

# CABINET

Report of the Meeting held on Tuesday, 15th March, 2022 at the Council Offices, Farnborough at 7.00 pm.

## **Voting Members**

Cllr D.E. Clifford, Leader of the Council  
Cllr K.H. Muschamp, Deputy Leader and Customer Experience and Improvement Portfolio Holder

Cllr Marina Munro, Planning and Economy Portfolio Holder  
Cllr A.R. Newell, Democracy, Strategy and Partnerships Portfolio Holder  
Cllr M.L. Sheehan, Operational Services Portfolio Holder  
Cllr P.G. Taylor, Corporate Services Portfolio Holder  
Cllr M.J. Tennant, Major Projects and Property Portfolio Holder

The Cabinet considered the following matters at the above-mentioned meeting. All executive decisions of the Cabinet shall become effective, subject to the call-in procedure, from **28th March, 2022**.

## 72. **MINUTES –**

The Minutes of the meeting of the Cabinet held on 8th February, 2022 were confirmed and signed by the Chairman.

## 73. **DECLARATIONS OF INTEREST –**

Having regard to the Council's Code of Conduct for Councillors, no declarations of interest were made.

## 74. **ADOPTION OF BASINGSTOKE CANAL AND MANOR PARK CONSERVATION AREA CHARACTER APPRAISALS AND MANAGEMENT PLANS –** (Cllr Marina Munro, Planning and Economy Portfolio Holder)

The Cabinet considered Report No. EPSH2210, which set out proposed character appraisals and management plans, following a review of the Basingstoke Canal and Manor Park Conservation Areas.

Members were informed that consultation exercises had been carried out on the draft appraisals and management plans and ten responses in respect of the draft Basingstoke Canal document and eleven in respect of the draft Manor Park document had been received. Taking into account the comments received, it was now considered that the boundary amendments proposed in the draft documents should be implemented.

**The Cabinet RESOLVED** that

- (i) the Basingstoke Canal Conservation Area Character Appraisal and Management Plan, as set out in Appendix 1 of Report No. EPSH2210, be approved; and

- (ii) the Manor Park Conservation Area Character Appraisal and Management Plan, as set out in Appendix 3 of Report No. EPSH2210, be approved.

**75. REGENERATING RUSHMOOR PROGRAMME - THE GALLERIES PROGRESS UPDATE AND NEXT STEPS –**

(Cllr Martin Tennant, Major Projects and Property Portfolio Holder)

The Cabinet considered Report No. REG2202, which set out an update on the Galleries regeneration scheme in Aldershot town centre.

Members were informed that an opportunity had arisen to provide a public car park on the site of the former Conservative Club on Little Wellington Street. It was proposed that officers should explore a land transfer option to allow for this to take place, as an alternative to a new car park being provided on a long lease basis within the Galleries scheme, as had previously been agreed. The advantage of this solution would be that the new car park would be provided prior to the planned closure of the High Street Multi-Storey Car Park.

**The Cabinet RESOLVED** that

- (i) in principle, the disposal of the existing High Street Multi-Storey Car Park freehold to the developer of the Galleries scheme, in return for the transfer of the freehold interest of the former Conservative Club site at Little Wellington Street, Aldershot to the Council, on the basis that a new, purpose-built public car park of at least 250 spaces would be constructed by the developer prior to handover, subject to planning permission being granted, as set out in Report No. REG2202, be approved; and
- (ii) the above transaction being subject to due diligence, with further reports to be presented to the Cabinet for consideration in due course, be noted.

**76. REGENERATING RUSHMOOR PROGRAMME - FARNBOROUGH PROJECTS FUNDING REQUIREMENT –**

(Cllr Martin Tennant, Major Projects and Property Portfolio Holder)

The Cabinet considered Report No. REG2203, which set out a proposal for the release and allocation of grant and capital funding to enable the completion of key stages of projects relating to the Farnborough Civic Quarter and the wider Farnborough town centre area.

