE)
Deputy Monitoring Officer and Corporate Manager Governance & Civic Office (JR)
Corporate Manager – Internal Audit (JS)
Corporate Manager – Finance, Commissioning & Procurement (BP)
Governance Officer (BW)

Apologies:

Austin Davies

1 SUBSTITUTES AND APOLOGIES

1.1 Apologies were received by Councillor Austin Davies.

2 DECLARATION OF INTERESTS

2.1 None received.

3 JAC/23/01 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 22 MARCH 2023

By 1 vote For and 8 Abstentions.

It was RESOLVED: -

That the minutes of the meeting held on the 22nd March 2023 be confirmed and signed as a true record.

4 TO RECEIVE NOTIFICATION OF PETITIONS IN ACCORDANCE WITH THE COUNCIL'S PETITION SCHEME

4.1 None received.

5 QUESTIONS BY THE PUBLIC

5.1 None received.

6 QUESTIONS BY COUNCILLORS

6.1 None received.

7 JAC/23/02 TREASURY MANAGEMENT OUTTURN 2022/23

7.1 The Chair invited David Green, Arlingclose Strategic Director, to present an update on the Treasury Management Process.

7.2 Councillor Hurren queried whether local government borrowing was one to one. The Arlingclose Strategic Director responded that this was a one-to-one borrowing scheme and that brokers would find lenders that fit the specified requirements.

7.3 Councillor Register questioned how it was ensured that inflation rates and interest rates were correct. The Arlingclose Strategic Director responded that the Bank of England has an interest rate at 2% and this would rise with inflation.

7.4 Councillor Matthissen queried whether most borrowing from local authorities was short term. The Arlingclose Strategic Director responded that timelines for borrowing were often 3, 6, or 12 months. Shorter term borrowing usually had smaller interest rates meaning that it is often cheaper to borrow short term over long term.

7.5 Councillor McLaren questioned if the Councils lent money to other local authorities. The Arlingclose Strategic Director responded that the Councils do not lend money but if they wanted to in the future it was an option.

7.6 Councillor Patchett queried what the interest rate was on the £4million bank loan taken by Mid Suffolk. The Corporate Manager – Finance, Commissioning and Procurement responded that the loan had an interest rate of 4.12%.

7.7 Councillor Patchett further questioned why reserve funds were not being used to pay back the loan sooner. The Corporate Manager – Finance, Commissioning and Procurement responded that as the loan was a Lender's Option Borrower's Option (LOBO), and it was down to the bank to determine the rate at which it was paid back. Information on repayment costs would be provided outside of the meeting.

- 7.8 The Chief Executive asked for clarification on whether the information on comparative income applied to all income or non-ringfenced funds. The Arlingclose Strategic Director responded that it applied to non-ringfenced funds and did not include income such as council tax.
- 7.9 The Chair thanked the Arlingclose Strategic Director for his presentation.
- 7.10 The Chair invited the Corporate Manager Finance, Commissioning & Procurement to introduce the report to the committee.
- 7.11 Councillor Dowling referred to page 14 of the report and questioned whether the Cabinet were pushing back on fund managers to consider carbon reduction since it was agreed in 2021. Councillor Eburne responded that this had not been a priority for the previous administration, but this would now be carried forward. The Corporate Manager – Finance, Commissioning & Procurement added that the committee could advise Cabinet to carry this forward.
- 7.12 Councillor Matthissen referred to table 1 in the report and questioned what the movement of funds had been. The Corporate Manager Finance, Commissioning & Procurement responded that due to capital financing requirements there is the need for the councils to borrow and where capital schemes are undertaken the Capital Funding Requirement (CFR) increases.
- 7.13 Councillor Matthissen queried the figure of £11Million spend on Council houses. The Corporate Manager – Finance, Commissioning & Procurement responded that this figure included capital repairs to council properties.
- 7.14 Councillor Whitehead referred to paragraphs 1.11 and 1.12 on page 27 of the report and queried why the average returns for the councils were significantly higher compared to other clients of Arlingclose. The Corporate Manager – Finance, Commissioning & Procurement responded that Mid Suffolk were seen to be significantly higher, although this did not apply to Babergh.
- 7.15 Councillor Whitehead queried why there was no benchmarking data for funds and whether this could be included in future reports. The Arlingclose Strategic Director responded that investment values were down and measuring at a downturn.
- 7.16 Councillor Ward requested that all tables showed the split between the borrowing for the General Fund budget and the Housing Revenue Account.
- 7.17 Councillor Ward queried the interest rates for CIFCO and why they differed in table 6 and table 7. The Corporate Manager – Finance, Commissioning & Procurement responded that these were partially due to rounding differences and also on the interest paid on funding for works.
- 7.18 Councillor Eburne questioned where capital receipts were shown in the

report. The Corporate Manager – Finance, Commissioning & Procurement stated that it was contained in table 15 in the report under use of finance expenditure.

