

## **Minutes of a Meeting of the Audit & Governance Committee held at Knowle, Sidmouth on 20 November 2014**

### **Attendance list at end of document**

The meeting started at 2.30pm and ended at 5.10pm.

#### **\*25 Public Speaking**

There was no public speaking.

#### **\*26 Minutes**

The minutes of the Audit and Governance Committee meeting held on 25 September 2014 were confirmed and signed as a true record. Councillor Steve Gazzard wished to thank Simon Davey, Strategic Lead – Finance for sending him an A3 sized copy of the Statement of Accounts 2013/14.

#### **\*27 Declarations**

No declarations were stated.

#### **\*28 Audit and Governance Committee update**

External auditors, Grant Thornton, presented a report which provided Committee members with progress at 23 October 2014 in delivering their responsibilities as the Council's external auditors.

The paper included details on the following completed work:

- 2013-14 Accounts Audit Plan;
- Interim accounts audit;
- 2013-14 final accounts audit;
- Value for Money (VfM) conclusion;
- 2013-14 Certification work.

Members were delighted that Grant Thornton had issued an unqualified opinion about the Value for Money conclusion.

**RESOLVED:** that the Audit and Governance update from Grant Thornton be noted.

#### **\*29 Annual Audit Letter – Grant Thornton**

Ashley Allen of Grant Thornton presented the annual audit letter for EDDC, which summarised the audit activity undertaken over the last financial year. He was pleased to report that the key messages on the financial statement were that there were

- No material errors were found during the course of their audit in the draft accounts presented for audit;
- The accounts were produced to a good standard; and
- All requests for additional information were dealt with promptly by the finance team

Ms Allen was able to issue an unqualified opinion on the Council's 2013/14 financial statements and VfM conclusion for 2013/14 on 25 September 2014.

Members noted that Grant Thornton's audit fee was £80,375 excluding VAT, which represented a reduction of 2% from the previous year. There were two significant recommendations in the report regarding the Estates Section's areas of responsibility.

One was around the rolling property, plant and equipment programme not meeting the Code's requirement in paragraph 4.1.2.35 to value items within a class of property, plant and equipment simultaneously. The other was met through testing of property, plant and equipment, it was noted that there were five assets that had not been revalued in the last five years.

**RESOLVED:**

1. that the Annual Audit Letter from Grant Thornton be noted;
2. that the Asset Management Forum be requested to consider the two significant recommendations listed in the report.

**\*30 Risk Management Review**

Members considered the report of the Management Information Officer on the first full risk review of 2014/15.

Members noted that the EDDC's Risk Management Policy required all risks identified by the Council to be reviewed bi-annually. There were currently 12 Strategic and 109 Operational Risks, each when first identified were considered high or medium level risks which required some form of mitigation through control actions. For the first full review for 2014/15 all risk owners were asked to reassess the overall risk, update their control action/s and re-score the risk to give a residual score in light of the mitigation from the control actions undertaken.

In the full risk register there was one risk which was currently scored as high:

- Loss of supporting people contracts would mean a significant loss of income that part pays for the housing related support service received by EDDC's tenants in sheltered housing – Impact: Serious. Likelihood: Very Likely.

Members raised concerns that 50 risks were attached to the Strategic Lead – Housing, Health & Environment. It was pointed out that in practice these risks would be shared between different teams dealing with these responsibilities. A request was made that the ownership of risk should be allocated to those responsible in the report.

Regarding the Safeguarding Children policy, in response to a question the Management Information Officer reported that the Safeguarding Children policy was a compulsory read for all members of staff. It was considered that, as the policy was so important Councillors should be required to read it as well.

**RESOLVED:** 1. that the current status of risks following the full risk review undertaken in September/October 2014, be noted;

2. that in future the report be updated to show the ownership of risk allocated to those members of staff actually responsible for the risk.

**\*31 Office Relocation Project Assurance**

The Audit Manager, South West Audit Partnership (SWAP) provided a verbal report on assurance over the Office relocation project. He reported that he was a member of the Office Accommodation Working Group and was actively involved in overseeing its work.. Andrew Ellins, Audit Manager, SWAP, confirmed that he would continue to give regular reports back to the Committee to give assurance on the Office Relocation project from an internal audit point of view.

The Office Accommodation Working Group met every 4 – 6 weeks and Andrew Ellins, Audit Manager sat on it as an independent observer. He gave advice in terms of best practice and on audit issues. He confirmed that the Office Relocation project had an up to date Risk Register and risks in the project were well managed. The job of the Audit & Governance Committee was to ensure that there was a Risk Register in place and that the project was properly managed. Andrew Ellins, confirmed the probity and accuracy of the reports given so far and that each decision taken had been in line with standing orders.

The Audit Manager, SWAP was thanked for his report. He confirmed that he would make a report on the Office Relocation project at each meeting of the Committee.

**\*32 Medium Term Financial Plan**

Members received a presentation by the Strategic Lead – Finance on the Medium Term Financial Plan. Members noted that there was an anticipated deficit in 2015/16 of £400K, increasing to £2.8M by 2020/21, which was highlighted as a risk to the Council. However, the Strategic Lead – Finance, updated Members on ways of meeting this deficit by a mixture of income generation and cost saving which officers were currently putting together proposals on for members consideration in the new calendar year.

