

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Minutes of a meeting of the Corporate Governance Committee held on
Monday, 29 June 2009 at 9.30 a.m.

PRESENT:	Councillor PW Topping – Chairman Councillor NCF Bolitho – Vice-Chairman	
Councillors:	JD Batchelor Dr DR de Lacey RT Summerfield	FWM Burkitt Mrs JM Guest
Officers:	Adrian Burns Steve Hampson Greg Harlock	Head of Accountancy Executive Director, Operational Services Chief Executive
External:	Neil Gibson Chris Harris Hanson	Audit Commission Bentley Jennison Audit Commission

Councillors SM Edwards and TJ Wotherspoon were in attendance, by invitation.

4. DECLARATIONS OF INTEREST

None.

5. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 29 April 2009 were agreed as a correct record.

The minutes of the meeting held on 21 May 2009 were agreed as a correct record subject to the rearranging of the agenda items into the order they occurred.

Number of audit days

It was noted that the Chief Executive and Chris Harris had discussed how the trend of reducing the number of audit days carried out by Internal Audit could continue.

Review of ICT Network Security

It was noted that this would be received at a future meeting of the Committee.

6. APPROVAL OF STATEMENT OF ACCOUNTS

The Chief Executive introduced this report which sought the Committee's approval of the Statement of Accounts and their confidence in the responsible financial officer.

The Committee noted the following amendments to the Statement of Accounts:

- On page 21 the 7th bullet point under the heading The Corporate Governance Committee was amended to read "To receive reports from the External Auditors".
- On page 38, under the heading Cash Inflows the amount in column 2008/09 for Other Government Grants was increased by £683,065 to £2,467,402, whilst the amount in the same column for Cash received for goods and services was decreased by the same amount to £7,352,877.
- On page 38 the heading Revenue expenditure funded from capital under statute was moved to be under the heading Revenue Activities - Cash Outflows.

- On page 38 the heading Net cash inflow before financing was amended to read Net cash outflow before financing.
- On page 50 the figure for Sundry Debtors for 31 March 2008 was to be amended.
- On page 76 the heading Adjustment for 2006/07 was amended to Adjustment for previous year.

Low Council Tax graph

It was suggested that the graph on page 6 of the Accounts needed to be reconfigured to emphasise that the Council had the 7th lowest Council tax in the Country.

Increasing population

It was noted that the Council relied on the 2001 census for its population figure and an increase of 33% by 2016 was projected.

Housing Futures Project

It was noted that the allocation of the cost to the General Fund on this project had increased from 39% of the total cost to 66%. This had resulted in a £61,000 underspend in the Housing Revenue Account.

The Chief Accountant explained that there had been a fall in the value of the housing stock and this had led to a deficit in the Housing Revenue Account. The Chief Executive added that there was currently £3.1 million in the balances on the HRA and that the minimum level had been increased to £1.5 million, due to uncertainties regarding the economic situation, the decline in capital receipts, rent arrears and the housing stock not being insured.

Calculating overspends/underspends

It was noted that overspends and underspends could be calculated from either the original or the revised estimate. It was suggested that the task and finish group could examine this.

The Committee requested that in future underspends and overspends should be displayed in both percentage and absolute terms.

Business Monitoring reports

Councillor SM Edwards, Finance and Staffing portfolio holder, explained that quarterly Business Monitoring reports would help to ensure accurate financial monitoring.

Concessionary Fares

It was noted that there had been a £287,000 underspend on the concessionary fares scheme.

Pensions

It was noted that the employers' contribution rate was due to increase from 17.5% in 2008/09 to 21.7% in 2010/11, although more conservative estimates on the pension fund's investments suggested that the employers' contribution rate would need to increase to 25-30% in the future.

It was understood that the Council's pension deficit was estimated at £23.6 million. In response to questioning the Chief Executive explained that in the past the Council had paid money directly into its pension fund but the influence this had had on the Council's contribution was unclear and so he could not recommend that the Council repeat this.

Concern was expressed at the fact that the Council representation on the Cambridgeshire

Pensions Fund Board was restricted to a single member from a different Cambridgeshire District Council.

It was suggested that the issue of pensions should be put on the Council's Risk Register. The Chairman agreed that the matter of pensions should be put on the agenda of a subsequent Committee meeting.

Income

It was suggested that the Council should examine its charging policies and carefully consider if it could increase its income.

Public Relations

It was suggested that the above title had political connotations and that "communications" would be a more accurate description.

Payment of rent to Government

The Chief Accountant reported that last year the Council paid the Government £0.56 for every £1 of rent received. The Chief Executive stated that the Council continued to challenge the Government on the unfairness of this practice. It was noted that if the charge for rent was increased, more money would go to the Government.

Employees' remuneration

The Chief Accountant explained that the increase in the number of employees being paid more than £50,000 could have been caused by officers being appointed part of the way through 2007/08 and so only being paid their full annual salary last year.

Decline in demand

In response to questioning the Chief Executive explained that due to the economic downturn the Council was bringing-in less income and the possibility of making staff redundant needed to be weighed against the requirement to re-hire staff when demand increased.