Members were informed that the three areas requiring additional funding to enable robust progression to the next stage of project delivery were the production of a business case for the Leisure Centre/Leisure and Civic Hub, the Leisure Centre demolition and the production of a town centre strategy for Farnborough. Members heard that a bid to the One Public Estate (OPE) fund, to support the work in relation to the preparation of the leisure centre business case, had been successful and that £300,000 had been received. It was reported that further asbestos had been discovered during the demolition of the Leisure Centre and that this had increased the cost of the demolition project overall.

**The Cabinet RESOLVED** that

- (i) the allocation of £103,000 of revenue funding to the ongoing delivery of the Leisure and Civic Hub detailed business case, as set out in Report No. REG2203, be approved;
- (ii) the allocation of £627,514 of capital funding from the current capital programme, following the discovery of significant asbestos in the existing Leisure Centre over and above that provided for in the approved demolition budget, as well as the provision of a further contingency to address any additional asbestos finds prior to completion, be approved, including a total of £10,000 to provide additional hoarding and anti-climb paint at the Leisure Centre demolition site; and
- (iii) the allocation of £35,000, for the development of a town centre strategy for Farnborough, be approved.

**77. URGENT REPAIRS - PARTY WALL AT NOS. 35-39 HIGH STREET, ALDERSHOT-**

(Cllr Martin Tennant, Major Projects and Property Portfolio Holder)

The Cabinet received Report No. ED2201 and a Record of Executive Decision, which set out an urgent decision made on 22nd February, 2022 by the Executive Director in relation to urgent works required to a party wall between Nos. 35-39 High Street, Aldershot. The matter had been reported previously to the Cabinet in December, 2021. Members were informed that, since that time, the cost of the repairs had increased and now stood at £294,000 plus VAT.

**The Cabinet RESOLVED** that the action taken, as set out in the Record of Executive Decision dated 22nd February, 2022, be noted and endorsed.

The Meeting closed at 7.21 pm.

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# CORPORATE GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

Report of the Special Meeting held on Tuesday, 15th February, 2022 at the Council Offices, Farnborough at 7.00 pm.

## Voting Members

Cllr Sue Carter (Chairman)  
Cllr P.J. Cullum (Vice-Chairman)

Cllr Jessica Auton  
Cllr Jib Belbase  
Cllr A.K. Chowdhury  
Cllr Christine Guinness  
Cllr A.J. Halstead  
Cllr Prabesh KC  
Cllr Sarah Spall  
Cllr Jacqui Vosper

Apologies for absence were submitted on behalf of Cllr Sophia Choudhary and Mr Tom Davies (Independent Member – Audit).

## 35. MINUTES

The Minutes of the Meeting held on 24th January 2022 were agreed and signed as a correct record of the proceedings.

## 36. TREASURY MANAGEMENT AND NON-TREASURY INVESTMENT OPERATIONS 2021/22

The Committee received the Executive Head of Finance Report No. FIN2211, which set out the main activities of the treasury management and non-treasury investment operations during the first half of 2021/22.

The Committee was advised that the Council's treasury team had continued to concentrate on the security of investments, taking due regard for the returns available. It was noted that, with increased levels of borrowing, the treasury team continually reviewed the borrowing strategy, weighing up interest rate levels and risk of refinancing. During the first half of the 2021/22 financial year, short-term interest rates had remained at 0.10% and had been forecast to remain low. Borrowing levels had remained the same during the year, although the increase in short-term borrowing did increase the refinancing risk.

The Report stated that total borrowing at 30th September 2021 had been £102 million, which represented no change from the 2020/21 year-end position. Year-end borrowing was forecast to be below the estimated levels due to timing capital expenditure (service loans) on Housing Matters. The lower level of borrowing and lower interest rates had resulted in the forecast interest cost of borrowing reducing

by £0.495 million. The Council was forecast to have non-treasury investments risk exposure of £137 million, of which £93.7 million would be funded via external loans.

