

CORPORATE GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

Meeting held on Monday, 30th January, 2023 at the Council Offices, Farnborough at 7.00 pm.

Voting Members

Cllr P.J. Cullum (Chairman)
Cllr Jessica Auton (Vice-Chairman)

Cllr M.S. Choudhary
Cllr K. Dibble
Cllr A.H. Gani
Cllr Christine Guinness
Cllr Sarah Spall
Cllr Nem Thapa
Cllr S. Trussler
Cllr Jacqui Vosper

Cllr Mara Makunura (attended the meeting as Standing Deputy)

Non-Voting Member

Mr Tom Davies – Independent Member (Audit) (joined the meeting via Teams)

An apology for absence was submitted on behalf of Cllr Ade Adeola.

26. MINUTES

The minutes of the meeting held on 28th November 2022 were agreed and signed as a correct record of the proceedings.

27. ATTENDANCE AT MEETINGS OF THE COMMITTEE

The Chairman advised the Committee that Cllr Sarah Spall had been absent from three consecutive meetings of the Committee held on 26th July, 26th September and 28th November 2022. Under the Council's Standing Orders, Standing Order 4 (5) stated that 'if any Member shall be absent from three consecutive meetings of a committee, he or she shall cease to be a Member thereof, unless he or she shall in the opinion of the Committee show reasonable grounds for their absence.'

Cllr Sarah Spall addressed the Committee giving her reasons for non-attendance at the meetings. The Committee respected and understood the reasons given and agreed that Cllr Spall should continue to serve as a Member of the Committee.

The Chairman reminded the Committee that, if any Member was going to be absent from a meeting, the Committee Administrator and the Chairman should be notified by email and also including whether the standing deputy had been contacted.

RESOLVED: That Cllr Sarah Spall continue to serve as a Member of the Committee for the remainder of the 2022/23 Municipal Year.

28. **SELECTION OF THE MAYOR AND DEPUTY MAYOR 2023/24**

The Committee considered the Chief Executive's Report No. DEM2303 which set out the outcome of the selection process for the Mayor and Deputy Mayor for the 2023/24 Municipal Year.

Following a review of the process and criteria for the selection of the Mayor and Deputy Mayor, which had been led by the Committee, the Council had adopted a revised protocol for the selection of the Mayor and Deputy Mayor on 8th December 2022. In accordance with the updated procedure, all Councillors had been invited to indicate their interest in the role of Deputy Mayor for 2023/24, progressing through to Mayor in 2024/25.

The Committee was advised that the Deputy Mayor, Cllr C.P. Grattan, had confirmed his wish to proceed through the normal progression to the position of Mayor for 2023/24. Cllr Mara Makunura had expressed in the mayoralty role and, from amongst those who had submitted their interest, was the councillor who had best met the criteria by order of seniority and eligibility.

The Committee **RECOMMENDED TO THE COUNCIL** that:

- (i) Cllr C.P. Grattan be appointed as Mayor-Elect for the 2023/24 Municipal Year; and
- (ii) Cllr Mara Makunura be appointed as Deputy Mayor-Elect for the 2023/24 Municipal Year.

NOTE: Cllr Mara Makunura declared a personal interest in this item and, in accordance with the Members' Code of Conduct, left the meeting during the discussion and voting on this item.

29. **ANNUAL CAPITAL STRATEGY 2023/24**

The Committee considered the Executive Head of Finance Report No. FIN2303 which set out the proposed Capital Strategy for the year 2023/24 to 2025/26, including the Prudential Indicators for capital finance for 2023/24. The Report gave a high-level overview of how capital expenditure, capital financing and treasury management activity contributed to the provision of local public services, along with an overview of how associated risk was managed and the implications for future financial sustainability. The Strategy had been written in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management, the CIPFA Prudential Code and Ministry of Housing, Communities and Local Government guidance on local government investment.

The Committee was advised that decisions made during the year on capital and treasury management would have financial consequences for the Authority for many years into the future. They were therefore subject to both a national regulatory framework and to local policy framework, which were summarised in the report.

During discussion, a question was raised on liability benchmarking. The Executive Head of Finance undertook to provide a written response to the Committee on this.

The Committee

- (i) **RECOMMENDED TO THE COUNCIL** that the Capital Strategy for 2023/24 to 2024/25 and Prudential Indicators for 2023/24 (subject to (ii) below) and as set out in the Executive Head of Finance Report No. FIN2303 be approved; and
- (ii) **RESOLVED** that the Prudential Indicators for 2023/24 be reviewed by the Council's treasury management advisors (Arlingclose) for completeness with any update to be included in the report to the Council on 23rd February 2023.

30. **ANNUAL TREASURY MANAGEMENT STRATEGY AND ANNUAL NON-TREASURY INVESTMENT STRATEGY 2023/24**

The Committee considered the Executive Head of Finance Report No. FIN2302 which set out the proposed Treasury Management Strategy and Non-Treasury Management Strategy for the year 2023-24, including the borrowing and investment strategies and treasury management indicators for capital finance for 2023-24 and the Minimum Revenue Provision Statement.

Treasury risk management at the Council was conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code), which required approval of a treasury management strategy before the start of each financial year. The Executive Head of Finance's Report No. FIN2302 fulfilled the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code. The CIPFA Code also required the Authority to have a separate Non-Treasury Investment Strategy (as set out in Appendix 2 to the report) which had to be approved before April 2023. Local authorities were also required by regulation to have regard to the provisions of the Prudential Code for Capital Finance in Local Authorities (Prudential Code) 2021.

