

CORPORATE GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

Meeting held on Wednesday, 29th January, 2025 at the Council Offices,
Farnborough at 7.00 pm.

Voting Members

Cllr A.H. Crawford (Chairman)
Cllr Bill O'Donovan (Vice-Chairman)

Cllr Gaynor Austin
Cllr C.W. Card
Cllr Lisa Greenway*
Cllr M.J. Roberts
Cllr M.D. Smith
Cllr Sarah Spall
Cllr P.G. Taylor
Cllr Jacqui Vosper

Apologies for absence were submitted on behalf of Cllr A. Adeola and Cllr Rhian Jones.

*Cllr Lisa Greenway attended the meeting as a Standing Deputy.

Non-Voting Member

Mr Tom Davies (ex officio) watched proceedings virtually.

28. MINUTES

The minutes of the meeting held on 21st November 2024 were agreed and signed as a correct record of the proceedings.

29. PAY POLICY STATEMENT, GENDER PAY GAP AND ETHNICITY PAY GAP REPORT

The Committee considered the Executive Director's Report No. PEO2501, which sought approval for a Pay Policy Statement for 2025/26. 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 2010 (Specific Duties and Public Authorities Regulations 2017) and the Ethnicity Pay Gap, which was reported on for the first time.

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 2025/26 was 1.5:74.

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 2025/26 was 1.3:3.

The Committee noted that the mean gender pay gap equated to 12.75%, with the female average salary being lower than the male average salary. The gap had increased from 12.69% in the previous year. The median gender pay gap equated to 9.84%, with the female median rate being lower than the male median rate. The gap had increased slightly from 9.52% in the previous year.

The Committee noted it was not mandatory for the Council to provide an Ethnicity Pay Gap report and it was being voluntarily reported on for the first time to demonstrate the Council's commitment to equality, diversity and inclusion. The Ethnicity Pay Gap was calculated by comparing the average pay of white employees, with that of employees from black and minority ethnic groups (BAME). The mean ethnicity pay gap equated to 12.7%, with the non-white average salary being lower than the average white salary. The median ethnicity pay gap equated to 5.3% with the non-white median rate being lower than the white median rate. The ethnicity pay gap would be reported retrospectively, as of the 31st of March, in any year. The Council would consider how to address the ethnicity pay gap as part of its commitment to being a more inclusive organisation.

During discussion, Members raised questions regarding comparisons with other councils and, for a future report, a deeper data analysis of the gender pay gap at Rushmoor Borough Council.

The Committee

- (i) **RECOMMENDED TO THE COUNCIL** that approval be given to the Pay Policy Statement 2025/26, as set out in Appendix A of the Report;
- (ii) **RESOLVED** that the Gender Pay Gap calculations for 2023/24, as set out in the Report, be noted; and
- (iii) **RESOLVED** that the Ethnicity Pay Gap calculations for 2023/24, as set out in the Report, be noted.

30. **CONTRACT STANDING ORDERS - UPDATES**

The Committee considered the Assistant Chief Executive's Report No. ACE2504, which set out the Council's updated Procurement Contract Standing Orders (CSOs) for 2025. It was advised that the Procurement Act 2023 would commence on 24th February 2025, requiring the Council to review and update its CSOs within its Constitution. The revision of the Council's CSOs would allow the opportunity to closely align them with the Procurement Strategy 2025 – 2028, which had been approved by Cabinet on 26th November 2025. The revision of the Council's CSOs included a more pragmatic view on the procurement methodology used for contracts valued under £100,000, where the burden on the Council and businesses tendering for contracts would be more appropriate to the risk and the value, rather than being prescribed based on value alone.

During discussion, the Committee noted that Officers usually tried to obtain three quotes for goods, works and services. This was not always possible but best value was always sought.

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

- (a) the updated CSOs, as set out in Appendix 1 of the Report, be adopted as part of the Council's Constitution; and
- (b) any additional, minor amendments, needed to finalise the CSOs, be agreed by the Assistant Chief Executive and Corporate Manager – Legal Services in consultation with the Chairman of the Corporate Governance, Audit and Standards Committee.

31. **ANNUAL CAPITAL STRATEGY 2025/26**

The Committee considered the Executive Head of Finance's Report No. FIN2506 which set out the proposed Capital Strategy for the year 2025/26 to 2027/28, including the Prudential Indicators for capital finance for 2025/26. 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) "Prudential Code" and the "Treasury Management Code of Practice" 2021, and the Department for Levelling Up, Housing and Communities (DLUHC) 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.

The Committee noted that the estimated Capital Expenditure for 2025/26 was £10.1m, for the main capital projects, which included, the completion of the Aldershot Crematorium upgrade and the regeneration activity at Union Yard, Aldershot.

