

## **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, 29 January 2024

### **PRESENT:**

Councillor: John Matthissen (Joint-Chair)

Councillors:	Austin Davies	Simon Dowling
	Bryn Hurren (Joint-Chair)	Adrienne Marriott
	Mary McLaren	James Patchett
	Isabelle Reece	Tim Register
	John Whitehead	

### **In attendance:**

Officers:

- Interim Monitoring Officer (JR)
- Interim Corporate Manager – Finance, Commissioning and Procurement (KW)
- Corporate Manager – Internal Audit (JS)
- Corporate Manager – Electoral Services (DC)
- Assistant Manager – Financial Accountant (MH)
- Senior Business Partner – Capital & Treasury (AG)
- Governance Officer (BW)

### **DECLARATION OF INTERESTS**

37.1 None received.

### **JAC/23/18 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 27 NOVEMBER 2023**

It was **RESOLVED**: -

**That the minutes of the meeting held on the 27<sup>th</sup> November 2023 be approved.**

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

39.1 None received.

### **QUESTIONS BY THE PUBLIC**

40.1 None received.

### **QUESTIONS BY COUNCILLORS**

41.1 None received.

## **JAC/23/19 JOINT CAPITAL, INVESTMENT AND TREASURY MANAGEMENT STRATEGIES 2024/25**

- 42.1 The Chair invited the Assistant Manager – Financial Accountant to introduce the report to the committee.
- 42.2 Councillor Whitehead referred to paragraph 2.5 on page 22 of the report and questioned why the forecasted outcome had been renamed. The Corporate Manager – Finance Commissioning and Procurement responded that this had been renamed for clarity and that this was the revised estimate to forecast more accurately what would be spent throughout the year.
- 42.3 Councillor Whitehead referred to paragraph 2.7 on page 23 of the report and questioned the funding for Phase 1 of the SHELF project up to 2028 and why there were no funds for Phase 2 ahead of 2028. The Corporate Manager – Finance, Commissioning and Procurement responded that the figures had currently not been worked up for Phase 2.
- 42.4 Councillor Whitehead referred to the HRA Right to Buy receipts on page 26 of the report and questioned why there were none forecast before March 2025. The Assistant Manager – Financial Accountant responded that an answer would be provided outside of the meeting.
- 42.5 Councillor Whitehead further referred to table 6 on page 29 of the report and questioned the actual borrowings for the General Fund and HRA and questioned why this was different to the forecasted outcome. The Assistant Manager – Financial Accountant responded that an answer would be provided outside of the meeting.
- 42.6 Councillor Reece referred to paragraph 2.20 on page 27 of the report and questioned what would happen if the Government changes to the Minimum Revenue Provision (MRP) regulations did not come into effect. The Corporate Manager – Finance, Commissioning and Procurement responded that the third set of proposals from central Government would be introduced in the 2024/25 financial year and would be charged to the revenue budget. For principal loans a calculation on the predicted credited loss was required and under current regulation there is no line on regulations on the budgets with any credit loss to the revenue budget.
- 42.7 Councillor Patchett referred to paragraph 2.7 on page 23 of the report and queried the figure of £18.2 million for the Skills and Innovation Centre and why this differed to the previous figure of £18.75 million. The Corporate Manager – Finance, Commissioning and Procurement responded that an

answer would be provided outside of the meeting.

- 42.8 Councillor McLaren referred to paragraph 6.1 on page 33 of the report and questioned the surplus in Babergh's pension fund and whether this would remain for the upcoming year. The Assistant Manager – Financial Accountant responded that as this was monitored by an outside body this was currently unknown.
- 42.9 Councillor McLaren referred to paragraph 9.2 on page 35 of the report and questioned the use of external advisors and whether this review would impact the external financial advisors. The Corporate Manager – Finance, Commissioning and Procurement responded that there was currently an ongoing review on interim expenditure across both Councils and Treasury Management advisors and tax advisors would not be effected by this as it was specialist advice that was value for money.
- 42.10 Councillor Dowling referred to paragraph 3.3 on page 37 of the report and questioned the peak cash flow funding requirement for the former Council offices in Hadleigh. The Corporate Manager – Finance, Commissioning and Procurement responded that the Cabinet had made the decision to lend Babergh Growth up to £9 million to complete phase one of the development.
- 42.11 Councillor Dowling further questioned why Babergh were providing 100% of the finance for Babergh Growth when Mid Suffolk were providing 50% of the finance for Mid Suffolk Growth Ltd, with Norse providing the other 50% finance. The Corporate Manager – Finance, Commissioning and Procurement responded that a response would be provided by the relevant Director outside of the meeting.
- 42.12 Councillor Davies requested for future reports that the current valuation of CIFCO's assets be provided. The Assistant Manager – Financial Accountant responded that this would be considered.
- 42.13 Councillor Whitehead referred to paragraph 5.28 on page 61 of the report and questioned the £2 million limit on bank accounts, including for Gateway 14, and whether this was in line with inflation. The Assistant Manager – Financial Accountant responded that there was a difference in accounts for the Council's money and for companies and this could be looked at by Arlingclose to keep in line with inflation.
- 42.14 Councillor Davies questioned whether there were any plans for a phased de-investment on ESG investments. The Assistant Manager – Financial Accountant responded that the Councils had been in discussions with Arlingclose, and workshops would be held with Arlingclose, officers and Members to establish what suitable investments would be for both Councils.