7.19 Councillor Hurren proposed the recommendations as set out in the report. Councillor Whitehead seconded this proposal.

By a unanimous vote

It was RESOLVED: -

That the treasury management activity for the year 2022/23 as set out in this report and appendices be noted.

By a unanimous Babergh vote

It was Recommended to Babergh Council: -

That it be noted that both Councils activity was in accordance with the approved Prudential Indicators for 2022/23.

That it be noted that Babergh District Council's treasury management activity for 2022/23 was in accordance with the approved Treasury Management Strategy, and that, aside from exceeding the net upper limit of interest rate exposure at the end of 2022/23 as mentioned in Appendix C, paragraph 4.1, the Council has complied with all the Treasury Management Indicators for this period.

By a unanimous Mid Suffolk vote

It was Recommended to Mid Suffolk Council: -

That it be noted that both Councils activity was in accordance with the approved Prudential Indicators for 2022/23.

That it be noted that Mid Suffolk District Council's treasury management activity for 2022/23 was in accordance with the approved Treasury Management Strategy, and that, except for one occasion when the Council exceeded its daily bank account limit with Lloyds, as mentioned in Appendix C, paragraph 4.1, the Council has complied with all the Treasury Management Indicators for this period.

7.20 A short comfort break was taken between 12:08 – 12:19pm.

8 JAC/23/03 ANNUAL GOVERNANCE STATEMENT 2022/23

8.1 The Chair invited the Chief Executive to introduce the report.

8.2 Councillor McLaren requested that in future a list of officers be circulated to Members with the report to give clarity on who contributed.

8.3 Councillor McLaren questioned what the process is if something is questioned. The Corporate Manager – Internal Audit responded that depending on the severity of the allegation a line manager can be approached as well as the Section 151 Officer, Monitoring Officer, Chief Executive, and Corporate Manager – Internal Audit could also be approached. This also tied into the whistleblowing policy.

8.4 Councillor McLaren questioned how comfortable it was for people to share whistleblowing allegations. The Corporate Manager – Internal Audit responded that developing an environment and behaviour of openness within the organisation makes it easier for people to approach officers with their concerns.

8.5 Councillor Matthissen referred to page 58 of the report and enquired where the End of Term report was published. The Corporate Manager – Internal Audit responded that the report was published every 4 years. The Chief Executive added that an annual report would go to each council to monitor how services were delivered in relation to the corporate plan.

8.6 Councillor Matthissen queried where freedom of information request responses were published on the website. The Corporate Manager – Internal Audit responded that when a request is made a disclosure log of previous enquiries is available if the information is not sensitive or in the public interest.

8.7 Councillor Dowling queried how items for improvement could be ensured to be pursued and how this tied into the improvement roadmap. The Chief Executive responded that there were agreed timescales on these issues and that in the next report there would be the opportunity to see what improvement had been made.

8.8 Councillor Dowling further questioned when the continuous improvement roadmap would be available. The Corporate Manager – Strategic Policy responded that the roadmap relied on the new corporate plan and would be in place in 2024 but the development of the plan was currently in progress. The Chief Executive added that performance indicators were currently team specific and there would be additional ones that would go to full Council and Cabinet.

8.9 Councillor Marriott queried how it was ensured that recommendations were acted on. The Corporate Manager – Internal Audit responded that high risk items were followed up on, and areas of limited assurance were revisited within 3-6 months. Additionally half year and annual reports are produced and any recommendations not implemented were escalated to the Deputy Chief Executive or Chief Executive, with external audit being brought in when required.

8.10 Councillor McLaren queried the annual suppliers spend and how this compared to neighbouring Councils. The Corporate Manager – Finance, Commissioning & Procurement responded that these figures would be

provided outside of the meeting. The Chief Executive added that as Councils are not consistent these numbers may not be comparative as Babergh and Mid Suffolk are rural districts and two authorities.

