

AUDIT & GOVERNANCE COMMITTEE

MINUTES of the meeting held on Wednesday, 6 March 2019 commencing at 1.30 pm and finishing at 4.35 pm

Present:

Voting Members: Councillor Nick Carter – in the Chair

Councillor Paul Buckley
Councillor Jeannette Matelot
Councillor Charles Mathew
Councillor D. McIlveen
Councillor Glynis Phillips
Councillor Les Sibley
Councillor Liz Leffman (In place of Councillor Roz Smith)
Councillor Liam Walker (In place of Councillor Tony Ilott)

Non-Voting Members: Geoff Jones

By Invitation: David Guest, Ernst & Young

Officers:

Whole of meeting Nick Graham, Strategic Director for Resources; Lorna Baxter, Director for Finance; Sarah Cox, Chief Internal Auditor; Colm Ó Caomhánaigh, Committee Officer.

Part of meeting

Agenda Item	Officer Attending
5	Susan Halliwell, Director for Planning and Place; Paul Staines, Growth Deal Delivery Manager
6	Bev Hindle. Strategic Director for Communities; Andrew Fairweather, Asset and Investment Team Manager
8, 11	Glenn Watson, Principal Governance Officer
9	Karen Fuller, Deputy Director Adult Social Care; Caroline Parker, ICT Information Services Manager; Philip Dart, Interim Transformation Programme Director

The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting, together with a schedule of addenda tabled at the meeting and decided as set out below. Except as insofar as otherwise specified, the reasons for the decisions are contained in the agenda, reports and schedule, copies of which are attached to the signed Minutes.

10/19 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

Apologies were received from Councillor Roz Smith (Councillor Liz Leffman substituting) and Councillor Tony Ilott (Councillor Liam Walker substituting).

11/19 DECLARATION OF INTERESTS - SEE GUIDANCE NOTE

(Agenda No. 2)

There were no declarations of interest.

12/19 MINUTES

(Agenda No. 3)

The minutes of the meeting on 9 January 2019 were approved and signed with the following amendment:

Item 8/19

The first sentence of the final bullet point was amended to read as follows-
“An extra £120m to be spent on Highways and Property is in the Capital Programme to be approved by Council in February 2019.”

With regard to Item 5/19, Lorna Baxter confirmed that the Financial Management Action Plan is on target to be completed by the end of March.

Sarah Cox confirmed that the preferred candidate for the position of Senior Auditor has accepted the offer.

It was agreed that there needs to be an update on the Council's Back-up and Recovery plan for IT whether that is taken at the Transformation Sub-Committee, the Audit Working Group or the main Committee.

Regarding the proposed item on Oxford Direct Services for the May meeting, this will look at the governance. The Chairman suggested that a second discussion at a later meeting will be held when Internal Audit has reported on the contract.

Nick Graham confirmed that there is a report on dealing with home care in-house on the agenda of the March Cabinet meeting.

13/19 GOVERNANCE OF THE HOUSING AND GROWTH DEAL

(Agenda No. 5)

Susan Halliwell and Lorna Baxter gave a presentation on the Housing and Growth Deal and its governance. Along with Paul Staines, they responded to Members' questions as follows:

- It is estimated that a total of £8.4 billion of infrastructure over the next 20 years is required across Oxfordshire - infrastructure requirements are in the broadest sense and include health and social care facilities etc.

- Funding towards affordable housing will go to registered providers and not developers. It will encourage more housing to go towards the affordable sector rather than the market.
- Care will be taken to avoid the market getting overheated. Land is the problem.
- Around half of the affordable housing will be rental and half shared ownership, though it will vary according to council area with the City having more rental. The proportions are decided by the district and city councils.
- South and Vale districts are not drawing down grants for Year 1 but will do more in later years.
- The housing will be “affordable” in perpetuity or else the excess will be passed back.
- The Growth Board and its subgroups have representatives from all Oxon councils. Its Scrutiny Panel meets before each Board meeting. There are three County Councillors on the Scrutiny Panel.
- Whether decisions are made at district/city level or county level depends on where the funding comes from and the respective councils’ powers.
- Elected representatives were involved in the consultation for infrastructure development plans as part of the Local Development Plan process but there is a need for a better feedback loop as plans progress.
- Delivering infrastructure is necessary to accelerate housing provision. The money will come back through Section 106 payments and will be reinvested into the county.

The Chairman thanked the Officers for a very clear presentation on the matters.

14/19 UPDATE ON CARILLION RECOVERY PLAN

(Agenda No. 6)

Bev Hindle and Andrew Fairweather gave a presentation update on the Carillion Recovery Plan. They responded to issues raised by Members as follows:

- The amounts of the conflicting financial claims from PwC and the Council cannot be discussed publicly as they will be the subject of negotiation. It is impossible to predict the final outcome and it is likely to be a long process.
- Clearly there is a question as to whether Carillion assets will be sufficient to pay the Council back, but it is necessary to defend the Council against PwC’s claims.
- Carillion had agreements with Capita too which adds a further complexity.
- The situation regarding schools will be discussed at the Education Scrutiny Committee meeting on 25 March. There has been a lot of dialogue with schools but some of the answers are not what they want to hear.
- The Property Section needs more capacity to deal with the volume of work. A request will be made for the necessary resources in the next month or two but in the meantime a lot of interim appointments have been made.

