

AUDIT AND GOVERNANCE COMMITTEE MINUTES - 21 NOVEMBER 2017

Present: Councillors Stevens (Chairman), Duveen, Lovelock, McElligott, McKenna, Page, Steele & Terry.

Apologies: Councillor Rodda.

Also in attendance:

Alan Cross	Head of Finance
Maria Grindley	Director and Engagement Lead, EY LLP
Paul Harrington	Chief Auditor
Peter Lewis	Strategic Finance Director
Kevin Parker	Principal Auditor
Peter Sloman	Chief Executive

18. MINUTES

The Minutes of the meeting of 28 September 2017 were confirmed as a correct record and signed by the Chairman.

19. ANNUAL GOVERNANCE STATEMENT 2016/2017 - UPDATED ACTION PLAN

Further to Minute 17 of the meeting held on 28 September 2017, the Strategic Finance Director submitted a report on the 2016/17 Annual Governance Statement (AGS), which had attached the updated action plan. The Council was required to prepare and publish an AGS each year as an accompaniment to the authority's financial statements. The Council was responsible for ensuring that its financial management was adequate and effective and that it had a sound system of internal control, which facilitated the effective exercise of the Council's functions, including arrangements for the management of risk. The AGS was a record of the overall effectiveness of governance arrangements within the Authority; it reflected the latest guidance from CIPFA/SOLACE on a strategic approach to governance and demonstrated how the key governance requirements had been met.

The report updated the Committee on the further progress being made against the action plan, the details were appended. Overall, 10 headline actions had been identified, all of which had been or were in the process of being implemented. Discussions were underway with the Chief Auditor to identify how he could, in future, offer assurance to the Committee about progress being made and when it would be appropriate to sign off the actions as being completed.

Resolved: That the updated action plan associated with the annual governance statement for 2016/17 be noted.

20. ACCOUNTS 2016/17

Further to Minute 12 of the meeting held on 28 September 2017, Peter Lewis, Strategic Finance Director, submitted a report on why it had not been possible to sign off the accounts as a true and fair view of the Council's finances at that time and the action being taken to remedy the situation. Since the previous meeting, significant

AUDIT AND GOVERNANCE COMMITTEE MINUTES - 21 NOVEMBER 2017

effort had been committed to addressing the deficiencies in the accounts and the report summarised the actions taken to date and those planned. In undertaking these actions, attention was also being paid to preparations for the completion of the 2017/18 accounts, which must be undertaken by 31 May 2018 with the audit completed by 31 July 2018.

While there remained strong commitment within the Finance Team to delivering improved accounts for audit, it was recognised that to move from the current situation to unqualified accounts within this accounting year would be challenging. The report stated that action had been undertaken to bolster significantly the resources dedicated to the task of improving the accounts. Other actions had also been initiated to seek to deliver the 2016/17 closedown and to improve processes in 2017/18. The table in the report briefly set out the actions underway or planned at the current time.

Resolved: That the actions underway or planned to rectify the deficiencies in the 2016/17 accounts and ensure that they were not repeated in 2017/18, as described in the table below paragraph 3.3 of the report, be endorsed.

21. TREASURY MANAGEMENT 2017/18 ACTIVITY TO SEPTEMBER

Alan Cross, Head of Finance, submitted a report setting out information about the Council's treasury activities to the end of September 2017. The report explained the action being taken under the Treasury Management Strategy to minimise net borrowing costs; to ensure money was available and securely invested whilst being flexible to respond to changes in interest rates; and how treasury risk was managed overall.

The report explained that local authorities were currently treated by regulated financial services firms as professional clients who could "opt down" to be treated as retail clients instead. However, from 3rd January 2018, as a result of the second Markets in Financial Instruments Directive (MiFID II), local authorities would be treated as retail clients who could "opt up" to be professional clients, subject to meeting certain criteria. The Council normally met all the conditions to "opt up" to professional status and intended to do so in order to maintain the current MiFID status.

Resolved:

- (1) That progress in implementing the 2016/17 treasury strategy be noted;
- (2) That the intention to "opt up" to continue to be treated as a Professional Client in Markets in Financial Instruments Directive II, as described in paragraphs 4.1 to 4.3 of the report, be endorsed.

22. EXCLUSION OF THE PRESS AND PUBLIC

Resolved -

That pursuant to Section 100A of the Local Government Act 1972 (as amended) members of the press and public be excluded during consideration of the following item, as it was likely that there would be disclosure of exempt information as defined in paragraphs 1-5 of Part 1 of Schedule 12A (as amended) to that Act.

23. EQUAL PAY UPDATE

Peter Sloman, Chief Executive, and Peter Lewis, Strategic Finance Director, presented a report on the management of the equal pay claims and gave an update on the current position on discussion, settlement of cases and future litigation. It was recommended that the Council should appoint a legal firm, independent of the existing advisers, to provide an evaluation of the current position and offer advice on future action to resolve the outstanding equal pay claims.

Resolved:

- (1) That the progress on the management of the equal pay claims and the programme of litigation be noted;**
- (2) That the appointment of an independent legal firm to provide an evaluation of the current position and offer advice on future action to resolve the outstanding equal pay claims be noted.**

(Councillor Terry declared an interest in this item. Nature of interest: Councillor Terry's partner, Councillor Jones, was employed by Unison).

(Exempt information as defined in Paragraphs 1, 2, 3, 4 and 5).

(The meeting commenced at 6.30pm and closed at 7.12pm).