The Corporate Governance Committee **APPROVED** the Statement of Accounts, subject to the above amendments.

7. CORPORATE GOVERNANCE SELF EVALUATION

The Committee discussed the report which listed the findings of their self-evaluation process.

The Committee confirmed the findings listed in this report and instructed officers to support them in achieving the improvements identified. A 30-minute planning session would be introduced before the start of all subsequent meetings of the Committee.

8. INTERNAL AUDIT PROGRESS REPORT

Chris Harris presented this report to the Committee, which summaries the outcome of the work completed against the periodic internal audit plan for 2009/10. He explained that there had been no changes to the Audit Plan since the last meeting of the Committee.

Management responses

Chris Harris assured the Committee that he was not concerned that management responses were awaited for the audit on the IT Disaster Recovery Planning and Follow Up and it was expected that responses would be received by the next meeting of the Committee.

The Committee **NOTED** the report.

9. EXTERNAL AUDIT REPORT ON USE OF RESOURCES: UPDATE BY NEIL GIBSON

Debbie Hanson, External Auditor, circulated a report on the new Use of Resources assessment, which would use different Key Lines of Enquiry than the previous system. The aim of the new assessment was to focus less on process and more on outcomes.

It was understood that the Council was being assessed in three areas and that the Committee would receive feedback on this at their meeting in November.

Concern was expressed by members of the Committee that this was a tougher assessment and the Council would not achieve the same grade of 3 as last year. It was also stated that it would have been helpful to have received an earlier notification on how the new assessment process differed from last year.

The Committee **NOTED** the report.

10. LOCAL GOVERNMENT OMBUDSMAN ANNUAL REVIEW

The Chief Executive presented this report which summarised the Local Government Ombudsman's annual review of 2008/09.

The Committee noted that the Council's response time of 37.5 days was an improvement on the previous year and it was expected that the trend would continue, as the authority attempted to achieve its target of 28 days. It was agreed that the Committee should receive an update on the Council's performance in responding to complaints at its next meeting.

The Committee **NOTED** the report.

11. RISK MATURITY ACTION PLAN

The Chief Executive presented this report which detailed the progress on implementing the action plan resulting from Internal Audit's risk review. It was noted that Internal Audit considered the Council to be a level below its own assessment.

Chris Harris stated that it was inevitable that not all internal audit recommendations would be accepted by management. He hoped to report back on this subject at the Committee's next meeting.

The Committee **NOTED** the report.

12. FINANCIAL REGULATIONS

The Chief Executive presented this report, which recommended that the Council's Financial Regulations be amended to nominate an additional officer to authorise payments.

It was noted that although the Constitution stated that both the Chief Finance Officer and Corporate Manager (Finance and Support Services) could authorise payments, both these roles would be the responsibility of the new Executive Director post and so the proposed recommendation was not increasing the number of post holders who could authorise payments.

The Committee

RECOMMENDED TO COUNCIL

That the post of Finance Project Officer be added to paragraph 6 (Operation of Bank Accounts) of the Financial Regulations with the Council's Constitution.

13. STRATEGIC RISK REGISTER

The Chief Executive presented this report, which enabled the Committee to carry out its quarterly reviews of the strategic risk register and action plans to address risks above the Council's tolerance line and to consider the actions being taken to achieve risk management targets.

Pandemic 'flu

The Chief Executive explained that following advice from Environmental Health Executive Management Team had decided to upgrade the risk of pandemic 'flu from A4 to A1. It was noted that staff were being trained on how to cover other sections in the event of an increase in sickness and that the Council was prepared to provide strategic assistance in the event of a regional outbreak. The Committee considered downgrading the risk to either B1 or B2 in light of the mildness of the cases reported in Britain and that the 'flu was likely to have less of an impact in the summer months. However, it was decided to accept the advice of the officers who were receiving daily updates on this particular risk.

Housing services budgeting and staffing

The Chief Executive explained that whilst this would obviously have an impact on the Housing Revenue Account it would also impact on the Capital programme of the General Fund, which would have to be reduced by £600,000. He defended the designation of A4 for this risk, as he was confident that the Housing Portfolio Holder would agree a plan to implement efficiencies and savings to mitigate the impact on services.

Equalities and EU Services Directive

The Chief Executive explained that whilst Executive Management Team hoped that both of the above risks would be downgraded in the future, the decision had been taken for them to remain at B2 and be monitored closely.

Climate Change

The Chief Executive explained that the Council needed to develop measures to safeguard its services against climate change. It was suggested that the Council should consider promoting neat oil.

Fire

The Chief Executive explained that robust procedures were in place to mitigate the risk fire posed to the Council's services, both in terms of prevention and recovery. The Chairman requested an update at the next meeting of the Committee.

The Committee

APPROVED

- A) The strategic risk register, prioritisation matrix and action plans
- B) The actions being taken to achieve risk management targets

14. MATTERS OF TOPICAL INTEREST

None.

15. DATE OF NEXT MEETING

The Committee **NOTED** that the meeting was due to be held on 30 September 2009 at 9:30 am. There would be a briefing for Members at 9am.

The Meeting ended at 12.15 p.m.