8.11 Councillor Register questioned how procurement ensure that contracts are not at an inflated cost. The Corporate Manager – Finance, Commissioning & Procurement responded that when a contract is required the specifications are drawn up and procurement find and manage the contract and use their professional knowledge to judge what costs are reasonable.

8.12 Councillor McLaren proposed the recommendation as set out in the report. Councillor Matthissen seconded the motion.

By a unanimous vote

It was RESOLVED: -

1.1 That Councillors satisfy themselves that the Local Code of Corporate Governance and joint Annual Statement (AGS) 2022/23 (Appendix A and B respectively to this report) accurately reflects the governance environment and any actions to improve it.

1.2 That subject to 1.1 above, the AGS be endorsed subject to the Director – Law & Governance and Monitoring Officer being authorised to make any minor amendments and corrections prior to the Statement being finalised for publication.

1.3 Further that approval of any significant amendments identified by the Director – Law & Governance and Monitoring Officer be delegated to him in consultation with the Chairs of this Committee and the Leaders of each Council.

1.4 That it be noted that the finalised AGS will be signed by the Leader of each Council on behalf of the respective Council together with the Chief Executive on behalf of both Councils.

9 JAC/23/04 ANNUAL INTERNAL AUDIT REPORT 2022/23

9.1 The Chair invited the Corporate Manager - Internal Audit to introduce the report.

9.2 Councillor Marriott asked for further detail on the levels of risk. The Corporate Manager – Internal Audit responded that there were general areas of concern such as the general ledger and regular reconciliations where the process had not been followed properly and had been identified and the Section 151 Officer had produced a report providing an overview of how the systems work and how improvements can be made. The Corporate Manager – Finance, Commissioning & Procurement added that business process reengineering was ongoing with external consultants and all of the processes

within the team had been mapped, and processes for the new finance management system had been put in place.

9.3 Councillor Matthissen queried what the issues with the elections in the report referred to. The Corporate Manager – Internal Audit responded that there were reconciliation cost issues with the May 2021 election where it was identified that more robust controls were required in the reconciliation process, and the lack of business continuity plans in place in times of staff changeover. The Chief Executive responded that as there had been a change in Corporate Manager in the elections team during the reconciliation process this led to a lack of continuity in the process.

9.4 Councillor Hurren highlighted that continuity plans should be in place for all departments in case of staff turnover.

9.5 Councillor Patchett questioned whether process notes and continuity plans were available for the 2023 election following the recommendation from the 2021 election. The Corporate Manager – Internal Audit responded that these were recommendations for the team moving forward and it was hoped that this would be implemented.

9.6 Councillor McLaren queried safeguarding training for taxi drivers. The Corporate Manager – Internal Audit responded that the previous safeguarding policy was out of date and was not seen to be fit for purpose. Whilst the policies were good the training needed to be updated.

9.7 Councillor Matthissen enquired how government grants were checked. The Corporate Manager – Internal Audit responded that he is required to provide a declaration and check where the funds are spent and has asked to be involved in the process sooner.

9.8 Councillor Register proposed the recommendations as set out in the report. Councillor Patchett seconded the motion.

By a unanimous vote.

It was RESOLVED: -

1.1 The Committee is asked to:

1.1.1 Consider and support the conclusion that the Councils' system of internal control is effective; and

1.1.2 Confirm that the 2022/23 opinion of the Corporate Manager – Internal Audit, based on his assessment of effectiveness, can be relied upon as a key source of evidence in the Annual Governance Statement.

10 JAC/23/05 ANNUAL COMPLAINTS MONITORING REPORT

10.1 The Chair invited the Deputy Monitoring Officer to introduce report

JAC/23/05.

10.2 Councillor Mariott questioned if compliments were logged under this policy. The Deputy Monitoring Officer responded that compliments did not fall under this report.

10.3 Councillor Whitehead questioned whether it was normal to have such different numbers of complaints across the two councils. The Deputy Monitoring Officer responded that where issues happen in a parish council multiple complaints can be made about the same incident. Additionally, the councils were working with SALC to get a mentoring support in place for parish clerks.

10.4 The Annual Complaints Monitoring Report was noted.

11 JAC/23/06 FORWARD PLAN

11.1 The forward plan was noted.

The business of the meeting was concluded at 13:38 pm.

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Chair