The report set out the purpose, functions and activities of the treasury management operation and the non-treasury investment management operations and set out the Treasury Management Strategy, Annual Borrowing Strategy and Annual Treasury Management Investment Strategy (Appendix 1), Non-Treasury Investment Strategy (Appendix 2) and the Council's Minimum Revenue Provision (MRP) Statement (Appendix 3). These policies and parameters provided an approved framework within which officers undertook the day-to-day capital, treasury and non-treasury investment activities.

Following discussion on the report, the Executive Head of Finance undertook to provide a written briefing for the Committee on the issues covered, including liability benchmarking, liquidity, rates of return received (Appendix 2, 9.4) and business models.

The Committee

- (i) **RECOMMENDED TO THE COUNCIL** that
 - (a) the Treasury Management Strategy 2023-24 and Annual Borrowing Strategy 2023-24 (as set out in Appendix 1 to the Executive Head of Finance Report No. FIN2302) be approved;
 - (b) the Annual Non-Treasury Investment Strategy 2023-24 (set out in Appendix 2) be approved; and
 - (c) the Minimum Revenue Provision (MRP) Statement (set out in Appendix 3) be approved; and
- (ii) **RESOLVED:** That the Prudential Indicators for 2023-24 be reviewed by the Council's treasury management advisors – Arlingclose – for completeness with any update to be included in the report to the Council on 17th February 2023.

31. **ANNUAL STATEMENT OF ACCOUNTS/EXTERNAL AUDIT OPINION 2019/20 - UPDATE NO. 4**

The Executive Head of Finance provided an update to the Committee on the current position regarding the Annual Statement of Accounts and External Auditor's Opinion for 2019/20. It was noted that the Council's external auditor (EY) had agreed the Statement of Accounts and would be given two supporting documents (Cash Flow Statement and Going Concern Note) by the end of that week. As previously delegated, the Statement of Accounts would be signed off by the Chairman and Chief Executive as soon as was practicable in order to allow EY to produce its Audit Opinion for 2019/20.

The Committee was advised that as much as possible was being done to avoid duplication of work for the audit of the 2020/21 Statement of Accounts and it was therefore hoped that work would then progress quickly on the audit by EY.

RESOLVED: That the update be noted.

32. **INTERNAL AUDIT - AUDIT UPDATE**

The Committee received the Audit Manager's Report No. AUD2301 which provided: an update of the work completed since the previous meeting in November 2022; a progress update on the 2022/23 Audit Plan; a schedule of work to be delivered during Quarter 4; and, an update on the outstanding audit issues.

The Audit Manager apprised the Committee on the number of finalised audit reviews. The Committee also noted that, of the five high risk audit recommendations currently outstanding, two (application patch management and PCI DSS) had had the completion date extended and the reasons for this were given.

RESOLVED: That the Audit Manager's Report No. AUD2301 be noted.

33. **SECTION 106 AGREEMENTS - FOLLOW-UP FROM PREVIOUS AUDIT ACTIONS**

The Internal Audit Manager gave an update to the Committee on the arrangements for following up areas of risk management in the internal audit of Section 106 Agreements. The Committee was advised that the Internal Audit Manager would be meeting with relevant officers to go through the recommendations following the audit. A report would then be made, as part of the Internal Audit report, to the next meeting of the Committee on how the recommendations would be implemented and followed up.

RESOLVED: That the update be noted.

34. **CONSTITUTION UPDATES**

The Committee considered the Corporate Manager – Democracy Report No. DEM2302, which set out proposed updates to the Constitution in respect of:

- Standing Orders for the Regulation of Business (Appendix 1 to the Report)
- Scheme for the Appointment of Standing Deputies (Appendix 2)
- Scheme for Public Speaking at Development Management Committee (Appendix 3) and a minor update to the Terms of Reference for the Development Management Committee (as considered and recommended by the Development Management Committee on 18th January 2023)
- Schedule summarising all the updates to the Constitution which have been made since the last major review and report to the Council in May 2020 (Appendix 4). These included updates to reflect the changes that have been made to the senior staffing structure, job titles and officer responsibilities as determined by the Chief Executive.

The Committee was advised that the proposals referenced in Appendices 1 and 2 to the Report (arrangements for dealing with Notices of Motion with financial implications outside of the approved budget, the number of standing deputies appointed to Committees and public speaking at the Development Management Committee) had been considered and supported by the Constitution Working Group at its meeting in December 2022. The Working Group had been appointed by the Committee and had been attended by Councillors P.J. Cullum, Sue Carter, Christine Guinness and S. Trussler.

Following discussion, it was agreed to raise the issues of Deputy Leaders of the Council and Cabinet Champions at a future meeting of the Constitution Working Group.

The Committee

- (i) **RECOMMENDED TO THE COUNCIL** that a revised and updated Constitution be adopted, as set out in the Corporate Manager – Democracy Report No. DEM2302; and
- (ii) **RESOLVED** that any further minor amendments required to finalise the report to the Council be agreed by the Executive Director and Corporate Manager – Democracy in consultation with the Chairman.

The meeting closed at 8.15 pm.

CLLR P.J. CULLUM (CHAIRMAN)