During discussion, Members raised questions regarding the General Fund and the loan to Farnborough International Limited, which were answered by the Executive Head of Finance.

**RESOLVED:** That

- (i) the reported current pace of change in economies and markets be noted; and
- (ii) the Executive Head of Finance Report No. FIN2211 be noted.

37. **ANNUAL TREASURY MANAGEMENT STRATEGY AND ANNUAL NON-TREASURY INVESTMENT STRATEGY 2022/23**

The Committee considered the Executive Head of Finance Report No. FIN2212, which set out the proposed Treasury Management Strategy and Non-Treasury Management Strategy for 2022/23, including the borrowing and investment strategies and treasury management indicators for capital finance for 2022/23 and the Minimum Revenue Provision Statement.

It was noted that the Council was required to approve a Treasury Management Strategy and Non-Treasury Investment Strategy (Investment Strategy) for 2022/23 before 1st April 2022. The Treasury Management Strategy Statement (TMSS) for 2022/23 and Non-Treasury Investment Strategy were prepared in accordance with the Prudential Code (2017 edition) and the Treasury Management Code of Practice (2017 edition) and the Ministry of Housing, Communities and Local Government revised guidance on Local Government Investment.

The Report covered the Council's treasury management and investment activities. The funds invested consisted of short-term cash available due to timing of income and expenditure, prudential borrowing and the Council's capital receipts. Arlingclose's advice continued to indicate that the Council should diversify investment risk wherever possible.

**The Committee RECOMMENDED THE COUNCIL**

- (i) to approve the Treasury Management Strategy 2022/23, Annual Borrowing Strategy 2022/23, as set out in the Executive Head of Finance Report No. FIN2212;
- (ii) to approve the Annual Non-Treasury Investment Strategy 2022/23;
- (iii) to approve the Minimum Revenue Provision (MRP) Statement.

**RESOLVED:** The Prudential Indicators for 2022/23 be reviewed by the Council's treasury management advisers, Arlingclose, for completeness, with any update included in the Report to the Council on 24th February 2022.

**NOTE:** The recommendations to the Council were dealt with at its meeting on 24th February 2022.

### 38. **ANNUAL CAPITAL STRATEGY 2022/23**

The Committee considered the Executive Head of Finance Report No. FIN2213, which set out the proposed Capital Strategy for 2022/23, including the prudential indicators for capital finance for 2022/23.

The Report covered the Council's capital management activities and set out a summary of treasury management and commercial investments and the Council's borrowing requirements to fund the Capital Strategy. It was noted that prudential indicators were identified to set measures for affordability, prudent and sustainable. The funds invested consisted of short-term cash available due to timing of income and expenditure, prudential borrowing and the Council's capital receipts.

The Committee was advised that the Council had incurred prudential borrowing of £102 million in relation to its capital expenditure. Further borrowing to support the financing of its approved Capital Programme in 2021/22 would also be required. The Council would therefore commence the financial year 2022/23 in a position where its investment holdings continued to remain significant, but it also carried some accumulating debt. There would be an inevitable requirement to incur some further borrowing to service capital expenditure in future years.

It was noted that, in November 2020, the Public Works and Loan Board (PWLB) had issued new lending terms that had been subject to further clarification in August 2021. This made it a condition of access to the PWLB funding that local authorities had no intention to buy investment assets primarily for yield in the current and following two financial years. No expenditure had been incurred on the acquisition of such assets since November 2020 and the Council did not plan to incur expenditure on investment assets primarily for yield within the capital programme. The Section 151 Officer was required on application to the PWLB to submit strategic capital and financial plans covering a three-year period. The Committee was advised that careful observation of the 'gross debt v capital financing requirement' indicator would need to be undertaken progressively throughout the financial year. It was noted that, where a material change occurred to the Capital Strategy 2022/23, a revised Strategy would be presented to the Council before the change was implemented.