The Chairman thanked the officers for the update and asked for another at the May meeting.

15/19 EXTERNAL AUDITORS

(Agenda No. 7)

The Chairman thanked the external auditors for a much more user-friendly report. David Guest responded to Members' questions as follows:

- Regarding "significant contracts", the Skanska contract is the only one that is looked at annually due to its size.
- The sample size for testing depends on the level of risk and predictability. In recent years the approach has been less analytical with more testing.
- With regard to Carillion the external auditors will look at how the situation is reflected in the financial statements.

RESOLVED: to note the report.

16/19 REVIEW OF LOCAL GOVERNMENT ETHICAL STANDARDS: OVERVIEW OF THE REPORT ISSUED ON 30 JANUARY 2019

(Agenda No. 11)

Nick Graham introduced the report and drew particular attention to the table in paragraph 23 which compared the proposals in the Council's submission to the positions adopted in the final report by the Committee on Standards in Public Life. The Government has yet to consider what changes it wants to make.

Nick Graham responded to issues raised by Members as follows:

- Although the experience in Oxfordshire has been good, monitoring officers in other areas have reported that the current provisions are insufficient.
- Some cases can be dealt with by the relevant political group.
- The new proposals do not return to the bureaucracy of the previous regime but there was a feeling that the current regime had gone too far in relaxing sanctions.

RESOLVED to:

- **note this Report and the conclusions raised by The Committee on Standards in Public Life's report "A Review of Local Government Ethical Standards"; and**
- **ask the Monitoring Officer to discuss the Review's recommendations with the Oxfordshire Monitoring Officers' Group and report back to a further meeting of this Committee on actions that Oxfordshire's Councils can take jointly, and that this Council can individually, to create an improved ethical standards framework.**

17/19 SCALE OF ELECTION FEES AND EXPENDITURE 2019/20

(Agenda No. 8)

Glenn Watson introduced the report and the following were his responses to Members' questions:

- There is a requirement to review annually. The fees are mostly unchanged – those that have changed are for the most weighty roles.

- Over the years it has become more difficult to find people for the election roles but the various authorities in the county help each other out and maintain lists of reliable people to call on.
- The fee structure can play a part in people's decision on which authority to work for.
- The income is taxable.

RESOLVED: to approve the Scale of Expenditure for the financial year 2019/2020, as shown in Annex A to this report, for the election of County Councillors and any other local referendums.

18/19 UPDATE ON ACTIONS - ANNUAL GOVERNANCE STATEMENT 2018/19

(Agenda No. 9)

Nick Graham introduced the report and various officers responded to issues raised by Members as follows:

- Discussions are taking place regarding the future of mental health services for working-age adults and this will be dependent on decisions on the budget for the next 3 years.
- Training in GDPR is now mandatory for all new staff. It is delivered through e-learning.
- The next meeting of the Transformation Sub-Committee will be on 18 April while the Cabinet Advisory Group will meet on 21 March. The Board meets every couple of weeks to monitor progress.
- It was agreed to add Business Continuity as an item going forward given the critical audit report.
- The Corporate Security issues will be delayed as they are just starting to explore the issues. A further update will be provided.
- Financial Management won't be completed this year so will need to remain an action for next year.
- A new Head of Procurement & Contract Management has been appointed, Wayne Welsby, who takes up the post in early March.

The final report will be in the Annual Governance Statement.

RESOLVED: to consider and note the outcomes so far on the governance actions agreed in last year's Annual Governance Statement.

19/19 REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT

(Agenda No. 10)

Nick Graham introduced the report on the survey process. Members questioned the usefulness of the survey and if it should be conducted only every two or three years.

Sarah Cox responded that 16 responses were received out of 26. Internal Audit has a good working relationship with senior management and so the feedback did not reveal anything new. Internal Audit are subject to an external assessment against Public Sector Internal Audit Standards, once every five years, the results are reported

back to the Audit & Governance Committee. This assessment includes a view on engagement of Internal Audit with senior management.

Councillor Paul Buckley noted that Internal Audit has a tricky role to play in an organisation and it is useful to get feedback from senior management.

The Chairman suggested that it would be useful to ask for some qualitative information in the survey.

RESOLVED: to note and comment upon the report.

20/19 AUDIT WORKING GROUP REPORT

(Agenda No. 12)

Sarah Cox presented the report on the last Audit Working Group meeting. She is also preparing the Annual Report from the Committee to Council and the Chairman invited Members to send suggestions to her on the positive impact of the Committee's and Working Group's activities during the past year.

RESOLVED: to note the report.

21/19 TRANSFORMATION SUB-COMMITTEE REPORT

(Agenda No. 13)

The Chairman introduced the report on the Sub-Committee's first meeting and added that it had been agreed that the Chairman and Deputy Chairman of the Sub-Committee will chair alternate meetings.

RESOLVED: to note the report.

22/19 WORK PROGRAMME

(Agenda No. 14)

It was agreed that the meeting on 8 May 2019 will be a morning and afternoon meeting due to the long agenda.

Cherwell Partnership Governance will be added to the 8 May meeting.
Counter-fraud Update will be deferred to the 17 July meeting.

Lorna Baxter stated that she had been in touch with OxLEP and they have the item in their diary for 8 May meeting. It was agreed that one hour should be allowed on the agenda for that item.

..... in the Chair

Date of signing