It was noted that the Waste & Recycling contract was large area of expenditure - the current contract ended in 2016. There was a Waste & Recycling Commissioning Group set up to look at this contract. It was investigating possible cost savings measures, such as switching to four weekly collections, which had been successful and saved money in other local authority areas.

Members of the Committee congratulated Simon Davey, Strategic Lead – Finance and his Finance Team on how well the Council had met its financial deficits so far and the plans in place to meet future anticipated financial deficits. Simon Davey agreed to supply Councillor Steve Gazzard with an A3 copy of his presentation.

**33 Housing land supply Update**

The Committee considered the report of the Planning Policy Manager, which updated Members of the Committee on ongoing work. It advised of:

- Projected high levels of future housing development;
- Programmed improvements to ICT systems
- Funding for a new housing delivery office post; and
- Future key areas of work.

Richard Cohen, Deputy Chief Executive reported that the Council were working on making the economy function a more robust area of the authority. This would include appointing a new Economic Development Manager and Development Manager. This would also include updating the Council's Economy Plan and a review of the way the Council went about strategic planning and planning policy processes to see if a more corporate approach could be adopted. The suggestion was of a review of process for strategic planning decision making currently undertaken by Development Management Committee. Members of the Committee considered that planning should not just be seen as a regulatory function, but also an enabling one.

During discussion the following points were noted:

- There needs to be a more joined up and holistic approach to economic activity;
- Development in East Devon should be pursued in a sustainable way;
- There should be a review made of the way the Council considers planning matters to see if there could be a more corporate approach;

- It was not clear whether there was currently an oversupply or undersupply of housing in the district, the SHMA findings would help provide clarity on this issue;
- The prospect of the larger planning applications going before other Council bodies rather than or in addition to Development Management would be welcomed;
- Discussion was underway about putting a system into the Council actively supporting and promoting high quality development;
- The Committee wanted to see more control taken of the risk of the Council having no Five Year Land Supply;
- Consideration should be given for a strategic process whereby there would be a Portfolio Holder in place who would report to Cabinet and who would take a lead on strategic planning matters;
- Planners should be encouraged to lead the development process and talk to land owners about where they would like to see development taking place;

**RECOMMENDED:** that the Deputy Chief Executive be tasked with carrying out a review to achieve the objective of determining strategic planning matters for the Council through Cabinet and a Portfolio Holder being appointed to lead on this role and the Constitution be amended appropriately with effect from the next Annual Council, the aim being to establish a greater understanding and approach to policy matters and reduce the risk to the Council.

**\*34 Thelma Hulbert Gallery**

The Countryside & Leisure Manager updated the Committee on the current position regarding the Thelma Hulbert Gallery. He reported that the Gallery had just won the Devon Tourism awards for Access & Inclusivity category.

Members noted the progress made since the report to the Cabinet meeting in March and the grants awarded to the Gallery and income generated.. A report would be made to the January meeting of Cabinet on the final position for the Gallery.

During discussions the following points were noted:

- the Committee should review and monitor the progress of the Gallery in financial terms;
- there was competition from the Beehive for space for art displays in Honiton;
- there were social benefits of the Gallery working in the community;
- the Gallery was an expense not warranted by the Council;
- a much lower level of subsidy was given to sport in East Devon when compared with the losses made by the Gallery;
- Elmfield House was too small a building to house a successful Gallery;
- EDDC as a Council had not decided what it wanted to spend on arts and sport and should set aside an amount of money to spend on these areas;
- the issue of getting the best value for the public purse.

**RESOLVED:**

1. that the report be noted;
2. that it be noted the Committee wish to express no confidence that the Thelma Hulbert Gallery will ever make a profit and therefore is considered to be a waste of public money.

**\*35 Audit and Governance Forward Plan**

The Committee noted the contents of the Forward Plan for 2014/15, which was updated during the meeting.

Items to be considered at the January Committee included:

- Internal Audit Activity – Quarter 2 2014/15
- Office relocation project update
- Audit Committee update
- Certification Report
- Thelma Hulbert Gallery update
- Risk Management Review
- Five year land supply

**RESOLVED:** that the updated Forward Plan be noted.

**Attendance list**

**Present:**

Councillors

Ken Potter (Chairman)

Peter Bowden (Vice Chairman)

Roger Boote

Bob Buxton

Steve Gazzard

Steve Hall

Tony Howard

Geoff Pook

Also Present:

David Cox

Ian Thomas

Officers:

Chris Lane, Democratic Services Officer

Simon Davey, Head of Finance

Charlie Plowden, Countryside & Leisure Manager

Richard Cohen, Deputy Chief Executive

Matt Dickins, Policy Manager

Joanne Avery, Management Information Officer

Andrew Ellins, Audit Manager, South West Audit Partnership (SWAP)

Ashley Allen, Senior Audit Manager, Grant Thornton

Chairman ..... Date .....