**The Committee RECOMMENDED TO THE COUNCIL that**

- (i) approval be given to the Capital Strategy for 2022/23 to 2024/25 and Prudential Indicators for 2022/23 (subject to (ii) below); and
- (ii) the Prudential Indicators for 2022/23 be reviewed by the Council's treasury management adviser, Arlingclose, for completeness with any update included in the report to Council on 24th February 2022.

**NOTE:** The recommendations to the Council were dealt with at its meeting on 24th February 2022.

The meeting closed at 8.35 pm.

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# DEVELOPMENT MANAGEMENT COMMITTEE

Report of the Meeting held on Wednesday, 16th February, 2022 at the Concorde Room, Council Offices, Farnborough at 7.00 pm.

## Voting Members

Cllr C.J. Stewart (Chairman)  
Cllr L. Jeffers (Vice-Chairman)

Cllr Mrs. D.B. Bedford  
Cllr P.I.C. Crerar  
Cllr Michael Hope  
Cllr J.H. Marsh  
Cllr Nadia Martin  
Cllr S.J. Masterson  
Cllr T.W. Mitchell  
Cllr Sophie Porter

An apology for absence was submitted on behalf of Cllr Nem Thapa.

## Non-Voting Member

Cllr Marina Munro (Planning and Economy Portfolio Holder) (ex officio)

## 56. DECLARATIONS OF INTEREST

Having regard to the Members' Code of Conduct, the following declarations of interest were made. Members with a non-registerable interest left the meeting during the debates and voting on the relevant agenda items:

<b>Member</b>	<b>Application No. and Address</b>	<b>Interest</b>	<b>Reason</b>
Cllr T.W. Mitchell	22/00026/FULPP	Non-registerable	Public speaker is an acquaintance

## 57. MINUTES

Subject to the following amendment, the Minutes of the Meeting held on 19th January, 2022 were approved and signed as a correct record of the proceedings:

- amend paragraph 2 to read Section "106"

It was also noted that an extension of time had been agreed until 28th February, 2022, in regards to Planning Application No. 21/00171/FULLPP.



58. **PETITION**

**RESOLVED:** That the petitions received in respect of the following application be noted, as set out in the Head of Economy, Planning and Strategic Housing's Report No. EPSH2206:

<b>Application No.</b>	<b>Address</b>
20/00508/FULPP	The Galleries, High Street, Aldershot

59. **REPRESENTATIONS BY THE PUBLIC**

In accordance with the guidelines for public participation at meetings, the following representations were made to the Committee and were duly considered before a decision was reached:

<b>Application No.</b>	<b>Address</b>	<b>Representation</b>	<b>In support of or against the application</b>
22/00026/FULPP	Land at "the Haven" No. 19 York Crescent, Aldershot	Mr H Pietrzak	Against
		Mr H Sandhu	In support

60. **PLANNING APPLICATIONS**

**RESOLVED:** That

- (i) in accordance with the resolution of the Committee, the following application, be determined by the Head of Economy, Planning and Strategic Housing, in consultation with the Chairman

\* 22/00026/FULPP Land at "The Haven" 19 York Crescent, Aldershot

- (ii) the applications dealt with by the Head of Economy, Planning and Strategic Housing, where necessary in consultation with the Chairman, in accordance with the Council's Scheme of Delegation, more particularly specified in Section "D" of the Head of Economy, Planning and Strategic Housing's Report No. EPSH2206, be noted

- (iii) the current position with regard to the following applications be noted pending consideration at a future meeting:

21/00271/FULPP	Block 3, Queensmead, Farnborough
20/00400/FULPP	Land at former Lafarge Site, Hollybush Lane, Aldershot
22/00029/FULPP	Aldershot Bus Station, 3 Station Road, Aldershot

\* The Head of Economy, Planning and Strategic Housing's Report No.