The Committee **RECOMMENDED TO THE COUNCIL** that the Capital Strategy for 2025/26 to 2027/28 and Prudential Indicators for 2025/2026, as set out in the Executive Head of Finance Report No. FIN2506, be approved.

32. **QUARTERLY REPORT OF TREASURY PRUDENTIAL INDICATORS (Q3)**

The Committee received the Executive Head of Finance's Report No. FIN2423, which set out the activities of the Treasury Management and Non-Treasury Investment Operations for Quarter 3 in the financial year 2024/25 and reported on compliance with Prudential Indicators, as required by the CIPFA Code for Local Authorities.

The Committee noted that all treasury activity was conducted within the approved Treasury Management Practices (TMPs). It was advised that the majority of borrowing during 2024/25 had been short-term Local Authority (LA). However, the Public Works Loan Board (PWLB) interest rate for the current quarter was lower than LA rates and therefore some borrowing was secured with PWLB for 18 months. This was seen to diversify the borrowing held by the Council.

RESOLVED: That the Executive Head of Finance Report No. FIN2312 be noted.

33. **ANNUAL TREASURY MANAGEMENT AND NON-TREASURY MANAGEMENT STRATEGY 2025/26**

The Committee considered the Executive Head of Finance's Report No. FIN2504 which set out the proposed Treasury Management Strategy and Non-Treasury Investment Strategy for the year 2025-26, including the borrowing and investment strategies and treasury management indicators for capital finance for 2025-26 and the Minimum Revenue Provision (MRP) 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. FIN2504 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 2025. 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.

The Committee

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

(a) the Treasury Management Strategy 2025-26 and the Annual Borrowing Strategy 2025-26 (as set out in Appendix 1 of the Executive Head of Finance Report No. FIN2504) be approved;

(b) the Annual Non-Treasury Investment Strategy 2025-26 (set out in Appendix 2) be approved; and

(c) the Minimum Revenue Provision (MRP) Statement (set out in Appendix 3) be approved.

34. ANNUAL STATEMENT OF ACCOUNTS/EXTERNAL AUDIT OPINION - UPDATE

The Chairman welcomed Simon Mathers, Director and Kalthiemah Abrahams, Audit Manager, from the Council's external auditors, Ernst and Young (EY), who joined the meeting remotely via Microsoft Teams.

The Committee received the Executive Head of Finance's Report No. FIN2422 which set out the 2023/24 accounts which required approval in line with the statutory Local Government Audit backstop position and included an update on final audit reports for 2020/21, 2021/22 and 2022/23.

The Committee heard, from Mr. Mathers, that the accounts for 2020/21, 2021/22, and 2022/23 had been published with a disclaimed audit opinion. Due to prior years having been a disclaimed opinion, and therefore not having reasonable assurance for prior years balances brought forward, the external auditors could only give limited assurance for 2024/25 rather than a clear audit opinion. Therefore, the financial statements in 2023/24 would again have a disclaimed audit opinion.

During discussion, the Committee were advised that other councils had also been affected by the backlog in local audit. The earliest point that EY could give an unmodified opinion, was the 2026/27 financial year, which was also the case for any council that had been subject to the reset arrangement. Members raised questions regarding 'going concerns', as well as uncorrected mis-statements. EY expected all uncorrected mis-statements to be corrected in the final version of the statements.

RESOLVED: That:

- (i) approval of the Statement of Accounts for 2023/24 be delegated to the Chair of the Corporate Governance, Standards and Audit Committee and the S151 Officer;
- (ii) the signing of the Letter of Representation for 2023/24 be delegated to the Chair of the Corporate Governance, Standards and Audit Committee and the S151 Officer;
- (iii) the 2023/24 accounts be confirmed as having been prepared on a going concern basis;
- (iv) the Auditors Results Report be noted; and
- (v) the completion of Audits for 2020/21, 2021/22 and 2022/23 be noted.

35. INTERNAL AUDIT - AUDIT UPDATE

The Committee received the Audit Manager's Report No. AUD2501 which provided an overview of the work finalised for the 2023/24 Audit Plan, a progress update on the 2024/25 Audit Plan and a schedule of work to be delivered in Q4.

During discussion, the Committee noted that Procurement Card Guidance had been issued to Council staff and that the new system was a substantial improvement. It was requested that the Procurement Card Guidance for staff be shared with Members.

RESOLVED: That:

- (i) the completed audit work be noted, and;
- (ii) the progress to date towards the 2024/25 Audit Plan be noted.

The meeting closed at 9.07 pm.

CLLR A.H. CRAWFORD (CHAIRMAN)