- 42.15 Councillor Davies referred to paragraph 3.1 on page 64 of the report and queried the 1% interest rate and whether this would be extended. The Assistant Manager – Financial Accountant responded that work was ongoing on scenario testing interest rates for best, worst, and likely cases.
- 42.16 Councillor Patchett referred to page 74 of the report and highlighted the interest rate of 7.88% on the Mid Suffolk table and questioned whether Officers could communicate with the lender to find out what the penalty would be for breaking this loan early. The Assistant Manager – Financial Accountant responded that this would be investigated.
- 42.17 Councillor Hurren asked for clarification on when MRP legislation would be changed. The Corporate Manager - Finance, Commissioning and Procurement responded that the proposals were likely to be implemented and possible impacts had been factored into the budgets however the timing was unclear.
- 42.18 Councillor Register proposed the recommendations as set out in the report with the additional recommendation that a working group be formed with Arlingclose and Officers including Portfolio Holders, Chairs of the Joint Audit and Standards Committee, and Members from all groups to discuss ESG options.
- 42.19 Councillor Hurren seconded this motion.

By a unanimous vote.

**It was Recommended to Council: -**

- 1.1 To approve the Joint Capital Strategy for the period 2023/24 to 2027/28, including the Prudential Indicators, as set out in Appendix A.**
- 1.2 To approve the Joint Investment Strategy for service and commercial investments for the period 2023/24 to 2027/28, as set out in Appendix B.**
- 1.3 To approve the Joint Treasury Management Strategy for the period 2023/24 to 2027/28, including the Joint Annual Investment Strategy as set out in Appendix C.**
- 1.4 To approve the Joint Treasury Management Indicators as set out in Appendix D.**
- 1.5 To approve the Joint Treasury Management Policy Statement as set out in Appendix G.**

**1.6 To approve the Joint Minimum Revenue Provision Policy Statement as set out in Appendix H.**

**1.7 That the key factors and information relating to and affecting treasury management activities set out in Appendices E, F, and I be noted.**

**1.8 That a working group be formed with Arlingclose and Officers including Portfolio Holders, Chairs of the Joint Audit and Standards Committee, and Members from all groups to discuss ESG options.**

#### **JAC/23/20 CODE OF CONDUCT COMPLAINTS BI-ANNUAL MONITORING REPORT**

43.1 The Chair invited the Interim Monitoring Officer to introduce the report.

43.2 Councillor McLaren questioned what communications there were with Parish Councils when there is an issue. The Interim Monitoring Officer responded that whilst the Council could not provide legal advice, support could be provided to clerks and provide mediation and support to those parish councils which are struggling.

43.3 Councillor Whitehead queried whether there were any vexatious complainants and whether these were monitored in the report. The Interim Monitoring Officer responded that under the complaints policy similar complaints could be dismissed and a point of contact could be appointed, however this was not used often, and none were set out in this report.

43.4 Councillor Matthissen asked for clarification on the process when a parish councillor is elected. The Interim Monitoring Officer responded that all parish councillors had to sign a declaration of office and it was down to individual councillors to undertake training on the code of conduct. But the council had done training with parish councils and the Suffolk Association of Local Councils (SALC) on the code of conduct.

43.5 The Code of Conduct Complaints Bi-Annual Monitoring Report was noted.

#### **JAC/23/21 BRIEFING NOTE: APPOINTMENT OF INDEPENDENT CO-OPTED MEMBER TO THE JOINT AUDIT AND STANDARDS COMMITTEE**

44.1 The Chair invited the Corporate Manager – Internal Audit to introduce the briefing note.

44.2 Councillor Reece questioned where the independent person would be sourced from. The Corporate Manager – Internal Audit responded that finance skills would be required, and any independent persons would need to make declarations of interest at meetings.

- 44.3 Councillor Reece raised concern that the appointment of an independent person was not required under legislation and would have a cost. The Corporate Manager – Internal Audit responded that the appointment of an independent person was considered best practice, and it was down to the committee if they wanted to go ahead with this. The Interim Monitoring Officer added that cost would be a small allowance of up to £1000 split across both Councils.
- 44.4 Councillor Hurren questioned whether the independent person would have voting rights. The Corporate Manager – Internal Audit responded that the independent person could be in place in an advisory capacity.
- 44.5 Councillor Whitehead queried who would decide the appointment. The Corporate Manager – Internal Audit responded that the selection process would be undertaken by the Chairs of the committee and an additional Member and would then be agreed by Full Council.
- 44.6 During the debate Councillor McLaren outlined that she would welcome the consideration of an independent person, and this could add value to the decisions made by the committee.
- 44.7 Councillor Register outlined that it would be useful to have additional experience on the committee.
- 44.8 Councillor Patchett stated that he did not support the appointment of an independent person due to the costs and not being politically balanced.
- 44.9 Councillor Reece stated that the priority should be developing the skills of the committee and identifying where there are currently gaps in knowledge.
- 44.10 Councillor Whitehead outlined that advisors could be more beneficial than an independent person.
- 44.11 Councillor Hurren proposed to agree that the Corporate Manager – Internal Audit prepares a paper for the Joint Audit and Standards Committee in May 2024 to discuss the option of including co-opted members into the committee's membership. Councillor McLaren seconded the motion.

By 7 votes for and 3 votes against.

**It was RESOLVED: -**

**To agree that the Corporate Manager – Internal Audit prepares a paper for JASC in May 2024 to discuss the option of including co-opted members into the committee's membership.**

#### **JAC/23/22 FORWARD PLAN**

- 45.1 The Chair invited the Corporate Manager – Electoral Services to provide an update on the upcoming elections, and progress from the review of the 2023

District, Town and Parish elections.

45.2 The forward plan was noted.

The business of the meeting was concluded at 12:21 pm.

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Chair