EPSH2206 in respect of these applications was amended at the meeting.

61. **ENFORCEMENT AND POSSIBLE UNAUTHORISED DEVELOPMENT**

**Enforcement  
Reference No.**

**Description of Breach**

21/00132/AERIAL  
&  
21/00134/AERIAL

Satellite dishes installed on the front elevations of Nos. 18 & 20 Albuhera Road, Wellesley, Aldershot. Due to the Article 4 Direction placed on the Wellesley development in January 2021, planning permission was required. However, considering the size, position and absence of visible external cables, the development was considered acceptable if a planning application had been submitted. It was noted that the owners had been invited to submit applications but, to date, had not done so.

No further action be taken.

21/00062/RESWRK

An outbuilding erected in the rear garden of No. 50 Ayling Lane, Aldershot, which required planning permission as it was over 2.5m high and within 2m of the boundary.

Due to the position, design of the outbuilding, and the lack of harmful impact on the neighbours from the mass/bulk or overlooking, the development would have been deemed acceptable if a planning application had been submitted.

No further action be taken.

**RESOLVED:** That the Head of Economy, Planning and Strategic Housing's Report No. EPSH2207 be noted.

62. **PLANNING (DEVELOPMENT MANAGEMENT) SUMMARY REPORT FOR THE QUARTER OCTOBER - DECEMBER 2021**

The Committee received the Head of Economy, Planning and Strategic Housing's Report No. EPSH2208 which provided an update on the position with respect to achieving performance indicators for the Development Management Section of the Planning Service and the overall workload of the Section for the quarter from 1st October to 31st December 2021.

**RESOLVED:** That the Head of Economy, Planning and Strategic Housing's Report No. EPSH2208 be noted.

63. **ESSO PIPELINE PROJECT**

The Head of Economy, Planning and Strategic Housing gave an update to the Committee on the position regarding the agreement of all outstanding legal

agreements including the Environmental Improvement Plan pursuant to the Development Consent Order for the renewal and partial realignment of the Southampton to London Esso fuel pipeline which crossed the Borough of Rushmoor.

It was noted that the Council had been liaising with Esso to ensure the works were implemented in line with the Development Consent Order (DCO). It was reported that the work had now been undertaken and agreed on the methodology of how the pipeline would be laid beneath the two veteran oak trees. It was noted that vegetation clearance marking was also underway and this would be monitored closely.

In response to a query regarding the new play area, it was noted that no date had been fixed at this time for the installation. It was also noted that it was hoped that the car park levelling at Farnborough Road would be complete by March, 2022.

**RESOLVED:** that the Head of Economy, Planning and Strategic Housing Report No. EPSH2209 be noted.

The meeting closed at 8.51 pm.

# CORPORATE GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

Report of the meeting held on Monday, 28th March, 2022 at the Council Offices,  
Farnborough at 7.00 pm.

## **Voting Members**

Cllr Sue Carter (Chairman)  
Cllr P.J. Cullum (Vice-Chairman)

Cllr Jib Belbase  
Cllr A.K. Chowdhury  
Cllr Christine Guinness  
Cllr A.J. Halstead  
Cllr Prabesh KC  
Cllr Jacqui Vosper

Cllrs. J. Canty and K. Dibble attended the meeting as Standing Deputies

## **Non-Voting Member**

Mr Tom Davies – Independent Member (Audit)

Apologies for absence were submitted on behalf of Cllr Jessica Auton, Cllr  
Sophia Choudhary and Cllr Sarah Spall.

## **39. MINUTES**

The Minutes of the Special Meeting held on 15th February 2022 were agreed and  
signed as a correct record of the proceedings.

## **40. SELECTION OF THE MAYOR AND DEPUTY MAYOR**

The Head of Democracy and Community reported on the outcome of the selection  
process for the Mayor-Elect and the Deputy Mayor-Elect for 2022/23. The  
appropriate Members on the seniority list had been contacted and Cllr A.K.  
Chowdhury was the next Member able to accept the nomination for Deputy Mayor.  
Through normal progression, Cllr J.H. Marsh, currently Deputy Mayor, would  
progress to the position of Mayor for 2022/23.

It was noted that, in order to secure a nomination for the position of Deputy Mayor, it  
had been necessary to break one of the criteria for selecting the Mayor and Deputy  
Mayor, which had been adopted as part of the Council's Constitution. The criterion  
that had not been met in respect of Cllr A.K. Chowdhury for the position of Deputy  
Mayor was that he was standing for election in 2022. In view of the difficulties

experienced in 2022 in meeting the requirements, it was proposed to review the criteria and report back to the Committee in due course following informal engagement with Members. This was considered necessary to ensure that the provisions continued to be effective and to reflect the changing composition of the Council's membership which comprised a greater number of newer councillors.

The Committee

(i) **RECOMMENDED TO THE COUNCIL** that:

(a) Cllr J.H. Marsh be appointed as Mayor-Elect for the 2022/23 Municipal Year; and

(b) Cllr A.K. Chowdhury be appointed as Deputy Mayor-Elect for the 2022/23 Municipal Year; and

(ii) **RESOLVED** that the criteria for the selection of Mayor and Deputy Mayor be brought back for consideration in due course following informal engagement with Members

**NOTE:** Cllr A.K. Chowdhury declared a personal and prejudicial interest in this item and, in accordance with the Members' Code of Conduct, left the meeting during the discussion and voting thereon.

#### 41. **PAY POLICY STATEMENT/GENDER PAY GAP REPORT**

The Committee considered the Executive Director Report No. ED2202, which sought approval for a Pay Policy Statement for 2022/23. The Pay Policy Statement set out the framework within which pay was determined within the Council and provided an analysis comparing the remuneration of the Chief Executive with other employees of the authority. The Report also set out the calculations of the gender pay gap, which the Council was required to publish annually under the Equality Act 2021 (Specific Duties and Public Authorities Regulations 2017).

The Committee noted that the comparisons looked at the ratio between the Chief Executive and the full-time equivalent salary for a permanent member of staff employed in the lowest grade within the structure. The ratio for 2020/23 was 6.7:1. The second ratio included within the analysis looked at the relationship between the median remuneration of all staff compared to the Chief Executive. It was noted that the ratio for 2022/23 was 3.7:1 which represented a slight change to the previous year when it had been 3.6:1.

The Committee noted that mean gender pay gap equated to 11.7% with the female average salary being lower than the male average salary. The gap had reduced from 13.9% in 2021/22. The median gender pay gap equated to 11.3% with the female median rate being lower than the male median rate. The gap had increased slightly from 10.7% in the previous year.

The Committee

- (i) **RECOMMENDED TO THE COUNCIL** that approval be given to the Pay Policy Statement 2022/23, as set out in the Executive Director Report No. ED2202; and
- (ii) **RESOLVED** that the Gender Pay Gap report, as set out in the Report, be noted.

#### 42. **RISK MANAGEMENT 2021/22**

The Committee received the Assistant Chief Executive Report No. ACE2203, which provided an update on the Council's risk management activity which had taken place during 2021/22 in line with the Council's Risk Management Policy (2021) and outlined work planned for 2022/23.

The Report advised that, over the past twelve months, the focus with risk had been to review and then embed the risk management process consistently across the Council. This work had begun in January 2021 with the roll-out of a revised Risk Management Policy and associated training and briefing for staff and Members of the Committee. The key changes and amendments implemented had included:

- The introduction of three types of risk onto the Corporate Risk Register (strategic risks; corporate standing risks; and, escalated service risks) with a consistent approach to identifying these.
- Setting the expectation that, whilst risks might be managed by a number of people across the Council, there should be a single risk owner identified for risk management purposes.
- A clear expectation that risk registers should be reviewed on a monthly basis by each service.
- The Council's risk management process would be overseen by the Assistant Chief Executive, with the day-to-day management and maintenance of the risk management system being the responsibility of the Corporate Risk Manager.
- Risk would be on the Council's Corporate Management Team agenda at least every two months to ensure that regular, routine, collective oversight was given to risk at a senior level.

It was noted that, in light of these changes and to bring risk management more closely to corporate planning and performance management, responsibility for the management of risk had been moved in July 2021 to the Democracy, Strategy and Partnerships Portfolio Holder.

The Committee was advised that, over the course of 2021/22, the Risk Management Policy had been adhered to and the arrangements had been subject to an internal audit, which had concluded in February 2022. The Internal Audit Manager's Report No. AUD2205 had recognised the improvements in the risk management process since 2017 and that the current Policy was being applied. The Internal Audit Update Report (AUD2205) made six recommendations following the risk management audit,

which would be addressed as set out in the management responses over the course of 2022/23, with a view to all six identified actions being addressed by the end of June 2022. It was felt that addressing these actions would further strengthen the risk management processes across the Council and allow for greater alignment between performance and risk management and more real-time reporting of the Corporate Risk Register. The Risk Management Policy would be updated later in 2022 and a training session had been scheduled for September 2022 for the Committee.

It was noted that, as set out in the Risk Management Policy, reports on risk had been presented to the Council's Corporate Management Team on a regular basis and presented to the Cabinet alongside the quarterly performance reports. In addition, risk was discussed with greater frequency outside these meetings, with regular discussions and risk register reviews taking place across projects and programmes and with risk being discussed by the Policy and Project Advisory Board as the new Council Plan 2022-2025 had been developed.

During discussion, Members raised questions regarding: how financial risk was managed; what steps the Council had taken to increase training on risk; the sharing with the Committee of the Corporate Risk Register; the review of project risk; and, the need for a risk guidance document to assist managers.

**RESOLVED:** That the Assistant Chief Executive Report No. ACE2203 be noted.

#### 43. **INTERNAL AUDIT - AUDIT OPINION 2020/21 REVISED**

The Committee received the Interim Audit Manager's Report No. AUD2202 which set out the revision to the Internal Audit overall assurance opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control environment for 2020/21 following external advice and guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA), which had been issued on 19th November 2020. This guidance had been issued in acknowledgement that the Covid-19 pandemic might have an adverse impact on the delivery of Audit Plans for local government bodies for 2020/21 and so issued guidance on the risks of issuing a "Limitation of Scope" for the annual internal audit opinion, where an insufficient amount of assurance work had been undertaken in the audit year.

It was noted that the recommendation for a revision of the internal audit opinion included splitting the opinion into three governance, risk management and internal control (GRC) elements with CIPFA assessing that the governance and risk management elements were stronger than the internal controls element. However, Internal Audit had given its original assurance opinion based on a holistic assessment of GRC across the Council, as all audit reviews were conducted on an appraisal of all three elements. The splitting of the GRC elements would have contradicted the Council's Internal Audit methodology. The Audit Opinion 2020/21 had now been revised following consideration of external advice from CIPFA with a "Limitation of Scope" over all three elements of GRC.

The Committee was advised that, whilst the Internal Audit Opinion has been assessed as a "limitation of scope", some audit work had been completed and other

governance work had been carried out with the involvement of Internal Audit during the year. Where weaknesses had been identified through Internal Audit review, Internal Audit had worked with management to agree appropriate corrective actions and a timescale for improvement. The Report also set out the reasons for key areas of non-compliance with the public sector internal audit standards (PSIAS).

During discussion, the Independent Member (Audit) expressed his opinion that the steps the Council had taken to secure independent advice from CIPFA had enabled the Council to put things in order and had provided a good platform going forward. The Committee also acknowledged the work that had been undertaken by Internal Audit to move the Council forward in terms of corrective actions for improvement.

**RESOLVED:** That the Audit Manager's Report No. AUD2202 be noted.

#### 44. **ANNUAL GOVERNANCE STATEMENT - 2020/21 UPDATE**

The Committee received the Audit Manager's Report No. AUD2203, which set out the updated Annual Governance Statement 2020/21 following the revision to the Internal Audit Opinion 2020/21.

**RESOLVED:** That the Audit Manager's Report No. AUD2203 be noted.

#### 45. **INTERNAL AUDIT - AUDIT UPDATE**

The Committee received the Audit Manager's Report No. AUD2205, which set out: an overview of the work carried out by Internal Audit in Quarter 3 2021/22 to date; an update on progress on the 2021/22 Audit Plan; a schedule of work expected to be delivered in Quarter 4; and, an update on the outstanding audit issues from Internal Audit reports covering 2019/20 and 2020/21 focusing on the high-risk issues.

During discussion, Members raised questions regarding the decision-making process for work to be postponed to 2022/23. The Interim Audit Manager advised Members that the Audit Plan was fluid and could change priority based on risks. With the internal resource gap of five months in 2021/22, the Plan had been re-prioritised with Executive approval and the Committee had been informed and approval sought and obtained in the meetings since the Interim Audit Manager had been appointed.

**RESOLVED:** That the Audit Manager's Report No. AUD2205 be noted.

#### 46. **ANNUAL GOVERNANCE STATEMENT - UPDATE**

The Committee received the Audit Manager's Report No. AUD2204, which gave details of the work carried out towards the implementation of the actions defined within the Annual Governance Statement which had been presented to the Committee in July 2021.

**RESOLVED:** That the Audit Manager's Report No. AUD2204 be noted.

#### 47. **INTERNAL AUDIT - AUDIT PLAN**



The Committee considered the Audit Manager's Report No. AUD2206, which set out the Audit Plan for 2022/23, providing a framework to ensure that audit resources were focused on activities to enable the Interim Audit Manager to provide the Council with an overall assurance of the governance, risk management and internal control (GRC) environment.

The Report set out the methodology for compiling audit coverage, encompassing the areas of audit risk universe and criteria, input from the Executive Leadership Team and Heads of Service, developing the Audit Plan and the communication and monitoring of the Plan. It was noted that a rolling programme for communicating and monitoring the Plan meant that the Plan could be set for each quarter, allowing greater flexibility of audit coverage to meet the changing environments faced by the Council.

The Report also gave details of the Internal Audit budget for 2022/23, as approved by the Council in February 2022, which had included an increase of £52,780 for the year to ensure a smooth transition of the internal audit function following the return to work of the Audit Manager from maternity leave. It was noted that the Audit Plan, as set out in the Report, would require a further increase in the budget for 2022/23 of £37,835 as a result of the increased number of audits in the Plan (including audits postponed from 2021/22). A proposal for additional budget would be prepared by the Executive Head of Finance for consideration by the Cabinet and would include a review of other options that would reduce this budget pressure over the medium term. In order to deliver the Audit Plan, the Interim Audit Manager would assist the Audit Manager and contract auditors would continue to be utilised during 2022/23.

The Report set out the first six months' work of the 2022/23 Audit Plan, which had been selected from the higher risk areas and the five audits that had been postponed from 2021/22. The list of audits was subject to review due to the changing needs of the organisation or resource availability.

During discussion, the Independent Member (Audit) gave his support for the Audit Plan for 2022/23 as it covered the four key areas of financial systems, value for money, operations and IT. He also stated that internal control work was strengthened by the Committee and that the purpose of audit was to effect improvement.

**RESOLVED:** That approval be given to the Audit Plan for 2022/23, which would be monitored and updated on a rolling, quarterly basis.

The meeting closed at 8.27 pm.

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